

# THE UNIVERSITY OF TEXAS SYSTEM

## OPERATING BUDGET SUMMARIES

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

### FISCAL YEAR 2011



AUGUST 2010

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



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

For Fiscal Year Ending August 31, 2011

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# The University of Texas System Operating Budget Highlights

For the Year Ending August 31, 2011

## Introduction

The University of Texas System (the “System”) is one of the largest institutions of higher education in the country and one of the largest employers in Texas. Every year, the System’s nine academic campuses educate one-third of Texas’ college students and its six health-related campuses educate three-quarters of Texas’ health professional students.

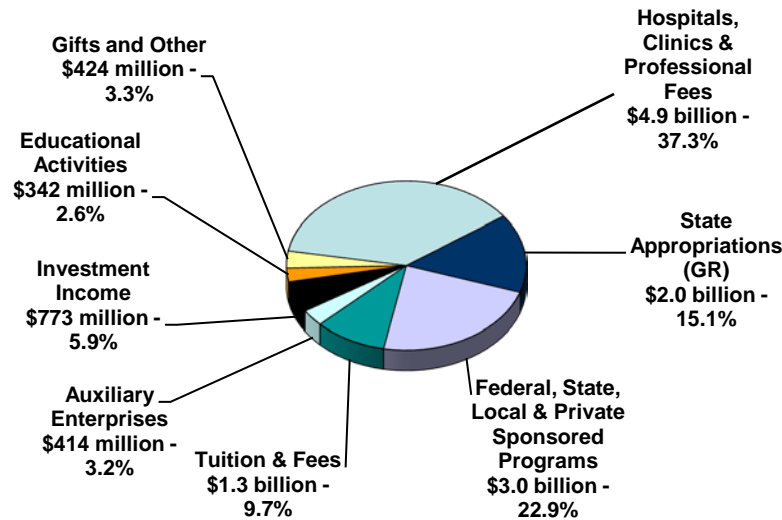
The effect of the System’s expenditures on the Texas economy is profound. The State Comptroller of Public Accounts has estimated that every \$1 spent generates as much as \$5 in additional economic activity.

The operating budget provides a wide range of services for Texans. Beyond the primary mission of higher education and research, a significant quantity of health care is provided for the uninsured and underinsured, several initiatives are supported to improve K-12 education in the public schools, and technologies generated that create new businesses.

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

For the 2011 fiscal year, changes in the operating budget are driven by several important factors: growth in health care activities including both hospital charges and professional fees, enrollment growth and the attendant increased instructional costs and increased federally sponsored programs including research and financial aid. The budgetary impact of the proposed five percent reduction in state appropriations has partially offset the gains made in other areas.

## Revenues



Revenues included in the operating budget summary include both operating and nonoperating revenues used to finance the operating budget. Combined revenues for FY 2011 are \$13.0 billion, up 6.9% or \$835 million from FY 2010. Significant areas of growth include **Net Sales and Services of Hospitals and Clinics** (13.4%, \$437 million), **Net Professional Fees** (14.6%, \$147 million), **Tuition and Fees** (9.0%, \$105 million) and **Federal Sponsored Programs** (5.7%, \$99 million). These growth areas were offset by the anticipated impact of the five percent reduction in **State Appropriations** proposed by the State's leadership for the 2010-11 biennium.

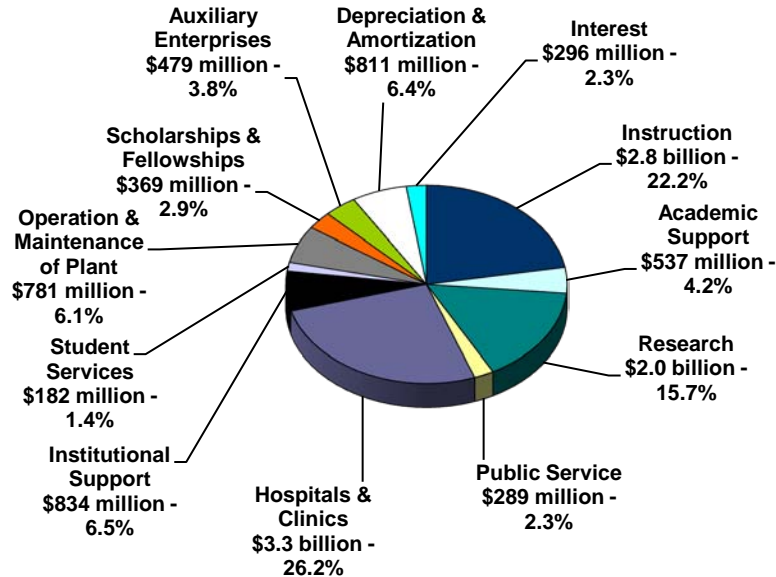
Budgeted **State Appropriations** decreased by (4.4%) or \$42 million as a result of the anticipated five percent biennial reduction in general revenue totaling \$175 million for U. T. System institutions. This is offset by the increase in general revenue funding in the legislature's formula appropriations after replacing with general revenue the portion of these formulas funded with American Recovery and Reinvestment Act (ARRA) federal funding in 2010. For FY 2011, general revenue declined to 15.4% of the total expense budget as compared to a restated figure of 17.3% for 2010 after segregating out ARRA funding from the 2010 figures.

**Sales and Services of Hospital Activities** and **Net Professional Fees** primarily include income generated from patient care at the System's hospitals and by the System's physicians, respectively and typically are major drivers of budget increases. Especially significant growth of the combined amounts has occurred predominately at U. T. Southwestern Medical Center - Dallas (\$106 million), U. T. Medical Branch - Galveston (\$66 million) and U. T. M. D. Anderson Cancer Center (\$392 million).

Growth in **Federal Sponsored Programs** (both Operating and Nonoperating) principally results from increased research activities and related indirect cost overhead recoveries at several institutions along with growth in financial aid such as Pell Grants. This is offset by the loss of ARRA funding appropriated for FY 2010. The largest anticipated increases are at U. T. Arlington (\$33 million), U. T. Austin (\$17 million), U. T. San Antonio (\$16 million) and U. T. Health Science Center - Houston (\$17 million).

Growth in **Tuition and Fees** largely occurs at U. T. academic institutions as a result of enrollment changes and increases in designated tuition and fees. The most significant increases are at U. T. Arlington (\$12 million), U. T. Austin (\$29 million), U. T. Dallas (\$22 million), and U. T. San Antonio (\$13 million).

## Expenses



Expenses reflected in the operating budget include all operational functions, limited nonoperating expenses, and transfers made to fund debt service interest. Depreciation expense is also included in the budget. Conversely, capital outlay and transfers to U. T. System Administration for debt service principal payments are excluded. Combined expenditures for FY 2011 are \$12.8 billion, up 6.9% or \$829 million from FY 2010. Significant functional areas of growth include **Research** (6.5%, \$116 million), **Hospital and Clinics** (11.2%, \$338 million), and **Scholarships and Fellowships** (28.7%, \$82 million). When pooled together, plant-related costs including **Operations and Maintenance of Plant**, **Depreciation and Amortization** and **Interest** have increased a combined \$131 million or 7.5%.

Growth in **Research** expenses results from a continued commitment by U. T. institutions to developing research activities. The largest increases occurred at U. T. Arlington (\$14 million), U. T. Dallas (\$16 million), U. T. Southwestern Medical Center – Dallas (\$16 million), U. T. Health Science Center - Houston (\$21 million), and U. T. M. D. Anderson Cancer Center (\$32 million).

**Hospital and Clinics** expenses increased due largely to growth in patient care at U. T. Southwestern Medical Center at Dallas (\$33 million), U. T. Medical Branch at Galveston (\$118 million), and U. T. M. D. Anderson Cancer Center (\$183 million). U. T. Medical Branch at Galveston's increase includes approximately \$35 million related to correctional managed care.

The increase in budgeted **Scholarships and Fellowships** principally reflects growth of federally-funded Pell grants and state-funded TEXAS grants. The most significant increases occurred at U. T. Arlington (\$16 million), U. T. Austin (\$12 million), U. T. Brownsville (\$10 million), U. T. El Paso (\$9 million), U. T. Pan American (\$15 million) and U. T. San Antonio (\$16 million).

**Operations and Maintenance of Plant** experienced a modest 4.5% increase largely the result of additional facilities and related costs at U. T. M. D. Anderson (\$22 million). **Depreciation and Amortization** has increased largely due increased investment in software products, capital equipment and buildings with the most significant increase again at U. T. M. D. Anderson (\$29 million). The budget for **Interest** has grown as debt service for various institutional projects has been fixed and contingencies have been incorporated for additional Permanent University Fund debt.

## Resources

### Background

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

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

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

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

### Presentation of FY 2010 Projected Actual Totals

All U. T. institutions have prepared a projection of FY 2010 activity in a format that is comparable to that presented for the FY 2010 adjusted and FY 2011 proposed budgets. This projection was based on activity through May 2010.

### Reclassification of FY 2010 Budget Totals

In certain situations, reclassifications have been made between line items to enhance comparability with the FY 2011 presentation. Original budget totals approved by the Board of Regents for FY 2010 remain unchanged.



## **Glossary of Terms**

### **Operating Revenues:**

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

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

**NET SALES AND SERVICES OF EDUCATIONAL ACTIVITIES** – Revenues 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. Examples include revenues received from activities such as performing arts, continuing education, charter schools, the University Interscholastic League, trademarks programs, and sports camps.

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

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

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

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

### **Operating Expenses:**

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

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

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

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

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

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

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

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

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

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

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

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

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

**SPONSORED PROGRAMS - NONOPERATING** – Funding received from state and federal governments for which no exchange of goods or services is perceived to have occurred. Includes amounts received through state-appropriated American Recovery and Reinvestment Act funding as well as federal Pell Grants and other miscellaneous awards from the State of Texas.

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

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

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

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

### **Transfers and Other:**

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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**The University of Texas System  
Operating Budget  
Fiscal Year Ending August 31, 2011**

	FY 2010 Projected	FY 2010 Adjusted Budget	FY 2011 Operating Budget	Budget	
				Increases (Decreases) From 2010 to 2011	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 1,180,392,761	1,162,527,479	1,267,410,104	104,882,625	9.0%
Federal Sponsored Programs	1,481,898,642	1,443,434,930	1,538,302,723	94,867,793	6.6%
State Sponsored Programs	187,165,053	174,112,214	178,768,687	4,656,473	2.7%
Local and Private Sponsored Programs	923,970,158	920,731,996	953,629,362	32,897,366	3.6%
Net Sales and Services of Educational Activities	366,293,407	331,681,836	342,267,799	10,585,963	3.2%
Net Sales and Services of Hospital and Clinics	3,434,004,084	3,262,563,251	3,699,862,323	437,299,072	13.4%
Net Professional Fees	1,102,551,586	1,007,291,487	1,154,282,855	146,991,368	14.6%
Net Auxiliary Enterprises	406,265,670	389,771,103	414,032,465	24,261,362	6.2%
Other Operating Revenues	110,628,875	126,284,502	137,653,415	11,368,913	9.0%
<b>Total Operating Revenues</b>	<b>9,193,170,236</b>	<b>8,818,398,798</b>	<b>9,686,209,733</b>	<b>867,810,935</b>	<b>9.8%</b>
<b>Operating Expenses:</b>					
Instruction	2,690,967,326	2,781,428,564	2,841,337,443	59,908,879	2.2%
Academic Support	487,039,025	497,544,822	537,343,507	39,798,685	8.0%
Research	1,870,708,181	1,904,153,131	2,007,058,277	102,905,146	5.4%
Public Service	288,975,813	276,680,769	289,050,424	12,369,655	4.5%
Hospitals and Clinics	3,082,647,514	3,007,649,118	3,345,782,249	338,133,131	11.2%
Institutional Support	1,266,953,029	793,588,085	833,674,932	40,086,847	5.1%
Student Services	188,439,798	182,087,008	182,222,781	135,773	0.1%
Operations and Maintenance of Plant	755,759,677	747,283,048	781,187,805	33,904,757	4.5%
Scholarships and Fellowships	403,756,104	287,021,509	369,336,869	82,315,360	28.7%
Auxiliary Enterprises	443,037,924	456,367,545	478,892,703	22,525,158	4.9%
Depreciation and Amortization	788,153,622	747,701,205	811,457,982	63,756,777	8.5%
<b>Total Operating Expenses</b>	<b>12,266,438,012</b>	<b>11,681,504,804</b>	<b>12,477,344,972</b>	<b>795,840,168</b>	<b>6.8%</b>
<b>Operating Surplus/Deficit</b>	<b>(3,073,267,776)</b>	<b>(2,863,106,006)</b>	<b>(2,791,135,239)</b>	<b>71,970,767</b>	<b>-2.5%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations & HEAF (Non-capitalized)	2,062,091,363	2,069,571,766	1,963,998,845	(105,572,921)	-5.1%
Federal Sponsored Programs (Nonoperating)	382,646,368	293,788,396	297,535,499	3,747,103	1.3%
State Sponsored Programs (Nonoperating)	664,188	128,071	9,674,226	9,546,155	7453.8%
Gifts in Support of Operations	324,142,218	259,248,077	279,898,335	20,650,258	8.0%
Net Investment Income	531,377,689	739,805,416	773,104,308	33,298,892	4.5%
Other Non-Operating Revenue	1,401,441	-	-	-	-
Other Non-Operating (Expenses)	(4,464)	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>3,302,318,803</b>	<b>3,362,541,726</b>	<b>3,324,211,213</b>	<b>(38,330,513)</b>	<b>-1.1%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	210,783,876	196,783,876	198,130,629	1,346,753	0.7%
AUF Transfers (Made) for Operations	(209,783,876)	(196,783,876)	(192,130,629)	4,653,247	-2.4%
Transfers for Debt Service - Interest	(224,468,427)	(262,869,182)	(296,461,084)	(33,591,902)	12.8%
<b>Total Transfers and Other</b>	<b>(223,468,427)</b>	<b>(262,869,182)</b>	<b>(290,461,084)</b>	<b>(27,591,902)</b>	<b>10.5%</b>
<b>Budget Margin (Deficit)</b>	<b>5,582,600</b>	<b>236,566,538</b>	<b>242,614,890</b>	<b>6,048,352</b>	<b>2.6%</b>
<b>Reconciliation to Change in Net Assets:</b>					
Net Non-Profit Health Corp Activity	527,000	2,000,000	-	(2,000,000)	-100.0%
Net Inc./(Dec.) in Fair Value of Investments	361,784,135	-	-	-	-
Interest Expense on Capital Asset Financings	(256,709,502)	(235,757,367)	(299,678,783)	(63,921,416)	27.1%
Capital Approp., Gifts and Sponsored Programs	82,881,523	61,245,575	226,776,792	165,531,217	270.3%
HEAF (Capitalized)	12,541,153	10,388,647	9,218,649	(1,169,998)	-11.3%
Additions to Permanent Endowments	101,969,680	102,191,940	91,638,638	(10,553,302)	-10.3%
Transfers for Debt Service - Principal	(315,209,901)	(331,764,255)	(355,299,813)	(23,535,558)	7.1%
Reverse Transfers for Debt Service (System Only)	539,678,328	594,593,437	652,760,897	58,167,460	9.8%
Transfers and Other	258,083,338	(379,321,129)	(226,640,128)	152,681,001	-40.3%
<b>SRECNA Change in Net Assets</b>	<b>\$ 791,128,354</b>	<b>60,143,386</b>	<b>341,391,142</b>	<b>281,247,756</b>	<b>467.6%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 12,496,493,503</b>	<b>12,180,940,524</b>	<b>13,016,420,946</b>	<b>835,480,422</b>	<b>6.9%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(12,490,910,903)</b>	<b>(11,944,373,986)</b>	<b>(12,773,806,056)</b>	<b>(829,432,070)</b>	<b>6.9%</b>
<b>Budget Margin (Deficit)</b>	<b>\$ 5,582,600</b>	<b>236,566,538</b>	<b>242,614,890</b>	<b>6,048,352</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		747,701,205	811,457,982		
Capital Outlay		(501,702,300)	(657,347,166)		
HEAF (Capitalized)		10,388,647	9,218,649		
Transfers for Debt Service - Principal		(331,764,255)	(355,299,813)		
Budgeted Transfers		(31,312,725)	(12,668,834)		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>129,877,110</b>	<b>37,975,708</b>		

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

**The University of Texas Academic Institutions**  
**Operating Budget**  
**Fiscal Year Ending August 31, 2011**

	FY 2010 Projected	FY 2010 Adjusted Budget	FY 2011 Operating Budget	Budget Increases (Decreases) From 2010 to 2011	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 1,085,826,143	1,073,599,366	1,165,063,920	91,464,554	8.5%
Federal Sponsored Programs	592,777,256	525,277,668	590,575,877	65,298,209	12.4%
State Sponsored Programs	139,642,788	116,791,454	134,503,926	17,712,472	15.2%
Local and Private Sponsored Programs	184,066,476	159,749,572	175,612,786	15,863,214	9.9%
Net Sales and Services of Educational Activities	238,418,579	230,580,943	227,636,229	(2,944,714)	-1.3%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	323,708,665	301,326,659	318,569,622	17,242,963	5.7%
Other Operating Revenues	25,344,490	17,614,921	20,945,447	3,330,526	18.9%
<b>Total Operating Revenues</b>	<b>2,589,784,397</b>	<b>2,424,940,583</b>	<b>2,632,907,807</b>	<b>207,967,224</b>	<b>8.6%</b>
<b>Operating Expenses:</b>					
Instruction	1,216,230,967	1,265,779,254	1,288,409,265	22,630,011	1.8%
Academic Support	323,813,516	324,158,550	356,153,590	31,995,040	9.9%
Research	636,170,601	608,535,251	661,082,335	52,547,084	8.6%
Public Service	132,550,024	128,350,219	135,455,668	7,105,449	5.5%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	261,459,762	293,738,863	299,821,425	6,082,562	2.1%
Student Services	171,396,372	164,871,381	163,812,673	(1,058,708)	-0.6%
Operations and Maintenance of Plant	327,239,114	309,296,156	314,929,268	5,633,112	1.8%
Scholarships and Fellowships	386,644,440	270,523,973	352,157,404	81,633,431	30.2%
Auxiliary Enterprises	378,191,866	383,208,618	408,103,085	24,894,467	6.5%
Depreciation and Amortization	310,609,864	277,306,476	297,461,565	20,155,089	7.3%
<b>Total Operating Expenses</b>	<b>4,144,306,526</b>	<b>4,025,768,741</b>	<b>4,277,386,278</b>	<b>251,617,537</b>	<b>6.3%</b>
<b>Operating Surplus/Deficit</b>	<b>(1,554,522,129)</b>	<b>(1,600,828,158)</b>	<b>(1,644,478,471)</b>	<b>(43,650,313)</b>	<b>2.7%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations & HEAF (Non-capitalized)	949,541,641	950,026,657	908,292,308	(41,734,349)	-4.4%
Federal Sponsored Programs (Nonoperating)	320,189,875	240,819,673	278,284,562	37,464,889	15.6%
State Sponsored Programs (Nonoperating)	91,891	-	9,301,566	9,301,566	-
Gifts in Support of Operations	148,299,649	124,077,380	134,969,746	10,892,366	8.8%
Net Investment Income	217,338,412	182,644,752	196,832,330	14,187,578	7.8%
Other Non-Operating Revenue	284,443	-	-	-	-
Other Non-Operating (Expenses)	(4,464)	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>1,635,741,447</b>	<b>1,497,568,462</b>	<b>1,527,680,512</b>	<b>30,112,050</b>	<b>2.0%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	176,750,000	163,750,000	166,730,000	2,980,000	1.8%
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(87,073,217)	(91,179,498)	(104,878,383)	(13,698,885)	15.0%
<b>Total Transfers and Other</b>	<b>89,676,783</b>	<b>72,570,502</b>	<b>61,851,617</b>	<b>(10,718,885)</b>	<b>-14.8%</b>
<b>Budget Margin (Deficit)</b>	<b>170,896,101</b>	<b>(30,689,194)</b>	<b>(54,946,342)</b>	<b>(24,257,148)</b>	<b>79.0%</b>
<b>Reconciliation to Change in Net Assets:</b>					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./Dec. in Fair Value of Investments	230,350,495	-	-	-	-
Interest Expense on Capital Asset Financings	(4,367,160)	(1,500,000)	(1,500,000)	-	0.0%
Capital Approp., Gifts and Sponsored Programs	39,288,474	24,284,500	23,903,521	(380,979)	-1.6%
HEAF (Capitalized)	12,541,153	10,388,647	9,218,649	(1,169,998)	-11.3%
Additions to Permanent Endowments	65,771,413	62,417,896	65,912,568	3,494,672	5.6%
Transfers for Debt Service - Principal	(117,659,977)	(125,568,634)	(121,300,437)	4,268,197	-3.4%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	389,074,382	471,183,981	480,365,097	9,181,116	1.9%
<b>SRECNA Change in Net Assets</b>	<b>\$ 785,894,881</b>	<b>410,517,196</b>	<b>401,653,056</b>	<b>(8,864,140)</b>	<b>-2.2%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 4,402,280,308</b>	<b>4,086,259,045</b>	<b>4,327,318,319</b>	<b>241,059,274</b>	<b>5.9%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(4,231,384,207)</b>	<b>(4,116,948,239)</b>	<b>(4,382,264,661)</b>	<b>(265,316,422)</b>	<b>6.4%</b>
<b>Budget Margin (Deficit)</b>	<b>\$ 170,896,101</b>	<b>(30,689,194)</b>	<b>(54,946,342)</b>	<b>(24,257,148)</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		277,306,476	297,461,565		
Capital Outlay		(112,050,693)	(112,776,426)		
HEAF (Capitalized)		10,388,647	9,218,649		
Transfers for Debt Service - Principal		(125,568,634)	(121,300,437)		
Budgeted Transfers		(15,330,052)	(12,319,828)		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>4,056,550</b>	<b>5,337,181</b>		

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



**The University of Texas Health-Related Institutions**  
**Operating Budget**  
**Fiscal Year Ending August 31, 2011**

	FY 2010 Projected	FY 2010 Adjusted Budget	FY 2011 Operating Budget	Budget Increases (Decreases) From 2010 to 2011	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 94,566,618	88,928,113	102,346,184	13,418,071	15.1%
Federal Sponsored Programs	864,690,449	898,508,471	941,406,846	42,898,375	4.8%
State Sponsored Programs	33,083,897	45,742,370	44,264,761	(1,477,609)	-3.2%
Local and Private Sponsored Programs	738,862,566	760,902,382	778,016,576	17,114,194	2.2%
Net Sales and Services of Educational Activities	111,819,603	99,385,893	112,718,955	13,333,062	13.4%
Net Sales and Services of Hospital and Clinics	3,434,004,084	3,262,563,251	3,699,862,323	437,299,072	13.4%
Net Professional Fees	1,102,551,586	1,007,291,487	1,154,282,855	146,991,368	14.6%
Net Auxiliary Enterprises	82,557,005	88,444,444	95,462,843	7,018,399	7.9%
Other Operating Revenues	91,022,827	108,639,581	116,697,968	8,058,387	7.4%
<b>Total Operating Revenues</b>	<b>6,553,158,635</b>	<b>6,360,405,992</b>	<b>7,045,059,311</b>	<b>684,653,319</b>	<b>10.8%</b>
<b>Operating Expenses:</b>					
Instruction	1,455,154,366	1,501,123,336	1,552,928,178	51,804,842	3.5%
Academic Support	163,225,509	173,386,272	181,189,917	7,803,645	4.5%
Research	1,234,537,580	1,295,617,880	1,345,975,942	50,358,062	3.9%
Public Service	156,425,789	148,330,550	153,594,756	5,264,206	3.5%
Hospitals and Clinics	3,082,647,514	3,007,649,118	3,345,782,249	338,133,131	11.2%
Institutional Support	458,829,390	445,906,006	482,643,033	36,737,027	8.2%
Student Services	17,043,426	17,215,627	18,410,108	1,194,481	6.9%
Operations and Maintenance of Plant	428,520,563	437,986,892	466,258,537	28,271,645	6.5%
Scholarships and Fellowships	16,779,131	16,237,536	16,919,465	681,929	4.2%
Auxiliary Enterprises	64,846,058	73,158,927	70,789,618	(2,369,309)	-3.2%
Depreciation and Amortization	467,623,003	460,614,729	501,993,921	41,379,192	9.0%
Total Operating Expenses	7,545,632,328	7,577,226,873	8,136,485,724	559,258,851	7.4%
<b>Operating Surplus/Deficit</b>	<b>(992,473,693)</b>	<b>(1,216,820,881)</b>	<b>(1,091,426,413)</b>	<b>125,394,468</b>	<b>-10.3%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations & HEAF (Non-capitalized)	1,110,283,378	1,117,395,109	1,053,756,537	(63,638,572)	-5.7%
Federal Sponsored Programs (Nonoperating)	52,773,003	52,968,723	19,250,937	(33,717,786)	-63.7%
State Sponsored Programs (Nonoperating)	572,297	128,071	372,660	244,589	191.0%
Gifts in Support of Operations	175,044,585	134,504,852	144,260,589	9,755,737	7.3%
Net Investment Income	195,558,486	194,857,661	220,418,488	25,560,827	13.1%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	1,534,231,749	1,499,854,416	1,438,059,211	(61,795,205)	-4.1%
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(86,484,942)	(100,086,860)	(106,531,713)	(6,444,853)	6.4%
Total Transfers and Other	(86,484,942)	(100,086,860)	(106,531,713)	(6,444,853)	6.4%
<b>Budget Margin (Deficit)</b>	<b>455,273,114</b>	<b>182,946,675</b>	<b>240,101,085</b>	<b>57,154,410</b>	<b>31.2%</b>
<b>Reconciliation to Change in Net Assets:</b>					
Net Non-Profit Health Corp Activity	527,000	2,000,000	-	(2,000,000)	-100.0%
Net Inc./(Dec.) in Fair Value of Investments	131,433,640	-	-	-	-
Interest Expense on Capital Asset Financings	(793,552)	-	(1,705,286)	(1,705,286)	-
Capital Approp., Gifts and Sponsored Programs	46,593,049	36,961,075	202,873,271	165,912,196	448.9%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	36,198,267	39,774,044	25,726,070	(14,047,974)	-35.3%
Transfers for Debt Service - Principal	(149,694,924)	(158,300,621)	(160,809,376)	(2,508,755)	1.6%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	520,560,677	518,713,338	554,254,413	35,541,075	6.9%
<b>SRECNA Change in Net Assets</b>	<b>\$ 1,040,097,271</b>	<b>622,094,511</b>	<b>860,440,177</b>	<b>238,345,666</b>	<b>38.3%</b>
Total Revenues and AUF Transfers	\$ 8,087,390,384	7,860,260,408	8,483,118,522	622,858,114	7.9%
Total Expenses (Including Transfers for Interest)	(7,632,117,270)	(7,677,313,733)	(8,243,017,437)	(565,703,704)	7.4%
Budget Margin (Deficit)	\$ 455,273,114	182,946,675	240,101,085	57,154,410	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		460,614,729	501,993,921		
Capital Outlay		(386,551,607)	(542,852,840)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(158,300,621)	(160,809,376)		
Budgeted Transfers		(14,859,000)	594,000		
Net Additions to (Uses of) Prior Year Balances		83,850,176	39,026,790		

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

**The University of Texas System Administration  
Operating Budget Highlights  
For the Year Ending August 31, 2011**

**Introduction - Major Goals Addressed by FY 2011 Budget**

The FY 2011 operating budget allows U. T. System Administration to continue to fulfill its mission to lead and serve the academic and health institutions to create and sustain excellence in educational opportunities, research, and health care. In fulfilling this role, value is added on behalf of the U. T. institutions through the undertaking of certain central responsibilities that result in greater efficiency or higher quality than could be achieved by individual institutions.

