



# FY2020 Financial Results

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November 2020 Presentations

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**UTSA** Business Affairs

# Today's Topics

- Annual Financial Report (AFR)
- Financial Effect of COVID-19
- HEERF/CARES Awards
- Financial Ratios
- Functional Expense Comparison
- Research Expenditures
- Administrative Costs
- Other Financial Highlights
- Capital Activity



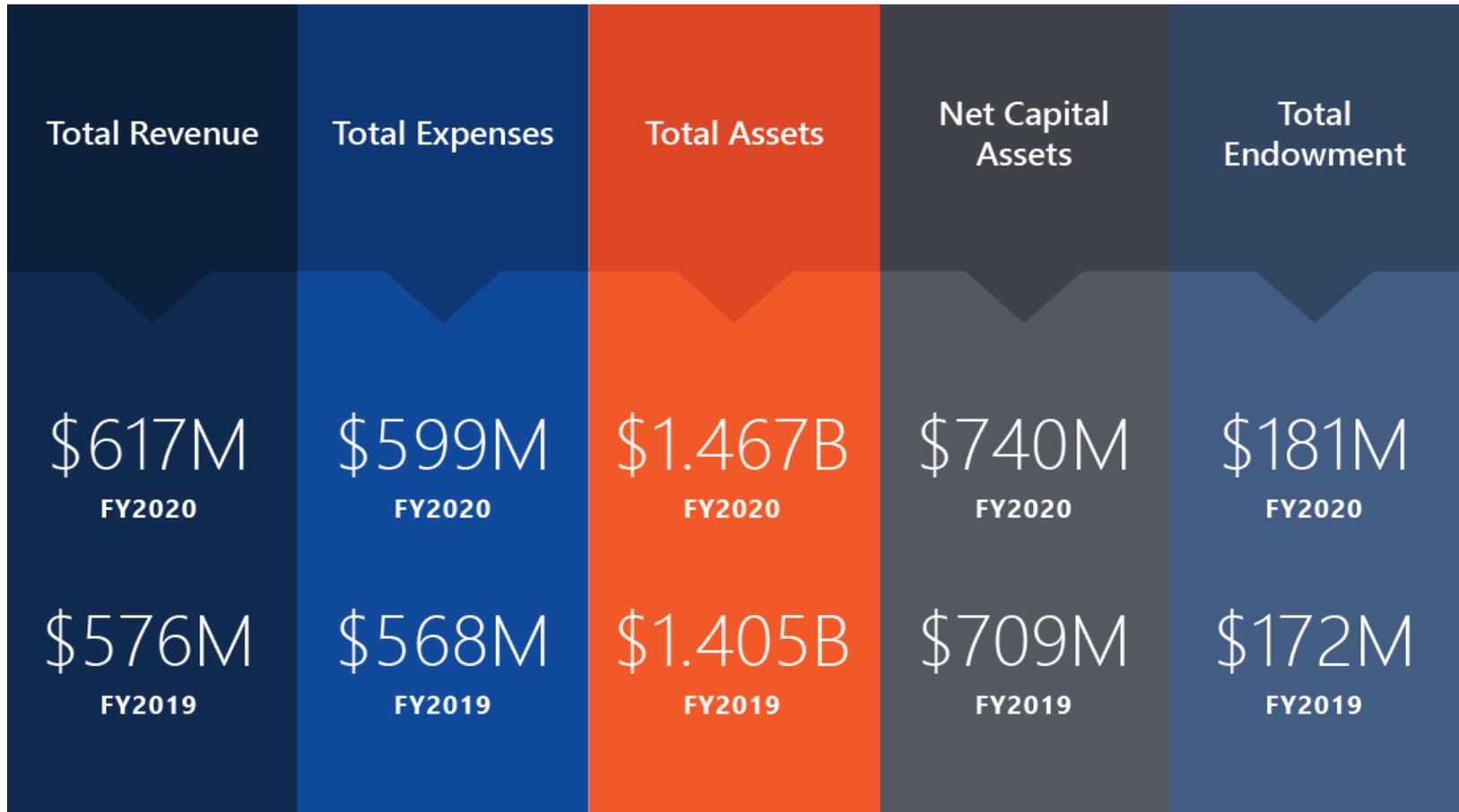
# Annual Financial Report (AFR)

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# AFR vs. IRM

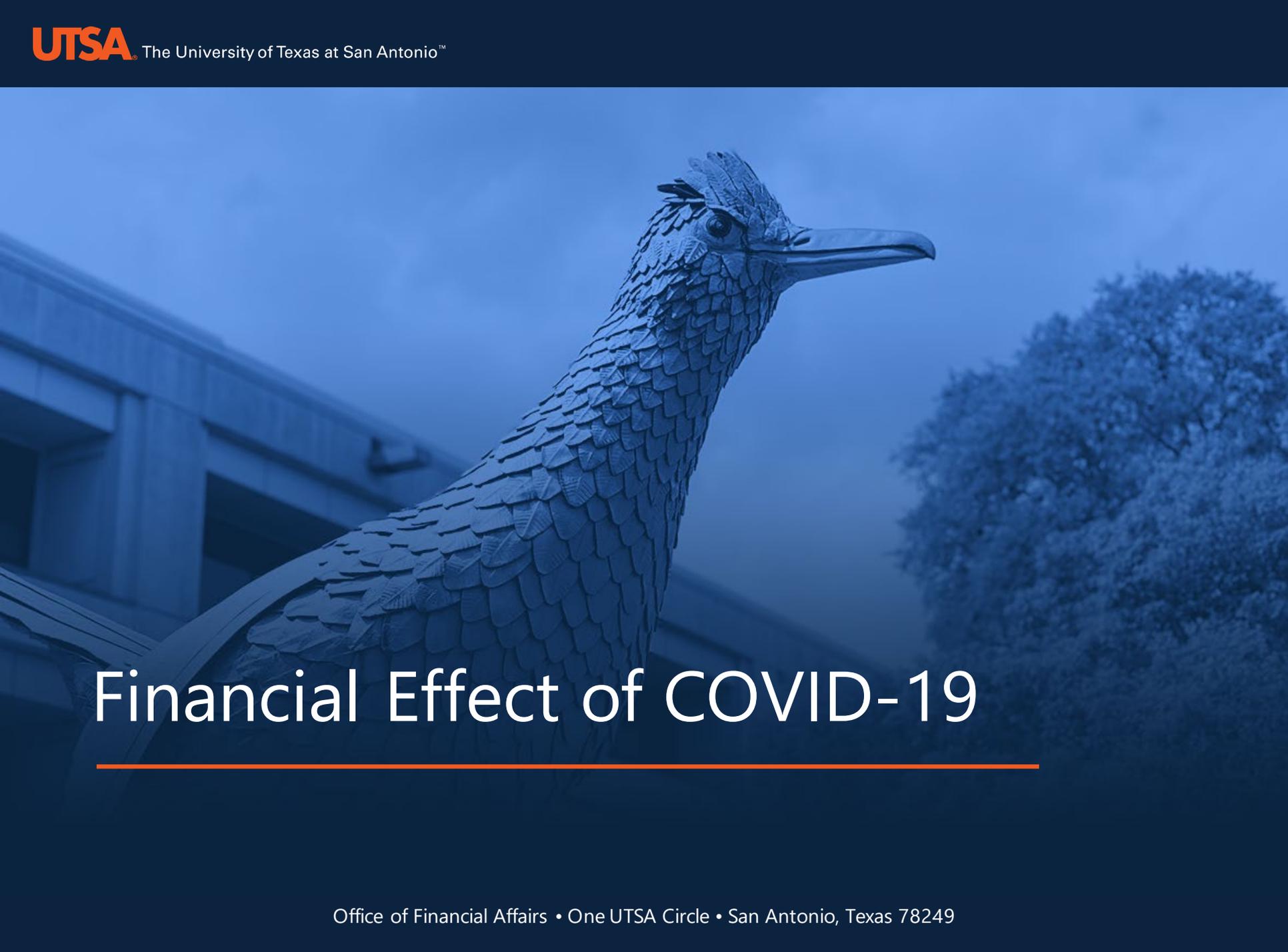
<h2>AFR</h2> <h3>Annual Financial Report</h3>	<h2>IRM</h2> <h3>Incentivized Resource Management</h3>
<p>Highlights overall financial health</p>	<p>Incentivized Resource Management model</p>
<p>Point-in-time financial presentation as of August 31, 2020, with comparative information for the previous years</p>	<p>Roadmap for investment of resources</p>
<p>Prepared in accordance with accounting principles as prescribed by the Governmental Accounting Standards Board (GASB)</p>	<p>Links central investments to university-wide strategic priorities</p>
<p>Audited at UT System consolidated level</p>	<p>Managed year-round at departmental level with oversight from IRM governance structure</p>

# AFR at a Glance



# Overall Financial Results

		FY2020	FY2019	DIFFERENCE	
				\$	%
Operating Revenues	\$	359,917,409	353,025,821	6,891,588	2.0%
Operating Expenses	\$	598,960,623	567,877,717	31,082,906	5.5%
<b>Operating Loss</b>	<b>\$</b>	<b>(239,043,214)</b>	<b>(214,851,896)</b>	<b>(24,191,318)</b>	<b>11.3%</b>
State Appropriation	\$	144,082,313	130,954,494	13,127,819	10.0%
Reimbursement for Pell & CARES	\$	85,215,038	62,709,249	22,505,789	35.9%
Gifts for Operations	\$	5,814,101	7,032,169	(1,218,068)	-17.3%
Other Non-Operating Income	\$	43,786,608	29,219,805	14,566,803	49.9%
<b>Income Before Other Activity</b>	<b>\$</b>	<b>39,854,846</b>	<b>15,063,821</b>	<b>24,791,025</b>	<b>164.6%</b>
Other Activity	\$	13,260,048	27,237,554	(13,977,506)	-51.3%
<b>Change in Net Position</b>	<b>\$</b>	<b>53,114,894</b>	<b>42,301,375</b>	<b>10,813,519</b>	<b>25.6%</b>



