

THE UNIVERSITY OF TEXAS SYSTEM

OPERATING BUDGET SUMMARIES

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

FISCAL YEAR 2014



AUGUST 2013

The University of Texas at Arlington ♦ The University of Texas at Austin ♦ The University of Texas at Brownsville ♦ The University of Texas at Dallas ♦ The University of Texas at El Paso ♦ The University of Texas-Pan American ♦ The University of Texas of the Permian Basin ♦ The University of Texas at San Antonio ♦ The University of Texas at Tyler ♦ The University of Texas Southwestern Medical Center ♦ 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

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For Fiscal Year Ending August 31, 2014

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The University of Texas System Operating Budget Highlights

For the Year Ending August 31, 2014

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 nine 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.

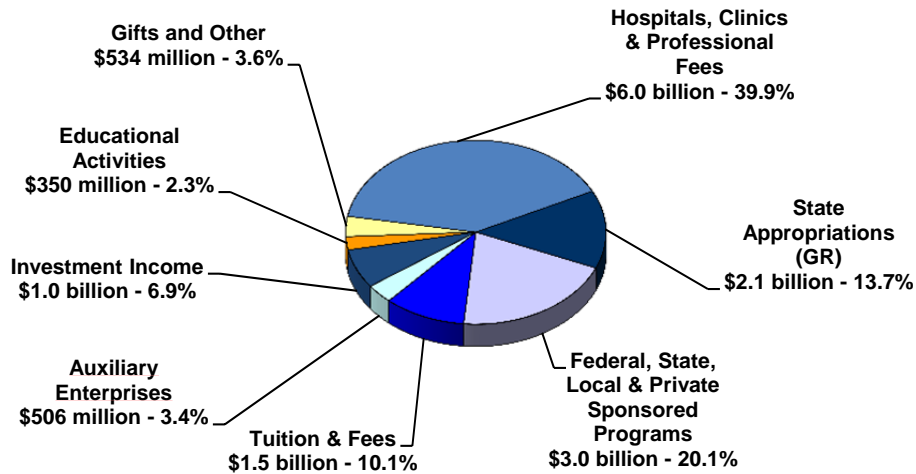
The effect of the System’s expenditures on the Texas economy is profound. The State Comptroller of Public Accounts has estimated that every \$1 spent generates as much as \$5 in additional economic activity.

The operating budget provides a wide range of services for Texans. Beyond the primary mission of higher education and research, a significant 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 University’s extensive research and development advancements strengthen the Texas economy. Based on the activity of the 2012 fiscal year (FY), the U. T. System signs a commercialization deal nearly every other day, starts a new company almost weekly, and receives three U.S. patents every week!

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 2014, changes in the operating budget are driven by growth in health care activities including hospital charges and professional fees and by growth in state appropriations. Contraction of revenue from federal awards related to federal budget cuts, sequestration, and Pell Grant changes has partially offset the gains made in other areas.

Revenues



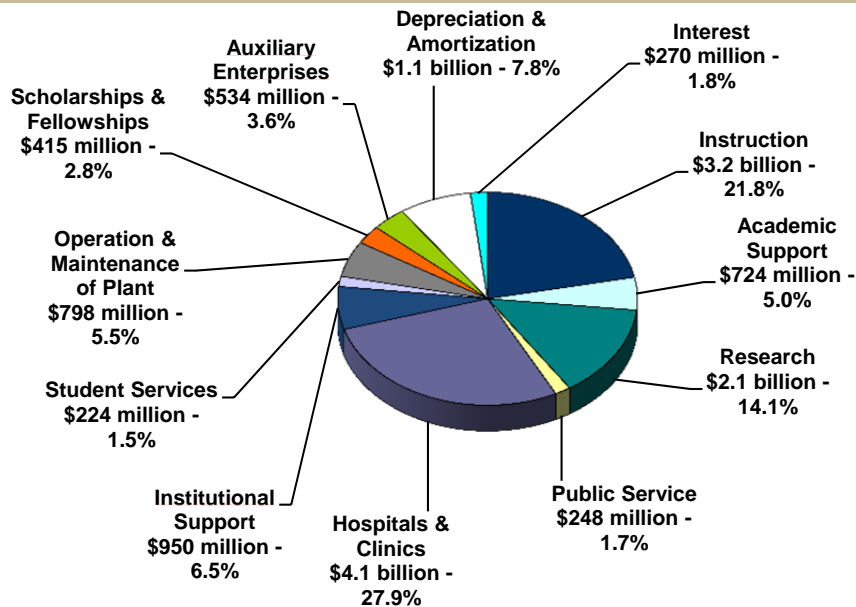
Revenues included in the operating budget summary include both operating and nonoperating revenues used to finance the operating budget. Combined revenues for FY 2014 are \$15.0 billion, up 4.3 percent or \$616 million from FY 2013. Areas of growth include **State Appropriations** (8.6%, \$162 million), **Net Sales and Services of Hospitals and Clinics** (3.5 percent, \$157 million), and **Net Professional Fees** (9.7 percent, \$123 million). These growth areas are offset by the combined decline in both operating and non-operating **Federal Sponsored Programs** (-5.0 percent, \$91 million) resulting from federal budget reduction, federal sequestration and changes to the Pell Grant program.

Budgeted **State Appropriations** are increasing as compared to 2013 resulting from additional appropriations made by the 83rd Texas Legislature. For FY 2014, general revenue will increase to 14.1 percent of the total expense budget, compared to 13.6 percent for 2013.

Net Sales and Services of Hospital and Clinics primarily includes income generated from patient care at the System's hospitals. While the growth trend of this income has slowed as compared to 2013, it remains a major driver of budget increases given that it represents over 30 percent of the total revenue for the U. T. System. The largest increases are anticipated by U. T. Southwestern Medical Center (\$70 million), U. T. Medical Branch - Galveston (\$26 million), and U. T. M. D. Anderson Cancer Center (\$68 million).

Growth in **Net Professional Fees** principally results from growth in the health-related institutions medical practice plans. Contributing to this is the expansion of both practice specialties and clinic locations. The most significant increases are occurring at U. T. Southwestern Medical Center (\$48 million), U. T. Medical Branch - Galveston (\$24 million), and U. T. Health Science Center - Houston (\$36 million).

Expenses



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 2014 are \$14.6 billion, up 5.0 percent or \$690 million from FY 2013. Significant functional areas of growth include **Instruction/Academic Support** (6.0 percent, \$220 million), **Hospital and Clinics** (5.2 percent, \$203 million), and **Depreciation and Amortization** (12.1 percent, \$123 million).

Instruction/Academic Support expenses increased due to support for new academic and medical faculty, and academic programs such as the medical school at U. T. Austin. Expansion of medical practice plans is triggering a need for additional physician faculty. The most significant increases were at U. T. Austin (\$34 million), U. T. Dallas (\$29 million), U. T. Southwestern Medical Center (\$46 million) and U. T. Health Science Center - Houston (\$60 million). These increases were offset by a significant reduction at U. T. Brownsville (\$21 million decrease) where the campus has been downsized as a result of the separation from Texas Southmost College.

Hospital and Clinics expenses increased due largely to growth in patient care costs associated with increasing volume and investment of Delivery System Reform Incentive Payments (DSRIP) revenue in various projects. DSRIP represents incentive payments made to providers that participate in Medicaid health care quality and delivery system reforms. The most significant increases are at U. T. Southwestern Medical Center (\$67 million), U. T. Health Science Center - Houston (\$29 million), and U. T. M. D. Anderson Cancer Center (\$50 million).

Depreciation and Amortization has increased largely due to the completion of a number of major construction and information technology projects with the most significant increases at U. T. Austin (\$70 million), U. T. Medical Branch - Galveston (\$15 million) and U. T. M. D. Anderson Cancer Center (\$18 million).

Resources

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 portion of Higher Education Assistance Fund (HEAF) appropriations expended on items that are capitalized for accounting purposes is eliminated from the budgeted revenue totals.

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

Presentation of FY 2013 Projected Actual Totals

All U. T. institutions have prepared a projection of FY 2013 activity in a format comparable to that presented for the FY 2013 adjusted and FY 2014 proposed budgets. This projection was based on activity through May 2013.

Reclassification of FY 2013 Budget Totals

In certain situations, reclassifications have been made between line items to enhance comparability with the FY 2014 presentation. Original budget totals approved by the U. T. System Board of Regents for FY 2013 remain unchanged.

Glossary of Terms

Operating Revenues:

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

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

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

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

NET PROFESSIONAL FEES – Revenues (net of discounts, allowances, and bad debt expense) derived from the fees charged by the professional staffs at U. T. health institutions as part of the medical, 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.

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).

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

Glossary of Terms (continued)

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

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

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

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

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

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

Glossary of Terms (continued)

NET INVESTMENT INCOME – Interest and dividend income, Long Term Fund and Permanent Health Fund distributions paid from current year income and patent and royalty income. Distributions from the 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 SRECNA Change in Net Assets. This elimination leaves virtually all interest expense for the entire System reflected at System Administration since most of the System’s debt is issued in the name of the Board of Regents.

Reconciliation to Change in Net Assets:

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

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

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

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

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

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

Glossary of Terms (continued)

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

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

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



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

The University of Texas System
Operating Budget
Fiscal Year Ending August 31, 2014

	FY 2013 Projected	FY 2013 Adjusted Budget	FY 2014 Operating Budget	Budget Increases (Decreases) From 2013 to 2014	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 1,485,083,047	1,486,333,409	1,515,721,554	29,388,145	2.0%
Federal Sponsored Programs	1,508,406,434	1,485,472,135	1,421,814,571	(63,657,564)	-4.3%
State Sponsored Programs	255,756,516	257,369,692	259,013,547	1,643,855	0.6%
Local and Private Sponsored Programs	1,098,667,244	1,037,646,119	1,027,627,705	(10,018,414)	-1.0%
Net Sales and Services of Educational Activities	361,240,546	333,099,517	349,726,187	16,626,670	5.0%
Net Sales and Services of Hospital and Clinics	4,382,755,585	4,425,433,770	4,582,453,952	157,020,182	3.5%
Net Professional Fees	1,300,824,777	1,268,541,063	1,391,820,903	123,279,840	9.7%
Net Auxiliary Enterprises	473,082,344	479,571,980	506,466,581	26,894,601	5.6%
Other Operating Revenues	216,160,710	136,492,781	201,392,396	64,899,615	47.5%
Total Operating Revenues	11,081,977,203	10,909,960,466	11,256,037,396	346,076,930	3.2%
Operating Expenses:					
Instruction	2,939,614,109	3,037,090,311	3,180,751,492	143,661,181	4.7%
Academic Support	610,571,864	646,983,372	723,597,057	76,613,685	11.8%
Research	2,011,493,516	2,048,085,320	2,057,939,615	9,854,295	0.5%
Public Service	271,268,654	221,217,546	247,709,544	26,491,998	12.0%
Hospitals and Clinics	3,988,895,526	3,868,865,895	4,071,449,452	202,583,557	5.2%
Institutional Support	1,527,932,743	869,562,909	949,956,218	80,393,309	9.2%
Student Services	223,348,868	216,403,834	223,980,255	7,576,421	3.5%
Operations and Maintenance of Plant	769,703,764	778,584,783	798,279,035	19,694,252	2.5%
Scholarships and Fellowships	416,771,698	413,929,207	414,530,959	601,752	0.1%
Auxiliary Enterprises	496,183,353	518,606,700	534,403,522	15,796,822	3.0%
Depreciation and Amortization	1,106,307,156	1,020,214,538	1,143,543,000	123,328,462	12.1%
Total Operating Expenses	14,362,091,251	13,639,544,415	14,346,140,148	706,595,733	5.2%
Operating Surplus/Deficit	(3,280,114,048)	(2,729,583,949)	(3,090,102,752)	(360,518,803)	13.2%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	1,885,406,273	1,894,929,197	2,057,269,281	162,340,084	8.6%
Federal Sponsored Programs (Nonoperating)	359,668,195	319,171,402	291,872,509	(27,298,893)	-8.6%
State Sponsored Programs (Nonoperating)	12,458,650	10,908,650	14,049,437	3,140,787	28.8%
Gifts in Support of Operations	360,081,506	291,508,562	332,136,629	40,628,067	13.9%
Net Investment Income	1,039,048,141	939,679,393	1,031,119,937	91,440,544	9.7%
Other Non-Operating Revenue	241,657	-	-	-	-
Other Non-Operating (Expenses)	(250,696)	-	-	-	-
Net Non-Operating Revenue/(Expenses)	3,656,653,726	3,456,197,204	3,726,447,793	270,250,589	7.8%
Transfers and Other:					
AUF Transfers Received for Operations	260,741,265	239,423,927	260,385,875	20,961,948	8.8%
AUF Transfers (Made) for Operations	(268,683,265)	(239,423,927)	(260,385,875)	(20,961,948)	8.8%
Transfers for Debt Service - Interest	(272,446,924)	(286,981,485)	(270,231,427)	16,750,058	-5.8%
Total Transfers and Other	(280,388,924)	(286,981,485)	(270,231,427)	16,750,058	-5.8%
Budget Margin (Deficit)	96,150,755	439,631,770	366,113,614	(73,518,156)	-16.7%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	2,271,031	1,500,000	2,250,000	750,000	50.0%
Net Inc./(Dec.) in Fair Value of Investments	972,958,781	-	-	-	-
Interest Expense on Capital Asset Financings	(320,384,897)	(290,323,413)	(280,165,520)	10,157,893	-3.5%
Capital Approp., Gifts and Sponsored Programs	198,942,897	303,945,850	443,999,117	140,053,267	46.1%
HEAF (Capitalized)	10,155,819	9,406,216	11,464,800	2,058,584	21.9%
Additions to Permanent Endowments	106,298,971	88,426,089	101,719,741	13,293,652	15.0%
Transfers for Debt Service - Principal	(305,129,834)	(356,452,164)	(405,987,028)	(49,534,864)	13.9%
Reverse Transfers for Debt Service (System Only)	577,576,758	643,433,649	676,218,455	32,784,806	5.1%
Transfers and Other	424,321,385	(196,378,063)	33,112,875	229,490,938	-116.9%
SRECNA Change in Net Assets	\$ 1,763,161,665	643,189,934	948,726,054	305,536,120	47.5%
Total Revenues and AUF Transfers	\$ 14,730,939,625	14,366,157,670	14,982,485,189	616,327,519	4.3%
Total Expenses (Including Transfers for Interest)	(14,634,788,871)	(13,926,525,900)	(14,616,371,575)	(689,845,675)	5.0%
Budget Margin (Deficit)	\$ 96,150,755	439,631,770	366,113,614	(73,518,156)	
Reconciliation to Use of Prior Year Balances					
Depreciation		1,020,214,538	1,143,543,000		
Capital Outlay		(923,096,233)	(813,523,964)		
HEAF (Capitalized)		9,406,216	11,464,800		
Transfers for Debt Service - Principal		(356,452,164)	(405,987,028)		
Budgeted Transfers		(15,206,493)	(31,932,788)		
Net Additions to (Uses of) Prior Year Balances		174,497,634	269,677,634		

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, 2014

	FY 2013 Projected	FY 2013 Adjusted Budget	FY 2014 Operating Budget	Budget	
				Increases (Decreases) From 2013 to 2014	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 1,361,747,767	1,366,668,405	1,388,853,239	22,184,834	1.6%
Federal Sponsored Programs	631,838,465	585,266,795	601,861,940	16,595,145	2.8%
State Sponsored Programs	181,338,126	147,047,348	168,744,784	21,697,436	14.8%
Local and Private Sponsored Programs	176,656,840	171,254,675	133,064,848	(38,189,827)	-22.3%
Net Sales and Services of Educational Activities	255,967,276	252,805,187	270,501,578	17,696,391	7.0%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	379,782,234	383,706,588	404,813,102	21,106,514	5.5%
Other Operating Revenues	31,311,553	20,822,085	19,259,614	(1,562,471)	-7.5%
Total Operating Revenues	3,018,642,261	2,927,571,083	2,987,099,105	59,528,022	2.0%
Operating Expenses:					
Instruction	1,291,646,062	1,382,212,031	1,414,386,445	32,174,414	2.3%
Academic Support	380,668,027	415,497,533	460,168,668	44,671,135	10.8%
Research	699,457,671	684,687,358	704,150,323	19,462,965	2.8%
Public Service	154,878,795	120,652,713	146,249,077	25,596,364	21.2%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	367,768,915	327,193,399	349,057,879	21,864,480	6.7%
Student Services	204,435,885	195,963,984	202,458,465	6,494,481	3.3%
Operations and Maintenance of Plant	329,611,108	311,804,212	304,491,224	(7,312,989)	-2.3%
Scholarships and Fellowships	396,295,692	393,364,404	394,124,641	760,237	0.2%
Auxiliary Enterprises	427,300,279	449,598,815	459,401,120	9,802,305	2.2%
Depreciation and Amortization	506,599,591	424,965,356	507,172,347	82,206,991	19.3%
Total Operating Expenses	4,758,662,025	4,705,939,805	4,941,660,188	235,720,383	5.0%
Operating Surplus/Deficit	(1,740,019,764)	(1,778,368,722)	(1,954,561,083)	(176,192,361)	9.9%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	875,454,807	879,028,416	943,163,650	64,135,234	7.3%
Federal Sponsored Programs (Nonoperating)	336,155,974	316,308,470	288,894,013	(27,414,457)	-8.7%
State Sponsored Programs (Nonoperating)	12,458,650	10,908,650	14,049,437	3,140,787	28.8%
Gifts in Support of Operations	164,172,977	150,588,343	170,468,236	19,879,893	13.2%
Net Investment Income	274,711,101	235,991,457	252,305,048	16,313,591	6.9%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	1,662,953,509	1,592,825,336	1,668,880,384	76,055,048	4.8%
Transfers and Other:					
AUF Transfers Received for Operations	201,345,000	201,345,000	219,060,000	17,715,000	8.8%
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(112,338,886)	(115,269,579)	(113,489,301)	1,780,278	-1.5%
Total Transfers and Other	89,006,114	86,075,421	105,570,699	19,495,278	22.6%
Budget Margin (Deficit)	11,939,859	(99,467,965)	(180,110,000)	(80,642,035)	81.1%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	21,005,866	-	-	-	-
Interest Expense on Capital Asset Financings	(1,365,033)	(1,200,000)	(1,300,000)	(100,000)	8.3%
Capital Approp., Gifts and Sponsored Programs	131,074,405	120,749,554	213,688,464	92,938,910	77.0%
HEAF (Capitalized)	10,155,819	9,406,216	11,464,800	2,058,584	21.9%
Additions to Permanent Endowments	73,824,880	67,907,366	75,268,791	7,361,425	10.8%
Transfers for Debt Service - Principal	(112,259,054)	(119,997,315)	(128,702,394)	(8,705,079)	7.3%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	163,158,980	215,675,502	165,580,234	(50,095,268)	-23.2%
SRECNA Change in Net Assets	\$ 297,535,722	193,073,358	155,889,895	(37,183,463)	-19.3%
Total Revenues and AUF Transfers	\$ 4,882,940,770	4,721,741,419	4,875,039,489	153,298,070	3.2%
Total Expenses (Including Transfers for Interest)	(4,871,000,911)	(4,821,209,384)	(5,055,149,489)	(233,940,105)	4.9%
Budget Margin (Deficit)	\$ 11,939,859	(99,467,965)	(180,110,000)	(80,642,035)	
Reconciliation to Use of Prior Year Balances					
Depreciation		424,965,356	507,172,347		
Capital Outlay		(136,937,619)	(153,511,953)		
HEAF (Capitalized)		9,406,216	11,464,800		
Transfers for Debt Service - Principal		(119,997,315)	(128,702,394)		
Budgeted Transfers		(17,731,475)	(19,722,631)		
Net Additions to (Uses of) Prior Year Balances		60,237,198	36,590,169		

