

2022-2023 OPERATING & CAPITAL BUDGET



UMC Health System 2022-2023 Operating and Capital Budget

This budget will raise more revenue from property taxes than last year's budget by an amount of \$2,373,892, which is a 5.9% increase from last year's budget. The property tax revenue to be raised from new property added to the tax roll this year is \$763,939.

2023 Budget Summary



Average daily census from 395.2 in 2022 to 399.8 in 2023



\$699M in net patient revenue



Property tax revenue of \$29M at the proposed tax rate of \$0.1031640



\$839M in operating expenses



Budgeted net income of \$10M with 0.4% operating margin



Capital investments of \$155M, including \$43M in equipment and \$112M in expansion/facilities



Ending cash balance of \$337M



Unfunded care of \$104M and TTU School of Medicine Support of \$86M

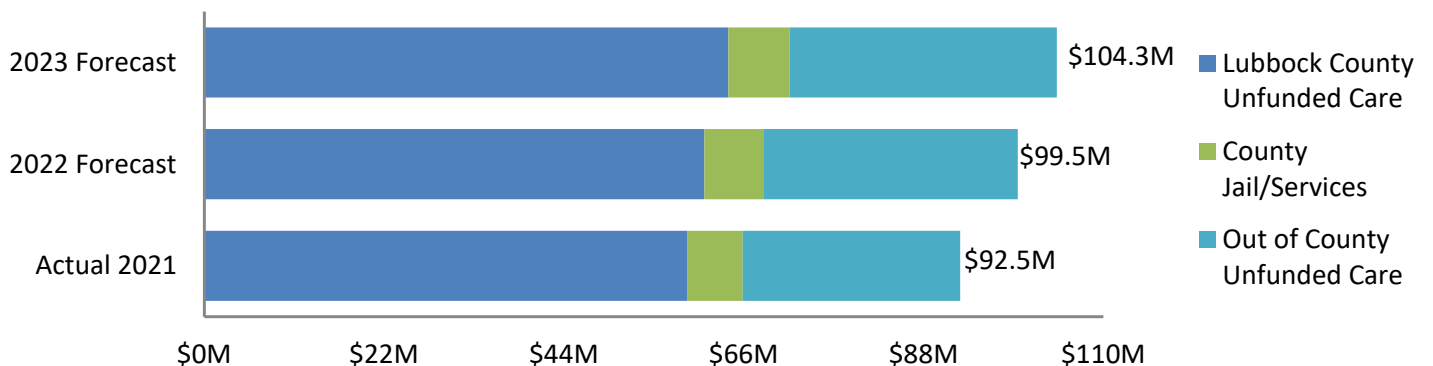
Proposed Budget Summary

(dollars in thousands)

	2021 Actual	2022 Original	2022 Revised	2023 Budget
Net Patient Revenue	\$644,276	\$660,841	\$659,230	\$699,473
Other Operating Revenue	11,925	8,255	8,697	8,778
Property Tax Revenue	25,839	26,066	29,095	30,540
Supplemental Funding	141,879	99,881	127,718	103,331
Total Operating Revenue	\$823,919	\$795,043	\$824,740	\$842,122
Less Operating Expense	736,785	770,838	799,998	838,890
Operating Income	\$87,134	\$24,205	\$24,742	\$3,232
Investment/Other Income	10,485	3,615	10,209	6,033
Nonoperating Income	1,323	1,217	423	506
Revenues Over Expenses	\$98,942	\$29,036	\$35,374	\$9,770
<i>Operating Margin</i>	<i>10.6%</i>	<i>3.0%</i>	<i>3.0%</i>	<i>0.4%</i>
Capital Equipment	\$26,128	\$29,984	\$26,070	\$43,184
Capital Expansion	31,336	94,537	82,541	111,549
Total Capital Outlay	\$57,464	\$124,521	\$108,611	\$154,733
Cash Balance	\$517,068	\$375,333	\$438,603	\$336,618

	2021 Adopted	2022 Proposed
Tax Rate	\$0.1031640	\$0.1031640

2021 - 2023 Cost of Unfunded Care



Income Statement by Expense Category

(dollars in thousands)

