

*THE TEXAS TECH UNIVERSITY SYSTEM
AS A BUSINESS ENTERPRISE:
RETURN ON INVESTMENT*

TITLE: Business Successes

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TITLE: *Business Successes**RETURN ON INVESTMENT*

The Texas Tech University System administrators must run a higher education system as efficiently and effectively as possible, working diligently to get the best return on investment for the taxpayers of the State of Texas and the southwest region of the United States.

*BUSINESS SUCCESES**Growth in private fundraising results*

The Texas Tech Foundation supports the work of the colleges, schools and other programs of both the Health Sciences Center and Texas Tech University by garnering private gifts from alumni, friends, corporations and foundations. In FY 2004, the system reported more than 74,865 individual gifts totaling \$56.6 million.

Growth in size and increase in ranking of endowments

The endowments at Texas Tech have risen dramatically since the early 1990s. In 2001, the Texas Tech Foundation reported that its total assets had surpassed the \$100 million mark for the first time. The total endowment for the foundation and system reached \$392.6 million as of June 30, 2004. Texas Tech is committed to the long-term growth of its endowments through prudent diversification management and asset allocation. This approach has paid generous dividends in recent years. In terms of overall endowment, Texas Tech University System ranked 129th among all public and private universities.

IMPROVEMENT IN BOND RATING

Texas Tech University's long-term debt rating is Aa3 with a stable outlook, according to Moody's Investors Service. The university system did not issue any new bonds in FY 2004.

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The Aa3 rating reflects, according to Moody's:

- "Strong demand and a growing research program, highlighting the university's status as one of the state's leading public university systems"
- "A health sciences center that serves an important role in providing medical education and health services to the West Texas region"
- "Borrowing plans that are expected to moderate following a period of significant leverage increase"
- "Healthy levels of financial reserves providing a good cushion for debt and operations"
- "Good operating performance providing some flexibility to respond to a tightened state funding environment"

INVESTMENT AND DEBT MANAGEMENT

- Performance of Long-Term Investment Fund in calendar 2004 was 13.6 percent return, vs. 28.6 percent for 2003. This is the second consecutive year of double-digit returns. The system ranked second in returns in the Big XII over a three-year time period.
- Long-term Investment Fund returns ranked in the top 15th percentile of the National Association of College and University Business Officers report of returns for both 1-year and 3-year time periods. Numeric ranking: 1-year—94th of 661; 3-year—85th of 587.
- Securities in the Short/Intermediate Term Investment Fund outperformed the benchmarks for each quarter of the year 2004.
- Debt management and analysis software programs were implemented, improving the ability to analyze proposed projects requiring capital financing with multiple scenarios for future debt service needs.

GROWTH IN HSC PRACTICE PLANS AND INCOME

The Health Sciences Center's medical practice plans and income continue to grow, bringing in more than \$116 million in income annually. In FY 1994, the School of Medicine provided care to 156,575 patients; in FY 1999, care was provided to 198,841 patients; and in FY 2004, care was provided to 210,626 patients. This growth resulted in patient-related revenue increasing from \$62,072,729 in FY 1994 to \$83,589,188 in FY 2004, a 34.66 percent increase. In addition, TTUHSC provided \$75,175,492 in unreimbursed charity care.

TITLE: *Business Successes****SACS COMMENDATION FOR HEALTH SCIENCES CENTER***

As a part of the institutional accreditation process, the Accreditation Committee of the Southern Association of Colleges and Schools conducted an evaluation of the HSC and in their final report the committee included four commendations. Two of the commendations related to the Information Technology area of the HSC.

The committee commended the HSC for developing a live interactive video teleconferencing network (HealthNet) that enables the institution to meet its institutional purpose across schools and regional campuses. The committee was impressed that an integrated healthcare education and telemedicine support network was available to sustain the educational and clinical outreach mission of the HSC. During their site visit, the committee's own experience provided evidence of the successful performance of the system and the support staff.

Additionally, the committee commended the HSC on the quality of its information technology resources and systems. The committee recognized that there is an awareness across all constituencies of the critical nature and importance of the information technology infrastructure. The committee recognized there are effective planning and executive oversight mechanisms in place to ensure that academic and administrative information technology needs are addressed. The committee found that policies governing technology utilization are in place and that appropriate security measures are being followed. The committee also found the institution has a network of information technology support staff cross-trained with the skills necessary to ensure success in daily operations.