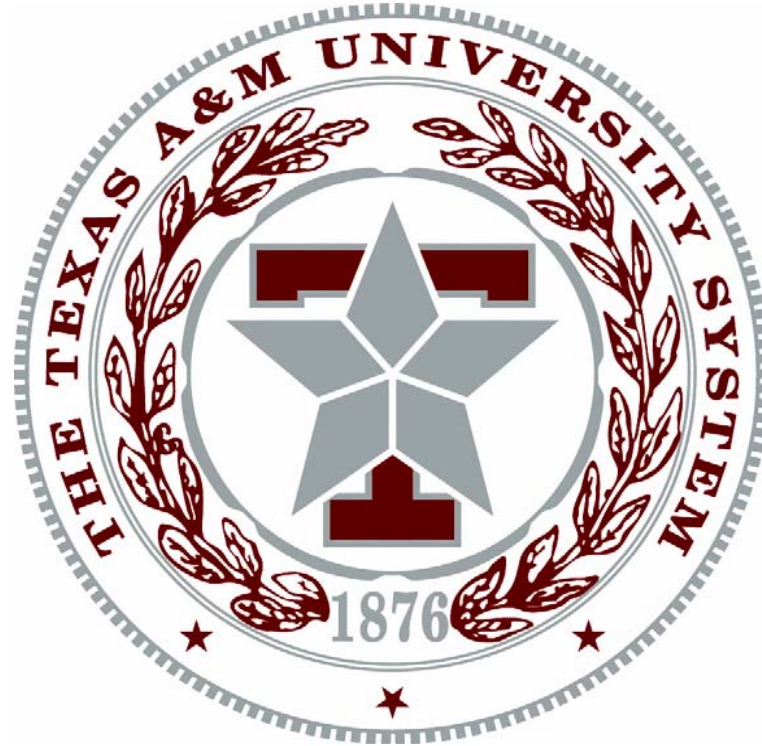


# ***THE TEXAS A&M UNIVERSITY SYSTEM***



## ***Executive Budget Summary***

***Fiscal Year Ending August 31, 2006***

***The Texas  
A&M University  
System***

## **The Texas A&M University System (TAMUS)**

### **Revenue**

Overall revenue projections for the A&M System are projected to increase by 3% or \$67.4 million. State appropriations are expected to increase by almost \$63 million. This increase is primarily attributed to increases in formula funding, group insurance premium contributions, tuition revenue bond debt service, Texas A&M University's faculty reinvestment program, funding for the Agencies outside Brazos County infrastructure, and funding from the new Research Development fund. Available University Fund income is projected to increase by almost \$5.4 million which is directly associated with the increase in the Permanent University Fund market value. The decrease in projected contracts and grants revenue is directly associated with the Governor's May 31, 2005 decision to transfer (from TEEEX) the Single Administrative Agency (SAA) designation to the Governor's Division of Emergency Management. The SAA is the agency responsible for handling pass-through funds from the U.S. Department of Homeland Security to jurisdictions. Despite substantial increases to tuition, fees, and enrollment, gross tuition and fees are projected to increase by only 6% or \$27.9 million. This is due to an accounting change implemented at the end of FY 2004 (after the FY 2005 budget process was completed) that excludes (from revenues and expenses) those tuition remissions and waivers for non-resident students. For comparative purposes, the FY 2005 projected gross tuition and fee revenue is overstated, thereby understating the variance.

### **Expenditures**

Overall, the A&M System's expenditure budget is projected to remain relatively level. As mentioned above, this is primarily due to the transferring of the Single Administrative Agency (SAA) designation from TEEEX to the Division of Emergency Management. This transfer reduced operations and maintenance expenditures by over \$100 million. Personnel expenditures are increasing by \$78.2 million. This increase is due to system-wide merit and equity adjustments, increases in longevity payments, increased employee group insurance costs, and increased faculty positions primarily led by Texas A&M University's faculty reinvestment program. With all but two of our academic universities charging designated tuition above the \$46/SCH level, mandated scholarship and grants are expected to increase by 7% or \$14 million. Finally, the cost of utilities is anticipated to increase by almost 20% due to the expiration of favorable natural gas contract rates and higher electricity prices.

**The Texas A&M University System**  
**Budget Analysis**  
**FY 2006 Operating Budget**  
(dollars in thousands)

	FY 2002	Actual	FY 2004	Budget		Budget Variance	
		FY 2003		FY 2005	FY 2006	Dollars	Percent
<b>BEGINNING CURRENT FUND BALANCE *</b>	<b>828,546</b>	<b>814,089</b>	<b>927,652</b>	<b>1,064,442</b>	<b>1,074,460</b>		
<b>REVENUES</b>							
State Appropriations	795,381	801,410	805,093	784,343	847,305	62,962	8%
Federal Appropriations	24,719	26,335	26,293	27,022	26,942	(80)	0%
Higher Education Fund	17,950	17,950	17,950	17,950	18,820	871	5%
Available University Fund	115,514	123,188	118,537	116,226	121,612	5,387	5%
Tuition and Fees (Gross)	349,446	382,470	388,243	475,209	503,126	27,918	6%
Less Tuition and Fee Discounts	(40,904)	(53,216)	(67,703)	(56,790)	(61,304)	(4,514)	n/a
Contracts, Grants and Gifts	487,701	564,848	639,121	669,021	613,743	(55,278)	-8%
Sales and Services	83,760	102,718	110,667	86,392	96,524	10,132	12%
Investment and Interest	15,303	81,590	74,431	37,331	43,566	6,235	17%
Miscellaneous	5,959	22,274	14,394	23,538	25,319	1,781	8%
Auxiliary Enterprises (Gross)	236,710	259,255	266,066	267,966	279,181	11,215	4%
Less Auxiliary Fee Discounts	(13,944)	(16,363)	(22,254)	(18,916)	(18,157)	758	n/a
<b>TOTAL REVENUES</b>	<b>2,077,595</b>	<b>2,312,459</b>	<b>2,370,837</b>	<b>2,429,291</b>	<b>2,496,677</b>	<b>67,386</b>	<b>3%</b>
<b>EXPENSES</b>							
Personnel	1,207,706	1,282,203	1,298,526	1,356,338	1,434,577	78,238	6%
Utilities	68,920	69,888	73,849	77,547	92,536	14,990	19%
Scholarships and Grants (Gross)	182,576	219,616	209,578	221,541	235,962	14,421	7%
Less Scholarship Discounts	(54,848)	(69,579)	(89,957)	(75,706)	(79,462)	(3,755)	n/a
Operations & Maintenance	533,031	545,867	595,694	761,756	681,930	(79,826)	-10%
Debt Service	125,138	133,677	112,128	142,346	146,694	4,348	3%
<b>Total Expense</b>	<b>2,062,523</b>	<b>2,181,672</b>	<b>2,199,818</b>	<b>2,483,821</b>	<b>2,512,238</b>	<b>28,416</b>	<b>1%</b>
<b>TRANSFERS/OTHER</b>							
RFS Debt Service (To SAGO)	0	0	0	0	0	0	n/a
Other	(29,342)	(16,335)	(34,228)	7,556	(3,900)	(11,456)	-152%
<b>NET TRANSFERS</b>	<b>(29,342)</b>	<b>(16,335)</b>	<b>(34,228)</b>	<b>7,556</b>	<b>(3,900)</b>	<b>(11,456)</b>	<b>-152%</b>
<b>NET INCREASE (DECREASE)</b>	<b>(14,269)</b>	<b>114,452</b>	<b>136,791</b>	<b>(46,975)</b>	<b>(19,460)</b>		
<b>ENDING CURRENT FUND BALANCE</b>	<b>814,277</b>	<b>928,541</b>	<b>1,064,442</b>	<b>1,017,467</b>	<b>1,055,000</b>		

\* The FY 2006 Beginning Current Fund Balance is estimated based on current projections of FY 2005 activity.

**The Texas A&M University System**  
**Explanations for Net Decrease in Fund Balance**  
**Current Funds**  
**Fiscal Year 2006 Budget**  
(dollars in thousands)

	<b>Estimated Beginning Balances</b>	<b>Estimated Ending Balances</b>	<b>Available Operating Funds</b>
<b>Fund Group (Current Funds Only)</b>			
Functional and General	173,996	168,258	(5,737)
Designated	654,511	641,737	(12,774)
Auxiliary	100,077	100,829	752
Restricted	144,639	142,937	(1,702)
<b>Total Net Change in Fund Balance</b>	<b><u>1,073,222</u></b>	<b><u>1,053,761</u></b>	<b><u>(19,461)</u></b>

For detailed explanations, please see member schedules.

***Prairie View A&M  
University***

## **Prairie View A&M University (PVAMU)**

### **Revenue**

PVAMU is projecting a 16% increase in revenues from a combination of state appropriations, tuition, and fees. The OCR state appropriated line item increased by \$2,865,892 over the FY2005 funding level. In addition, the legislature appropriated an additional \$4,234,106 over the FY 2005 level to fund the increased debt service cost on new OCR buildings. The FY 2006 budget includes a \$17/SCH increase in the Designated Tuition, from \$46/SCH to \$63/SCH.

### **Expenditures**

The expense budget reflects an increase of 11%. The increases are primarily in the personnel and operations areas. The increase in personnel costs is largely due to expansion during FY 2005, a 4% merit plan for FY 2006, a right-sizing of the summer school budget, and the allocation of the rate increase in the graduate tuition for graduate teaching assistants. Operations and maintenance expenditures are expected to rise as a result of the expansion of academic programs and auxiliary enterprises.

**The Texas A&M University System**  
**Prairie View A&M University**  
**Budget Analysis**  
**FY 2006 Operating Budget**  
(dollars in thousands)

	FY 2002	Actual FY 2003	FY 2004	Budget		Budget Variance	
				FY 2005	FY 2006	Dollars	Percent
<b>BEGINNING CURRENT FUND BALANCE</b>	<b>30,690</b>	<b>38,346</b>	<b>44,800</b>	<b>48,570 *</b>	<b>50,600</b>		
<b>REVENUES</b>							
State Appropriations	48,964	48,671	50,590	49,835	61,619	11,783	24%
Available University Fund	9,500	10,600	10,900	12,143	12,143	0	0%
Tuition and Fees (Gross)	21,539	22,591	22,704	28,133	32,920	4,787	17%
Less Tuition and Fee Discounts	(7,253)	(7,030)	(7,769)	(9,286)	(9,060)	226	n/a
Contracts, Grants and Gifts	31,544	34,381	34,089	33,875	34,824	949	3%
Sales and Services	532	576	620	315	63	(252)	-80%
Investment and Interest	819	1,532	1,378	1,938	2,222	284	15%
Miscellaneous	2,085	2,565	2,351	2,004	2,000	(4)	0%
Auxiliary Enterprises (Gross)	12,722	13,457	16,975	15,230	16,546	1,316	9%
Less Auxiliary Fee Discounts	(4,328)	(3,583)	(4,546)	(5,290)	(3,848)	1,442	n/a
<b>TOTAL REVENUES</b>	<b>116,123</b>	<b>123,760</b>	<b>127,292</b>	<b>128,896</b>	<b>149,429</b>	<b>20,533</b>	<b>16%</b>
<b>EXPENSES</b>							
Personnel	59,404	66,268	70,077	74,241	82,822	8,581	12%
Utilities	2,973	3,459	3,672	3,615	3,956	341	9%
Scholarships and Grants (Gross)	20,595	23,179	22,230	23,658	22,733	(925)	-4%
Less Scholarship Discounts	(11,580)	(10,613)	(12,314)	(14,577)	(12,908)	1,668	n/a
Operations & Maintenance	25,216	26,680	30,296	34,492	38,434	3,941	11%
<b>Total Expense</b>	<b>96,607</b>	<b>108,973</b>	<b>113,960</b>	<b>121,430</b>	<b>135,036</b>	<b>13,606</b>	<b>11%</b>
<b>TRANSFERS/OTHER</b>							
RFS Debt Service (To SAGO)	(4,822)	(6,824)	(6,760)	(7,904)	(12,596)	(4,692)	59%
Other	(5,977)	(1,509)	(2,803)	(1,427)	(1,640)	(213)	15%
<b>NET TRANSFERS</b>	<b>(10,799)</b>	<b>(8,333)</b>	<b>(9,563)</b>	<b>(9,331)</b>	<b>(14,236)</b>	<b>(4,905)</b>	<b>53%</b>
<b>NET INCREASE (DECREASE)</b>	<b>8,718</b>	<b>6,454</b>	<b>3,770</b>	<b>(1,865)</b>	<b>158</b>		
<b>ENDING CURRENT FUND BALANCE</b>	<b>39,408</b>	<b>44,800</b>	<b>48,570</b>	<b>46,706</b>	<b>50,758</b>		

\* Includes \$8.4 million of Available Operating Funds.

**The Texas A&M University System**  
**Prairie View A&M University**  
**Explanations for Net Decrease in Fund Balance**  
**Current Funds**  
**Fiscal Year 2006 Budget**  
(dollars in thousands)

	<b>Estimated Beginning Balances</b>	<b>Estimated Ending Balances</b>	<b>Available Operating Funds</b>
<b>Fund Group (Current Funds Only)</b>			
Functional and General	16,100	14,875	(1,225)
Designated	21,300	22,715	1,415
Auxiliary	7,200	7,312	112
Restricted	6,000	5,856	(144)
Plant	0	0	0
<b>Fund Totals</b>	<u>50,600</u>	<u>50,758</u>	<u>158</u>

		<b>Explanation for Net Decrease</b>
Functional and General	(1,225)	Continued use of unexpended balance authority for Office of Civil Rights (OCR) funds.
Restricted	(144)	Expenditure of gift funding received from Texas Instrument in prior years.

