



**AGENDA
FOR MEETING OF
THE UNIVERSITY OF TEXAS SYSTEM
BOARD OF REGENTS
May 14-15, 2014
Austin, Texas**

	Board Meeting	Page
<u>May 14, 2014</u>		
COMMITTEE MEETINGS	<i>9:30 a.m. - 2:30 p.m.</i>	
CONVENE THE BOARD IN OPEN SESSION TO CONSIDER AGENDA ITEM	<i>2:30 p.m.</i>	
1. U. T. System: Discussion and appropriate action regarding tuition and fee proposals	<i>2:30 p.m.</i> Action <i>Chancellor Cigarroa Dr. Reyes Dr. Greenberg</i>	6
RECESS	<i>5:30 p.m.</i>	
<u>May 15, 2014</u>		
COMMITTEE MEETINGS	<i>8:00 a.m. - 10:00 a.m.</i>	
CONVENE THE BOARD IN OPEN SESSION TO CONSIDER AGENDA ITEMS	<i>10:00 a.m.</i>	
2. U. T. System Board of Regents: Annual Meeting with Officers of the U. T. System Student Advisory Council	<i>10:00 a.m.</i> Report/Discussion <i>Chair Emma Dishner, U. T. Health Science Center - Houston</i>	7
3. U. T. System Board of Regents: Approval of Consent Agenda items and referral of any items to the full Board or to Committee	<i>10:45 a.m.</i> Action	20
4. U. T. System Board of Regents: Award of Regents' Outstanding Student Awards in Arts and Humanities -- presentation of creative writing winners	<i>10:47 a.m.</i> Presentation <i>Dr. Reyes</i>	21
5. U. T. Rio Grande Valley: Introduction of Francisco Fernandez, M.D., inaugural Dean of the School of Medicine	<i>10:53 a.m.</i> Presentation <i>Dr. González-Scarano, U. T. Health Science Center - San Antonio Dr. Fernandez, U. T. Rio Grande Valley</i>	22
6. U. T. System Board of Regents: Discussion and appropriate action regarding amendment of Regents' Rules and Regulations, Rule 10402 (Committees and Other Appointments), Section 1.10, regarding Duties of the Technology Transfer and Research Committee	<i>11:08 a.m.</i> Action	23

<p>7. U. T. System Board of Regents: Proposed amendment of Regents' Rules and Regulations, a) Rule 10501 (Delegation to Act on Behalf of the Board), Sections 2.2.9 and 2.2.12, concerning contracts with athletic directors and coaches, b) Rule 10402 (Committees and Other Appointments), Section 7, regarding Athletics Liaisons, and c) Rule 20204 (Determining and Documenting the Reasonableness of Compensation), Sections 3 and 4, regarding Board and other approvals</p>	<p>11:11 a.m. Action</p>	<p>24</p>
<p>8. U. T. System Board of Regents: Approval to amend and combine Regents' Rules and Regulations, Rule 50402 (Health Insurance Requirements for Certain International Students) and Rule 50403 (Student Health Insurance Requirement) into a new Rule 50402 to be titled Student Health Insurance Requirements</p>	<p>11:14 a.m. Action</p>	<p>27</p>
<p>9. U. T. System Board of Regents: Amendment to the Regents' Rules and Regulations, Rule 60101 (Acceptance and Administration of Gifts), Section 2.6, regarding provisions related to the acceptance of pledges for current purpose commitments, to fund endowments, and in conjunction with a gift-related naming of a facility or program</p>	<p>11:17 a.m. Action <i>Dr. Safady</i></p>	<p>32</p>
<p>10. U. T. System Board of Regents: Discussion and appropriate action regarding implementation of recommendations of the Advisory Task Force on Best Practices Regarding University-Affiliated Foundation Relationships, including a) renumbering Regents' Rules and Regulations, Rule 60304 (Internal Nonprofit Corporations) as Rule 60303, and revision and renumbering of Rule 60305 (External Nonprofit Corporations) as Rule 60304; b) adoption of new Rule 60305 (University-Affiliated Foundations); and c) approval of a model Memorandum of Understanding</p>	<p>11:20 a.m. Action</p>	<p>34</p>
<p>11. U. T. System: Approval of \$10 million in additional Permanent University Fund Bond Proceeds for continued funding of the U. T. System Research Incentive Program</p>	<p>11:23 a.m. Action <i>Dr. Safady</i></p>	<p>48</p>
<p>12. U. T. System: Discussion and appropriate action regarding final report and recommendations from the Task Force on Hazing and Alcohol</p>	<p>11:30 a.m. Action <i>Dr. Wanda Mercer</i> <i>Ms. Eileen Curry,</i> <i>U. T. Health Science</i> <i>Center - San Antonio</i> <i>Dr. Reyes</i></p>	<p>50</p>
<p>STANDING COMMITTEE RECOMMENDATIONS AND REPORTS TO THE BOARD</p>	<p>11:40 a.m.</p>	
<p>13. U. T. System Board of Regents: Certificate of appreciation to Student Regent Nash M. Horne</p>	<p>11:50 a.m. Presentation</p>	<p>63</p>
<p>RECESS TO EXECUTIVE SESSION PURSUANT TO TEXAS GOVERNMENT CODE, CHAPTER 551 (working lunch)</p>	<p>12:00 p.m.</p>	
<p>1. Deliberations Regarding the Purchase, Exchange, Lease, Sale, or Value of Real Property – Section 551.072</p>		
<p>2. Consultation with Attorney Regarding Legal Matters or Pending and/or Contemplated Litigation or Settlement Offers – Section 551.071</p>		
<p>a. U. T. System Board of Regents: Discussion with Counsel on pending legal issues</p>		

- b. **U. T. System: Discussion related to legal issues concerning compliance with the Texas Public Information Act**
 - c. **U. T. Austin: Discussion and appropriate action regarding legal issues related to review of admissions procedures**
 - d. **U. T. M. D. Anderson Cancer Center: Discussion and appropriate action regarding legal issues concerning settlement agreement with Siemens Corporation**
 - e. **U. T. M. D. Anderson Cancer Center: Discussion and appropriate action regarding legal issues related to approval for participation as a special limited partner in the ORIX Fund**
 - f. **U. T. System Board of Regents: Discussion and possible action regarding legal issues related to investigation of the relationship between the U. T. Austin School of Law and the Law School Foundation and related to compensation and benefits for employees of the Law School by the Office of the Attorney General**
 - g. **U. T. System Board of Regents: Discussion and possible action related to legal authority of Board of Regents related to the approval of an annual Permanent University Fund distribution rate**
 - h. **U. T. System Board of Regents: Discussion and possible action regarding legal issues related to deferred Regental request to U. T. System for information regarding sworn testimony given by U. T. Austin administrators before the House Select Committee on Transparency in State Agency Operations**
3. **Negotiated Contracts for Prospective Gifts or Donations – Section 551.073** *Dr. Safady*
- a. **U. T. Austin: Discussion and appropriate action regarding proposed negotiated gifts with potential naming features**
 - b. **U. T. Dallas: Discussion and appropriate action regarding proposed negotiated gifts with potential naming features**
 - c. **U. T. Rio Grande Valley: Discussion and appropriate action regarding proposed negotiated gifts with potential naming features**
 - d. **U. T. Tyler: Discussion and appropriate action regarding proposed negotiated gifts with potential naming features**
 - e. **U. T. M. D. Anderson Cancer Center: Discussion and appropriate action regarding proposed negotiated gifts with potential naming features**
4. **Personnel Matters Relating to Appointment, Employment, Evaluation, Assignment, Duties, Discipline, or Dismissal of Officers or Employees – Section 551.074**
- a. **U. T. System: Discussion and appropriate action regarding individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of presidents (academic and health institutions), U. T. System Administration officers (Executive Vice Chancellors and Vice Chancellors), other officers reporting directly to the Board (Chancellor, General Counsel to the Board, and Chief Audit Executive), and U. T. System and institutional employees**

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| <p>b. U. T. Health Science Center - Houston: Discussion and appropriate action regarding proposed increase in compensation for Dong Kim, M.D., Professor and Chair of the Vivian L. Smith Department of Neurosurgery, School of Medicine (Regents' Rules and Regulations, Rule 20204, regarding compensation for highly compensated employees)</p> | <p><i>President Colasurdo
Dr. Greenberg</i></p> | |
| <p>c. U. T. System: Discussion, at the request of the Chancellor, relating to duties, roles, and responsibilities of Chancellor</p> | | |
| <p>5. Deliberation Regarding Security Devices or Security Audits – Section 551.076</p> <p>U. T. System Board of Regents: Discussion and appropriate action regarding safety and security issues, including security audits and the deployment of security personnel and devices</p> | <p><i>Dr. Kelley
Director Heidingsfield</i></p> | |
| <p>RECONVENE IN OPEN SESSION TO CONSIDER ACTION, IF ANY, ON EXECUTIVE SESSION ITEMS AND TO CONSIDER AGENDA ITEMS</p> | <p><i>1:45 p.m.
approximately</i></p> | |
| <p>14. U. T. M. D. Anderson Cancer Center: Approval for participation as a special limited partner in the ORIX Fund and delegation of authority to the President of U. T. M. D. Anderson Cancer Center to execute documents and take other actions as necessary</p> | <p><i>1:45 p.m.
Action
President DePinho
Dr. Greenberg</i></p> | <p>64</p> |
| <p>15. U. T. System Board of Regents: Approval of annual distributions from the Permanent University Fund, the Permanent Health Fund, the Long Term Fund, and the Intermediate Term Fund</p> | <p><i>1:55 p.m.
Action
Chancellor Cigarroa
Dr. Kelley</i></p> | <p>67</p> |
| <p>16. U. T. System: Discussion and appropriate action regarding recommendations concerning Systemwide policy and practice changes in admissions procedures</p> | <p><i>2:05 p.m.
Action
Chancellor Cigarroa</i></p> | <p>71</p> |
| <p>17. U. T. System Board of Regents: Approval of a new six-member advisory body titled the University Lands Advisory Board</p> | <p><i>2:15 p.m.
Action
Dr. Kelley</i></p> | <p>72</p> |
| <p>18. U. T. System Board of Regents: Discussion and possible action concerning Regental request to expand listing of Texas Public Information Act (TPIA) requests and responsive information on U. T. System Administration and U. T. System institution websites</p> | <p><i>2:20 p.m.
Action</i></p> | <p>74</p> |
| <p>19. U. T. System Board of Regents: Discussion and appropriate action regarding the role of the governing board and governing board members and recommended best practices for Board operations, oversight, and engagement including possible Regents' Rules revisions</p> | <p><i>2:25 p.m.
Action
Chairman Foster</i></p> | <p>74</p> |
| <p>ADJOURN</p> | <p><i>2:30 p.m.
approximately</i></p> | |

