

# Positive Snapshot of the Impact of the 79th Texas Legislature on the HSC

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those for Tropical Storm Allison recovery.

- new funding for graduate medical education — the health science center will receive approximately \$3.53 million over two years — and additional funding for recruitment of scientists.

**Received \$5 million of the \$16 million additional funds requested to recruit, support and retain the world's best scientists in areas such as heart disease, stroke, proteomics and neurodegenerative diseases.**

**Will receive a portion of \$6 million additional funding for increasing the number of nursing students that can be accepted to nursing school.** The funds will be distributed through the Texas Higher Education Coordinating Board to Texas' nursing schools to achieve increases in professional nursing program graduates. Institutions will receive funds based on increases in graduating nursing students.

**Additional approved funding that positively impacts the health science center:**

- \$140,000 (approximate) for the inclusion of the Brownsville School of Public Health in the small class size formula;
- Additional funding for Early Childhood Programs due to excellent work of the Center for Improving Readiness for Learning and Education (CIRCLE):
  - \$15 million for two years to the Texas Education Agency for the Early Childhood Development Program competitive grants and \$450,000 for research and evaluation to be administered by CIRCLE.
  - Up to \$50 million in the biennium will be earmarked for child care provider programs that are part of the partnership using the CIRCLE model.

The following legislation, broader than HSC-specific legislation, will benefit the health science center:

**Texas Emerging Technology Fund** — Established up to \$200 million in funding for research and development activities involving emerging technology industries including nanotechnology, biotechnology, medicine and life sciences. The fund is administered by the governor.

**Professional Nursing Programs** — Sets goals, strategies and grant funding targeted to reduce Texas' nursing shortage.

**Early Childhood Care and Education** — Addresses a coordinated system of early childhood education administered by the State Early Childhood Intervention Center here at The University of Texas Health Science Center Houston.

Legislation which would have impacted the health science center but failed to pass:

- Bans on human cloning and restrictions on embryonic stem cell research — more debate is expected during the 80th session of the legislature.
- Considered, but did not move the tobacco endowment from the University of Texas Investment Management Company to management by the Texas Comptroller's office. This saved several million dollars for the health science center.
- Considered but did not require various consolidations of state agency data and technology systems, which would have been excessively costly under original versions of these bills and the legislation was amended to address higher education concerns. ★  
— *Governmental Affairs Consultant Sabrina Midkiff contributed significantly to this article.*

