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[Section I]

University Update: Demographics

Fall 2007 Texas Enrollment by County

2007 by County
- 101 to 4,000
- 51 to 100
- 1 to 50

The Texas A&M University System
FY 2009 Programmatic Budget Review
[Section I]

University Update:
Enrollment

Five Year Change: +9%
(source: THECB certified data)
[Section I]
University Update:
Semester Credit Hour Generation

Five Year Change: +12%
(source: THECB certified data)
[Section I]

University Update:
Budgeted and Filled Faculty Positions

Five Year Change: +21%
(Source: TAMUS Data Warehouse: October Snapshot)
[Section I]

University Update:
Budgeted and Filled Administrative and Classified Staff Positions

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Head Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2004</td>
<td>643</td>
</tr>
<tr>
<td>FY 2005</td>
<td>699</td>
</tr>
<tr>
<td>FY 2006</td>
<td>715</td>
</tr>
<tr>
<td>FY 2007</td>
<td>712</td>
</tr>
<tr>
<td>FY 2008</td>
<td>696</td>
</tr>
</tbody>
</table>

Five Year Change: +8%
(Source: TAMUS Data Warehouse: October Snapshot)
[Section I]
University Update: Some Highlights

• Peter Etnoyer, a doctoral fellow in the Harte Research Institute for Gulf of Mexico Studies, has been selected for the prestigious 2008 National Oceanic and Atmospheric Administration (NOAA) - David Johnson Award for outstanding and innovative use of satellite data.

• The University received the largest single private gift given toward scholarships in the history of the University history, $5 million from the estate of Lawrence Atkins.

• Early College High School launched its first year of operation with the help of a $400,000 Bill and Melinda Gates Foundation grant.

• Shadrack Songok won the NCAA Outdoor Track and Field National Championship in the 10,000 meters in 2007 and won the NCAA Indoor Track and Field National Championship in the same event in 2008.
[Section I]
University Update:

Student Success

Based on latest available comparative data from THECB (FY 2006)

9th in the state in 4-year graduation rate
University Update: Research Expenditures

111% increase since 2001

<table>
<thead>
<tr>
<th>Year</th>
<th>Funded Research</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2001</td>
<td>$6,710,930</td>
</tr>
<tr>
<td>FY 2007</td>
<td>$14,139,120</td>
</tr>
</tbody>
</table>

Ranked 11th in the state in FY 2006 (THECB)
[Section I]

Current Status: Technology

- Finishing first year of SCT Banner student information system implementation
- Beginning planning process for implementation of Banner SCT Luminis student web portal
- Implemented WEAVEonline externally hosted software system to manage the university’s unit planning and assessment program
- Implemented Astra Schedule software to manage and improve efficiency of classroom space utilization
- Implemented Communicator NXT an automated, externally hosted, web-based emergency communication system
- Currently working with STAMATS consultants to improve the university web site design and to provide more intuitive navigation
[Section I]

**Current Status: Technology**

- All campus classrooms have “smart” teaching technology installed.

- The entire academic core of the campus is covered by wireless networks.

- Upgrades and replacement technology is done on a regular replacement cycle and managed through the University Technology Council.

- Issues and Potential Concerns:
  - Distance learning: **e-Line** on-line Nursing program; using **WebCT** (Impact of merger with Blackboard?)
  - System-wide software: Research Tracking, Finance, Human Resources – Timetable, cost allocation, and training?
[Section I]

Current Status: Infrastructure

- Emergency Operations Center
- New campus land gift
  - Master planning underway
- Lee house gift
- Longer term Infrastructure issues:
  - Ongoing space deficiency
  - Chilled water capacity
  - Electrical capacity
  - Parking and traffic
[Section I]

Current Status: Legal Issues

- Resolution of Harte Research Institute construction issues
- Joslin estate case nears settlement
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[Section I]

**Current Status: Outsourced Activities**

- Privatized student housing (Camden Property Trust)
- Bookstore (Barnes and Noble)
- Food Service (ARAMARK)
- Job Order Contractors (Alpha and Barcom)
  - Both are HUB businesses
Program Development

Process for review of existing programs

- All academic programs are reviewed every five years involving self study and external reviewers
- Review of low productivity programs
- Learning Outcomes and Measures
[Section II]

Program Development

Process for developing new programs:

- Strategic Fit with Mission
- Student Demand
- Market Demand/Workforce Needs for Graduates
- Effect on/Compatibility with Existing Programs
- Competition for Students
- Costs/Sources of Funding
- Financial Feasibility
- Learning Outcomes and Measures

- Currently in discussions with an external professional services firm to conduct a program needs assessment
Program Development

