



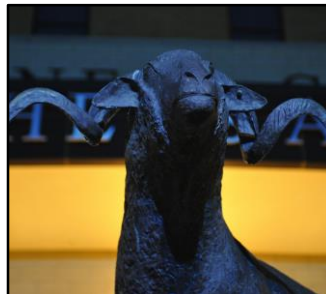
TEXAS TECH UNIVERSITY SYSTEM™

TTU System Administration

STRATEGIC PLANNING RETREAT

Robert Duncan, Chancellor

May 17, 2018





Mission Statement

The mission of the Texas Tech University System is to provide leadership and support services for Texas Tech University, the Texas Tech University Health Sciences Center, the Texas Tech University Health Sciences Center at El Paso, and Angelo State University in the attainment of each component's individual mission.

Mission adopted: December 2014



A System That Makes It Possible

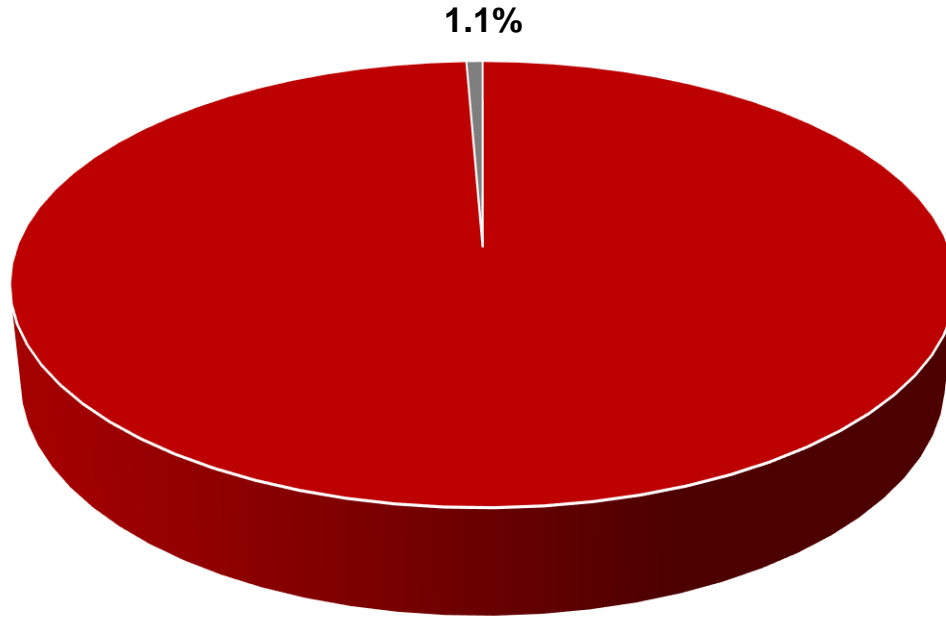
Providing leadership, resources and shared services

- Academic Affairs
- Audit Services
- Board of Regents Office
- Chancellor's Office
- Chief Financial Officer
- Communications & Marketing
- Equal Employment
- Facilities Planning & Construction
- General Counsel
- Governmental Relations
- Information Systems/Technology
- Institutional Advancement
- Investments
- Risk Management
- Treasury



TTU System Budget

Percentage of total budget for System Administration (FY18)



TTU	\$935.4 M
TTUHSC	\$698.3 M
TTUHSC El Paso	\$275 M
ASU	\$119.5 M
TTUS Administration	\$24.4 M
Total	\$2.05 B



Budget Comparisons

University Systems in the State of Texas

System Profiles (FY 2018)	TTU System	Texas State University System	University of Houston System	University of North Texas System	Texas A&M University System	University of Texas System
System-wide budgets (billions)	\$2.05 B	\$1.4 B	\$1.6 B	\$0.9 B	\$4.6 B	\$18.3 B
System Administration Budget (millions)	\$24.4 M	\$11.2 M	\$13.1 M	\$63.2 M	\$94.9 M	\$192.3 M
No. of Components (GAI, HRI)	2 – GAIs 2 – HRIs	7 – GAIs	4 – GAIs	2 – GAIs 1 – HRI	11 – GAIs 1 – HRI*	8 – GAIs 6 – HRIs
% of System Budget used for Administration	1.1%	0.8%	0.8%	7%	2.1%	1%

System Comparisons

Services Provided by University Systems in Texas

Total Services by System

TTU System: 15

TSU System: 8

U of H System: 12

UNT System: 18

	TTU System	TSU System	U of H System	UNT System
% of System Budget used for Administration	1.1%	0.8%	0.8%	7%
Board of Regents	X		X	X
Chancellor's Office	X	X	X	X
Audit Services	X	X	X	X
CFO/Admin & Finance	X	X	X	X
Risk Management	X			X
Equal Employment Opportunity	X			X
Treasury	X		X	X
Investments	X			
General Counsel	X	X	X	X
General Counsel-Self Insurance	X			X
Governmental Relations -State & Federal	X	X	X	X
Communications & Marketing	X	X	X	X
Institutional Advancement	X		X	
Academic Affairs	X	X	X	X
Facilities Planning & Construction	X	X		X
Student Affairs			X	
Research and Technology			X	
Human Resources & Employee Benefits				X
Payroll/Budget				X
Procurement/Contracts/Travel				X
Controller/Accounting				X
Financial Planning/Reporting				X



Value Added

Efficiencies and Cost Savings from System Services

Annual Cost Saving/Cost Avoidance

	TTU	ASU	TTUHSC	TTUHSC EP	TOTAL
* System-Wide I.T. Services					
<i>Enterprise Application Programming & Services</i>	651,445	-	2,924,347	3,222,111	6,797,903
<i>Data Center (hardware, software licensing)</i>	607,332	111,000	2,726,323	3,003,923	6,448,578
<i>Communication Services (VoIP, Call Centers)</i>	-	-	1,003,385	2,266,119	3,269,504
Sub-Total	1,258,777	111,000	6,654,055	8,492,153	16,515,985
* Investments	3,095,962	706,482	912,128	556,560	5,271,132
* Risk Management	984,640	193,156	793,116	301,250	2,272,162
* Treasury Services	1,296,348	394,541	958,170	169,089	2,818,148
Internal Audit	1,011,175	184,105	454,718	569,649	2,219,647
General Counsel-Self Insurance	-	-	1,808,309	1,178,067	2,986,376
General Counsel	1,104,897	157,842	894,440	473,527	2,630,706
Governmental Relations Office	282,201	344,352	250,127	294,220	1,170,900
EEO	77,940	225,460	138,260	262,340	704,000

GRAND TOTAL \$36,589,056

NOTE: Amounts shown are ADDITIONAL costs to components above/beyond current support for system-level services. Cost Avoidance estimates are based on current market rates for services if procured on open market and/or cost of hiring internal staff at each component to cover services currently provided at system-level. System-level functions marked with (*) also include estimated amounts for realized cost savings from consolidated fees, contracts, insurance premiums, license fees, bond rating, etc.