	2021 ACTUAL (Unaudited)	2022 BUDGET	2022 REVISED BUDGET	2022 BUDGET CHG %	2023 BUDGET	2023 BUDGET CHG %
REVENUE						
NET PATIENT SERVICE REVENUE						
HOSPITAL	\$580,137	\$594,054	\$596,749	0.5%	\$634,567	6.3%
UMC PHYSICIANS	50,093	52,254	47,626	(8.9%)	49,053	3.0%
EC PHYSICIANS	4,873	4,901	5,668	15.7%	6,006	6.0%
RADIOLOGY PHYSICIAN SERVICES	9,173	9,633	9,187	(4.6%)	9,847	7.2%
OTHER OPERATING REVENUE	11,925	8,255	8,697	5.3%	8,778	0.9%
AD VALOREM TAX REVENUE	25,839	26,066	29,095	11.6%	30,540	5.0%
MEDICAID SUPPLEMENTAL FUNDING	141,879	99,881	127,718	27.9%	103,331	(19.1%)
TOTAL OPERATING REVENUE	823,919	795,043	824,740	3.7%	842,122	2.1%
OPERATING EXPENSES						
PAYROLL & BENEFITS	273,738	282,338	303,005	7.3%	316,122	4.3%
PROFESSIONAL SERVICES	16,450	17,635	17,034	(3.4%)	15,545	(8.7%)
SUPPLIES	146,004	158,542	157,619	(0.6%)	174,643	10.8%
PURCHASED SERVICES	64,437	65,981	71,494	8.4%	72,641	1.6%
OTHER DIRECT EXPENSES	29,397	32,754	34,534	5.4%	35,574	3.0%
INTEREST	36	53	23	(56.7%)	23	3.0%
DEPRECIATION & AMORTIZATION	39,960	40,947	41,144	0.5%	42,378	3.0%
TTUHSC/OTHER PHYSICIANS	86,260	88,420	92,219	4.3%	96,698	4.9%
UMC PHYSICIANS	56,170	61,107	57,337	(6.2%)	58,765	2.5%
EC PHYSICIANS	14,495	13,178	14,360	9.0%	14,854	3.4%
RADIOLOGY PHYSICIAN SERVICES	9,839	9,883	11,229	13.6%	11,647	3.7%
TOTAL OPERATING EXPENSES	736,785	770,838	799,998	3.8%	838,890	4.9%
OPERATING INCOME (LOSS)	87,134	24,205	24,742	2.2%	3,232	(86.9%)
NONOPERATING REVENUES						
INVESTMENT INCOME	8,733	3,013	6,815	126.2%	2,622	(61.5%)
INVESTMENT IN JOINT VENTURES	1,752	601	3,393	464.5%	3,410	0.5%
NET NONOPERATING INCOME	1,323	1,217	423	(65.2%)	506	19.5%
TOTAL NONOPERATING REVENUES	11,808	4,832	10,632	120.0%	6,538	(38.5%)
EXCESS/(DEFICIT) REVENUE OVER EXPENSE	\$98,942	\$29,036	\$35,374	21.8%	\$9,770	(72.4%)

Income Statement by Expense Area

(dollars in thousands)

	2021 ACTUAL (Unaudited)	2022 BUDGET	2022 REVISED BUDGET	2022 BUDGET CHG %	2023 BUDGET	2023 BUDGET CHG %
REVENUE						
NET PATIENT SERVICE REVENUE						
HOSPITAL	\$580,137	\$594,054	\$596,749	0.5%	\$634,567	6.3%
UMC PHYSICIANS	50,093	52,254	47,626	(8.9%)	49,053	3.0%
EC PHYSICIANS	4,873	4,901	5,668	15.7%	6,006	6.0%
RADIOLOGY PHYSICIAN SERVICES	9,173	9,633	9,187	(4.6%)	9,847	7.2%
OTHER OPERATING REVENUE	11,925	8,255	8,697	5.3%	8,778	0.9%
AD VALOREM TAX REVENUE	25,839	26,066	29,095	11.6%	30,540	5.0%
MEDICAID SUPPLEMENTAL FUNDING	141,879	99,881	127,718	27.9%	103,331	(19.1%)
TOTAL OPERATING REVENUE	823,919	795,043	824,740	3.7%	842,122	2.1%
OPERATING EXPENSES						
NURSING SERVICES	124,541	125,051	139,787	11.8%	141,370	1.1%
CLINICAL ANCILLARY SERVICES	261,717	277,563	281,814	1.5%	307,051	9.0%
PHYSICIAN PRACTICE	634	2,120	2,151	1.4%	2,205	2.5%
UMC PHYSICIANS	56,170	61,107	57,337	(6.2%)	58,765	2.5%
EC PHYSICIANS	14,495	13,178	14,360	9.0%	14,854	3.4%
RADIOLOGY PHYSICIAN SERVICES	9,839	9,883	11,229	13.6%	11,647	3.7%
SUPPORT SERVICES	33,722	34,019	35,960	5.7%	36,771	2.3%
FISCAL SERVICES	48,172	50,742	54,172	6.8%	56,103	3.6%
ADMINISTRATIVE SERVICES	57,255	63,447	65,430	3.1%	66,520	1.7%
TTUHSC/OTHER PHYSICIANS	86,260	88,420	92,219	4.3%	96,698	4.9%
COUNTY MEDICAL SERVICES	3,985	4,307	4,372	1.5%	4,504	3.0%
INTEREST	36	53	23	(56.7%)	23	3.0%
DEPRECIATION & AMORTIZATION	39,960	40,947	41,144	0.5%	42,378	3.0%
TOTAL OPERATING EXPENSES	736,785	770,838	799,998	3.8%	838,890	4.9%
OPERATING INCOME (LOSS)	87,134	24,205	24,742	2.2%	3,232	(86.9%)
NONOPERATING REVENUES						
INVESTMENT INCOME	8,733	3,013	6,815	126.2%	2,622	(61.5%)
INVESTMENT IN JOINT VENTURES	1,752	601	3,393	464.5%	3,410	0.5%
NET NONOPERATING INCOME	1,323	1,217	423	(65.2%)	506	19.5%
TOTAL NONOPERATING REVENUES	11,808	4,832	10,632	120.0%	6,538	(38.5%)
EXCESS/(DEFICIT) REVENUE OVER EXPENSE	\$98,942	\$29,036	\$35,374	21.8%	\$9,770	(72.4%)