1. **U. T. System: Discussion and appropriate action regarding tuition and fee proposals**

RECOMMENDATION

The U. T. System Board of Regents will be asked to take appropriate action regarding the proposed tuition and fee plans for each U. T. System institution. As required by law, institutions will also propose an additional guaranteed tuition and fee plan to be offered beginning Fall 2014. Chancellor Cigarroa will introduce the discussion with comments on the deliberative process used to review the institutions' proposals. Executive Vice Chancellor Reyes and Executive Vice Chancellor Greenberg will outline the institutions' proposals and recommendations.

The proposed plans will be sent to the Board in advance of the meeting.

See pages 331-358.

2. **U. T. System: Annual Meeting with Officers of the U. T. System Student Advisory Council**

INTRODUCTION

The U. T. System Student Advisory Council will meet with the Board of Regents to discuss accomplishments of the Council and plans for the future. The Council's recommendations are on the following pages.

AGENDA

1. Executive and Standing Committee Member Introductions
2. Chairperson's Report and Overview
3. Executive Committee and Standing Committee Remarks and Recommendations

Council members scheduled to attend are:

Chair: Ms. Emma Dishner, U. T. Health Science Center - Houston, Internal Medicine

Academic Affairs Committee: Ms. Paulina Lopez, U. T. El Paso, Corporate and Organizational Communications Major

Student Involvement and Campus Life Committee: Mr. Juan Macias, U. T. Health Science Center - Tyler, Masters in Biotechnology

Health and Graduate Affairs Committee: Mr. Bradford Casey, U. T. Southwestern Medical Center, Ph.D. Candidate, Neuroscience

Financial and Legislative Affairs Committee: Ms. Kayln Fletcher, U. T. Health Science Center - Tyler, Masters in Biotechnology

BACKGROUND INFORMATION

The U. T. System Student Advisory Council was established in 1989 to provide input to the U. T. System Board of Regents working through and with the Chancellor and U. T. System Administration on issues of student concern. The operating guidelines of the Council require that recommendations have a multi-institutional focus and that the Council explore individual campus issues with institutional administrators prior to any consideration thereof. The Student Advisory Council consists of two student representatives from each U. T. System institution enrolling students, and meets three times yearly in Austin. The Standing Committees of the Council are Academic Affairs, Student Involvement and Campus Life, Health and Graduate Affairs, and Financial and Legislative Affairs.



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Office of Academic Affairs

601 Colorado Street, Austin, Texas 78701
Phone: 512-499-4233 Fax: 512-499-4240

April 2, 2014

The University of Texas at Arlington
The University of Texas at Austin
The University of Texas at Brownsville
The University of Texas at Dallas
The University of Texas at El Paso
The University of Texas –Pan American
The University of Texas
of the Permian Basin
The University of Texas at San Antonio
The University of Texas at Tyler

Francisco G. Cigarroa, M.D.
Chancellor
The University of Texas System
601 Colorado St.
Austin, TX 78701-2982

The University of Texas
Southwestern Medical Center
The University of Texas
Medical Branch at Galveston
The University of Texas
Health Science Center at Houston
The University of Texas
Health Science Center at San Antonio
The University of Texas
M. D. Anderson Cancer Center
The University of Texas
Health Science Center at Tyler

Dear Chancellor Cigarroa:

On behalf of The University of Texas System Student Advisory Council (UTSSAC or “the Council”) and the over 200,000 students we represent, I thank you and The U. T. System Board of Regents for providing an avenue for student input through our recommendations for the 2013-2014 academic year.

Recently, we were afforded the opportunity to collaborate with you, the Vice Chancellors, and Student Regent Horne regarding Regents’ Rule 40401. The Council is optimistic that the compromise requiring that a student(s) accompany the institutional president to the proposal meeting will adequately represent the students while additionally increasing interaction between the Board of Regents and student leaders.

This year we have seen a great deal of change. On behalf of the Council, I would like to thank you, Chancellor, for your time and service to the U. T. System. Your efforts to advance our education have added immense value to our educations. We also welcomed Dr. Raymond Greenberg to The University of Texas System. We are excited for his leadership through these changing times in health education and during the opening of new medical schools in Austin and the Rio Grande Valley.

I have treasured my three years on the Council. During our 6 days of meetings, student leaders across the whole System interact by problem solving, exchanging ideas, and learning about the greater academic system. Perhaps the most inspiring aspect of the Council is the optimism and belief in change. Each member is dedicated to the experience and value of higher education. We hope that our hard work will positively affect all the students we represent. It has been an honor and a privilege to serve as Chair this year to a candid, committed and clever Council.

www.utssystem.edu

With this letter, we are submitting recommendations passed by the Council during our February meeting. We are honored by the invitation to discuss these recommendations in more detail with the Board in May.

With sincere appreciation,

A handwritten signature in blue ink, appearing to read "Emma L. Dishner", written over a horizontal line.

Emma L. Dishner
Chair, Student Advisory Council 2013-2014
The University of Texas System

Enclosures

Cc: Dr. Pedro Reyes, Executive Vice Chancellor for Academic Affairs
Dr. Raymond Greenberg, Executive Vice Chancellor for Health Affairs
Dr. Wanda L. Mercer, Associate Vice Chancellor for Student Affairs

**THE UNIVERSITY OF TEXAS SYSTEM STUDENT ADVISORY COUNCIL
RECOMMENDATIONS TO THE BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS
SYSTEM**

After careful consideration, we, the members of The University of Texas System Student Advisory Council (SAC), respectfully submit the following recommendations to the U. T. Board of Regents. These recommendations concern a wide variety of students at multiple institutions in the U. T. System.

Academic Affairs Committee

Recommendation - ADA Online Compliance

The University of Texas System Student Advisory Council commends the Board of Regents for employing technology in a 21st century education. Equal access to and the utilization of these services is a modern necessity. However, it is important to bring awareness to the needs of students with disabilities in the implementation of technological advancements.

Students with disabilities should be provided the accommodations necessary to take advantage of academic technologies, in compliance with the Americans with Disabilities Act of 1990 (ADA) and Section 504 of the Rehabilitation Act of 1973 (Section 504). For example, it is the case that online, hybrid, and traditional courses require the use of specific software, some of which have limited compatibility with screen readers required by the visually impaired.

To address this issue, SAC asks the Board of Regents to establish a means of evaluation and to continue improving learning tools for ADA compliance. Additionally, we recommend that the Board of Regents consider the active involvement of students with disabilities and the offices that support them in the implementation of online learning tools. By lending students a voice in this matter, we will ensure that all students are offered the quality of education and opportunities they deserve.

Academic Affairs Committee

Recommendation - Institute for Transformational Learning Online Resources

SAC recommends that The University of Texas System create a unified online learning resource platform consisting of eBooks, eJournals, databases, and educational applications. This would make high quality online educational resources available to graduate and undergraduate students in a more uniform and cost-efficient manner.

The Institute for Transformational Learning (ITL) seeks to ensure that all Texans have access to an affordable, elite-calibre education, emphasizing inquiry, exploration, active learning, and rigorous assessment.

Currently, institutions individually manage the online learning resources that are made available to their students. Students across various institutions have vastly different access to educational materials despite being a part of the same system. Collaboration among institutions, perhaps through ITL, can alleviate these issues.

Similar to the U. T. System Board of Regents, we endorse the research and implementation of the ITL, and acknowledge that many of the institutions and programs are very innovative in making online resources available to students whether the programs are online, blended, or traditional classroom. However, SAC believes that a structured collaboration of the institutions can combine the purchasing power of all U. T. System institutions so that the contracts may be less costly and facilitate institutional-level discussions on possible basic resources that should be commonly available to all students Systemwide.

By unifying online learning resources such as eBooks, eJournals, databases, and educational applications, the U. T. System will increase buying power in public-private partnerships, which will ultimately lead to both improved learning for all students and reduced costs.

