

THE UNIVERSITY OF TEXAS SYSTEM

OPERATING BUDGET SUMMARIES

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

FISCAL YEAR 2017



AUGUST 2016

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

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

For Fiscal Year Ending August 31, 2017

Table of Contents

TAB 1 – Operating Budget Summaries	Page
Operating Budget Highlights (including Background and Glossary of Terms).....	1
The University of Texas System - Combined.....	10
The University of Texas System Academic Institutions - Combined.....	11
The University of Texas System Health Related Institutions - Combined	12
The University of Texas System Administration	13
The University of Texas at Arlington.....	15
The University of Texas at Austin	17
The University of Texas at Austin - Application of Available University Fund.....	19
The University of Texas at Brownsville	26
The University of Texas at Dallas	28
The University of Texas at El Paso	30
The University of Texas of the Permian Basin	32
The University of Texas Rio Grande Valley	34
The University of Texas at San Antonio	36
The University of Texas at Tyler.....	38
The University of Southwestern Medical Center	40
The University of Texas Medical Branch at Galveston	42
The University of Texas Health Science Center at Houston	44
The University of Texas Health Science Center at San Antonio.....	46
The University of Texas M. D. Anderson Cancer Center.....	48
The University of Texas Health Science Center at Tyler	50
 TAB 2 – Reserve Allocations for Library, Equipment, Repair and Rehabilitation (LERR) and Faculty Science and Technology Acquisition and Retention (STARS) Program	
LERR/Faculty STARS Allocations Summary	52
 TAB 3 – Budget Rules and Procedures	
Operating Budget Rules and Procedures.....	56
Medical, Dental, Nursing, Faculty Services Research and Development Plans, Allied Health Faculty Services Plan and Physicians Referral Service	61
Academic Workload Requirements for Academic Institutions.....	62
LERR, Faculty STARS and Similar Funded Programs Budget Rules and Procedures	63
LERR, Faculty STARS, and Similar Funded Programs Expenditure Guidelines	65

The University of Texas System Operating Budget Highlights

For the Year Ending August 31, 2017

INTRODUCTION

The University of Texas System (the “System”) is one of the largest and most comprehensive institutions of higher education in the country, as well as one of the largest employers in Texas. The System’s eight general academic campuses educate one-third of Texas’ public university students and its six health-related campuses educate two-thirds of the health professional students attending Texas’ public health-related institutions of higher education. 2017 represents a landmark year for the System with the inaugural medical school classes at The University of Texas at Austin and The University of Texas Rio Grande Valley.

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. U. T. System’s research funding level is the largest in Texas and the second largest in the country. The U. T. System educates more than 221,000 students and produces more than 54,000 graduates each year.

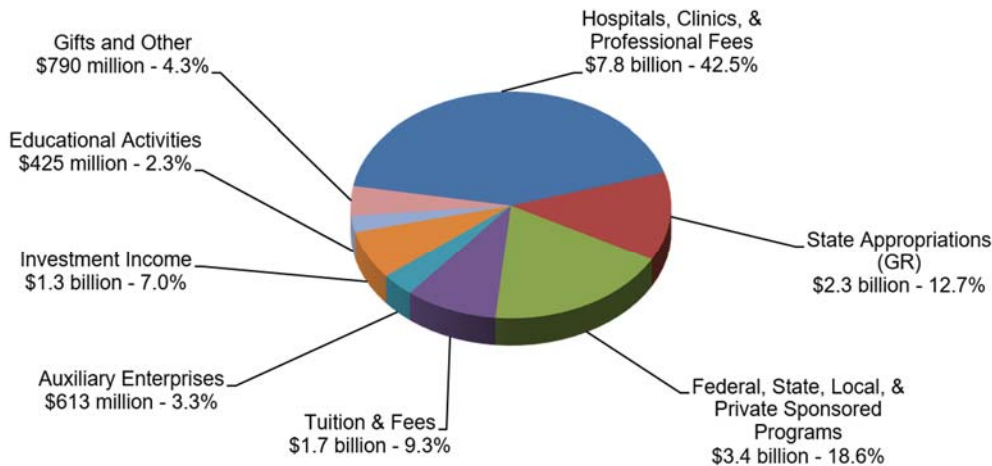
The operating budget provides a wide range of services for Texans. Beyond the primary mission of higher education and research, a significant amount of health care is provided for uninsured and underinsured Texans and several initiatives are supported to improve K-12 education in the public schools. The System’s extensive research and development advancements strengthen the Texas economy.

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 FY 2017, changes in the operating budget are largely driven by growth in health care activities including hospital charges, professional fees and contractual arrangements with affiliated hospitals and health care systems. In addition, System institutions will benefit from a modest tuition increase for 2017. For most resident undergraduate students, this was the first increase in four years.

REVENUES

\$18.3 BILLION



Revenues included in the operating budget include both operating and nonoperating revenues used to finance the operating budget. Combined revenues for FY 2017 are \$18.3 billion, up 7.6 percent or \$1.3 billion from FY 2016. Areas of growth include **Net Sales and Services of Hospitals and Clinics** (14.7 percent, \$768 million), **Net Professional Fees** (7.9 percent, \$129 million), and **Tuition and Fees** (6.2 percent, \$99 million). Budgeted **State Appropriations** also increased (3.7 percent, \$83 million) largely as a result of additional appropriations made by the 84th Texas Legislature for debt service on new tuition revenue bonds. For FY 2017, general revenue will decline to 13.0 percent of the total expense budget, compared to 13.2 percent for 2016.

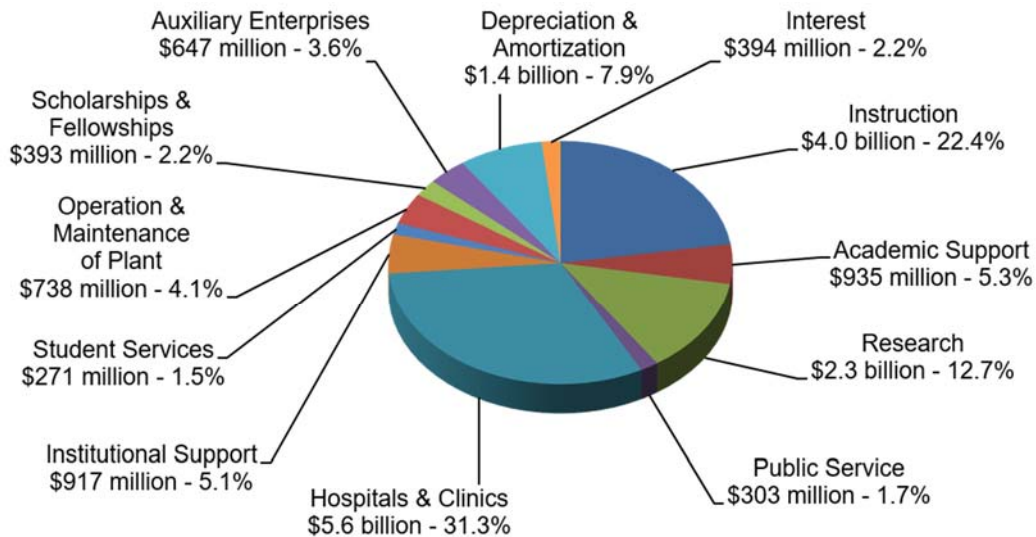
Net Sales and Services of Hospital and Clinics primarily includes income generated from patient care at the System's hospitals and represents the major driver of budget increases for FY 2017. The largest increases are anticipated by U. T. M. D. Anderson Cancer Center (\$468 million), U. T. Southwestern Medical Center (\$174 million) and U. T. Medical Branch - Galveston (\$106 million). U. T. M. D. Anderson Cancer Center expects a rebound to normal levels for FY 2017 after experiencing a temporary decline in patient volumes resulting from the implementation of a new electronic health record (EHR) system. The first full year of operations for the William P. Clements, Jr. University Hospital (Clements Hospital) at U. T. Southwestern Medical Center has exceeded expectations, and a solid growth trend is anticipated for FY 2017. Opening the new League City Campus Hospital, growth at Angleton-Danbury and Alvin campuses, along with expanded correctional managed care revenue account for most of the change at U. T. Medical Branch – Galveston.

Growth in **Net Professional Fees** principally results from growth in the health-related institutions medical practice plans, including expansion of both practice specialties and clinic locations. The most significant increases are occurring at U. T. M. D. Anderson Cancer Center (\$54 million) and U. T. Health Science Center - Houston (\$37 million). U. T. M. D. Anderson Cancer Center again anticipates a full recovery from the temporary decline related to the EHR system implementation. U. T. Health Science Center – Houston attributes additional revenue to volume growth and revenue cycle enhancements.

Tuition and Fee revenue growth results from both additional enrollment and a modest rate increase. The most significant changes occurred at U. T. Arlington (\$20 million) and U. T. Dallas (\$35 million). U. T. Arlington anticipates additional revenue related to the rate increase, an overall enrollment increase of 2 percent, unbudgeted growth carrying over from FY 2016 and large increases in accelerated online programs. U. T. Dallas anticipates 7 percent enrollment growth for 2017 as well as the rate increase.

EXPENSES

\$17.9 BILLION



Expenses reflected in the operating budget include all operational functions, limited nonoperating expenses, and transfers to U. T. System Administration made to fund debt service interest. Depreciation and Amortization expenses are also included in the budget. Conversely, capital outlay and transfers for debt service principal payments are excluded. Combined expenses for FY 2017 are \$17.9 billion, up 5.4 percent or \$0.9 billion from FY 2016. Significant functional areas of growth include **Hospital and Clinics** (7.3 percent, \$381 million), **Instruction/Academic Support** (6.0 percent, \$280 million), and **Depreciation and Amortization** (10.1 percent, \$129 million).

Hospital and Clinics expenses increased due largely to growth in patient care costs associated with increasing volume and related costs including the upward volume trend of U. T. Southwestern Medical Center's Clements Hospital, U. T. Medical Branch – Galveston's new locations and correctional managed care and the volume recovery at U. T. M. D. Anderson after implementation of the new EHR system. The most significant increases are at U. T. Southwestern Medical Center (\$84 million), U. T. Medical Branch – Galveston (\$101 million), U. T. Health Science Center - Houston (\$39 million), and U. T. M. D. Anderson Cancer Center (\$132 million).

Instruction/Academic Support expenses increased due to support for new academic and medical faculty, and academic programs. Expansion of medical practice plans continues to require additional physician faculty. Most academic institutions also experienced enrollment growth. U. T. Austin dedicated the majority of its increase in the Available University Fund allocation to an instructional reserve to be allocated by the Provost and Chief Financial Officer. The most significant increases were at U. T. Austin (\$42 million), U. T. Southwestern Medical Center (\$56 million), and U. T. Health Science Center - Houston (\$50 million).

Depreciation and Amortization has increased largely due to the completion or anticipated completion of a number of major construction and information technology projects. Significant examples are the EHR system at U. T. M. D. Anderson and a inclusion of a full year's depreciation expense for the Jennie Sealy and League City Campus Hospitals at U. T. Medical Branch – Galveston. The most significant increases occur at U. T. Austin (\$17 million), U. T. Medical Branch - Galveston (\$12 million) and U. T. M. D. Anderson Cancer Center (\$67 million).

BACKGROUND

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

The U. T. System Annual 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 FY 2007 budget, the underlying operating budget maintains the sources and uses information but allows the focus of the budget to conform more closely to the entity-wide financial performance measures of the annual financial report through a series of adjustments incorporated into the budget totals. The major differences that have been resolved included the following items:

- The budget reflects tuition discounting and related scholarship/fellowship activities in a manner comparable to the GASB *Rules* for the annual financial report.
- Depreciation expense is incorporated into the budgeted expense totals.
- Capital outlay from operating funds is eliminated from budgeted expenditure totals.
- Debt service principal repayments are eliminated from budgeted expenditure totals.

The 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 Position (SRECNP) included in the System’s Annual Financial Report.

PRESENTATION OF FY 2016 PROJECTED ACTUAL TOTALS

All U. T. institutions have prepared a projection of FY 2016 activity in a format comparable to that presented for the FY 2016 adjusted and FY 2017 proposed budgets. This projection was based on activity through May 2016.

RESTATEMENT AND RECLASSIFICATION OF FY 2016 BUDGET TOTALS

In certain situations, reclassifications have been made between FY 2016 line items to enhance comparability with the FY 2017 presentation.

GLOSSARY OF TERMS

Operating Revenues:

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

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

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

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

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

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

OTHER OPERATING REVENUES – Other revenues generated from sales or services provided to meet current fiscal year operating expenses, which are not included in the preceding categories. Also included in this category are Delivery System Reform Incentive Payment funds (DSRIP) which are payments made to providers who agree to participate in Medicaid health care quality and delivery system reforms.

Operating Expenses:

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

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

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

GLOSSARY OF TERMS (CONTINUED)

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.).

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, printing, and transportation services to the institution; support services to faculty and staff that are not operated as auxiliary enterprises; and activities concerned with community and alumni relations, including development and fund raising.

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

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

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

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

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

Nonoperating Revenues (Expenses):

STATE APPROPRIATIONS – 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 estimated state-paid fringe benefits costs and funding for debt service on tuition revenue bonds.

FEDERAL SPONSORED PROGRAMS - NONOPERATING – Funding received from the federal government for which no exchange of goods or services is perceived to have occurred. This typically includes federal Pell Grants and other miscellaneous awards from the State of Texas.

STATE AND LOCAL SPONSORED PROGRAMS - NONOPERATING – Funding received from state or local governments for which no exchange of goods or services is perceived to have occurred. This typically includes Texas Research Incentive Program awards from the State of Texas and funding for the U. T. Austin Medical School provided by the local health care district.

GLOSSARY OF TERMS (CONTINUED)

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

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

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

Transfers and Other:

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

TRANSFERS FOR DEBT SERVICE - INTEREST – Reflects debt service activity at all U. T. institutions and includes only the interest portion of mandatory debt service transfers under the Revenue Financing System, Tuition Revenue bond and PUF bond programs. Through the REVERSE TRANSFERS FOR DEBT SERVICE (SYSTEM ONLY) line item, these amounts are eliminated for purposes of calculating the Systemwide SRECNP Change in Net Position. 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. U. T. 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.

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

GLOSSARY OF TERMS (CONTINUED)

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

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 SRECNP Change in Net Position.

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



THE UNIVERSITY OF TEXAS SYSTEM INSTITUTION BUDGET HIGHLIGHTS AND BUDGET SUMMARIES

The University of Texas System
Operating Budget
Fiscal Year Ending August 31, 2017

	FY 2016 Projected	FY 2016 Adjusted Budget	FY 2017 Operating Budget	Budget Increases (Decreases) From 2016 to 2017	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 1,622,869,833	1,597,665,701	1,696,889,558	99,223,857	6.2%
Federal Sponsored Programs	1,371,051,034	1,389,765,767	1,371,033,197	(18,732,570)	-1.3%
State Sponsored Programs	337,289,725	314,280,171	340,458,292	26,178,121	8.3%
Local and Private Sponsored Programs	1,290,245,907	1,272,405,367	1,335,783,787	63,378,420	5.0%
Net Sales and Services of Educational Activities	459,205,903	402,062,829	425,413,044	23,350,215	5.8%
Net Sales and Services of Hospital and Clinics	5,413,550,519	5,237,917,437	6,005,936,393	768,018,956	14.7%
Net Professional Fees	1,671,831,050	1,629,615,533	1,759,026,791	129,411,258	7.9%
Net Auxiliary Enterprises	571,067,604	576,706,264	612,825,903	36,119,639	6.3%
Other Operating Revenues	441,683,714	361,506,015	367,556,544	6,050,529	1.7%
Total Operating Revenues	13,178,795,289	12,781,925,084	13,914,923,509	1,132,998,425	8.9%
Operating Expenses:					
Instruction	3,671,926,568	3,765,360,335	4,002,864,306	237,503,971	6.3%
Academic Support	764,194,445	893,246,596	935,356,682	42,110,086	4.7%
Research	2,240,107,445	2,288,924,816	2,266,799,932	(22,124,884)	-1.0%
Public Service	318,819,590	300,093,664	303,154,073	3,060,409	1.0%
Hospitals and Clinics	5,362,500,626	5,202,217,657	5,583,641,729	381,424,072	7.3%
Institutional Support	1,900,597,181	882,737,264	917,437,110	34,699,846	3.9%
Student Services	247,851,552	259,154,881	271,341,507	12,186,626	4.7%
Operations and Maintenance of Plant	735,676,648	736,135,138	738,424,396	2,289,258	0.3%
Scholarships and Fellowships	371,497,040	408,604,754	393,240,803	(15,363,951)	-3.8%
Auxiliary Enterprises	588,473,815	609,573,381	646,943,119	37,369,738	6.1%
Depreciation and Amortization	1,301,084,561	1,279,853,024	1,409,222,636	129,369,612	10.1%
Total Operating Expenses	17,502,729,471	16,625,901,510	17,468,426,293	842,524,783	5.1%
Operating Surplus/Deficit	(4,323,934,182)	(3,843,976,426)	(3,553,502,784)	290,473,642	-7.6%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations	2,234,775,638	2,233,035,807	2,315,820,983	82,785,176	3.7%
Federal Sponsored Programs (Nonoperating)	359,038,925	303,748,948	304,895,835	1,146,887	0.4%
State/Local Sponsored Programs (Nonoperating)	20,661,721	79,792,066	46,790,198	(33,001,868)	-41.4%
Gifts in Support of Operations	459,239,270	404,260,580	422,367,172	18,106,592	4.5%
Net Investment Income	1,278,821,866	1,190,103,012	1,281,561,520	91,458,508	7.7%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	4,352,537,420	4,210,940,413	4,371,435,708	160,495,295	3.8%
Transfers and Other:					
AUF Transfers Received for Operations	403,661,610	359,987,789	409,017,461	49,029,672	13.6%
AUF Transfers (Made) for Operations	(403,661,610)	(359,987,789)	(409,017,461)	(49,029,672)	13.6%
Transfers for Debt Service - Interest	(305,669,013)	(315,557,291)	(393,857,861)	(78,300,570)	24.8%
Total Transfers and Other	(305,669,013)	(315,557,291)	(393,857,861)	(78,300,570)	24.8%
Budget Margin (Deficit)	(277,065,775)	51,406,696	424,075,063	372,668,367	724.9%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	19,292,843	8,000,000	3,000,000	(5,000,000)	-62.5%
Net Inc./ (Dec.) in Fair Value of Investments	(828,962,296)	-	-	-	-
Interest Expense on Capital Asset Financings	(308,258,943)	(316,707,291)	(395,057,861)	(78,350,570)	24.7%
Capital Approp., Gifts and Sponsored Programs	131,969,681	280,325,966	234,216,194	(46,109,772)	-16.4%
Additions to Permanent Endowments	119,924,213	114,251,474	132,630,936	18,379,462	16.1%
Transfers for Debt Service - Principal	(401,647,798)	(438,953,147)	(453,868,341)	(14,915,194)	3.4%
Reverse Transfers for Debt Service (System Only)	707,316,811	754,510,438	847,726,202	93,215,764	12.4%
Transfers and Other	(134,645,232)	63,538,692	89,145,632	25,606,940	40.3%
SRECNA Change in Net Assets	\$(972,076,496)	516,372,828	881,867,825	365,494,997	70.8%
Total Revenues and AUF Transfers	\$ 17,531,332,709	16,992,865,497	18,286,359,217	1,293,493,720	7.6%
Total Expenses (Including Transfers for Interest)	(17,808,398,484)	(16,941,458,801)	(17,862,284,154)	(920,825,353)	5.4%
Budget Margin (Deficit)	\$(277,065,775)	51,406,696	424,075,063	372,668,367	
Reconciliation to Use of Prior Year Balances					
Depreciation		1,279,853,024	1,409,222,636		
Capital Outlay		(786,436,236)	(1,082,803,059)		
Transfers for Debt Service - Principal		(438,953,147)	(453,868,341)		
Budgeted Transfers		(37,560,796)	(30,452,496)		
Net Additions to (Uses of) Prior Year Balances		68,309,541	266,173,803		

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, 2017

	FY 2016 Projected	FY 2016 Adjusted Budget	FY 2017 Operating Budget	Budget Increases (Decreases) From 2016 to 2017	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 1,473,274,609	1,450,153,174	1,544,717,614	94,564,440	6.5%
Federal Sponsored Programs	622,838,996	630,229,886	638,476,117	8,246,231	1.3%
State Sponsored Programs	184,877,088	194,699,706	193,357,761	(1,341,945)	-0.7%
Local and Private Sponsored Programs	165,422,834	179,097,737	171,529,406	(7,568,331)	-4.2%
Net Sales and Services of Educational Activities	328,584,203	310,703,704	330,523,434	19,819,730	6.4%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	1,838,717	4,743,153	6,192,161	1,449,008	30.5%
Net Auxiliary Enterprises	457,976,670	458,542,111	486,539,547	27,997,436	6.1%
Other Operating Revenues	34,746,560	29,325,981	38,231,519	8,905,538	30.4%
Total Operating Revenues	3,269,559,677	3,257,495,452	3,409,567,559	152,072,107	4.7%
Operating Expenses:					
Instruction	1,471,859,448	1,569,655,716	1,679,606,753	109,951,037	7.0%
Academic Support	469,271,995	603,220,194	608,375,502	5,155,308	0.9%
Research	776,623,096	815,014,984	766,338,174	(48,676,810)	-6.0%
Public Service	194,809,448	172,338,080	172,588,658	250,578	0.1%
Hospitals and Clinics	8,104,510	14,463,908	20,938,150	6,474,242	44.8%
Institutional Support	402,624,127	397,599,996	373,436,805	(24,163,191)	-6.1%
Student Services	223,738,786	233,199,886	244,430,327	11,230,441	4.8%
Operations and Maintenance of Plant	350,085,706	318,744,885	328,175,555	9,430,670	3.0%
Scholarships and Fellowships	348,733,304	382,879,272	368,188,941	(14,690,331)	-3.8%
Auxiliary Enterprises	501,980,900	518,249,875	554,029,206	35,779,331	6.9%
Depreciation and Amortization	504,698,564	495,132,061	529,667,859	34,535,798	7.0%
Total Operating Expenses	5,252,529,884	5,520,498,857	5,645,775,930	125,277,073	2.3%
Operating Surplus/Deficit	(1,982,970,207)	(2,263,003,405)	(2,236,208,371)	26,795,034	-1.2%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations	1,051,481,341	1,055,537,995	1,093,954,659	38,416,664	3.6%
Federal Sponsored Programs (Nonoperating)	328,382,016	300,418,948	301,561,833	1,142,885	0.4%
State/Local Sponsored Programs (Nonoperating)	20,661,721	79,792,066	46,790,198	(33,001,868)	-41.4%
Gifts in Support of Operations	190,615,053	179,486,278	185,881,555	6,395,277	3.6%
Net Investment Income	310,753,633	284,496,350	295,742,942	11,246,592	4.0%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	1,901,893,764	1,899,731,637	1,923,931,187	24,199,550	1.3%
Transfers and Other:					
AUF Transfers Received for Operations	300,512,341	268,905,000	297,620,000	28,715,000	10.7%
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(123,499,946)	(121,665,370)	(149,469,528)	(27,804,158)	22.9%
Total Transfers and Other	177,012,395	147,239,630	148,150,472	910,842	0.6%
Budget Margin (Deficit)	95,935,952	(216,032,138)	(164,126,712)	51,905,426	-24.0%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	(3,929,264)	-	-	-	-
Interest Expense on Capital Asset Financings	(1,266,236)	(1,150,000)	(1,200,000)	(50,000)	4.3%
Capital Approp., Gifts and Sponsored Programs	44,154,240	110,836,795	77,341,391	(33,495,404)	-30.2%
Additions to Permanent Endowments	81,596,236	73,354,173	78,230,936	4,876,763	6.6%
Transfers for Debt Service - Principal	(157,221,191)	(151,000,596)	(178,498,918)	(27,498,322)	18.2%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	193,197,032	220,524,868	371,605,879	151,081,011	68.5%
SRECNA Change in Net Assets	\$ 252,466,769	36,533,102	183,352,576	146,819,474	401.9%
Total Revenues and AUF Transfers	\$ 5,471,965,782	5,426,132,089	5,631,118,746	204,986,657	3.8%
Total Expenses (Including Transfers for Interest)	(5,376,029,830)	(5,642,164,227)	(5,795,245,458)	(153,081,231)	2.7%
Budget Margin (Deficit)	\$ 95,935,952	(216,032,138)	(164,126,712)	51,905,426	
Reconciliation to Use of Prior Year Balances					
Depreciation		495,132,061	529,667,859		
Capital Outlay		(112,658,874)	(149,283,009)		
Transfers for Debt Service - Principal		(151,000,596)	(178,498,918)		
Budgeted Transfers		(37,141,311)	(28,699,786)		
Net Additions to (Uses of) Prior Year Balances		(21,700,858)	9,059,434		

