

Presented to the U. T. System Board of Regents  
August 2011

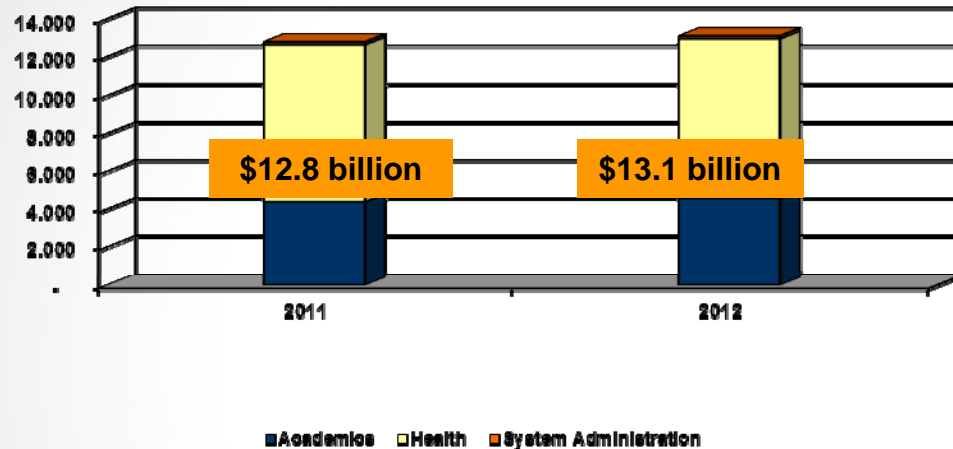
# **The University of Texas System Fiscal Year 2012 Operating Budget**



**THE UNIVERSITY of TEXAS SYSTEM**  
*Nine Universities. Six Health Institutions. Unlimited Possibilities.*

# Total Budgeted Expenses

Total Budgeted Expenses FY 2011 and FY 2012



## Major Budget Drivers

(in millions)

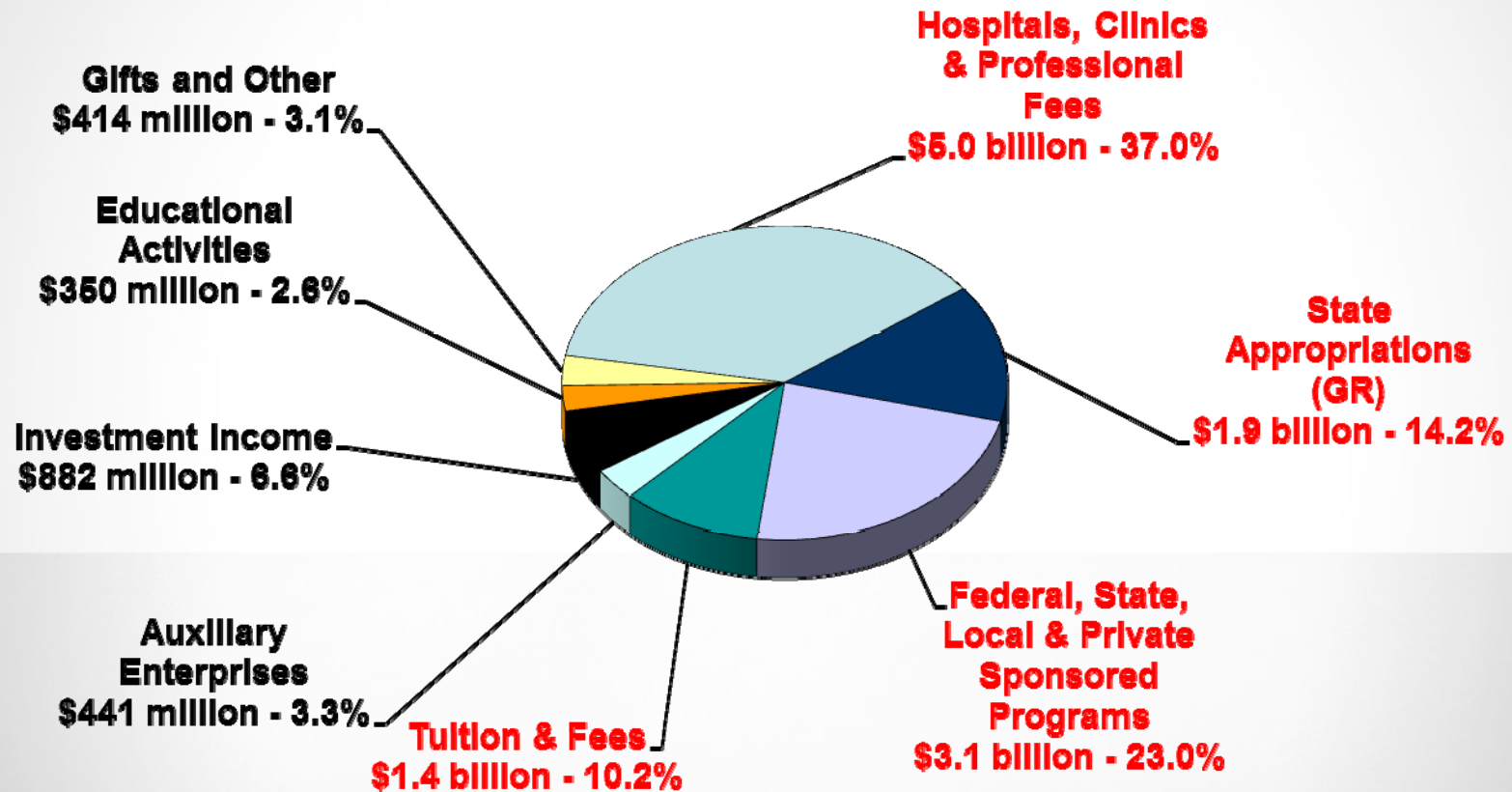
- Academic Support (\$85)
- Hospitals and Clinics (\$68)
- Depreciation and Amortization (\$85)

## Budgeted Expenses

FY 2012 - \$13.1 billion  
\$319 million more than FY 2011  
2.5% more than FY 2011



