

UT AUSTIN HAS NO

A financial analysis conducted by the
Texas State Employees Union



Introduction

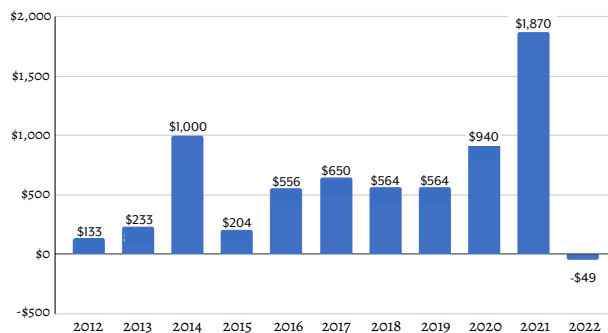
UT Austin says they cannot afford to pay a living wage to the nearly 19,000 campus workers that show up every day to keep our university running by providing critical services to students and our community. Research conducted by the Texas State Employees Union (TSEU) has uncovered that the university is in strong financial shape and can afford to provide every employee with a \$10,000 pay raise, a necessary first step in ensuring that all UT Austin employees make a living wage.

According to the UT System Board of Regents, UT Austin has a credit rating of Aa1 under the Moody's credit rating system. (1) **Aa1 is Moody's second highest rating and indicates that UT Austin is financially strong, with sufficient revenues and cash reserves to meet debt obligations.** The information below is a close look at the basic financial conditions that underlie UT Austin's strong financial position.

Revenue

Over the last decade, UT Austin's revenues consistently outpaced expenses (see chart below). In a public institution, the money left over from revenue when expenses are covered is called the change in net position. **Between 2012 and 2022 the institution's average change in net position was \$606 million.**

UT Austin Change in Net Position 2012 - 2022 in millions

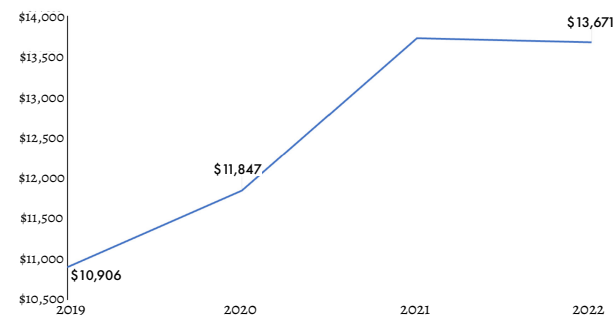


In 2023, UT Austin had a total full-time equivalent (FTE) employment of 18,827. (2) To provide each employee at UT Austin with a \$10,000 raise (or the part-time equivalent, based on hours worked), it would cost the institution \$188,269,000 annually. Based on the 2012-2022 average change in net position of over \$600 million, UT Austin can afford the \$10,000 raise.

Assets

UT Austin is a wealthy institution with significant resources in cash, land, buildings, and equipment. **UT Austin's net assets steadily increased between 2019 and 2022, growing from \$10.9 billion to over \$13.6 billion, a significant increase in wealth during a global pandemic.**

UT Austin Net Assets, 2019 - 2022 in millions



Both restricted and unrestricted funds (portions of total assets) have increased over the last 4 years. Restricted funds are funds that must be spent according to a donor's conditions or other external restrictions. Unrestricted funds are much more flexible. **In 2022 UT Austin's unrestricted funds totalled \$2.8 billion, a growth of over \$1 billion since 2019.**

The Endowment

The University of Texas System and Texas A&M System endowment, the Permanent University Fund (PUF), totaled \$42.6 billion in 2022. It is the second largest endowment in the country, public or private. The PUF supports the University of Texas system, including UT Austin, and the Texas A&M system. Based on the Texas constitution, the UT system gets 2/3rds of the benefits of PUF and Texas A&M gets 1/3rd. (3)

As of early 2023, the UT endowment totaled only \$6 billion less than Harvard University's endowment. (4) According to a 2022 NPR article, the endowment has significantly increased in recent years, largely due to royalties from oil and natural gas. "The university owns more than 2 million acres of land in West Texas. It's about three times the size of Rhode Island," says Ray Perryman, an economic consultant based in Waco, Texas. "It's a very big expanse of land. Production has gone up significantly in recent years, and as a result, the lands are now able to literally generate hundreds of millions of dollars a year in endowment for the university systems." (5)

The Endowment (cont.)

