The University of Texas at Austin
Budget for Fiscal Year 2014-15
and 2016-2017 Legislative Process

Mary E. Knight
Interim Vice President and CFO
Associate Vice President for Finance
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STAFF COUNCIL MEETING
June 18, 2015
Agenda

I. UT Austin Budget for FY 14-15
II. UT Austin Budget Preparation FY 15-16
III. Legislative Appropriations Request
IV. Legislative Hearings
V. Fiscal Notes on Bills
VI. Analysis of Appropriations/Funding
VII. Input for Budget Policy Decisions
Budget Summary
FY 14-15
2014-2015 Budget Summary
(Operating Budget)
$ Millions

Total Budget
$2,658

- Academic Core $1,349
- Academic Enhancement $892
- Self Supporting $417
2014-2015 Total University Sources
(Operating Budget)
$2,658 Million

- Tuition: $596M, 22%
- State General Revenue: $317M, 12%
- AUF Recurring: $206M, 8%
- AUF Payout Increase: $32M, 1%
- AUF Medical School: $25M, 1%
- Indirect Cost: $84M, 3%
- Other Academic Core: $89M, 3%
- Academic Enhancement: $892M, 34%
- Self Supporting: $417M, 16%
2014-2015 Total University Uses
(Operating Budget)
$2,658 Million

- Salaries & Benefits: $1,348M, 51%
- Maintenance & Operation: $536M, 20%
- Scholarships: $307M, 12%
- Utilities: $77M, 3%
- Transfer for Debt Service: $92M, 3%
- Transfer to Capital: $32M, 1%
- Other: $266M, 10%
2014-2015 Academic Core Sources
(Operating Budget)

$ Millions

Academic Core $1,349

State General Revenue $317
AUF* $206 R $32 NR $25 NR
Tuition $596
Indirect Cost $84
Other** $89

*AUF includes annual payout (varies annually), $32M for FY 14-15 as a result of an increase in the payout rate that may not recur to FY 15-16, and the $25M allocation for the Medical School for FY 14-15

**Other includes Budgeted Balances, Intellectual Property Income, and Administrative Fee, etc.
The Permanent University Fund (PUF)

PUF Lands → PUF Cash Investments

Available University Fund (AUF)

2/3 UT System → 1/3 A&M System

System Costs

PUF Bonds

UT Austin receives about 30% of the total AUF income from the PUF

UT Austin

FY 14/15 $206M (recurring)
Flat Rate Tuition

• Set by the Board of Regents, rates vary by college/school

• TPAC (Tuition Policy Advisory Committee) makes tuition recommendations to the President

• For undergraduate students, covers all academic program costs for 12 or more hours

• For graduate students, covers all academic program costs for a specific number of hours.
Longhorn Fixed Tuition (New Fall 2014)

• Longhorn Fixed Tuition is an optional tuition program only available to undergraduate students enrolling at The University of Texas at Austin for the first time. (option required by HB 29)

• For four consecutive academic years students will pay a fixed tuition rate each semester.

• Fixed tuition rates are based on the projected average of flat rate tuition over the next four years.

• As with traditional flat rate tuition, the fixed tuition amount will vary depending on the school the student is enrolled in as well as the number of hours the student is enrolled.

• Students who enroll in Longhorn Fixed Tuition and graduate in four years will be eligible for a total of $3,500 in rebates.
2014-2015 Academic Core Uses (Operating Budget)

$1,349 Million

- Salaries & Benefits: $805M, 60%
- Maintenance & Operation: $128M, 9%
- Scholarships: $101M, 7%
- Utilities: $62M, 5%
- Transfer for Debt Service: $53M, 4%
- Transfer to Capital: $22M, 2%
- Other: $178M, 13%
2014-2015 Academic Core Salaries & Benefits (Operating Budget)

$805 Million

Staff: $276M, 34%
Faculty: $273M, 34%
Fringe Benefits: $209M, 26%
Teaching Assistants: $30M, 4%
Wages: $17M, 2%
2014-2015 Academic Enhancement Budget
(Operating Budget)
$ Millions

Academic Enhancement $892

Contracts & Grants* $562
Gifts $221
Other $109

Other includes budgeted balances, Library Resource Sharing Project, and income collected for specific academic purposes (Executive MBA, Field Trips, Orientation, Application, & Library fees, etc.)