Health and Graduate Affairs Committee

Recommendation - Alternative Research Funding Recommendation

The University of Texas System Student Advisory Council appreciates the consideration of the Higher Education Funding Resolution by the U. T. System Administration. The resolution was provided by the 2012–2013 SAC prior to the 83rd Texas Legislative Session. The resolution supported the reconsideration of state appropriations as a portion of the overall operating budget. The Legislature’s decision, stated in their August 2013 summary, suggests an optimistic step towards improving alternative funding for institutions and students across Texas. However, the numbers fall short in regard to support of student-based research funding. Considering the Fiscal Year 2013 sequester, which affected federal funding nationwide, students were left without financial support and unable to complete the research opportunities for graduation. This decreases completion and retention rates statewide.

Federal and state funding provide some of the best support for students and institutions. With the decrease in federal funding, there is also a limited capacity to increase funding from state sources. Alternative funding options must be considered for the success of students both actively in research for their degree and for those pursuing scholarly endeavors within the U. T. System. While being explored, these resources are more difficult for students to attain on their own.

Other avenues for alternative funding have yet to be fully explored at both System and institutional levels, including institutionally derived student-professor collaborative grants, departmental seed grants, tuition revenue bonds, research/academic need-based funding, emergency hiatus funding, and various National Institutes of Health research mentoring programs. *(See Appendix A for additional information.)*

The Council urges the Board of Regents to actively communicate with institutional leadership to ensure that no student is left behind due to underfunding and missed research opportunities. We strongly propose that the Board consider the following to mediate student impact:

- 1. Advocate for funding alternatives at both the state and federal level;**
- 2. Encourage institutions to improve efficiency at utilizing the grant enterprise;**
- 3. Seek alternatives outside of government funding; and**

4. Stay actively informed on funding throughout students' academic tenure.

The Council recommends that U. T. System Administration actively identify and distribute information to institutions about alternative funding in an effort to supplement any financial deficits in student-based research opportunities. By providing Systemwide approved alternative methods as well as other currently underutilized funding mechanisms, the U. T. System can help improve overall student success for students who rely on research funding to complete a degree.

Health and Graduate Affairs Committee

Recommendation - Support in Implementation of Guidelines for Graduate Student Advising

The University of Texas System trains over 40,000 graduate students in diverse and varied fields at fifteen campuses across the System.¹ These students are engaged in training in advanced fields of academic scholarship, and to meet the continuing needs of the State of Texas. More than ever before, our graduates face challenging times. Federal research funding sources, including National Institutes of Health (NIH), National Science Foundation (NSF), and National Endowment for the Humanities (NEH), are in decline.^{2,3,4} In stark contrast to years past, our graduates face tremendous challenges in finding opportunities upon graduation.

While U. T. System graduate programs continue to attract and train very competitive students⁵, these individuals suffer the consequences of monumental shifts in the Science, Technology, Engineering, and Mathematics (STEM) fields, humanities, and social sciences. Facing difficult decisions upon graduation, former students often choose options for short-term stability over long-term opportunities for career satisfaction, growth, and success. As no guidelines for graduate career advising exist within the U. T. System, many students struggle to seek the employment opportunities for which they are qualified.

Academic administration in our graduate programs has long compelled graduates to seek positions within academia. However, there has been an overall reduction in academic track positions due to an increased pool of qualified applicants, low faculty turnover, and reduced promotion of junior researchers to faculty positions. The prolonged imbalance of opportunities has led to increased competition from a backlog of current postdoctoral fellows. Recent studies demonstrate that less than 23% of students graduating from accredited Ph.D. programs in STEM fields ever acquire tenure-track academic positions.⁶ Indeed, changes in the funding mechanism and hiring practices within academia have led to a situation in which the number of graduates cannot be accommodated as faculty within the current organizational structure.⁷ This conflict of institutional bias towards academic careers often leads to a shortage of career advising in non-academic track careers, thus perpetuating the problem and preventing graduates from effectively seeking opportunities outside academia.

While challenges in identifying and seeking the best opportunities are faced by graduate students across the board, historically underrepresented groups are especially likely to suffer the effects of poor or inadequate guidance in their graduate training.⁸ These groups are represented in considerable numbers in graduate education, but their prevalence in postdoctoral and faculty populations remain disproportionately low.⁹ Additionally, these groups are significantly more likely to suffer unemployment than their counterparts.^{10,11}

Therefore, the Council recommends the development of System-level guidelines regarding formal student advising and career services for graduate students in the U. T. System. The development of these programs should be focused on improving student outcomes Systemwide, by preparing our graduates to effectively seek and compete for the best opportunities for their qualifications.

Furthermore, the Council recommends the utilization of data regarding trends in career placement to tailor career advising and training to the needs of students, wherever feasible, including nonacademic career tracks. Finally, the Council recommends that these guidelines be incorporated into the existing Milestones Agreement for Graduate Students^{12,13} to ensure that this framework continues to meet its intended goals.

The development of such graduate level advising programs is anticipated to pay short-term benefits, including improved placement rates, reduced time to graduation, and reduced transitional unemployment. Furthermore, implementation of graduate advising is anticipated to provide long-term dividends, such as reduced attrition, expanded presence, and competitiveness of U. T. System graduate education.

Health and Graduate Affairs Committee

Recommendation - Support for Graduate Medical Education in Texas

It is with great gratitude that SAC recognizes the success of the Board of Regents in the expansion of residency programs in Texas. Additionally, SAC requests that the Board of Regents and U. T. System Administration continue to prioritize the expansion of graduate medical education in Texas to meet the growing needs of the state.

In 2012, SAC encouraged legislative support for existing residency programs and for additional Accreditation Council for Graduate Medical Education (ACGME) residency positions within the state. Given that the ratio of graduating medical students to first-year residency positions in Texas was 0.98:1, along with the addition of the Dell Medical School at U. T. Austin and the establishment of a medical school in the Rio Grande Valley, there is a continuously increasing discrepancy in positions for the Texas-funded students.¹⁴

Current numbers show that 45% of Texas medical school graduates accept out-of-state residency positions¹⁵, and the majority of these physicians will set up practice within 100 miles of their residency training program.¹⁶ It was clear that the expansion of residency programs within the state would help keep quality physicians in the state and address the urgent and unfulfilled need for physicians in Texas, which ranks 42nd nationally in physicians per capita.

In May 2013, with the urging of the U. T. System Administration, the Texas Legislature responded. Funding for graduate medical education (GME) was expanded by \$16.35 million with allocations primarily to the expansion and innovation of existing programs. Hospitals that have never had ACGME programs could receive part of the \$1.875 million to pursue developing programs and \$7.375 million would help to expand and increase the number of

1st year residency positions in existing GME programs.

The Texas Higher Education Coordinating Board (THECB) estimates that achieving the desired 1.1:1 ratio of residency positions to medical school graduates in the state will require \$11.7 million in the 2014-2015 biennium, \$32.4 million in 2016-2017, and \$41.63 million by 2018-2019.¹⁷ Therefore, continued legislative and U. T. System support will be essential.

Health and Graduate Affairs Committee

Recommendation - In Support of Exit Surveys for Graduate and Professional Students

The U. T. System Student Advisory Council recommends adopting and implementing exit surveys for graduate and professional students (with or without a degree) upon their departure from their institutions to improve the quality of graduate programs and better the student experience.

U. T. System institutions do not currently conduct standard exit surveys of graduate students to evaluate their academic and socio-cultural experiences upon completion of their period of study at each institution. It has been brought to the attention of SAC that some academic and health institutions administer exit surveys based on the Association of American Universities Data Exchange (AAUDE) requirements.

SAC has been made aware of and independently verified, similar comprehensive exit surveys conducted on graduate students by multiple institutions across the United States, such as University of Illinois at Urbana-Champaign, Massachusetts Institute of Technology, The University of North Carolina at Chapel Hill, University of Wisconsin-Madison, University of Washington-Seattle, and University of California at Berkeley.

The Council recognizes that an exit survey will provide insight into many aspects of the graduate and professional students experience throughout their tenure at a U. T. System institution. An exit survey will help identify possible areas for improvement that are necessary for building academic excellence within the graduate and professional programs as well as identify key components of the institutional experience that help sustain current academic excellence within the U. T. System.

Typical exit surveys provide a compilation of questions and solicit comments regarding all facets of graduate student life at the institutions including, but not limited to, the following areas: academic advising, essential research availability, scholarly resources accessibility, work-research environment, financial conditions provided by academic appointments, housing circumstances, and general student life at System institutions.

Therefore, SAC recommends the collection of exit surveys for graduate and professional students upon their severance from the University with or without degrees to address issues of attrition and time to degree, and to seek improvements in graduate programs by collecting information about important aspects of their holistic experience at each institution. The exit survey shall provide a compilation of questions and solicit comments regarding all facets of graduate student life at the institution, including but not limited to, the areas mentioned above. To meet the needs of the students served by the U. T. System, the Council recommends that exit survey questions be drafted with input from individual institutions and programs with insight from graduate student representatives to address the changing needs

and experiences of graduate students.

