

# THE UNIVERSITY OF TEXAS SYSTEM

## OPERATING BUDGET SUMMARIES

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

### FISCAL YEAR 2018



AUGUST 2017

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  
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, 2018

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# The University of Texas System Operating Budget Highlights

For the Year Ending August 31, 2018

## 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.

The effect of the System’s expenditures on the Texas economy is profound. For every \$1 in state appropriations to U. T. institutions, within five years, U. T. System graduates earn \$4.65 to help grow the Texas economy. 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 awarded 54,500 degrees. Forty percent of degrees awarded by U. T. System institutions were in high-demand STEM fields (science, technology, engineering and math).

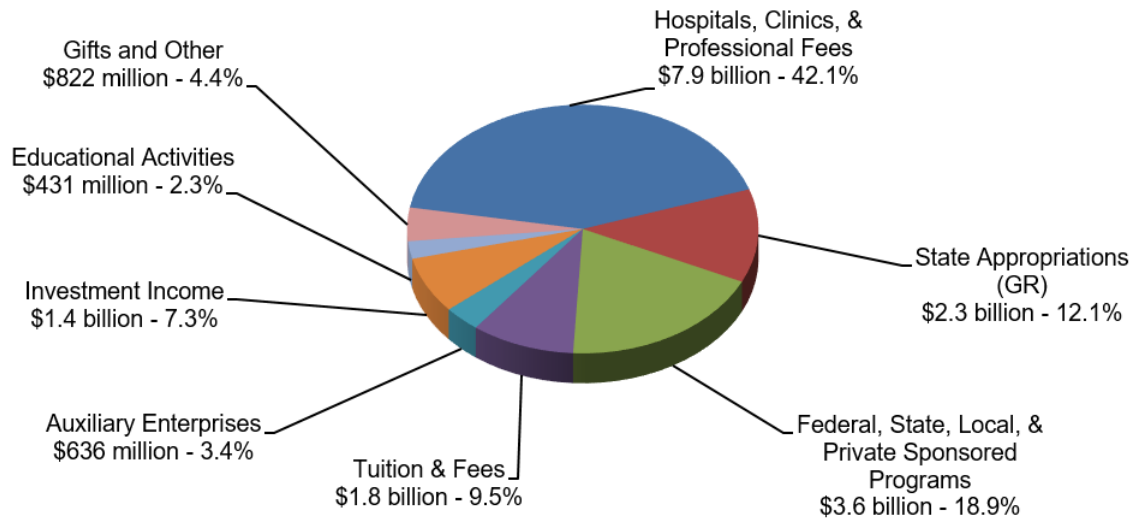
The operating budget provides a wide range of services for Texans. Beyond the primary mission of higher education and research, a significant amount of health care is provided for uninsured and underinsured Texans and several initiatives are supported to improve K-12 education in the public schools. 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 2018, changes in the operating budget are largely driven by growth in health care activities primarily related to professional fees charged by U. T. faculty physicians and contractual arrangements with affiliated hospitals and health care systems. In addition, most System institutions will benefit from a modest tuition increase for 2018.

## REVENUES

**\$18.8 BILLION**



Revenues included in the operating budget include both operating and nonoperating revenues used to finance the operating budget. Combined revenues for FY 2018 are \$18.8 billion, up 3.1 percent or \$560 million from FY 2017. Areas of growth include **Net Professional Fees** (8.1 percent, \$142 million), **Tuition and Fees** (5.9 percent, \$101 million) and **Net Investment Income** (7.8 percent, \$100 million). Budgeted **State Appropriations** decreased (<1.2> percent, <\$27> million) largely as a result of broad reductions to non-formula appropriations made by the 85<sup>th</sup> Texas Legislature. For FY 2018, general revenue will decline to 12.5 percent of the total expense budget, compared to 13.0 percent for 2017.

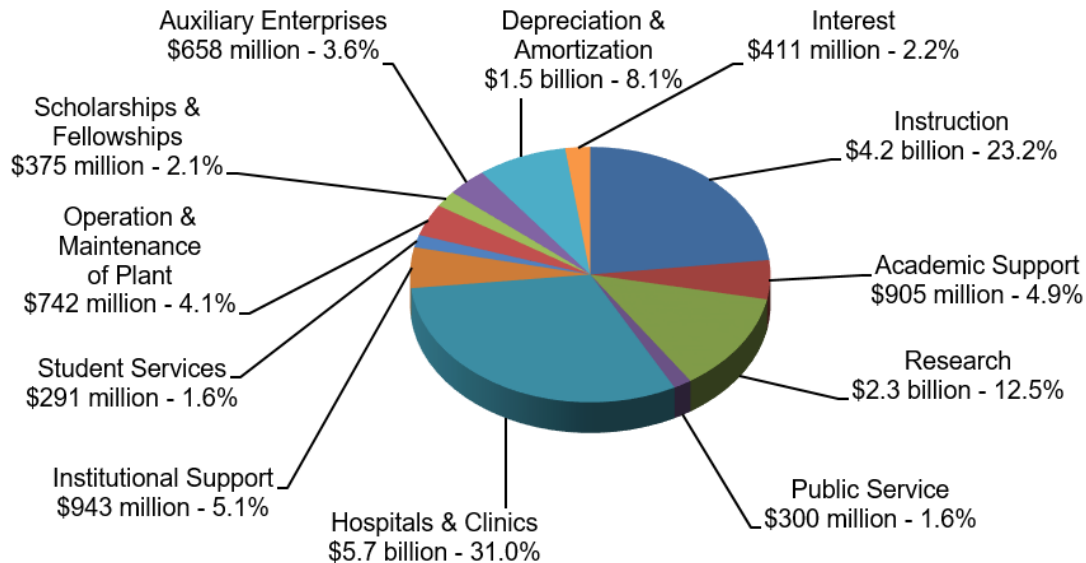
Growth in **Net Professional Fees** principally results from growth in the health-related institutions medical practice plans, including expansion of both practice specialties and clinic locations. The most significant increases are occurring at U. T. Southwestern Medical Center (\$69 million) and U. T. Health Science Center – San Antonio (\$24 million). U. T. Southwestern Medical Center projects 2017 activity to be 6 percent above budget and expects additional growth in 2018 due to opening several new clinic facilities. U. T. Health Science Center – San Antonio similarly attributes additional revenue to expansion of clinic space and opening UT Health Hill Country and the new Center for Oral Healthcare and Research.

**Tuition and Fee** revenue growth results from both additional enrollment and a modest rate increase. The most significant changes occurred at U. T. Arlington (\$44 million), U. T. Austin (\$20 million) and U. T. Dallas (\$15 million). U. T. Arlington anticipates additional revenue related to the rate increase, in-seat enrollment growth 3 percent and accelerated online program growth of 17% over 2017 budget. U. T. Austin growth is primarily the result of the approved 3 percent rate increase and a new cohort of students at the Dell Medical School. U. T. Dallas anticipates 2.5 percent enrollment growth for 2018 as well as the approved rate increase.

Growth in **Net Investment Income** is largely occurring at U. T. M. D. Anderson Cancer Center (\$46 million) and at U. T. System Administration (\$34 million). At U. T. M. D. Anderson Cancer Center, anticipated improvements in operating results and controlled capital spending are expected to result in higher than typical investment balances. The change at U. T. System Administration is the result the \$33.5 million increase in U. T. System's share of the Available University Fund (AUF). Distributions from the Permanent University Fund to the AUF as well as AUF surface income earnings are reflected as Net Investment Income in the annual operating budget.

## EXPENSES

**\$18.3 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 2018 are \$18.3 billion, up 2.5 percent or \$453 million from FY 2017. While overall growth is nominal, the most significant functional areas of growth include **Instruction/Academic Support** (3.5 percent, \$176 million), **Hospital and Clinics** (1.7 percent, \$94 million), and **Depreciation and Amortization** (4.5 percent, \$64 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 increases to faculty and to instructional reserves to be allocated by executive leadership. The most significant increases were at U. T. Austin (\$33 million), U. T. Southwestern Medical Center (\$57 million), and U. T. Health Science Center - Houston (\$57 million).

**Hospital and Clinics** expenses increased due largely to growth in patient care costs commensurate with increasing revenue including the upward volume trend of U. T. Southwestern Medical Center's Clements Hospital and U. T. Medical Branch – Galveston offset by U. T. M. D. Anderson where an 8 percent reduction in employees has occurred along with continued application of additional cost efficiency measures to offset anticipated revenue declines. The most significant changes are at U. T. Southwestern Medical Center (\$78 million), U. T. Medical Branch – Galveston (\$50 million), and U. T. M. D. Anderson Cancer Center (<\$60> million decrease).

**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 Dell Medical School and Rowling Hall at U. T. Austin. The most significant increases occur at U. T. Austin (\$29 million), U. T. Medical Branch - Galveston (\$19 million). These are offset by a decline at U. T. M. D. Anderson Cancer Center (<\$25> million decrease) where major assets including the central hospital core and the Lutheran hospital will reach their full service lives.

## 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 2017 PROJECTED ACTUAL TOTALS

All U. T. institutions have prepared a projection of FY 2017 activity in a format comparable to that presented for the FY 2017 adjusted and FY 2018 proposed budgets. This projection was based on activity through May 2017.

## RESTATEMENT AND RECLASSIFICATION OF FY 2017 BUDGET TOTALS

In certain situations, reclassifications have been made between FY 2017 line items to enhance comparability with the FY 2018 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 of Texas 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 U. T. System 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 U. T. System 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**

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**The University of Texas System  
Operating Budget  
Fiscal Year Ending August 31, 2018**

	FY 2017 Projected	FY 2017 Adjusted Budget	FY 2018 Operating Budget	Budget Increases (Decreases) From 2017 to 2018	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 1,737,841,548	1,696,889,558	1,797,799,580	100,910,022	5.9%
Federal Sponsored Programs	1,441,682,784	1,369,873,879	1,421,479,122	51,605,243	3.8%
State Sponsored Programs	328,433,610	336,515,763	347,711,122	11,195,359	3.3%
Local and Private Sponsored Programs	1,364,874,167	1,340,885,634	1,438,165,589	97,279,955	7.3%
Net Sales and Services of Educational Activities	453,827,041	425,350,704	430,640,665	5,289,961	1.2%
Net Sales and Services of Hospital and Clinics	5,795,506,769	6,005,936,393	6,024,229,328	18,292,935	0.3%
Net Professional Fees	1,780,167,106	1,759,026,791	1,900,675,796	141,649,005	8.1%
Net Auxiliary Enterprises	598,859,786	612,825,903	636,231,392	23,405,489	3.8%
Other Operating Revenues	564,507,127	367,618,884	422,485,885	54,867,001	14.9%
<b>Total Operating Revenues</b>	<b>14,065,699,938</b>	<b>13,914,923,509</b>	<b>14,419,418,479</b>	<b>504,494,970</b>	<b>3.6%</b>
<b>Operating Expenses:</b>					
Instruction	3,908,134,259	4,031,286,157	4,244,519,809	213,233,652	5.3%
Academic Support	851,495,878	942,165,640	904,634,076	(37,531,564)	-4.0%
Research	2,284,166,780	2,276,931,582	2,290,761,834	13,830,252	0.6%
Public Service	327,874,229	295,390,518	299,794,310	4,403,792	1.5%
Hospitals and Clinics	5,552,179,074	5,588,506,423	5,682,069,799	93,563,376	1.7%
Institutional Support	1,992,194,166	899,640,347	942,936,870	43,296,523	4.8%
Student Services	275,412,779	281,852,515	290,963,674	9,111,159	3.2%
Operations and Maintenance of Plant	789,462,928	724,673,267	741,972,726	17,299,459	2.4%
Scholarships and Fellowships	367,804,384	371,532,227	374,920,149	3,387,922	0.9%
Auxiliary Enterprises	634,119,298	647,224,981	658,461,559	11,236,578	1.7%
Depreciation and Amortization	1,396,253,790	1,409,222,636	1,473,164,029	63,941,393	4.5%
<b>Total Operating Expenses</b>	<b>18,379,097,565</b>	<b>17,468,426,293</b>	<b>17,904,198,835</b>	<b>435,772,542</b>	<b>2.5%</b>
<b>Operating Surplus/Deficit</b>	<b>(4,313,397,627)</b>	<b>(3,553,502,784)</b>	<b>(3,484,780,356)</b>	<b>68,722,428</b>	<b>-1.9%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations	2,304,197,551	2,315,820,983	2,288,712,701	(27,108,282)	-1.2%
Federal Sponsored Programs (Nonoperating)	344,248,573	304,895,835	313,098,784	8,202,949	2.7%
State/Local Sponsored Programs (Nonoperating)	10,809,198	46,790,198	43,406,353	(3,383,845)	-7.2%
Gifts in Support of Operations	387,923,939	422,367,172	399,985,200	(22,381,972)	-5.3%
Net Investment Income	1,476,135,280	1,281,561,520	1,381,678,002	100,116,482	7.8%
Other Non-Operating Revenue	-	-	13,982	13,982	-
Other Non-Operating (Expenses)	-	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>4,523,314,541</b>	<b>4,371,435,708</b>	<b>4,426,895,022</b>	<b>55,459,314</b>	<b>1.3%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	460,984,819	409,017,461	436,267,000	27,249,539	6.7%
AUF Transfers (Made) for Operations	(460,984,819)	(409,017,461)	(436,267,000)	(27,249,539)	6.7%
Transfers for Debt Service - Interest	(360,498,819)	(393,857,861)	(411,123,550)	(17,265,689)	4.4%
<b>Total Transfers and Other</b>	<b>(360,498,819)</b>	<b>(393,857,861)</b>	<b>(411,123,550)</b>	<b>(17,265,689)</b>	<b>4.4%</b>
<b>Budget Margin (Deficit)</b>	<b>(150,581,905)</b>	<b>424,075,063</b>	<b>530,991,116</b>	<b>106,916,053</b>	<b>25.2%</b>
<b>Reconciliation to Change in Net Assets:</b>					
Net Non-Profit Health Corp Activity	27,337,539	3,000,000	14,000,000	11,000,000	366.7%
Net Inc./Dec. in Fair Value of Investments	1,205,691,336	-	-	-	-
Interest Expense on Capital Asset Financings	(396,953,548)	(395,057,861)	(412,623,550)	(17,565,689)	4.4%
Capital Approp., Gifts and Sponsored Programs	113,105,515	228,869,603	214,682,965	(14,186,638)	-6.2%
Additions to Permanent Endowments	49,688,050	131,133,174	106,922,124	(24,211,050)	-18.5%
Transfers for Debt Service - Principal	(332,620,766)	(453,868,341)	(504,747,692)	(50,879,351)	11.2%
Reverse Transfers for Debt Service (System Only)	693,119,585	847,726,202	915,871,242	68,145,040	8.0%
Transfers and Other	379,961,775	162,426,072	24,822,146	(137,603,926)	-84.7%
<b>SRECNA Change in Net Assets</b>	<b>\$ 1,588,747,581</b>	<b>948,303,912</b>	<b>889,918,351</b>	<b>(58,385,561)</b>	<b>-6.2%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 18,589,014,479</b>	<b>18,286,359,217</b>	<b>18,846,313,501</b>	<b>559,954,284</b>	<b>3.1%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(18,739,596,384)</b>	<b>(17,862,284,154)</b>	<b>(18,315,322,385)</b>	<b>(453,038,231)</b>	<b>2.5%</b>
<b>Budget Margin (Deficit)</b>	<b>\$ (150,581,905)</b>	<b>424,075,063</b>	<b>530,991,116</b>	<b>106,916,053</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		1,409,222,636	1,473,164,029		
Capital Outlay		(1,082,803,059)	(1,099,085,286)		
Transfers for Debt Service - Principal		(453,868,341)	(504,747,692)		
Budgeted Transfers		(30,452,496)	(47,518,297)		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>266,173,803</b>	<b>352,803,870</b>		

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

**The University of Texas Academic Institutions**  
**Operating Budget**  
**Fiscal Year Ending August 31, 2018**

	FY 2017 Projected	FY 2017 Adjusted Budget	FY 2018 Operating Budget	Budget Increases (Decreases) From 2017 to 2018	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 1,579,678,204	1,544,717,614	1,638,065,069	93,347,455	6.0%
Federal Sponsored Programs	687,142,003	638,476,117	645,494,765	7,018,648	1.1%
State Sponsored Programs	176,325,235	193,357,761	205,768,585	12,410,824	6.4%
Local and Private Sponsored Programs	160,868,308	171,529,406	164,159,125	(7,370,281)	-4.3%
Net Sales and Services of Educational Activities	347,541,961	330,523,434	344,892,634	14,369,200	4.3%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	170,951	6,192,161	8,421,396	2,229,235	36.0%
Net Auxiliary Enterprises	479,578,152	486,539,547	511,817,517	25,277,970	5.2%
Other Operating Revenues	59,132,307	38,231,519	41,297,731	3,066,212	8.0%
<b>Total Operating Revenues</b>	<b>3,490,437,121</b>	<b>3,409,567,559</b>	<b>3,559,916,822</b>	<b>150,349,263</b>	<b>4.4%</b>
<b>Operating Expenses:</b>					
Instruction	1,553,730,917	1,708,028,604	1,791,459,310	83,430,706	4.9%
Academic Support	526,747,660	590,622,931	569,213,692	(21,409,239)	-3.6%
Research	802,035,881	768,469,824	762,353,990	(6,115,834)	-0.8%
Public Service	207,477,126	172,825,103	175,238,489	2,413,386	1.4%
Hospitals and Clinics	19,041,048	20,938,150	27,673,067	6,734,917	32.2%
Institutional Support	391,834,353	373,701,571	397,705,307	24,003,736	6.4%
Student Services	251,810,516	254,941,335	263,447,554	8,506,219	3.3%
Operations and Maintenance of Plant	367,014,945	325,789,120	338,051,846	12,262,726	3.8%
Scholarships and Fellowships	341,963,749	346,480,365	349,799,481	3,319,116	1.0%
Auxiliary Enterprises	545,361,617	554,311,068	562,451,400	8,140,332	1.5%
Depreciation and Amortization	551,314,098	529,667,859	583,928,740	54,260,881	10.2%
<b>Total Operating Expenses</b>	<b>5,558,331,910</b>	<b>5,645,775,930</b>	<b>5,821,322,876</b>	<b>175,546,946</b>	<b>3.1%</b>
<b>Operating Surplus/Deficit</b>	<b>(2,067,894,789)</b>	<b>(2,236,208,371)</b>	<b>(2,261,406,054)</b>	<b>(25,197,683)</b>	<b>1.1%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations	1,084,104,486	1,093,954,659	1,075,723,084	(18,231,575)	-1.7%
Federal Sponsored Programs (Nonoperating)	341,064,266	301,561,833	309,898,784	8,336,951	2.8%
State/Local Sponsored Programs (Nonoperating)	10,809,198	46,790,198	43,406,353	(3,383,845)	-7.2%
Gifts in Support of Operations	198,309,663	185,881,555	205,458,588	19,577,033	10.5%
Net Investment Income	285,460,619	295,742,942	308,896,415	13,153,473	4.4%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>1,919,748,232</b>	<b>1,923,931,187</b>	<b>1,943,383,224</b>	<b>19,452,037</b>	<b>1.0%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	349,587,358	297,620,000	340,472,000	42,852,000	14.4%
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(143,045,282)	(149,469,528)	(155,047,778)	(5,578,250)	3.7%
<b>Total Transfers and Other</b>	<b>206,542,076</b>	<b>148,150,472</b>	<b>185,424,222</b>	<b>37,273,750</b>	<b>25.2%</b>
<b>Budget Margin (Deficit)</b>	<b>58,395,519</b>	<b>(164,126,712)</b>	<b>(132,598,608)</b>	<b>31,528,104</b>	<b>-19.2%</b>
<b>Reconciliation to Change in Net Assets:</b>					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	26,064,935	-	-	-	-
Interest Expense on Capital Asset Financings	(17,249,705)	(1,200,000)	(1,500,000)	(300,000)	25.0%
Capital Approp., Gifts and Sponsored Programs	10,079,891	71,994,800	73,118,000	1,123,200	1.6%
Additions to Permanent Endowments	28,686,970	76,733,174	67,022,124	(9,711,050)	-12.7%
Transfers for Debt Service - Principal	(124,984,000)	(178,498,918)	(197,222,000)	(18,723,082)	10.5%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	892,691,430	406,516,421	319,528,873	(86,987,548)	-21.4%
<b>SRECNA Change in Net Assets</b>	<b>\$ 873,685,040</b>	<b>211,418,765</b>	<b>128,348,389</b>	<b>(83,070,376)</b>	<b>-39.3%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 5,759,772,711</b>	<b>5,631,118,746</b>	<b>5,843,772,046</b>	<b>212,653,300</b>	<b>3.8%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(5,701,377,192)</b>	<b>(5,795,245,458)</b>	<b>(5,976,370,654)</b>	<b>(181,125,196)</b>	<b>3.1%</b>
<b>Budget Margin (Deficit)</b>	<b>\$ 58,395,519</b>	<b>(164,126,712)</b>	<b>(132,598,608)</b>	<b>31,528,104</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		529,667,859	583,928,740		
Capital Outlay		(149,283,009)	(158,590,874)		
Transfers for Debt Service - Principal		(178,498,918)	(197,222,000)		
Budgeted Transfers		(28,699,786)	(46,183,544)		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>9,059,434</b>	<b>49,333,714</b>		