Implement in Fall 2008 (FY 2009)
- Bachelor of Applied Arts and Sciences
- Joint doctorate in marine biology

Under development into FY 2009
- Bachelor’s in mechanical engineering
- Master’s in communication
- Collaborative Ph.D. in Nursing with TWU

Program Expansions/Changes
- Add Marine Fisheries track to MS in Mariculture
[Section II]

Program Development

Programs Under Study

• Joint Ph.D. in International Business with TAMIU

Programs to be Deleted

• B.S. Clinical Laboratory Science (last students admitted 2003)
[Section III]
Member Compact Update
[Section III]

Priority 1: Increase enrollment

**Objective 1: Increase enrollment ≥1.5% from Fall 2007 to Fall 2008**

- Cost and method of finance
  - $49,680 (salary & benefits) for Metroplex recruiter from E&G
  - $74,851 for marketing from Designated Tuition
  - $36,000 for P-16 work from THECB grant
  - $11,000 BAAS Advisor and support from student advising fee
- Progress
  - As of April 3, admissions for Fall 2008 were up by 19 percent from last year (543 students)
Priority 1: Increase enrollment

Objective 2: Improve retention rate of First-time, full-time freshmen from 59% to 65% by Fall ’09

- Cost and method of finance
  - $39,000 for **Smart Thinking** 24-7 Tutoring Service (Title V grant)
  - Student retention task force is currently preparing detailed recommendations for improving freshman rate

- Progress
  - Fall 2006 freshmen class retention: 60.7%
[Section III]

Priority 1: Increase enrollment

Objective 3: Expand academic program offerings

- Cost and method of finance
  - Costs will be incurred for these programs in FY ‘09
- Progress
  - BAAS: program proposal at THECB for approval
  - Master’s in communication: program proposal at May BOR
  - Joint doctorate in marine biology: program proposal at THECB for approval
  - Bachelor’s in mechanical engineering: preliminary authority at May BOR
[Section III]

Priority 2: Increase student success

Objective 1: Increase the average number of SCH taken by UG students

- Cost and method of finance
  - $24,750 for financial aid consultant from DT to restructure financial aid packages to maximize full-time enrollment (final report pending)
- Progress
  - Fall ’07 baseline 12.5 SCH per undergraduate student. Comparison data will be available Fall ’08.
  - Affordability initiative will be implemented in Fall 2008
    - <= $30,000 family income receive free tuition and mandatory fees
    - $500 scholarship awarded in Fall 2009 for returning Fall 2008 freshmen who complete 30 hours with a 2.5 GPA or above
    - Increases in academic scholarship support made possible by a $5 million scholarship endowment gift
Priority 2: Increase student success

Objective 2: Increase total degrees awarded, number to Hispanic students and in nursing

- Cost and method of finance
  - $24,000 for new advisor in nursing from advising fee
  - $201,600 for 3 new nursing faculty from DT
- Progress (December 2007 graduation vs. December 2006 graduation)
  - 602 total degrees awarded in 2007 vs. 563 in 2006 (+7%)
  - 242 degrees awarded to Hispanics in 2007 vs. 195 in 2006 (+24%)
  - 43 Nursing degrees awarded in 2007 vs. 34 in 2006 (+27%)

Objective 3: Pass rates of at least 95% on licensing exams for nurses and teachers

- Cost and method of finance
  - Incremental as number of students increases
- Progress
  - Nursing pass rate = 100%  Teacher certification rate = 89.2%
  - Data not yet available for FY ‘08
[Section III]

Priority 3: Acquire resources needed for expansion and be good stewards

Objective 1: Obtain land for expansion and begin master planning

- Cost and method of finance
  - $103,400 for master plan from DT
  - $75,000 (estimated) for curb cut, gate, mower
  - $800,000 for Phase I of tennis courts from HEF
  - $1.6 million gift request for Phase II of tennis courts

- Progress
  - Land acquired
  - Master plan to be delivered by June 2008
[Section III]

Priority 3: Acquire resources needed for expansion and be good stewards

Objective 2: Capital Campaign with total goal of $25 million by 2012 and $8.5 million by end of FY 2008

- Cost and method of finance
  - $50K position in development from DT added in FY ’08.
  - Foundation has contracted consultant from 12/07 through 12/08. FY ’08 costs total $74,700.

