



2020/2021 Operating and Capital Budget

This budget will raise more revenue from property taxes than last year's budget by an amount of \$607,052, which is a 2.6% increase from last year's budget. The property tax revenue to be raised from new property added to the tax roll this year is \$607,052.

2021 Budget Summary



Average daily census from 365.4 in 2020 to 398.6 in 2021



\$633M in net patient revenue



Property tax revenue of \$23.9M at the No-New-Revenue tax rate of \$0.1031640



\$742M in operating expenses



Budgeted net income of \$25.1M with 2.0% operating margin versus 2019 actual of \$54.4M and 5.1%



Capital investments of \$96.5M, including \$30.1M in equipment and \$66.4M in expansion/facilities



Ending cash balance of \$327M



Unfunded care of \$94.6M and TTU School of Medicine Support of \$72.8M

Budget Executive Summary
(dollars in thousands)

	2019 ACTUAL	2020 BUDGET	2020 REVISED BUDGET	2021 BUDGET
ASSUMPTIONS				
INFLATION FACTORS				
PAYROLL	2.37%	2.37%	2.37%	2.37%
SUPPLY EXPENSES	1.00%	1.50%	1.50%	3.00%
PURCHASED SERVICES EXPENSES	4.00%	3.00%	3.00%	3.00%
SELECT OTHER NON-PAYROLL EXPENSES	0.00%	1.00%	1.00%	1.00%
AVERAGE DAILY CENSUS	396.5	412.5	365.4	398.6
BILLING RATE INCREASE	6.00%	6.00%	6.00%	6.00%
OPERATING BUDGET				
GROSS PATIENT SERVICES REVENUE	\$3,170,142	\$3,406,025	\$3,062,222	\$3,597,822
NET PATIENT SERVICES REVENUE	602,680	621,634	558,638	633,145
COLLECTION %	19.01%	18.25%	18.24%	17.60%
OTHER OPERATING INCOME	7,967	7,267	6,917	7,333
AD VALOREM TAX REVENUE	23,267	23,883	23,919	24,491
NETWORK ACCESS IMPROVEMENT FUNDING	31,281	28,152	31,145	28,152
MEDICAID SUPPLEMENTAL FUNDING	56,867	47,850	77,766	64,087
LESS: OPERATING EXPENSES	685,141	714,289	683,761	741,958
INCOME/(LOSS) FROM OPERATIONS	\$36,922	\$14,497	\$14,624	\$15,250
OPERATING MARGIN	5.1	2.0	2.1	2.0
INVESTMENT INCOME	13,058	8,927	8,389	8,355
CARES FUNDING	-	-	10,779	-
NET NONOPERATING INCOME	1,615	1,454	1,492	1,517
REGIONAL HEALTHCARE PARTNERSHIP	2,792	-	(750)	-
EXCESS REVENUES OVER/(UNDER) EXPENSES	\$54,386	\$24,878	\$34,534	\$25,123
CASH BALANCE	\$367,570	\$325,527	\$370,136	\$326,636
CAPITAL BUDGET				
CAPITAL EQUIPMENT	\$19,442	\$26,070	\$29,049	\$30,089
CAPITAL EXPANSION/FACILITIES	19,098	45,272	56,493	66,402
TOTAL	\$38,540	\$71,342	\$85,542	\$96,491
TAX INFORMATION				
	2018/2019	2019/2020	2019/2020	2020/2021
TAXES	\$23,267	\$23,883	\$23,919	\$24,491
TAX RATE PER \$100 VALUATION	0.1051860	0.1031640		

Income Statement by Expense Category

(dollars in thousands)