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



**The University of Texas Health-Related Institutions**  
**Operating Budget**  
**Fiscal Year Ending August 31, 2018**

	FY 2017 Projected	FY 2017 Adjusted Budget	FY 2018 Operating Budget	Budget Increases (Decreases) From 2017 to 2018	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 158,163,344	152,171,944	159,734,511	7,562,567	5.0%
Federal Sponsored Programs	731,886,078	726,397,762	755,984,357	29,586,595	4.1%
State Sponsored Programs	149,858,375	140,908,002	131,735,743	(9,172,259)	-6.5%
Local and Private Sponsored Programs	1,203,965,859	1,169,356,228	1,274,006,464	104,650,236	8.9%
Net Sales and Services of Educational Activities	76,001,977	92,445,207	83,045,331	(9,399,876)	-10.2%
Net Sales and Services of Hospital and Clinics	5,795,506,769	6,005,936,393	6,024,229,328	18,292,935	0.3%
Net Professional Fees	1,779,996,155	1,752,834,630	1,892,254,400	139,419,770	8.0%
Net Auxiliary Enterprises	119,281,634	126,286,356	124,413,875	(1,872,481)	-1.5%
Other Operating Revenues	404,822,268	329,325,025	380,056,828	50,731,803	15.4%
<b>Total Operating Revenues</b>	<b>10,419,482,459</b>	<b>10,495,661,547</b>	<b>10,825,460,837</b>	<b>329,799,290</b>	<b>3.1%</b>
<b>Operating Expenses:</b>					
Instruction	2,354,403,342	2,323,257,553	2,453,060,499	129,802,946	5.6%
Academic Support	298,232,117	318,714,146	315,503,686	(3,210,460)	-1.0%
Research	1,482,130,899	1,508,461,758	1,528,407,844	19,946,086	1.3%
Public Service	116,035,615	120,315,415	122,910,431	2,595,016	2.2%
Hospitals and Clinics	5,533,138,026	5,567,568,273	5,654,396,732	86,828,459	1.6%
Institutional Support	402,852,700	403,439,546	407,046,581	3,607,035	0.9%
Student Services	23,602,263	26,911,180	27,516,120	604,940	2.2%
Operations and Maintenance of Plant	408,438,838	398,884,147	403,920,880	5,036,733	1.3%
Scholarships and Fellowships	25,537,435	22,997,002	23,391,308	394,306	1.7%
Auxiliary Enterprises	88,757,681	92,913,913	96,010,159	3,096,246	3.3%
Depreciation and Amortization	826,179,756	862,206,423	867,629,973	5,423,550	0.6%
<b>Total Operating Expenses</b>	<b>11,559,308,672</b>	<b>11,645,669,356</b>	<b>11,899,794,213</b>	<b>254,124,857</b>	<b>2.2%</b>
<b>Operating Surplus/Deficit</b>	<b>(1,139,826,213)</b>	<b>(1,150,007,809)</b>	<b>(1,074,333,376)</b>	<b>75,674,433</b>	<b>-6.6%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations	1,217,572,686	1,221,866,324	1,211,344,227	(10,522,097)	-0.9%
Federal Sponsored Programs (Nonoperating)	3,184,307	3,334,002	3,200,000	(134,002)	-4.0%
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	188,644,485	235,011,160	193,406,982	(41,604,178)	-17.7%
Net Investment Income	392,097,860	374,642,387	427,245,080	52,602,693	14.0%
Other Non-Operating Revenue	-	-	13,982	13,982	-
Other Non-Operating (Expenses)	-	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>1,801,499,338</b>	<b>1,834,853,873</b>	<b>1,835,210,271</b>	<b>356,398</b>	<b>0.0%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(116,522,224)	(134,384,033)	(131,250,847)	3,133,186	-2.3%
<b>Total Transfers and Other</b>	<b>(116,522,224)</b>	<b>(134,384,033)</b>	<b>(131,250,847)</b>	<b>3,133,186</b>	<b>-2.3%</b>
<b>Budget Margin (Deficit)</b>	<b>545,150,901</b>	<b>550,462,031</b>	<b>629,626,048</b>	<b>79,164,017</b>	<b>14.4%</b>
<b>Reconciliation to Change in Net Assets:</b>					
Net Non-Profit Health Corp Activity	27,337,539	3,000,000	14,000,000	11,000,000	366.7%
Net Inc./Dec. in Fair Value of Investments	74,516,962	-	-	-	-
Interest Expense on Capital Asset Financings	1,552,113	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	75,825,624	156,874,803	114,464,965	(42,409,838)	-27.0%
Additions to Permanent Endowments	21,001,080	54,400,000	39,900,000	(14,500,000)	-26.7%
Transfers for Debt Service - Principal	(159,166,766)	(234,749,423)	(251,245,692)	(16,496,269)	7.0%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	207,187,682	586,171,261	485,150,471	(101,020,790)	-17.2%
<b>SRECNA Change in Net Assets</b>	<b>\$ 793,405,135</b>	<b>1,116,158,672</b>	<b>1,031,895,792</b>	<b>(84,262,880)</b>	<b>-7.5%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 12,220,981,797</b>	<b>12,330,515,420</b>	<b>12,660,671,108</b>	<b>330,155,688</b>	<b>2.7%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(11,675,830,896)</b>	<b>(11,780,053,389)</b>	<b>(12,031,045,060)</b>	<b>(250,991,671)</b>	<b>2.1%</b>
<b>Budget Margin (Deficit)</b>	<b>\$ 545,150,901</b>	<b>550,462,031</b>	<b>629,626,048</b>	<b>79,164,017</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		862,206,423	867,629,973		
Capital Outlay		(930,720,050)	(929,494,412)		
Transfers for Debt Service - Principal		(234,749,423)	(251,245,692)		
Budgeted Transfers		(567,875)	(83,440)		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>246,631,106</b>	<b>316,432,477</b>		

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

**The University of Texas System Administration  
Operating Budget Highlights  
For the Year Ending August 31, 2018**

**Introduction - Major Goals Addressed by FY 2018 Budget**

The Board of Regents approved the FY 2017 budget for The University of Texas System Administration with the expectation that the total U. T. System Administration budget would be reduced by 130 FTEs and associated cost savings by the end of FY 2017. This was achieved through a combination of a voluntary separation incentive program, attrition, vacant position eliminations, return of certain audit functions back to campuses, and a limited reduction-in-force. The proposed FY 2018 budget reflects 737 FTEs, a reduction of 186.5 FTEs from the FY 2017 budget.

In July, the Board of Regents conducted a comprehensive review of U. T. System Administration activities. While no formal action was taken affecting U. T. System Administration, a desire was communicated for it to be leaner while continuing to preserve support to campuses. To that end, Chancellor William McRaven has made a decision to reduce the portion of U. T. System's current distribution from the Available University Fund (AUF) used by U. T. System Administration for core operations and campus support to no more than 15 percent of the total U. T. System share of the AUF. The proposed budget reflects an AUF distribution of \$95.8 million or 15 percent of the U. T. System share of the AUF. This represents a reduction of \$15.6 million (14 percent) from FY 2017.

Prior reductions and other identified savings have fulfilled almost two-thirds of this reduction, but \$5.7 million of AUF balance utilization is requested for FY 2018 to allow time to identify additional savings and reductions. The AUF distribution largely supports the core operations of U. T. System Administration, so reductions must be carefully administered to preserve core services and campus support.

As part of the 2015 plan to offset tuition at the academic campuses other than U. T. Austin, the Board of Regents previously 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. At its May 2017 meeting, the Board of Regents approved the return of the campus audit functions to the respective campuses. While originally a commitment of \$31.4 million, this segment of U. T. System Administration's budget is approximately \$42.4 million for FY 2018 with growth due largely to the campus support requirements of UTShare. After transition of the auditors, the FY 2018 budget includes a total of 103 FTE positions attributable to tuition offset.

**Revenue**

Budgeted revenue for U. T. System Administration is \$341.9 million, up \$17.1 million or 5.3%. This growth is attributable to a budgeted \$15 million increase in federal support for Medicare Part D retiree prescription drug coverage administered as part of the UT SELECT health insurance program. State sponsored programs reflects the biennial funding for the Joint Admission Medical Program. State Appropriations reflect support for the Lone Star Stroke program that was formerly funded through an award from the Texas Department of State Health Services.

Net Investment Income includes a large increase related to growth in the AUF distribution, however most of the increase is transferred to U. T. Austin and is not reflected as revenue for U. T. System Administration in the budget presentation. Only the portions of the AUF distribution for Permanent University Fund (PUF) bond debt service, for U. T. System Administration operations and any surplus after distributions to U. T. Austin are reflected as revenue.

**Expenses**

Budget expenses (including transfers for interest) have increased \$20.9 million (7.3 percent) to \$307.9 million. The increase results from expending the aforementioned \$15 million increase in Medicare Part D support as well as increase PUF bond and Replacement Office Building (ROB) interest expense (\$14.8 million). Depreciation expense is also up \$4.3 million (24.5 percent) as a result of the ROB being placed into service. These increase are offset to some extent by other reductions as a result of the organizational study, in the Institute for Transformational Learning (ITL), and due to an increase in the adjustment to the budget related to capital outlay (\$8.2 million). The capital outlay increase is principally related to software being developed by ITL that was not similarly reflected as capital in the FY 2017 budget.

**The University of Texas System Administration**  
**Operating Budget**  
**Fiscal Year Ending August 31, 2018**

	FY 2017 Projected	FY 2017 Adjusted Budget	FY 2018 Operating Budget	Budget Increases (Decreases) From 2017 to 2018	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ -	-	-	-	-
Federal Sponsored Programs	22,654,703	5,000,000	20,000,000	15,000,000	300.0%
State Sponsored Programs	2,250,000	2,250,000	10,206,794	7,956,794	353.6%
Local and Private Sponsored Programs	40,000	-	-	-	-
Net Sales and Services of Educational Activities	30,283,103	2,382,063	2,702,700	320,637	13.5%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	-	-	-	-	-
Other Operating Revenues	100,552,552	62,340	1,131,326	1,068,986	1714.8%
<b>Total Operating Revenues</b>	<b>155,780,358</b>	<b>9,694,403</b>	<b>34,040,820</b>	<b>24,346,417</b>	<b>251.1%</b>
<b>Operating Expenses:</b>					
Instruction	-	-	-	-	-
Academic Support	26,516,101	32,828,563	19,916,698	(12,911,865)	-39.3%
Research	-	-	-	-	-
Public Service	4,361,488	2,250,000	1,645,390	(604,610)	-26.9%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	1,197,507,113	122,499,230	138,184,982	15,685,752	12.8%
Student Services	-	-	-	-	-
Operations and Maintenance of Plant	14,009,145	-	-	-	-
Scholarships and Fellowships	303,200	2,054,860	1,729,360	(325,500)	-15.8%
Auxiliary Enterprises	-	-	-	-	-
Depreciation and Amortization	18,759,936	17,348,354	21,605,316	4,256,962	24.5%
Total Operating Expenses	1,261,456,983	176,981,007	183,081,746	6,100,739	3.4%
<b>Operating Surplus/Deficit</b>	<b>(1,105,676,625)</b>	<b>(167,286,604)</b>	<b>(149,040,926)</b>	<b>18,245,678</b>	<b>-10.9%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations	2,520,379	-	1,645,390	1,645,390	-
Federal Sponsored Programs (Nonoperating)	-	-	-	-	-
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	969,791	1,474,457	1,119,630	(354,827)	-24.1%
Net Investment Income	798,576,801	611,176,191	645,536,507	34,360,316	5.6%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>802,066,971</b>	<b>612,650,648</b>	<b>648,301,527</b>	<b>35,650,879</b>	<b>5.8%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	111,397,461	111,397,461	95,795,000	(15,602,461)	-14.0%
AUF Transfers (Made) for Operations	(460,984,819)	(409,017,461)	(436,267,000)	(27,249,539)	6.7%
Transfers for Debt Service - Interest	(100,931,313)	(110,004,300)	(124,824,925)	(14,820,625)	13.5%
<b>Total Transfers and Other</b>	<b>(450,518,671)</b>	<b>(407,624,300)</b>	<b>(465,296,925)</b>	<b>(57,672,625)</b>	<b>14.1%</b>
<b>Budget Margin (Deficit)</b>	<b>(754,128,325)</b>	<b>37,739,744</b>	<b>33,963,676</b>	<b>(3,776,068)</b>	<b>-10.0%</b>
<b>Reconciliation to Change in Net Assets:</b>					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	1,105,109,439	-	-	-	-
Interest Expense on Capital Asset Financings	(381,255,956)	(393,857,861)	(411,123,550)	(17,265,689)	4.4%
Capital Approp., Gifts and Sponsored Programs	27,200,000	-	27,100,000	27,100,000	-
Additions to Permanent Endowments	132,000,000	132,630,936	106,922,124	(25,708,812)	-19.4%
Transfers for Debt Service - Principal	(48,470,000)	(40,620,000)	(56,280,000)	(15,660,000)	38.6%
Reverse Transfers for Debt Service (System Only)	693,119,585	847,726,202	915,871,242	68,145,040	8.0%
Transfers and Other	609,082,663	(89,197,593)	(86,177,089)	3,020,504	-3.4%
<b>SRECNA Change in Net Assets</b>	<b>\$ 1,382,657,406</b>	<b>494,421,428</b>	<b>530,276,403</b>	<b>35,854,975</b>	<b>7.3%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 608,259,971</b>	<b>324,725,051</b>	<b>341,870,347</b>	<b>17,145,296</b>	<b>5.3%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(1,362,388,296)</b>	<b>(286,985,307)</b>	<b>(307,906,671)</b>	<b>(20,921,364)</b>	<b>7.3%</b>
<b>Budget Margin (Deficit)</b>	<b>\$ (754,128,325)</b>	<b>37,739,744</b>	<b>33,963,676</b>	<b>(3,776,068)</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		17,348,354	21,605,316		
Capital Outlay		(2,800,000)	(11,000,000)		
Transfers for Debt Service - Principal		(40,620,000)	(56,280,000)		
Budgeted Transfers		(1,184,835)	(1,251,313)		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>10,483,263</b>	<b>(12,962,321)</b>		

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

**The University of Texas at Arlington**  
**Operating Budget Highlights**  
**For the Year Ending August 31, 2018**

**Introduction - Major Goals Addressed by FY 2018 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, the 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 its strategic priorities.

**Revenue**

Total annual operating revenue is expected to increase by just over ten percent in FY 2018. The increase in tuition revenue is driven by a three percent increase in in-seat enrollment, a 17 percent increase in accelerated online enrollments and the tuition rate increases approved by the U. T. System Board of Regents. Accelerated online tuition revenue is expected to increase 25 percent, while in-seat tuition and fee income is expected to increase 8 percent. A large portion of the increase in tuition revenue was realized during FY 2017, as noted on the revenue projections due to the tremendous increase in accelerated online enrollments.

Restricted grants and contracts are expected to increase as a result of additional external funding. Increasing demand, in addition to incremental rate increases, for housing, parking, and dining services; along with residence hall construction and the maximization of capacity has led to a 7 percent increase in auxiliary revenue.

Total non-operating revenue is expected to decrease by nearly four percent as a result of a decrease in state appropriations for group insurance and tuition revenue bonds. An increase in net investment income is also expected.

**Expenses**

U. T. Arlington's operating expenses are expected to increase by 5 percent in FY 2018 to a total of \$641.9 million. A 5 percent increase in instruction and academic support related to increased faculty levels, increasing instructional costs in accelerated online programs due to enrollment and program growth, and additional supplemental instruction, tutoring and student success initiatives. An increase in research and public service related expenditures, funded from external grants and contracts, is anticipated as U. T. Arlington continues its ascent to Tier 1 status. With increasing enrollments and an emphasis in student recruitment scholarship expenditures are anticipated to increase 6 percent. Information technology improvements to infrastructure, student support technology, and disaster recovery (anticipated at \$3.0 million), are expected to benefit the entire university.

Other expenditure increases include investment in counseling and psychological services, U. T. Arlington student career development center, enrollment management, and instructional services, technology, student transportation needs, campus security initiatives, and faculty and staff market based salary adjustments. An increase in capital outlay is also expected due to several construction projects currently in progress.

**The University of Texas at Arlington**  
**Operating Budget**  
**Fiscal Year Ending August 31, 2018**

	FY 2017 Projected	FY 2017 Adjusted Budget	FY 2018 Operating Budget	Budget Increases (Decreases) From 2017 to 2018	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 288,363,306	253,843,849	297,984,277	44,140,428	17.4%
Federal Sponsored Programs	45,846,624	53,769,540	55,327,683	1,558,143	2.9%
State Sponsored Programs	21,753,259	21,999,031	20,502,615	(1,496,416)	-6.8%
Local and Private Sponsored Programs	6,908,672	12,702,277	9,325,000	(3,377,277)	-26.6%
Net Sales and Services of Educational Activities	23,140,328	24,727,165	24,563,829	(163,336)	-0.7%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	41,554,910	36,100,928	38,509,433	2,408,505	6.7%
Other Operating Revenues	10,656,340	6,934,007	6,525,318	(408,689)	-5.9%
<b>Total Operating Revenues</b>	<b>438,223,439</b>	<b>410,076,797</b>	<b>452,738,155</b>	<b>42,661,358</b>	<b>10.4%</b>
<b>Operating Expenses:</b>					
Instruction	194,120,553	211,182,161	222,135,614	10,953,453	5.2%
Academic Support	42,394,807	34,604,858	36,470,937	1,866,079	5.4%
Research	79,743,876	63,230,217	64,363,061	1,132,844	1.8%
Public Service	8,362,761	8,900,698	13,328,819	4,428,121	49.8%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	44,771,105	63,584,074	64,241,531	657,457	1.0%
Student Services	78,236,995	80,027,018	89,410,451	9,383,433	11.7%
Operations and Maintenance of Plant	35,328,638	26,090,126	24,852,319	(1,237,807)	-4.7%
Scholarships and Fellowships	29,567,419	24,326,380	25,833,782	1,507,402	6.2%
Auxiliary Enterprises	52,341,036	49,620,083	48,216,004	(1,404,079)	-2.8%
Depreciation and Amortization	51,497,192	48,802,217	53,042,108	4,239,891	8.7%
<b>Total Operating Expenses</b>	<b>616,364,382</b>	<b>610,367,832</b>	<b>641,894,626</b>	<b>31,526,794</b>	<b>5.2%</b>
<b>Operating Surplus/Deficit</b>	<b>(178,140,943)</b>	<b>(200,291,035)</b>	<b>(189,156,471)</b>	<b>11,134,564</b>	<b>-5.6%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations	138,749,561	138,749,561	131,551,914	(7,197,647)	-5.2%
Federal Sponsored Programs (Nonoperating)	51,957,526	50,000,000	50,000,000	-	0.0%
State Sponsored Programs (Nonoperating)	3,080,758	3,080,758	3,030,758	(50,000)	-1.6%
Gifts in Support of Operations	4,184,669	6,535,755	5,221,133	(1,314,622)	-20.1%
Net Investment Income	15,815,121	12,692,949	13,173,227	480,278	3.8%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>213,787,635</b>	<b>211,059,023</b>	<b>202,977,032</b>	<b>(8,081,991)</b>	<b>-3.8%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(13,597,959)	(14,532,993)	(14,300,526)	232,467	-1.6%
<b>Total Transfers and Other</b>	<b>(13,597,959)</b>	<b>(14,532,993)</b>	<b>(14,300,526)</b>	<b>232,467</b>	<b>-1.6%</b>
<b>Budget Margin (Deficit)</b>	<b>22,048,733</b>	<b>(3,765,005)</b>	<b>(479,965)</b>	<b>3,285,040</b>	<b>-87.3%</b>
<b>Reconciliation to Change in Net Assets:</b>					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	8,890,394	-	-	-	-
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	4,048,999	4,048,999	3,988,264	(60,735)	-1.5%
Transfers for Debt Service - Principal	(17,568,000)	(17,920,000)	(18,610,000)	(690,000)	3.9%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	90,972,955	92,246,316	85,945,386	(6,300,930)	-6.8%
<b>SRECNA Change in Net Assets</b>	<b>\$ 109,393,081</b>	<b>75,610,310</b>	<b>71,843,685</b>	<b>(3,766,625)</b>	<b>-5.0%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 652,011,074</b>	<b>621,135,820</b>	<b>655,715,187</b>	<b>34,579,367</b>	<b>5.6%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(629,962,341)</b>	<b>(624,900,825)</b>	<b>(656,195,152)</b>	<b>(31,294,327)</b>	<b>5.0%</b>
<b>Budget Margin (Deficit)</b>	<b>\$ 22,048,733</b>	<b>(3,765,005)</b>	<b>(479,965)</b>	<b>3,285,040</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		48,802,217	53,042,108		
Capital Outlay		(26,339,743)	(29,549,000)		
Transfers for Debt Service - Principal		(17,920,000)	(18,610,000)		
Budgeted Transfers		(777,469)	-		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>-</b>	<b>4,403,143</b>		

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

**The University of Texas at Austin  
Operating Budget Highlights  
For the Year Ending August 31, 2018**

**Introduction - Major Goals Addressed by FY 2018 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 continues to innovate in the education of undergraduate students to be tomorrow's leaders in a globally competitive diverse environment, expanding its research mission to have the greatest impact and value to the people of Texas, and transforming health care through the new Dell Medical School. U. T. Austin shares 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.