Texas Tech University System

STRATEGIC PLANNING

- I. Continually enhance leadership and governance
- II. Fiscal health and stability
- III. Pursuit of impactful initiatives and brand expansion



I. Continually Enhance Leadership and Governance

- *Fostering a culture of collaboration, sustainability and excellence through executive management.*



Wel·comed Part·ner | *motto*

Providing management and services in a way that recognizes the autonomy of each institution, while upholding accountability, building trust, earning respect and offering support and expertise.

System-wide Enrollment Growth



26,223 students

FALL 1996



52,863 students

FALL 2017

Total FTE: 8,054

Total Budget: \$509.7 million

Total FTE: 13,755

Total Budget: \$2.05 billion



I. Continually Enhance Leadership and Governance

- *Fostering a culture of collaboration, sustainability and excellence through executive management.*
- *Providing autonomy while ensuring accountability, uniformity and consistency*



TTU System Regulations

TTU System Regulations are developed to promote compliance and efficiencies; address specific legal directives and management standards; and provide uniform guidelines for consistent reporting and common areas of operation.

They are not intended to replace component institutions' operating procedures (OPs).

System Regulations Indexing System:

01. Finance and Administration
02. Communication and Marketing
03. Governmental Relations
04. Institutional Advancement
05. Facilities Planning and Construction
06. Academic Affairs
07. General Council
08. Audit Services



TTU System Regulations

01. Finance and Administration

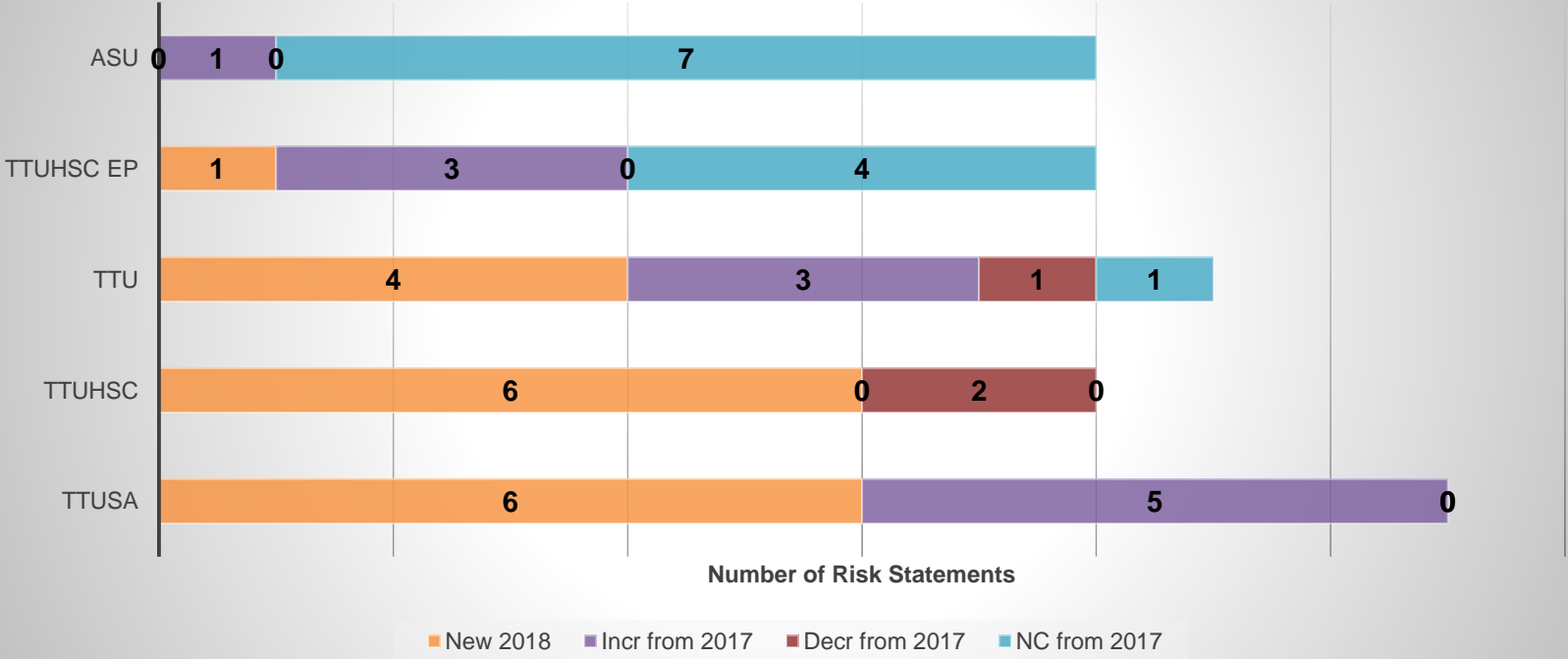
- 01.01 Enterprise Risk Management - Standards of Practice
- 01.02 Tax-Exempt Bond Compliance
- 01.03 Foreign Source Disclosure - Standards of Practice
- 01.04 Unmanned Aircraft Systems
- 01.05 Ethical Conduct and Required Training
- 01.06 Continuity of Operations - Standards of Practice
- 01.07 Review of Health Care Services Contracts
- 01.08 Endowment Fund Expenditure Monitoring - Standards of Practice
- 01.09 Eligibility for Rehire

Enterprise Risk Management

Risk Statement Updates 2017 to 2018



2018 Risk Statement Priority Ranking Changes





II.

Fiscal Health & Stability

Providing resources in support of each institution's individual mission through key functions

- State and Federal Governmental Relations
- Sustained Philanthropy
- Endowment Growth and Investment



Federal Governmental Relations

Advancing a comprehensive, strategic program to obtain and sustain significant federal funding

- Increasing federal profile and credibility
- Near-term success and long-term support
- Aligning with institutional research priorities