In the spring of 2010, the Chancellor assigned a task force to study all aspects of the U. T. System Administration organization and budget with the purpose of improving efficiencies, further enhancing value to campuses, and targeting resources toward U. T. System's most critical strategic objectives. As a result, a reorganization of functions and personnel was implemented. The functions of the UT TeleCampus have been decentralized and are being absorbed by the U. T. institutions that participate in distance learning. The Institute for Public School Initiatives (IPSI) is transferring to the U. T. Austin College of Education to better align with its mission of improving the quality of academic outcomes for public education. In addition, the departments reporting to the Office of Administration were realigned among several offices within the organization. The overall impact includes a reduction of budgeted full-time equivalents (FTEs) from 760.1 FTEs for FY 2010 to 638.7 FTEs proposed for FY 2011.

While mindful of the difficult economic climate, U. T. System recognizes the need to maintain competitive compensation levels for staff through the implementation of a 2.0% merit pool.

**Revenue**

FY 2011 budgeted revenues are declining by 12.1% largely driven by the loss of sponsored programs revenue resulting from the transfer of IPSI to U. T. Austin and the full biennial state funding passed through from the Texas Higher Education Coordinating Board to the Joint Admission Medical Program having been received in FY 2010.

**Expenses**

For U. T. System Administration, total budgeted expenses including transfers associated with interest on debt service will decrease 1.1%. Instruction expenses decrease solely as a result of the transfer of IPSI to U. T. Austin. The Institutional Support budget is declining primarily due to cost savings resulting from the reorganization of U. T. System's core operations. The decline is offset by an increase in depreciation expenses and interest expense related to Permanent University Fund debt.

**The University of Texas System Administration**  
**Operating Budget**  
**Fiscal Year Ending August 31, 2011**

	FY 2010 Projected	FY 2010 Adjusted Budget	FY 2011 Operating Budget	Budget Increases (Decreases) From 2010 to 2011	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ -	-	-	-	-
Federal Sponsored Programs	24,430,937	19,648,791	6,320,000	(13,328,791)	-67.8%
State Sponsored Programs	14,438,368	11,578,390	-	(11,578,390)	-100.0%
Local and Private Sponsored Programs	1,041,116	80,042	-	(80,042)	-100.0%
Net Sales and Services of Educational Activities	16,055,225	1,715,000	1,912,615	197,615	11.5%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	-	-	-	-	-
Other Operating Revenues	(5,738,442)	30,000	10,000	(20,000)	-66.7%
<b>Total Operating Revenues</b>	<b>50,227,204</b>	<b>33,052,223</b>	<b>8,242,615</b>	<b>(24,809,608)</b>	<b>-75.1%</b>
<b>Operating Expenses:</b>					
Instruction	19,581,993	14,525,974	-	(14,525,974)	-100.0%
Academic Support	-	-	-	-	-
Research	-	-	-	-	-
Public Service	-	-	-	-	-
Hospitals and Clinics	-	-	-	-	-
Institutional Support	546,663,877	53,943,216	51,210,474	(2,732,742)	-5.1%
Student Services	-	-	-	-	-
Operations and Maintenance of Plant	-	-	-	-	-
Scholarships and Fellowships	332,533	260,000	260,000	-	0.0%
Auxiliary Enterprises	-	-	-	-	-
Depreciation and Amortization	9,920,755	9,780,000	12,002,496	2,222,496	22.7%
<b>Total Operating Expenses</b>	<b>576,499,158</b>	<b>78,509,190</b>	<b>63,472,970</b>	<b>(15,036,220)</b>	<b>-19.2%</b>
<b>Operating Surplus/Deficit</b>	<b>(526,271,954)</b>	<b>(45,456,967)</b>	<b>(55,230,355)</b>	<b>(9,773,388)</b>	<b>21.5%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations & HEAF (Non-capitalized)	2,266,344	2,150,000	1,950,000	(200,000)	-9.3%
Federal Sponsored Programs (Nonoperating)	9,683,490	-	-	-	-
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	797,984	665,845	668,000	2,155	0.3%
Net Investment Income	118,480,791	362,303,003	355,853,490	(6,449,513)	-1.8%
Other Non-Operating Revenue	1,116,998	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>132,345,607</b>	<b>365,118,848</b>	<b>358,471,490</b>	<b>(6,647,358)</b>	<b>-1.8%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	34,033,876	33,033,876	31,400,629	(1,633,247)	-4.9%
AUF Transfers (Made) for Operations	(209,783,876)	(196,783,876)	(192,130,629)	4,653,247	-2.4%
Transfers for Debt Service - Interest	(50,910,268)	(71,602,824)	(85,050,988)	(13,448,164)	18.8%
<b>Total Transfers and Other</b>	<b>(226,660,268)</b>	<b>(235,352,824)</b>	<b>(245,780,988)</b>	<b>(10,428,164)</b>	<b>4.4%</b>
<b>Budget Margin (Deficit)</b>	<b>(620,586,615)</b>	<b>84,309,057</b>	<b>57,460,147</b>	<b>(26,848,910)</b>	<b>-31.8%</b>
<b>Reconciliation to Change in Net Assets:</b>					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./Dec. in Fair Value of Investments	-	-	-	-	-
Interest Expense on Capital Asset Financings	(251,548,790)	(234,257,367)	(296,473,497)	(62,216,130)	26.6%
Capital Approp., Gifts and Sponsored Programs	(3,000,000)	-	-	-	-
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	89,703,593	116,000,000	89,703,593	(26,296,407)	-22.7%
Transfers for Debt Service - Principal	(47,855,000)	(47,895,000)	(73,190,000)	(25,295,000)	52.8%
Reverse Transfers for Debt Service (System Only)	539,678,328	594,593,437	652,760,897	58,167,460	9.8%
Transfers and Other	226,448,278	(544,549,802)	(383,259,638)	161,290,164	-29.6%
<b>SRECNA Change in Net Assets</b>	<b>\$ (67,160,206)</b>	<b>(31,799,675)</b>	<b>47,001,502</b>	<b>78,801,177</b>	<b>-247.8%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 6,822,811</b>	<b>234,421,071</b>	<b>205,984,105</b>	<b>(28,436,966)</b>	<b>-12.1%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(627,409,426)</b>	<b>(150,112,014)</b>	<b>(148,523,958)</b>	<b>1,588,056</b>	<b>-1.1%</b>
<b>Budget Margin (Deficit)</b>	<b>\$ (620,586,615)</b>	<b>84,309,057</b>	<b>57,460,147</b>	<b>(26,848,910)</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		9,780,000	12,002,496		
Capital Outlay		(3,100,000)	(1,717,900)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(47,895,000)	(73,190,000)		
Budgeted Transfers		(1,123,673)	(943,006)		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>41,970,384</b>	<b>(6,388,263)</b>		

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

**The University of Texas at Arlington  
Operating Budget Highlights  
For the Year Ending August 31, 2011**

**Introduction - Major Goals Addressed by FY 2011 Budget**

The University of Texas at Arlington is in high-growth mode. The University is rapidly escalating its research mission, achieving about \$37.0 million in restricted, or sponsored, research expenditures last fiscal year. For FY 2011, we estimate our research expenditures will be up 23.5%. U. T. Arlington's FY 2011 Operating Budget addresses the University's major goals, initiatives, and strategies including: 1) increased funding for university advising, classroom support, and student success programs to encourage timely graduation, 2) increased funding for student outreach initiatives and student recommended information technology investments, 3) funding to recruit and retain world-class faculty, 4) funding for faculty research related travel and professional development awards based on research productivity. Research related equipment awards are also rewarded to increase research, 5) continued support of research faculty resulting in a 23.5% increase in the amount of funded federal, state, local, and private grants received by the University, 6) continued support for the expansion of graduate assistant salary increases, the graduate remission program, and increased graduate and undergraduate merit and need based scholarships, 7) provision for increased utility, costs and increased operation and maintenance of plant costs associated with the new Engineering Research Building, and 8) providing for increased plant funds for minor improvements, renewals, and replacements and for the purchase of land to enhance the infrastructure of the campus.

U. T. Arlington is addressing the financial general revenue reductions that are required for the current biennium. U. T. Arlington is required to lapse \$8.3 million in general revenue for FY 2011. This budget reduction is being covered by a required 3% across the board budget reduction (excluding scholarships) for all university departments funded from general revenue or flat rate designated tuition. The University also has a modified hiring freeze and a restricted travel approval process that has resulted in savings which will help the University adjust to the reduction in general revenue appropriations.

**Revenue**

Revenue growth of 10.3% over FY 2010 is reflected in the FY 2011 Operating Budget. The FY 2011 revenue growth is due to: 1) a tuition and fee estimated revenue increase, generated from an average 3.95% increase in tuition and fee flat rates while enrollment is expected to increase 10% over the original FY 2010 estimated levels, 2) state appropriations for FY 2011 are decreasing by 3.9% due to the State of Texas mandated general revenue budget cuts, 3) federal, state, local, and private sponsored programs are estimated to increase due to the addition of research faculty over the last five fiscal years, 4) income from net sales and services of educational activities are estimated to increase due to the revenue increase from the Continuing Education Programs, 6) Other Operating Revenues are expected to increase \$1.2 million in FY 2011 over FY 2010.

**Expenses**

Expenses in the FY 2011 Operating Budget are expected to increase 10.0% over FY 2011. This increase encompasses 1) supporting strategies to recruit and retain world-class faculty, including support for professional faculty development awards based on research productivity, 2) new grant and contract research expenses of about \$18.9 million, 3) provision for expansion of the graduate remission program, increased graduate and undergraduate merit and need based scholarships by \$5.5 million, 4) increased utilities and operation and maintenance of plant, including minor improvements, renovations and purchase of land by \$4.46 million, 5) providing for graduate assistants stipend increases by \$750,000, 6) providing increased support for scholarships and fellowships of \$3.3 million, 7) increased support for Intercollegiate Athletics by \$455,000, 8) providing for a 3% across the board (except for scholarships) general revenue and flat rate tuition funded budget reduction totaling -\$6.3 million. The balance of the State of Texas mandated 5% budget cut of \$8.3 million for UT Arlington will be covered by funds generated from enrollment growth.

**The University of Texas at Arlington**  
**Operating Budget**  
**Fiscal Year Ending August 31, 2011**

	FY 2010 Projected	FY 2010 Adjusted Budget	FY 2011 Operating Budget	Budget Increases (Decreases) From 2010 to 2011	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 159,038,487	158,499,186	170,423,313	11,924,127	7.5%
Federal Sponsored Programs	34,171,163	36,518,493	51,235,933	14,717,440	40.3%
State Sponsored Programs	10,765,316	12,853,840	11,885,703	(968,137)	-7.5%
Local and Private Sponsored Programs	11,044,008	14,586,526	14,999,491	412,965	2.8%
Net Sales and Services of Educational Activities	13,823,639	12,125,456	13,838,397	1,712,941	14.1%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	26,242,412	23,478,235	23,426,023	(52,212)	-0.2%
Other Operating Revenues	8,717,355	6,319,679	7,567,896	1,248,217	19.8%
<b>Total Operating Revenues</b>	<b>263,802,380</b>	<b>264,381,415</b>	<b>293,376,756</b>	<b>28,995,341</b>	<b>11.0%</b>
<b>Operating Expenses:</b>					
Instruction	135,294,809	139,871,171	137,513,798	(2,357,373)	-1.7%
Academic Support	30,448,127	31,478,038	30,276,799	(1,201,239)	-3.8%
Research	47,085,512	48,678,185	62,873,601	14,195,416	29.2%
Public Service	9,093,871	9,401,472	12,017,367	2,615,895	27.8%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	33,458,253	34,589,982	37,702,660	3,112,678	9.0%
Student Services	24,183,210	25,001,210	27,233,692	2,232,482	8.9%
Operations and Maintenance of Plant	30,861,521	31,905,415	36,369,014	4,463,599	14.0%
Scholarships and Fellowships	26,942,466	14,933,798	31,139,123	16,205,325	108.5%
Auxiliary Enterprises	32,916,222	34,029,617	34,471,871	442,254	1.3%
Depreciation and Amortization	25,982,905	28,898,955	28,982,904	83,949	0.3%
<b>Total Operating Expenses</b>	<b>396,266,896</b>	<b>398,787,843</b>	<b>438,580,829</b>	<b>39,792,986</b>	<b>10.0%</b>
<b>Operating Surplus/Deficit</b>	<b>(132,464,516)</b>	<b>(134,406,428)</b>	<b>(145,204,073)</b>	<b>(10,797,645)</b>	<b>8.0%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations & HEAF (Non-capitalized)	113,256,024	113,256,024	108,861,192	(4,394,832)	-3.9%
Federal Sponsored Programs (Nonoperating)	39,042,820	21,926,133	39,761,488	17,835,355	81.3%
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	3,013,673	2,242,125	2,290,368	48,243	2.2%
Net Investment Income	11,240,793	11,265,947	11,444,322	178,375	1.6%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>166,553,310</b>	<b>148,690,229</b>	<b>162,357,370</b>	<b>13,667,141</b>	<b>9.2%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(10,189,986)	(10,189,986)	(11,153,541)	(963,555)	9.5%
<b>Total Transfers and Other</b>	<b>(10,189,986)</b>	<b>(10,189,986)</b>	<b>(11,153,541)</b>	<b>(963,555)</b>	<b>9.5%</b>
<b>Budget Margin (Deficit)</b>	<b>23,898,808</b>	<b>4,093,815</b>	<b>5,999,756</b>	<b>1,905,941</b>	<b>46.6%</b>
<b>Reconciliation to Change in Net Assets:</b>					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	22,384,878	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	212,672	82,500	33,700	(48,800)	-59.2%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	2,257,399	1,538,145	2,345,432	807,287	52.5%
Transfers for Debt Service - Principal	(16,982,159)	(16,982,159)	(14,775,808)	2,206,351	-13.0%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	(2,990,247)	12,179,500	105,458,000	93,278,500	765.9%
<b>SRECNA Change in Net Assets</b>	<b>\$ 28,781,351</b>	<b>911,801</b>	<b>99,061,080</b>	<b>98,149,279</b>	<b>10764.3%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 430,355,690</b>	<b>413,071,644</b>	<b>455,734,126</b>	<b>42,662,482</b>	<b>10.3%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(406,456,882)</b>	<b>(408,977,829)</b>	<b>(449,734,370)</b>	<b>(40,756,541)</b>	<b>10.0%</b>
<b>Budget Margin (Deficit)</b>	<b>\$ 23,898,808</b>	<b>4,093,815</b>	<b>5,999,756</b>	<b>1,905,941</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		28,898,955	28,982,904		
Capital Outlay		(7,109,395)	(7,282,031)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(16,982,159)	(14,775,808)		
Budgeted Transfers		1,412,106	6,120,165		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>10,313,322</b>	<b>19,044,986</b>		

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

**The University of Texas at Austin**  
**Operating Budget Highlights**  
**For the Year Ending August 31, 2011**

**Introduction - Major Goals Addressed by FY 2011 Budget**

The University of Texas at Austin remains committed to pursuing the goal of becoming the leading public university in the nation. The major goals of U. T. Austin addressed by the FY 2011 budget are 1) continue the faculty expansion, 2) support a competitive compensation plan aimed at the recruitment and retention of top talent, and 3) support academic initiatives critical to the future.

Budget constraints have limited the ability to fully address all major goals. U. T. Austin has been able to continue the faculty expansion to reduce the faculty/student ratio by providing funds for fifteen new faculty members in FY 2011, instead of the planned thirty new faculty positions.

All staff and most faculty did not receive raises in FY 2010. It is essential that we set aside funds to reward excellence in our faculty and staff. We are re-allocating resources in the operating units to fund a one-time 2% merit pool for faculty and staff. All employees are eligible, but the one-time payment program is merit-based, so not all employees will receive raises.

Given the financial realities that the state and U. T. Austin face during the next few years, budget reductions are prudent and necessary. We have done our best to protect the academic enterprise-teaching, research, and the student experience. More than 90% of the cuts come from administrative units. The cuts in the administrative portfolios ranged from 1% to 8%. Only about one-half of 1% came from academic colleges and schools.

In order to recruit and retain the brightest and most diverse graduate and undergraduate students, fellowship support for graduate students and scholarships for undergraduate students have been increased, in addition to the required 20% tuition set-aside. Outreach admission offices have also expanded. One of the major initiatives for U. T. Austin is to improve undergraduate core curriculum to better prepare students for lives of accomplishment. Funds have been allocated to continue to develop a curriculum in which undergraduates will acquire important skills and experiences in writing, quantitative reasoning, global cultures, multicultural perspectives, ethics and leadership, and independent inquiry.

**Revenue**

Based on recommendations from U. T. Austin's Tuition Policy Advisory Committee and as approved by the Board of Regents, the FY 2011 average total full time resident undergraduate flat rate tuition will increase from \$4,468 to \$4,709. The increase is composed of \$176 in tuition (3.95%) and the \$65 (1.45%) new student-initiated Student Activity Center (SAC) fee, representing a 5.4% increase in the total cost of education. For FY 2012, the SAC will not increase, so the total cost of education will increase by 3.95%.

Before the announced 5% general revenue budget reduction, appropriations were expected to be relatively flat for FY 2011. However, U. T. Austin is now facing a \$29.0 million budget reduction in FY 2011 and the reduction is expected to continue in the next biennium with a possibility of additional reductions.

The Available University Fund (AUF) distribution for U. T. Austin operations is decreasing by \$3.0 million. The Board of Regents authorized a three year AUF supplement for faculty enhancement and excellence to help compensate for the loss of AUF revenue that is a consequence of the nation's economic downturn.

**Expenses**

Faced with a forecast of declining operating budgets, U. T. Austin has initiated a plan to make budget cuts of \$14.6 million in annual recurring expenditures. While administration has worked to minimize the loss of jobs, when the budget reduction plan is fully implemented, about 200 positions in the administrative units could be affected. More positions in academic units will be affected in the future, when deans implement their own re-allocation plans.

Expenses for FY 2011 are projected to increase by about 4% due to faculty and staff salary increases, benefit increases, and scholarships from the tuition set-aside.