A key priority is to continue to improve the already substantial value of undergraduate education. The student success initiatives remain critical elements of this budget and have led to record 4-year graduation rates. U. T. Austin is launching a new initiative to support the college-to-career transition for both undergraduate and graduate students.

Faculty is at the heart of the education and research mission. To maintain competitiveness for faculty, it is essential to pre-emptively adjust salaries of the best faculty across all departments. The next phase of the Faculty Investment Initiative, launched in 2015-16, is a selective expansion of recruiting efforts at all ranks to regenerate excellence of faculty. U. T. Austin was also able to fund an institutional merit pool of 3 percent for tenured/tenure-track faculty. Deans will use this merit pool to address high-priority salary competitiveness for faculty not included in the Faculty Investment Initiative.

Strengthening the impact of U. T. Austin research programs, many of which are the top in their field, is critical. To accomplish the ten-year goal of doubling sponsored research, 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 and maximize the value of research and scholarship. Though some of U. T. Austin's major research-related non-formula items (special items) were reduced by the legislature, the majority of the funding for research activities is being restored using hold harmless appropriations.

The Dell Medical School will welcome its second class this summer. With the support of Travis County taxpayers, the state legislature, and the Board of Regents, expansion of buildings and medical students will continue, 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 and inclusive 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 2018 increased by \$10.3 million, including tuition revenue bonds and hold harmless funding. This increase also includes for the first time health-related institution formula funding of \$5.7 million for Dell Medical School. Funds for each special item were reduced by more than 30 percent (\$12.1 million in total). The state appropriation for the Texas Research University Fund was reduced by \$4.6 million per year. Tuition revenue increased about \$23.9 million due to the Board approved 3 percent increase and the addition of a new class of medical students. The overall Available University Fund amount increased by \$42.9 million due to a Board authorized change to increase the U. T. Austin share to 53 percent. Gift estimated revenue increased by about \$16.7 million based on historical trends.

**Expenses**

Subject to approval by the Board of Regents, U. T. Austin plans to implement an institutionally funded average 3 percent increase for tenured/tenure-track faculty and 2 percent for non-tenured faculty to remain competitive in attracting and retaining talented faculty. An average 2 percent strategic one-time or recurring merit-based salary increase policy is planned for staff – to be funded by the units. State funded expenses were adjusted for the reductions in the special item funding. U. T. Austin special items make tremendous contributions across the state. Funding for the most critical research related special items (McDonald Observatory, Bureau of Economic Geology, Marine Science Institute, and Institute for Geophysics) was mostly restored using hold harmless funds appropriated by the legislature. To prepare for the reduction in recurring state general revenue, budget planning is in process to reduce the core operating budget by \$20 million over the next biennium. The first \$10 million reduction is reflected in the FY 2018 budget.

**The University of Texas at Austin**  
**Operating Budget**  
**Fiscal Year Ending August 31, 2018**

	FY 2017 Projected	FY 2017 Adjusted Budget	FY 2018 Operating Budget	Budget Increases (Decreases) From 2017 to 2018	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 490,000,000	496,832,028	516,399,146	19,567,118	3.9%
Federal Sponsored Programs	428,000,000	416,666,575	410,699,221	(5,967,354)	-1.4%
State Sponsored Programs	57,700,000	58,462,385	62,850,080	4,387,695	7.5%
Local and Private Sponsored Programs	126,400,000	128,202,334	124,080,702	(4,121,632)	-3.2%
Net Sales and Services of Educational Activities	265,200,000	255,203,986	271,462,269	16,258,283	6.4%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	299,900,000	305,190,769	315,574,604	10,383,835	3.4%
Other Operating Revenues	9,100,000	4,867,726	5,349,936	482,210	9.9%
<b>Total Operating Revenues</b>	<b>1,676,300,000</b>	<b>1,665,425,803</b>	<b>1,706,415,958</b>	<b>40,990,155</b>	<b>2.5%</b>
<b>Operating Expenses:</b>					
Instruction	697,500,000	810,381,971	864,293,173	53,911,202	6.7%
Academic Support	262,700,000	325,035,872	303,824,351	(21,211,521)	-6.5%
Research	479,000,000	478,987,891	475,059,768	(3,928,123)	-0.8%
Public Service	131,800,000	112,255,445	111,001,499	(1,253,946)	-1.1%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	160,800,000	118,550,907	133,769,366	15,218,459	12.8%
Student Services	60,700,000	62,299,748	62,066,769	(232,979)	-0.4%
Operations and Maintenance of Plant	176,300,000	148,396,446	160,606,713	12,210,267	8.2%
Scholarships and Fellowships	122,000,000	157,556,438	154,101,874	(3,454,564)	-2.2%
Auxiliary Enterprises	298,000,000	309,082,567	309,868,400	785,833	0.3%
Depreciation and Amortization	277,000,000	259,000,000	288,000,000	29,000,000	11.2%
<b>Total Operating Expenses</b>	<b>2,665,800,000</b>	<b>2,781,547,285</b>	<b>2,862,591,913</b>	<b>81,044,628</b>	<b>2.9%</b>
<b>Operating Surplus/Deficit</b>	<b>(989,500,000)</b>	<b>(1,116,121,482)</b>	<b>(1,156,175,955)</b>	<b>(40,054,473)</b>	<b>3.6%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations	350,300,000	350,331,676	360,607,443	10,275,767	2.9%
Federal Sponsored Programs (Nonoperating)	78,000,000	43,000,000	43,000,000	-	0.0%
State/Local Sponsored Programs (Nonoperating)	-	35,000,000	35,000,000	-	0.0%
Gifts in Support of Operations	157,400,000	138,679,704	158,908,210	20,228,506	14.6%
Net Investment Income	200,900,000	221,382,535	226,247,799	4,865,264	2.2%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>786,600,000</b>	<b>788,393,915</b>	<b>823,763,452</b>	<b>35,369,537</b>	<b>4.5%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	349,587,358	297,620,000	340,472,000	42,852,000	14.4%
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(50,100,000)	(53,676,894)	(61,223,848)	(7,546,954)	14.1%
<b>Total Transfers and Other</b>	<b>299,487,358</b>	<b>243,943,106</b>	<b>279,248,152</b>	<b>35,305,046</b>	<b>14.5%</b>
<b>Budget Margin (Deficit)</b>	<b>96,587,358</b>	<b>(83,784,461)</b>	<b>(53,164,351)</b>	<b>30,620,110</b>	<b>-36.5%</b>
<b>Reconciliation to Change in Net Assets:</b>					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	-	-	-	-	-
Interest Expense on Capital Asset Financings	-	(1,200,000)	(1,500,000)	(300,000)	25.0%
Capital Approp., Gifts and Sponsored Programs	-	60,000,000	55,000,000	(5,000,000)	-8.3%
Additions to Permanent Endowments	-	57,000,000	50,000,000	(7,000,000)	-12.3%
Transfers for Debt Service - Principal	-	(56,539,568)	(67,849,000)	(11,309,432)	20.0%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	486,600,000	56,000,000	58,340,000	2,340,000	4.2%
<b>SRECNA Change in Net Assets</b>	<b>\$ 583,187,358</b>	<b>31,475,971</b>	<b>40,826,649</b>	<b>9,350,678</b>	<b>29.7%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 2,812,487,358</b>	<b>2,751,439,718</b>	<b>2,870,651,410</b>	<b>119,211,692</b>	<b>4.3%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(2,715,900,000)</b>	<b>(2,835,224,179)</b>	<b>(2,923,815,761)</b>	<b>(88,591,582)</b>	<b>3.1%</b>
<b>Budget Margin (Deficit)</b>	<b>\$ 96,587,358</b>	<b>(83,784,461)</b>	<b>(53,164,351)</b>	<b>30,620,110</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		259,000,000	288,000,000		
Capital Outlay		(86,763,579)	(90,927,359)		
Transfers for Debt Service - Principal		(56,539,568)	(67,849,000)		
Budgeted Transfers		(27,625,008)	(44,320,868)		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>4,287,384</b>	<b>31,738,422</b>		

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





**The University of Texas at Austin  
Application of Available University Fund (AUF)  
Recommended Budget FY 2018**

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

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

**Excellence in Mission:** **\$ 226,060,161**

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Instructional Excellence

Enhanced Academic Programs \$ 148,696,292

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 17-18, it also includes reserves to be allocated by executive leadership.

Instructional Program Services 3,619,717

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 22,487,613

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)	30,308,326
<p>Instructional technology services include providing access to computing, voice and data networks, internet, and email. Library services include access to comprehensive print and digital resources supporting all disciplines, and access to specialized collections within the Humanities Research Center, the Benson Latin American Collection and the Law Library.</p>	
Student Programs and Services	3,563,650
<p>These services encompass new student orientation, career services, welcoming and mentoring programs, student organizations, campus and community involvement, Greek life, services for students with disabilities, student governance, judicial services and volunteer and service learning, and study abroad programs.</p>	
Research Excellence	
Research Competitiveness	14,205,298
<p>Support is provided for the critical research infrastructure required for faculty to be competitive for federal, state, and private sector research grant funding, to meet the ever increasing regulatory and compliance requirements associated with this external funding, to provide specialized services for areas such as animal care and high performance computing, and to help support research centers and institutes targeting areas critical to the economic development of Texas and the nation.</p>	
Outreach Excellence	
Academic Program/Community Interface	3,179,265
<p>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.</p>	

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**Recruitment and Retention of Talent:****55,931,524**

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**Faculty**

3,048,491

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**

15,740,086

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**

37,142,947

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.

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**Institutional Accountability and Enhanced Connections to the Public****30,646,865**

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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. Financial and Administrative Services is dedicated to enhancing the development and delivery of most supporting services for on-campus clients, including public and environmental safety and the integrity of the physical infrastructure of the campus. Project Information Quest (IQ) uses business intelligence tools to provide critical information to University decision makers.

**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**

**2,856,185**

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

UT Austin AUF Budget

**\$ 340,472,000**

## Details

### Excellence in Mission

#### Instructional Excellence

Enhanced Academic Programs		<b>148,696,292</b>
Colleges and Schools	47,149,391	
Academic Departments and Centers	101,546,901	
Instructional Program Services		<b>3,619,717</b>
Texas Language Center	83,602	
Natural Sciences Dean's Office Communication Group	695,749	
Education Communication Group	606,292	
Fine Arts Office of Computing Technologies	203,783	
Project 2021 - Educational Innovation	1,716,941	
Undergraduate Studies - Assessment	136,089	
UT Elementary School	119,305	
Student Success Initiatives	57,956	
Instructional Initiatives and Programs		<b>22,487,613</b>
Visiting Lecturers and Academic development	105,000	
Provost Initiatives and Innovations	20,057,137	
Fine Arts Projects	182,093	
Center for Arts & Entertainment Technologies	120,214	
Nursing Children's Wellness Center	90,171	
Nursing Learning Center	3,000	
Clinical Legal Education	125,574	
UTeach E Outreach	177,192	
UTeach Master Teacher Institute	294,677	
Undergraduate Programs	87,733	
Signature Courses	1,240,630	
Core Curriculum Development	4,192	
Academic Infrastructure		<b>30,308,326</b>
Instructional Technology	6,747,408	
Libraries	23,560,918	
Student Programs and Services		<b>3,563,650</b>
Dean of Students	2,583,536	
Deaf Interpreter Services	779,002	
Services For Students With Disabilities	10,714	
Mathematics Lab	75,183	
International Office	24,362	
Study Abroad	90,853	

<b>Research Excellence</b>		<b>14,205,298</b>
Research Competitiveness		
Research grant infrastructure, compliance and support		
VP For Research - Research Support And Compliance Office	902,449	
Institutional Capital Projects	818,684	
Research Grants	55,100	
Animal Resources Center	570,586	
Texas Advanced Computing Center	3,409,155	
College of Liberal Arts - Research	290,628	
Statistics & Scientific Computation Program	417,684	
Research Initiatives		
Organized Research Units	5,652,448	
University Of Texas Press	996,482	
Undergraduate Research	4,987	
Center For Studies In Texas History	371,259	
Research Instruments Laboratory	100,635	
Integrative Biology - Biodiversity Collections	341,931	
Clements Center for National Security	273,270	
<b>Outreach Excellence</b>		<b>3,179,265</b>
Academic Program/Community Interface		
Texas Performing Arts	1,328,780	
Jack S. Blanton Museum of Art	1,727,042	
Winedale Historical Center	123,443	
<b>Recruitment and Retention of Talent:</b>		<b>55,931,524</b>
Initiatives to ensure quality and diversity		
Faculty	3,048,491	
Faculty Development Program	2,201,933	
Faculty Recruitment	846,558	
Undergraduate Students	15,740,086	
Admission	1,434,622	
Enrollment Analytics	621,550	
Registrar	1,718,234	
Freshman Admissions Center	1,251,407	
University Outreach Centers	480,566	
Multicultural Engagement Center	84,696	
Tuition and Fees Scholarship	69,129	
Student Gateway Program	155,721	
Student Services	1,254,726	
Former Student Records	479,360	
Satellite Admissions Office	2,026,688	
Student Financial Services	3,015,228	
Hardship Waivers	3,113,159	
Institutional Tuition Rebates	35,000	

Graduate Students	37,142,947
Vice Provost and Dean of Graduate Studies	2,403,969
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	342,765
School Of Law Scholarships	1,214,429
Law Admissions Outreach	357,237
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	269,645

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

**30,646,865**

Office of President - Staff Ombuds	83,759
Office of the Executive Vice President And Provost	6,932,345
Institutional Accreditation And Effectiveness	454,677
Institutional Reporting, Research, and Information Systems	1,941,829
Senior Vice President And CFO	149,799
Senior Vice President And CFO Communications Department	471,080
Campus Security and Safety	111,776
University Communications	3,785,681
Equal Employment Opportunity	536,462
Division of Diversity and Community Engagement	516,459
IQ Project	1,215,408
ADA Accommodations	46,661
General Faculty Office	245,319
Institutional Memberships	332,800
Liberal Arts Public Affairs	381,467
Liberal Arts Business Affairs	932,926
Liberal Arts Centralized Business Office	527,910
Liberal Arts Human Resources	288,984
Natural Sciences Business Services	36,000
Development - support for scholarships, facilities, research, academic programs, faculty endowments, etc.	11,655,523

**Dell Medical School**

**24,977,265**

**UT System**

**2,856,185**

Telecomm Services Office - UT System Support	1,188,802
Telecomm Infrastructure - Network Bandwidth	207,499
Telecomm Infrastructure - Wide Area Network Support	932,000
Information Technology Assessments - UT Austin Support	527,884

TOTAL

**\$ 340,472,000**

**The University of Texas at Dallas  
Operating Budget Highlights  
For the Year Ending August 31, 2018**

**Introduction - Major Goals Addressed by FY 2018 Budget**

The University of Texas at Dallas continues to refine budget transparency and align budget decisions closely with the University's focused strategic plan. U. T. Dallas remains committed to achieving the University's potential as a great research university. Expansion of student enrollment, improvement in undergraduate student access and success, and continued expansion of research activities remain high priorities. However, U. T. Dallas is experiencing significant financial strain as a result of exceptional enrollment growth in the last five years coupled with the FY 2018 factors of reduced general revenue funding from state appropriations, a modest tuition increase affecting only fall 2017 incoming students, and reduced enrollment of non-resident graduate students.

U. T. Dallas is anticipating a slower rate of enrollment growth for the upcoming budget cycle. Last fall, enrollment stood at 26,793 (up 9.1 percent from the previous year), and this fall an enrollment of approximately 27,482, or a 2.5 percent increase, was budgeted. The FY 2018 budget includes a second reduction to administrative units in two years; a \$1.3 million reallocation to academic units to support the reduction in general revenue and to maintain support for the teaching and research activities. The budget provides additional funding for growth and expansion for new faculty, merit program for faculty and staff, reserves for strategic initiatives, increased debt payments for new or upgraded facilities, and support for operating increases, new building operations and technology infrastructure.

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 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 2018 is approximately \$635.4 million, an increase of \$29.6 million over FY 2017. Incremental operating revenue is due mainly to increases in tuition and fees (\$15.4 million), consisting of rate increases (\$5.0 million), and enrollment growth estimated at 2.5 percent (\$10.4 million). As U. T. Dallas offers a guaranteed tuition program, only incoming students will experience the tuition increase.

The increase to Net Auxiliary Enterprises revenue (\$11.7 million) is derived from increases to parking, dining, and housing charges, and two new housing units coming online during FY 2018. The decrease in State Sponsored Programs-Nonoperating (\$7.6 million) is due to the reduction in Texas Research Incentive Program (TRIP) funding. Increases in the categories of Federal Sponsored Programs-Nonoperating and Net Investment Income (\$3.1 million and \$5.7 million, respectively) are due to increases in the Pell Grants and underestimation of investment yields in FY 2017.

**Expenses**

Projected expenses for FY 2018, including Transfers for Interest, total approximately \$651.4 million, an increase of \$31.7 million over FY 2017. The FY 2018 budget includes funding for new faculty hires (\$5.0 million), a merit program for faculty and staff (\$4.3 million), a reserve for strategic initiatives (\$3.0 million), and funding for operating increases for new buildings, infrastructure, and the Internal Audit Department returning to campus (\$1.8 million).

The decrease in Research expenses (\$8.1 million) is due to the reduction in TRIP funding and exhaustion of carryover balances in FY 2017. The increases in categories of Scholarships and Fellowships and Auxiliary Enterprises (\$5.5 million and \$5.8 million, respectively) are due to increases in TEXAS Grants, Texas Public Education Grant designated tuition set asides, and increased auxiliary operations as a result of opening two new housing units for service. The increase in Depreciation and Amortization (\$10.8 million) consists of new building depreciation and full-year depreciation of buildings opened for service in FY 2017.



**The University of Texas at Dallas**  
**Operating Budget**  
**Fiscal Year Ending August 31, 2018**

	FY 2017 Projected	FY 2017 Adjusted Budget	FY 2018 Operating Budget	Budget Increases (Decreases) From 2017 to 2018	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 305,343,603	300,123,577	315,526,593	15,403,016	5.1%
Federal Sponsored Programs	38,772,082	35,542,791	36,562,636	1,019,845	2.9%
State Sponsored Programs	9,959,733	11,905,070	12,656,693	751,623	6.3%
Local and Private Sponsored Programs	12,543,574	12,792,896	12,657,684	(135,212)	-1.1%
Net Sales and Services of Educational Activities	20,935,333	12,104,194	13,181,377	1,077,183	8.9%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	33,381,439	40,641,239	52,382,759	11,741,520	28.9%
Other Operating Revenues	5,569,522	3,179,891	3,317,949	138,058	4.3%
<b>Total Operating Revenues</b>	<b>426,505,286</b>	<b>416,289,658</b>	<b>446,285,691</b>	<b>29,996,033</b>	<b>7.2%</b>
<b>Operating Expenses:</b>					
Instruction	191,238,655	186,579,394	194,597,517	8,018,123	4.3%
Academic Support	76,101,914	74,247,798	76,886,339	2,638,541	3.6%
Research	93,065,252	90,797,848	82,727,994	(8,069,854)	-8.9%
Public Service	9,047,916	8,827,476	9,234,382	406,906	4.6%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	49,654,885	48,445,114	50,729,825	2,284,711	4.7%
Student Services	19,945,350	19,459,410	20,184,469	725,059	3.7%
Operations and Maintenance of Plant	33,453,874	32,638,817	35,168,530	2,529,713	7.8%
Scholarships and Fellowships	13,486,381	13,157,804	18,643,185	5,485,381	41.7%
Auxiliary Enterprises	47,928,869	47,928,869	53,760,597	5,831,728	12.2%
Depreciation and Amortization	73,438,778	70,000,000	80,768,517	10,768,517	15.4%
<b>Total Operating Expenses</b>	<b>607,361,874</b>	<b>592,082,530</b>	<b>622,701,355</b>	<b>30,618,825</b>	<b>5.2%</b>
<b>Operating Surplus/Deficit</b>	<b>(180,856,588)</b>	<b>(175,792,872)</b>	<b>(176,415,664)</b>	<b>(622,792)</b>	<b>0.4%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations	117,051,662	119,018,809	117,498,270	(1,520,539)	-1.3%
Federal Sponsored Programs (Nonoperating)	24,579,139	23,264,093	26,370,930	3,106,837	13.4%
State Sponsored Programs (Nonoperating)	7,728,440	7,728,440	150,000	(7,578,440)	-98.1%
Gifts in Support of Operations	12,438,978	14,922,979	14,845,467	(77,512)	-0.5%
Net Investment Income	26,493,656	24,501,440	30,202,478	5,701,038	23.3%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>188,291,875</b>	<b>189,435,761</b>	<b>189,067,145</b>	<b>(368,616)</b>	<b>-0.2%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(25,100,626)	(27,628,652)	(28,720,253)	(1,091,601)	4.0%
<b>Total Transfers and Other</b>	<b>(25,100,626)</b>	<b>(27,628,652)</b>	<b>(28,720,253)</b>	<b>(1,091,601)</b>	<b>4.0%</b>
<b>Budget Margin (Deficit)</b>	<b>(17,665,339)</b>	<b>(13,985,763)</b>	<b>(16,068,772)</b>	<b>(2,083,009)</b>	<b>14.9%</b>
<b>Reconciliation to Change in Net Assets:</b>					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	15,498,006	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	7,335,791	8,438,700	14,850,000	6,411,300	76.0%
Additions to Permanent Endowments	13,500,000	4,405,500	5,000,000	594,500	13.5%
Transfers for Debt Service - Principal	(31,753,000)	(31,753,000)	(34,665,000)	(2,912,000)	9.2%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	156,182,529	94,500,000	19,000,000	(75,500,000)	-79.9%
<b>SRECNA Change in Net Assets</b>	<b>\$ 143,097,987</b>	<b>61,605,437</b>	<b>(11,883,772)</b>	<b>(73,489,209)</b>	<b>-119.3%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 614,797,161</b>	<b>605,725,419</b>	<b>635,352,836</b>	<b>29,627,417</b>	<b>4.9%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(632,462,500)</b>	<b>(619,711,182)</b>	<b>(651,421,608)</b>	<b>(31,710,426)</b>	<b>5.1%</b>
<b>Budget Margin (Deficit)</b>	<b>\$ (17,665,339)</b>	<b>(13,985,763)</b>	<b>(16,068,772)</b>	<b>(2,083,009)</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		70,000,000	80,768,517		
Capital Outlay		(16,272,270)	(19,429,252)		
Transfers for Debt Service - Principal		(31,753,000)	(34,665,000)		
Budgeted Transfers		-	-		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>7,988,967</b>	<b>10,605,493</b>		

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

**The University of Texas at El Paso  
Operating Budget Highlights  
For the Year Ending August 31, 2018**

**Introduction - Major Goals Addressed by FY 2018 Budget**

The University of Texas at El Paso's FY 2018 operating budget supports the University's mission of access coupled with a commitment to excellence. This is reflected in its rigorous programs and initiatives, which prepare students to make significant contributions to their professions, their communities and the world. The University's goal of providing a quality academic education to all talented and motivated young people, regardless of demographic or socioeconomic background, has become a national model for success in transforming the profile of a student population. Creating an enriched educational experience that will enable students to achieve their full potential and highest aspirations is of the uppermost priority.

