New Academic Leader Orientation

August 15, 2019
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• Higher Education Funding in Texas
• Texas A&M University Budgeting
STATE OF TEXAS BUDGETING
State of Texas Budgeting

Public Higher Education Funding in Texas

Texas A&M University Budget
Texas A&M University Health Science Center Budget

- 28.7M People
- 1.4M Students
- 64.6K Students
- 2.9K Students
Where does Texas’ Money Come From?

In order of contribution....

• State Tax Collections *(nearly 2/3 of all Revenue)*
• Federal Funds
• Fees, Fines, Licenses
• Interest and Investment Income
• Lottery
• State Land Income
• Other
Texas 2020-2021 General Revenue Appropriations

Total $118.9 Billion
HIGHER EDUCATION FUNDING IN TEXAS
Funding Higher Education in Texas

- **Formula Funding**—used to *distribute* funding among public state institutions.

  - **General Academic Institutions (GAI)**
    - Instruction and Operations
    - Infrastructure
    - Texas Research University Fund (TRUF)

- **Non-Formula**:
  - Non-formula Items
  - Available University Fund (AUF)
  - Group Insurance
  - Tuition Revenue Bonds
  - Tobacco Settlement Funds (HRI)

*Total $15.85 billion*
Formula Funding in Higher Education - GAI

**Instructions and Operations Formula**

- Based on student enrollments on the 12th class day
- Expenditure study used to adjust funding on a cost-weight basis
- Teaching Supplement incentivizes the use of tenured faculty instructors in undergraduate courses with a 10 percent bonus to weighted semester credit hours

**Infrastructure Formula**

- Provides per square foot support for maintenance and operations
- Provides support for utilities
- Uses Coordinating Board Space Projection Model
- Small Institution Supplement distributes additional resources for the reduced economies of scale associated with operating small institutions
Formula Funding in Higher Education - HRI

**Instructions and Operations Formula**
- Based on student enrollments on the 12th class day
- Based on Full Time Student Equivalents (FTSE)
- Small Class Supplement – additional funding on a sliding scale for programs < 200 FTSE on remote campuses

**Infrastructure Formula**
- Provides per square foot support for maintenance and operations
- Provides support for utilities
- Uses Coordinating Board Space Projection Model – HRI specific
- Small Institution Supplement distributes additional resources for the reduced economies of scale associated with operating small institutions
**Graduate Medical Education Formula**

- Supports medical residency programs affiliated with HRI’s
- ~$6,000 per medical resident

**Mission Specific Formulas**

- Supports MD Anderson and UT Tyler hospitals
  - Pays on a per patient/case basis for specific healthcare services
- Supports certain research at three HRIs based on expenditures and growth in expenditures
  - New this biennium
TEXAS A&M UNIVERSITY
BUDGETING
Public Higher Education

SOURCE OF FUNDS
- State Tax Revenue
- Auxiliary Enterprises
- Designated Funds
- Restricted Funds
- Plant Funds

AUTHORIZED EXPENDITURES
- Instructional & Instructional Support Programs
- Student Svcs, Self-Supporting Service Activities
- Service Depts, & Educational Support Areas Designated by Board
- Research, Loans, Scholarships Restricted by Source
- Acquisition & Maintenance of Plant, Debt Service, etc.

OBJECTIVE
- Teaching, Research, Public Service
Texas A&M University prepares its annual operating budget in the spring and summer of each year for the fiscal year that begins on September 1 and ends on August 31. The university is reliant upon funding decisions made by the Texas Legislature, which meets bi-annually, so timing of the budget may vary. The budget is approved annually by the Texas A&M University System Board of Regents.

Following are key summaries describing TAMU’s operating budget:

Sources of Funding
Revenue Budget & Graphs
Expense Budget & Graphs
Fund Groups

• Educational & General (E&G)
  – State Appropriated Funds
• Available University Fund (AUF)
  – Proceeds from the Permanent University Fund (PUF)
• Tobacco Funds
  – Proceeds from tobacco settlement endowments
• Designated Funds
  – Purpose defined by the Board of Regents (BOR)
• Auxiliary Enterprises
  – TAMU Business Enterprises
• Restricted Funds
  – Contract, Grant & Gift Accounts
Sources of Revenue

- **Designated funds** (also referred to as “Institutional” or “local” funds)
  - Accounts designated for a specific purpose by the BOR
  - Purpose is not restricted by an outside source

- **E&G** (also referred to as “State” funds)
  - Appropriated sources of revenue from the State of Texas

**Diagram:**
- General Revenue
- Statutory Tuition
- Available University Fund
- E&G Funds (1xxxxx)
- Designated Tuition & Fees
- Investment Earnings
- Service Departments
- Indirect Costs
- Tobacco Settlement Fund
- Designated Funds (2xxxxx)
Sources of Revenue

- **Auxiliary Enterprise funds**
  - Enterprises that provide services to students, staff, faculty, and the general public
  - Enterprises are essentially self-supporting
  - Other enterprises: Recreational Sports; Beutel Health Center, the Children’s Center

- **Contracts & Grants (4xxxxx)**
  - Restricted funds
    - Funds are restricted to a specific purpose by donors from outside TAMU
    - Scholarships and fellowships
    - Research gifts, grants and contracts (federal, state, local)
    - Gift Funds
      - Unrestricted – Use must be tied to the mission of the University
      - Restricted – Gifts given for a very specific purpose. Must be used as designated by the donor.