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, 2017

	FY 2016 Projected	FY 2016 Adjusted Budget	FY 2017 Operating Budget	Budget Increases (Decreases) From 2016 to 2017	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 149,595,224	147,512,527	152,171,944	4,659,417	3.2%
Federal Sponsored Programs	739,678,561	750,275,881	727,557,080	(22,718,801)	-3.0%
State Sponsored Programs	139,955,843	107,123,671	144,850,531	37,726,860	35.2%
Local and Private Sponsored Programs	1,124,423,073	1,093,307,630	1,164,254,381	70,946,751	6.5%
Net Sales and Services of Educational Activities	98,099,189	89,043,488	92,445,207	3,401,719	3.8%
Net Sales and Services of Hospital and Clinics	5,413,550,519	5,237,917,437	6,005,936,393	768,018,956	14.7%
Net Professional Fees	1,669,992,333	1,624,872,380	1,752,834,630	127,962,250	7.9%
Net Auxiliary Enterprises	113,090,934	118,164,153	126,286,356	8,122,203	6.9%
Other Operating Revenues	378,738,522	332,180,034	329,325,025	(2,855,009)	-0.9%
Total Operating Revenues	9,827,124,198	9,500,397,201	10,495,661,547	995,264,346	10.5%
Operating Expenses:					
Instruction	2,200,067,120	2,195,704,619	2,323,257,553	127,552,934	5.8%
Academic Support	285,972,534	281,759,368	318,714,146	36,954,778	13.1%
Research	1,463,484,349	1,473,909,832	1,500,461,758	26,551,926	1.8%
Public Service	121,760,142	125,505,584	128,315,415	2,809,831	2.2%
Hospitals and Clinics	5,354,396,116	5,187,753,749	5,562,703,579	374,949,830	7.2%
Institutional Support	379,555,922	351,739,043	396,939,546	45,200,503	12.9%
Student Services	24,112,766	25,954,995	26,911,180	956,185	3.7%
Operations and Maintenance of Plant	383,850,626	417,390,253	410,248,841	(7,141,412)	-1.7%
Scholarships and Fellowships	22,550,936	24,011,122	22,997,002	(1,014,120)	-4.2%
Auxiliary Enterprises	86,492,915	91,323,506	92,913,913	1,590,407	1.7%
Depreciation and Amortization	778,620,488	771,453,275	862,206,423	90,753,148	11.8%
Total Operating Expenses	11,100,863,914	10,946,505,346	11,645,669,356	699,164,010	6.4%
Operating Surplus/Deficit	(1,273,739,716)	(1,446,108,145)	(1,150,007,809)	296,100,336	-20.5%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations	1,180,794,297	1,177,497,812	1,221,866,324	44,368,512	3.8%
Federal Sponsored Programs (Nonoperating)	3,232,149	3,330,000	3,334,002	4,002	0.1%
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	266,994,915	223,619,202	235,011,160	11,391,958	5.1%
Net Investment Income	299,605,831	357,716,096	374,642,387	16,926,291	4.7%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	1,750,627,192	1,762,163,110	1,834,853,873	72,690,763	4.1%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(115,683,339)	(106,329,299)	(134,384,033)	(28,054,734)	26.4%
Total Transfers and Other	(115,683,339)	(106,329,299)	(134,384,033)	(28,054,734)	26.4%
Budget Margin (Deficit)	361,204,137	209,725,666	550,462,031	340,736,365	162.5%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	19,292,843	8,000,000	3,000,000	(5,000,000)	-62.5%
Net Inc./Dec. in Fair Value of Investments	(51,247,848)	-	-	-	-
Interest Expense on Capital Asset Financings	(1,323,694)	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	87,815,441	169,489,171	156,874,803	(12,614,368)	-7.4%
Additions to Permanent Endowments	38,327,977	40,897,301	54,400,000	13,502,699	33.0%
Transfers for Debt Service - Principal	(207,206,607)	(200,563,626)	(234,749,423)	(34,185,797)	17.0%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	252,899,990	271,880,800	547,801,363	275,920,563	101.5%
SRECNA Change in Net Assets	\$ 499,762,239	499,429,312	1,077,788,774	578,359,462	115.8%
Total Revenues and AUF Transfers	\$ 11,577,751,390	11,262,560,311	12,330,515,420	1,067,955,109	9.5%
Total Expenses (Including Transfers for Interest)	(11,216,547,253)	(11,052,834,645)	(11,780,053,389)	(727,218,744)	6.6%
Budget Margin (Deficit)	\$ 361,204,137	209,725,666	550,462,031	340,736,365	
Reconciliation to Use of Prior Year Balances					
Depreciation		771,453,275	862,206,423		
Capital Outlay		(667,777,362)	(930,720,050)		
Transfers for Debt Service - Principal		(200,563,626)	(234,749,423)		
Budgeted Transfers		756,000	(567,875)		
Net Additions to (Uses of) Prior Year Balances		113,593,953	246,631,106		

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, 2017**

Introduction - Major Goals Addressed by FY 2017 Budget

The 2017 budget helps the The University of Texas System Administration fulfill the newly crafted mission of The University of Texas System “to improve the human condition in Texas, our nation and our world.” Through it U. T. System Administration strives to: 1) build and sustain Texas’ finest institutions of higher education and health care; 2) advance student success, innovation and the well-being of the citizens of Texas; 3) communicate in all directions and with the utmost transparency; 4) build trust through actions—personal and professional; 5) operate morally, legally, and ethically and be accountable when failing to achieve this standard; and, 6) be known as the most innovative, responsive, and dedicated public university system in the nation.

Chancellor William McRaven recognized the need to understand U. T. System’s role as a public university system, the environment in which U. T. System operates, and the impact of the environment on its role. To that end, a strategic assessment team was developed which gathered and analyzed volumes of data. While maintaining focus on his predecessor’s *Framework for Advancing Excellence*, Chancellor McRaven brought forward a series of initiatives known as *Quantum Leaps* to help fulfill the U. T. System’s mission and to advance higher education, research, and health care. U. T. System Administration is making investments using both financial and human capital in support of these Quantum Leaps.

As part of the 2015 plan to offset tuition at the academic campuses other than U. T. Austin, the Board of Regents approved transferring audit functions at these campuses to U. T. System Administration along with centralizing the shared services organization that maintains the UTShare enterprise resource planning system. While originally a commitment of \$31.4 million, this segment of U. T. System Administration’s budget has grown to approximately \$47 million for FY 2017 due largely to the need to stabilize and sustain UTShare. Within the 2017 budget, a total of 157 full-time equivalent (FTE) positions are attributable to tuition offset including 42 new positions for UTShare.

While mindful of the requirement to sustain UTShare, U. T. System Administration has recognized a need to begin reducing its number of FTEs and overall budget. The first step in this process was to eliminate approximately 58 vacant positions. The second step is to offer a voluntary separation incentive program (VSIP) to approximately 220 eligible employees. The goal of both steps is to strategically and thoughtfully address budget and personnel expenditures to ensure that the budget is aligned with System priorities and institution needs going forward. Funding for the VSIP was approved by the Board of Regents at their July 2016 meeting.

As part of the Board of Regents’ approval of the budget, Chancellor McRaven requests understanding that the ongoing U. T. System Administration strategic assessment and organizational review may impact determinations about the priority of funding and staffing for the projects and initiatives included in the recommended budget. It is also requested that any previously approved projects or funding allocations identified as not consistent with the strategic assessment or not clearly identified as an effective mission for the U. T. System Administration may be reallocated or eliminated.

Revenue

Total FY 2017 budgeted revenue for U. T. System Administration is \$324.7 million, a \$20.6 million (6.8 percent) increase over FY 2016. The increase is entirely attributable to the growth in the projected U. T. System share of the Available University Fund, offset by declines in Federal and State Sponsored Program revenue. On December 31, 2016, U. T. System will end participation in the federal subsidy program related to Medicare Part D prescription drug coverage for retirees. Medicare eligible retirees will be moved to an Employee Group Waiver Plan which should provide superior benefits to retirees but does not have subsidy payments flowing to plan sponsors. State Sponsored Program revenue decreased from the prior year as a result of receiving the biennial Joint Admission Medical Program appropriation in FY 2016, the first year of the biennium.

Expenses

Total FY 2017 budgeted expenses for U. T. System Administration are \$287.0 million, a \$40.5 million (16.4 percent) increase over FY 2016. Of this increase, \$22.4 million is directly attributable to interest on Permanent University Fund bonds. A significant portion of the remaining increases are largely the result of support for UTShare (\$12.3 million) and the Quantum Leaps initiatives. Recognizing the importance of its people to advance the U. T. System’s mission, a merit program of 2 percent with an additional pool of 1 percent for exceptional performance has been included in the proposed budget. Finally, amortization costs have increase related to several information technology projects which were recently completed.

The University of Texas System Administration
Operating Budget
Fiscal Year Ending August 31, 2017

	FY 2016 Projected	FY 2016 Adjusted Budget	FY 2017 Operating Budget	Budget Increases (Decreases) From 2016 to 2017	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ -	-	-	-	-
Federal Sponsored Programs	8,533,477	9,260,000	5,000,000	(4,260,000)	-46.0%
State Sponsored Programs	12,456,794	12,456,794	2,250,000	(10,206,794)	-81.9%
Local and Private Sponsored Programs	400,000	-	-	-	-
Net Sales and Services of Educational Activities	32,522,511	2,315,637	2,444,403	128,766	5.6%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	-	-	-	-	-
Other Operating Revenues	28,198,632	-	-	-	-
Total Operating Revenues	82,111,414	24,032,431	9,694,403	(14,338,028)	-59.7%
Operating Expenses:					
Instruction	-	-	-	-	-
Academic Support	8,949,916	8,267,034	8,267,034	-	0.0%
Research	-	-	-	-	-
Public Service	2,250,000	2,250,000	2,250,000	-	0.0%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	1,118,417,132	133,398,225	147,060,759	13,662,534	10.2%
Student Services	-	-	-	-	-
Operations and Maintenance of Plant	1,740,316	-	-	-	-
Scholarships and Fellowships	212,800	1,714,360	2,054,860	340,500	19.9%
Auxiliary Enterprises	-	-	-	-	-
Depreciation and Amortization	17,765,509	13,267,688	17,348,354	4,080,666	30.8%
Total Operating Expenses	1,149,335,673	158,897,307	176,981,007	18,083,700	11.4%
Operating Surplus/Deficit	(1,067,224,259)	(134,864,876)	(167,286,604)	(32,421,728)	24.0%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations	2,500,000	-	-	-	-
Federal Sponsored Programs (Nonoperating)	27,424,760	-	-	-	-
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	1,629,302	1,155,100	1,474,457	319,357	27.6%
Net Investment Income	668,462,402	547,890,566	611,176,191	63,285,625	11.6%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	700,016,464	549,045,666	612,650,648	63,604,982	11.6%
Transfers and Other:					
AUF Transfers Received for Operations	103,149,269	91,082,789	111,397,461	20,314,672	22.3%
AUF Transfers (Made) for Operations	(403,661,610)	(359,987,789)	(409,017,461)	(49,029,672)	13.6%
Transfers for Debt Service - Interest	(66,485,728)	(87,562,622)	(110,004,300)	(22,441,678)	25.6%
Total Transfers and Other	(366,998,069)	(356,467,622)	(407,624,300)	(51,156,678)	14.4%
Budget Margin (Deficit)	(734,205,864)	57,713,168	37,739,744	(19,973,424)	-34.6%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	(773,785,184)	-	-	-	-
Interest Expense on Capital Asset Financings	(305,669,013)	(315,557,291)	(393,857,861)	(78,300,570)	24.8%
Capital Approp., Gifts and Sponsored Programs	-	-	-	-	-
Additions to Permanent Endowments	120,000,000	112,501,474	132,630,936	20,129,462	17.9%
Transfers for Debt Service - Principal	(37,220,000)	(87,388,925)	(40,620,000)	46,768,925	-53.5%
Reverse Transfers for Debt Service (System Only)	707,316,811	754,510,438	847,726,202	93,215,764	12.4%
Transfers and Other	(254,742,254)	(51,311,265)	(89,197,593)	(37,886,328)	73.8%
SRECNA Change in Net Assets	\$(1,278,305,504)	470,467,599	494,421,428	23,953,829	5.1%
Total Revenues and AUF Transfers	\$ 481,615,537	304,173,097	324,725,051	20,551,954	6.8%
Total Expenses (Including Transfers for Interest)	(1,215,821,401)	(246,459,929)	(286,985,307)	(40,525,378)	16.4%
Budget Margin (Deficit)	\$(734,205,864)	57,713,168	37,739,744	(19,973,424)	
Reconciliation to Use of Prior Year Balances					
Depreciation		13,267,688	17,348,354		
Capital Outlay		(6,000,000)	(2,800,000)		
Transfers for Debt Service - Principal		(87,388,925)	(40,620,000)		
Budgeted Transfers		(1,175,485)	(1,184,835)		
Net Additions to (Uses of) Prior Year Balances		(23,583,554)	10,483,263		

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, 2017**

Introduction - Major Goals Addressed by FY 2017 Budget

The University of Texas at Arlington's Strategic Plan "Bold Solutions/Global Impact" charts an ambitious agenda with the goal of ensuring that U. T. Arlington will be one of the "best of the best", a thought leader, and an institution that sets standards for others to follow. With a focus on enabling a sustainable megacity and developed around four themes of (1) Health and the Human Condition, (2) Sustainable Urban Communities, (3) Global Environmental Impact, and (4) Data-Driven Discovery, the plan fosters the collaborative and cross-disciplinary thinking that the future demands and will help U. T. Arlington address the epic challenges that face the community – an urgent calling as the Dallas-Fort Worth-Arlington Metropolitan Area with almost seven million people today rapidly approaches megacity status.

Based on the plan, five areas of strategic priority were identified in the Institutional Scope of Work submitted to U. T. System in October 2015 namely: enhancing student access and increasing success; increasing faculty excellence and numbers and developing appropriate staff support; developing infrastructure and addressing maintenance and obsolescence; increasing the research and innovation enterprise; and enhancing donor support.

While maintaining a focus on achieving improved efficiencies, cost containment and revenue enhancement, U. T. Arlington is making further investments in key theme areas that support strategic priorities.

Revenue

Total annual operating revenue is expected to increase by 4.6 percent in FY 2017 due to increased enrollments in on-campus and accelerated online programs leading to additional tuition income. Additionally, the tuition increases approved by the U. T. System Board of Regents will generate 3.1 percent of the increase in tuition revenue.

High demand for campus housing and the maximization of capacity have led to an increase in housing, parking, and dining services revenue.

Total non-operating revenue is expected to increase by 4.4 percent as a result of additional state appropriations from formula funding and for tuition revenue bond funding appropriated during the 84th Texas legislative session. An increase in net investment income is also expected.

Expenses

U. T. Arlington's operating expenses are expected to increase by 4.3 percent in FY 2017. This is primarily due to a merit increase for qualifying faculty and staff effective September 1, 2016, subject to U. T. System Board of Regents approval, in addition to further investment in student support and instructional services, technology, student transportation needs, campus security initiatives, and faculty and staff market based salary adjustments.

The University of Texas at Arlington
Operating Budget
Fiscal Year Ending August 31, 2017

	FY 2016 Projected	FY 2016 Adjusted Budget	FY 2017 Operating Budget	Budget Increases (Decreases) From 2016 to 2017	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 247,184,586	233,913,138	253,843,849	19,930,711	8.5%
Federal Sponsored Programs	41,808,955	56,769,540	53,769,540	(3,000,000)	-5.3%
State Sponsored Programs	13,719,132	21,962,472	21,999,031	36,559	0.2%
Local and Private Sponsored Programs	9,798,433	13,199,681	12,702,277	(497,404)	-3.8%
Net Sales and Services of Educational Activities	20,035,555	25,586,676	24,727,165	(859,511)	-3.4%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	39,786,542	33,848,487	36,100,928	2,252,441	6.7%
Other Operating Revenues	9,669,324	6,737,850	6,934,007	196,157	2.9%
Total Operating Revenues	382,002,527	392,017,844	410,076,797	18,058,953	4.6%
Operating Expenses:					
Instruction	181,306,900	184,476,463	191,461,903	6,985,440	3.8%
Academic Support	46,398,612	49,295,145	51,824,689	2,529,544	5.1%
Research	69,551,653	65,944,273	68,662,309	2,718,036	4.1%
Public Service	8,562,553	8,398,225	10,017,140	1,618,915	19.3%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	54,655,106	58,538,839	60,556,488	2,017,649	3.4%
Student Services	59,669,620	67,528,039	69,870,520	2,342,481	3.5%
Operations and Maintenance of Plant	30,139,639	28,007,239	31,453,005	3,445,766	12.3%
Scholarships and Fellowships	26,181,562	29,484,505	28,326,380	(1,158,125)	-3.9%
Auxiliary Enterprises	42,598,255	45,028,999	49,393,181	4,364,182	9.7%
Depreciation and Amortization	48,377,158	48,268,770	48,802,217	533,447	1.1%
Total Operating Expenses	567,441,058	584,970,497	610,367,832	25,397,335	4.3%
Operating Surplus/Deficit	(185,438,531)	(192,952,653)	(200,291,035)	(7,338,382)	3.8%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations	131,482,991	131,482,991	138,749,561	7,266,570	5.5%
Federal Sponsored Programs (Nonoperating)	51,049,978	46,000,000	50,000,000	4,000,000	8.7%
State Sponsored Programs (Nonoperating)	7,159,022	7,159,022	3,080,758	(4,078,264)	-57.0%
Gifts in Support of Operations	4,980,889	6,993,585	6,535,755	(457,830)	-6.5%
Net Investment Income	12,608,642	10,586,329	12,692,949	2,106,620	19.9%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	207,281,522	202,221,927	211,059,023	8,837,096	4.4%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(11,740,979)	(11,618,936)	(14,532,993)	(2,914,057)	25.1%
Total Transfers and Other	(11,740,979)	(11,618,936)	(14,532,993)	(2,914,057)	25.1%
Budget Margin (Deficit)	10,102,012	(2,349,662)	(3,765,005)	(1,415,343)	60.2%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	-	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	1,002,225	6,064,981	6,196,591	131,610	2.2%
Additions to Permanent Endowments	3,949,871	5,042,510	5,546,761	504,251	10.0%
Transfers for Debt Service - Principal	(17,462,701)	(17,462,701)	(17,920,000)	(457,299)	2.6%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	5,598,140	7,524,484	54,507,000	46,982,516	624.4%
SRECNA Change in Net Assets	\$ 3,189,547	(1,180,388)	44,565,347	45,745,735	-3875.5%
Total Revenues and AUF Transfers	\$ 589,284,049	594,239,771	621,135,820	26,896,049	4.5%
Total Expenses (Including Transfers for Interest)	(579,182,037)	(596,589,433)	(624,900,825)	(28,311,392)	4.7%
Budget Margin (Deficit)	\$ 10,102,012	(2,349,662)	(3,765,005)	(1,415,343)	
Reconciliation to Use of Prior Year Balances					
Depreciation		48,268,770	48,802,217		
Capital Outlay		(24,608,789)	(26,339,743)		
Transfers for Debt Service - Principal		(17,462,701)	(17,920,000)		
Budgeted Transfers		(3,847,618)	(777,469)		
Net Additions to (Uses of) Prior Year Balances		-	-		

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, 2017**

Introduction - Major Goals Addressed by FY 2017 Budget

The University of Texas at Austin remains focused on advancing U. T. Austin to become one of the top public universities in the nation. U. T. Austin will continue to be innovative in educating undergraduate students to be tomorrow's leaders in a globally competitive and diverse environment while increasing opportunities to learn from its research mission in order to have the greatest impact and value to the people of Texas. U. T. Austin will transform lives by sharing its unique resources with the state, nation, and the world while being good stewards of taxpayer and tuition dollars to maximize the value from every dollar spent.

The faculty is at the heart of the education and research mission. To maintain competitiveness for faculty, it is essential to preemptively adjust the salaries of the best faculty across all departments. The Faculty Investment Initiative was funded to provide recurring salary support for the upper decile of senior faculty as identified by deans of the colleges and schools. U. T. Austin was able to fund an institutional merit pool of 2 percent for faculty. Deans will use this merit pool to address high-priority salary competitiveness for faculty not included in the Faculty Investment Initiative.