Declining state resources have shifted the reliance on state funding to enrollment growth, both traditional and online, as well as further development of such alternative revenue sources as gifts, grants, research commercialization and a broad range of auxiliary enterprises. Despite the reductions in state resources, it has been the University's priority to not reduce the core instructional mission. The FY 2018 Operating Budget maintains and enhances investments in faculty competitiveness, retention, and research as well as continued support of student success initiatives.

The University will welcome its inaugural Pharmacy class, a Special Item introduced in the 84th Legislature, which is now partially supported by the University. Additionally, the University will continue to focus on its Student Success Initiative, The Edge, in FY 2018, which creates the next generation of student engagement and professional preparation and enhances U.T. El Paso's role as a national leader in 21st century public higher education.

**Revenue**

Projected revenues for FY 2018 are \$439 million, which is largely attributable to the increase in tuition and fee revenues of \$1.1 million over FY 2017, resulting from the 4.5 percent tuition rate increase previously approved by the Board of Regents and an increase in projected enrollment of 1.25 percent. This also includes a reduction in State appropriations of \$2.7 million in special item funding, a \$3.5 million decrease in higher education group insurance and a decrease in the state sponsored research program.

**Expenses**

Total operating expenses are projected at \$436 million. The slight increase over the FY 2017 budget is attributable to the growth in tuition exemptions for Hazlewood, the transition for FY 2018 of the Internal Audit unit from U.T. System back to the University and for increased investments in instructional budgets. The University also performed an extensive review of all vacant positions and eliminated those that were not deemed critical to the University's mission in order to continue to support instructional and student success initiatives.

**The University of Texas at El Paso**  
**Operating Budget**  
**Fiscal Year Ending August 31, 2018**

	FY 2017 Projected	FY 2017 Adjusted Budget	FY 2018 Operating Budget	Budget Increases (Decreases) From 2017 to 2018	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 114,914,423	117,435,595	125,053,225	7,617,630	6.5%
Federal Sponsored Programs	60,112,751	53,057,822	52,698,971	(358,851)	-0.7%
State Sponsored Programs	21,049,550	24,180,951	26,946,386	2,765,435	11.4%
Local and Private Sponsored Programs	7,495,415	7,329,984	7,217,011	(112,973)	-1.5%
Net Sales and Services of Educational Activities	6,601,453	8,787,613	7,483,449	(1,304,164)	-14.8%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	32,977,449	35,202,031	35,296,855	94,824	0.3%
Other Operating Revenues	60,000	60,000	60,000	-	0.0%
<b>Total Operating Revenues</b>	<b>243,211,041</b>	<b>246,053,996</b>	<b>254,755,897</b>	<b>8,701,901</b>	<b>3.5%</b>
<b>Operating Expenses:</b>					
Instruction	111,820,632	122,383,011	124,214,568	1,831,557	1.5%
Academic Support	22,061,908	22,679,037	22,714,363	35,326	0.2%
Research	72,566,720	65,165,394	67,684,262	2,518,868	3.9%
Public Service	9,425,696	11,095,896	7,250,995	(3,844,901)	-34.7%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	31,071,994	34,574,535	34,837,295	262,760	0.8%
Student Services	18,858,466	19,934,881	20,803,690	868,809	4.4%
Operations and Maintenance of Plant	29,428,860	30,450,926	28,836,579	(1,614,347)	-5.3%
Scholarships and Fellowships	58,769,828	47,235,963	51,491,781	4,255,818	9.0%
Auxiliary Enterprises	47,329,437	45,765,531	44,779,187	(986,344)	-2.2%
Depreciation and Amortization	32,088,852	33,750,223	33,385,780	(364,443)	-1.1%
<b>Total Operating Expenses</b>	<b>433,422,393</b>	<b>433,035,397</b>	<b>435,998,500</b>	<b>2,963,103</b>	<b>0.7%</b>
<b>Operating Surplus/Deficit</b>	<b>(190,211,352)</b>	<b>(186,981,401)</b>	<b>(181,242,603)</b>	<b>5,738,798</b>	<b>-3.1%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations	113,098,487	114,631,887	108,192,124	(6,439,763)	-5.6%
Federal Sponsored Programs (Nonoperating)	50,929,225	53,398,988	53,900,412	501,424	0.9%
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	8,212,087	7,370,000	9,020,000	1,650,000	22.4%
Net Investment Income	13,410,183	12,930,000	13,114,955	184,955	1.4%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>185,649,982</b>	<b>188,330,875</b>	<b>184,227,491</b>	<b>(4,103,384)</b>	<b>-2.2%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(12,344,639)	(12,344,639)	(11,381,642)	962,997	-7.8%
<b>Total Transfers and Other</b>	<b>(12,344,639)</b>	<b>(12,344,639)</b>	<b>(11,381,642)</b>	<b>962,997</b>	<b>-7.8%</b>
<b>Budget Margin (Deficit)</b>	<b>(16,906,009)</b>	<b>(10,995,165)</b>	<b>(8,396,754)</b>	<b>2,598,411</b>	<b>-23.6%</b>
<b>Reconciliation to Change in Net Assets:</b>					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	(1,960,443)	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	476,100	476,100	-	(476,100)	-100.0%
Additions to Permanent Endowments	3,404,111	3,175,815	-	(3,175,815)	-100.0%
Transfers for Debt Service - Principal	(16,122,000)	(16,122,000)	(17,189,000)	(1,067,000)	6.6%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	32,191,445	21,303,515	-	(21,303,515)	-100.0%
<b>SRECNA Change in Net Assets</b>	<b>\$ 1,083,204</b>	<b>(2,161,735)</b>	<b>(25,585,754)</b>	<b>(23,424,019)</b>	<b>1083.6%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 428,861,023</b>	<b>434,384,871</b>	<b>438,983,388</b>	<b>4,598,517</b>	<b>1.1%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(445,767,032)</b>	<b>(445,380,036)</b>	<b>(447,380,142)</b>	<b>(2,000,106)</b>	<b>0.4%</b>
<b>Budget Margin (Deficit)</b>	<b>\$ (16,906,009)</b>	<b>(10,995,165)</b>	<b>(8,396,754)</b>	<b>2,598,411</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		33,750,223	33,385,780		
Capital Outlay		(4,484,624)	(5,088,348)		
Transfers for Debt Service - Principal		(16,122,000)	(17,189,000)		
Budgeted Transfers		158,414	2,563,816		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>2,306,848</b>	<b>5,275,494</b>		

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

**The University of Texas of the Permian Basin  
Operating Budget Highlights  
For the Year Ending August 31, 2018**

**Introduction - Major Goals Addressed by FY 2018 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. U.T. Permian Basin has submitted requests to create chemical and electrical engineering programs to the Texas Higher Education Coordinating Board. U.T. Permian Basin received a new allocation of special item funding in the amount of \$800,000 per year for the support of these two new degree programs in the 85<sup>th</sup> Legislative session. Petroleum and Mechanical Engineering Program enrollments continue to grow at well above anticipated levels; and the University's Bachelor of Science Nursing (BSN) Program has added an on-line Registered Nurse to BSN degree to the Academic Partnerships carousel. 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.

Substantial completion of the new residence hall and dining facility in August 2016 added additional capacity for students to live on campus and the dining hall gave the campus a much larger facility to increase meal plan offerings and participation. Further investment in the expansion of various student success initiatives for retention like Education Advisory Board in the Student Success Center are also keys to achieving goals for student retention and improving the sense of community for resident students. The start of construction of the new \$52 million engineering building on the Midland campus funded by Tuition Revenue Bonds and Permanent University Fund Bonds will help to continue growth in the engineering programs.

**Revenue**

Total budgeted projected revenue for FY 2018 is approximately \$85.8 million, an increase of \$4.8 million over the FY 2017 budget. This increase in the overall revenue budget over the prior year reflects increased state sponsored programs and increased benefit appropriations, as well as increases in Tuition. Special Item funding from the State of Texas was reduced \$2.7 million, an average cut of 33 percent to each line item for the upcoming fiscal year. Resident undergraduate and graduate tuition were increased 5 percent for FY 2018. Projected increased tuition and fee revenue is also derived from projected enrollment growth of 5 percent. The decrease to auxiliary revenues is from a reduction in projected housing revenues due to local market conditions in rental units offered off campus. As the slowdown in the local oil-production based economy has progressed, local rental prices were reduced significantly to entice renters and the price sensitive student population has been moving to off campus rentals. Gifts in Support of operations are expected to increase based on new gifts, continued collections of football, and other pledges and endowment payouts.

**Expenses**

Due to the decline in State funding and modest increases in tuition, U.T. Permian Basin will not be budgeting a merit pool for the faculty and staff in FY 2018. Projected budgeted expenses for FY 2018, including Transfers for Interest, total approximately \$86.4 million, an increase of \$4.7 million over FY 2017. The FY 2018 budget includes increases in debt service associated with the completion of the Residence Dining Hall (\$855,000) and increased depreciation (\$835,000), additional funding for the Internal Audit Department transfer from U. T. System (\$322,275), funding for a new Welcome Center and a Call Center to increase student retention and new student application completion (\$120,000), increased public service costs associated with the growth and previous under-budgeting (in FY 2017) in the Science, Technology, Engineering, and Mathematics Charter Academy (\$2.0 million). (The STEM Charter Academy doubled in size in FY 2017 and the budgeted revenues and expenses were not correctly reflective of this change). Decreases in budgeted expenses related to housing in Auxiliary Enterprises (\$600,000) to adjust for the declining revenue from competition with off-campus rental properties.

**The University of Texas of the Permian Basin**  
**Operating Budget**  
**Fiscal Year Ending August 31, 2018**

	FY 2017 Projected	FY 2017 Adjusted Budget	FY 2018 Operating Budget	Budget Increases (Decreases) From 2017 to 2018	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 22,478,380	18,853,179	23,052,924	4,199,745	22.3%
Federal Sponsored Programs	7,889,519	1,167,483	1,654,140	486,657	41.7%
State Sponsored Programs	354,775	1,635,775	6,615,021	4,979,246	304.4%
Local and Private Sponsored Programs	447,968	378,219	47,334	(330,885)	-87.5%
Net Sales and Services of Educational Activities	1,217,952	2,696,745	15,463	(2,681,282)	-99.4%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	7,245,144	9,586,337	8,550,097	(1,036,240)	-10.8%
Other Operating Revenues	463,569	232,500	255,000	22,500	9.7%
<b>Total Operating Revenues</b>	<b>40,097,307</b>	<b>34,550,238</b>	<b>40,189,979</b>	<b>5,639,741</b>	<b>16.3%</b>
<b>Operating Expenses:</b>					
Instruction	24,032,962	21,564,090	26,308,142	4,744,052	22.0%
Academic Support	5,112,312	5,553,619	5,414,796	(138,823)	-2.5%
Research	983,311	1,756,367	1,355,496	(400,871)	-22.8%
Public Service	8,414,912	1,084,452	1,790,484	706,032	65.1%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	5,521,068	5,863,539	6,011,010	147,471	2.5%
Student Services	2,868,747	3,503,314	3,140,582	(362,732)	-10.4%
Operations and Maintenance of Plant	8,298,500	6,839,344	6,238,640	(600,704)	-8.8%
Scholarships and Fellowships	5,429,782	5,943,939	5,177,389	(766,550)	-12.9%
Auxiliary Enterprises	8,729,030	6,965,602	7,666,785	701,183	10.1%
Depreciation and Amortization	14,800,000	13,965,000	14,800,000	835,000	6.0%
<b>Total Operating Expenses</b>	<b>84,190,624</b>	<b>73,039,266</b>	<b>77,903,324</b>	<b>4,864,058</b>	<b>6.7%</b>
<b>Operating Surplus/Deficit</b>	<b>(44,093,317)</b>	<b>(38,489,028)</b>	<b>(37,713,345)</b>	<b>775,683</b>	<b>-2.0%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations	38,302,200	38,302,200	36,652,538	(1,649,662)	-4.3%
Federal Sponsored Programs (Nonoperating)	6,501,728	4,198,752	5,198,765	1,000,013	23.8%
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	1,773,224	1,500,000	1,500,000	-	0.0%
Net Investment Income	1,287,542	2,441,251	2,251,643	(189,608)	-7.8%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>47,864,694</b>	<b>46,442,203</b>	<b>45,602,946</b>	<b>(839,257)</b>	<b>-1.8%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(8,300,554)	(8,633,137)	(8,483,654)	149,483	-1.7%
<b>Total Transfers and Other</b>	<b>(8,300,554)</b>	<b>(8,633,137)</b>	<b>(8,483,654)</b>	<b>149,483</b>	<b>-1.7%</b>
<b>Budget Margin (Deficit)</b>	<b>(4,529,177)</b>	<b>(679,962)</b>	<b>(594,053)</b>	<b>85,909</b>	<b>-12.6%</b>
<b>Reconciliation to Change in Net Assets:</b>					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	-	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	-	800,000	1,000,000	200,000	25.0%
Additions to Permanent Endowments	-	1,000,000	800,000	(200,000)	-20.0%
Transfers for Debt Service - Principal	(10,172,000)	(9,333,000)	(10,365,000)	(1,032,000)	11.1%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	-	34,000,000	44,667,000	10,667,000	31.4%
<b>SRECNA Change in Net Assets</b>	<b>\$(14,701,177)</b>	<b>25,787,038</b>	<b>35,507,947</b>	<b>9,720,909</b>	<b>37.7%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 87,962,001</b>	<b>80,992,441</b>	<b>85,792,925</b>	<b>4,800,484</b>	<b>5.9%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(92,491,178)</b>	<b>(81,672,403)</b>	<b>(86,386,978)</b>	<b>(4,714,575)</b>	<b>5.8%</b>
<b>Budget Margin (Deficit)</b>	<b>\$(4,529,177)</b>	<b>(679,962)</b>	<b>(594,053)</b>	<b>85,909</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		13,965,000	14,800,000		
Capital Outlay		(805,000)	(840,000)		
Transfers for Debt Service - Principal		(9,333,000)	(10,365,000)		
Budgeted Transfers		-	-		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>3,147,038</b>	<b>3,000,947</b>		

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, 2018**

**Introduction - Major Goals Addressed by FY 2018 Budget**

The FY 2018 budget supports important activities of The University of Texas Rio Grande Valley. The University seeks to maintain affordability, expand research, provide high quality student instruction and experiential exposure, and offer strong programs in healthcare, engineering, business, sciences, and the liberal arts.

With the Fall 2017 semester, The University of Texas Rio Grande Valley will begin its third year in operation. Total enrollment for the semester is projected at 28,826 students, an increase of 4.6 percent over Fall 2016. Included are 519 high school students enrolled in the institution's math and science academy and the concurrent enrollment program. Also included are 104 medical students.

U. T. Rio Grande Valley continues the tradition of affordability; its Fall 2016 average academic rate of \$3,540 was lower than that of 33 institutions in Texas. In addition, the university maintains a tuition structure that is predictable via a 4-year guaranteed fixed price tuition plan. The tuition structure also reduces time-to-degree via a 12-hour cap on tuition and mandatory fees that encourages larger class loads and that provides students taking advantage of the cap a built-in rebate. Finally, the institution's high school concurrent enrollment program allows students the opportunity to earn up to 60 hours of college credit.

**Revenue**

State appropriations totaling \$147 million represent a reduction of \$11.1 million from FY 2017. This includes a \$12.2 million drop in funding for operations with approximately \$8.6 million pertaining to the academic (non-medical school) unit and \$3.6 million pertaining to the medical school. Cuts were especially steep for the institution due to heavy reliance on non-formula support, including a \$4.2 million decrease (40 percent) to Institutional Enhancement. Appropriations were further reduced by \$0.8 million to be transferred to the U. T. Health Science Center – San Antonio for activities still in transition. Finally, there was a slight increase in appropriated funding for group insurance premiums.

Tuition and fee revenues, before the adjustment for discounting, are estimated to increase by \$6.6 million due mostly to anticipated undergraduate enrollment growth of 1,000 students in the Fall plus a 10 percent increase in summer enrollments due to the availability of year-round Pell grants. In addition, graduate enrollments are estimated to grow by 5 percent. Finally, a 2 percent increase in the total academic cost will be in effect for newly enrolled students.

Increases in Federal Sponsored Programs totaling \$5.7 million (operating and non-operating) are attributed mostly to scholarship programs including Pell grants. Finally, increases in Net Professional Fees and Other Operating Revenues of \$2.2 million and \$3.2 million, respectively, are due to the continuing expansion of the clinical operations of the medical school.

**Expenses**

Total expenses are projected at \$510 million inclusive of noncash adjustments such as depreciation. Included are \$0.4 million for faculty promotions, \$2.8 million for faculty inversion/compression adjustments, \$1.6 million for staff pay plan adjustments, and \$0.5 million to continue the UTeach program. To help fund these commitments, the institution identified \$3.6 million in divisional operating budget reductions plus \$1.3 million in equipment pool reductions.

No merit adjustments will be provided to employees in FY 2018 with the exception of \$0.3 million set aside for one-time merit for employees providing additional effort to the transition to PeopleSoft.

Scholarships, before discounts, are projected at \$152.7 million, including \$37.2 million in TEXAS Grants and \$74.3 million in Pell Grants. Also included is \$7.4 million for exemptions of which \$5.7 million is attributed to Hazlewood veterans and legacy programs.

Employee benefits are projected to increase by \$1.9 million due to a change in the proportional payment of group insurance and to increases in staffing as the medical school continues to ramp up operations. The \$6.7 million increase in Hospitals and Clinics expense is likewise attributed to the ongoing development of the medical school.

The \$8.8 million (21.8 percent) increase in depreciation is attributed to two additional buildings to be placed in service.