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, 2014

	FY 2013 Projected	FY 2013 Adjusted Budget	FY 2014 Operating Budget	Budget Increases (Decreases) From 2013 to 2014	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 123,335,280	119,665,004	126,868,315	7,203,311	6.0%
Federal Sponsored Programs	869,744,005	887,705,340	807,452,631	(80,252,709)	-9.0%
State Sponsored Programs	74,418,390	110,322,344	80,061,969	(30,260,375)	-27.4%
Local and Private Sponsored Programs	922,010,404	866,391,444	894,562,857	28,171,413	3.3%
Net Sales and Services of Educational Activities	78,721,954	78,101,016	76,931,344	(1,169,672)	-1.5%
Net Sales and Services of Hospital and Clinics	4,382,755,585	4,425,433,770	4,582,453,952	157,020,182	3.5%
Net Professional Fees	1,300,824,777	1,268,541,063	1,391,820,903	123,279,840	9.7%
Net Auxiliary Enterprises	93,300,110	95,865,392	101,653,479	5,788,087	6.0%
Other Operating Revenues	157,065,920	115,670,696	182,132,782	66,462,086	57.5%
Total Operating Revenues	8,002,176,425	7,967,696,069	8,243,938,232	276,242,163	3.5%
Operating Expenses:					
Instruction	1,647,968,047	1,654,878,280	1,766,365,047	111,486,767	6.7%
Academic Support	229,903,837	231,485,839	258,813,076	27,327,237	11.8%
Research	1,312,035,845	1,363,397,962	1,353,789,292	(9,608,670)	-0.7%
Public Service	116,389,859	100,564,833	101,460,467	895,634	0.9%
Hospitals and Clinics	3,988,895,526	3,868,865,895	4,071,449,452	202,583,557	5.2%
Institutional Support	503,105,566	475,051,080	519,882,127	44,831,047	9.4%
Student Services	18,912,983	20,439,850	21,521,790	1,081,940	5.3%
Operations and Maintenance of Plant	439,977,947	466,780,571	493,787,811	27,007,240	5.8%
Scholarships and Fellowships	20,131,539	19,191,443	19,032,958	(158,485)	-0.8%
Auxiliary Enterprises	68,883,074	69,007,885	75,002,402	5,994,517	8.7%
Depreciation and Amortization	592,310,234	585,254,988	627,027,400	41,772,412	7.1%
Total Operating Expenses	8,938,514,457	8,854,918,626	9,308,131,822	453,213,196	5.1%
Operating Surplus/Deficit	(936,338,032)	(887,222,557)	(1,064,193,590)	(176,971,033)	19.9%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	1,008,401,778	1,014,238,312	1,107,910,130	93,671,818	9.2%
Federal Sponsored Programs (Nonoperating)	3,696,301	2,862,932	2,978,496	115,564	4.0%
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	194,976,082	139,945,982	160,719,662	20,773,680	14.8%
Net Investment Income	271,989,904	254,911,108	293,876,592	38,965,484	15.3%
Other Non-Operating Revenue	241,657	-	-	-	-
Other Non-Operating (Expenses)	(195,696)	-	-	-	-
Net Non-Operating Revenue/(Expenses)	1,479,110,026	1,411,958,334	1,565,484,880	153,526,546	10.9%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(97,607,463)	(94,366,647)	(88,030,960)	6,335,687	-6.7%
Total Transfers and Other	(97,607,463)	(94,366,647)	(88,030,960)	6,335,687	-6.7%
Budget Margin (Deficit)	445,164,531	430,369,130	413,260,330	(17,108,800)	-4.0%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	2,271,031	1,500,000	2,250,000	750,000	50.0%
Net Inc./(Dec.) in Fair Value of Investments	188,899,752	-	-	-	-
Interest Expense on Capital Asset Financings	-	(2,141,928)	-	2,141,928	-100.0%
Capital Approp., Gifts and Sponsored Programs	67,868,492	183,196,296	230,310,653	47,114,357	25.7%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	32,474,091	20,518,723	26,450,950	5,932,227	28.9%
Transfers for Debt Service - Principal	(168,590,780)	(177,129,849)	(182,214,634)	(5,084,785)	2.9%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	84,521,220	203,146,897	282,370,124	79,223,227	39.0%
SRECNA Change in Net Assets	\$ 652,608,337	659,459,269	772,427,423	112,968,154	17.1%
Total Revenues and AUF Transfers	\$ 9,481,482,147	9,379,654,403	9,809,423,112	429,768,709	4.6%
Total Expenses (Including Transfers for Interest)	(9,036,317,616)	(8,949,285,273)	(9,396,162,782)	(446,877,509)	5.0%
Budget Margin (Deficit)	\$ 445,164,531	430,369,130	413,260,330	(17,108,800)	
Reconciliation to Use of Prior Year Balances					
Depreciation		585,254,988	627,027,400		
Capital Outlay		(784,658,614)	(655,513,286)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(177,129,849)	(182,214,634)		
Budgeted Transfers		3,448,000	(11,252,429)		
Net Additions to (Uses of) Prior Year Balances		57,283,655	191,307,381		

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, 2014

Introduction - Major Goals Addressed by FY 2014 Budget

The FY 2014 operating budget continues to allow The University of Texas System Administration to fulfill its mission to lead and serve the academic and health institutions to create and sustain excellence in educational opportunities, research, and health care. In fulfilling this role, value is added on behalf of the U. T. institutions through the undertaking of certain central responsibilities that result in greater efficiency or higher quality than could be achieved by individual institutions or that fulfill legal requirements. These responsibilities include facilitation of U. T. institutions' goals, serving as the agent of the U. T. System Board of Regents, exerting leadership on national and state higher education policies, and providing oversight of and assistance for U. T. institution operations.

In support of U. T. System Board of Regents' initiatives and the Chancellor's, *A Framework for Advancing Excellence throughout The University of Texas System*, U. T. System Administration has made and continues to make strategic investments in staff throughout the organization. Key areas include the Office of Technology Commercialization, the Institute for Transformational Learning, the Office of Strategic Initiatives and in support of the UTShare administrative computing system which will eventually be utilized by eight U. T. System institutions. In addition, there has been a general upswing in construction activity, led by the post-Hurricane Ike restoration of U. T. Medical Branch - Galveston, which requires significant staffing additions in the area of Facilities Planning and Construction.

The 83rd Texas Legislature trusted a new appropriation to U. T. System Administration for the Darrell K Royal Texas Alzheimer's Initiative (DKR Alzheimer's Initiative). Use of this appropriation, totaling \$9.2 million, will be directed by the Texas Council on Alzheimer's Disease and Related Disorders and will be expended as provided by law to the Consortium of Alzheimer's Disease Centers and for other disease-specific purposes. The FY 2014 budget includes \$4.6 million of revenue and expense related to the DKR Alzheimer's Initiative.

Revenue

Budgeted FY 2014 revenue increases by 6.8 percent over the FY 2013. Significant drivers include DKR Alzheimer's Initiative funding and \$10.2 million in state sponsored programs for the 2013-14 biennium related to the Joint Admission Medical Program (JAMP). All JAMP funding for the biennium is received in FY 2014 and will be expended throughout FY 2014 and FY 2015. Pending U. T. System Board of Regents approval, the distribution to the Available University Fund from the Permanent University Fund (PUF) is budgeted at 5.5 percent, an increase in the rate as compared to FY 2013.

Expenses

Total expenses are budgeted to increase 5.8 percent or \$9.0 million over FY 2013. Increases in Institutional Support (\$13.7 million) and Academic Support (\$4.6 million) activities are offset by a decline in Interest associated with PUF debt (\$8.6 million). Virtually all activities of U. T. System Administration are considered to be Institutional Support, with the DKR Alzheimer's Initiative considered to be Academic Support. The DKR Alzheimer's Initiative, an \$8.0 million budget to pay allowable Systemwide expenses to enable academic campuses to reduce tuition, and funding required for the aforementioned investments in staff are the principal causes. Subject to Board of Regents approval, U. T. System Administration recognizes the need to maintain competitive compensation levels for staff through the implementation of a two percent merit policy.

The University of Texas System Administration
Operating Budget
Fiscal Year Ending August 31, 2014

	FY 2013 Projected	FY 2013 Adjusted Budget	FY 2014 Operating Budget	Budget Increases (Decreases) From 2013 to 2014	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ -	-	-	-	-
Federal Sponsored Programs	6,823,964	12,500,000	12,500,000	-	0.0%
State Sponsored Programs	-	-	10,206,794	10,206,794	-
Local and Private Sponsored Programs	-	-	-	-	-
Net Sales and Services of Educational Activities	26,551,316	2,193,314	2,293,265	99,951	4.6%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	-	-	-	-	-
Other Operating Revenues	27,783,237	-	-	-	-
Total Operating Revenues	61,158,517	14,693,314	25,000,059	10,306,745	70.1%
Operating Expenses:					
Instruction	-	-	-	-	-
Academic Support	-	-	4,615,313	4,615,313	-
Research	-	-	-	-	-
Public Service	-	-	-	-	-
Hospitals and Clinics	-	-	-	-	-
Institutional Support	657,058,262	67,318,430	81,016,212	13,697,782	20.3%
Student Services	-	-	-	-	-
Operations and Maintenance of Plant	114,709	-	-	-	-
Scholarships and Fellowships	344,467	1,373,360	1,373,360	-	0.0%
Auxiliary Enterprises	-	-	-	-	-
Depreciation and Amortization	7,397,331	9,994,194	9,343,253	(650,941)	-6.5%
Total Operating Expenses	664,914,769	78,685,984	96,348,138	17,662,154	22.4%
Operating Surplus/Deficit	(603,756,252)	(63,992,670)	(71,348,079)	(7,355,409)	11.5%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	1,549,688	1,662,469	6,195,501	4,533,032	272.7%
Federal Sponsored Programs (Nonoperating)	19,815,920	-	-	-	-
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	932,447	974,237	948,731	(25,506)	-2.6%
Net Investment Income	492,347,136	448,776,828	484,938,297	36,161,469	8.1%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	(55,000)	-	-	-	-
Net Non-Operating Revenue/(Expenses)	514,590,191	451,413,534	492,082,529	40,668,995	9.0%
Transfers and Other:					
AUF Transfers Received for Operations	59,396,265	39,078,927	41,325,875	2,246,948	5.7%
AUF Transfers (Made) for Operations	(268,683,265)	(239,423,927)	(274,590,875)	(35,166,948)	14.7%
Transfers for Debt Service - Interest	(62,500,575)	(77,345,259)	(68,711,166)	8,634,093	-11.2%
Total Transfers and Other	(271,787,575)	(277,690,259)	(301,976,166)	(24,285,907)	8.7%
Budget Margin (Deficit)	(360,953,635)	109,730,605	118,758,284	9,027,679	8.2%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	763,053,163	-	-	-	-
Interest Expense on Capital Asset Financings	(319,019,864)	(286,981,485)	(278,865,520)	8,115,965	-2.8%
Capital Approp., Gifts and Sponsored Programs	-	-	-	-	-
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	86,000,000	88,426,089	101,719,741	13,293,652	15.0%
Transfers for Debt Service - Principal	(24,280,000)	(59,325,000)	(95,070,000)	(35,745,000)	60.3%
Reverse Transfers for Debt Service (System Only)	577,576,758	643,433,649	676,218,455	32,784,806	5.1%
Transfers and Other	343,641,185	(67,200,462)	(44,561,070)	22,639,392	-33.7%
SRECNA Change in Net Assets	\$ 1,066,017,607	428,083,396	478,199,890	50,116,494	11.7%
Total Revenues and AUF Transfers	\$ 366,516,708	265,761,848	283,817,588	18,055,740	6.8%
Total Expenses (Including Transfers for Interest)	(727,470,344)	(156,031,243)	(165,059,304)	(9,028,061)	5.8%
Budget Margin (Deficit)	\$ (360,953,635)	109,730,605	118,758,284	9,027,679	
Reconciliation to Use of Prior Year Balances					
Depreciation		9,994,194	9,343,253		
Capital Outlay		(1,500,000)	(4,498,725)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(59,325,000)	(95,070,000)		
Budgeted Transfers		(923,018)	(957,728)		
Net Additions to (Uses of) Prior Year Balances		57,976,781	27,575,084		

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

**The University of Texas Arlington
Operating Budget Highlights
For the Year Ending August 31, 2014**

Introduction - Major Goals Addressed by FY 2014 Budget

The University of Texas at Arlington continues to maintain its focus to provide an unparalleled education for its students and to pursue its goal of becoming a major national research institution. Guided by the principles and objectives of the Chancellor's, *A Framework for Advancing Excellence throughout The University of Texas System*, U. T. Arlington continues to invest its finite resources in initiatives that support the core mission, enhance student success and the student experience, advance strategic priorities, and fuel Tier 1 objectives across the board. The University has experienced significant enrollment growth during the past few years and conferred more than 9,000 degrees in fiscal year 2011-2012.

U. T. Arlington continues to be entrepreneurial in developing new revenue streams and in enhancing existing ones as a means of augmenting traditional revenue streams such as tuition and auxiliary services. U. T. Arlington is actively planning the first comprehensive fundraising campaign to increase private philanthropy and to help build the University's endowment. With the continued rollout of the 20-acre College Park District, new revenues are being generated through retail, student housing, parking, event ticket sales, and concessions. The Division for Enterprise Development continues to expand operations, identify new markets, and generate additional revenue. Additionally, the University is recognized as a leader in online education and continues to expand capacity, offerings, and presence in this rapidly growing and changing space.

U. T. Arlington continues to maintain efficient operations; conserving and carefully managing all available resources across the institution. Among the initiatives that continue to serve the University well are the flexible hiring freeze, ongoing reorganization of certain functions and departments, consolidation of financial and human resources, selective outsourcing of services that are not mission-critical, and a continued critical eye toward cost avoidance and cost containment.

Revenue

Total annual revenues for U. T. Arlington are expected to increase in FY 2014 due to a 3.4 percent increase in general revenue appropriations, an increase in external funding for sponsored programs, an increase in sales and services of educational activities, an increase in net investment income, and an increase in other operating revenues. U. T. Arlington continues to augment the traditional classroom experience with blended and online learning, successfully reaching out to more than 6,000 additional students. For the second year in a row, U. T. Arlington will not increase tuition rates and made the strategic decision to request no increase in parking and student housing rates for academic year 2013-2014 as a means of helping students and their families manage the cost of attending college.

Expenses

U. T. Arlington's budget for FY 2014 is aligned with the institution's strategic priorities. Resources have been dedicated to faculty recruitment and retention, fellowships and compensation for graduate students, investment in high-priority academic programs, support for online learning, recruitment to help ensure student success and well-being (academic advisors, counselors, mental health professionals), campus information technology, and campus infrastructure.

The University of Texas at Arlington
Operating Budget
Fiscal Year Ending August 31, 2014

	FY 2013 Projected	FY 2013 Adjusted Budget	FY 2014 Operating Budget	Budget Increases (Decreases) From 2013 to 2014	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 214,627,482	205,893,775	204,379,000	(1,514,775)	-0.7%
Federal Sponsored Programs	45,232,267	53,212,080	60,735,751	7,523,671	14.1%
State Sponsored Programs	16,387,489	15,881,073	20,507,223	4,626,150	29.1%
Local and Private Sponsored Programs	12,052,542	14,984,754	14,239,612	(745,142)	-5.0%
Net Sales and Services of Educational Activities	17,439,022	16,300,814	18,319,782	2,018,968	12.4%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	35,996,536	31,499,813	30,646,841	(852,972)	-2.7%
Other Operating Revenues	11,224,525	7,497,445	7,689,413	191,968	2.6%
Total Operating Revenues	352,959,863	345,269,754	356,517,622	11,247,868	3.3%
Operating Expenses:					
Instruction	152,910,000	154,988,363	160,303,387	5,315,024	3.4%
Academic Support	41,382,857	39,192,736	41,147,975	1,955,239	5.0%
Research	57,380,000	70,248,260	71,770,888	1,522,628	2.2%
Public Service	12,009,423	5,085,388	9,138,335	4,052,947	79.7%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	35,044,928	58,946,493	50,487,422	(8,459,071)	-14.4%
Student Services	56,654,980	43,417,982	51,018,857	7,600,875	17.5%
Operations and Maintenance of Plant	35,823,998	30,342,295	28,764,976	(1,577,319)	-5.2%
Scholarships and Fellowships	26,750,389	36,069,209	30,164,981	(5,904,228)	-16.4%
Auxiliary Enterprises	39,364,892	34,635,626	35,495,558	859,932	2.5%
Depreciation and Amortization	36,969,789	34,590,988	36,969,789	2,378,801	6.9%
Total Operating Expenses	494,291,256	507,517,340	515,262,168	7,744,828	1.5%
Operating Surplus/Deficit	(141,331,393)	(162,247,586)	(158,744,546)	3,503,040	-2.2%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	114,398,393	114,398,393	118,243,383	3,844,990	3.4%
Federal Sponsored Programs (Nonoperating)	45,000,000	49,000,000	45,000,000	(4,000,000)	-8.2%
State Sponsored Programs (Nonoperating)	-	-	1,219,817	1,219,817	-
Gifts in Support of Operations	11,225,243	3,122,569	5,130,105	2,007,536	64.3%
Net Investment Income	12,250,418	9,404,907	12,539,103	3,134,196	33.3%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	182,874,054	175,925,869	182,132,408	6,206,539	3.5%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(14,091,471)	(14,109,741)	(13,446,831)	662,910	-4.7%
Total Transfers and Other	(14,091,471)	(14,109,741)	(13,446,831)	662,910	-4.7%
Budget Margin (Deficit)	27,451,190	(431,458)	9,941,031	10,372,489	-2404.1%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	13,770,120	-	-	-	-
Interest Expense on Capital Asset Financings	(87,382)	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	-	45,998	5,818,790	5,772,792	12550.1%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	4,596,183	3,496,957	4,506,580	1,009,623	28.9%
Transfers for Debt Service - Principal	(15,816,000)	(15,816,000)	(16,092,001)	(276,001)	1.7%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	5,653,000	(6,170,255)	3,171,811	9,342,066	-151.4%
SRECNA Change in Net Assets	\$ 35,567,111	(18,874,758)	7,346,211	26,220,969	-138.9%
Total Revenues and AUF Transfers	\$ 535,833,917	521,195,623	538,650,030	17,454,407	3.3%
Total Expenses (Including Transfers for Interest)	(508,382,727)	(521,627,081)	(528,708,999)	(7,081,918)	1.4%
Budget Margin (Deficit)	\$ 27,451,190	(431,458)	9,941,031	10,372,489	
Reconciliation to Use of Prior Year Balances					
Depreciation		34,590,988	36,969,789		
Capital Outlay		(10,339,241)	(11,336,922)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(15,816,000)	(16,092,001)		
Budgeted Transfers		8,024,067	8,024,067		
Net Additions to (Uses of) Prior Year Balances		16,028,356	27,505,964		

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, 2014**

Introduction - Major Goals Addressed by FY 2014 Budget

The University of Texas at Austin remains committed to pursuing the goal of becoming the leading public university in the nation. Budget constraints have limited the ability to make progress on the major goals of 1) faculty expansion, 2) a competitive compensation plan aimed at recruitment and retention of top talent, 3) support of academic initiatives critical to the future, and 4) diversity. Nevertheless, deans and vice presidents are making strategic decisions to reduce budgets to fund these high priority needs.

The student success initiatives included in this budget will help address the goal of achieving an improved four-year graduation rate. U. T. Austin is also investing in the redesign and sequencing of courses. These two initiatives – graduation rates and course transformation – are in line with the Chancellor's, *A Framework for Advancing Excellence throughout The University of Texas System* outlined in August of 2011 and updated in August 2012. The Path to Admission through Co-Enrollment is a new collaboration between U. T. Austin and Austin Community College that defines a path for transferring to U. T. Austin while realizing substantial financial savings for the students. Students around the globe will have the opportunity to participate in nine dynamic massive open online courses to be offered by U. T. Austin during the 2014 academic year. These initiatives can have the biggest impact on controlling costs and increasing access. And, critically, they do not diminish the quality of education or the ability to attract and retain the best faculty.

The new Dell Medical School 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. This will significantly expand upon current campus strengths in biomedical research, and attract top faculty and students at all levels.

In April of 2012, President Powers asked 13 distinguished leaders in business to come together and offer advice on improving the University's business operations and processes to realize the savings needed to continue to financially support the institutional academic and research mission. The mission of this Business Productivity Initiative is to keep a U. T. Austin degree as affordable as possible for students and their families. This can be accomplished by improving administrative systems and processes to free up recurring resources to invest in the core missions of teaching and research.

Crucial to the University's success in meeting its teaching and research mission, and in being counted among the world's elite institutions of higher education, is addressing the challenges of providing a diverse campus. The University must continue to devote financial resources to this goal if it is to sustain its progress in diversity.

Revenue

The state general revenue reflects an increase of \$20.4 million for FY 2014, of which, 30 percent is dedicated to fringe benefits, tuition revenue bonds, and special items. Tuition revenue includes the non-resident undergraduate tuition increase approved by the Board of Regents and also reflects changes in the enrollment mix. The overall Available University Fund amount increased by \$17 million for creation of the Dell Medical School. Sponsored program estimated revenue increased to align with historical actual revenue.

Expenses

Subject to approval by the Board of Regents, U. T. Austin plans to implement a modest strategic merit-based salary increase policy to remain a leading university that is competitive in attracting and retaining talented faculty and staff. This salary policy is aligned with the five-year strategic plans developed by each college, school, and unit. Central funds for salary increases were not provided. Funding for this program was made possible through budget cuts by the deans and vice presidents, and this action is consistent with the policy of making sacrifices to fund the highest institutional priorities. Staff benefit increases were also significant due to higher insurance costs expected over the next two years. Depreciation fluctuated due to varied acquisition dates and valuation amounts of gifted software licenses. As mentioned in the revenue section, the budget includes \$17 million for creation of the Dell Medical School and increases in sponsored program expenditures to align with historical actual activity. Expenses also include implementation costs for shared services and administrative system replacement.