**The University of Texas at Austin  
Operating Budget  
Fiscal Year Ending August 31, 2011**

	FY 2010 Projected	FY 2010 Adjusted Budget	FY 2011 Operating Budget	Budget Increases (Decreases) From 2010 to 2011	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 411,000,000	406,000,000	435,440,000	29,440,000	7.3%
Federal Sponsored Programs	378,500,000	319,977,149	346,539,209	26,562,060	8.3%
State Sponsored Programs	56,450,000	52,984,833	57,804,588	4,819,755	9.1%
Local and Private Sponsored Programs	95,050,000	73,260,688	84,914,320	11,653,632	15.9%
Net Sales and Services of Educational Activities	189,000,000	193,588,304	187,927,699	(5,660,605)	-2.9%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	228,300,000	208,627,222	219,880,374	11,253,152	5.4%
Other Operating Revenues	8,200,000	4,291,172	4,193,123	(98,049)	-2.3%
<b>Total Operating Revenues</b>	<b>1,366,500,000</b>	<b>1,258,729,368</b>	<b>1,336,699,313</b>	<b>77,969,945</b>	<b>6.2%</b>
<b>Operating Expenses:</b>					
Instruction	585,400,000	612,945,456	623,077,190	10,131,734	1.7%
Academic Support	155,100,000	161,736,547	183,595,784	21,859,237	13.5%
Research	435,800,000	404,664,460	413,152,106	8,487,646	2.1%
Public Service	72,700,000	70,846,766	75,272,368	4,425,602	6.2%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	89,700,000	103,271,455	101,821,223	(1,450,232)	-1.4%
Student Services	56,000,000	52,941,634	51,131,971	(1,809,663)	-3.4%
Operations and Maintenance of Plant	161,500,000	146,982,391	145,742,070	(1,240,321)	-0.8%
Scholarships and Fellowships	128,300,000	97,702,701	109,709,098	12,006,397	12.3%
Auxiliary Enterprises	224,400,000	232,005,901	243,014,017	11,008,116	4.7%
Depreciation and Amortization	169,000,000	141,618,932	145,867,500	4,248,568	3.0%
<b>Total Operating Expenses</b>	<b>2,077,900,000</b>	<b>2,024,716,243</b>	<b>2,092,383,327</b>	<b>67,667,084</b>	<b>3.3%</b>
<b>Operating Surplus/Deficit</b>	<b>(711,400,000)</b>	<b>(765,986,875)</b>	<b>(755,684,014)</b>	<b>10,302,861</b>	<b>-1.3%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations & HEAF (Non-capitalized)	333,900,000	331,536,737	315,885,057	(15,651,680)	-4.7%
Federal Sponsored Programs (Nonoperating)	57,500,000	43,704,269	34,554,897	(9,149,372)	-20.9%
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	105,000,000	92,217,797	95,046,097	2,828,300	3.1%
Net Investment Income	164,300,000	138,008,588	147,770,985	9,762,397	7.1%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>660,700,000</b>	<b>605,467,391</b>	<b>593,257,036</b>	<b>(12,210,355)</b>	<b>-2.0%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	176,750,000	163,750,000	166,730,000	2,980,000	1.8%
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(38,100,000)	(37,910,321)	(41,847,598)	(3,937,277)	10.4%
<b>Total Transfers and Other</b>	<b>138,650,000</b>	<b>125,839,679</b>	<b>124,882,402</b>	<b>(957,277)</b>	<b>-0.8%</b>
<b>Budget Margin (Deficit)</b>	<b>87,950,000</b>	<b>(34,679,805)</b>	<b>(37,544,576)</b>	<b>(2,864,771)</b>	<b>8.3%</b>
<b>Reconciliation to Change in Net Assets:</b>					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./ (Dec.) in Fair Value of Investments	157,720,530	-	-	-	-
Interest Expense on Capital Asset Financings	(1,500,000)	(1,500,000)	(1,500,000)	-	0.0%
Capital Approp., Gifts and Sponsored Programs	35,000,000	20,000,000	20,000,000	-	0.0%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	50,000,000	50,000,000	50,000,000	-	0.0%
Transfers for Debt Service - Principal	(36,780,000)	(42,568,559)	(45,012,594)	(2,444,035)	5.7%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	294,500,000	289,500,000	289,500,000	-	0.0%
<b>SRECNA Change in Net Assets</b>	<b>\$ 586,890,530</b>	<b>280,751,636</b>	<b>275,442,830</b>	<b>(5,308,806)</b>	<b>-1.9%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 2,203,950,000</b>	<b>2,027,946,759</b>	<b>2,096,686,349</b>	<b>68,739,590</b>	<b>3.4%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(2,116,000,000)</b>	<b>(2,062,626,564)</b>	<b>(2,134,230,925)</b>	<b>(71,604,361)</b>	<b>3.5%</b>
<b>Budget Margin (Deficit)</b>	<b>\$ 87,950,000</b>	<b>(34,679,805)</b>	<b>(37,544,576)</b>	<b>(2,864,771)</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		141,618,932	145,867,500		
Capital Outlay		(52,034,880)	(60,245,671)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(42,568,559)	(45,012,594)		
Budgeted Transfers		(14,131,605)	(15,217,017)		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>(1,795,917)</b>	<b>(12,152,358)</b>		

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

**The University of Texas at Austin  
Application of Available University Fund (AUF)  
Recommended Budget 2010-11**

The mission of The University of Texas at Austin is excellence in teaching, research, and service and all sources of funds (appropriated, AUF, tuition, grants, and gifts) are expended to this end.

Specifically, the AUF provides the margin of excellence that permits UT Austin to achieve and maintain its place as one of the premier public institutions of higher education in the nation. This margin of excellence is demonstrated in the following ways:

<b>Excellence in Mission:</b>		<b>\$ 90,585,358</b>
Instructional Excellence		
Enhanced Academic Programs	\$ 17,566,301	
<p>        Academic initiatives at the college and departmental level enhanced by the AUF include curriculum innovation, development of new degree programs, interdisciplinary program planning and coordination, honors programs, internship programs, academic technology and facility support, K-12 and community outreach activities, and continuing education.</p>		
Instructional Program Services	3,044,783	
<p>        These services include college computing services, instructional and technology enhanced teaching support, provision of Web-based student-faculty communication platforms, teaching effectiveness services, credit by examination, new and experienced faculty training, assessment methods, student course-instructor evaluations, the UT Elementary School, and coordination of University-wide K-12 activities.</p>		
Instructional Initiatives and Programs	5,916,988	
<p>        The School of Undergraduate Studies was developed to enhance the education for all undergraduates through core curriculum, advising, learning communities, signature courses, interdisciplinary programs, and research.</p> <p>        Other initiatives include providing students with visiting lecturers, and specialized centers for bilingual education, education technology, science education, clinical legal, pharmacy and nursing experiences, student education field experience, fine arts productions, and the master teacher institute.</p>		



Academic Infrastructure (Libraries, Instructional Technology) 34,002,532  
 Instructional technology services include providing access to computing, voice and data networks, internet, and email. Library services include access to comprehensive print and digital resources supporting all disciplines, and access to specialized collections within the Humanities Research Center, the Benson Latin American Collection and the Law Library.

Student Programs and Services 4,765,214  
 These services encompass new student orientation, welcoming and mentoring programs, student organizations, campus and community involvement, Greek life, services for students with disabilities, student governance, judicial services and volunteer and service learning, the University Honors Center, the International Office, and study abroad programs.

Research Excellence 20,862,235  
 Research Competitiveness  
 Support is provided for the critical research infrastructure required for faculty to be competitive for federal, state, and private sector research grant funding, to meet the ever increasing regulatory and compliance requirements associated with this external funding, to provide specialized services for areas such as animal care and high performance computing, to support the UT Press, and to help support research centers and institutes targeting areas critical to the economic development of Texas and the nation.

Outreach Excellence 4,427,305  
 Academic Program/Community Interface  
 These programs help define and characterize the role of a flagship institution within the larger community and include such units as:  
 KUT Radio, Performing Arts Center, Blanton Museum, Texas Memorial Museum, and Winedale Historical Center.

**Recruitment and Retention of Talent: 55,872,688**  
 Faculty 5,291,541  
 The faculty development program and the recruitment and start-up package funds will enable UT Austin to add new faculty positions each year to lower the student/faculty ratio. Lowering this ratio will improve undergraduate educational programs and will increase institutional adaptability, which are major institutional goals for this decade. Steady progress must be made annually to achieve these goals.

K-12 Outreach and Undergraduate Students 15,470,543  
 The University Outreach centers provide an intensive college preparatory program for under-represented students beginning in eighth grade and continuing through high school. The purpose is to increase the number of educationally disadvantaged students who graduate from Texas high schools prepared to matriculate and be successful in Texas colleges and universities. Funds for various admission, scholarship and retention programs (Gateway, Multicultural Information Center, etc.) help insure the quality and diversity of students.

Graduate Students 35,110,604  
 The intellectual and research accomplishments of the University depend critically on our ability to recruit and retain the very best graduate students from across the nation. These funds provide the scholarships, fellowships and infrastructure support necessary for UT Austin to compete with its peer institutions for these excellent students.

**Institutional Accountability and Enhanced Connections to the Public 17,118,755**

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

**UT System 3,153,199**

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

UT Austin AUF Budget

**\$ 166,730,000**

## Details

### Excellence in Mission

#### Instructional Excellence

Enhanced Academic Programs		<b>17,566,301</b>
Colleges and Schools	7,654,768	
Academic Departments and Centers	9,911,533	
Instructional Program Services		<b>3,044,783</b>
Texas Language Center	161,005	
Dean's Office Communication Group	253,448	
State Liberal Arts Instructional Technology Services	70,163	
Fine Arts-Office of Computing Technologies	299,509	
Division of Instructional Innovation and Assessment	2,046,917	
Undergraduate Studies - Assessment	115,741	
UT Elementary School	98,000	
Instructional Initiatives and Programs		<b>5,916,988</b>
Visiting Lecturers and Academic development	248,820	
Bilingual education	76,028	
Education Learning Technology Center	524,492	
Science Education Center	93,988	
Education student field experience	64,490	
Fine Arts ensembles, projects & opera production	24,679	
Fine Arts-Music-Student Opera Production	1,067	
Nursing Children's Wellness Center	80,900	
Clinical legal education	108,874	
E-outreach	193,304	
Master Teacher Institute	342,339	
Provost's Initiatives and Innovations	2,318,972	
Undergraduate Programs	402,903	
Signature Courses	1,310,040	
Core Curriculum Development	126,092	
Academic Infrastructure		<b>34,002,532</b>
Instructional Technology:	10,323,870	
computing, network, internet, email, etc		
Libraries: general library, Benson, Law, HRC	23,678,662	
Student Programs and Services		<b>4,765,214</b>
Dean of Students	2,486,877	
Deaf interpreters	382,205	
Mathematics lab	206,433	
International Office	817,894	
Study abroad	679,553	
International Student And Scholar Support And Compliance	108,949	
International exchange program	51,808	
University Honors Center	31,495	

<b>Research Excellence</b>		<b>20,862,235</b>
Research Competitiveness		
Research grant infrastructure, compliance and support		
VP Research	1,165,766	
Compliance	910,960	
Research grants	55,100	
Animal Resources Center	547,353	
Texas Advanced Computing Center	3,428,252	
College of Liberal Arts - Research	143,938	
Statistics & Scientific Computation Program	480,692	
	<u>6,732,061</u>	
Research Initiatives		
UT Press	1,178,859	
Undergraduate Research	6,237	
Organized Research Units	2,516,748	
Institute for Computational Engineering and Science	105,233	
Institute For Cellular And Molecular Biology	2,724,163	
Center for Studies in Texas	462,364	
Research Instruments Laboratory	138,481	
Office Of The Executive Vice President And Provost	147,518	
Research Enhancement	5,390,000	
Institute for Geophysics	842,554	
Marine Science Institute	618,017	
	<u>14,130,174</u>	
<b>Outreach Excellence</b>		<b>4,427,305</b>
Academic Program/Community Interface		
KUT	279,622	
Performing Arts Center	2,035,678	
Blanton Museum	833,182	
Texas Memorial Museum	1,133,864	
Winedale	144,959	
<b>Recruitment and Retention of Talent:</b>		<b>55,872,688</b>
Initiatives to ensure quality and diversity		
Faculty		
Faculty Development Program	2,252,013	
Faculty Recruitment	2,098,403	
Recruitment start-up package, special equipment	941,125	
	<u>5,291,541</u>	
Undergraduate Students		
Admission	1,913,406	
Registrar	2,000,504	
Freshman Admissions Center	946,267	
Outreach centers	651,416	
Multicultural information center	36,000	
Tuition and fees scholarship	69,129	
Gateway	88,875	
Student retention programs	321,043	
Community college student recruitment	237,270	
Student services programs	2,241,260	

Recruitment and retention programs	228,242
Former student records	401,456
Alumni volunteer network	138,124
Admissions *NRSTAR Research	76,965
Satellite Admissions Office	2,128,329
Student financial services	3,303,936
Center for Strategic Advising	365,156
Longhorn Scholars	323,165
	<u>15,470,543</u>

Graduate Students	
Dean of Graduate Studies	2,529,717
Tuition Benefits - Teaching Asst/Asst Instructor	22,760,327
Graduate fellowships	6,614,575
Special graduate fellowships	750,000
Graduate research fellowships	25,000
Graduate research fellowships	200,000
Graduate and international admissions	341,566
Scholarships - School Of Law	1,214,429
Law Admissions Outreach	299,990
LBJ scholarships	225,000
Center for African American Studies Graduate Student Support	150,000
	<u>35,110,604</u>

**Institutional Accountability and**

**Enhanced Connections to the Public**

Office of Institutional Research	1,805,203
Public Affairs and Special Events (commencement, etc)	1,887,536
Vice President for University Operations	885,501
Campus Security and Safety	203,772
Equal Employment Opportunity	407,070
Employee training	174,606
Employee Communications	240,564
IQ Project	1,264,534
Development - support for scholarships, facilities, research, academic programs, faculty endowments, etc.	10,249,969

**17,118,755**

**UT System**

Telecomm office and infrastructure - UT System Support	1,211,169
Information Technology Network Bandwidth	191,459
Telecomm office and infrastructure - UT Austin Support	450,899
Technology assessments	1,299,672

**3,153,199**

TOTAL

**\$ 166,730,000**

**The University of Texas at Brownsville  
Operating Budget Highlights  
For the Year Ending August 31, 2011**

**Introduction - Major Goals Addressed by FY 2011 Budget**

The University of Texas at Brownsville has developed a strategic plan which confronts the challenge of providing accessible education to a region long underserved by higher education. The plan, "Imagining More," is supported by a budget process that is comprehensive, inclusive, and transparent. The FY 2011 budget supports the strategic plan goals to: 1) expand knowledge through research, 2) promote excellence in teaching and learning, 3) provide accessible, affordable post-secondary education, 4) advance academic and economic development in the region, and 5) enhance student success.

The development of the budget focused on key contextual points which included: 1) identifying resource generation and cost containment strategies, 2) managing enrollment growth, 3) maintaining affordability, 4) strengthening retention and time to graduation, 5) maintaining competitive faculty and staff salaries, and 6) expanding research infrastructure.

An extensive and comprehensive process was developed during FY 2010 which resulted in the formation of the Resource Generation and Cost Containment Task Force. The Task Force examined 100% of university expenditures, evaluated revenue generating strategies, identified 'low hanging fruit' ideas that could be implemented in the short term, and developed long term university goals to be implemented in the FY 2011 budget and future years.

The FY 2011 budget includes the entire 5% general revenue reduction for the 2010-2011 biennium of \$2.6 million. In addition, similar reductions in state appropriations for Texas Southmost College (TSC) resulted in a \$1.4 million reduction. The combined reductions in state appropriations are \$4.0 million in FY 2011. As a result of the efforts of the task force and other cost containment strategies implemented, U. T. Brownsville has projected to save \$2.0 million in FY 2010 that will be used to offset the reduction. These same strategies will be continued in FY 2011 to achieve the additional \$2.0 million in savings to combat the total reduction in state appropriations of \$4.0 million.

As compared to the FY 2010 budget, the FY 2011 budgeted enrollment growth is projected to increase 12.1% in semester credit hours and 11.6% in student headcount for paying students. The increase is attributed to actual experienced enrollment growth over budget in FY 2010 with an additional 5% enrollment increase projected in FY 2011. The enrollment growth in FY 2010 has returned enrollment to levels the university experienced prior to the implementation of the satisfactory academic standards policy.

**Revenue**

Overall revenue growth is proposed to increase by 11.7% in the FY 2011 budget. Federal Sponsored Programs – Non operating increased by 40.8% due to an increase in projected Pell Grant revenue. The increase in projected enrollment and the approved changes in tuition and fee rates have increased the projections for Tuition and Fees revenue and Local and Privately Sponsored Programs revenue through which TSC tuition is received by 8.8% and 8.5%, respectively. In addition, new grants expanded the budgeted revenue in Federal Sponsored Programs revenue and State Sponsored Programs revenue by 15.3% and 14.3%, respectively.

The U. T. Brownsville state appropriations for general revenue, insurance and benefits decreased by 5.9%. In addition, the one-time provision of \$1.2 million for the HB 4586 hurricane money in FY 2010 was removed for the FY 2011 budget. The decreases in state appropriations were offset by an 18.0% increase in Higher Education Assistance Funds (HEAF) revenue as these revenues were not subject to mandated reductions. In total, the net decrease to State Appropriations & HEAF in the FY 2011 budget is 2.3%.

**Expenses**

Total Operating Expenses are budgeted to increase by 13.5% for FY 2011. The increase is largely driven by the 35.7% increase in Scholarship and Fellowship expenditures resulting from the projected increase in Pell Grant revenues. Increases in faculty expenses have been added to the FY 2011 budget to address the experienced and projected enrollment growth in the budget. The market study compensation strategy has increased the peer target minimum compensation from 85.0% to 87.0% for faculty and staff. Other increases in salary expenditures have related to operational changes, new positions, and a small amount of merit based increases.

**The University of Texas at Brownsville**  
**Operating Budget**  
**Fiscal Year Ending August 31, 2011**

	FY 2010 Projected	FY 2010 Adjusted Budget	FY 2011 Operating Budget	Budget Increases (Decreases) From 2010 to 2011	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 19,519,335	16,973,141	18,463,221	1,490,080	8.8%
Federal Sponsored Programs	13,383,968	9,315,574	10,741,471	1,425,897	15.3%
State Sponsored Programs	5,632,422	3,771,930	4,309,928	537,998	14.3%
Local and Private Sponsored Programs	60,064,979	49,449,936	53,644,057	4,194,121	8.5%
Net Sales and Services of Educational Activities	2,147,408	767,262	812,129	44,867	5.8%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	1,014,831	1,057,260	1,197,022	139,762	13.2%
Other Operating Revenues	35,062	10,700	10,700	-	0.0%
<b>Total Operating Revenues</b>	<b>101,798,005</b>	<b>81,345,803</b>	<b>89,178,528</b>	<b>7,832,725</b>	<b>9.6%</b>
<b>Operating Expenses:</b>					
Instruction	48,335,440	40,944,820	45,063,226	4,118,406	10.1%
Academic Support	16,631,394	14,829,369	14,985,425	156,056	1.1%
Research	5,372,234	3,520,331	5,911,091	2,390,760	67.9%
Public Service	6,948,272	3,651,737	3,491,009	(160,728)	-4.4%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	13,018,445	13,351,642	15,076,479	1,724,837	12.9%
Student Services	11,783,075	11,242,973	10,883,211	(359,762)	-3.2%
Operations and Maintenance of Plant	15,322,637	13,222,790	13,578,035	355,245	2.7%
Scholarships and Fellowships	41,882,318	29,312,220	39,763,593	10,451,373	35.7%
Auxiliary Enterprises	9,233,950	9,147,026	10,398,752	1,251,726	13.7%
Depreciation and Amortization	5,676,900	6,237,179	5,777,124	(460,055)	-7.4%
<b>Total Operating Expenses</b>	<b>174,204,665</b>	<b>145,460,087</b>	<b>164,927,945</b>	<b>19,467,858</b>	<b>13.4%</b>
<b>Operating Surplus/Deficit</b>	<b>(72,406,660)</b>	<b>(64,114,284)</b>	<b>(75,749,417)</b>	<b>(11,635,133)</b>	<b>18.1%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations & HEAF (Non-capitalized)	41,672,296	39,262,406	38,359,694	(902,712)	-2.3%
Federal Sponsored Programs (Nonoperating)	34,959,126	25,250,409	35,561,327	10,310,918	40.8%
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	348,217	136,000	70,000	(66,000)	-48.5%
Net Investment Income	766,178	716,324	691,000	(25,324)	-3.5%
Other Non-Operating Revenue	284,443	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>78,030,260</b>	<b>65,365,139</b>	<b>74,682,021</b>	<b>9,316,882</b>	<b>14.3%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(1,812,493)	(2,149,820)	(2,682,609)	(532,789)	24.8%
<b>Total Transfers and Other</b>	<b>(1,812,493)</b>	<b>(2,149,820)</b>	<b>(2,682,609)</b>	<b>(532,789)</b>	<b>24.8%</b>
<b>Budget Margin (Deficit)</b>	<b>3,811,107</b>	<b>(898,965)</b>	<b>(3,750,005)</b>	<b>(2,851,040)</b>	<b>317.1%</b>
<b>Reconciliation to Change in Net Assets:</b>					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./Dec. in Fair Value of Investments	1,257,233	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	-	-	-	-	-
HEAF (Capitalized)	1,685,951	3,339,547	2,257,249	(1,082,298)	-32.4%
Additions to Permanent Endowments	247,315	367,251	247,315	(119,936)	-32.7%
Transfers for Debt Service - Principal	(5,679,415)	(5,338,214)	(4,014,650)	1,323,564	-24.8%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	546,365	15,152,927	641,178	(14,511,749)	-95.8%
<b>SRECNA Change in Net Assets</b>	<b>\$ 1,868,556</b>	<b>12,622,546</b>	<b>(4,618,913)</b>	<b>(17,241,459)</b>	<b>-136.6%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 179,828,265</b>	<b>146,710,942</b>	<b>163,860,549</b>	<b>17,149,607</b>	<b>11.7%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(176,017,158)</b>	<b>(147,609,907)</b>	<b>(167,610,554)</b>	<b>(20,000,647)</b>	<b>13.5%</b>
<b>Budget Margin (Deficit)</b>	<b>\$ 3,811,107</b>	<b>(898,965)</b>	<b>(3,750,005)</b>	<b>(2,851,040)</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		6,237,179	5,777,124		
Capital Outlay		(3,339,547)	(2,257,249)		
HEAF (Capitalized)		3,339,547	2,257,249		
Transfers for Debt Service - Principal		(5,338,214)	(4,014,650)		
Budgeted Transfers		-	-		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>-</b>	<b>(1,987,531)</b>		

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

**The University of Texas at Dallas  
Operating Budget Highlights  
For the Year Ending August 31, 2011**

**Introduction - Major Goals Addressed by FY 2011 Budget**

The University of Texas at Dallas has a focused strategic plan that continues to be the cornerstone of the budget formulation. The University must scale up its operations over the next few years to attain the goals identified in the plan. The FY 2011 budget addresses these aspirations with support targeted at instruction, research and enrollment growth. The progress toward strategic plan goals could be lower than originally planned due to the 5% state budget reduction that reduced available funds by \$7.2 million.

The budget includes allocations for recruitment and retention of outstanding faculty. The University plans to add approximately 30 professors, toward its goal of competing more effectively with peer universities. The University continues to support a faculty mentoring program, and remains focused on increasing attention on enhancing diversity through recruitment. The University will implement three new Master of Science programs in Innovations and Entrepreneurship, Systems Engineering and Management, and Justice Administration and Leadership. Three additional Bachelor of Science programs in Marketing, Global Business, and in Management Information Systems should receive approval in June 2010 along with four new programs planned for the spring semester of 2011. These programs are critical to U. T. Dallas' aspirational goals to develop into a national research university.

Research and its expansion continue to be a crucial goal. The University's pursuit of top quality faculty demands that it target individuals with strong research records and continuing potential for significant new research activity. U. T. Dallas anticipates additional growth in research expenditures throughout FY 2011, and will focus efforts to grow the number of faculty who contribute towards the research enterprise initiative.

Two major aspects of growth, students and space, continue to be important components of the budget. Enrollment growth has been projected at 5% or approximately 600 new students for FY 2011. Enrollment increases are necessary to carry out our plans for recruitment of faculty and new academic programs. This will create an additional demand for space. The University purchased an existing building in close proximity to the campus recently and plans to keep a close watch for other properties adjacent to campus for lease or purchase.

As the University expands, operating efficiencies become more important. The University is well into the implementation of the PeopleSoft Enterprise Resource Planning Shared Services project and operating efficiency and cost reduction are imperative components of the project. The University's Task Force on Cost Containment Strategies is also reviewing areas across the University where cost savings can be realized.

**Revenue**

Overall revenue increased by 10.1% for FY 2011. Tuition and fees are estimated at approximately 15% due to approved rate increases and enrollment growth along with sponsored programs seeing increases as well. These areas of growth are directly related to our targeted budget goals of instruction, research, and enrollment growth.

**Expenses**

Primary factors contributing to the anticipated 10.6% growth in expenses are related to merit/equity increases, new faculty, Academic Affairs initiatives, scholarships, and financial aid. The University is implementing a 2% merit program for faculty and staff with an additional 1% set aside for equity and market adjustments. Academic Affairs is receiving \$5.0 million for new faculty, new programs, and other initiatives. Scholarships and fellowships are being allocated an additional \$1.0 million. Restricted and non-restricted research expenditures will see an increase due to the emphasis placed on this activity and the Texas Research Incentive Program (TRIP). In anticipation of possible future funding shortfalls, a \$7.6 million surplus was budgeted for FY 2011.