***Tarleton  
State University***

## **Tarleton State University (TSU)**

### **Revenue**

TSU's revenue sources are projected to increase by 9% during FY 2006. A \$4,491,000 increase in state appropriations includes \$1,200,000 which is required to be used for payment of tuition revenue bonds, and \$600,000 which is limited to use in research development. The 2% increase in tuition and fees includes the effects of an accounting change eliminating nonresident waivers as revenues. The increase without this accounting change would be 8%, the result of an increase of \$8 per semester credit hour for designated tuition. Contract and grant revenues for 2006 include \$1,700,000 for a USDA Common Information System grant.

### **Expenditures**

The expenditure budget for 2006 has increased in direct proportion to the increase in revenue. Salaries have increased for two reasons: (1) added faculty and staff positions needed to accommodate growth, and (2) salary increases for existing faculty and staff. The 60% increase in utility expenses is indicative of a substantial increase in contracted rates for electricity and natural gas, along with the addition of newly renovated facilities placed into service. The reduction in scholarship expenses is the result of the accounting change for nonresident waivers as mentioned above. A substantial portion of the \$1,670,000 increase in operations and maintenance expenses is attributable to the USAS common Information System grant also mentioned above.

**The Texas A&M University System**  
**Tarleton State University**  
**Budget Analysis**  
**FY 2006 Operating Budget**  
(dollars in thousands)

	FY 2002	Actual FY 2003	FY 2004	Budget		Budget Variance	
				FY 2005	FY 2006	Dollars	Percent
<b>BEGINNING CURRENT FUND BALANCE</b>	<b>20,811</b>	<b>21,467</b>	<b>22,366</b>	<b>28,295 *</b>	<b>26,708</b>		
<b>REVENUES</b>							
State Appropriations	33,680	33,242	33,111	33,374	37,864	4,491	13%
Tuition and Fees (Gross)	20,463	23,366	25,214	30,341	31,031	690	2%
Less Tuition and Fee Discounts	(3,540)	(4,287)	(4,125)	(4,100)	(4,200)	(100)	n/a
Contracts, Grants and Gifts	15,225	17,255	18,468	16,766	18,966	2,200	13%
Sales and Services	1,953	2,037	2,844	2,089	2,181	92	4%
Investment and Interest	742	2,019	2,022	1,443	1,740	296	21%
Miscellaneous	94	86	24	49	19	(29)	-61%
Auxiliary Enterprises (Gross)	10,664	11,924	13,346	13,712	14,628	916	7%
Less Auxiliary Fee Discounts	(1,485)	(1,707)	(1,679)	(1,700)	(1,700)	0	n/a
<b>TOTAL REVENUES</b>	<b>77,797</b>	<b>83,934</b>	<b>89,225</b>	<b>91,974</b>	<b>100,530</b>	<b>8,556</b>	<b>9%</b>
<b>EXPENSES</b>							
Personnel	47,962	49,762	49,554	54,725	59,873	5,147	9%
Utilities	2,059	2,276	2,734	1,926	3,148	1,222	63%
Scholarships and Grants (Gross)	11,910	14,272	13,655	15,402	14,526	(877)	-6%
Less Scholarship Discounts	(5,025)	(5,995)	(5,803)	(5,800)	(5,900)	(100)	n/a
Operations & Maintenance	18,222	18,307	20,922	24,455	26,125	1,670	7%
<b>Total Expense</b>	<b>75,128</b>	<b>78,622</b>	<b>81,062</b>	<b>90,709</b>	<b>97,771</b>	<b>7,063</b>	<b>8%</b>
<b>TRANSFERS/OTHER</b>							
RFS Debt Service (To SAGO)	(3,618)	(4,021)	(4,024)	(4,479)	(5,993)	(1,513)	34%
Other	1,605	(393)	1,790	3,137	3,144	7	0%
<b>NET TRANSFERS</b>	<b>(2,013)</b>	<b>(4,414)</b>	<b>(2,235)</b>	<b>(1,342)</b>	<b>(2,848)</b>	<b>(1,506)</b>	<b>112%</b>
<b>NET INCREASE (DECREASE)</b>	<b>657</b>	<b>899</b>	<b>5,929</b>	<b>(77)</b>	<b>(90)</b>		
<b>ENDING CURRENT FUND BALANCE</b>	<b>21,467</b>	<b>22,366</b>	<b>28,295</b>	<b>28,218</b>	<b>26,618</b>		

\* Includes \$21.1 million of Available Operating Funds.

**The Texas A&M University System**  
**Tarleton State University**  
**Explanations for Net Decrease in Fund Balance**  
**Current Funds**  
**Fiscal Year 2006 Budget**  
(dollars in thousands)

	<b>Estimated Beginning Balances</b>	<b>Estimated Ending Balances</b>	<b>Available Operating Funds</b>
<b>Fund Group (Current Funds Only)</b>			
Functional and General	2,900	2,900	0
Designated	17,366	17,372	6
Auxiliary	4,676	4,745	69
Restricted	1,766	1,600	(165)
Net Change in Fund Balance - Current Funds	<u>26,708</u>	<u>26,618</u>	<u>(90)</u>

			<b>Explanation for Net Decrease</b>
Restricted	(165)		Fund balances of gifts, grants, and endowment earnings are often expected or required to be spent rather than maintained as reserves.

***Texas A&M  
International  
University***

## **Texas A&M International University (TAMIU)**

### **Revenue**

Board approved fee increases, legislatively mandated tuition increases, and a projected enrollment increase of 5% will increase tuition and fee revenue by \$1.3 million or 12%. Grant and contract revenue for FY 2006 will increase \$544,000 or 4%. This increase is a result of efforts by the Grant Office and the newly established Office of Graduate Studies. Higher Education Assistance Fund revenue has increased as a result of the Coordinating Board formula increase.

### **Expenditures**

TAMIU is expecting growth in the areas of salaries and associated benefits of \$ 2.3 million or 8%. This increase is a result of providing merit increases, hiring additional faculty and staff personnel to support the newly constructed science building, additions to the athletic program and to the student service areas. Utilities are projected to increase 56% due to increases in cost and the addition of the Science Center. The maintenance and operation expenditure increase of 17% is to support continued growth.

**The Texas A&M University System**  
**Texas A&M International University**  
**Budget Analysis**  
**FY 2006 Operating Budget**  
(dollars in thousands)

	FY 2002	Actual FY 2003	FY 2004	Budget		Budget Variance	
				FY 2005	FY 2006	Dollars	Percent
<b>BEGINNING CURRENT FUND BALANCE</b>	<b>14,583</b>	<b>14,947</b>	<b>15,924</b>	<b>15,885 *</b>	<b>15,100</b>		
<b>REVENUES</b>							
State Appropriations	33,981	33,249	34,849	35,191	37,467	2,276	6%
Higher Education Fund	1,778	1,778	1,778	1,778	2,087	309	17%
Tuition and Fees (Gross)	6,852	8,588	9,318	11,478	12,805	1,327	12%
Less Tuition and Fee Discounts	(4,570)	(2,184)	(5,832)	(4,600)	(4,600)	0	n/a
Contracts, Grants and Gifts	12,475	14,174	16,350	12,512	13,056	544	4%
Sales and Services	544	452	467	453	446	(7)	-2%
Investment and Interest	524	782	756	250	311	61	24%
Miscellaneous	15	17	18	0	0	0	n/a
Auxiliary Enterprises (Gross)	1,639	2,085	2,987	4,068	4,060	(7)	0%
Less Auxiliary Fee Discounts	(943)	(470)	(1,733)	(940)	(940)	0	n/a
<b>TOTAL REVENUES</b>	<b>52,294</b>	<b>58,472</b>	<b>58,958</b>	<b>60,190</b>	<b>64,692</b>	<b>4,502</b>	<b>7%</b>
<b>EXPENSES</b>							
Personnel	24,955	27,079	29,196	30,479	32,811	2,332	8%
Utilities	739	985	1,149	1,079	1,679	600	56%
Scholarships and Grants (Gross)	8,897	10,854	11,128	9,833	8,671	(1,161)	-12%
Less Scholarship Discounts	(5,513)	(2,654)	(7,565)	(5,540)	(5,540)	0	n/a
Operations & Maintenance	9,296	8,360	10,799	10,418	12,193	1,776	17%
<b>Total Expense</b>	<b>38,374</b>	<b>44,624</b>	<b>44,707</b>	<b>46,269</b>	<b>49,815</b>	<b>3,546</b>	<b>8%</b>
<b>TRANSFERS/OTHER</b>							
RFS Debt Service (To SAGO)	(12,629)	(12,683)	(13,214)	(13,921)	(14,876)	(956)	7%
Other	(927)	(188)	(1,077)	0	0	0	n/a
<b>NET TRANSFERS</b>	<b>(13,556)</b>	<b>(12,871)</b>	<b>(14,291)</b>	<b>(13,921)</b>	<b>(14,876)</b>	<b>(956)</b>	<b>7%</b>
<b>NET INCREASE (DECREASE)</b>	<b>364</b>	<b>977</b>	<b>(40)</b>	<b>(0)</b>	<b>0</b>		
<b>ENDING CURRENT FUND BALANCE</b>	<b>14,947</b>	<b>15,924</b>	<b>15,885</b>	<b>15,885</b>	<b>15,100</b>		

\* Includes \$3.3 million of Available Operating Funds.

**The Texas A&M University System**  
**Texas A&M International University**  
**Explanations for Net Decrease in Fund Balance**  
**Current Funds**  
**Fiscal Year 2006 Budget**  
(dollars in thousands)

	<b>Estimated Beginning Balances</b>	<b>Estimated Ending Balances</b>	<b>Available Operating Funds</b>
<b>Fund Group (Current Funds Only)</b>			
Functional and General	3,000	3,000	0
Designated	2,850	2,850	0
Auxiliary	750	750	0
Restricted	8,500	8,500	0
Net Change in Fund Balance - Current Funds	<u>15,100</u>	<u>15,100</u>	<u>0</u>

***Texas A&M  
University***

## **Texas A&M University (TAMU)**

### **Revenue**

TAMU is projecting revenue growth of 7% over the FY 2005 budgeted figure, primarily due to an increase in rates for state mandated/designated tuition, a transition to flat rate tuition, and a new freshmen class that is subject to Enhancement Fees. State Appropriations increased primarily due to additional funding provided for our faculty reinvestment program. Contracts and Grants growth is primarily attributable to reflecting Texas Grant revenues in the budget for the first time (note: there is an equivalent variance on scholarship expenditures due to budgeting this program.) Miscellaneous revenue growth is attributable to increased Qatar management fee income associated with the continuing growth of the campus.

### **Expenditures**

Expenditures for TAMU are projected to increase 6% over FY 2005 budgeted amounts. The personnel cost increase is primarily due to a \$10 million commitment to new faculty and retention that was funded by the State Legislature and a 2.82% merit salary program. The cost of utilities is anticipated to increase by 19% due to expiration of favorable natural gas contract rates through the General Land Office and higher electricity prices. Scholarship and fellowship expenditures increased substantially due to budgeting of Texas Grant funds for the first time and continued emphasis on student recruitment and retention. Operations and maintenance expenses are higher primarily due to faculty reinvestment, anticipated appeals related to flat rate tuition, and expenditures associated with higher enhancement fee revenue.

**The Texas A&M University System**  
**Texas A&M University**  
**Budget Analysis**  
**FY 2006 Operating Budget**  
(dollars in thousands)

	FY 2002	Actual FY 2003	FY 2004	Budget		Budget Variance	
				FY 2005	FY 2006	Dollars	Percent
<b>BEGINNING CURRENT FUND BALANCE</b>	<b>389,344</b>	<b>372,507</b>	<b>404,160</b>	<b>443,818 *</b>	<b>456,421</b>		
<b>REVENUES</b>							
State Appropriations	271,226	264,643	266,270	266,598	279,905	13,306	5%
Available University Fund	68,000	70,000	70,000	82,477	82,477	0	0%
Tuition and Fees (Gross)	196,862	215,885	217,545	274,966	293,188	18,222	7%
Less Tuition and Fee Discounts	(5,647)	(15,046)	(25,987)	(14,927)	(15,421)	(494)	n/a
Contracts, Grants and Gifts	131,800	165,380	151,468	169,131	188,149	19,018	11%
Sales and Services	30,491	33,074	37,429	31,987	37,531	5,544	17%
Investment and Interest	(2,186)	44,626	41,526	14,437	16,686	2,249	16%
Miscellaneous	1,888	3,323	5,721	4,686	7,070	2,383	51%
Auxiliary Enterprises (Gross)	169,857	184,826	180,540	185,028	191,581	6,554	4%
Less Auxiliary Fee Discounts	(1,993)	(5,122)	(7,913)	(5,105)	(5,052)	53	n/a
<b>TOTAL REVENUES</b>	<b>860,299</b>	<b>961,588</b>	<b>936,599</b>	<b>1,009,277</b>	<b>1,076,113</b>	<b>66,835</b>	<b>7%</b>
<b>EXPENSES</b>							
Personnel	500,203	535,150	540,250	572,464	595,905	23,442	4%
Utilities	49,414	48,467	50,513	54,312	64,564	10,252	19%
Scholarships and Grants (Gross)	77,933	91,054	76,972	90,643	93,560	2,917	3%
Less Scholarship Discounts	(7,639)	(20,168)	(33,901)	(20,032)	(20,472)	(440)	n/a
Operations & Maintenance	201,281	219,853	201,628	272,235	295,839	23,604	9%
<b>Total Expense</b>	<b>821,192</b>	<b>874,356</b>	<b>835,461</b>	<b>969,623</b>	<b>1,029,397</b>	<b>59,774</b>	<b>6%</b>
<b>TRANSFERS/OTHER</b>							
RFS Debt Service (To SAGO)	(37,361)	(48,359)	(48,990)	(50,356)	(51,354)	(998)	2%
Other	(18,583)	(7,221)	(12,490)	4,419	6,007	1,588	36%
<b>NET TRANSFERS</b>	<b>(55,945)</b>	<b>(55,579)</b>	<b>(61,480)</b>	<b>(45,937)</b>	<b>(45,347)</b>	<b>590</b>	<b>-1%</b>
<b>NET INCREASE (DECREASE)</b>	<b>(16,838)</b>	<b>31,653</b>	<b>39,658</b>	<b>(6,282)</b>	<b>1,370</b>		
<b>ENDING CURRENT FUND BALANCE</b>	<b>372,507</b>	<b>404,160</b>	<b>443,818</b>	<b>437,535</b>	<b>457,791</b>		

\* Includes \$180.3 million of Available Operating Funds.