## FY 2002-2006 Total Funds Operating Budget by Unit and Revenue Source

	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
<b>Medical School</b>					
State Funds	\$62,856,608	\$64,000,555	\$61,370,063	\$63,271,127	\$71,696,417
Designated Funds	121,342,262	155,703,871	170,362,940	191,613,034	213,220,911
Contract & Grant Funds	44,540,490	47,650,000	57,465,300	64,115,250	66,156,309
Current Restricted Funds	22,480,700	23,020,000	23,335,000	23,585,025	23,938,801
<b>Subtotal</b>	<b>\$251,220,060</b>	<b>\$290,374,426</b>	<b>\$312,533,303</b>	<b>\$342,584,436</b>	<b>\$375,012,438</b>
<b>Dental Branch</b>					
State Funds	\$22,552,269	\$23,554,959	\$20,031,066	\$20,368,086	\$23,801,166
Designated Funds	2,900,324	3,152,679	3,326,416	3,635,667	8,065,068
Contract & Grant Funds	2,294,468	3,175,777	2,720,565	2,444,497	2,275,824
Current Restricted Funds	1,439,150	1,645,910	2,577,984	995,869	1,068,516
<b>Subtotal</b>	<b>\$29,186,211</b>	<b>\$31,529,325</b>	<b>\$28,656,031</b>	<b>\$27,444,119</b>	<b>\$35,210,574</b>
<b>Graduate School of Biomedical Sciences</b>					
State Funds	\$2,277,729	\$2,288,626	\$2,300,166	\$2,364,800	\$2,796,767
Designated Funds	28,000	15,000	13,125	12,863	12,606
Contract & Grant Funds	626,085	585,619	625,016	685,619	778,894
Current Restricted Funds	185,400	202,200	235,882	417,120	426,525
<b>Subtotal</b>	<b>\$3,117,214</b>	<b>\$3,091,445</b>	<b>\$3,174,189</b>	<b>\$3,480,402</b>	<b>\$4,014,792</b>
<b>School of Health Information Sciences</b>					
State Funds	\$2,526,553	\$2,548,638	\$2,525,409	\$2,576,931	\$2,799,617
Designated Funds	145,624	150,793	196,589	122,131	105,231
Contract & Grant Funds	1,504,038	1,100,582	1,365,133	1,419,740	1,595,028
Current Restricted Funds	203,189	175,676	198,118	1,104,324	718,553
<b>Subtotal</b>	<b>\$4,379,404</b>	<b>\$3,975,689</b>	<b>\$4,285,249</b>	<b>\$5,223,126</b>	<b>\$5,218,429</b>
<b>School of Nursing</b>					
State Funds	\$8,375,998	\$8,557,606	\$7,933,487	\$9,074,389	\$9,562,317
Designated Funds	1,721,838	1,662,663	1,598,469	1,449,730	1,608,318
Contract & Grant Funds	2,410,200	2,506,608	2,526,649	2,104,430	2,808,163
Current Restricted Funds	862,700	897,208	897,208	1,508,518	2,051,546
<b>Subtotal</b>	<b>\$13,370,736</b>	<b>\$13,624,085</b>	<b>\$12,955,813</b>	<b>\$14,137,067</b>	<b>\$16,030,344</b>
<b>School of Public Health</b>					
State Funds	\$21,749,355	\$22,214,310	\$21,979,884	\$21,325,172	\$25,333,903
Designated Funds	1,131,821	1,368,602	1,898,314	1,649,692	1,526,354
Contract & Grant Funds	25,999,981	30,750,290	33,062,613	34,054,491	33,934,385
Current Restricted Funds	3,321,280	3,884,656	4,378,451	4,509,804	2,906,325
<b>Subtotal</b>	<b>\$52,202,437</b>	<b>\$58,217,858</b>	<b>\$61,319,262</b>	<b>\$61,539,159</b>	<b>\$63,700,967</b>
<b>Institute of Molecular Medicine</b>					
State Funds	\$3,021,600	\$3,027,652	\$2,987,350	\$2,957,158	\$5,450,992
Designated Funds	408,378	700,000	1,450,000	1,210,455	964,810
Contract & Grant Funds	710,275	768,000	1,505,524	1,595,855	1,898,772
Current Restricted Funds	2,521,515	2,597,000	777,500	790,000	1,360,117
<b>Subtotal</b>	<b>\$6,661,768</b>	<b>\$7,092,652</b>	<b>\$6,720,374</b>	<b>\$6,553,468</b>	<b>\$9,674,691</b>
<b>Harris County Psychiatric Center</b>					
State Funds	\$33,213,842	\$34,206,093	\$30,642,540	\$30,368,290	\$31,799,335
Designated Funds	3,237,488	3,123,042	4,338,889	4,556,252	4,656,252
Contract & Grant Funds					
Current Restricted Funds	90,630	95,000	95,000		102,100
<b>Subtotal</b>	<b>\$36,541,960</b>	<b>\$37,424,135</b>	<b>\$35,076,429</b>	<b>\$34,924,542</b>	<b>\$36,557,687</b>
<b>Administrative and Institutional Support</b>					
State Funds	\$47,887,019	\$52,447,026	\$45,194,182	\$44,768,369	\$47,894,208
Designated Funds	12,809,359	12,662,355	14,561,073	19,636,483	23,320,816
Contract & Grant Funds	1,675,000	1,809,000	543,525	1,492,138	1,695,795
Current Restricted Funds	17,396				
<b>Subtotal</b>	<b>\$62,388,774</b>	<b>\$66,918,381</b>	<b>\$60,298,780</b>	<b>\$65,896,990</b>	<b>\$72,910,819</b>
<b>All Other (a)</b>					
State Funds	\$8,663,485	\$8,042,302	\$7,379,017	\$10,660,163	\$7,987,902
Designated Funds					
Contract & Grant Funds	8,204,636	8,341,014	6,500,000		
Current Restricted Funds	988,458	822,350	2,362,368	2,397,800	3,261,307
Auxiliary Enterprise Funds	25,990,251	24,288,925	14,903,311	14,802,286	24,739,979
<b>Subtotal</b>	<b>\$43,846,830</b>	<b>\$41,494,591</b>	<b>\$31,144,696</b>	<b>\$27,860,249</b>	<b>\$35,989,188</b>
<b>GRAND TOTAL</b>					
State Funds	\$213,124,458	\$220,887,767	\$202,343,164	\$207,734,485	\$229,122,624
Designated Funds	143,725,094	178,539,005	197,745,815	223,886,307	253,480,366
Contract & Grant Funds	87,965,173	96,686,890	106,314,325	107,912,020	111,143,170
Current Restricted Funds	32,110,418	33,340,000	34,857,511	35,308,460	35,833,790
Auxiliary Enterprise Funds	25,990,251	24,288,925	14,903,311	14,802,286	24,739,979
<b>GRAND TOTAL</b>	<b>\$502,915,394</b>	<b>\$553,742,587</b>	<b>\$556,164,126</b>	<b>\$589,643,558</b>	<b>\$654,319,929</b>