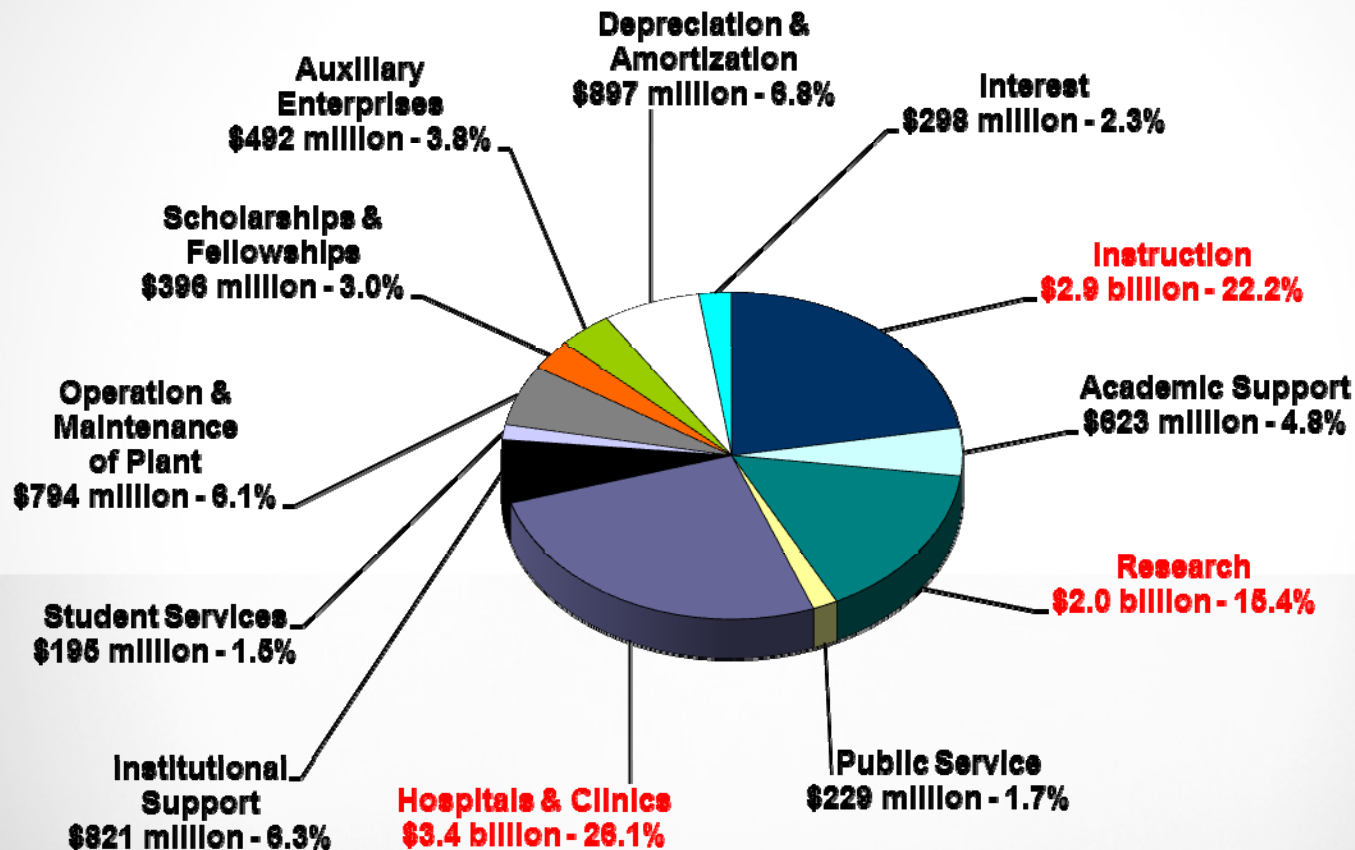
# Where the Money Comes From Fiscal Year 2012



**\$13.4 Billion**



# Where the Money Goes Fiscal Year 2012 (By Function)

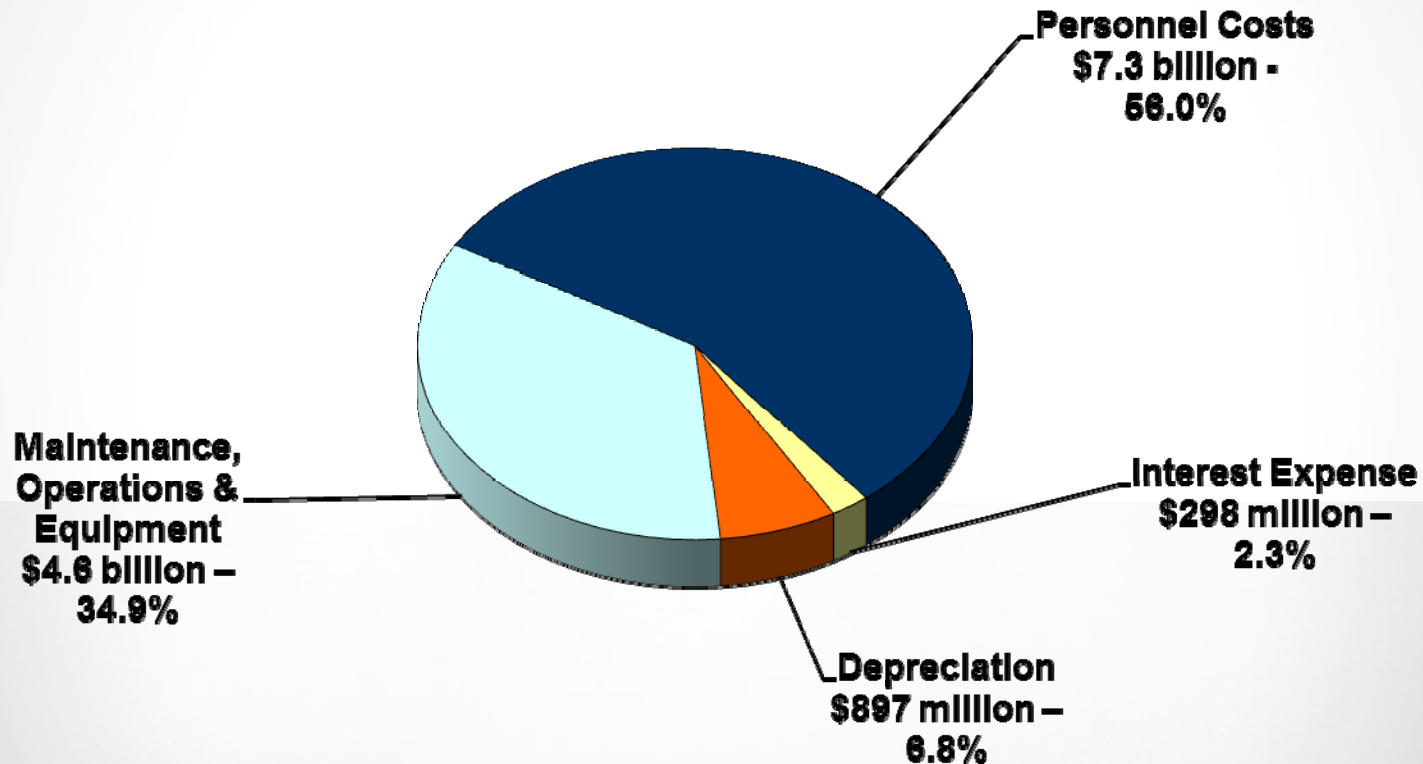


Note: General Revenue covers 14.5% of total Expenditures

**\$13.1 Billion**



# Where the Money Goes Fiscal Year 2012 (By Expense Type)



**\$13.1 Billion**



## Budgeted Expenses - Academic Institutions (in millions)

	Fiscal Year 2011	Fiscal Year 2012	Dollar & Percent Change	
U. T. Arlington	\$ 449.7	\$ 471.8	\$ 22.1	4.9%
U. T. Austin	2,134.2	2,229.3	95.1	4.5%
U. T. Brownsville	167.6	171.3	3.7	2.2%
U. T. Dallas	390.4	433.7	43.3	11.1%
U. T. El Paso	364.8	383.9	19.1	5.3%
U. T. Pan American	263.8	254.0	<9.8>	<3.7%>
U. T. Permian Basin	52.8	60.9	8.1	15.4%
U. T. San Antonio	468.4	482.3	13.9	3.0%
U. T. Tyler	90.6	82.4	<8.2>	<9.0%>
<b>Total Academic</b>	<b>\$4,382.3</b>	<b>\$4,569.6</b>	<b>\$187.3</b>	<b>4.3%</b>