**The Texas A&M University System**  
**Texas A&M University**  
**Explanations for Net Decrease in Fund Balance**  
**Current Funds**  
**Fiscal Year 2006 Budget**  
(dollars in thousands)

	<b>Estimated Beginning Balances</b>	<b>Estimated Ending Balances</b>	<b>Available Operating Funds</b>
<b>Fund Group (Current Funds Only)</b>			
Functional and General	40,927	40,927	0
Designated	275,182	277,181	1,998
Auxiliary	68,056	67,427	(629)
Restricted	72,256	72,256	0
Net Change in Fund Balance - Current Funds	<u>456,421</u>	<u>457,790</u>	<u>1,369</u>

**Explanation for Net Decrease**

Auxiliary	(629)	<p>In FY 06, Rec Sports is budgeting a decrease in fund balance. This is due to them budgeting a flat amount for debt service over the past 7 years. The debt service payment was smaller in the earlier years and has been larger of late. They had set aside a portion of their fees from prior years to fund debt in future years. They are also having to fund increased utility costs, retiree benefits and auxiliary fees, which they didn't have in prior years.</p>
-----------	-------	---

**The Texas A&M University System**  
**Texas A&M University (College Station)**  
**Budget Analysis**  
**FY 2006 Operating Budget**  
(dollars in thousands)

	FY 2002	Actual FY 2003	FY 2004	Budget		Budget Variance	
				FY 2005	FY 2006	Dollars	Percent
<b>BEGINNING CURRENT FUND BALANCE</b>	<b>380,886</b>	<b>364,338</b>	<b>392,829</b>	<b>430,683 *</b>	<b>446,474</b>		
<b>REVENUES</b>							
State Appropriations	258,320	251,943	253,909	254,129	266,301	12,172	5%
Available University Fund	68,000	70,000	70,000	82,477	82,477	0	0%
Tuition and Fees (Gross)	190,866	209,002	209,635	265,208	282,898	17,690	7%
Less Tuition and Fee Discounts	(5,541)	(14,821)	(25,387)	(14,821)	(14,821)	0	n/a
Contracts, Grants and Gifts	127,320	160,309	146,497	163,379	182,359	18,980	12%
Sales and Services	29,296	31,916	36,392	31,003	36,485	5,482	18%
Investment and Interest	(2,424)	44,002	40,872	14,174	16,328	2,154	15%
Miscellaneous	1,604	3,005	5,400	4,379	6,762	2,383	54%
Auxiliary Enterprises (Gross)	164,977	179,437	174,799	179,690	186,096	6,406	4%
Less Auxiliary Fee Discounts	(1,939)	(5,052)	(7,814)	(5,052)	(5,052)	0	n/a
<b>TOTAL REVENUES</b>	<b>830,480</b>	<b>929,743</b>	<b>904,303</b>	<b>974,565</b>	<b>1,039,833</b>	<b>65,268</b>	<b>7%</b>
<b>EXPENSES</b>							
Personnel	483,867	517,320	521,913	552,678	575,740	23,061	4%
Utilities	48,418	47,643	49,457	53,447	63,527	10,080	19%
Scholarships and Grants (Gross)	75,944	88,754	74,479	87,945	90,617	2,672	3%
Less Scholarship Discounts	(7,480)	(19,872)	(33,202)	(19,872)	(19,872)	0	n/a
Operations & Maintenance	191,611	210,571	193,080	259,917	283,978	24,060	9%
<b>Total Expense</b>	<b>792,360</b>	<b>844,416</b>	<b>805,727</b>	<b>934,116</b>	<b>993,990</b>	<b>59,874</b>	<b>6%</b>
<b>TRANSFERS/OTHER</b>							
RFS Debt Service (To SAGO)	(37,181)	(47,980)	(48,483)	(49,851)	(50,329)	(478)	1%
Other	(17,487)	(6,251)	(12,240)	3,119	4,707	1,588	51%
<b>NET TRANSFERS</b>	<b>(54,668)</b>	<b>(54,231)</b>	<b>(60,723)</b>	<b>(46,732)</b>	<b>(45,622)</b>	<b>1,110</b>	<b>-2%</b>
<b>NET INCREASE (DECREASE)</b>	<b>(16,549)</b>	<b>31,096</b>	<b>37,854</b>	<b>(6,282)</b>	<b>222</b>		
<b>ENDING CURRENT FUND BALANCE</b>	<b>364,338</b>	<b>395,433</b>	<b>430,683</b>	<b>424,400</b>	<b>446,696</b>		

\* Includes \$172.8 million of Available Operating Funds.

**The Texas A&M University System**  
**Texas A&M University at Galveston**  
**Budget Analysis**  
**FY 2006 Operating Budget**  
(dollars in thousands)

	FY 2002	Actual FY 2003	FY 2004	Budget		Budget Variance	
				FY 2005	FY 2006	Dollars	Percent
<b>BEGINNING CURRENT FUND BALANCE</b>	<b>8,458</b>	<b>8,169</b>	<b>8,727</b>	<b>10,531 *</b>	<b>9,948</b>		
<b>REVENUES</b>							
State Appropriations	12,906	12,700	12,361	12,469	13,604	1,135	9%
Tuition and Fees (Gross)	5,995	6,883	7,910	9,757	10,290	533	5%
Less Tuition and Fee Discounts	(106)	(226)	(600)	(106)	(600)	(494)	n/a
Contracts, Grants and Gifts	4,481	5,071	4,971	5,752	5,790	38	1%
Sales and Services	1,195	1,157	1,037	985	1,046	61	6%
Investment and Interest	238	624	654	263	358	95	36%
Miscellaneous	284	318	321	308	308	0	0%
Auxiliary Enterprises (Gross)	4,880	5,388	5,741	5,338	5,485	148	3%
Less Auxiliary Fee Discounts	(53)	(70)	(99)	(53)	0	53	n/a
<b>TOTAL REVENUES</b>	<b>29,819</b>	<b>31,845</b>	<b>32,296</b>	<b>34,712</b>	<b>36,280</b>	<b>1,568</b>	<b>5%</b>
<b>EXPENSES</b>							
Personnel	16,336	17,830	18,337	19,785	20,166	380	2%
Utilities	997	824	1,056	865	1,037	172	20%
Scholarships and Grants (Gross)	1,989	2,300	2,493	2,698	2,943	245	9%
Less Scholarship Discounts	(160)	(296)	(699)	(160)	(600)	(441)	n/a
Operations & Maintenance	9,670	9,282	8,548	12,318	11,861	(456)	-4%
<b>Total Expense</b>	<b>28,832</b>	<b>29,940</b>	<b>29,734</b>	<b>35,507</b>	<b>35,407</b>	<b>(100)</b>	<b>0%</b>
<b>TRANSFERS/OTHER</b>							
RFS Debt Service (To SAGO)	(180)	(378)	(507)	(505)	(1,025)	(520)	103%
Other	(1,097)	(970)	(250)	1,300	1,300	0	0%
<b>NET TRANSFERS</b>	<b>(1,276)</b>	<b>(1,348)</b>	<b>(758)</b>	<b>795</b>	<b>275</b>	<b>(520)</b>	<b>-65%</b>
<b>NET INCREASE (DECREASE)</b>	<b>(289)</b>	<b>557</b>	<b>1,805</b>	<b>0</b>	<b>1,147</b>		
<b>ENDING CURRENT FUND BALANCE</b>	<b>8,169</b>	<b>8,727</b>	<b>10,531</b>	<b>10,531</b>	<b>11,095</b>		

\* Includes \$7.5 million of Available Operating Funds.

***Texas A&M  
University-  
Commerce***

## **Texas A&M University - Commerce (TAMU-C)**

### **Revenue**

TAMU-C is projecting a 2% overall revenue increase of \$2.1M for FY 2006. Although tuition and fee increases approved by the board and other revenue changes generated an additional \$3.34M, a reduction in the University's allocation from the Higher Education Fund (HEF) reduced current revenues by approximately \$0.66M resulting in incremental revenues in the amount of \$2.1M.

### **Expenditure**

Expenditures are expected to increase by 1% in FY 2006. Included in expenditures is a salary reserve for a possible 2% merit increase for faculty and staff (dependent upon certification of available funds). The increase in personnel also includes a 14% increase in the rates for State group insurance premiums (GIP). In addition, utility expenses are increasing an estimated 14% as a result of natural gas prices and other market pressures. Operations and maintenance, which includes capital expenditures, has decreased to reflect the reduced allocation from the Higher Education Fund as well as some reallocations from service departments and auxiliaries to cover increased personnel costs. Transfers to SAGO have also increased significantly for FY 2006 as debt service payments for the new Science and Technology Center have begun.

**The Texas A&M University System**  
**Texas A&M University - Commerce**  
**Budget Analysis**  
**FY 2006 Operating Budget**  
(dollars in thousands)

	FY 2002	Actual FY 2003	FY 2004	Budget		Budget Variance	
				FY 2005	FY 2006	Dollars	Percent
<b>BEGINNING CURRENT FUND BALANCE</b>	<b>22,759</b>	<b>24,733</b>	<b>30,076</b>	<b>34,403 *</b>	<b>34,403</b>		
<b>REVENUES</b>							
State Appropriations	36,451	36,706	36,345	37,075	37,477	402	1%
Higher Education Fund	4,230	4,230	4,230	4,230	3,564	(666)	-16%
Tuition and Fees (Gross)	19,527	23,410	22,922	26,719	25,556	(1,164)	-4%
Less Tuition and Fee Discounts	(4,472)	(5,966)	(4,564)	(5,970)	(5,400)	570	n/a
Contracts, Grants and Gifts	10,523	12,028	12,527	10,244	12,524	2,281	22%
Sales and Services	1,563	1,496	1,288	1,668	1,288	(380)	-23%
Investment and Interest	515	2,005	2,215	469	884	415	88%
Miscellaneous	59	78	128	0	0	0	n/a
Auxiliary Enterprises (Gross)	10,526	13,136	15,164	14,680	15,295	615	4%
Less Auxiliary Fee Discounts	(840)	(1,104)	(1,112)	(1,105)	(1,120)	(15)	n/a
<b>TOTAL REVENUES</b>	<b>78,082</b>	<b>86,018</b>	<b>89,142</b>	<b>88,009</b>	<b>90,068</b>	<b>2,059</b>	<b>2%</b>
<b>EXPENSES</b>							
Personnel	47,774	49,985	50,021	51,703	53,019	1,316	3%
Utilities	2,422	2,819	3,139	3,355	3,809	454	14%
Scholarships and Grants (Gross)	12,105	15,122	14,197	15,340	14,405	(936)	-6%
Less Scholarship Discounts	(5,311)	(7,070)	(5,676)	(7,075)	(6,520)	555	n/a
Operations & Maintenance	15,298	15,173	17,894	19,321	18,967	(354)	-2%
<b>Total Expense</b>	<b>72,288</b>	<b>76,030</b>	<b>79,574</b>	<b>82,644</b>	<b>83,680</b>	<b>1,036</b>	<b>1%</b>
<b>TRANSFERS/OTHER</b>							
RFS Debt Service (To SAGO)	(1,360)	(1,572)	(1,814)	(2,284)	(3,436)	(1,152)	50%
Other	(2,461)	(3,073)	(3,427)	(3,081)	(3,130)	(49)	2%
<b>NET TRANSFERS</b>	<b>(3,821)</b>	<b>(4,645)</b>	<b>(5,242)</b>	<b>(5,365)</b>	<b>(6,566)</b>	<b>(1,201)</b>	<b>22%</b>
<b>NET INCREASE (DECREASE)</b>	<b>1,973</b>	<b>5,344</b>	<b>4,326</b>	<b>(0)</b>	<b>(178)</b>		
<b>ENDING CURRENT FUND BALANCE</b>	<b>24,732</b>	<b>30,076</b>	<b>34,403</b>	<b>34,403</b>	<b>34,225</b>		

\* Includes \$29.3 million of Available Operating Funds.

**The Texas A&M University System**  
**Texas A&M University - Commerce**  
**Explanations for Net Decrease in Fund Balance**  
**Current Funds**  
**Fiscal Year 2006 Budget**  
(dollars in thousands)

	<b>Estimated Beginning Balances</b>	<b>Estimated Ending Balances</b>	<b>Available Operating Funds</b>
<b>Fund Group (Current Funds Only)</b>			
Functional and General	5,042	5,042	0
Designated	21,369	21,369	0
Auxiliary	7,608	7,430	(178)
Restricted	384	384	0
Net Change in Fund Balance - Current Funds	<u>34,403</u>	<u>34,225</u>	<u>(178)</u>

		<b>Explanation for Net Decrease</b>
Auxiliary	(178)	One-time funding for Athletics and Residence Life.