More than 20,000 oil wells have been drilled on University land, with over 24,000 sites marked for possible future wells. The operating oil wells pump nearly 65,000 barrels of oil equivalent each day. (6) Fossil fuels produce toxic emissions even before they are burned, exposing nearby populations to toxic air pollution as these fuels are being drilled, processed and transported. (7) The burning of these fuels is a major cause of climate change (8), which has led to the increasing occurrence and intensity of heat waves, floods, droughts and wildfires, now a regular feature of life here in Texas.

The UT Board of Regents granted The University of Texas/Texas A&M Investment Management Company (UTIMCO) the power to manage the PUF investments. Current UTIMCO President, Chief Executive Officer and Chief Investment Officer Rich Hall worked in mergers, acquisitions and investments for financial institutions such as Bank of America and Deutsche Bank before landing the top job at UTIMCO in 2022. According to UTIMCO's 2022 taxes, **then-president Thomas Britton Harris earned over \$7 million in total compensation that year alone.**

Let's compare UTIMCO executive compensation to what UT employees earn:

- A senior social worker making \$67,448.90 per year would need to work for 69 years to earn a total compensation package equivalent to Thomas Britton Harris' in 2022;
- An academic advisor at UT with a salary of \$44,000 would have to work 106 years;
- An administrative assistant earning \$40,000 per year would have to work 116 years.

Conclusion

This document illustrates that UT Austin is a wealthy institution, but you already knew that. Over the past four years and more, UT Austin has steadily increased its revenue and overall wealth. Even with the COVID-19 pandemic, internal and external assessments have indicated that UT Austin is in a strong financial position and capable of better compensating and protecting workers and investing fully in high-quality education for our students. **UT workers have not had an across-the-board raise since 2001, while the cost of living has increased by 75%.**

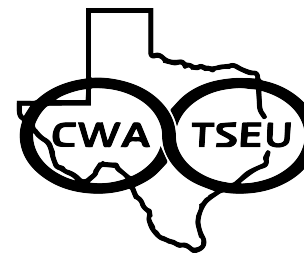
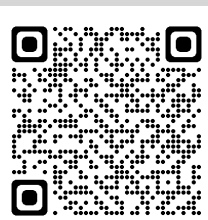
The reliance on oil and gas profits and excessive spending on investment manager salaries at UTIMCO raises the question: who truly runs UT Austin? UT President Jay Hartzell has a mandate to prioritize students, employees, and the overall mission of our public university. We call on him to do the right thing by shifting priorities away from big oil and gas, the wall street billionaires profiting off our endowment, and the army of investors at UTIMCO. We call on President Jay Hartzell to invest in quality higher education at UT Austin. Campus workers keep UT Austin running by providing services to students and our community that make UT a top tier university.

UT Austin can afford to provide a \$10,000 pay raise to all campus workers as a down payment on what's needed.

To sign the petition for a \$10,000 across-the-board pay raise for all UT Austin workers, scan here:



To become a member of the Texas State Employees Union, scan here:



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[Facebook.com/cwa.tseu](https://www.facebook.com/cwa.tseu)
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Sources

- (1) UT System Board of Regents. "February 23-24, 2022 Meeting of the U. T. System Board of Regents - Finance and Planning Committee"
<https://www.utsystem.edu/sites/default/files/offices/board-of-regents/board-meetings/agenda-book-finance-planning/2-2022FAPCp42-179.pdf>
- (2) An FTE is any combination of employees, full-time and part-time, whose work hours total 40 hours a week. To calculate FTE in Texas state employment, see: Texas State Auditor's Office, Analyze FTEs,
<https://sao.texas.gov/Apps/FTESystem/Analyze/>.
- (3) The University of Texas System, "The Permanent University Fund."
<https://www.utsystem.edu/puf>
- (4) Higher Ed Dive. "Here's how the 20 largest college endowments changed last year." February 17, 2023.
<https://www.highereddive.com/news/how-20-largest-college-endowments-changed-2022/642997/>
- (5) PR. "As Harvard's endowment abandons fossil fuels, oil-rich University of Texas catches up." November 10, 2022.
<https://www.npr.org/2022/11/10/1133554526/harvard-texas-endowment-oil-gas-billion-colleges-universities-fundraising>
- (6) The Daily Texan, "Will UT ever cut ties with fossil fuels?," February 6, 2023,
<https://thedailytexan.com/2023/02/06/will-ut-ever-cut-ties-with-fossil-fuels/>.
- (7) NRDC, "Fossil Fuels: The Dirty Facts," June 1, 2022,
<https://www.nrdc.org/stories/fossil-fuels-dirty-facts#sec-disadvantages>
- (8) Ibid.