	2019 ACTUAL	2020 BUDGET	2020 REVISED BUDGET	2020 BUDGET CHG %	2021 BUDGET	2021 BUDGET CHG %
REVENUE						
NET PATIENT SERVICE REVENUE						
HOSPITAL	\$538,275	\$559,949	\$499,932	(10.7%)	\$566,740	13.4%
UMC PHYSICIANS	49,548	48,651	45,923	(5.6%)	51,755	12.7%
EC PHYSICIANS	5,139	4,334	3,925	(9.4%)	4,584	16.8%
HOME HEALTH	818	780	709	(9.1%)	857	21.0%
RADIOLOGY PHYSICIAN SERVICES	8,901	7,920	8,150	2.9%	9,209	13.0%
OTHER OPERATING REVENUE	7,967	7,267	6,917	(4.8%)	7,333	6.0%
AD VALOREM TAX REVENUE	23,267	23,883	23,919	0.2%	24,491	2.4%
MEDICAID SUPPLEMENTAL FUNDING	88,148	76,002	108,911	43.3%	92,239	(15.3%)
TOTAL OPERATING REVENUE	722,063	728,786	698,385	(4.2%)	757,209	8.4%
OPERATING EXPENSES						
PAYROLL & BENEFITS	255,560	265,668	254,276	(4.3%)	271,123	6.6%
PROFESSIONAL SERVICES	13,130	14,518	14,070	(3.1%)	14,368	2.1%
SUPPLIES	141,826	145,489	133,281	(8.4%)	155,109	16.4%
PURCHASED SERVICES	56,659	61,729	58,794	(4.8%)	63,689	8.3%
OTHER DIRECT EXPENSES	30,428	31,787	28,565	(10.1%)	32,264	12.9%
INTEREST	-	-	70	100.0%	70	0.4%
DEPRECIATION AND AMORTIZATION	35,304	35,940	36,546	1.7%	37,276	2.0%
TTUHSC/OTHER PHYSICIANS	72,795	78,156	78,972	1.0%	82,931	5.0%
UMC PHYSICIANS	54,697	55,561	53,873	(3.0%)	59,257	10.0%
EC PHYSICIANS	13,249	13,635	13,774	1.0%	13,751	(0.2%)
HOME HEALTH	2,512	2,588	2,373	(8.3%)	2,629	10.8%
RADIOLOGY PHYSICIAN SERVICES	8,982	9,218	9,169	(0.5%)	9,490	3.5%
TOTAL OPERATING EXPENSES	685,141	714,289	683,761	(4.3%)	741,958	8.5%
OPERATING INCOME (LOSS)	36,922	14,497	14,624	0.9%	15,250	4.3%
NONOPERATING REVENUES						
INVESTMENT INCOME	13,058	8,927	8,389	(6.0%)	8,355	(0.4%)
CARES FUNDING	-	-	10,779	100.0%	-	(100.0%)
NET NONOPERATING INCOME	1,615	1,454	1,492	2.7%	1,517	1.7%
REGIONAL HEALTHCARE PARTNERSHIP FUNDING	2,792	-	-750	(100.0%)	-	100.0%
EXCESS/(DEFICIT) REVENUE OVER EXPENSE	\$54,386	\$24,878	\$34,534	38.8%	\$25,123	(27.3%)

Income Statement by Expense Area

(dollars in thousands)

	2019 ACTUAL	2020 BUDGET	2020 REVISED BUDGET	2020 BUDGET CHG %	2021 BUDGET	2021 BUDGET CHG %
REVENUE						
NET PATIENT SERVICE REVENUE						
HOSPITAL	\$538,275	\$559,949	\$499,932	(10.7%)	\$566,740	13.4%
UMC PHYSICIANS	49,548	48,651	45,923	(5.6%)	51,755	12.7%
EC PHYSICIANS	5,139	4,334	3,925	(9.4%)	4,584	16.8%
HOME HEALTH	818	780	709	(9.1%)	857	21.0%
RADIOLOGY PHYSICIAN SERVICES	8,901	7,920	8,150	2.9%	9,209	13.0%
OTHER OPERATING REVENUE	7,967	7,267	6,917	(4.8%)	7,333	6.0%
AD VALOREM TAX REVENUE	23,267	23,883	23,919	0.2%	24,491	2.4%
MEDICAID SUPPLEMENTAL FUNDING	88,148	76,002	108,911	43.3%	92,239	(15.3%)
TOTAL OPERATING REVENUE	722,063	728,786	698,385	(4.2%)	757,209	8.4%
OPERATING EXPENSES						
NURSING SERVICES	114,733	120,542	111,137	(7.8%)	121,508	9.3%
OTHER PROFESSIONAL SERVICES	251,247	256,909	241,437	(6.0%)	268,544	11.2%
UMC PHYSICIANS	54,697	55,561	53,873	(3.0%)	59,257	10.0%
EC PHYSICIANS	13,249	13,635	13,774	1.0%	13,751	(0.2%)
HOME HEALTH	2,512	2,588	2,373	(8.3%)	2,629	10.8%
RADIOLOGY PHYSICIAN SERVICES	8,982	9,218	9,169	(0.5%)	9,490	3.5%
GENERAL SERVICES	31,159	31,628	30,256	(4.3%)	31,987	5.7%
FISCAL SERVICES	43,253	48,043	46,380	(3.5%)	49,477	6.7%
ADMINISTRATIVE SERVICES	53,938	58,474	56,241	(3.8%)	61,444	9.3%
TTUHSC/OTHER PHYSICIANS	72,795	78,156	78,972	1.0%	82,931	5.0%
COUNTY MEDICAL SERVICES	3,271	3,596	3,535	(1.7%)	3,594	1.7%
INTEREST	-	-	70	100.0%	70	0.4%
DEPRECIATION AND AMORTIZATION	35,304	35,940	36,546	1.7%	37,276	2.0%
TOTAL OPERATING EXPENSES	685,141	714,289	683,761	(4.3%)	741,958	8.5%
OPERATING INCOME (LOSS)	36,922	14,497	14,624	0.9%	15,250	4.3%
NONOPERATING REVENUES						
INVESTMENT INCOME	13,058	8,927	8,389	(6.0%)	8,355	(0.4%)
CARES FUNDING	-	-	10,779	100.0%	-	(100.0%)
NET NONOPERATING INCOME	1,615	1,454	1,492	2.7%	1,517	1.7%
REGIONAL HEALTHCARE PARTNERSHIP FUNDING	2,792	-	-750	(100.0%)	-	100.0%
EXCESS/(DEFICIT) REVENUE OVER EXPENSE	\$54,386	\$24,878	\$34,534	38.8%	\$25,123	(27.3%)