***Texas A&M  
University-Corpus  
Christi***

## **Texas A&M University – Corpus Christi (TAMU-CC)**

### **Revenue**

Total budgeted revenues are forecasted to increase in FY 2006 approximately 9%, primarily due to increases in state appropriations, Higher Education Funds, and tuition. Designated tuition rates were increased from \$62 to \$66 per student credit hour, which accounts for a portion of the tuition and fee increase. The University is also budgeting an increase in enrollment for FY 2006 based upon historical trends experienced the past few years. Budgeted revenues for contracts, grants and gifts increased mainly due to contracts with the Office of Naval Research for Nursing programs.

### **Expenditures**

Budgeted FY 2006 expenditures increased approximately 11%. Budgeted personnel expenses account for the majority of the increase due to additional faculty and staff being recruited to support enrollment growth. Additionally, a 3% merit increase plan, and equity increase plans, will contribute to the increase in personnel expense. Benefits costs are rising as a result of increased employer insurance contribution rates. Operating expenses are increasing due to new facilities added in late FY 2005, and those opening in 2006. In FY 2006, technical fees for implementation of a new student information system will cause increased operating expenses. Capital expenses will increase due to the significant increase in Higher Education Fund.

**The Texas A&M University System**  
**Texas A&M University - Corpus Christi**  
**Budget Analysis**  
**FY 2006 Operating Budget**  
(dollars in thousands)

	Actual			Budget		Budget Variance	
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	Dollars	Percent
<b>BEGINNING CURRENT FUND BALANCE</b>	<b>13,737</b>	<b>13,288</b>	<b>15,887</b>	<b>22,899 *</b>	<b>21,357 **</b>		
<b>REVENUES</b>							
State Appropriations	44,797	43,944	46,725	46,904	50,115	3,211	7%
Higher Education Fund	3,688	3,688	3,688	3,688	5,519	1,832	50%
Tuition and Fees (Gross)	19,216	22,509	23,655	30,194	31,193	999	3%
Less Tuition and Fee Discounts	(7,944)	(10,146)	(8,557)	(10,958)	(11,341)	(383)	n/a
Contracts, Grants and Gifts	17,526	20,193	20,833	18,071	20,206	2,136	12%
Sales and Services	1,917	1,075	1,631	1,080	1,079	(1)	0%
Investment and Interest	451	968	1,492	656	579	(77)	-12%
Miscellaneous	534	182	140	0	0	0	n/a
Auxiliary Enterprises (Gross)	9,456	10,424	11,657	12,000	12,851	852	7%
Less Auxiliary Fee Discounts	(1,554)	(2,004)	(1,843)	(2,164)	(1,941)	223	n/a
<b>TOTAL REVENUES</b>	<b>88,087</b>	<b>90,834</b>	<b>99,421</b>	<b>99,470</b>	<b>108,261</b>	<b>8,791</b>	<b>9%</b>
<b>EXPENSES</b>							
Personnel	51,716	53,806	55,360	59,554	66,999	7,445	13%
Utilities	1,826	1,813	1,981	2,540	3,188	648	25%
Scholarships and Grants (Gross)	12,398	14,685	13,909	17,435	15,675	(1,760)	-10%
Less Scholarship Discounts	(9,498)	(12,150)	(10,400)	(13,122)	(13,282)	(161)	n/a
Operations & Maintenance	18,892	17,964	21,747	21,128	24,924	3,796	18%
<b>Total Expense</b>	<b>75,335</b>	<b>76,119</b>	<b>82,597</b>	<b>87,535</b>	<b>97,504</b>	<b>9,969</b>	<b>11%</b>
<b>TRANSFERS/OTHER</b>							
RFS Debt Service (To SAGO)	(9,595)	(9,885)	(10,951)	(11,279)	(10,016)	1,262	-11%
Other	(3,440)	(1,549)	1,139	0	0	0	n/a
<b>NET TRANSFERS</b>	<b>(13,035)</b>	<b>(11,434)</b>	<b>(9,812)</b>	<b>(11,279)</b>	<b>(10,016)</b>	<b>1,262</b>	<b>-11%</b>
<b>NET INCREASE (DECREASE)</b>	<b>(283)</b>	<b>3,281</b>	<b>7,012</b>	<b>657</b>	<b>741</b>		
<b>ENDING CURRENT FUND BALANCE</b>	<b>13,454</b>	<b>16,569</b>	<b>22,899</b>	<b>23,556</b>	<b>22,097</b>		

\* Includes \$11.6 million of Available Operating Funds.

\*\* Difference between projected FY 2005 ending balance and estimated FY 2006 beginning balance is due to the purchase and implementation costs for a new student information system, and a decrease in the Texas Connection fund balance due to consortium services purchased.

**The Texas A&M University System**  
**Texas A&M University - Corpus Christi**  
**Explanations for Net Decrease in Fund Balance**  
**Current Funds**  
**Fiscal Year 2006 Budget**  
(dollars in thousands)

	Estimated Beginning Balances	Estimated Ending Balances	Available Operating Funds
<b>Fund Group (Current Funds Only)</b>			
Functional and General	5,960	6,099	139
Designated	9,015	8,983	(32)
Auxiliary	3,096	3,719	623
Restricted	3,287	3,297	10
Net Change in Fund Balance - Current Funds	21,357	22,097	741

**Explanation for Net Decrease**

Designated	(32)	The net decrease of \$32,103 is primarily due to fund balance reserves used for operational expenses associated with implementation of the new student information system.
------------	------	--

***Texas A&M  
University-  
Kingsville***

## **Texas A&M University – Kingsville (TAMU-K)**

### **Revenue**

Overall, net revenues will be relatively flat compared to the previous year. Increased state appropriations and modest tuition increases were offset by reductions in Higher Education Funds and increased tuition discounts. Also, revenue in FY 2005 included a \$4 million contingency appropriation for the Pharmacy College which is not included in the FY 2006 totals. Contracts and Grants, Sales and Services, and Investment and Interest were increased to more realistically reflect anticipated collections.

### **Expenditures**

Expenditures are also relatively flat compared to FY 2005. Personnel costs increased 9% as a result of faculty and staff salary increases, and new hires for the Pharmacy College and the King Ranch Institute for Ranch Management. Utilities were also increased in anticipation of higher costs for purchased electricity. Scholarships and Grants declined due to reductions at the State level for Texas Grants. RFS debt service (To SAGO) increased as a result of the completion of the Pharmacy building.

**The Texas A&M University System**  
**Texas A&M University - Kingsville**  
**Budget Analysis**  
**FY 2006 Operating Budget**  
(dollars in thousands)

	Actual			Budget		Budget Variance	
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	Dollars	Percent
<b>BEGINNING CURRENT FUND BALANCE</b>	<b>19,795</b>	<b>20,346</b>	<b>23,195</b>	<b>29,690 *</b>	<b>31,794</b>		
<b>REVENUES</b>							
State Appropriations	39,367	37,036	40,551	43,043	43,633	590	1%
Higher Education Fund	3,556	3,556	3,556	3,556	3,368	(187)	-5%
Tuition and Fees (Gross)	16,988	19,412	21,493	23,764	24,781	1,017	4%
Less Tuition and Fee Discounts	(1,973)	(2,757)	(5,569)	(2,900)	(5,800)	(2,900)	n/a
Contracts, Grants and Gifts	23,188	29,136	29,035	21,723	23,618	1,895	9%
Sales and Services	1,211	895	915	774	917	143	18%
Investment and Interest	95	1,954	1,885	771	1,237	466	60%
Miscellaneous	88	75	98	78	99	21	27%
Auxiliary Enterprises (Gross)	8,109	8,936	10,086	9,438	9,775	336	4%
Less Auxiliary Fee Discounts	(944)	(1,213)	(2,134)	(1,300)	(2,200)	(900)	n/a
<b>TOTAL REVENUES</b>	<b>89,685</b>	<b>97,030</b>	<b>99,915</b>	<b>98,946</b>	<b>99,426</b>	<b>480</b>	<b>0%</b>
<b>EXPENSES</b>							
Personnel	49,450	52,690	53,172	54,593	59,320	4,727	9%
Utilities	2,197	2,798	2,661	3,089	3,402	313	10%
Scholarships and Grants (Gross)	15,804	18,367	16,824	17,162	16,656	(506)	-3%
Less Scholarship Discounts	(2,917)	(3,970)	(7,703)	(4,200)	(8,000)	(3,800)	n/a
Operations & Maintenance	17,442	17,957	18,921	22,377	21,815	(561)	-3%
Debt Service	0	190	78	67	55	(11)	-17%
<b>Total Expense</b>	<b>81,975</b>	<b>88,032</b>	<b>83,953</b>	<b>93,086</b>	<b>93,248</b>	<b>162</b>	<b>0%</b>
<b>TRANSFERS/OTHER</b>							
RFS Debt Service (To SAGO)	(3,050)	(3,125)	(3,979)	(3,967)	(4,440)	(474)	12%
Other	(4,109)	(3,024)	(5,488)	(127)	(134)	(7)	6%
<b>NET TRANSFERS</b>	<b>(7,159)</b>	<b>(6,149)</b>	<b>(9,467)</b>	<b>(4,093)</b>	<b>(4,574)</b>	<b>(481)</b>	<b>12%</b>
<b>NET INCREASE (DECREASE)</b>	<b>551</b>	<b>2,849</b>	<b>6,494</b>	<b>1,767</b>	<b>1,604</b>		
<b>ENDING CURRENT FUND BALANCE</b>	<b>20,346</b>	<b>23,195</b>	<b>29,690</b>	<b>31,456</b>	<b>33,399</b>		

\* Includes \$13.1 million of Available Operating Funds.

**The Texas A&M University System**  
**Texas A&M University - Kingsville**  
**Explanations for Net Decrease in Fund Balance**  
**Current Funds**  
**Fiscal Year 2006 Budget**  
(dollars in thousands)

	<b>Estimated Beginning Balances</b>	<b>Estimated Ending Balances</b>	<b>Available Operating Funds</b>
<b>Fund Group (Current Funds Only)</b>			
Functional and General	6,347	4,055	(2,292)
Designated	11,487	14,075	2,588
Auxiliary	3,440	4,278	838
Restricted	10,181	10,652	470
Net Change in Fund Balance - Current Funds	<u>31,456</u>	<u>33,061</u>	<u>1,604</u>

**Explanation for Net Decrease**

Functional and General

(2,292)

Although FY 2006 shows a budgeted functional and general deficit of \$2,292,004, we do not anticipate an operating deficit of this size. Approximately \$295,000 is budgeted as a contingency reserve for increased utility costs, and we anticipate faculty and staff salary savings of \$1,000,000 as well. Also, projected revenue does not include reimbursement from the A&M System for College of Pharmacy expenses of \$1,011,569. Other revenue estimates are realistic, but conservative. We will continue to limit the addition of FTE employees by redirecting positions and rigorously monitoring all expenditures.

***Texas A&M  
University-  
Texarkana***

## **Texas A&M University-Texarkana (TAMU-T)**

### **Revenue**

Though the Budget Analysis shows a negative variance, overall revenues have increased by 7%. The impact of an accounting policy change for reporting tuition remissions and waivers (for non-resident students) caused a 96% reduction in that category when compared to the FY 2005 budget amount. TAMU-T has a high percentage of non-resident students who qualify for resident status in regards to the payment of statutory tuition.

A significant increase in tuition revenue bond (TRB) debt service funding, an increase in the Higher Education Fund allocation, and increased investment and interest earnings yield a gross increase. Tuition revenue budget estimates represent realistic enrollment growth expectations, but are considerably lower than those estimated by the Legislative Budget Board and included in the 79<sup>th</sup> Legislature's appropriation bill.

### **Expenditures**

An overall increase of 2% (before scholarship and grant discounts) is attributable to salary increases for faculty and staff and to an increase in allocations for student scholarships. The accounting policy change for reporting remissions and waivers resulted in an overall decrease of 10%.