# Financial Effect of COVID-19

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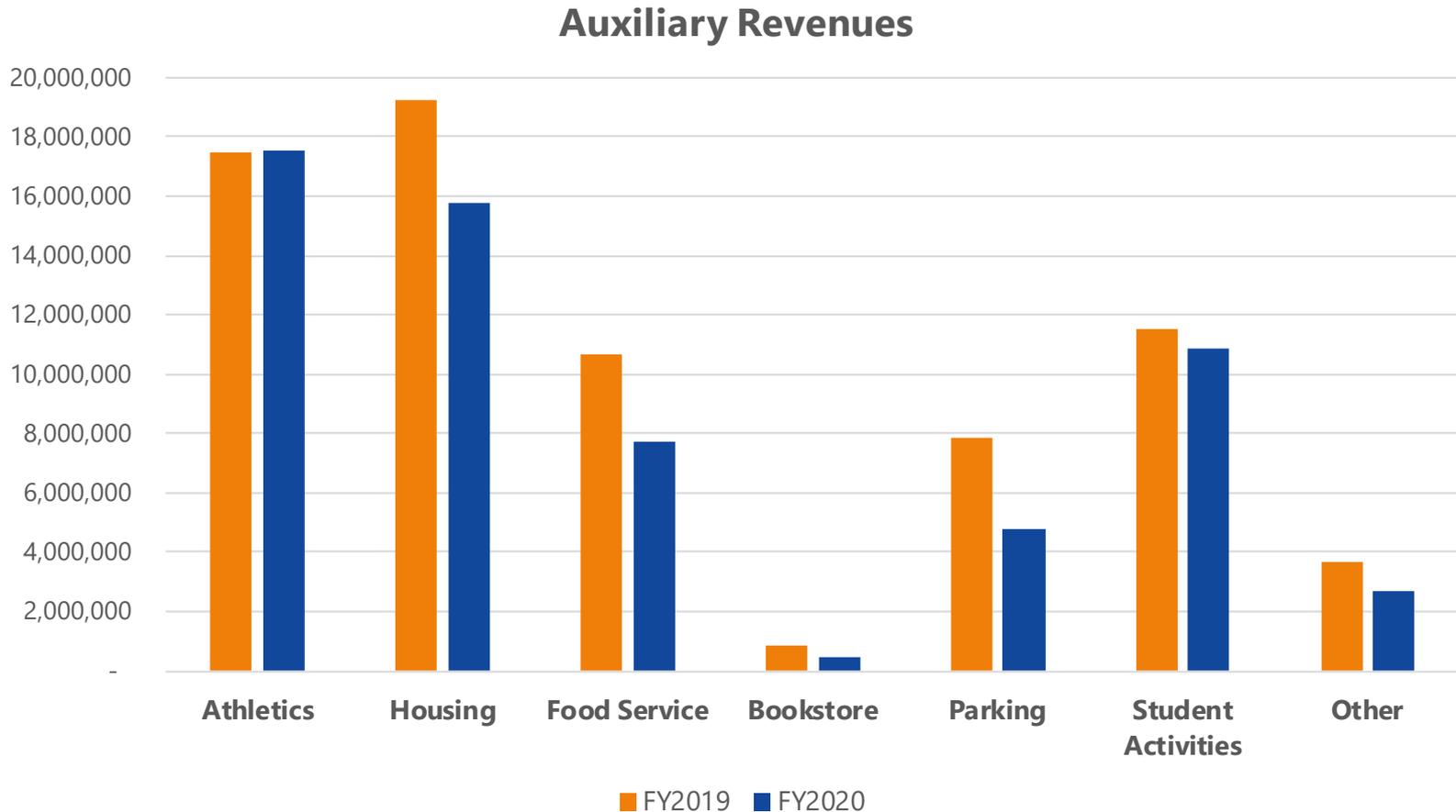
# FY2020 Financial Effect of COVID-19

## Negative financial effects



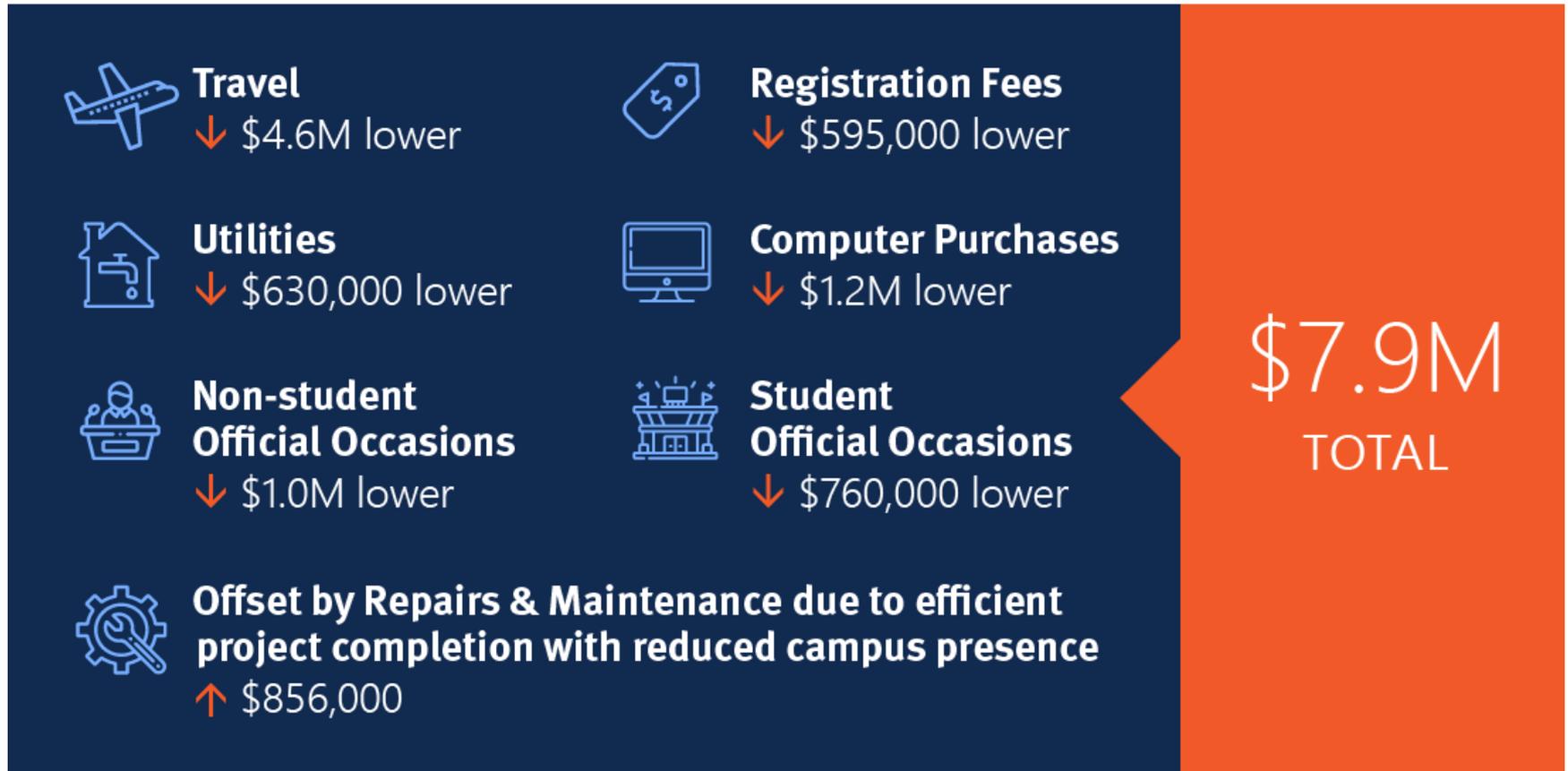
# FY2020 Financial Effect of COVID-19

## Negative financial effects - Auxiliaries



# FY2020 Financial Effect of COVID-19

Minimized effect on FY2020 operating margin through cost savings from spending reductions and remote work



# FY2020 Financial Effect of COVID-19



The spending restrictions instituted helped minimize the FY2020 financial effect of COVID-19



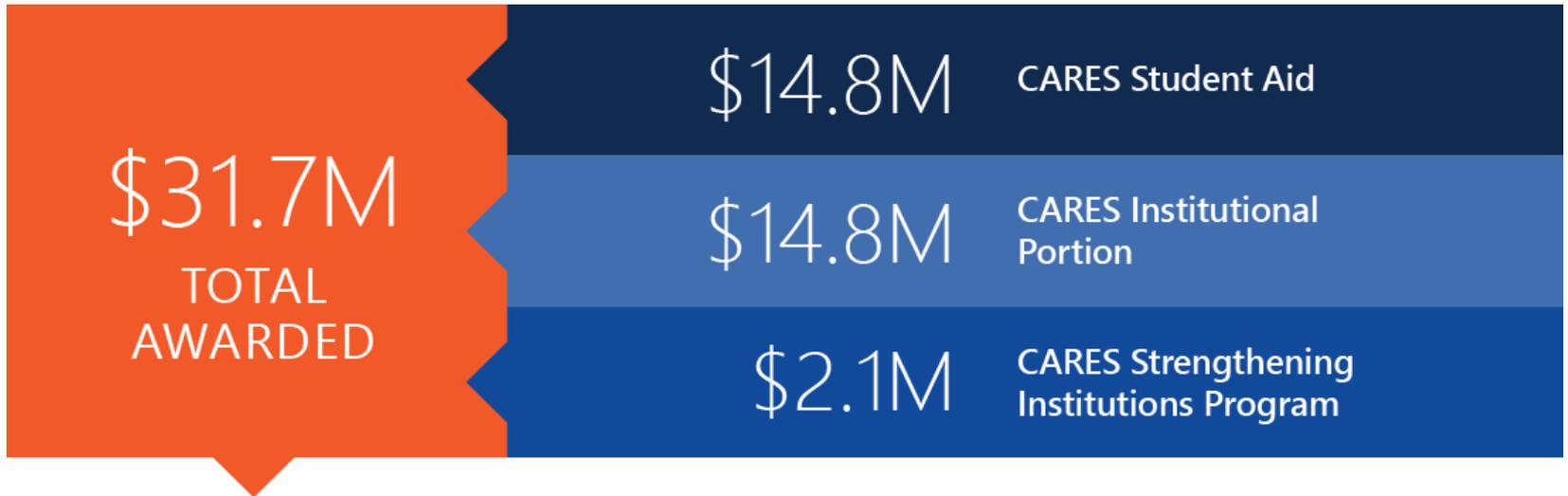
FY2021 brings the 10% state budget cut and personnel reductions



# HEERF/CARES Awards

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# HEERF/CARES Awards



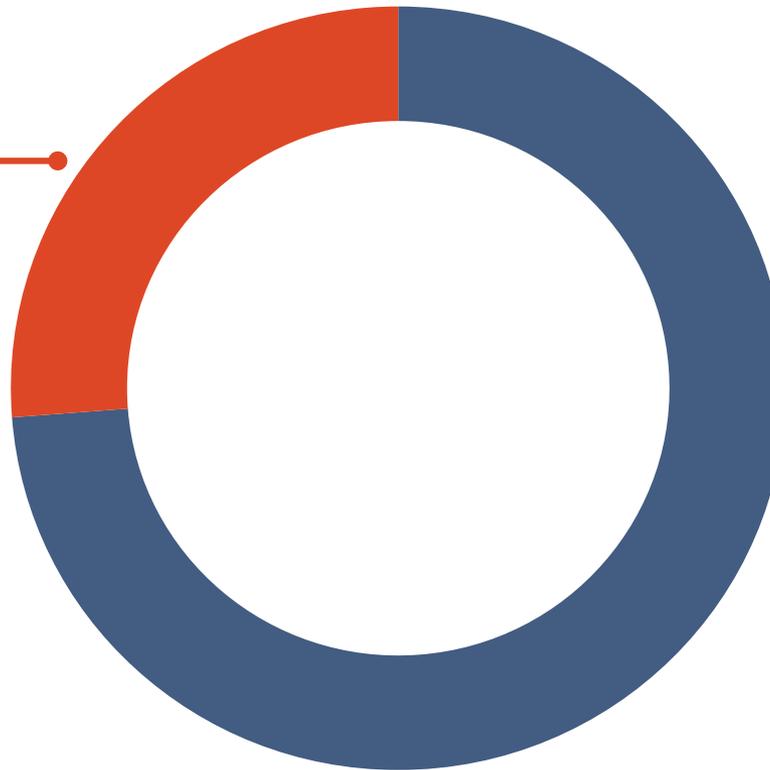
**\$22.5M**  
TOTAL SPENT AS OF  
AUGUST 31, 2020