West Texas Ideas in Action

Expertise on International Food Safety



Telemedicine



Border Health



Hispanic Serving Institutions



Veterans Programs





Sustained Philanthropy

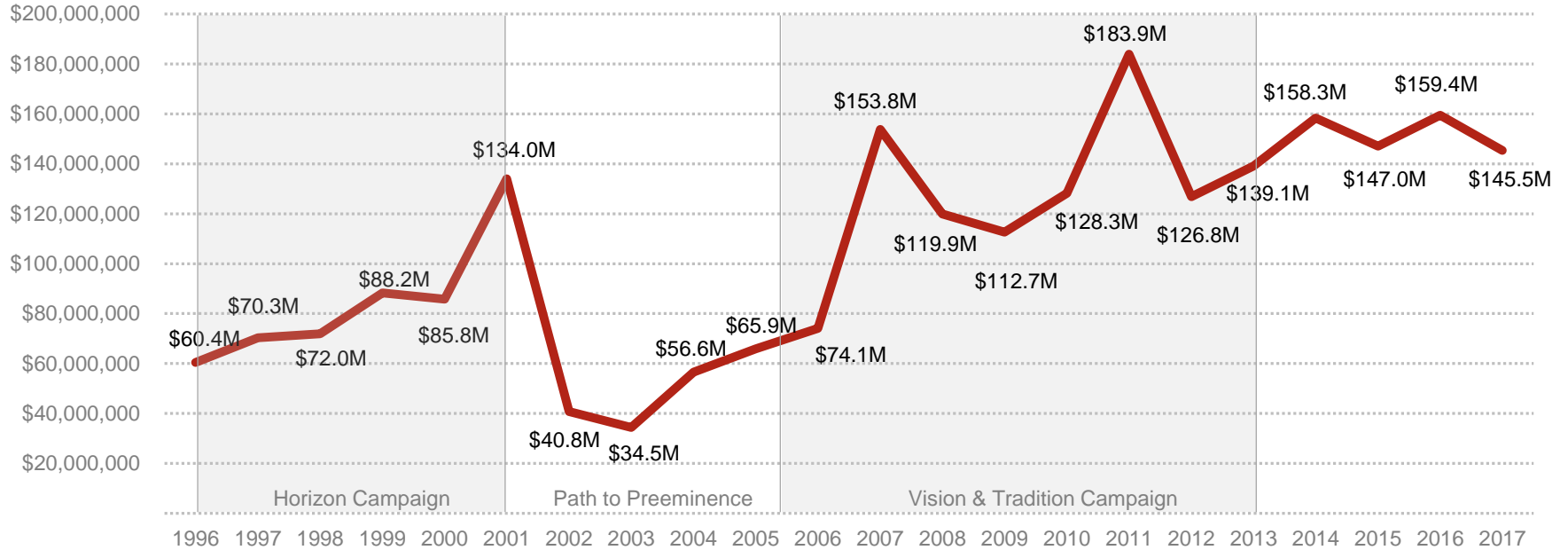
Attaining new levels of philanthropic success through sustainable support, best practices

- Revamped philanthropic approach
- Increased total philanthropic activity while shifting focus to cash and endowments
- Poised for growth with significant capacity



Total Philanthropic Activity

Texas Tech University System

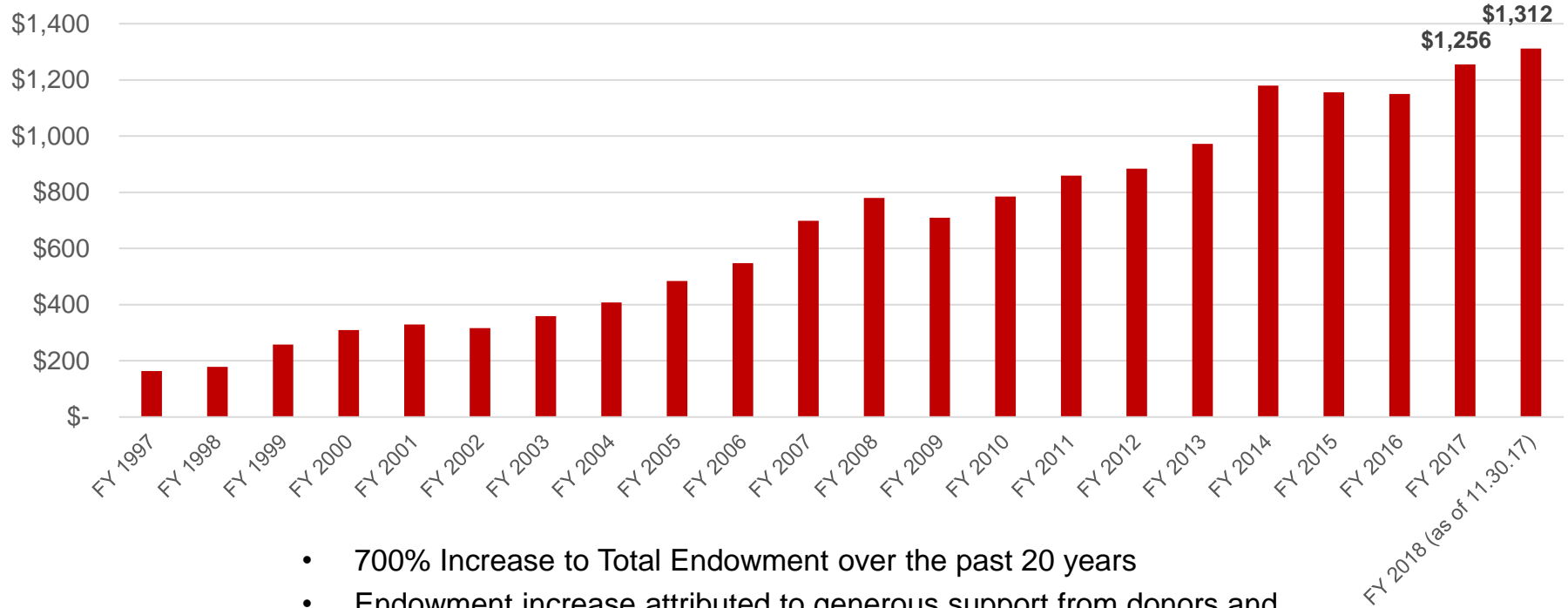


- Total Activity includes:
- Cash, securities, real estate and gifts-in-kind
 - New pledges (less payment received)
 - Irrevocable and revocable deferred gifts



TTU System Total Endowment

(in millions as of FY18 Q1)