**The Texas A&M University System**  
**Texas A&M University - Texarkana**  
**Budget Analysis**  
**FY 2006 Operating Budget**  
(dollars in thousands)

	FY 2002	Actual	FY 2004	Budget		Budget Variance	
		FY 2003		FY 2005	FY 2006	Dollars	Percent
<b>BEGINNING CURRENT FUND BALANCE</b>	<b>6,561</b>	<b>7,388</b>	<b>9,225</b>	<b>10,907 *</b>	<b>5,074 **</b>		
<b>REVENUES</b>							
State Appropriations	9,751	9,620	10,410	10,688	11,764	1,076	10%
Higher Education Fund	1,027	1,027	1,027	1,027	1,098	70	7%
Tuition and Fees (Gross)	3,434	4,076	5,158	4,899	3,456	(1,443)	-29%
Less Tuition and Fee Discounts	(1,158)	(188)	(1,389)	(991)	(1,392)	(401)	n/a
Contracts, Grants and Gifts	1,645	1,833	1,885	1,871	1,788	(84)	-4%
Sales and Services	55	37	31	51	50	(1)	-2%
Investment and Interest	158	406	412	125	235	111	89%
Miscellaneous	3	4	10	4	5	1	27%
Auxiliary Enterprises (Gross)	197	260	272	248	283	35	14%
Less Auxiliary Fee Discounts	(67)	(20)	(108)	(80)	(100)	(21)	n/a
<b>TOTAL REVENUES</b>	<b>15,045</b>	<b>17,054</b>	<b>17,708</b>	<b>17,843</b>	<b>17,187</b>	<b>(656)</b>	<b>-4%</b>
<b>EXPENSES</b>							
Personnel	8,763	9,674	9,496	11,241	11,563	322	3%
Utilities	106	130	118	132	132	0	0%
Scholarships and Grants (Gross)	2,540	2,910	3,765	3,247	1,629	(1,618)	-50%
Less Scholarship Discounts	(1,225)	(209)	(1,497)	(1,071)	(1,492)	(421)	n/a
Operations & Maintenance	3,177	2,538	2,904	3,583	3,611	28	1%
<b>Total Expense</b>	<b>13,361</b>	<b>15,044</b>	<b>14,785</b>	<b>17,133</b>	<b>15,444</b>	<b>(1,689)</b>	<b>-10%</b>
<b>TRANSFERS/OTHER</b>							
RFS Debt Service (To SAGO)	(344)	(573)	(856)	(856)	(1,826)	(970)	113%
Other	(514)	400	(385)	0	0	0	n/a
<b>NET TRANSFERS</b>	<b>(858)</b>	<b>(173)</b>	<b>(1,241)</b>	<b>(856)</b>	<b>(1,826)</b>	<b>(970)</b>	<b>113%</b>
<b>NET INCREASE (DECREASE)</b>	<b>826</b>	<b>1,837</b>	<b>1,682</b>	<b>(146)</b>	<b>(82)</b>		
<b>ENDING CURRENT FUND BALANCE</b>	<b>7,388</b>	<b>9,225</b>	<b>10,907</b>	<b>10,761</b>	<b>4,991</b>		

\* Includes \$8.9 million of Available Operating Funds.

\*\* Difference between projected FY 2005 ending balance and estimated FY 2006 beginning balance is due to a decreased fund balance from FY 2005 beginning balance. This decrease was a result of a significant transfer of funds from HEF unallocated to the Science and Technology Building project. However, no unallocated funds have been utilized in the FY2006 budget from this category.

**The Texas A&M University System**  
**Texas A&M University - Texarkana**  
**Explanations for Net Decrease in Fund Balance**  
**Current Funds**  
**Fiscal Year 2006 Budget**  
(dollars in thousands)

	<b>Estimated Beginning Balances</b>	<b>Estimated Ending Balances</b>	<b>Available Operating Funds</b>
<b>Fund Group (Current Funds Only)</b>			
Functional and General	586	586	0
Designated	3,676	3,676	0
Auxiliary	0	(82)	(82)
Restricted	812	812	0
Net Change in Fund Balance - Current Funds	<u>5,074</u>	<u>4,991</u>	<u>(82)</u>

**Explanation for Net Decrease**

Auxiliary	(82)	To provide funding for new student organizations, student travel, and special student related projects.
-----------	------	---

***West  
Texas A&M  
University***

## **West Texas A&M University (WTAMU)**

### **Revenue**

Revenues overall have increased by 7%. Significant changes include 11% increase in state appropriation and 13% increase in tuition and fees. Both the statutory tuition and the designated tuition have increased effective Fall 2005. Other smaller increases include increases in sales and services, primarily in the food service, bookstore, and investment income.

### **Expenditures**

Overall expenditures have increased by 5%. The University's initiatives for FY 2006 includes increasing new faculty positions by 12, increasing scholarships to students, and addressing increased operational costs. Personnel costs increased by 8% and utilities are projected to increase by 13%. Also, scholarships and grants are expected to increase by 7%.

**The Texas A&M University System**  
**West Texas A&M University**  
**Budget Analysis**  
**FY 2006 Operating Budget**  
(dollars in thousands)

	FY 2002	Actual	FY 2004	Budget		Budget Variance	
		FY 2003		FY 2005	FY 2006	Dollars	Percent
<b>BEGINNING CURRENT FUND BALANCE</b>	<b>30,695</b>	<b>29,050</b>	<b>32,575</b>	<b>34,558 *</b>	<b>31,500 **</b>		
<b>REVENUES</b>							
State Appropriations	31,346	31,214	30,003	30,416	33,889	3,473	11%
Higher Education Fund	3,671	3,671	3,671	3,671	3,185	(487)	-13%
Tuition and Fees (Gross)	18,558	20,063	19,514	20,583	23,279	2,696	13%
Less Tuition and Fee Discounts	(3,479)	(4,827)	(2,839)	(2,275)	(3,000)	(725)	n/a
Contracts, Grants and Gifts	12,156	15,085	15,133	13,565	13,512	(53)	0%
Sales and Services	4,040	4,622	5,696	3,315	3,803	488	15%
Investment and Interest	619	1,724	1,799	1,192	1,284	92	8%
Miscellaneous	39	68	(10)	0	0	0	n/a
Auxiliary Enterprises (Gross)	11,489	12,502	13,250	12,072	12,477	405	3%
Less Auxiliary Fee Discounts	(1,764)	(1,109)	(1,161)	(1,200)	(1,250)	(50)	n/a
<b>TOTAL REVENUES</b>	<b>76,675</b>	<b>83,014</b>	<b>85,057</b>	<b>81,338</b>	<b>87,178</b>	<b>5,840</b>	<b>7%</b>
<b>EXPENSES</b>							
Personnel	39,561	41,620	41,738	42,197	45,764	3,568	8%
Utilities	1,794	2,360	2,363	2,468	2,791	323	13%
Scholarships and Grants (Gross)	13,737	15,279	12,669	10,373	11,139	766	7%
Less Scholarship Discounts	(5,243)	(5,935)	(4,000)	(3,475)	(4,250)	(775)	n/a
Operations & Maintenance	21,688	20,974	24,604	23,205	23,307	102	0%
<b>Total Expense</b>	<b>71,536</b>	<b>74,298</b>	<b>77,374</b>	<b>74,767</b>	<b>78,751</b>	<b>3,984</b>	<b>5%</b>
<b>TRANSFERS/OTHER</b>							
RFS Debt Service (To SAGO)	(3,437)	(3,167)	(3,539)	(3,295)	(4,780)	(1,485)	45%
Other	(3,345)	(2,024)	(2,162)	(3,275)	(3,647)	(372)	11%
<b>NET TRANSFERS</b>	<b>(6,783)</b>	<b>(5,191)</b>	<b>(5,700)</b>	<b>(6,571)</b>	<b>(8,427)</b>	<b>(1,856)</b>	<b>28%</b>
<b>NET INCREASE (DECREASE)</b>	<b>(1,644)</b>	<b>3,525</b>	<b>1,982</b>	<b>0</b>	<b>0</b>		
<b>ENDING CURRENT FUND BALANCE</b>	<b>29,051</b>	<b>32,575</b>	<b>34,558</b>	<b>34,558</b>	<b>31,500</b>		

\* Includes \$12.7 million of Available Operating Funds.

\*\* Difference between projected FY 2005 ending balance and estimated FY 2006 beginning balance is due to planned renovations and deferred maintenance projects being completed in FY 2005 and into FY 2006.

**The Texas A&M University System**  
**West Texas A&M University**  
**Explanations for Net Decrease in Fund Balance**  
**Current Funds**  
**Fiscal Year 2006 Budget**  
(dollars in thousands)

	<b>Estimated Beginning Balances</b>	<b>Estimated Ending Balances</b>	<b>Available Operating Funds</b>
<b>Fund Group (Current Funds Only)</b>			
Functional and General	12,000	12,000	0
Designated	12,000	12,000	0
Auxiliary	5,000	5,000	0
Restricted	2,500	2,500	0
Net Change in Fund Balance - Current Funds	<u>31,500</u>	<u>31,500</u>	<u>0</u>

***Texas Agricultural  
Experiment Station***

## **Texas Agricultural Experiment Station (TAES)**

### **Revenue**

TAES is projecting an overall 11% increase in revenue for FY 2006, most of which is related to contract and grant activity. Projected revenue from contracts and grants is approximately \$61 million, or 41% of the TAES budget. The increase of \$11.5 million for FY 2006 is up 23% over last year's budget, but revenue from new contract awards to perform research increased by almost \$5 million so far this year over last year's actuals and are expected to continue increasing in FY06. Investment and interest earnings are projected to remain consistent with actual revenue for 2003 and 2004.

### **Expenditures**

Expenditures are expected to increase at about the same rate as revenues. There is a rise in benefits due to an increase in TRS requirements and benefits on increased mandated salaries. There is an increase in operating and maintenance expenditures due to the \$1.9 million increase in infrastructure appropriations as a result of the 79<sup>th</sup> session of the Texas Legislature. Increased revenue on grants and contracts will produce additional expenditures as well. The overall expenditure budget is in alignment with projected revenue resulting in a balanced budget for FY 2006.

**The Texas A&M University System  
Texas Agricultural Experiment Station  
Budget Analysis  
FY 2006 Operating Budget**  
(dollars in thousands)

	Actual			Budget		Budget Variance	
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	Dollars	Percent
<b>BEGINNING CURRENT FUND BALANCE</b>	<b>30,229</b>	<b>32,572</b>	<b>34,335</b>	<b>35,751 *</b>	<b>37,538</b>		
<b>REVENUES</b>							
State Appropriations	67,283	65,640	61,316	62,187	64,600	2,413	4%
Federal Appropriations	6,542	6,496	6,432	6,455	6,482	27	0%
Contracts, Grants and Gifts	47,700	48,327	54,312	49,179	60,689	11,511	23%
Sales and Services	13,948	13,621	12,596	12,551	13,948	1,397	11%
Investment and Interest	311	3,694	3,822	2,968	2,203	(764)	-26%
<b>TOTAL REVENUES</b>	<b>135,784</b>	<b>137,779</b>	<b>138,478</b>	<b>133,340</b>	<b>147,922</b>	<b>14,583</b>	<b>11%</b>
<b>EXPENSES</b>							
Personnel	90,048	92,880	90,479	86,242	90,685	4,443	5%
Utilities	1,902	1,426	1,603	1,468	1,793	325	22%
Scholarships and Grants	272	689	701	347	568	221	64%
Operations & Maintenance	41,567	41,436	43,235	44,753	52,275	7,522	17%
<b>Total Expense</b>	<b>133,789</b>	<b>136,431</b>	<b>136,018</b>	<b>132,810</b>	<b>145,321</b>	<b>12,511</b>	<b>9%</b>
<b>TRANSFERS/OTHER</b>							
Other	348	415	(1,045)	1,200	0	(1,200)	-100%
<b>NET TRANSFERS</b>	<b>348</b>	<b>415</b>	<b>(1,045)</b>	<b>1,200</b>	<b>0</b>	<b>(1,200)</b>	<b>-100%</b>
<b>NET INCREASE (DECREASE)</b>	<b>2,343</b>	<b>1,763</b>	<b>1,415</b>	<b>1,730</b>	<b>2,602</b>		
<b>ENDING CURRENT FUND BALANCE</b>	<b>32,572</b>	<b>34,335</b>	<b>35,751</b>	<b>37,480</b>	<b>40,140</b>		

\* Includes \$24.1 million of Available Operating Funds.

**The Texas A&M University System**  
**Texas Agricultural Experiment Station**  
**Explanations for Net Decrease in Fund Balance**  
**Current Funds**  
**Fiscal Year 2006 Budget**  
(dollars in thousands)

	<b>Estimated Beginning Balances</b>	<b>Estimated Ending Balances</b>	<b>Available Operating Funds</b>
<b>Fund Group (Current Funds Only)</b>			
Functional and General	808	153	(655)
Designated	31,328	34,541	3,213
Auxiliary	0	0	0
Restricted	5,403	5,446	43
Net Change in Fund Balance - Current Funds	<u>37,538</u>	<u>40,140</u>	<u>2,602</u>

**Explanation for Net Decrease**

Functional and General	(655)	<p>The bulk of the decrease stems from the ATP account drawing to a close. The \$526,586 is the estimated balance going into FY06, and it is estimated that \$503,862 will be expended in FY06. The remaining \$150,804 is the decrease in sales accounts, where expenditures are expected to be greater than revenues.</p>
------------------------	-------	---

***Texas Cooperative  
Extension***

## **Texas Cooperative Extension (TCE)**

### **Revenue**

The General Appropriations Act, Article IX, Section 13.17 mandate a 4% increase in annual salary, with a minimum \$100 per month, effective September 1, 2005 for agency employees. The mandate applies to agency employees to the extent that the mandated salary increase does not cause the employee to earn a gross monthly salary of more than \$6,250 per month. The mandate is applied in the same proportion as the agency source of funding.

The state appropriations increase is a result of the mandate salary increase in conjunction with an increase in group insurance funding. The agency also received additional funding for infrastructure outside Brazos County in the amount of \$504K.

The 39% increase in sales and service is a result of the agency change in cash management procedures for funds related to extension programs across the state. An increase in “for sale” publications by the Extension Resource Center also contributed to the rise in sales and services projection.

### **Expenditures**

The increase in salary and benefits is a result of the mandate increase set forth by the 79<sup>th</sup> Legislature. In addition, the increase in group insurance premiums from \$8.1M to \$9.2M increased benefits estimates. The 3% increase in utility is a result of a rise in natural gas prices along with electricity and other services. The agency received in the 79<sup>th</sup> Legislative Session infrastructure for outside Brazos County which will allow for maintenance and rehabilitation projects at Research & Extension Centers not previously possible, which contributes to the 3% increase in operations and maintenance.