*Indirect Cost of $84M is included in the Academic Core
2014-2015 Self Supporting Budget
(Operating Budget)
$ Millions

Self Supporting $417

Auxiliary Enterprises $304

Other $113

Auxiliary Enterprises include:

Intercollegiate Athletics: $146M
Housing & Food: $84M
AT&T Exec. Ed & Conference Ctr. $26M
Erwin Center: $23M
Parking & Transportation: $18M

Other include:
Continuing Education, Performing Arts Center, UIL, KUT, McDonald Observatory, Option III programs, Dana Center.
Academic Core Budget
FY 14-15
2014-2015 Budget
Academic Core Budget
$Millions

REVENUE INCREASES

GENERAL REVENUE INCREASES/REDUCTIONS:

<table>
<thead>
<tr>
<th>Description</th>
<th>Incr/(Decr) from 2013-14 to 2014-15</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Revenue Appropriations (incl Article IX)</td>
<td>(1.0)</td>
</tr>
<tr>
<td>General Revenue - Staff Group Insurance (HEGI)</td>
<td>1.9</td>
</tr>
<tr>
<td>General Revenue - State Paid Fringe Benefits</td>
<td>0.5</td>
</tr>
</tbody>
</table>

TOTAL GENERAL REVENUE INCREASES: 1.4

OTHER REVENUE SOURCES:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>E&amp;G/Designated Tuition from Flat Rate (incl SAC) from Increased Tuition Rates</td>
<td>1.7</td>
</tr>
<tr>
<td>E&amp;G/Designated Tuition from Flat Rate (incl SAC) from Budgeting Higher Enrollment</td>
<td>0.1</td>
</tr>
<tr>
<td>Available University Fund (AUF) (incl non-recurring and Medical School)</td>
<td>45.2</td>
</tr>
<tr>
<td>Interest</td>
<td>6.9</td>
</tr>
<tr>
<td>Administrative Fee Income</td>
<td>0.5</td>
</tr>
<tr>
<td>Indirect Cost</td>
<td>10.2</td>
</tr>
<tr>
<td>Other Income</td>
<td>2.2</td>
</tr>
<tr>
<td>Balances</td>
<td>3.1</td>
</tr>
</tbody>
</table>

TOTAL OTHER REVENUE INCREASE: 69.9

NET REVENUE INCREASE: 71.3

Net Available Funds to Allocate: 71.3
## 2014-2015 Budget

### Academic Core Budget

<table>
<thead>
<tr>
<th>$ Millions</th>
<th>Incr/(Decr) from 2013-14 to 2014-15</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Required Budget Increases</strong></td>
<td></td>
</tr>
<tr>
<td>Medical School</td>
<td>8.0</td>
</tr>
<tr>
<td>Baseline Fringe Benefit Increases</td>
<td>16.2</td>
</tr>
<tr>
<td>Additional Financial Aid (TX Tomorrow, TPEG, B-on-Time, TA/Al)</td>
<td>0.5</td>
</tr>
<tr>
<td>New Space Maintenance and Utilities¹</td>
<td>(4.1)</td>
</tr>
<tr>
<td><strong>Subtotal Required Budget Increases</strong></td>
<td>20.6</td>
</tr>
<tr>
<td><strong>Net Available Funds to Allocate</strong></td>
<td>50.7</td>
</tr>
<tr>
<td><strong>Priority Increases</strong></td>
<td></td>
</tr>
<tr>
<td>Student Success Initiatives</td>
<td>3.7</td>
</tr>
<tr>
<td>Academic Program Initiatives</td>
<td>30.0</td>
</tr>
<tr>
<td>Faculty Promotions and Distinguished Teachers</td>
<td>0.8</td>
</tr>
<tr>
<td>Programmatic Support:</td>
<td></td>
</tr>
<tr>
<td>Natural Sciences Faculty Support</td>
<td>2.0</td>
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<tr>
<td>Thematic Hires</td>
<td>0.3</td>
</tr>
<tr>
<td>Institute for Urban Policy and Research</td>
<td>0.1</td>
</tr>
<tr>
<td>Center for Mexican American Studies</td>
<td>0.4</td>
</tr>
<tr>
<td>Additional AUF Pending Prioritization</td>
<td>13.4</td>
</tr>
<tr>
<td><strong>Subtotal Priority Increases</strong></td>
<td>50.7</td>
</tr>
<tr>
<td><strong>NET BUDGET (SHORTFALL)/SURPLUS</strong></td>
<td>0.0</td>
</tr>
</tbody>
</table>