- Progress
  - Total gifts YTD for FY’08 (9/1/07-3/31/08) are $10,843,636.55
Priority 3: Acquire resources needed for expansion and be good stewards

Objective 3: Maintain administrative costs under 10%

- Cost and method of finance
  - Avoiding $100,000 of administrative costs through on-line processing initiatives
  - Outsourcing bookstore resulted in net profit of $329,000 instead of loss
- Progress
  - FY 2007 administrative cost ratio is 8.58%
  - FY 2008 results not yet available
Priority 4: Increase externally funded research

**Objective 1: Increase of 5% in faculty participating in externally funded research in FY ’08 and FY ‘09**
- Cost and method of finance
  - No new expenses anticipated
- Progress
  - Data reported annually (Base line: 27%)

**Objective 2: Increase research expenditures by 7% in FY ‘08 and FY ‘09**
- Cost and method of finance
  - $247,000 for three new support positions from RDF
  - $200,000 in new project funds from RDF
- Progress
  - Data reported annually (Base line $13.7 million) [FY 2006]
[Section IV]

Salary Increase Plan

- 3% Merit Pool: $1,158,000
- Faculty Promotions: 42,000
- Equity: 200,000

Total: $1,400,000
### Fee Increases for FY09

<table>
<thead>
<tr>
<th>Fee Description</th>
<th>Basis</th>
<th>Current</th>
<th>Increase</th>
<th>New FY09</th>
<th>New Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Designated Tuition</td>
<td>SCH</td>
<td>$81.00</td>
<td>$10.00</td>
<td>$91.00</td>
<td>2,407,064</td>
</tr>
<tr>
<td>Athletics Fee</td>
<td>SCH</td>
<td>$12.60</td>
<td>$0.63</td>
<td>$13.23</td>
<td>$113,129</td>
</tr>
<tr>
<td>Academic Advising</td>
<td>STU</td>
<td>$25.00</td>
<td>$5.00</td>
<td>$30.00</td>
<td>$87,737</td>
</tr>
<tr>
<td>Student Services</td>
<td>SCH</td>
<td>$15.13</td>
<td>$1.51</td>
<td>$16.64</td>
<td>$381,999</td>
</tr>
</tbody>
</table>
[Section VI]

IMPACT ON BUDGET AND FUNDING

**Description of Budget Change**

- Faculty & Staff-Merit & Equity: $1,518,000
- Students (Fin. Aid, Retention): $594,330
- Operating Reserves: $466,308

**Total Budget Increase**: $2,578,638
## METHOD OF FINANCE SUMMARY

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statutory Tuition-1.5% SCH Incr.</td>
<td>$171,574</td>
</tr>
<tr>
<td>Designated Tuition-1.5% SCH Incr.</td>
<td>$294,734</td>
</tr>
<tr>
<td>Designated Tuition-$10 SCH Incr.</td>
<td>$2,112,330</td>
</tr>
<tr>
<td>Total Sources</td>
<td>$2,578,638</td>
</tr>
</tbody>
</table>
[Section VII]

Report on Financial Condition

Composite Financial Index

Note: Score of 3.0 is recommended by KPMG as the minimum to be considered in adequate financial condition
HUB ANNUAL RESULTS FOR FY05, FY06 & FY07

- FY 2005 Annual: 29.0%
- FY 2006 Annual: 21.9%
- FY 2007 Annual: 31.3%
- FY 2008 semi-annual: 27.3%
## Operational Reserves (millions) as of 8/31/07

<table>
<thead>
<tr>
<th>Fund Group</th>
<th>Amount</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>E&amp;G</td>
<td>$5,209</td>
<td>23%</td>
</tr>
<tr>
<td>Designated</td>
<td>$13,539</td>
<td>59%</td>
</tr>
<tr>
<td>Auxiliary</td>
<td>$4,053</td>
<td>18%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$22,801</strong></td>
<td></td>
</tr>
</tbody>
</table>
### Report on Financial Condition

#### FY 2008 Year-to-Date Projected Budget

<table>
<thead>
<tr>
<th></th>
<th>Budget 2008</th>
<th>Revised Budget</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State Appropriations</td>
<td>$64,443</td>
<td>$64,443</td>
<td>$0</td>
</tr>
<tr>
<td>Tuition &amp; Fees-Net</td>
<td>$37,867</td>
<td>$37,867</td>
<td>$0</td>
</tr>
<tr>
<td>Contracts &amp; Grants</td>
<td>$21,750</td>
<td>$23,514</td>
<td>$1,764</td>
</tr>
<tr>
<td>Other Income</td>
<td>$10,735</td>
<td>$11,127</td>
<td>$392</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td><strong>$134,795</strong></td>
<td><strong>$136,951</strong></td>
<td><strong>$2,269</strong></td>
</tr>
</tbody>
</table>
### Report on Financial Condition