**The Texas A&M University System**  
**Texas Cooperative Extension**  
**Budget Analysis**  
**FY 2006 Operating Budget**  
(dollars in thousands)

	Actual			Budget		Budget Variance	
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	Dollars	Percent
<b>BEGINNING CURRENT FUND BALANCE</b>	<b>5,749</b>	<b>4,011</b>	<b>4,938</b>	<b>10,004 *</b>	<b>9,961</b>		
<b>REVENUES</b>							
State Appropriations	55,466	55,477	57,567	57,580	60,557	2,976	5%
Federal Appropriations	18,177	19,839	19,861	20,567	20,460	(107)	-1%
Contracts, Grants and Gifts	12,184	13,036	15,064	13,865	14,207	342	2%
Sales and Services	2,444	2,753	4,156	2,781	3,861	1,080	39%
Investment and Interest	146	505	486	455	456	1	0%
Miscellaneous	375	602	311	378	369	(10)	-3%
<b>TOTAL REVENUES</b>	<b>88,793</b>	<b>92,212</b>	<b>97,444</b>	<b>95,627</b>	<b>99,910</b>	<b>4,283</b>	<b>4%</b>
<b>EXPENSES</b>							
Personnel	75,416	76,957	78,214	78,622	82,223	3,602	5%
Utilities	478	415	432	435	447	12	3%
Scholarships and Grants	12	64	101	0	0	0	n/a
Operations & Maintenance	14,725	13,251	15,772	16,239	16,652	412	3%
<b>Total Expense</b>	<b>90,631</b>	<b>90,685</b>	<b>94,521</b>	<b>95,296</b>	<b>99,321</b>	<b>4,026</b>	<b>4%</b>
<b>TRANSFERS/OTHER</b>							
RFS Debt Service (To SAGO)	0	(15)	(77)	(86)	(86)	0	0%
Other	100	(585)	2,220	300	300	0	0%
<b>NET TRANSFERS</b>	<b>100</b>	<b>(600)</b>	<b>2,142</b>	<b>214</b>	<b>214</b>	<b>0</b>	<b>0%</b>
<b>NET INCREASE (DECREASE)</b>	<b>(1,737)</b>	<b>927</b>	<b>5,066</b>	<b>545</b>	<b>802</b>		
<b>ENDING CURRENT FUND BALANCE</b>	<b>4,012</b>	<b>4,938</b>	<b>10,004</b>	<b>10,549</b>	<b>10,763</b>		

\* Includes \$3.9 million of Available Operating Funds.

**The Texas A&M University System**  
**Texas Cooperative Extension**  
**Explanations for Net Decrease in Fund Balance**  
**Current Funds**  
**Fiscal Year 2006 Budget**  
(dollars in thousands)

	<b>Estimated Beginning Balances</b>	<b>Estimated Ending Balances</b>	<b>Available Operating Funds</b>
<b>Fund Group (Current Funds Only)</b>			
Functional and General	952	966	14
Designated	11,225	12,412	1,187
Auxiliary	0	0	0
Restricted	(2,216)	(2,615)	(399)
Net Change in Fund Balance - Current Funds	<u>9,961</u>	<u>10,763</u>	<u>802</u>

		<b>Explanation for Net Decrease</b>
Restricted	(399)	The negative fund balance is a reflection of timing as to when contract & grants revenue is recorded and funds expended across fiscal years.

***Texas Engineering  
Experiment Station***

## **Texas Engineering Experiment Station (TEES)**

### **Revenue**

TEES is projecting a 12% increase in total revenues for FY 2006 when compared to FY 2005 estimates. A small percentage of this projection resulted from an increase in the state appropriation to the Texas Emissions Reduction Plan in the amount of \$788,309. The remaining projection is an estimated increase in income from contract and grant activity.

### **Expenditures**

TEES FY 2006 expenditures are projected to increase approximately 12% over FY 2005 estimates. This projection resulted from an increase in expenditures due to the 4% salary increase mandated by the State and from an increase in expenditures from externally sponsored contracts and grants.

**The Texas A&M University System**  
**Texas Engineering Experiment Station**  
**Budget Analysis**  
**FY 2006 Operating Budget**  
(dollars in thousands)

	Actual			Budget		Budget Variance	
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	Dollars	Percent
<b>BEGINNING CURRENT FUND BALANCE</b>	<b>49,021</b>	<b>52,328</b>	<b>52,045</b>	<b>53,283 *</b>	<b>58,334 **</b>		
<b>REVENUES</b>							
State Appropriations	15,877	16,976	17,912	16,021	17,515	1,494	9%
Contracts, Grants and Gifts	72,713	71,775	85,063	67,847	76,814	8,967	13%
Sales and Services	637	4,129	366	3,430	3,542	112	3%
Investment and Interest	1,781	3,946	3,646	2,021	2,097	76	4%
Miscellaneous	0	14	5,157	0	0	0	n/a
<b>TOTAL REVENUES</b>	<b>91,008</b>	<b>96,839</b>	<b>112,144</b>	<b>89,319</b>	<b>99,968</b>	<b>10,649</b>	<b>12%</b>
<b>EXPENSES</b>							
Personnel	54,254	60,810	60,337	61,331	64,683	3,352	5%
Operations & Maintenance	33,061	39,816	37,917	29,187	36,404	7,217	25%
<b>Total Expense</b>	<b>87,314</b>	<b>100,625</b>	<b>102,563</b>	<b>90,519</b>	<b>101,088</b>	<b>10,569</b>	<b>12%</b>
<b>TRANSFERS/OTHER</b>							
RFS Debt Service (To SAGO)	(66)	(65)	(68)	(67)	(60)	7	-10%
Other	(320)	3,569	(8,275)	1,600	1,200	(400)	-25%
<b>NET TRANSFERS</b>	<b>(386)</b>	<b>3,504</b>	<b>(8,343)</b>	<b>1,533</b>	<b>1,140</b>	<b>(393)</b>	<b>-26%</b>
<b>NET INCREASE (DECREASE)</b>	<b>3,308</b>	<b>(283)</b>	<b>1,238</b>	<b>333</b>	<b>20</b>		
<b>ENDING CURRENT FUND BALANCE</b>	<b>52,328</b>	<b>52,045</b>	<b>53,283</b>	<b>53,616</b>	<b>58,354</b>		

\* Includes \$11.3 million of Available Operating Funds.

\*\* Does not include estimated unrealized contracts and grants.

**The Texas A&M University System**  
**Texas Engineering Experiment Station**  
**Explanations for Net Decrease in Fund Balance**  
**Current Funds**  
**Fiscal Year 2006 Budget**  
(dollars in thousands)

	Estimated Beginning Balances	Estimated Ending Balances	Available Operating Funds
<b>Fund Group (Current Funds Only)</b>			
Functional and General	8,473	8,473	0
Designated	25,300	23,018	(2,282)
Auxiliary	0	0	0
Restricted	24,561	26,863	2,302
Net Change in Fund Balance - Current Funds	<u>58,334</u>	<u>58,354</u>	<u>20</u>

		<b>Explanation for Net Decrease</b>
Designated	(2,282)	Due to TAMU's faculty reinvestment program, TEES is expecting increased expenditures for researchers including equipment and graduate research assistants. This is a planned committment from the designated fund balance.

***Texas Engineering  
Extension Service***

## **Texas Engineering Extension Service (TEEX)**

### **Revenue**

On May 31, 2005, the Governor's office transferred The Single Administrative Agency (SAA) designation to the Division of Emergency Management (DEM). The SAA is the agency responsible for handling pass-through funds from the U. S. Department of Homeland Security to jurisdictions. This change caused TEEX's contract and grant revenue to decrease by \$101 million between the FY 05 and FY 06 budget. The decrease in Sales and Services and Miscellaneous categories is attributable to TEEX reclassifying some designated operating accounts to service accounts to more accurately reflect true operating revenue and expenses for the agency as a whole.

### **Expenditures**

Reduction in utility expenses is a result of savings that will be incurred by TEEX's decision to close the Hemisfair facility in San Antonio. The increase in Scholarships and Grants is due to TEEX's decision to change the expense code used to record expenditures for the SAA pass-through equipment. Previously this equipment was coded as a sub-contract expenditure, but was changed in FY 2005 to "grants to jurisdictions" to more accurately reflect the transaction. Transferring The Single Administrative Agency (SAA) designation to the Division of Emergency Management (DEM) caused TEEX's expenditures to decrease by \$101 million between the FY 05 and FY 06 budget.

**The Texas A&M University System**  
**Texas Engineering Extension Service**  
**Budget Analysis**  
**FY 2006 Operating Budget**  
(dollars in thousands)

	FY 2002	Actual		Budget		Budget Variance	
		FY 2003	FY 2004	FY 2005	FY 2006	Dollars	Percent
<b>BEGINNING CURRENT FUND BALANCE</b>	<b>20,329</b>	<b>24,671</b>	<b>33,601</b>	<b>43,971 *</b>	<b>54,509 **</b>		
<b>REVENUES</b>							
State Appropriations	7,087	6,761	6,303	6,407	6,402	(5)	0%
Tuition and Fees	19,077	14,996	13,795	16,625	17,384	759	5%
Contracts, Grants and Gifts	33,567	53,787	110,095	173,379	64,878	(108,501)	-63%
Sales and Services	1,436	2,636	2,553	2,667	573	(2,093)	-79%
Investment and Interest	(15)	1,847	2,136	2,012	2,201	189	9%
Miscellaneous	1	4	0	50	0	(50)	-100%
<b>TOTAL REVENUES</b>	<b>61,154</b>	<b>80,032</b>	<b>134,883</b>	<b>201,139</b>	<b>91,438</b>	<b>(109,701)</b>	<b>-55%</b>
<b>EXPENSES</b>							
Personnel	25,910	28,322	33,000	36,282	38,633	2,351	6%
Utilities	319	361	347	224	183	(41)	-18%
Scholarships and Grants	24	38	59	15	17,500	17,485	>500%
Operations & Maintenance	31,162	41,772	88,564	164,124	35,656	(128,468)	-78%
<b>Total Expense</b>	<b>57,416</b>	<b>70,492</b>	<b>121,970</b>	<b>200,644</b>	<b>91,972</b>	<b>(108,673)</b>	<b>-54%</b>
<b>TRANSFERS/OTHER</b>							
RFS Debt Service (To SAGO)	(27)	0	0	0	0	0	n/a
Other	631	(609)	(2,544)	0	(9,600)	(9,600)	n/a
<b>NET TRANSFERS</b>	<b>604</b>	<b>(609)</b>	<b>(2,544)</b>	<b>0</b>	<b>(9,600)</b>	<b>(9,600)</b>	<b>n/a</b>
<b>NET INCREASE (DECREASE)</b>	<b>4,341</b>	<b>8,931</b>	<b>10,370</b>	<b>494</b>	<b>(10,134)</b>		
<b>ENDING CURRENT FUND BALANCE</b>	<b>24,671</b>	<b>33,601</b>	<b>43,971</b>	<b>44,466</b>	<b>44,375</b>		

\* Includes \$5.3 million of Available Operating Funds.

\*\* Difference between projected FY 2005 ending balance and estimated FY 2006 beginning balance is due to two reasons: (1) \$8M budgeted in FY 2005 for major constructions at the fire field but only \$1.6M spent; and (2) approx. \$4M budgeted for contingencies, most of which will not be expended in FY 2005.

**The Texas A&M University System**  
**Texas Engineering Extension Service**  
**Explanations for Net Decrease in Fund Balance**  
**Current Funds**  
**Fiscal Year 2006 Budget**  
(dollars in thousands)

	Estimated Beginning Balances	Estimated Ending Balances	Available Operating Funds
<b>Fund Group (Current Funds Only)</b>			
Functional and General	30,936	30,797	(139)
Designated	23,558	13,562	(9,996)
Auxiliary	0	0	0
Restricted	16	16	1
Net Change in Fund Balance - Current Funds	54,509	44,375	(10,134)

		<u>Explanation for Net Decrease</u>
Functional and General	(139)	\$4,069,555 budgeted for curriculum review and revision.
Designated	(9,996)	\$10,000,000 budgeted for environmental and wastewater system upgrades at the fire field.

***Texas Forest Service***

## **Texas Forest Service (TFS)**

### **Revenue**

The TFS projection of \$44.0 million in revenue reflects an increase of \$2.4 million (6%) over FY2005. The largest portion of the increase is in general revenue for employee group insurance premiums, state mandated raises, and infrastructure support. Additionally, we are projecting higher income from federal grants, training fees, and investment income.

### **Expenditures**

The TFS projection of \$44.2 million reflects an increase of 3% over FY2005. Personnel costs are up, primarily due to the state-mandated 4% across-the-board raise, the state-mandated longevity pay increase, and higher group insurance premium costs. Operations & Maintenance expenses are up due to higher TAMU charges for office space, higher training costs (due to expansion of training course offerings), additional expenses related to increased federal grant awards, and the reclassification of Information Resources to a service department.

