
INTERIM CHARGE FOUR

In 2003, following the 78th Regular Legislative Session, the Joint Interim Committee on Higher Education was charged with the following:

Identify the number of classified and unclassified positions in the administration of each university system and examine each major function, service, or activity performed by university system offices, including:

- (1) Central administration;
- (2) academic affairs coordination and support;
- (3) general council and other legal services;
- (4) budgeting, accounting, and data reporting;
- (5) fiscal management;
- (6) facilities, planning and construction;
- (7) governmental relations;
- (8) audit services;
- (9) real estate management;
- (10) information technology services; and
- (11) aircraft operation and usage.

The Texas Higher Education Coordinating Board surveyed the six university systems and the Texas State Technical College System regarding the administrative expense for each system including amount and type of expense and a breakdown of expenses by Full-Time Employee and Full-Time Student Equivalent.

This analysis presents the administrative tasks and associated employees that receive direct state appropriations to the systems offices. The initial page provides a summary of the system expenditures, which is followed by a more detailed description that each system provided to the Texas Higher Education Coordinating Board.

The system-wide reports are an attempt to gather comprehensive data on the systems to assist in understanding the complexity and diversity in the systems and their component universities, each with individual missions of creating and

sustaining excellence in education, research and health-care in higher education in Texas. Comparative analysis of system administration costs highlights the differences in the various systems' operations. For example, the Texas State University System, which has six universities and three two-year institutions, has a very small central administration operation. In contrast, the University of Texas System and Texas A&M University System are highly centralized and provide not only the same basic functions, but a range of additional services for their individual campuses. However, significant differences between these two large systems make comparisons between them difficult. In particular, the University of Texas System has six Health-Related Institutions, while the Texas A&M System has one Health Science Center and various land grant research and service agencies. As a result, substantially different types of support are provided. The University of Texas System is unique also because it administers disbursements for the Public University Fund (PUF).

A narrative of the uniqueness of the system offices was included in the Texas Tech University System Report, which stated:

The value and worth, and effectiveness of a system administration cannot be ascertained without considering the administrative cost ratios at the component institutions. To truly evaluate the efficiency and necessity of a system administration, the totality of administrative costs should be considered, not just those attributable to the System offices alone. It must be remembered that all of the system offices in the state, while they share many common functions and traits, are different and unique to the particular circumstances of the component institutions they serve. Uniform, consistent comparisons are difficult to achieve. Each system office should be evaluated as to its value and contribution to not only the administrative efficiency of its components but also to the value-added enhancement to the core academic enterprise.

The following section was prepared by the
Texas Higher Education Coordinating Board.

Report of the Joint Interim Committee on Higher Education to the 79th Legislature

FY 2003 System Administration Cost Full-Time Student Equivalent Basis & Full-Time System Employee Basis

System Components	FY 2003 Full-Time Student Equivalent (FTSE)	FY 2003 Appropriated Funds for System Administration	System Administration Cost per FTSE	Number of GR Appropriated System FTEs	System Administration Cost per System FTE	Total Number of System-wide Employees Funded by GR	System Administration Cost per System-wide FTEs
University of Texas System:		\$29,247,602	\$207	246	\$118,697	39,082	\$748
UT-Arlington	19,510						
UT-Austin	48,316						
UT-Brownsville	2,192						
UT-Dallas	10,766						
UT-El Paso	13,942						
UT-Pan American	12,853						
UT-Permian Basin	2,108						
UT-San Antonio	18,062						
UT-Tyler	3,326						
UT-Southwestern HSC - Dallas	1,911						
UT-HSC - San Antonio	2,690						
UT-HSC - Houston	3,112						
UTMB - Galveston	2,125						
UT MD Anderson	94						
University of Texas System Total FTSEs	140,997						
Texas A&M University System¹:		\$8,500,948	\$98	89	\$95,210	16,774	\$507
Texas A&M University	40,700						
Texas A&M University - Galveston	1,441						
Texas A&M University - Commerce	6,967						
Texas A&M University - Corpus Christi	6,788						
Texas A&M University - Kingsville	5,814						
Texas A&M University - International	3,075						
Texas A&M University - Texarkana	964						
Prairie View A&M University	6,844						
Tarleton State University	7,383						
West Texas A&M University	5,847						
Texas A&M University System Health Science Center	981						
Texas Cooperative Extension (A&M)							
Texas Agricultural Experiment Station A&M							
Veterinary Medical Diagnostic Lab., Tx (A&M)							
Texas Forest Service (A&M)							
Wildlife Damage Management Service							
Texas Engineering Experiment Station (A&M)							
Texas Engineering Extension Service (A&M)							
Texas Transportation Institute							
Texas A&M University System Total FTSEs	86,804						
University of Houston System:		\$3,036,341	\$69	72	\$42,311	4,804	\$632
University of Houston	29,607						
University of Houston - Clear Lake	5,316						
University of Houston - Downtown	7,660						
University of Houston - Victoria	1,577						
University of Houston System Total FTSEs	44,160						
Texas Tech University System:		\$9,686,272	\$343	143	\$67,611	4,861	\$1,993
Texas Tech University	25,904						
Texas Tech University Health Science Center	2,352						
Texas Tech University System Total FTSEs	28,256						
University of North Texas System²:		\$3,732,263	\$139	39	\$95,503	3,720	\$1,003
University of North Texas	25,813						
UNT Health Science Center at Fort Worth	1,034						
University of North Texas System Total FTSEs	26,847						
Texas State System:		\$1,558,373	\$28	12	\$126,935	5,490	\$284
Angelo State University	5,600						
Lamar University	8,322						
Lamar State Colleges ³	5,245						
Sam Houston State University	11,896						
Texas State University - San Marcos	22,271						
Sul Ross State University	1,794						
Sul Ross State University - Rio Grande	678						
Texas State University System Total FTSEs	55,806						
Texas State Technical Colleges:		\$3,497,945	\$329	30	\$116,238	1,393	\$2,511
TSTC - Harlingen	3,715						
TSTC - Marshall	632						
TSTC - Waco	4,551						
TSTC - West Texas	1,744						
Texas State Technical Colleges Total FTSEs	10,641						

Notes:
 1. The Texas A&M System provides administrative support for the various service agencies, but their students are not funded through state appropriations. Therefore, no FTSEs are shown.
 2. The UNT FTE has been adjusted from that provided in the SAO report to include appropriate FTE for individuals who perform UNT System tasks but who are paid 100% by UNT.
 3. Lamar State Colleges include Lamar University Institute of Technology, Lamar State College at Orange, and Lamar State College at Port Arthur.

Response to Joint Interim Committee on Higher Education
Systems Work Group

Description of U. T. System Offices

July 2004

The University of Texas System is pleased to respond to the Joint Interim Committee on Higher Education Systems Work Group. The information contained in this submission is provided in response to Charge 4a and 4b of the Joint Interim Committee on Higher Education. This information should be read and interpreted in conjunction with materials previously provided to the Work Group via the Texas Higher Education Coordinating Board.

Background

The nine academic campuses and six health institutions within The University of Texas System educate one-third of all public university students in Texas and three-fourths of all Texas health professionals – a larger proportion, by far, than any other system in the state. In fall 2003, System institutions enrolled 177,956 students, including 167,770 at general academic universities and 10,186 at health science institutions. System-wide, there are 87,708 employees, including 8,902 academic faculty and 6,500 health campus physicians, residents and fellows.

The System-wide annual operating budget for FY 2004 is \$7.8 billion. For FY 2003, the System had \$1.45 billion in research expenditures (85 percent from federal or private funding sources) and \$1.14 billion in unsponsored charity care. In addition, the System has a six-year capital construction budget totaling \$4.6 billion. The System has more than \$24 billion in total assets, including more than \$14.8 billion in investments under management.

One of the biggest differences between the U. T. System and other Texas university systems is in the amount of health care delivery and health research conducted in the U. T. System. The six U. T. System health institutions account for about half of the System's employees, 64 percent of the System's total operating budget, and 65 percent of the annual research expenditures. Over 50 percent of the health institution employees are funded either wholly or partially by patient care revenue.

About U. T. System Administration

The U. T. System Administration supports its academic and health institutions in creating and sustaining excellence in education, research, and health care. The complexity and diversity of the U. T. institutions and their missions sometimes results in administrative needs not found in other systems.

Despite steady growth of the U. T. System due to increasing enrollment, patient care revenue, and federally funded research, the System Administration continues to reduce administrative costs. For example, the System Administration operating expenditures in FY 2003 were \$29.25 million. System-wide expenditures in FY 2003 were \$7.35 billion. This translates into 39 cents out of every \$100 spent are solely for administrative costs. In FY 2004, the budget for general administration was reduced by 5.7 percent as compared to FY 2003 budget – down to \$28.9 million. As a result of this reduction, administrative costs at the System Administration as a percentage of total expenditures are projected to decline to .37 percent; or for every \$100 spent, only 37 cents are spent on administration.

Because of economies of scale and other efficiencies, administrative costs system-wide are relatively low. The portion of the total budget of the System Administration and its component institutions devoted to administrative expenses is approximately eight percent. By our calculations, this administrative expense rate is slightly higher than in the Texas Tech University System and slightly lower than in the Texas A&M University System.

The 245.9 full-time equivalent (FTE) employees that work in the general administration functions of the System Administration at the end of FY 2003 oversee a wide range of centralized, cost-effective, and value-added services. They have direct oversight over the nine academic campuses and six health institutions, providing leadership in areas such as accountability, distance education, budgeting and financial reporting, auditing, compliance, development and real estate. General administration staff also respond to legislative requests and either complete or oversee preparation of numerous statutorily required reports. The existence of the general administration function allows System component institutions to participate in beneficial programs such as System-wide licensing of software and centralized issuance of debt. Since November 2002, the System Administration has operated under a flexible hiring freeze whereby no position may be filled or created without the express approval of the Chancellor. This policy has enabled us to reduce the FY 2004 budgeted general administration FTEs to 232.9 or 16.1 below the cap established by HB 1, 78th Legislature. Costs of these operations are funded by state appropriations, either general revenue or the Available University Fund.