Undergraduate education and student success initiatives remain critical elements of this budget. In January, the university-wide Project 2021 was launched to work with faculty to create next generation undergraduate degrees by redesigning courses, incorporating experiential learning, integrating technology, and rigorously evaluating results.

U. T. Austin has a ten-year goal to double sponsored research. To accomplish this, funding strategies are being identified, including interdisciplinary opportunities and those that involve centers of excellence. U. T. Austin is investing in the research infrastructure and technology commercialization support, which are essential for faculty members and students to excel.

The Dell Medical School will welcome its inaugural class this summer. They will begin their medical education in the new Center for Health Building. With the support of Travis County taxpayers and the Board of Regents, three more new buildings will open for the medical center, creating the health care system of the future with person-centered, valued-added health care that provides for healthier communities.

Crucial to the University's success in meeting its teaching and research mission, and in being counted among the world's best institutions of higher education, is addressing the challenges of providing a diverse campus. The University must continue to devote financial resources to this critical element of excellence. The University and the nation benefit when students are educated in an environment rich in the very diversity that has made this nation great.

Revenue

The state general revenue funding for FY 2017 decreased by \$7.3 million. This reduction is due to one-time funding that ends in FY 2016, including a \$9.2 million decrease for the Darrell K. Royal (DKR) Alzheimer's Initiative, a \$3.7 million decrease for Emerging Technology funds, and a \$2.9 million decrease in Marine Science Institute funding for repairs. These reductions were partially offset by a \$5.8 million increase in tuition revenue bond funding. Tuition revenue increased about \$16.6 million due to the Board of Regents' approved 3 percent increase and the addition of tuition for medical students. The overall Available University Fund (AUF) amount increased by \$28.7 million, of which \$27.7 million is recurring and \$1 million is due to a one-time Board approved payout increase. Sponsored program revenue was adjusted to remove Emerging Technology Funds and to reflect historical actual revenue. Gift estimated revenue increased to align with historical actual revenue.

Expenses

Subject to approval by the Board of Regents, U. T. Austin plans to implement a modest average 2 percent strategic merit-based salary increase policy to remain a leading university that is competitive in attracting and retaining talented faculty and staff. State-funded expenses were adjusted for the noted reductions in the one-time funding of DKR Alzheimer's Initiative, Emerging Technology and Marine Science Institute. Faculty and staff salaries increased for the 2 percent salary policy, and staff benefits increased proportionally and for an average 5.5 percent increase in health care premiums. Reserves were budgeted to allow for the new Executive Vice President and Provost and Senior Vice President and Chief Financial Officer to collaborate on strategic priorities. The AUF increase will be used to fund academic initiatives.

The University of Texas at Austin
Operating Budget
Fiscal Year Ending August 31, 2017

	FY 2016 Projected	FY 2016 Adjusted Budget	FY 2017 Operating Budget	Budget Increases (Decreases) From 2016 to 2017	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 480,200,000	482,920,878	496,832,028	13,911,150	2.9%
Federal Sponsored Programs	401,000,000	401,442,162	416,666,575	15,224,413	3.8%
State Sponsored Programs	64,500,000	62,175,249	58,462,385	(3,712,864)	-6.0%
Local and Private Sponsored Programs	126,700,000	136,525,754	128,202,334	(8,323,420)	-6.1%
Net Sales and Services of Educational Activities	253,400,000	243,837,012	255,203,986	11,366,974	4.7%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	285,800,000	288,649,284	305,190,769	16,541,485	5.7%
Other Operating Revenues	7,700,000	4,082,506	4,867,726	785,220	19.2%
Total Operating Revenues	1,619,300,000	1,619,632,845	1,665,425,803	45,792,958	2.8%
Operating Expenses:					
Instruction	660,000,000	750,162,713	810,381,971	60,219,258	8.0%
Academic Support	217,500,000	343,433,812	325,035,872	(18,397,940)	-5.4%
Research	473,500,000	501,603,073	478,987,891	(22,615,182)	-4.5%
Public Service	123,200,000	110,984,881	112,255,445	1,270,564	1.1%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	159,500,000	147,345,681	118,550,907	(28,794,774)	-19.5%
Student Services	59,700,000	61,753,931	62,299,748	545,817	0.9%
Operations and Maintenance of Plant	164,700,000	147,230,048	148,396,446	1,166,398	0.8%
Scholarships and Fellowships	133,500,000	162,031,681	157,556,438	(4,475,243)	-2.8%
Auxiliary Enterprises	282,800,000	288,419,353	309,082,567	20,663,214	7.2%
Depreciation and Amortization	247,500,000	242,186,000	259,000,000	16,814,000	6.9%
Total Operating Expenses	2,521,900,000	2,755,151,173	2,781,547,285	26,396,112	1.0%
Operating Surplus/Deficit	(902,600,000)	(1,135,518,328)	(1,116,121,482)	19,396,846	-1.7%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations	357,600,000	357,589,814	350,331,676	(7,258,138)	-2.0%
Federal Sponsored Programs (Nonoperating)	44,000,000	44,000,000	43,000,000	(1,000,000)	-2.3%
State/Local Sponsored Programs (Nonoperating)	-	35,000,000	35,000,000	-	0.0%
Gifts in Support of Operations	150,500,000	127,489,642	138,679,704	11,190,062	8.8%
Net Investment Income	230,900,000	213,426,947	221,382,535	7,955,588	3.7%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	783,000,000	777,506,403	788,393,915	10,887,512	1.4%
Transfers and Other:					
AUF Transfers Received for Operations	300,512,341	268,905,000	297,620,000	28,715,000	10.7%
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(50,200,000)	(44,456,530)	(53,676,894)	(9,220,364)	20.7%
Total Transfers and Other	250,312,341	224,448,470	243,943,106	19,494,636	8.7%
Budget Margin (Deficit)	130,712,341	(133,563,455)	(83,784,461)	49,778,994	-37.3%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	-	-	-	-	-
Interest Expense on Capital Asset Financings	(1,266,236)	(1,150,000)	(1,200,000)	(50,000)	4.3%
Capital Approp., Gifts and Sponsored Programs	32,887,215	100,000,000	60,000,000	(40,000,000)	-40.0%
Additions to Permanent Endowments	62,327,791	55,000,000	57,000,000	2,000,000	3.6%
Transfers for Debt Service - Principal	(53,000,000)	(48,614,000)	(56,539,568)	(7,925,568)	16.3%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	(12,486,445)	33,500,000	56,000,000	22,500,000	67.2%
SRECNA Change in Net Assets	\$ 159,174,666	5,172,545	31,475,971	26,303,426	508.5%
Total Revenues and AUF Transfers	\$ 2,702,812,341	2,666,044,248	2,751,439,718	85,395,470	3.2%
Total Expenses (Including Transfers for Interest)	(2,572,100,000)	(2,799,607,703)	(2,835,224,179)	(35,616,476)	1.3%
Budget Margin (Deficit)	\$ 130,712,341	(133,563,455)	(83,784,461)	49,778,994	
Reconciliation to Use of Prior Year Balances					
Depreciation		242,186,000	259,000,000		
Capital Outlay		(50,832,189)	(86,763,579)		
Transfers for Debt Service - Principal		(48,614,000)	(56,539,568)		
Budgeted Transfers		(29,721,127)	(27,625,008)		
Net Additions to (Uses of) Prior Year Balances		(20,544,771)	4,287,384		

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 2016-17

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

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

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

Excellence in Mission: **\$ 184,686,760**
Instructional Excellence

Enhanced Academic Programs \$ 104,581,241

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. For FY 16-17, it also includes reserves to be allocated by new executive leadership (Executive Vice President & Provost and Senior Vice President & CFO).

Instructional Program Services 3,732,136

These services include educational innovation, student success initiatives, college computing services, instructional and technology enhanced teaching support, provision of Web-based student-faculty communication platforms, teaching effectiveness services, credit by examination, new and experienced faculty training, assessment methods, student course-instructor evaluations, the UT Elementary School, and coordination of University-wide K-12 activities.

Instructional Initiatives and Programs 24,518,354

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.

Other instructional initiatives and programs include course transformation and innovation and visiting lecturers. Students have access to specialized centers for arts & entertainment technology; clinical legal, pharmacy and nursing experiences; fine arts productions; and the UTeach program.

Academic Infrastructure (Libraries, Instructional Technology) 30,303,886

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 3,700,051

These services encompass new student orientation, career services, welcoming and mentoring programs, student organizations, campus and community involvement, Greek life, services for students with disabilities, student governance, judicial services and volunteer and service learning, and study abroad programs.

Research Excellence

Research Competitiveness 14,432,426

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

Outreach Excellence

Academic Program/Community Interface 3,418,666

These programs help define and characterize the role of a flagship institution within the larger community and include such units as: Texas Performing Arts, Blanton Museum, and Winedale Historical Center.

Recruitment and Retention of Talent:		55,812,850
---	--	-------------------

Faculty	3,093,301	
---------	-----------	--

UT Austin is committed to continuing to advance as one of the world's finest universities. Achieving this goal is directly connected to our ability to recruit and retain faculty of the highest caliber. UT Austin must compete for this top talent.

K-12 Outreach and Undergraduate Students	16,018,433	
--	------------	--

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

Graduate Students	36,701,116	
-------------------	------------	--

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		30,187,750
--	--	-------------------

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

Dell Medical School

24,977,265

The Dell Medical School at The University of Texas at Austin will improve health in Travis County and throughout the country by training new physicians, providing treatment in a new teaching hospital and conducting research to expand knowledge of medicine and medical technology.

UT System**1,955,375**

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.

Details

Excellence in Mission

Instructional Excellence

Enhanced Academic Programs		104,581,241
Colleges and Schools	48,913,666	
Academic Departments and Centers	55,667,575	
 Instructional Program Services		3,732,136
Texas Language Center	94,490	
Natural Sciences Dean's Office Communication Group	656,388	
Education Communication Group	618,353	
Fine Arts Office of Computing Technologies	205,713	
Project 2021 - Educational Innovation	1,760,854	
Undergraduate Studies - Assessment	171,525	
UT Elementary School	121,245	
Student Success Initiatives	103,568	
 Instructional Initiatives and Programs		24,518,354
Visiting Lecturers and Academic development	105,000	
Provost Initiatives and Innovations	22,078,622	
Bilingual Education	82,949	
Fine Arts Projects	98,378	
Center for Arts & Entertainment Technologies	122,175	
Nursing Children's Wellness Center	92,092	
Nursing Learning Center	10,000	
Clinical Legal Education	125,083	
UTeach E Outreach	182,019	
UTeach Master Teacher Institute	288,740	
Undergraduate Programs	90,233	
Signature Courses	1,236,371	
Core Curriculum Development	6,692	
 Academic Infrastructure		30,303,886
Instructional Technology	6,747,408	
Libraries	23,556,478	
 Student Programs and Services		3,700,051
Dean of Students	2,725,732	
Deaf Interpreter Services	781,853	
Mathematics Lab	74,183	
International Office	24,362	
Study Abroad	93,921	

Research Excellence		14,432,426
Research Competitiveness		
Research grant infrastructure, compliance and support		
VP For Research - Research Support And Compliance Office	917,169	
Institutional Capital Projects	818,684	
Research Grants	55,100	
Animal Resources Center	578,997	
Texas Advanced Computing Center	3,333,023	
College of Liberal Arts - Research	322,425	
Statistics & Scientific Computation Program	421,608	
Research Initiatives		
Organized Research Units	5,868,516	
University Of Texas Press	1,008,363	
Undergraduate Research	6,237	
Center For Studies In Texas History	374,351	
Research Instruments Laboratory	100,635	
Integrative Biology - Biodiversity Collections	352,410	
Clements Center for National Security	274,908	
Outreach Excellence		3,418,666
Academic Program/Community Interface		
Texas Performing Arts	1,658,719	
Jack S. Blanton Museum of Art	1,634,024	
Winedale Historical Center	125,923	
Recruitment and Retention of Talent:		55,812,850
Initiatives to ensure quality and diversity		
Faculty	3,093,301	
Faculty Development Program	2,236,833	
Faculty Recruitment	856,468	
Undergraduate Students	16,018,433	
Admission	2,104,443	
Registrar	1,712,911	
Freshman Admissions Center	1,359,759	
University Outreach Centers	416,860	
Multicultural Engagement Center	85,627	
Tuition and Fees Scholarship	69,129	
Student Gateway Program	155,222	
U T Learning Center - Student Retention - Tutorial Services	3,905	
Student Services	1,179,043	
Former Student Records	465,398	
Satellite Admissions Office	2,212,848	
Student Financial Services	3,062,928	
Center for Strategic Advising	42,201	
Hardship Waivers	3,113,159	
Institutional Tuition Rebates	35,000	

Graduate Students	36,701,116
Dean of Graduate Studies	1,947,979
Tuition Benefits - Teaching Asst/Asst Instructor	22,760,327
Graduate Fellowships and Scholarships	9,189,575
Graduate Research Fellowships and Scholarships	200,000
Graduate and International Admissions	357,892
School Of Law Scholarships	1,214,429
Law Admissions Outreach	362,109
L B J School Of Public Affairs Fellowships and Scholarship	225,000
Natural Sciences Dean's Excellence Graduate Awards	180,000
Natural Sciences Graduate Education	263,805

Institutional Accountability and Enhanced Connections to the Public **30,187,750**

Office of President - Staff Ombuds	84,635
Office of the Executive Vice President And Provost	6,686,105
Institutional Accreditation And Effectiveness	459,074
Institutional Reporting, Research, and Information Systems	1,968,193
Vice President for University Operations	1,211,689
Campus Security and Safety	135,276
University Communications	3,368,234
Equal Employment Opportunity	336,505
Division of Diversity and Community Engagement	643,566
VP University Operations Communications Department	503,386
IQ Project	1,211,671
ADA Accommodations	98,930
General Faculty Office	245,813
Institutional Memberships	332,800
Liberal Arts Public Affairs	368,067
Liberal Arts Business Affairs	1,110,461
Liberal Arts Centralized Business Office	533,041
Natural Sciences Business Services	36,000
Development - support for scholarships, facilities, research, academic programs, faculty endowments, etc.	10,854,304

Dell Medical School **24,977,265**

UT System **1,955,375**

Telecomm Services Office - UT System Support	1,221,348
Telecomm Infrastructure - Network Bandwidth	204,802
Information Technology Assessments - UT Austin Support	529,225

TOTAL \$ 297,620,000

**The University of Texas at Brownsville
Operating Budget Highlights
For the Year Ending August 31, 2017**

The transfer of assets, facilities, operations, programs, and liabilities of The University of Texas at Brownsville is subject to the need to maintain a minimal administrative structure for the sole purpose of facilitating the continued partnership with Texas Southmost College (TSC), until that institution achieves accreditation independent of U. T. Brownsville. The budget for FY 2017 is prepared under the assumption that TSC will achieve accreditation independent of U. T. Brownsville and that complete dissolution of the partnership and U. T. Brownsville will occur prior to the start of FY 2017.

Background Information

Senate Bill 24 of the 83rd Texas Legislature created a new university in south Texas and granted to The University of Texas System Board of Regents the duty to provide for the organization, administration, location, and name of the University. In addition to creating the new University, which the Board of Regents named The University of Texas Rio Grande Valley, Senate Bill 24 gave to the Board all the powers and duties provided by law in relation to U. T. Brownsville and The University of Texas-Pan American and acknowledged that the assets, facilities, operations, programs, and liabilities would be transferred to U. T. Rio Grande Valley in anticipation of the abolition of those two universities. Consistent with the Board of Regents' general authority and with its specific authority in relation to U. T. Rio Grande Valley, Senate Bill 24 directed the Board to choose a date of abolition of the two existing universities that the Board determines is appropriate to achieve maximum operating efficiency of The University of Texas System. As a result, The University of Texas-Pan American was previously dissolved.

Senate Bill 24 also required that the partnership agreement between U. T. Brownsville and TSC be continued at least until September 1, 2015, to the extent necessary to ensure accreditation of the respective entities.

TSC has not achieved accreditation independent of U. T. Brownsville. Accordingly, even though the statutory obligation of the University to remain in partnership with the College District expired September 1, 2015, the U. T. System has continued in partnership with TSC. For accreditation purposes, U. T. Brownsville and TSC are a single institution; as a result, for TSC students to have classes offered by an accredited institution and to receive federal financial aid, the College has continued to operate under the accreditation of The University of Texas at Brownsville/Texas Southmost College (as the institution is recognized by the accrediting agency). For this purpose, even as the assets, facilities, programs, liabilities, and other operations of U. T. Brownsville were transferred to U. T. Rio Grande Valley, the accrediting agency requires a facility and minimal administrative structure to remain for U. T. Brownsville, including a full-time chief executive officer.

The University of Texas at Brownsville
Operating Budget
Fiscal Year Ending August 31, 2017

	FY 2016 Projected	FY 2016 Adjusted Budget	FY 2017 Operating Budget	Budget Increases (Decreases) From 2016 to 2017	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ -	-	-	-	-
Federal Sponsored Programs	-	-	-	-	-
State Sponsored Programs	-	-	-	-	-
Local and Private Sponsored Programs	-	-	-	-	-
Net Sales and Services of Educational Activities	-	-	-	-	-
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	-	-	-	-	-
Other Operating Revenues	-	-	-	-	-
Total Operating Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Operating Expenses:					
Instruction	-	-	-	-	-
Academic Support	-	-	-	-	-
Research	-	-	-	-	-
Public Service	-	-	-	-	-
Hospitals and Clinics	-	-	-	-	-
Institutional Support	-	-	-	-	-
Student Services	-	-	-	-	-
Operations and Maintenance of Plant	-	-	-	-	-
Scholarships and Fellowships	-	-	-	-	-
Auxiliary Enterprises	-	-	-	-	-
Depreciation and Amortization	591,425	591,425	-	(591,425)	-100.0%
Total Operating Expenses	<u>591,425</u>	<u>591,425</u>	<u>-</u>	<u>(591,425)</u>	<u>-100.0%</u>
Operating Surplus/Deficit	<u>(591,425)</u>	<u>(591,425)</u>	<u>-</u>	<u>591,425</u>	<u>-100.0%</u>
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations	-	-	-	-	-
Federal Sponsored Programs (Nonoperating)	-	-	-	-	-
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	-	-	-	-	-
Net Investment Income	-	-	-	-	-
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	-	-	-	-	-
Total Transfers and Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Budget Margin (Deficit)	<u>(591,425)</u>	<u>(591,425)</u>	<u>-</u>	<u>591,425</u>	<u>-100.0%</u>
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	-	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	-	-	-	-	-
Additions to Permanent Endowments	-	-	-	-	-
Transfers for Debt Service - Principal	-	-	-	-	-
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	-	-	-	-	-
SRECNA Change in Net Assets	<u>\$ (591,425)</u>	<u>(591,425)</u>	<u>-</u>	<u>591,425</u>	<u>-100.0%</u>
Total Revenues and AUF Transfers	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenses (Including Transfers for Interest)	<u>(591,425)</u>	<u>(591,425)</u>	<u>-</u>	<u>591,425</u>	<u>-100.0%</u>
Budget Margin (Deficit)	<u>\$ (591,425)</u>	<u>(591,425)</u>	<u>-</u>	<u>591,425</u>	
Reconciliation to Use of Prior Year Balances					
Depreciation		591,425	-		
Capital Outlay		-	-		
Transfers for Debt Service - Principal		-	-		
Budgeted Transfers		-	-		
Net Additions to (Uses of) Prior Year Balances		<u>-</u>	<u>-</u>		

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, 2017

Introduction - Major Goals Addressed by FY 2017 Budget

The University of Texas at Dallas continues to refine budget transparency and align budget decisions closely with the University's focused strategic plan. Expansion of student enrollment, improvement in undergraduate student access and success, and continued expansion of research activities remain high priorities. The FY 2017 budget reflects investments in new faculty, student success programs, support for research, and facilities operations. Key elements of U. T. Dallas's strategic plan are continued growth in student enrollment, faculty, and research activities. The FY 2017 budget reflects a \$3.1 million reallocation from administrative units to academic units to support enrollment growth and excellence in academic programs. U. T. Dallas is anticipating another record year of enrollment. Last fall, enrollment stood at 24,554 (up 6.3 percent from the previous year), and this fall an enrollment of approximately 26,318 students, or a 7.2 percent increase, was budgeted. The budget provides additional funding for growth and expansion including new faculty, additional instructional support, and increased debt payments for new or upgraded facilities.

U. T. Dallas is committed to maintaining quality through managed growth and continuous improvement initiatives such as investments in faculty excellence, research emphasizing competitive faculty and awards, building capacity in Ph.D. programs, ensuring high quality and focusing on improving time to graduation, as well as improvements in efficiency and productivity through participation in shared services and technology improvements. The primary challenges for U. T. Dallas in maintaining quality during this period of rapid growth are centered in a need for additional instructional space, especially for the Science, Technology, Engineering, and Mathematics programs, and lagging formula funding.

Revenue

Total projected revenue for FY 2017 is approximately \$605.7 million, an increase of \$19.5 million over FY 2016. Incremental operating revenue is due mainly to increases in tuition and fees (\$35.2 million), consisting of rate increases of 2.9 percent in undergraduate tuition, 3.9 percent in resident graduate, and 4.5 percent in non-resident graduate (\$5.0 million), plus enrollment growth estimated at 7 percent (\$30.2 million). As U. T. Dallas offers a guaranteed tuition program, only incoming students will experience the tuition increase. In the category of State Sponsored Programs, TEXAS Research Incentive Program (TRIP) funding for FY 2017 decreased by \$24.6 million. The increase to auxiliary revenues (\$5.7 million) is derived from an increase to parking, dining and housing charges. The increase in State Appropriations of \$6.8 million is due to the approved Tuition Revenue Bond (TRB) funding for the new Engineering Building (\$5.4 million) plus additional state paid benefits (\$1.3 million).

Expenses

Projected expenses for FY 2017, including Transfers for Interest, total approximately \$619.7 million, an increase of \$8.7 million over FY 2016. The FY 2017 budget includes the decrease in TRIP funding (\$24.6 million), increased funding for new faculty hires (\$5.0 million), increased academic support (\$5.0 million), a merit program for faculty and staff (\$4.3 million), increased benefits costs (\$3.3 million), increase in depreciation (\$8.0 million), increase in Research Assistant Tuition and Fee expense (\$2.5 million), and increases related to growth in Auxiliary Enterprises (\$6.0 million). Transfers for Debt Service - Interest increased 19.4 percent related to debt for newly constructed buildings, including the TRB amount for the new Engineering building. Net Use of Prior Year Balances is projected at a positive \$8.0 million, a net improvement of \$13.7 million over FY 2016.