**The Texas A&M University System**  
**Texas Forest Service**  
**Budget Analysis**  
**FY 2006 Operating Budget**  
(dollars in thousands)

	FY 2002	Actual FY 2003	FY 2004	Budget		Budget Variance	
				FY 2005	FY 2006	Dollars	Percent
<b>BEGINNING CURRENT FUND BALANCE</b>	<b>7,026</b>	<b>(3,438)</b>	<b>29,544</b>	<b>31,877</b> *	<b>30,875</b>		
<b>REVENUES</b>							
State Appropriations	20,696	45,406	33,128	17,579	18,869	1,290	7%
Contracts, Grants and Gifts	5,767	6,601	8,481	5,821	6,091	270	5%
Sales and Services	4,713	5,254	4,483	2,036	2,739	704	35%
Investment and Interest	391	146	665	274	563	289	105%
Miscellaneous	559	15,008	154	15,914	15,752	(162)	-1%
<b>TOTAL REVENUES</b>	<b>32,127</b>	<b>72,414</b>	<b>46,910</b>	<b>41,623</b>	<b>44,015</b>	<b>2,391</b>	<b>6%</b>
<b>EXPENSES</b>							
Personnel	18,670	19,511	19,227	20,218	21,370	1,152	6%
Utilities	221	246	239	288	285	(3)	-1%
Scholarships and Grants	1,659	10,383	15,304	15,605	15,187	(418)	-3%
Operations & Maintenance	22,012	8,943	9,644	6,479	7,187	709	11%
<b>Total Expense</b>	<b>42,562</b>	<b>39,083</b>	<b>44,414</b>	<b>42,591</b>	<b>44,030</b>	<b>1,439</b>	<b>3%</b>
<b>TRANSFERS/OTHER</b>							
Other	(29)	(349)	(163)	200	0	(200)	-100%
<b>NET TRANSFERS</b>	<b>(29)</b>	<b>(349)</b>	<b>(163)</b>	<b>200</b>	<b>0</b>	<b>(200)</b>	<b>-100%</b>
<b>NET INCREASE (DECREASE)</b>	<b>(10,465)</b>	<b>32,982</b>	<b>2,333</b>	<b>(767)</b>	<b>(15)</b>		
<b>ENDING CURRENT FUND BALANCE</b>	<b>(3,438)</b>	<b>29,544</b>	<b>31,877</b>	<b>31,110</b>	<b>30,860</b>		

\* Includes \$2.7 million of Available Operating Funds.

**The Texas A&M University System  
Texas Forest Service  
Explanations for Net Decrease in Fund Balance  
Current Funds  
Fiscal Year 2006 Budget  
(dollars in thousands)**

	<b>Estimated Beginning Balances</b>	<b>Estimated Ending Balances</b>	<b>Available Operating Funds</b>
<b>Fund Group (Current Funds Only)</b>			
Functional and General	26,265	25,912	(353)
Designated	3,505	3,875	370
Auxiliary	0	0	0
Restricted	205	172	(33)
Net Change in Fund Balance - Current Funds	<u>29,975</u>	<u>29,960</u>	<u>(15)</u>

**Explanation for Net Decrease**

Functional and General	(353)	The planned use of fund balance is the result of (1.) covering the increase in TAMU's assessment for utilities and O&M (2.) covering the unfunded portion of the 4% pay raise for state agency employees and (3.) covering the increase in Longevity and Hazardous Duty pay.
Restricted	(33)	The planned use of fund balance is to cover salary and benefit expense for employees working on a research project funded with a gift from BASF.

***Texas  
Transportation  
Institute***

## **Texas Transportation Institute (TTI)**

### **Revenue**

TTI is projecting an overall 6% increase in revenue for FY 2006. Part of the increase is due to new legislative funding that TTI received in support of the Center for International Intelligent Transportation Research (\$850,000). The remaining increase is due to continued growth in sponsored research activities.

### **Expenditures**

Expenditure levels are anticipated to increase by 5% for FY 2006. Excluding the new funding for the Center for International Intelligent Transportation Research, the increase would have been 3.4%.

**The Texas A&M University System**  
**Texas Transportation Institute**  
**Budget Analysis**  
**FY 2006 Operating Budget**  
(dollars in thousands)

	FY 2002	Actual FY 2003	FY 2004	Budget		Budget Variance	
				FY 2005	FY 2006	Dollars	Percent
<b>BEGINNING CURRENT FUND BALANCE</b>	<b>9,887</b>	<b>10,558</b>	<b>11,718</b>	<b>12,376 *</b>	<b>14,249 **</b>		
<b>REVENUES</b>							
State Appropriations	5,469	5,820	5,926	5,738	6,701	963	17%
Contracts, Grants and Gifts	30,910	31,932	33,245	34,335	35,452	1,116	3%
Sales and Services	1,804	1,727	1,638	2,198	2,385	187	9%
Investment and Interest	(15)	489	546	379	484	105	28%
Miscellaneous	50	122	135	0	0	0	n/a
<b>TOTAL REVENUES</b>	<b>38,218</b>	<b>40,089</b>	<b>41,490</b>	<b>42,650</b>	<b>45,021</b>	<b>2,371</b>	<b>6%</b>
<b>EXPENSES</b>							
Personnel	25,013	26,722	27,433	29,058	29,819	761	3%
Utilities	165	2	3	0	0	0	n/a
Scholarships and Grants	12	6	3	0	0	0	n/a
Operations & Maintenance	12,472	11,940	13,213	13,540	14,702	1,162	9%
<b>Total Expense</b>	<b>37,662</b>	<b>38,670</b>	<b>40,652</b>	<b>42,598</b>	<b>44,522</b>	<b>1,924</b>	<b>5%</b>
<b>TRANSFERS/OTHER</b>							
RFS Debt Service (To SAGO)	(45)	(45)	(50)	(49)	(44)	5	-10%
Other	161	(213)	(130)	400	0	(400)	-100%
<b>NET TRANSFERS</b>	<b>115</b>	<b>(258)</b>	<b>(180)</b>	<b>351</b>	<b>(44)</b>	<b>(395)</b>	<b>-113%</b>
<b>NET INCREASE (DECREASE)</b>	<b>671</b>	<b>1,161</b>	<b>657</b>	<b>403</b>	<b>455</b>		
<b>ENDING CURRENT FUND BALANCE</b>	<b>10,558</b>	<b>11,718</b>	<b>12,376</b>	<b>12,779</b>	<b>14,705</b>		

\* Includes \$4.8 million of Available Operating Funds.

\*\* Difference between projected FY 2005 ending balance and estimated FY 2006 beginning balance is due to changes and fluctuations in actual revenue and expenditures for FY 2005.

**The Texas A&M University System**  
**Texas Transportation Institute**  
**Explanations for Net Decrease in Fund Balance**  
**Current Funds**  
**Fiscal Year 2006 Budget**  
(dollars in thousands)

	<b>Estimated Beginning Balances</b>	<b>Estimated Ending Balances</b>	<b>Available Operating Funds</b>
<b>Fund Group (Current Funds Only)</b>			
Functional and General	401	459	58
Designated	13,143	13,495	352
Auxiliary	0	0	0
Restricted	705	750	45
Net Change in Fund Balance - Current Funds	<u>14,249</u>	<u>14,705</u>	<u>455</u>

***Texas Veterinary  
Medical Diagnostic  
Laboratory***

## **Texas Veterinary Medical Diagnostic Laboratory (TVMDL)**

### **Revenue**

Our caseload continues to show a slight, but steady growth. In FY 2005, after the budget was submitted, we discovered an error in the amount that was budgeted for sales and services revenue. Our original budget had shown \$7.373 million in sales revenue, but the number should have been \$6.373 million. Our current projections show us to be on track to reach the \$6.373 million figure and our revenues for FY 2006 will be slightly higher. We are projecting sales and services revenue for FY 2006 to be \$6.4 million.

### **Expenditures**

The increased caseload over the past few years has brought a corresponding need to upgrade our labs with the latest supplies and equipment to perform this work. TVMDL has deferred the replacement of essential laboratory equipment for several years, as well as the renovation of existing labs. We began a program in FY 2005 to begin the upgrade. In FY 2006 we will continue this upgrade by providing \$1 million from existing fund balances and allocating it for the purpose of purchasing the necessary equipment and performing the needed renovations on our labs.

**The Texas A&M University System**  
**Texas Veterinary Medical Diagnostic Laboratory**  
**Budget Analysis**  
**FY 2006 Operating Budget**  
(dollars in thousands)

	FY 2002	Actual	FY 2004	Budget		Budget Variance	
		FY 2003		FY 2005	FY 2006	Dollars	Percent
<b>BEGINNING CURRENT FUND BALANCE</b>	<b>991</b>	<b>2,696</b>	<b>3,410</b>	<b>3,730</b> *	<b>3,083</b> **		
<b>REVENUES</b>							
State Appropriations	6,709	5,044	5,364	5,406	5,741	334	6%
Contracts, Grants and Gifts	48	469	1,315	287	223	(64)	-22%
Sales and Services	5,555	6,369	6,971	7,373	6,375	(998)	-14%
Investment and Interest	21	21	33	0	0	0	n/a
<b>TOTAL REVENUES</b>	<b>12,333</b>	<b>11,902</b>	<b>13,689</b>	<b>13,066</b>	<b>12,339</b>	<b>(727)</b>	<b>-6%</b>
<b>EXPENSES</b>							
Personnel	7,215	7,433	7,507	7,935	8,495	560	7%
Utilities	154	190	228	283	513	230	81%
Operations & Maintenance	3,292	3,414	5,344	4,848	4,331	(517)	-11%
<b>Total Expense</b>	<b>10,661</b>	<b>11,037</b>	<b>13,082</b>	<b>13,066</b>	<b>13,339</b>	<b>273</b>	<b>2%</b>
<b>TRANSFERS/OTHER</b>							
Other	34	(151)	(288)	0	0	0	n/a
<b>NET TRANSFERS</b>	<b>34</b>	<b>(151)</b>	<b>(288)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>n/a</b>
<b>NET INCREASE (DECREASE)</b>	<b>1,705</b>	<b>714</b>	<b>319</b>	<b>0</b>	<b>(1,000)</b>		
<b>ENDING CURRENT FUND BALANCE</b>	<b>2,696</b>	<b>3,410</b>	<b>3,730</b>	<b>3,730</b>	<b>2,083</b>		

\* Includes \$2.2 million of Available Operating Funds.

\*\* Difference between projected FY 2005 ending balance and estimated FY 2006 beginning balance is due to an error in the amount budgeted for sales and services revenue in FY 2005. The 2005 budget reflects \$7.373M in sales revenue but should have been \$6.373M which is on track with current projections thus decreasing the amount of 2005 Ending Balance.

**The Texas A&M University System**  
**Texas Veterinary Medical Diagnostic Laboratory**  
**Explanations for Net Decrease in Fund Balance**  
**Current Funds**  
**Fiscal Year 2006 Budget**  
(dollars in thousands)

	Estimated Beginning Balances	Estimated Ending Balances	Available Operating Funds
<b>Fund Group (Current Funds Only)</b>			
Functional and General	2,800	1,800	(1,000)
Designated	261	261	0
Auxiliary	0	0	0
Restricted	22	22	0
Net Change in Fund Balance - Current Funds	3,083	2,083	(1,000)

		<u>Explanation for Net Decrease</u>
Functional and General	(1,000)	Over the past couple of years, TVMDL has deferred the replacement of lab equipment and renovations which has allowed fund balances to increase. TVMDL is going to use these fund balances to update lab equipment and also fund some renovation projects within their labs.

***Texas A&M  
University System  
Health Science  
Center***

## **The Texas A&M University System Health Science Center (TAMUSHSC)**

### **Revenue**

The HSC is projecting an increase in revenue of 15% over the FY 2005 budgeted figure. State appropriations reflect an increase of 18% due primarily to increases in formula funding for Baylor College of Dentistry, College of Medicine, and Biomedical Sciences. In addition, Coastal Bend Health Education Center is funded with 68% of its total biennial appropriation in the first year of the biennium. Despite higher tuition rates and increases in enrollment, Tuition and Fees are expected to remain constant due to a change in how tuition remissions and waivers are recorded and budgeted. Sales and services are anticipated to increase due to the growing affiliation agreement with Christus Spohn Hospital in Corpus Christi. Investment and interest income is budgeted higher in FY 2006 due to continuing improving market conditions.

### **Expenditures**

The HSC expense budget reflects a 12% growth over the FY 2005 budget. The growth of the HSC is best reflected in growth of the personnel budget. The FY 2006 anticipated increase in this category is due primarily to the implementation of a 4.0% salary increase plan and to growth in research support personnel. Scholarships and grants expenses are expected to decrease due to the accounting change in remissions and waivers discussed above with Tuition and Fee revenue. Operations and Maintenance are projected to increase due to the increase in State Appropriations, the growth of the Christus Spohn affiliation, and overall continued growth of the HSC.