Many of the services provided by the System Administration are self-supported. At the end of 2003, 232.5 FTE employees were employed in these units. Services include facilities planning and construction; Employee Group Insurance (EGI) and risk management services, medical and dental application services, and claims and bankruptcy collections. Facilities planning and construction staff are spread across the state overseeing all phases of campus construction projects from design and development, to construction, and to ribbon-cutting. These important functions are funded through user fees. The Employee Group Insurance Program provides health insurance and other related benefits for approximately 150,000 employees and dependents. The risk management area offers workers' compensation insurance, unemployment compensation insurance, property and casualty insurance, professional liability insurance for the System's physicians and similar programs. Both EGI and risk management programs are funded through premiums assessed to component institutions and employees. Other self-supporting activities are typically funded through user fees, interest/endowment income or other revenue generated by the operations themselves.

The U. T. System has special administrative duties related to the fiduciary responsibility of the Board of Regents for the Permanent University Fund and other endowments, the administration of bonds backed by the PUF, and the management of 2.1 million acres of University Lands in West Texas. The PUF provides benefits to the U. T. System and the Texas A&M University System. As allowed by the Article 7, Section 18 of the Texas Constitution, costs of administering the PUF are paid directly from PUF assets. Approximately 50 FTE employees work to oversee the surface and mineral interests related to University Lands and provide legal and audit support. Additionally, funds are paid to outside managers to administer the investments of the PUF.

Some services are funded through gift and other grant activities (i.e., endowments). In FY 2003, the U. T. System was awarded grants from both the Houston Endowment and the Meadows Foundation to develop a student readiness course for the 11th grade TAKS test along with related professional development courses for teachers. During FY 2004, the Texas Education Agency has awarded \$8.8 million of grants for the Reading First Technical Assistance Program to provide training

to teachers and to advance reading education in Texas public schools. When fully operational, this program will have approximately 70 employees deployed around the State providing assistance to local school districts.

The U. T. System has been called on by the Legislature to assist other universities and state agencies as well as its own institutions. For example, U. T. System administers the police training academy and the Texas Medical and Dental Schools Application Service for all Texas universities, as well as the Joint Admission Medical Program, created by the 77th Legislature to support and encourage highly qualified but economically disadvantaged students in preparing for and succeeding in medical school. The U. T. System Board of Regents (through the University of Texas Investment Management Co.) helps manage the investment of funds from the state's tobacco lawsuit settlement. All nine of the state's health institutions, as well as the Baylor College of Medicine, benefit from the System's management of these funds.

The U. T. System has prepared an accountability and institutional improvement report that presents the most comprehensive statistical portrait ever developed for Texas higher education institutions. The Accountability and Performance Report for 2003-04 (available for viewing at <http://www.utsystem.edu/cha/AcctRpt/2003/homepage.htm>) was designed as a guide to the public and policymakers on how well the system and its 15 campuses are carrying out their responsibilities, as well as an aid for administrators in planning. A good accountability system clearly defines an organization's mission, goals, priorities, initiatives, where it intends to add value, and lays out measures or indicators of progress toward those goals. Most simply, accountability means taking responsibility for and measuring the effectiveness of what you do. An effective accountability system makes it possible to answer these questions:

- Where do the U.T. System and its component institutions seek to excel?
- How does U.T. System intend to act strategically to accomplish its goals?
- How well are the System and component institutions doing to achieve their goals and add value; what needs to be done next?

For the FY 2005 fiscal year, the U. T. System has engaged external auditors to provide a full financial audit of its operations. Through this process, U.T. System is implementing the "spirit" of the *Sarbanes-Oxley Act* ("Act"). An external audit is the cornerstone of the Act. U.T. System is obtaining an external audit to demonstrate that it has a sound financial base and adequate resources to support the mission of the organization and the scope of its programs and services.

The U. T. System believes institutional compliance is an important stewardship function. The System Administration oversees a system-wide program to ensure compliance with all applicable laws, rules, regulations, policies and procedures at all U. T. institutions. By training our employees to do the right thing, conduct risk assessments, and monitor operational activities to reduce risk, our institutional compliance programs are dramatically improving the compliance culture throughout the U.T. System. Our objective is to establish compliance risk management as an integral part of the everyday activities of all U. T. employees.

Texas University Systems

The seven university systems are diverse in their missions and methods of operation. The U. T. System is unique in its heterogeneous mixture of institutions including nine general academic units and

six health-related institutions including four hospitals. The Texas A&M University System has nine general academic units, a health science center and numerous research agencies. Texas Tech University System and University of North Texas System each have one academic unit (with associated educational centers or system centers) and one health science center. The University of Houston System includes four general academic institutions. The Texas State University System has six general academic institutions and three two-year institutions and the Texas State Technical College System has an entirely different mission with four colleges and seven campuses.

Each university system has adapted its operations to meet its unique needs and circumstances. The U. T. System is the largest and most diverse in the State and has an operating budget of \$7.8 billion for FY 2004. The Texas A&M System is next in size with an operating budget of \$2.25 billion for FY 2004 (Source: TAMU System Board of Regents Minutes August 30, 2003). Both system administrative offices are highly centralized and have dedicated staff. Texas Tech has a similar staffing arrangement. The staffs of North Texas and Houston share responsibilities between the system and the primary university. The Texas State System is highly decentralized and most of the functions performed centrally at other systems are provided by individual Texas State component institutions. Each higher education system office has evolved to meet the needs of its institutions.

The model of funding for each system differs substantially. Receiving approximately \$1 million per year in general revenue support to manage a \$7.8 billion System, U. T. System Administration relies on the constitutionally provided Available University Fund to support the core administrative functions. Costs of core functions are not typically passed to component institutions in the form of charge-backs or assessments. Most of the other systems rely more extensively on charge-backs to their components to fund operations.

THECB Analysis of System Offices

Through a collaborative process, the Texas Higher Education Coordinating Board (THECB) has conducted a survey of the seven university systems and has provided a summary of system expenditures, including comparisons by full-time student equivalent (FTSE) and FTE employees. The final iteration of the comparison schedule computes total system administration cost per FTSE, per system administration FTE, and per system-wide FTE funded by GR (interpreted to mean all appropriated funds).

The primary missions of the U. T. System include education, research, public service and patient care. The ratios included by THECB primarily measure the first of these missions. Additional metrics that may help illustrate the other areas could include research expenditures per System FTE and indigent care provided. While no other system has hospitals, inpatient and outpatient admissions are, nevertheless, important benchmarks for the U. T. System.

What can be determined from the data is that the systems are different. Funding methodology differences such as certain component assessments being excluded from the numerator because they are not "appropriated" distort the results. Additionally, differences in operations such as Texas Tech System's centralization of police and development functions at the System level dramatically affect their ratios. Measures such as amounts per FTSE misrepresent costs for U. T. System since the medical components make up over 60 percent of the FY 2004 operating budget yet have only 7 percent of our FTSEs. U. T. Health Center at Tyler has no students yet still requires support from the central administration. Similarly, U. T. MD Anderson Cancer Center has only 94 students even though it is

the largest component of the U. T. System. A&M has a similar circumstance with its service agencies. Drawing comparisons without significant qualification of the underlying data can be misleading due to any one of these differences.

**THE UNIVERSITY OF TEXAS SYSTEM ADMINISTRATION
 University System Administration Survey
 FY 2003 Employee FTEs by Activity Type and Method of Finance**

	<u>Administrative and Professional</u>	<u>Classified Employees</u>	<u>Total</u>
General Administration (funded by General Revenue and Available University Fund, appropriated by Legislature)	87.7799	158.1619	245.9418
Permanent University Fund Management (funded by a transfer from the PUF, allowed by Article 7, Section 18 of the Texas Constitution)	18.3300	31.7225	50.0525
Self-Supported Activities (funded by institutional funds including insurance premiums, charges for services, interest/endowment income, state contracts and component assessments)	74.6356	157.8563	232.4919
Gift and Grant Activities (funded by gifts, grants and endowment income)	1.0000	1.9521	2.9521
TOTAL - UT System Administration (State Auditor's Quarterly FTE Report for the 4th Quarter of FY 2003)	<u>181.7455</u>	<u>349.6928</u>	<u>531.4383</u>

Report of the Joint Interim Committee on Higher Education to the 79th Legislature

THE UNIVERSITY OF TEXAS SYSTEM ADMINISTRATION
 University System Administration Survey
 Based on FY 2003 Annual Financial Report Data 1