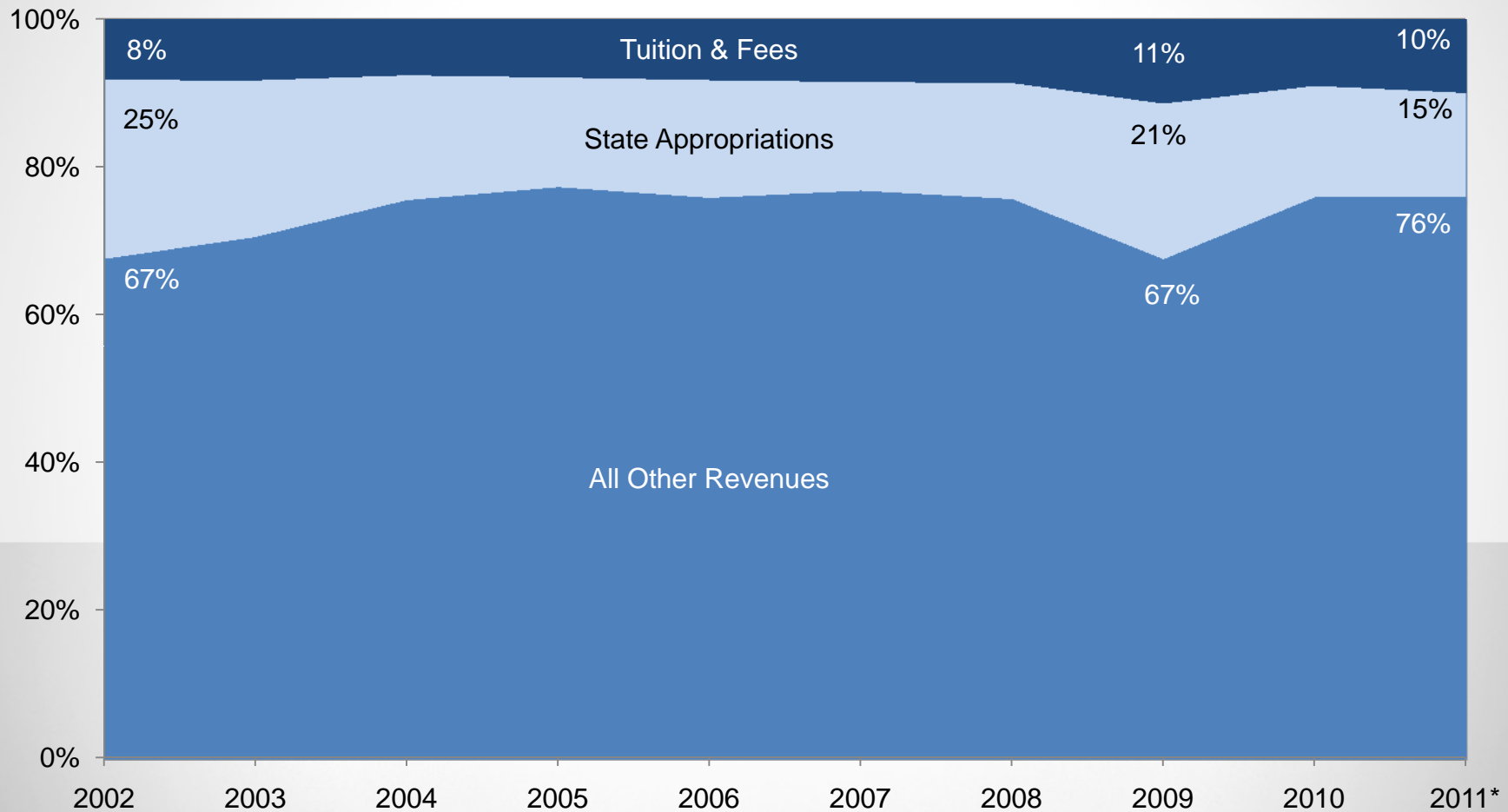


## Budgeted Expenses - Health Institutions (in millions)

	Fiscal Year 2011	Fiscal Year 2012	Dollar & Percent Change	
U. T. Southwestern Medical Center	\$ 1,689.1	\$ 1,788.5	\$ 99.4	5.9%
U. T. Medical Branch – Galveston	1,620.8	1,515.8	<105.0>	<6.5%>
U. T. Health Science Center - Houston	903.2	964.7	61.5	6.8%
U. T. Health Science Center - San Antonio	743.6	739.6	<4.0>	<0.5%>
U. T. M. D. Anderson Cancer Center	3,164.7	3,235.0	70.3	2.2%
U. T. Health Science Center - Tyler	121.6	126.5	4.9	4.0%
<b>Total Health</b>	<b>\$8,243.0</b>	<b>\$8,370.1</b>	<b>\$127.1</b>	<b>1.5%</b>



# U. T. System: Key Revenues as a Percentage of Total Revenues



Source: Exhibit B of Annual Financial Report

Note: "Other Revenues" for FY 2009 includes investment losses. FY 2011 is based on budgeted, not actual \$.