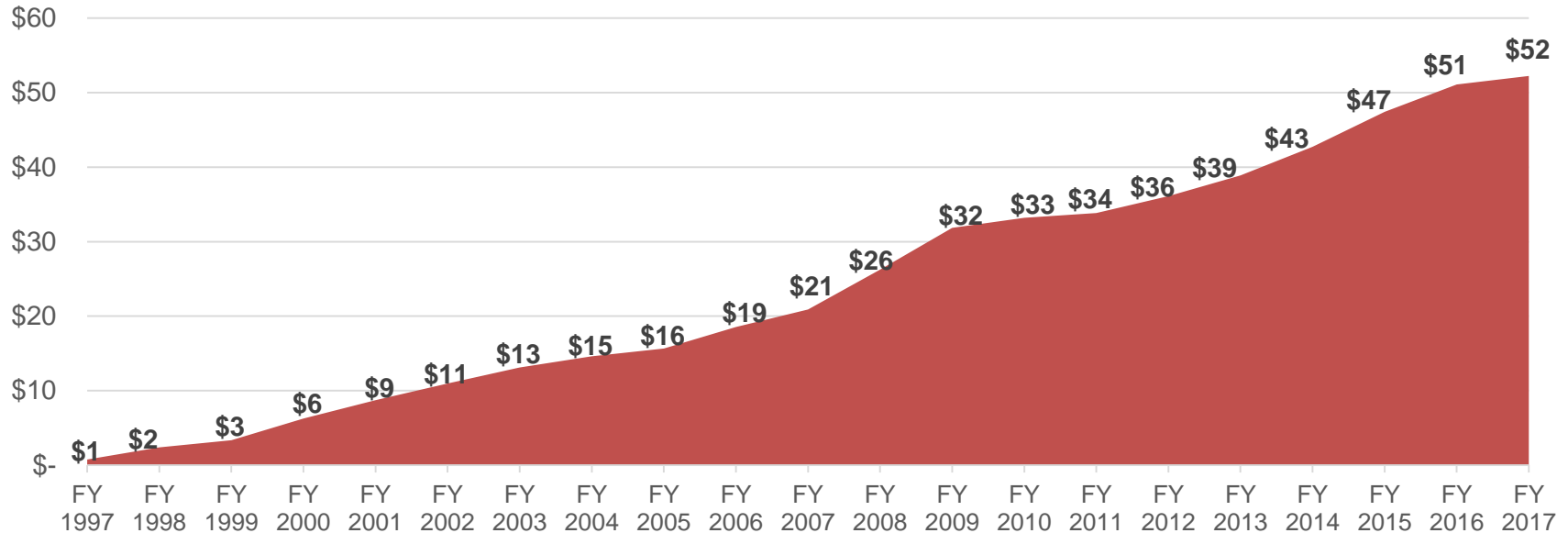


- 700% Increase to Total Endowment over the past 20 years
- Endowment increase attributed to generous support from donors and strong investment performance



Distribution to TTU System Universities

FY 1997 – FY 2017 in millions



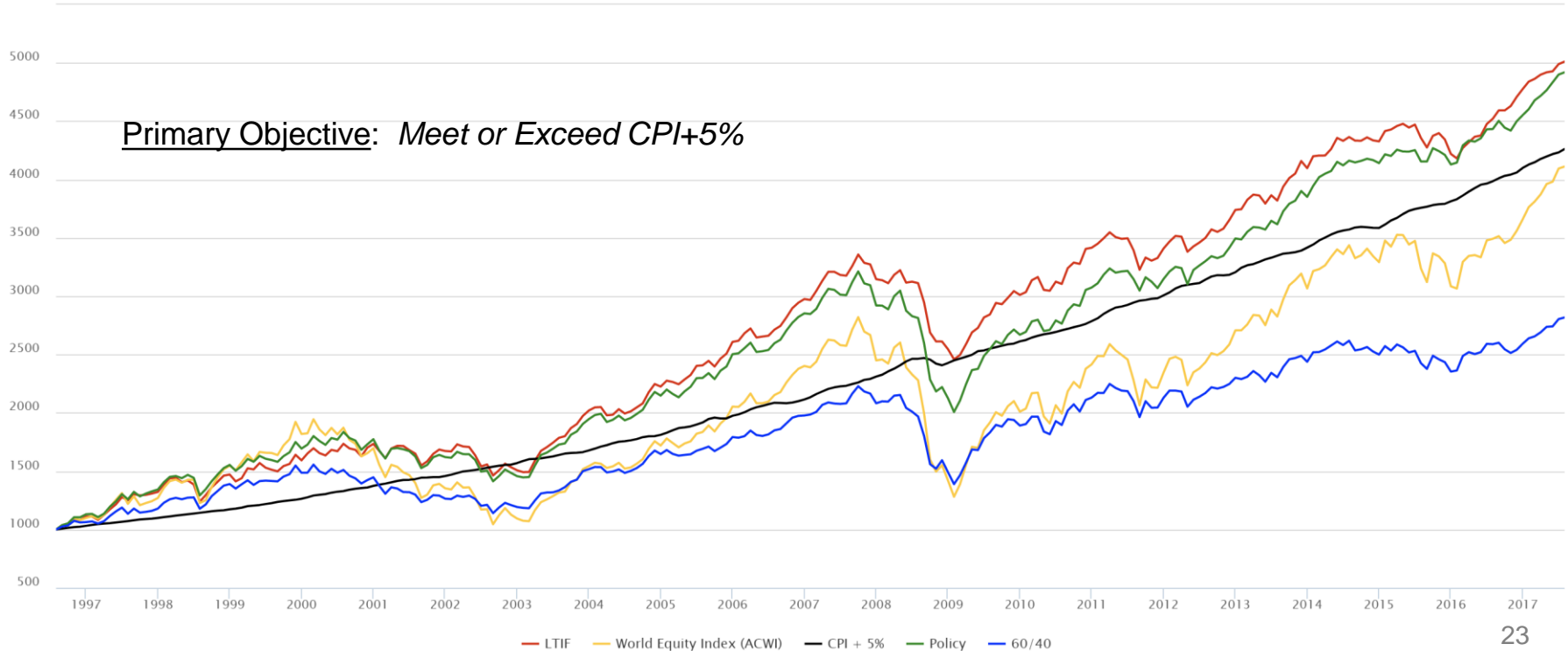
- Through careful stewardship, the target distribution rate of **4.5%** has been realized every year since inception
- Over **\$523M** in total earnings paid since inception (through FY18 Q1); \$207M from FY14-FY18 Q1
- Increases in total distributions realized **EVERY** year since inception

Investment Performance

As of August 31, 2017



Growth of \$1,000





Financial Ratings

Maintaining superior ratings from industry's top three agencies

Date	Moody's	Standard & Poor's	Fitch Ratings
2017	Aa1 / Stable	AA+ / Stable	AA+ / Stable
2016	↑	↑	↑
2015	Aa1 / Stable	AA+ / Stable	↑
2014	↑	↑	AA+ / Stable
2013	↑	↑	↑
2012	↑	↑	↑
2011	↑	↑	↑
2010	Aa2 / Stable	↑	↑
2009	↑	↑	↑
2008	Aa3 / Stable	AA / Stable	AA / Stable