Functional Area	Expenditures by Activity Type and Method of Finance					Actual 4th Quarter FY 2003 FTEs by Activity and Method of Finance				
	General Administration (GR/AUF)	PUF Management (PUF)	Self-Supported Activities (Institutional Funds)	Gift and Grant Activities	FY 2003 Total Expenditures	General Administration (GR/AUF)	PUF Management (PUF)	Self-Supported Activities (Institutional Funds)	Gift and Grant Activities	Total FTE Positions
1. Central Administration										
Office of the Board of Regents	\$ 427,558	\$ -	\$ 489,090	\$ 48,201	\$ 964,849	3,000	-	4,870	-	7,670
Office of the Chancellor	854,817	-	8,400	634,924	1,498,141	8,751	-	-	-	8,751
Office of the Special Advisor to the Chancellor	554,433	-	18,109	-	572,542	2,000	-	-	-	2,000
Office of the Executive Vice Chancellor for Business Affairs	804,387	-	24,284	-	828,651	4,9625	-	-	-	4,9625
Vice Chancellor for Administration	333,421	-	9,589	-	343,010	2,000	-	-	-	2,000
Office of HUB Development	169,458	-	1,997	-	171,455	1,750	-	-	-	1,750
Presidential/System Executive Searches	-	-	174,286	-	174,286	-	-	-	-	-
Miscellaneous	38,441	-	30,612	148	69,201	0,500	-	-	-	0,500
2. Academic Affairs Coordination & Support										
Office of Academic Affairs	1,247,307	-	18,102	-	1,265,409	8,400	-	-	-	8,400
Office of Educational System Alignment (K-16 Initiatives)	414,173	-	137,568	257,698	809,439	2,7167	-	0,2417	1,9521	4,9105
Distance Education/UT TeleCampus	2,906,459	-	328,376	-	3,232,835	18,4281	-	3,5000	-	21,9281
Faculty/Student Advisory Councils	31,744	-	34,813	-	66,557	-	-	-	-	-
3. General Counsel & Other Legal Services										
Office of General Counsel	3,286,306	516,116	1,120,122	-	4,934,544	34,9828	5,1900	16,3139	-	56,4667
4. Budgeting, Accounting, & Data Reporting										
Office of the Controller	1,193,505	-	2,813	-	1,196,118	12,1158	-	-	-	12,1158
Business and Administrative Services	452,496	-	468,795	-	921,291	8,4005	-	5,7801	-	14,1806
5. Fiscal Management										
Office of Finance	564,171	-	25,046	-	589,217	5,6000	-	0,4000	-	6,0000
Permanent University Fund Management Expenses	-	15,253,892	-	-	15,253,892	-	-	-	-	-
Long Term Fund Management Expenses	-	-	3,135,100	-	3,135,100	-	-	-	-	-
6. Facilities and Construction										
Facilities Planning, & Construction	-	-	11,374,986	-	11,374,986	-	-	120,1741	-	120,1741
7. Governmental Relations										
Vice Chancellor for Governmental Relations and Policy	1,172,562	-	30,837	32,240	1,235,639	11,9687	-	-	-	11,9687
Office of Federal Relations	908,861	-	25,272	3,127	937,260	5,2426	-	-	-	5,2426
Bill Archer Fellowship/Internship	-	-	-	86,878	86,878	-	-	-	1,0000	1,0000
8. Audit Services										
System Audit	803,097	215,549	122,410	-	1,141,056	10,1068	3,4467	-	-	13,5535
System-wide Compliance	281,840	-	6,813	-	288,653	2,9000	-	-	-	2,9000
System Administration Compliance Office	209,720	-	11,626	-	221,346	2,2500	-	-	-	2,2500
9. Real Estate Management										
Real Estate Office	653,133	-	2,752	-	655,885	7,0000	-	-	-	7,0000

Report of the Joint Interim Committee on Higher Education to the 79th Legislature

THE UNIVERSITY OF TEXAS SYSTEM ADMINISTRATION
 University System Administration Survey
 Based on FY 2003 Annual Financial Report Data ¹

Functional Area	Expenditures by Activity Type and Method of Finance				Actual 4th Quarter FY 2003 FTEs by Activity and Method of Finance					
	General Administration (GR/AUF)	PUF Management (PUF)	Self-Supported Activities (Institutional Funds)	Gift and Grant Activities	FY 2003 Total Expenditures	General Administration (GR/AUF)	PUF Management (PUF)	Self-Supported Activities (Institutional Funds)	Gift and Grant Activities	Total FTE Positions
10. Information Technology Services										
Office of Information Technology	359,312	-	10,166	-	369,478	2,000	-	-	-	2,000
Office of Information Resources	1,760,276	-	4,627	-	1,764,903	22,168	-	3,000	-	25,168
Network Infrastructure	777,858	-	-	-	777,858	-	-	-	-	-
Systemwide Software Agreement	1,970,271	-	890,784	-	2,861,055	-	-	-	-	-
Network Bandwidth Revolving	-	-	459,360	-	459,360	-	-	-	-	-
Telecommunications Revolving	-	-	353,693	-	353,693	-	-	-	-	-
11. Aircraft Operation & Usage										
System Aircraft Operations	169,175	-	3,309	-	172,484	1,000	-	-	-	1,000
12. Health Affairs Coordination & Support										
Office of Health Affairs	1,522,130	-	52,862	-	1,574,992	9,435	-	-	-	9,435
Texas Medical and Dental Schools Application Service	-	-	404,437	-	404,437	-	-	7,790	-	7,790
Joint Admission Medical Program	-	-	2,162,544	-	2,162,544	-	-	1,693	-	1,693
Contracted Medical Services Revolving Account	-	-	164,447	-	164,447	-	-	-	-	-
13. Human Resources										
Office of Human Resources	885,833	-	26,356	-	912,189	10,253	-	-	-	10,253
Employee Advisory Council	15,701	-	2,000	-	17,701	-	-	-	-	-
14. Risk Management										
Administration	-	-	167,272	-	167,272	-	-	2,950	-	2,950
Office of Risk Management	-	-	2,088,689	-	2,088,689	-	-	22,744	-	22,744
Employee Group Insurance Program	-	-	283,551	-	283,551	-	-	-	-	-
UT Flex Administration Cost	-	-	412,347	15,799	428,146	-	-	5,075	-	5,075
Environmental Health and Safety Office	-	-	475,146	-	475,146	-	-	2,750	-	2,750
Property and Casualty Insurance Program	-	-	2,091,204	-	2,091,204	-	-	29,559	-	29,559
Workers' Compensation Insurance Program Administration	-	-	214,256	-	214,256	-	-	-	-	-
Workers' Compensation Ins. Resource Allocation Program	-	-	330,423	-	330,423	-	-	3,864	-	3,864
Unemployment Compensation Insurance Program Admin.	-	-	-	-	-	-	-	-	-	-
Premiums and Self-Insurance Claims Activity	-	-	272,050,328	-	272,050,328	-	-	-	-	-
Medical/Dental Self-Insurance Program	-	-	140,377,277	-	140,377,277	-	-	-	-	-
Medical/Dental Fully Insured Programs	-	-	4,889,426	-	4,889,426	-	-	-	-	-
Vision Self-Insurance Program	-	-	15,548,864	-	15,548,864	-	-	-	-	-
Life and Personal Accident Insurance Program	-	-	13,479,227	-	13,479,227	-	-	-	-	-
Professional Liability Insurance Program	-	-	33,115,282	-	33,115,282	-	-	-	-	-
Comprehensive Property Protection Program	-	-	3,686,806	-	3,686,806	-	-	-	-	-
Rolling Owner Controlled Insurance Programs	-	-	6,745,106	-	6,745,106	-	-	-	-	-
Workers' Compensation Insurance Program	-	-	2,940,257	-	2,940,257	-	-	-	-	-
Unemployment Compensation Insurance	-	-	144,885	-	144,885	-	-	-	-	-
Directors and Officers/Employment Practices Liability Ins.	-	-	-	-	-	-	-	-	-	-
15. Development, External & Community Relations										
Development and External Relations	735,809	-	78,968	44,495	859,272	6,000	-	0,784	-	6,784
Community Relations	268,355	-	26,627	-	294,982	2,750	-	-	-	2,750
Public Affairs	588,100	-	21,017	-	609,117	5,061	-	-	-	5,061
Special Services/Bauer House	617,699	-	15,835	223,955	857,489	7,302	-	-	-	7,302
Estates and Trusts	613,124	-	7,200	-	620,324	6,000	-	-	-	6,000

Report of the Joint Interim Committee on Higher Education to the 79th Legislature

THE UNIVERSITY OF TEXAS SYSTEM ADMINISTRATION
 University System Administration Survey
 Based on FY 2003 Annual Financial Report Data ¹⁾

Functional Area	Expenditures by Activity Type and Method of Finance				Actual 4th Quarter FY 2003 FTEs by Activity and Method of Finance					
	General Administration (GR/AUF)	PUF Management (PUF)	Self-Supported Activities (Institutional Funds)	Gift and Grant Activities	FY 2003 Total Expenditures	General Administration (GR/AUF)	PUF Management (PUF)	Self-Supported Activities (Institutional Funds)	Gift and Grant Activities	Total FTE Positions
16. Security and Policing Office of the Director of Police	1,143,300	-	18,221	-	1,161,521	16,7921	-	1,2044	-	17,9965
17. University Lands West Texas Operations University Lands Accounting Office Land Utilization Projects	107,527	2,295,144	146,078	-	2,548,749	1,0000	23,0000	-	-	24,0000
	-	1,472,155	-	-	1,472,155	-	18,4158	-	-	18,4158
	-	437,222	317,159	-	754,381	-	-	-	-	-
18. Other System Office Operations/Repairs and Rehabilitation System-wide Memberships Contracted Services Miscellaneous	280,316	-	115,313	-	395,631	-	-	-	-	-
	25,782	-	11,000	-	36,782	-	-	-	-	-
	3,343	-	198,100	-	201,443	-	-	-	-	-
	83,800	-	94,946	42,920	221,666	1,0000	-	-	-	1,0000
TOTAL	\$ 29,247,602	\$ 20,190,078	\$ 522,204,953	\$ 1,390,385	\$ 573,033,018	245,9418	50,0525	232,4919	2,9521	531,4363
METHOD OF FINANCE (Institutional Funds)										
Insurance Premiums			\$ 499,936,515							
Charges for Services			13,378,278							
Interest/Endowment Income			4,981,759							
State Contract			2,162,544							
Component Institution Assessments			1,745,859							
TOTAL			\$ 522,204,953							

¹⁾ Amounts reported are gross expenditure activity of U. T. System Administration including service department/revolving fund activity that would be eliminated for presentation in the annual financial report. The interdepartmental credit from Services elimination for System Administration was \$541,786,242. Centrally pooled staff benefits and other expenditures have been allocated to the appropriate departments. Operating expenditures per the annual financial report Schedule C-2 that were for capital outlay and would not appear as expenses on the Statement of Revenues, Expenses and Changes in Net Assets have been included in the above totals. Duplication of expenditures resulting from the inclusion of service department/revolving funds has not been eliminated. A one-time \$3.75 million contribution to a system-wide Director's and Officers/Employment Practices Liability self-insurance fund has been excluded from General Administration.