Links to relevant exit surveys from other institutions are provided below. Massachusetts Institute of Technology (MIT) and Texas A&M University have exit surveys that could be adapted and utilized by U. T. System institutions:

Massachusetts Institute of Technology:
<http://web.mit.edu/ir/surveys/pdf/MITDoctExit2012-13.pdf>

Texas A&M University:
<http://ogs.tamu.edu/aaude-graduate-education-exit-survey/>

Financial and Legislative Affairs Committee

Recommendation - Expansion of Financial Literacy Programs for Undergraduate and Graduate Institutions

The University of Texas System Student Advisory Council recommends the U. T. System Board of Regents facilitate the implementation of financial literacy programs Systemwide in accordance with the guidelines set forth by *Texas Education Code* Section 51.305.¹⁸ Financial literacy programs can be defined as any program that aids students in their “ability to make informed judgments and take effective actions regarding the current and future use and management of money.”¹⁹ These programs should be established and strongly promoted across the System in response to the national student debt, which is currently over 1 trillion dollars²⁰ and the average debt of a student in the U. T. System, which is approximately \$20,958 upon graduation.²¹

The ever-increasing federal loan interest rates (currently at 3.86% and 5.41% for undergraduate and graduate unsubsidized loans), the removal of graduate-level subsidized loans, and students’ lack of financial knowledge has impaired the success of U. T. System alumni.²² While there are some successful programs within the U. T. System, there is a need for uniformly effective and efficient financial literacy programs. This would allow institutions to inform their student populations about the importance of making wise financial decisions, provide much needed student support, and consequently promote time-efficient graduation rates.

The Council recommends that the Board of Regents facilitate the implementation and subsequent upkeep of financial literacy programs. We believe these programs would be most effective if they meet the following criteria:

- 1. Be Systemwide and easily accessible to all students and alumni;**
- 2. Emulate effective programs currently established within the U. T. System; and**
- 3. Address the specific financial needs of both undergraduate and graduate students.**

If met, we believe the U. T. System will benefit greatly from having financially educated students that are capable of simultaneously achieving a world-class education while being able to manage their financial responsibilities.

Campus Life Committee

Recommendation - International Student Engagement Process

According to the U. T. System Fast Facts of 2013, 16,804 international students were

enrolled within our academic and health institutions as of Fall 2012.²³ If current student population growth trends continue, there is evidence that enrollment of international students is likely to increase as well.

Each U. T. System institution is a primary point of contact for prospective international students. Most schools facilitate the acclimation of their new international students through a centralized international office that assists with advising, financial aid, counseling, and registration help to ensure that these future U. T. System students receive the highest quality educational experience that each of our respective campuses has to offer.

However, international students require a more adaptive education in order to effectively incorporate them into their new local community and student body. The Council recommends that each institution within the U. T. System develop a welcoming and engagement process to help international students with this transition, not only into the institution, but in daily life activities within the United States. For instance, U. T. Dallas provides an array of international student services, including but not limited to immigration advising, integration workshops, and peer mentoring.

Implementing similar programs will aid communication throughout international students' tenure within the U. T. System through increased involvement on campus. Ultimately, we believe this will enhance campus diversity which will benefit domestic and international students alike. We anticipate that a more invested international student population will create a more gratified student population that could help recruit students statewide and worldwide.

Therefore, in order to accommodate the needs of the U. T. System population at-large, the members of The University of Texas System Student Advisory Council propose the creation of an international student welcoming and engagement process to enhance the services provided by our respective universities.

APPENDIX A:

Alternative Research Funding: Pertinent Data

- The U. T. System is one of the largest and most comprehensive institutions of higher education in the country, as well as one of the largest employers in Texas. The System's nine general academic campuses educate one-third of Texas public university students, and its six health-related campuses educate two-thirds of the health professional students attending Texas public health-related institutions of higher education.²⁴
- Student enrollment at academic institutions increased significantly since 2007 from 132,487 students to over 202,138 students in 2012.
- The NIH has a \$29.15 billion budget for Fiscal Year 2013, which is a decrease of approximately five percent from appropriations in Fiscal Year 2012.²⁵
- The U. T. System relies heavily on physician billing as a constant revenue stream and there is research indicating that the new Affordable Care Act may heavily impact that monetary contribution. Changes in health care delivery may have strains on other revenue sources.
- U. T. System's Fiscal Year 2013 operating budget reports areas of growth include tuition and fees (8.1%, \$11.2 million), net sales and services of hospitals and clinics (16.5%, \$626 million), and net professional fees (7.6%, \$89 million). These growth areas are offset by the reduction in Federal Sponsored Programs (-4.1%, \$63 million) resulting from the conclusion of many awards funded by the American Recovery and Reinvestment Act.²⁶ State appropriated revenue as a percentage of overall funding for the U. T. System has decreased at an approximate average rate of 1.5% per year for three years as funding decreased from \$2.2 billion in Fiscal Year 2010 to \$1.9 billion in both Fiscal Year 2012 and to \$1.7 billion for Fiscal Year 2013.²⁷

NOTES

¹ Average Time to Degree for Doctoral Degrees Awarded in 2009-10, U. T. System Academic Institutions. Released by The University of Texas System Office of Strategic Initiatives (7/22/2011) Available: https://www.utsystem.edu/sites/utsfiles/offices/academic-affairs/forms/Ave_Time_Degree_Doc_Degrees_2011.pdf

² Sally Rockett, "What's Behind the 2011 Success Rates?" *Extramural Nexus*, National Institutes of Health Office of Extramural Research (January 20, 2012) Available: <https://nexus.od.nih.gov/all/2012/01/20/whats-behind-the-2011-success-rates/>

³ Robert Hromas, Janic Abkowitz, and Armand Keating "Facing the NIH Funding Crisis," U.S. National Library of Medicine and National Institutes of Health (December 12, 2013) Available: <http://www.ncbi.nlm.nih.gov/pmc/articles/PMC3741040/>

⁴ National Institutes of Health, Office of Budget Price Indexes (Updated March 4, 2014) Available: <http://officeofbudget.od.nih.gov/gbiPriceIndexes.html>

⁵ Accountability and Performance Report 2008 – 2009, The University of Texas System (2010) Available: <http://www.utsystem.edu/sites/utsfiles/documents/accountability-and-performance/accountability-and-performance-reports/accountabilityreport08-09.pdf>

⁶ "Employed SHE Doctorate recipients holding tenure and tenure track appointments at academic institutions, Years since degree and field: 1993-2008," The National Science Foundation Center for Science and Engineering Statistics, Survey of Doctorate Recipients (2012) Available: <http://www.nsf.gov/statistics/seind12/c3/tt03-20.htm>

⁷ Biomedical Research Workforce Working Group Report: A Working Group of the Advisory Committee to the Director, National Institutes of Health (June 14, 2010) Available: http://acd.od.nih.gov/biomedical_research_wgreport.pdf

⁸ Biomedical Research Workforce Working Group Report: A Working Group of the Advisory Committee to the Director, National Institutes of Health (June 14, 2010) Available: http://acd.od.nih.gov/biomedical_research_wgreport.pdf

⁹ Meredith Wadman, "A Workforce Out of Balance," *Nature News* (June 19, 2012) Available: <http://www.nature.com/news/a-workforce-out-of-balance-1.10852>

¹⁰ Women, Minorities, and Persons with Disabilities in Science and Engineering, National Science Foundation/National Center for Science and Engineering Statistics (February 2013) Available: <http://www.nsf.gov/statistics/wmpd/2013/digest/>

¹¹ Biomedical Research Workforce Working Group Report: A Working Group of the Advisory Committee to the Director, National Institutes of Health (June 14, 2010) Available: http://acd.od.nih.gov/biomedical_research_wgreport.pdf

¹² Average Time to Degree for Doctoral Degrees Awarded in 2009-10, U. T. System Academic Institutions. Released by The University of Texas System Office of Strategic Initiatives (7/22/2011) Available: https://www.utsystem.edu/sites/utsfiles/offices/academic-affairs/forms/Ave_Time_Degree_Doc_Degrees_2011.pdf

¹³ Average Time to Degree for Doctoral Degrees Awarded in 2009-10, U. T. System Academic Institutions. Released by The University of Texas System Office of Strategic Initiatives (7/22/2011) Available: https://www.utsystem.edu/sites/utsfiles/offices/academic-affairs/forms/Ave_Time_Degree_Doc_Degrees_2011.pdf

¹⁴ Graduate Medical Education Report: 82nd Texas Legislature, Regular Session House Bill 2908. Texas Higher Education Coordinating Board. (April 2012.)