¹Decrease in transfers to capital/debt.
Budget Status FY 15-16
Pending Decisions for FY 15-16

- Strategic and Priority Academic Uses
- Fringe Benefit Increases (7% to 8%)
- Salary Policy Decisions by Deans and Vice Presidents (Each 1% increase costs $7M)
Legislative Process
2016-2017
January 2015 through June 2015
Legislative Appropriations Request (LAR)

- Prepared in the summer prior to each legislative session
- Includes STATE funding only
- Includes financial details on prior years
- Includes NEW requests for funding – Exceptional Items
Legislative Hearings

• Legislative Budget Board – to review LAR

• Senate Finance Committee

• House Appropriations Committee-Subcommittee on Higher Education

• Other Hearings, as requested
Fiscal Notes on Bills

• Analyze the financial impact of a specific bill

• How much will it cost UT Austin if the bill passes?

• Will it require additional staff or other resources to implement?

• Will it increase revenue?
Analysis of Appropriations/Funding

• Analyze the financial impact of the Appropriations bills as they are introduced

• Adjust forecasts and budget summaries, as needed
$92M (16.5%) 2012-2013 Reduction over Biennium

<table>
<thead>
<tr>
<th>COMPARES 2010-2011 Appropriations to 2012-2013 Appropriations</th>
<th>Total Approp 2010-2011</th>
<th>Total Approp 2012-2013</th>
<th>Variance</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross General Revenue Fund No. 001 (includes Texas Competitive Knowledge Fund in each year)</td>
<td>571.67 $1,2</td>
<td>492.55 $3</td>
<td>$(79.12)</td>
<td>$ (13.8%)</td>
</tr>
<tr>
<td><strong>Special Provisions and Supplemental Funding</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Special Provision - American Recovery and Investment Act (ARRA - Law School Clinical Program)</td>
<td>0.42</td>
<td>0.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supplemental 2010-2011 Bill - 2008-2009 Hold Harmless (non-recurring)</td>
<td>9.20</td>
<td>0.00</td>
<td></td>
<td></td>
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<tr>
<td>Supplemental 2010-2011 Bill - Marine Science Inst (non-recurring)</td>
<td>0.70</td>
<td>0.00</td>
<td></td>
<td></td>
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<tr>
<td>THECB - Incentive Funds (estimate)</td>
<td>4.50</td>
<td>0.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal Spec Prov and Supplemental Funds</strong></td>
<td>14.82</td>
<td>0.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal General Revenue, including 10-11 Supplemental and Incentive Funds</strong></td>
<td>586.49</td>
<td>492.55</td>
<td>$(93.94)</td>
<td>$ (16.0%)</td>
</tr>
<tr>
<td><strong>Less</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tuition Revenue Bonds</td>
<td>-29.60</td>
<td>-27.75</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal General Revenue, including 10-11 Supplemental and Incentive Funds and excluding Tuition Revenue Bonds</strong></td>
<td>556.89</td>
<td>464.80</td>
<td>$(92.09)</td>
<td>$ (16.5%)</td>
</tr>
</tbody>
</table>

1 Includes $55.1M ($27.5M each year) of Texas Competitive Knowledge Fund, includes $11M in Hold Harmless for 2010-2011 ($5.5M in each year)
2 Includes $9.9M in ARRA funding for FY 09-10
3 Includes $36.78M ($18.39M each year) of Texas Competitive Knowledge Fund
$25.5M (5.5%) 2014-2015 Increase over Biennium (Not Including Increases to Special Items)

