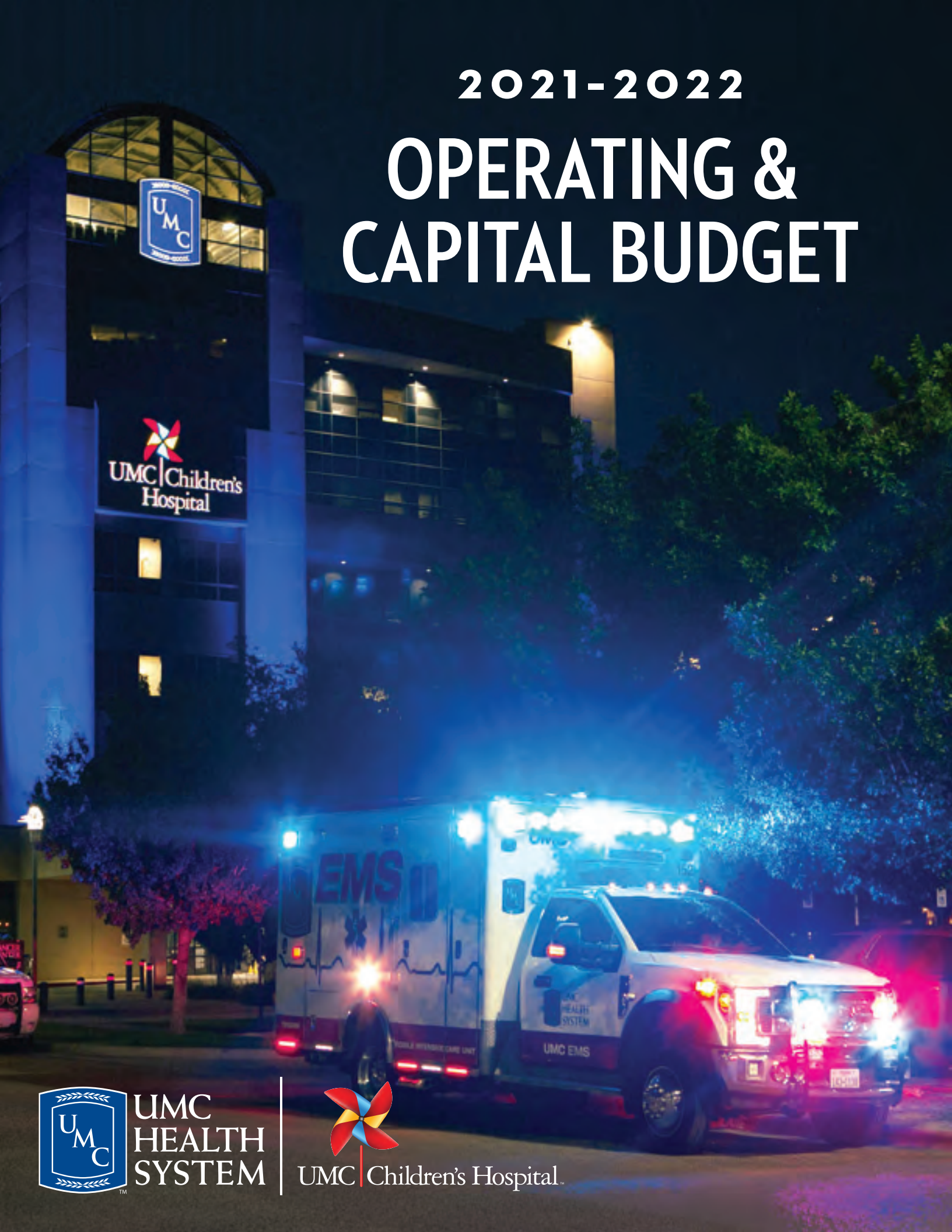


2021-2022

OPERATING & CAPITAL BUDGET



UMC
HEALTH
SYSTEM



UMC Children's Hospital.

UMC Health System 2021-2022 Operating and Capital Budget

This budget will raise more revenue from property taxes than last year's budget by an amount of \$1,732,460, which is a 7.3% increase from last year's budget. The property tax revenue to be raised from new property added to the tax roll this year is \$513,411.