The University of Texas at Dallas
Operating Budget
Fiscal Year Ending August 31, 2017

	FY 2016 Projected	FY 2016 Adjusted Budget	FY 2017 Operating Budget	Budget Increases (Decreases) From 2016 to 2017	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 282,006,339	264,904,749	300,123,577	35,218,828	13.3%
Federal Sponsored Programs	34,571,090	39,127,589	35,542,791	(3,584,798)	-9.2%
State Sponsored Programs	9,955,780	12,174,129	11,905,070	(269,059)	-2.2%
Local and Private Sponsored Programs	13,367,964	11,739,652	12,792,896	1,053,244	9.0%
Net Sales and Services of Educational Activities	18,627,537	13,684,332	12,104,194	(1,580,138)	-11.5%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	28,535,767	34,923,795	40,641,239	5,717,444	16.4%
Other Operating Revenues	4,968,397	2,588,943	3,179,891	590,948	22.8%
Total Operating Revenues	392,032,874	379,143,189	416,289,658	37,146,469	9.8%
Operating Expenses:					
Instruction	175,462,300	165,712,577	177,772,001	12,059,424	7.3%
Academic Support	64,645,361	65,137,588	73,393,647	8,256,059	12.7%
Research	86,643,383	113,213,058	83,180,853	(30,032,205)	-26.5%
Public Service	10,729,485	8,410,530	7,757,098	(653,432)	-7.8%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	52,393,217	51,514,859	52,856,880	1,342,021	2.6%
Student Services	16,620,393	16,917,200	18,588,417	1,671,217	9.9%
Operations and Maintenance of Plant	34,447,746	30,391,215	29,738,385	(652,830)	-2.1%
Scholarships and Fellowships	28,865,020	32,675,655	30,866,380	(1,809,275)	-5.5%
Auxiliary Enterprises	38,254,394	41,892,741	47,928,869	6,036,128	14.4%
Depreciation and Amortization	63,582,000	62,000,000	70,000,000	8,000,000	12.9%
Total Operating Expenses	571,643,299	587,865,423	592,082,530	4,217,107	0.7%
Operating Surplus/Deficit	(179,610,425)	(208,722,234)	(175,792,872)	32,929,362	-15.8%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations	110,622,488	112,166,733	119,018,809	6,852,076	6.1%
Federal Sponsored Programs (Nonoperating)	46,988,121	23,158,610	23,264,093	105,483	0.5%
State Sponsored Programs (Nonoperating)	6,973,939	32,383,099	7,728,440	(24,654,659)	-76.1%
Gifts in Support of Operations	13,000,000	16,093,627	14,922,979	(1,170,648)	-7.3%
Net Investment Income	23,695,895	23,268,123	24,501,440	1,233,317	5.3%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	201,280,443	207,070,192	189,435,761	(17,634,431)	-8.5%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(21,051,067)	(23,131,272)	(27,628,652)	(4,497,380)	19.4%
Total Transfers and Other	(21,051,067)	(23,131,272)	(27,628,652)	(4,497,380)	19.4%
Budget Margin (Deficit)	618,951	(24,783,314)	(13,985,763)	10,797,551	-43.6%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	-	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	8,438,700	2,000,000	8,438,700	6,438,700	321.9%
Additions to Permanent Endowments	4,405,500	5,200,000	4,405,500	(794,500)	-15.3%
Transfers for Debt Service - Principal	(26,613,902)	(26,613,902)	(31,753,000)	(5,139,098)	19.3%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	104,329,290	35,000,000	94,500,000	59,500,000	170.0%
SRECNA Change in Net Assets	\$ 91,178,539	(9,197,216)	61,605,437	70,802,653	-769.8%
Total Revenues and AUF Transfers	\$ 593,313,317	586,213,381	605,725,419	19,512,038	3.3%
Total Expenses (Including Transfers for Interest)	(592,694,366)	(610,996,695)	(619,711,182)	(8,714,487)	1.4%
Budget Margin (Deficit)	\$ 618,951	(24,783,314)	(13,985,763)	10,797,551	
Reconciliation to Use of Prior Year Balances					
Depreciation		62,000,000	70,000,000		
Capital Outlay		(16,337,500)	(16,272,270)		
Transfers for Debt Service - Principal		(26,613,902)	(31,753,000)		
Budgeted Transfers		-	-		
Net Additions to (Uses of) Prior Year Balances		(5,734,716)	7,988,967		

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, 2017**

Introduction - Major Goals Addressed by FY 2017 Budget

The University of Texas at El Paso will continue to build on past successes in fulfilling its highly acclaimed access and excellence mission and achieving the vision of becoming the first national research university with a 21st century demographic during the upcoming fiscal year. The University's success in providing largely first-generation, low-income and Hispanic student population access to competitive educational opportunities continues to gain highly positive national recognition. The FY 2017 budget emphasizes the following four strategic priorities: student success, recruitment and retention of diverse faculty, regional economic development, and technology enhancements.

U. T. El Paso will advance student achievement and social mobility by implementing a highly integrated student success initiative that will expand student engagement in innovative applied learning activities, experiences, and groundbreaking professional development programs. The student success initiative prioritizes activities in two specific areas: use of integrative and applied learning curriculum development to advance student success and redesigned faculty and staff development programs focused on key student success priorities of engagement, professional preparation, leadership, retention, and degree completion.

The University will continue to leverage resources to increase capacity for research and scholarship including the expansion and development of research facilities, such as the new inter-disciplinary research building, to foster the recruitment of highly competitive and diverse faculty. U. T. El Paso has gained national recognition for success in expanding student access to higher education by recruiting highly talented nationally competitive faculty who are not only excellent teachers but also highly productive researchers. Assisted by the grants development team in the Office of Research and Sponsored Projects, faculty have greatly expanded the University's externally funded research portfolio. However, in order to sustain the access and excellence mission, the University must continue to allocate resources to ensure the recruitment and retention of diverse research productive faculty.

Revenue

Total projected revenues for FY 2017 are expected to increase by 4.0 percent to \$434.4 million. Tuition and fee revenue is increasing to \$117.4 million as a result of an approved tuition increase and modest enrollment growth of 1.5 percent. State appropriations reflect additional funding for the inter-disciplinary research facility tuition revenue bonds and an increase in funding for staff group insurance premiums.

Expenses

Total expenses, including transfers for interest, are expected to increase to \$445.4 million. The budget allocates funds for a 2.5 percent merit pool for faculty and staff. Additional investments include student success initiatives such as student advising, financial literacy, and on campus employment. U. T. El Paso also anticipates increased activity related to the expansion of its online degree programs.

The University of Texas at El Paso
Operating Budget
Fiscal Year Ending August 31, 2017

	FY 2016 Projected	FY 2016 Adjusted Budget	FY 2017 Operating Budget	Budget Increases (Decreases) From 2016 to 2017	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 111,054,831	109,012,635	117,435,595	8,422,960	7.7%
Federal Sponsored Programs	55,153,252	52,212,172	53,057,822	845,650	1.6%
State Sponsored Programs	22,888,515	25,520,377	24,180,951	(1,339,426)	-5.2%
Local and Private Sponsored Programs	6,504,294	7,205,684	7,329,984	124,300	1.7%
Net Sales and Services of Educational Activities	7,753,214	4,292,264	8,787,613	4,495,349	104.7%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	33,973,534	35,470,719	35,202,031	(268,688)	-0.8%
Other Operating Revenues	60,000	60,000	60,000	-	0.0%
Total Operating Revenues	237,387,640	233,773,851	246,053,996	12,280,145	5.3%
Operating Expenses:					
Instruction	109,741,937	113,690,922	122,383,011	8,692,089	7.6%
Academic Support	22,497,219	24,224,914	24,179,037	(45,877)	-0.2%
Research	70,168,721	66,118,412	65,165,394	(953,018)	-1.4%
Public Service	10,041,444	10,820,041	11,095,896	275,855	2.5%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	29,637,128	33,188,908	33,074,535	(114,373)	-0.3%
Student Services	18,784,887	18,269,984	19,934,881	1,664,897	9.1%
Operations and Maintenance of Plant	28,935,155	27,732,929	30,450,926	2,717,997	9.8%
Scholarships and Fellowships	58,039,848	49,923,395	47,235,963	(2,687,432)	-5.4%
Auxiliary Enterprises	45,854,932	45,128,871	45,765,531	636,660	1.4%
Depreciation and Amortization	31,973,201	33,728,573	33,750,223	21,650	0.1%
Total Operating Expenses	425,674,472	422,826,949	433,035,397	10,208,448	2.4%
Operating Surplus/Deficit	(188,286,832)	(189,053,098)	(186,981,401)	2,071,697	-1.1%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations	108,000,878	107,634,278	114,631,887	6,997,609	6.5%
Federal Sponsored Programs (Nonoperating)	54,665,421	53,000,000	53,398,988	398,988	0.8%
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	6,379,063	9,689,326	7,370,000	(2,319,326)	-23.9%
Net Investment Income	13,543,098	13,387,500	12,930,000	(457,500)	-3.4%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	182,588,460	183,711,104	188,330,875	4,619,771	2.5%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(9,368,307)	(9,368,307)	(12,344,639)	(2,976,332)	31.8%
Total Transfers and Other	(9,368,307)	(9,368,307)	(12,344,639)	(2,976,332)	31.8%
Budget Margin (Deficit)	(15,066,679)	(14,710,301)	(10,995,165)	3,715,136	-25.3%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	833,861	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	476,100	321,814	476,100	154,286	47.9%
Additions to Permanent Endowments	4,283,074	2,131,663	3,175,815	1,044,152	49.0%
Transfers for Debt Service - Principal	(13,944,588)	(13,944,588)	(16,122,000)	(2,177,412)	15.6%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	31,338,647	20,517,440	21,303,515	786,075	3.8%
SRECNA Change in Net Assets	\$ 7,920,415	(5,683,972)	(2,161,735)	3,522,237	-62.0%
Total Revenues and AUF Transfers	\$ 419,976,100	417,484,955	434,384,871	16,899,916	4.0%
Total Expenses (Including Transfers for Interest)	(435,042,779)	(432,195,256)	(445,380,036)	(13,184,780)	3.1%
Budget Margin (Deficit)	\$ (15,066,679)	(14,710,301)	(10,995,165)	3,715,136	
Reconciliation to Use of Prior Year Balances					
Depreciation		33,728,573	33,750,223		
Capital Outlay		(3,980,396)	(4,484,624)		
Transfers for Debt Service - Principal		(13,944,588)	(16,122,000)		
Budgeted Transfers		470,727	158,414		
Net Additions to (Uses of) Prior Year Balances		1,564,015	2,306,848		

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, 2017**

Introduction - Major Goals Addressed by FY 2017 Budget

The University of Texas of the Permian Basin seeks to provide greater access to higher education for Texans, particularly west Texans; to award degrees of value; to conduct meaningful research; to improve the overall quality of life of the West Texas region; and, to do so while being a good steward of resources entrusted to it. To advance efforts to obtain these goals, U. T. Permian Basin has six institutional initiatives: 1) to grow enrollment, 2) to increase student retention and graduation rates, 3) to enhance the quality of its academic programs, 4) to further develop its research initiatives, 5) to maintain and create new community partnerships, and 6) to strengthen public trust and accountability.

Greater access for all Texans is being provided through expanded online and technology assisted degree programs. Efforts to offer degrees of value are being enhanced by expanding degree program options in science, technology, engineering, nursing, and mathematics and other critical need areas. Petroleum and Mechanical Engineering Program enrollments continue to grow at well above anticipated levels; and the University's Bachelor of Science Nursing Program graduated its first class in May 2015. Near term goals to grow enrollment and enhance retention and graduation rates are being pursued through strategies aimed at increasing the visibility and profile of the University throughout Texas and by expanding on-line degree program offerings. U. T. Permian Basin's dual credit and remote Early College High School initiatives continue to build growing interest and participation across the State.

U. T. Permian Basin's initiative with Academic Partnerships (AP) is another key strategic element as the ten completely online degree programs (three masters and seven baccalaureate) first introduced in FY 2013 are generating enrollment increases that continue to exceed expectations. The compressed format – six eight-week “terms” per year – and AP's program of continued contact with registered students have both proven to encourage continued academic progress.

Completion of construction of a new residence hall and dining facility in August 2016 and further investment in the expansion of various Student Success Initiatives for retention like the Education Advisory Board (EAB) in the Student Success Center are also keys to achieving goals for student retention and improving the sense of community for resident students.

Revenue

Resident undergraduate and graduate tuition and fee rates were increased in FY 2017. U. T. Permian Basin sought and was granted a decrease in nonresident tuition in an effort to attract students from outside the State and to align with other institutions of higher education operating within the catchment area. This change has shown some small increases in enrollment and U. T. Permian Basin will make further efforts to promote the lower rates in FY 2017. Total projected revenue for FY 2016 is approximately \$81.0 million, an increase of \$9.8 million over FY 2016. This increase in the overall revenue budget over the prior year reflects additional Tuition Revenue Bond and benefit appropriations, as well as increases in Tuition and Fees and Auxiliary Enterprises. Additionally, projected increased tuition and fee revenue is also derived from continued enrollment growth. The increase to auxiliary revenues is derived from projected housing charges and the opening of a new 300 bed residence hall and dining facility.

Expenses

A staff and faculty salary merit increase pool of 2.0 percent based on FY 2016 salaries has been created, and budgeted increases will be implemented on September 1, 2016. Salary increases will be awarded only on the basis of merit. Merit increases are a critical component of plans designed to retain existing employees. Fringe benefits budgets reflect increases for proportional increases in salaries. Projected expenses for FY 2017, including Transfers for Interest, total approximately \$81.7 million, an increase of \$8.9 million over FY 2016. The FY 2017 budget includes a merit program for faculty and staff (\$481,000), additional funding for the Police Department (\$200,000), funding for the EAB Initiative (\$200,000), increased instructional costs (\$1.3 million), increases related to growth in Auxiliary Enterprises (\$1.9 million) and an increase in institutionally funded scholarships (\$2.7 million). Transfers for Debt Service - Interest increased 33.1 percent related to debt for newly constructed buildings including debt for the new Residence Hall and Dining Facility that will come online in Fall 2016 and the start of construction of the new \$52 million Engineering Building on the Midland campus funded by Tuition Revenue Bonds.

The University of Texas of the Permian Basin
Operating Budget
Fiscal Year Ending August 31, 2017

	FY 2016 Projected	FY 2016 Adjusted Budget	FY 2017 Operating Budget	Budget Increases (Decreases) From 2016 to 2017	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 16,802,243	17,037,612	18,853,179	1,815,567	10.7%
Federal Sponsored Programs	4,760,383	1,695,809	1,167,483	(528,326)	-31.2%
State Sponsored Programs	1,549,399	1,383,383	1,635,775	252,392	18.2%
Local and Private Sponsored Programs	1,194,645	52,220	378,219	325,999	624.3%
Net Sales and Services of Educational Activities	2,098,937	2,409,681	2,696,745	287,064	11.9%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	4,773,109	7,078,758	9,586,337	2,507,579	35.4%
Other Operating Revenues	350,597	200,000	232,500	32,500	16.3%
Total Operating Revenues	31,529,313	29,857,463	34,550,238	4,692,775	15.7%
Operating Expenses:					
Instruction	21,170,137	20,187,064	21,564,090	1,377,026	6.8%
Academic Support	4,293,294	5,534,232	5,553,619	19,387	0.4%
Research	781,420	1,581,260	1,756,367	175,107	11.1%
Public Service	6,135,126	1,051,117	1,084,452	33,335	3.2%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	6,584,050	5,679,470	5,863,539	184,069	3.2%
Student Services	2,501,740	3,295,118	3,503,314	208,196	6.3%
Operations and Maintenance of Plant	5,065,004	6,718,144	6,839,344	121,200	1.8%
Scholarships and Fellowships	5,783,123	3,189,303	5,943,939	2,754,636	86.4%
Auxiliary Enterprises	6,839,081	5,047,852	6,965,602	1,917,750	38.0%
Depreciation and Amortization	13,965,000	13,965,000	13,965,000	-	0.0%
Total Operating Expenses	73,117,975	66,248,560	73,039,266	6,790,706	10.3%
Operating Surplus/Deficit	(41,588,662)	(36,391,097)	(38,489,028)	(2,097,931)	5.8%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations	29,162,789	34,042,585	38,302,200	4,259,615	12.5%
Federal Sponsored Programs (Nonoperating)	5,536,476	3,760,338	4,198,752	438,414	11.7%
State Sponsored Programs (Nonoperating)	1,278,766	-	-	-	-
Gifts in Support of Operations	2,622,198	1,500,000	1,500,000	-	0.0%
Net Investment Income	2,093,610	2,080,000	2,441,251	361,251	17.4%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	40,693,839	41,382,923	46,442,203	5,059,280	12.2%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(5,712,637)	(6,487,098)	(8,633,137)	(2,146,039)	33.1%
Total Transfers and Other	(5,712,637)	(6,487,098)	(8,633,137)	(2,146,039)	33.1%
Budget Margin (Deficit)	(6,607,460)	(1,495,272)	(679,962)	815,310	-54.5%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	-	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	-	800,000	800,000	-	0.0%
Additions to Permanent Endowments	-	1,000,000	1,000,000	-	0.0%
Transfers for Debt Service - Principal	(9,333,000)	(7,171,755)	(9,333,000)	(2,161,245)	30.1%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	-	28,000,000	34,000,000	6,000,000	21.4%
SRECNA Change in Net Assets	\$(15,940,460)	21,132,973	25,787,038	4,654,065	22.0%
Total Revenues and AUF Transfers	\$ 72,223,152	71,240,386	80,992,441	9,752,055	13.7%
Total Expenses (Including Transfers for Interest)	(78,830,612)	(72,735,658)	(81,672,403)	(8,936,745)	12.3%
Budget Margin (Deficit)	\$(6,607,460)	(1,495,272)	(679,962)	815,310	
Reconciliation to Use of Prior Year Balances					
Depreciation		13,965,000	13,965,000		
Capital Outlay		(600,000)	(805,000)		
Transfers for Debt Service - Principal		(7,171,755)	(9,333,000)		
Budgeted Transfers		-	-		
Net Additions to (Uses of) Prior Year Balances		4,697,973	3,147,038		

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

The University of Texas Rio Grande Valley
Operating Budget Highlights
For the Year Ending August 31, 2017

Introduction - Major Goals Addressed by FY 2017 Budget

In its second year, The University of Texas Rio Grande Valley seeks to positively impact Texas and the nation through the success of students and research, healthcare, and commercialization activities. Total enrollment for the Fall 2016 semester is projected at 29,139 students, an increase of 1.9% over Fall 2015. Not included are the 164 high school students receiving education through the University's math and science academy with locations at the main campuses in Brownsville and Edinburg. Also not included are students participating in high school concurrent enrollment.

U. T. Rio Grande Valley continues the tradition of affordability with a Fall 2015 average total academic cost of \$3,438; 33 public universities in Texas had higher rates. The Institution seeks to reduce time-to-degree and save taxpayer dollars with its affordable rates and predictable mandated fixed price tuition plans. In addition, a 12-hour cap beyond which tuition and mandatory fees are not charged provides an "instant" rebate for students enrolled in more than 12 hours. Finally, participation in the University's high school concurrent enrollment program allows students the opportunity to earn up to 60 hours of college credit at no charge, saving a minimum of \$14,896 on the cost of a degree.

Importantly, the coming year will see the enrollment of the University's inaugural class of medical students.

Revenue

Appropriated general revenue of \$158 million includes \$27.9 million for benefits and \$45 million in special line item funding; the latter includes \$30.7 million for the School of Medicine. Also included is \$1.5 million to be transferred to U. T. Health Science Center – San Antonio for operations still in transition. Total operating revenue is projected at \$246 million with tuition and fees accounting for \$124.5 million after \$82.3 million in discounts. Tuition and fees are budgeted at \$124.5 million and include a 2 percent increase in academic cost which applies only to newly entering students.

Also included is \$0.5 million in state support to partially address the projected \$5.9 million associated with state mandated Hazlewood Act Exemptions.

Sponsored program revenues are projected at \$150.2 million, a \$5.4 million drop mostly attributed to decreases on estimated revenues for the Pell and TEXAS Grant programs.

Expenses

Total expenses are projected at \$508 million inclusive of noncash adjustments such as depreciation. Marginal expenses above original FY 2016 levels include \$1.5 million for faculty positions in engineering and environmental sciences, faculty promotions, and faculty gender equity adjustments. Also included is funding for additional campus security positions. Funds have been set aside to distribute among various priorities including faculty and staff merit, pay plan adjustments, and additional faculty positions.

Scholarships, before discounts, are projected at \$145.5 million that includes \$37.9 million in TEXAS Grants and \$72 million in federal Pell Grants. Also included is \$5.9 million in Hazlewood Act Exemptions. Employee benefits include a 5.2% percent increase in group insurance premiums.

The \$6.8 million increase in depreciation is primarily due to completion of a new medical school building as well as the transfer over of Regional Academic Health Center assets. Finally, two Tuition Revenue Bond projects contribute to the increase in debt service.