**The University of Texas at Dallas  
Operating Budget  
Fiscal Year Ending August 31, 2011**

	FY 2010 Projected	FY 2010 Adjusted Budget	FY 2011 Operating Budget	Budget Increases (Decreases) From 2010 to 2011	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 134,327,000	142,663,252	164,491,018	21,827,766	15.3%
Federal Sponsored Programs	44,203,280	47,702,866	50,475,642	2,772,776	5.8%
State Sponsored Programs	3,899,440	2,749,700	3,694,421	944,721	34.4%
Local and Private Sponsored Programs	4,469,280	7,237,053	7,414,286	177,233	2.4%
Net Sales and Services of Educational Activities	10,806,800	7,932,180	8,507,465	575,285	7.3%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	8,850,275	7,306,951	9,086,311	1,779,360	24.4%
Other Operating Revenues	2,951,766	4,323,456	5,943,145	1,619,689	37.5%
<b>Total Operating Revenues</b>	<b>209,507,841</b>	<b>219,915,458</b>	<b>249,612,288</b>	<b>29,696,830</b>	<b>13.5%</b>
<b>Operating Expenses:</b>					
Instruction	104,668,844	116,497,780	121,511,965	5,014,185	4.3%
Academic Support	29,585,507	31,470,094	34,594,411	3,124,317	9.9%
Research	58,366,791	62,455,605	78,447,293	15,991,688	25.6%
Public Service	8,692,088	8,014,717	7,767,945	(246,772)	-3.1%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	28,050,327	31,650,325	33,826,734	2,176,409	6.9%
Student Services	12,639,280	11,933,266	11,479,070	(454,196)	-3.8%
Operations and Maintenance of Plant	24,579,176	21,681,633	22,832,927	1,151,294	5.3%
Scholarships and Fellowships	17,660,000	17,777,286	18,784,400	1,007,114	5.7%
Auxiliary Enterprises	17,657,348	17,989,763	20,799,568	2,809,805	15.6%
Depreciation and Amortization	27,665,000	24,243,311	30,017,355	5,774,044	23.8%
<b>Total Operating Expenses</b>	<b>329,564,361</b>	<b>343,713,780</b>	<b>380,061,668</b>	<b>36,347,888</b>	<b>10.6%</b>
<b>Operating Surplus/Deficit</b>	<b>(120,056,520)</b>	<b>(123,798,322)</b>	<b>(130,449,380)</b>	<b>(6,651,058)</b>	<b>5.4%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations & HEAF (Non-capitalized)	96,613,163	96,613,163	92,335,524	(4,277,639)	-4.4%
Federal Sponsored Programs (Nonoperating)	25,495,649	15,899,613	16,013,548	113,935	0.7%
State Sponsored Programs (Nonoperating)	-	-	7,727,500	7,727,500	-
Gifts in Support of Operations	10,950,000	11,629,179	12,246,349	617,170	5.3%
Net Investment Income	13,481,000	11,786,732	13,955,877	2,169,145	18.4%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>146,539,812</b>	<b>135,928,687</b>	<b>142,278,798</b>	<b>6,350,111</b>	<b>4.7%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(8,575,550)	(9,325,698)	(10,302,285)	(976,587)	10.5%
<b>Total Transfers and Other</b>	<b>(8,575,550)</b>	<b>(9,325,698)</b>	<b>(10,302,285)</b>	<b>(976,587)</b>	<b>10.5%</b>
<b>Budget Margin (Deficit)</b>	<b>17,907,742</b>	<b>2,804,667</b>	<b>1,527,133</b>	<b>(1,277,534)</b>	<b>-45.6%</b>
<b>Reconciliation to Change in Net Assets:</b>					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./Dec. in Fair Value of Investments	8,672,420	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	3,000,000	3,000,000	2,500,000	(500,000)	-16.7%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	4,000,000	3,000,000	6,000,000	3,000,000	100.0%
Transfers for Debt Service - Principal	(10,131,000)	(10,343,412)	(12,277,062)	(1,933,650)	18.7%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	63,172,420	79,500,000	53,000,000	(26,500,000)	-33.3%
<b>SRECNA Change in Net Assets</b>	<b>\$ 86,621,582</b>	<b>77,961,255</b>	<b>50,750,071</b>	<b>(27,211,184)</b>	<b>-34.9%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 356,047,653</b>	<b>355,844,145</b>	<b>391,891,086</b>	<b>36,046,941</b>	<b>10.1%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(338,139,911)</b>	<b>(353,039,478)</b>	<b>(390,363,953)</b>	<b>(37,324,475)</b>	<b>10.6%</b>
<b>Budget Margin (Deficit)</b>	<b>\$ 17,907,742</b>	<b>2,804,667</b>	<b>1,527,133</b>	<b>(1,277,534)</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		24,243,311	30,017,355		
Capital Outlay		(19,728,062)	(11,398,900)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(10,343,412)	(12,277,062)		
Budgeted Transfers		(245,000)	(278,000)		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>(3,268,496)</b>	<b>7,590,526</b>		

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

**The University of Texas at El Paso  
Operating Budget Highlights  
For the Year Ending August 31, 2011**

**Introduction - Major Goals Addressed by FY 2011 Budget**

As the leading U.S. doctoral/research university serving a majority Mexican-American student population, The University of Texas at El Paso is committed to both access and excellence, while becoming the first national research (Tier 1) university with a 21<sup>st</sup> century student demographic. U. T. El Paso creates a broad range of educational opportunities for residents of the U.S.-Mexico border region, prepares a competitive workforce for the region, state, and nation, and contributes to our community's quality of life. Resource allocations in the FY 2011 Operating Budget reflect institutional priorities as presented in U. T. El Paso's Strategic Plan including: enhancing student success at all levels; developing new and refreshing existing degree programs and co-curricular activities to respond to both student demand and regional, state, and national needs; and fostering multidisciplinary research activities.

U. T. El Paso continues to make significant strides in the area of student success. There were a total of 3,838 degrees awarded in 2008-09, an increase of 9% over the prior year and an 80% increase compared to FY 2000. The overall increase in the number of degrees awarded since FY 2000, especially the growth of degrees awarded to Hispanics and African-Americans (106% and 76%, respectively), reflects our significant progress in achieving its high-priority goal of fostering undergraduate student persistence and successful degree completion. Undergraduate student success is also greatly enhanced by our strong commitment to achieve excellence in research and graduate education. Doctoral degrees awarded have increased by 247% and Master's degrees awarded have increased by 86% since FY 2000. The increase in graduate-level degrees awarded reflects U. T. El Paso's success in creating additional post-baccalaureate opportunities for residents of the greater El Paso region and a growing understanding by our largely first-generation and working-class students of the importance of pursuing graduate and professional degrees.

Total annual research expenditures at U. T. El Paso have increased more than 114% between FY 2000 and FY 2009 (from \$28 million to \$59.9 million). Further, U. T. El Paso received more than \$57 million in new grant awards during FY 2009 and ranks fourth among all public universities in the state in annual federal research expenditures. Graduate program development, especially at the doctoral level, continues to contribute to building research capacity at U. T. El Paso, and a number of new doctoral program proposals await Texas Higher Education Coordinating Board review for implementation during the next year including: MS and Ph.D. degrees in Biomedical Engineering, Ph.D. in Manufacturing Engineering and Ph.D. in Ecology and Evolutionary Biology. In addition, recent strategic faculty hires will significantly contribute to the research agenda at U. T. El Paso. Dr. Luis Echegoyen, professor of Chemistry, was recently recruited to fill the Welch Chair at U. T. El Paso. Dr. Echegoyen is the Divisional Director for NSF Chemistry and a finalist for the Presidency of the American Chemical Society. The addition of Dr. Echegoyen will increase the University's leadership in the physical sciences, addressing developments in nanotechnology, energy and the environment. Other high impact recent hires include Dr. Thomas Boland, professor of Biomedical Engineering, Dr. Eunice Santos, professor and chair of Computer Science and director of the National Center for Border Security and Immigration, and Dr. Kenneth Church, research professor in Electrical and Computer Engineering.

**Revenue**

The University's operating budget has grown dramatically from \$160.5 million in 2000 to \$358 million in FY 2011 (an increase of approximately 7.9% over FY 2010). This growth is largely attributed to increases in state support, sponsored programs and tuition and fee revenues. FY 2011 includes modest increases in designated tuition (\$110.20 to \$118.78/SCH) the student health center fee (\$12.00 to \$13.20 per term) and a mid-year increase in the recreation fee (\$20 to \$70 per term). These increases coupled with 2% projected enrollment growth generate an estimated \$8.2 million increase in revenues, net of financial aid set-asides. State appropriations will decrease by approximately \$4.2 million as a result of the state mandated 5% reduction. The increase in Federal Sponsored Programs activity includes anticipated growth in research-related activities and an \$8.1 million increase in federal financial aid programs.

**Expenses**

Total budgeted operating expenses in FY 2011 are expected to increase to approximately \$355 million. A total of \$2.1 million (equivalent to 2.0% of budgeted salaries) has been set aside for faculty and staff merit increases. In addition, \$800,000 has been allocated for Ph.D. student support, \$750,000 has been allocated for new faculty hires, and \$200,000 has been allocated for faculty and staff market and equity adjustments to ensure the retention of high performing faculty and staff. An additional \$380,000 has been allocated to provide those employees earning less than \$40,000 per year a flat increase of \$325 to help offset the increased out-of-pocket costs for health insurance. Finally, a reserve of \$3.2 million has been set aside in anticipation of the 5% appropriation reduction.

**The University of Texas at El Paso**  
**Operating Budget**  
**Fiscal Year Ending August 31, 2011**

	FY 2010 Projected	FY 2010 Adjusted Budget	FY 2011 Operating Budget	Budget Increases (Decreases) From 2010 to 2011	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 90,617,312	91,831,111	100,013,143	8,182,032	8.9%
Federal Sponsored Programs	43,086,069	42,027,674	53,577,089	11,549,415	27.5%
State Sponsored Programs	19,543,778	12,915,472	16,257,668	3,342,196	25.9%
Local and Private Sponsored Programs	6,518,689	7,777,092	8,122,816	345,724	4.4%
Net Sales and Services of Educational Activities	5,175,972	3,163,830	3,055,495	(108,335)	-3.4%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	23,478,039	23,817,427	24,735,566	918,139	3.9%
Other Operating Revenues	60,000	60,000	60,000	-	0.0%
<b>Total Operating Revenues</b>	<b>188,479,859</b>	<b>181,592,606</b>	<b>205,821,777</b>	<b>24,229,171</b>	<b>13.3%</b>
<b>Operating Expenses:</b>					
Instruction	96,079,525	100,963,716	101,455,775	492,059	0.5%
Academic Support	22,670,449	16,896,426	17,047,786	151,360	0.9%
Research	47,150,725	44,437,204	53,451,630	9,014,426	20.3%
Public Service	8,033,086	8,700,014	9,277,736	577,722	6.6%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	22,003,672	29,017,814	30,394,197	1,376,383	4.7%
Student Services	17,685,491	16,765,591	17,305,637	540,046	3.2%
Operations and Maintenance of Plant	25,940,836	23,743,042	24,652,454	909,412	3.8%
Scholarships and Fellowships	40,387,691	38,074,081	47,277,533	9,203,452	24.2%
Auxiliary Enterprises	37,561,823	33,369,003	35,880,172	2,511,169	7.5%
Depreciation and Amortization	18,007,008	17,183,784	18,615,000	1,431,216	8.3%
<b>Total Operating Expenses</b>	<b>335,520,306</b>	<b>329,150,675</b>	<b>355,357,920</b>	<b>26,207,245</b>	<b>8.0%</b>
<b>Operating Surplus/Deficit</b>	<b>(147,040,447)</b>	<b>(147,558,069)</b>	<b>(149,536,143)</b>	<b>(1,978,074)</b>	<b>1.3%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations & HEAF (Non-capitalized)	97,143,449	96,706,639	92,486,607	(4,220,032)	-4.4%
Federal Sponsored Programs (Nonoperating)	45,100,000	39,623,997	40,377,920	753,923	1.9%
State Sponsored Programs (Nonoperating)	-	-	120,000	120,000	-
Gifts in Support of Operations	14,335,061	8,899,913	10,448,371	1,548,458	17.4%
Net Investment Income	9,571,770	8,461,152	8,656,652	195,500	2.3%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>166,150,280</b>	<b>153,691,701</b>	<b>152,089,550</b>	<b>(1,602,151)</b>	<b>-1.0%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(3,014,562)	(5,555,140)	(9,425,655)	(3,870,515)	69.7%
<b>Total Transfers and Other</b>	<b>(3,014,562)</b>	<b>(5,555,140)</b>	<b>(9,425,655)</b>	<b>(3,870,515)</b>	<b>69.7%</b>
<b>Budget Margin (Deficit)</b>	<b>16,095,271</b>	<b>578,492</b>	<b>(6,872,248)</b>	<b>(7,450,740)</b>	<b>-1288.0%</b>
<b>Reconciliation to Change in Net Assets:</b>					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	16,785,164	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	334,363	-	-	-	-
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	5,974,991	2,512,500	4,020,000	1,507,500	60.0%
Transfers for Debt Service - Principal	(13,308,192)	(12,033,623)	(10,729,005)	1,304,618	-10.8%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	42,768,798	38,744,478	37,396,383	(1,348,095)	-3.5%
<b>SRECNA Change in Net Assets</b>	<b>\$ 68,650,395</b>	<b>29,801,847</b>	<b>23,815,130</b>	<b>(5,986,717)</b>	<b>-20.1%</b>
Total Revenues and AUF Transfers	\$ 354,630,139	335,284,307	357,911,327	22,627,020	6.7%
Total Expenses (Including Transfers for Interest)	(338,534,868)	(334,705,815)	(364,783,575)	(30,077,760)	9.0%
<b>Budget Margin (Deficit)</b>	<b>\$ 16,095,271</b>	<b>578,492</b>	<b>(6,872,248)</b>	<b>(7,450,740)</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		17,183,784	18,615,000		
Capital Outlay		(4,553,425)	(5,280,500)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(12,033,623)	(10,729,005)		
Budgeted Transfers		(1,214,704)	(1,425,378)		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>(39,476)</b>	<b>(5,692,131)</b>		

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

# **The University of Texas – Pan American Operating Budget Highlights For the Year Ending August 31, 2011**

## **Introduction - Major Goals Addressed by FY 2011 Budget**

The University of Texas – Pan American's operating budget development was guided by a sense of restraint. Having among the lowest academic cost rates in the state, the campus continues to carefully prioritize activities and deploy resources selectively. To the fullest extent possible, existing resources were reallocated and initiatives were deferred in order to ensure continuity of essential services in this time of economic uncertainty.

To further safeguard finances, U. T. Pan American budgeted tuition and fee revenues at zero enrollment growth despite an anticipated 4.4% growth in student headcount for Fall 2010. Total academic cost is increasing by \$140 (15-hour resident undergraduate average), and the designated tuition rate will remain capped at 14 hours to help promote timely graduation. However, with the statutory tuition rate remaining unchanged and with an academic cost that is among the lowest in the state, limited revenue will continue to be the principal financial management challenge.

Existing resources were reallocated to address the faculty/student ratio, to meet the needs of emerging academic programs, and to increase outreach to underserved students. Consequently, 6.5 faculty positions were added in targeted areas for computer engineering, civil engineering, masters in physician assistant studies, rehabilitative counseling and educational psychology. In addition, the newly-constructed Starr County Upper Level Center will open for Fall 2010 to bring much needed instructional services to the western part of the Lower Rio Grande Valley. A similar extension, the McAllen Teaching Site, was opened in Fall 2009 and has proven to be a great success. Finally, the Community College Transfer Center and the new Migrant Student Services Office have been fully staffed and funded.

Several cost savings measures positively impact the operating budget, including continued investments in energy efficient lighting and campus sustainability projects. In addition, U. T. Pan American has acquired pro bono services for a LEAN assessment of materials management/procurement processes. As part of the Accelerated Improvement Process initiative, manual processes are being re-engineered and, where applicable, converted to electronic workflow, the latest example being development of a paperless employment process. Another cost saver is the planned conversion of an older dorm to faculty offices to address a chronic space deficit (currently at 329,368 square feet). Finally, consolidation of activities such as marketing and advising will enhance coordination and provide further cost efficiencies.

Clearly, without the proposed reduction in appropriations, the FY 2011 operating budget would have taken a very different form. Although the combination of healthy enrollment growth and economic uncertainty will continue to transform the campus, U. T. Pan American views the coming year as an opportunity to save costs and increase efficiency and effectiveness with available resources, as the University embarks on a major strategic planning process.

## **Revenue**

Total revenues are projected to grow by 7.3% over FY 2010. Tuition and fees are estimated to increase by \$2.9 million net of discounts, mostly due to the designated tuition rate change from \$97 to \$106/SCH for undergraduates and to enrollment growth in FY 2010. Other increases include an additional \$11.5 million for Federal Pell Grants, an additional \$3.8 million for TEXAS Grants, and \$2.0 million for Top 10% Scholarships. Net investment income and gifts were budgeted conservatively in FY 2010 and are expected to rebound. The budget also includes the state-requested reductions in General Appropriations (\$5.6 million) and Employee Group Insurance (\$361,171). Finally, the Higher Education Assistance Fund appropriation has decreased by \$865,677 to \$12.3 million.

## **Expenses**

Total expenses are projected to increase by 8.2% over FY 2010. U. T. Pan American did not budget for employee merit adjustments. However, targeted increases for faculty and staff salaries are addressed, including \$109,000 for faculty promotions and \$442,266 in staff pay plan, equity, and reclassification adjustments. \$1.8 million is budgeted for increases in employee group insurance premiums, and the employee education benefit (scholarships) will increase to \$200,000. In addition to the increases in federal and state scholarships discussed above, an expected increase in designated tuition set-asides to \$5.1 million will provide an additional \$843,322 for financial aid. Other expense increases will address the split of the College of Science and Engineering (\$189,450), will provide additional operating funds for the Starr County Upper Level Center (\$118,892) and Campus Sustainability (\$33,250), and will create a Migrant Student Services Office (\$52,960).

**The University of Texas - Pan American**  
**Operating Budget**  
**Fiscal Year Ending August 31, 2011**

	FY 2010 Projected	FY 2010 Adjusted Budget	FY 2011 Operating Budget	Budget Increases (Decreases) From 2010 to 2011	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 57,224,695	56,043,917	58,980,896	2,936,979	5.2%
Federal Sponsored Programs	21,873,857	21,391,445	22,201,076	809,631	3.8%
State Sponsored Programs	26,759,502	21,417,249	26,903,431	5,486,182	25.6%
Local and Private Sponsored Programs	2,188,666	2,566,150	2,500,790	(65,360)	-2.5%
Net Sales and Services of Educational Activities	6,009,608	4,101,827	5,476,255	1,374,428	33.5%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	6,402,380	6,179,946	6,710,474	530,528	8.6%
Other Operating Revenues	2,567,337	1,359,797	1,573,616	213,819	15.7%
<b>Total Operating Revenues</b>	<b>123,026,045</b>	<b>113,060,331</b>	<b>124,346,538</b>	<b>11,286,207</b>	<b>10.0%</b>
<b>Operating Expenses:</b>					
Instruction	84,273,910	88,423,279	88,776,994	353,715	0.4%
Academic Support	16,089,206	17,068,443	18,254,823	1,186,380	7.0%
Research	7,263,442	6,012,191	6,710,610	698,419	11.6%
Public Service	7,362,188	7,443,011	7,592,017	149,006	2.0%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	23,974,026	21,027,575	21,342,039	314,464	1.5%
Student Services	13,676,820	14,121,507	14,346,937	225,430	1.6%
Operations and Maintenance of Plant	17,002,015	20,137,055	20,218,042	80,987	0.4%
Scholarships and Fellowships	59,091,120	36,735,235	51,376,942	14,641,707	39.9%
Auxiliary Enterprises	14,478,502	15,095,054	16,232,358	1,137,304	7.5%
Depreciation and Amortization	13,514,112	13,665,745	15,001,682	1,335,937	9.8%
<b>Total Operating Expenses</b>	<b>256,725,341</b>	<b>239,729,095</b>	<b>259,852,444</b>	<b>20,123,349</b>	<b>8.4%</b>
<b>Operating Surplus/Deficit</b>	<b>(133,699,296)</b>	<b>(126,668,764)</b>	<b>(135,505,906)</b>	<b>(8,837,142)</b>	<b>7.0%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations & HEAF (Non-capitalized)	78,392,703	82,645,309	78,401,824	(4,243,485)	-5.1%
Federal Sponsored Programs (Nonoperating)	58,015,570	42,857,956	51,670,670	8,812,714	20.6%
State Sponsored Programs (Nonoperating)	91,891	-	91,891	91,891	-
Gifts in Support of Operations	2,126,954	1,168,953	1,904,719	735,766	62.9%
Net Investment Income	2,536,895	1,911,243	2,957,844	1,046,601	54.8%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>141,164,013</b>	<b>128,583,461</b>	<b>135,026,948</b>	<b>6,443,487</b>	<b>5.0%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(4,026,372)	(4,079,631)	(4,002,326)	77,305	-1.9%
<b>Total Transfers and Other</b>	<b>(4,026,372)</b>	<b>(4,079,631)</b>	<b>(4,002,326)</b>	<b>77,305</b>	<b>-1.9%</b>
<b>Budget Margin (Deficit)</b>	<b>3,438,345</b>	<b>(2,164,934)</b>	<b>(4,481,284)</b>	<b>(2,316,350)</b>	<b>107.0%</b>
<b>Reconciliation to Change in Net Assets:</b>					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	4,590,752	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	-	140,000	250,000	110,000	78.6%
HEAF (Capitalized)	10,855,202	7,049,100	6,961,400	(87,700)	-1.2%
Additions to Permanent Endowments	200,109	200,000	230,000	30,000	15.0%
Transfers for Debt Service - Principal	(8,356,704)	(8,356,704)	(8,392,704)	(36,000)	0.4%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	(694,620)	1,507,689	1,720,881	213,192	14.1%
<b>SRECNA Change in Net Assets</b>	<b>\$ 10,033,084</b>	<b>(1,624,849)</b>	<b>(3,711,707)</b>	<b>(2,086,858)</b>	<b>128.4%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 264,190,058</b>	<b>241,643,792</b>	<b>259,373,486</b>	<b>17,729,694</b>	<b>7.3%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(260,751,713)</b>	<b>(243,808,726)</b>	<b>(263,854,770)</b>	<b>(20,046,044)</b>	<b>8.2%</b>
<b>Budget Margin (Deficit)</b>	<b>\$ 3,438,345</b>	<b>(2,164,934)</b>	<b>(4,481,284)</b>	<b>(2,316,350)</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		13,665,745	15,001,682		
Capital Outlay		(8,830,600)	(8,978,300)		
HEAF (Capitalized)		7,049,100	6,961,400		
Transfers for Debt Service - Principal		(8,356,704)	(8,392,704)		
Budgeted Transfers		(1,325,580)	(1,524,948)		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>37,027</b>	<b>(1,414,154)</b>		

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

**The University of Texas of the Permian Basin  
Operating Budget Highlights  
For the Year Ending August 31, 2011**

**Introduction - Major Goals Addressed by FY 2011 Budget**

The major goals for The University of Texas of the Permian Basin are 1) enrollment growth, 2) increase in retention and graduation rates, 3) enhancing quality, 4) research growth and development, 5) maintaining and creating partnerships, and 6) strengthen public trust and accountability. The University has continued to build upon its transformational campus model striving to become a university serving all Texans, traditional and non-traditional, focusing on student success and research for West Texas, Texas, and the nation. U. T. Permian Basin in the current budget has reallocated resources to further develop a new petroleum engineering undergraduate program as well as planning for a new nursing degree.

**Revenue**

Designated tuition increased by \$4 per Semester Credit Hour while other mandatory fees remained at their FY 2010 levels. A new Student Multi-Purpose Center is expected to open during Fall 2010 funded by a mandatory fee of \$150 per student.

**Expenses**

U. T. Permian Basin has fully budgeted part-time faculty, summer school faculty salaries, and student wage budgets. Salary increases were established on the basis of merit. A staff and faculty salary increase pool of 1.5% of FY 2010 salary was created. In addition an across the board \$200 adjustment was allocated to all full-time staff and faculty. A market salary pool for some staff and faculty positions was established to help U. T. Permian Basin remain competitive. Fringe benefits budgets reflect prior and current year's actual expenses.