The University of Texas at Austin
Operating Budget
Fiscal Year Ending August 31, 2014

	FY 2013 Projected	FY 2013 Adjusted Budget	FY 2014 Operating Budget	Budget Increases (Decreases) From 2013 to 2014	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 490,000,000	480,532,371	482,473,867	1,941,496	0.4%
Federal Sponsored Programs	401,295,318	347,895,246	363,394,828	15,499,582	4.5%
State Sponsored Programs	77,910,408	48,050,647	56,525,741	8,475,094	17.6%
Local and Private Sponsored Programs	112,894,274	92,059,030	93,609,030	1,550,000	1.7%
Net Sales and Services of Educational Activities	199,000,000	204,029,869	217,689,230	13,659,361	6.7%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	249,400,000	254,609,705	263,470,009	8,860,304	3.5%
Other Operating Revenues	4,500,000	3,039,490	3,059,590	20,100	0.7%
Total Operating Revenues	1,535,000,000	1,430,216,358	1,480,222,295	50,005,937	3.5%
Operating Expenses:					
Instruction	605,200,000	658,673,602	661,487,723	2,814,121	0.4%
Academic Support	176,600,000	221,092,392	252,739,430	31,647,038	14.3%
Research	444,200,000	405,404,936	420,511,872	15,106,936	3.7%
Public Service	91,500,000	71,397,699	89,063,428	17,665,729	24.7%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	162,700,000	94,997,990	127,377,513	32,379,523	34.1%
Student Services	60,100,000	57,935,565	60,212,970	2,277,405	3.9%
Operations and Maintenance of Plant	160,600,000	148,649,069	144,834,522	(3,814,547)	-2.6%
Scholarships and Fellowships	131,400,000	124,728,614	155,315,849	30,587,235	24.5%
Auxiliary Enterprises	243,500,000	264,203,428	265,411,243	1,207,815	0.5%
Depreciation and Amortization	312,000,000	232,100,000	302,000,000	69,900,000	30.1%
Total Operating Expenses	2,387,800,000	2,279,183,295	2,478,954,550	199,771,255	8.8%
Operating Surplus/Deficit	(852,800,000)	(848,966,937)	(998,732,255)	(149,765,318)	17.6%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	293,100,000	295,075,155	315,512,808	20,437,653	6.9%
Federal Sponsored Programs (Nonoperating)	47,000,000	47,000,000	47,000,000	-	0.0%
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	121,300,000	102,531,673	111,281,938	8,750,265	8.5%
Net Investment Income	208,000,000	176,560,699	184,751,434	8,190,735	4.6%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	669,400,000	621,167,527	658,546,180	37,378,653	6.0%
Transfers and Other:					
AUF Transfers Received for Operations	201,345,000	201,345,000	219,060,000	17,715,000	8.8%
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(45,122,349)	(44,283,654)	(43,644,748)	638,906	-1.4%
Total Transfers and Other	156,222,651	157,061,346	175,415,252	18,353,906	11.7%
Budget Margin (Deficit)	(27,177,349)	(70,738,064)	(164,770,823)	(94,032,759)	132.9%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	-	-	-	-	-
Interest Expense on Capital Asset Financings	(1,277,651)	(1,200,000)	(1,300,000)	(100,000)	8.3%
Capital Approp., Gifts and Sponsored Programs	104,587,852	110,000,000	185,000,000	75,000,000	68.2%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	47,000,000	40,000,000	48,300,000	8,300,000	20.8%
Transfers for Debt Service - Principal	(41,610,000)	(41,610,000)	(44,046,000)	(2,436,000)	5.9%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	36,926,297	42,500,000	41,200,000	(1,300,000)	-3.1%
SRECNA Change in Net Assets	\$ 118,449,149	78,951,936	64,383,177	(14,568,759)	-18.5%
Total Revenues and AUF Transfers	\$ 2,405,745,000	2,252,728,885	2,357,828,475	105,099,590	4.7%
Total Expenses (Including Transfers for Interest)	(2,432,922,349)	(2,323,466,949)	(2,522,599,298)	(199,132,349)	8.6%
Budget Margin (Deficit)	\$ (27,177,349)	(70,738,064)	(164,770,823)	(94,032,759)	
Reconciliation to Use of Prior Year Balances					
Depreciation		232,100,000	302,000,000		
Capital Outlay		(68,377,718)	(68,189,934)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(41,610,000)	(44,046,000)		
Budgeted Transfers		(22,401,841)	(23,442,396)		
Net Additions to (Uses of) Prior Year Balances		28,972,377	1,550,847		

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 2013-14**

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

As state appropriations are reduced, AUF is also being used as a more general source of basic support and maintenance (routine operating expenses). The Board of Regents approved an increase of \$6.6 million in excellence funding for FY 2013 and FY 2014 in lieu of tuition increases for resident undergraduate students. These funds will be dedicated to student success initiatives.

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

Excellence in Mission:	\$ 97,493,710
Instructional Excellence	
Enhanced Academic Programs	\$ 27,179,546
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.	
Instructional Program Services	9,296,595
These services include 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	8,145,892
<p>The School of Undergraduate Studies was developed to enhance the education for all undergraduates through core curriculum, advising, learning communities, signature courses, interdisciplinary programs, and research.</p>	
<p>Other instructional initiatives and programs include course transformation and innovation and visiting lecturers. Students have access to specialized centers for education technology and science an mathematics education: clinical legal, pharmacy and nursing experiences; student education field experience; fine arts productions; and the master teacher institute.</p>	
Academic Infrastructure (Libraries, Instructional Technology)	29,441,158
<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	4,808,995
<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, the University Honors Center, the International Office, and study abroad programs.</p>	
Research Excellence	
Research Competitiveness	14,532,493
<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	4,089,031
<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, Texas Natural Science Center, and Winedale Historical Center.</p>	

Recruitment and Retention of Talent:

55,504,565

Faculty

3,141,061

The faculty development program and the recruitment and start-up package funds enabled U. T. Austin to add new faculty positions in previous years to lower the student/faculty ratio. Lowering this ratio improved undergraduate educational programs, which is a major institutional goal for this decade. Steady progress was made annually. However, due to budget constraints in recent years, funds have not available to add new faculty positions. The student/faculty ratio is now trending upward.

K-12 Outreach and Undergraduate Students

17,455,157

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, etc.) help insure the quality and diversity of students.

Graduate Students

34,908,347

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 U. T. Austin to compete with its peer institutions for these excellent students.

Institutional Accountability and Enhanced Connections to the Public

46,114,247

Institutional accountability programs and offices are dedicated to providing support services for excellence in teaching, research, and public service. Implementation of shared services and a new Enterprise Resource Planning system will allow for campus-wide administrative systems to clearly align resources and investments with the University's mission and goals by creating business driven systems and data management and modernizing the administrative IT infrastructure. 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 Information Management and Analysis provides information and analytical support to university decision makers and submits numerous reports to the Texas Higher Education Coordinating Board and the Department of Education. University Operations is dedicated to enhancing the development and delivery of most supporting services for on-campus clients, including public and environmental safety and the integrity of the physical infrastructure of the campus. Project Information Quest (IQ) uses business intelligence tools to provide critical information to University decision makers.

Dell Medical School

18,008,145

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

UT System

1,939,333

The U. T. System Office of Telecommunication Services and the Network Bandwidth were established by the U. T. System Board of Regents to provide other U. T. campuses with inter-institutional voice, video, and computer communications in support of their missions of instruction and research. These services are managed by U. T. Austin, and therefore, appear in U. T. Austin's budget.

U. T. Austin AUF Budget

\$ 219,060,000

Details

Excellence in Mission

Instructional Excellence

Enhanced Academic Programs		27,179,546
Colleges and Schools	22,931,945	
Academic Departments and Centers	4,247,601	

Instructional Program Services		9,296,595
Texas Language Center	98,654	
Natural Sciences Dean's Office Communication Group	323,900	
Fine Arts Office of Computing Technologies	220,176	
Liberal Arts Instructional Technology Services	84,773	
Division of Instructional Innovation and Assessment	1,679,177	
Undergraduate Studies - Assessment	166,746	
UT Elementary School	123,169	
Student Success Initiatives	6,600,000	

Instructional Initiatives and Programs		8,145,892
Visiting Lecturers and Academic development	129,082	
Provost Initiatives and Innovations	4,686,373	
Bilingual Education	78,974	
Education Learning Technology Center	534,035	
Science & Mathematics Education Center	95,716	
Education Student Field Experience	22,410	
Fine Arts Projects	24,679	
Nursing Children's Wellness Center	91,150	
Nursing Learning Center	10,899	
Clinical Legal Education	109,071	
UTeach E Outreach	184,567	
UTeach Master Teacher Institute	295,203	
Undergraduate Programs	451,760	
Signature Courses	1,207,283	
Core Curriculum Development	224,690	

Academic Infrastructure		29,441,158
Instructional Technology	6,467,365	
Libraries	22,973,793	

Student Programs and Services		4,808,995
Dean of Students	2,340,629	
Deaf Interpreter Services	782,568	
Mathematics Lab	61,250	
International Office	845,702	
Study Abroad	702,199	
University Honors Center	76,647	

Research Excellence		14,532,493
Research Competitiveness		
Research grant infrastructure, compliance and support		
VP For Research - Research Support and Compliance Office	909,246	
Institutional Capital Projects	818,684	
Research Grants	55,100	
Animal Resources Center	558,787	
Texas Advanced Computing Center	3,300,983	
College of Liberal Arts - Research	221,719	
Statistics and Scientific Computation Program	416,259	
Research Initiatives		
Organized Research Units	6,598,913	
University of Texas Press	1,106,386	
Undergraduate Research	6,237	
Center For Studies In Texas History	401,035	
Research Instruments Laboratory	139,144	
Outreach Excellence		4,089,031
Academic Program/Community Interface		
Texas Performing Arts	1,954,688	
Jack S. Blanton Museum of Art	868,416	
Texas Natural Science Center	1,140,610	
Winedale Historical Center	125,317	
Recruitment and Retention of Talent:		55,504,565
Initiatives to ensure quality and diversity		
Faculty	3,141,061	
Faculty Development Program	2,292,247	
Faculty Recruitment	848,814	
Undergraduate Students	17,455,157	
Admission	2,405,688	
Registrar	1,713,648	
Freshman Admissions Center	1,341,630	
University Outreach Centers	252,076	
Multicultural Engagement Center	88,057	
Tuition and Fees Scholarship	69,129	
Student Gateway Program	200,463	
UT Learning Center - Student Retention - Tutorial Services	65,683	
Student Services	1,324,822	
Former Student Records	389,763	
Satellite Admissions Office	2,534,563	
Student Financial Services	3,191,496	
Center for Strategic Advising	372,197	
Hardship Waivers	3,113,159	
Longhorn Scholars	392,783	

Graduate Students	34,908,347
Dean of Graduate Studies	2,247,782
Tuition Benefits - Teaching Asst/Asst Instructor	22,760,327
Graduate Fellowships and Scholarships	7,389,575
Graduate Research Fellowships and Scholarships	200,000
Graduate and International Admissions	357,806
School Of Law Scholarships	1,214,429
Law Admissions Outreach	333,428
LBJ School Of Public Affairs Fellowships and Scholarship	225,000
Natural Sciences Dean's Excellence Graduate Awards	180,000

Institutional Accountability and Enhanced Connections to the Public

46,114,247

Office of President - Staff Ombuds	166,103
Office of the Executive Vice President And Provost	6,193,934
Enterprise Resource Planning Implementation	18,665,000
Office of Information Management and Analysis	1,589,548
Vice President for University Operations	1,161,760
Campus Security and Safety	132,859
University Communications	1,959,852
Marketing And Creative Services	1,430,665
Equal Employment Opportunity	408,447
Division of Diversity and Community Engagement	670,977
VP University Operations Communications Department	383,726
IQ Project	1,107,590
Non-Student Deaf Interpreter Services	252,600
General Faculty Office	243,665
Institutional Memberships	332,800
Liberal Arts Public Affairs	246,065
Liberal Arts Business Affairs	1,050,046
Liberal Arts Centralized Business Office	217,948
Development - support for scholarships, facilities, research, academic programs, faculty endowments, etc.	9,900,662

Dell Medical School

18,008,145

U. T. System

1,939,333

Telecomm Services Office - U. T. System Support	1,231,893
Telecomm Infrastructure - Network Bandwidth	186,982
Information Technology Assessments - U. T. Austin Support	520,458

TOTAL

\$ 219,060,000

**The University of Texas at Brownsville
Operating Budget Highlights
For the Year Ending August 31, 2014**

Introduction - Major Goals Addressed by FY 2014 Budget

For the last year, The University of Texas at Brownsville has continued to separate operations from Texas Southmost College (TSC) to begin independent operations by fall 2013. In support of this work, a forecast was developed for a smaller and separate operation. The new size was based on enrollment projections of 8,181 students and was used to develop financial models that would identify facility and staffing needs to serve students. The models were used to plan a reduction in force for both faculty and staff which led to the termination of 88 faculty members in the summer of 2012 and 257 staff in the spring of 2013. The following data represents some key statistics for the new university:

	Pre-Separation	Post Separation
Faculty	356	276
Staff	775	463
Students	13,636	8,181
Space	1,266,592	379,078
Acreage	460	268
Budget Expenditures	\$180 million	\$118 million

As part of the work to design the new university, an extensive inventory of academic programs and courses was conducted to determine which were viable and would support the new mission and which programs would be refined to better serve students. New admission requirements were established and methodically studied student success programs and best practices to define and invest in those that made the most impact. Support functions were consolidated in service centers in Academic Affairs, Business Affairs, and Information Technology to better manage the workload with reduced staffing levels.

In July 2013, the U. T. System Board of Regents completed negotiations with TSC that consisted of a series of land and building exchanges to enable U. T. System to maintain a campus in downtown Brownsville. The negotiations resulted in a clear delineation of the U. T. Brownsville and TSC campuses with Ringgold Road generally serving as the dividing line between both institutions. The negotiations also resulted in an agreement for U. T. Brownsville to lease facilities from TSC for the next two to four years with some offices moving to off-campus locations to fill the gap in required space. Further, this summer the campus began the process of developing and completing a campus master plan that incorporates and gives priority to buildings that will house functions currently in leased space. Based on current projections, the new U. T. Brownsville is in need of 689,136 net assignable square feet of space to support projected student enrollment and staffing levels.

Revenue

FY 2013 was the last budget for U. T. Brownsville/TSC partnership. The FY 2014 budget is based on U. T. Brownsville student and staffing projections only. As a result, overall revenue is budgeted to decrease by 35.6 percent or \$61.4 million for FY 2014. This is primarily driven by the elimination of TSC revenues of \$39.0 million in local sponsored programs, \$17.2 million in Federal Sponsored Programs – Non Operating (Pell Grants), and \$4.3 million in reductions to other federal sponsored programs.

Although budget decreases are due to the separation from TSC, U. T. Brownsville experienced new revenues totaling \$2.5 million, primarily due to increases in state appropriations. These revenues were critical in funding new initiatives for the new university. Designated tuition rates for undergraduate residents' students decreased by \$9.90/SCH or \$148.50 for 15 SCH as a result of the U. T. System Board of Regents allocating funding to invest in our students. The elimination of the Student Union Fee increases the savings to about \$400 per year if students attend full-time and part of summer. As a result of the tuition reduction and the elimination of the Student Union Fee, U. T. Brownsville will have the lowest total academic cost in the U. T. System in FY 2014 and will continue to have one of the lowest academic costs within all Texas public institutions.

Expenses

Although total operating expenses are budgeted to decrease by 34.6 percent or \$61.2 million for FY 2014 primarily as a result of the elimination of TSC related expenditures, the FY 14 budget includes funding for new initiatives. A total of \$1.6 million was allocated to fund student success initiatives, \$0.7 million to further advance faculty, staff and administrative excellence, and the most significant expense of \$2.3 million for the cost of leasing facilities from TSC along with operating costs.

The University of Texas at Brownsville
Operating Budget
Fiscal Year Ending August 31, 2014

	FY 2013 Projected	FY 2013 Adjusted Budget	FY 2014 Operating Budget	Budget Increases (Decreases) From 2013 to 2014	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 37,215,923	36,875,857	36,524,859	(350,998)	-1.0%
Federal Sponsored Programs	12,576,283	12,993,223	8,681,507	(4,311,716)	-33.2%
State Sponsored Programs	5,983,780	4,498,034	4,656,198	158,164	3.5%
Local and Private Sponsored Programs	32,275,116	39,498,406	490,000	(39,008,406)	-98.8%
Net Sales and Services of Educational Activities	2,492,091	1,169,599	967,798	(201,801)	-17.3%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	1,767,159	2,201,109	1,983,330	(217,779)	-9.9%
Other Operating Revenues	11,778	9,103	46,771	37,668	413.8%
Total Operating Revenues	92,322,130	97,245,331	53,350,463	(43,894,868)	-45.1%
Operating Expenses:					
Instruction	41,751,562	47,102,809	30,249,482	(16,853,327)	-35.8%
Academic Support	16,063,490	14,945,357	10,886,901	(4,058,456)	-27.2%
Research	5,871,406	7,700,141	5,276,233	(2,423,908)	-31.5%
Public Service	4,422,762	2,636,774	2,303,399	(333,375)	-12.6%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	11,923,640	17,459,300	11,471,126	(5,988,174)	-34.3%
Student Services	9,380,325	11,503,654	5,673,173	(5,830,481)	-50.7%
Operations and Maintenance of Plant	10,698,499	11,917,608	8,012,256	(3,905,352)	-32.8%
Scholarships and Fellowships	42,959,859	41,879,383	24,379,623	(17,499,760)	-41.8%
Auxiliary Enterprises	8,633,535	10,849,714	6,672,693	(4,177,021)	-38.5%
Depreciation and Amortization	8,088,266	8,248,621	8,248,621	-	0.0%
Total Operating Expenses	159,793,344	174,243,361	113,173,507	(61,069,854)	-35.0%
Operating Surplus/Deficit	(67,471,214)	(76,998,030)	(59,823,044)	17,174,986	-22.3%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	35,519,498	36,596,525	36,207,137	(389,388)	-1.1%
Federal Sponsored Programs (Nonoperating)	30,640,749	35,000,000	17,850,000	(17,150,000)	-49.0%
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	631,014	2,443,975	2,443,975	-	0.0%
Net Investment Income	1,502,352	1,063,000	1,063,000	-	0.0%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	68,293,613	75,103,500	57,564,112	(17,539,388)	-23.4%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(2,809,636)	(2,816,091)	(2,637,689)	178,402	-6.3%
Total Transfers and Other	(2,809,636)	(2,816,091)	(2,637,689)	178,402	-6.3%
Budget Margin (Deficit)	(1,987,237)	(4,710,621)	(4,896,621)	(186,000)	3.9%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	-	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	60,000	-	-	-	-
HEAF (Capitalized)	3,606,084	1,564,816	3,500,000	1,935,184	123.7%
Additions to Permanent Endowments	271,496	347,409	271,496	(75,913)	-21.9%
Transfers for Debt Service - Principal	(3,272,488)	(3,538,000)	(3,712,000)	(174,000)	4.9%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	8,522,817	9,875,258	6,849,591	(3,025,667)	-30.6%
SRECNA Change in Net Assets	\$ 7,200,672	3,538,862	2,012,466	(1,526,396)	-43.1%
Total Revenues and AUF Transfers	\$ 160,615,743	172,348,831	110,914,575	(61,434,256)	-35.6%
Total Expenses (Including Transfers for Interest)	(162,602,980)	(177,059,452)	(115,811,196)	61,248,256	-34.6%
Budget Margin (Deficit)	\$ (1,987,237)	(4,710,621)	(4,896,621)	(186,000)	
Reconciliation to Use of Prior Year Balances					
Depreciation		8,248,621	8,248,621		
Capital Outlay		(1,564,816)	(3,500,000)		
HEAF (Capitalized)		1,564,816	3,500,000		
Transfers for Debt Service - Principal		(3,538,000)	(3,712,000)		
Budgeted Transfers		-	-		
Net Additions to (Uses of) Prior Year Balances			(360,000)		

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

The University of Texas at Dallas
Operating Budget Highlights
For the Year Ending August 31, 2014

Introduction - Major Goals Addressed by FY 2014 Budget

The University of Texas at Dallas' focused strategic plan continues to be the cornerstone of the budget formulation while continuously striving to meet the objectives of the Chancellor's, *A Framework for Advancing Excellence throughout The University of Texas System*. The key element of U. T. Dallas' strategic plan is continued growth in student enrollment and faculty. Institutional goals include enrollment of 25,000 – 30,000 students within the next five to ten years to reach full maturity, expanding the faculty to at least 600 to 700 tenured and tenure-track faculty, constructing academic and student housing buildings and infrastructure necessary to support rapid growth, providing start-up funds needed to recruit top faculty, and raising private funds. Faculty excellence is a top priority as U. T. Dallas expands with one new National Academy member recruited this year. Improving undergraduate student access and success remains a very high priority with significant budget investments in student success programs, new faculty and scholarships for undergraduates. Research continues a steady pattern of growth, with U. T. Dallas emphasizing nationally competitive faculty and awards. U. T. Dallas continues to focus on improving efficiency and productivity through shared services and technology improvements.

The FY 2014 budget addresses these aspirations with support targeted at enrollment growth, instruction, research and infrastructure. U. T. Dallas is anticipating another record year of enrollment growth. Last fall, enrollment stood at 19,727 (up approximately five percent from the previous year), and this fall U. T. Dallas is expecting about 22,000 students, or approximately a 12 percent increase. Quality is strong and continues to improve. Growth in enrollment continues to create demand for additional student housing, student services, academic and research facilities, and parking. Instruction and research facilities will be expanded by the approved bioengineering building and Naveen Jindal School of Management extension, but still far short of needs, particularly with the enrollment expansions.

Revenue

Overall revenue is anticipated to increase by 11.6 percent in FY 2014. State Appropriations increased 13.5 percent. Tuition and fee increases are estimated at approximately 11 percent primarily due to the 12 percent enrollment growth projection and a modest rate increase for newly enrolled students (continuing students pay the same tuition rate as the previous year for up to four years). Gifts in support of operations are budgeted with significant revenue increases as U. T. Dallas is well ahead of schedule in its \$200 million campaign with a strong record of philanthropic support. Other areas with increases over FY 2013 include matching Texas Research Incentive Program funds, sponsored programs, auxiliary enterprises due to additional student housing revenue and net investment income.