Financial Ratings

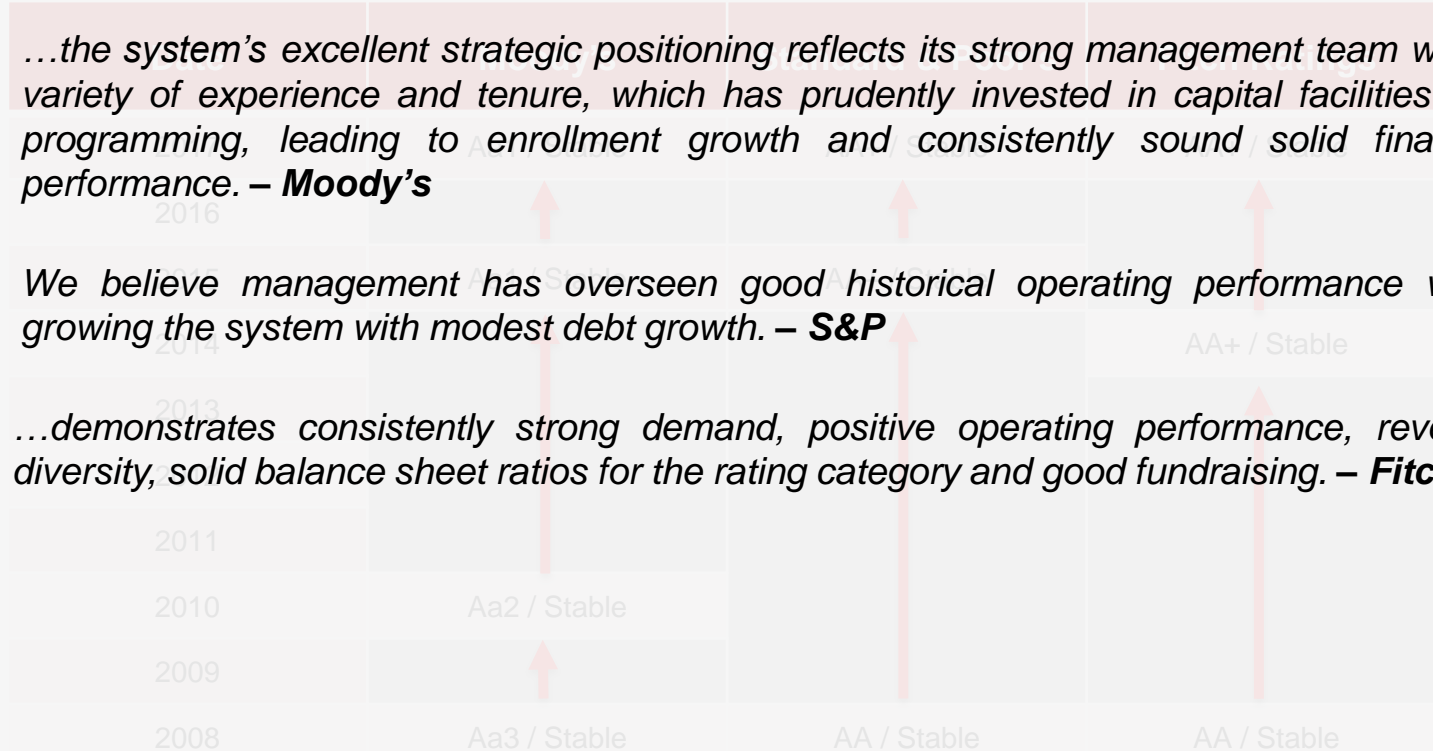
Higher Education Outlook – U.S., 2018

Maintaining superior ratings from industry's top three agencies

*...the system's excellent strategic positioning reflects its strong management team with a variety of experience and tenure, which has prudently invested in capital facilities and programming, leading to enrollment growth and consistently sound solid financial performance. – **Moody's***

*We believe management has overseen good historical operating performance while growing the system with modest debt growth. – **S&P***

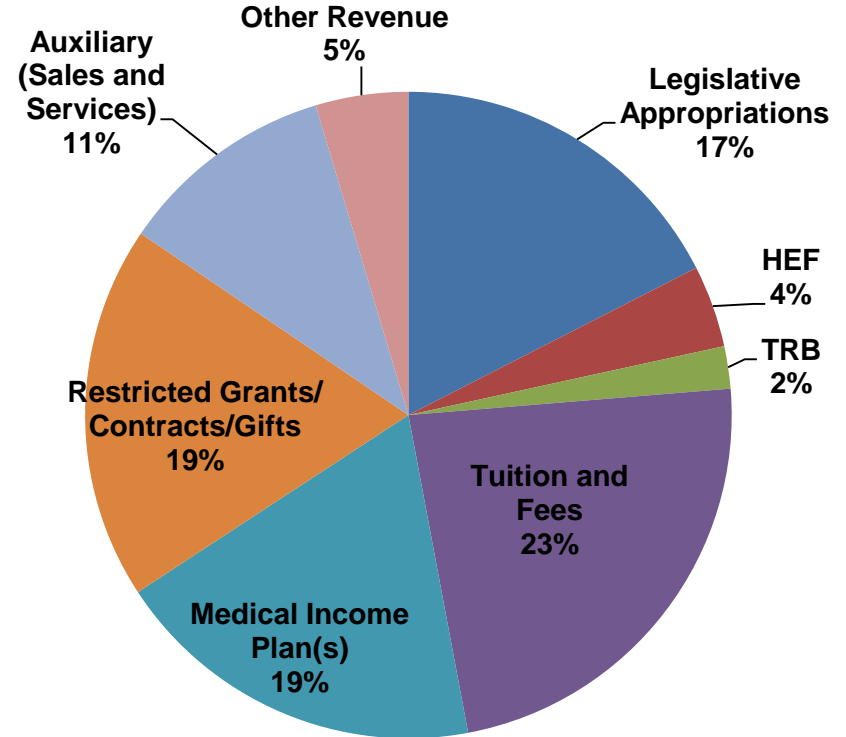
*...demonstrates consistently strong demand, positive operating performance, revenue diversity, solid balance sheet ratios for the rating category and good fundraising. – **Fitch***



TTU System FY18 Budget by Source



Source of Funding	FY 2018	%
Legislative Appropriations	\$358,777,107	17%
HEF	\$84,152,382	4%
TRB	\$43,485,540	2%
Tuition and Fees	\$479,172,710	23%
Medical Income Plan(s)	\$384,549,102	19%
Restricted Grants/Contracts/Gifts	\$384,098,980	19%
Auxiliary (Sales and Services)	\$223,275,348	11%
Other Revenue	\$95,103,531	5%
GRAND TOTAL	\$2,052,614,700	100%