(a) Includes HAM-TMC Library, Scholarships, Continuing Education, Texas Advanced Research Programs, Academic Leases, Recovery Campus of Houston, INTERCON, Texas Heart Institute, Auxiliary Enterprise Funds and All Other.  
 (b) Amounts for State Staff Benefit and Utility costs are allocated to each Operating Unit and are included in the total State Funds line for each unit.

## Funds, Funds and More Funds – What Does It All Mean?

Money for expenditures at the UT Health Science Center comes from several "fund groups." But just knowing a fund group's name doesn't necessarily provide a real picture of its sources. So, we offer here an explanation, courtesy of Laura D. Smith, associate vice president for finance and legislative affairs.

**State Funds** (also known as Education and General Funds) include:

- General revenue—Tax dollars appropriated in each legislative session to support a variety of expenditures. State funds include revenues generated locally that relate to state funding sources. For example, we receive tuition and fees from students because the state provides general revenue supporting the costs to educate students.
- Local income
  - Net tuition and fees
  - Overhead on sponsored projects, also known as indirect cost recovery (the recovery of administrative costs incurred in association with grants and contracts sponsored by external agencies such as the federal, state and local government, private industry and foundations).
  - Interest Income
  - Patient Income from patients seen in our dental clinic and the UT Harris County Psychiatric Center
  - Transfers from other funds
- Harris County Psychiatric Center county and state funding
- State grants and contracts — Advanced Research grant funds for peer-reviewed grants awarded by the Coordinating Board

### Designated Funds

- Must pay their own fringe benefits
- Cannot receive money from state funds
- Provide a funding source for expenses that cannot be paid from state funds, such as entertainment and development expenses
- Pay for expenses in excess of capped state expenses, such as travel.

### Designated Funds Sources

- Medical Service Research and Development

Plan (income from clinical practice)

- Other Designated Income (outside sales and service from sources such as the Hemophilia Program, Continuing Education fees, nursing consulting fees and a portion of Indirect Cost Recoveries)

### Auxiliary Enterprise Funds (cannot be augmented by state funds)

- Furnish services directly or indirectly to students, faculty and staff and charge a fee related to the cost of services
- Can make a profit
- Must cover their own utilities and debt service expenses
- Can provide services to individuals and entities outside the university, but that income is subject to unrelated business income tax

### Auxiliary Enterprises Funds Sources:

- Bookstore
- Recreation/Fitness Centers
- Health Services
- Child Care
- Printing Services
- Parking
- UT Housing

### Restricted Funds (cannot be transferred to state or designated funds)

- The use of these dollars is restricted by the entity providing the funding; federal, state or local government, private industry and foundations, and donors.
- Research Contracts and Grants provide more than 75% of direct restricted funds.
  - National Institutes of Health awards comprise approximately two-thirds of our federal research base.
  - Federal awards make up 62% of the overall health science center research base
  - Indirect cost recoveries earned on contracts and grants generated in excess of \$33 million in FY05.
  - Other restricted funds include: gifts, pledges and endowment income.

### Unexpended Plant Funds

- Are used to track capital projects under construction.

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