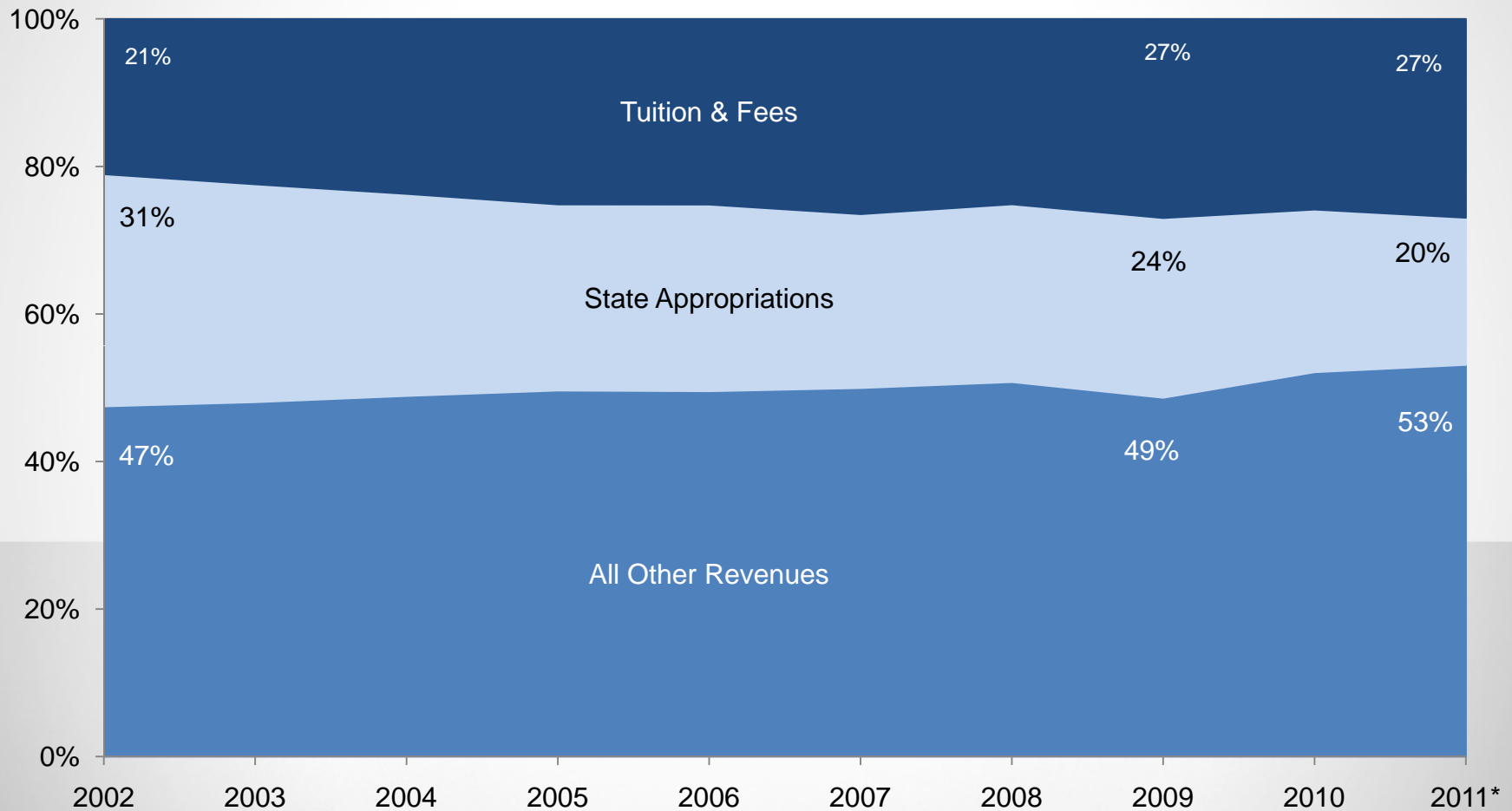


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 August 2011  
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# U. T. Academic Institutions: Key Revenues as a Percentage of Total Revenues



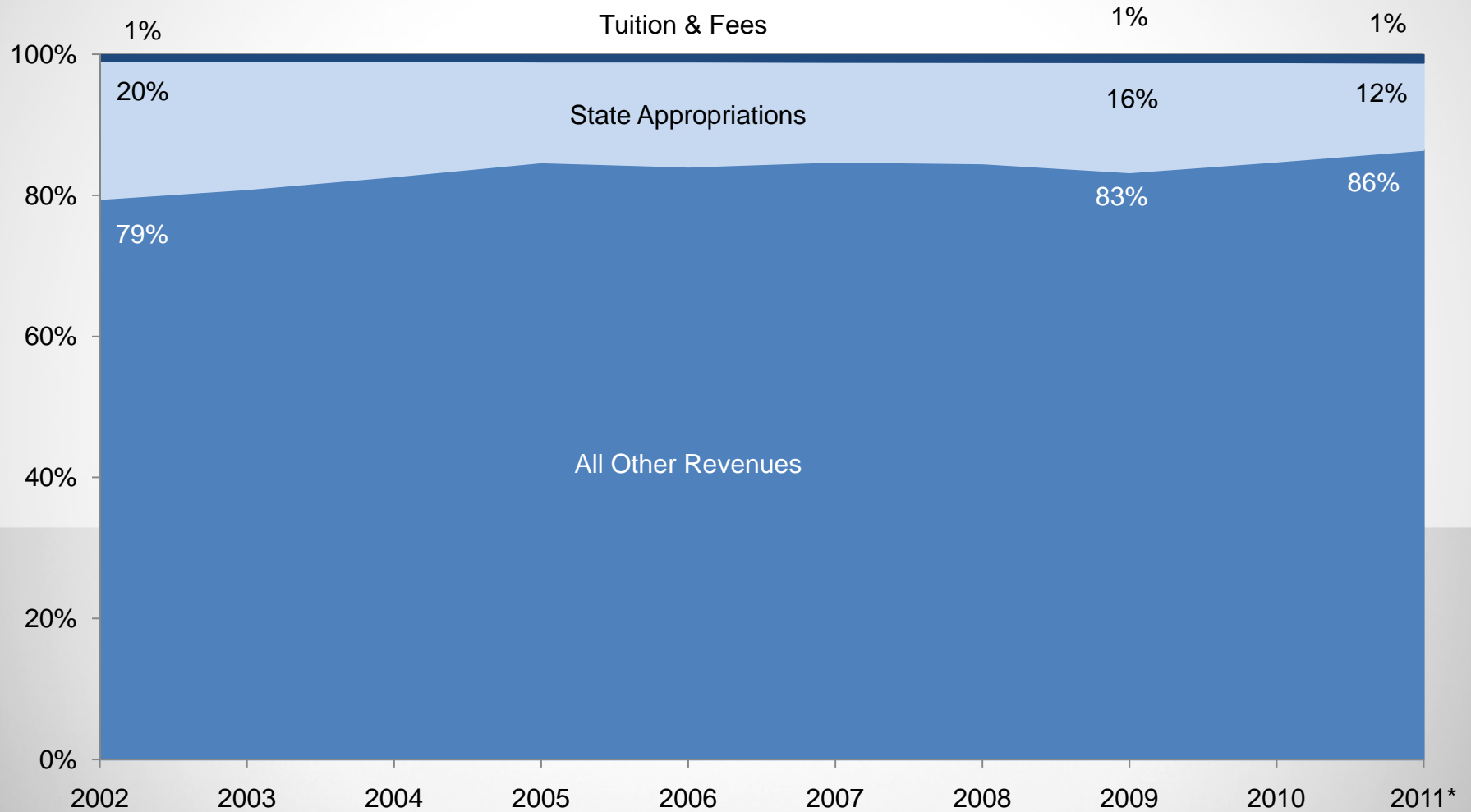
Source: Exhibit B of Annual Financial Report  
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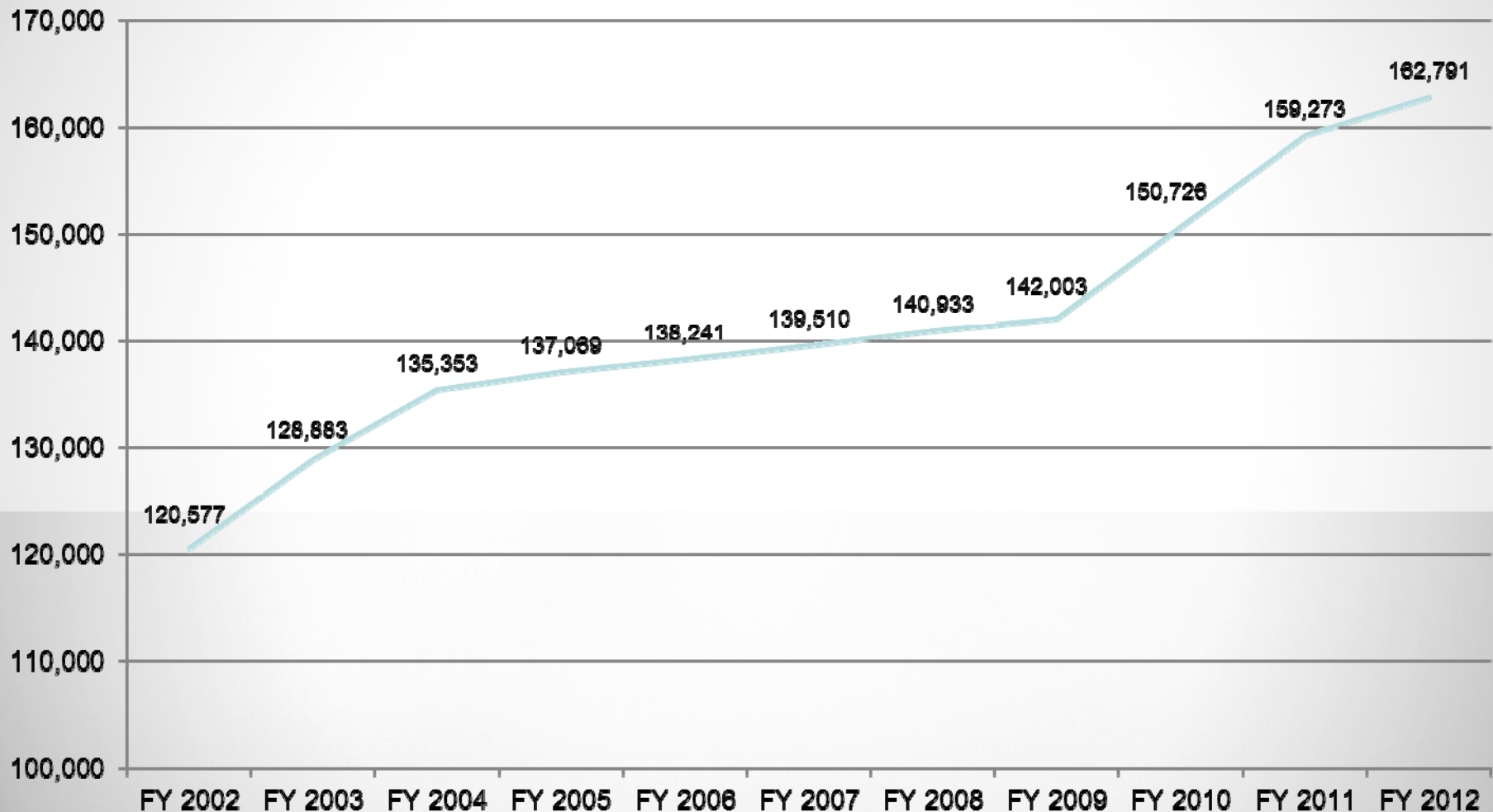
# U. T. Health Institutions: Key Revenues as a Percentage of Total Revenues