Report of the Joint Interim Committee on Higher Education to the 79th Legislature

The Texas A&M University System Administrative and General Offices

Executive Summary

The Texas A&M University System is one of the larger systems of higher education in the nation. Its ten universities, seven state land-grant agencies, and a comprehensive health science center include about 100,000 degree credit students, another million plus direct service recipients, which are together served by approximately 25,000 faculty and staff.

The A&M System has developed incrementally over time, largely in response to the needs of its member institutions for additional services, and this process continues even now.

To a greater extent than any other system in Texas, the A&M System has developed and implemented a policy to consolidate at the system level the essential services and functions that will provide economies of scale efficiencies and value-added services to its members that would otherwise be too expensive to acquire and maintain by each member individually. For example, **all** the internal auditors and legal counsel of the A&M System are within the system's budget. On the other hand, in most if not all the other Texas systems, some of the internal auditors and attorneys are budgeted at the system office, **and** others are in the components' budgets.

Almost all the costs associated with these centralized services are assessed to and paid for by the A&M System Members from their own funds. The Board of Regents, in the exercise of due diligence to determine the efficiency value of these centralized system services, engaged *Accenture*, an independent, nationally recognized business consulting firm. After its study was conducted *Accenture* reported to the Board that the A&M System's cost cutting and on-going centralized services had saved its member institutions approximately **\$24.3 million in each** of the last 5 years, and that these were on-going. [Reference: *Value Targeting Initiative, Final Report, July 24, 2003*, pages 17 and 18.]

Total FY 2003 expenditures for the A&M System office totaled \$262.8 million. Of this amount, 98% or \$257.4 million was expended for centralized services and essential programs on behalf of all A&M System member institutions. The balance, \$5.4 million, was used to carry out the functions most often regarded as the principal functions of a university system office: the governance and executive leadership functions. The FY 2003 expense breakdown is summarized below:

1. \$5.4 million relates to the **governance and leadership functions** of the A&M System. (Funding for these functions is provided from both appropriated and non-appropriated funds.)
2. \$20.3 million relates to the cost of providing **centralized services** on behalf of, **and paid for (with the exception of a small amount) by**, A&M System member institutions. (A small portion of these services are funded with appropriated funds.)
3. \$233.3 million relates to **pass-through activities** which include:
 - the debt program for the A&M System (\$136.4 million) which, in part (\$33.9 million), is funded through the biennial appropriation of the legislature via tuition revenue bond (TRB) appropriations;
 - the A&M System group health/dental program (\$93.4 million) funded from employee and employer premiums which is operated for the benefit of our employees (note: these group benefits are analogous to those provided through the ERS for other institutions of higher education);
 - the A&M System workers' compensation insurance program (\$1.4 million) funded from employer assessments which is operated for the benefit of our employees; and
 - the A&M System property insurance program (\$2.1 million) funded from employer assessments and operated for the benefit of our member institutions.
4. \$3.8 million relates to external, competitively earned **contracts and grants** which are **administered** by the System office; these grants relate primarily to the system's Partnerships in Public Education Initiative.

TOTAL - \$262.8 million

The following sections provide a brief description of the principal administrative and service functions of the A&M System Office:

GOVERNANCE & LEADERSHIP FUNCTIONS

CENTRAL ADMINISTRATION

The governance office of the A&M System Board of Regents is budgeted within the central administration area and these governance activities provide the basic framework for all other SAGO activities. The executive offices of SAGO (Chancellor and executive team) provide the leadership, strategic directioning, and fiduciary management and oversight for the entire A&M System. As with any leadership team, an essential responsibility of the A&M System central administration is to ensure that all members' strategic objections and operations are in compliance with existing laws and regulations, and that each entity is accountable to the executive management, the Board of Regents, and the citizens of the State of Texas.

Report of the Joint Interim Committee on Higher Education to the 79th Legislature

ACADEMIC AFFAIRS COORDINATION AND SUPPORT

The Office of Academic and Student Affairs provides leadership, guidance, planning and coordination to member universities, health science center, and agencies on issues relating to academic programs, new program development and future academic planning, as well as faculty and student issues. The office represents the A&M System before the Texas Higher Education Coordination Board.

COMPLIANCE/HUB OFFICE/POLICY IMPLEMENTATION

This functional area is responsible for policy compliance oversight across the A&M System, policy development and implementation assistance, and the coordination and facilitation of an expanding HUB program.

CENTRALIZED SERVICES

GENERAL COUNSEL AND OTHER LEGAL SERVICES

With all legal staff operating from a single, cohesive unit within the System Office organization, the Office of General Counsel provides legal advice, counsel, and representation to all members of the A&M System. Each member is assigned a liaison attorney for day to day requirements; however, each attorney is also assigned a number of subject matter specialty issues for which they are responsible. As necessary, the liaison attorneys seek out expertise from other attorneys on any specific subject matter issues as they arise. With this type of organizational style, each member has direct access to a specific counsel but, at the same time, also has the benefit of a vast array of legal expertise throughout this organizational unit.

BUDGETING, ACCOUNTING, AND DATA REPORTING

This office is responsible for financial accounting and reporting oversight; coordination of financial, tax, and fiscal activities throughout the A&M System; direction of activities and functions related to appropriation requests and operating budgets; development and implementation of a management information reporting system; and the preparation and oversight of the short and long-form facilities and administrative rate (indirect cost) calculations for the A&M System members. This office works hand-in-hand with the information technology area and provides guidance and direction to our members to ensure consistency in data reporting through our system-wide administrative applications (i.e. payroll and accounting).

FISCAL MANAGEMENT

The office provides centralized financial services to the Members of The Texas A&M University System through efficient cash, debt, and investment management and assists in each Member's long-term capital planning.

FACILITIES AND CONSTRUCTION

The Office of Facilities Planning and Construction is responsible for executing the program to plan, design, and construct facilities of the highest quality in support of the teaching, research, and service mission of the A&M System. In FY 2003, expenses associated with these functional activities totaled over \$98 million which reflected projects initiated on behalf of the members of the A&M System.

GOVERNMENTAL RELATIONS

The governmental relations office is the key point of contact between the A&M System and its member institutions and agencies and the Texas Legislature, the Office of the Governor, and other executive branch and legislative agencies. This office monitors issues and legislation affecting higher education and coordinates the efforts of the A&M System and its members in preparing responses to legislative and gubernatorial requests.

The Office of Research and Federal Relations coordinates the A&M System's efforts at the federal level – working with the Texas senators and congressional delegation and key federal agencies. Particular effort is focused on identifying additional research opportunities for our institutions and agencies and working to bring the research to Texas.

AUDIT SERVICES

The Texas A&M System Internal Audit Department is the sole provider of internal audit services (including investigative audit services) for the A&M System and its member institutions and agencies. The Department reports to the A&M System Board of Regents enabling it to provide value-added auditing services using an independent, system-wide risk based approach. This Department satisfies the A&M System's requirements related to the State's Internal Auditing Act.

REAL ESTATE MANAGEMENT

All real estate transactions, with the exception of campus leases and leases handled by the General Services Commission, are consolidated in System Real Estate Office (SREO). The SREO is responsible for:

- Sales, Exchanges, Purchases, Gifts, and Condemnations
- Agricultural Lease Negotiation and Administration
- Oil and Gas Lease Negotiation and Administration
- Environmental Site Assessments
- Valuation / Market Studies
- Inventory Accountability

Report of the Joint Interim Committee on Higher Education to the 79th Legislature

INFORMATION TECHNOLOGY SERVICES

This functional area is responsible for the daily operation and maintenance of the centralized accounting system (Financial Accounting and Management Information System - FAMIS) which is used by all but 3 members, the centralized payroll system (Budget/Payroll/Personnel System - BPP) which is utilized by all members of the A&M System, and other administrative applications which are available for use by all members. The A&M System is fairly unique in its ability to offer these administrative systems which were developed and are currently maintained by SAGO staff. FAMIS includes 9 different modules (i.e. annual financial reporting, budget, sponsored projects, fixed assets) and processes in excess of 7.9 million transactions per fiscal year via approximately 3,300 on-line users throughout the state. The budget and annual financial reporting modules are used by all members. The BPP System is a centrally administered computer system which provides standardized reporting, simplification of employee record keeping, and simplification of tax reporting. This system processes over 900,000 payroll transactions per year, provides service for 350 on-line users located throughout the state, and produces over 51,500 tax forms for employees

AIRCRAFT OPERATIONS AND USAGE

Operated as a service department, this functional area is responsible for the operation and maintenance of two System aircraft for the benefit of all System members.

RISK MANAGEMENT ADMINISTRATION

The Risk Management and Safety Office is responsible for administration of the System's self-insured workers' compensation program; development and administration of a System-wide environmental health and safety program; and management of designated financial exposures, utilizing various risk avoidance and transfer techniques as appropriate.

HUMAN RESOURCES ADMINISTRATION/EQUAL EMPLOYMENT OPPORTUNITY

The A&M System Human Resources (HR) office provides leadership and quality service in all areas of HR for its internal and external constituencies. This includes, but is not limited to, group insurance benefits, communications and training, compensation administration, retirement programs, and HR policy development and interpretation for all members.

OTHER

CONTRACT AND GRANT ADMINISTRATION

Contract and grant administration (\$3.8 million) associated with the Partnerships in Public Education Initiative which includes funding partnerships from across the state and nation.

OTHER ORGANIZATIONAL OPERATIONS

This category includes the maintenance and operations of the building housing the A&M System Offices as well as some employee training and assistance programs offered system-wide.