2022 Budget Summary



Average daily census from 391.2 in 2021 to 395.2 in 2022



\$661M in net patient revenue



Property tax revenue of \$25.7M at the proposed tax rate of \$0.1031640



\$771M in operating expenses



Budgeted net income of \$29.0M with 3.0% operating margin



Capital investments of \$124.5M, including \$30.0M in equipment and \$94.5M in expansion/facilities



Ending cash balance of \$375M



Unfunded care of \$97.1M and TTU School of Medicine Support of \$78.3M

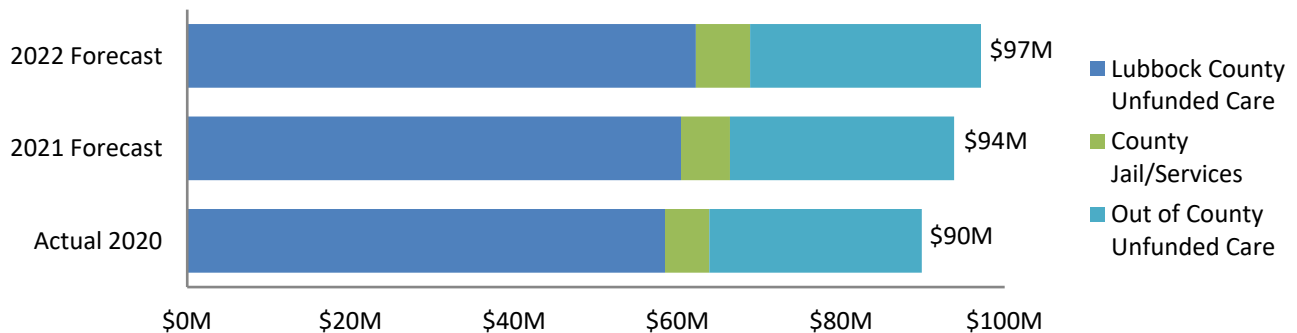
Proposed Budget Summary

(dollars in thousands)

	2020 Actual	2021 Original	2021 Revised	2022 Budget
Net Patient Revenue	\$578,545	\$633,145	\$630,679	\$660,841
Other Operating Revenue	6,612	7,333	7,973	8,255
Property Tax Revenue	24,006	24,491	25,684	26,066
Supplemental Funding	130,134	92,239	118,318	99,881
Total Operating Revenue	\$739,297	\$757,209	\$782,654	\$795,043
Less Operating Expense	688,426	741,949	734,693	770,838
Operating Income	\$50,871	\$15,259	\$47,961	\$24,205
Investment Income	17,909	8,355	3,597	3,615
Non-Operating Income	621	1,509	1,267	1,217
Revenues Over Expenses	\$69,401	\$25,123	\$52,824	\$29,036
<i>Operating Margin</i>	<i>6.9%</i>	<i>2.0%</i>	<i>6.1%</i>	<i>3.0%</i>
Capital Equipment	\$26,679	\$30,089	\$33,278	\$29,984
Capital Expansion	47,769	66,402	38,896	94,537
Total Capital Outlay	\$74,448	\$96,491	\$72,174	\$124,521
Cash Balance	\$477,823	\$326,636	\$481,272	\$375,333

	2020 Adopted	2021 Proposed
Tax Rate	\$0.1031640	\$0.1031640

2020 - 2022 Cost of Unfunded Care



Income Statement by Expense Category

(dollars in thousands)