**69%**  
STUDENT  
PAYMENTS

# CARES Student Aid

**\$14.8M Awarded**

**\$3,887,492**  
Remaining as of  
Aug. 31, 2020

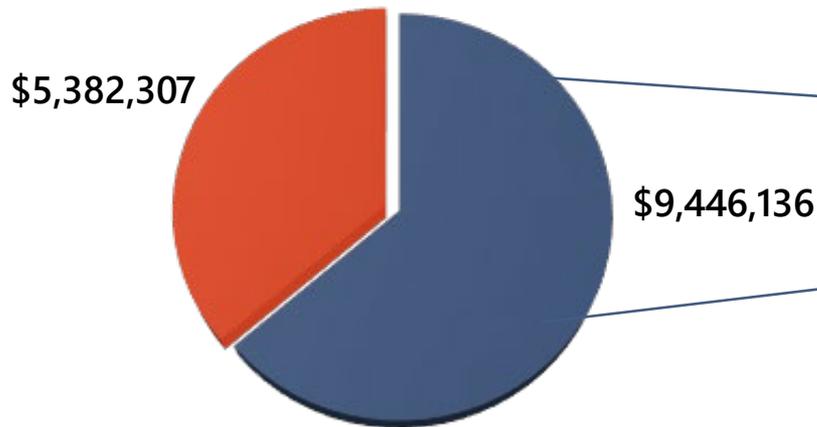


**\$10,940,952**  
Spent as of  
Aug. 31, 2020

Direct payments of  
emergency aid to  
more than 13,500  
students.

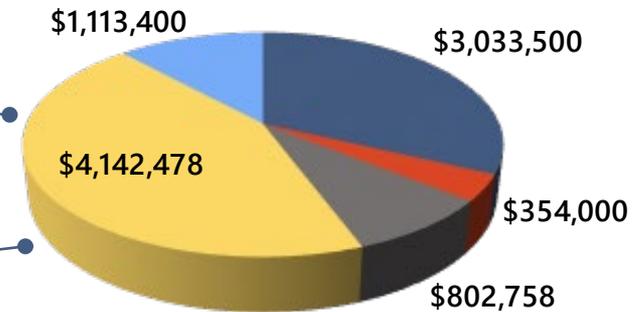
# CARES Institutional Aid

**\$14.8 Million Awarded**



■ Spent as of August 31, 2020  
 ■ Remaining as of August 31, 2020

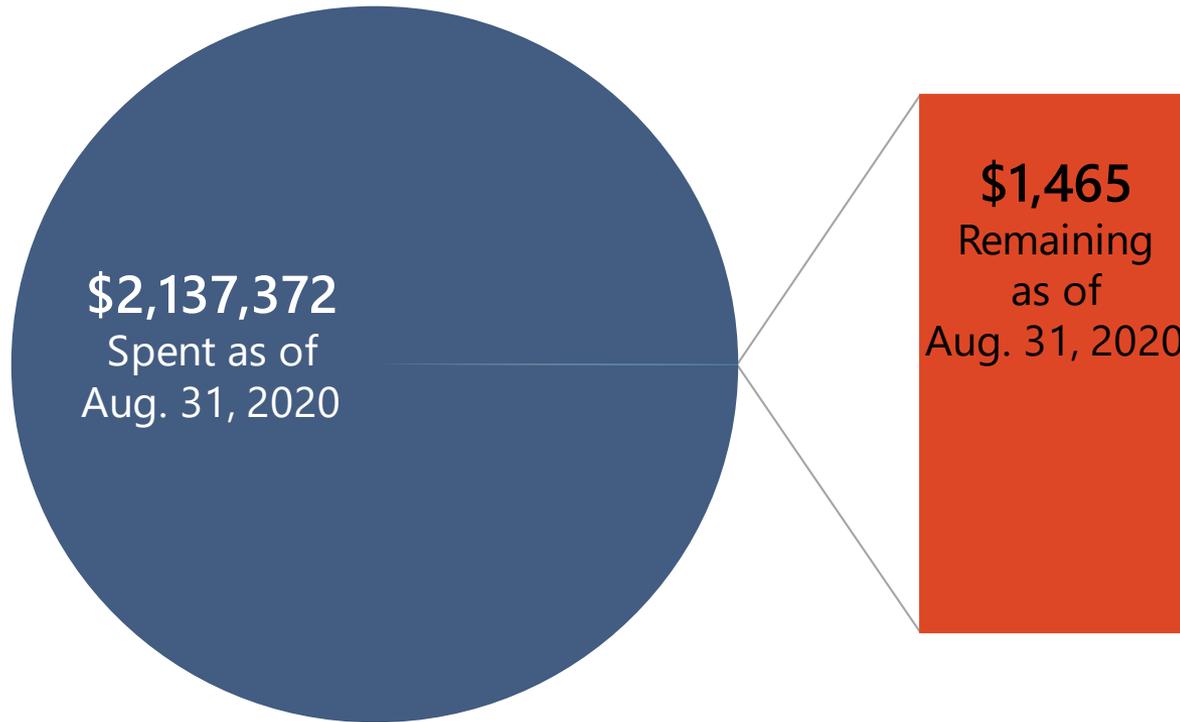
**Total Spent = \$9,446,136**



- Technology grants
- Ph.D. retention payments
- Technology purchase
- Partial refunds of housing
- Direct students payments

# CARES Strengthening Institutions Program

**\$2.1M  
Awarded**



Partially funded advanced technology purchase to allow graduate students to finish research course of study online.



# Financial Ratios

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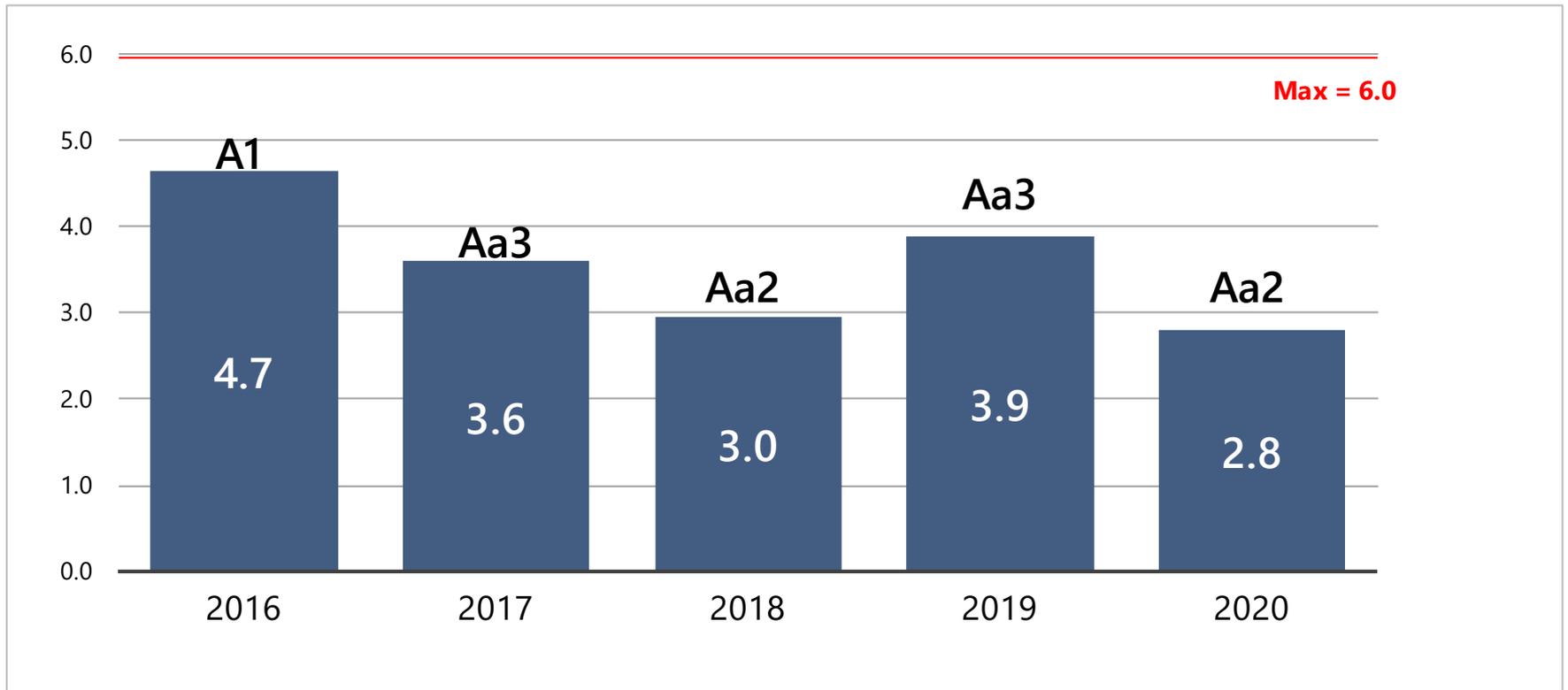
# Why the Ratios Matter