Source: Exhibit B of Annual Financial Report  
 Note: FY 2011 is based on budgeted, not actual \$.

# U. T. Academic Institutions: Enrollment

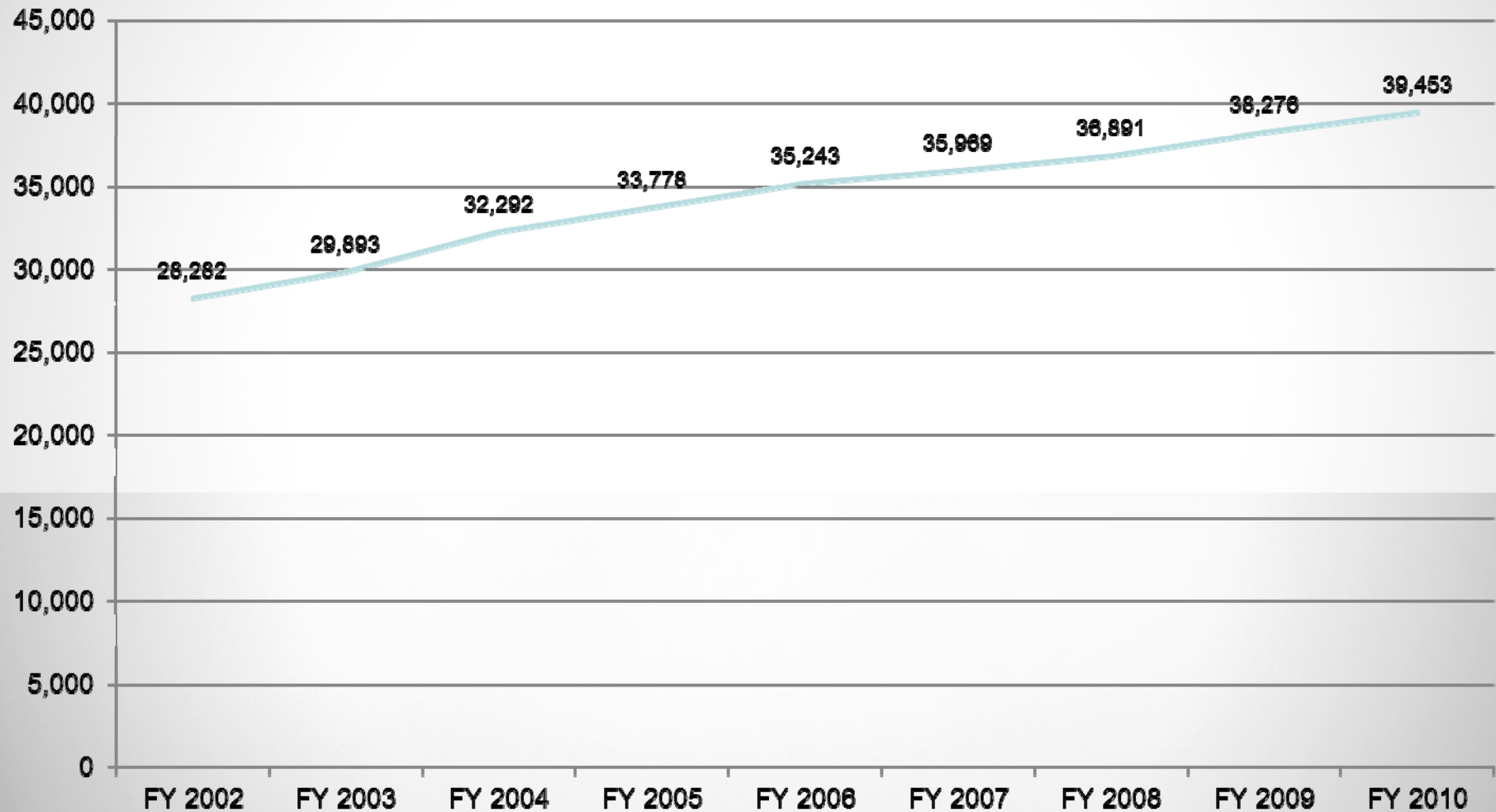
## Actual FY 2002 to FY 2010 and Projected FY 2011, FY 2012



