Financial Condition: Satisfactory

Composite Financial Index

Operating Expense Coverage Ratio

(in months)

Annual Operating Margin Ratio

Expendable Resources to Debt Ratio

Debt Burden Ratio

Debt Service Coverage Ratio
The University of Texas at San Antonio
2009 Summary of Financial Condition

Full-time Equivalent
Student Enrollment - Fall

Composite Financial Index (CFI) - UT San Antonio's CFI decreased from 3.5 in 2008 to 2.0 in 2009 as a result of decreases in the return on net assets ratio, primary reserve ratio and the annual operating margin ratio. The primary reserve ratio and the return on net assets ratio were negatively affected by the net decrease in the fair value of investments of $28.2 million in 2009 and a reduction in bond proceeds due to System for construction projects as a result of the completion of $82.7 million of construction projects during 2009. The decline in operating performance, discussed below, also had an adverse impact on the CFI.

Operating Expense Coverage Ratio - UT San Antonio's operating expense coverage ratio decreased from 5.1 months in 2008 to 4.2 months in 2009 due to a decrease in total unrestricted net assets of $11.2 million and an increase in total operating expenses (including interest expense) of $43.3 million. The increase in operating expenses was primarily due to the following: a $21.9 million increase in salaries and payroll related costs as a result of new positions, merit increases and filling vacant positions; a $6.2 million increase in depreciation expense due to the completion of $82.7 million of construction projects during 2009; a $5.6 million increase in scholarships and fellowships attributable to increases in awards in the Texas Grant and Pell Grant programs; a $3.3 million increase in interest expense due to additional debt service for the Engineering Building Phase II; a $2.8 million increase in other operating expenses as a result of increases in professional membership dues and education program support; and a $2.5 million increase in repairs and maintenance for buildings, Americans' with Disabilities Act upgrades, and fire and safety improvements. The increase in operating expenses contributed to the decrease in unrestricted net assets. Additionally, a decrease in unrestricted quasi-endowments due to a decrease in the fair value of investments resulted in a reduction to unrestricted net assets.

Annual Operating Margin Ratio - UT San Antonio's annual operating margin ratio decreased from 7.3% for 2008 to 4.0% for 2009. The $43.3 million increase in total operating expenses discussed above outweighed the growth in total operating revenues of $31.8 million. The increase in total operating revenues was primarily due to the following: a $13.9 million increase in sponsored program revenue (including Pell) mostly attributable to the Texas Higher Education Coordinating Board's Incentive Funding, an increase in facilities and administrative cost recovery, and increases in the Pell Grant and Texas Grant programs; a $13.4 million increase in net tuition and fees due to an increase in the designated tuition rate from $101 per semester credit hour (SCH) to $110 per SCH; and a $3.7 million increase in net auxiliary enterprise revenue as a result of new food venues and increased meal plan purchases, as well as increased housing revenues with the completion of Laurel Village.

Expendable Resources to Debt Ratio - UT San Antonio's expendable resources to debt ratio decreased slightly from 0.6 in 2008 to 0.5 in 2009 due to the decrease in unrestricted net assets, as previously discussed, and an increase of $14.4 million in the amount of debt outstanding related to the Engineering Building Phase II.

Debt Burden Ratio - UT San Antonio's debt burden ratio increased slightly from 8.5% in 2008 to 8.6% in 2009 due to an increase in debt service payments of $3.5 million slightly offset by the increase in operating expenses.

Debt Service Coverage Ratio - UT San Antonio's debt service coverage ratio decreased from 2.4 in 2008 to 2.1 in 2009 due to the decline in operating performance, as discussed above, and the increase in debt service payments.

Full-Time Equivalent (FTE) Student Enrollment - UT San Antonio's student headcount and the number of semester credit hours both increased by 1.9% from the prior fall which led to the increase in the number of FTE students of 2%. In addition to an increase in enrollment, students are increasing their course loads.