The University of Texas Rio Grande Valley
Operating Budget
Fiscal Year Ending August 31, 2017

	FY 2016 Projected	FY 2016 Adjusted Budget	FY 2017 Operating Budget	Budget Increases (Decreases) From 2016 to 2017	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 108,920,082	113,796,318	124,480,355	10,684,037	9.4%
Federal Sponsored Programs	39,109,922	31,726,961	32,920,806	1,193,845	3.8%
State Sponsored Programs	44,438,544	44,338,605	41,080,291	(3,258,314)	-7.3%
Local and Private Sponsored Programs	5,576,875	4,588,715	4,205,724	(382,991)	-8.3%
Net Sales and Services of Educational Activities	5,970,800	6,204,277	6,019,837	(184,440)	-3.0%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	1,838,717	4,743,153	6,192,161	1,449,008	30.5%
Net Auxiliary Enterprises	10,568,364	9,896,496	9,824,357	(72,139)	-0.7%
Other Operating Revenues	7,443,207	14,251,395	21,529,261	7,277,866	51.1%
Total Operating Revenues	223,866,511	229,545,920	246,252,792	16,706,872	7.3%
Operating Expenses:					
Instruction	134,795,075	141,843,998	149,672,823	7,828,825	5.5%
Academic Support	39,800,622	43,611,411	51,965,026	8,353,615	19.2%
Research	22,929,313	24,756,595	24,372,025	(384,570)	-1.6%
Public Service	14,564,341	15,089,522	13,381,016	(1,708,506)	-11.3%
Hospitals and Clinics	8,104,510	14,463,908	20,938,150	6,474,242	44.8%
Institutional Support	46,270,892	41,897,841	45,191,848	3,294,007	7.9%
Student Services	27,895,072	29,356,914	31,198,275	1,841,361	6.3%
Operations and Maintenance of Plant	32,254,583	30,301,491	31,636,691	1,335,200	4.4%
Scholarships and Fellowships	57,950,106	69,216,687	63,243,394	(5,973,293)	-8.6%
Auxiliary Enterprises	25,189,457	26,817,390	26,882,245	64,855	0.2%
Depreciation and Amortization	36,475,282	33,792,293	40,559,419	6,767,126	20.0%
Total Operating Expenses	446,229,253	471,148,050	499,040,912	27,892,862	5.9%
Operating Surplus/Deficit	(222,362,742)	(241,602,130)	(252,788,120)	(11,185,990)	4.6%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations	150,469,092	149,991,312	158,059,363	8,068,051	5.4%
Federal Sponsored Programs (Nonoperating)	70,338,887	75,000,000	72,000,000	(3,000,000)	-4.0%
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	5,632,903	8,228,431	6,974,721	(1,253,710)	-15.2%
Net Investment Income	6,560,711	5,898,624	5,548,132	(350,492)	-5.9%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	233,001,593	239,118,367	242,582,216	3,463,849	1.4%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(6,317,844)	(6,687,565)	(9,128,262)	(2,440,697)	36.5%
Total Transfers and Other	(6,317,844)	(6,687,565)	(9,128,262)	(2,440,697)	36.5%
Budget Margin (Deficit)	4,321,007	(9,171,328)	(19,334,166)	(10,162,838)	110.8%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	(4,763,125)	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	100,000	100,000	180,000	80,000	80.0%
Additions to Permanent Endowments	1,880,000	480,000	2,452,860	1,972,860	411.0%
Transfers for Debt Service - Principal	(12,727,000)	(12,961,318)	(15,731,000)	(2,769,682)	21.4%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	55,360,339	86,482,944	96,245,364	9,762,420	11.3%
SRECNA Change in Net Assets	\$ 44,171,221	64,930,298	63,813,058	(1,117,240)	-1.7%
Total Revenues and AUF Transfers	\$ 456,868,104	468,664,287	488,835,008	20,170,721	4.3%
Total Expenses (Including Transfers for Interest)	(452,547,097)	(477,835,615)	(508,169,174)	(30,333,559)	6.3%
Budget Margin (Deficit)	\$ 4,321,007	(9,171,328)	(19,334,166)	(10,162,838)	
Reconciliation to Use of Prior Year Balances					
Depreciation		33,792,293	40,559,419		
Capital Outlay		(8,650,000)	(5,610,000)		
Transfers for Debt Service - Principal		(12,961,318)	(15,731,000)		
Budgeted Transfers		1,340,363	676,168		
Net Additions to (Uses of) Prior Year Balances		4,350,010	560,421		

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, 2017

Introduction - Major Goals Addressed by FY 2017 Budget

The proposed budget of The University of Texas at San Antonio addresses the highest priorities in *UTSA 2020 Blueprint*, the institution's strategic plan. The University's primary goal is to transform students into successful scholars, global citizens, and leaders. The primary investments include support for student success and timely completion, merit and need-based scholarships, and the *GoldStar Initiative*. The *GoldStar Initiative* provides for the recruitment of top-tier researchers to enhance U. T. San Antonio's research capabilities and lower the student-to-faculty ratio which is currently 26:1. The six-year graduation rate improved almost 19 percent since the FY 2000 to a rate of 53.4 percent and U. T. San Antonio anticipates continued improvement. U. T. San Antonio's second goal is to create scholarly work and research that impacts society. Recruitment of top-tier faculty will allow for a high caliber of research activities that will lead to innovation and development of new technology in areas such as cyber security, open cloud, and big data to name a few. The expansion of research will attract additional graduate students and increase masters and doctoral degree programs. The budget provides for support of Ph.D. programs and a Graduate Tuition Assistantship Program. GoldStar provides for cluster hiring in the area of Brain Health and in Cyber Security which also advances the *Chancellor's Quantum Leaps* initiative. U.T. San Antonio plans on continuing and expanding strategic research partnerships. In addition, the Institution is committed to undergraduate student internships, postdoctoral salaries, and small equipment grants. The Institution's third goal is to enrich the quality of life and economic prosperity of the communities served. The University invested resources for *UTSA Ready*, a bridge program working in partnership with over fifteen school districts in the region and connecting high schools with the University in an effort to prepare and orient them for success in college. U. T. San Antonio's fourth goal is to deliver world-class support and infrastructure commensurate with a Tier One Institution. U. T. San Antonio will invest in information technology research infrastructure and look for ways to reallocate additional resources for research infrastructure. The University will continue to budget resources to build, maintain, and renovate its buildings and infrastructure. The University is honored to receive the Association of Physical Plant Administrators Award for Excellence; this award is designed to recognize outstanding achievements in facilities management. The Award for Excellence evaluates: leadership, strategic and operational planning, customer focus, information and analysis, development and management of human resources, process management, and performance results. The final goal is to achieve recognition and esteem as a premier research university. The budget includes resources to continue the Institution's marketing and branding efforts. The above initiatives will also provide support for the previously implemented *Graduation Rate Improvement Plan (GRIP)*. Reserves will also be used to provide additional support for these initiatives along with reallocation of existing resources.

Revenue

The FY 2017 budget includes a 3.56 percent rate increase in total academic cost for undergraduate residents. Student tuition and fee revenue increased \$6.2 million while the tuition discount and allowances also increased \$10.8 million for the net decrease of \$4.6 million. The Hazlewood veterans' exemptions present significant lost tuition and fee revenue and are expected to total approximately \$12.0 million in FY 2017. The budget includes an estimated \$1.7 million of related state allocations to partially offset the loss of tuition revenue. Sponsored program revenue reflects an increase of \$6.6 million largely due to an increase in TEXAS Grant of \$6.2 million. The Intensive English Program contributed to increases in net sales and services revenue. Auxiliary revenue is anticipated to increase by \$0.7 million due to relatively flat enrollment, limited rate increases for housing and increases in parking and athletic revenues. State appropriations reflect an increase in group insurance premium of \$1.0 million, an additional proportionality related to benefits of \$0.7 million, and Tuition Revenue Bonds of \$5.4 million to support the new Science and Engineering Building. U. T. San Antonio anticipates a decline of \$4.3 million in Texas Research Incentive Program revenue.

Expenses

U. T. San Antonio will allocate approximately \$3.6 million to the *GoldStar Initiative* to recruit top-tier researchers, provide administrative staff to support our researchers, and to provide start-up funds. In addition, Academic Affairs will continue to evaluate vacant faculty lines and reallocate them with priority to be given based on strategic initiatives and teaching demands. The University anticipates an increase in research expenses of \$2.4 million. The budget does not include a permanent merit program but will be considered after the fall enrollment is evaluated. Almost \$0.6 million will be used to support faculty tenure and promotions and to provide equity to improve recruitment and retention of staff. Benefit and other related costs will see an increase of almost \$2.7 million. U. T. San Antonio allocated resources to support the *GRIP* of \$0.7 million which includes strategies designed to improve student services, retention, time to graduate, and degrees awarded. The budget includes resources of \$2.5 million for Ph.D. programs, Ph.D. assistantships, and other course related cost which will support goal three. U. T. San Antonio will allocate an additional \$7.3 million towards needs-based and merit financial aid to increase recruitment, retention, and graduation rates. This is offset by an increase in exemptions of \$10.8 million. Auxiliary operation cost will increase by \$1.4 million predominantly related to housing, athletics, and parking. Net sales and services expenses will increase by \$2.5 million due to increases in many programs.

The University of Texas at San Antonio
Operating Budget
Fiscal Year Ending August 31, 2017

	FY 2016 Projected	FY 2016 Adjusted Budget	FY 2017 Operating Budget	Budget Increases (Decreases) From 2016 to 2017	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 186,098,708	189,212,202	184,535,307	(4,676,895)	-2.5%
Federal Sponsored Programs	41,723,835	41,160,653	41,579,725	419,072	1.0%
State Sponsored Programs	19,737,188	19,260,673	25,875,879	6,615,206	34.3%
Local and Private Sponsored Programs	2,166,530	5,505,031	5,790,544	285,513	5.2%
Net Sales and Services of Educational Activities	15,082,473	9,591,595	12,429,748	2,838,153	29.6%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	46,318,730	41,294,212	41,981,485	687,273	1.7%
Other Operating Revenues	4,168,854	1,405,287	1,218,229	(187,058)	-13.3%
Total Operating Revenues	315,296,318	307,429,653	313,410,917	5,981,264	1.9%
Operating Expenses:					
Instruction	136,029,298	141,953,759	150,868,075	8,914,316	6.3%
Academic Support	56,892,007	54,877,031	57,663,990	2,786,959	5.1%
Research	51,245,161	40,952,487	43,380,585	2,428,098	5.9%
Public Service	21,341,660	16,339,939	16,773,465	433,526	2.7%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	39,196,802	43,172,824	41,920,424	(1,252,400)	-2.9%
Student Services	27,249,511	25,109,005	26,676,783	1,567,778	6.2%
Operations and Maintenance of Plant	43,670,916	40,911,881	41,671,948	760,067	1.9%
Scholarships and Fellowships	35,393,425	32,818,380	30,547,729	(2,270,651)	-6.9%
Auxiliary Enterprises	50,977,163	56,371,510	57,774,563	1,403,053	2.5%
Depreciation and Amortization	47,734,691	48,100,000	48,591,000	491,000	1.0%
Total Operating Expenses	509,730,634	500,606,816	515,868,562	15,261,746	3.0%
Operating Surplus/Deficit	(194,434,316)	(193,177,163)	(202,457,645)	(9,280,482)	4.8%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations	124,172,673	122,784,250	129,974,088	7,189,838	5.9%
Federal Sponsored Programs (Nonoperating)	45,999,951	46,000,000	46,000,000	-	0.0%
State Sponsored Programs (Nonoperating)	5,249,994	5,249,945	981,000	(4,268,945)	-81.3%
Gifts in Support of Operations	5,000,000	8,000,000	8,000,000	-	0.0%
Net Investment Income	16,347,145	10,633,043	11,131,163	498,120	4.7%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	196,769,763	192,667,238	196,086,251	3,419,013	1.8%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(15,130,243)	(14,932,068)	(17,447,235)	(2,515,167)	16.8%
Total Transfers and Other	(15,130,243)	(14,932,068)	(17,447,235)	(2,515,167)	16.8%
Budget Margin (Deficit)	(12,794,796)	(15,441,993)	(23,818,629)	(8,376,636)	54.2%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	-	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	1,000,000	1,000,000	1,000,000	-	0.0%
Additions to Permanent Endowments	4,000,000	4,000,000	4,000,000	-	0.0%
Transfers for Debt Service - Principal	(18,688,000)	(18,597,913)	(21,948,350)	(3,350,437)	18.0%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	7,000,000	7,000,000	10,000,000	3,000,000	42.9%
SRECNA Change in Net Assets	\$(19,482,796)	(22,039,906)	(30,766,979)	(8,727,073)	39.6%
Total Revenues and AUF Transfers	\$ 512,066,081	500,096,891	509,497,168	9,400,277	1.9%
Total Expenses (Including Transfers for Interest)	(524,860,877)	(515,538,884)	(533,315,797)	(17,776,913)	3.4%
Budget Margin (Deficit)	\$(12,794,796)	(15,441,993)	(23,818,629)	(8,376,636)	
Reconciliation to Use of Prior Year Balances					
Depreciation		48,100,000	48,591,000		
Capital Outlay		(6,500,000)	(7,743,018)		
Transfers for Debt Service - Principal		(18,597,913)	(21,948,350)		
Budgeted Transfers		(5,249,946)	(981,003)		
Net Additions to (Uses of) Prior Year Balances		2,310,148	(5,900,000)		

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, 2017

Introduction - Major Goals Addressed by FY 2017 Budget

The FY 2017 budget further promotes The University of Texas at Tyler's vision to be nationally recognized as a destination university for high-ability, flagship-capable students that is focused on excellence in undergraduate and professional graduate education. U. T. Tyler has a culture of excellence and innovation that also provides a nurturing environment to prepare students to be future problem solvers and leaders. U. T. Tyler remains one of the best values in higher education in Texas. With tuition and fees below the mean for the U. T. System, the State, and regional competitors, U. T. Tyler takes great pride in the tradition of offering quality academic programs, expert faculty, active student life programs and well-rounded service opportunities.

Approximately 60 percent of new funding is earmarked to support academic programs including the start-up of new academic programs. Faculty and student services administrative staff positions were added to keep up with enrollment growth. A 2 percent merit pool is budgeted for qualifying faculty and staff. Budgeting was adjusted to optimize the use of all fee account revenues for the applicable fee purpose. The campus fiscal year base budget operating deficit was reduced to approximately \$3.2 million. The School of Pharmacy start-up costs are included in the FY 2017 budget and accounts for nearly one-half of the fiscal year budget deficit.

Revenue

U. T. Tyler's FY 2017 budget reflects approximately \$9.3 million in tuition and fee revenue growth over FY 2016. Approximately one-half of the revenue growth can be attributed to anticipated enrollment growth and the other one-half can be attributed to a 3% rate increase and a 6.5% prior year unbudgeted growth. No mandatory student fees are being increased. The new Pharmacy program is entering into its second year of existence and will add 102 students which approximates \$3.2 million in additional revenue. Sponsored grant revenue will be down significantly due to the completion of large grants without replacement grants. State appropriations and transfers are up significantly due to tuition revenue bond debt service funding for the new Science, Technology, Engineering, and Mathematics Business Building.

Expenses

Significant expenditure budget changes are included in this budget. Previous fiscal year institutional support budget items meant to be one-time expenses were removed from the base budget. Items not previously budgeted are now reflected in the base budget. Significant new spending on academic and administrative initiatives are also reflected in the FY 2017 budget. Total budgeted operating expenditures increased by approximately \$9.7 million. Depreciation expense will increase significantly due to the addition of the Pharmacy Building and Music Building during FY 2016 and the Alumni House in FY 2017. Scholarships expenses are expected to increase significantly due to an increase in Pell Grants for additional students and for employee scholarships.

The University of Texas at Tyler
Operating Budget
Fiscal Year Ending August 31, 2017

	FY 2016 Projected	FY 2016 Adjusted Budget	FY 2017 Operating Budget	Budget Increases (Decreases) From 2016 to 2017	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 41,007,820	39,355,642	48,613,724	9,258,082	23.5%
Federal Sponsored Programs	4,711,559	6,095,000	3,771,375	(2,323,625)	-38.1%
State Sponsored Programs	8,088,530	7,884,818	8,218,379	333,561	4.2%
Local and Private Sponsored Programs	114,093	281,000	127,428	(153,572)	-54.7%
Net Sales and Services of Educational Activities	5,615,687	5,097,867	8,554,146	3,456,279	67.8%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	8,220,624	7,380,360	8,012,401	632,041	8.6%
Other Operating Revenues	386,181	-	209,905	209,905	-
Total Operating Revenues	68,144,494	66,094,687	77,507,358	11,412,671	17.3%
Operating Expenses:					
Instruction	53,353,801	51,628,220	55,502,879	3,874,659	7.5%
Academic Support	17,244,880	17,106,061	18,759,622	1,653,561	9.7%
Research	1,803,445	845,826	832,750	(13,076)	-1.5%
Public Service	234,839	1,243,825	224,146	(1,019,679)	-82.0%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	14,386,932	16,261,574	15,422,184	(839,390)	-5.2%
Student Services	11,317,563	10,969,695	12,358,389	1,388,694	12.7%
Operations and Maintenance of Plant	10,872,663	7,451,938	7,988,810	536,872	7.2%
Scholarships and Fellowships	3,020,220	3,539,666	4,468,718	929,052	26.2%
Auxiliary Enterprises	9,467,618	9,543,159	10,236,648	693,489	7.3%
Depreciation and Amortization	14,499,807	12,500,000	15,000,000	2,500,000	20.0%
Total Operating Expenses	136,201,768	131,089,964	140,794,146	9,704,182	7.4%
Operating Surplus/Deficit	(68,057,274)	(64,995,277)	(63,286,788)	1,708,489	-2.6%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations	39,970,430	39,846,032	44,887,075	5,041,043	12.7%
Federal Sponsored Programs (Nonoperating)	9,803,182	9,500,000	9,700,000	200,000	2.1%
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	2,500,000	1,491,667	1,898,396	406,729	27.3%
Net Investment Income	5,004,532	5,215,784	5,115,472	(100,312)	-1.9%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	57,278,144	56,053,483	61,600,943	5,547,460	9.9%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(3,978,869)	(4,983,594)	(6,077,716)	(1,094,122)	22.0%
Total Transfers and Other	(3,978,869)	(4,983,594)	(6,077,716)	(1,094,122)	22.0%
Budget Margin (Deficit)	(14,757,999)	(13,925,388)	(7,763,561)	6,161,827	-44.2%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	-	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	250,000	550,000	250,000	(300,000)	-54.5%
Additions to Permanent Endowments	750,000	500,000	650,000	150,000	30.0%
Transfers for Debt Service - Principal	(5,452,000)	(5,634,419)	(9,152,000)	(3,517,581)	62.4%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	2,057,061	2,500,000	5,050,000	2,550,000	102.0%
SRECNA Change in Net Assets	\$(17,152,938)	(16,009,807)	(10,965,561)	5,044,246	-31.5%
Total Revenues and AUF Transfers	\$ 125,422,638	122,148,170	139,108,301	16,960,131	13.9%
Total Expenses (Including Transfers for Interest)	(140,180,637)	(136,073,558)	(146,871,862)	(10,798,304)	7.9%
Budget Margin (Deficit)	\$(14,757,999)	(13,925,388)	(7,763,561)	6,161,827	
Reconciliation to Use of Prior Year Balances					
Depreciation		12,500,000	15,000,000		
Capital Outlay		(1,150,000)	(1,264,775)		
Transfers for Debt Service - Principal		(5,634,419)	(9,152,000)		
Budgeted Transfers		(133,710)	(150,888)		
Net Additions to (Uses of) Prior Year Balances		(8,343,517)	(3,331,224)		

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

The University of Texas Southwestern Medical Center
Operating Budget Highlights
For the Year Ending August 31, 2017

Introduction - Major Goals Addressed by FY 2017 Budget

The University of Texas Southwestern Medical Center is among the leading biomedical research institutions in the country and continues to develop as one of the world's great academic medical centers. The goals and objectives of U. T. Southwestern Medical Center are to: improve health care in the community, Texas, our nation, and the world through innovation and education; educate the next generation of leaders in patient care, biomedical science, and disease prevention; conduct high-impact, internationally recognized research; deliver patient care that brings scientific advances from the bench to the bedside— focusing on quality, safety, and service. The University is guided by the overarching principles of excellence and distinction in all that it does to fulfill the missions. Its strategic positioning and programmatic investments are designed to sustain this trajectory into the future.

In the educational realm, to ensure medical students receive the best possible preparation for the changing landscape in health care delivery, the Medical School, after several years of planning, launched the new Foundation for Excellence Curriculum when the Class of 2019 began Medical School last summer. The new curriculum creates a more integrated approach to the basic science and clinical components of medical education, emphasizes team-based learning, and provides closer contact with faculty for ongoing mentoring as well as in-depth scholarly experience.

The University continues to gain recognition through national and international awards to faculty for their innovative, path-breaking research and for the quality and safety of the patient care provided in its William P. Clements Jr. and Zale Lipshy University Hospitals. The new Peter O'Donnell Jr. Brain Institute encompasses both research and clinical programs. This includes the Texas Institute for Brain Injury and Repair, which has been especially active in promoting awareness about concussions, and the Center for Alzheimer's and Neurodegenerative Diseases, which is significantly advancing the understanding of the causes of Alzheimer's disease. Leadership renewal also continues through the appointments, following national searches, of new department chairs who are prominent leaders in their fields. The most recent appointments are Dane Wukich, M.D. as Chair of the Department of Orthopedic Surgery and Duoja "DJ" Pan, Ph.D. as Chair of the Department of Physiology.

In addition to its outstanding education and research programs, U. T. Southwestern Medical Center is committed to being a leader in patient care. In October 2015, the U. T. Southwestern Medical Center and Texas Health Resources (THR) announced the formation of Southwestern Health Resources (SWHR). This innovative new organization is being developed as a clinically integrated network of physicians and hospitals associated with both U. T. Southwestern Medical Center and THR. SWHR encompasses 27 hospitals and 300 clinics throughout north Texas, as well as more than 2,600 physicians across a 16-county area. It leverages the University's and THR's complementary strengths, and will provide increased access to primary and specialty care for the people of north Texas. It will also create expanded opportunities for education and training, and for clinical, translational, and health services research.

In addition, U. T. Southwestern Medical Center has expanded its ability to provide services to patients in Fort Worth. The Harold C. Simmons Comprehensive Cancer Center has opened a satellite clinic in the Moncrief Cancer Institute building, and as the result of an extraordinary gift from W. A. "Tex" Moncrief, Jr., the U. T. Southwestern Monty and Tex Moncrief Medical Center at Fort Worth is now under construction. The first building, a multi-disciplinary outpatient facility, is expected to be completed in 2017.

On the University campus in Dallas, construction of a new radiation therapy building is in process and scheduled to open in 2017. In addition, the first phase of the multi-year master plan for the West Campus site is well along, and the first building, which will house faculty offices, outpatient clinics, and a state-of-the-art Simulation Center for education and training, is scheduled to open in 2018. Patient volume at Clements and Zale Lipshy University Hospitals has so exceeded expectations that U. T. Southwestern Medical Center has begun to plan the addition of a third bed tower for Clements to accommodate patient needs.

Revenue

The revenue budget of \$2.785 billion for FY 2017 represents a 5.7 percent increase, or \$150 million, over the FY 2016 projection with the majority of the increase driven by Hospital and Clinical operations. Roughly two-thirds of the increase is hospital revenue resulting from higher than anticipated patient volumes. The majority of the remaining increase is the result of the continued expansion of the clinical practice activity. The budget for Sponsored Programs continues to reflect a modest increase due to increased number of grant applications and a higher success rate of awards.