	2020 ACTUAL	2021 BUDGET	2021 REVISED BUDGET	2021 BUDGET CHG %	2022 BUDGET	2022 BUDGET CHG %
REVENUE						
NET PATIENT SERVICE REVENUE						
HOSPITAL	\$515,124	\$567,598	\$564,246	(0.6%)	\$594,054	5.3%
UMC PHYSICIANS	50,130	51,755	52,576	1.6%	52,254	(0.6%)
EC PHYSICIANS	4,277	4,584	4,651	1.5%	4,901	5.4%
RADIOLOGY PHYSICIAN SERVICES	9,014	9,209	9,206	0.0%	9,633	4.6%
OTHER OPERATING REVENUE	6,612	7,333	7,973	8.7%	8,255	3.5%
AD VALOREM TAX REVENUE	24,006	24,491	25,684	4.9%	26,066	1.5%
MEDICAID SUPPLEMENTAL FUNDING	130,134	92,239	118,318	28.3%	99,881	(15.6%)
TOTAL OPERATING REVENUE	739,297	757,209	782,654	3.4%	795,043	1.6%
OPERATING EXPENSES						
PAYROLL & BENEFITS	260,348	273,301	269,333	(1.5%)	282,338	4.8%
PROFESSIONAL SERVICES	14,222	14,368	15,222	5.9%	16,135	6.0%
SUPPLIES	138,799	156,167	147,017	(5.9%)	158,542	7.8%
PURCHASED SERVICES	57,390	63,993	64,345	0.5%	65,981	2.5%
OTHER DIRECT EXPENSES	27,876	31,345	31,148	(0.6%)	32,754	5.2%
INTEREST	65	70	51	(27.3%)	53	3.0%
DEPRECIATION AND AMORTIZATION	37,395	37,276	39,754	6.6%	40,947	3.0%
TTUHSC/OTHER PHYSICIANS	74,266	82,931	83,715	0.9%	88,420	5.6%
UMC PHYSICIANS	54,919	59,257	60,204	1.6%	61,107	1.5%
EC PHYSICIANS	13,583	13,751	14,243	3.6%	14,678	3.1%
RADIOLOGY PHYSICIAN SERVICES	9,563	9,490	9,661	1.8%	9,883	2.3%
TOTAL OPERATING EXPENSES	688,426	741,949	734,693	(1.0%)	770,838	4.9%
OPERATING INCOME (LOSS)	50,871	15,259	47,961	214.3%	24,205	(49.5%)
NONOPERATING REVENUES						
INVESTMENT INCOME	8,044	8,355	3,597	(57.0%)	3,615	0.5%
CARES FUNDING	9,865	-	-	0.0%	-	0.0%
NET NONOPERATING INCOME	1,321	1,509	1,267	(16.0%)	1,217	(3.9%)
REGIONAL HEALTHCARE PARTNERSHIP FUNDING	-700	-	-	0.0%	-	0.0%
EXCESS/(DEFICIT) REVENUE OVER EXPENSE	\$69,401	\$25,123	\$52,824	110.3%	\$29,036	(45.0%)

Income Statement by Expense Area

(dollars in thousands)

	2020 ACTUAL	2021 BUDGET	2021 REVISED BUDGET	2021 BUDGET CHG %	2022 BUDGET	2022 BUDGET CHG %
REVENUE						
NET PATIENT SERVICE REVENUE						
HOSPITAL	\$515,124	\$567,598	\$564,246	(0.6%)	\$594,054	5.3%
UMC PHYSICIANS	50,130	51,755	52,576	1.6%	52,254	(0.6%)
EC PHYSICIANS	4,277	4,584	4,651	1.5%	4,901	5.4%
RADIOLOGY PHYSICIAN SERVICES	9,014	9,209	9,206	0.0%	9,633	4.6%
OTHER OPERATING REVENUE	6,612	7,333	7,973	8.7%	8,255	3.5%
AD VALOREM TAX REVENUE	24,006	24,491	25,684	4.9%	26,066	1.5%
MEDICAID SUPPLEMENTAL FUNDING	130,134	92,239	118,318	28.3%	99,881	(15.6%)
TOTAL OPERATING REVENUE	739,297	757,209	782,654	3.4%	795,043	1.6%
OPERATING EXPENSES						
NURSING SERVICES	116,985	120,508	118,988	(1.3%)	125,051	5.1%
OTHER PROFESSIONAL SERVICES	249,454	272,164	261,778	(3.8%)	278,183	6.3%
UMC PHYSICIANS	54,919	59,257	60,204	1.6%	61,107	1.5%
EC PHYSICIANS	13,583	13,751	14,243	3.6%	14,678	3.1%
RADIOLOGY PHYSICIAN SERVICES	9,563	9,490	9,661	1.8%	9,883	2.3%
GENERAL SERVICES	30,325	31,987	32,515	1.7%	34,019	4.6%
FISCAL SERVICES	44,346	49,477	48,616	(1.7%)	50,742	4.4%
ADMINISTRATIVE SERVICES	54,183	61,444	61,443	0.0%	63,447	3.3%
TTUHSC/OTHER PHYSICIANS	74,266	82,931	83,715	0.9%	88,420	5.6%
COUNTY MEDICAL SERVICES	3,343	3,594	3,723	3.6%	4,307	15.7%
INTEREST	65	70	51	(27.3%)	53	3.0%
DEPRECIATION AND AMORTIZATION	37,395	37,276	39,754	6.6%	40,947	3.0%
TOTAL OPERATING EXPENSES	688,426	741,949	734,693	(1.0%)	770,838	4.9%
OPERATING INCOME (LOSS)	50,871	15,259	47,961	214.3%	24,205	(49.5%)
NONOPERATING REVENUES						
INVESTMENT INCOME	8,044	8,355	3,597	(57.0%)	3,615	0.5%
CARES FUNDING	9,865	-	-	0.0%	-	0.0%
NET NONOPERATING INCOME	1,321	1,509	1,267	(16.0%)	1,217	(3.9%)
REGIONAL HEALTHCARE PARTNERSHIP FUNDING	-700	-	-	0.0%	-	0.0%
EXCESS/(DEFICIT) REVENUE OVER EXPENSE	\$69,401	\$25,123	\$52,824	110.3%	\$29,036	(45.0%)