UT System uses to evaluate financial condition

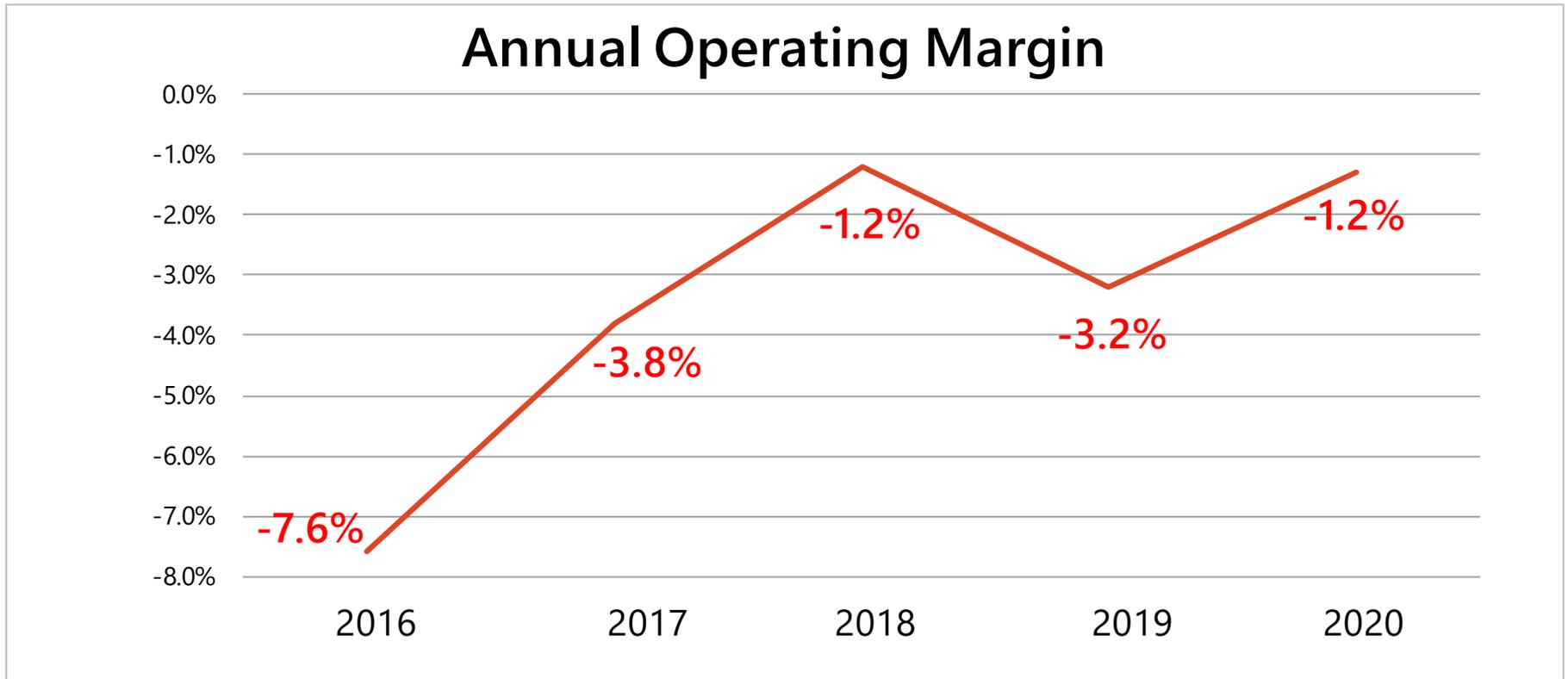
- Satisfactory/Watch/Unsatisfactory
- Not yet rated for FY2020
- Satisfactory rating for FY2019