**The University of Texas of the Permian Basin**  
**Operating Budget**  
**Fiscal Year Ending August 31, 2011**

	FY 2010 Projected	FY 2010 Adjusted Budget	FY 2011 Operating Budget	Budget Increases (Decreases) From 2010 to 2011	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 10,976,950	12,118,279	13,520,691	1,402,412	11.6%
Federal Sponsored Programs	3,679,805	1,718,405	2,036,462	318,057	18.5%
State Sponsored Programs	1,250,000	663,520	1,213,520	550,000	82.9%
Local and Private Sponsored Programs	400,000	75,000	600,000	525,000	700.0%
Net Sales and Services of Educational Activities	525,043	300,716	344,876	44,160	14.7%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	3,456,761	3,224,581	3,224,581	-	0.0%
Other Operating Revenues	413,512	2,000	2,000	-	0.0%
<b>Total Operating Revenues</b>	<b>20,702,071</b>	<b>18,102,501</b>	<b>20,942,130</b>	<b>2,839,629</b>	<b>15.7%</b>
<b>Operating Expenses:</b>					
Instruction	14,658,110	14,472,133	15,949,782	1,477,649	10.2%
Academic Support	6,450,400	5,112,567	5,064,854	(47,713)	-0.9%
Research	1,411,928	1,711,383	2,625,610	914,227	53.4%
Public Service	1,987,157	1,852,943	1,623,595	(229,348)	-12.4%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	4,547,125	3,794,411	3,617,168	(177,243)	-4.7%
Student Services	2,615,400	2,474,160	2,671,299	197,139	8.0%
Operations and Maintenance of Plant	6,497,597	5,773,419	4,441,510	(1,331,909)	-23.1%
Scholarships and Fellowships	4,401,967	3,401,390	3,886,188	484,798	14.3%
Auxiliary Enterprises	3,510,716	2,904,266	3,300,775	396,509	13.7%
Depreciation and Amortization	4,094,989	4,200,000	4,200,000	-	0.0%
<b>Total Operating Expenses</b>	<b>50,175,389</b>	<b>45,696,672</b>	<b>47,380,781</b>	<b>1,684,109</b>	<b>3.7%</b>
<b>Operating Surplus/Deficit</b>	<b>(29,473,318)</b>	<b>(27,594,171)</b>	<b>(26,438,651)</b>	<b>1,155,520</b>	<b>-4.2%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations & HEAF (Non-capitalized)	32,069,325	31,365,515	30,010,896	(1,354,619)	-4.3%
Federal Sponsored Programs (Nonoperating)	4,215,117	4,918,927	4,793,938	(124,989)	-2.5%
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	1,442,420	863,748	1,959,611	1,095,863	126.9%
Net Investment Income	2,344,377	2,382,933	1,437,854	(945,079)	-39.7%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>40,071,239</b>	<b>39,531,123</b>	<b>38,202,299</b>	<b>(1,328,824)</b>	<b>-3.4%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(2,405,268)	(2,975,739)	(5,369,009)	(2,393,270)	80.4%
<b>Total Transfers and Other</b>	<b>(2,405,268)</b>	<b>(2,975,739)</b>	<b>(5,369,009)</b>	<b>(2,393,270)</b>	<b>80.4%</b>
<b>Budget Margin (Deficit)</b>	<b>8,192,653</b>	<b>8,961,213</b>	<b>6,394,639</b>	<b>(2,566,574)</b>	<b>-28.6%</b>
<b>Reconciliation to Change in Net Assets:</b>					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	2,117,809	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	-	100,000	100,000	-	0.0%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	400,000	250,000	400,000	150,000	60.0%
Transfers for Debt Service - Principal	(8,464,725)	(8,464,725)	(6,343,125)	2,121,600	-25.1%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	(9,161,853)	25,875,000	(9,146,088)	(35,021,088)	-135.3%
<b>SRECNA Change in Net Assets</b>	<b>\$ (6,916,116)</b>	<b>26,721,488</b>	<b>(8,594,574)</b>	<b>(35,316,062)</b>	<b>-132.2%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 60,773,310</b>	<b>57,633,624</b>	<b>59,144,429</b>	<b>1,510,805</b>	<b>2.6%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(52,580,657)</b>	<b>(48,672,411)</b>	<b>(52,749,790)</b>	<b>(4,077,379)</b>	<b>8.4%</b>
<b>Budget Margin (Deficit)</b>	<b>\$ 8,192,653</b>	<b>8,961,213</b>	<b>6,394,639</b>	<b>(2,566,574)</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		4,200,000	4,200,000		
Capital Outlay		(445,361)	(603,204)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(8,464,725)	(6,343,125)		
Budgeted Transfers		22,038	-		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>4,273,165</b>	<b>3,648,310</b>		

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

**The University of Texas at San Antonio  
Operating Budget Highlights  
For the Year Ending August 31, 2011**

**Introduction - Major Goals Addressed by FY 2011 Budget**

The University of Texas at San Antonio's budget follows strategic plan themes of: 1) preserving the quality of our workforce through the retention of faculty and staff committed to excellence; 2) promoting access and affordability; 3) building and protecting our infrastructure; 4) enriching educational experiences, research development and promoting our accomplishments and contributions while sharing our goals for the future as the next great Texas university to engage the support of our community and stakeholders.

U. T. San Antonio is committed to providing its 29,100+ students with a university experience that develops the whole person – academically, socially, and personally. To achieve status as a premier public research university, continued commitment to student success both at the undergraduate and graduate level is critical. Towards improving the student faculty ratio of 24:1, approximately \$1 million has been allocated for new tenure/tenure track faculty positions and \$1 million towards supporting non tenure-track faculty costs. Over 23 new faculty have been hired for FY 2011 with funds made available from prior years, including faculty replacements due to resignations and retirements. Three new undergraduate degree programs will begin in Fall 2010.

The budget supports many initiatives and programs to strengthen undergraduate and graduate experiences and increase retention and graduation rates, as well as other measures of student learning. "Quantitative Scholarship: From Literacy to Mastery," was selected for U. T. San Antonio's Quality Enhancement Plan (QEP), a critical element of the recent 2010 Commission on Colleges of the Southern Association of Colleges and Schools reaccreditation. This QEP is designed to develop quantitative literacy in all undergraduates from all academic departments and from all colleges. Every student who graduates from U. T. San Antonio must leave with the skills, knowledge, and confidence to interpret, analyze, and act appropriately on the myriad of quantitative data they will encounter in their lives. The development of the QEP reflects and affirms our commitment to enhancing the quality of higher education and to the principle that student learning is at the heart of our mission.

The University is committed to providing an environment conducive to collaborative scholarship, and promoting the importance and visibility of the institution's research activities. Five major areas of research excellence have been identified: Alternate Energy, Health, Human and Social Development, (Cyber) Security, and Sustainability. Key research partnerships with both local industry leaders and national academic institutions are increasing the scope and size of funding opportunities open to U. T. San Antonio. The Economic Stimulus Plan has seeded several new research programs in these areas at U. T. San Antonio. We are hopeful that National Institutes of Health increased funding will directly translate to more awards and hence research expenditures over the next few years. Similarly new federal emphasis on research in cyber-security and alternate energy are expected to provide additional support for research programs. The opening of the new Applied Engineering and Technology building has come at a perfect time to stimulate expansion of engineering, the most rapidly growing college. Support from the San Antonio Life Sciences Institute also is seeding many research synergies between U. T. San Antonio and U. T. Health Science Center – San Antonio in health research. Research expenditures continue to increase with a solid growth of 10% in restricted research funding projected in the FY 2011 budget.

**Revenue**

Total revenues will increase \$33.5 million, or 7.9% over last year's budget. State appropriations reflect a decline of \$5.1 million, or 4.2% primarily due to the 5% reduction. Designated Tuition is up by \$10.3 million, or 13% due to a combination of rate change and enrollment growth. Statutory Tuition is up \$2.9 million, or 7.2%. Sponsored Program revenue reflects increases of \$18.0 million, with \$8.5 million or 14.6% due to increased research and \$9.5 million related to Pell Grants. Athletic fees will generate another \$1.4 million due to the approved rate increase and budgeted enrollment growth. Total auxiliary enterprise revenue will increase \$2.8 million, or 11.9%, due to increases in parking, meal plan and housing rates. Gift revenues are also expected to increase over the prior year budget by \$4 million.

**Expenses**

Total expenses are budgeted to increase by \$38.0 million or 8.8%, due to benefit cost increases, salary changes - merit (2.3% of salaries) and equity, new faculty and staff positions, various mission specific initiatives, increased research, scholarships and financial aid. Discretionary budget increments included \$2 million in new faculty, \$0.6 million for tenure, promotion and staff equity, \$3.5 million in merit, \$1.9 million related to benefits and \$0.6 million for utility costs. Scholarships and Financial Aid are expected to increase \$16.2 million primarily due to Pell and TEXAS Grants along with an increase in tuition set asides of \$1.9 million.



**The University of Texas at San Antonio**  
**Operating Budget**  
**Fiscal Year Ending August 31, 2011**

	FY 2010 Projected	FY 2010 Adjusted Budget	FY 2011 Operating Budget	Budget Increases (Decreases) From 2010 to 2011	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 175,985,641	162,559,355	175,299,065	12,739,710	7.8%
Federal Sponsored Programs	48,374,260	45,040,582	52,427,585	7,387,003	16.4%
State Sponsored Programs	13,064,732	8,255,000	10,731,774	2,476,774	30.0%
Local and Private Sponsored Programs	3,237,609	4,672,327	3,292,226	(1,380,101)	-29.5%
Net Sales and Services of Educational Activities	9,644,240	7,908,223	7,202,954	(705,269)	-8.9%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	22,459,746	23,567,625	26,373,261	2,805,636	11.9%
Other Operating Revenues	2,078,158	1,213,500	1,352,500	139,000	11.5%
<b>Total Operating Revenues</b>	<b>274,844,386</b>	<b>253,216,612</b>	<b>276,679,365</b>	<b>23,462,753</b>	<b>9.3%</b>
<b>Operating Expenses:</b>					
Instruction	119,877,020	120,886,642	123,972,969	3,086,327	2.6%
Academic Support	39,917,962	37,045,647	44,424,487	7,378,840	19.9%
Research	31,458,002	35,471,016	36,822,449	1,351,433	3.8%
Public Service	15,966,627	18,020,037	18,179,832	159,795	0.9%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	37,616,349	47,577,589	46,141,029	(1,436,560)	-3.0%
Student Services	25,963,124	24,113,514	22,866,708	(1,246,806)	-5.2%
Operations and Maintenance of Plant	40,011,981	39,632,643	40,885,845	1,253,202	3.2%
Scholarships and Fellowships	57,243,683	26,170,656	42,350,246	16,179,590	61.8%
Auxiliary Enterprises	32,982,942	33,077,586	38,226,330	5,148,744	15.6%
Depreciation and Amortization	37,199,110	32,681,250	38,500,000	5,818,750	17.8%
<b>Total Operating Expenses</b>	<b>438,236,800</b>	<b>414,676,580</b>	<b>452,369,895</b>	<b>37,693,315</b>	<b>9.1%</b>
<b>Operating Surplus/Deficit</b>	<b>(163,392,414)</b>	<b>(161,459,968)</b>	<b>(175,690,530)</b>	<b>(14,230,562)</b>	<b>8.8%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations & HEAF (Non-capitalized)	120,473,402	121,501,003	116,396,860	(5,104,143)	-4.2%
Federal Sponsored Programs (Nonoperating)	48,950,262	39,966,367	48,158,658	8,192,291	20.5%
State Sponsored Programs (Nonoperating)	-	-	1,362,175	1,362,175	-
Gifts in Support of Operations	10,000,000	6,000,000	10,000,000	4,000,000	66.7%
Net Investment Income	8,809,654	4,789,160	6,418,296	1,629,136	34.0%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>188,233,318</b>	<b>172,256,530</b>	<b>182,335,989</b>	<b>10,079,459</b>	<b>5.9%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(15,619,104)	(15,663,281)	(16,002,930)	(339,649)	2.2%
<b>Total Transfers and Other</b>	<b>(15,619,104)</b>	<b>(15,663,281)</b>	<b>(16,002,930)</b>	<b>(339,649)</b>	<b>2.2%</b>
<b>Budget Margin (Deficit)</b>	<b>9,221,800</b>	<b>(4,866,719)</b>	<b>(9,357,471)</b>	<b>(4,490,752)</b>	<b>92.3%</b>
<b>Reconciliation to Change in Net Assets:</b>					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./Dec. in Fair Value of Investments	10,000,000	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	-	412,000	350,000	(62,000)	-15.0%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	2,000,000	4,000,000	2,000,000	(2,000,000)	-50.0%
Transfers for Debt Service - Principal	(12,718,009)	(16,241,465)	(15,297,316)	944,149	-5.8%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	328,443	7,486,887	257,175	(7,229,712)	-96.6%
<b>SRECNA Change in Net Assets</b>	<b>\$ 8,832,234</b>	<b>(9,209,297)</b>	<b>(22,047,612)</b>	<b>(12,838,315)</b>	<b>139.4%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 463,077,704</b>	<b>425,473,142</b>	<b>459,015,354</b>	<b>33,542,212</b>	<b>7.9%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(453,855,904)</b>	<b>(430,339,861)</b>	<b>(468,372,825)</b>	<b>(38,032,964)</b>	<b>8.8%</b>
<b>Budget Margin (Deficit)</b>	<b>\$ 9,221,800</b>	<b>(4,866,719)</b>	<b>(9,357,471)</b>	<b>(4,490,752)</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		32,681,250	38,500,000		
Capital Outlay		(15,415,957)	(16,186,755)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(16,241,465)	(15,297,316)		
Budgeted Transfers		(539,726)	-		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>(4,382,617)</b>	<b>(2,341,542)</b>		

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

**The University of Texas at Tyler  
Operating Budget Highlights  
For the Year Ending August 31, 2011**

**Introduction - Major Goals Addressed by FY 2011 Budget**

The University of Texas at Tyler addressed the FY 2011 budget by assessing costs that can be reduced while doing no harm to the university's mission. With that goal in mind business, support services and auxiliary enterprises were reviewed to implement further basic operational savings and list the possible strategic reorganizations that would reduce costs, or increase output at the same cost, through a redeployment of existing non-academic resources and services.

A great deal has been done to save utility costs, reduce travel, and contain personnel costs with a flexible hiring freeze in FY 2010. During the up-coming year the flexible hiring freeze will continue with creative organizational change being the first response rather than creating new positions. Computer purchasing is now centralized and standardized. Purchasing controls on other purchases will be implemented when necessary. Part-time wages will be restricted in an effort to minimize the impact on full-time personnel.

U. T. Tyler has the opportunity to grow out of financial challenges, since the University is still making the transition from an upper division, non-traditional student base to a more traditional, residential campus. Therefore, the University wants to ensure that any cost cuts do not adversely affect its ability to continue to recruit and serve an increasing student body. Certain categories of expense, such as marketing, might even need to increase in order for such growth in student numbers to occur. Those decisions should be made considering the potential return on investment. It is understood that a return to growth rates that exceed the average in the state would generate increased revenues that would far outweigh any additional cost-cutting measures.

**Revenue**

The University's operating revenue reflects a 4.8% increase. The increase is due to an increase in tuition and fees as well as the Texas Higher Education Coordinating Board Nursing Shortage funds (\$423,000). Designated Tuition increased from \$105 per semester credit hour (SCH) to \$114 per SCH. Additionally, the contribution of grant indirect recovery funds to the operating budget will be \$250,000 for FY 2011.

U. T. Tyler's non-operating revenues decreased by 1.3%. The decrease reflects the 5% reduction in appropriations as required by the Legislative Budget Board and the absence of American Recovery and Reinvestment Act of 2009 funds. This was offset by an increase in Pell Grants of \$1,500,000.

**Expenses**

Due to the economic conditions of the State and University, U. T. Tyler did not award faculty and staff equity and merit increases for FY 2011. Reimbursement of individual membership fees/dues for professional organizations will be curtailed. Institutional memberships will be retained, after a review of all such memberships. The use of adjunct faculty will be reduced one-third during FY 2011. This will be accomplished by a thorough review, and modification where warranted, of curricula. The number of small classes will be eliminated by 80%. Expected savings for these initiatives is over \$500,000.

During FY 2011 there will be a thorough review of faculty and staff retirements before filling these positions. It is expected that several positions will remain unfilled, with a savings of \$135,000.

**The University of Texas at Tyler**  
**Operating Budget**  
**Fiscal Year Ending August 31, 2011**

	FY 2010 Projected	FY 2010 Adjusted Budget	FY 2011 Operating Budget	Budget Increases (Decreases) From 2010 to 2011	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 27,136,723	26,911,125	28,432,573	1,521,448	5.7%
Federal Sponsored Programs	5,504,854	1,585,480	1,341,410	(244,070)	-15.4%
State Sponsored Programs	2,277,598	1,179,910	1,702,893	522,983	44.3%
Local and Private Sponsored Programs	1,093,245	124,800	124,800	-	0.0%
Net Sales and Services of Educational Activities	1,285,869	693,145	470,959	(222,186)	-32.1%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	3,504,221	4,067,412	3,936,010	(131,402)	-3.2%
Other Operating Revenues	321,300	34,617	242,467	207,850	600.4%
<b>Total Operating Revenues</b>	<b>41,123,810</b>	<b>34,596,489</b>	<b>36,251,112</b>	<b>1,654,623</b>	<b>4.8%</b>
<b>Operating Expenses:</b>					
Instruction	27,643,309	30,774,257	31,087,566	313,309	1.0%
Academic Support	6,920,471	8,521,419	7,909,221	(612,198)	-7.2%
Research	2,261,967	1,584,876	1,087,945	(496,931)	-31.4%
Public Service	1,766,735	419,522	233,799	(185,723)	-44.3%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	9,091,565	9,458,070	9,899,896	441,826	4.7%
Student Services	6,849,972	6,277,526	5,894,148	(383,378)	-6.1%
Operations and Maintenance of Plant	5,523,351	6,217,768	6,209,371	(8,397)	-0.1%
Scholarships and Fellowships	10,735,195	6,416,606	7,870,281	1,453,675	22.7%
Auxiliary Enterprises	5,450,363	5,590,402	5,779,242	188,840	3.4%
Depreciation and Amortization	9,469,840	8,577,320	10,500,000	1,922,680	22.4%
<b>Total Operating Expenses</b>	<b>85,712,768</b>	<b>83,837,766</b>	<b>86,471,469</b>	<b>2,633,703</b>	<b>3.1%</b>
<b>Operating Surplus/Deficit</b>	<b>(44,588,958)</b>	<b>(49,241,277)</b>	<b>(50,220,357)</b>	<b>(979,080)</b>	<b>2.0%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations & HEAF (Non-capitalized)	36,021,279	37,139,861	35,554,654	(1,585,207)	-4.3%
Federal Sponsored Programs (Nonoperating)	6,911,331	6,672,002	7,392,116	720,114	10.8%
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	1,083,324	919,665	1,004,231	84,566	9.2%
Net Investment Income	4,287,745	3,322,673	3,499,500	176,827	5.3%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	(4,464)	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>48,299,215</b>	<b>48,054,201</b>	<b>47,450,501</b>	<b>(603,700)</b>	<b>-1.3%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(3,329,882)	(3,329,882)	(4,092,430)	(762,548)	22.9%
<b>Total Transfers and Other</b>	<b>(3,329,882)</b>	<b>(3,329,882)</b>	<b>(4,092,430)</b>	<b>(762,548)</b>	<b>22.9%</b>
<b>Budget Margin (Deficit)</b>	<b>380,375</b>	<b>(4,516,958)</b>	<b>(6,862,286)</b>	<b>(2,345,328)</b>	<b>51.9%</b>
<b>Reconciliation to Change in Net Assets:</b>					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	6,821,709	-	-	-	-
Interest Expense on Capital Asset Financings	(2,867,160)	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	741,439	550,000	669,821	119,821	21.8%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	691,599	550,000	669,821	119,821	21.8%
Transfers for Debt Service - Principal	(5,239,773)	(5,239,773)	(4,458,173)	781,600	-14.9%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	605,076	1,237,500	1,537,568	300,068	24.2%
<b>SRECNA Change in Net Assets</b>	<b>\$ 1,133,265</b>	<b>(7,419,231)</b>	<b>(8,443,249)</b>	<b>(1,024,018)</b>	<b>13.8%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 89,427,489</b>	<b>82,650,690</b>	<b>83,701,613</b>	<b>1,050,923</b>	<b>1.3%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(89,047,114)</b>	<b>(87,167,648)</b>	<b>(90,563,899)</b>	<b>(3,396,251)</b>	<b>3.9%</b>
<b>Budget Margin (Deficit)</b>	<b>\$ 380,375</b>	<b>(4,516,958)</b>	<b>(6,862,286)</b>	<b>(2,345,328)</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		8,577,320	10,500,000		
Capital Outlay		(593,466)	(543,816)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(5,239,773)	(4,458,173)		
Budgeted Transfers		692,419	5,350		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>(1,080,458)</b>	<b>(1,358,925)</b>		

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

**The University of Texas Southwestern Medical Center at Dallas**  
**Operating Budget Highlights**  
**For the Year Ending August 31, 2011**

**Introduction - Major Goals Addressed by FY 2011 Budget**

The major goals addressed in the FY 2011 budget continue to support the mission of The University of Texas Southwestern Medical Center at Dallas. As outlined in the University "Compact", top priorities are: 1) to develop an academic health care system that is at the vanguard of quality, safety and innovation in patient care; 2) build upon the vitality of basic research through recruitment and advance the university's position as a leading biomedical research institution; 3) ensure curricula in all schools that best prepare students to be successful health-care professionals, investigators and educators; 4) develop robust programs in health care policy and health services research and develop programs focused on the health care issues of underserved; and 5) enhance diversity in faculty and across the medical center and optimize the use of resources, both financial and human capital.

Ongoing initiatives as reflected in the University "Compact" include: 1) the reassessment of planning for Phase I of the University Hospital St. Paul master plan and future use of the Sprague and Aston Buildings and University Hospital, Zale Lipshy; 2) the implementation of the multi-faceted plans of the Clinical and Translational Sciences Award to enhance and increase clinical trials; 3) the implementation of Phase 2 of the processes necessary to achieve goals of the clinical transformation project to improve patient satisfaction scores; 4) completion of the Children's Medical Center Pediatric Research Institute on two floors of Phase V of the North Campus expansion in order to increase funding for pediatric research; and 5) continuation of Phase 2 of the Enterprise Resource Planning (ERP) system to improve institutional capabilities.

The emphasis in the FY 2011 budget supports the overall mission of the institution and specifically the new initiatives as stated in the University "Compact". The FY 2011 budget reflects an overall growth in revenue and associated growth in expenses resulting in a budgeted margin of over \$17.0 million. The budget provides funding for strategic initiatives, growth in instructional and research programs, and a modest increase in faculty and staff salaries. The budgeted expenses also include sufficient funds to cover projected debt service to finance the completion of Phase V of the North Campus Expansion, Academic Information System, EPIC Resolute billing system, and the PeopleSoft administrative system.

**Revenue**

Operating revenue projections for FY 2011 reflect an increase of 7.9% over the FY 2010 budget. Net sales and services of Hospitals and Clinics and professional fees earned by faculty contribute to the majority of the revenue increase. The University Hospital continues to experience a modest growth in admissions and patient days. The hospital revenue projections include over a 5.0% Charge Description Master increase. Faculty practice continues to enjoy robust increase, primarily due to growth in volume of patient care activities and a substantial increase in clinical contracts with affiliated hospitals. State sponsored programs reflect more than average increase due to recent awards from Cancer Prevention and Research Institute of Texas. These increases are offset by the 5% biennial reduction in general revenue appropriations amounting to \$15.1 million.

**Expenses**

The expense budget for the upcoming fiscal year amounts to approximately \$1.7 billion. This reflects an increase of 5.5% over the FY 2010 budget. This increase is primarily due to expanded clinical practice and University Hospital operations, increases in instructional costs, student services, plant operations and maintenance associated with various program expansion, and debt services. Debt Service is increasing due to new constructions, equipment financing, and the ERP and Academic Information Systems development. The FY 2011 budget also provides 3.0% merit increases for faculty, administrative and professional, and classified employees.