**The University of Texas Rio Grande Valley**  
**Operating Budget**  
**Fiscal Year Ending August 31, 2018**

	FY 2017 Projected	FY 2017 Adjusted Budget	FY 2018 Operating Budget	Budget Increases (Decreases) From 2017 to 2018	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 116,576,218	124,480,355	119,727,437	(4,752,918)	-3.8%
Federal Sponsored Programs	41,077,061	32,920,806	36,329,128	3,408,322	10.4%
State Sponsored Programs	42,507,918	41,080,291	40,796,742	(283,549)	-0.7%
Local and Private Sponsored Programs	5,072,679	4,205,724	3,991,598	(214,126)	-5.1%
Net Sales and Services of Educational Activities	8,254,533	6,019,837	6,030,090	10,253	0.2%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	170,951	6,192,161	8,421,396	2,229,235	36.0%
Net Auxiliary Enterprises	10,238,306	9,824,357	10,168,399	344,042	3.5%
Other Operating Revenues	28,727,994	21,529,261	24,730,005	3,200,744	14.9%
<b>Total Operating Revenues</b>	<b>252,625,660</b>	<b>246,252,792</b>	<b>250,194,795</b>	<b>3,942,003</b>	<b>1.6%</b>
<b>Operating Expenses:</b>					
Instruction	139,172,960	149,755,369	147,021,914	(2,733,455)	-1.8%
Academic Support	41,554,337	51,446,405	46,051,527	(5,394,878)	-10.5%
Research	24,323,784	24,334,382	21,321,791	(3,012,591)	-12.4%
Public Service	20,424,728	13,663,525	14,427,381	763,856	5.6%
Hospitals and Clinics	19,041,048	20,938,150	27,673,067	6,734,917	32.2%
Institutional Support	45,112,361	45,710,469	47,158,359	1,447,890	3.2%
Student Services	31,613,906	30,870,863	30,082,560	(788,303)	-2.6%
Operations and Maintenance of Plant	33,191,978	31,636,691	31,256,554	(380,137)	-1.2%
Scholarships and Fellowships	61,377,235	63,243,394	59,046,681	(4,196,713)	-6.6%
Auxiliary Enterprises	25,331,506	26,882,245	28,584,241	1,701,996	6.3%
Depreciation and Amortization	39,601,126	40,559,419	49,400,554	8,841,135	21.8%
<b>Total Operating Expenses</b>	<b>480,744,969</b>	<b>499,040,912</b>	<b>502,024,629</b>	<b>2,983,717</b>	<b>0.6%</b>
<b>Operating Surplus/Deficit</b>	<b>(228,119,309)</b>	<b>(252,788,120)</b>	<b>(251,829,834)</b>	<b>958,286</b>	<b>-0.4%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations	157,647,440	158,059,363	146,983,702	(11,075,661)	-7.0%
Federal Sponsored Programs (Nonoperating)	69,000,000	72,000,000	74,328,677	2,328,677	3.2%
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	5,314,449	6,974,721	6,553,258	(421,463)	-6.0%
Net Investment Income	8,418,067	5,548,132	5,762,063	213,931	3.9%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>240,379,956</b>	<b>242,582,216</b>	<b>233,627,700</b>	<b>(8,954,516)</b>	<b>-3.7%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(9,123,539)	(9,128,262)	(8,353,544)	774,718	-8.5%
<b>Total Transfers and Other</b>	<b>(9,123,539)</b>	<b>(9,128,262)</b>	<b>(8,353,544)</b>	<b>774,718</b>	<b>-8.5%</b>
<b>Budget Margin (Deficit)</b>	<b>3,137,108</b>	<b>(19,334,166)</b>	<b>(26,555,678)</b>	<b>(7,221,512)</b>	<b>37.4%</b>
<b>Reconciliation to Change in Net Assets:</b>					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	3,636,978	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	168,000	180,000	168,000	(12,000)	-6.7%
Additions to Permanent Endowments	2,583,860	2,452,860	2,583,860	131,000	5.3%
Transfers for Debt Service - Principal	(16,998,000)	(15,731,000)	(17,170,000)	(1,439,000)	9.1%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	121,523,275	96,245,364	89,355,261	(6,890,103)	-7.2%
<b>SRECNA Change in Net Assets</b>	<b>\$ 114,051,221</b>	<b>63,813,058</b>	<b>48,381,443</b>	<b>(15,431,615)</b>	<b>-24.2%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 493,005,616</b>	<b>488,835,008</b>	<b>483,822,495</b>	<b>(5,012,513)</b>	<b>-1.0%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(489,868,508)</b>	<b>(508,169,174)</b>	<b>(510,378,173)</b>	<b>(2,208,999)</b>	<b>0.4%</b>
<b>Budget Margin (Deficit)</b>	<b>\$ 3,137,108</b>	<b>(19,334,166)</b>	<b>(26,555,678)</b>	<b>(7,221,512)</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		40,559,419	49,400,554		
Capital Outlay		(5,610,000)	(5,490,000)		
Transfers for Debt Service - Principal		(15,731,000)	(17,170,000)		
Budgeted Transfers		676,168	956,692		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>560,421</b>	<b>1,141,568</b>		

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

**The University of Texas at San Antonio**  
**Operating Budget Highlights**  
**For the Year Ending August 31, 2018**

**Introduction - Major Goals Addressed by FY 2018 Budget**

The proposed budget of The University of Texas at San Antonio addresses the highest priorities in *Blueprint UTSA*, 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, retention of faculty and staff, support for Ph.D. students, and the *GoldStar Initiative*. The University will focus on creating a student centered educational support culture that provides exceptional advising, thoughtful counseling and superior mentoring. The *GoldStar Initiative* provides for the recruitment of top-quality researchers to enhance U. T. San Antonio's research capabilities and lower the student-to-faculty ratio. U. T. San Antonio's second goal is to create scholarly work and research that impacts society. Recruitment of top quality 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 for the recruitment of Ph.D. students by providing assistantships. *GoldStar* provides for cluster hiring in the area of Brain Health and in Cyber Security which also advances the *Chancellor's Quantum Leaps* initiative. In partnership with the Institute for Transformational Learning, U. T. San Antonio will launch its first on-line B.B.A. degree program in Cyber Security. The University has plans to create other on-line degree programs and non-credit programs in the upcoming years. U. T. San Antonio plans on continuing and expanding strategic research partnerships. The Institution will reduce its budget by \$3.6 million and will have a reduction in force as a result of a reduction in non-formula support. Impacted programs include S.A. Life Science Institute, the Institute of Texas Cultures, Small Business Development Centers, and the Texas Data Center. The University will see a decline in services in these areas. Reserves will also be used to provide additional support for these initiatives along with reallocation of existing resources. The Institution will implement a hiring freeze (excluding positions related to instruction) so that resources can be freed up to provide for the highest strategic initiatives. Student enrollment is expected to be relatively flat at approximately 29,000. The University projects an increase in its undergraduate resident enrollment which is offset by the continuing decline in non-resident undergraduate students. Although the University increased tuition rates, the decline in non-resident students greatly impacts tuition revenue by approximately \$7.8 million.

**Revenue**

The FY 2018 budget includes a 3.56 percent rate increase in total academic cost for undergraduate residents. Student tuition and fee revenue increased \$7.3 million while the tuition discount and allowances also increased \$2.7 million for the net increase of \$4.6 million (including new online B.B.A. degree program in Cyber Security). The Hazlewood veterans' exemptions present significant lost tuition and fee revenue and are expected to total approximately \$16.4 million in FY 2018, an increase of \$2.0 million from the prior year. The budget includes an estimated \$1.6 million of related state allocations to partially offset the loss of tuition revenue. Sponsored program revenue reflects an increase of \$8.2 million largely due to an increase in federal grants and contracts of \$7.4 million in the area of cyber security and data analytics and \$2.8 million in other sponsored program revenues which is offset by a decline in TEXAS grant of \$1.7 million. The Intensive English Program contributed to the majority decline in net sales and services revenue (\$1.8 million). Auxiliary revenue is anticipated to increase by \$900,000 due to limited rate increases for meal plans and increases in athletic revenues. Although formula-funding revenue increased, it is offset by reductions in non-formula funding (28 to 34 percent) and declines in core research support; and, therefore, the state appropriations budget will remain relatively flat. U. T. San Antonio anticipates an increase of \$4.2 million in Texas Research Incentive Program revenue which will be used to support endowments for scholarships and professorships.

**Expenses**

U. T. San Antonio will allocate approximately \$1.2 million to the *GoldStar Initiative* to recruit top quality researchers and provide additional funds for start-up packages. 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 will start a new on-line B.B.A. degree program in Cyber Security. It is anticipated that this program will grow in the upcoming years. The University anticipates an increase in research expenses of \$5.4 million related to an increase in awards and start-up costs. The budget includes a permanent merit program of 2.0 percent which will be funded through a re-allocation of resources. Public Service cost increased by \$1.0 million mostly due to an increase in grants and contracts of \$3.1 million. This is offset by a decline of \$2.0 million due to a reduction of Small Business Development Center and Texas Data Center programs that were previously funded by non-formula support. Additionally, the University will fund from tuition and fees an additional \$1.5 million in group insurance costs due to reduction in reimbursement rates. Almost \$1.0 million will be used to support faculty tenure and promotion, benefits, and utilities. The budget includes \$1.0 million for the recruitment of top quality Ph.D. students. Auxiliary operation cost will increase by \$1.6 million predominantly related to athletics; institutional support expenses will increase due to increases in development and alumni activities and the Internal Audit department.



**The University of Texas at San Antonio**  
**Operating Budget**  
**Fiscal Year Ending August 31, 2018**

	FY 2017 Projected	FY 2017 Adjusted Budget	FY 2018 Operating Budget	Budget Increases (Decreases) From 2017 to 2018	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 193,687,067	184,535,307	189,180,859	4,645,552	2.5%
Federal Sponsored Programs	52,717,381	41,579,725	48,899,498	7,319,773	17.6%
State Sponsored Programs	23,000,000	25,875,879	25,801,177	(74,702)	-0.3%
Local and Private Sponsored Programs	2,000,000	5,790,544	6,699,796	909,252	15.7%
Net Sales and Services of Educational Activities	12,624,439	12,429,748	10,181,078	(2,248,670)	-18.1%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	44,591,288	41,981,485	42,885,655	904,170	2.2%
Other Operating Revenues	4,357,651	1,218,229	942,729	(275,500)	-22.6%
<b>Total Operating Revenues</b>	<b>332,977,826</b>	<b>313,410,917</b>	<b>324,590,792</b>	<b>11,179,875</b>	<b>3.6%</b>
<b>Operating Expenses:</b>					
Instruction	141,292,221	150,868,075	153,492,531	2,624,456	1.7%
Academic Support	58,208,811	57,663,990	58,729,443	1,065,453	1.8%
Research	50,181,362	43,380,585	48,754,517	5,373,932	12.4%
Public Service	19,519,036	16,773,465	18,016,744	1,243,279	7.4%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	40,842,513	41,920,424	45,537,399	3,616,975	8.6%
Student Services	28,450,170	26,676,783	26,221,939	(454,844)	-1.7%
Operations and Maintenance of Plant	42,890,703	41,671,948	41,756,371	84,423	0.2%
Scholarships and Fellowships	44,071,054	30,547,729	29,508,066	(1,039,663)	-3.4%
Auxiliary Enterprises	55,706,239	57,774,563	59,429,230	1,654,667	2.9%
Depreciation and Amortization	48,067,598	48,591,000	48,294,710	(296,290)	-0.6%
<b>Total Operating Expenses</b>	<b>529,229,707</b>	<b>515,868,562</b>	<b>529,740,950</b>	<b>13,872,388</b>	<b>2.7%</b>
<b>Operating Surplus/Deficit</b>	<b>(196,251,881)</b>	<b>(202,457,645)</b>	<b>(205,150,158)</b>	<b>(2,692,513)</b>	<b>1.3%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations	124,474,088	129,974,088	130,274,422	300,334	0.2%
Federal Sponsored Programs (Nonoperating)	48,973,500	46,000,000	46,000,000	-	0.0%
State Sponsored Programs (Nonoperating)	-	981,000	5,225,595	4,244,595	432.7%
Gifts in Support of Operations	8,000,000	8,000,000	8,000,000	-	0.0%
Net Investment Income	13,729,953	11,131,163	12,448,000	1,316,837	11.8%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>195,177,541</b>	<b>196,086,251</b>	<b>201,948,017</b>	<b>5,861,766</b>	<b>3.0%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(17,249,705)	(17,447,235)	(15,998,974)	1,448,261	-8.3%
<b>Total Transfers and Other</b>	<b>(17,249,705)</b>	<b>(17,447,235)</b>	<b>(15,998,974)</b>	<b>1,448,261</b>	<b>-8.3%</b>
<b>Budget Margin (Deficit)</b>	<b>(18,324,045)</b>	<b>(23,818,629)</b>	<b>(19,201,115)</b>	<b>4,617,514</b>	<b>-19.4%</b>
<b>Reconciliation to Change in Net Assets:</b>					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	-	-	-	-	-
Interest Expense on Capital Asset Financings	(17,249,705)	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	1,000,000	1,000,000	1,000,000	-	0.0%
Additions to Permanent Endowments	4,500,000	4,000,000	4,000,000	-	0.0%
Transfers for Debt Service - Principal	(24,369,000)	(21,948,350)	(22,768,000)	(819,650)	3.7%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	-	7,000,000	19,000,000	12,000,000	171.4%
<b>SRECNA Change in Net Assets</b>	<b>\$(54,442,750)</b>	<b>(33,766,979)</b>	<b>(17,969,115)</b>	<b>15,797,864</b>	<b>-46.8%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 528,155,367</b>	<b>509,497,168</b>	<b>526,538,809</b>	<b>17,041,641</b>	<b>3.3%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(546,479,412)</b>	<b>(533,315,797)</b>	<b>(545,739,924)</b>	<b>(12,424,127)</b>	<b>2.3%</b>
<b>Budget Margin (Deficit)</b>	<b>\$(18,324,045)</b>	<b>(23,818,629)</b>	<b>(19,201,115)</b>	<b>4,617,514</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		48,591,000	48,294,710		
Capital Outlay		(7,743,018)	(6,100,000)		
Transfers for Debt Service - Principal		(21,948,350)	(22,768,000)		
Budgeted Transfers		(981,003)	(5,225,595)		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>(5,900,000)</b>	<b>(5,000,000)</b>		

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

**The University of Texas at Tyler  
Operating Budget Highlights  
For the Year Ending August 31, 2018**

**Introduction - Major Goals Addressed by FY 2018 Budget**

The FY 2018 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 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 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.

The FY 2018 budget largely reflects the base budget rolling forward, a nearly \$1.5 million negative impact from reductions in state appropriations and financial commitments from the previous administration. U. T. Tyler has had a negative operating margin ratio in five of the last six years. The Composite Financial Index has dropped from 4.5 in FY 2014 to 0.3 in FY 2016. The new administration is currently working on strategies for reducing actual spending levels for FY 2017 to realign spending levels with annual revenue. Budget reductions will be implemented at the start of the fiscal year and will include savings from employee retirements, not filling some positions, restrictions on travel, and other reductions in operating expenses. The current budget reduction efforts and a new campus strategic plan will result in a more efficient university with improved campus financial performance and resources better aligned with strategic plans to achieve the campus goals of an incredible education and experience for all U. T. Tyler students.

**Revenue**

U. T. Tyler's FY 2018 budget reflects approximately \$2.5 million in tuition revenue growth over FY 2017. Approximately \$1.9 million in revenue growth can be attributed to an increase in tuition rates and the other \$600,000 can be attributed to anticipated enrollment growth. No mandatory student fees are being increased. The new Pharmacy Program is entering into its third year of existence and will add 108 students which approximates \$3.8 million in additional revenue. This third year of the Pharmacy Program also represents the turning point in the program going from a deficit operation to a surplus operation that can contribute to campus overhead costs. The Innovation Academy (charter school) has a projected \$1.0 million increase in revenue due to higher enrollment and, therefore, higher Texas Education Agency funding.

**Expenses**

Significant expense budget changes are included in this budget. In previous years, budgeted fee expenses were not keeping pace with the increasing amount of available fee revenue from enrollment growth causing fee balances to grow and a designated tuition deficit to be created. The FY 2018 budget is fully utilizing fee revenue and accumulated fee balances to more optimally align expenditures with revenue sources. Institutional support costs are increasing by \$340,000 due to the Internal Audit Department returning to the campus. Three administrative positions have been converted to faculty positions and four new faculty positions have been added to the budget. The Innovation Academy will have a \$1.0 million increase in expenditures corresponding to the \$1.0 million increase in revenue due to enrollment growth. The College of Pharmacy expenses will increase by \$1.5 million due to a 50 percent increase in enrollment representing the third class being enrolled this fall. This increase in College of Pharmacy spending is funded by nearly \$3.8 million in increased tuition revenue. Depreciation expense will increase due to the addition of the 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, increase in employee scholarships, and a long overdue increase in the campus-wide discretionary scholarship funds.

**The University of Texas at Tyler**  
**Operating Budget**  
**Fiscal Year Ending August 31, 2018**

	FY 2017 Projected	FY 2017 Adjusted Budget	FY 2018 Operating Budget	Budget Increases (Decreases) From 2017 to 2018	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 48,315,207	48,613,724	51,140,608	2,526,884	5.2%
Federal Sponsored Programs	12,726,585	3,771,375	3,323,488	(447,887)	-11.9%
State Sponsored Programs	-	8,218,379	9,599,871	1,381,492	16.8%
Local and Private Sponsored Programs	-	127,428	140,000	12,572	9.9%
Net Sales and Services of Educational Activities	9,567,923	8,554,146	11,975,079	3,420,933	40.0%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	9,689,616	8,012,401	8,449,715	437,314	5.5%
Other Operating Revenues	197,231	209,905	116,794	(93,111)	-44.4%
<b>Total Operating Revenues</b>	<b>80,496,562</b>	<b>77,507,358</b>	<b>84,745,555</b>	<b>7,238,197</b>	<b>9.3%</b>
<b>Operating Expenses:</b>					
Instruction	54,552,934	55,314,533	59,395,851	4,081,318	7.4%
Academic Support	18,613,571	19,391,352	19,121,936	(269,416)	-1.4%
Research	2,171,576	817,140	1,087,101	269,961	33.0%
Public Service	482,077	224,146	188,185	(35,961)	-16.0%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	14,060,427	15,052,509	15,420,522	368,013	2.4%
Student Services	11,136,882	12,169,318	11,537,094	(632,224)	-5.2%
Operations and Maintenance of Plant	8,122,392	8,064,822	9,336,140	1,271,318	15.8%
Scholarships and Fellowships	7,262,050	4,468,718	5,996,723	1,528,005	34.2%
Auxiliary Enterprises	9,995,500	10,291,608	10,146,956	(144,652)	-1.4%
Depreciation and Amortization	14,820,552	15,000,000	16,237,071	1,237,071	8.2%
<b>Total Operating Expenses</b>	<b>141,217,961</b>	<b>140,794,146</b>	<b>148,467,579</b>	<b>7,673,433</b>	<b>5.5%</b>
<b>Operating Surplus/Deficit</b>	<b>(60,721,399)</b>	<b>(63,286,788)</b>	<b>(63,722,024)</b>	<b>(435,236)</b>	<b>0.7%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations	44,481,048	44,887,075	43,962,671	(924,404)	-2.1%
Federal Sponsored Programs (Nonoperating)	11,123,148	9,700,000	11,100,000	1,400,000	14.4%
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	986,256	1,898,396	1,410,520	(487,876)	-25.7%
Net Investment Income	5,406,097	5,115,472	5,696,250	580,778	11.4%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>61,996,549</b>	<b>61,600,943</b>	<b>62,169,441</b>	<b>568,498</b>	<b>0.9%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(7,228,260)	(6,077,716)	(6,585,337)	(507,621)	8.4%
<b>Total Transfers and Other</b>	<b>(7,228,260)</b>	<b>(6,077,716)</b>	<b>(6,585,337)</b>	<b>(507,621)</b>	<b>8.4%</b>
<b>Budget Margin (Deficit)</b>	<b>(5,953,110)</b>	<b>(7,763,561)</b>	<b>(8,137,920)</b>	<b>(374,359)</b>	<b>4.8%</b>
<b>Reconciliation to Change in Net Assets:</b>					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	-	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	100,000	100,000	100,000	-	0.0%
Additions to Permanent Endowments	650,000	650,000	650,000	-	0.0%
Transfers for Debt Service - Principal	(8,002,000)	(9,152,000)	(8,606,000)	546,000	-6.0%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	5,221,226	5,221,226	3,221,226	(2,000,000)	-38.3%
<b>SRECNA Change in Net Assets</b>	<b>\$ (7,983,884)</b>	<b>(10,944,335)</b>	<b>(12,772,694)</b>	<b>(1,828,359)</b>	<b>16.7%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 142,493,111</b>	<b>139,108,301</b>	<b>146,914,996</b>	<b>7,806,695</b>	<b>5.6%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(148,446,221)</b>	<b>(146,871,862)</b>	<b>(155,052,916)</b>	<b>(8,181,054)</b>	<b>5.6%</b>
<b>Budget Margin (Deficit)</b>	<b>\$ (5,953,110)</b>	<b>(7,763,561)</b>	<b>(8,137,920)</b>	<b>(374,359)</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		15,000,000	16,237,071		
Capital Outlay		(1,264,775)	(1,166,915)		
Transfers for Debt Service - Principal		(9,152,000)	(8,606,000)		
Budgeted Transfers		(150,888)	(157,589)		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>(3,331,224)</b>	<b>(1,831,353)</b>		

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

**The University of Texas Southwestern Medical Center  
Operating Budget Highlights  
For the Year Ending August 31, 2018**

**Introduction - Major Goals Addressed by FY 2018 Budget**

The University of Texas Southwestern Medical Center, one of the premier academic medical centers in the nation, integrates pioneering biomedical research with exceptional clinical care and education. The missions 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; and deliver patient care that brings scientific advances from the bench to the bedside, focusing on quality, safety, and service. Its strategic positioning and programmatic investments are designed to sustain a trajectory of growth in all these mission areas.

Among the highlights of these investments, focused on education, is the expansion of the West Campus, with the first phase of the multi-year master plan well underway. The first building, which includes faculty offices, outpatient clinics, and a state-of-the-art Simulation Center for education and training, is scheduled to open in FY 2018. Much of this facility is designed to support the Medical School's Foundation for Excellence Curriculum, which represents an 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.