Expenses

The expenditure budget for FY 2017 is \$2.706 billion. Budgeted expenses include a 3.0 percent merit pool for faculty, administrative and professional, and classified employees. The growth in expenses related to University Hospitals, Clinical Operations, and Instruction are in proportion to growth in revenue for the upcoming fiscal year. The budgeted expenses also include sufficient funds to cover projected debt service to finance clinical expansion activities and major information resources system projects for patient services and administrative systems.

The University of Texas Southwestern Medical Center
Operating Budget
Fiscal Year Ending August 31, 2017

	FY 2016 Projected	FY 2016 Adjusted Budget	FY 2017 Operating Budget	Budget Increases (Decreases) From 2016 to 2017	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 24,720,865	24,232,027	24,973,929	741,902	3.1%
Federal Sponsored Programs	200,146,691	204,692,798	199,518,112	(5,174,686)	-2.5%
State Sponsored Programs	48,565,010	38,568,079	47,379,299	8,811,220	22.8%
Local and Private Sponsored Programs	329,303,515	320,279,153	333,283,062	13,003,909	4.1%
Net Sales and Services of Educational Activities	13,362,937	16,369,454	15,040,115	(1,329,339)	-8.1%
Net Sales and Services of Hospital and Clinics	1,053,513,814	987,015,250	1,160,707,534	173,692,284	17.6%
Net Professional Fees	554,980,326	554,337,719	565,449,473	11,111,754	2.0%
Net Auxiliary Enterprises	27,675,792	25,955,236	26,908,470	953,234	3.7%
Other Operating Revenues	103,065,551	65,149,220	57,086,228	(8,062,992)	-12.4%
Total Operating Revenues	2,355,334,501	2,236,598,936	2,430,346,222	193,747,286	8.7%
Operating Expenses:					
Instruction	814,181,667	835,111,149	891,175,242	56,064,093	6.7%
Academic Support	19,711,026	20,416,558	20,528,459	111,901	0.5%
Research	364,507,770	372,818,896	387,326,229	14,507,333	3.9%
Public Service	32,624,825	33,416,313	34,045,851	629,538	1.9%
Hospitals and Clinics	1,006,297,000	930,086,518	1,013,936,224	83,849,706	9.0%
Institutional Support	54,805,519	58,801,105	61,236,440	2,435,335	4.1%
Student Services	3,539,724	3,644,144	3,931,357	287,213	7.9%
Operations and Maintenance of Plant	57,142,671	67,351,291	60,805,078	(6,546,213)	-9.7%
Scholarships and Fellowships	1,419,003	1,458,173	1,472,617	14,444	1.0%
Auxiliary Enterprises	27,050,665	27,724,560	27,772,687	48,127	0.2%
Depreciation and Amortization	158,489,019	156,000,000	165,000,000	9,000,000	5.8%
Total Operating Expenses	2,539,768,889	2,506,828,707	2,667,230,184	160,401,477	6.4%
Operating Surplus/Deficit	(184,434,388)	(270,229,771)	(236,883,962)	33,345,809	-12.3%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations	185,749,801	185,749,800	193,531,893	7,782,093	4.2%
Federal Sponsored Programs (Nonoperating)	-	-	-	-	-
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	83,700,340	50,000,000	60,000,000	10,000,000	20.0%
Net Investment Income	101,952,360	105,000,000	101,172,813	(3,827,187)	-3.6%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	371,402,501	340,749,800	354,704,706	13,954,906	4.1%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(29,635,888)	(32,494,033)	(38,926,720)	(6,432,687)	19.8%
Total Transfers and Other	(29,635,888)	(32,494,033)	(38,926,720)	(6,432,687)	19.8%
Budget Margin (Deficit)	157,332,225	38,025,996	78,894,024	40,868,028	107.5%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./((Dec.) in Fair Value of Investments	-	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	-	6,000,000	6,000,000	-	0.0%
Additions to Permanent Endowments	-	10,000,000	10,000,000	-	0.0%
Transfers for Debt Service - Principal	(57,959,000)	(58,884,966)	(63,827,000)	(4,942,034)	8.4%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	-	71,000,000	212,690,000	141,690,000	199.6%
SRECNA Change in Net Assets	\$ 99,373,225	66,141,030	243,757,024	177,615,994	268.5%
Total Revenues and AUF Transfers	\$ 2,726,737,002	2,577,348,736	2,785,050,928	207,702,192	8.1%
Total Expenses (Including Transfers for Interest)	(2,569,404,777)	(2,539,322,740)	(2,706,156,904)	(166,834,164)	6.6%
Budget Margin (Deficit)	\$ 157,332,225	38,025,996	78,894,024	40,868,028	
Reconciliation to Use of Prior Year Balances					
Depreciation		156,000,000	165,000,000		
Capital Outlay		(45,000,000)	(45,000,000)		
Transfers for Debt Service - Principal		(58,884,966)	(63,827,000)		
Budgeted Transfers		-	-		
Net Additions to (Uses of) Prior Year Balances		90,141,030	135,067,024		

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, 2017

Introduction - Major Goals Addressed by FY 2017 Budget

The FY 2017 operating budget of The University of Texas Medical Branch at Galveston ensures continued resource allocation to support the University's mission to improve health for the people of Texas and around the world. The University's institutional vision, "The Road Ahead," provides a road map for achieving this important mission and identifies four essential strategic priorities: People, Value, Strategic Management and Growth, and Resources.

The FY 2017 operating plan supports the "My Road Ahead" initiative that enables employees to develop and grow in their current jobs and positions them for future job growth. Advancing recruitment and succession plans is a key priority as a significant number of current employees become retirement eligible in the next five years. Continued investment in training programs to promote leadership development will help in retaining talented people who will support the University's mission, both now and in the future. Providing market-based and incentive-based compensation programs for faculty and staff promotes and rewards outstanding performance.

U. T. Medical Branch - Galveston defines "Value" as delivering high-quality outcomes that improve education, research and health care delivery. A key value initiative is the Patient-centered Resource Optimization Program (PROP) which will reduce clinical costs and improve operational performance. PROP initiatives include reducing practice variation, improving length of stay, reducing readmissions and improving care coordination across the inpatient and outpatient continuum of care. Other value initiatives include reducing infections and preventable complications, streamlining the physician referral process and implementing an Enterprise Data Warehouse to ensure that analytical tools are in place to measure success and identify other opportunities to create value.

Strategic Management and Growth has been advanced by expanding the University's geographic footprint, growing the League City Campus and partnering with other provider organizations to reach new patient populations. The League City Campus Hospital opened on June 4, 2016, with a complement of 20 medical/surgical beds, 11 labor/delivery/post-partum suites, 10 operating rooms and 10 emergency department bays. This added capacity will allow the University to serve more patients in a geographic region with high population growth, as well as partner with The University of Texas M. D. Anderson Cancer Center to expand oncology care and accommodate newborn deliveries previously performed by faculty at other hospitals in the area. The University has also expanded Correctional Managed Care (CMC) activity during FY 2016 by entering into contracts with Management Training Corporation, El Paso County Jail, and Burnet County Jail to provide patient care for approximately 5,000 covered lives. Expanding primary care hours, increasing the number of urgent care locations and improving access to specialty care clinics are several other strategies being implemented to support growth.

The University must maximize financial resources to invest in educating the health care team of the future, advancing life-saving research with a global reach and expanding access to quality patient care. To that end, the University continues to advance enterprise business intelligence data and analytics capabilities, to optimize existing financial management and forecasting infrastructure and to focus on successfully implementing margin improvement initiatives for FY 2017 and future years. The University's FY 2017 operating budget reflects overall growth in revenue and expenses driven by the initiatives noted above and contemplates a \$7.2 million margin deficit, a \$5.5 million improvement over FY 2016. This improvement trend will continue as revenue streams catch up with facility activation expenses, significant interest and depreciation expense related to opening the Jennie Sealy and League City Campus Hospitals, and also as infrastructure damage caused by Hurricane Ike is addressed to mitigate the impact of future weather emergencies.

Revenue

Total budgeted revenue for FY 2017 reflects a \$141.4 million (7.3 percent) increase from the FY 2016 budget and is related to additional clinical volume from opening the League City Campus Hospital, faculty recruitment, revenue cycle improvement initiatives and growth in CMC contract revenue. General revenue increased by \$14.3 million (4.0 percent) due to appropriations for the Health Education Center Tuition Revenue Bond and for the Bio-Containment Critical Care Unit, as well as increased general revenue for staff benefits.

Expenses

Total budgeted expenses for FY 2017 reflect a \$135.9 million (7.0 percent) increase from the FY 2016 budget. The growth is directly related to increased clinical volumes, growth in CMC contract expense and other inflationary drivers. Interest expense increased by \$10.2 million (61.1 percent) and depreciation expense by \$12.3 million (8.3 percent) related to opening the Jennie Sealy and League City Campus Hospitals.

The University of Texas Medical Branch at Galveston
Operating Budget
Fiscal Year Ending August 31, 2017

	FY 2016 Projected	FY 2016 Adjusted Budget	FY 2017 Operating Budget	Budget Increases (Decreases) From 2016 to 2017	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 35,241,762	37,860,390	37,514,040	(346,350)	-0.9%
Federal Sponsored Programs	115,717,046	114,063,398	117,869,532	3,806,134	3.3%
State Sponsored Programs	4,911,521	4,904,883	5,034,009	129,126	2.6%
Local and Private Sponsored Programs	61,560,079	61,344,344	62,705,176	1,360,832	2.2%
Net Sales and Services of Educational Activities	27,891,425	27,715,122	28,390,560	675,438	2.4%
Net Sales and Services of Hospital and Clinics	1,020,961,961	1,027,387,827	1,133,139,556	105,751,729	10.3%
Net Professional Fees	178,988,519	184,259,082	193,924,145	9,665,063	5.2%
Net Auxiliary Enterprises	11,986,640	11,460,423	12,672,775	1,212,352	10.6%
Other Operating Revenues	56,885,269	58,532,102	60,141,901	1,609,799	2.8%
Total Operating Revenues	1,514,144,222	1,527,527,571	1,651,391,694	123,864,123	8.1%
Operating Expenses:					
Instruction	306,507,127	318,518,760	324,043,612	5,524,852	1.7%
Academic Support	33,703,061	32,834,127	35,631,346	2,797,219	8.5%
Research	100,260,754	102,865,563	105,997,068	3,131,505	3.0%
Public Service	13,046,651	12,156,861	13,793,102	1,636,241	13.5%
Hospitals and Clinics	1,201,525,012	1,168,888,908	1,270,269,012	101,380,104	8.7%
Institutional Support	64,103,947	66,317,755	67,771,587	1,453,832	2.2%
Student Services	7,159,440	7,543,245	7,569,060	25,815	0.3%
Operations and Maintenance of Plant	49,850,742	55,773,693	52,702,900	(3,070,793)	-5.5%
Scholarships and Fellowships	8,440,075	9,439,215	8,922,965	(516,250)	-5.5%
Auxiliary Enterprises	10,450,226	9,968,254	11,048,415	1,080,161	10.8%
Depreciation and Amortization	132,451,320	147,567,131	159,819,549	12,252,418	8.3%
Total Operating Expenses	1,927,498,355	1,931,873,512	2,057,568,616	125,695,104	6.5%
Operating Surplus/Deficit	(413,354,133)	(404,345,941)	(406,176,922)	(1,830,981)	0.5%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations	364,349,587	359,444,042	373,733,210	14,289,168	4.0%
Federal Sponsored Programs (Nonoperating)	980,000	980,000	984,002	4,002	0.4%
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	8,957,967	8,614,438	7,574,377	(1,040,061)	-12.1%
Net Investment Income	41,559,749	39,268,244	43,536,549	4,268,305	10.9%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	415,847,303	408,306,724	425,828,138	17,521,414	4.3%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(14,655,598)	(16,653,440)	(26,825,555)	(10,172,115)	61.1%
Total Transfers and Other	(14,655,598)	(16,653,440)	(26,825,555)	(10,172,115)	61.1%
Budget Margin (Deficit)	(12,162,428)	(12,692,657)	(7,174,339)	5,518,318	-43.5%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	(28,092,956)	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	74,809,641	150,389,171	140,774,803	(9,614,368)	-6.4%
Additions to Permanent Endowments	5,904,000	3,797,301	2,300,000	(1,497,301)	-39.4%
Transfers for Debt Service - Principal	(49,421,479)	(46,096,814)	(58,518,145)	(12,421,331)	26.9%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	150,271,493	40,000,000	77,333,333	37,333,333	93.3%
SRECNA Change in Net Assets	\$ 141,308,271	135,397,001	154,715,652	19,318,651	14.3%
Total Revenues and AUF Transfers	\$ 1,929,991,525	1,935,834,295	2,077,219,832	141,385,537	7.3%
Total Expenses (Including Transfers for Interest)	(1,942,153,953)	(1,948,526,952)	(2,084,394,171)	(135,867,219)	7.0%
Budget Margin (Deficit)	\$ (12,162,428)	(12,692,657)	(7,174,339)	5,518,318	
Reconciliation to Use of Prior Year Balances					
Depreciation		147,567,131	159,819,549		
Capital Outlay		(100,000,000)	(71,000,000)		
Transfers for Debt Service - Principal		(46,096,814)	(58,518,145)		
Budgeted Transfers		-	-		
Net Additions to (Uses of) Prior Year Balances		(11,222,340)	23,127,065		

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, 2017

Introduction - Major Goals Addressed by FY 2017 Budget

The University of Texas Health Science Center at Houston continues its strategy of clinical expansion as a means to enrich research and academic programs in FY 2017, as but to a lesser degree than in prior years. With the help of its health system partners, Memorial Hermann Health Systems and Harris Health System, as well as through innovative projects developed for the Network Access Improvement Program (NAIP) and Delivery System Reform Incentive Payment (DSRIP) program, U. T. Health Science Center - Houston will further its world-class programs in neurosciences, orthopaedics, and heart and vascular, and increase the availability of care across the Greater Houston area. Clinical activities provided primarily by the McGovern Medical School's very large faculty physician group practice through its Medical Services, Research, and Development Plan (MSRDP) will provide the support necessary to retain promising research faculty and staff, as well as support the critical recruitment packages required to attract new, productive investigators. U. T. Health Science Center - Houston filled the last of its school leadership vacancies this year with the hiring of deans for both the McGovern Medical School and the School of Public Health. Both are highly-respected within the research community and are focused on developing new areas of emphasis (e.g., Precision Medicine), as well as building upon existing programs and expertise. The FY 2017 budget also includes additional research and educational support, primarily within the new office of the Executive Vice President, Chief Academic Officer that will be focusing on collaborative opportunities across the institution's schools and within The University of Texas System.

Revenue

The FY 2017 budget projects an overall increase in operating and non-operating revenue of \$117.9 million or 8.5 percent. Operating revenue increases are primarily driven by sponsored program revenue which includes both MSRDP's health system contracts (\$26.5 million increase), additional NAIP projects revenue (\$18.8 million increase), and restricted grants and contracts for research and public service most notably due to increases in awards from the Cancer Prevention and Research Institute of Texas (\$12.0 million increase). Additional physician professional fee revenues of approximately \$36.8 million above FY 2016's budget can be attributed to clinic expansion primarily funded by NAIP and DSRIP programs, increased productivity, and an improved physician revenue cycle process driven by in-depth analysis and process re-engineering. In addition to these revenues, U. T. Health Science Center - Houston is projecting an increase of \$15.0 million over the prior year's Additions to Permanent Endowment budget, building upon its fundraising success in attaining the recent \$75.0 million John P. McGovern Foundation gift and continuing its Game Changers initiative designed to leverage \$50.0 million of existing operating cash surplus into \$100.0 million or more of endowment to support research and educational activities.

Expenses

The U. T. Health Science Center - Houston expense budget also grows by 8.5 percent or \$115.8 million in FY 2017, with the majority associated with the McGovern Medical School's MSRDP activities. This increase, reflected primarily within Instruction and the Hospitals and Clinics line items, is driven by the expansion of NAIP and DSRIP clinical operations, including the addition of 46 clinical faculty and 390 staff positions in comparison to the prior year's budget, and increased pharmacy operations. The 15.9 percent increase in Academic Support is mainly due to the budgeting of anticipated startup fund expenditures for the deans of the School of Public Health, School of Biomedical Informatics, School of Nursing, and the McGovern Medical School. These startup funds support the recruitment efforts occurring within each of the respective schools and will ultimately be recognized as instruction and research expense. U. T. Health Science Center - Houston's Institutional Support increase of \$10.5 million (17.3 percent growth) is primarily associated with the investment in additional Information Technology, Human Resources, and Development activities necessary to support the growth of institutional operations. Although a greater increase on a percent basis than the overall operating expenses, it is anticipated the institution's administrative cost ratio will remain below 5.0 percent.

The University of Texas Health Science Center at Houston
Operating Budget
Fiscal Year Ending August 31, 2017

	FY 2016 Projected	FY 2016 Adjusted Budget	FY 2017 Operating Budget	Budget Increases (Decreases) From 2016 to 2017	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 49,519,464	45,743,744	49,452,189	3,708,445	8.1%
Federal Sponsored Programs	150,741,998	168,414,801	157,278,574	(11,136,227)	-6.6%
State Sponsored Programs	31,577,976	16,665,832	38,150,844	21,485,012	128.9%
Local and Private Sponsored Programs	426,385,286	398,541,336	444,558,255	46,016,919	11.5%
Net Sales and Services of Educational Activities	31,906,467	22,646,662	24,497,021	1,850,359	8.2%
Net Sales and Services of Hospital and Clinics	74,708,085	67,590,500	76,662,124	9,071,624	13.4%
Net Professional Fees	334,491,047	307,920,670	344,702,557	36,781,887	11.9%
Net Auxiliary Enterprises	24,955,086	27,384,503	30,999,819	3,615,316	13.2%
Other Operating Revenues	54,148,146	59,112,236	58,316,596	(795,640)	-1.3%
Total Operating Revenues	1,178,433,555	1,114,020,284	1,224,617,979	110,597,695	9.9%
Operating Expenses:					
Instruction	624,253,678	617,285,821	658,342,893	41,057,072	6.7%
Academic Support	49,957,081	53,538,904	62,053,735	8,514,831	15.9%
Research	181,259,560	185,885,793	192,443,137	6,557,344	3.5%
Public Service	34,433,163	34,664,403	37,306,807	2,642,404	7.6%
Hospitals and Clinics	299,001,068	291,519,736	330,774,548	39,254,812	13.5%
Institutional Support	69,097,778	61,095,518	71,648,709	10,553,191	17.3%
Student Services	10,152,080	9,149,178	9,872,416	723,238	7.9%
Operations and Maintenance of Plant	32,328,487	37,102,054	38,273,009	1,170,955	3.2%
Scholarships and Fellowships	7,338,538	7,096,430	7,218,651	122,221	1.7%
Auxiliary Enterprises	15,001,164	16,221,638	17,963,249	1,741,611	10.7%
Depreciation and Amortization	58,251,732	55,042,032	58,519,423	3,477,391	6.3%
Total Operating Expenses	1,381,074,329	1,368,601,507	1,484,416,577	115,815,070	8.5%
Operating Surplus/Deficit	(202,640,774)	(254,581,223)	(259,798,598)	(5,217,375)	2.0%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations	206,755,260	206,765,123	214,955,014	8,189,891	4.0%
Federal Sponsored Programs (Nonoperating)	452,149	600,000	600,000	-	0.0%
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	22,343,065	29,284,312	27,087,003	(2,197,309)	-7.5%
Net Investment Income	35,929,316	32,071,032	33,416,101	1,345,069	4.2%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	265,479,790	268,720,467	276,058,118	7,337,651	2.7%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(10,889,434)	(10,895,906)	(14,308,326)	(3,412,420)	31.3%
Total Transfers and Other	(10,889,434)	(10,895,906)	(14,308,326)	(3,412,420)	31.3%
Budget Margin (Deficit)	51,949,582	3,243,338	1,951,194	(1,292,144)	-39.8%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	19,286,843	8,000,000	3,000,000	(5,000,000)	-62.5%
Net Inc./(Dec.) in Fair Value of Investments	(22,554,892)	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	-	-	-	-	-
Additions to Permanent Endowments	15,423,977	10,000,000	25,000,000	15,000,000	150.0%
Transfers for Debt Service - Principal	(17,571,631)	(17,571,631)	(17,519,917)	51,714	-0.3%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	8,628,497	22,000,000	35,000,000	13,000,000	59.1%
SRECNA Change in Net Assets	\$ 55,162,376	25,671,707	47,431,277	21,759,570	84.8%
Total Revenues and AUF Transfers	\$ 1,443,913,345	1,382,740,751	1,500,676,097	117,935,346	8.5%
Total Expenses (Including Transfers for Interest)	(1,391,963,763)	(1,379,497,413)	(1,498,724,903)	(119,227,490)	8.6%
Budget Margin (Deficit)	\$ 51,949,582	3,243,338	1,951,194	(1,292,144)	
Reconciliation to Use of Prior Year Balances					
Depreciation		55,042,032	58,519,423		
Capital Outlay		(23,077,362)	(23,717,857)		
Transfers for Debt Service - Principal		(17,571,631)	(17,519,917)		
Budgeted Transfers		606,000	612,000		
Net Additions to (Uses of) Prior Year Balances		18,242,377	19,844,843		

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, 2017

Introduction - Major Goals Addressed by FY 2017 Budget

The FY 2017 Operating Budget for The University of Texas Health Science Center at San Antonio has been written to align resources in support of strategic planning efforts. The institution aspires to attain ranking in the top echelon of academic medical centers in the United States. To successfully achieve this goal, a thriving clinical enterprise and significant investments will be critical to invigorating research strengths and enhancing academic programs. The institution plans to execute two key strategic priorities during FY 2017.

Transforming the clinical enterprise to compete in the future state of healthcare will be achieved through partnerships and facility expansions. Elements of this strategy include partnering with The University of Texas M. D. Anderson Cancer Center to bring global leading cancer prevention, patient care, and research to Central and South Texas that will integrate, employ, and recruit cancer specialists to enhance multidisciplinary care and further push the bounds of research. Other clinical service lines will be expanded in renovated and newly constructed facilities to establish a broader network of ambulatory sites, build a more integrated primary care network, and create highly visible and distinctive clinical programs that address medical issues unique to a diverse population. Administrative space on the 7th and 8th floors of the Medical Arts and Research Center (MARC) is being converted into clinical space, allowing for the relocation and growth of practices supported by an upgrade of radiologic capabilities. A new clinical facility, U. T. Hill Country, located along the Interstate Highway 10 corridor between San Antonio and Boerne is anticipated to be completed in the spring of 2017. The site will accommodate primary care providers who will anchor the facility, in addition to specialty providers in orthopedics, urology and physical therapy with full imaging capabilities to serve all partnering providers in this area. The institution will further seek to affiliate with existing primary care providers and groups to create Clinically Integrated Networks to address the primary care shortage, cultivate additional referral sources, facilitate the coordination of specialty care, and position for population health management. Finally, the institution is committed to creating clinical distinction that would be accelerated by a partner or set of partners who bring the expertise, depth, and resources to complement the faculty practice and could develop an integrated health system with overlapping missions, goals and desires. The institution is currently engaged in discussions with potential partners.