- **Gifts (5xxxxx)**
- **Scholarships (6xxxxx)**
- **Auxiliary Funds (3xxxxx)**
  - Athletics
  - Rec Sports Center
  - Transportation Services
  - Residence Halls
Where does Texas A&M’s Money Come From?

In order of contribution:
- Tuition and Fees
- State Appropriations
- Sales and Services
- Contracts and Grants
- AUF
- Gifts
- Other
Texas A&M University
FY 2020 Revenue by Source of Funding

Total Revenues (in millions)
$2,046.9

- Tuition and Fees: 32%
- State Appropriations: 20%
- Contracts & Grants: 12%
- Gifts: 7%
- Sales & Services: 16%
- Student Financial Assistance: 4%
- Investment Income: 3%
- AUF: 5%
- Other: 1%
# Texas A&M University
## FY 2020 Revenue Budget

<table>
<thead>
<tr>
<th>Source</th>
<th>E&amp;G</th>
<th>Designated</th>
<th>Auxiliary</th>
<th>Restricted</th>
<th>Total</th>
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<td><strong>$374,895,203</strong></td>
<td><strong>$2,046,851,410</strong></td>
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</table>
Texas A&M University
FY 2020 Expenses by Category

Total Expenses including Debt (in millions)
$1,966.1

- Personnel Costs 55%
- Operations and Maintenance 29%
- Scholarships 5%
- Utilities 4%
- Debt Service 7%
Texas A&M University
FY 2020 Expense Budget

<table>
<thead>
<tr>
<th></th>
<th>E&amp;G</th>
<th>Designated</th>
<th>Auxiliary</th>
<th>Restricted</th>
<th>Plant</th>
<th>Total</th>
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<td><strong>Total Expense:</strong></td>
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<td><strong>15,770,505</strong></td>
<td><strong>1,966,112,985</strong></td>
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### Texas A&M University
FY 2020 Expense Budget by Organization - Academic Affairs

<table>
<thead>
<tr>
<th>Academic Affairs</th>
<th>Functional and General</th>
<th>Designated</th>
<th>Auxiliary Enterprises</th>
<th>Restricted</th>
<th>Total</th>
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<tbody>
<tr>
<td>Agriculture &amp; Life Sciences</td>
<td>49,500,167</td>
<td>22,763,322</td>
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<td>Architecture</td>
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<td>Geosciences</td>
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<td>Law School</td>
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Texas A&M University-Health Science Center
FY 2020 Revenue by Source of Funding

Total Revenues (in millions)
$319

- State Appropriations: 52%
- Contracts & Grants: 17%
- Tuition and Fees: 12%
- Gifts: 1%
- Student Financial Assistance: 0%
- Sales & Services: 15%
- Investment Income: 3%
### Texas A&M University-Health Science Center
#### FY 2020 Revenue Budget

<table>
<thead>
<tr>
<th></th>
<th>E&amp;G</th>
<th>Designated</th>
<th>Auxiliary</th>
<th>Restricted</th>
<th>Plant</th>
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<td>$165,902,812</td>
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Texas A&M University-Health Science Center
FY 2020 Expenses by Category

Total Expenses (in millions)
$331.0

- Personnel Costs 59%
- Operations and Maintenance 37%
- Scholarships 1%
- Utilities 3%
Texas A&M University-Health Science Center
FY 2020 Expense Budget

<table>
<thead>
<tr>
<th></th>
<th>E&amp;G</th>
<th>Designated</th>
<th>Auxiliary</th>
<th>Restricted</th>
<th>Plant</th>
<th>Total</th>
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<tbody>
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<td>10,823,830</td>
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<td>Wages</td>
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<td>College Description</td>
<td>Functional &amp; General</td>
<td>Designated</td>
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<td>Restricted</td>
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<td>Dentistry</td>
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<td>Pharmacy</td>
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<td><strong>Total</strong></td>
<td><strong>102,353,024</strong></td>
<td><strong>63,132,672</strong></td>
<td><strong>443,646</strong></td>
<td><strong>36,173,790</strong></td>
<td><strong>202,103,132</strong></td>
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