Expenses

Primary factors contributing to the anticipated 9.1 percent growth in expenditures are related to new faculty hires and related faculty start-up investments, scholarships and financial aid, debt service and merit increases. The budget provides \$12 million to support the recruitment and retention of excellent faculty and researchers, \$6 million for faculty/staff merit increases, \$6.8 million for technology and infrastructure support, \$7.1 million for debt service and facility infrastructure and a \$5 million contingency reserve. Research expenditures increase \$9.1 million with a focus on attaining Tier 1 research expenditure goals. In addition, the budget provides additional funding to enhance student success with new funding for increased number of advising staff in academic units, Academic Bridge Program, improved monitoring of class attendance, improved monitoring of early distress signs and further augmentation of the Student Success Center. The budget also includes funds for the reorganization and augmentation of the Office of Educational Technology to better align services with the continually expanding demands for technology-assisted teaching. The University has also invested additional resources in the quality of on-line offerings through the new Center for Teaching-Learning.

Variance analysis reflects significant increases in functional categories for instruction, academic support and institutional support. All increases are consistent with growth in enrollment, faculty, research and operational staff required to meet the rapid enrollment growth as well as the stated goals included in the strategic plan. The FY 2014 budget also anticipates increases in FTEs as the university has stabilized its new Enterprise Resource Planning (ERP) system, correcting position data reported in the FY 2013 budget as well as allocating specific budgeted positions for over \$9 million dollars that was previously held in contingency for new faculty hires in the FY 2013 budget. In essence, the FTE increase is attributable to two years of line-item position funding. Transfers for debt service, both interest and principal increased in excess of 10 percent, also attributable to funding infrastructure of rapid growth environment. The FY 2014 budget also includes transfers of investment income (\$4 million) and auxiliary funds (\$7.5 million) to unexpended plant for local contribution to construction projects for the Bioengineering building, student housing and parking garages.

The University of Texas at Dallas
Operating Budget
Fiscal Year Ending August 31, 2014

	FY 2013 Projected	FY 2013 Adjusted Budget	FY 2014 Operating Budget	Budget Increases (Decreases) From 2013 to 2014	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 201,834,740	237,949,496	264,855,930	26,906,434	11.3%
Federal Sponsored Programs	41,200,404	47,265,779	43,688,282	(3,577,497)	-7.6%
State Sponsored Programs	13,310,900	9,301,861	11,044,054	1,742,193	18.7%
Local and Private Sponsored Programs	8,873,933	10,317,597	11,608,713	1,291,116	12.5%
Net Sales and Services of Educational Activities	11,506,922	10,637,095	11,555,525	918,430	8.6%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	15,467,233	15,806,174	19,761,360	3,955,186	25.0%
Other Operating Revenues	6,017,829	6,829,676	5,439,708	(1,389,968)	-20.4%
Total Operating Revenues	298,211,961	338,107,678	367,953,572	29,845,894	8.8%
Operating Expenses:					
Instruction	134,490,800	144,989,203	169,106,662	24,117,459	16.6%
Academic Support	35,069,303	39,870,461	45,193,285	5,322,824	13.4%
Research	81,171,288	85,685,850	94,795,678	9,109,828	10.6%
Public Service	10,889,133	7,480,824	7,114,278	(366,546)	-4.9%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	40,228,712	38,929,810	43,730,988	4,801,178	12.3%
Student Services	15,073,172	16,806,239	16,757,436	(48,803)	-0.3%
Operations and Maintenance of Plant	26,667,717	25,864,773	27,205,781	1,341,008	5.2%
Scholarships and Fellowships	34,208,102	51,727,077	47,923,489	(3,803,588)	-7.4%
Auxiliary Enterprises	22,668,154	25,135,455	27,228,264	2,092,809	8.3%
Depreciation and Amortization	41,367,420	44,277,650	45,504,162	1,226,512	2.8%
Total Operating Expenses	441,833,801	480,767,342	524,560,023	43,792,681	9.1%
Operating Surplus/Deficit	(143,621,840)	(142,659,664)	(156,606,451)	(13,946,787)	9.8%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	97,762,979	97,562,979	110,779,528	13,216,549	13.5%
Federal Sponsored Programs (Nonoperating)	21,552,268	16,500,000	17,596,013	1,096,013	6.6%
State Sponsored Programs (Nonoperating)	10,908,650	10,908,650	12,729,620	1,820,970	16.7%
Gifts in Support of Operations	9,047,665	19,160,508	29,332,197	10,171,689	53.1%
Net Investment Income	17,386,467	17,964,730	19,952,974	1,988,244	11.1%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	156,658,029	162,096,867	190,390,332	28,293,465	17.5%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(12,552,433)	(14,130,719)	(15,555,554)	(1,424,835)	10.1%
Total Transfers and Other	(12,552,433)	(14,130,719)	(15,555,554)	(1,424,835)	10.1%
Budget Margin (Deficit)	483,756	5,306,484	18,228,327	12,921,843	243.5%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	-	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	1,000,000	9,128,556	12,626,444	3,497,888	38.3%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	8,000,000	8,000,000	8,000,000	-	0.0%
Transfers for Debt Service - Principal	(11,719,000)	(16,227,429)	(18,789,971)	(2,562,542)	15.8%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	60,457,351	123,586,105	61,527,544	(62,058,561)	-50.2%
SRECNA Change in Net Assets	\$ 58,222,107	129,793,716	81,592,344	(48,201,372)	-37.1%
Total Revenues and AUF Transfers	\$ 454,869,990	500,204,545	558,343,904	58,139,359	11.6%
Total Expenses (Including Transfers for Interest)	(454,386,234)	(494,898,061)	(540,115,577)	(45,217,516)	9.1%
Budget Margin (Deficit)	\$ 483,756	5,306,484	18,228,327	12,921,843	
Reconciliation to Use of Prior Year Balances					
Depreciation		44,277,650	45,504,162		
Capital Outlay		(23,099,900)	(34,303,346)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(16,227,429)	(18,789,971)		
Budgeted Transfers		(13,538)	-		
Net Additions to (Uses of) Prior Year Balances		10,243,267	10,639,172		

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, 2014**

Introduction - Major Goals Addressed by FY 2014 Budget

The University of Texas at El Paso remains committed to its long held mission of providing higher education access and excellence to residents of the Paso del Norte region. U. T. El Paso continues to garner national recognition through the momentum it has achieved toward becoming the first national research university with a 21st century student demographic. U. T. El Paso was recently named a top undergraduate degree producer by Diverse: Issues in Higher Education magazine for the fourth consecutive year, ranking highly among its list of institutions that confer the most degrees to minority students. Another recent national ranking of colleges and universities by Washington Monthly magazine ranked U. T. El Paso 12th overall in its College Guide and Rankings among all U.S. universities and 1st in the social mobility category of the rankings. The FY 2014 operating budget will build upon these successes and continue supporting academic excellence, student success and expansion of our research portfolio, all in support of the Chancellor's, *A Framework for Advancing Excellence throughout The University of Texas System*.

The FY 2014 operating budget allocates resources to key areas and initiatives that will support continued success in the areas of access and excellence. U. T. El Paso's enrollment has been level during the current year and that trend it expected to continue into 2013-2014, resulting in limited flexibility for program expansion and much needed staffing increases. Resources have been strategically reallocated to priority areas in order to provide support for key activities deemed critical to ensuring continued progress towards achievement of institutional goals. Specifically, priorities for which funds are allocated include advisors, research support, on-line academic programs and blended learning courses, and the UTShare PeopleSoft conversion.

Revenue

State general revenues are increasing for FY 2014 reflecting increases in state appropriations, which include U. T. El Paso's participation in the State's Competitive Knowledge Fund, an increased allocation from the Research Development Fund, and an increase in formula funding. Total budgeted revenues for FY 2014 reflect a slight decrease resulting primarily from a projected decrease in federal financial aid, adjusting for the loss of year round Pell Grant funding and recent changes to the Pell Grant program. Additionally, tuition and fee revenues have been adjusted to reflect flat enrollment projections and an increase in tuition discounting. Sponsored program activities other than Pell Grants are expected to increase for FY 2014, including increases in State financial aid programs. Gifts and investment income are also projected to increase for FY 2014.

Expenses

Budgeted expenses will remain relatively stable for FY 2014. Depreciation expense will increase with the recent completion of new buildings and various construction projects that will be completed in the coming months. Staff benefits are also increasing for FY 2014 to reflect increases in group insurance premiums and retirement contributions. Scholarships and fellowships have declined reflecting the reductions in Pell described above. Resources have been reallocated to support U. T. El Paso's mission of access and excellence. The budget allocates funds for additional advisors, research support, expanded on-line and blended learning courses, and technical and staff support for the UTShare PeopleSoft conversion.

The University of Texas at El Paso
Operating Budget
Fiscal Year Ending August 31, 2014

	FY 2013 Projected	FY 2013 Adjusted Budget	FY 2014 Operating Budget	Budget Increases (Decreases) From 2013 to 2014	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 102,794,445	114,115,034	103,914,968	(10,200,066)	-8.9%
Federal Sponsored Programs	52,886,054	48,849,837	55,258,822	6,408,985	13.1%
State Sponsored Programs	18,245,288	19,935,297	22,141,793	2,206,496	11.1%
Local and Private Sponsored Programs	5,254,298	5,055,674	4,902,013	(153,661)	-3.0%
Net Sales and Services of Educational Activities	4,497,804	3,504,017	3,714,996	210,979	6.0%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	26,697,763	28,894,289	28,793,226	(101,063)	-0.3%
Other Operating Revenues	17,127	60,000	60,000	-	0.0%
Total Operating Revenues	210,392,779	220,414,148	218,785,818	(1,628,330)	-0.7%
Operating Expenses:					
Instruction	99,468,514	103,201,845	106,939,166	3,737,321	3.6%
Academic Support	22,398,733	21,667,090	22,466,064	798,974	3.7%
Research	60,078,843	58,285,605	63,262,145	4,976,540	8.5%
Public Service	9,106,027	7,102,997	9,063,539	1,960,542	27.6%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	25,468,964	31,968,334	29,766,191	(2,202,143)	-6.9%
Student Services	16,886,272	17,874,705	16,475,415	(1,399,290)	-7.8%
Operations and Maintenance of Plant	25,817,854	25,861,199	25,672,328	(188,871)	-0.7%
Scholarships and Fellowships	50,205,259	59,615,355	45,639,142	(13,976,213)	-23.4%
Auxiliary Enterprises	39,459,450	38,870,421	39,618,962	748,541	1.9%
Depreciation and Amortization	27,310,421	26,128,544	29,433,036	3,304,492	12.6%
Total Operating Expenses	376,200,337	390,576,095	388,335,988	(2,240,107)	-0.6%
Operating Surplus/Deficit	(165,807,558)	(170,161,947)	(169,550,170)	611,777	-0.4%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	90,570,276	89,503,676	96,016,327	6,512,651	7.3%
Federal Sponsored Programs (Nonoperating)	61,631,950	61,168,950	50,000,000	(11,168,950)	-18.3%
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	9,469,326	10,443,426	10,614,326	170,900	1.6%
Net Investment Income	12,328,065	10,952,500	11,927,500	975,000	8.9%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	173,999,617	172,068,552	168,558,153	(3,510,399)	-2.0%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(7,544,886)	(8,621,136)	(8,413,940)	207,196	-2.4%
Total Transfers and Other	(7,544,886)	(8,621,136)	(8,413,940)	207,196	-2.4%
Budget Margin (Deficit)	647,173	(6,714,531)	(9,405,957)	(2,691,426)	40.1%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	1,759,772	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	518,230	-	518,230	518,230	-
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	6,930,715	4,623,000	6,930,715	2,307,715	49.9%
Transfers for Debt Service - Principal	(10,520,216)	(10,520,216)	(11,713,966)	(1,193,750)	11.3%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	37,627,442	33,297,520	37,627,422	4,329,902	13.0%
SRECNA Change in Net Assets	\$ 36,963,116	20,685,773	23,956,444	3,270,671	15.8%
Total Revenues and AUF Transfers	\$ 384,392,396	392,482,700	387,343,971	(5,138,729)	-1.3%
Total Expenses (Including Transfers for Interest)	(383,745,223)	(399,197,231)	(396,749,928)	2,447,303	-0.6%
Budget Margin (Deficit)	\$ 647,173	(6,714,531)	(9,405,957)	(2,691,426)	
Reconciliation to Use of Prior Year Balances					
Depreciation		26,128,544	29,433,036		
Capital Outlay		(5,587,347)	(5,917,390)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(10,520,216)	(11,713,966)		
Budgeted Transfers		(2,180,640)	(2,135,264)		
Net Additions to (Uses of) Prior Year Balances		1,125,810	260,459		

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

**The University of Texas-Pan American
Operating Budget Highlights
For the Year Ending August 31, 2014**

Introduction - Major Goals Addressed by FY 2014 Budget

Budget development at The University of Texas-Pan American continues to be guided by the Chancellor's, *A Framework for Advancing Excellence throughout The University of Texas System* and its nine areas of focus.

U. T. Pan American is one of the most affordable public institutions in Texas, having an academic cost for undergraduates (\$3,136) that is lower than 32 other institutions in Texas (Fall 2012). This position of affordability entails that the University reallocate resources in order to pursue the highest priority activities. It also requires that new funding be allocated in a strategic and thoroughly scrutinized manner.

Additional state general revenue appropriations, enrollment growth, a modest increase in its Designated Tuition rate, and increased transfers from the Texas Higher Education Coordinating Board (THECB) will allow the University to allocate additional resources to key areas. In the FY 2014 budget, the University has included resources for emerging programs, enhancing research activities, and most importantly, for student success. Significantly, the budget includes \$2.2 million for a three percent merit increase for faculty and staff, the last merit increase at U. T. Pan American having been done in FY 2010 when a modest 1.5 percent merit pool was budgeted.

As a means to mitigate expense risk, one percent (\$970,868) of the revenue associated with the projected three percent in enrollment growth, and its associated initiatives, is in abeyance until the Spring, when actual enrollment increases can be assessed. Initiatives in abeyance include adjustment to the institution's lowest paid positions in its pay plan, the hire of an additional police officer, and the hiring of additional student employees, among other things.

Revenue

Total revenues are projected to increase by \$12.6 million from FY 2013. Gross tuition and fees (before discounting) are projected to increase by \$5.9 million while state general revenue appropriations increased by \$5.0 million. The Designated Tuition rate increased from \$123.65 to \$124 per semester credit hour, originally approved at \$128.92 but reduced by tuition offset funding (\$1 million in FY 2014) provided by the U. T. System. General revenue increases are in formula funding (\$2.1 million), a new special line item (McAllen Advanced Manufacturing Research and Education Park, \$500,000), and Institutional Enhancement Funds (\$500,000). The State Employee Group Insurance transfer increased by \$1.3 million, and the TEXAS Grant transfer from THECB, an important source of assistance for U. T. Pan American students, increased by \$831,667 to \$23.2 million. Included in the tuition increase is \$420,287 in additional revenue associated with the Academic Partnerships accelerated graduate degree programs. An offset against revenue that is of continuing concern is the Hazlewood Program exemptions projected at over \$2.6 million (FY 2009 amount was \$400,000).

Expenses

Total expenses are projected to increase by 4.1 percent or \$10.3 million from FY 2013 levels. Most significant among the increases is the 3 percent merit salary adjustment for faculty and staff (\$2.2 million). Other expense increases include \$2.1 million for the student success initiatives approved by the U. T. System Board of Regents in the University's tuition and fee plan to strengthen graduate programs, online course development, provide additional faculty (\$846,000), enhance summer school offerings/enrollment, and programs to spur students to graduate in four years. Other initiatives include \$250,000 to make the final pay plan adjustments for classified positions, a project that has been in-progress for several years. Also included is \$350,000 for faculty promotion commitments and an increase to the University Scholars initiative of \$396,323. University Scholars is a merit-based award that incentivizes students to graduate in four years. The additional \$500,000 in Institutional Enhancement funding provided by the state is being directed at the Physician Assistant program, UTeach, and the Rural Business Development Center. The budget also accommodated \$397,960 in new staff commitments made in FY 2013 and an additional \$141,672 for new staff in FY2014 for a total of \$539,632. New staff will support the student disability services office, student counseling, teaching and research labs, and student tutoring, among other areas.

The University of Texas-Pan American
Operating Budget
Fiscal Year Ending August 31, 2014

	FY 2013 Projected	FY 2013 Adjusted Budget	FY 2014 Operating Budget	Budget	
				Increases (Decreases) From 2013 to 2014	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 62,489,514	62,479,623	65,222,281	2,742,658	4.4%
Federal Sponsored Programs	16,303,023	16,470,787	16,429,700	(41,087)	-0.2%
State Sponsored Programs	25,965,149	24,931,193	26,047,785	1,116,592	4.5%
Local and Private Sponsored Programs	1,829,917	1,621,738	1,669,556	47,818	2.9%
Net Sales and Services of Educational Activities	6,157,023	5,801,163	5,190,291	(610,872)	-10.5%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	6,372,923	6,893,843	6,670,614	(223,229)	-3.2%
Other Operating Revenues	2,770,547	1,475,641	1,225,682	(249,959)	-16.9%
Total Operating Revenues	121,888,096	119,673,988	122,455,909	2,781,921	2.3%
Operating Expenses:					
Instruction	78,371,270	85,371,374	87,611,734	2,240,360	2.6%
Academic Support	21,969,546	19,333,590	19,095,214	(238,376)	-1.2%
Research	6,567,523	5,520,295	5,728,868	208,573	3.8%
Public Service	6,797,994	7,598,746	7,723,936	125,190	1.6%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	21,861,083	21,651,859	24,155,671	2,503,812	11.6%
Student Services	11,921,343	15,865,825	16,776,193	910,368	5.7%
Operations and Maintenance of Plant	16,583,494	17,997,595	17,562,272	(435,323)	-2.4%
Scholarships and Fellowships	44,113,489	37,984,221	41,866,641	3,882,420	10.2%
Auxiliary Enterprises	14,692,822	17,105,810	18,040,318	934,508	5.5%
Depreciation and Amortization	15,209,422	16,419,553	16,889,939	470,386	2.9%
Total Operating Expenses	238,087,986	244,848,868	255,450,786	10,601,918	4.3%
Operating Surplus/Deficit	(116,199,890)	(125,174,880)	(132,994,877)	(7,819,997)	6.2%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	74,105,298	72,723,051	77,713,159	4,990,108	6.9%
Federal Sponsored Programs (Nonoperating)	47,600,000	45,000,000	48,500,000	3,500,000	7.8%
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	3,000,000	2,114,710	3,092,805	978,095	46.3%
Net Investment Income	4,400,585	3,578,816	3,898,901	320,085	8.9%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	129,105,883	123,416,577	133,204,865	9,788,288	7.9%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(4,795,864)	(4,802,851)	(4,495,174)	307,677	-6.4%
Total Transfers and Other	(4,795,864)	(4,802,851)	(4,495,174)	307,677	-6.4%
Budget Margin (Deficit)	8,110,129	(6,561,154)	(4,285,186)	2,275,968	-34.7%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	4,377,269	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	100,000	175,000	125,000	(50,000)	-28.6%
HEAF (Capitalized)	6,549,735	7,841,400	7,964,800	123,400	1.6%
Additions to Permanent Endowments	592,081	240,000	360,000	120,000	50.0%
Transfers for Debt Service - Principal	(7,144,350)	(7,119,000)	(7,462,700)	(343,700)	4.8%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	(1,306,477)	(1,303,126)	(1,396,134)	(93,008)	7.1%
SRECNA Change in Net Assets	\$ 11,278,387	(6,726,880)	(4,694,220)	2,032,660	-30.2%
Total Revenues and AUF Transfers	\$ 250,993,979	243,090,565	255,660,774	12,570,209	5.2%
Total Expenses (Including Transfers for Interest)	(242,883,850)	(249,651,719)	(259,945,960)	(10,294,241)	4.1%
Budget Margin (Deficit)	\$ 8,110,129	(6,561,154)	(4,285,186)	2,275,968	
Reconciliation to Use of Prior Year Balances					
Depreciation		16,419,553	16,889,939		
Capital Outlay		(10,603,100)	(10,958,000)		
HEAF (Capitalized)		7,841,400	7,964,800		
Transfers for Debt Service - Principal		(7,119,000)	(7,462,700)		
Budgeted Transfers		(1,659,523)	(1,769,038)		
Net Additions to (Uses of) Prior Year Balances		(1,681,824)	379,815		

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, 2014**

Introduction - Major Goals Addressed by FY 2014 Budget

The University of Texas of the Permian Basin seeks: to provide greater access to higher education for Texans, particularly west Texans; to award degrees of value; to conduct meaningful research; to improve the overall quality of life of the West Texas region; and, to do so while being a good steward of resources entrusted to it. To advance efforts to obtain these goals, U. T. Permian Basin has six institutional initiatives: 1) to grow enrollment, 2) to increase student retention and graduation rates, 3) to enhance the quality of its academic programs, 4) to further develop its research initiatives, 5) to maintain and create new community partnerships, and 6) to strengthen public trust and accountability. Greater access for all Texans is being provided through expanded online and technology assisted degree programs. Efforts to offer degrees of value are being enhanced by expanding degree program options in science, technology, engineering, nursing and mathematics and other critical need areas. Petroleum and Mechanical Engineering Program enrollments continue to grow at well above anticipated levels; and the University has received approval for its B.S. Nursing Program which starts this fall. 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. The \$10,000 Texas Science Scholar Program was approved by the U. T. System Board of Regents in May 2012 and continues to generate interest across the state. U. T. Permian Basin's initiative with Academic Partnerships ("AP") is another key strategic element as the seven completely online degree programs (four masters and three baccalaureates) introduced in FY 2013 are generating enrollments that are in-line with expectations. The compressed format – six seven-week "terms" per year – and AP's program of continued contact with registered students have both proven to encourage continued academic progress. Continued construction of new student housing and further investment in the expansion of various Student Success initiatives in the new "one-stop" Student Success Center are also keys to achieving goals of improving the sense of community for resident students.