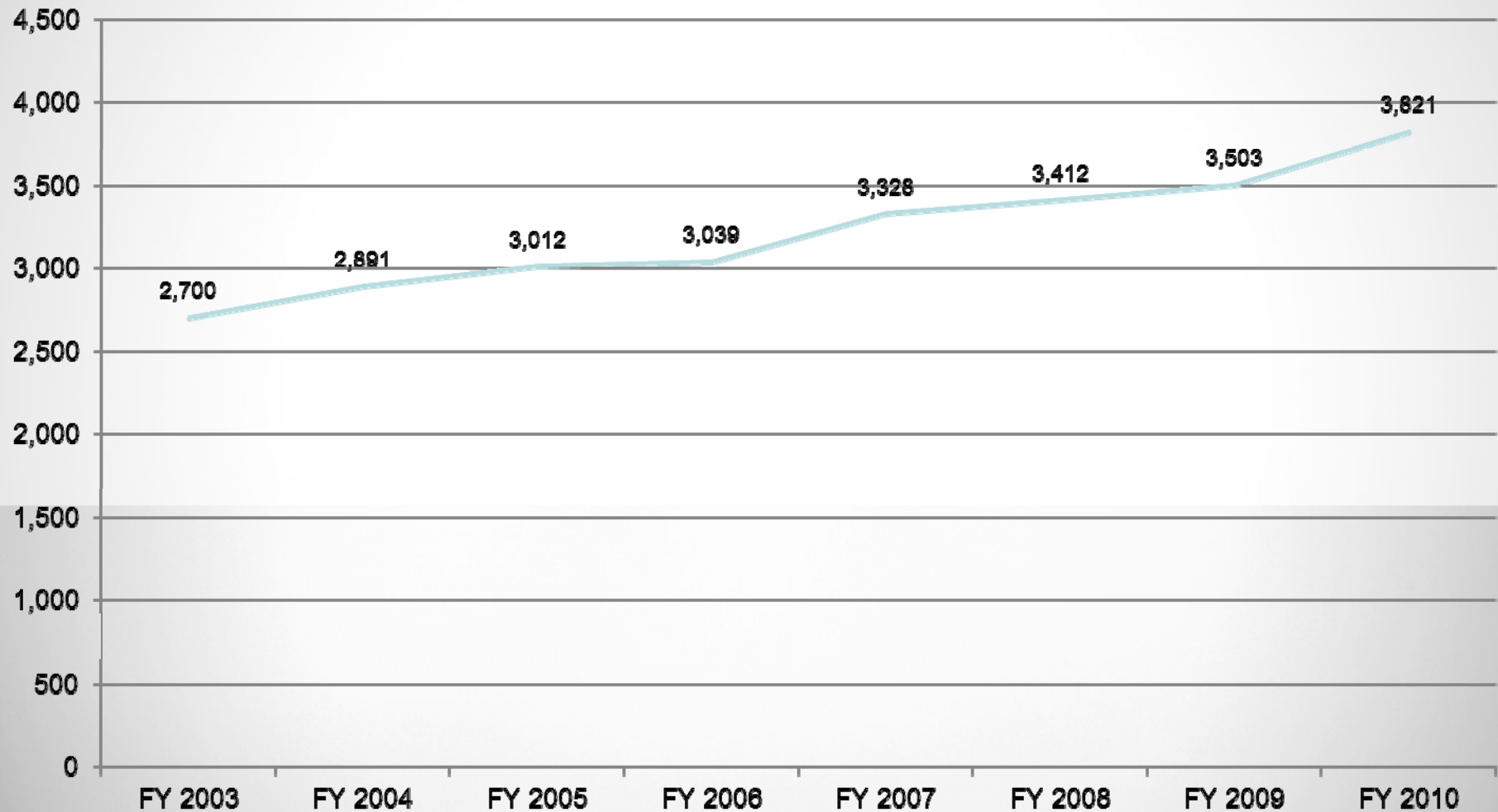
Note: Student Enrollment FTE based on THECB annualized FTE reports and include both state-funded and excess funded semester credit hours. Student Enrollment for FY 2011 and 2012 was projected.