U. T. Southwestern Medical Center is also dedicated to groundbreaking medical advances and committed to translating science-driven research quickly to new clinical treatments. A notable example of this is the Peter O'Donnell Jr. Brain Institute, which encompasses both research and clinical programs, including the state-supported Texas Institute for Brain Injury and Repair, which promotes awareness about concussions and other traumatic brain injuries, and the Center for Alzheimer's and Neurodegenerative Diseases, which is advancing the understanding of the causes of Alzheimer's disease. With investments from the state and the local community, and high-profile attention to brain health in sports, the military, and an aging patient population, U. T. Southwestern Medical Center is making significant strides toward enhancing public health in this area. To support continued growth and to co-locate the medical specialties in this critical area, the Institution plans to request to begin design for a new O'Donnell Brain Institute facility in FY 2018.

In addition to its outstanding education and research programs, the Institution is committed to leadership in patient care and continues to gain recognition through national and international clinical awards. Growth is steady, with patient volumes at Clements University Hospital and Zale Lipshy University Hospital continuing to exceed projections. In May 2017, the University obtained Board of Regents approval to begin constructing a 292-bed third tower for Clements that will provide additional capacity (144 incremental beds). This expansion follows the 2017 summer openings of both a new Radiation Oncology Building and the U. T. Southwestern Monty and Tex Moncrief Medical Center at Fort Worth, a multi-specialty outpatient facility. One driver of this clinical growth is Southwestern Health Resources, our partnership with Texas Health Resources (THR) that includes a clinically integrated network of over 2,600 physicians, 27 hospitals, and 300 clinics across 16 counties. It leverages the complementary strengths of U. T. Southwestern Medical Center and THR, providing increased access to primary and specialty care. With approval granted by the Board of Regents in June 2017, U. T. Southwestern Medical Center and THR will leverage their new relationship to jointly develop a Hospital and Medical Office Building campus opening in 2019 in the rapidly expanding Frisco, Texas market.

University leadership remains focused on placing industry leaders in key department chair and center director positions. Following national searches many positions have been filled with individuals who are prominent leaders in their fields. The most recent appointments include Carlos Arteaga, M.D., the next Director of the Harold C. Simmons Comprehensive Cancer Center, F. David Schneider, M.D., M.S.P.H., the new Chair of the Department of Family and Community Medicine, Lora V. Hooper, Ph.D., the new Chair of the Department of Immunology, and Margaret A. Phillips, Ph.D., the new Chair of the Department of Biochemistry.

**Revenue**

The FY 2018 revenue budget of \$2.93 billion represents a 4.7 percent increase over the FY 2017 projection, primarily driven by strong patient care volumes for University Hospitals and Clinics and growth in professional fees from the faculty practice plan.

**Expenses**

In FY 2017, U. T. Southwestern Medical Center implemented a University-wide position control process. This ongoing institutional effort allows leadership to manage staffing across the organization and reduce costs. Savings achieved through this process are being strategically redirected to priority initiatives that best support U. T. Southwestern's blended mission. The expenses budget for FY 2018 is \$2.86 billion. Budgeted expenses include a 2.0 percent salary administration pool for faculty and staff. Expense growth related to University Hospitals, clinical operations, and instruction are proportional to revenue growth for the upcoming fiscal year. The budget includes sufficient funds to cover projected debt service to finance expansion activities and major information resources projects.

**The University of Texas Southwestern Medical Center**  
**Operating Budget**  
**Fiscal Year Ending August 31, 2018**

	FY 2017 Projected	FY 2017 Adjusted Budget	FY 2018 Operating Budget	Budget Increases (Decreases) From 2017 to 2018	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 25,227,345	24,973,929	25,961,927	987,998	4.0%
Federal Sponsored Programs	190,834,524	199,518,112	192,718,335	(6,799,777)	-3.4%
State Sponsored Programs	47,765,446	47,379,299	47,016,301	(362,998)	-0.8%
Local and Private Sponsored Programs	329,210,252	333,283,062	338,189,536	4,906,474	1.5%
Net Sales and Services of Educational Activities	9,391,077	15,040,115	9,443,659	(5,596,456)	-37.2%
Net Sales and Services of Hospital and Clinics	1,118,516,359	1,160,707,534	1,220,180,390	59,472,856	5.1%
Net Professional Fees	598,954,895	565,449,473	634,320,085	68,870,612	12.2%
Net Auxiliary Enterprises	25,200,698	26,908,470	25,276,815	(1,631,655)	-6.1%
Other Operating Revenues	130,570,974	57,086,228	95,342,331	38,256,103	67.0%
<b>Total Operating Revenues</b>	<b>2,475,671,570</b>	<b>2,430,346,222</b>	<b>2,588,449,379</b>	<b>158,103,157</b>	<b>6.5%</b>
<b>Operating Expenses:</b>					
Instruction	909,179,691	891,175,242	947,258,049	56,082,807	6.3%
Academic Support	21,180,863	20,528,459	21,369,458	840,999	4.1%
Research	352,606,441	387,326,229	369,501,144	(17,825,085)	-4.6%
Public Service	32,291,156	34,045,851	33,191,110	(854,741)	-2.5%
Hospitals and Clinics	1,026,102,544	1,013,936,224	1,091,988,508	78,052,284	7.7%
Institutional Support	72,588,405	61,236,440	73,363,727	12,127,287	19.8%
Student Services	4,131,815	3,931,357	4,266,765	335,408	8.5%
Operations and Maintenance of Plant	68,779,895	60,805,078	71,424,479	10,619,401	17.5%
Scholarships and Fellowships	1,963,541	1,472,617	2,138,036	665,419	45.2%
Auxiliary Enterprises	28,166,617	27,772,687	29,901,022	2,128,335	7.7%
Depreciation and Amortization	167,710,801	165,000,000	173,124,542	8,124,542	4.9%
<b>Total Operating Expenses</b>	<b>2,684,701,769</b>	<b>2,667,230,184</b>	<b>2,817,526,840</b>	<b>150,296,656</b>	<b>5.6%</b>
<b>Operating Surplus/Deficit</b>	<b>(209,030,199)</b>	<b>(236,883,962)</b>	<b>(229,077,461)</b>	<b>7,806,501</b>	<b>-3.3%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations	190,470,865	193,531,893	193,308,326	(223,567)	-0.1%
Federal Sponsored Programs (Nonoperating)	-	-	-	-	-
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	40,000,000	60,000,000	45,000,000	(15,000,000)	-25.0%
Net Investment Income	106,541,714	101,172,813	102,126,771	953,958	0.9%
Other Non-Operating Revenue	-	-	13,982	13,982	-
Other Non-Operating (Expenses)	-	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>337,012,579</b>	<b>354,704,706</b>	<b>340,449,079</b>	<b>(14,255,627)</b>	<b>-4.0%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(35,327,183)	(38,926,720)	(39,927,397)	(1,000,677)	2.6%
<b>Total Transfers and Other</b>	<b>(35,327,183)</b>	<b>(38,926,720)</b>	<b>(39,927,397)</b>	<b>(1,000,677)</b>	<b>2.6%</b>
<b>Budget Margin (Deficit)</b>	<b>92,655,197</b>	<b>78,894,024</b>	<b>71,444,221</b>	<b>(7,449,803)</b>	<b>-9.4%</b>
<b>Reconciliation to Change in Net Assets:</b>					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./((Dec.) in Fair Value of Investments	-	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	-	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	(63,782,000)	(63,827,000)	(65,186,000)	(1,359,000)	2.1%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	-	212,690,000	174,347,754	(38,342,246)	-18.0%
<b>SRECNA Change in Net Assets</b>	<b>\$ 28,873,197</b>	<b>243,757,024</b>	<b>196,605,975</b>	<b>(47,151,049)</b>	<b>-19.3%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 2,812,684,149</b>	<b>2,785,050,928</b>	<b>2,928,898,458</b>	<b>143,847,530</b>	<b>5.2%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(2,720,028,952)</b>	<b>(2,706,156,904)</b>	<b>(2,857,454,237)</b>	<b>(151,297,333)</b>	<b>5.6%</b>
<b>Budget Margin (Deficit)</b>	<b>\$ 92,655,197</b>	<b>78,894,024</b>	<b>71,444,221</b>	<b>(7,449,803)</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		165,000,000	173,124,542		
Capital Outlay		(45,000,000)	(45,000,000)		
Transfers for Debt Service - Principal		(63,827,000)	(65,186,000)		
Budgeted Transfers		-	-		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>135,067,024</b>	<b>134,382,763</b>		

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

**The University of Texas Medical Branch at Galveston  
Operating Budget Highlights  
For the Year Ending August 31, 2018**

**Introduction - Major Goals Addressed by FY 2018 Budget**

The FY 2018 operating budget of The University of Texas Medical Branch at Galveston allocates resources to ensure continued support for the University's mission: to improve health for the people of Texas and around the world. The University's strategic plan, "The Road Ahead," outlines detailed plans and timelines for achieving its mission and identifies four essential strategic priorities: People, Value, Strategic Management and Growth, and Resources.

Addressing the priority of People, the FY 2018 operating budget provides support for the "My Road Ahead" initiative, the professional development plan created for each employee. The University is also recruiting over 300 inpatient nurses to address volume increases, reduce overtime, curtail the use of agency nurses, and improve patient care. The FY 2018 budget also invests in leadership training for up to 200 managers through the Foundational Management Training Program and an additional 15-20 physicians through the Physician Leadership Academy. The implementation of the new Taleo Learn Program will make on-line training more accessible for employees. The University also avails market-based and incentive-based compensation programs for both faculty and staff to cultivate and reward outstanding performance. The University seeks to enhance its acquisition of talent, its investment in employees, and its reputation as a recognized best place to work.

The University's Value strategy aims to streamline systems, improve outcomes, and deliver the best service and care in FY 2018. The University's Value initiatives include: continuing the Patient-centered Resource Optimization Program; reducing overall costs and practice variation; improving length of stay and 30-day readmissions; and optimizing care coordination for both inpatients and outpatients. The University will continue to solidify its ranking in Vizient's Quality and Accountability Study, where it placed 8th among 102 peers in the third quarter of 2017. UTMB Discover (Enterprise Data Warehouse) will be expanded to enhance the University's real-time data and decision-making capabilities and extend its population health management platform.

The University's Growth strategy calls for increasing its competitive position and maximizing revenue streams and resources in FY 2018. Growth initiatives include implementing the clinical strategic plan and increasing educational opportunities by expanding the University's geographical footprint and partnerships. The League City Campus will continue to expand, including the ongoing development of new oncology facilities and services in partnership with The University of Texas M. D. Anderson Cancer Center. The service line strategy will be implemented with a focus on Neurosciences and Eye and Ear specialty services. The University will also complete its biocontainment critical care unit in Galveston. The research strategic plan rollout will increase vaccine development and drug discovery and expand interdisciplinary research activities in neurodysfunction, infection and immunity, and other clinical research programs.

Regarding the Resources strategy, the FY 2018 operating budget reflects growth in revenue and expenses driven by the initiatives noted above. It also contemplates a \$1.6 million margin, an \$8.7 million improvement over FY 2017 projected results. A planned \$18.8 million (11.7 percent) depreciation increase related to activating new facilities and a \$2.8 million (0.7 percent) reduction in general revenue are offset by growth in net patient care revenue resulting from increased volume and revenue cycle optimization. Clinical volume growth is aggressive but achievable because of expanded facilities and locations; however, significant efficiency gains are required across all areas. The University will optimize existing financial management and forecasting infrastructure, and implement measurable action plans to achieve planned financial results for FY 2018 and future years.

**Revenue**

Total budgeted revenue for FY 2018 reflects a \$101.3 million (4.9 percent) increase from the FY 2017 budget, primarily related to additional clinical volume, including a 4.0 percent increase in inpatient discharges, and a 5.4 percent increase in outpatient encounters. Payer mix is expected to trend more towards commercial business on the League City Campus, which will also help offset the general revenue decrease of \$2.8 million (0.7 percent) in appropriations by the 85<sup>th</sup> Legislature, as well as a \$4.5 million (91.0 percent) decrease in interagency contract funds for indigent health care reimbursement from the Department of State Health Services.

**Expenses**

Total budgeted expenses for FY 2018 reflect a \$92.6 million (4.4 percent) increase from the FY 2017 budget, primarily attributable to volume-required staffing increases, planned merit increases for staff, and incentive payments to faculty. An \$18.8 million (11.7 percent) increase in annual depreciation is related to the Jennie Sealy and League City Campus Hospitals.

**The University of Texas Medical Branch at Galveston**  
**Operating Budget**  
**Fiscal Year Ending August 31, 2018**

	FY 2017 Projected	FY 2017 Adjusted Budget	FY 2018 Operating Budget	Budget Increases (Decreases) From 2017 to 2018	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 37,690,504	37,514,040	39,443,385	1,929,345	5.1%
Federal Sponsored Programs	121,110,378	117,869,532	123,939,835	6,070,303	5.2%
State Sponsored Programs	13,869,625	5,034,009	595,542	(4,438,467)	-88.2%
Local and Private Sponsored Programs	60,647,670	62,705,176	65,013,564	2,308,388	3.7%
Net Sales and Services of Educational Activities	19,277,800	28,390,560	24,822,432	(3,568,128)	-12.6%
Net Sales and Services of Hospital and Clinics	1,127,171,198	1,133,139,556	1,221,361,467	88,221,911	7.8%
Net Professional Fees	198,078,569	193,924,145	209,122,346	15,198,201	7.8%
Net Auxiliary Enterprises	13,547,749	12,672,775	13,741,302	1,068,527	8.4%
Other Operating Revenues	52,404,223	60,141,901	59,345,353	(796,548)	-1.3%
<b>Total Operating Revenues</b>	<b>1,643,797,716</b>	<b>1,651,391,694</b>	<b>1,757,385,226</b>	<b>105,993,532</b>	<b>6.4%</b>
<b>Operating Expenses:</b>					
Instruction	325,256,174	324,043,612	338,247,113	14,203,501	4.4%
Academic Support	35,764,677	35,631,346	42,417,217	6,785,871	19.0%
Research	106,393,706	105,997,068	115,999,126	10,002,058	9.4%
Public Service	13,844,715	13,793,102	16,713,271	2,920,169	21.2%
Hospitals and Clinics	1,275,022,323	1,270,269,012	1,320,010,007	49,740,995	3.9%
Institutional Support	68,025,186	67,771,587	64,409,361	(3,362,226)	-5.0%
Student Services	7,597,383	7,569,060	7,191,606	(377,454)	-5.0%
Operations and Maintenance of Plant	52,900,113	52,702,900	46,849,194	(5,853,706)	-11.1%
Scholarships and Fellowships	8,956,354	8,922,965	8,339,537	(583,428)	-6.5%
Auxiliary Enterprises	11,089,758	11,048,415	12,535,443	1,487,028	13.5%
Depreciation and Amortization	153,826,135	159,819,549	178,596,507	18,776,958	11.7%
<b>Total Operating Expenses</b>	<b>2,058,676,524</b>	<b>2,057,568,616</b>	<b>2,151,308,382</b>	<b>93,739,766</b>	<b>4.6%</b>
<b>Operating Surplus/Deficit</b>	<b>(414,878,808)</b>	<b>(406,176,922)</b>	<b>(393,923,156)</b>	<b>12,253,766</b>	<b>-3.0%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations	374,377,668	373,733,210	370,966,201	(2,767,009)	-0.7%
Federal Sponsored Programs (Nonoperating)	980,000	984,002	800,000	(184,002)	-18.7%
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	7,668,467	7,574,377	6,986,756	(587,621)	-7.8%
Net Investment Income	47,933,747	43,536,549	42,398,518	(1,138,031)	-2.6%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>430,959,882</b>	<b>425,828,138</b>	<b>421,151,475</b>	<b>(4,676,663)</b>	<b>-1.1%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(23,255,413)	(26,825,555)	(25,669,122)	1,156,433	-4.3%
<b>Total Transfers and Other</b>	<b>(23,255,413)</b>	<b>(26,825,555)</b>	<b>(25,669,122)</b>	<b>1,156,433</b>	<b>-4.3%</b>
<b>Budget Margin (Deficit)</b>	<b>(7,174,339)</b>	<b>(7,174,339)</b>	<b>1,559,197</b>	<b>8,733,536</b>	<b>-121.7%</b>
<b>Reconciliation to Change in Net Assets:</b>					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	39,350,513	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	69,042,922	140,774,803	100,957,465	(39,817,338)	-28.3%
Additions to Permanent Endowments	1,501,000	2,300,000	2,300,000	-	0.0%
Transfers for Debt Service - Principal	(54,784,000)	(58,518,145)	(60,037,692)	(1,519,547)	2.6%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	62,538,106	63,724,702	111,800,000	48,075,298	75.4%
<b>SRECNA Change in Net Assets</b>	<b>\$ 110,474,202</b>	<b>141,107,021</b>	<b>156,578,970</b>	<b>15,471,949</b>	<b>11.0%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 2,074,757,598</b>	<b>2,077,219,832</b>	<b>2,178,536,701</b>	<b>101,316,869</b>	<b>4.9%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(2,081,931,937)</b>	<b>(2,084,394,171)</b>	<b>(2,176,977,504)</b>	<b>(92,583,333)</b>	<b>4.4%</b>
<b>Budget Margin (Deficit)</b>	<b>\$ (7,174,339)</b>	<b>(7,174,339)</b>	<b>1,559,197</b>	<b>8,733,536</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		159,819,549	178,596,507		
Capital Outlay		(71,000,000)	(109,109,129)		
Transfers for Debt Service - Principal		(58,518,145)	(60,037,692)		
Budgeted Transfers		-	-		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>23,127,065</b>	<b>11,008,883</b>		

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

**The University of Texas Health Science Center at Houston**  
**Operating Budget Highlights**  
**For the Year Ending August 31, 2018**

**Introduction - Major Goals Addressed by FY 2018 Budget**

The University of Texas Health Science Center at Houston continues to strategically focus on clinical operations as a means to enrich research and academic programs. The FY 2018 budget anticipates the continuation of the mature initiatives introduced during the 1115 Waiver's Delivery System Reform Incentive Program (DSRIP) initial five-year period, as well as projects initiated under the Network Access Improvement Program (NAIP). It also includes a full year's budget associated with the newest NAIP clinic sites which have opened in the last few months in underserved areas. In FY 2018, the McGovern Medical School's (MMS) faculty physician group practice through its Medical Services, Research, and Development Plan (MSRDP) will be increasing specialty care in The Woodlands and Cypress areas (north and northwest Houston) in conjunction with its primary hospital partner, Memorial Hermann Health System (MHHS). In addition, the MMS Department of Emergency Medicine, which currently only covers the MHHS – Texas Medical Center (TMC) campus, is in negotiation to expand coverage to other MHHS sites, the first step toward increasing hospital-based specialty services beyond the TMC.

The FY 2018 budget will again include more than \$20.0 million of investment in start-up funds available to the Deans of MMS, School of Public Health and the School of Biomedical Informatics (SBMI). The institution is also pursuing long-term research support solutions by increasing its support of its Development Office and continuing its focus on endowment growth. U. T. Health Science Center - Houston continues to push for cost savings in its other administrative activities largely by leveraging its existing support infrastructure through expanded shared service activities within its schools, affiliated entities, and other U. T. System institutions (notably U. T. M. D. Anderson Cancer Center and U. T. Health Science Center - Tyler) in an effort to diminish the overall cost as a percentage of operations.

**Revenue**

The FY 2018 budget projects a modest overall increase in operating and non-operating revenue of \$87.9 million or 5.9 percent. Overall, the increase is primarily the result of increased sponsored program revenue, which includes both MSRDP's health system contracts (MHHS and Harris Health System) and expense recovery associated with NAIP projects. Additional physician professional fee revenues of approximately \$13.1 million above FY 2017's budget can be attributed to clinic expansion primarily funded by NAIP and DSRIP programs, increased faculty productivity, and an improved physician revenue cycle process. Restricted grants and contract support from federal and private sources is also expected to contribute to the increase in sponsored program revenue in FY 2018 as the institution continues to do well in this area in a time of stagnant National Institutes of Health funding. The recent passage by the Texas Legislature of the state budget for the FY 2018-19 biennium resulted in a slight increase to the institution's main appropriation; however, a significant decrease in Higher Education Group Insurance from \$23.8 million in FY 2017 to \$20.6 million in FY 2018 will lead to a projected decrease in overall state appropriations. Investment income will increase due to increased endowment interest earnings primarily as a result of the successful Game Changers initiative and the next installment from the transformative John P. McGovern Foundation gift.

**Expenses**

Operating expenses are projected to show a modest increase of \$89.6 million or 6.0 percent, with the majority associated with MSRDP activities. This increase, reflected primarily within instruction and the hospitals and clinics line items, is driven by increased contractual revenue from hospital partners MHHS and Harris Health System along with the expansion of NAIP and DSRIP clinical operations. Institutional support increases are associated with Information Technology support to MSRDP by almost \$2.0 million compared to FY 2017. Also in institutional support is the increase due to additional U. T. System support for development efforts (\$1.3 million). Research expenditures are expected to increase by \$17.7 million (9.2 percent) in FY 2018. The increase in federal and private awards is partly responsible but also a factor is the role of institutional designated funding for research which is increasing by \$9.0 million. MSRDP is providing research bridge support (\$2.0 million increase) in several areas to ensure talented faculty are retained while awaiting new award opportunities. In addition SBMI is leading the U. T. System Clinical Data Network and FY 2018 will see the first full year of expenditures of almost \$5.0 million (\$4.0 million increase over FY 2017 budget).