UTSA must meet certain ratios to increase debt

# Annual Financial Condition Ratios – Moody's Ratio

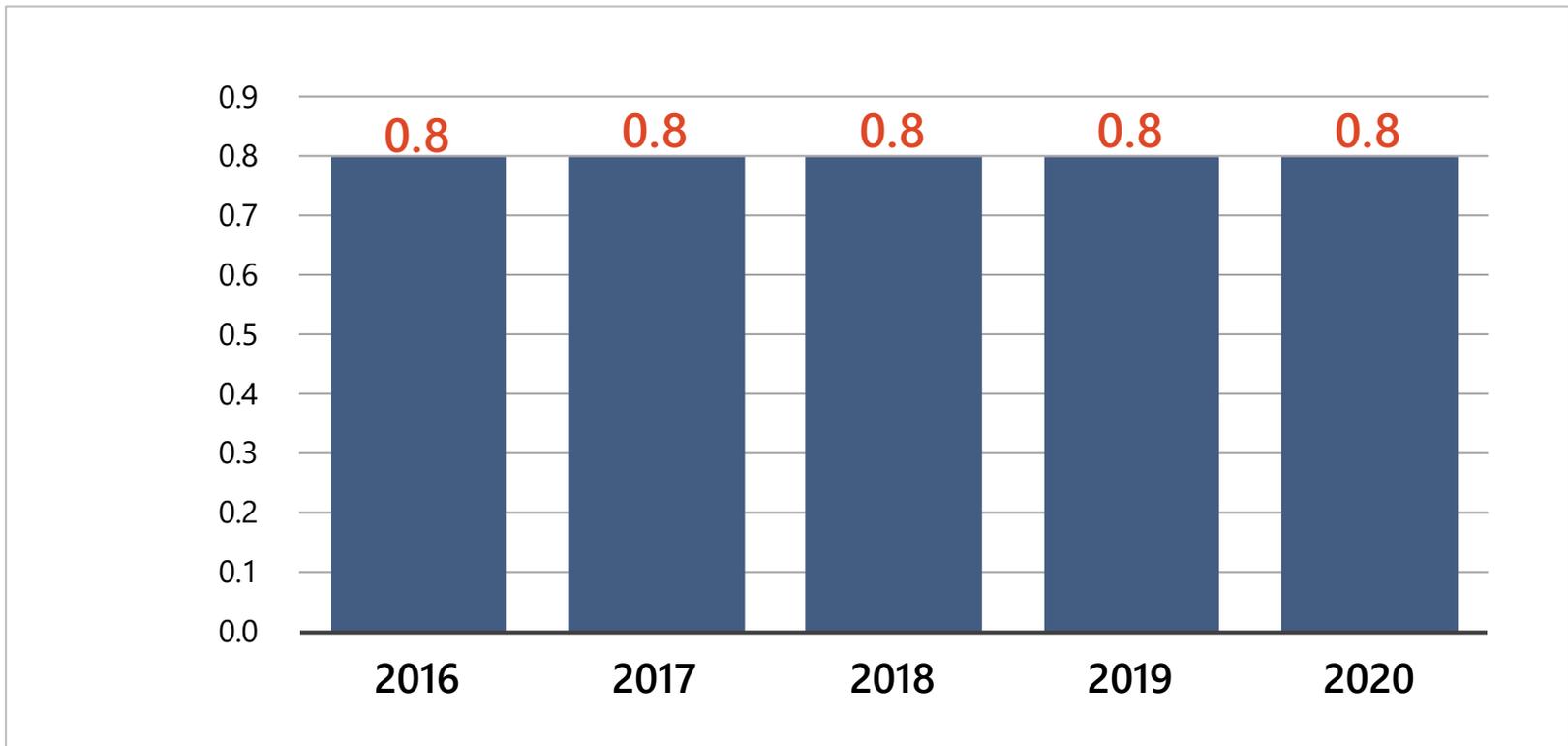


# Annual Financial Condition Ratios



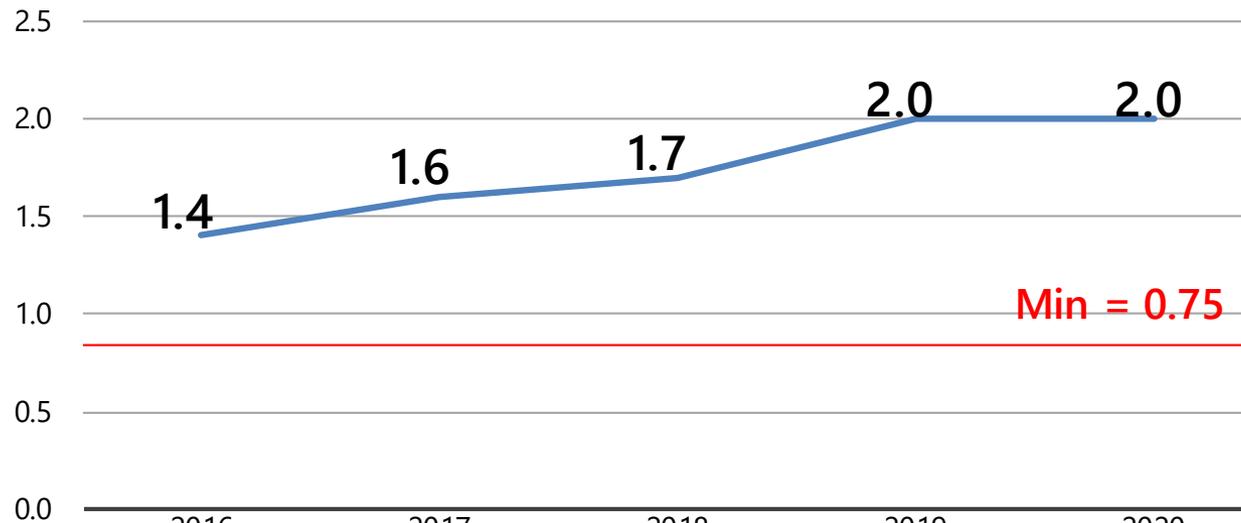
# Annual Financial Condition Ratios

## Spendable Cash & Investments to Operating Expenses

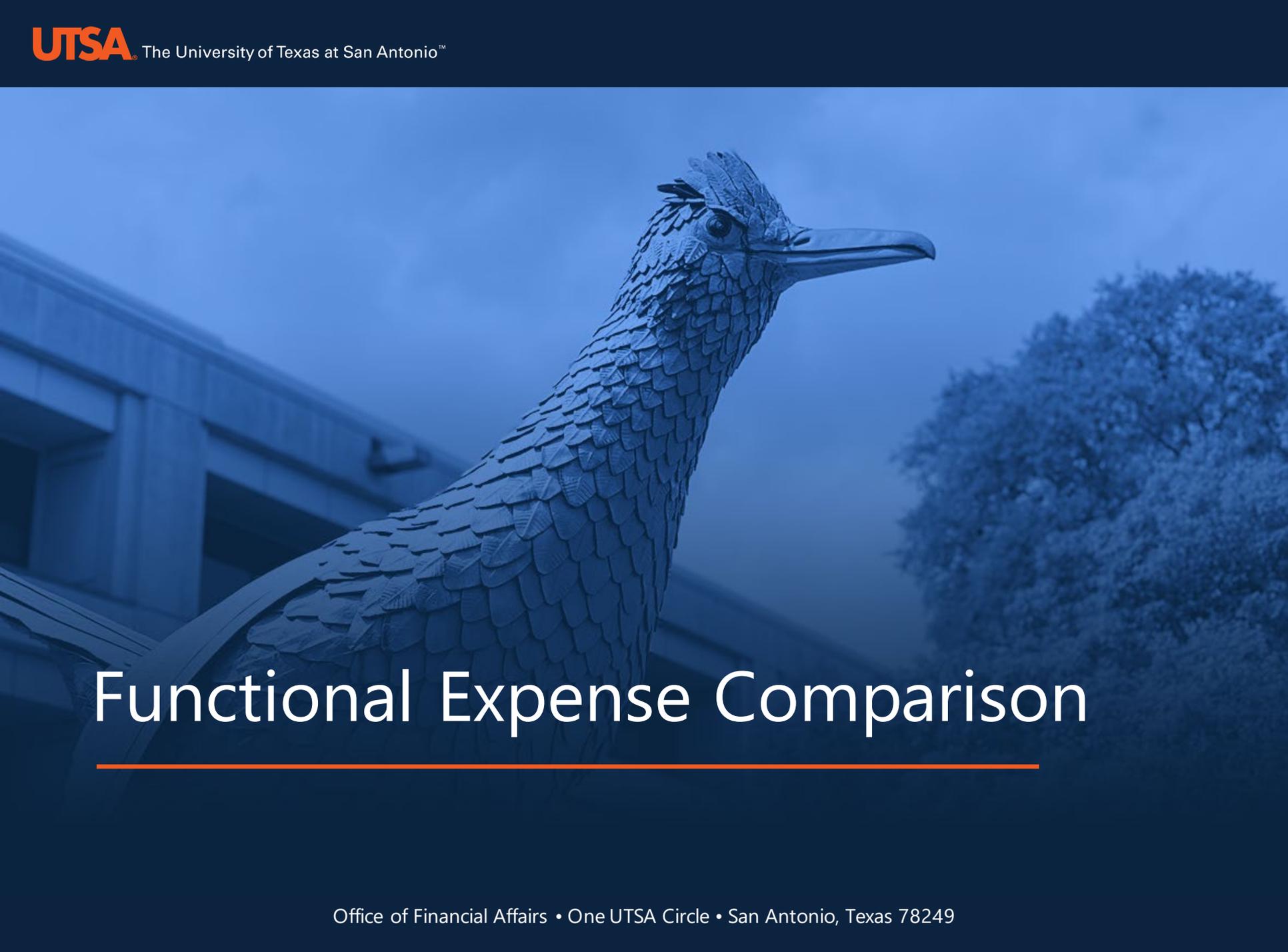


# Annual Financial Condition Ratios

**Spendable  
Cash &  
Investments  
To Total  
Debt**



	2016	2017	2018	2019	2020
Spendable Cash & Inv. To Total Debt (x)	1.4	1.6	1.7	2.0	2.0
Spendable C&I	362.9	372.6	394.1	440.6	457.5
Total Debt	252.7	239.5	226.3	218.0	226.8



# Functional Expense Comparison

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# Functional Expenditures

	FY2020	FY2019	\$ CHANGE	% CHANGE
Instruction	\$ 116,289,403	139,892,000	(23,602,597)	-16.87%
Research	\$ 98,611,060	67,459,000	31,152,060	46.18%



## Instruction

Expenses for institution's instruction program

Credit and noncredit courses



## Research

Externally funded research

Separately budgeted departmental research



## Change in methodology (FY2020)

Faculty research time separately budgeted and coding aligned with workload expectations

# Functional Expenditures

	FY2020	FY2019	\$ CHANGE	% CHANGE
Public Service	\$ 15,494,837	16,091,000	(596,163)	-3.70%
Academic Support	\$ 72,405,213	64,573,000	7,832,213	12.13%



## Public Service

Expenses to provide non-instructional services for the benefit of external groups

*Example: Institute for Economic Development*



## Academic Support

Expenses incurred to provide support services for instruction, research and public service

*Examples: College level academic support, majority of information technology costs, libraries, advising*

# Functional Expenditures

	FY2020	FY2019	\$ CHANGE	% CHANGE
Student Services	\$ 31,496,632	30,906,000	590,632	1.91%
Institutional Support	\$ 44,160,373	44,413,000	(252,627)	-0.57%
Operations & Maintenance	\$ 50,360,793	45,381,000	4,979,793	10.97%



## Student Services

Expenses for offices and activities that contribute to students' well-being and development outside the context of the formal instruction program

*Examples: Registrar, Financial Aid, Counseling Services*



## Institutional Support

Expenses for central activities concerned with management and planning for the entire institution

*Examples: Executive Management, Development and Alumni Relations, Business Affairs administrative services*



## Operations and Maintenance of Plant

Expenses for the administration, supervision, operation, maintenance, preservation and protection of the institution's physical plant

# Functional Expenditures

	FY2020	FY2019	\$ CHANGE	% CHANGE
Scholarships and Fellowships	\$ 64,126,925	51,063,000	13,063,925	25.58%
Auxiliary Enterprises	\$ 54,877,141	58,148,000	(3,270,859)	-5.63%
Depreciation of Buildings and Equipment	\$ 51,138,246	49,952,000	1,186,246	2.37%



## Scholarships and Fellowships

Grants that neither require the student to perform service to the institution nor require the student to repay the amount

Does not include all financial aid; most financial aid is presented as direct offset to tuition revenue. Total aid for FY2020 was \$165.4 million, which was a \$16.7 million increase due to CARES.



## Auxiliary Enterprises

Managed to operate as a self-supporting activity

*Examples: Housing, Athletics, Parking*



## Depreciation

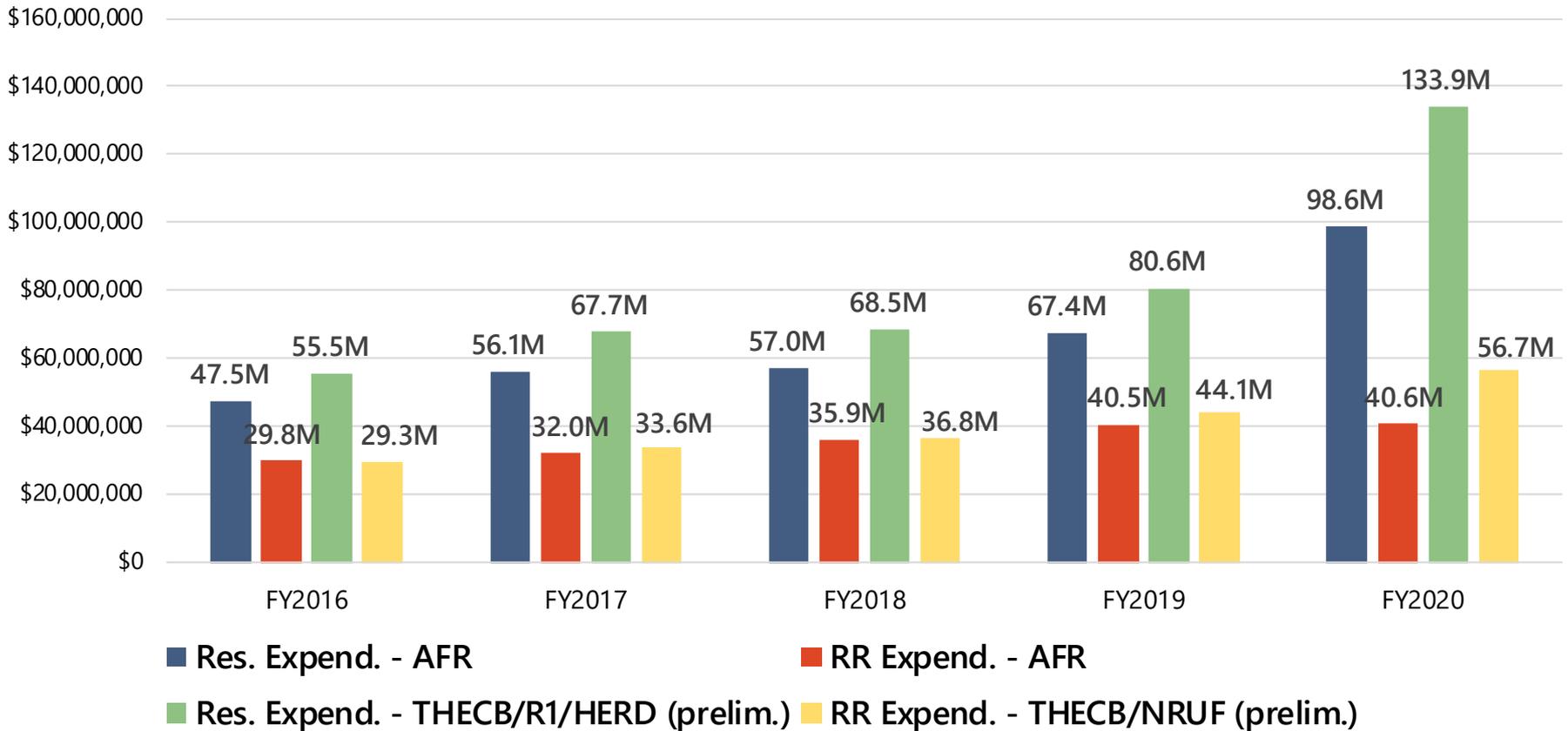
Buildings and capital equipment are expensed over their useful life rather than at the time of purchase.



# Research Expenditures

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# Research Expenditures



# Research Expenditures Reconciliation

		FY2020	FY2019	FY2018
<b>Annual Financial Report - Research Expenditures</b>	\$	98,611,060	67,458,953	57,008,168
Facilities & Administration (F&A) Costs	\$	7,662,806	7,130,279	6,432,429
Capital Expenditures	\$	27,630,750	6,041,709	6,149,598
Less: Excluded Amounts	\$	—	—	(1,081,679)
<b>Total Research Expenditures as Reported on the THECB Report (R1)</b>	<b>\$</b>	<b>133,904,616</b>	<b>80,630,941</b>	<b>68,508,516</b>
<b>Annual Financial Report - Restricted Research</b>	\$	40,695,984	40,595,772	35,948,636
Capital Expenditures	\$	15,753,425	3,063,027	1,668,257
Plus: Competitively awarded grants funded by state appropriations	\$	414,770	596,288	388,956
Less: Certain Pass-Through Amounts	\$	(137,322)	(126,126)	(104,156)
Less: Excluded Amounts	\$	—	—	(1,081,679)
<b>Total Restricted Research Expenditures as Reported on the THECB Report (NRUF)</b>	<b>\$</b>	<b>56,726,857</b>	<b>44,128,961</b>	<b>36,820,014</b>



# Administrative Costs

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# Administrative Cost Measure Calculation