**The University of Texas Southwestern Medical Center at Dallas**  
**Operating Budget**  
**Fiscal Year Ending August 31, 2011**

	FY 2010 Projected	FY 2010 Adjusted Budget	FY 2011 Operating Budget	Budget Increases (Decreases) From 2010 to 2011	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 15,086,967	16,067,191	17,143,180	1,075,989	6.7%
Federal Sponsored Programs	220,870,125	224,773,088	231,958,943	7,185,855	3.2%
State Sponsored Programs	531,332	4,947,790	8,384,707	3,436,917	69.5%
Local and Private Sponsored Programs	224,639,378	264,279,726	247,278,113	(17,001,613)	-6.4%
Net Sales and Services of Educational Activities	11,796,457	9,429,437	11,928,495	2,499,058	26.5%
Net Sales and Services of Hospital and Clinics	467,461,351	456,620,742	493,270,639	36,649,897	8.0%
Net Professional Fees	385,477,684	311,159,543	380,986,131	69,826,588	22.4%
Net Auxiliary Enterprises	17,336,057	20,299,100	21,580,100	1,281,000	6.3%
Other Operating Revenues	9,372,179	27,927,820	28,534,386	606,566	2.2%
<b>Total Operating Revenues</b>	<b>1,352,571,530</b>	<b>1,335,504,437</b>	<b>1,441,064,694</b>	<b>105,560,257</b>	<b>7.9%</b>
<b>Operating Expenses:</b>					
Instruction	481,429,784	503,534,735	527,174,222	23,639,487	4.7%
Academic Support	28,340,917	30,621,680	31,773,631	1,151,951	3.8%
Research	315,487,506	301,871,292	317,372,940	15,501,648	5.1%
Public Service	76,535,146	79,857,090	81,203,680	1,346,590	1.7%
Hospitals and Clinics	428,870,595	426,542,986	459,326,267	32,783,281	7.7%
Institutional Support	50,923,788	50,115,051	51,536,554	1,421,503	2.8%
Student Services	3,982,257	3,837,925	4,018,533	180,608	4.7%
Operations and Maintenance of Plant	78,342,278	84,294,641	89,496,209	5,201,568	6.2%
Scholarships and Fellowships	622,673	648,576	657,971	9,395	1.4%
Auxiliary Enterprises	17,123,499	21,831,644	20,799,776	(1,031,868)	-4.7%
Depreciation and Amortization	80,360,191	72,706,041	78,891,270	6,185,229	8.5%
<b>Total Operating Expenses</b>	<b>1,562,018,634</b>	<b>1,575,861,661</b>	<b>1,662,251,053</b>	<b>86,389,392</b>	<b>5.5%</b>
<b>Operating Surplus/Deficit</b>	<b>(209,447,104)</b>	<b>(240,357,224)</b>	<b>(221,186,359)</b>	<b>19,170,865</b>	<b>-8.0%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations & HEAF (Non-capitalized)	173,914,984	174,105,959	167,584,677	(6,521,282)	-3.7%
Federal Sponsored Programs (Nonoperating)	12,713,447	12,614,303	4,000,000	(8,614,303)	-68.3%
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	41,593,305	26,600,000	26,993,789	393,789	1.5%
Net Investment Income	70,482,419	68,469,933	66,828,550	(1,641,383)	-2.4%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>298,704,155</b>	<b>281,790,195</b>	<b>265,407,016</b>	<b>(16,383,179)</b>	<b>-5.8%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(22,628,796)	(25,187,003)	(26,800,425)	(1,613,422)	6.4%
<b>Total Transfers and Other</b>	<b>(22,628,796)</b>	<b>(25,187,003)</b>	<b>(26,800,425)</b>	<b>(1,613,422)</b>	<b>6.4%</b>
<b>Budget Margin (Deficit)</b>	<b>66,628,255</b>	<b>16,245,968</b>	<b>17,420,232</b>	<b>1,174,264</b>	<b>7.2%</b>
<b>Reconciliation to Change in Net Assets:</b>					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	7,000,000	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	9,923,271	9,923,271	9,923,271	-	0.0%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	8,726,070	8,726,070	8,726,070	-	0.0%
Transfers for Debt Service - Principal	(49,711,469)	(49,811,051)	(54,597,675)	(4,786,624)	9.6%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	150,507,000	150,507,000	150,507,000	-	0.0%
<b>SRECNA Change in Net Assets</b>	<b>\$ 193,073,127</b>	<b>135,591,258</b>	<b>131,978,898</b>	<b>(3,612,360)</b>	<b>-2.7%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 1,651,275,685</b>	<b>1,617,294,632</b>	<b>1,706,471,710</b>	<b>89,177,078</b>	<b>5.5%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(1,584,647,430)</b>	<b>(1,601,048,664)</b>	<b>(1,689,051,478)</b>	<b>(88,002,814)</b>	<b>5.5%</b>
<b>Budget Margin (Deficit)</b>	<b>\$ 66,628,255</b>	<b>16,245,968</b>	<b>17,420,232</b>	<b>1,174,264</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		72,706,041	78,891,270		
Capital Outlay		(20,660,015)	(20,969,916)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(49,811,051)	(54,597,675)		
Budgeted Transfers		-	-		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>18,480,943</b>	<b>20,743,911</b>		

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

**The University of Texas Medical Branch at Galveston  
Operating Budget Highlights  
For the Year Ending August 31, 2011**

**Introduction - Major Goals Addressed by FY 2011 Budget**

The University of Texas Medical Branch at Galveston has a long-standing mission of defining the future by educating tomorrow's healthcare workforce, by adding to the body of medical knowledge, and by advancing patient care, especially for the sickest and most vulnerable among us. The FY 2011 operating budget contains strategic investments to support this mission and expand excellence in clinical, research and academic areas by directing focus and resources on three institutional goals that provide a road map for success: 1) target faculty recruitment to expand priority research programs, increase clinical service and revenues, and support planned enrollment growth, 2) revise health system capacity management plans and implement necessary changes to optimize use of health system facilities to meet patients' needs while supporting academic programs and revenue growth, and 3) continue implementation of a facilities restoration plan for major repairs and mitigation related to Hurricane Ike damage; renovate and modernize selected facilities to increase laboratory research space, improve clinical capacity, and better support educational programs; plan for the next phases of facilities expansion for U. T. Medical Branch – Galveston's research, clinical, and educational programs to support growth and optimize outcomes.

In addition to supporting key elements of the major goals above such as strategic faculty recruitment and clinical revenue growth, the FY 2011 operating budget incorporates cost reduction/revenue enhancement strategies to address mandated general revenue reductions and minimize growth in administrative overhead via redesign of work processes and adjusting service levels where possible. Investments in technology such as the implementation of the Workforce Analytics module of the Kronos timekeeping system will assist in aligning staffing levels with patient volume thereby reducing agency and overtime costs.

**Revenue**

FY 2011 budgeted operating revenue is 7.5% higher than the FY 2010 budget primarily due to increases in Sales and Services of Hospitals and in Professional Fees ("clinical revenue"). Hospital and Clinics revenue growth is based on an estimated 7% weighted patient volume increase related to the opening of the Victory Lakes Specialty Care Center and other new mainland clinics and imaging centers, as well as sponsored patient rate increases. Professional Fees are expected to increase due to a 10.2% patient volume increase, again largely related to the opening of Victory Lakes and other off-Island clinic expansion as well as filling key faculty positions. The decline in Local and Private Sponsored Programs is primarily due to the elimination of the Austin Initiative programs. The 5% mandatory reduction in base General Revenue and Group Insurance appropriations, totaling \$31.4 million, is fully budgeted in FY 2011 which, along with a budgeted \$66.9 million loss in Correctional Managed Care, has resulted in a deficit budgeted margin in FY 2011. U. T. Medical Branch – Galveston has taken steps to exceed FY 2010 budgeted margin to address more than half of the state-mandated reduction. The FY 2010 forecast margin assumes the receipt of a requested \$18 million appropriation spend forward for Correctional Managed Care. The budgeted FY 2011 \$66.9 million Correctional Managed Care loss assumes no supplemental appropriation is received and hospitalization and specialty care costs are based on actuarial "most likely" assumptions.

**Expenses**

FY 2011 budgeted operating expenses are 8.9% higher than the FY 2010 budget which parallels planned revenue growth in Sales and Services of Hospitals and in Professional Fees. The budget anticipates the addition of staff related to the opening of Victory Lakes and other new mainland clinics and imaging centers, as well as FTE investments to bolster quality infrastructure, nursing infrastructure and certain ancillary departments to accommodate budgeted volume growth. Planned expenses also include provision for Faculty Strategic Initiatives such as new faculty hires for the clinical and research mission, supporting personnel hires, and start-up and retention packages. The budget provides funding to maintain competitive compensation programs and provide for a 12% increase in employee health plan premiums and a \$1.8 million increase in FY 2011 unemployment compensation payments associated with unemployment claims following the FY 2009 reduction in force. Debt Service is increasing due to new equipment financing and new Revenue Financing System debt associated with the Victory Lakes Specialty Care Center. The increase in Depreciation Expense is also largely due to the opening of Victory Lakes, the purchase of imaging equipment, and implementation of the first phase of the Student Campus Solutions software.

**The University of Texas Medical Branch at Galveston**  
**Operating Budget**  
**Fiscal Year Ending August 31, 2011**

	FY 2010 Projected	FY 2010 Adjusted Budget	FY 2011 Operating Budget	Budget Increases (Decreases) From 2010 to 2011	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 22,692,092	22,496,165	24,377,967	1,881,802	8.4%
Federal Sponsored Programs	132,643,378	122,682,142	138,399,038	15,716,896	12.8%
State Sponsored Programs	5,006,147	11,291,566	11,438,295	146,729	1.3%
Local and Private Sponsored Programs	81,534,187	91,832,069	80,666,757	(11,165,312)	-12.2%
Net Sales and Services of Educational Activities	27,831,315	23,443,172	30,244,799	6,801,627	29.0%
Net Sales and Services of Hospital and Clinics	717,369,852	662,763,771	717,957,881	55,194,110	8.3%
Net Professional Fees	126,915,248	120,416,594	130,968,841	10,552,247	8.8%
Net Auxiliary Enterprises	5,610,820	6,792,449	7,349,248	556,799	8.2%
Other Operating Revenues	14,355,120	14,996,292	16,018,431	1,022,139	6.8%
<b>Total Operating Revenues</b>	<b>1,133,958,159</b>	<b>1,076,714,220</b>	<b>1,157,421,257</b>	<b>80,707,037</b>	<b>7.5%</b>
<b>Operating Expenses:</b>					
Instruction	239,544,396	273,666,911	254,303,744	(19,363,167)	-7.1%
Academic Support	24,972,006	21,938,081	26,510,637	4,572,556	20.8%
Research	116,511,455	116,480,814	123,690,221	7,209,407	6.2%
Public Service	10,856,993	5,706,748	11,525,938	5,819,190	102.0%
Hospitals and Clinics	861,413,178	796,946,701	914,488,505	117,541,804	14.7%
Institutional Support	92,068,114	85,998,265	97,740,822	11,742,557	13.7%
Student Services	5,156,884	5,073,674	5,474,622	400,948	7.9%
Operations and Maintenance of Plant	80,563,576	85,502,852	85,527,440	24,588	0.0%
Scholarships and Fellowships	6,723,209	6,684,714	7,137,455	452,741	6.8%
Auxiliary Enterprises	4,866,821	5,053,380	5,166,686	113,306	2.2%
Depreciation and Amortization	73,172,336	77,893,627	80,789,063	2,895,436	3.7%
<b>Total Operating Expenses</b>	<b>1,515,848,967</b>	<b>1,480,945,767</b>	<b>1,612,355,133</b>	<b>131,409,366</b>	<b>8.9%</b>
<b>Operating Surplus/Deficit</b>	<b>(381,890,808)</b>	<b>(404,231,547)</b>	<b>(454,933,876)</b>	<b>(50,702,329)</b>	<b>12.5%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations & HEAF (Non-capitalized)	366,103,344	369,905,229	340,308,047	(29,597,182)	-8.0%
Federal Sponsored Programs (Nonoperating)	7,535,161	7,535,161	850,000	(6,685,161)	-88.7%
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	9,603,823	9,599,484	9,711,688	112,204	1.2%
Net Investment Income	29,900,000	29,072,552	29,123,119	50,567	0.2%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>413,142,328</b>	<b>416,112,426</b>	<b>379,992,854</b>	<b>(36,119,572)</b>	<b>-8.7%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(7,565,833)	(10,505,820)	(8,456,199)	2,049,621	-19.5%
<b>Total Transfers and Other</b>	<b>(7,565,833)</b>	<b>(10,505,820)</b>	<b>(8,456,199)</b>	<b>2,049,621</b>	<b>-19.5%</b>
<b>Budget Margin (Deficit)</b>	<b>23,685,687</b>	<b>1,375,059</b>	<b>(83,397,221)</b>	<b>(84,772,280)</b>	<b>-6165.0%</b>
<b>Reconciliation to Change in Net Assets:</b>					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./Dec.) in Fair Value of Investments	44,146,337	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	24,919,778	10,287,804	180,200,000	169,912,196	1651.6%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	4,898,197	2,547,974	2,500,000	(47,974)	-1.9%
Transfers for Debt Service - Principal	(9,998,862)	(18,734,501)	(18,436,102)	298,399	-1.6%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	(7,063,055)	65,050,000	47,840,000	(17,210,000)	-26.5%
<b>SRECNA Change in Net Assets</b>	<b>\$ 80,588,082</b>	<b>60,526,336</b>	<b>128,706,677</b>	<b>68,180,341</b>	<b>112.6%</b>
Total Revenues and AUF Transfers	\$ 1,547,100,487	1,492,826,646	1,537,414,111	44,587,465	3.0%
Total Expenses (Including Transfers for Interest)	(1,523,414,800)	(1,491,451,587)	(1,620,811,332)	(129,359,745)	8.7%
<b>Budget Margin (Deficit)</b>	<b>\$ 23,685,687</b>	<b>1,375,059</b>	<b>(83,397,221)</b>	<b>(84,772,280)</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		77,893,627	80,789,063		
Capital Outlay		(13,089,550)	(50,000,000)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(18,734,501)	(18,436,102)		
Budgeted Transfers		-	-		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>47,444,635</b>	<b>(71,044,260)</b>		

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

**The University of Texas Health Science Center at Houston**  
**Operating Budget Highlights**  
**For the Year Ending August 31, 2011**

**Introduction - Major Goals Addressed by FY 2011 Budget**

With the 5% general revenue reduction and the uncertainty of state funding due to the loss of the American Recovery and Reinvestment Act funds, The University of Texas Health Science Center at Houston has begun streamlining administration across organizational units and central administration, intending to eliminate process redundancy and other non-value added activities. In addition, we have realigned our Institute of Molecular Medicine and Harris County Psychiatric Center (HCPC) organizationally under the Medical School in order to leverage operational and administrative resources, provide improved, cooperative clinical opportunities, as well as consistent and more effective outpatient support. We have included funding for continued clinical faculty recruitment and additional facility costs and depreciation associated with the opening of the Behavior and Biomedical Science Building (BBSB) and the sixth floor of U. T. M.D. Anderson Cancer Center's South Campus Research Building III.

The FY 2011 budget factors in the impact of the actual biennium general revenue reduction. While this does require the use of prior year funding, it is limited to an amount less than the reduction associated with 2010; absent this reduction the 2011 budget reflects a positive margin.

**Revenue**

Although U. T. Health Science Center – Houston's 2011 state appropriations budget reflects the \$14.97 million 5% general revenue reduction for the biennium, the budget also reflects a significant increase in tuition and fees of \$7.8 million (35.3%). This is due largely to a modified budget approach more consistent with what will be presented in the annual financial report and includes an increase in student enrollment, as well as increases to Medical School differential tuition and Dental Branch, Public Health, and Nursing School designated tuition. Sponsored programs budgets increase \$38.6 million (11.0%) primarily from projected clinical growth in annual operating agreements with Memorial Hermann Hospital (\$11.0 million) and Harris County Hospital District (\$1.8 million). Increased faculty grant proposals and recruitments in the Medical School, Health Biomedical Informatics and School of Public Health account for a \$25.8 million increase in federal sponsored program income. Net sales and services of hospitals and clinics decreased \$9.4 million (19.0%) due to HCPC inpatient contracts projected in the 2010 budget that never came to fruition.

The U. T. Health Science Center – Houston's practice plan is projecting a \$66.8 million (11.9%) increase in gross patient charges for FY 2011, with the largest expected increases, driven primarily by faculty recruitment, in Internal Medicine (\$17.7 million); Orthopaedics (\$11.1 million); Surgery (\$8.1 million); Family Medicine (\$7.4 million); and Otorhinolaryngology (\$5.2 million). A \$19 million increase (15.2%) is projected in net professional fees resulting not only from faculty recruitment, but also from productivity and collection improvements.

**Expenses**

The increase in the FY 2011 expense budget is fairly modest (5.5%) in comparison to FY 2010. It is largely personnel related as U. T. Health Science Center – Houston has continued its clinical faculty recruitment, increasing the Medical School faculty ranks by more than 400 FTEs over the past two years. Student services increased 11.0% due to the Nursing School and Dental Branch dedicating increases in designated tuition for online courses, tutors, clinical simulation and improvement of teaching hardware and software in support of student learning.

Expected increases in federal, local and private sponsored programs increase research expenditures \$21.3 million (12.0%); primarily in Nanomedicine and Biomedical Engineering, Center for Clinical Translational Sciences and the Human Genetics Center. The 2011 budget includes a \$3.4 million (8.6%) increase in depreciation largely due to the opening of the BBSB and Center for Advanced Biomedical Imaging Research Buildings which will house the Medical School's NanoMedicine and Biomedical Engineering department, along with other activities.

U. T. Health Science Center – Houston changed its budget methodology for Auxiliary Enterprises funds by budgeting profit margins rather than expenditures equal to projected revenues, resulting a \$2.7 million (15.0%) decrease in 2011 budget. Other reductions were Institutional Support \$9.3 million (14.2%) due to cost containment measures and hospitals and clinics \$3.9 million (3.8%) due to HCPC inpatient contracts as mentioned above and a projected reduction to their state support.



**The University of Texas Health Science Center at Houston**  
**Operating Budget**  
**Fiscal Year Ending August 31, 2011**

	FY 2010 Projected	FY 2010 Adjusted Budget	FY 2011 Operating Budget	Budget Increases (Decreases) From 2010 to 2011	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 27,424,164	22,092,741	29,894,432	7,801,691	35.3%
Federal Sponsored Programs	159,443,764	161,412,323	187,934,450	26,522,127	16.4%
State Sponsored Programs	23,082,293	22,656,080	19,979,168	(2,676,912)	-11.8%
Local and Private Sponsored Programs	181,151,057	166,977,810	182,247,133	15,269,323	9.1%
Net Sales and Services of Educational Activities	39,033,559	37,304,262	40,929,706	3,625,444	9.7%
Net Sales and Services of Hospital and Clinics	38,959,733	49,478,099	40,087,959	(9,390,140)	-19.0%
Net Professional Fees	140,558,689	125,345,054	144,439,903	19,094,849	15.2%
Net Auxiliary Enterprises	23,265,691	23,758,387	24,871,544	1,113,157	4.7%
Other Operating Revenues	9,891,388	6,270,347	6,875,151	604,804	9.6%
<b>Total Operating Revenues</b>	<b>642,810,338</b>	<b>615,295,103</b>	<b>677,259,446</b>	<b>61,964,343</b>	<b>10.1%</b>
<b>Operating Expenses:</b>					
Instruction	355,952,773	345,580,486	380,695,896	35,115,410	10.2%
Academic Support	29,381,474	30,170,620	30,649,988	479,368	1.6%
Research	184,940,959	177,549,509	198,892,859	21,343,350	12.0%
Public Service	22,291,490	19,650,726	18,782,863	(867,863)	-4.4%
Hospitals and Clinics	93,647,256	104,455,602	100,530,821	(3,924,781)	-3.8%
Institutional Support	58,778,876	65,317,682	56,037,708	(9,279,974)	-14.2%
Student Services	5,140,675	5,277,860	5,860,912	583,052	11.0%
Operations and Maintenance of Plant	40,709,384	36,468,106	38,154,185	1,686,079	4.6%
Scholarships and Fellowships	5,520,315	5,171,560	5,112,940	(58,620)	-1.1%
Auxiliary Enterprises	16,342,089	18,291,757	15,545,094	(2,746,663)	-15.0%
Depreciation and Amortization	43,018,116	39,610,391	43,018,116	3,407,725	8.6%
<b>Total Operating Expenses</b>	<b>855,723,407</b>	<b>847,544,299</b>	<b>893,281,382</b>	<b>45,737,083</b>	<b>5.4%</b>
<b>Operating Surplus/Deficit</b>	<b>(212,913,069)</b>	<b>(232,249,196)</b>	<b>(216,021,936)</b>	<b>16,227,260</b>	<b>-7.0%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations & HEAF (Non-capitalized)	173,093,509	173,093,509	169,022,750	(4,070,759)	-2.4%
Federal Sponsored Programs (Nonoperating)	16,923,647	17,230,511	7,750,937	(9,479,574)	-55.0%
State Sponsored Programs (Nonoperating)	572,297	128,071	372,660	244,589	191.0%
Gifts in Support of Operations	15,731,038	18,311,175	16,964,304	(1,346,871)	-7.4%
Net Investment Income	24,951,435	25,152,619	26,133,363	980,744	3.9%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>231,271,926</b>	<b>233,915,885</b>	<b>220,244,014</b>	<b>(13,671,871)</b>	<b>-5.8%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(9,480,887)	(8,356,149)	(9,944,666)	(1,588,517)	19.0%
<b>Total Transfers and Other</b>	<b>(9,480,887)</b>	<b>(8,356,149)</b>	<b>(9,944,666)</b>	<b>(1,588,517)</b>	<b>19.0%</b>
<b>Budget Margin (Deficit)</b>	<b>8,877,970</b>	<b>(6,689,460)</b>	<b>(5,722,588)</b>	<b>966,872</b>	<b>-14.5%</b>
<b>Reconciliation to Change in Net Assets:</b>					
Net Non-Profit Health Corp Activity	527,000	2,000,000	-	(2,000,000)	-100.0%
Net Inc./Dec. in Fair Value of Investments	20,334,653	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	(1,705,286)	(1,705,286)	-
Capital Approp., Gifts and Sponsored Programs	3,500,000	3,500,000	5,000,000	1,500,000	42.9%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	3,000,000	6,500,000	2,000,000	(4,500,000)	-69.2%
Transfers for Debt Service - Principal	(15,479,073)	(12,824,073)	(10,530,773)	2,293,300	-17.9%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	73,009,474	26,375,000	43,525,000	17,150,000	65.0%
<b>SRECNA Change in Net Assets</b>	<b>\$ 93,770,024</b>	<b>18,861,467</b>	<b>32,566,353</b>	<b>13,704,886</b>	<b>72.7%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 874,082,264</b>	<b>849,210,988</b>	<b>897,503,460</b>	<b>48,292,472</b>	<b>5.7%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(865,204,294)</b>	<b>(855,900,448)</b>	<b>(903,226,048)</b>	<b>(47,325,600)</b>	<b>5.5%</b>
<b>Budget Margin (Deficit)</b>	<b>\$ 8,877,970</b>	<b>(6,689,460)</b>	<b>(5,722,588)</b>	<b>966,872</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		39,610,391	43,018,116		
Capital Outlay		(8,403,971)	(13,167,304)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(12,824,073)	(10,530,773)		
Budgeted Transfers		-	-		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>11,692,887</b>	<b>13,597,451</b>		

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

**The University of Texas Health Science Center at San Antonio**  
**Operating Budget Highlights**  
**For the Year Ending August 31, 2011**

**Introduction - Major Goals Addressed by FY 2011 Budget**

Faced with budget reductions imposed by the State leadership of approximately \$15.6 million for the current biennium, the budget for FY 2011 reflects strategic focus to maximize available resources and optimize outcomes. The University of Texas Health Science Center at San Antonio remains committed to supporting its core missions of educating diverse students, engaging in innovative biomedical research, providing compassionate and competent clinical care, and enhancing health awareness in the community. The University is further committed to addressing the priorities outlined in its Compact, which include 1) supporting the Institute for the Integration of Medicine and Science, which houses the University's Clinical and Translational Sciences Award (CTSA) Grant; 2) recruiting a nationally recognized Dean for the Graduate School of Biomedical Sciences; 3) positioning the Cancer Therapy and Research Center (CTRC) for successful clinical and research growth; 4) increasing funding from local, state, and federal sources to improve programs on all campuses; and, 5) addressing ongoing deferred maintenance issues.

Specific goals addressed by the FY 2011 budget include planning for operations within the School of Medicine, enhancing research collaborations, managing faculty retention and compensation issues, and addressing technology and infrastructure needs.