**FY 2008 Year-to-Date Projected Budget**

<table>
<thead>
<tr>
<th>Expenditures</th>
<th>Budget 2008</th>
<th>Projected Actuals</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries &amp; Wages</td>
<td>$ 59,583</td>
<td>$ 61,082</td>
<td>$ 1,499</td>
</tr>
<tr>
<td>Benefits</td>
<td>15,470</td>
<td>15,521</td>
<td>51</td>
</tr>
<tr>
<td>Utilities</td>
<td>4,401</td>
<td>4,401</td>
<td>0</td>
</tr>
<tr>
<td>Scholarships</td>
<td>11,551</td>
<td>11,551</td>
<td>0</td>
</tr>
<tr>
<td>Equipment</td>
<td>9,318</td>
<td>5,768</td>
<td>(3,550)</td>
</tr>
<tr>
<td>Operations &amp; Maint.</td>
<td>18,742</td>
<td>19,348</td>
<td>606</td>
</tr>
<tr>
<td>Transfers-Debt Svc</td>
<td>14,199</td>
<td>17,749</td>
<td>3,550</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td><strong>$ 133,264</strong></td>
<td><strong>$ 135,420</strong></td>
<td><strong>$ 2,156</strong></td>
</tr>
</tbody>
</table>

Expenditure Budget Less Debt Service = $119,065
### Capital Plan Update: Construction

<table>
<thead>
<tr>
<th>Project</th>
<th>Cost</th>
<th>Financing</th>
<th>Begin</th>
<th>Finish</th>
</tr>
</thead>
<tbody>
<tr>
<td>Harte Research Institute</td>
<td>$17,400,000</td>
<td>TRB</td>
<td></td>
<td>?</td>
</tr>
<tr>
<td>Dugan Wellness Center / EOC</td>
<td>$21,500,000</td>
<td>Revenue Bonds, Gift, HEF</td>
<td>April 2007</td>
<td>October 2008</td>
</tr>
<tr>
<td>Nursing/ Health Sciences</td>
<td>$45,000,000</td>
<td>TRB</td>
<td>Spring 2008</td>
<td>January 2010</td>
</tr>
</tbody>
</table>
### Capital Plan Update: Priorities for next year

<table>
<thead>
<tr>
<th>Project</th>
<th>Cost</th>
<th>Financing</th>
<th>Begin</th>
<th>Finish</th>
</tr>
</thead>
<tbody>
<tr>
<td>O’Connor College of Business</td>
<td>$25,000,000</td>
<td>HEF, Gift</td>
<td>Spring 2009</td>
<td>January 2011</td>
</tr>
<tr>
<td>New Campus Development: Tennis Center</td>
<td>$2,400,000</td>
<td>HEF, Gift</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TRB Priorities: Life Sciences Building</td>
<td>$75,000,000</td>
<td>TRB</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fine Arts</td>
<td>$50,000,000</td>
<td>TRB</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Library Expansion</td>
<td>$20,000,000</td>
<td>TRB</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
[Section IX]

Auxiliary Operations

Revenue-FY08 $12,735,060
Increased Revenues* 1,477,322
Revenue FY09 $14,212,382
Expenditures & Transfers $14,134,382

*Increased Revenues primarily from Student Services & Athletics fee increases
Student Services Budget

Student Services Fee $3,505,379

Total Balance Available FY09 $3,505,379

Operating Expenses FY09 $3,416,586
## Auxiliary Operations

### University Center Budget

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>University Center Fees</td>
<td>$862,793</td>
</tr>
<tr>
<td>Self-generated Revenue</td>
<td>114,700</td>
</tr>
<tr>
<td><strong>Total Balance Available FY09</strong></td>
<td><strong>$977,493</strong></td>
</tr>
<tr>
<td>Operating Expenses FY09</td>
<td><strong>$977,493</strong></td>
</tr>
</tbody>
</table>
### Auxiliary Operations

**Recreational Sports**

- Recreational Sports Fees: $1,514,619
- Total Balance Available FY09: $1,514,619

- Operating Expenses FY09: $1,507,873
### Athletic Budget

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Self-generated Revenue</td>
<td>$2,328,679</td>
</tr>
<tr>
<td>Athletic Fee</td>
<td>$2,764,129</td>
</tr>
<tr>
<td>Transfers</td>
<td>$269,100</td>
</tr>
<tr>
<td><strong>Total Balance Available FY09</strong></td>
<td><strong>$5,361,908</strong></td>
</tr>
<tr>
<td><strong>Operating Expenses FY09</strong></td>
<td><strong>$5,361,908</strong></td>
</tr>
</tbody>
</table>
Texas A&M University System

The Island University

FY 2009 Programmatic Budget Review

A Wise Investment in the Future of Texas