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- ¹⁵ Todd Ackerman, “Too few doctors: Texas’ shortage of medical residency positions puts all of us in a bind” Houston Chronicle. (November 2010) Available: <http://www.chron.com/opinion/editorials/article/Too-few-doctors-Texas-shortage-of-medical-1713006.php>
- ¹⁶ Center for Workforce Studies. Workforce Data and Reports on Physician Shortages and Projections, American Association of American Medical Colleges (Current 2014) Available: <https://www.aamc.org/data/workforce/reports/>
- ¹⁷ Texas Higher Education Coordinating Board’s “Graduate Medical Education Report: 82nd Texas Legislature, Regular Session, House Bill 2908, April 2012, page 21.
- ¹⁸ *Texas Education Code*, Section 51.305: Personal Financial Literacy Training (Current 2014) Available: <http://www.weblaws.org/texas/laws/tex.educ.code.section.51.305.personal.financial.literacy.training>
- ¹⁹ National Financial Educators Council Financial Literacy Solutions (Current 2014) Available: <http://www.financialeducatorsCouncil.org/financial-literacy-definition/>
- ²⁰ Josh Mitchell and Maya Jackson-Randall, Student Loan Debt Tops \$1 Trillion, *The Wall Street Journal* (March 22, 2012) Available: <http://online.wsj.com/news/articles/SB10001424052702303812904577295930047604846>
- ²¹ The U. T. System, Office of Strategic Initiatives (calculated from various data sources) (Current 2014)
- ²² Federal Student Aid, The U.S. Department of Education (2014) Available: <http://studentaid.ed.gov/types/loans/interest-rates#what-is-interest>
- ²³ *Fast Facts 2013*, U. T. System Office of Strategic Initiatives (2013). Available: <https://www.utsystem.edu/sites/utsfiles/documents/facts-figures-and-data/fast-facts-2013/fastfacts2013.pdf>
- ²⁴ The U. T. System Tuition and Revenue Analysis (2013), Data from Integrated Postsecondary Education Delivery System (IPEDS) Available: http://www.utsystem.edu/cont/reports_publications/summaries/2013/FY2013BudgetSummaries.pdf
- ²⁵ The National Institutes of Health: Funding Operations FY13 (2014), Available: <http://nexus.od.nih.gov/all/2013/05/08/funding-operations-for-fy2013>
- ²⁶ The U. T. System “Operating Budget Summaries Fiscal Year 2013” August 2012, page 1. Available: http://www.utsystem.edu/cont/reports_publications/summaries/2013/FY2013BudgetSummaries.pdf
- ²⁷ The U. T. System “Operating Budget Summaries Fiscal Year 2013” August 2012. Available: http://www.utsystem.edu/cont/reports_publications/summaries/2013/FY2013BudgetSummaries.pdf

3. **U. T. System Board of Regents: Approval of Consent Agenda items and referral of any items to the full Board or to Committee**

RECOMMENDATION

The Board will be asked to approve the Consent Agenda items located at the back of the book under the Consent Agenda tab.

4. **U. T. System Board of Regents: Award of Regents' Outstanding Student Awards in Arts and Humanities -- presentation of creative writing winners**

REPORT

Executive Vice Chancellor Reyes will report on the results of the Regents' Outstanding Student Awards in Arts and Humanities

BACKGROUND INFORMATION

In recognition of its support of the arts and humanities, on February 9, 2012, the Board of Regents authorized the Office of Academic Affairs to establish the Regents' Outstanding Student Awards in Arts and Humanities. The awards program is designed to provide a framework that fosters excellence in student performance, rewards outstanding students, stimulates the arts and humanities, and promotes continuous quality in education. This year's awards are for creative writing.

The nominees were evaluated on the following elements: creativity, originality, imagery, artistic quality, and mastery of expression, with the following recognitions:

- **Ms. Catherine Cleary**, U. T. Austin, for outstanding poetry writing
- **Ms. Samantha Jones**, U. T. Arlington, for outstanding short fiction
- **Ms. Alison Ochoa**, U. T. San Antonio, for outstanding short fiction

5. **U. T. Rio Grande Valley: Introduction of Francisco Fernandez, M.D., inaugural Dean of the School of Medicine**

INTRODUCTION

Francisco González-Scarano, M.D., Vice President for Medical Affairs and Dean of the School of Medicine, U. T. Health Science Center - San Antonio, will introduce Francisco Fernandez, M.D., Vice President of Medical Affairs and Dean of the School of Medicine at U. T. Rio Grande Valley. Dean Fernandez will discuss his blueprint for the U. T. Rio Grande Valley School of Medicine.

REPORT

In February 2014, following a highly competitive national search, Dr. Fernandez was appointed as the Vice President of Medical Affairs and Dean of the School of Medicine of U. T. Rio Grande Valley. Dr. Fernandez assumed his role at U. T. Rio Grande Valley effective April 28, 2014. A nationally prominent expert in neurobehavioral complications of medical illness, Dr. Fernandez was recruited from the University of South Florida where he was Professor and Chairman of the Department of Psychiatry and Neurosciences and Director of the Institute for Research in Psychiatry and Neurosciences in the College of Medicine.

He was also Professor in the Department of Community and Family Health in the College of Public Health. Prior to his time at the University of South Florida, he was on the faculty at Loyola University of Chicago, Baylor College of Medicine, U. T. M. D. Anderson Cancer Center, and U. T. Health Science Center - Houston. Dr. Fernandez is the author of numerous scholarly publications and a prominent leader in academic societies such as The American College of Psychiatrists, where he is President-Elect.

6. **U. T. System Board of Regents: Discussion and appropriate action regarding amendment of Regents' *Rules and Regulations*, Rule 10402 (Committees and Other Appointments), Section 1.10, regarding Duties of the Technology Transfer and Research Committee**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, the Vice Chancellor for Research and Innovation, the Vice Chancellor for External Relations, and the Interim Vice Chancellor and General Counsel that the Regents' *Rules and Regulations*, Rule 10402, Section 1.10 regarding Duties of the Technology Transfer and Research Committee be amended to add language as set forth below in congressional style:

- 1.10 Duties of the Technology Transfer and Research Committee. The Technology Transfer and Research Committee shall:
- (a) Consider matters relating to technology transfer and research on campuses of the U. T. System, including the enhancement of research funding through philanthropy.
 - (b) Make recommendations to the Board on matters concerning technology commercialization, including the protection and commercialization of intellectual property.

BACKGROUND INFORMATION

These proposed Rule amendments clarify the duties of the Board's Standing Committee on Technology Transfer and Research to include specifically the enhancement of research funding through philanthropy at the U. T. System institutions and the making of recommendations to the Board on matters regarding the protection and commercialization of intellectual property.

7. **U. T. System Board of Regents: Proposed amendment of Regents' Rules and Regulations, a) Rule 10501 (Delegation to Act on Behalf of the Board), Sections 2.2.9 and 2.2.12, concerning contracts with athletic directors and coaches, b) Rule 10402 (Committees and Other Appointments), Section 7, regarding Athletics Liaisons, and c) Rule 20204 (Determining and Documenting the Reasonableness of Compensation), Sections 3 and 4, regarding Board and other approvals**

RECOMMENDATION

It is recommended that the following Regents' *Rules and Regulations* be amended as set forth below in congressional style:

a. Rule 10501, Delegation to Act on Behalf of the Board

2.2 Contracts Not Requiring Board Approval. The following contracts or agreements, including purchase orders and vouchers, do not require prior approval by the Board of Regents.

...

2.2.9 Certain Employment Agreements. Agreements with administrators employed by the U. T. System or any of the institutions, so long as such agreements fully comply with the requirements of *Texas Education Code* Section 51.948 including the requirement to make a finding that the agreement is in the best interest of the U. T. System or any of the institutions, except those with total annual compensation of \$1 million or greater or with proposed multiyear contracts of \$1 million or greater.

...

2.2.12 Athletic employment agreements. Contracts, contract revisions, and contract extensions with ~~head coaches and~~ athletic directors and coaches except those with total annual compensation of \$1 million \$250,000 or greater or those with proposed multiyear contracts of \$1 million or greater, as covered by Rule 20204.

(a) Contracts, contract revisions, and contract extensions for individuals with total annual compensation of \$1 million or greater may be negotiated and executed by the President following consultation with the Chancellor, the Executive Vice Chancellor for Academic Affairs, the Vice Chancellor and General Counsel, and the Chairman of the Board of Regents and additional consultation, as requested by the Chairman, to determine if special circumstances require an offer or contract change to be made prior to a scheduled meeting of the Board and if the proposed offer or contract change is in the best interest of the institution.

- (b) Such special circumstance contracts shall be submitted to the Board for formal approval via the Consent Agenda at the next appropriate meeting of the Board as required by Rule 20204 of these Rules.
- (c) Alternatively, the President may seek prior approval of the Board to negotiate with a slate of identified individuals within defined contract terms and proceed, if authorized, to hire an athletic director or coach and submit a contract for formal approval by the Board as set out in (b) above.
- (d) It is the expectation of the Board, the Chancellor, and the Executive Vice Chancellor for Academic Affairs that each President will assure the Chairman, the Chancellor, and the Executive Vice Chancellor for Academic Affairs are provided advance notice of proposed hirings and potential terms of employment related to such contracts in advance of an offer or publication or public distribution of information to allow for meaningful consultations and/or approvals.

...

b. Rule 10402, Committees and Other Appointments

Sec. 7 Athletics Liaison. The Chairman of the Board may name a member or members of the Board to serve as liaison to the Board on matters concerning intercollegiate athletics. Contacts related to institutional athletics matters made to the Athletics Liaison or Liaisons will be made in consultation with the Chancellor and the Executive Vice Chancellor for Academic Affairs.

c. Rule 20204, Determining and Documenting the Reasonableness of Compensation

Sec. 3 Board Approval. Compensation for employees ~~of the U. T. System~~ whose total annual compensation is \$1 million or more and who are not covered in Regents' *Rules and Regulations*, Rule 20203 must be approved by the Board of Regents, except as otherwise allowed by Rule 10501 for athletic directors or coaches when special circumstances exist. In all cases, the ~~The~~ employing institution is responsible for providing documentation that the compensation was established in accordance with the Systemwide policy for establishing the compensation for Highly Compensated Personnel. In addition, compensation for certain athletic directors and head coaches must be approved by the Board of Regents pursuant to Regents' Rule 10501, Section 2.2.12.