Property Tax Calculation

No-New-Revenue Tax Rate Calculation	
2021 Adjusted Tax Levy	\$26,521,240
2022 Adjusted Tax Base (less value of new property)	27,224,522,178
2022 No-New-Revenue Tax Rate	0.0974160
Tax Revenue Attributable to New Construction	\$763,939
2022 Certified Tax Roll and Levy	
Appraised Valuation (less TIF)	28,008,929,429
Proposed Tax Rate Per \$100	0.1031640
Total Tax Levy	28,895,132
Percent of Current Collection	100%
Estimated Current Tax Collections	\$28,895,132
Summary of Tax Collections	
Current Tax	28,895,132
Penalty and Interest	200,000
Total 2022 Tax Collections	\$29,095,132

Estimated Tax Collections at Rate Levels	% Chg to NNR Rate	Tax Rate	Revenue on 2022 Property	Chg in Revenue from Rate
2021 Adopted Tax Rate	5.9%	0.1031640	\$28,895,132	\$1,609,953
2022 No-New-Revenue Tax Rate	0.0%	0.0974160	27,285,179	-
1% Increase	1.0%	0.0983902	27,558,042	272,863
2% Increase	2.0%	0.0993643	27,830,877	545,698
3% Increase	3.0%	0.1003385	28,103,740	818,561
2022 Voter-Approval Rate	8.0%	0.1047220	29,331,511	2,046,322

Proposed/Adopted Rate by Year		Rate	% Change
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	-1.83%
2018	No New Revenue Rate	0.1071430	

Comparative Tax

	2021	% of Levy	Proposed 2022*	% of Levy
Lubbock County				
Average Market Value	169,609		196,703	
Homestead Exemptions	0%		0%	
Taxable Value	169,609		196,703	
Tax Rate/\$100*	0.3599900		0.3599900	
Tax Levy	\$610.58	17.8%	\$708.11	17.7%
Lubbock ISD				
Average Market Value	169,609		196,703	
Homestead Exemptions	15,000		15,000	
Taxable Value	154,609		181,703	
Tax Rate/\$100*	1.1355000		1.1355000	
Tax Levy	\$1,755.59	51.2%	\$2,063.24	51.5%
City of Lubbock				
Average Market Value	169,609		196,703	
Homestead Exemptions	0%		0%	
Taxable Value	169,609		196,703	
Tax Rate/\$100*	0.5232300		0.5232300	
Tax Levy	\$887.45	25.9%	\$1,029.21	25.7%
Lubbock County Hospital District				
Average Market Value	169,609		196,703	
Homestead Exemptions	0%		0%	
Taxable Value	169,609		196,703	
Tax Rate/\$100*	0.1031640		0.1031640	
Tax Levy	\$174.98	5.1%	\$202.93	5.1%
Total Tax Levy	\$3,428.58	100.0%	\$4,003.48	100.0%

*2021 using adopted tax rate. 2022 using prior year rate for proposed, subject to final adoption by governing bodies.