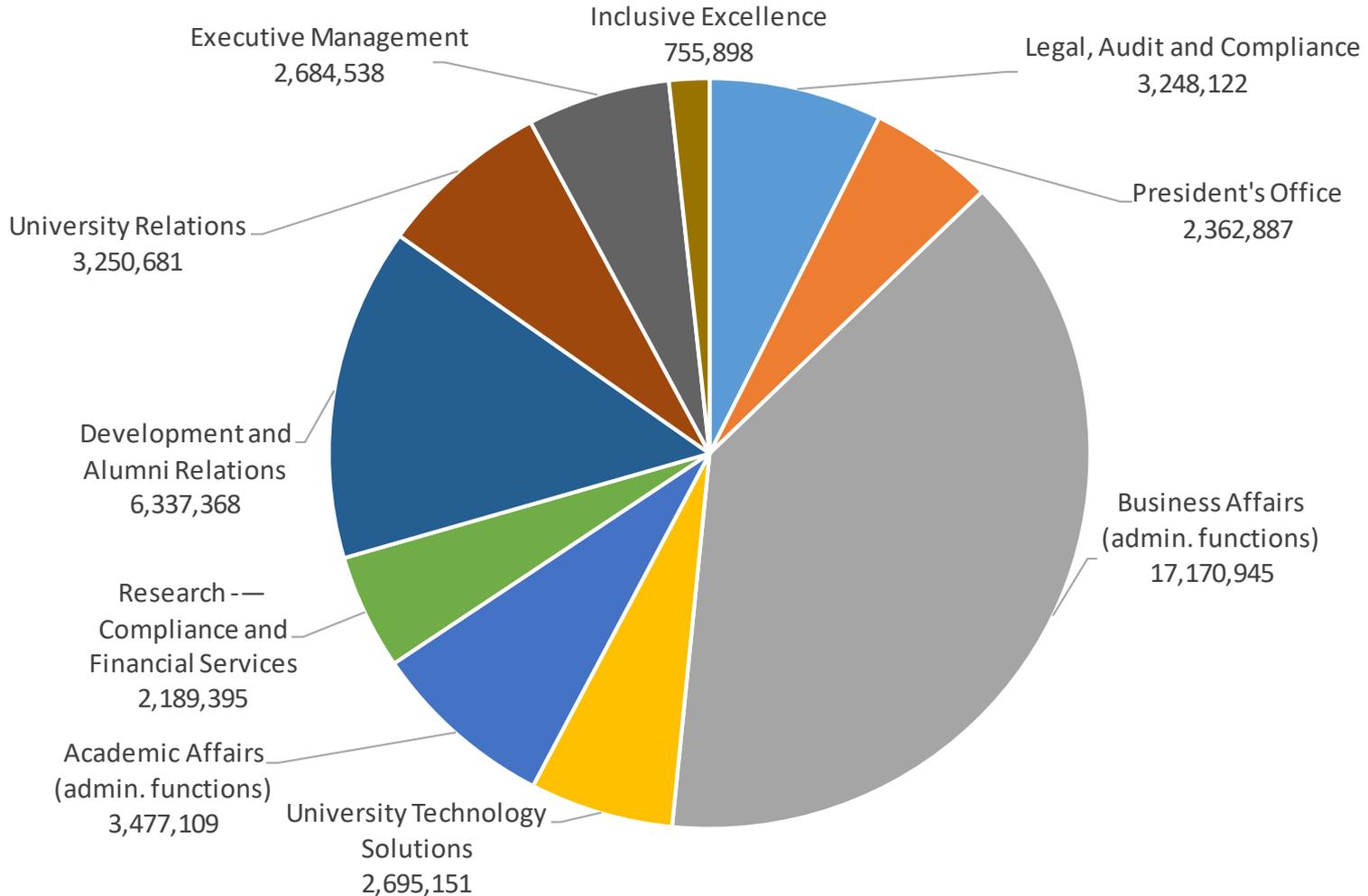


Institutional Support Expense

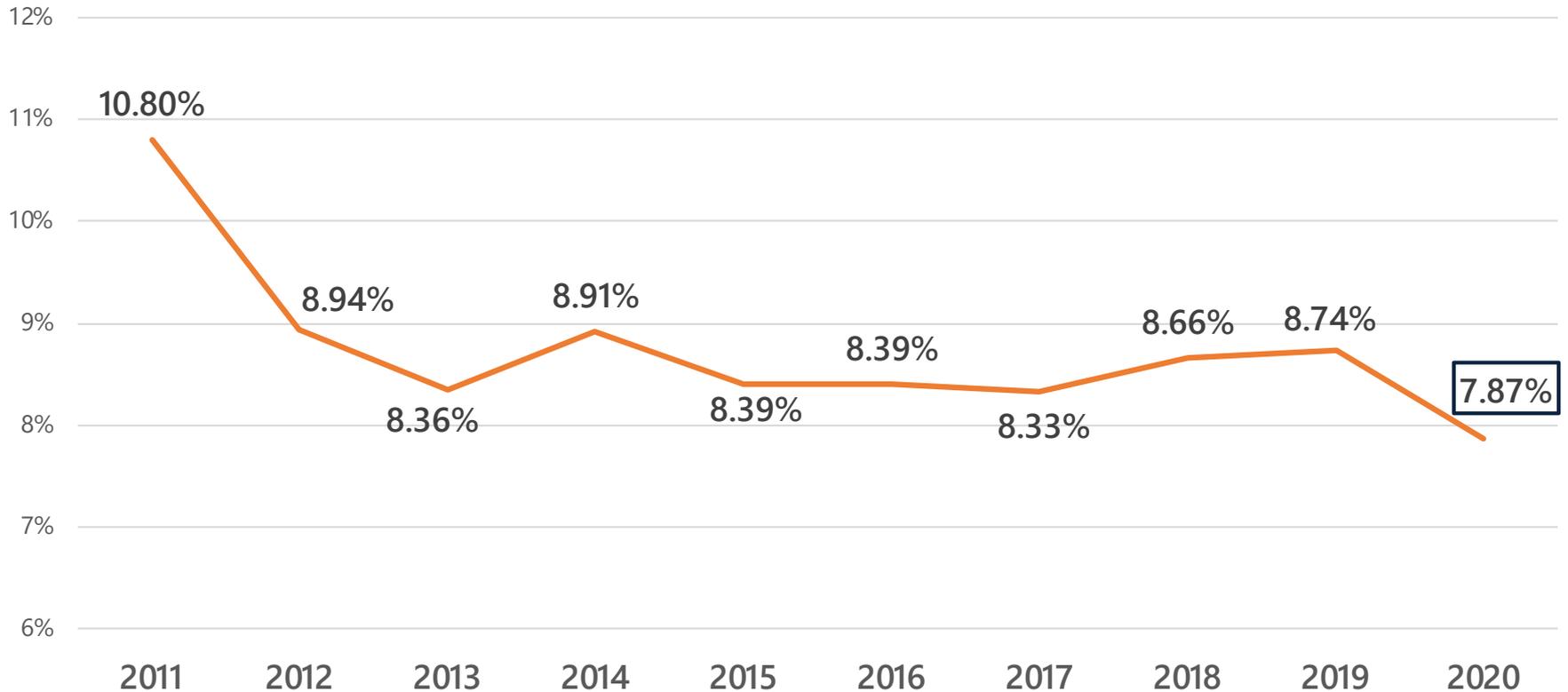
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(Total Operating Expense –  
Auxiliary Expense)

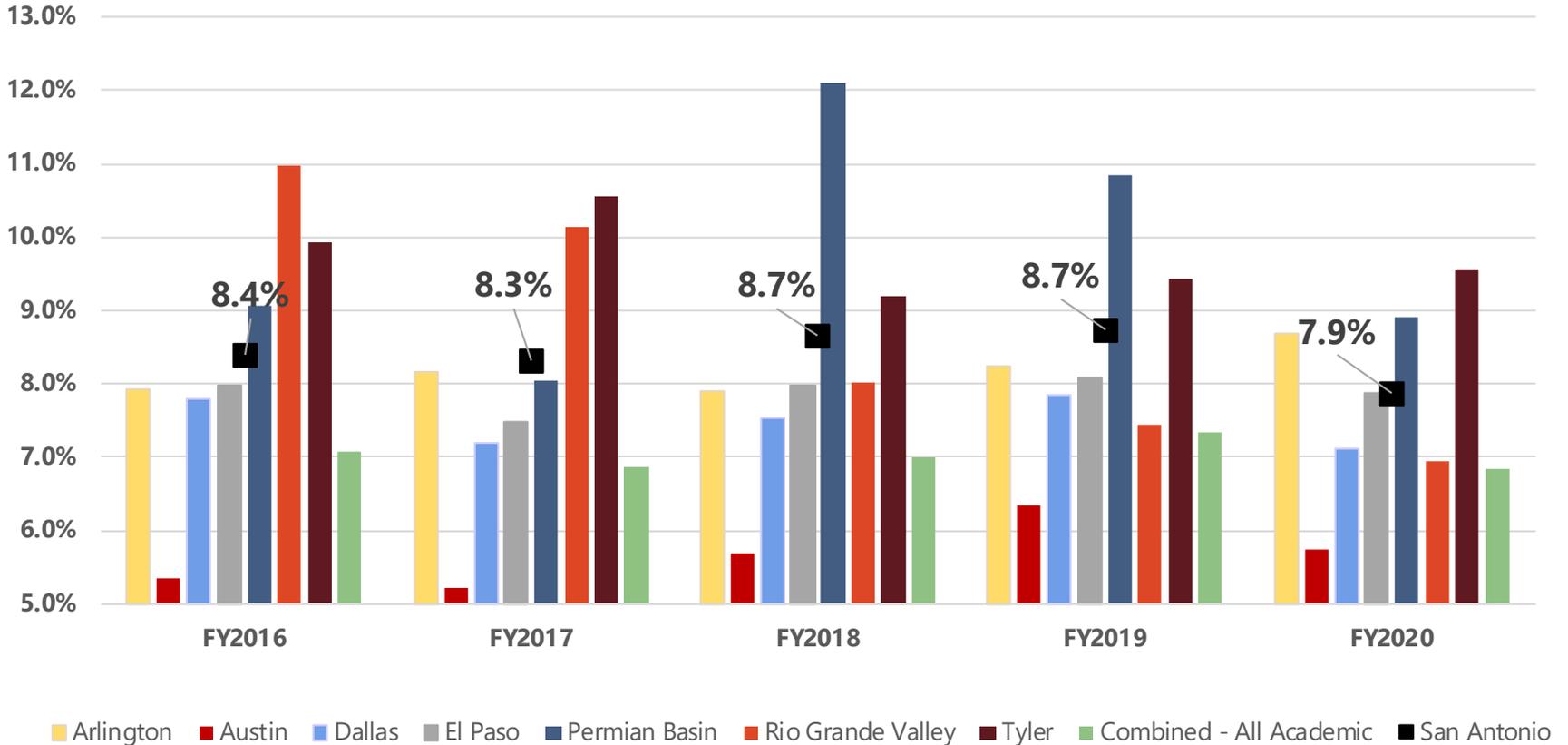
# Institutional Support Expense – Composition