Sec. 4 Executive Vice Chancellor Approval. Compensation for employees ~~of the U. T. System~~ whose total annual compensation is \$500,000 or more but less than \$1,000,000 and who are not covered in Regents' *Rules and Regulations*, Rule 20203 must be approved by the appropriate Executive Vice Chancellor. The employing institution is responsible for providing documentation to the Executive Vice Chancellor that the compensation was established in accordance with the Systemwide policy for establishing the compensation for Highly Compensated Personnel.

3. Definitions

Highly Compensated Personnel – employees ~~of the U. T. System~~ whose total annual compensation is \$500,000 or more and who are not covered in Regents' *Rules and Regulations*, Rule 20203 (Compensation for Key Executives).

.....

BACKGROUND INFORMATION

The proposed revisions to Rule 10501 conform the general delegation for approval of contracts for coaches and athletic directors to the same total compensation levels set for other employees and provide alternate procedures to process contracts for athletic directors and coaches whose contracts exceed \$1.0 million or whose total annual compensation exceeds \$1.0 million.

In addition, proposed new language for Rule 10501, Section 2.2.12 adds a process for delegated initial approval of certain “special circumstance” athletics-related employment contracts.

The proposed amendment to Rule 10402 clarifies that contacts to the Athletics Liaison or Liaisons on institutional athletics matters will be made in consultation with the Chancellor and the Executive Vice Chancellor for Academic Affairs.

8. **U. T. System: Approval to amend and combine Regents' *Rules and Regulations*, Rule 50402 (Health Insurance Requirements for Certain International Students) and Rule 50403 (Student Health Insurance Requirement) into a new Rule 50402 to be titled Student Health Insurance Requirements**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Health Affairs, and the Interim Vice Chancellor and General Counsel that Regents' *Rules and Regulations*, Rule 50402 (Health Insurance Requirements for Certain International Students) and Rule 50403 (Student Health Insurance Requirement) be amended and combined into new Rule 50402 to be titled Student Health Insurance Requirements to comply with regulations included in the federal Patient Protection and Affordable Care Act for clarity and efficiency.

BACKGROUND INFORMATION

The federal Patient Protection and Affordable Care Act (PPACA) signed into law in March 2010 mandates certain health care benefit standards, including essential benefits for all U.S. citizens, certain visa holders, and others residing in the U. S. effective in 2014. In March 2013, the U.S. Department of Health and Human Services clarified that student health insurance programs provided by public and private institutions of higher education must meet the PPACA standards, including minimal essential benefits.

On August 1, 2013, U. T. System contracted with Academic Health Plans of Colleyville, Texas, a subsidiary of Blue Cross Blue Shield of Texas, to administer a PPACA-compliant student health insurance program for eligible U. T. System students and their families. Academic Health Plans was chosen through a competitive bid process.

Regents' Rule 50402 allows international students to purchase "approved" comprehensive health insurance or coverage while enrolled at U. T. System institutions. Currently, the Rule requires all students in the U.S. on nonimmigrant visas to have health insurance coverage that meets the minimum requirements established by the U.S. Department of State for individuals who have entered the country with a J-1 or J-2 visa. The Rule also states that a student may satisfy this requirement by purchasing coverage available to students through the U. T. System-sponsored student health insurance plan. To comply with the enactment of PPACA, proposed new Rule 50402 requires that U. T. System international students who are not covered through the U. T. System student health insurance plan, which is PPACA-compliant, or a comparable PPACA-compliant plan, enroll in the U. T. System student health insurance plan. In working with the institutions on the changes required by the PPACA, U. T. System Administration has determined that other aspects of the current Rule make it difficult for institutional International Offices to evaluate proposed alternative health care coverage and to monitor students' retention of adequate health care coverage throughout the school year.

The proposed new Rule 50402 clarifies the authority of the International Offices (1) to evaluate the level and types of existing health insurance coverage that students on nonimmigrant visas propose to utilize as a substitute for coverage under the U. T. System-sponsored student health insurance plan, and (2) to require enrollment in the U. T. System-sponsored student health insurance plan in the absence of proof that the student's existing non-U. T. System-sponsored coverage meets all of the requirements of the PPACA. It also clarifies the authority of the institutions to monitor coverage to ensure students retain the required coverage during the entire enrollment period.

Regents' Rule 50403 implements State law authorizing U. T. System to adopt rules requiring students at its health institutions to either enroll in the U. T. System student insurance plan or obtain comparable health insurance from another source. Students at U. T. System academic institutions are required by PPACA to have PPACA-compliant health care, as well. However, there is no State or federal authority that permits U. T. System to enforce this requirement or regulate health insurance coverage for these students.

**The University of Texas System
Rules and Regulations of the Board of Regents**

Rule: 50402

1. Title

Student Health Insurance Requirements

2. Rule and Regulation

Sec. 1 International Students

1.1 Requirement for International Students and Delegation of Authority. The Board of Regents delegates to the Chancellor the authority to approve a policy on International Student Health Insurance that defines the categories of students who shall be defined as "International Students" who are required to maintain health insurance as a condition of enrollment and outlines the health insurance requirements that shall be applicable to such International Students.

1.2 The policy on International Student Health Insurance shall include, at a minimum:

1.2.1 A requirement that International Students subject to the policy shall be automatically enrolled in the U. T. System-sponsored student health insurance plan titled U. T. System Student Health Insurance Program (UT SHIP), with the exceptions noted in Section 1.2.3.

1.2.2 The authority of each institution of the U. T. System to assess each International Student, for each semester in which the International Student is enrolled, a Student Health Insurance Premium fee (as an incidental fee authorized by *Texas Education Code* Section 54.504) sufficient to cover the cost of the International Student's enrollment in coverage under the UT SHIP, and the cost of medical evacuation and repatriation coverage provided through UT SHIP for that semester.

1.2.3 The process by which the enrollment requirement and Health Insurance Premium fee may be waived for International Students who:

- a. are sponsored by the U.S. government, a foreign government recognized by the U.S., or certain

**The University of Texas System
Rules and Regulations of the Board of Regents**

Rule: 50402

- international, government sponsored or nongovernmental organizations, if: 1) the sponsor has guaranteed payment of all health care expenses in writing, or 2) has provided coverage through a Patient Protection and Affordable Care Act (PPACA) compliant plan;
 - b. are enrolled in the U. T. System Employee Group Health Plan;
 - c. are enrolled in another PPACA-compliant employer-provided plan or another PPACA-compliant individual plan; or
 - d. are enrolled exclusively in distance learning programs or classes.
- 1.2.4 A requirement that any International Student granted a waiver based on coverage that does not include medical evacuation and repatriation coverage must purchase the medical evacuation and repatriation coverage provided through UT SHIP for each semester of enrollment; and
- 1.2.5 A requirement that any International Student who obtains a waiver based on proof of alternative coverage as described in this Rule is required to report any lapse of such coverage to the institution immediately.

Sec. 2 Students Enrolled at Institutions with a Medical and Dental Unit

- 2.1 Requirement for Students Enrolled at Institutions with a Medical and Dental Unit. In accordance with *Texas Education Code* Section 51.952, the Board of Regents is authorized to require students enrolled in a U. T. System institution with a medical and dental unit to have health insurance coverage
- 2.2 Delegation of Authority. The Board of Regents delegates to the Chancellor the authority to approve a policy that defines the categories of students who are required to comply with this requirement. The policy shall also provide that the requirement may be satisfied by either the student's

**The University of Texas System
Rules and Regulations of the Board of Regents**

Rule: 50402

enrollment in UT SHIP or by the student presenting evidence of comparable PPACA health insurance from a source other than the University, following policy guidelines issued by the Chancellor.

2.3 Notification of Requirement. Catalog supplements will be published by the U. T. System institution with a Medical and Dental Unit regarding this requirement.

Sec. 3 Failure to comply with the policies described in Section 1 or Section 2 above shall be grounds for institutional disciplinary action against the student.

3. Definitions

None

4. Relevant Federal and State Statutes

Patient Protection and Affordable Care Act, Public Law 111-148

Texas Education Code Section 51.952 – Student Health Insurance

Texas Education Code Section 54.504 – Incidental Fees

22 CFR Part 62 – Exchange Visitor Program

45 CFR Parts 144 and 147 - Student Health Insurance Coverage

5. Relevant System Policies, Procedures, and Forms

[forthcoming]

9. **U. T. System Board of Regents: Amendment to the Regents' Rules and Regulations, Rule 60101 (Acceptance and Administration of Gifts), Section 2.6, regarding provisions related to the acceptance of pledges for current purpose commitments, to fund endowments, and in conjunction with a gift-related naming of a facility or program**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Vice Chancellor for External Relations and the Interim Vice Chancellor and General Counsel that the Regents' *Rules and Regulations*, Rule 60101 (Acceptance and Administration of Gifts), Section 2.6, regarding provisions related to the acceptance of pledges for current purpose commitments, to fund endowments, and in conjunction with a gift-related naming of a facility or program, be amended as set forth below in congressional style.

