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UMC Health System 2023-2024 Operating and Capital Budget

This budget will raise more revenue from property taxes than last year's budget by an amount of \$2,445,418, which is an 8.1% increase from last year's budget. The property tax revenue to be raised from new property added to the tax roll this year is \$1,012,562.

2024 Budget Summary



Average daily census from 395.7 in 2023 to 407.5 in 2024



\$789M in net patient revenue



Property tax revenue of \$32.9M at the proposed tax rate of \$0.1031640



\$933M in operating expenses



Budgeted net income of \$37.9M with 1.7% operating margin



Capital investments of \$120M, including \$42M in equipment and \$78M in expansion/facilities



Ending cash balance of \$361M



Unfunded care of \$104M and TTU School of Medicine Support of \$91M

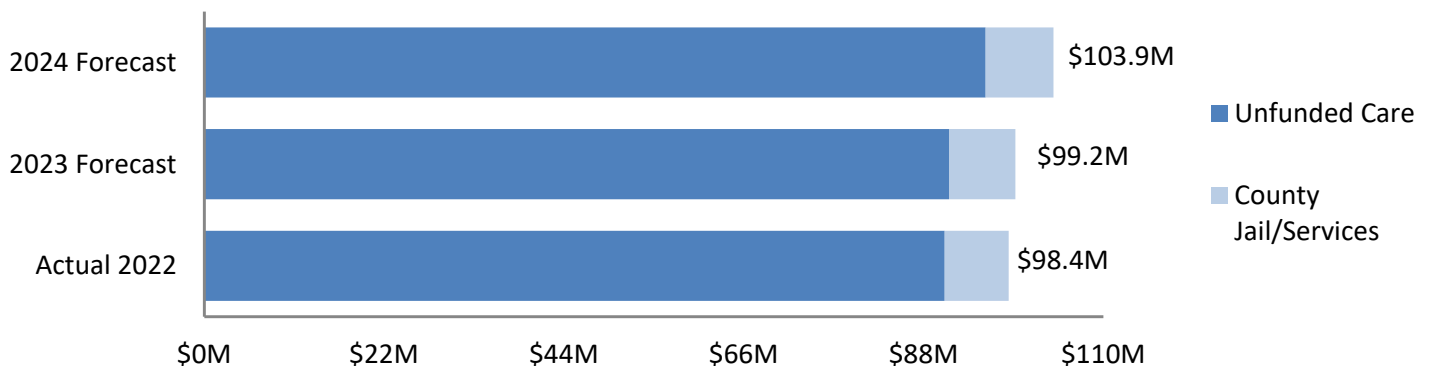
Proposed Budget Summary

(dollars in thousands)

	2022 Actual	2023 Original	2023 Revised	2024 Budget
Net Patient Revenue	\$674,854	\$699,473	\$739,134	\$789,198
Other Operating Revenue	9,732	8,778	10,981	12,783
Property Tax Revenue	29,434	30,540	32,853	36,118
Supplemental Funding	139,198	103,331	114,710	111,597
Total Operating Revenue	\$853,219	\$842,122	\$897,678	\$949,696
Less Operating Expense	808,662	838,890	867,317	933,223
Operating Income	\$44,557	\$3,232	\$30,361	\$16,473
Investment/Other Income	16,152	6,033	25,826	20,630
Nonoperating Income	605	506	686	796
Revenues Over Expenses	\$61,315	\$9,770	\$56,874	\$37,899
<i>Operating Margin</i>	<i>5.2%</i>	<i>0.4%</i>	<i>3.4%</i>	<i>1.7%</i>
Capital Equipment	\$45,290	\$43,184	\$41,155	\$41,929
Capital Expansion	54,382	111,549	123,581	77,819
Total Capital Outlay	\$99,672	\$154,733	\$164,736	\$119,748
Cash Balance	\$456,756	\$336,618	\$393,072	\$360,599

	2022 Adopted	2023 Proposed
Tax Rate	\$0.1031640	\$0.1031640

2022 - 2024 Cost of Unfunded Care



Income Statement by Expense Category

(dollars in thousands)