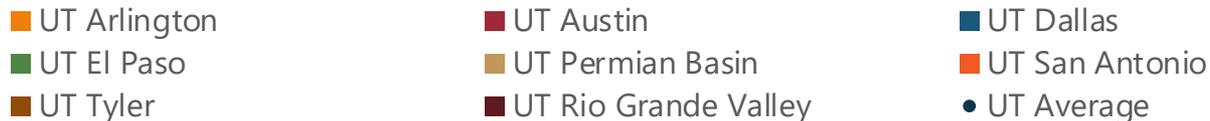
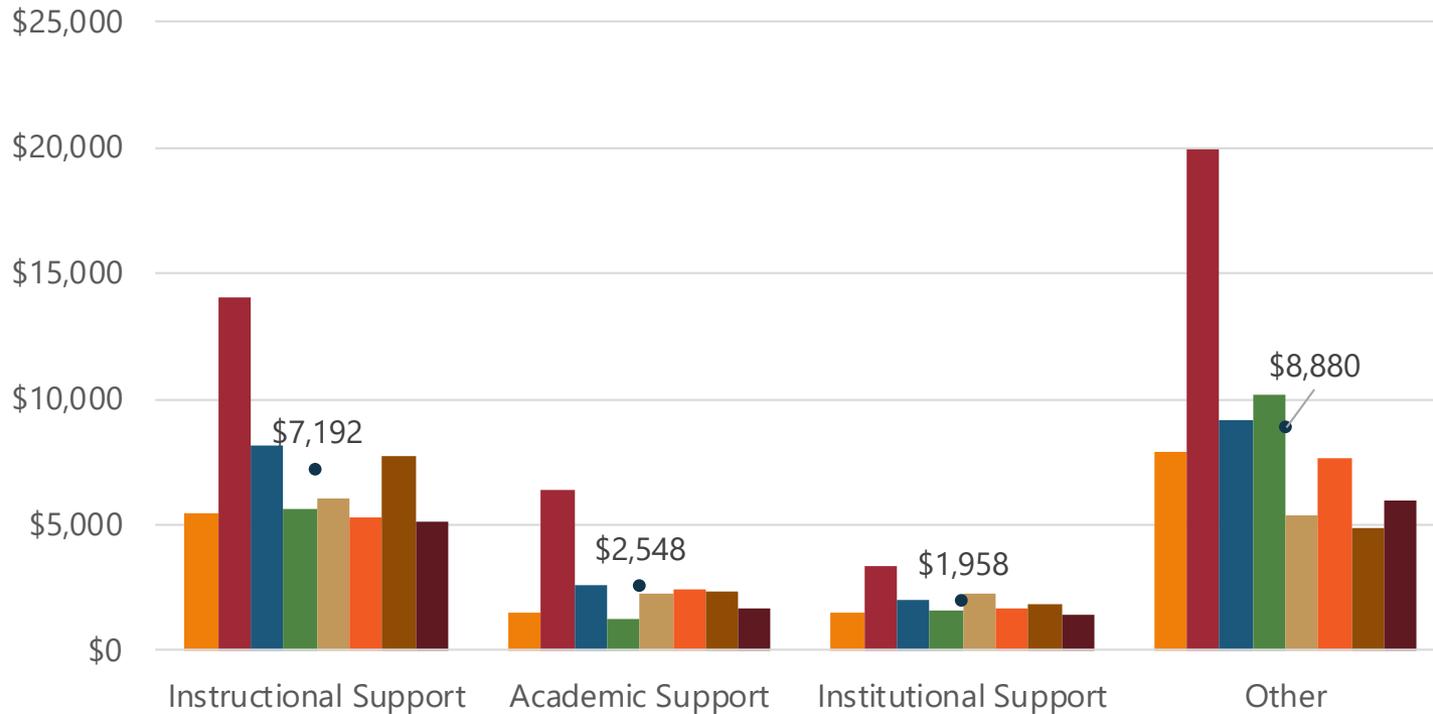
# Administrative Cost Measure



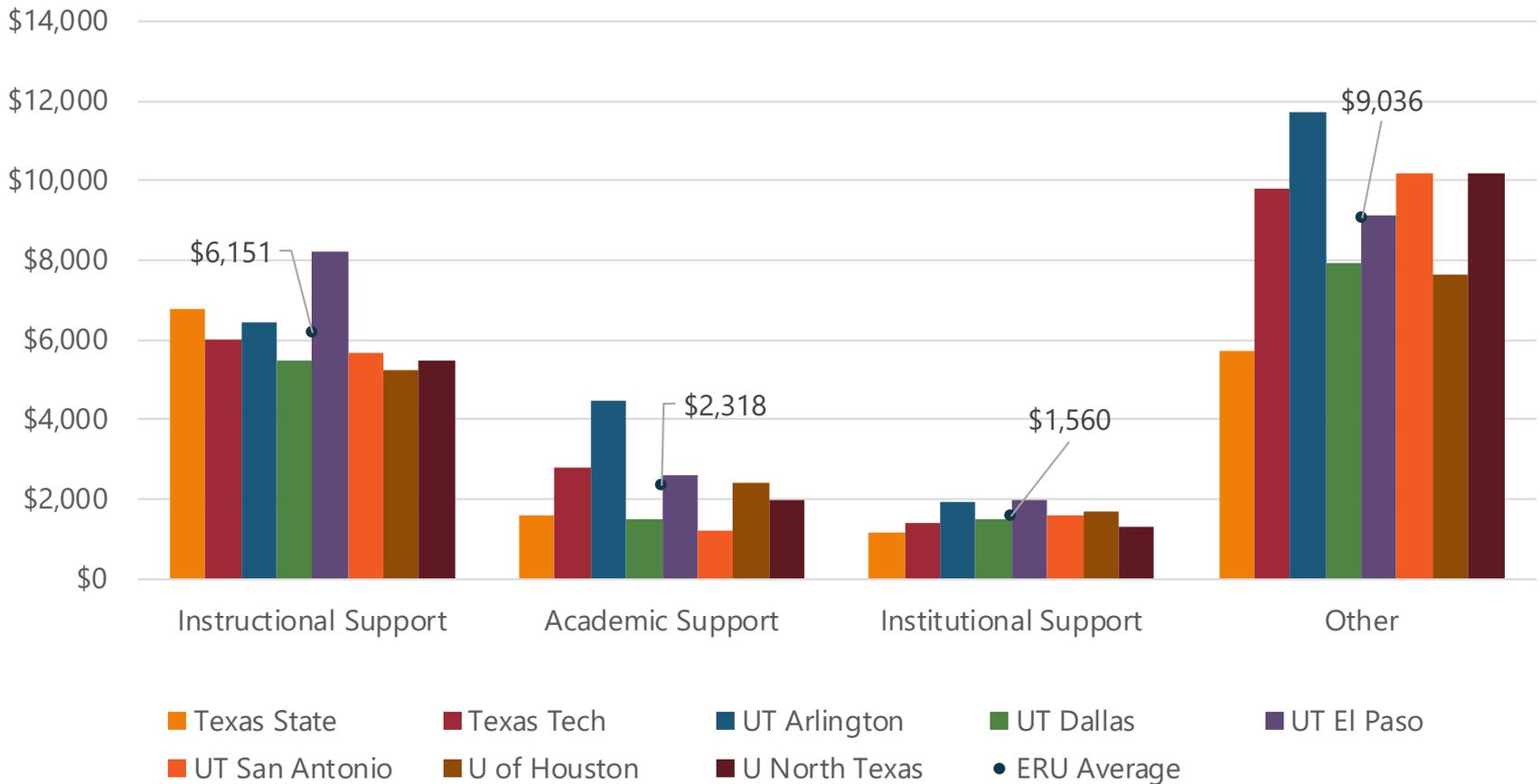
# Administrative Cost Measure – UT System



# Expenditures Per Full-Time Student Equivalent FY2019 UT System



# Expenditures Per Full-Time Student Equivalent FY2019 Emerging Research Institutions





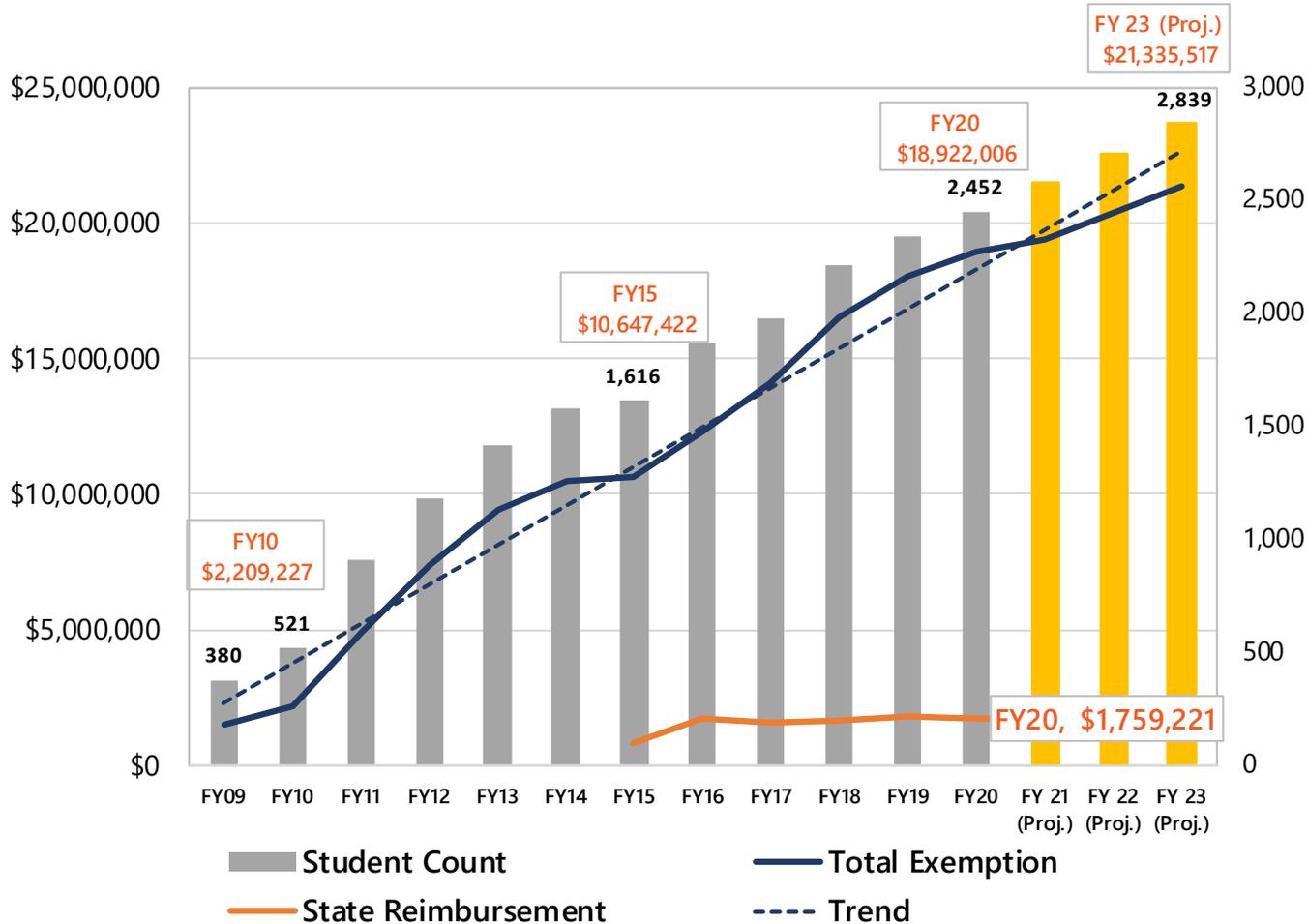
# Other Financial Highlights

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# Financial Highlights – Exemptions