Sec. 2 U. T. System Gift Acceptance Procedures. The Board delegates to the Vice Chancellor for External Relations the authority and responsibility to promulgate a set of guidelines regarding the acceptance, processing, investment, and administration of gifts. These guidelines, known as The University of Texas System Administration Policy UTS138, *Gift Acceptance Procedures*, shall be adhered to by the U. T. System and the institutions. In promulgating the *U. T. System Gift Acceptance Procedures*, the delegate shall also consider provisions to:

- 2.1 accomplish the goal of increasing financial support for the U. T. System through the appropriate assistance of donors,
- 2.2 allow staff members to respond to donor initiatives quickly and with certainty,
- 2.3 establish administrative processes to accept and administer gifts in a prudent and efficient manner, with fiduciary responsibilities of fundamental importance,
- 2.4 comply with the Texas Constitution and applicable federal and State law,
- 2.5 comply with the provisions of the *Internal Revenue Code* and related regulations,
- 2.6 specifically incorporate provisions related to the acceptance of pledges for current purpose commitments to fund endowments, and in conjunction with a gift-related naming of a facility or program as follows:
 - (a) for gifts and pledges to name a facility or program, a U. T. System approved gift agreement, which includes defined pledge payment terms, must be in place,
 - (b) prior to the creation acceptance of an endowment, at least 20% of the donors' total required minimum funding must be received and a U. T. System approved gift agreement, which contains defined pledge payment terms, must be in place, and

~~(c) (b)~~ the pledge ~~for~~ payment duration for either endowed or non-endowed gifts of the remaining funds shall not exceed ~~extend beyond~~ five years ~~from the date of execution of the gift agreement~~. However, ~~W~~with the written approval of the Vice Chancellor for External Relations, the pledge period may be longer than five years under ~~rare and~~ special circumstances, and

- 2.7 provide that, in the interest of financial responsibility and efficiency, it is the specific preference of the Board that all endowment gifts be eligible for commingling for investment purposes with other endowment funds.

BACKGROUND INFORMATION

The proposed amendments to Rule 60101 will ensure similar treatment for all pledges. The proposed revisions to Section 2.6 will conform all pledge commitments to the same duration, while recognizing the standard five-year period is not always practical from a donor-relations perspective. The proposed changes to Section 2.6 (c) will allow the Vice Chancellor for External Relations to grant an exception to the five-year pledge period under special circumstances.

10. **U. T. System Board of Regents: Discussion and appropriate action regarding implementation of recommendations of the Advisory Task Force on Best Practices Regarding University-Affiliated Foundation Relationships, including a) renumbering Regents' Rules and Regulations, Rule 60304 (Internal Nonprofit Corporations) as Rule 60303, and revision and renumbering of Rule 60305 (External Nonprofit Corporations) as Rule 60304; b) adoption of new Rule 60305 (University-Affiliated Foundations); and c) approval of a model Memorandum of Understanding**

RECOMMENDATION

The Chancellor concurs in the recommendation of Task Force Chairman Pejovich, the Vice Chancellor for External Relations, the Interim Vice Chancellor and General Counsel, and the General Counsel to the Board that the following steps to implement the recommendations of the Advisory Task Force on Best Practices Regarding University-Affiliated Foundation Relationships (Task Force) be approved.

- a. Renumber Regents' *Rules and Regulations*, Rule 60304 (Internal Nonprofit Corporations) as Rule 60303 and revise and renumber Rule 60305 (External Nonprofit Corporations) as Rule 60304 as set forth on Page 35;
- b. Adopt a new Rule 60305 (University-Affiliated Foundations) as set out on Pages 36 - 41; and
- c. Approve a model Memorandum of Understanding (MOU) in substantially the form set forth on Pages 42 - 47.

BACKGROUND INFORMATION

On November 15, 2012, then Chairman Powell created the Task Force, and charged the Task Force with making recommendations to the U. T. System Board of Regents to assure that relationships between U. T. System institutions and the U. T. System and affiliated foundations are optimally structured to serve as a national model for public universities for the best management, compliance, and oversight practices.

Regent Pejovich presented the Task Force's report to the Board on August 22, 2013. The Task Force proposed that its recommendations be effected through revised Regents' *Rules and Regulations* and implemented through U. T. System policies. The proposed Rules address the Task Force recommendations and include a model MOU developed with input from U. T. System institutions and university-affiliated foundations that will serve as the basis for discussions and documentation regarding relationships based upon best practices. Full implementation of the Rules and execution of the MOUs are targeted for Fall 2014, following consultation with individuals from U. T. System institutions and university-affiliated foundations.

Delegation to execute each MOU is granted to the President or Chancellor after approval by the appropriate Executive Vice Chancellor and the Vice Chancellor and General Counsel pursuant to new Rule 60305.

**The University of Texas System
Rules and Regulations of the Board of Regents**

Rule: 60305 60304

1. Title

External Nonprofit Corporations

2. Rule and Regulation

Sec. 1 Acceptance of Gifts or Bequests. The Board of Regents recognizes that there are legally incorporated nonprofit organizations (most having the word "foundation" in their charter) whose sole purpose is to benefit The University of Texas System, the institutions, or teaching, research, and other activities within those institutions. These organizations are administered by boards of directors independent from the control and supervision of the Board of Regents. Gifts or bequests from any such external organization to the University must be accepted and approved under gift acceptance policies.

Sec. 2 University-Affiliated Foundations. The relationships between the U. T. System and U. T. System institutions and nonprofit organizations classified as University-Affiliated Foundations is defined in Regents' Rule 60305.

**The University of Texas System
Rules and Regulations of the Board of Regents**

Rule: 60305

1. Title

University-Affiliated Foundations

2. Rule and Regulation

Sec. 1 Importance and Mission Alignment. The independence and diversity of the U. T. System's university-affiliated foundations is a great strength, one that uniquely reflects and serves the System's mission and community with great impact. As a public entity entrusted with both private and public funds, the U. T. System's governing board has a responsibility to ensure that the development, management, and expenditure of resources that support U. T. System institutions are done in a manner consistent with federal, state, and local laws, and that the focus of university fundraising efforts by university personnel remain on funds to be administered by the university. The U. T. System also shares with its institutions and the affiliated foundations a special obligation to maintain the public's trust.

Each U. T. System institution and its university-affiliated foundations should assess, develop, and promote alignment between the university-affiliated foundation's and the institution's missions.

1.1 Memorandum of Understanding. Each U. T. System institution should engage its affiliated foundations in a process to review or develop a Memorandum of Understanding (MOU). The process should principally involve the institution and the affiliated foundation, including the chief executive of the university, the chief executive officer of the affiliated foundation, and the chair of the foundation board. Representatives of the U. T. System's Office of External Relations, Office of Academic Affairs or Office of Health Affairs, Office of General Counsel, and Office of the Board of Regents and the affiliated foundation's legal counsel should be engaged as necessary throughout the process.

The resulting proposed MOU should substantially comply with a model MOU developed with broad and appropriate input from U. T. System institutions and university-affiliated foundations and approved by the Board of Regents. The MOU should also include the provisions listed in Section 1.2 below.

The MOU process should culminate in a formal adoption of the MOU between the System or the institution and respective affiliated foundation executed by the institutional President or the Chancellor after approval by the appropriate Executive Vice Chancellor and the Vice Chancellor and General Counsel.

1.2 MOU Provisions. The MOU should include provisions that:

- (a) Summarize the overall relationship between the foundation and the university and how the foundation's assets, functions, gift administration, or grant-making serve the university's mission.
- (b) Establish the President, or the President's designee, as the primary institutional staff contact for the university-affiliated foundation; the institution's Chief Financial Officer, or the Chief Financial Officer's designee, as the primary financial contact for the university-affiliated foundation; and the institutional Chief Development Officer, or the Chief Development Officer's designee, as the primary fundraising contact for the university-affiliated foundation.
- (c) Define the foundation's role in fundraising, if any, and delineate, as appropriate, the respective oversight responsibilities of foundation and institutional personnel with regard to prospect management, gift acceptance and receipting, and stewardship. The primary focus of fundraising efforts by university-compensated personnel, including development professionals, deans, and faculty, should remain on funds given directly to the university and administered by the university. The exclusive focus of any fundraising efforts by university-compensated personnel to benefit an external entity must be for funds to directly benefit the university.
- (d) Identify specific services provided by the foundation, which might include fundraising, gift acceptance and advancement services, records and data management, investment services, real estate projects, or other activities in support of institutional functions and priorities, and any payments or consideration provided to the foundation in exchange for such services (precise fees or payments may be documented in separate agreements).
- (e) Describe any institutional resources provided for the use of the foundation. Resources might include budget allocations, staff support, office space, and technology. Recovery of costs associated with providing such resources should be at the same rates charged to university departments. Further, the institutions and university-affiliated foundations should use separate computers and computer systems to avoid the intermingling of data and information. If a database is shared for purposes of maximizing efficiency, accuracy of data, and prospect management, the rationale for sharing a database should be documented and approved in accordance with applicable policies of the Board of Regents (see Regents' Rule 10501), and appropriate steps should be taken and documented to protect the interests of both the U. T. System institution and the university-affiliated foundation, for example, by implementing separate gift-processing modules. (Because funding and fee structures may vary from year to year,

the MOU may reference separate support or service agreements or disclosures.)