Cash Forecast

(dollars in thousands)

	2020 REVISED BUDGET	2021 BUDGET
BEGINNING CASH BALANCE BEFORE DESIGNATIONS	\$367,750	\$370,136
SOURCES OF CASH		
Excess Revenue Over/(Under) Expenses	34,534	25,123
Foundation Donation – Trauma	-	625
Foundation Donation – CMN	475	2,000
Foundation Donation – Cardiac	70	1,000
Add (Deduct) Items Included in Operations Not Affecting Cash		
Depreciation	36,546	37,276
CASH SURPLUS/(DEFICIT) FROM NET INCOME	\$71,624	\$66,025
TOTAL CASH AVAILABLE	\$439,194	\$436,161
SOURCES/(USES) OF CASH		
Facility Expansion	(56,493)	(66,402)
Equipment Acquisition	(29,049)	(30,089)
Medicare Advanced Payment	9,583	(9,583)
Deferred Payroll Taxes (CARES Act)	6,900	(3,450)
TOTAL SOURCES/(USES) OF CASH	(\$69,058)	(\$109,524)
TOTAL CASH BALANCE BEFORE DESIGNATIONS	\$370,136	\$326,636
LESS RESERVES		
Board Designated for Operating Reserve	\$215,739	\$234,894
Board Designated for Capital Expansion	66,402	43,439
Board Designated for Capital Equipment	30,089	26,892
Board Designated for Self Insurance	2,779	2,779
Endowment for SOM Anesthesiology	1,027	1,027
Endowment for Excellence in Nursing	1,054	1,054
Board Designated for Peter Canizaro Prof.	250	250
Medicare Advanced Payment Recoupment	9,583	-
Deferred Payroll Taxes (CARES Act)	6,900	3,450
RAC Audit Reserve	5,000	5,000
TOTAL RESERVES	338,822	318,784
UNDESIGNATED CASH BALANCE AT YEAR END	\$31,314	\$7,853
BOARD OPERATING RESERVE DAYS ON HAND	120.0	120.0

Property Tax Calculation

No-New-Revenue Tax Rate Calculation	
2019 Adjusted Tax Levy	\$23,144,107
2020 Adjusted Tax Base (less value of new property)	22,434,355,260
2020 No-New-Revenue Tax Rate	0.1031640
Tax Revenue Attributable to New Construction	607,052
2020 Certified Tax Roll and Levy	
Appraised Valuation (less TIF)	23,022,720,568
No-New-Revenue Tax Rate Per \$100	0.1031640
Total Tax Levy	23,751,159
Percent of Current Collection	99.78%
Estimated Current Tax Collections	\$23,698,907
Summary of Tax Collections	
Current Tax	23,698,907
Penalty and Interest	220,503
Total 2020 Tax Collections	\$23,919,410

Estimated Tax Collections at Rate Levels	% Chg to NNR Rate	Tax Rate	Revenue on 2020 Property	Chg in Revenue
2019 Adopted Tax Rate	1.96%	0.1051860	\$24,216,679	\$517,772
2020 No-New-Revenue Tax Rate	0.00%	0.1031640	23,698,907	-
1% Increase	1.00%	0.1041956	23,935,896	236,989
2% Increase	2.00%	0.1052273	24,172,885	473,978
3% Increase	3.00%	0.1062589	24,409,874	710,967
2020 Voter-Approval Rate	8.00%	0.1112350	25,552,983	1,854,076

No-New-Revenue Rate by Year		Rate	% Change
2020		0.1031640	-1.92%
2019		0.1051860	-1.83%
2018		0.1071430	-2.40%
2017		0.1097780	-2.03%
2016		0.1120554	

Comparative Tax

	2019	% of Levy	Proposed 2020	% of Levy
Lubbock County				
Average Market Value	152,776		158,369	
Homestead Exemptions	0%		0%	
Taxable Value	152,776		158,369	
Tax Rate/\$100*	0.3399780		0.3305750	
Tax Levy	\$519.40	16.6%	\$523.53	16.4%
Lubbock ISD				
Average Market Value	152,776		158,369	
Homestead Exemptions	15,000		15,000	
Taxable Value	137,776		143,369	
Tax Rate/\$100*	1.1650000		1.1514000	
Tax Levy	\$1,605.09	51.1%	\$1,650.75	51.8%
City of Lubbock				
Average Market Value	152,776		158,369	
Homestead Exemptions	0%		0%	
Taxable Value	152,776		158,369	
Tax Rate/\$100*	0.5580200		0.5358850	
Tax Levy	\$852.52	27.2%	\$848.68	26.7%
Lubbock County Hospital District				
Average Market Value	152,776		158,369	
Homestead Exemptions	0%		0%	
Taxable Value	152,776		158,369	
Tax Rate/\$100*	0.1051860		0.1031640	
Tax Levy	\$160.70	5.1%	\$163.38	5.1%
Total Tax Levy	\$3,137.71	100.0%	\$3,186.33	100.0%

*2019 using adopted tax rate. 2020 using proposed rate subject to final adoption by governing bodies.