# U. T. Academic Institutions: Total Degrees/Certificates Awarded FY 2003 – 2010



# U. T. Health Institutions: Total Degrees/Certificates Awarded FY 2003 – 2010

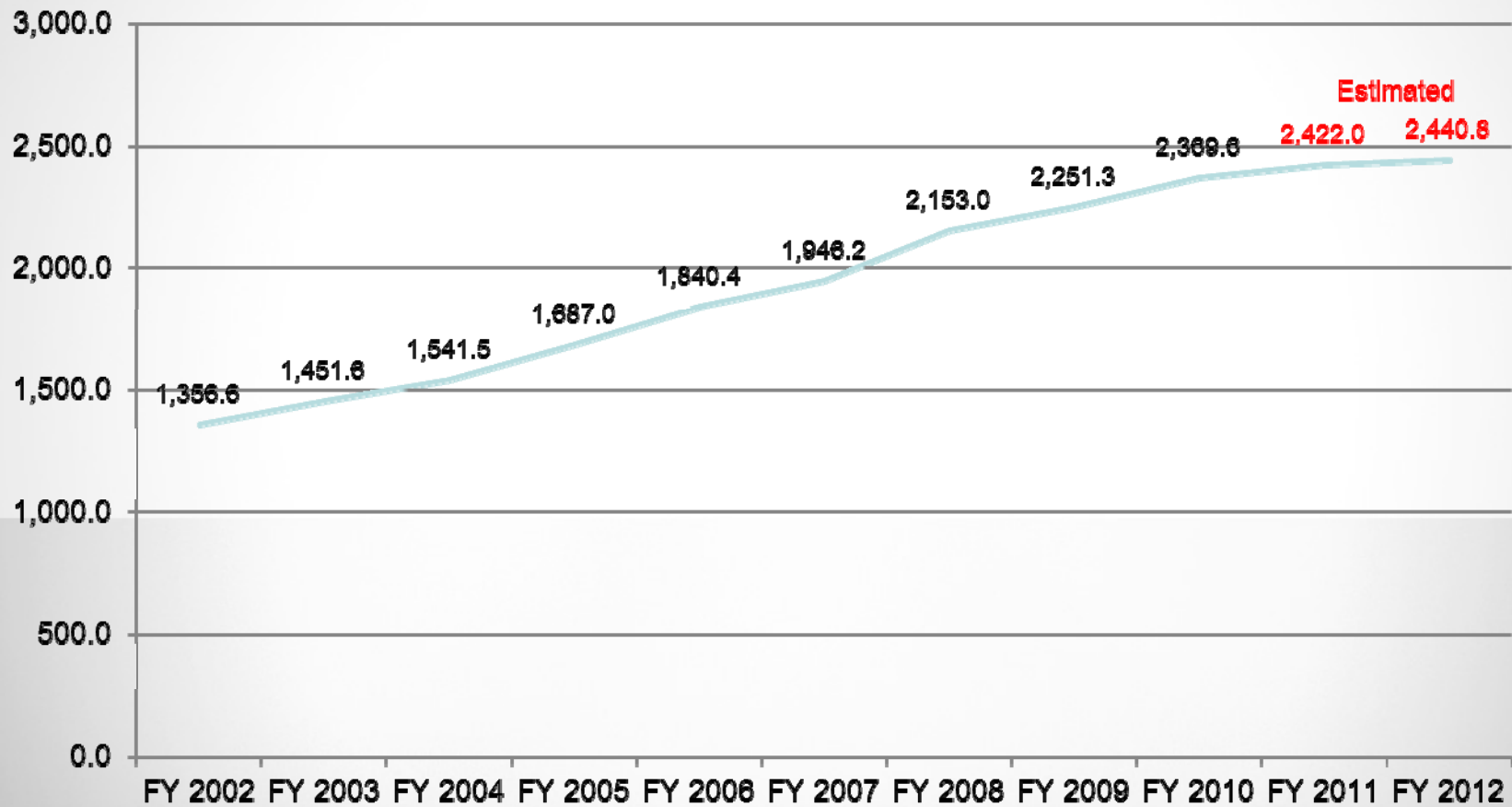


Note: Includes Certificate, Baccalaureate, Baccalaureate-Level Certificate, Master's, Graduate-Level Certificate, Doctoral, and Professional Degrees



# U. T. System: Trend of Research Expenditures

## FY 2002 – 2012 (in millions)



# The University of Texas System Administration



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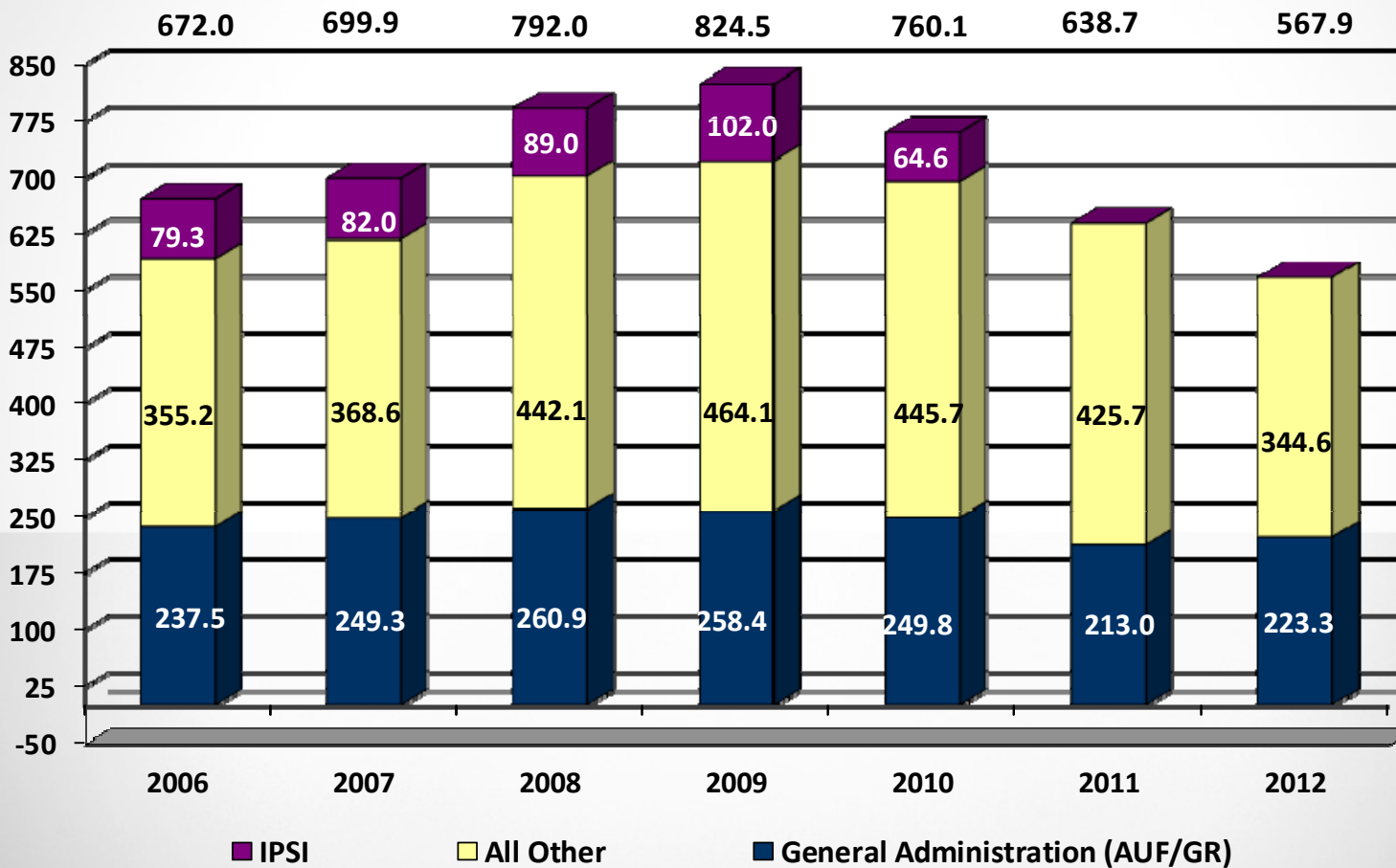
# U. T. System Administration

	BUDGET		
	FY11	FY12	% Change
<b><u>FTEs</u></b>	<u>638.73</u>	<u>567.88</u>	<u>-11.1%</u>
<b><u>Expenditures</u></b>			
Salaries/Fringes	\$ 67,309,547	\$ 62,422,917	-7.3%
M&O, Equipment	9,734,670	9,605,034	-1.3%
Travel	1,940,986	1,823,252	-6.1%
Other	23,630,409	23,794,152	0.7%
Depreciation	12,002,496	11,970,269	-0.3%
<b>Subtotal</b>	<b><u>114,618,108</u></b>	<b><u>109,615,624</u></b>	<b><u>-4.4%</u></b>
Systemwide Software Licenses/Maintenance	15,746,346	16,319,518	3.6%
Interest Expense	85,050,988	87,235,922	2.6%
<b>Total</b>	<b><u>\$ 215,415,442</u></b>	<b><u>\$ 213,171,064</u></b>	<b><u>-1.0%</u></b>
<b><u>Funding Source</u></b>			
General Revenue	1,950,000	1,575,000	-19.2%
AUF			
General Administration	31,400,629	32,625,748	3.9%
Incremental PeopleSoft Project Reserves	-	257,020	n/a
Interest on Debt Service	85,036,550	87,223,584	2.6%
Service Departments Assessments (excl insurance)	66,891,484	60,368,675	-9.8%
Designated	11,892,723	9,588,964	-19.4%
Restricted Gifts and Contracts	7,945,022	9,847,366	23.9%
Other	10,299,034	11,684,707	13.5%
<b>Total</b>	<b><u>\$ 215,415,442</u></b>	<b><u>\$ 213,171,064</u></b>	<b><u>-1.0%</u></b>