	2022 ACTUAL (Unaudited)	2023 BUDGET	2023 REVISED BUDGET	2023 BUDGET CHG %	2024 BUDGET	2024 BUDGET CHG %
REVENUE						
NET PATIENT SERVICE REVENUE						
HOSPITAL	\$612,463	\$635,687	\$675,133	6.2%	\$722,483	7.0%
UMC PHYSICIANS	48,097	49,053	49,239	0.4%	50,962	3.5%
EC PHYSICIANS	5,677	5,698	5,705	0.1%	6,092	6.8%
RADIOLOGY PHYSICIAN SERVICES	8,616	9,035	9,057	0.2%	9,660	6.7%
OTHER OPERATING REVENUE	9,732	8,778	10,981	25.1%	12,783	16.4%
AD VALOREM TAX REVENUE	29,434	30,540	32,853	7.6%	36,118	9.9%
MEDICAID SUPPLEMENTAL FUNDING	139,198	103,331	114,710	11.0%	111,597	(2.7%)
TOTAL OPERATING REVENUE	853,219	842,122	897,678	6.6%	949,696	5.8%
OPERATING EXPENSES						
PAYROLL & BENEFITS	307,624	316,122	323,135	2.2%	351,986	8.9%
PROFESSIONAL SERVICES	20,336	15,545	16,261	4.6%	13,937	(14.3%)
SUPPLIES	157,958	174,648	184,933	5.9%	204,085	10.4%
PURCHASED SERVICES	73,218	72,636	74,270	2.2%	78,334	5.5%
OTHER DIRECT EXPENSES	36,413	35,574	38,151	7.2%	40,371	5.8%
INTEREST	20	23	23	0.0%	24	1.0%
DEPRECIATION & AMORTIZATION	40,934	42,378	42,378	0.0%	47,675	12.5%
TTUHSC/OTHER PHYSICIANS	86,993	96,698	102,289	5.8%	106,815	4.4%
UMC PHYSICIANS	58,798	58,765	58,749	0.0%	60,472	2.9%
EC PHYSICIANS	14,753	14,854	15,087	1.6%	16,440	9.0%
RADIOLOGY PHYSICIAN SERVICES	11,615	11,647	12,042	3.4%	13,084	8.7%
TOTAL OPERATING EXPENSES	808,662	838,890	867,317	3.4%	933,223	7.6%
OPERATING INCOME (LOSS)	44,557	3,232	30,361	839.4%	16,473	(45.7%)
NONOPERATING REVENUES						
INVESTMENT INCOME	12,754	2,622	16,280	520.8%	16,910	3.9%
INVESTMENT IN JOINT VENTURES	3,398	3,410	3,538	3.8%	3,720	5.1%
NET NONOPERATING INCOME	605	506	686	35.7%	796	16.1%
TOTAL NONOPERATING REVENUES	16,758	6,538	20,504	213.6%	21,427	4.5%
REGIONAL HEALTHCARE PARTNERSHIP FUNDING	0	0	6,008	0.0%	0	(100.0%)
EXCESS/(DEFICIT) REVENUE OVER EXPENSE	\$61,315	\$9,770	\$56,874	482.1%	\$37,899	(33.4%)

Income Statement by Expense Area

(dollars in thousands)

	2022 ACTUAL (Unaudited)	2023 BUDGET	2023 REVISED BUDGET	2023 BUDGET CHG %	2024 BUDGET	2024 BUDGET CHG %
REVENUE						
NET PATIENT SERVICE REVENUE						
HOSPITAL	\$612,463	\$635,687	\$675,133	6.2%	\$722,483	7.0%
UMC PHYSICIANS	48,097	49,053	49,239	0.4%	50,962	3.5%
EC PHYSICIANS	5,677	5,698	5,705	0.1%	6,092	6.8%
RADIOLOGY PHYSICIAN SERVICES	8,616	9,035	9,057	0.2%	9,660	6.7%
OTHER OPERATING REVENUE	9,732	8,778	10,981	25.1%	12,783	16.4%
AD VALOREM TAX REVENUE	29,434	30,540	32,853	7.6%	36,118	9.9%
MEDICAID SUPPLEMENTAL FUNDING	139,198	103,331	114,710	11.0%	111,597	(2.7%)
TOTAL OPERATING REVENUE	853,219	842,122	897,678	6.6%	949,696	5.8%
OPERATING EXPENSES						
NURSING SERVICES	145,850	141,370	144,742	2.4%	157,138	8.6%
CLINICAL ANCILLARY SERVICES	289,798	307,051	320,813	4.5%	350,576	9.3%
PHYSICIAN PRACTICE	2,240	2,205	2,830	28.4%	3,117	10.1%
UMC PHYSICIANS	58,798	58,765	58,749	0.0%	60,472	2.9%
EC PHYSICIANS	14,753	14,854	15,087	1.6%	16,440	9.0%
RADIOLOGY PHYSICIAN SERVICES	11,615	11,647	12,042	3.4%	13,084	8.7%
SUPPORT SERVICES	38,710	36,771	39,262	6.8%	44,800	14.1%
FISCAL SERVICES	51,835	55,796	55,912	0.2%	58,349	4.4%
ADMINISTRATIVE SERVICES	62,565	66,827	68,347	2.3%	69,875	2.2%
TTUHSC/OTHER PHYSICIANS	86,993	96,698	102,289	5.8%	106,815	4.4%
COUNTY MEDICAL SERVICES	4,552	4,504	4,843	7.5%	4,858	0.3%
INTEREST	20	23	23	0.0%	24	1.0%
DEPRECIATION & AMORTIZATION	40,934	42,378	42,378	0.0%	47,675	12.5%
TOTAL OPERATING EXPENSES	808,662	838,890	867,317	3.4%	933,223	7.6%
OPERATING INCOME (LOSS)	44,557	3,232	30,361	839.4%	16,473	(45.7%)
NONOPERATING REVENUES						
INVESTMENT INCOME	12,754	2,622	16,280	520.8%	16,910	3.9%
INVESTMENT IN JOINT VENTURES	3,398	3,410	3,538	3.8%	3,720	5.1%
NET NONOPERATING INCOME	605	506	686	35.7%	796	16.1%
TOTAL NONOPERATING REVENUES	16,758	6,538	20,504	213.6%	21,427	4.5%
REGIONAL HEALTHCARE PARTNERSHIP FUNDING	0	0	6,008	0.0%	0	(100.0%)
EXCESS/(DEFICIT) REVENUE OVER EXPENSE	\$61,315	\$9,770	\$56,874	482.1%	\$37,899	(33.4%)