While the main focus of the system office's operation is directed to providing leadership and service to our member institutions, we are also charged with maintaining our own organizational independence. Since the A&M System's organizational structure includes many centralized business activities for our own members, SAGO maintains its own organizational structure by operating a business, budget, and payroll office function, handling human resource requirements for our own employees, overseeing cash and risk management activities, and maintaining our information technology systems.

Over the past years, several different Boards of Regents and Chancellors have led the expansion of the system. New member institutions were added by the legislature: Texas A&M-Commerce, Texas A&M-Texarkana and the Baylor College of Dentistry in the 1995 Session. In addition, the 78th Legislature passed SB 800, which authorizes Texas A&M-San Antonio and Texas A&M-Central Texas, subject to certain conditions. When deemed strategic and efficient, the board has directed the addition of certain functions at the system level; e.g. internal audit and federal relations. As indicated above, the A&M System is a dynamic, not static system.

Report of the Joint Interim Committee on Higher Education to the 79th Legislature

THE TEXAS A&M UNIVERSITY SYSTEM
Administrative & General Offices
University System Administration Survey

Functional Area	FY 2003 Actual Expense	METHOD OF FINANCE				FY 2004 FTE Budgeted Positions (including vacant positions)	
		General Administration (GR/AUF/SMF)	Self-Supported Activities (Institutional Funds)	Contract and Grant Activities	System-wide Debt Service	Admin./Prof.	Support
1. Central Administration							
Office of the Board of Regents	583,733	490,010	93,724			2.00	3.50
Office of the Chancellor	956,044	537,295	418,749			1.00	5.00
Deputy Chancellor	567,733	565,406	2,328			2.00	2.00
Vice Chancellor for Administration	303,366	299,399	3,967			1.00	1.00
Vice Chancellor for Business Services	360,164	358,659	1,505			1.00	1.00
Office of Communications	378,934	353,817	25,117			3.00	0.00
Executive Travel	302,859	278,562	24,298			n/a	n/a
2. Academic Affairs Coordination & Support							
Vice Chancellor for Academic & Student Affairs	627,806	622,561	5,245				6.00
System-wide Initiatives	641,264	432,331	208,933				n/a
3. General Counsel & Other Legal Services							
General Counsel	2,331,711	2,037,671	294,040				30.50
4. Budgeting, Accounting, & Data Reporting							
Office of Budgets & Accounting	1,599,711		1,599,711				26.00
5. Fiscal Management							
Treasury Services Administration	497,749		497,749				6.00
System-wide Debt Service/Investment Program	136,364,221						n/a
6. Facilities and Construction							
Facilities, Planning, & Construction	4,651,190		4,651,190				65.60
<i>System-wide Construction Program - \$98,327,820 (these costs are capitalized and not shown as expenses)</i>							
7. Governmental Relations							
Vice Chancellor for Governmental Relations (State)	950,884	914,464	36,420				10.25
Vice Chancellor for Research & Federal Relations	273,731	272,309	1,422				
8. Audit Services							
System Internal Audit	2,620,981		2,620,981				35.50
9. Real Estate Management							
System Real Estate	386,108		386,108				4.50
10. Information Technology Services							
System-wide Payroll Services	1,492,089		1,492,089				12.27
System-wide Financial Accounting Mgmt. Info. System	1,428,603	134,795	1,293,808				20.38
Microcomputer & Network Services	302,363	302,363					4.10
Trans TX Video Network	147,309	147,309					n/a
11. Aircraft Operation & Usage							
System Aircraft Operations	812,394	20,902	791,492				6.00

THE TEXAS A&M UNIVERSITY SYSTEM
Administrative & General Offices
University System Administration Survey

Functional Area	FY 2003 Actual Expense	METHOD OF FINANCE				FY 2004 FTE Budgeted Positions (Including vacant positions)	
		General Administration (GR/AUF/SMF)	Self-Supported Activities (Institutional Funds)	Contract and Grant Activities	System-wide Debt Service	Admin./Prof.	Support
12. Risk Management Administration	986,048		986,048				17,20
Self-insured claims activity:							
Workers' Compensation Insurance	1,443,716		1,443,716				n/a
Property Insurance	2,129,687		2,129,687				n/a
Unemployment Compensation Insurance	10,730		10,730				n/a
13. Human Resources Admin./Equal Employment Opportunity	1,500,157	109,756	1,490,401				23,00
Self-insured claims activity:							
Health/Dental Employee Insurance	93,369,883		93,369,883				n/a
14. Compliance/HUB Office/Policy Implementation	324,299	323,881	419				5,00
15. Contract and Grant Administration	3,811,698		3,811,698				35,68
16. Other Organizational Operations							
Building Maintenance & Operations	376,587	299,461	77,127				2,00
System-wide Employee Development Activities	150,166		150,166				n/a
TOTAL¹	262,783,917	8,300,948	114,107,050	3,811,698	136,364,221		332,48
METHOD OF FINANCE							
General Revenue	615,150						
General Revenue - debt service (TRB/HEAF)	33,894,836						
Available University Fund	5,897,542						
Available University Fund - debt service (PUF)	41,193,037						
Special Mineral Fund	1,988,256						
Special Mineral Fund - debt service	334,290						
Contracts and Grants	3,811,698						
Institutional Funds:							
Member Service Activities Assessments and Interest	16,849,989						
Fee Based Activities	150,166						
Gift Funds	152,879						
Self-insured Health/Dental Employer & Employee Premiums	93,369,883						
Self-insured Workers' Compensation Insurance Employer Assessments	1,454,446						
Self-insured Property Insurance Employer Assessments	2,129,687						
Sub-total (excluding debt service)	114,107,050						
Debt Service/Investment Activities	60,942,059						
TOTAL¹	262,783,917						

1. Does not include departments or positions that were eliminated in FY 2003 as part of a reduction in force.

TEXAS TECH UNIVERSITY SYSTEM

I. OVERVIEW

The Texas Tech University System (TTUS) is composed of the following components: the Texas Tech University System Administration (TTUSA); Texas Tech University (TTU); and Texas Tech University Health Sciences Center (TTUHSC). TTU's primary campus is in Lubbock and also has educational centers in Abilene, Amarillo, Fredericksburg, Junction and Marble Falls. The TTUHSC's primary campus is also in Lubbock, with regional campuses in Amarillo, El Paso, Odessa, Midland and Dallas.

The TTUSA has a direct legislative appropriation of \$436,368 for FY 2004. The majority of TTUSA's budget is provided through charges for services to the TTU and TTUHSC budgets.

II. INSTITUTIONAL ORGANIZATION

The Texas Tech University System Board of Regents is the governing board of the Texas Tech System. The board reviews major issues and establishes policy for the System and its components.

TTUSA is the executive arm of the System. The Chancellor serves as the Chief Executive Officer for the Texas Tech University System. TTUSA includes the shared services areas of: General Counsel, Governmental Relations, Institutional Advancement, Facilities Planning and Construction, the Chief Financial Office, Marketing & Communications, Community Relations, Audit Services, and Police Services.

In addition to services common to most or all other systems, TTUSA provides two services that are not managed centrally by any other system. They are centralized fund raising and police services. Because of the proximity of the primary campuses of the two components in Lubbock, the efficiencies of maintaining a centralized police department are material. Effective fundraising initiatives are achieved with system level oversight including donor outreach, identification of priorities, and coordinated capital campaigns. Half of the FTE employees of the system offices, 49.6% or 125.55 FTE, and 35.4% or \$6.252 million of TTUSA's total operating expenses were budgeted for these two functions in FY 2004.

III. ACCOUNTABILITY

In December of 2002, the Board of Regents of the Texas Tech University System approved a systemwide strategic plan and accountability system that incorporates an integrated set of benchmarks and performance measures tied to specific goals. The primary goals are matched with key benchmarks to measure progress toward those goals and to provide accountability and transparency. The Board is committed to an annual review and update of the strategic plan and accountability system to ensure it continues to be a useful planning tool and an effective method

of accountability. Texas Tech intends to modify the existing System strategic plan to incorporate and directly link to the statewide accountability system when adopted at the state level.

Additional efforts to provide quality services in an effective and efficient manner to students, parents, the legislature, executive branch and general public have resulted in the Board commissioning a Texas Tech University System Cost Saving, Efficiency, and Revenue Enhancement Study by Accenture. This study was completed in 2004 and is available on request. Although Texas Tech's administrative expense ratios are among the lowest for higher education in Texas, the Board of Regents and the administration commissioned this review of the System and its institutions to identify additional cost savings, efficiencies and revenue enhancements that can be applied to the academic missions of the component institutions.

IV. EFFECTIVENESS

The value and worth, and effectiveness of a system administration cannot be ascertained without considering the administrative cost ratios at the component institutions. To truly evaluate the efficiency and necessity of a system administration, the totality of administrative costs should be considered, not just those attributable to the system offices alone. It must be remembered that all of the system offices in the state, while they share many common functions and traits, are different and unique to the particular circumstances of the component institutions they serve. Uniform, consistent comparisons are difficult to achieve. Each system office should be evaluated as to its value and contribution to not only the administrative efficiency of its components but also to the value – added enhancement of the core academic enterprise.