**The University of Texas Health Science Center at Houston**  
**Operating Budget**  
**Fiscal Year Ending August 31, 2018**

	FY 2017 Projected	FY 2017 Adjusted Budget	FY 2018 Operating Budget	Budget Increases (Decreases) From 2017 to 2018	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 53,034,521	49,452,189	52,009,049	2,556,860	5.2%
Federal Sponsored Programs	154,082,381	157,278,574	164,804,912	7,526,338	4.8%
State Sponsored Programs	34,578,789	38,150,844	27,252,492	(10,898,352)	-28.6%
Local and Private Sponsored Programs	460,537,226	444,558,255	513,181,800	68,623,545	15.4%
Net Sales and Services of Educational Activities	22,827,750	24,497,021	24,358,040	(138,981)	-0.6%
Net Sales and Services of Hospital and Clinics	69,929,833	76,662,124	76,194,468	(467,656)	-0.6%
Net Professional Fees	344,857,628	344,702,557	357,815,677	13,113,120	3.8%
Net Auxiliary Enterprises	29,293,421	30,999,819	31,206,538	206,719	0.7%
Other Operating Revenues	54,960,078	58,316,596	61,551,029	3,234,433	5.5%
<b>Total Operating Revenues</b>	<b>1,224,101,627</b>	<b>1,224,617,979</b>	<b>1,308,374,005</b>	<b>83,756,026</b>	<b>6.8%</b>
<b>Operating Expenses:</b>					
Instruction	671,742,053	658,342,893	715,582,802	57,239,909	8.7%
Academic Support	51,479,296	62,053,735	61,573,554	(480,181)	-0.8%
Research	194,117,282	192,443,137	210,127,013	17,683,876	9.2%
Public Service	31,894,965	37,306,807	36,822,205	(484,602)	-1.3%
Hospitals and Clinics	332,829,134	330,774,548	343,606,680	12,832,132	3.9%
Institutional Support	72,026,459	71,648,709	75,578,081	3,929,372	5.5%
Student Services	9,377,220	9,872,416	9,539,464	(332,952)	-3.4%
Operations and Maintenance of Plant	39,255,091	38,273,009	36,957,160	(1,315,849)	-3.4%
Scholarships and Fellowships	8,098,048	7,218,651	7,300,124	81,473	1.1%
Auxiliary Enterprises	18,068,850	17,963,249	18,210,718	247,469	1.4%
Depreciation and Amortization	57,544,461	58,519,423	58,673,424	154,001	0.3%
<b>Total Operating Expenses</b>	<b>1,486,432,859</b>	<b>1,484,416,577</b>	<b>1,573,971,225</b>	<b>89,554,648</b>	<b>6.0%</b>
<b>Operating Surplus/Deficit</b>	<b>(262,331,232)</b>	<b>(259,798,598)</b>	<b>(265,597,220)</b>	<b>(5,798,622)</b>	<b>2.2%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations	216,902,832	214,955,014	213,792,428	(1,162,586)	-0.5%
Federal Sponsored Programs (Nonoperating)	454,307	600,000	600,000	-	0.0%
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	17,023,205	27,087,003	28,045,000	957,997	3.5%
Net Investment Income	38,036,091	33,416,101	37,744,149	4,328,048	13.0%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>272,416,435</b>	<b>276,058,118</b>	<b>280,181,577</b>	<b>4,123,459</b>	<b>1.5%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(12,024,728)	(14,308,326)	(13,183,207)	1,125,119	-7.9%
<b>Total Transfers and Other</b>	<b>(12,024,728)</b>	<b>(14,308,326)</b>	<b>(13,183,207)</b>	<b>1,125,119</b>	<b>-7.9%</b>
<b>Budget Margin (Deficit)</b>	<b>(1,939,525)</b>	<b>1,951,194</b>	<b>1,401,150</b>	<b>(550,044)</b>	<b>-28.2%</b>
<b>Reconciliation to Change in Net Assets:</b>					
Net Non-Profit Health Corp Activity	27,337,539	3,000,000	14,000,000	11,000,000	366.7%
Net Inc./(Dec.) in Fair Value of Investments	31,485,430	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	1,777,702	-	-	-	-
Additions to Permanent Endowments	12,475,475	25,000,000	12,500,000	(12,500,000)	-50.0%
Transfers for Debt Service - Principal	(17,745,000)	(17,519,917)	(18,963,000)	(1,443,083)	8.2%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	22,518,586	35,000,000	5,000,000	(30,000,000)	-85.7%
<b>SRECNA Change in Net Assets</b>	<b>\$ 75,910,207</b>	<b>47,431,277</b>	<b>13,938,150</b>	<b>(33,493,127)</b>	<b>-70.6%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 1,496,518,062</b>	<b>1,500,676,097</b>	<b>1,588,555,582</b>	<b>87,879,485</b>	<b>5.9%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(1,498,457,587)</b>	<b>(1,498,724,903)</b>	<b>(1,587,154,432)</b>	<b>(88,429,529)</b>	<b>5.9%</b>
<b>Budget Margin (Deficit)</b>	<b>\$ (1,939,525)</b>	<b>1,951,194</b>	<b>1,401,150</b>	<b>(550,044)</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		58,519,423	58,673,424		
Capital Outlay		(23,717,857)	(23,294,661)		
Transfers for Debt Service - Principal		(17,519,917)	(18,963,000)		
Budgeted Transfers		612,000	619,000		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>19,844,843</b>	<b>18,435,913</b>		

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

**The University of Texas Health Science Center at San Antonio**  
**Operating Budget Highlights**  
**For the Year Ending August 31, 2018**

**Introduction - Major Goals Addressed by FY 2018 Budget**

The FY 2018 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 continues to aspire to reach the top echelon of academic medical centers in the United States. Transforming the clinical enterprise and invigorating the research enterprise by investing in distinctive clinical and research strengths will be critical to successfully achieving this goal. Philanthropic efforts will be important to ensure the research mission is poised for long-term success. The institution will continue to grow educational programs specifically in allied health, biomedical sciences, and graduate level nursing. Rebranding initiatives have been completed. Adopting a new name, UT Health San Antonio, and having launched the UT Healthier marketing campaign will position the institution to compete well both locally and nationally. Critical recruitments planned for FY 2018 include a new dean to lead the Long School of Medicine, a new director to lead the National Cancer Institute designated Cancer Center, and the inaugural director of the Biggs Institute for Alzheimer and Neurodegenerative Disease to lead the first comprehensive institute for Alzheimer and dementia care of its kind. With these recruited leaders and the superb leadership in all schools, the institution plans to execute the following key strategic priorities during FY 2018.

Transforming the clinical enterprise to compete in the future state of healthcare will be achieved by expanding access to quality primary and specialty care, implementing population health management strategies, and creating highly visible and distinctively integrated clinical programs that address medical issues unique to our diverse population. Elements of this strategy include attracting more patients with robust marketing efforts, collaborating to expand service hours, facilitating the coordination of specialty care, and positioning the institution for population health management. Efforts will focus on providing support for primary care clinics, developing quality care metrics, and educating providers and staff on population health management goals, principles and processes in order to lay the foundation for the development of a viable Accountable Care Organization. The quest to create distinctive clinical programs, specifically in cancer, heart disease, diabetes, and neurodegenerative diseases such as Alzheimer's, continues with plans to recruit world class leaders for these programs to meet current public health challenges. Distinctive clinical programs will be enhanced and accelerated by hospital partners who bring the expertise, depth, breadth, and resources to complement our faculty practice.

Strengthening the research mission will be achieved by investing in key research assets and recruitments. The transformation of the Cancer Center's clinical enterprise will position the center to reach comprehensive status by developing multi-investigator grants. Plans are underway to relocate the renowned Barshop Institute for Longevity and Aging Studies and its scientists, animals, and laboratories from the Texas Research Park, 20 miles away, to space on the main campus. By relocating and recruiting, the institute can grow to become a top 25 national aging science center. Significant investment will continue in the recruitment, retention and support of researchers in physiology, neurosciences, pathology, microbiology, epidemiology and biostatistics, and dental research.

Philanthropy is vital to the long term success of the research and education missions. Increasing development resources will allow the institution to cultivate major gifts for endowments that provide perpetual support for research, education, and faculty. 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 Tuition Revenue Bonds and funding committed by the U. T. System Board of Regents, the institution can deliver educational experiences in facilities with leading edge technology and state of the art equipment.

The institution plans to invest \$32.4 million in these strategic initiatives, yet expects to preserve its financial health with the attainment of a projected operating margin for FY 2018 of \$2.7 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 2018 are projected to increase by a net of \$31.8 million (3.9 percent) with changes predominately occurring in the physician practice plan as part of the institution's continued efforts to move its clinical transformation plan forward generating enhanced revenues in newly renovated and constructed facilities (\$31.7 million). Philanthropic efforts, including new endowment income, will bolster revenues by \$5.2 million, with offsetting declines in state grants, appropriations, and other activities (\$5.1 million).

**Expenses**

Total expenses for FY 2018 are projected to increase by a net of \$31.4 million (3.9 percent) from the prior budget with changes predominately occurring from the clinical expansion and targeted recruitment efforts discussed above (\$35.5 million), in addition to a 2 percent merit salary increase for all non-faculty employees (\$4.1 million). Offsetting these increases are reductions to educational operations tied to general revenue cuts imposed by the legislature and declines in sponsored programs and clinical trials (\$8.2 million).

**The University of Texas Health Science Center at San Antonio**  
**Operating Budget**  
**Fiscal Year Ending August 31, 2018**

	FY 2017 Projected	FY 2017 Adjusted Budget	FY 2018 Operating Budget	Budget Increases (Decreases) From 2017 to 2018	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 40,423,978	38,623,978	40,337,881	1,713,903	4.4%
Federal Sponsored Programs	97,110,908	89,783,770	90,411,146	627,376	0.7%
State Sponsored Programs	10,771,454	5,757,219	4,824,927	(932,292)	-16.2%
Local and Private Sponsored Programs	191,596,364	204,011,906	210,429,856	6,417,950	3.1%
Net Sales and Services of Educational Activities	20,246,999	21,235,689	20,030,654	(1,205,035)	-5.7%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	192,562,404	184,102,543	208,009,932	23,907,389	13.0%
Net Auxiliary Enterprises	5,999,084	6,784,597	6,796,690	12,093	0.2%
Other Operating Revenues	27,800,113	26,143,705	25,125,706	(1,017,999)	-3.9%
<b>Total Operating Revenues</b>	<b>586,511,304</b>	<b>576,443,407</b>	<b>605,966,792</b>	<b>29,523,385</b>	<b>5.1%</b>
<b>Operating Expenses:</b>					
Instruction	359,380,863	355,653,833	361,730,269	6,076,436	1.7%
Academic Support	39,649,435	45,763,302	45,744,735	(18,567)	0.0%
Research	126,110,151	106,547,632	123,199,558	16,651,926	15.6%
Public Service	24,244,779	22,648,904	22,411,345	(237,559)	-1.0%
Hospitals and Clinics	109,412,326	106,052,163	110,341,493	4,289,330	4.0%
Institutional Support	47,937,177	48,016,824	51,132,114	3,115,290	6.5%
Student Services	1,315,845	4,977,347	5,337,785	360,438	7.2%
Operations and Maintenance of Plant	38,438,424	39,728,696	39,428,180	(300,516)	-0.8%
Scholarships and Fellowships	3,984,314	3,180,642	3,087,203	(93,439)	-2.9%
Auxiliary Enterprises	5,927,814	7,443,616	7,998,325	554,709	7.5%
Depreciation and Amortization	52,000,000	52,000,000	53,500,000	1,500,000	2.9%
Total Operating Expenses	808,401,128	792,012,959	823,911,007	31,898,048	4.0%
<b>Operating Surplus/Deficit</b>	<b>(221,889,824)</b>	<b>(215,569,552)</b>	<b>(217,944,215)</b>	<b>(2,374,663)</b>	<b>1.1%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations	173,596,764	175,596,764	172,683,990	(2,912,774)	-1.7%
Federal Sponsored Programs (Nonoperating)	1,250,000	1,250,000	1,250,000	-	0.0%
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	23,274,456	14,844,133	17,625,226	2,781,093	18.7%
Net Investment Income	39,165,954	38,442,143	40,868,461	2,426,318	6.3%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>237,287,174</b>	<b>230,133,040</b>	<b>232,427,677</b>	<b>2,294,637</b>	<b>1.0%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(9,921,090)	(12,275,055)	(11,754,724)	520,331	-4.2%
<b>Total Transfers and Other</b>	<b>(9,921,090)</b>	<b>(12,275,055)</b>	<b>(11,754,724)</b>	<b>520,331</b>	<b>-4.2%</b>
<b>Budget Margin (Deficit)</b>	<b>5,476,260</b>	<b>2,288,433</b>	<b>2,728,738</b>	<b>440,305</b>	<b>19.2%</b>
<b>Reconciliation to Change in Net Assets:</b>					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	-	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	5,000,000	5,000,000	2,500,000	(2,500,000)	-50.0%
Additions to Permanent Endowments	7,000,000	7,000,000	5,000,000	(2,000,000)	-28.6%
Transfers for Debt Service - Principal	(16,472,000)	(16,472,000)	(20,158,000)	(3,686,000)	22.4%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	67,000,000	67,000,000	45,000,000	(22,000,000)	-32.8%
<b>SRECNA Change in Net Assets</b>	<b>\$ 68,004,260</b>	<b>64,816,433</b>	<b>35,070,738</b>	<b>(29,745,695)</b>	<b>-45.9%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 823,798,478</b>	<b>806,576,447</b>	<b>838,394,469</b>	<b>31,818,022</b>	<b>3.9%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(818,322,218)</b>	<b>(804,288,014)</b>	<b>(835,665,731)</b>	<b>(31,377,717)</b>	<b>3.9%</b>
<b>Budget Margin (Deficit)</b>	<b>\$ 5,476,260</b>	<b>2,288,433</b>	<b>2,728,738</b>	<b>440,305</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		52,000,000	53,500,000		
Capital Outlay		(14,502,193)	(5,998,463)		
Transfers for Debt Service - Principal		(16,472,000)	(20,158,000)		
Budgeted Transfers		(1,179,875)	(702,440)		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>22,134,365</b>	<b>29,369,835</b>		

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

**The University of Texas M. D. Anderson Cancer Center**  
**Operating Budget Highlights**  
**For the Year Ending August 31, 2018**

**Introduction - Major Goals Addressed by FY 2018 Budget**

The University of Texas M. D. Anderson Cancer Center's strategic priorities are focused on serving *Our Patients, Our People and Our Public* with excellence. Success is determined with specific metrics for each – outcomes, survival, patient access as examples for patients; recruitment, retention, and engagement for employees; and, grants awarded, individuals educated, and public education seminars for the Public. In the current transitional period, a major goal relates to completing a successful presidential search. However, the ongoing focus will be to strategically align stated priorities with the resources available and those created by the Institution. The national and local healthcare landscape continues to shift and evolve. A Demand Generation Task Force has been created to better understand the market and marketing priorities. The task force will develop a systematic approach to evaluating the market potential, capacity, and financial impact of the Institution's services so that demand can be increased and the patients who need care the most can be reached. The team's goal is to develop data-driven service-line priorities for marketing and other institutional investments. These priorities will be evaluated and refreshed periodically. The Institution is in the near term also focused on issues that can be controlled - cost efficiency and cost effectiveness. The Institution will be best strengthened and stabilized by this financial discipline: the tide will turn financially and the people will be connected to the Institutional decisions, creating a team culture at all levels.

A high level of collaboration was integral in the establishment of the FY 2018 budget and an example of connecting the people to the decisions. The financial and operational focus in 2018 will include: cost efficiency initiatives and cost accounting analytics, enhancement of productivity tools, improvement of patient access, non-personnel expense reductions, and an agreed upon five year Economic Forecast Model and Long Term Capital Plan. The Institution is also embarking on a rolling forecast approach to budgets and targets, and will use this tool regularly in FY 2018 to appraise financial health and to shift priorities and resources appropriately to achieve the margin results.

**Revenue**

The FY 2018 budgeted operating revenue is projected to decrease 1.2 percent or \$55 million from the level targeted for FY 2017. It is expected that clinical productivity will remain the same as the FY 2017 budget; however there will a slight decrease in upstream clinical providers. It is also anticipated that deductions from revenue will continue to erode and increase one percentage point over the FY 2017 budget, which equates to approximately \$90 million decrease in net patient revenue. Federal, State, Local and Private sponsored programs are anticipated to increase almost 14 percent over FY 2017 budgeted levels. There has been a sustained level of increase in 2017 actual over budget in all categories of sponsored revenue and it is expected to be maintained and improved upon through FY 2018. Gifts in support of Operations have been budgeted conservatively at 23 percent less than FY 2017. Net Investment Income is projected to increase as the cash balance invested will continue to rise as a result of improved operations.

**Expenses**

FY 2018 total budgeted operating expense is projected to decrease 2.7 percent or \$118 million under the level targeted for FY 2017. The reduction in force that occurred in FY 2017 will result in a full time equivalent workforce decrease of 8.5 percent, from 21,460 to 19,630 employees. New hires will be for strategic and critical operations only. A merit plan will be implemented in FY 2018 for staff, but in combination with the reduction, there will be an overall reduction in personnel costs of 3 percent or approximately \$80 million. This reduction impacts virtually every line item in operating expense for education and general funds primarily. Operations and Maintenance of Plant non personnel costs will increase nominally as utilities and routine expense will follow normal inflationary trends, and public service, student service, and scholarships and fellowships will continue to be supported. Depreciation will decrease in FY 2018 by \$24 million or 6 percent because some major assets will be reaching full service life before the end of the year – certain portions of U. T. M. D. Anderson central core buildings and the Lutheran Hospital, as well as some software and equipment.

**The University of Texas M. D. Anderson Cancer Center**  
**Operating Budget**  
**Fiscal Year Ending August 31, 2018**

	FY 2017 Projected	FY 2017 Adjusted Budget	FY 2018 Operating Budget	Budget Increases (Decreases) From 2017 to 2018	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 1,639,800	1,415,025	1,672,600	257,575	18.2%
Federal Sponsored Programs	160,470,200	156,453,861	175,156,666	18,702,805	12.0%
State Sponsored Programs	30,720,000	35,026,443	36,255,354	1,228,911	3.5%
Local and Private Sponsored Programs	147,570,000	116,731,823	138,271,108	21,539,285	18.5%
Net Sales and Services of Educational Activities	1,825,500	1,755,830	1,865,100	109,270	6.2%
Net Sales and Services of Hospital and Clinics	3,416,830,000	3,558,454,318	3,434,152,600	(124,301,718)	-3.5%
Net Professional Fees	426,607,600	445,820,485	460,686,300	14,865,815	3.3%
Net Auxiliary Enterprises	45,031,500	48,675,048	47,187,200	(1,487,848)	-3.1%
Other Operating Revenues	113,457,100	104,756,623	118,475,772	13,719,149	13.1%
<b>Total Operating Revenues</b>	<b>4,344,151,700</b>	<b>4,469,089,456</b>	<b>4,413,722,700</b>	<b>(55,366,756)</b>	<b>-1.2%</b>
<b>Operating Expenses:</b>					
Instruction	72,300,000	81,623,799	77,126,245	(4,497,554)	-5.5%
Academic Support	147,900,000	153,480,500	143,234,455	(10,246,045)	-6.7%
Research	688,130,000	698,476,897	688,547,200	(9,929,697)	-1.4%
Public Service	13,760,000	12,520,751	13,772,500	1,251,749	10.0%
Hospitals and Clinics	2,650,116,143	2,711,054,232	2,650,905,447	(60,148,785)	-2.2%
Institutional Support	129,760,000	141,753,046	129,855,400	(11,897,646)	-8.4%
Student Services	1,180,000	561,000	1,180,500	619,500	110.4%
Operations and Maintenance of Plant	200,540,000	198,427,284	200,685,600	2,258,316	1.1%
Scholarships and Fellowships	2,360,000	2,202,127	2,457,353	255,226	11.6%
Auxiliary Enterprises	25,310,000	28,479,500	27,167,800	(1,311,700)	-4.6%
Depreciation and Amortization	383,129,900	415,067,451	390,435,500	(24,631,951)	-5.9%
<b>Total Operating Expenses</b>	<b>4,314,486,043</b>	<b>4,443,646,587</b>	<b>4,325,368,000</b>	<b>(118,278,587)</b>	<b>-2.7%</b>
<b>Operating Surplus/Deficit</b>	<b>29,665,657</b>	<b>25,442,869</b>	<b>88,354,700</b>	<b>62,911,831</b>	<b>247.3%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations	206,952,800	207,772,397	208,314,600	542,203	0.3%
Federal Sponsored Programs (Nonoperating)	500,000	500,000	550,000	50,000	10.0%
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	100,000,000	124,005,647	95,000,000	(29,005,647)	-23.4%
Net Investment Income	156,791,000	154,043,266	200,074,000	46,030,734	29.9%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>464,243,800</b>	<b>486,321,310</b>	<b>503,938,600</b>	<b>17,617,290</b>	<b>3.6%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(33,935,110)	(39,714,132)	(38,601,247)	1,112,885	-2.8%
<b>Total Transfers and Other</b>	<b>(33,935,110)</b>	<b>(39,714,132)</b>	<b>(38,601,247)</b>	<b>1,112,885</b>	<b>-2.8%</b>
<b>Budget Margin (Deficit)</b>	<b>459,974,347</b>	<b>472,050,047</b>	<b>553,692,053</b>	<b>81,642,006</b>	<b>17.3%</b>
<b>Reconciling to Change in Net Assets:</b>					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./((Dec.) in Fair Value of Investments	-	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	-	5,000,000	5,000,000	-	0.0%
Additions to Permanent Endowments	-	10,000,000	10,000,000	-	0.0%
Transfers for Debt Service - Principal	-	(73,529,361)	(80,907,000)	(7,377,639)	10.0%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	-	153,200,457	140,152,717	(13,047,740)	-8.5%
<b>SRECNA Change in Net Assets</b>	<b>\$ 459,974,347</b>	<b>566,721,143</b>	<b>627,937,770</b>	<b>61,216,627</b>	<b>10.8%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 4,808,395,500</b>	<b>4,955,410,766</b>	<b>4,917,661,300</b>	<b>(37,749,466)</b>	<b>-0.8%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(4,348,421,153)</b>	<b>(4,483,360,719)</b>	<b>(4,363,969,247)</b>	<b>119,391,472</b>	<b>-2.7%</b>
<b>Budget Margin (Deficit)</b>	<b>\$ 459,974,347</b>	<b>472,050,047</b>	<b>553,692,053</b>	<b>81,642,006</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		415,067,451	390,435,500		
Capital Outlay		(770,000,000)	(745,000,000)		
Transfers for Debt Service - Principal		(73,529,361)	(80,907,000)		
Budgeted Transfers		-	-		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>43,588,137</b>	<b>118,220,553</b>		

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

**The University of Texas Health Science Center at Tyler**  
**Operating Budget Highlights**  
**For the Year Ending August 31, 2018**

**Introduction - Major Goals Addressed by FY 2018 Budget**

The Mission, Vision, and Values of The University of Texas Health Science Center at Tyler are fulfilled by the FY 2018 operating budget through continued investments in advancing patient care, expanding educational and residency programs, increasing behavioral health clinical capacity and workforce training, and enhancing infrastructure. Institutional leadership developed the FY 2018 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 market response to an increasingly competitive healthcare landscape, while at the same time enhancing revenue and containing costs. New or expanded programs planned for FY 2018 include expansion of the School of Community and Rural Health, expansion of behavioral health residency and workforce training programs, and implementation of a partnership with U. T. M. D. Anderson Cancer Center to expand oncology care services.