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<tr>
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</thead>
<tbody>
<tr>
<td>Gross General Revenue Fund No. 001 (includes TCKF in each year, excludes HEGI)</td>
<td>492.5</td>
<td>524.5</td>
<td>$ 32.0</td>
<td>6.5%</td>
</tr>
<tr>
<td>Subtotal General Revenue</td>
<td>492.5</td>
<td>524.5</td>
<td>$ 32.0</td>
<td>6.5%</td>
</tr>
<tr>
<td>Less TRB</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tuition Revenue Bonds (TRB)</td>
<td>27.8</td>
<td>27.8</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td></td>
<td>464.7</td>
<td>496.7</td>
<td>$ 32.0</td>
<td>6.9%</td>
</tr>
<tr>
<td>Less Dedicated Special Item Increases in 2014-2015</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BEG and BEG Project STARR</td>
<td>0.90</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marine Science Institute - Port Aransas Incr</td>
<td>0.60</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Identity Theft and Security</td>
<td>5.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Voces Oral History Project</td>
<td>0.04</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Dedicated Special Items</td>
<td></td>
<td></td>
<td>6.54</td>
<td>6.54</td>
</tr>
<tr>
<td>Subtotal General Revenue, excluding Dedicated Special Items</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tuition Revenue Bonds and Dedicated Increases to Special Items</td>
<td>464.7</td>
<td>490.16</td>
<td>$ 25.5</td>
<td>5.5%</td>
</tr>
</tbody>
</table>

NOTES:

1. Texas Competitive Knowledge Fund (TCKF) increased by $16.6M over biennium, from $18.4M in each year to $26.7M in each year.

2. Higher Education Group Insurance (HEGi) is a separate appropriation and not included in the above GR amount. HEGi increased by $6.8M over the biennium, from $23.4M in 2012 and $24.6M in 2013 to $26.4M in 2014 and $28.4M in 2015.
$24.9M (5.0%) 2016-2017 Increase over Biennium
(Not Including Increases to Special Items)
*Preliminary*

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>General Revenue</td>
<td>525.5</td>
<td>563.4</td>
<td>37.9</td>
<td>7.22%</td>
</tr>
<tr>
<td>Total General Revenue</td>
<td>525.5</td>
<td>563.4</td>
<td>37.9</td>
<td>7.22%</td>
</tr>
<tr>
<td>Less TRB</td>
<td>27.8</td>
<td>27.8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less DKR Alzheimer's Fund</td>
<td></td>
<td>9.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total General Revenue less TRB and DKR Fund</td>
<td>497.7</td>
<td>526.4</td>
<td>28.7</td>
<td>5.77%</td>
</tr>
<tr>
<td>Special Items Increases</td>
<td>36.7</td>
<td>40.6</td>
<td>3.9</td>
<td></td>
</tr>
<tr>
<td>Special Items Increases</td>
<td>36.7</td>
<td>40.6</td>
<td>3.9</td>
<td></td>
</tr>
<tr>
<td>GR Less Special Items</td>
<td>461.0</td>
<td>485.8</td>
<td>24.8</td>
<td>5.38%</td>
</tr>
</tbody>
</table>
What is UT Austin Budget Office Doing During the Legislative Process?

• Preparing Budget Forecasts
• Developing Budget Instructions
• Formulating Salary Policies
• Determining Budget Reallocations
• Working with Deans and Vice Presidents
• Tuition Policy – Set in Fall for Two Years
Input for Budget Policies and Priorities

- Deans’ Council
- VP Council
- President’s Policy and Planning Advisory Council
- Faculty Advisory Committee on Budgets
- Staff Council
- Tuition Policy Advisory Committee and Student Services Budget Committee
- President’s Student Advisory Council
- College Tuition and Budget Advisory Councils (CTBAC)
External Influences for Budget Policies and Priorities

• Board of Regents
• Donors and Alumni
• Legislature
• Parents
• General Public
• Media
Legislative Bills

• SB 11 – Campus Carry

• SB 20 – Contracting and Purchasing
QUESTIONS?