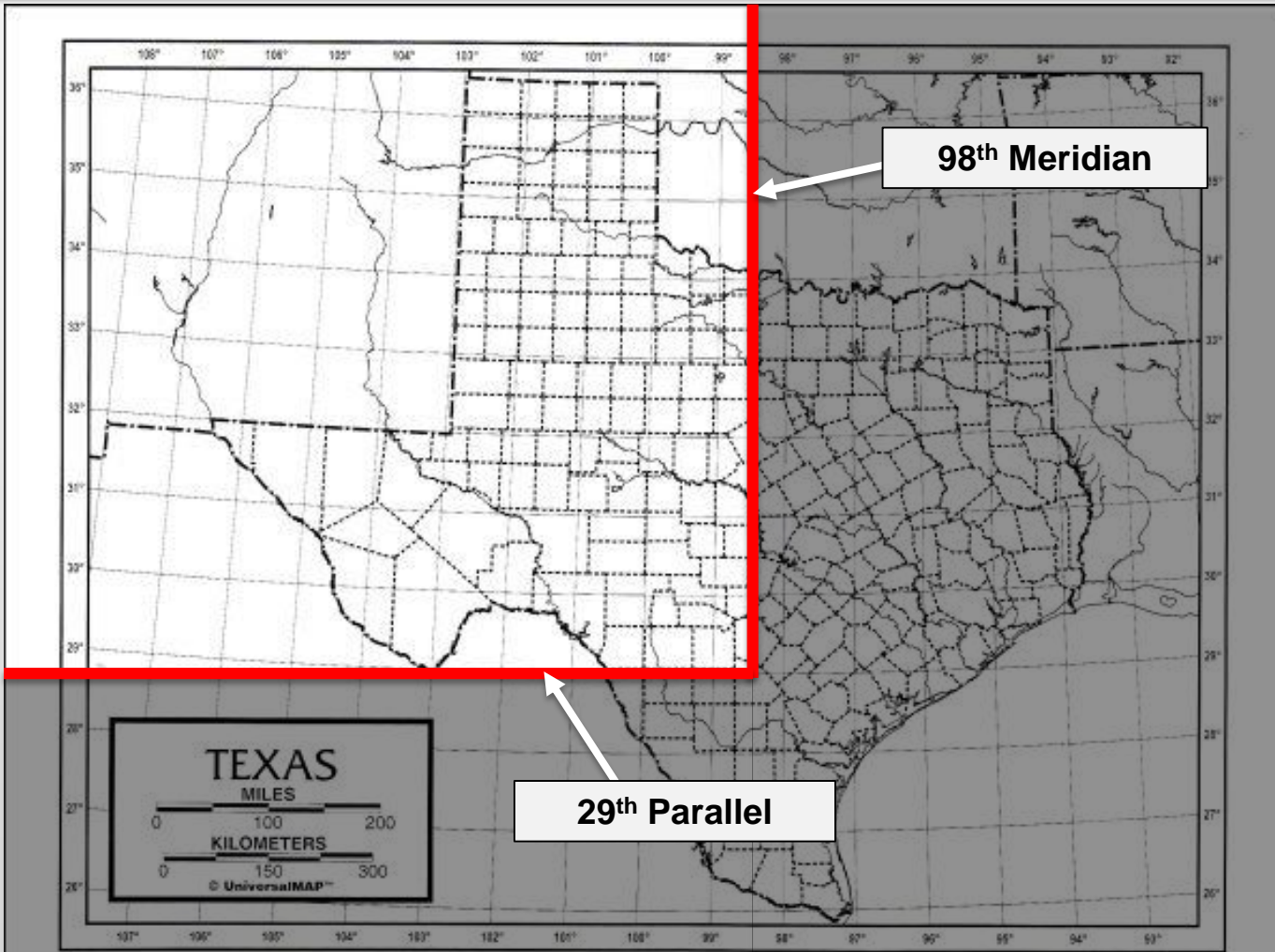


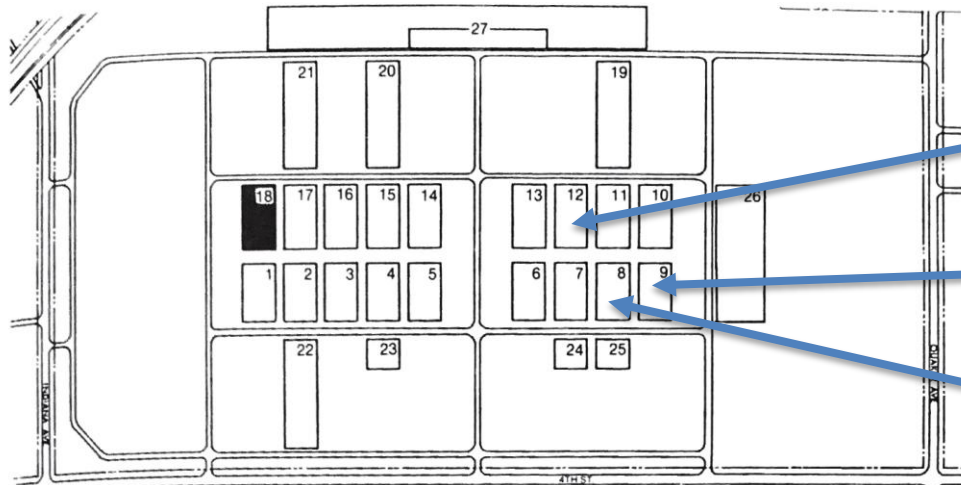


III.

Pursuit of Impactful Initiatives and Brand Expansion

*Ensuring the fulfillment of our founding vision and
driving purpose*



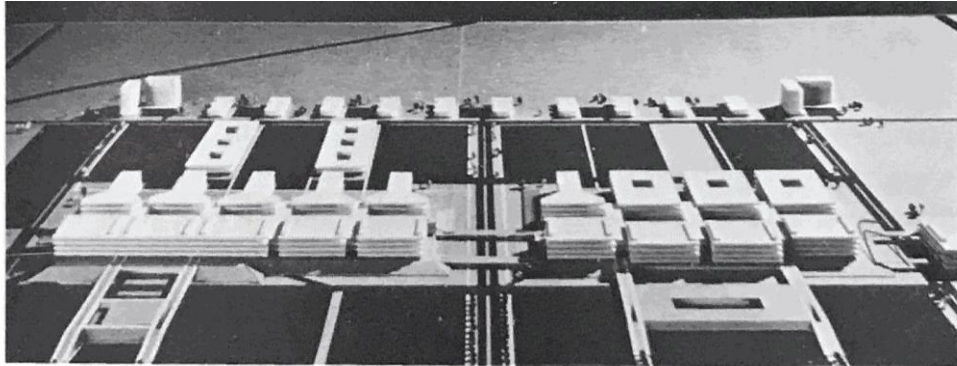


Mental Health Center

School of Vet Medicine

School of Dentistry

- | | | |
|---------------------------|---------------------------------|--------------------------------|
| 1-5 School of Medicine | 10 Additional Center | 20-21 Ambulant Patient Housing |
| 6 School of Pharmacy | 11 Rehabilitation Center | 22 Power Plant |
| 7 School of Allied Health | 12 Mental Health Center | 23-25 Support Area |
| 8 School of Dentistry | 13-18 Hospitals | 26 Large Animal Clinic |
| 9 School of Vet Medicine | 19 Rehabilitation Outdoor Space | 27 Student Housing |



1971 School of Medicine Master Plan

Eye of the Storm by R. McCartor & G. Tyner



Complete Comprehensiveness

Achieving a longstanding vision, national prominence

1. University of California System
2. University of Florida
3. University of Illinois System
4. Louisiana State University System
5. Tufts University
6. University of Minnesota
7. University of Missouri System
8. Ohio State University
9. University of Pennsylvania
10. University of Tennessee System
11. Texas A&M University
- 12. Texas Tech University System**