Invigorating the research mission will be achieved by investing in key research assets and recruitments. Plans are underway to position the renowned Barshop Institute for Longevity and Aging Studies for long term success by relocating its scientists, animals, and laboratories from the Texas Research Park some 20 miles away to space on the main campus. By relocating the Barshop Institute, along with new recruiting, the Institute can grow to become a top 25 national aging science center. Targeted research recruitments are also planned in: medicine, Alzheimer and neurodegenerative diseases, dentistry (to include neurobiology and pain, oral cancer, stem cells, and tissue regeneration), epidemiology, biostatistics, psychiatry, molecular medicine, and cellular and structural biology.

Necessary to executing these strategic priorities is the modernization of existing facilities to ensure the academic and research missions are competitively positioned for the future. With tremendous investments of Tuition Revenue Bonds approved by the State Legislature along with funding committed by The University of Texas System Board of Regents, the institution can deliver educational experiences with leading edge technology and state of the art equipment. A rebranding initiative is also underway in response to a comprehensive perception survey that reflects significant confusion and low market awareness for the institution's missions, services, and entities, which impede the organization's ability to compete in an increasingly crowded marketplace on all fronts.

The institution will be in investment mode as it executes its strategic objectives, but expects to preserve its financial health with the attainment of a projected operating margin for FY 2017 of \$2.3 million resulting largely from enhanced clinical activities and controlled operations. Achieving clinical revenue targets will be critically important in order to competitively retain and recruit productive faculty, to continue to subsidize the institution's educational and research missions, and to fund infrastructure needs.

Revenue

Total revenues for FY 2017 are projected to increase by a net of \$4.8 million (0.6 percent) with changes predominately occurring in the physician practice plan as part of the institution's clinical transformation plan generating enhanced revenue streams in the newly renovated MARC 7th and 8th floors and the newly constructed U. T. Hill Country facility (\$21 million). Offsetting these increases are adjustments to externally sponsored research projections as strategies and investments were reevaluated from the prior budget.

Expenses

Total expenses for FY 2017 are projected to increase by a net of \$9.5 million (1.2 percent) from the prior budget with changes predominately occurring from the clinical expansion and targeted recruitment efforts discussed above (\$21.1 million), in addition to a 2 percent merit salary increase for all non-faculty employees (\$4.0 million). Offsetting these increases are adjustments to externally sponsored research projections as strategies and investments were reevaluated from the prior budget.

The University of Texas Health Science Center at San Antonio
Operating Budget
Fiscal Year Ending August 31, 2017

	FY 2016 Projected	FY 2016 Adjusted Budget	FY 2017 Operating Budget	Budget Increases (Decreases) From 2016 to 2017	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 38,516,777	37,766,777	38,623,978	857,201	2.3%
Federal Sponsored Programs	101,232,565	107,744,884	89,783,770	(17,961,114)	-16.7%
State Sponsored Programs	9,826,981	7,481,877	5,757,219	(1,724,658)	-23.1%
Local and Private Sponsored Programs	182,283,153	199,702,797	204,011,906	4,309,109	2.2%
Net Sales and Services of Educational Activities	20,733,102	18,597,250	21,235,689	2,638,439	14.2%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	184,712,393	170,282,865	184,102,543	13,819,678	8.1%
Net Auxiliary Enterprises	5,823,867	6,861,804	6,784,597	(77,207)	-1.1%
Other Operating Revenues	31,041,936	27,468,604	26,143,705	(1,324,899)	-4.8%
Total Operating Revenues	574,170,774	575,906,858	576,443,407	536,549	0.1%
Operating Expenses:					
Instruction	365,519,630	337,458,071	355,653,833	18,195,762	5.4%
Academic Support	33,744,754	38,892,968	45,763,302	6,870,334	17.7%
Research	110,674,242	115,583,747	98,547,632	(17,036,115)	-14.7%
Public Service	30,640,669	30,418,007	30,648,904	230,897	0.8%
Hospitals and Clinics	100,564,146	107,200,112	106,052,163	(1,147,949)	-1.1%
Institutional Support	41,644,330	40,611,126	41,516,824	905,698	2.2%
Student Services	2,124,724	4,813,986	4,977,347	163,361	3.4%
Operations and Maintenance of Plant	36,522,625	46,040,006	46,228,696	188,690	0.4%
Scholarships and Fellowships	3,432,871	3,493,746	3,180,642	(313,104)	-9.0%
Auxiliary Enterprises	5,919,033	8,448,749	7,443,616	(1,005,133)	-11.9%
Depreciation and Amortization	52,000,000	53,000,000	52,000,000	(1,000,000)	-1.9%
Total Operating Expenses	782,787,024	785,960,518	792,012,959	6,052,441	0.8%
Operating Surplus/Deficit	(208,616,250)	(210,053,660)	(215,569,552)	(5,515,892)	2.6%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations	168,619,138	168,619,138	175,596,764	6,977,626	4.1%
Federal Sponsored Programs (Nonoperating)	1,300,000	1,250,000	1,250,000	-	0.0%
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	15,342,860	17,854,550	14,844,133	(3,010,417)	-16.9%
Net Investment Income	37,543,461	38,176,820	38,442,143	265,323	0.7%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	222,805,459	225,900,508	230,133,040	4,232,532	1.9%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(8,186,472)	(8,799,753)	(12,275,055)	(3,475,302)	39.5%
Total Transfers and Other	(8,186,472)	(8,799,753)	(12,275,055)	(3,475,302)	39.5%
Budget Margin (Deficit)	6,002,737	7,047,095	2,288,433	(4,758,662)	-67.5%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	-	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	3,000,000	3,000,000	5,000,000	2,000,000	66.7%
Additions to Permanent Endowments	7,000,000	7,000,000	7,000,000	-	0.0%
Transfers for Debt Service - Principal	(13,091,947)	(13,091,947)	(16,472,000)	(3,380,053)	25.8%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	66,000,000	66,000,000	67,000,000	1,000,000	1.5%
SRECNA Change in Net Assets	\$ 68,910,790	69,955,148	64,816,433	(5,138,715)	-7.3%
Total Revenues and AUF Transfers	\$ 796,976,233	801,807,366	806,576,447	4,769,081	0.6%
Total Expenses (Including Transfers for Interest)	(790,973,496)	(794,760,271)	(804,288,014)	(9,527,743)	1.2%
Budget Margin (Deficit)	\$ 6,002,737	7,047,095	2,288,433	(4,758,662)	
Reconciliation to Use of Prior Year Balances					
Depreciation		53,000,000	52,000,000		
Capital Outlay		(10,200,000)	(14,502,193)		
Transfers for Debt Service - Principal		(13,091,947)	(16,472,000)		
Budgeted Transfers		150,000	(1,179,875)		
Net Additions to (Uses of) Prior Year Balances		36,905,148	22,134,365		

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, 2017

Introduction - Major Goals Addressed by FY 2017 Budget

The University of Texas M. D. Anderson Cancer Center's strategic priorities are aligned along components that include "the People We Serve, the People Who serve, the Science that Enables, the Systems that Support and ensured Sustainability". The Institution's strategy is designed to prioritize the changes it has chosen to pursue and give it a structure to ensure action and accountability. During FY 2016, the Institution embarked on one of its largest clinical and business transformations: the Electronic Health Record (EHR) OneConnect effort. Some disruption in productivity was anticipated, however, project team leaders worked to ensure that workflows needed for EHR were integrated across all our strategic projects. This level of coordination minimized the strain on U. T. M. D. Anderson resources and afforded the opportunity for a digital health transformation providing patient-centric, value driven care through a new technology-enabled care delivery model. The optimization of the EHR in FY 2017 is anticipated to return the Institution to pre-implementation productivity levels. This normalization will also allow a returned focus on next-generation research and improved survival outcomes, as well as an expansion of the Institution's global reach through scalable programs and platforms.

In FY 2017 the EHR will be stabilized and optimized. Continued development and deployment of the digital platform will occur, including the Translational Research Accelerator and Network 2.0. To endure the tremendous change on a number of fronts, the Institution will expand its local and national impact and implement Institutional Advancement initiatives. Diversification and expansion of the revenue stream will be provided via newly configured Houston area locations, the Cancer Network, strategic industry ventures and employer products. As a precept for maintaining viability over the next five year horizon, the Institution will prepare for the impact of narrow networks, better analyze and control costs, and collaborate with other cancer centers on payment reform.

Revenue

The FY 2017 total budgeted operating revenue is projected to increase almost 14% or \$547 million over the level targeted for FY 2016. The drop in productivity from the EHR in FY 2016 will be mitigated and FY 2017 will stabilize at a clinical productivity per Faculty Full Time Equivalent equal to pre-implementation levels. Hospital activities and billable units will increase materially as a result and will be impacted as well by newly completed or expanded facilities in the Pavilion and three new inpatient floors. Federal, State, Local, and Private sponsored programs are anticipated to increase almost 8% over FY 2016 budgeted levels. The anticipated moratorium on Cancer Prevention Research Institute of Texas awards during 2016 did not occur, and U. T. M. D. Anderson has continued to receive a material share of funding. The FY 2017 State Appropriations budget will increase approximately 3% due to additional Tuition Revenue Bond funding for the Zayed Building construction. Gifts in Support of Operations and Net Investment Income are projected to increase 6.5% and 10.5% respectively as focus and efforts become more normalized in FY 2017 following EHR transition.

Expenses

The FY 2017 total budgeted operating expense is projected to increase 6.5% or \$272 million over the level targeted for FY 2016. The rebound in activity from the FY 2016 EHR implementation, normal annual merit increases and incremental costs for newly completed or expanded facilities will generate a 5% or \$132 million increase in Hospitals and Clinics. The depreciation of these new facilities along with a full year amortization of the EHR project costs will result in a 19% or \$67 million increase in Depreciation and Amortization. Although the variance for budget over budget is 28% or \$31 million, the allocation of Institutional Support costs in the FY 2016 budget has been readjusted and projected costs for FY 2017 are more reflective of the current actual expense. Increased costs for Academic Support (14% or \$19 million increase) include an expansion in mission from supporting faculty to including trainees and students in their academic career development. Research expense will increase 3% or \$17 million in FY 2017, and Operation and Maintenance of Plant costs will grow 2% or \$3 million, both primarily as a result of normal annual merit increases.

The University of Texas M. D. Anderson Cancer Center
Operating Budget
Fiscal Year Ending August 31, 2017

	FY 2016 Projected	FY 2016 Adjusted Budget	FY 2017 Operating Budget	Budget Increases (Decreases) From 2016 to 2017	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 1,473,538	1,909,589	1,415,025	(494,564)	-25.9%
Federal Sponsored Programs	164,114,915	145,860,000	156,453,861	10,593,861	7.3%
State Sponsored Programs	33,556,202	28,600,000	35,026,443	6,426,443	22.5%
Local and Private Sponsored Programs	118,014,085	111,540,000	116,731,823	5,191,823	4.7%
Net Sales and Services of Educational Activities	2,141,452	2,315,000	1,755,830	(559,170)	-24.2%
Net Sales and Services of Hospital and Clinics	3,205,578,840	3,090,500,000	3,558,454,318	467,954,318	15.1%
Net Professional Fees	400,093,907	391,697,851	445,820,485	54,122,634	13.8%
Net Auxiliary Enterprises	42,421,946	46,310,187	48,675,048	2,364,861	5.1%
Other Operating Revenues	100,945,885	103,056,541	104,756,623	1,700,082	1.6%
Total Operating Revenues	4,068,340,770	3,921,789,168	4,469,089,456	547,300,288	14.0%
Operating Expenses:					
Instruction	79,111,720	75,089,250	81,623,799	6,534,549	8.7%
Academic Support	148,856,612	134,961,749	153,480,500	18,518,751	13.7%
Research	687,894,086	681,096,000	698,476,897	17,380,897	2.6%
Public Service	11,014,834	14,850,000	12,520,751	(2,329,249)	-15.7%
Hospitals and Clinics	2,616,912,072	2,579,500,711	2,711,054,232	131,553,521	5.1%
Institutional Support	139,401,008	110,822,656	141,753,046	30,930,390	27.9%
Student Services	554,395	804,442	561,000	(243,442)	-30.3%
Operations and Maintenance of Plant	197,251,725	195,459,099	198,427,284	2,968,185	1.5%
Scholarships and Fellowships	1,920,449	2,523,558	2,202,127	(321,431)	-12.7%
Auxiliary Enterprises	27,870,998	28,794,480	28,479,500	(314,980)	-1.1%
Depreciation and Amortization	366,121,762	347,894,112	415,067,451	67,173,339	19.3%
Total Operating Expenses	4,276,909,661	4,171,796,057	4,443,646,587	271,850,530	6.5%
Operating Surplus/Deficit	(208,568,891)	(250,006,889)	25,442,869	275,449,758	-110.2%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations	201,414,481	200,869,362	207,772,397	6,903,035	3.4%
Federal Sponsored Programs (Nonoperating)	500,000	500,000	500,000	-	0.0%
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	136,124,928	116,365,902	124,005,647	7,639,745	6.6%
Net Investment Income	78,505,307	139,400,000	154,043,266	14,643,266	10.5%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	416,544,716	457,135,264	486,321,310	29,186,046	6.4%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(50,992,253)	(35,909,524)	(39,714,132)	(3,804,608)	10.6%
Total Transfers and Other	(50,992,253)	(35,909,524)	(39,714,132)	(3,804,608)	10.6%
Budget Margin (Deficit)	156,983,572	171,218,851	472,050,047	300,831,196	175.7%
Reconciling to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./((Dec.) in Fair Value of Investments	-	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	10,000,000	10,000,000	5,000,000	(5,000,000)	-50.0%
Additions to Permanent Endowments	10,000,000	10,000,000	10,000,000	-	0.0%
Transfers for Debt Service - Principal	(64,970,000)	(60,449,181)	(73,529,361)	(13,080,180)	21.6%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	25,000,000	70,000,000	153,200,457	83,200,457	118.9%
SRECNA Change in Net Assets	\$ 137,013,572	200,769,670	566,721,143	365,951,473	182.3%
Total Revenues and AUF Transfers	\$ 4,484,885,486	4,378,924,432	4,955,410,766	576,486,334	13.2%
Total Expenses (Including Transfers for Interest)	(4,327,901,914)	(4,207,705,581)	(4,483,360,719)	(275,655,138)	6.6%
Budget Margin (Deficit)	\$ 156,983,572	171,218,851	472,050,047	300,831,196	
Reconciliation to Use of Prior Year Balances					
Depreciation		347,894,112	415,067,451		
Capital Outlay		(481,000,000)	(770,000,000)		
Transfers for Debt Service - Principal		(60,449,181)	(73,529,361)		
Budgeted Transfers		-	-		
Net Additions to (Uses of) Prior Year Balances		(22,336,218)	43,588,137		

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, 2017

Introduction - Major Goals Addressed by FY 2017 Budget

The Mission, Vision and Values of The University of Texas Health Science Center at Tyler are advanced by the FY 2017 operating budget through continued investments in information technology, infrastructure, workforce development, and innovative programs. Institutional leadership developed the FY 2017 operating budget with a focus on supporting the organization's mission of serving Northeast Texas and beyond through excellent patient care and community health, comprehensive education, and innovative research. Specifically, U. T. Health Science Center – Tyler has budgeted resources to accomplish several of the institution's highest strategic priorities, including goals to become the regional leader in community and population health, to grow the clinical practice, to expand graduate medical education programs, to grow the academic mission, and to enhance revenue and contain costs. New or expanded programs planned for FY 2017 include expansion of the School of Community and Rural Health, establishment of a new rural family medicine residency program, expansion of behavioral health workforce training programs, and establishment of a broader base of behavioral health outpatient services.

During FY 2016 U. T. Health Science Center – Tyler completed an essential upgrade to its PeopleSoft application for financial accounting, which will be followed by a similarly important upgrade to the PeopleSoft application for human capital and payroll management in FY 2017. In general, FY 2017 will be characterized by a greater level of planned investments in information technology systems in order to enhance management's ability to quickly identify and leverage changing dynamics in the operating environment. These investments are designed to increase quality, efficiency, effectiveness, productivity, and stakeholder access to information resources, as well as to improve the institution's ability to collaborate and share information and resources across the U. T. System.

The first phase of a major remodel and expansion of U. T. Health Science Center – Tyler's vivarium facility was completed in FY 2016. The second phase of that project will continue into FY 2017. This state-of-the-art facility supports research and academic programs by attracting and retaining the highest quality researchers and students. Additionally, a variety of renovations and building system upgrades are planned for FY 2017 to increase the efficiency of space and to provide a higher level of patient care. These strategic campus improvements will allow U. T. Health Science Center - Tyler to expand its medical, educational, and research space. These renovations are consistent with a strategic master plan to increase efficiency, productivity, and the patient experience.

These strategies and others serve the Mission, Vision, and Values of the U. T. Health Science Center – Tyler, enabling the organization to provide access to high quality patient care and education, and to recruit and retain world-class faculty, students, staff, and administrators.

Revenue

U. T. Health Science Center – Tyler's budgeted total revenues and transfers for FY 2017 are approximately 11 percent higher than the FY 2016 operating budget. This increase is driven by additional sponsored programs, an anticipated increase in 1115 Medicaid Transformation Waiver benchmark and revenue achievements, considerable volume growth in patient care areas across the organization, improvements in revenue cycle operations, and growth of educational programs.

Expenses

U. T. Health Science Center – Tyler's budgeted total expenses and transfers for FY 2017 are approximately 11 percent higher over the FY 2016 budget. This increase is correlated with the organization's revenue growth. These expenditures represent an ongoing investment to improve the quality of and access to healthcare, increase behavioral health clinical capacity and workforce training, expand educational and residency programs and opportunities, maintain and improve infrastructure, advance information technology systems and resources, and continue to invest in and develop the institution's human capital.

The University of Texas Health Science Center at Tyler
Operating Budget
Fiscal Year Ending August 31, 2017

	FY 2016 Projected	FY 2016 Adjusted Budget	FY 2017 Operating Budget	Budget Increases (Decreases) From 2016 to 2017	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 122,818	-	192,783	192,783	-
Federal Sponsored Programs	7,725,346	9,500,000	6,653,231	(2,846,769)	-30.0%
State Sponsored Programs	11,518,153	10,903,000	13,502,717	2,599,717	23.8%
Local and Private Sponsored Programs	6,876,955	1,900,000	2,964,159	1,064,159	56.0%
Net Sales and Services of Educational Activities	2,063,806	1,400,000	1,525,992	125,992	9.0%
Net Sales and Services of Hospital and Clinics	58,787,819	65,423,860	76,972,861	11,549,001	17.7%
Net Professional Fees	16,726,141	16,374,193	18,835,427	2,461,234	15.0%
Net Auxiliary Enterprises	227,603	192,000	245,647	53,647	27.9%
Other Operating Revenues	32,651,735	18,861,331	22,879,972	4,018,641	21.3%
Total Operating Revenues	136,700,376	124,554,384	143,772,789	19,218,405	15.4%
Operating Expenses:					
Instruction	10,493,298	12,241,568	12,418,174	176,606	1.4%
Academic Support	-	1,115,062	1,256,804	141,742	12.7%
Research	18,887,937	15,659,833	17,670,795	2,010,962	12.8%
Public Service	-	-	-	-	-
Hospitals and Clinics	130,096,818	110,557,764	130,617,400	20,059,636	18.1%
Institutional Support	10,503,340	14,090,883	13,012,940	(1,077,943)	-7.6%
Student Services	582,403	-	-	-	-
Operations and Maintenance of Plant	10,754,376	15,664,110	13,811,874	(1,852,236)	-11.8%
Scholarships and Fellowships	-	-	-	-	-
Auxiliary Enterprises	200,829	165,825	206,446	40,621	24.5%
Depreciation and Amortization	11,306,655	11,950,000	11,800,000	(150,000)	-1.3%
Total Operating Expenses	192,825,656	181,445,045	200,794,433	19,349,388	10.7%
Operating Surplus/Deficit	(56,125,280)	(56,890,661)	(57,021,644)	(130,983)	0.2%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations	53,906,030	56,050,347	56,277,046	226,699	0.4%
Federal Sponsored Programs (Nonoperating)	-	-	-	-	-
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	525,755	1,500,000	1,500,000	-	0.0%
Net Investment Income	4,115,638	3,800,000	4,031,515	231,515	6.1%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	58,547,423	61,350,347	61,808,561	458,214	0.7%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(1,323,694)	(1,576,643)	(2,334,245)	(757,602)	48.1%
Total Transfers and Other	(1,323,694)	(1,576,643)	(2,334,245)	(757,602)	48.1%
Budget Margin (Deficit)	1,098,449	2,883,043	2,452,672	(430,371)	-14.9%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	6,000	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	(600,000)	-	-	-	-
Interest Expense on Capital Asset Financings	(1,323,694)	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	5,800	100,000	100,000	-	0.0%
Additions to Permanent Endowments	-	100,000	100,000	-	0.0%
Transfers for Debt Service - Principal	(4,192,550)	(4,469,087)	(4,883,000)	(413,913)	9.3%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	3,000,000	2,880,800	2,577,573	(303,227)	-10.5%
SRECNA Change in Net Assets	\$(2,005,995)	1,494,756	347,245	(1,147,511)	-76.8%
Total Revenues and AUF Transfers	\$ 195,247,799	185,904,731	205,581,350	19,676,619	10.6%
Total Expenses (Including Transfers for Interest)	(194,149,350)	(183,021,688)	(203,128,678)	(20,106,990)	11.0%
Budget Margin (Deficit)	\$ 1,098,449	2,883,043	2,452,672	(430,371)	
Reconciliation to Use of Prior Year Balances					
Depreciation		11,950,000	11,800,000		
Capital Outlay		(8,500,000)	(6,500,000)		
Transfers for Debt Service - Principal		(4,469,087)	(4,883,000)		
Budgeted Transfers		-	-		
Net Additions to (Uses of) Prior Year Balances		1,863,956	2,869,672		