Attention has been given to increasing the clinical and research activity and enhancing business operations within the Medical Arts and Research Center (MARC) and the CTRC in preparation of the successful recruitment of a new Medical Dean and the integration of the University's nonprofit healthcare company, UT Medicine San Antonio. With the completion of the South Texas Research Facility (STRF) scheduled for late FY 2011, efforts are focused on securing external funding to sustain current research programs, growing multi-discipline and multi-institutional collaborations within the San Antonio Life Sciences Institute, and, embarking on new biomedical and intellectual property initiatives particularly with The University of Texas at San Antonio. The University considers it important to provide competitive compensation for both faculty and staff to keep pace with national medians, regional private sectors, and other state government agencies and higher education entities. While no provisions were authorized in the FY 2011 budget for faculty or staff salary increases, the University will continue to proactively seek the means to fund strategic recruitments and retentions. Finally, investments in software upgrades for PeopleSoft, EPIC, and eProtocol will provide for further business efficiencies and automation.

**Revenue**

The U. T. Health Science Center – San Antonio will experience a \$16.5 million, or 2.2%, budget decline in total revenues from FY 2010. This decline is predominately attributable to the 5% general revenue budget reduction imposed by State leadership, whereby the University may be required to return \$15.6 million of State Appropriations. In addition, Sponsored Program revenues are projected to decrease due to the loss of key investigators over the past year and the result of funding reductions at the national level for grants under the National Institutes of Health and the American Recovery and Reinvestment Act of 2009. And, Gifts are projected to decline based on gift-giving trends promulgated by current economic conditions. These decreases are offset by increases in patient care activities (\$8.4 million, or 5.4%) due to the expansion of clinical operations within the CTRC and MARC. The University will also experience marginal increases in Designated Tuition and Fees and in Auxiliary Enterprises (\$2.5 million) from increased fees associated with the opening of the new Spectrum Wellness Center.

**Expenses**

In line with total revenue declines, expenditures are expected to decrease in total by \$16.2 million, or 2.1%, over FY 2010. Academic Support, Institutional Support, and Operation & Maintenance of Plant expense have been strategically reduced in direct response to the 5% General Revenue Budget Reduction and in order to preserve funding for the University's core missions. While the University may experience intermittent reductions in force, delaying the recruitment of vacant positions and organizational restructuring within schools and administrative units will serve as the primary means for absorbing the majority of these State cuts. As a result of lost Sponsored Program and Gifts funding discussed above, Research and Public Service expenses have declined. These decreases are offset by increases in patient care activities (\$7.8 million, or 11.4%) due to the expansion of clinical operations within the MARC and CTRC, depreciation (\$1 million) due to increased operating square footage with the opening of the MARC and STRF, and debt service interest expense (\$2.2 million) due to the construction of the STRF and acquired debt from the integration with UT Medicine San Antonio.

**The University of Texas Health Science Center at San Antonio**  
**Operating Budget**  
**Fiscal Year Ending August 31, 2011**

	FY 2010 Projected	FY 2010 Adjusted Budget	FY 2011 Operating Budget	Budget Increases (Decreases) From 2010 to 2011	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 28,399,477	27,017,477	29,534,238	2,516,761	9.3%
Federal Sponsored Programs	140,327,077	166,576,891	146,518,035	(20,058,856)	-12.0%
State Sponsored Programs	2,690,643	4,884,734	2,599,891	(2,284,843)	-46.8%
Local and Private Sponsored Programs	149,650,992	138,773,096	153,486,020	14,712,924	10.6%
Net Sales and Services of Educational Activities	30,244,855	23,500,000	24,500,000	1,000,000	4.3%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	118,895,807	131,571,846	138,988,420	7,416,574	5.6%
Net Auxiliary Enterprises	4,974,411	5,217,668	5,232,025	14,357	0.3%
Other Operating Revenues	7,704,951	10,531,735	10,670,000	138,265	1.3%
<b>Total Operating Revenues</b>	<b>482,888,213</b>	<b>508,073,447</b>	<b>511,528,629</b>	<b>3,455,182</b>	<b>0.7%</b>
<b>Operating Expenses:</b>					
Instruction	285,027,207	287,510,854	290,566,876	3,056,022	1.1%
Academic Support	27,601,060	36,787,570	33,240,944	(3,546,626)	-9.6%
Research	155,572,528	206,358,643	182,827,682	(23,530,961)	-11.4%
Public Service	36,002,167	31,534,540	30,081,541	(1,452,999)	-4.6%
Hospitals and Clinics	77,033,821	68,348,460	76,114,147	7,765,687	11.4%
Institutional Support	43,989,813	42,307,804	41,521,965	(785,839)	-1.9%
Student Services	2,763,610	3,026,168	3,056,041	29,873	1.0%
Operations and Maintenance of Plant	33,038,412	32,633,570	31,263,711	(1,369,859)	-4.2%
Scholarships and Fellowships	3,140,299	2,886,414	3,161,103	274,689	9.5%
Auxiliary Enterprises	6,840,868	7,136,130	7,299,196	163,066	2.3%
Depreciation and Amortization	32,000,000	32,000,000	33,000,000	1,000,000	3.1%
<b>Total Operating Expenses</b>	<b>703,009,785</b>	<b>750,530,153</b>	<b>732,133,206</b>	<b>(18,396,947)</b>	<b>-2.5%</b>
<b>Operating Surplus/Deficit</b>	<b>(220,121,572)</b>	<b>(242,456,706)</b>	<b>(220,604,577)</b>	<b>21,852,129</b>	<b>-9.0%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations & HEAF (Non-capitalized)	176,288,007	176,288,007	172,494,037	(3,793,970)	-2.2%
Federal Sponsored Programs (Nonoperating)	14,886,332	14,874,332	6,650,000	(8,224,332)	-55.3%
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	15,442,931	28,100,000	19,650,000	(8,450,000)	-30.1%
Net Investment Income	29,224,632	29,460,000	29,950,000	490,000	1.7%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>235,841,902</b>	<b>248,722,339</b>	<b>228,744,037</b>	<b>(19,978,302)</b>	<b>-8.0%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(9,212,655)	(9,212,655)	(11,445,954)	(2,233,299)	24.2%
<b>Total Transfers and Other</b>	<b>(9,212,655)</b>	<b>(9,212,655)</b>	<b>(11,445,954)</b>	<b>(2,233,299)</b>	<b>24.2%</b>
<b>Budget Margin (Deficit)</b>	<b>6,507,675</b>	<b>(2,947,022)</b>	<b>(3,306,494)</b>	<b>(359,472)</b>	<b>12.2%</b>
<b>Reconciliation to Change in Net Assets:</b>					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	8,500,000	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	6,000,000	6,000,000	5,000,000	(1,000,000)	-16.7%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	12,000,000	12,000,000	7,500,000	(4,500,000)	-37.5%
Transfers for Debt Service - Principal	(13,367,182)	(13,367,182)	(11,970,074)	1,397,108	-10.5%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	25,250,000	25,000,000	20,704,000	(4,296,000)	-17.2%
<b>SRECNA Change in Net Assets</b>	<b>\$ 44,890,493</b>	<b>26,685,796</b>	<b>17,927,432</b>	<b>(8,758,364)</b>	<b>-32.8%</b>
Total Revenues and AUF Transfers	\$ 718,730,115	756,795,786	740,272,666	(16,523,120)	-2.2%
Total Expenses (Including Transfers for Interest)	(712,222,440)	(759,742,808)	(743,579,160)	16,163,648	-2.1%
<b>Budget Margin (Deficit)</b>	<b>\$ 6,507,675</b>	<b>(2,947,022)</b>	<b>(3,306,494)</b>	<b>(359,472)</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		32,000,000	33,000,000		
Capital Outlay		(10,500,000)	(15,000,000)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(13,367,182)	(11,970,074)		
Budgeted Transfers		(14,859,000)	594,000		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>(9,673,204)</b>	<b>3,317,432</b>		

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

**The University of Texas M. D. Anderson Cancer Center**  
**Operating Budget Highlights**  
**For the Year Ending August 31, 2011**

**Introduction - Major Goals Addressed by FY 2011 Budget**

The critical issues addressed in the FY 2011 budget continue to support the progress of the institution's strategic initiatives. These issues include: 1) maintain budgeted operating margin to support the long term capital plan; 2) expand research programs with a focus on documenting the value of our patient care and on developing a basis for performance-based reimbursement for patient care; 3) continue to emphasize efficiency, quality, and safety of clinical operations; 4) market to selected targets: patients, donors, recruits, trainees; 5) complete the campaign to transform cancer care (\$1 billion target); 6) review and prioritize Global (off-site) activities; 7) strengthen information technology capabilities: standardized, institution-wide patient care appointments and clinical operating systems; structured, standardized clinical care and research data; tumor bank documentation; 8) recruit additional world-class basic scientists and implement research strategic plan; 9) pursue new sources of research funding: pharma/biotech, Global, Technology Transfer, Cancer Prevention Research Institute of Texas (CPRIT); 10) nurture, mentor, and advance staff.

**Revenue**

The FY 2011 budgeted revenue (operating and non-operating) is projected to increase by 15% over the FY 2010 budget. Hospital and Clinics and professional net patient revenue accounts for almost 80% of U. T. M. D. Anderson Cancer Center's total operating revenue. A strategic price increase of approximately 5% of select services will be implemented in July 2010. In response to last year's economic downturn, clinical faculty recruitment was put on hold. With clinical productivity and volumes continuing to climb in FY 2010, faculty recruitment commenced with the approval of over 90 new and replacement (backfill) clinical positions. Federal Sponsored Programs and the associated indirect cost recovery is expected to increase due to support from the Recovery Act, CPRIT, new Challenge Grant opportunities, and the addition of new research faculty. Within Local & Private Sponsored Programs, foundation and private industry programs are expected to increase their support in FY 2011. The FY 2011 State Appropriations budget has decreased due to the mandated 5% reduction. The growth in Other Operating Revenues is due to increased activities in the Center for Global Oncology, Proton Therapy Center, and the relationship with Banner Health in Arizona. Due to the uncertainty of healthcare reform and the shift of philanthropic gifts from operating to endowments, the FY 2011 revenue was budgeted conservatively.

**Expenses**

The FY 2011 budgeted expenses are projected to increase 11 percent over the FY 2010 budget. Hospital and Clinic expenses account for almost 56% of U. T. M. D. Anderson Cancer Center's total operating expenses. To support the 15% increase in Hospital and Clinics and professional net patient revenue, a 12% increase was budgeted on the expense side. The primary reasons for the expense increase are: 1) to support the activation of over 115 new beds and incremental new clinical, research, and administrative space; 2) the hiring of new and replacement faculty and nursing employees; and, 3) average hourly rate (merits, equity, and market) adjustments to bring the existing workforce back to competitive and current market rates (many pay rate increases were put on hold in FY 2009 due to the financial downturn; minimal increases were put back in place in FY 2010). It is important to note that personnel costs continue to account for over 60% of all U. T. M. D. Anderson Cancer Center expenses.

Due to the expected increases in Federal, Local, and Private Sponsored Programs, overall research expenditures will grow in FY 2011 by 6.7%. Debt service will increase by 4.7% due to the financing additions of newly completed patient care and research facilities and equipment. While managing growing clinical, research and educational demands and initiatives, FY 2011 full-time equivalent growth is expected to increase 3.2% over the FY 2010 budget. The following overall salary increases for merits, market and equity are planned for next year: Faculty: 7.10%, Administrative: 6.04%, and Classified: 4.71%.

**The University of Texas M. D. Anderson Cancer Center**  
**Operating Budget**  
**Fiscal Year Ending August 31, 2011**

	FY 2010 Projected	FY 2010 Adjusted Budget	FY 2011 Operating Budget	Budget Increases (Decreases) From 2010 to 2011	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 963,918	1,254,539	1,396,367	141,828	11.3%
Federal Sponsored Programs	200,627,564	211,264,027	225,616,380	14,352,353	6.8%
State Sponsored Programs	444,621	622,000	500,000	(122,000)	-19.6%
Local and Private Sponsored Programs	99,229,229	95,389,681	111,588,553	16,198,872	17.0%
Net Sales and Services of Educational Activities	1,500,186	2,073,499	2,199,878	126,379	6.1%
Net Sales and Services of Hospital and Clinics	2,160,071,340	2,049,351,227	2,399,924,842	350,573,615	17.1%
Net Professional Fees	320,350,533	307,126,835	348,390,306	41,263,471	13.4%
Net Auxiliary Enterprises	31,147,423	32,212,040	36,202,216	3,990,176	12.4%
Other Operating Revenues	47,780,620	48,913,387	54,600,000	5,686,613	11.6%
<b>Total Operating Revenues</b>	<b>2,862,115,434</b>	<b>2,748,207,235</b>	<b>3,180,418,542</b>	<b>432,211,307</b>	<b>15.7%</b>
<b>Operating Expenses:</b>					
Instruction	85,559,109	85,809,268	95,602,684	9,793,416	11.4%
Academic Support	52,354,901	53,481,427	58,500,715	5,019,288	9.4%
Research	449,966,567	471,053,201	502,787,043	31,733,842	6.7%
Public Service	10,739,993	11,581,446	12,000,734	419,288	3.6%
Hospitals and Clinics	1,548,307,033	1,546,472,121	1,729,752,129	183,280,008	11.9%
Institutional Support	204,056,828	194,733,965	228,010,560	33,276,595	17.1%
Student Services	-	-	-	-	-
Operations and Maintenance of Plant	186,148,829	185,540,277	208,000,385	22,460,108	12.1%
Scholarships and Fellowships	760,699	846,272	849,996	3,724	0.4%
Auxiliary Enterprises	19,509,196	20,688,334	21,799,333	1,110,999	5.4%
Depreciation and Amortization	231,876,103	229,903,578	259,095,472	29,191,894	12.7%
<b>Total Operating Expenses</b>	<b>2,789,279,258</b>	<b>2,800,109,889</b>	<b>3,116,399,051</b>	<b>316,289,162</b>	<b>11.3%</b>
<b>Operating Surplus/Deficit</b>	<b>72,836,176</b>	<b>(51,902,654)</b>	<b>64,019,491</b>	<b>115,922,145</b>	<b>-223.3%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations & HEAF (Non-capitalized)	178,333,111	180,567,256	164,046,735	(16,520,521)	-9.1%
Federal Sponsored Programs (Nonoperating)	634,206	634,206	-	(634,206)	-100.0%
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	92,059,831	50,893,195	69,997,978	19,104,783	37.5%
Net Investment Income	41,000,000	40,000,000	65,000,000	25,000,000	62.5%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>312,027,148</b>	<b>272,094,657</b>	<b>299,044,713</b>	<b>26,950,056</b>	<b>9.9%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(36,800,000)	(46,028,461)	(48,343,121)	(2,314,660)	5.0%
<b>Total Transfers and Other</b>	<b>(36,800,000)</b>	<b>(46,028,461)</b>	<b>(48,343,121)</b>	<b>(2,314,660)</b>	<b>5.0%</b>
<b>Budget Margin (Deficit)</b>	<b>348,063,324</b>	<b>174,163,542</b>	<b>314,721,083</b>	<b>140,557,541</b>	<b>80.7%</b>
<b>Reconciliation to Change in Net Assets:</b>					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	47,000,000	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	2,000,000	7,000,000	2,500,000	(4,500,000)	-64.3%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	7,500,000	10,000,000	5,000,000	(5,000,000)	-50.0%
Transfers for Debt Service - Principal	(57,200,000)	(59,625,476)	(62,313,115)	(2,687,639)	4.5%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	272,500,000	249,350,000	289,325,000	39,975,000	16.0%
<b>SRECNA Change in Net Assets</b>	<b>\$ 619,863,324</b>	<b>380,888,066</b>	<b>549,232,968</b>	<b>168,344,902</b>	<b>44.2%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 3,174,142,582</b>	<b>3,020,301,892</b>	<b>3,479,463,255</b>	<b>459,161,363</b>	<b>15.2%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(2,826,079,258)</b>	<b>(2,846,138,350)</b>	<b>(3,164,742,172)</b>	<b>(318,603,822)</b>	<b>11.2%</b>
<b>Budget Margin (Deficit)</b>	<b>\$ 348,063,324</b>	<b>174,163,542</b>	<b>314,721,083</b>	<b>140,557,541</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		229,903,578	259,095,472		
Capital Outlay		(329,898,071)	(440,715,620)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(59,625,476)	(62,313,115)		
Budgeted Transfers		-	-		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>14,543,573</b>	<b>70,787,820</b>		

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

**The University of Texas Health Science Center at Tyler**  
**Operating Budget Highlights**  
**For the Year Ending August 31, 2011**

**Introduction - Major Goals Addressed by FY 2011 Budget**

The FY 2011 operating budget for The University of Texas Health Science Center at Tyler reflects the continued commitment of the University's leadership team to serve East Texas and beyond through excellent patient care and community health, comprehensive education and innovative research. This commitment is evidenced in the University's budgeted plans to add a new oncologist and an additional internal medicine physician to its patient care faculty. Additional evidence of this commitment is in the currently ongoing construction project of the U. T. Health Science Center – Tyler Academic Building, which will add approximately 85,500 square feet of space to conduct additional educational and patient care activities.

The Academic Building project consists of two phases. Phase I will complete the first floor Cancer Center with two radiation oncology vaults, add a pavilion connecting the Academic Center building to the main hospital building, and build the shell space for the second and third floors, as well as add parking and landscaping space outside of the building. Phase II of the project will finish out the shell space on the second and third floors. Phase I of the project is scheduled for completion in the fall of 2011.

The FY 2011 budget also addresses the 5% biennial reduction of general revenue referenced in the January 22, 2010 letter from the director of the Legislative Budget Board to all State Agencies and Institutions of Higher Education. This is a reduction of \$3.7 million, over the biennium, for U. T. Health Science Center – Tyler. Additionally, the budget includes a provision to provide merit based compensation to employees, if specific budget and performance goals are achieved.

**Revenue**

Total FY 2011 budgeted revenue for U. T. Health Science Center – Tyler is down by approximately 1.5%, which is primarily attributable to the aforementioned 5% general revenue reduction as well as a drop in sponsored research programs marked by the end of a major Project Program Grant (PPG) which goes into a no cost extension at the end of FY 2010. Without the general revenue reduction, revenues would otherwise be budgeted up by approximately 1.5%.

**Expenses**

Total Operating Expenses are budgeted down by approximately 1.8%, which is primarily attributable to the aforementioned 5% general revenue reduction and the reduction of sponsored research activity on the PPG. Additionally, budgeted expenses are reduced from prior year budget due to completing the implementation of the University's Cost Accounting system which was completed in FY 2010, and implementation of the University's Electronic Health Records system which is scheduled to roll out late in FY 2010.

**The University of Texas Health Science Center at Tyler**  
**Operating Budget**  
**Fiscal Year Ending August 31, 2011**

	FY 2010 Projected	FY 2010 Adjusted Budget	FY 2011 Operating Budget	Budget Increases (Decreases) From 2010 to 2011	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ -	-	-	-	-
Federal Sponsored Programs	10,778,541	11,800,000	10,980,000	(820,000)	-6.9%
State Sponsored Programs	1,328,861	1,340,200	1,362,700	22,500	1.7%
Local and Private Sponsored Programs	2,657,723	3,650,000	2,750,000	(900,000)	-24.7%
Net Sales and Services of Educational Activities	1,413,231	3,635,523	2,916,077	(719,446)	-19.8%
Net Sales and Services of Hospital and Clinics	50,141,808	44,349,412	48,621,002	4,271,590	9.6%
Net Professional Fees	10,353,625	11,671,615	10,509,254	(1,162,361)	-10.0%
Net Auxiliary Enterprises	222,603	164,800	227,710	62,910	38.2%
Other Operating Revenues	1,918,569	-	-	-	-
<b>Total Operating Revenues</b>	<b>78,814,961</b>	<b>76,611,550</b>	<b>77,366,743</b>	<b>755,193</b>	<b>1.0%</b>
<b>Operating Expenses:</b>					
Instruction	7,641,097	5,021,082	4,584,756	(436,326)	-8.7%
Academic Support	575,151	386,894	514,002	127,108	32.9%
Research	12,058,565	22,304,421	20,405,197	(1,899,224)	-8.5%
Public Service	-	-	-	-	-
Hospitals and Clinics	73,375,631	64,883,248	65,570,380	687,132	1.1%
Institutional Support	9,011,971	7,433,239	7,795,424	362,185	4.9%
Student Services	-	-	-	-	-
Operations and Maintenance of Plant	9,718,084	13,547,446	13,816,607	269,161	2.0%
Scholarships and Fellowships	11,936	-	-	-	-
Auxiliary Enterprises	163,585	157,682	179,533	21,851	13.9%
Depreciation and Amortization	7,196,257	8,501,092	7,200,000	(1,301,092)	-15.3%
<b>Total Operating Expenses</b>	<b>119,752,277</b>	<b>122,235,104</b>	<b>120,065,899</b>	<b>(2,169,205)</b>	<b>-1.8%</b>
<b>Operating Surplus/Deficit</b>	<b>(40,937,316)</b>	<b>(45,623,554)</b>	<b>(42,699,156)</b>	<b>2,924,398</b>	<b>-6.4%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations & HEAF (Non-capitalized)	42,550,423	43,435,149	40,300,291	(3,134,858)	-7.2%
Federal Sponsored Programs (Nonoperating)	80,210	80,210	-	(80,210)	-100.0%
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	613,657	1,000,998	942,830	(58,168)	-5.8%
Net Investment Income	-	2,702,557	3,383,456	680,899	25.2%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>43,244,290</b>	<b>47,218,914</b>	<b>44,626,577</b>	<b>(2,592,337)</b>	<b>-5.5%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(796,771)	(796,772)	(1,541,348)	(744,576)	93.4%
<b>Total Transfers and Other</b>	<b>(796,771)</b>	<b>(796,772)</b>	<b>(1,541,348)</b>	<b>(744,576)</b>	<b>93.4%</b>
<b>Budget Margin (Deficit)</b>	<b>1,510,203</b>	<b>798,588</b>	<b>386,073</b>	<b>(412,515)</b>	<b>-51.7%</b>
<b>Reconciliation to Change in Net Assets:</b>					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	4,452,650	-	-	-	-
Interest Expense on Capital Asset Financings	(793,552)	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	250,000	250,000	250,000	-	0.0%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	74,000	-	-	-	-
Transfers for Debt Service - Principal	(3,938,338)	(3,938,338)	(2,961,637)	976,701	-24.8%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	6,357,258	2,431,338	2,353,413	(77,925)	-3.2%
<b>SRECNA Change in Net Assets</b>	<b>\$ 7,912,221</b>	<b>(458,412)</b>	<b>27,849</b>	<b>486,261</b>	<b>-106.1%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 122,059,251</b>	<b>123,830,464</b>	<b>121,993,320</b>	<b>(1,837,144)</b>	<b>-1.5%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(120,549,048)</b>	<b>(123,031,876)</b>	<b>(121,607,247)</b>	<b>1,424,629</b>	<b>-1.2%</b>
<b>Budget Margin (Deficit)</b>	<b>\$ 1,510,203</b>	<b>798,588</b>	<b>386,073</b>	<b>(412,515)</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		8,501,092	7,200,000		
Capital Outlay		(4,000,000)	(3,000,000)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(3,938,338)	(2,961,637)		
Budgeted Transfers		-	-		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>1,361,342</b>	<b>1,624,436</b>		

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





**The University of Texas System  
Fiscal Year 2011  
RESERVE ALLOCATIONS FOR LIBRARY, EQUIPMENT, REPAIR AND REHABILITATION  
AND FACULTY SCIENCE AND TECHNOLOGY ACQUISITION AND RETENTION (STARs)**