Revenue

Tuition and fee rates are unchanged from FY 2013. The total semester credit hour (SCH) estimate which undergirds most academic revenue sources is unchanged from FY 2013. While it appears that U. T. Permian Basin will be able to achieve its SCH estimate in FY 2014 after suffering some erosion during FY 2013 as a result of the booming local economy, tuition discounting and scholarships continue to grow in an effort to attract and retain students. During such boom periods, more students and potential students "stop out" or take fewer classes to benefit from the high local income earning potential available to workers without degrees. State appropriations have grown considerably over last year— due most specifically to the new line item to support the Nursing Program at \$1.2 million per year in the new biennium. Auxiliary revenues are projected to continue to grow with 99 more apartment-style beds becoming available for the start of the fall 2013 semester (and construction of 196 more beds has already commenced to assure meeting planned occupancy one year later). In addition, freshmen resident students will continue to be required to purchase a meal plan. Overall, meal plan sales have increased as the University's outsourced provider has been careful to assure that meals on campus are attractively priced in relation to the overcrowded fast food establishments that surround the campus.

Expenses

Notable expense increases result from: the start of the B.S. Nursing Program and continued expansion in the Engineering programs. U. T. Permian Basin has fully budgeted part-time faculty, summer school faculty salaries, and student wage budgets. A staff and faculty salary increase pool of 3.0 percent of FY 2013 salaries has been created; and, budgeted increases will be implemented on September 1, 2013. Salary increases will be awarded only on the basis of merit. Merit increases are a critical component of plans designed to retain existing employees in the face of the boom economy that surrounds the University's operating culture. Fringe benefits budgets reflect prior and current year's actual expenses.

The University of Texas of the Permian Basin
Operating Budget
Fiscal Year Ending August 31, 2014

	FY 2013 Projected	FY 2013 Adjusted Budget	FY 2014 Operating Budget	Budget Increases (Decreases) From 2013 to 2014	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 11,130,813	15,948,078	11,897,479	(4,050,599)	-25.4%
Federal Sponsored Programs	3,211,735	2,454,293	1,524,732	(929,561)	-37.9%
State Sponsored Programs	2,208,363	1,411,455	1,578,723	167,268	11.9%
Local and Private Sponsored Programs	327,014	265,527	212,364	(53,163)	-20.0%
Net Sales and Services of Educational Activities	368,391	1,375,012	387,800	(987,212)	-71.8%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	4,749,931	4,703,000	6,499,000	1,796,000	38.2%
Other Operating Revenues	402,990	2,000	2,000	-	0.0%
Total Operating Revenues	22,399,237	26,159,365	22,102,098	(4,057,267)	-15.5%
Operating Expenses:					
Instruction	16,662,459	17,308,452	16,367,104	(941,348)	-5.4%
Academic Support	5,919,883	7,612,865	5,008,634	(2,604,231)	-34.2%
Research	1,604,960	2,618,065	2,072,178	(545,887)	-20.9%
Public Service	1,147,911	994,185	972,496	(21,689)	-2.2%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	5,016,071	4,336,037	4,279,746	(56,291)	-1.3%
Student Services	3,060,601	2,596,846	2,284,396	(312,450)	-12.0%
Operations and Maintenance of Plant	7,767,486	4,798,424	5,709,798	911,374	19.0%
Scholarships and Fellowships	734,021	3,244,968	1,959,890	(1,285,078)	-39.6%
Auxiliary Enterprises	4,277,371	3,962,854	5,419,665	1,456,811	36.8%
Depreciation and Amortization	11,700,000	11,700,000	12,035,000	335,000	2.9%
Total Operating Expenses	57,890,763	59,172,696	56,108,907	(3,063,789)	-5.2%
Operating Surplus/Deficit	(35,491,526)	(33,013,331)	(34,006,809)	(993,478)	3.0%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	27,772,148	28,211,740	29,833,417	1,621,677	5.7%
Federal Sponsored Programs (Nonoperating)	5,175,089	5,639,520	4,548,000	(1,091,520)	-19.4%
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	1,483,709	1,805,462	968,890	(836,572)	-46.3%
Net Investment Income	2,540,935	2,393,583	2,250,000	(143,583)	-6.0%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	36,971,881	38,050,305	37,600,307	(449,998)	-1.2%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(5,276,313)	(5,316,690)	(5,024,356)	292,334	-5.5%
Total Transfers and Other	(5,276,313)	(5,316,690)	(5,024,356)	292,334	-5.5%
Budget Margin (Deficit)	(3,795,958)	(279,716)	(1,430,858)	(1,151,142)	411.5%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	1,098,705	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	-	1,000,000	500,000	(500,000)	-50.0%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	1,456,405	2,500,000	1,900,000	(600,000)	-24.0%
Transfers for Debt Service - Principal	(5,816,000)	(5,859,000)	(6,179,756)	(320,756)	5.5%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	6,054,460	7,500,000	9,200,000	1,700,000	22.7%
SRECNA Change in Net Assets	\$ (1,002,388)	4,861,284	3,989,386	(871,898)	-17.9%
Total Revenues and AUF Transfers	\$ 59,371,118	64,209,670	59,702,405	(4,507,265)	-7.0%
Total Expenses (Including Transfers for Interest)	(63,167,076)	(64,489,386)	(61,133,263)	3,356,123	-5.2%
Budget Margin (Deficit)	\$ (3,795,958)	(279,716)	(1,430,858)	(1,151,142)	
Reconciliation to Use of Prior Year Balances					
Depreciation		11,700,000	12,035,000		
Capital Outlay		(670,497)	(569,900)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(5,859,000)	(6,179,756)		
Budgeted Transfers		500,000	(400,000)		
Net Additions to (Uses of) Prior Year Balances		5,390,787	3,454,486		

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, 2014

Introduction - Major Goals Addressed by FY 2014 Budget

The University of Texas at San Antonio is utilizing resources in strategic areas that are relevant to its mission and align with the Chancellor's, *A Framework for Advancing Excellence throughout The University of Texas System*. The University continues to make excellent progress on accomplishing its strategic priorities through the Graduation Rate Improvement Plan (GRIP). The budget provides resources to support undergraduate student access and success; hiring new faculty in cutting edge disciplines to reduce the student to faculty ratio; start-up funds to recruit and retain faculty; grants to assist and retain students, merit pool to help retain top performers, staff to recruit students in new markets, and other support for programs related to the GRIP. U. T. San Antonio has increased the goal of its first-ever capital campaign by \$55 million to \$175 million following the remarkable early success of the campaign. To date, the capital campaign has supported 135 new student scholarships, 26 endowed faculty positions, and nine new research centers or institutes. Faculty and staff continue to have concerns about salary lag and market competitiveness. College deans remain concerned about salary compression differences between new faculty and senior faculty that have been with the institution for several years. A merit pool of two percent will be provided. The projected funding for research is likely to slow due to overall cuts at the federal and state level. The sequestration is also having an impact on awards and expenditures. These effects will likely continue into the next fiscal year.

Revenue

The General Appropriations Act reflects an increase in general revenue of \$6.7 million and an increase in the Higher Education Employees Group Insurance contribution and other benefits of \$2.6 million. The FY 2014 budget includes a \$3 rate increase in undergraduate non-resident statutory tuition and 1.2 percent increase in designated tuition. Total Academic Cost will increase 0.6 percent net of the athletic fee increase as a result of the tuition offset program. It also includes a shift in mix from undergraduate resident to non-resident and an expectation that The University will continue to see an increase in Hazlewood exempted students. For FY 2013 Hazlewood exemptions are projected at \$9.2 million. The athletic fee rate increase of \$1 per semester credit hour in FY 2014 increases budgeted revenues by \$625,000. The rate increase is an integral part of the Athletic Initiative Business Plan approved in 2007 for the Roadrunner Athletic program. Gifts in support of operations are budgeted in FY 2014 at \$7.5 million and projected to be \$7.0 million by the end of FY 2013. Sponsored program revenue due to grants and contracts is budgeted \$3 million lower than FY 2013 budget. Current revenues for TEXAS Grants are estimated at \$17.2 million reflecting a \$2.6 million increase from the current year's budget of \$14.6 million. A \$1 million increase in TEXAS Grants is expected therefore budgeted revenues will increase \$3.6 million. The increase in budgeted Auxiliary revenue of \$7.9 million can be attributed to the opening of the new San Saba Hall that will house approximately 600 residents. Parking permit rates are increasing by four percent and there has been an increase in the number of garage permits sold due to the opening of the Bauerle Road Garage. Athletic revenue is projected to increase due to sponsorship revenue increases and an honorarium for hosting a National Collegiate Athletic Association tournament.

Expenses

A merit pool of two percent, as a permanent adjustment to base salaries is provided in the budget totaling \$2.8 million. Allocating the funding for a merit increase will be difficult for employees paid from fees, as those areas have gone many years without rate increases. Adding more faculty continues to be one of U. T. San Antonio's most critical needs. The University's student-faculty ratio of 25:1 stands out among the highest when compared with other public universities within Texas. \$2.4 million will be allocated to recruit 26 new faculty positions in FY 2014 and \$207,000 for faculty tenure and promotion. The largest single cost in recruiting new faculty is the startup packages (i.e. equipment and materials) needed to launch the research programs of new faculty, especially in the sciences and engineering. The University's start-up commitments for FY 2014 for new faculty hires totaled over \$5 million. The start-up packages will be supported with development funds, STARs funding, Research Development Funds, and facilities and administrative funds. Strategies have been identified in the GRIP to address early alert systems, student advising, financial aid, student engagement, etc. Major elements of the GRIP will be implemented in fall 2014, with pilot programs beginning fall 2013. \$1.4 million from existing funds is being reallocated to support additional instructors, teaching assistant positions and peer mentors for the University College, which will oversee the First Year Experience program. \$1.5 million in one-time funds will be used to fund financial aid programs that will help provide room and board grants to under-resourced students that will help mitigate financial issues. U. T. San Antonio is in the process of procuring an Early Alert System software package and Degree-Works (a degree plan software package that allows students and advisors to chart academic progress and explore alternative options for degree planning and scheduling). U. T. San Antonio is also investing in a Global Advising System, which will create an improved advising infrastructure by providing a common digital platform for all advising activity. Over a 3-year period, \$1.3 million of existing resources will be reallocated to support these endeavors. Funds are allocated to support an initiative to increase the number of courses in alternative delivery formats to include hybrid and online courses and programs.

The University of Texas at San Antonio
Operating Budget
Fiscal Year Ending August 31, 2014

	FY 2013 Projected	FY 2013 Adjusted Budget	FY 2014 Operating Budget	Budget Increases (Decreases) From 2013 to 2014	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 211,301,506	183,281,497	191,085,222	7,803,725	4.3%
Federal Sponsored Programs	50,945,250	49,731,564	46,731,564	(3,000,000)	-6.0%
State Sponsored Programs	17,405,000	15,614,104	19,219,104	3,605,000	23.1%
Local and Private Sponsored Programs	2,018,940	5,590,949	5,074,085	(516,864)	-9.2%
Net Sales and Services of Educational Activities	10,441,807	7,219,037	6,088,933	(1,130,104)	-15.7%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	34,661,692	33,984,483	41,907,105	7,922,622	23.3%
Other Operating Revenues	5,577,508	1,908,730	1,736,450	(172,280)	-9.0%
Total Operating Revenues	332,351,703	297,330,364	311,842,463	14,512,099	4.9%
Operating Expenses:					
Instruction	131,279,450	131,933,352	137,199,361	5,266,009	4.0%
Academic Support	54,110,230	43,544,592	54,793,841	11,249,249	25.8%
Research	40,338,645	42,400,997	36,553,432	(5,847,565)	-13.8%
Public Service	16,640,075	17,514,892	18,612,861	1,097,969	6.3%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	44,428,060	46,965,856	43,661,424	(3,304,432)	-7.0%
Student Services	24,620,137	23,255,856	24,464,507	1,208,651	5.2%
Operations and Maintenance of Plant	41,400,300	40,105,877	40,184,624	78,747	0.2%
Scholarships and Fellowships	60,141,350	35,493,848	42,885,839	7,391,991	20.8%
Auxiliary Enterprises	47,702,500	47,610,461	54,313,475	6,703,014	14.1%
Depreciation and Amortization	42,630,580	40,000,000	44,500,000	4,500,000	11.3%
Total Operating Expenses	503,291,327	468,825,731	497,169,363	28,343,632	6.0%
Operating Surplus/Deficit	(170,939,624)	(171,495,367)	(185,326,900)	(13,831,533)	8.1%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	110,539,375	112,751,626	122,102,390	9,350,764	8.3%
Federal Sponsored Programs (Nonoperating)	69,108,172	50,000,000	50,000,000	-	0.0%
State Sponsored Programs (Nonoperating)	1,550,000	-	100,000	100,000	-
Gifts in Support of Operations	7,000,000	8,000,000	7,500,000	(500,000)	-6.3%
Net Investment Income	12,902,698	9,404,310	9,489,923	85,613	0.9%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	201,100,245	180,155,936	189,192,313	9,036,377	5.0%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(16,434,792)	(17,462,285)	(16,615,364)	846,921	-4.9%
Total Transfers and Other	(16,434,792)	(17,462,285)	(16,615,364)	846,921	-4.9%
Budget Margin (Deficit)	13,725,829	(8,801,716)	(12,749,951)	(3,948,235)	44.9%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	-	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	16,360,577	300,000	2,600,000	2,300,000	766.7%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	4,000,000	7,500,000	4,000,000	(3,500,000)	-46.7%
Transfers for Debt Service - Principal	(15,070,000)	(15,046,670)	(16,380,000)	(1,333,330)	8.9%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	4,200,000	4,500,000	4,500,000	-	0.0%
SRECNA Change in Net Assets	\$ 23,216,406	(11,548,386)	(18,029,951)	(6,481,565)	56.1%
Total Revenues and AUF Transfers	\$ 533,451,948	477,486,300	501,034,776	23,548,476	4.9%
Total Expenses (Including Transfers for Interest)	(519,726,119)	(486,288,016)	(513,784,727)	(27,496,711)	5.7%
Budget Margin (Deficit)	\$ 13,725,829	(8,801,716)	(12,749,951)	(3,948,235)	
Reconciliation to Use of Prior Year Balances					
Depreciation		40,000,000	44,500,000		
Capital Outlay		(16,000,000)	(13,000,000)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(15,046,670)	(16,380,000)		
Budgeted Transfers		-	-		
Net Additions to (Uses of) Prior Year Balances		151,614	2,370,049		

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, 2014

Introduction - Major Goals Addressed by FY 2014 Budget

This FY 2014 budget furthers The University of Texas at Tyler's vision to be nationally recognized as a destination university for high-ability, flagship-capable students, one that is focused on excellence in undergraduate and professional graduate education. U. T. Tyler has a culture of excellence and innovation and provides a nurturing environment to prepare students to be future problem solvers and leaders. U. T. Tyler remains one of the best values in higher education in Texas. With tuition and fees below the mean for the System, the State, and its regional competitors, U. T. Tyler takes great pride in the tradition of offering quality academic programs, expert faculty, fascinating student life, and well-rounded service opportunities.

The FY 2014 budget reflects U. T. Tyler's effort to make substantial progress on the goals of the Chancellor's, *A Framework for Advancing Excellence throughout The University of Texas System*. With respect to student access and affordability, tuition and fees will remain constant while increasing job placement and advising services. With respect to attracting and keeping top faculty, merit raises will be provided for the first time in several years and will address serious faculty salary compression, which is affecting morale, with a merit-based market adjustment pool. In addition, reserves will be used to partially construct a basic music addition to support student-demanded instrumental music programs in orchestra, band, and musical theater—as much to attract and hold engineering and science majors as music majors. The University will also begin to fund its share of the Patriots Applying Technology for Success and Savings (PATSS) initiative, matching U. T. System funding received earlier this year.

Through legislation approved by the 83rd Legislature, U. T. Tyler received permission to start a School of Pharmacy. Based on the enabling legislation, the school will not be eligible for State support through the funding formulas and will be supported by tuition, gifts, grants, and other institutional or U. T. System funds made available. The FY 2014 budget provides funds from institutional reserves for this purpose.

Revenue

U. T. Tyler's FY 2014 budget reflects revenue growth of 7.7 percent compared to FY 2013. Revenues for FY 2014 are based on a deliberately conservative flat enrollment growth projection, a prudent call as many universities in the State lost enrollment over the past two years, and no increases in undergraduate or graduate designated tuition. Additional programs for FY 2014 include the expansion of class sizes and addition of a grade at U. T. Tyler's charter school, which will add \$2.4 million to revenues restricted to that project. No mandatory fees are being increased.

State Appropriations increased 14.1 percent for FY 2014 as the result of formula funding and benefit increases. The allocation for Pell Grants increased 20 percent compared to FY 2013.

Expenses

Expenses for FY 2014 increased 11.3 percent over FY 2013 budget. This includes permanent increases in salaries for the first time in four years. Salary increases will be based on merit with market adjustments also being considered. New or increased academic departments for FY 2014 include Pharmacy, the English Institute, and Teaching Innovations of which PATSS is a part.

In Fall 2013, the College of Engineering will begin offering classes for the first time in cooperation with Houston Community College at its Alief Campus. This new effort is expected to generate 1,000 semester credit hours from qualified students studying electrical and mechanical engineering while increasing the U. T. Tyler brand in Houston.

The University included \$6.9 million in one-time funds from reserves to cover the construction of part of a music addition, repairs and maintenance of infrastructure, marketing enhancements, and to cover planning and start-up costs for the new College of Pharmacy rather than using debt and with the intent to return these funds according to the schedule in the relevant business plan. These projects will allow the University to continue attracting and retaining more high-ability students, graduate more students in high-demand fields, and increase revenue.

The University of Texas at Tyler
Operating Budget
Fiscal Year Ending August 31, 2014

	FY 2013 Projected	FY 2013 Adjusted Budget	FY 2014 Operating Budget	Budget Increases (Decreases) From 2013 to 2014	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 30,353,344	29,592,674	28,499,633	(1,093,041)	-3.7%
Federal Sponsored Programs	8,188,131	6,393,986	5,416,754	(977,232)	-15.3%
State Sponsored Programs	3,921,749	7,423,684	7,024,163	(399,521)	-5.4%
Local and Private Sponsored Programs	1,130,806	1,861,000	1,259,475	(601,525)	-32.3%
Net Sales and Services of Educational Activities	4,064,216	2,768,581	6,587,223	3,818,642	137.9%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	4,668,997	5,114,172	5,081,617	(32,555)	-0.6%
Other Operating Revenues	789,249	-	-	-	-
Total Operating Revenues	53,116,492	53,154,097	53,868,865	714,768	1.3%
Operating Expenses:					
Instruction	31,512,007	38,643,031	45,121,826	6,478,795	16.8%
Academic Support	7,153,985	8,238,450	8,837,324	598,874	7.3%
Research	2,245,006	6,823,209	4,179,029	(2,644,180)	-38.8%
Public Service	2,365,470	841,208	2,256,805	1,415,597	168.3%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	21,097,457	11,937,720	14,127,798	2,190,078	18.3%
Student Services	6,739,055	6,707,312	8,795,518	2,088,206	31.1%
Operations and Maintenance of Plant	4,251,760	6,267,372	6,544,667	277,295	4.4%
Scholarships and Fellowships	5,783,223	2,621,729	3,989,187	1,367,458	52.2%
Auxiliary Enterprises	7,001,555	7,225,046	7,200,942	(24,104)	-0.3%
Depreciation and Amortization	11,323,693	11,500,000	11,591,800	91,800	0.8%
Total Operating Expenses	99,473,211	100,805,077	112,644,896	11,839,819	11.7%
Operating Surplus/Deficit	(46,356,719)	(47,650,980)	(58,776,031)	(11,125,051)	23.3%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	31,686,840	32,205,271	36,755,501	4,550,230	14.1%
Federal Sponsored Programs (Nonoperating)	8,447,746	7,000,000	8,400,000	1,400,000	20.0%
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	1,016,020	966,020	104,000	(862,020)	-89.2%
Net Investment Income	3,399,581	4,668,912	6,432,213	1,763,301	37.8%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	44,550,187	44,840,203	51,691,714	6,851,511	15.3%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(3,711,142)	(3,726,412)	(3,655,645)	70,767	-1.9%
Total Transfers and Other	(3,711,142)	(3,726,412)	(3,655,645)	70,767	-1.9%
Budget Margin (Deficit)	(5,517,674)	(6,537,189)	(10,739,962)	(4,202,773)	64.3%
Reconciling to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	-	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	8,447,746	100,000	6,500,000	6,400,000	6400.0%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	978,000	1,200,000	1,000,000	(200,000)	-16.7%
Transfers for Debt Service - Principal	(1,291,000)	(4,261,000)	(4,326,000)	(65,000)	1.5%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	5,024,090	1,890,000	2,900,000	1,010,000	53.4%
SRECNA Change in Net Assets	\$ 7,641,162	(7,608,189)	(4,665,962)	2,942,227	-38.7%
Total Revenues and AUF Transfers	\$ 97,666,679	97,994,300	105,560,579	7,566,279	7.7%
Total Expenses (Including Transfers for Interest)	(103,184,353)	(104,531,489)	(116,300,541)	(11,769,052)	11.3%
Budget Margin (Deficit)	\$ (5,517,674)	(6,537,189)	(10,739,962)	(4,202,773)	
Reconciliation to Use of Prior Year Balances					
Depreciation		11,500,000	11,591,800		
Capital Outlay		(695,000)	(5,736,461)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(4,261,000)	(4,326,000)		
Budgeted Transfers		-	-		
Net Additions to (Uses of) Prior Year Balances		6,811	(9,210,623)		

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, 2014

Introduction - Major Goals Addressed by FY 2014 Budget

The University of Texas Southwestern Medical Center is among the leading biomedical research institutions in the country and continues to develop and grow as a world-class academic medical center. Its strategic positioning and programmatic investments will sustain this trajectory into the future. The FY 2014 operating budget continues to enhance the mission and vision of the University.