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

The University of Texas System
Fiscal Year 2017
RESERVE ALLOCATIONS FOR LIBRARY, EQUIPMENT, REPAIR AND REHABILITATION
AND FACULTY SCIENCE AND TECHNOLOGY ACQUISITION AND RETENTION (STARs)

Summary

	PUF Allocation			
	Library & Equipment	Repair & Rehabilitation	Faculty STARs Program	Total
Academic Institutions				
The University of Texas at Arlington	\$ -	1,986,000	-	1,986,000
The University of Texas at Austin	1,150,000	2,706,225	-	3,856,225
The University of Texas at Dallas	1,200,000	750,000	-	1,950,000
The University of Texas at El Paso	1,200,000	700,000	-	1,900,000
The University of Texas of the Permian Basin	725,000	230,000	-	955,000
The University of Texas Rio Grande Valley	838,809	853,137	-	1,691,946
The University of Texas at San Antonio	1,200,000	852,994	-	2,052,994
The University of Texas at Tyler	605,000	340,000	-	945,000
Subtotal Academic Institutions	<u>6,918,809</u>	<u>8,418,356</u>	<u>-</u>	<u>15,337,165</u>
Health Institutions				
The University of Texas Southwestern Medical Center	-	2,068,589	-	2,068,589
The University of Texas Medical Branch at Galveston	1,200,000	1,100,000	-	2,300,000
The University of Texas Health Science Center at Houston	2,050,000	-	-	2,050,000
The University of Texas Health Science Center at San Antonio	1,830,000	-	-	1,830,000
The University of Texas M. D. Anderson Cancer Center	-	2,000,000	-	2,000,000
The University of Texas Health Science Center at Tyler	-	2,300,000	-	2,300,000
Subtotal Health Institutions	<u>5,080,000</u>	<u>7,468,589</u>	<u>-</u>	<u>12,548,589</u>
The University of Texas System Administration				
Academic Library Collection Enhancement Program	4,000,000	-	-	4,000,000
Pickle Research Center-Network Support Infrastructure Upgrade	2,289,246	-	-	2,289,246
OTS network routers for UT System 100G enhancements	825,000	-	-	825,000
Faculty STARs Program - Academic Institutions	-	-	15,000,000	15,000,000
Faculty STARs Program - Health Institutions	-	-	15,000,000	15,000,000
Subtotal System Administration	<u>7,114,246</u>	<u>-</u>	<u>30,000,000</u>	<u>37,114,246</u>
Grand Total	\$ <u>19,113,055</u>	<u>15,886,945</u>	<u>30,000,000</u>	<u>65,000,000</u>

The University of Texas System
Fiscal Year 2017
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 ALLOCATION	TOTAL PROJECT COST	PUF ALLOCATION	PUF ALLOCATION
ACADEMIC INSTITUTIONS					
The University of Texas at Arlington					
Life Science Building Infrastructure Replacement			1,500,000	1,500,000	
Texas Hall Sound System Replacement			607,000	486,000	
TOTAL	\$ -	-	2,107,000	1,986,000	-
The University of Texas at Austin					
Digital Libraries Infrastructure	900,000	900,000			
Information Quest	300,000	250,000			
Campuswide Safety and Security Improvements			2,476,225	2,256,225	
Building Access Control System Facility Security Project Phase II			500,000	450,000	
TOTAL	\$ 1,200,000	1,150,000	2,976,225	2,706,225	-
The University of Texas at Dallas					
Academic Affairs Science and Engineering Laboratory Equipment	1,200,000	1,200,000			
Roof Replacement Administrative Building			750,000	750,000	
TOTAL	\$ 1,200,000	1,200,000	750,000	750,000	-
The University of Texas at El Paso					
Safety Improvements-Automated Material Handling System	200,000	200,000			
Research and Technology Infrastructure Support for New Faculty	1,000,000	1,000,000			
Fox Fine Arts Building Mechanical and Automation Systems			550,000	550,000	
Rehabilitation of Campus Traction Elevators			150,000	150,000	
TOTAL	\$ 1,200,000	1,200,000	700,000	700,000	-
The University of Texas of the Permian Basin					
Kinesiology Department Equipment Upgrade and Replacements	200,000	200,000			
Library Materials	225,000	225,000			
Workstation Life Cycle Refresh	150,000	150,000			
Full Wireless Coverage for Collaborative Spaces	50,000	50,000			
Industrial Technology Building and Flood Control Improvements			230,000	230,000	
Imaging and Workflow System	100,000	100,000			
TOTAL	\$ 725,000	725,000	230,000	230,000	-
The University of Texas Rio Grande Valley					
Chilled Water Line Cross-connect Project			853,137	853,137	
Smart Classroom/technology Enhanced Learning Space for Various Rooms (Phase I)	838,809	838,809			
TOTAL	\$ 838,809	838,809	853,137	853,137	-
The University of Texas at San Antonio					
North Thermal Energy Plant Boiler 1 Replacement	1,200,000	1,200,000			
Campus Lecture Hall Rehabilitation and Modernization			1,100,000	852,994	
TOTAL	\$ 1,200,000	1,200,000	1,100,000	852,994	-
The University of Texas at Tyler					
Library Resources	135,000	135,000			
Library Renovations			340,000	340,000	
Information Technology Equipment	265,000	265,000			
School of Communications Equipment	175,000	175,000			
Department of Technology	30,000	30,000			
TOTAL	\$ 605,000	605,000	340,000	340,000	-
SUBTOTAL - ACADEMIC INSTITUTIONS		\$ 6,918,809		8,418,356	-

The University of Texas System
Fiscal Year 2017
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 ALLOCATION	TOTAL PROJECT COST	PUF ALLOCATION	PUF ALLOCATION
HEALTH INSTITUTIONS					
The University of Texas Southwestern Medical Center					
Renovation of Simmons Biomedical Research Building			4,000,000	2,068,589	
TOTAL	\$ -	-	4,000,000	2,068,589	-
The University of Texas Medical Branch at Galveston					
Information and Educational Resources	2,427,200	1,200,000			
Improve and Expand Accessible Pedestrian Routes			1,300,000	1,100,000	
TOTAL	\$ 2,427,200	1,200,000	1,300,000	1,100,000	-
The University of Texas Health Science Center at Houston					
Interactive Classroom Telepresence Upgrade Project	1,120,000	900,000			
Internal Cloud Storage Software Replacement	250,000	250,000			
Automated Testing Tools - Enterprise Applications	400,000	400,000			
McGovern Medical School Fiber Optic Replacement	250,000	250,000			
Protection from Ransomware Attacks	250,000	250,000			
TOTAL	\$ 2,270,000	2,050,000	-	-	-
The University of Texas Health Science Center at San Antonio					
Digital Journals and Databases	600,000	600,000			
Technology Refresh and Expansion	1,230,000	1,230,000			
TOTAL	\$ 1,830,000	1,830,000	-	-	-
The University of Texas M. D. Anderson Cancer Center					
Smithville Loop Road and Firewater Extension			1,653,000	1,200,000	
Life Safety and Security Improvements for Alkek and Lutheran Patient Care Areas			1,500,000	800,000	
TOTAL	\$ -	-	3,153,000	2,000,000	-
The University of Texas Health Science Center at Tyler					
Strategic Campus Improvements			2,300,000	2,300,000	
TOTAL	\$ -	-	2,300,000	2,300,000	-
SUBTOTAL - HEALTH INSTITUTIONS		\$ 5,080,000		7,468,589	-
SYSTEM ADMINISTRATION					
The University of Texas System Administration					
Academic Library Collection Enhancement Program	4,000,000	4,000,000			
Pickle Research Center-Network Support Infrastructure Upgrade	2,289,246	2,289,246			
Network Routers for UT System 100G Enhancements	825,000	825,000			
Faculty STARs Program - Academic Institutions					15,000,000
Faculty STARs Program - Health Institutions					15,000,000
TOTAL	\$ 7,114,246	7,114,246	-	-	30,000,000
SUBTOTAL - U. T. SYSTEM ADMINISTRATION		\$ 7,114,246		-	30,000,000
TOTAL - U. T. SYSTEM		\$ 19,113,055		15,886,945	30,000,000

Faculty Science and Technology Acquisition and Retention (STARs) Program

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

STARs Allocation History

Academic Institutions			
2005 Faculty STARs	\$ 32,450,000	2012 Faculty STARs	\$ 10,000,000
2006 Faculty STARs	\$ 15,000,000	2013 Faculty STARs	\$ 10,000,000
2007 Faculty STARs	\$ 20,000,000	2014 Faculty STARs	\$ 10,000,000
2008 Faculty STARs	\$ 10,000,000	2015 Faculty STARs	\$ 10,000,000
2009 Faculty STARs	\$ 10,000,000	2016 Faculty STARs	\$ 20,000,000
2010 Faculty STARs	\$ 15,000,000	2017 Faculty STARs	\$ 15,000,000
2011 Faculty STARs	\$ 10,000,000		
Health Institutions			
2005 Faculty STARs	\$ 26,550,000	2013 Faculty STARs	\$ 10,000,000
2009 Faculty STARs	\$ 10,000,000	2014 Faculty STARs	\$ 10,000,000
2010 Faculty STARs	\$ 15,000,000	2015 Faculty STARs	\$ 10,000,000
2011 Faculty STARs	\$ 10,000,000	2016 Faculty STARs	\$ 20,000,000
2011 Faculty STARs (2 years only)	\$ 15,000,000	2017 Faculty STARs	\$ 15,000,000
2012 Faculty STARs	\$ 10,000,000		

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

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

THE UNIVERSITY OF TEXAS SYSTEM

BUDGET RULES AND PROCEDURES

For Fiscal Year Ending August 31, 2017

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* ("Regents' Rules") for the governance of The University of Texas System.
3. The established merit policy will be observed in determining salary rates.
4. All academic salary rates in the instructional departments of the academic institutions are nine-month rates (September 1 - May 31) unless otherwise specified. In the health-related institutions, all salary rates are twelve-month rates unless otherwise specified.
5. All appointments of classified personnel are based on twelve-month rates and are made within appropriate salary ranges as defined by the classified personnel Pay Plan approved by the president or Chancellor. All appointments of administrative and professional personnel are based on twelve-month rates.
6. Compensation for continuing personnel services (for a period longer than one month), though paid for on an hourly basis, is not to be paid out of maintenance and equipment, or like appropriations, except upon specific approval of the president of the institution or the Chancellor.
7. All maintenance and operation, equipment, and travel appropriations are for twelve months (September 1 - August 31) and should be budgeted and expended accordingly.

B. BUDGET AMENDMENTS

1. Items requiring approval of the U. T. System Administration and subsequent approval by the U. T. System Board of Regents through the Consent Agenda
 - a. New appointments of tenured faculty (*Regents' Rule* 31007).
 - b. Award of tenure to any faculty member (*Regents' Rule* 31007).
 - c. New appointments as Regental Professor, Dean Emeritus, Chair Emeritus, or Professor Emeritus (*Regents' Rule* 31001). Titles set forth in *Regents' Rule* 20301 including Chancellor Emeritus, President Emeritus and similar honorary designations are conferred by the U. T. System Board of Regents through the full agenda.

- d. Appointments, promotions, and salary increases involving the president (Regents' *Rules* 20201, 20202, 20203).
 - e. New contracts or contract changes involving athletic directors or head coaches whose total annual compensation, or total contractual compensation, equals or exceeds the amounts specified by Regents' *Rule* 10501 Section 2.2.12.
 - f. Compensation changes for employees whose total annual compensation is \$1,000,000 or above (Regents' *Rule* 20204).
 - g. Compensation changes for Key Executives as defined by Regents' *Rule* 20203.
 - h. Increases in budgeted amounts from income or unappropriated balances for Educational and General, Auxiliary Enterprises, Designated Funds, Service Departments, Revolving Funds, and Plant Funds, subject to the thresholds established in B.5 below.
 - i. Increases to Plant Funds which result from transfers from Educational and General Funds, Auxiliary Enterprises, Designated Funds, Service Departments, and Revolving Funds, subject to the thresholds established in B.5 below.
2. Items requiring approval of U. T. System Administration (no Consent Agenda approval required)
- a. Reappropriation of prior year Educational and General Fund balances, subject to the thresholds established in B.5 below.
 - b. Increases in budgeted amounts from income or unappropriated balances for Educational and General, Auxiliary Enterprises, Designated Funds, Service Departments, Revolving Funds, and Plant Funds, subject to the thresholds established in B.5 below.
 - c. Increases to Plant Funds which result from transfers from Educational and General Funds, Auxiliary Enterprises, Designated Funds, Service Departments, and Revolving Funds, subject to the thresholds established in B.5 below.
 - d. Compensation changes for employees whose total annual compensation is \$500,000 or more but less than \$1,000,000 (Regents' *Rule* 20204).
 - e. Compensation 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.
 - g. Compensation increases of \$10,000 or more involving administrative and professional personnel reporting directly to the president. This includes one-time merit payments.

3. Items requiring approval of the president only Chancellor for U. T. System Administration)
 - a. All interdepartmental transfers.
 - b. All budget transfers between line-item appropriations within a department.
 - c. Increases in budgeted amounts from income or unappropriated balances for Educational and General Funds, Auxiliary Enterprises, Designated Funds, Service Departments, and Revolving Funds, subject to the thresholds established in B.5 below.
 - 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, subject to the thresholds established in B.5 below.
 - 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.1h, B.2d, B.2e, B.2f, and B.2g 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 compensation increases
 - a. Any increase in approved compensation 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 compensation 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 increased compensation for the same classification or position is involved.

5. Budget amendment criteria

- a. Institutions other than U. T. System Administration with budgeted revenue, including transfers from the Available University Fund, of \$1 billion or more will have a threshold of:
 - i. For B.1h and B.1i – Equal to or greater than \$5,000,000 (budget increase approval on Consent Agenda)
 - ii. For B.2a – Equal to or greater than \$2,000,000 (reappropriation of E&G balances approval by U. T. System Administration)
 - iii. For B.2b and B.2c – Equal to or greater than \$2,000,000 and less than \$5,000,000 (budget increase approval by U. T. System Administration)
 - iv. For B.3c and B.3e – Less than \$2,000,000 (approval by president)

- b. Institutions other than U. T. System Administration with budgeted revenue, including transfers from the Available University Fund, between \$250 million and \$1 billion will have a threshold of:
 - i. For B.1h and B.1i – Equal to or greater than \$2,500,000 (budget increase approval on Consent Agenda)
 - ii. For B.2a – Equal to or greater than \$1,000,000 (reappropriation of E&G balances approval by U. T. System Administration)
 - iii. For B.2b and B.2c – Equal to or greater than \$1,000,000 and less than \$2,500,000 (budget increase approval by U. T. System Administration)
 - iv. For B.3c and B.3e – Less than \$1,000,000 (approval by president)

- c. Institutions other than U. T. System Administration with budgeted revenue, including transfers from the Available University Fund, less than \$250 million will have a threshold of:
 - i. For B.1h and B.1i – Equal to or greater than \$1,000,000 (budget increase approval on Consent Agenda)
 - ii. For B.2a – Equal to or greater than \$250,000 (reappropriation of E&G balances approval by U. T. System Administration)
 - iii. For B.2b and B.2c – Equal to or greater than \$250,000 and less than \$1,000,000 (budget increase approval by U. T. System Administration)
 - iv. For B.3c and B.3e – Less than \$250,000 (approval by president)

- d. U. T. System Administration will have a threshold of:
 - i. For B.1h and B.1i – Equal to or greater than \$1,000,000 (budget increase approval on Consent Agenda)
 - ii. For B.2a and B.3e – All amounts may be approved by the Chancellor (reappropriation of E&G balances)
 - iii. For B.2b, B.2c, and B.3c – All amounts less than \$1,000,000 may be approved by the Chancellor (budget increase approval)
 - iv. Notwithstanding i., ii., and iii and after consultation with the Chairman of the U. T. System Board of Regents, the Chancellor may authorize any budget amendment not to exceed \$10,000,000 for U. T. System Administration without additional approvals from the U. T. System Board of Regents. This provision does not apply to Available University Fund balances not previously appropriated.
 - v. Notwithstanding i., ii., and iii., the Chancellor may authorize any budget amendment in the U. T. System revolving insurance funds without limitation.

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," "FSRDP Funds," "Allied Health Faculty Services Plan" or "Nursing Clinical Enterprise Health Services, Research and Development Plan" is contingent upon its being earned or available in accordance with the regulations applicable to the appropriate Medical Service Research and Development Plan, Dental Service Research and Development Plan, Physicians Referral Service Plan, Faculty Services Research and Development Plan, Allied Health Faculty Services Plan, or Nursing Clinical Enterprise Health Services Research and Development Plan.
3. Budgeted expenditures authorized from sources of funds other than Educational and General Funds are contingent upon receipt of such funds. Appointments from such fund sources will not become an obligation of the institution in the event the supplemental or grant funds are not realized.
4. Leaves of Absence may be granted only in accordance with provisions contained in Regents' *Rule* 30201.
5. In these Rules, Compensation means total annual compensation as defined by Regents' *Rule* 20204 or total compensation under a multiyear contract.
6. Appropriations of the Available University Fund are subject to the appropriation limitations and notice requirements found in the General Appropriations Act.

THE UNIVERSITY OF TEXAS SYSTEM

MEDICAL, DENTAL, NURSING, FACULTY SERVICES RESEARCH AND DEVELOPMENT PLANS, ALLIED HEALTH FACULTY SERVICES PLAN AND PHYSICIANS REFERRAL SERVICE

For Fiscal Year Ending August 31, 2017

Rules and Procedures

1. These *Rules and Procedures* are to be used for the Medical, Dental, Nursing, and Faculty Services Research and Development Plans, the Allied Health Faculty Services Plan and Physicians Referral Service (“the Plans”) Budgets in conjunction with the Rules and Procedures for the General Operating Budget.
2. Budgeted expenditures authorized from the Plans 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 U. T. M. D. Anderson Cancer Center, associate members’ earnings will be contingent upon the earned income of the member in accordance with the services rendered to the patient assigned to the member’s specialty by the chief of the major service. All payments will be approved by the Executive Council of the Physicians Referral Service.
6. Budgeted funds can be used for staff retirement and insurance benefits, for actual travel or supplemental travel expenses for attending meetings for the benefit of any institution, for memberships and dues in medical organizations, for official entertainment, and for such other disbursements as may be authorized by the president consistent with the policies approved by the U. T. System Board of Regents and the U. T. System Administration. These expenditures must be in the best interests of the research, educational and patient care activities of any institution and in the best interest of maintaining a distinguished scientific staff for such purposes and activities.

THE UNIVERSITY OF TEXAS SYSTEM

ACADEMIC WORKLOAD REQUIREMENTS FOR ACADEMIC INSTITUTIONS

For Fiscal Year Ending August 31, 2017

Academic Workload Requirements for General Academic Institutions

Academic workload requirements for U. T. System general academic institutions are set forth in Regents' *Rules* 31006.

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

THE UNIVERSITY OF TEXAS SYSTEM

PERMANENT UNIVERSITY FUND (PUF) BOND PROCEEDS FOR LIBRARY, EQUIPMENT, REPAIR AND REHABILITATION (LERR) AND FACULTY SCIENCE AND TECHNOLOGY ACQUISITION AND RETENTION (STARS) AND SIMILAR FUNDED PROGRAMS BUDGET RULES AND PROCEDURES

For Fiscal Year Ending August 31, 2017

A. INITIAL BUDGET

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

B. BUDGET AMENDMENTS

1. Items requiring approval of the U. T. System Administration and subsequent approval by the U. T. System Board of Regents through the Consent Agenda
 - a. Substitute Library and Equipment purchases in excess of \$1 million that are not on the approved list.
 - b. Funding for new Repair and Rehabilitation projects in excess of \$1 million that are not on the approved list.
2. Items requiring approval of U. T. System Administration (no Consent Agenda approval required)
 - a. Substitute Library and Equipment purchases of \$1 million or less that are not on the approved list.
 - b. Funding for new Repair and Rehabilitation projects of \$1 million or less that are not on the approved list.
 - c. Transfers of appropriated funds between approved Library and Equipment items.
 - d. Transfers of appropriated funds between Repair and Rehabilitation items.

- e. Transfers of funds for approved Library and Equipment purchases to fund approved Repair and Rehabilitation projects and vice versa.
- f. All transfers of funds are subject to the requirements of the *Capital Expenditure Policy* (UTS 168).

C. OTHER CONSIDERATIONS

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

THE UNIVERSITY OF TEXAS SYSTEM

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

For Fiscal Year Ending August 31, 2017

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

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

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

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

B. RETENTION OF RECORDS

The Internal Revenue Service requires that invoice documentation supporting capital expenditures, including LERR, Faculty STARS and similar programs funded with proceeds of tax-exempt bonds, be maintained for a period ending three (3) years after the complete extinguishment of the bonds. Pursuant to the Texas *Constitution*, PUF bonds may be structured with a maximum maturity of 30 years. In order to comply with the IRS requirement and *UTS 181 Policy for Post Bond Issuance Federal Tax Compliance*, U. T. institutions shall maintain invoice documentation for 35 years for any capital expenditures funded with tax-exempt proceeds.

C. ELIGIBILITY FOR PROGRAM FUNDS

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

D. GENERAL GUIDELINES FOR USE OF PROGRAM FUNDS

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

Repair and Rehabilitation of Buildings or Other Permanent Improvements

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

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

Acquisition of Capital Equipment

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

Warranties and Similar Service Features

The cost of warranties and similar service features related to a purchase of capital equipment (such as maintenance agreements and loaner programs) are not eligible for LERR, Faculty STARS, or similar program funds as these are considered operating expenses. This ineligibility also applies to warranty and similar service feature costs separately identified during original purchase. For example, a warranty agreement charge that is separately identified on a Laptop purchase is not allowed.

Software

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

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

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

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

Employee Training and Travel Costs

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

Operating Expenses

Consumables, which generally include those items that have an expected useful life of less than one year, are not eligible for LERR or STARS program funds as these are considered operating expenses. Some examples include, but are not limited to: chemicals, gases, paper, staplers and other office supplies, toner cartridges, medical supplies, disposal services, and laboratory supplies.

Examples of other operating expenses that are not eligible for LERR or STARS program funds include, but are not limited to: monthly telephone services, animals, software maintenance cost, and routine maintenance.

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. A purchase of a license for library materials is allowable if the license period is in excess of one year. Annual license subscriptions and payments are not eligible for LERR.

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

Prohibition for Student Housing, Athletics, and Auxiliary Enterprises

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

E. 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 and other staff salaries cannot be paid from STARS funds.

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

- recruit senior faculty with national prominence; and
- 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
- 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.