V. FUNCTIONAL ORGANIZATION

The Texas Tech University System currently performs or coordinates many collaborative functions between the three components: Texas Tech University, Texas Tech University Health Sciences Center, and Texas Tech University System Administration. Principal among these are:

1. Strategic Planning – The System offices and the Board of Regents provide significant support for strategic planning. As Texas Tech's institutions look to the future, examining how they will continue to improve their academic status and further serve the students and citizens of Texas is of greatest importance.
2. Fund Raising Infrastructure – The Institutional Advancement Office is staffed with senior fundraisers. Infrastructure is in place to support major fund raising initiatives and activities systemwide. Although TTUS successfully recently completed a major capital campaign, there is a continued emphasis on fundraising necessitated by the current economic conditions and the need to continue to grow resources to assist students with scholarships and build support for quality faculty. The reporting of this function to the Chancellor is unique among higher education systems in Texas.
3. Shared Information Systems - Major information systems for Accounting, Payroll, Human Resources, On-Line Travel, Student Information, and Financial Aid are provided. These major systems are supported and maintained by the Technology

- Operations and Systems Management and Information Systems departments. The Texas Tech University System is the only System in the State of Texas to have centralized support for all major administrative information systems.
4. Legal – Full legal services are supported systemwide by qualified staff which minimize legal risks in a cost-effective manner.
 5. Audit Services – Internal audit provides systemwide reviews of administrative and accounting internal controls and assessments of quality of performance.
 6. Facilities Planning and Construction - All major projects are supported systemwide through one operation. Each component of the TTUS has completed a Campus Master Plan for the future. These plans are for needed new educational and research facilities, parking structures, and campus design.
 7. Equal Employment Opportunity – The EEO staff ensures that equal employment opportunity exists in all personnel transactions within the TTUS.
 8. Investments – Strong portfolio management of Long Term Investments (endowments).
 9. Cash Management – Management of day-to-day cash position and operations.
 10. Debt Management – Fully qualified debt management staff and appropriate reserves enable the TTUS to receive an Aa rating.
 11. Utilities – All major utilities are bought and supplied through the TTU Physical Plant department.
 12. Microsoft Site License – Microsoft basic software is available to all students, faculty, and staff through payment of a base fee.
 13. Internet Services – High-Speed Internet services systemwide are supported through a single provider.
 14. Risk Management – Implementation and responsibility for the TTUS risk management program, including workers compensation support and the systemwide HeartFirst Automated External Defibrillator program.
 15. News (Information Services) – Fully staffed public information and relations function supports all the system components.
 16. Communication Services – All telephone and operator related services are provided through a central department.
 17. Governmental Relations – Presence in Austin and Washington to provide requested information and to track System issues.
 18. Library Collaboration - Component libraries cooperatively purchase library materials including books and periodicals.
 19. Police – Police services in Lubbock are under a systemwide central command. The reporting of this function to the Chancellor is unique among higher education systems in Texas.
 20. Community Relations and Cultural Diversity – Directed efforts to increase the diversity of the TTUS.

Texas Tech University System Administration
University System Administration Survey

Cmt	Function / Service / Activity	Description of Function / Service / Activity	METHOD OF FINANCE			FY 2004 FTE Budgeted Positions		
			General Administration (GR)	Self-Supported Activities (Institutional Funds)	FY 2003 Total Expenditures	Admin. Support	Professional	Total
1	Central administration	The Texas Tech University System administration is the executive arm of the System.	2,467,261	1,999,046	4,466,307	17.85	5.74	23.59
2	Board of Regents	The System offices and the Board of Regents provide significant support for strategic planning. As Texas Tech's institutions look to the future, examining how they will continue to improve their academic status and further serve the students and citizens of Texas is of greatest importance. Fully staffed public information and relations function supports all the system components. The EEO staff ensures that equal employment opportunity exists in all personnel transactions within the TTUS. Directed efforts to increase the diversity of the TTUS.	85,925	16,547	102,472	1.50		1.50
3	Strategic Planning			165,000	165,000		1.00	1.00
4	News and Publications		910,311	49,810	960,121	12.00	10.97	22.97
5	Community Relations and Cultural Diversity		447,999	39,260	487,259	3.00	4.75	7.75
6	Academic affairs coordination and support							
7	General Counsel and other legal services	Full legal services are supported systemwide by qualified staff, which minimize legal risks in a cost-effective manner.	632,048	4,928	636,976	2.91	5.61	8.52
8	Budgeting, accounting, and data reporting		294,587	28,262	322,840	2.00	2.00	4.00
9	Fiscal management	Office of the Chief Financial Officer Strong portfolio management of Long Term Investments (endowments). Management of day-to-day cash position and operations. Fully qualified debt management staff and appropriate reserves enable the TTUS to receive an Aa rating.		809,514	809,514	2.00	5.00	7.00
10	Cash and Debt Management	Implementation and responsibility for the TTUS risk management program, including workers compensation support.	177,876		177,876	3.00	1.00	4.00
11	Risk Management							
12	Facilities and construction	All major projects are supported systemwide through one operation. Each component of the TTUS has completed a Campus Master Plan for the future. These plans are for needed new educational and research facilities, parking structures, and campus design. Presence in Austin and Washington to provide requested information and to track System issues.		2,686,032	2,686,032	7.00	34.00	41.00
13	Governmental relations	Internal audit provides systemwide reviews of administrative and accounting internal controls and assessments of quality of performance	383,956	19,034	402,990	1.00	2.00	3.00
14	Audit services		641,326	61,691	703,017	1.00	13.00	14.00
15	Real estate management	CIO - Shared Information Systems - Major Information systems for Accounting, Payroll, Human Resources, On-Line Travel, Student Information, and Financial Aid are provided. These major systems are supported and maintained by the Technology Operations and Systems Management and Information Systems departments. The TTUS is the only System in the State of Texas to have centralized support for all major administrative information systems.						
16	Information technology services			24,000	24,000		supplemental to TTUHSC	

Report of the Joint Interim Committee on Higher Education to the 79th Legislature

University System Administration Survey

Cnt	Function / Service / Activity Description of Function / Service / Activity	METHOD OF FINANCE			FY 2004		
		General Administration (GR)	Self-Supported Activities (Institutional Funds)	FY 2003 Total Expenditures	Admin. Support	Professional	Total
17	Aircraft operation and usage.						
18	Institutional Advancement The Institutional Advancement Office is staffed with senior fundraisers. Infrastructure is in place to support major fund raising initiatives and activities systemwide. Although Texas Tech University System successfully completed a major capital campaign last year, there is a continued emphasis on fundraising necessitated by the current economic conditions and the need to continue to grow resources to assist students with scholarships and build support for quality faculty. The reporting of this function to the Chancellor is unique among higher education systems in Texas. Police services in Lubbock are under a systemwide central command. The reporting of this function to the Chancellor is unique among higher education systems in Texas.	1,180,240	1,922,407	3,102,647	24.41	28.96	53.37
19	Police	2,464,741	11,756	2,476,497	19.5	46.18	65.68
TOTAL		9,686,272	7,837,277	17,523,549	97.17	160.21	257.38

University System Administration Survey
From FY 2003 Annual Financial Reports

University of Houston System Administration

Cnt	Function / Service / Activity	Description of Function / Service / Activity	FY03 Expended			Full-Time Equivalent Employees		
			Total	General Admin (General Revenue)	Self-Supported (Institutional funds, charge-back funds)	Total	Professional Support	
1	Central administration	Includes support for the Board of Regents, the office of the System Chancellor / UH President, plus the salaries of the Vice Chancellors / Vice Presidents for Research, Student Affairs, and University Advancement.	\$ 2,144,188	\$ 721,329	\$ 1,422,859	16.0	10.0	6.0
2	Academic affairs coordination and support	Includes the Office of the Senior Vice Chancellor / Senior Vice President for Academic Affairs. Additionally, support is provided for distance education, long range planning, and the charter school.	1,417,001	246,532	1,170,469	13.7	11.5	2.2
3	General Counsel and other legal services	Provides general counsel services for all UH System campuses.	811,151	190,000	621,151	12.1	9.0	3.1
4	Budgeting, accounting, and data reporting	Provides budgeting support for UH System Administration and coordination system-wide for budget and Legislative Appropriations Request preparation.	236,112		236,112	5.5	4.0	1.5
5	Fiscal management	Includes the Office of the Vice Chancellor / Vice President for Administration and Finance. Also included is the Office of the Treasurer which provides treasury services for all UH System campuses.	949,322	210,000	739,322	12.5	9.5	3.0
6	Facilities and construction		-			-	-	-
7	Governmental relations	Includes the Office of the Vice Chancellor / Vice President for Governmental Relations which provides support for all UH System campuses.	563,112	175,596	387,516	4.0	3.0	1.0
8	Audit services	Provides internal audit services for all UH System campuses.	687,951	114,869	573,082	11.1	10.0	1.1
9	Real estate management		-			-	-	-
10	Information technology services	Includes the Vice Chancellor / Vice President for Information Technology.	186,404	180,404	6,000	1.0	1.0	-
11	Aircraft operation and usage.		-			-	-	-
12	Staff Benefits	Includes staff benefits for UH System Administration employees (Social Security and Medicare matching, group health insurance, retirement plan matching, longevity pay).	1,322,168	1,197,611	124,557	-	-	-
13	Depreciation	Annual depreciation on UH System Administration capital equipment.	1,007,175		1,007,175	-	-	-
14	Liability Insurance		195,794		195,794	-	-	-
	Total *		\$ 9,520,378	\$ 3,036,341	\$ 6,484,037	75.9	58.0	17.9

* Additional items recorded on the System Administration books include: 1) operational support for the Multi-Institution Teaching Centers (MITC's) University of Houston System at Sugar Land and the University of Houston System at Cinco Ranch (\$1,720,222, 6.7 FTE); 2) operational expenditures for KUHT PBS Television, Channel 8 Houston, which is a self-funded organization (\$7,263,875, 84.2 FTE); and 3) pass-through funding for the appropriated special item NASA & Technology Outreach Program and the transfer of System Service Charge funding to the University of Houston for performing centralized service functions (\$10,328,198, no FTE). These items, when added to the total above, equals \$28,822,673, which is the expenditure total reported in the FY2003 Annual Financial Report.

TEXAS STATE UNIVERSITY SYSTEM SUMMARY

The Texas State University System, in response to the recent Joint Interim Committee on Higher Education – Systems Work Group request to update our System Office information in relation to *Charge 4(a) identify the number and types of classified and unclassified positions in administration of each university system; and Charge 4(b) examine each major function, service, activity performed by System Offices*, submits the following revised narrative.