The goals and objectives of U. T. Southwestern Medical Center are to educate the next generation of healthcare professionals, deliver the highest quality healthcare for all people and conduct cutting-edge research that translates basic science research to clinical and health services research to improve the health of all people. U. T. Southwestern Medical Center is guided by the overarching principles of excellence and distinction in all it does in fulfilling its missions. Ongoing projects include: 1) construction of the William P. Clements, Jr. University Hospital; 2) expansion of laboratory research programs; and 3) progress in the transformation of clinical care programs including opening two new off campus ambulatory sites and development of patient-centered medical homes, tiered pricing programs, bundling, and Accountable Care Organization infrastructure.

Following U. T. System Board of Regents approval in May of 2013 and after amending the Capital Improvement Plan with the Texas Higher Education Coordinating Board, the University is also embarking upon planning for a major, multi-year redevelopment of the West Campus site. The West Campus is the current site of the University's St. Paul Hospital which will be demolished once the William P. Clements, Jr. University Hospital opens in late 2014. The redeveloped site will eventually include five new buildings, providing innovative, high-tech educational and academic space as well as expanded outpatient clinical facilities.

Initiatives include the establishment of one new major research activity in partnership with The University of Texas at Dallas: The Texas Institute for Brain Injury and Repair. U. T. Southwestern Medical Center is uniquely positioned to make dramatic progress in traumatic brain injury prevention, novel brain preservation strategies, and restoring brain function for thousands of affected veterans, accident victims, and athletes across Texas. Collaboration with U. T. Dallas will add critical infrastructure and expertise in applied sciences such as bioengineering and computer sciences, and will contribute to the overall success of the Institute.

The FY 2014 budget reflects an overall growth in both revenue and expenses resulting in a budgeted margin of approximately \$50.0 million. This budget provides funding for strategic clinical initiatives noted above, as well as providing necessary funding for depreciation, debt service, and a modest increase in faculty and staff salaries.

Revenue

The revenue budget for FY 2014 is \$2.066 billion. This represents a 6.6 percent growth over the prior fiscal year and the first time in the institution's history its annual revenues will exceed \$2.0 billion. Sponsored programs for research budget reflects modest downward pressure for the next year, primarily due to the federal budget sequestration. However, growth in private grants with contracts with State and Local government agencies offset most of the losses in federal awards. The above average increase in practice plan and University Hospital operations have contributed to the overall growth in revenue, resulting in the margin projected for the new fiscal year.

Expenses

The expense budget for FY 2014 is \$2.016 billion. Budgeted expenses include a 3.0 percent merit pool for faculty, administrative and professional, and classified employees. The growth in expenses related to University Hospital, clinical operations, and instruction is in proportion to growth in revenue for the upcoming fiscal year. The budgeted expenses also include sufficient funds to cover projected debt service to finance the expansion of the North Campus and information resources systems for clinical trials, patient billing, and administrative systems. Total budgeted expenses for the next fiscal year reflect a 6.3 percent increase over the prior fiscal year.

The University of Texas Southwestern Medical Center
Operating Budget
Fiscal Year Ending August 31, 2014

	FY 2013 Projected	FY 2013 Adjusted Budget	FY 2014 Operating Budget	Budget Increases (Decreases) From 2013 to 2014	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 19,097,827	19,097,827	19,855,028	757,201	4.0%
Federal Sponsored Programs	198,454,536	213,230,942	194,404,701	(18,826,241)	-8.8%
State Sponsored Programs	30,534,442	31,128,957	31,261,818	132,861	0.4%
Local and Private Sponsored Programs	245,477,964	254,053,993	260,409,983	6,355,990	2.5%
Net Sales and Services of Educational Activities	11,755,683	8,930,897	9,062,369	131,472	1.5%
Net Sales and Services of Hospital and Clinics	729,961,098	699,941,631	769,930,628	69,988,997	10.0%
Net Professional Fees	422,760,280	395,617,124	443,943,048	48,325,924	12.2%
Net Auxiliary Enterprises	17,593,213	21,944,391	22,749,163	804,772	3.7%
Other Operating Revenues	33,455,287	19,968,367	19,670,793	(297,574)	-1.5%
Total Operating Revenues	1,709,090,330	1,663,914,129	1,771,287,531	107,373,402	6.5%
Operating Expenses:					
Instruction	551,838,590	581,123,413	627,372,326	46,248,913	8.0%
Academic Support	30,031,763	32,497,901	32,637,698	139,797	0.4%
Research	300,168,596	324,588,816	318,773,221	(5,815,595)	-1.8%
Public Service	26,757,033	28,966,541	29,093,904	127,363	0.4%
Hospitals and Clinics	664,612,482	632,243,805	699,411,822	67,168,017	10.6%
Institutional Support	54,237,924	53,918,670	58,902,936	4,984,266	9.2%
Student Services	3,942,329	4,248,653	4,284,739	36,086	0.8%
Operations and Maintenance of Plant	88,703,235	93,635,404	96,309,715	2,674,311	2.9%
Scholarships and Fellowships	732,686	725,692	750,017	24,325	3.4%
Auxiliary Enterprises	17,917,829	18,346,242	19,470,309	1,124,067	6.1%
Depreciation and Amortization	109,476,363	104,404,812	109,053,149	4,648,337	4.5%
Total Operating Expenses	1,848,418,830	1,874,699,949	1,996,059,836	121,359,887	6.5%
Operating Surplus/Deficit	(139,328,500)	(210,785,820)	(224,772,305)	(13,986,485)	6.6%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	152,394,101	151,865,421	168,083,514	16,218,093	10.7%
Federal Sponsored Programs (Nonoperating)	-	-	-	-	-
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	45,011,034	30,731,564	35,000,000	4,268,436	13.9%
Net Investment Income	88,315,348	92,032,359	92,000,000	(32,359)	0.0%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	285,720,483	274,629,344	295,083,514	20,454,170	7.4%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(27,948,235)	(22,936,833)	(20,571,622)	2,365,211	-10.3%
Total Transfers and Other	(27,948,235)	(22,936,833)	(20,571,622)	2,365,211	-10.3%
Budget Margin (Deficit)	118,443,748	40,906,691	49,739,587	8,832,896	21.6%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./((Dec.) in Fair Value of Investments	-	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	3,000,000	3,000,000	6,000,000	3,000,000	100.0%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	6,000,000	6,000,000	10,000,000	4,000,000	66.7%
Transfers for Debt Service - Principal	(58,085,580)	(66,974,241)	(60,692,048)	6,282,193	-9.4%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	30,000,000	30,000,000	75,000,000	45,000,000	150.0%
SRECNA Change in Net Assets	\$ 99,358,168	12,932,450	80,047,539	67,115,089	519.0%
Total Revenues and AUF Transfers	\$ 1,994,810,813	1,938,543,473	2,066,371,045	127,827,572	6.6%
Total Expenses (Including Transfers for Interest)	(1,876,367,065)	(1,897,636,782)	(2,016,631,458)	(118,994,676)	6.3%
Budget Margin (Deficit)	\$ 118,443,748	40,906,691	49,739,587	8,832,896	
Reconciliation to Use of Prior Year Balances					
Depreciation		104,404,812	109,053,149		
Capital Outlay		(25,968,253)	(35,000,000)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(66,974,241)	(60,692,048)		
Budgeted Transfers		-	-		
Net Additions to (Uses of) Prior Year Balances		52,369,009	63,100,688		

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, 2014**

Introduction - Major Goals Addressed by FY 2014 Budget

The FY 2014 operating budget of The University of Texas Medical Branch at Galveston supports the continued mission to improve health for the people of Texas and around the world. The University's Strategic Plan, supported by goals that link to the Chancellor's, *A Framework for Advancing Excellence throughout The University of Texas System* (Chancellor's Framework), provides a road map for achieving this important mission and has guided resource allocation decisions. Eight pillars, or themes, serve as the focus for all integrated planning and operations. These pillars are: people, quality, education, research, health system, strategic management and growth, financial success, and community.

Investment in faculty and staff is a priority and also a focus in the Chancellor's Framework. The FY 2014 operating budget provides for a modest merit program and salary administration pool for faculty and staff to reward performance and aid in retaining and attracting talent in the competitive Houston healthcare sector. The 83rd Legislature appropriated \$16 million to the Texas Department of Criminal Justice (TDCJ) to fund a salary administration pool for Correctional Managed Care employees. The added funding will ensure a merit program for the University's employees who deliver healthcare services to prison inmates. These employees have not received merits for the past four years which continues to be a recruitment and retention issue. In addition, a new faculty compensation program being launched will provide linkage between compensation and faculty productivity. Funding also continues for the Physician Leadership Academy and similar management development programs to aid in employee development and succession planning. Patient safety and quality is another priority mirrored in the Chancellor's *Framework*. Ultrasound-guided central line placement, Clinical Safety and Effectiveness Training, low-radiation imaging devices, radiation shielding system, and expansion of the EPIC Integrated Medical Record are some of the more significant patient safety investments provided for in the FY 2014 operating budget. Scholarship awards are budgeted to increase by 15 percent and Library, Equipment, Repair and Rehabilitation funding is being sought to replace outdated information resources and teaching equipment, both to aid in student success and learning.

As is the case for many Academic Medical Centers today, growing revenue at a sufficient pace to generate margin is increasingly difficult; however the FY 2014 budget reflects overall growth in both revenue and expenses to generate a small positive margin of \$1.1 million. Planned growth in clinical revenue, coupled with strategies to reduce healthcare delivery and other expenses, are critically important in light of Federal healthcare funding reductions, declining research funding, additional operating expenses related to replacing and/or repairing facilities damaged by Hurricane Ike, and increases in depreciation from replacing depreciated assets that were damaged or destroyed during the storm. The University is proactively seeking ways to reduce healthcare delivery expense and comply with healthcare reform mandates via various initiatives such as: implementing Patient-Centered Medical Homes; developing care management approaches to reduce readmissions; and implementing a variety of projects funded by the Medicaid Waiver to improve access and provide innovative care models to address health reform. Several major projects are also underway to ensure future growth and financial health in support the University's mission. Those projects and projected completion dates are: Victory Lakes Expansion, 6/2015; Clinical Services Wing, 6/2015; and Jennie Sealy Hospital, 11/2015.

Revenue

Budgeted revenue reflects a \$64.0 million (4.0 percent) increase from the FY 2013 budget and is primarily related to clinical volume growth and productivity gains (\$33.6 million) and growth in TDCJ Contract operating revenue consistent with expected expense increases based on actuarial volume assumptions and a planned merit for TDCJ staff (\$16.8 million). Volume growth is consistent with the Clinical Strategic Plan and mainland development strategy as well as projected professional productivity gains from addition of high-performing faculty over recent years and implementation of the new faculty compensation plan. Growth in other operating revenue is related to Medicaid Waiver funding. General revenue reflects a \$17.0 million (5.2 percent) increase over the FY 2013 budget which includes a \$5.3 million increase related to tuition revenue bond debt service for bonds issued to fund construction of the new Jennie Sealy Hospital. An overall 10.6 percent decrease in sponsored program revenue is reflective of reduced research funding and non-renewal of the Federal Bureau of Prisons contract.

Expenses

Budgeted expenses, including depreciation, reflect a \$64.0 million (\$4.0%) increase from the FY 2013 budget which is primarily related to clinical volume growth, TDCJ Contract projected expenses, and salary and benefit increases for merits and market/equity adjustments for faculty and staff. Depreciation expense has increased \$15.3 million (16.7 percent) from the FY 2013 budget due to replacing depreciated assets destroyed by Hurricane Ike. Interest expense is slightly less than the FY 2013 amount budgeted due to timing of debt issuances.

The University of Texas Medical Branch at Galveston
Operating Budget
Fiscal Year Ending August 31, 2014

	FY 2013 Projected	FY 2013 Adjusted Budget	FY 2014 Operating Budget	Budget Increases (Decreases) From 2013 to 2014	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 31,146,691	30,782,779	31,386,954	604,175	2.0%
Federal Sponsored Programs	157,726,887	137,430,862	126,914,576	(10,516,286)	-7.7%
State Sponsored Programs	8,071,974	12,817,722	8,568,541	(4,249,181)	-33.2%
Local and Private Sponsored Programs	71,121,736	62,273,323	54,443,101	(7,830,222)	-12.6%
Net Sales and Services of Educational Activities	17,154,597	15,020,356	18,307,897	3,287,541	21.9%
Net Sales and Services of Hospital and Clinics	808,554,461	834,376,828	860,775,510	26,398,682	3.2%
Net Professional Fees	138,449,244	138,177,197	162,182,275	24,005,078	17.4%
Net Auxiliary Enterprises	7,128,168	7,018,521	6,378,605	(639,916)	-9.1%
Other Operating Revenues	32,767,852	15,394,302	33,481,361	18,087,059	117.5%
Total Operating Revenues	1,272,121,610	1,253,291,890	1,302,438,820	49,146,930	3.9%
Operating Expenses:					
Instruction	268,681,247	256,513,505	253,376,365	(3,137,140)	-1.2%
Academic Support	28,335,252	25,097,098	37,668,718	12,571,620	50.1%
Research	112,788,901	106,828,978	110,684,784	3,855,806	3.6%
Public Service	11,684,753	8,090,887	10,759,836	2,668,949	33.0%
Hospitals and Clinics	932,238,985	967,659,474	984,088,713	16,429,239	1.7%
Institutional Support	70,145,893	55,666,655	64,301,642	8,634,987	15.5%
Student Services	5,525,698	5,257,409	5,919,805	662,396	12.6%
Operations and Maintenance of Plant	77,680,764	77,489,256	85,735,328	8,246,072	10.6%
Scholarships and Fellowships	7,752,607	7,919,157	7,292,769	(626,388)	-7.9%
Auxiliary Enterprises	5,965,537	6,283,799	6,359,792	75,993	1.2%
Depreciation and Amortization	96,283,686	91,500,000	106,797,693	15,297,693	16.7%
Total Operating Expenses	1,617,083,323	1,608,306,218	1,672,985,445	64,679,227	4.0%
Operating Surplus/Deficit	(344,961,713)	(355,014,328)	(370,546,625)	(15,532,297)	4.4%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	323,111,282	323,831,161	340,820,472	16,989,311	5.2%
Federal Sponsored Programs (Nonoperating)	750,000	750,000	850,000	100,000	13.3%
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	5,651,858	8,197,654	4,900,321	(3,297,333)	-40.2%
Net Investment Income	33,325,415	31,930,245	32,989,767	1,059,522	3.3%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	362,838,555	364,709,060	379,560,560	14,851,500	4.1%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(7,761,336)	(8,564,927)	(7,894,680)	670,247	-7.8%
Total Transfers and Other	(7,761,336)	(8,564,927)	(7,894,680)	670,247	-7.8%
Budget Margin (Deficit)	10,115,506	1,129,805	1,119,255	(10,550)	-0.9%
Reconciling to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	27,788,133	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	33,473,302	169,346,296	214,210,653	44,864,357	26.5%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	2,883,268	2,518,723	1,350,950	(1,167,773)	-46.4%
Transfers for Debt Service - Principal	(37,057,200)	(38,357,464)	(45,237,703)	(6,880,239)	17.9%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	9,210,067	129,100,000	83,219,072	(45,880,928)	-35.5%
SRECNA Change in Net Assets	\$ 46,413,076	263,737,360	254,662,227	(9,075,133)	-3.4%
Total Revenues and AUF Transfers	\$ 1,634,960,165	1,618,000,950	1,681,999,380	63,998,430	4.0%
Total Expenses (Including Transfers for Interest)	(1,624,844,659)	(1,616,871,145)	(1,680,880,125)	(64,008,980)	4.0%
Budget Margin (Deficit)	\$ 10,115,506	1,129,805	1,119,255	(10,550)	
Reconciliation to Use of Prior Year Balances					
Depreciation		91,500,000	106,797,693		
Capital Outlay		(113,380,284)	(52,830,000)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(38,357,464)	(45,237,703)		
Budgeted Transfers		-	-		
Net Additions to (Uses of) Prior Year Balances		(59,107,943)	9,849,245		

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, 2014

Introduction - Major Goals Addressed by FY 2014 Budget

In order to address the changing education, research, and healthcare environment The University of Texas Health Science Center at Houston FY 2014 budget reflects the continued expansion of the Medical School's clinical enterprise, both geographically, throughout the Greater Houston area, and also in terms of numbers and types of specialties. The Medical School Practice Plan has been one of the fastest growing in the nation over the past half-decade in terms of revenues, according to the Association of American Medical Colleges. With the support of its partners, Memorial Hermann Healthcare System (MHHS) and Harris County Hospital District (Harris Health), and along with the implementation of the Medicaid 1115 waiver's delivery system reform incentive payment (DSRIP) and uncompensated care programs, the practice plan and overall institutional FY 2014 budget anticipates a 15 percent increase in clinics (from 67 to 77), expands primary and specialty clinic access, and introduces new chronic disease management and patient-centered medication therapy management programs, in comparison to the FY 2013 budget. The benefits of a rapidly growing practice plan are not limited to just the clinical enterprise, however. With sponsored program funding projected to continue its decline in FY 2014 (and likely, beyond), these clinical revenues help to offset the demands for additional bridging and other support funding for historically productive researchers, as well as a number of more junior, emerging investigators.

Revenue

Offset by budgeted reductions in sponsored program income (approximately \$10.9 million) primarily due to declines in federal funding and sequestration ambiguity and a drop in CPRIT funding, as well a \$9.0 million decline in the Gulf States Hemophilia pharmacy operations, U. T. Health Science Center - Houston's \$66.7 million or 8.6 percent increase in total operating revenues is almost solely due to the \$93.9 million growth budgeted in the Medical School Practice Plan. The budgeted patient volume growth is projected to provide a significant increase in professional fees (\$35.7 million or 20.3 percent), more than half of which is attributed to Orthopedics (\$15.0 million), Family Medicine (\$2.9 million), Internal Medicine (\$3.3 million), and Advanced Heart Failure (\$2.7 million). The Practice Plan expansion is also, in part, the result of considerable additional support from U. T. Health Science Center - Houston's hospital partners (increases of \$21.9 million, or 19.5 percent, projected from MHHS and \$10.9 million, or 18.8 percent, projected from Harris Health), and the DSRIP program funding which is budgeted at \$23.6 million in other operating revenues, but has the potential to generate approximately \$34 million should all milestones and outcomes be met.

The U. T. Health Science Center - Houston FY 2014 budget also includes an additional \$18.7 million (10.6 percent increase) in state appropriations, generated largely through increases in the formula funding base amount but also due to its increase in student enrollment in the School of Dentistry and School of Nursing. In addition, the University was fortunate to receive in the most recent legislative session, a \$6 million special item supporting behavioral science training and research.

Expenses

Much like revenue, U. T. Health Science Center - Houston's FY 2014 expense budget will increase in the aggregate \$83.7 million or 8.3 percent over the prior year, but with a significant realignment of resources. Externally sponsored contract and grant (restricted funds) expenses are budgeted to decline approximately \$24.2 million in FY 2014, while at the same time educational and general (state funds) and designated fund expenses, which includes the Medical School Practice Plan, will increase \$24.2 million and \$84.6 million, respectively. Although the budget changes in restricted and state fund expense effectively offset each other, the purpose of these budgeted expenses will shift from research to instruction (approximately \$10 million). The balance of the instruction and hospital and clinic operating expense budget increase can be attributed to the growth of the Medical School Practice Plan. The Practice Plan budget will, in the aggregate, increase \$87.2 million, with \$71.0 million of the increase related to personnel costs (salary and benefits) associated with the approximately 110 new faculty and staff physicians and 345 additional staff. Approximately 250 staff transitioned from UT Physicians, which employed these clinical staff previously. The FY 2014 budget also includes an additional \$16.2 million for the maintenance and operation costs of the new clinics/programs as well as the infrastructure necessary to improve patient experiences.