**Summary**

	PUF Allocation			Total
	Library & Equipment	Repair & Rehabilitation	Faculty STARs Program	
<b>Academic Institutions</b>				
University of Texas at Arlington	\$ -	2,080,000	-	2,080,000
University of Texas at Austin	960,000	3,020,000	-	3,980,000
University of Texas at Dallas	500,000	1,500,000	-	2,000,000
University of Texas at El Paso	1,357,500	642,500	-	2,000,000
University of Texas of the Permian Basin	475,000	302,500	-	777,500
University of Texas at San Antonio	-	1,925,000	-	1,925,000
University of Texas at Tyler	247,500	630,000	-	877,500
Subtotal Academic Institutions	<u>3,540,000</u>	<u>10,100,000</u>	<u>-</u>	<u>13,640,000</u>
<b>Health Institutions</b>				
University of Texas Southwestern Medical Center at Dallas	-	1,800,000	-	1,800,000
University of Texas Medical Branch at Galveston	1,061,930	850,000	-	1,911,930
University of Texas Health Science Center at Houston	-	1,860,000	-	1,860,000
University of Texas Health Science Center at San Antonio	1,000,000	860,000	-	1,860,000
University of Texas M. D. Anderson Cancer Center	1,860,000	-	-	1,860,000
University of Texas Health Science Center at Tyler	-	1,868,070	-	1,868,070
Subtotal Health Institutions	<u>3,921,930</u>	<u>7,238,070</u>	<u>-</u>	<u>11,160,000</u>
<b>University of Texas System Administration</b>				
UT System Academic Library Collection Enhancement Program	2,700,000	-	-	2,700,000
Faculty STARs Program - Academic Institutions	-	-	10,000,000	10,000,000
Faculty STARs Program - Health Institutions	-	-	10,000,000	10,000,000
Subtotal System Administration	<u>2,700,000</u>	<u>-</u>	<u>20,000,000</u>	<u>22,700,000</u>
<b>Collaborative Projects</b>				
UT Dallas/UT Southwestern Medical Center - Dallas	2,000,000	-	-	2,000,000
UT El Paso/UT Health Science Center - San Antonio	500,000	-	-	500,000
Subtotal Collaborative Projects	<u>2,500,000</u>	<u>-</u>	<u>-</u>	<u>2,500,000</u>
<b>Grand Total</b>	<b>\$ <u>12,661,930</u></b>	<b><u>17,338,070</u></b>	<b><u>20,000,000</u></b>	<b><u>50,000,000</u></b>

**The University of Texas System**  
**Fiscal Year 2011**  
**RESERVE ALLOCATIONS FOR LIBRARY, EQUIPMENT, REPAIR & REHABILITATION**  
**AND FACULTY SCIENCE AND TECHNOLOGY ACQUISITION AND RETENTION (STARs)**

INSTITUTION/NAME OF PROJECT	LIBRARY AND EQUIPMENT		REPAIR AND REHABILITATION		FACULTY STARS
	TOTAL PROJECT COST	PUF ALLOCATED	TOTAL PROJECT COST	PUF ALLOCATED	PUF ALLOCATED
<b>ACADEMIC INSTITUTIONS</b>					
<b>University of Texas at Arlington</b>					
High Priority Fire & Life Safety Corrections	-	-	1,300,000	1,300,000	-
University Hall Renovation Lecture Room 108	-	-	650,000	650,000	-
University Hall Restroom Renovations for ADA Compliance	-	-	130,000	130,000	-
<b>TOTAL</b>	<b>\$ -</b>	<b>-</b>	<b>2,080,000</b>	<b>2,080,000</b>	<b>-</b>
<b>University of Texas at Austin</b>					
Imaging Financial Documentation	20,000	20,000	-	-	-
Information Quest Data Warehousing/Business Intelligence Project	290,000	140,000	-	-	-
Geography Building Fire and Life Safety	-	-	225,000	205,000	-
Old Pharmacy Building Fire and Life Safety	-	-	540,000	500,000	-
Briscoe Center for American History Preservation, Technology and Security Project	300,000	300,000	-	-	-
UT Austin Libraries Digital Infrastructure	500,000	500,000	-	-	-
Homer Rainey Hall Fire and Life Safety	-	-	535,000	500,000	-
Doty Fine Arts Building Fire and Life Safety	-	-	275,000	250,000	-
West Mall Building Fire and Life Safety	-	-	400,000	360,000	-
Goldsmith Hall Fire and Life Safety	-	-	200,000	180,000	-
Facilities Complex Building 1 Fire and Life Safety	-	-	456,000	415,000	-
Animal Resources Center Fire and Life Safety	-	-	675,000	610,000	-
<b>TOTAL</b>	<b>\$ 1,110,000</b>	<b>960,000</b>	<b>3,306,000</b>	<b>3,020,000</b>	<b>-</b>
<b>University of Texas at Dallas</b>					
Repairing SOM Exterior Envelope	-	-	300,000	300,000	-
Space Renovation/Equipment for Chemistry, Bioscience and Nanotechnology	-	-	400,000	400,000	-
Callier Electrical Upgrade	-	-	700,000	700,000	-
ECSN Electrical Transformer Switch Repair	-	-	100,000	100,000	-
Card Reader Building Security Systems	500,000	500,000	-	-	-
<b>TOTAL</b>	<b>\$ 500,000</b>	<b>500,000</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>-</b>
<b>University of Texas at El Paso</b>					
Research and Technology Infrastructure for New Faculty	750,000	750,000	-	-	-
Transcranial Magnetic Stimulation Research: Monolingual/Bilingual Cognition, Speech, and Respiration	135,000	135,000	-	-	-
Laboratory Equipment in Support of Campus Animal Facilities	150,000	100,000	-	-	-
Upgrading the Center for Transportation Infrastructure System Asphalt Lab for Competitiveness	106,000	106,000	-	-	-
Expand Virtualization Environment	150,000	150,000	-	-	-
10-Gigabit Network Infrastructure	116,500	116,500	-	-	-
Roof Replacement at the Centennial Museum	-	-	800,000	642,500	-
<b>TOTAL</b>	<b>\$ 1,407,500</b>	<b>1,357,500</b>	<b>800,000</b>	<b>642,500</b>	<b>-</b>
<b>University of Texas of the Permian Basin</b>					
Library Collections, J. Conrad Dunagan Library	235,000	235,000	-	-	-
Personal Computer and Server Technology Refresh	240,000	240,000	-	-	-
Campus Buildings Roof Assessment and Repairs	-	-	700,000	302,500	-
<b>TOTAL</b>	<b>\$ 475,000</b>	<b>475,000</b>	<b>700,000</b>	<b>302,500</b>	<b>-</b>
<b>University of Texas at San Antonio</b>					
Electrical Power Infrastructure Rehabilitation	-	-	1,200,000	1,200,000	-
Fire and Safety/Security Deficiency Mitigation Plan	-	-	725,000	725,000	-
<b>TOTAL</b>	<b>\$ -</b>	<b>-</b>	<b>1,925,000</b>	<b>1,925,000</b>	<b>-</b>
<b>University of Texas at Tyler</b>					
Video Surveillance System IP Conversion	100,000	100,000	-	-	-
Phase One - Voice Over IP Conversion to Replace Phone System	117,000	117,000	-	-	-
Replace Main Electrical Switchgears at the Library, BEP, HPR, and Administration Buildings	-	-	60,000	60,000	-
Fire Suppression System Installation	-	-	225,000	225,000	-
Fire Suppression System Installation	-	-	275,000	275,000	-
Roof Leaks; Two Buildings	-	-	40,000	40,000	-
Library Collections Enhancement	30,500	30,500	-	-	-
Waterproofing Elevator Pit	-	-	30,000	30,000	-
<b>TOTAL</b>	<b>\$ 247,500</b>	<b>247,500</b>	<b>630,000</b>	<b>630,000</b>	<b>-</b>
<b>SUBTOTAL - ACADEMICS</b>	<b>\$ 3,540,000</b>	<b>-</b>	<b>10,100,000</b>	<b>-</b>	<b>-</b>

The University of Texas System  
Fiscal Year 2011  
RESERVE ALLOCATIONS FOR LIBRARY, EQUIPMENT, REPAIR & REHABILITATION  
AND FACULTY SCIENCE AND TECHNOLOGY ACQUISITION AND RETENTION (STARs)

INSTITUTION/NAME OF PROJECT	LIBRARY AND EQUIPMENT		REPAIR AND REHABILITATION		FACULTY STARS
	TOTAL PROJECT COST	PUF ALLOCATED	TOTAL PROJECT COST	PUF ALLOCATED	PUF ALLOCATED
<b>HEALTH INSTITUTIONS</b>					
<b>University of Texas Southwestern Medical Center at Dallas</b>					
J1 Animal Facility Renovation	-	-	6,150,000	1,800,000	
TOTAL	\$ -	-	6,150,000	1,800,000	-
<b>University of Texas Medical Branch at Galveston</b>					
Information and Education Resources Enhancement	1,391,930	1,061,930	-	-	
Library Storage	-	-	450,000	450,000	
Completion of UHC Sprinkler Project	-	-	1,413,197	400,000	
TOTAL	\$ 1,391,930	1,061,930	1,863,197	850,000	-
<b>University of Texas Health Science Center at Houston</b>					
Phase II - School of Public Health Flood Protection	-	-	2,000,000	1,860,000	
TOTAL	\$ -	-	2,000,000	1,860,000	-
<b>University of Texas Health Science Center at San Antonio</b>					
Technology Infrastructure	1,000,000	1,000,000	-	-	
Facilities Infrastructure	-	-	1,000,000	860,000	
TOTAL	\$ 1,000,000	1,000,000	1,000,000	860,000	-
<b>University of Texas M. D. Anderson Cancer Center</b>					
South Campus Research Corridor System	1,700,000	1,400,000	-	-	
Bastrop Secondary Chimp Enclosure	1,500,000	460,000	-	-	
TOTAL	\$ 3,200,000	1,860,000	-	-	-
<b>University of Texas Health Science Center at Tyler</b>					
Campus Critical Areas Interior Renovations Phase II	-	-	2,000,000	1,868,070	
TOTAL	\$ -	-	2,000,000	1,868,070	-
SUBTOTAL - HEALTHS		\$ 3,921,930		7,238,070	-
<b>SYSTEM ADMINISTRATION</b>					
<b>University of Texas System Administration</b>					
UT System Academic Library Collection Enhancement Program	2,700,000	2,700,000			
Faculty STARs Program - Academic Institutions					10,000,000
Faculty STARs Program - Health Institutions					10,000,000
TOTAL	\$ 2,700,000	2,700,000	-	-	20,000,000
SUBTOTAL - U. T. SYSTEM ADMINISTRATION		\$ 2,700,000		-	20,000,000
<b>COLLABORATIVE PROJECTS</b>					
<b>UT Dallas with UT Southwestern Medical Center - Dallas</b>					
Advanced Imaging Research Center	6,000,000	2,000,000	-	-	
<b>UT El Paso with UT Health Science Center - San Antonio</b>					
UT Alliance Interfacing Real Time Monitoring of Physiology and Neurochemistry in Diabetes and Drug Abuse	999,050	500,000			
TOTAL	\$ 6,999,050	2,500,000	-	-	-
SUBTOTAL - COLLABORATIVE PROJECTS		\$ 2,500,000		-	-
TOTAL - U. T. SYSTEM		\$ 12,661,930		17,338,070	20,000,000



**The University of Texas System  
Fiscal Year 2011  
RESERVE ALLOCATIONS FOR  
FACULTY SCIENCE AND TECHNOLOGY ACQUISITION AND RETENTION (STARs) PROGRAM**

**University of Texas System Administration**

Faculty STARs Program - Academic Institutions	\$ 10,000,000
Faculty STARs Program - Health Institutions	10,000,000

<b>Total \$</b>	<b><u>20,000,000</u></b>
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## Faculty Science and Technology Acquisition and Retention (STARs) Program

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

### STARs Allocation History

#### Academic Institutions

<b>2005 Faculty STARs</b>	\$	32,450,000
<b>2006 Faculty STARs</b>	\$	15,000,000
<b>2007 Faculty STARs</b>	\$	20,000,000
<b>2008 Faculty STARs</b>	\$	10,000,000
<b>2009 Faculty STARs</b>	\$	10,000,000
<b>2010 Faculty STARs</b>	\$	15,000,000
<b>2011 Proposed Faculty STARs</b>	\$	10,000,000

#### Health Institutions

<b>2005 Faculty STARs</b>	\$	26,550,000
<b>2009 Faculty STARs</b>	\$	10,000,000
<b>2010 Faculty STARs</b>	\$	15,000,000
<b>2011 Proposed Faculty STARs</b>	\$	10,000,000

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

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





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

For Fiscal Year Ending August 31, 2011

**A. INITIAL BUDGET**

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

**B. BUDGET AMENDMENTS**

1. ITEMS REQUIRING APPROVAL OF THE U. T. SYSTEM ADMINISTRATION AND SUBSEQUENT APPROVAL BY THE U. T. SYSTEM BOARD OF REGENTS THROUGH THE DOCKET
  - a. Transfers from Unappropriated Educational and General Fund Balance.
  - b. New appointments of tenured faculty.
  - c. Award of tenure to any faculty member.
  - d. New appointment as Dean Emeritus, Chair Emeritus, or Professor Emeritus.
  - e. Appointments, promotions, and salary increases involving the president.

- f. Compensation changes, new contracts, or contract changes involving athletic directors or head coaches whose total annual compensation is \$250,000 or above.
- g. Compensation changes for employees whose total annual compensation is \$1,000,000 or above.
- h. Increases in budgeted amounts of \$500,000 or more from income for Educational and General, Auxiliary Enterprises, Designated Funds, Service Departments, Revolving Funds, and Plant Funds.
- i. Increases to Plant Funds of \$500,000 or more, which result from transfers from Educational and General Funds, Auxiliary Enterprises, Designated Funds, Service Departments, and Revolving Funds.

2. ITEMS REQUIRING APPROVAL OF U. T. SYSTEM ADMINISTRATION (NON-DOCKET)

- a. Reappropriation of prior year Educational and General Fund balances of \$100,000 or more.
- b. Increases in budgeted amounts of \$100,000-\$499,999 from income for Educational and General, Auxiliary Enterprises, Designated Funds, Service Departments, Revolving Funds, and Plant Funds.
- c. Increases to Plant Funds of \$100,000-\$499,999 which result from transfers from Educational and General Funds, Auxiliary Enterprises, Designated Funds, Service Departments, and Revolving Funds.
- d. Compensation changes for employees whose total annual compensation is \$500,000 or more but less than \$1,000,000.
- e. Salary increases involving tenured faculty of \$10,000 or more at academic institutions and \$25,000 or more at health-related institutions. This includes one-time merit payments.
- f. Appointments and promotions involving administrative and professional personnel reporting directly to the president, a vice president, or the equivalent.
- g. Salary increases of \$10,000 or more involving administrative and professional personnel reporting directly to the president, a vice president, or the equivalent. This includes one-time merit payments.
- h. All appointments and salary increases of \$10,000 or more involving employees, other than athletic directors and head coaches, serving under written employment contracts. This includes one-time merit payments.

3. ITEMS REQUIRING APPROVAL OF THE PRESIDENT ONLY

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

4. EFFECTIVE DATE OF APPOINTMENTS AND SALARY INCREASES

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

## C. OTHER CONSIDERATIONS

1. All appropriations not actually expended or encumbered by August 31 will automatically lapse to the Unappropriated Balance Account except for those reallocated pursuant to Item B.2a and Item B.3e.
2. Compensation indicated as "MSRDP Funds," "DSRDP Funds," "PRS Funds" or "Allied Health Faculty Services Plan" is contingent upon its being earned or available in accordance with the regulations applicable to the Medical Service Research and Development Plan, Dental Service Research and Development Plan, Physicians Referral Service Plan or Allied Health Faculty Services Plan.
3. Budgeted expenditures authorized from sources of funds other than Educational and General Funds are contingent upon receipt of such funds. Appointments from such fund sources will not become an obligation of the institution in the event the supplemental or grant funds are not realized.
4. In accordance with provisions contained in U. T. System Board of Regents' *Rules and Regulations* Series 30201, leaves of absence for a first year or portion thereof or a second consecutive year's leave may be granted by the president. Except in very unusual circumstances as outlined in Section 3.2 and 3.3, a third consecutive year leave of absence will not be granted. Requests for third year leave of absence must be reviewed and approved by the appropriate executive vice chancellor.

**THE UNIVERSITY OF TEXAS SYSTEM**

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

For Fiscal Year Ending August 31, 2011

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

**THE UNIVERSITY OF TEXAS SYSTEM**

**MINIMUM FACULTY ACADEMIC WORKLOAD  
REQUIREMENTS FOR ACADEMIC INSTITUTIONS**

For Fiscal Year Ending August 31, 2011

**Minimum Faculty Academic Workload Requirements for General Academic Institutions.**

Each person paid full time from "Faculty Salaries" shall be assigned a minimum workload equivalent to eighteen semester credit hours of instruction in organized undergraduate classes each nine-month academic year, or fiscal year at an institution's option, in accordance with guidelines listed below.

When a faculty member is paid partially from a source of funds other than the "Faculty Salaries" line item, the minimum workload shall be proportioned to the percentage of salary paid from "Faculty Salaries."

Teaching assistants shall be used only when given proper guidance and supervision to ensure quality instruction. The minimum faculty workload established below does not apply to graduate teaching assistants or assistant instructors who are pursuing degrees. The president is responsible for assuring that all teaching assistants are carefully supervised.

This policy sets the minimum workload and equivalencies only; an institution may enact more intensive and/or more detailed minimum requirements for inclusion in the institutional Handbook of Operating Procedures, following appropriate approvals. For example, an institution may set individual minimum requirements, consistent with these minimum guidelines, for a specific school or college.

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

State law requires the adoption of rules concerning faculty academic workloads. *Texas Education Code* Section 51.402(b) recognizes that important elements of workload include classroom teaching, basic and applied research, and professional development. Workload for U. T. System faculty members is expressed in terms of classroom teaching, teaching equivalencies and presidential credits for assigned activities.

### Teaching Equivalencies.

1. Graduate Instruction. One semester credit hour of graduate instruction will be considered the equivalent of one and one-half semester credit hours of undergraduate instruction.
2. Specialized Instruction. One and one-half contact hours of instruction of regularly scheduled laboratory and clinical courses, physical activity courses, studio art, studio music instruction, and primary music performance organizations, such as ensembles and marching bands, for each week of a long term semester will be considered the equivalent of one semester credit hour of undergraduate instruction.
3. Supervision. Supervision of student teachers, clinical supervision, and intern supervision shall be credited such that 12 total student semester credit hours taught will be considered the equivalent of one semester credit hour.
4. Practicum and Individual Instruction. Supervision of student practicum and individual instruction courses, such as honors programs and individual research projects, shall provide equivalency at the rate of one-tenth semester credit hour for each student semester hour of undergraduate instruction and one-fifth semester hour for each student semester hour of graduate instruction per long-term semester. In no case will individual instruction in a single course generate more semester credit hour equivalence than if the course were taught as a regularly scheduled, organized course.
5. Thesis and Dissertation Supervision. Graduate thesis or dissertation supervision shall provide equivalent credit hours only to the chairperson of the thesis or dissertation committee at the rate of one semester credit hour for each six total student semester hours of thesis research credit and at the rate of one semester credit hour for each three total student semester hours of dissertation credit.
6. Multiple Sections. A faculty member who coordinates several sections of a single course shall be given one semester hour of workload credit for each six sections coordinated up to a maximum of three semester hours of credit per semester.
7. Large Classes. Workload credit may be proportionally increased for teaching a large class that requires extensive grading or evaluation of students' work by the faculty member according to the following weighing factors:

Class Size	Factor
59 or less	1.0
60 – 69	1.1
70 – 79	1.2
80 – 89	1.3
90 – 99	1.4
100 – 124	1.5
125 – 149	1.6
150 – 174	1.7
175 – 199	1.8
200 – 249	1.9
250 or more	2.0

8. Team Teaching. When more than one teacher participates in the instruction of a single course, the credit is proportioned according to the effort expended.
9. Insufficient Enrollment. A reduced workload may be granted temporarily if assigned classes do not materialize because of insufficient enrollment and when additional classes or other academic duties cannot be assigned to the faculty member. This exception may be granted for two consecutive long-term semesters only for any particular faculty member.

### **Other Equivalencies.**

1. **Administrative Assignments.** Workload credit may be granted for a faculty member who is head of a department or head of a comparable administrative unit up to a maximum of six semester hours of workload credit per semester. When justified by the department/unit head and approved by the president, three hours of credit may be given to faculty members who provide non-teaching academic services to the department/unit head. In no case will the total for departmental administration, including the head, exceed nine workload credits per semester unless the institution's organizational structure includes academic units composed of more than one academic discipline.
2. **New Faculty.** At the recommendation of the head of the department or comparable unit and upon approval of the president, up to three semester hours of workload credit for each of two semesters may be given to a newly-appointed faculty member during the first year of employment for the purpose of developing instructional materials for the courses he or she will teach.
3. **New Course Development.** At the recommendation of the departmental chair and upon approval of the president, workload credit may be granted to a faculty member involved in the creation of a new course, new course format, or new course materials.
4. **Presidential Credits.** Academic workload credit granted by the president for all other purposes is limited to 1% of the total semester credit hours taught at the institution during the comparable (fall or spring) semester in the previous year. With the approval of the president, limited faculty workload credit (within the 1% limit above) may be granted for major academic advising responsibilities, for basic and applied research following a research work plan approved pursuant to institutional policy, for preparing major documents in the fulfillment of programmatic needs or accreditation requirements, or for duties performed in the best interest of the institution's instructional programs as determined by the president.
5. **Faculty with Technical Rank.** Instructional workload equivalents for faculty members holding technical rank may be determined on a clock-hour basis where full-time employment is equivalent to not less than 30 hours of instructionally related activities each week for contact hour courses taught on a quarterly basis.

### **Compliance with U. T. System Board of Regents' *Rules and Regulations* Rule 31006.**

1. The president shall designate the officer of the institution who will monitor workloads, review workload reports, and submit the reports to the president for approval and comment, as appropriate, prior to submitting the reports to the U. T. System Board of Regents through U. T. System Administration following the standard reporting format and deadlines as provided by the Texas Higher Education Coordinating Board in accordance with *Texas Education Code*, Section 51.402 and any applicable riders in the current General Appropriations Act.
2. Every faculty member's compliance with these minimum academic workload requirements shall be assessed each academic year. If a faculty member is found to be out of compliance, the institution shall take appropriate steps to address the noncompliance and to prevent such noncompliance in the future.



THE UNIVERSITY OF TEXAS SYSTEM

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

For Fiscal Year Ending August 31, 2011

**A. INITIAL BUDGET**

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

**B. BUDGET AMENDMENTS**

1. ITEMS REQUIRING APPROVAL OF THE U. T. SYSTEM ADMINISTRATION AND SUBSEQUENT APPROVAL BY THE U. T. SYSTEM BOARD OF REGENTS THROUGH THE DOCKET
  - a. Substitute Library and Equipment purchases that are not on the approved list.
  - b. Funding for new Repair and Rehabilitation projects that are not on the approved list.
2. ITEMS REQUIRING APPROVAL OF U. T. SYSTEM ADMINISTRATION (NON-DOCKET)
  - a. Transfers of appropriated funds between approved Library and Equipment items.
  - b. Transfers of appropriated funds between Repair and Rehabilitation items.
  - c. Transfers of funds for approved Library and Equipment purchases to fund approved Repair and Rehabilitation projects and vice versa.
  - d. All transfers of funds are subject to the requirements of the *UTS168 Capital Expenditure Policy*

**C. OTHER CONSIDERATIONS**

1. All Library and Equipment or Repair and Rehabilitation appropriations must be expended within 36 months from the date of the award or the appropriation will lapse and be made available for future System-wide reallocation.
2. All Faculty STARS or similar program appropriations must be expended within 36 months from the time the faculty member arrives on campus or the appropriation will lapse and be made available for future System-wide reallocation.

## THE UNIVERSITY OF TEXAS SYSTEM

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

For Fiscal Year Ending August 31, 2011

#### **A. AUTHORIZATION OF PUF BOND PROCEEDS FOR LERR OR STARS**

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

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

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

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

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

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

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

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

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

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

## **Acquisition of Capital Equipment**

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

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

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

### **Software**

Any capitalized costs associated with the development or implementation of software, including personnel costs (salaries), are eligible for LERR or STARs if they are incurred in the Application Development Stage. This principle applies whether the salaries are paid to employees of the institution or to outside parties. See UTS142.13 *Accounting and Financial Reporting for Intangible Assets* at [http://www.utsystem.edu/policy/policies/uts142\\_13.html](http://www.utsystem.edu/policy/policies/uts142_13.html). Training costs related to software usage are discussed below.

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

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

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

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

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

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

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

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

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

The Constitution prohibits the use of PUF bond proceeds, and therefore the use of LERR or STARs program funds, for student housing, intercollegiate athletics, or auxiliary enterprises.

## **D. SPECIAL PROGRAM FUNDING**

### **Faculty STARs Program**

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

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

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

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