The Texas State University System is the third largest higher education System in terms of student enrollment, with a student population of almost 66,000. Like the University of Texas and Texas A&M Systems, there are multiple campuses across the state. However, in spite of the size and scope of the System, the System office has fewer FTEs and annually expends less state funding than any other System office in the state. Because of the small staff, most employees must assume multiple functions. Following is a comparison of the size and funding level of the state System offices based on the Coordinating Board's analysis:

System Office	2003 System Office FTEs (GR-funded)	2003 Full-time Student Equivalents
University of Texas	246*	140,997
Texas A&M	89	86,804
Texas Tech	143	28,256
University of Houston	72	44,160
University of North Texas	29	26,847
Texas State University System	12	55,806
Texas State Technical Colleges	30	10,641

*This number does not include the employees of UTIMCO, the University of Texas Investment Management Company.

This chart demonstrates clearly the disparity in funding and FTEs, but what is not reflected are two differences we believe are important to bring to the committee's attention.

- (1) **Although every System has similar basic functions, there are also functions which are unique because of Board and Legislative mandates as well as specific student body and academic complexity.**
- (2) **Budget reductions affect the Texas State University System disproportionately due to the minimal size and funding levels already maintained at the System office.**

Because of an historical effort to keep operate efficiently, the System office has not expanded as others have. Therefore, when new responsibilities are acquired, the staff must take on some part of the new responsibility in addition to their existing job duties. The budget cuts that are contemplated for the 2006-07 biennium would be difficult to absorb. The System office is submitting a legislative appropriations request that complies with the instruction to make 5% reductions, but is requesting consideration of the restoration of funding to the current level, in order to maintain the current level of services and minimum staffing level.

The Texas State University System was established in 1911 to facilitate the management of the higher education institutions established as teacher training colleges. It is currently comprised of nine campuses – Angelo State University, Lamar University, Lamar Institute of Technology, Lamar State College – Orange, Lamar State College – Port Arthur, Sam Houston State University, Sul Ross State University, Sul Ross State University – Rio Grande College, and Texas State University-San Marcos. The System campuses provide a wide range of educational programs, and opportunities from certificate through doctoral degrees.

The Chancellor and the executive team provide leadership, fiscal guidance, legal assistance, academic oversight and construction controls and direction. The Chancellor is appointed by the Board of Regents and is given leadership and management authority over all areas of the System office including administrative, legal, financial, personnel, curriculum, governmental relations, development, planning and construction, procedural and policy matters. The Chancellor represents the Board before various government entities. The Chancellor provides fiscal management, budget review, maintains permanent records and advises the Board on the need for new policies or changes in existing policies and directs presidential searches. The System staff reviews all reports and publications submitted to the Board, The Texas State University System Foundation, the legislature and state agencies. (All services on behalf of the Foundation are reimbursed to the System by the Foundation.)

Report of the Joint Interim Committee on Higher Education to the 79th Legislature

The System office provides legal services to all nine institutions through the Office of the Vice Chancellor and General Counsel. The Vice Chancellor and General Counsel and the Associate Vice Chancellor for Governmental Relations serve as the attorneys for all campuses on matters of legal concern, including patent and copyright law, personnel matters, contracts, criminal issues, and immigration matters. In addition, they address questions of various forms of discrimination, open records requests, and issues regarding gifts, bequests and foundation issues, as well as issues regarding insurance and bond issuances. This group also monitors legislation impacting the System and its components and assists in the drafting of such legislation. A staff assistant provides support for legal and governmental relations work.

The System office has three people who oversee fiscal matters. Together they provide budgeting, accounting, payroll, cash management, reporting, and financial record-keeping functions for the System office. This group prepares combined system wide Annual Financial Reports, system wide ad hoc reports and advise and assist the component institutions with all fiscal matters. The Information Technology (IT) function for the System office is also included in this group's responsibilities. They also serve as staff support for the Texas State University System Foundation.

In addition, the System office has an audit function under the direction of the Director of Audits and Analysis, who reports directly to the Board. This position is responsible for the overall audit activities and leadership for the System internal audit staff.

The Vice Chancellor for Academic Affairs provides leadership and direction for all component academic and research programs and works on national and state levels to promote new and existing programs and obtain funding from private and public grants and funding sources. This position requires attendance and participation in meetings related to academic initiatives and programs, as well as monitoring existing academic goals and enhancement opportunities at the component institutions.

The Director of Governmental Relations and the Associate Vice Chancellor for Governmental Relations work together to monitor legislation and legislative committees, respond to requests for information from the universities, state agencies and members of the legislature or the governor's office, draft legislation, make presentations to university groups, research legislative issues for the component institutions, and review and track bills impacting higher education.

The Director of Planning and Construction travels to each campus to monitor the progress of various projects, provide construction management, and conduct inspections. This position develops and maintains standard contracts, provides oversight for all campus planning activities, and assists in the creation of new projects. This position functions as the HUB Coordinator for construction matters, serves as an advisor for all Texas State University System Foundation construction projects, authorizes and recommends consultant and contractor selections for major expenditures, provides financial oversight on construction issues, and provides architectural and engineering design guidelines.

In spite of the limited number of employees, the System has met its responsibilities, providing assistance and support to the institutions in the System, the Board of Regents, other state agencies and, most importantly, the students served by the System institutions.

University System Administration Survey

Angelo State University, Lamar University,
Lamar Institute of Technology, Lamar State
College - Orange, Lamar State College - Port
Arthur, Sam Houston State University, Sul
Ross State University, Sul Ross State
University - Rio Grande College, Texas State
University—San Marcos

Cnt	Function / Service / Activity	Description of Function / Service / Activity	FY 2003 Expense	Number of Employees
1	Central administration	Provides centralized legal, financial, academic, audit and construction management and assistance; advises and assists the Board of Regents in their duties (including the development of Board Meeting agendas, Board Meeting arrangements and the proposal of new rules and regulations), maintains permanent records for the System and prepares a variety of government reports, coordinates efforts with regard to legislative proposals initiated by the components or the Board, represents the Board's interests at various government agencies, provides support to the Board on the procedural aspects of selecting and appointing university presidents. Other activities coordinated through central administration include the issuance and payment of debt instruments and the development of policies for investments made by the components.	273,680.40	2.83
2	Academic affairs coordination and support	Provides system-wide leadership for components in maintenance, enhancement and promotion of excellence in academic and research programs; initiates the development of system-wide or joint academic initiatives, represents the System at various government, academic, professional, regulatory and oversight bodies and periodically prepares reports on the accreditation status of the component universities, monitors internal controls in the academic administration of each component university, coordinates distance learning initiatives and development of international programs, provides leadership for expanding public and private sector grants, promotes partnerships with business, industry and universities outside of the TSUS, assists the component universities with issues concerning retention, recruitment and accountability.	174,931.63	0.91
3	General Counsel and other legal services	Reviews and assists components with legal matters, serving as their legal counsel. Serves as the legal advisor to the Board of Regents, reviews contracts before they are submitted to the board, has the authority to approve and provides assistance in the preparation of institutional handbooks, is a representative to the System's Minority Enhancement Committee, reviews legislation that affects the System, assists in drafting proposed legislation, works with the Attorney General and outside legal counsel concerning matters that affect the System, coordinates outside legal counsel, monitors all lawsuits brought against the System or component institution and assists the Attorney General in defending or prosecuting the cases, performs research and drafts presentation to be made by legal staff, the Board or other System officials.	301,678.90	2.28
4	Budgeting, accounting, and data reporting	Reviews budgets, budget changes, financial reports, LARs; submits all financial reports for the System office, prepares and submits System office payroll/human resource reports, responds to Board of Regents' requests for financial reports and information, provides assistance to the State Auditor's Office with regard to audits at the universities or at the System office, provides all System Office accounting and annual reports (including the System's Combined Annual Financial Statement).	181,779.24	1.71

University System Administration Survey

5	Fiscal management	Reviews all component depository contracts, pledged securities collateral reports, monthly operating reports, provides assistance to the universities and Board of Regents concerning bond sales, works with bond counsel to prepare all documents necessary for bond issuances, monitors legislation affecting the System, procures and maintains all insurance coverages, provides research and drafts formal presentations on fiscal matters to be made by members of the Board of Regents or other System officials.	114,346.45	0.75
6	Facilities and construction	Reviews all proposals and monitors all construction activities within the System, prepares all Architectural and Engineering Contracts and construction contracts, represents the Board of Regents and universities at all planning meetings, bid openings, contract negotiations, construction disputes and final inspections, interviews and maintains files on all Architects and Engineers who make application to perform consulting services for the System, serves as liaison between the universities and state construction regulatory agencies, provides architectural and engineering design guidelines, reviews project budgets, preliminary plans, detail design plans, contract documents and cost estimates, provides construction management, reviews and approves project estimates and change orders monthly, conducts pre-construction conferences and pre-bid conferences when necessary, provides information concerning construction requested by the Board or university administrators.	137,322.15	1.23
7	Governmental relations	Monitors committees and legislation, provides information & responds to requests for information from legislature, executive branch, components, assists the General Counsel in drafting legislation approved by the Board of Regents and advises the Board on the progress of legislation, keeps a database of legislative proposals and their progress.	211,459.33	1.39
8	Audit services	Plans audits, monitors risk assessment, training, audit activity and reporting as well as external auditor interface and support; responsible for the overall audit activities conducted at the components of the system, reviews and analyzes financial and statistical data for the System.	125,052.76	1.01
9	Real estate management	Provides assistance with the acquisition and sale of real estate and coordinates plans for the long range use of real estate.	8,449.77	0.06
10	Information technology services	Provides support for all issues related to the operation and maintenance of the System office computer system which includes networks, servers and related peripheral equipment, including the purchase of hardware and software as well as the interface with components and state agencies.	26,945.15	0.40
11	Aircraft operation and usage.	Provides scheduling of State Aircraft Pooling Board aircraft, charter flights and commercial flights for Regents, Central Administration and University administrators. (TSUS does not have its own aircraft to operate.)	2,727.23	0.03
Total			1,558,373.01	12.60

Note: These expenditures are from Appropriated Funds only.