The University of Texas Health Science Center at Houston
Operating Budget
Fiscal Year Ending August 31, 2014

	FY 2013 Projected	FY 2013 Adjusted Budget	FY 2014 Operating Budget	Budget Increases (Decreases) From 2013 to 2014	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 38,212,345	35,278,812	39,537,392	4,258,580	12.1%
Federal Sponsored Programs	178,562,375	168,373,983	161,003,224	(7,370,759)	-4.4%
State Sponsored Programs	14,917,012	20,098,666	16,589,640	(3,509,026)	-17.5%
Local and Private Sponsored Programs	309,363,601	247,861,835	270,325,184	22,463,349	9.1%
Net Sales and Services of Educational Activities	23,890,963	20,997,550	19,046,412	(1,951,138)	-9.3%
Net Sales and Services of Hospital and Clinics	64,389,421	73,425,974	64,615,729	(8,810,245)	-12.0%
Net Professional Fees	200,532,065	176,199,702	211,912,331	35,712,629	20.3%
Net Auxiliary Enterprises	23,859,805	24,933,815	25,790,952	857,137	3.4%
Other Operating Revenues	18,381,384	6,889,449	31,972,934	25,083,485	364.1%
Total Operating Revenues	872,108,971	774,059,786	840,793,798	66,734,012	8.6%
Operating Expenses:					
Instruction	432,453,972	409,376,981	468,373,262	58,996,281	14.4%
Academic Support	39,230,390	44,203,476	45,631,588	1,428,112	3.2%
Research	177,639,359	191,855,205	181,073,143	(10,782,062)	-5.6%
Public Service	31,321,322	20,590,327	20,692,991	102,664	0.5%
Hospitals and Clinics	237,405,679	163,611,310	192,579,037	28,967,727	17.7%
Institutional Support	40,150,802	45,164,214	48,713,952	3,549,738	7.9%
Student Services	7,147,402	6,273,357	6,662,894	389,537	6.2%
Operations and Maintenance of Plant	32,869,748	34,887,140	35,305,987	418,847	1.2%
Scholarships and Fellowships	7,389,154	6,119,222	6,139,759	20,537	0.3%
Auxiliary Enterprises	14,546,322	15,296,744	16,348,260	1,051,516	6.9%
Depreciation and Amortization	56,692,261	53,568,481	53,800,000	231,519	0.4%
Total Operating Expenses	1,076,846,411	990,946,457	1,075,320,873	84,374,416	8.5%
Operating Surplus/Deficit	(204,737,440)	(216,886,671)	(234,527,075)	(17,640,404)	8.1%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	177,068,402	176,558,689	195,288,439	18,729,750	10.6%
Federal Sponsored Programs (Nonoperating)	796,301	462,932	478,496	15,564	3.4%
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	19,157,133	16,909,817	17,669,185	759,368	4.5%
Net Investment Income	30,664,337	27,329,258	29,543,103	2,213,845	8.1%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	227,686,173	221,260,696	242,979,223	21,718,527	9.8%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(11,957,407)	(12,046,775)	(11,415,499)	631,276	-5.2%
Total Transfers and Other	(11,957,407)	(12,046,775)	(11,415,499)	631,276	-5.2%
Budget Margin (Deficit)	10,991,326	(7,672,750)	(2,963,351)	4,709,399	-61.4%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	2,248,531	1,500,000	2,250,000	750,000	50.0%
Net Inc./(Dec.) in Fair Value of Investments	20,481,134	-	-	-	-
Interest Expense on Capital Asset Financings	-	(2,141,928)	-	2,141,928	-100.0%
Capital Approp., Gifts and Sponsored Programs	2,000,000	2,750,000	2,000,000	(750,000)	-27.3%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	5,638,126	2,000,000	5,000,000	3,000,000	150.0%
Transfers for Debt Service - Principal	(16,243,000)	(14,593,144)	(16,540,501)	(1,947,357)	13.3%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	(5,001,561)	6,446,897	29,026,052	22,579,155	350.2%
SRECNA Change in Net Assets	\$ 20,114,556	(11,710,925)	18,772,200	30,483,125	-260.3%
Total Revenues and AUF Transfers	\$ 1,099,795,144	995,320,482	1,083,773,021	88,452,539	8.9%
Total Expenses (Including Transfers for Interest)	(1,088,803,818)	(1,002,993,232)	(1,086,736,372)	(83,743,140)	8.3%
Budget Margin (Deficit)	\$ 10,991,326	(7,672,750)	(2,963,351)	4,709,399	
Reconciliation to Use of Prior Year Balances					
Depreciation		53,568,481	53,800,000		
Capital Outlay		(18,883,590)	(20,083,286)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(14,593,144)	(16,540,501)		
Budgeted Transfers		2,725,000	3,310,000		
Net Additions to (Uses of) Prior Year Balances		15,143,997	17,522,862		

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, 2014

Introduction – Major Goals Addressed by FY 2014 Budget

The FY 2014 Operating Budget for The University of Texas Health Science Center at San Antonio has been written with the overarching goal of aligning resources to support strategic planning efforts that are consistent with the Chancellor's, *A Framework for Advancing Excellence throughout The University of Texas System*. Recognizing strategic investments are critical to success, the institution has placed significant emphasis on 1) the quality of professional education through degree consolidations and curriculum delivery changes fostered by facility expansions with the construction of the Academic Learning and Teaching Center; 2) the excellence of faculty by aligning compensation with productivity and the implementation of a web-based performance appraisal system; 3) research collaborations with the University of Texas System and its institutions to include the commercialization of intellectual property discoveries; 4) productivity and efficiency with the creation of a task force charged with identifying cost savings, revenue enhancements, and opportunities for increased productivity and operational efficiencies to ensure the long-term financial health of the institution and to enhance decision-making; 5) philanthropic success with increased investment in dedicated resources; and, 6) clinical care expansion with the construction of the Dental School's new Center for Oral Healthcare and Research building and the prospects of a new stand-alone pediatric hospital that will lead to increased patient care revenues essential to sustaining and improving program and clinical care quality, attracting new patients, students, residents and faculty of the highest caliber, as well as participating in Healthcare Reform programs to improve access to care and to improve health outcomes.

The institution has prepared a budget for FY 2014 that recognizes a positive margin of \$1.4 million. It assumes reductions of \$15 million to sponsored programs caused by federal declines in research funding and sequestration efforts; continued cost containment efforts targeted at \$10 million using tactics such as reducing travel and entertainment expenses, implementing a flexible hiring freeze and limiting out of cycle salary increases for all faculty and staff, and aligning faculty compensation practices with productivity across all institutional missions; continued investments of \$5 million in strategic planning initiatives; a 2 percent merit salary increase for non-faculty staff at a cost of \$3.7 million; \$2.3 million in unfunded transition costs associated with pediatric operations; and \$10 million from participating in the Uncompensated Care (UC) Pool and Delivery System Reform Incentive Payment (DSRIP) Program associated with the Medicaid reimbursement waiver under Section 1115 of the *Social Security Act of 2011*.

The FY 2014 budget is not without vulnerabilities. Marginal formula funding growth from the 83rd legislative session will make it difficult to provide continued dental and nursing services, which could result in a loss of \$1.2 million in extramural support. The pediatric program's transition remains fluid and could result in a minimum loss of \$2.3 million. Revenue growth in clinical operations and achieving clinical revenue targets will be critically important in order to retain productive faculty and to continue to subsidize the institution's graduate medical educational and research missions, as well as to fund infrastructure needs. Alignment with revenue and incentive compensation as well as gaining access to data from its hospital partners will be imperative to achieving clinical budgets. DSRIP projects have been included in the budget at conservative amounts, but hinge on meeting milestones and timely reimbursement from the Centers for Medicare and Medicaid Services and the U.S. Department of Health and Human Services. Finally, with depreciation estimated at \$50 million, increased utility costs, coupled with reductions to Infrastructure formula funding allocations, the institution will be prohibited in directing adequate resources toward fully addressing needed upgrades to antiquated facilities and technology infrastructure.

Revenue

The revenue budget for FY 2014 reflects a \$12.9 million (1.7 percent) increase from the FY 2013 budget primarily due to the estimated receipt of \$10 million in UC and DSRIP payments under the 1115 waiver program. Clinical operations will see moderate growth in contract and patient revenues compared to FY 2013 (\$6 million), investment income will increase by \$1.8 million due to favorable economic conditions, and the institution secured \$9.9 million in incremental general revenue for the 2014-2015 biennium, of which \$5 million is earmarked for the South Texas medical school expansion at the Regional Academic Health Center and \$2 million is earmarked for the Barshop Institute for Longevity and Aging Studies. Offsetting these increases are anticipated declines of \$15 million in sponsored research activities due to funding reductions and sequestration efforts at the national level.

Expenses

The expense budget for FY 2014 reflects a \$1.4 million (0.2 percent) increase from the prior budget. Clinical and educational activities will experience increases of nearly \$20 million consistent with the revenue growth discussed above. Non-faculty salary expenses will increase by \$3.7 million due to the authorization of a 2 percent merit pool, and depreciation expense will increase by \$2.5 million due to facilities and capital investments. Offsetting these increases are aggressive cost containment efforts targeted at \$10 million and corresponding decreases of \$15 million associated with federally sponsored research activities discussed above.

The University of Texas Health Science Center at San Antonio
Operating Budget
Fiscal Year Ending August 31, 2014

	FY 2013 Projected	FY 2013 Adjusted Budget	FY 2014 Operating Budget	Budget Increases (Decreases) From 2013 to 2014	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 33,279,823	32,979,823	34,291,539	1,311,716	4.0%
Federal Sponsored Programs	119,410,725	136,572,920	117,099,616	(19,473,304)	-14.3%
State Sponsored Programs	5,937,931	3,886,418	4,710,507	824,089	21.2%
Local and Private Sponsored Programs	164,293,920	166,272,850	170,145,991	3,873,141	2.3%
Net Sales and Services of Educational Activities	22,047,051	28,500,000	26,000,000	(2,500,000)	-8.8%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	151,669,746	157,898,606	163,802,814	5,904,208	3.7%
Net Auxiliary Enterprises	5,248,456	5,250,000	5,300,000	50,000	1.0%
Other Operating Revenues	15,005,756	9,500,000	16,686,841	7,186,841	75.7%
Total Operating Revenues	516,893,408	540,860,617	538,037,308	(2,823,309)	-0.5%
Operating Expenses:					
Instruction	317,205,885	331,421,135	333,842,933	2,421,798	0.7%
Academic Support	30,065,785	34,414,510	35,398,794	984,284	2.9%
Research	129,880,367	151,283,942	127,131,232	(24,152,710)	-16.0%
Public Service	40,930,796	35,167,078	35,132,342	(34,736)	-0.1%
Hospitals and Clinics	80,888,739	58,579,199	75,809,422	17,230,223	29.4%
Institutional Support	41,877,050	38,041,475	40,311,773	2,270,298	6.0%
Student Services	2,297,554	4,660,431	4,654,352	(6,079)	-0.1%
Operations and Maintenance of Plant	31,136,586	40,395,278	41,722,688	1,327,410	3.3%
Scholarships and Fellowships	2,771,268	3,299,407	3,339,132	39,725	1.2%
Auxiliary Enterprises	5,913,907	7,561,112	7,033,297	(527,815)	-7.0%
Depreciation and Amortization	49,000,000	47,500,000	50,000,000	2,500,000	5.3%
Total Operating Expenses	731,967,937	752,323,567	754,375,965	2,052,398	0.3%
Operating Surplus/Deficit	(215,074,529)	(211,462,950)	(216,338,657)	(4,875,707)	2.3%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	164,246,176	160,246,176	174,224,422	13,978,246	8.7%
Federal Sponsored Programs (Nonoperating)	1,650,000	1,650,000	1,650,000	-	0.0%
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	18,729,924	17,500,000	17,500,000	-	0.0%
Net Investment Income	33,000,029	32,000,000	33,750,000	1,750,000	5.5%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	217,626,129	211,396,176	227,124,422	15,728,246	7.4%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(9,852,784)	(10,040,492)	(9,359,618)	680,874	-6.8%
Total Transfers and Other	(9,852,784)	(10,040,492)	(9,359,618)	680,874	-6.8%
Budget Margin (Deficit)	(7,301,184)	(10,107,266)	1,426,147	11,533,413	-114.1%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	5,000,000	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	2,500,000	5,000,000	5,000,000	-	0.0%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	5,000,000	5,000,000	5,000,000	-	0.0%
Transfers for Debt Service - Principal	(11,082,000)	(11,082,000)	(11,597,000)	(515,000)	4.6%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	15,000,000	11,000,000	13,000,000	2,000,000	18.2%
SRECNA Change in Net Assets	\$ 9,116,816	(189,266)	12,829,147	13,018,413	-6878.4%
Total Revenues and AUF Transfers	\$ 734,519,537	752,256,793	765,161,730	12,904,937	1.7%
Total Expenses (Including Transfers for Interest)	(741,820,721)	(762,364,059)	(763,735,583)	(1,371,524)	0.2%
Budget Margin (Deficit)	\$ (7,301,184)	(10,107,266)	1,426,147	11,533,413	
Reconciliation to Use of Prior Year Balances					
Depreciation		47,500,000	50,000,000		
Capital Outlay		(12,500,000)	(9,500,000)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(11,082,000)	(11,597,000)		
Budgeted Transfers		723,000	(14,562,429)		
Net Additions to (Uses of) Prior Year Balances		14,533,734	15,766,718		

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, 2014

Introduction – Major Goals Addressed by FY 2014 Budget

The mission of The University of Texas M. D. Anderson Cancer Center is to eliminate cancer in Texas, the nation, and the world through outstanding programs that integrate patient care, research and prevention, and through education for undergraduate and graduate students, trainees, professionals, employees and the public. U. T. M. D. Anderson strives to be the premier cancer center in the world, based on the excellence of its people, its research-driven patient care and its science. The institution's FY 2010 - 2015 Strategic Vision focuses on seven key goals for future advancement: Patient Care, Research, Education, Prevention, Our People, Collaboration, and Resources.

For FY 2014 U. T. M. D. Anderson's key institutional priorities include four critical highlights: Infrastructure, Patient Care and Education, Faculty Excellence and Budget & Resources. *Infrastructure:* A faculty led committee review of the institution's administrative and business functions will result in expected infrastructure cost savings and opportunities to enhance efficiencies. In addition, a critical examination of current information technology systems and strategy to enhance or bring in new platforms, such as an Electronic Health Record, will be key infrastructure project initiatives. *Patient Care and Education:* Improve patient access by matching local new patients with clinical protocols, extending hours of operations to weekends and expanding second opinion clinics. Key patient safety initiatives will include the introduction of *Just Culture* principles and a program to engage patients and families as partners. In regards to education, the institution will focus on improving both the quality of students and effectiveness of courses for the Graduate School of Biomedical Sciences Program. This key priority will also ensure the institution's regional and national strategy for clinical care clinical research will center around mission, margin and research. *Faculty Excellence:* Ongoing investments for the retainment and recruitment of world class investigators will be a high priority during FY 2014. Other planned programs in this focus involve reducing regulatory administrative burden on faculty and adding clarity to the management and practice of clinical effort. The institution will also continue its efforts to build a strategic plan for research and roll out a new institutional mentorship program. *Budget and Resources:* A key top priority during FY 2014 will be to regain operating margins primarily through cost containment and implementing cost saving initiatives. In regards to a philanthropic fund raising strategy, U. T. M. D. Anderson will need innovation and the ability to reach beyond the state of Texas (i.e., e-philanthropy; peer-to-peer fundraising). It is also clear that there will be a need for state-of-the-art national branding and cause marketing to achieve the mission of the institution.

Revenue

The FY 2014 budgeted revenue is projected to increase by 2.7 percent over the FY 2013 budget. Both Hospital and Clinics and professional net patient revenues account for about 80 percent of U. T. M. D. Anderson's total revenue. Due to expected decreases in reimbursement from government and non-government payers, and the uncertainty of other healthcare reform outcomes, continued focus on clinical productivity and operational efficiencies is essential. Federal Sponsored Programs and the associated indirect cost recovery is expected to decrease due to the possibility of federal budget shortfalls and pay line reductions. The significant decrease in State Sponsored Programs is primarily due to an aggressive FY 2013 Cancer Prevention Research Institute of Texas budget where a few large projects were expected to be awarded and funded. Within Local and Private Sponsored Programs, foundation and private industry programs are expected to increase due to the projected FY 2014 activity. The FY 2014 State Appropriations budget has increased by 13.7 percent due to the outcomes of the 83rd Legislative session.

Expenses

The FY 2014 budgeted expenses are projected to increase 4.4 percent over the FY 2013 budget. Hospital and Clinic expenses account for about 55 percent of U. T. M. D. Anderson's total operating expenses. A component of the institution's correction action plan calls for no incremental new FTE growth other than upstream providers and faculty offers already extended. This is the primary reason why Hospital and Clinics expenses are expected to increase by only 2.6 percent over the FY 2013 budget. It is important to note that personnel costs continue to account for about 60 percent of all U. T. M. D. Anderson expenses. The significant percent changes in Instruction, Academic Support and Institutional Support are primarily due to functional expense reclassifications and adjustments to medical staff allocations. Due to the expected increases in Local and Private Sponsored Programs and internally supported research programs, overall research expenditures will grow in FY 2014 by 4.8 percent. The following overall salary increases for merits, market and equity are planned for next year: Faculty 0.11 percent, Administrative 0.00 percent, and Classified 2.55 percent.

The University of Texas M. D. Anderson Cancer Center
Operating Budget
Fiscal Year Ending August 31, 2014

	FY 2013 Projected	FY 2013 Adjusted Budget	FY 2014 Operating Budget	Budget Increases (Decreases) From 2013 to 2014	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 1,559,357	1,525,763	1,797,402	271,639	17.8%
Federal Sponsored Programs	196,325,094	220,681,391	195,155,263	(25,526,128)	-11.6%
State Sponsored Programs	13,539,662	41,000,000	17,424,577	(23,575,423)	-57.5%
Local and Private Sponsored Programs	128,626,785	133,018,172	135,911,701	2,893,529	2.2%
Net Sales and Services of Educational Activities	2,634,274	2,100,000	3,161,129	1,061,129	50.5%
Net Sales and Services of Hospital and Clinics	2,734,855,695	2,760,513,257	2,828,102,368	67,589,111	2.4%
Net Professional Fees	377,253,635	387,760,378	396,865,466	9,105,088	2.3%
Net Auxiliary Enterprises	39,285,794	36,599,033	41,250,084	4,651,051	12.7%
Other Operating Revenues	55,897,431	62,000,000	58,971,789	(3,028,211)	-4.9%
Total Operating Revenues	3,549,977,727	3,645,197,994	3,678,639,779	33,441,785	0.9%
Operating Expenses:					
Instruction	67,042,316	64,366,231	69,925,135	5,558,904	8.6%
Academic Support	101,310,285	94,250,481	106,477,109	12,226,628	13.0%
Research	580,578,435	574,817,889	602,640,415	27,822,526	4.8%
Public Service	5,695,955	7,750,000	5,781,394	(1,968,606)	-25.4%
Hospitals and Clinics	1,985,909,063	1,974,802,631	2,025,191,102	50,388,471	2.6%
Institutional Support	289,120,204	273,590,161	299,239,411	25,649,250	9.4%
Student Services	-	-	-	-	-
Operations and Maintenance of Plant	195,587,343	205,937,257	219,887,745	13,950,488	6.8%
Scholarships and Fellowships	1,485,824	1,127,965	1,511,281	383,316	34.0%
Auxiliary Enterprises	24,539,479	21,417,733	25,643,755	4,226,022	19.7%
Depreciation and Amortization	280,857,924	279,460,939	297,526,558	18,065,619	6.5%
Total Operating Expenses	3,532,126,828	3,497,521,287	3,653,823,905	156,302,618	4.5%
Operating Surplus/Deficit	17,850,899	147,676,707	24,815,874	(122,860,833)	-83.2%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	154,336,305	163,325,477	185,781,543	22,456,066	13.7%
Federal Sponsored Programs (Nonoperating)	500,000	-	-	-	-
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	105,310,390	65,000,000	84,248,312	19,248,312	29.6%
Net Investment Income	82,463,581	68,250,000	101,437,297	33,187,297	48.6%
Other Non-Operating Revenue	241,657	-	-	-	-
Other Non-Operating (Expenses)	(195,696)	-	-	-	-
Net Non-Operating Revenue/(Expenses)	342,656,237	296,575,477	371,467,152	74,891,675	25.3%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(38,479,745)	(39,075,000)	(37,202,047)	1,872,953	-4.8%
Total Transfers and Other	(38,479,745)	(39,075,000)	(37,202,047)	1,872,953	-4.8%
Budget Margin (Deficit)	322,027,391	405,177,184	359,080,979	(46,096,205)	-11.4%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./((Dec.) in Fair Value of Investments	134,230,485	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	26,885,590	3,000,000	3,000,000	-	0.0%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	12,539,742	5,000,000	5,000,000	-	0.0%
Transfers for Debt Service - Principal	(42,925,000)	(42,925,000)	(43,797,953)	(872,953)	2.0%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	20,202,694	24,900,000	79,900,000	55,000,000	220.9%
SRECNA Change in Net Assets	\$ 472,960,902	395,152,184	403,183,026	8,030,842	2.0%
Total Revenues and AUF Transfers	\$ 3,892,829,660	3,941,773,471	4,050,106,931	108,333,460	2.7%
Total Expenses (Including Transfers for Interest)	(3,570,802,269)	(3,536,596,287)	(3,691,025,952)	(154,429,665)	4.4%
Budget Margin (Deficit)	\$ 322,027,391	405,177,184	359,080,979	(46,096,205)	
Reconciliation to Use of Prior Year Balances					
Depreciation		279,460,939	297,526,558		
Capital Outlay		(610,826,487)	(535,000,000)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(42,925,000)	(43,797,953)		
Budgeted Transfers		-	-		
Net Additions to (Uses of) Prior Year Balances		30,886,636	77,809,584		

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, 2014

Introduction - Major Goals Addressed by FY 2014 Budget

The FY 2014 Operating Budget for The University of Texas Health Science Center at Tyler supports the Chancellor's, *A Framework for Advancing Excellence throughout The University of Texas System* (Chancellor's Framework), directly and indirectly.