**“Let our thoughts be big thoughts and broad thoughts.
Let our thinking be in WORLD-WIDE TERMS.”**

- Paul W. Horn

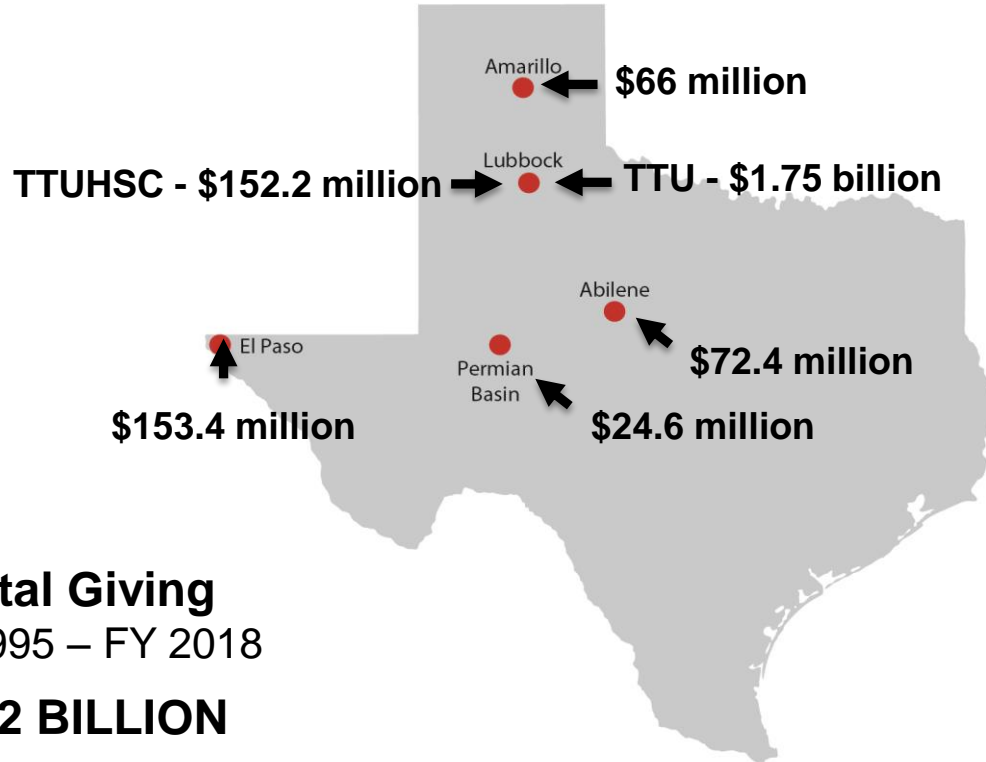


TTU Costa Rica



Giving by TTU System Campuses

FY 1995 – FY 2018

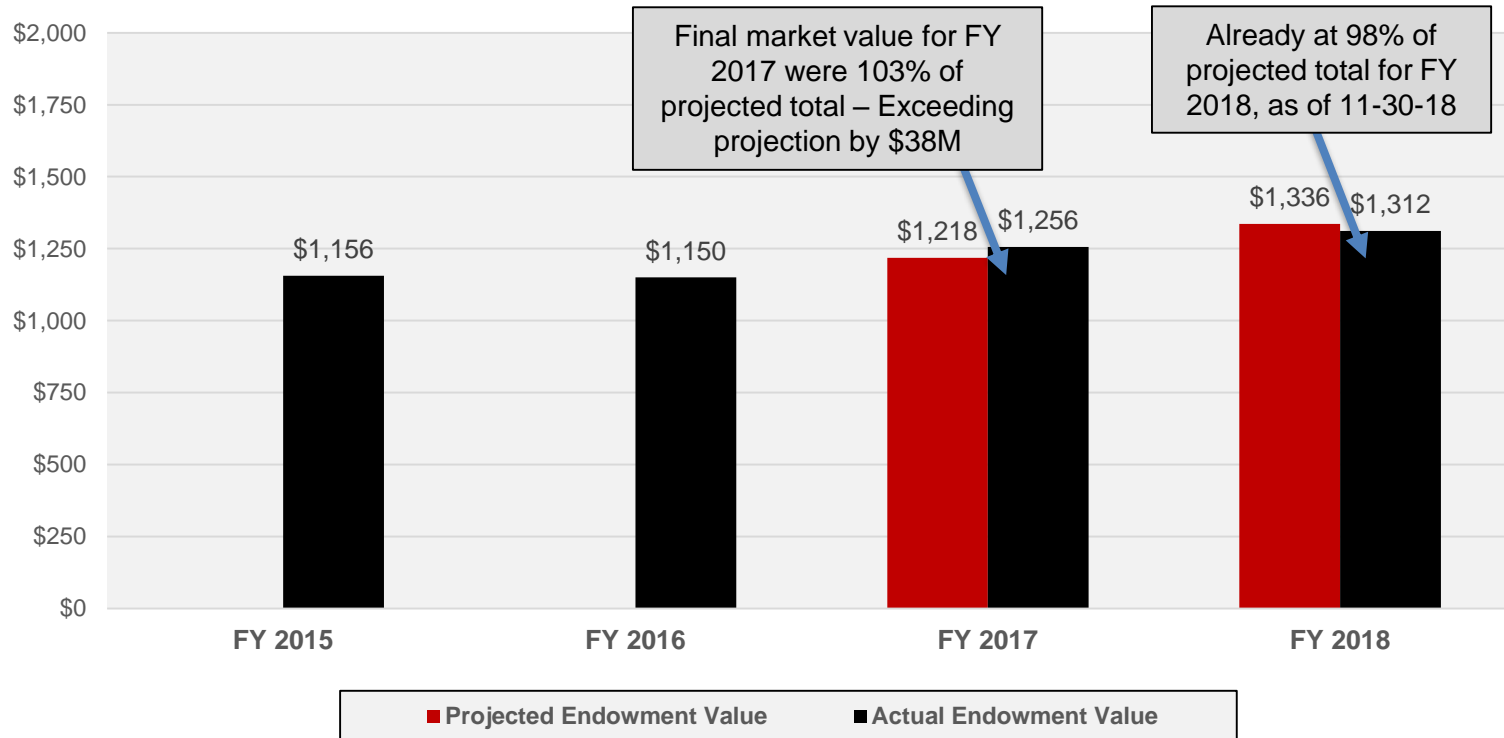


Total Giving
FY 1995 – FY 2018
\$2.2 BILLION



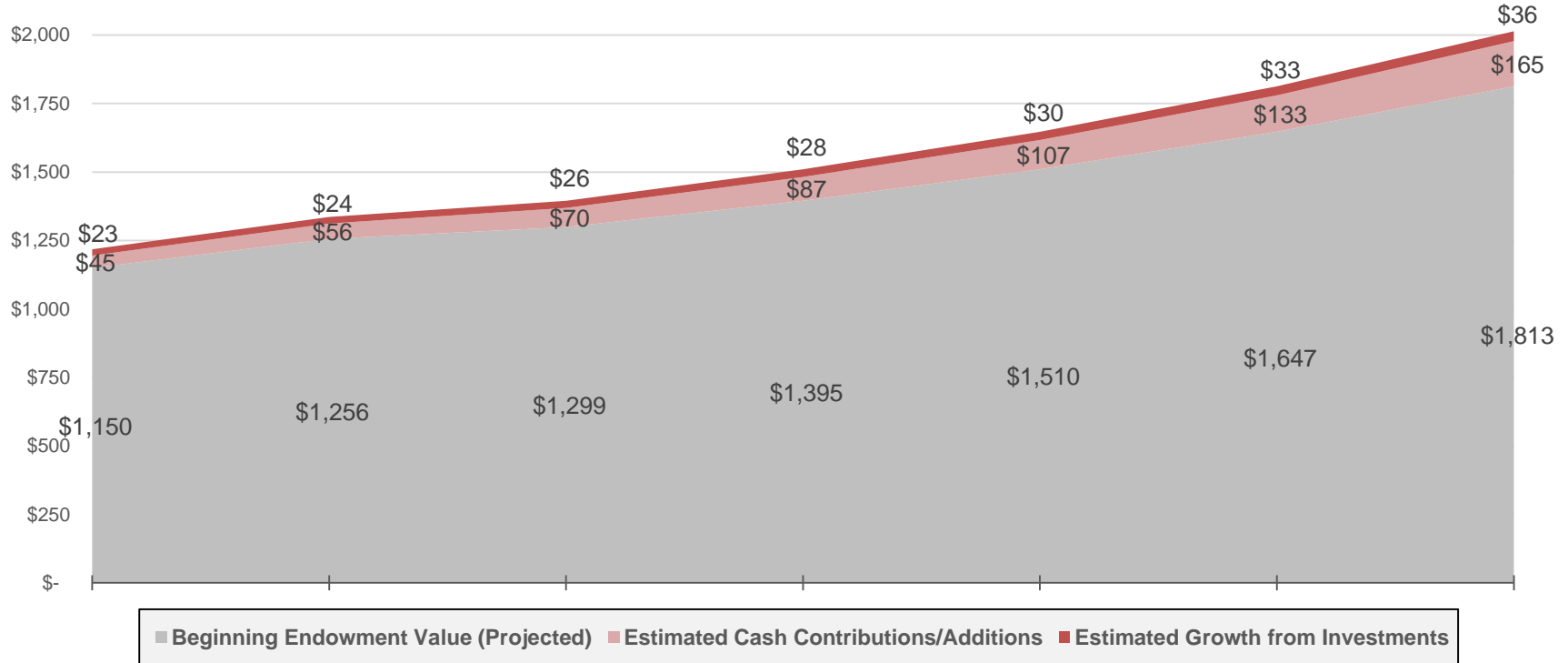
TTU System Endowment Forecasting

(in millions as of FY18 Q1)



TTU System Endowment Outlook

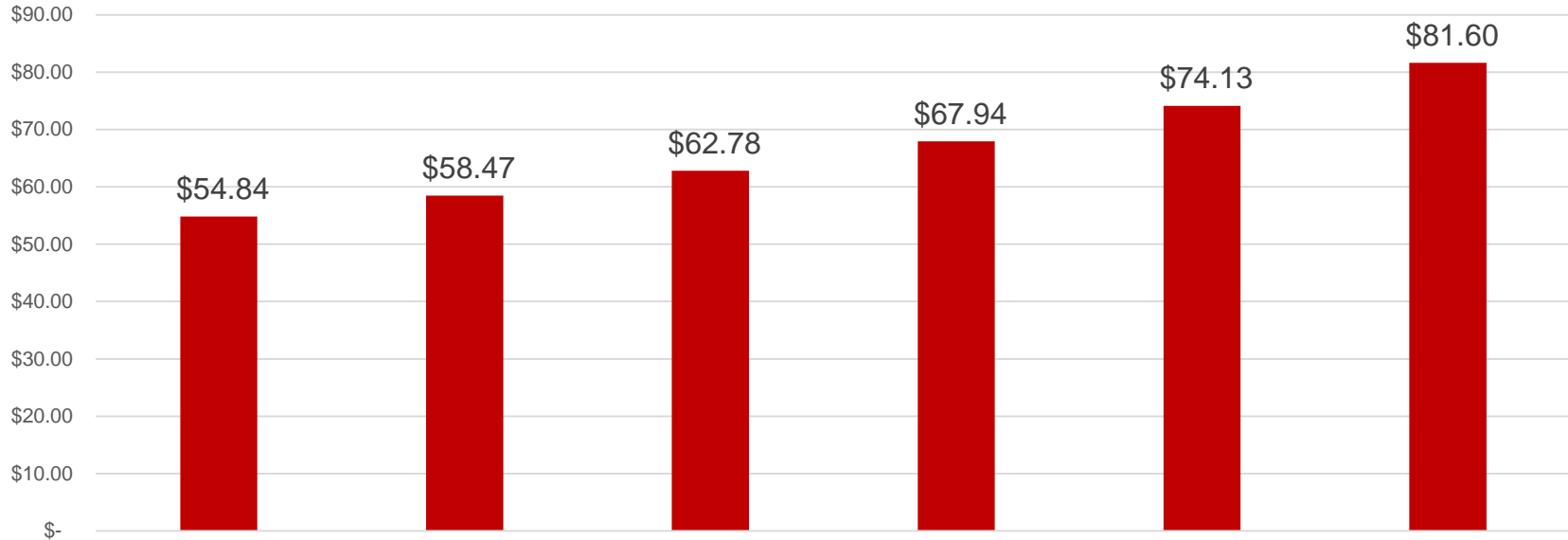
(in millions)



Impact of \$2 Billion Endowment

Funds Directly Provided to Component Institutions

Projected Increases Relate to Endowment Growth in millions





Achieving \$2 Billion Endowment

How do we get there?

- Financing eligible capital construction projects through monetization and endowing of gifts
- Fulfilling known and unknown bequest intentions
- Prioritizing fundraising for endowed scholarships, chairs and professorships in strategic areas



Priorities of the System

Near- and long-term priorities for continued success

- Operate a coordinated fundraising effort supporting university needs and priorities
- Pursue a transformative \$2 billion endowment goal
- Address budget challenges
- Advance impactful initiatives



TEXAS TECH UNIVERSITY SYSTEM™