Property Tax Calculation

No-New-Revenue Tax Rate Calculation	
2022 Adjusted Tax Levy	\$30,207,369
2023 Adjusted Tax Base (less value of new property)	30,624,653,729
2023 No-New-Revenue Tax Rate	0.0986370
Tax Revenue Attributable to New Construction	\$1,012,562
2023 Certified Tax Roll and Levy	
Appraised Valuation (less TIF)	31,651,338,418
Proposed Tax Rate Per \$100	0.1031640
Total Tax Levy	32,652,787
Percent of Current Collection	100%
Estimated Current Tax Collections	\$32,652,787
Summary of Tax Collections	
Current Tax	32,652,787
Penalty and Interest	200,000
Total 2023 Tax Collections	\$32,852,787

Estimated Tax Collections at Rate Levels	% Chg to NNR Rate	Tax Rate	Revenue on 2023 Property	Chg in Revenue from Rate
2022 Adopted Tax Rate	4.6%	0.1031640	\$32,652,787	\$1,432,856
2023 No-New-Revenue Tax Rate	0.0%	0.0986370	31,219,931	-
1% Increase	1.0%	0.0996234	31,532,139	312,209
2% Increase	2.0%	0.1006097	31,844,317	624,386
3% Increase	3.0%	0.1015961	32,156,525	936,595
2023 Voter-Approval Rate	8.0%	0.1059790	33,543,772	2,323,841

Proposed/Adopted Rate by Year		Rate	% Change
2023	Maintain Rate	0.1031640	0.00%
2022	Maintain Rate	0.1031640	0.00%
2021	Maintain Rate	0.1031640	0.00%
2020	No New Revenue Rate	0.1031640	-1.92%
2019	No New Revenue Rate	0.1051860	

Comparative Tax

	2022	% of Levy	Proposed 2023*	% of Levy
Lubbock County				
Average Market Value	196,703		217,152	
Homestead Exemptions	0%		0%	
Taxable Value	196,703		217,152	
Tax Rate/\$100*	0.347720		0.3477200	
Tax Levy	\$683.98	18.0%	\$755.08	17.9%
Lubbock ISD				
Average Market Value	196,703		217,152	
Homestead Exemptions	15,000		15,000	
Taxable Value	181,703		202,152	
Tax Rate/\$100*	1.092000		1.092000	
Tax Levy	\$1,984.20	52.1%	\$2,207.50	52.3%
City of Lubbock				
Average Market Value	196,703		217,152	
Homestead Exemptions	0%		0%	
Taxable Value	196,703		217,152	
Tax Rate/\$100*	0.4767620		0.4767620	
Tax Levy	\$937.81	24.6%	\$1,035.30	24.5%
Lubbock County Hospital District				
Average Market Value	196,703		217,152	
Homestead Exemptions	0%		0%	
Taxable Value	196,703		217,152	
Tax Rate/\$100*	0.1031640		0.1031640	
Tax Levy	\$202.93	5.3%	\$224.02	5.3%
Total Tax Levy	\$3,808.90	100.0%	\$4,221.90	100.0%

*2022 using adopted tax rate. 2023 using prior year rate for proposed, subject to final adoption by governing bodies.