Property Tax Calculation

No-New-Revenue Tax Rate Calculation	
2020 Adjusted Tax Levy	\$23,751,214
2021 Adjusted Tax Base (less value of new property)	24,179,299,980
2021 No-New-Revenue Tax Rate	0.098229
Tax Revenue Attributable to New Construction	\$513,411
2021 Certified Tax Roll and Levy	
Appraised Valuation (less TIF)	24,702,099,477
Proposed Tax Rate Per \$100	0.1031640
Total Tax Levy	25,483,674
Percent of Current Collection	100%
Estimated Current Tax Collections	\$25,483,674
Summary of Tax Collections	
Current Tax	25,483,674
Penalty and Interest	200,000
Total 2021 Tax Collections	\$25,683,674

Estimated Tax Collections at Rate Levels	% Chg to NNR Rate	Tax Rate	Revenue on 2021 Property	Chg in Revenue from Rate
2020 Adopted Tax Rate	5.0%	0.1031640	\$25,483,674	\$1,219,049
2021 No-New-Revenue Tax Rate	0.0%	0.0982290	24,264,625	-
1% Increase	1.0%	0.0992113	24,507,274	242,649
2% Increase	2.0%	0.1001936	24,749,923	485,297
3% Increase	3.0%	0.1011759	24,992,571	727,946
2021 Voter-Approval Rate	8.0%	0.1061100	26,211,398	1,946,772

Proposed/Adopted Rate by Year		Rate	% Change
2021	2020 Rate Proposed	0.1031640	0.00%
2020	No New Revenue Rate	0.1031640	-1.92%
2019	No New Revenue Rate	0.1051860	-1.83%
2018	No New Revenue Rate	0.1071430	-2.40%
2017	No New Revenue Rate	0.1097780	

Comparative Tax

	2020	% of Levy	Proposed 2021*	% of Levy
Lubbock County				
Average Market Value	158,369		169,609	
Homestead Exemptions	0%		0%	
Taxable Value	158,369		169,609	
Tax Rate/\$100*	0.3399780		0.3399780	
Tax Levy	\$538.42	16.8%	\$576.63	16.7%
Lubbock ISD				
Average Market Value	158,369		169,609	
Homestead Exemptions	15,000		15,000	
Taxable Value	143,369		154,609	
Tax Rate/\$100*	1.1514000		1.1514000	
Tax Levy	\$1,650.75	51.4%	\$1,780.17	51.6%
City of Lubbock				
Average Market Value	158,369		169,609	
Homestead Exemptions	0%		0%	
Taxable Value	158,369		169,609	
Tax Rate/\$100*	0.5415730		0.5415730	
Tax Levy	\$857.68	26.7%	\$918.56	26.6%
Lubbock County Hospital District				
Average Market Value	158,369		169,609	
Homestead Exemptions	0%		0%	
Taxable Value	158,369		169,609	
Tax Rate/\$100*	0.1031640		0.1031640	
Tax Levy	\$163.38	5.1%	\$174.98	5.1%
Total Tax Levy	\$3,210.23	100.0%	\$3,450.33	100.0%

**2020 using adopted tax rate. 2021 using prior year rate for proposed, subject to final adoption by governing bodies.*