# U. T. System Administration Budgeted FTEs - Fiscal Years 2006-2012





# Library, Equipment, Repair and Rehabilitation



# Library, Equipment, Repair and Rehabilitation Fiscal Year 2012 – Total \$30,000,000

Academic		Health	
U. T. Arlington	\$1,748,000	U. T. Southwestern Medical Center	\$1,649,400
U. T. Austin	\$3,655,500	U. T. Medical Branch - Galveston	\$1,710,600
U. T. Dallas	\$1,700,000	U. T. Health Science Center - Houston	\$1,700,000
U. T. El Paso	\$1,925,000	U. T. Health Science Center - San Antonio	\$1,675,000
U. T. Permian Basin	\$ 685,000	U. T. M. D. Anderson Cancer Center	\$1,650,000
U. T. San Antonio	\$1,766,540	U. T. Health Science Center - Tyler	\$1,650,000
U. T. Tyler	\$ 784,960		
<b>Total</b>	<b>\$12,265,000</b>	<b>Total</b>	<b>\$10,035,000</b>
<b>Library Collection Enhancement Program</b>			<b>\$2,700,000</b>

## Collaborative Projects:

U. T. Dallas and U. T. Southwestern Medical Center	\$1,500,000
U. T. El Paso and U. T. Health Science Center – Houston	\$ 599,000
U. T. Tyler and U. T. Health Science Center – Tyler	\$1,500,000
U. T. San Antonio and U. T. Health Science Center – San Antonio	\$1,401,000



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



# Faculty STARs - Fiscal Year 2012

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

## Benefits of Faculty STARs

- Recruit and retain best faculty in the nation
- Develop and strengthen research capacity
- Pending and issued patents
- Encourage future research and excellence
- Collaboration with outside entities



# PUF Debt Capacity – Base Case

Additional PUF Debt Capacity			\$160.0	\$160.0	\$160.0	\$160.0	\$160.0	\$160.0
Cumulative PUF Debt Capacity			\$160.0	\$320.0	\$480.0	\$640.0	\$800.0	\$800.0
<b>Available University Fund Operating Statement Forecast Data (\$ Millions)</b>	<b>Actual</b>	<b>Actual</b>	<b>Projected</b>					
	<b>FY 09</b>	<b>FY 10</b>	<b>FY 11</b>	<b>FY 12</b>	<b>FY 13</b>	<b>FY 14</b>	<b>FY 15</b>	<b>FY 16</b>
PUF Distribution Amount	\$530.9	\$516.4	\$506.4	\$575.5	\$629.7	\$638.1	\$657.8	\$691.9
Surface & Other Income	16.1	13.8	16.1	15.2	15.2	15.2	15.2	15.2
Divisible Income	547.0	530.2	522.5	590.7	644.9	653.3	673.0	707.1
UT System Share (2/3)	364.7	353.5	348.3	393.8	429.9	435.5	448.7	471.4
AUF Interest Income	7.6	4.7	3.5	2.9	5.2	5.8	10.0	14.6
Income Available to U.T.	372.3	358.1	351.8	396.7	435.1	441.4	458.7	486.0
TRANSFERS:								
UT Austin Excellence Funds (45%)	(165.3)	(160.7)	(157.7)	(178.5)	(195.8)	(198.6)	(206.4)	(218.7)
PUF Debt Service *	(101.5)	(114.1)	(86.2)	(127.8)	(154.9)	(175.9)	(194.4)	(212.6)
System Administration	(35.4)	(33.0)	(31.4)	(32.6)	(33.6)	(34.6)	(35.7)	(36.7)
Other **	(6.3)	(122.2)	(30.1)	(1.1)	(1.1)	(1.1)	(1.1)	(1.1)
Net Surplus/(Deficit)	63.8	(71.9)	46.6	56.7	49.7	31.1	21.1	16.9
Ending AUF Balance - System	171.7	99.9	146.4	203.1	252.8	283.9	305.1	321.9
PUF Debt Service Coverage	3.67:1	3.14:1	4.08:1	3.10:1	2.81:1	2.51:1	2.36:1	2.29:1
Unused Constitutional Limit	378.3	245.9	467.0	318.1	118.2	89.9	69.5	58.5
<p>* Includes debt service on outstanding PUF debt, projected debt service on PUF debt authorized, but unissued plus \$50 million of annual LERR/STARs funding and projected debt service on additional PUF debt capacity amounts listed above.</p> <p>** Other for FY 2011 includes \$1.06 million for IT Network Bandwidth/Office of Telecommunications, \$23 million for the Research CyberInfrastructure Initiative, and \$6 million for the Shared Services initiative.</p>								



# Estimated Multi-year Funding Sources

	2012	2013	2014	2015	2016
Additional PUF Debt Capacity <sup>1</sup>	\$160 million	\$160 million	\$160 million	\$160 million	\$160 million
Additional AUF Capacity <sup>2</sup>	\$45 million	\$45 million	\$45 million	\$30 million	\$30 million

<sup>1</sup> Reflects additional PUF debt capacity beyond projects already approved and beyond an assumed \$50 million annual allocation to fund Library, Equipment, Repair and Rehabilitation (LERR) and Faculty STARS. Pursuant to the Texas Constitution, PUF debt can only be used to fund capital costs of projects at U. T. institutions other than U. T. Brownsville and U. T. Pan American, both of which receive HEAF funding.

<sup>2</sup> Reflects additional AUF funding capacity beyond funding projected PUF debt service, excellence funding to U. T. Austin, funding a portion of the System Administration budget and funding certain other initiatives previously approved by the Board of Regents. Pursuant to the Texas Constitution, AUF funding can only be used to provide support and maintenance of U. T. Austin and U. T. System Administration.

## Biggest Risk – PUF investment returns

- Forecasted PUF distribution amounts are based on long-term expected average annual rate of return of 8.82% starting from a June 30, 2011 PUF market value of \$12.8 billion. Lower returns would substantially reduce PUF and AUF capacity.
- Reduced growth of the PUF book value would also limit the amount of PUF debt that may be issued due to the 20% of PUF Book Value Constitutional PUF debt limit.



# Transformational Strategic Investments

Initiative	PUF Allocation	AUF Allocation	ITF/Swap Proceeds
1. Lower Rio Grande Valley Plan	\$ 6,000,000		\$ 24,000,000
2. Regents' Teaching Excellence Awards (\$3 million/year for five years)		\$ 4,000,000	\$ 10,000,000
3. U. T. Horizon Fund		\$ 10,000,000	
4. Strength in Numbers		\$ 9,000,000	
5. Institute for Transformational Learning		\$ 50,000,000	
6. Productivity/Excellence Framework	\$ 10,000,000		
7. Campus Support			
System Contracts Currently Charged Back to Institutions		\$ 17,600,000	
PeopleSoft HR/Finance Implementation (8 Academic Institutions)		\$ 15,000,000	
CTRC Debt for U. T. Health Science Center – San Antonio	\$ 13,000,000		
8. U. T. Austin's Engineering Education & Research Center	\$ 75,000,000		
<b>Total Allocations</b>	<b>\$ 104,000,000</b>	<b>\$ 105,600,000</b>	<b>\$ 34,000,000</b>