		FY2020	FY2019	\$ DIFFERENCE
Hazlewood Legacy	\$	13,769,000	13,441,000	328,000
Hazlewood Dependents	\$	2,970,000	2,517,000	453,000
Hazlewood Exemption	\$	1,877,000	1,870,000	7,000
Hazlewood Spouse	\$	297,000	218,000	79,000
Adopted	\$	864,000	886,000	(22,000)
Dual Enrollment	\$	559,000	212,000	347,000
Blind/Deaf Student	\$	532,000	449,000	83,000
Foster Care	\$	345,000	337,000	8,000
Governing Board Waivers	\$	195,000	232,000	(37,000)
Highest Ranking HS Scholar	\$	140,000	148,000	(8,000)
Other Various	\$	83,000	94,000	(11,000)
<b>Total Exemptions</b>	<b>\$</b>	<b>21,631,000</b>	<b>20,404,000</b>	<b>1,227,000</b>

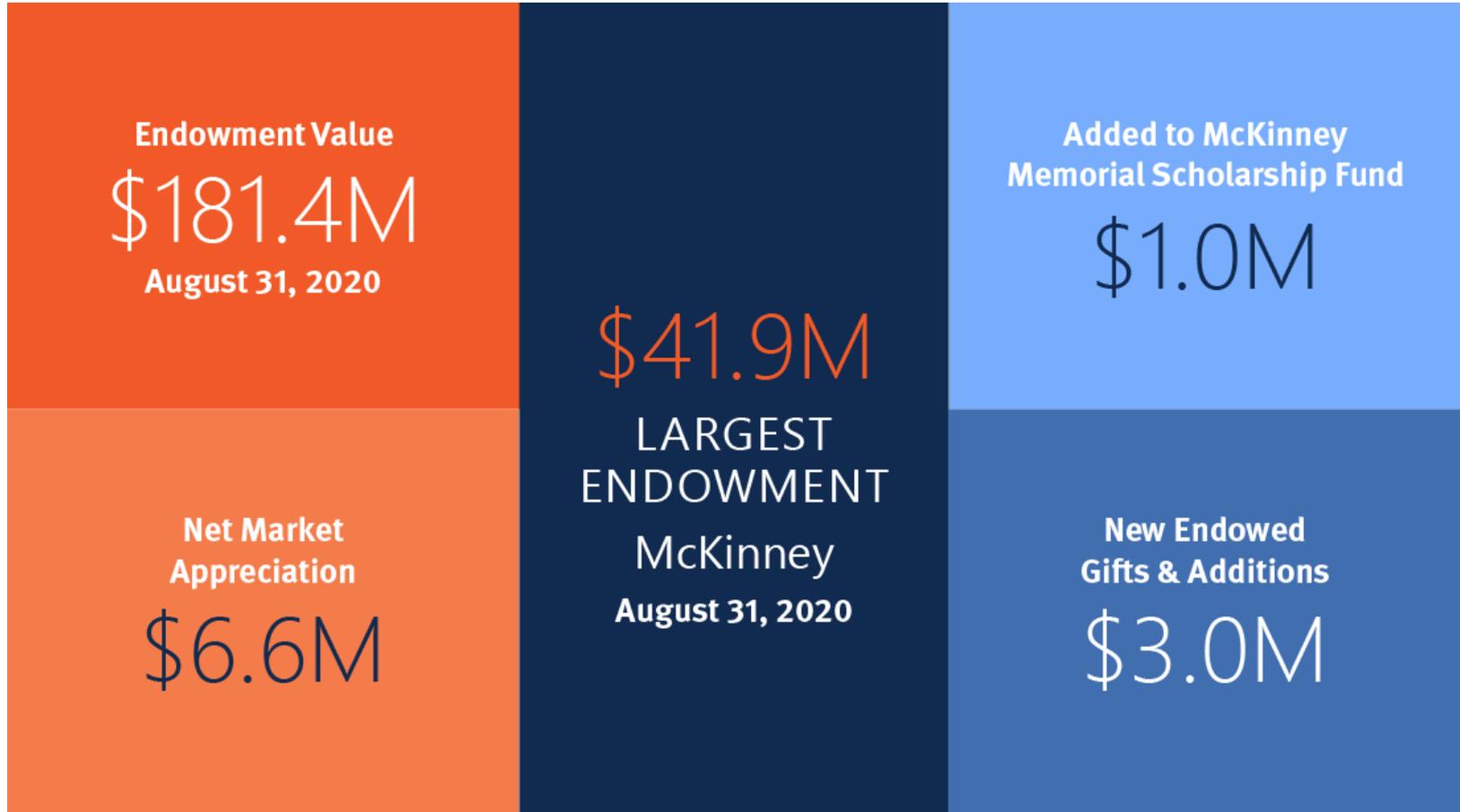
# Hazlewood Act at UTSA



# Financial Highlights: Salary and Wage Expenses

	FY2020	FY2019	DIFFERENCE	
			\$	%
Faculty - Tenure/Tenure Track	\$ 65,299,525	65,415,425	(115,900)	0%
Faculty - Non-Tenure Track	\$ 22,900,073	21,286,294	1,613,779	8%
Faculty - Summer	\$ 13,558,013	12,821,401	736,612	6%
GTAs and GRAs	\$ 15,077,599	12,651,470	2,426,129	19%
Staff - Permanent	\$ 141,722,803	133,632,595	8,090,208	6%
Vacation Payout	\$ 1,937,858	442,540	1,495,318	338%
Students - Regular and Work Study	\$ 9,413,882	10,486,105	(1,072,223)	-10%
Other Salaries and Wages	\$ 508,206	291,342	216,864	74%
Moving Expense and Temporary Housing Allowance	\$ 735,462	606,922	128,540	21%
Staff - Temporary	\$ 1,617,897	1,570,272	47,625	3%
Overtime and Hazardous Duty Pay	\$ 497,890	540,096	(42,206)	-8%
Longevity Pay	\$ 2,360,476	2,332,379	28,097	1%
Tuition Remission	\$ 383,021	394,004	(10,983)	-3%
<b>Total Salaries and Wages</b>	<b>\$ 276,012,704</b>	<b>262,470,845</b>	<b>13,541,859</b>	<b>5%</b>

# Financial Highlights: Endowment

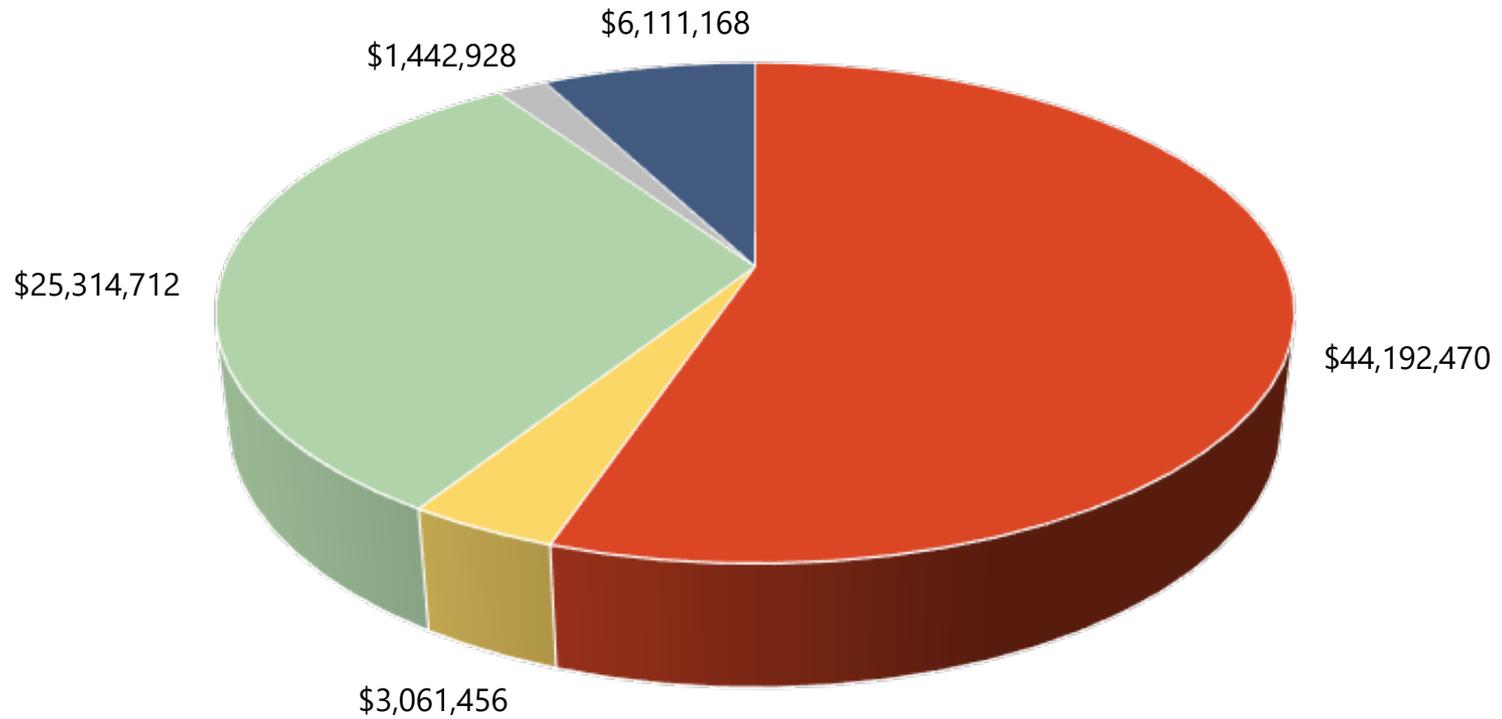




# Capital Activity

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# Capital Activity



- Buildings and Improvements
- Equipment
- Purchased Software
- Facilities and Improvements
- Infrastructure

# Capital Activity

	Student Success Center - <i>In Service</i>	\$6.0M F2020	\$6.6M CUMULATIVE
	Science & Engineering Building - <i>In Service</i>	\$13.5M F2020 EXPENDITURES	\$91.7M CUMULATIVE
	Guadalupe Hall	\$11.4M F2020	\$13.6M CUMULATIVE
	Student Union Renovations	\$1.7M F2020	\$2.9M CUMULATIVE

**UTSA**<sup>®</sup>

Financial  
Affairs