**The Texas A&M University System**  
**The Texas A&M University System Health Science Center**  
**Budget Analysis**  
**FY 2006 Operating Budget**  
(dollars in thousands)

	FY 2002	Actual FY 2003	FY 2004	Budget		Budget Variance	
				FY 2005	FY 2006	Dollars	Percent
<b>BEGINNING CURRENT FUND BALANCE</b>	<b>18,647</b>	<b>27,213</b>	<b>25,418</b>	<b>35,972 *</b>	<b>39,450 **</b>		
<b>REVENUES</b>							
State Appropriations	64,469	61,293	65,910	59,643	70,493	10,850	18%
Tuition and Fees (Gross)	6,931	7,572	6,925	7,508	7,534	26	0%
Less Tuition and Fee Discounts	(869)	(784)	(1,072)	(784)	(1,091)	(307)	n/a
Contracts, Grants and Gifts	24,324	25,713	26,420	21,983	21,943	(40)	0%
Sales and Services	10,790	10,616	12,975	11,026	15,142	4,117	37%
Investment and Interest	3,890	5,552	5,407	3,109	4,653	1,544	50%
Miscellaneous	161	126	150	376	7	(369)	-98%
Auxiliary Enterprises (Gross)	2,051	1,706	1,788	1,491	1,685	194	13%
Less Auxiliary Fee Discounts	(27)	(31)	(25)	(31)	(6)	26	n/a
<b>TOTAL REVENUES</b>	<b>111,720</b>	<b>111,763</b>	<b>118,477</b>	<b>104,320</b>	<b>120,359</b>	<b>16,039</b>	<b>15%</b>
<b>EXPENSES</b>							
Personnel	68,372	74,479	74,381	74,940	80,091	5,151	7%
Utilities	2,124	2,119	2,608	2,307	2,471	164	7%
Scholarships and Grants (Gross)	2,172	2,713	1,550	2,480	1,635	(845)	-34%
Less Scholarship Discounts	(896)	(815)	(1,097)	(815)	(1,097)	(281)	n/a
Operations & Maintenance	31,870	31,003	28,783	32,045	38,806	6,761	21%
<b>Total Expense</b>	<b>103,643</b>	<b>109,498</b>	<b>106,225</b>	<b>110,957</b>	<b>121,906</b>	<b>10,950</b>	<b>10%</b>
<b>TRANSFERS/OTHER</b>							
RFS Debt Service (To SAGO)	(746)	(1,209)	(1,380)	(1,271)	(2,313)	(1,043)	82%
Other	223	(2,851)	(318)	3,600	3,600	0	0%
<b>NET TRANSFERS</b>	<b>(523)</b>	<b>(4,060)</b>	<b>(1,699)</b>	<b>2,329</b>	<b>1,287</b>	<b>(1,043)</b>	<b>-45%</b>
<b>NET INCREASE (DECREASE)</b>	<b>7,554</b>	<b>(1,795)</b>	<b>10,554</b>	<b>(4,307)</b>	<b>(260)</b>		
<b>ENDING CURRENT FUND BALANCE</b>	<b>26,201</b>	<b>25,418</b>	<b>35,972</b>	<b>31,664</b>	<b>39,190</b>		

\* Includes \$17.9 million of Available Operating Funds.

\*\* Difference between projected FY 2005 ending balance and estimated FY 2006 beginning balance is due conservatively estimating FY 2005 revenue. This led to overrealized income and needed additions to reserves.

**The Texas A&M University System**  
**The Texas A&M University System Health Science Center**  
**Explanations for Net Decrease in Fund Balance**  
**Current Funds**  
**Fiscal Year 2006 Budget**  
(dollars in thousands)

	Estimated Beginning Balances	Estimated Ending Balances	Available Operating Funds
<b>Fund Group (Current Funds Only)</b>			
Functional and General	10,500	10,214	(286)
Designated	21,300	22,346	1,046
Auxiliary	250	250	0
Restricted	7,400	6,379	(1,021)
<b>Fund Totals</b>	<u>39,450</u>	<u>39,190</u>	<u>(260)</u>

		<u>Explanation for Net Decrease</u>
Functional and General	(286)	Use of IDC and tuition and fee funds carried over from prior years for operations.
Restricted	(1,021)	Use of Grant, Gift, and Chair funds carried over from prior years for operations.

***System  
Administrative and  
General Offices***

## **System Administrative and General Offices (SAGO)**

### **Revenue**

Since the 1998-99 biennium, The A&M System has received funding from the legislature for need-based scholarships. This funding is appropriated in the first year of the biennium and is allocated to the academic institutions and health science center to be awarded over both years of the biennium. The majority of SAGO's 33% increase in projected revenues is due to this appropriation.

Available University Fund (AUF) revenue projections are expected to increase by 25% or \$5.4 million. The increase in AUF revenue projections is directly associated with the increase in the Permanent University Fund (PUF) market value. Payout is based on a 12 quarter market value average which has increased (reflective of the market). In addition, investment and interest earnings are expected to increase by almost \$900 thousand and contracts and grants are projected to increase by 49% or \$2.2 million. This increase in projected contract and grant revenue is primarily associated with existing contract and grant awards.

### **Expenditures**

Overall, SAGO's expenditure budget is projected to remain relatively level. Scholarship and grant expenditures are increasing due to the need-based scholarship appropriation mentioned above. Personnel costs, while no increase shown, do include funding for equity increases awarded at the end of the year in FY 2005 and funds for a 3% merit pool in FY 2006. These increases, however, were off-set by a decrease in personnel costs associated with SAGO's contract and grant activities. Similarly, operations and maintenance costs have decreased significantly as a result of anticipated decreased contract and grant activities.

Utilities are expected to increase by \$150 thousand. Currently, Texas A&M University pays for all utility costs associated with the A&M System building. However, there are current on-going negotiations to determine how this will be handled in FY 2006 and beyond.

**The Texas A&M University System**  
**System Administrative and General Office**  
**Budget Analysis**  
**FY 2006 Operating Budget**  
(dollars in thousands)

	FY 2002	Actual FY 2003	FY 2004	Budget		Budget Variance	
				FY 2005	FY 2006	Dollars	Percent
<b>BEGINNING CURRENT FUND BALANCE</b>	<b>137,691</b>	<b>121,407</b>	<b>134,432</b>	<b>168,455 *</b>	<b>153,504 **</b>		
<b>REVENUES</b>							
State Appropriations	3,280	670	2,814	657	2,695	2,038	310%
Available University Fund	38,014	42,588	37,637	21,606	26,993	5,387	25%
Contracts, Grants and Gifts	2,270	3,743	5,339	4,568	6,804	2,236	49%
Sales and Services	124	11,350	14,008	600	600	0	0%
Investment and Interest	7,101	9,371	4,205	4,832	5,730	898	19%
Miscellaneous	6	0	0	0	0	0	n/a
<b>TOTAL REVENUES</b>	<b>50,796</b>	<b>67,723</b>	<b>64,002</b>	<b>32,263</b>	<b>42,821</b>	<b>10,558</b>	<b>33%</b>
<b>EXPENSES</b>							
Personnel	7,442	9,055	9,084	10,513	10,500	(13)	0%
Utilities	26	24	27	25	175	150	>500%
Scholarships and Grants	2,507	1	2,235	0	2,078	2,078	n/a
Operations & Maintenance	11,097	6,694	3,509	19,328	10,702	(8,626)	-45%
Debt Service	125,138	133,487	<b>112,045</b>	142,279	146,639	4,359	3%
<b>Total Expense</b>	<b>146,209</b>	<b>149,261</b>	<b>126,900</b>	<b>172,145</b>	<b>170,094</b>	<b>(2,051)</b>	<b>-1%</b>
<b>TRANSFERS/OTHER</b>							
RFS Debt Service (To SAGO)	77,101	91,544	95,703	99,812	111,821	12,009	12%
Other	2,028	3,019	1,218	610	0	(610)	-100%
<b>NET TRANSFERS</b>	<b>79,129</b>	<b>94,563</b>	<b>96,921</b>	<b>100,422</b>	<b>111,821</b>	<b>11,399</b>	<b>11%</b>
<b>NET INCREASE (DECREASE)</b>	<b>(16,284)</b>	<b>13,025</b>	<b>34,024</b>	<b>(39,460)</b>	<b>(15,452)</b>		
<b>ENDING CURRENT FUND BALANCE</b>	<b>121,407</b>	<b>134,432</b>	<b>168,455</b>	<b>128,996</b>	<b>138,053</b>		

\* Includes \$36.8 million of Available Operating Funds.

\*\* \$24.5M variance between 2005 ending fund balance and 2006 beginning fund balance is due to the following:

- |  |             |
|--|-------------|
| 1. FY 2005 actual debt service payments were \$10M less than budgeted.               | 10.0        |
| 2. Estimated beginning 2005 AUF balance at \$88M, actual was \$93M.                  | 5.0         |
| 3. Estimated ending 2005 Contracts & Grants balance at \$0, actual was \$2.8M.       | 2.8         |
| 4. Estimated ending 2005 SAGO reserve balances at \$6.6M, actual was \$9.0M.         | 2.4         |
| 5. Estimated ending 2005 Special Mineral Fund balance at \$9.0M, actual was \$10.9M. | 1.9         |
| 6. Other   | <u>2.4</u>  |
|  | <u>24.5</u> |

**The Texas A&M University System**  
**System Administrative and General Offices**  
**Explanations for Net Decrease in Fund Balance**  
**Current Funds**  
**Fiscal Year 2006 Budget**  
(dollars in thousands)

	Estimated Beginning Balances	Estimated Ending Balances	Available Operating Funds
<b>Fund Group (Current Funds Only)</b>			
Functional and General	0	0	0
Designated	150,647	138,006	(12,641)
Auxiliary	0	0	0
Restricted	2,857	46	(2,811)
Net Change in Fund Balance - Current Funds	<u>153,504</u>	<u>138,053</u>	<u>(15,452)</u>

		<b>Explanation for Net Decrease</b>
Designated	(12,641)	Planned use of AUF reserves - \$12.9M.
Restricted	(2,811)	Use of FY 2005 Contract and Grant carry forward balances.

**The Texas A&M University System  
FY 2006 Salary Increase Plans**

<b>Member</b>	<b>Faculty</b>	<b>Staff</b>
Prairie View A&M University	4% merit pool for faculty and non-faculty with salary increases ranging from 0% - 7%. Eligible non-faculty employees earning less than \$20,000 annually will be eligible for a minimum increase of \$42/month if recommended for a 2% increase, a minimum increase of \$67/month if recommended for a 3% increase, and a minimum increase of \$100/month if recommended for a 4% (or greater) increase. Compensation and job classification study for all non-faculty positions to be conducted during FY 2006 with results to be considered for implementation in FY 2007.	
Tarleton State University	3% merit pool for faculty and staff.	
	Permanent faculty in the ranks of professor, associate professor, and assistant professor will receive equity adjustments based on September 1, 2005 ranking. Adjustments follow: Professor - \$1,500/9 months Associate Professor - \$2,000/9 months Assistant Professor - \$2,500/9 months	Market salary adjustments will be made for classified and professional staff employees based on an internal study.
Texas A&M International University	4% merit pool for faculty and staff; 2% equity pool; 2% increase in classified pay scale.	
Texas A&M University	2.82% merit pool for faculty and staff.	
		Minimum hourly wage increased from \$6.57/hour to \$7.77/hour
Texas A&M University @ Galveston	3% merit pool for faculty and staff.	
Texas A&M University - Commerce	2% merit pool for faculty and staff (contingent upon increased enrollment for Fall 2005).	
	Adjustments necessary to address equity issues will be handled on a case-by-case basis with existing funds.	
Texas A&M University - Corpus Christi	3% merit pool for faculty and staff and an additional \$48,000 for faculty promotions.	
	\$367,000 budgeted for personnel equity increases. 2% increase to entry level of pay plan to maintain competitiveness with relevant markets.	
Texas A&M University - Kingsville	4% merit pool - up to 1% of this pool may be used to address equity issues.	
	Minimum salary levels will be increased from \$26,000 to \$30,000 for full-time lecturer positions and staff employees making \$20,000 or less per year will receive a \$50/month pay adjustment.	
Texas A&M University - Texarkana	4% merit pool for faculty and staff; promotions in rank adjustments and/or regraded positions; equity adjustments.	
		Adjustments for years of service, for completing a 15 semester-credit-hour block of college level course work and/or for earning a college degree during the past year.
West Texas A&M University	3% merit pool for all faculty and staff. From this pool, selected equity adjustments may also be made to reflect current labor markets and to avoid salary inequities within faculty rank and salary plan.	

**The Texas A&M University System  
FY 2006 Salary Increase Plans**

Member	Faculty	Staff
Texas Agricultural Experiment Station	4% mandated increase in annual salary (with a minimum of \$100/month) for staff employees to the extent that the mandated salary increase does not cause the employee's gross salary to be more than \$6,250/month (\$75,000/year). Reserve will be established to consider a one-time increase for staff making \$75,000/year or above in February 2006. In addition, increases for faculty equivalent promotions will be handled from existing resources.	
Texas Cooperative Extension	4% mandated increase in annual salary (with a minimum of \$100/month) for staff employees to the extent that the mandated salary increase does not cause the employee's gross salary to be more than \$6,250/month (\$75,000/year). Reserve will be established to consider a one-time increase for staff making \$75,000/year or above in February 2006. In addition, increases for faculty equivalent promotions and promotions within the County Extension Agent Career Ladder will be handled from existing resources.	
Texas Engineering Exp Station	4% mandated increase in annual salary (with a minimum of \$100/month) for staff employees to the extent that the mandated salary increase does not cause the employee's gross salary to be more than \$6,250/month (\$75,000/year). 3% merit pool for employees making \$75,000/year or above.	
Texas Engineering Extension Service	4% mandated increase in annual salary (with a minimum of \$100/month) for staff employees to the extent that the mandated salary increase does not cause the employee's gross salary to be more than \$6,250/month (\$75,000/year). 1% merit pool (\$265, 453).	
Texas Forest Service	4% mandated increase in annual salary (with a minimum of \$100/month) for staff employees to the extent that the mandated salary increase does not cause the employee's gross salary to be more than \$6,250/month (\$75,000/year). 4% across-the-board raise to employees making \$75,000/year or more excluding the Director.	
Texas Transportation Institute	4% mandated increase in annual salary (with a minimum of \$100/month) for staff employees to the extent that the mandated salary increase does not cause the employee's gross salary to be more than \$6,250/month (\$75,000/year). 1.5% merit increase for employees eligible to receive the mandatory 4% increase (salaries less than \$75,000/year). 2.5% merit increase for employees not eligible to receive the mandatory 4% increase (salaries \$75,000/year or more).	
Texas Vet Medical Diagnostic Lab	4% mandated increase in annual salary (with a minimum of \$100/month) for staff employees to the extent that the mandated salary increase does not cause the employee's gross salary to be more than \$6,250/month (\$75,000/year). 3% merit pool for all employees.	
Texas A&M University System Health Science Center	4% merit pool for faculty and staff.	
System Admin and General Offices	3% merit pool.	