DESCRIPTION OF UNIVERSITY OF NORTH TEXAS SYSTEM OFFICE

When the University of North Texas (UNT) System was established in 1999, UNT System officials and the Board of Regents examined other Texas university systems and created an administrative structure appropriate in size and function for its existing institutions but capable of accommodating future campuses and expanded functions at the system level when and where needed in the future.

Since the inception of UNT System, functions including Audit, Chancellor's Office, Government Relations, and Legal have been provided primarily by fulltime System staff. Other functions of the System were provided by UNT Denton staff.

For example, Academic Services, Facilities, Finance, Communications, Diversity and Equity, and Health Related Academic Services have been performed by campus-level administrators and staff whose salaries, benefits, and related maintenance and operating costs are divided between the budgets of their respective campuses and the System.

In FY2004, two major changes have been made in UNT System structure which affects the FY2004 budget information. Existing staff and functions of Capital Facilities Development and Compliance were transferred from UNT Denton to the System into an Administrative Services Office, while existing Planning staff was transferred from the System to UNT Denton.

The second major change in FY2004 was the transfer of line and budget responsibility for two state-supported special item programs from the budget of UNT Denton to the System:

1. The Federation of North Texas Area Universities includes the Universities Center of Dallas (UCD) The UCD is a regional education center (MITC) administered by the UNT System on behalf of several participating public universities in the North Texas region.
2. The UNT System Center at Dallas is teaching over 1,200 students each semester in southern Dallas and will be transferred to the new UNT at Dallas when future enrollments reach the level of a separate university.

The transfer of these two special items in 2004 increased the number of system employees and the System budget, on paper, but it did not increase the actual totals of campus and System staff and budgets. In fact, both programs experienced a budget reduction consistent with other state special item programs. The fact that these programs were transferred into the UNT System budget gives the misleading appearance of a significant increase in the size of the UNT System rather than a simple

transfer of funding and administrative responsibilities. Regardless, the UNT System budget did not change materially from FY 03 to FY 04 .

Leaving aside these special item transfers, the UNT System had:

39.08 FTE in FY03 and Actual Expenditures of	\$5,039,241
<u>48.14 FTE in FY04 and a n Operating Budget o</u>	<u>\$5,322,197</u>
9.06 FTE	+ \$ 282,956

The apparent FTE and budget increases resulted primarily from the transfer of Facilities and Compliance staff from the campus to system budget.

UNT System raises the issue again that there has never been a clear state funding "formula" for System operations, in part because the functions are arranged differently in each System. UNT System, for example, not only provides Legal, Audit, and Government Relations services at the System level with full-time employees, but our System does not have additional FTE employees performing similar services for our campuses. Other systems may have both system and campus staff performing these functions.

Because these functions are truly centralized in the UNT System, we continue to raise an equity issue about System funding. On a per student basis or per formula dollar basis, the level of state support that UNT System receives for our "System Office Operations" is well below that of all other system offices that do not receive funding from the Available University Fund. As a result, our component institutions carry a disproportional share of the cost of system services compared to other public universities in the state. A funding formula for System operations based on students served system-wide, or system-wide formula funding received, would help alleviate this inequity.

Should you require any additional information, please let us know.

University of North Texas System Administration
 University System Administration Survey
 From FY2003 Annual Financial Reports

Functional Area	Expenditures by Activity Type and Method of Finance				FTE's by Activity and Method of Finance					
	General Administration	Self-Supported Activities	Depreciation	Other Agency Expenses	FY2003 Total Expenditures	General Administration	Self-Supported Activities	Depreciation	Other Agency Expenses	Total FTE
Central Administration	697,839				697,839	3.45				3.45
Academic Affairs Coordination and Support	31,866				31,866	0.44				0.44
General Counsel and Other Legal Services	723,809				723,809	7.81				7.81
Budgeting, Accounting and Data Reporting	156,582				156,582	2.10				2.10
Fiscal Management	150,404				150,404	1.17				1.17
Facilities and Construction		333,332			333,332		2.17			2.17
Governmental Relations	683,272				683,272	4.50				4.50
Audit Services	664,918				664,918	11.77				11.77
Real Estate Management					-					-
Information Technology Services					-					-
Aircraft Operation and Usage					-					-
Board of Regents	97,492				97,492	1.57				1.57
Marketing & Communication	154,874				154,874	2.25				2.25
Planning	125,113				125,113	1.47				1.47
Distributed Learning	10,375				10,375	0.05				0.05
Equity/Diversity	16,722				16,722	0.33				0.33
Other Administrative Services	59,952				59,952					
Staff Benefits	26,435				26,435					
System Building Costs	132,610				132,610					
Depreciation and Amortization			567,687		567,687					
Staff Benefits				405,960	405,960					
TOTAL	3,732,263	333,332	567,687	405,960	5,039,241	36.91	2.17	-	-	39.08



TSTC System Office
Submitted to Representative Tony Goolsby
Work Group for Higher Education System Administrations

Description

The TSTC System Office has undergone a variety of changes between 1993 and 2003. The number of System Office FTE's has been reduced from 55.7 to 30.65, while student enrollment has grown by 45% (not including students at the former TSTC Amarillo).

Operational Priorities

In Fiscal Year 2003, the TSTC System distributed its \$3,497,945 in appropriated funds and its 30.65 FTEs in the following order of priorities:

<i>Percentage of Funds</i>	<i>Category</i>	<i>Amount</i>
38.6	Centralized IT Management	\$1,349,525
19.6	System and Amarillo Benefits Payments	685,775
13.9	Centralized Fiscal & Budget Administration	486,701
7.4	Academic Affairs	258,854
5.7	Central Administration	198,084
4.1	Audit Services	143,526
3.0	Marketing	106,052
2.8	General Counsel & Other Legal Services	96,047
1.8	Resource Development	62,584
1.5	Forecasting Technology Education Program Needs	53,390
1.0	Records Management	35,179
0.6	Board of Regents	22,223
100.0	Total	\$3,497,945

Reporting Requirements

The TSTC System is unique in the Texas higher education community in that the State of Texas considers it a single agency; as such, the TSTC System is required to submit most government-mandated reports in the aggregate. As a result, the TSTC System Office is responsible for preparing and submitting close to 200 required reports each year on a wide range of topics to more than 25 government agencies.

Examples of Efficiency Strategies

- Systemwide volume purchases of strategic items for maximum savings (estimated savings of approximately \$1M in computer hardware, software, and site licenses alone).
- Enhancement, support, and maintenance of a single systemwide administrative computer database.
- Development and purchase of a systemwide learning management system and portal. This maximizes human and fiscal resources to improve on-line accessibility for conventional, blended, and on-line courses, including communications, curriculum, and instruction.
- Development and implementation of an integrated branding, marketing, and recruitment plan for the system.
- Development and extensive use of a private video-conferencing network connecting the colleges and the System Office. This has created significant savings in travel expenses and time, and it has given TSTC the ability to meet and confer in a timely fashion on matters of strategic importance.
- Sharing of a few support staff at the System Office among many professional staff (current ratio 8.5:1).
- Sharing of a single general counsel and a single internal audit office by the entire TSTC System.
- Appointment of key college personnel to positions with both college-specific and systemwide responsibility: 1) marketing and recruitment, college-specific and systemwide; 2) facilities and police administration, college-specific and systemwide; and 3) college presidents who serve as business developers for the entire system.

Summary

The overwhelming purpose of the TSTC System Office is to provide direct support to the colleges' core functions. The functions of the System Office are those that are systemwide in scope, require cross-college coordination, and/or benefit from economies of scale. Their focus is on maximizing resources, minimizing redundancies, and leveraging the strongest aspects of each component of the system, while promoting effectiveness, efficiency, and accountability.

The largest percentage of dollars is invested in a systemwide administrative and educational information technology infrastructure, fiscal and budget administration, and academic affairs. The colleges determine the scope and depth of System Office services on an on-going basis, and they often task the System Office with providing leadership and coordination of strategic initiatives that would benefit them all. Current examples include student success initiatives; emerging technology forecasts for new instructional programs; workforce development activities; an e-commerce system; document imaging; purchasing processes and systems; coordination of systemwide grants and contracts; and development of alternative revenue streams.

University System Administration Survey
From FY 2003 Annual Financial Reports

Cnt	Function / Service / Activity	Description of Function / Service / Activity	FY 2003 Expense	Number of Full-Time Equivalent Employees
1	Central administration		198,084	1.15 Unclassified 0.50 Classified
2	Academic affairs coordination and support		258,859	2.25 Unclassified 0.60 Classified
3	General Counsel and other legal services		96,047	1.00 Unclassified 0.20 Classified
4	Budgeting, accounting, and data reporting		268,142	5.00 Unclassified 0.60 Classified
5	Fiscal management		218,559	2.00 Unclassified 0.50 Classified
6	Facilities and construction			
7	Governmental relations			
8	Audit services		143,526	2.00 Unclassified 0.30 Classified
9	Real estate management			
10	Information technology services		1,349,525	8.70 Unclassified 3.60 Classified
11	Aircraft operation and usage.			

University System Administration Survey
From FY 2003 Annual Financial Reports

Cnt	Function / Service / Activity	Description of Function / Service / Activity	FY 2003 Expense	Number of Full-Time Equivalent Employees
12	Marketing		106,052	
13	Records Management		35,179	0.80 Classified
14	Forecasting Technical Education Program Needs		53,390	0.40 Unclassified 0.10 Classified
15	Board of Regents		22,223	0.40 Classified
16	Resource Development		62,584	0.40 Unclassified 0.15 Classified
17	Staff Benefits - TSTC Paid		65,919	
18	Staff Benefits - General Revenue		619,856	
	Total		3,497,945	22.90 Unclassified 7.75 Classified