In terms of strategic information technology investments, U. T. Health Science Center - Tyler is replacing core network infrastructure, upgrading telephone systems, implementing a computerized physician order entry system, introducing a new integrated patient portal, implementing an enterprise resource planning solution, expanding the use of regional data centers, migrating to cloud-based solutions with Microsoft, and building data models and infrastructure for 1115 waiver reporting. These information technology investments are designed to increase quality, efficiency, effectiveness, productivity, and access of information resources by key stakeholders.

The U. T. Health Science Center - Tyler's Academic and Research organization plans expansion, improvement, and integration of research programs. The organization is recruiting a new Chair of Cellular and Molecular Biology who will oversee the Biotechnology Graduate Program, integrate and coordinate the research and educational activities of research faculty, and conduct targeted research. The organization seeks to recruit a Chair of Lung Infectious Disease, expand the vivarium, expand core research services, renovate and upgrade laboratories and other biomedical research facilities. These activities support future growth of research and academic programs by attracting and retaining the highest quality researchers, students and sponsored research initiatives.

The U. T. Health Science Center - Tyler expects growth in behavioral health, oncology, 1115 waiver related activities, primary care and other services, as programs initiated in FY 2013 and prior continue to develop.

Workforce excellence is a key focus at U. T. Health Science Center - Tyler as the organization seeks to recruit and retain world-class faculty, administrators and staff. These strategies and others serve the mission, vision and values of the University in its support of the Chancellor's Framework.

Revenue

Revenues in the U. T. Health Science Center - Tyler operating budget for FY 2014 show a significant increase of approximately 21.1 percent over the FY 2013 budget, however much of that increase is attributable to 1115 waiver related activities. Excluding 1115 waiver related activities, revenue growth over the FY 2013 budget would be approximately 8.0 percent, much of which is driven by increases in oncology, primary care and ancillary services. Oncology and primary care are up due to investments in infrastructure and human resources made in FY 2013, coupled with continued growth support in FY 2014.

Expenses

Expenses in the FY 2014 budget reflect a significant increase over the FY 2013 budget of about 18.3 percent, but with the same caveat as revenues. The 1115 waiver related activities account for much of the budgeted increase in expenses. Excluding 1115 waiver related activities, expense growth would be approximately 6.5 percent. The U. T. Health Science Center - Tyler continues to implement strategies designed to add quality and value to the organization by serving Northeast Texas and beyond through excellent patient care and community health, comprehensive education, and innovative research.

The University of Texas Health Science Center at Tyler
Operating Budget
Fiscal Year Ending August 31, 2014

	FY 2013 Projected	FY 2013 Adjusted Budget	FY 2014 Operating Budget	Budget Increases (Decreases) From 2013 to 2014	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 39,237	-	-	-	-
Federal Sponsored Programs	19,264,388	11,415,242	12,875,251	1,460,009	12.8%
State Sponsored Programs	1,417,369	1,390,581	1,506,886	116,305	8.4%
Local and Private Sponsored Programs	3,126,398	2,911,271	3,326,897	415,626	14.3%
Net Sales and Services of Educational Activities	1,239,386	2,552,213	1,353,537	(1,198,676)	-47.0%
Net Sales and Services of Hospital and Clinics	44,994,910	57,176,080	59,029,717	1,853,637	3.2%
Net Professional Fees	10,159,807	12,888,056	13,114,969	226,913	1.8%
Net Auxiliary Enterprises	184,674	119,632	184,675	65,043	54.4%
Other Operating Revenues	1,558,210	1,918,578	21,349,064	19,430,486	1012.8%
Total Operating Revenues	81,984,379	90,371,653	112,740,996	22,369,343	24.8%
Operating Expenses:					
Instruction	10,746,037	12,077,015	13,475,026	1,398,011	11.6%
Academic Support	930,362	1,022,373	999,169	(23,204)	-2.3%
Research	10,980,187	14,023,132	13,486,497	(536,635)	-3.8%
Public Service	-	-	-	-	-
Hospitals and Clinics	87,840,578	71,969,476	94,369,356	22,399,880	31.1%
Institutional Support	7,573,693	8,669,905	8,412,413	(257,492)	-3.0%
Student Services	-	-	-	-	-
Operations and Maintenance of Plant	14,000,271	14,436,236	14,826,348	390,112	2.7%
Scholarships and Fellowships	-	-	-	-	-
Auxiliary Enterprises	-	102,255	146,989	44,734	43.7%
Depreciation and Amortization	-	8,820,756	9,850,000	1,029,244	11.7%
Total Operating Expenses	132,071,128	131,121,148	155,565,798	24,444,650	18.6%
Operating Surplus/Deficit	(50,086,749)	(40,749,495)	(42,824,802)	(2,075,307)	5.1%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	37,245,512	38,411,388	43,711,740	5,300,352	13.8%
Federal Sponsored Programs (Nonoperating)	-	-	-	-	-
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	1,115,743	1,606,947	1,401,844	(205,103)	-12.8%
Net Investment Income	4,221,194	3,369,246	4,156,425	787,179	23.4%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	42,582,449	43,387,581	49,270,009	5,882,428	13.6%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(1,607,956)	(1,702,620)	(1,587,494)	115,126	-6.8%
Total Transfers and Other	(1,607,956)	(1,702,620)	(1,587,494)	115,126	-6.8%
Budget Margin (Deficit)	(9,112,256)	935,466	4,857,713	3,922,247	419.3%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	22,500	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	1,400,000	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	9,600	100,000	100,000	-	0.0%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	412,955	-	100,000	100,000	-
Transfers for Debt Service - Principal	(3,198,000)	(3,198,000)	(4,349,429)	(1,151,429)	36.0%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	15,110,020	1,700,000	2,225,000	525,000	30.9%
SRECNA Change in Net Assets	\$ 4,644,819	(462,534)	2,933,284	3,395,818	-734.2%
Total Revenues and AUF Transfers	\$ 124,566,828	133,759,234	162,011,005	28,251,771	21.1%
Total Expenses (Including Transfers for Interest)	(133,679,084)	(132,823,768)	(157,153,292)	(24,329,524)	18.3%
Budget Margin (Deficit)	\$ (9,112,256)	935,466	4,857,713	3,922,247	
Reconciliation to Use of Prior Year Balances					
Depreciation		8,820,756	9,850,000		
Capital Outlay		(3,100,000)	(3,100,000)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(3,198,000)	(4,349,429)		
Budgeted Transfers		-	-		
Net Additions to (Uses of) Prior Year Balances		3,458,222	7,258,284		

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

**The University of Texas System
Fiscal Year 2014
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	
Academic Institutions				
The University of Texas at Arlington	\$ 360,000	1,800,000	-	2,160,000
The University of Texas at Austin	2,604,700	1,106,136	-	3,710,836
The University of Texas at Dallas	1,000,000	1,000,000	-	2,000,000
The University of Texas at El Paso	1,750,000	360,000	-	2,110,000
The University of Texas of the Permian Basin	523,400	225,000	-	748,400
The University of Texas at San Antonio	-	2,000,000	-	2,000,000
The University of Texas at Tyler	275,000	537,000	-	812,000
Subtotal Academic Institutions	<u>6,513,100</u>	<u>7,028,136</u>	-	<u>13,541,236</u>
Health Institutions				
The University of Texas Southwestern Medical Center	-	1,830,000	-	1,830,000
The University of Texas Medical Branch at Galveston	1,200,000	675,000	-	1,875,000
The University of Texas Health Science Center at Houston	370,000	1,500,000	-	1,870,000
The University of Texas Health Science Center at San Antonio	800,000	1,000,000	-	1,800,000
The University of Texas M. D. Anderson Cancer Center	-	1,829,194	-	1,829,194
The University of Texas Health Science Center at Tyler	-	1,875,000	-	1,875,000
Subtotal Health Institutions	<u>2,370,000</u>	<u>8,709,194</u>	-	<u>11,079,194</u>
The University of Texas System Administration				
Academic Library Collection Enhancement Program	2,700,000	-	-	2,700,000
Faculty STARS Program - Academic Institutions	-	-	10,000,000	10,000,000
Faculty STARS Program - Health Institutions	-	-	10,000,000	10,000,000
Subtotal System Administration	<u>2,700,000</u>	-	<u>20,000,000</u>	<u>22,700,000</u>
Collaborative Projects				
UT San Antonio with UT Health Science Center San Antonio	2,679,570	-	-	2,679,570
Subtotal Collaborative Projects	<u>2,679,570</u>	-	-	<u>2,679,570</u>
Grand Total	\$ <u>14,262,670</u>	<u>15,737,330</u>	<u>20,000,000</u>	<u>50,000,000</u>

The University of Texas System
Fiscal Year 2014
**RESERVE ALLOCATIONS FOR LIBRARY, EQUIPMENT, REPAIR & REHABILITATION
AND FACULTY SCIENCE AND TECHNOLOGY ACQUISITION AND RETENTION (STARs)**

INSTITUTION/NAME OF PROJECT	LIBRARY AND EQUIPMENT		REPAIR AND REHABILITATION		FACULTY STARS
	TOTAL PROJECT COST	PUF ALLOCATED	TOTAL PROJECT COST	PUF ALLOCATED	PUF ALLOCATED
ACADEMIC INSTITUTIONS					
The University of Texas at Arlington					
Shimadzu Center for Environmental, Forensic and Material Analysis			400,000	400,000	
GeoScience Renovation for Geochemistry Facility			700,000	700,000	
Classroom Computer Upgrades for Engaged Teaching and Learning	160,000	160,000			
Video Surveillance Camera Expansion	200,000	200,000			
Fine Arts Roof Replacement			400,000	400,000	
ADA Corrections to Restrooms, Handrails, Sidewalks, Building Entrances			150,000	150,000	
Building Utility Meter Additions			150,000	150,000	
TOTAL	\$ 360,000	360,000	1,800,000	1,800,000	-
The University of Texas at Austin					
Information Quest - Data Warehousing/Business Intelligence Project	293,500	293,500			
Technology/Equipment Upgrades for Dolph Briscoe Center for American History	184,200	184,200			
Ransom Center - Julia Alvarez Archive Project	512,800	400,000			
UT Austin Libraries Digital Infrastructure	500,000	500,000			
Campus Academic Building Classroom Door Locks			4,036,000	36,000	
Welch Hall Fire Alarm Upgrade	3,027,000	27,000			
Campus Emergency Communication	1,200,000	1,200,000			
Emergency Lighting			500,000	500,000	
Will C. Hogg Building - Fire Sprinklers			800,000	570,136	
TOTAL	\$ 5,717,500	2,604,700	5,336,000	1,106,136	-
The University of Texas at Dallas					
Academic Affairs Science and Engineering Equipment for Laboratories	1,000,000	1,000,000			
Energy Management System Upgrade Phase II			300,000	300,000	
Building Vertical Envelope Waterproofing			400,000	400,000	
Utility Tunnel Upgrades			300,000	300,000	
TOTAL	\$ 1,000,000	1,000,000	1,000,000	1,000,000	-
The University of Texas at El Paso					
Research and Technology Infrastructure for New Faculty	1,000,000	1,000,000			
Campus Wireless Network Infrastructure Upgrade/Growth	250,000	250,000			
Animal Husbandry Equip Purchase for the Biology Bldg. Laboratory Animal Vivarium Renovation Prj.	500,000	500,000			
Fox Fine Arts Recital Hall Refurbishment			360,000	360,000	
TOTAL	\$ 1,750,000	1,750,000	360,000	360,000	-
The University of Texas of the Permian Basin					
Petroleum and Mechanical Engineering Laboratory Equipment	163,400	163,400			
Website Migration	150,000	75,000			
Library Collection	225,000	225,000			
Relocation of Campus Police Department			225,000	225,000	
Undergraduate Chemistry Laboratory Equipment Upgrade	60,000	60,000			
TOTAL	\$ 598,400	523,400	225,000	225,000	-
The University of Texas at San Antonio					
McKinney Humanities Building Capital Renewal/Safety and ADA Improvements			3,338,000	2,000,000	
TOTAL	\$ -	-	3,338,000	2,000,000	-
The University of Texas at Tyler					
ADA Upgrades			300,000	300,000	
Voice over IP Completion Phase	275,000	275,000			
Roofing Replacements and Repairs			237,000	237,000	
TOTAL	\$ 275,000	275,000	537,000	537,000	-
SUBTOTAL - ACADEMIC INSTITUTIONS		\$ 6,513,100		7,028,136	-

The University of Texas System
Fiscal Year 2014
RESERVE ALLOCATIONS FOR LIBRARY, EQUIPMENT, REPAIR & REHABILITATION
AND FACULTY SCIENCE AND TECHNOLOGY ACQUISITION AND RETENTION (STARs)

INSTITUTION/NAME OF PROJECT	LIBRARY AND EQUIPMENT		REPAIR AND REHABILITATION		FACULTY STARs
	TOTAL PROJECT COST	PUF ALLOCATED	TOTAL PROJECT COST	PUF ALLOCATED	PUF ALLOCATED
HEALTH INSTITUTIONS					
The University of Texas Southwestern Medical Center					
Expansion of Simulation Training and Education Spaces			3,567,000	1,830,000	
TOTAL	\$ -	-	<u>3,567,000</u>	<u>1,830,000</u>	-
The University of Texas Medical Branch at Galveston					
Information and Education Resources Enhancement	1,950,000	1,200,000			
Administration Building Exterior ADA Improvements			750,000	500,000	
Compliance with Lighting Standards in Levin Hall			900,000	175,000	
TOTAL	<u>\$ 1,950,000</u>	<u>1,200,000</u>	<u>1,650,000</u>	<u>675,000</u>	-
The University of Texas Health Science Center at Houston					
Emergency System/Assembly Deficiency Removal/Replacement			700,000	700,000	
Upgrade Campus Shared Server Infrastructure	450,000	250,000			
Elevator Renovations			800,000	500,000	
Campus Solutions - Student and Faculty Mobile Apps			300,000	300,000	
Secure Document Collaboration Tool	200,000	120,000			
TOTAL	<u>\$ 650,000</u>	<u>370,000</u>	<u>1,800,000</u>	<u>1,500,000</u>	-
The University of Texas Health Science Center at San Antonio					
Fire and Life Safety Initiative			1,000,000	1,000,000	
Information Technology Infrastructure - Refresh and Overbuild	750,000	700,000			
Library Collection	600,000	100,000			
TOTAL	<u>\$ 1,350,000</u>	<u>800,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	-
The University of Texas M. D. Anderson Cancer Center					
Smithville Campus Wildfire Risk Mitigation			2,700,000	1,000,000	
Smithville Water, Waste and Fire Underground Piping Replacement			2,200,000	829,194	
TOTAL	\$ -	-	<u>4,900,000</u>	<u>1,829,194</u>	-
The University of Texas Health Science Center at Tyler					
Campus Faculty/Staff Organization			1,875,000	1,875,000	
TOTAL	\$ -	-	<u>1,875,000</u>	<u>1,875,000</u>	-
		\$ 2,370,000		8,709,194	-
SUBTOTAL - HEALTH INSTITUTIONS					
SYSTEM ADMINISTRATION					
The University of Texas System Administration					
Academic Library Collection Enhancement Program	2,700,000	2,700,000			10,000,000
Faculty STARs Program - Academic Institutions					10,000,000
Faculty STARs Program - Health Institutions					20,000,000
TOTAL	<u>\$ 2,700,000</u>	<u>2,700,000</u>	-	-	<u>20,000,000</u>
SUBTOTAL - U. T. SYSTEM ADMINISTRATION					
		\$ 2,700,000		-	20,000,000
COLLABORATIVE PROJECT					
UT San Antonio with UT Health Science Center at San Antonio					
Enhancements of Infrastructure for Research in Medical/Env Genomics and Computational Biology	2,679,570	2,679,570			
TOTAL	<u>\$ 2,679,570</u>	<u>2,679,570</u>	-	-	-
SUBTOTAL - COLLABORATIVE PROJECT					
		\$ 2,679,570		-	-
TOTAL - U. T. SYSTEM					
		\$ 14,262,670		15,737,330	20,000,000

**The University of Texas System
Fiscal Year 2014
RESERVE ALLOCATIONS FOR
FACULTY SCIENCE AND TECHNOLOGY ACQUISITION AND RETENTION (STARs) PROGRAM**

University of Texas System Administration

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

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

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

STARs Allocation History

Academic Institutions

2005 Faculty STARs	\$	32,450,000
2006 Faculty STARs	\$	15,000,000
2007 Faculty STARs	\$	20,000,000
2008 Faculty STARs	\$	10,000,000
2009 Faculty STARs	\$	10,000,000
2010 Faculty STARs	\$	15,000,000
2011 Faculty STARs	\$	10,000,000
2012 Faculty STARs	\$	10,000,000
2013 Faculty STARs	\$	10,000,000
2014 Proposed Faculty STARs	\$	10,000,000

Health Institutions

2005 Faculty STARs	\$	26,550,000
2009 Faculty STARs	\$	10,000,000
2010 Faculty STARs	\$	15,000,000
2011 Faculty STARs	\$	10,000,000
2011 Faculty STARs (2 years only)	\$	15,000,000
2012 Faculty STARs	\$	10,000,000
2013 Faculty STARs	\$	10,000,000
2014 Proposed Faculty STARs	\$	10,000,000

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

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

THE UNIVERSITY OF TEXAS SYSTEM
BUDGET RULES AND PROCEDURES

For Fiscal Year Ending August 31, 2014

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. Transfers from unappropriated Educational and General Fund Balance.
 - b. New appointments of tenured faculty (*Regents' Rule 31007*).
 - c. Award of tenure to any faculty member (*Regents' Rule 31007*).
 - d. 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.
 - e. Appointments, promotions, and salary increases involving the president (*Regents' Rules 20201, 20202, 20203*).

- f. New contracts or contract changes involving athletic directors or head coaches whose total annual compensation equals or exceeds the amount specified by Regents' *Rule* 10501 Section 2.1.12.
 - g. Compensation changes for employees whose total annual compensation is \$1,000,000 or above (Regents' *Rule* 20204).
 - h. Compensation changes for Key Executives as defined by Regents' *Rule* 20203.
 - i. Increases in budgeted amounts of \$500,000 or more from income for Educational and General, Auxiliary Enterprises, Designated Funds, Service Departments, Revolving Funds, and Plant Funds.
 - j. Increases to Plant Funds of \$500,000 or more, which result from transfers from Educational and General Funds, Auxiliary Enterprises, Designated Funds, Service Departments, and Revolving Funds.
2. Items requiring approval of U. T. System Administration (no Consent Agenda approval required)
- a. Reappropriation of prior year Educational and General Fund balances of \$100,000 or more.
 - b. Increases in budgeted amounts of \$100,000-\$499,999 from income for Educational and General, Auxiliary Enterprises, Designated Funds, Service Departments, Revolving Funds, and Plant Funds.
 - c. Increases to Plant Funds of \$100,000-\$499,999 which result from transfers from Educational and General Funds, Auxiliary Enterprises, Designated Funds, Service Departments, and Revolving Funds.
 - d. Compensation changes for employees whose total annual compensation is \$500,000 or more but less than \$1,000,000 (Regents' *Rule* 20204).
 - e. Salary increases involving tenured faculty of \$10,000 or more at academic institutions and \$25,000 or more at health-related institutions. This includes one-time merit payments.
 - f. Appointments and promotions involving administrative and professional personnel reporting directly to the president, a vice president, or the equivalent.
 - g. Salary increases of \$10,000 or more involving administrative and professional personnel reporting directly to the president, a vice president, or the equivalent. This includes one-time merit payments.
 - h. All appointments and salary increases of \$10,000 or more involving employees serving under written employment contracts. This includes one-time merit payments.

3. Items requiring approval of the president only

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

4. Effective date of appointments and salary increases

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

C. OTHER CONSIDERATIONS

1. All appropriations not actually expended or encumbered by August 31 will automatically lapse to the Unappropriated Balance Account except for those reallocated pursuant to Item B.2a and Item B.3e.
2. Compensation indicated as "MSRDP Funds," "DSRDP Funds," "PRS Funds", "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 Medical Service Research and Development Plan, Dental Service Research and Development Plan, Physicians Referral Service 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.

THE UNIVERSITY OF TEXAS SYSTEM

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

For Fiscal Year Ending August 31, 2014

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

THE UNIVERSITY OF TEXAS SYSTEM

**ACADEMIC WORKLOAD
REQUIREMENTS FOR ACADEMIC INSTITUTIONS**

For Fiscal Year Ending August 31, 2014

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

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

For Fiscal Year Ending August 31, 2014

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 that are not on the approved list.
 - b. Funding for new Repair and Rehabilitation projects that are not on the approved list.
2. Items requiring approval of U. T. System Administration (no Consent Agenda approval required)
 - a. Transfers of appropriated funds between approved Library and Equipment items.
 - b. Transfers of appropriated funds between Repair and Rehabilitation items.
 - c. Transfers of funds for approved Library and Equipment purchases to fund approved Repair and Rehabilitation projects and vice versa.
 - d. All transfers of funds are subject to the requirements of the *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, 2014

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. ELIGIBILITY FOR PROGRAM FUNDS

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

C. GENERAL GUIDELINES FOR USE OF PROGRAM FUNDS

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

Repair and Rehabilitation of Buildings or Other Permanent Improvements

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

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

Acquisition of Capital Equipment

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

Warranties and Similar Service Features

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

Software

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

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

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

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

Employee Training and Travel Costs

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

Acquisition of Library Books and Library Materials

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

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

Prohibition for Student Housing, Athletics, and Auxiliary Enterprises

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.

D. SPECIAL PROGRAM FUNDING

Faculty STARs Program

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

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

- 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.