During FY 2017 U. T. Health Science Center – Tyler announced a partnership with U. T. M. D. Anderson Cancer Center to develop the UT Health Northeast MD Anderson Cancer Center located on U. T. Health Science Center – Tyler's campus. This partnership will help advance cancer care in the northeast Texas region with the goals of reducing cancer rates, improving outcomes, and making a measurable impact on the health and well-being of the region's population. U. T. Health Science Center – Tyler will be investing significantly to move this partnership forward and to begin treating patients at the new Cancer Center early in FY 2018.

During FY 2017 U. T. Health Science Center – Tyler expanded the School of Community and Rural Health by establishing a new Master's of Public Health (MPH) graduate program, and the first class of students began their studies in January 2017. During FY 2018, U. T. Health Science Center – Tyler will continue to expand both the MPH and Master's of Biotechnology degree programs, and is actively assessing additional degree programs to continue the growth of the School of Community and Rural Health.

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 for FY 2018 are approximately 1.5 percent higher than the FY 2017 operating budget. This increase is driven by both new sponsored programs and increases to existing sponsored programs, volume growth in patient care areas across the organization, and growth of educational programs.

**Expenses**

U. T. Health Science Center – Tyler's budgeted total expenses for FY 2018 are approximately 3.3 percent higher than the FY 2017 budget. This increase reflects the institution's investment in the partnership with U. T. M. D. Anderson Cancer Center and the School of Community and Rural Health, as well as continued outlays 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, and 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, 2018**

	FY 2017 Projected	FY 2017 Adjusted Budget	FY 2018 Operating Budget	Budget Increases (Decreases) From 2017 to 2018	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 147,196	192,783	309,669	116,886	60.6%
Federal Sponsored Programs	8,277,687	5,493,913	8,953,463	3,459,550	63.0%
State Sponsored Programs	12,153,061	9,560,188	15,791,127	6,230,939	65.2%
Local and Private Sponsored Programs	14,404,347	8,066,006	8,920,600	854,594	10.6%
Net Sales and Services of Educational Activities	2,432,851	1,525,992	2,525,446	999,454	65.5%
Net Sales and Services of Hospital and Clinics	63,059,379	76,972,861	72,340,403	(4,632,458)	-6.0%
Net Professional Fees	18,935,059	18,835,427	22,300,060	3,464,633	18.4%
Net Auxiliary Enterprises	209,182	245,647	205,330	(40,317)	-16.4%
Other Operating Revenues	25,629,780	22,879,972	20,216,637	(2,663,335)	-11.6%
<b>Total Operating Revenues</b>	<b>145,248,542</b>	<b>143,772,789</b>	<b>151,562,735</b>	<b>7,789,946</b>	<b>5.4%</b>
<b>Operating Expenses:</b>					
Instruction	16,544,561	12,418,174	13,116,021	697,847	5.6%
Academic Support	2,257,846	1,256,804	1,164,267	(92,537)	-7.4%
Research	14,773,319	17,670,795	21,033,803	3,363,008	19.0%
Public Service	-	-	-	-	-
Hospitals and Clinics	139,655,556	135,482,094	137,544,597	2,062,503	1.5%
Institutional Support	12,515,473	13,012,940	12,707,898	(305,042)	-2.3%
Student Services	-	-	-	-	-
Operations and Maintenance of Plant	8,525,315	8,947,180	8,576,267	(370,913)	-4.1%
Scholarships and Fellowships	175,178	-	69,055	69,055	-
Auxiliary Enterprises	194,642	206,446	196,851	(9,595)	-4.6%
Depreciation and Amortization	11,968,459	11,800,000	13,300,000	1,500,000	12.7%
<b>Total Operating Expenses</b>	<b>206,610,349</b>	<b>200,794,433</b>	<b>207,708,759</b>	<b>6,914,326</b>	<b>3.4%</b>
<b>Operating Surplus/Deficit</b>	<b>(61,361,807)</b>	<b>(57,021,644)</b>	<b>(56,146,024)</b>	<b>875,620</b>	<b>-1.5%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations	55,271,757	56,277,046	52,278,682	(3,998,364)	-7.1%
Federal Sponsored Programs (Nonoperating)	-	-	-	-	-
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	678,357	1,500,000	750,000	(750,000)	-50.0%
Net Investment Income	3,629,354	4,031,515	4,033,181	1,666	0.0%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>59,579,468</b>	<b>61,808,561</b>	<b>57,061,863</b>	<b>(4,746,698)</b>	<b>-7.7%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(2,058,700)	(2,334,245)	(2,115,150)	219,095	-9.4%
<b>Total Transfers and Other</b>	<b>(2,058,700)</b>	<b>(2,334,245)</b>	<b>(2,115,150)</b>	<b>219,095</b>	<b>-9.4%</b>
<b>Budget Margin (Deficit)</b>	<b>(3,841,039)</b>	<b>2,452,672</b>	<b>(1,199,311)</b>	<b>(3,651,983)</b>	<b>-148.9%</b>
<b>Reconciliation to Change in Net Assets:</b>					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	3,681,019	-	-	-	-
Interest Expense on Capital Asset Financings	1,552,113	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	5,000	100,000	7,500	(92,500)	-92.5%
Additions to Permanent Endowments	24,605	100,000	100,000	-	0.0%
Transfers for Debt Service - Principal	(6,383,766)	(4,883,000)	(5,994,000)	(1,111,000)	22.8%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	55,130,990	54,556,102	8,850,000	(45,706,102)	-83.8%
<b>SRECNA Change in Net Assets</b>	<b>\$ 50,168,922</b>	<b>52,325,774</b>	<b>1,764,189</b>	<b>(50,561,585)</b>	<b>-96.6%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 204,828,010</b>	<b>205,581,350</b>	<b>208,624,598</b>	<b>3,043,248</b>	<b>1.5%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(208,669,049)</b>	<b>(203,128,678)</b>	<b>(209,823,909)</b>	<b>(6,695,231)</b>	<b>3.3%</b>
<b>Budget Margin (Deficit)</b>	<b>\$ (3,841,039)</b>	<b>2,452,672</b>	<b>(1,199,311)</b>	<b>(3,651,983)</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		11,800,000	13,300,000		
Capital Outlay		(6,500,000)	(1,092,159)		
Transfers for Debt Service - Principal		(4,883,000)	(5,994,000)		
Budgeted Transfers		-	-		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>2,869,672</b>	<b>5,014,530</b>		

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





## The University of Texas System

Fiscal Year 2018

### RESERVE ALLOCATIONS FOR LIBRARY, EQUIPMENT, REPAIR AND REHABILITATION AND FACULTY SCIENCE AND TECHNOLOGY ACQUISITION AND RETENTION (STARs)

#### Summary

	PUF Allocation			Total
	Library & Equipment	Repair & Rehabilitation	Faculty STARs Program	
<b>Academic Institutions</b>				
The University of Texas at Arlington	\$ 2,500,000	-	-	2,500,000
The University of Texas at Austin	600,000	3,208,950	-	3,808,950
The University of Texas at Dallas	1,000,000	1,000,000	-	2,000,000
The University of Texas at El Paso	1,000,000	900,000	-	1,900,000
The University of Texas of the Permian Basin	1,005,000	-	-	1,005,000
The University of Texas Rio Grande Valley	371,050	1,600,000	-	1,971,050
The University of Texas at San Antonio	2,135,000	-	-	2,135,000
The University of Texas at Tyler	-	1,180,000	-	1,180,000
Subtotal Academic Institutions	8,611,050	7,888,950	-	16,500,000
<b>Health Institutions</b>				
The University of Texas Southwestern Medical Center	-	2,200,000	-	2,200,000
The University of Texas Medical Branch at Galveston	1,200,000	1,195,000	-	2,395,000
The University of Texas Health Science Center at Houston	2,175,000	-	-	2,175,000
The University of Texas Health Science Center at San Antonio	2,100,000	-	-	2,100,000
The University of Texas M. D. Anderson Cancer Center	-	2,330,000	-	2,330,000
The University of Texas Health Science Center at Tyler	-	2,300,000	-	2,300,000
Subtotal Health Institutions	5,475,000	8,025,000	-	13,500,000
<b>The University of Texas System Administration</b>				
Academic Library Collection Enhancement Program	4,000,000	-	-	4,000,000
Dense Wavelength Division Multiplexing Refresh and Critical Cold Spares	800,000	-	-	800,000
Critical Server Refresh	200,000	-	-	200,000
Faculty STARs Program - Academic Institutions	-	-	10,000,000	10,000,000
Faculty STARs Program - Health Institutions	-	-	10,000,000	10,000,000
Subtotal System Administration	5,000,000	-	20,000,000	25,000,000
<b>Grand Total</b>	<b>\$ 19,086,050</b>	<b>15,913,950</b>	<b>20,000,000</b>	<b>55,000,000</b>

## The University of Texas System

Fiscal Year 2018

### 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	PUF	TOTAL	PUF	PUF
	PROJECT COST	ALLOCATION	PROJECT COST	ALLOCATION	ALLOCATION
<b>ACADEMIC INSTITUTIONS</b>					
<b>The University of Texas at Arlington</b>					
Campus Wide Network Replacement	1,500,000	1,500,000			
Campus Safety and Security	1,000,000	1,000,000			
<b>TOTAL</b>	<b>\$ 2,500,000</b>	<b>2,500,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>The University of Texas at Austin</b>					
Campus-wide Safety and Security Improvement Phase II			3,065,500	2,758,950	
Building Access Control System Facility Security Project Phase III			500,000	450,000	
Data Transformation Project	1,186,441	600,000			
<b>TOTAL</b>	<b>\$ 1,186,441</b>	<b>600,000</b>	<b>3,565,500</b>	<b>3,208,950</b>	<b>-</b>
<b>The University of Texas at Dallas</b>					
Academic Affairs Science and Engineering Laboratory Equipment	1,000,000	1,000,000			
Academic Buildings (Common Spaces) Renovation Phase III			750,000	750,000	
Campus Life Safety Upgrades			500,000	250,000	
<b>TOTAL</b>	<b>\$ 1,000,000</b>	<b>1,000,000</b>	<b>1,250,000</b>	<b>1,000,000</b>	<b>-</b>
<b>The University of Texas at El Paso</b>					
Research and Technology Infrastructure for New Faculty	1,000,000	1,000,000			
Arc Flash Safety Rehabilitation for Campus Facilities			500,000	500,000	
Cotton Facility Remodeling			400,000	400,000	
<b>TOTAL</b>	<b>\$ 1,000,000</b>	<b>1,000,000</b>	<b>900,000</b>	<b>900,000</b>	<b>-</b>
<b>The University of Texas of the Permian Basin</b>					
Intelligent Transcript Capture	155,000	155,000			
Predictive Scheduling	75,000	75,000			
Library Materials	100,000	100,000			
Grounds Equipment	330,000	330,000			
Police Vehicle Replacement	81,000	81,000			
Police Motorola Radio Replacement	104,000	104,000			
Police Communication Center Console Radio Replacement	160,000	160,000			
<b>TOTAL</b>	<b>\$ 1,005,000</b>	<b>1,005,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>The University of Texas Rio Grande Valley</b>					
Electrical and Water Building Meters - Brownsville and Harlingen Campus			100,000	100,000	
Health and PE II Complex HVAC Replacement - Edinburg Campus			1,500,000	1,500,000	
Library Compact Shelving	607,500	371,050			
<b>TOTAL</b>	<b>\$ 607,500</b>	<b>371,050</b>	<b>1,600,000</b>	<b>1,600,000</b>	<b>-</b>
<b>The University of Texas at San Antonio</b>					
Network Infrastructure Enhancement for Information Security	400,000	400,000			
Classroom AV Technology Upgrade Ph3 and Virtual Desktop and Application Delivery Infrastructure	935,000	935,000			
North Thermal Energy Plant 15 kV Switchgear Replacement Project	800,000	800,000			
<b>TOTAL</b>	<b>\$ 2,135,000</b>	<b>2,135,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>The University of Texas at Tyler</b>					
Campus Hydronic Loop			945,000	945,000	
Exterior Lighting Retrofit to LED - Phase I			235,000	235,000	
<b>TOTAL</b>	<b>\$ -</b>	<b>-</b>	<b>1,180,000</b>	<b>1,180,000</b>	<b>-</b>
<b>SUBTOTAL - ACADEMIC INSTITUTIONS</b>		<b>\$ 8,611,050</b>		<b>7,888,950</b>	<b>-</b>

## The University of Texas System

Fiscal Year 2018

### 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	PUF	TOTAL	PUF	PUF
	PROJECT COST	ALLOCATION	PROJECT COST	ALLOCATION	ALLOCATION
<b>HEALTH INSTITUTIONS</b>					
<b>The University of Texas Southwestern Medical Center</b>					
Peter O'Donnell Jr. Brain Institute and Simmons Comprehensive Cancer Center-Renovation			3,200,000	2,200,000	
TOTAL	\$ -	-	<u>3,200,000</u>	<u>2,200,000</u>	-
<b>The University of Texas Medical Branch at Galveston</b>					
Information and Educational Resources Pedestrian Plaza Extension	2,593,407	1,200,000	<u>1,500,000</u>	<u>1,195,000</u>	
TOTAL	\$ <u>2,593,407</u>	<u>1,200,000</u>	<u>1,500,000</u>	<u>1,195,000</u>	-
<b>The University of Texas Health Science Center at Houston</b>					
First Floor Library Redevelopment	1,000,000	1,000,000			
Proofpoint Replacement	250,000	250,000			
Network and Application Performance Monitoring Tools	375,000	375,000			
Patient Privacy and Security - Access Certification and Authorization Management	300,000	300,000			
Data Center Disaster Recovery Enhancements	250,000	250,000			
TOTAL	\$ <u>2,175,000</u>	<u>2,175,000</u>	-	-	-
<b>The University of Texas Health Science Center at San Antonio</b>					
Digital Journals and Databases	600,000	600,000			
Technology Refresh and Expansion	1,500,000	1,500,000			
TOTAL	\$ <u>2,100,000</u>	<u>2,100,000</u>	-	-	-
<b>The University of Texas M. D. Anderson Cancer Center</b>					
Fall Protection System Enhancements - Houston/Bastrop/Smithville Campuses			1,290,000	1,120,000	
Main Building (Rose Zone) Stairwell Pressurization Controls Modernization			598,000	518,000	
PPB Vivarium Modular Equipment Controller Replacement			300,000	260,000	
Smithville Science Park - Campus Erosion Control			500,000	432,000	
TOTAL	\$ -	-	<u>2,688,000</u>	<u>2,330,000</u>	-
<b>The University of Texas Health Science Center at Tyler</b>					
Strategic Campus Improvements			2,300,000	2,300,000	
TOTAL	\$ -	-	<u>2,300,000</u>	<u>2,300,000</u>	-
SUBTOTAL - HEALTH INSTITUTIONS		\$ <u>5,475,000</u>		<u>8,025,000</u>	-
<b>SYSTEM ADMINISTRATION</b>					
<b>The University of Texas System Administration</b>					
U. T. System Academic Library Collection Enhancement Program	4,000,000	4,000,000			
Dense Wavelength Division Multiplexing Refresh and Critical Cold Spares	1,496,000	800,000			
Critical Server Refresh	200,000	200,000			
Faculty STARs Program - Academic Institutions					10,000,000
Faculty STARs Program - Health Institutions					10,000,000
TOTAL	\$ <u>5,696,000</u>	<u>5,000,000</u>	-	-	<u>20,000,000</u>
SUBTOTAL - U. T. SYSTEM ADMINISTRATION		\$ <u>5,000,000</u>		-	<u>20,000,000</u>
TOTAL - U. T. SYSTEM		\$ <u>19,086,050</u>		<u>15,913,950</u>	<u>20,000,000</u>



# The University of Texas System

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Fiscal Year 2018

## RESERVE ALLOCATIONS FOR FACULTY SCIENCE AND TECHNOLOGY ACQUISITION AND RETENTION (STARs) PROGRAM

### The University of Texas System Administration

Faculty STARs Program - Academic Institutions	10,000,000
Faculty STARs Program - Health Institutions	10,000,000
<b>Total \$</b>	<b><u>20,000,000</u></b>



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

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

### STARs Allocation History

Academic Institutions			
<b>2005 Faculty STARs</b>	\$ 32,450,000	<b>2012 Faculty STARs</b>	\$ 10,000,000
<b>2006 Faculty STARs</b>	\$ 15,000,000	<b>2013 Faculty STARs</b>	\$ 10,000,000
<b>2007 Faculty STARs</b>	\$ 20,000,000	<b>2014 Faculty STARs</b>	\$ 10,000,000
<b>2008 Faculty STARs</b>	\$ 10,000,000	<b>2015 Faculty STARs</b>	\$ 10,000,000
<b>2009 Faculty STARs</b>	\$ 10,000,000	<b>*2016 Faculty STARs</b>	\$ 20,000,000
<b>2010 Faculty STARs</b>	\$ 15,000,000	<b>2017 Faculty STARs</b>	\$ 15,000,000
<b>2011 Faculty STARs</b>	\$ 10,000,000	<b>2018 Faculty STARs</b>	\$ 10,000,000
Health Institutions			
<b>2005 Faculty STARs</b>	\$ 26,550,000	<b>2013 Faculty STARs</b>	\$ 10,000,000
<b>2009 Faculty STARs</b>	\$ 10,000,000	<b>2014 Faculty STARs</b>	\$ 10,000,000
<b>2010 Faculty STARs</b>	\$ 15,000,000	<b>2015 Faculty STARs</b>	\$ 10,000,000
<b>2011 Faculty STARs</b>	\$ 10,000,000	<b>*2016 Faculty STARs</b>	\$ 20,000,000
<b>2011 Faculty STARs (2 years only)</b>	\$ 15,000,000	<b>2017 Faculty STARs</b>	\$ 15,000,000
<b>2012 Faculty STARs</b>	\$ 10,000,000	<b>2018 Faculty STARs</b>	\$ 10,000,000

\*8/2015 \$15,000,000 was approved and additional \$5,000,000 approved in 2/2016 for Academic and Health STARs.

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, 2018

### 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. Incentive payments and other compensation that are part of a tenured health faculty member's approved compensation plan (i.e. the XYZ Plan) do not require approval from U. T. System so long as the payments are within the approved plan maximum totals and the total of all compensation does not equal or exceed \$500,000.
  - 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, 2018

### 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, 2018

### 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, 2018

### 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, 2018

### 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*.

## 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 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](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.