- (f) Identify a process to phase out any employment arrangements currently in place between any institution and its affiliated foundation whereby an institution and foundation share staff. Where extraordinary circumstances exist requiring the continuation of any such arrangement, establish terms under which foundation functions and operations may be staffed by university employees, including a description of reporting relationships and the role played by foundation staff or board members in hiring decisions, performance evaluation, and compensation decisions. Consistent with the guidance found in the Attorney General Opinion No. MW-373 (1981), U. T. System institutions lack the authority to place foundation employees on payroll or to provide them benefits reserved for state employees. (Because funding and fee structures may vary from year to year, the MOU may reference separate support or service agreements or disclosures.)
- (g) Describe records, including alumni and donor records, owned either by the institution or foundation and policies governing the use and sharing of such records, including public access under the Texas Public Information Act. The MOU should also include language related to the privacy of student information subject to the Family Educational Rights and Privacy Act (FERPA) and include procedures for providing and safeguarding any student information in full compliance with FERPA.
- (h) Define reciprocal responsibilities and mutual expectations regarding the frequency, content, and method of reporting between the university-affiliated foundation and its supported institution. This should include a requirement for an independent annual audit of the foundation and a requirement that the audit report be provided to the supported institution.
- (i) Describe the terms, process, and frequency by which foundation funds or grants will be provided to the university, including discretionary funds or funds intended to fund the compensation or benefits of university employees (not including transfers of funds for endowed faculty or administrative positions). This should also include requisition guidelines, annual guidelines for seeking foundation funds or support for the purchase of tickets to attend or sponsor third-party or institutional annual dinners, galas, auctions, or other donor-related functions, and provisions for the reimbursement to university employees for expenses incurred on behalf of the foundation.
- (j) Define terms for the foundation's use of the university's name, service marks, branding, and other proprietary university property,

consistent with Board of Regents' policy. (See U. T. System Trademark Licensing Policy).

- (k) Include statements regarding (a) practices to identify and appropriately manage potential conflicts of interests involving institutional staff, foundation staff, and foundation board members, and (b) practices to prevent the payment or accrual of impermissible benefits to university or university-affiliated foundation employees, directors, or officers. This should include a prohibition of the gift or loan of university-affiliated foundation property, services, funds, credit, or assets to university employees, families, or their representatives, except under circumstances whereby a specific program or strategy has received prior written approval by the Board of Regents.
 - (l) Include information regarding gift or management fees assessed by the foundation.
 - (m) Clearly define the extent of any liability arising out of the relationship.
 - (n) Establish guidelines and the conditions under which the MOU may be terminated by the institution or foundation and outline a process for the orderly separation of an institution from a foundation and/or a foundation from an institution as well as the distribution of foundation assets consistent with its articles of incorporation and bylaws.
- 1.3 Periodic Assessment. Institutions and affiliated foundations should engage in periodic assessment of the role of the university-affiliated foundation and its relationship with its supported institution by revisiting the MOU process periodically.
- 1.4 Use of Name or Logo. Execution of an MOU is required for the continued approval for the use of the name or logo of any entity within the U. T. System by a university-affiliated foundation.
- Sec. 2 Transparency. Institutions and their affiliated foundation(s) should work together to implement practices that increase transparency, openness, and disclosure to the supported institution and the public.
- 2.1 Each institution and its university-affiliated foundations should provide for the sharing, consistent with applicable laws and donor privacy, of financial information, audits, annual IRS filings, and other records with each other and outside parties.
 - 2.2 Each institution and its university-affiliated foundations should work together to adopt a transparency statement oriented specifically to donors, alumni, and outside parties that

- (a) clarifies the relationship between the institution and the university-affiliated foundation;
 - (b) explains the role that the private foundation plays in the university setting;
 - (c) lists each foundation's leadership, budget, and assets; and
 - (d) explains the difference between making a gift to the U. T. System, a U. T. institution, or the university-affiliated foundation.
- 2.3 Each institution and its university-affiliated foundations should adopt practices to assure the university is aware of foundation policies regarding gift or administrative fees, including the disclosure to donors or potential donors of any and all fees for endowment or non-endowment gifts, pledges, or bequests.
- 2.4 Each institution and its university-affiliated foundations should establish a practice to assure routine reports to donors.
- 2.5 Each institution should identify all affiliated foundations on its website, clearly noting their status as separate from the supported institution. Similarly, each university-affiliated foundation should have a well-developed website that provides public access to information about the foundation's mission, a list of foundation employees and board members, and clear contact information for the foundation.
- Sec. 3 Governance. Each institution and university-affiliated foundation should:
 - (a) Ensure that the work of the foundation is aligned with the strategic priorities of the supported university.
 - (b) Collaborate to establish strong periodic orientation programs to educate new university officials and all new foundation board members about the foundation's mission, legal requirements, and fiduciary duties.
- Sec. 4 Foundation Policies. University-affiliated foundations should adopt policies that are transparent, reflect best practices, and mitigate even the appearance of impropriety, unfairness, financial self-dealing, or fiscal imprudence.
- Sec. 5 Donor Intent. Institutions and university-affiliated foundations should adopt and consistently apply gift acceptance policies, thoroughly document donor intent, and carefully review proposed gifts to ensure that donors' intentions can be fulfilled and that through the acceptance of gifts, institutions will not be subject to undue external influence, such as over academic programs and appointments, or to financial or compliance risk.

The policies should require consultation between the foundation and appropriate institution representatives prior to the foundation accepting gifts restricted for a) institution purposes other than those addressed in existing gift acceptance policies, or b) that may subject the institution to unusual conditions or requirements.

3. Definitions

University-Affiliated Foundations - Texas nonprofit trusts or corporations whose sole, primary, or operationally significant purpose is to provide financial support to a U. T. System institution.

4. Relevant Federal and State Statutes

Texas Business Organizations Code Section [22.353](#)

Texas Government Code Section [2255.001](#) – Rules (Private Donors or Organizations)

Texas Attorney General Opinion No. [MW-373](#) (1981)

5. Relevant System Policies, Procedures, and Forms

Regents' *Rules and Regulations*, [Rule 10501](#), Delegation to Act on Behalf of the Board

Regents' *Rules and Regulations*, [Rule 30104](#), Conflict of Interest, Conflict of Commitment, and Outside Activities

Regents' *Rules and Regulations*, [Rule 60101](#), Acceptance and Administration of Gifts

Regents' *Rules and Regulations*, [Rule 60305](#), External Nonprofit Corporations

Regents' *Rules and Regulations*, [Rule 60306](#), Use of University Resources

[The University of Texas System Administration Policy UTS138. Gift Acceptance Procedures](#)

[Best Practices Regarding University-Affiliated Foundation Relationships – Advisory Task Force Report \(2013\)](#)

MODEL
MEMORANDUM OF UNDERSTANDING

By this Memorandum of Understanding, THE UNIVERSITY OF TEXAS _____
("University") and _____ ("Foundation") agree as follows:

1. The University and the Foundation deem it appropriate to, and do hereby, memorialize the relationship between the Foundation and the University, and agree mutually for the future regarding the respective roles, rights and obligations of the University and the Foundation in this relationship.

[If Foundation has specialized or limited functions, those should be specified]

2. The Foundation is a nonprofit educational corporation chartered in Texas for the purposes of: supporting the educational undertakings of the University; furthering education, research and financial assistance to deserving recipients; accepting donations for particular objectives to accomplish such purposes; and cooperating with the advancement of the general welfare of the University as a whole. The policies of the Board of Directors of the Foundation include the activities of securing and administering funds for the benefit of the University.

[If Foundation has a different corporate structure or specialized duties, those should be specified]

3. The Foundation agrees that, during the term of this Memorandum of Understanding, the Foundation will:

- (1) Accept gifts for the benefit of the University that may include: support for the procurement and retention of outstanding faculty members; financial support for students; the enrichment of the educational environment of the University; and, by other agreed upon activities, enhancement of the prestige of, and advancement of, the University; and utilization of its expertise, resources and personnel for such purposes;

- (2) Render other assistance to the University as may mutually appear desirable, including the following:

- Develop an annual plan approved by the Foundation to raise funds and an annual plan to spend funds.
- Base its spending plan on funds on hand.

- Pay to the University all direct costs borne by University to support Foundation projects.
 - Direct its fundraising in cooperation with University fundraising efforts and in alignment with the University mission.
- (3) Recognize the University as the sole beneficiary of its development activities and its educational support. The Foundation, its officers and directors understand that the Foundation may engage in fundraising for the Foundation's support. The Foundation will not sponsor or participate in any organized fundraising effort for the benefit of the University without first consulting with and receiving the approval of the President of the University, or his/her designee.
- (4) Establish a website that provides public access to information about the Foundation's mission, a list of Foundation employees and board members, and clear contact information.
- (5) Enact and enforce records retention procedures that ensure orderly management and retrieval of documents.
- (6) Enact a policy to provide for public inspection of financial records and Foundation meeting minutes to the extent permissible by law.

[Other functions, including records and data management, or the provision of other services to University, should be specified. If the purposes of the Foundation are other than solely fundraising or if the University is not the sole beneficiary of the Foundation's activities, those modifications can be reflected in this section. For example, Sealy and Smith Foundation, Southwestern Medical Foundation and the UT Foundation have broader purposes.]

4. The University agrees that, during the term of this Memorandum of Understanding, the University may:

- (1) provide reasonable space on or near its campus, as approved by the University President, to the Foundation for the purpose of carrying out its obligations hereunder and for its general operations on behalf of the University;

- (2) provide the utilities and telephone services reasonably needed by the Foundation in carrying out its activities under this Memorandum of Understanding;
- (3) permit reasonable use of University equipment and personnel as needed to coordinate the activities of the Foundation with the operations of the University and hereby expressly recognizes that the University President, officers and the employees may reasonably assist from time to time in development programs as may be needed or helpful in coordinating those Foundation activities with the operations of the University. The primary focus of fundraising efforts by university-compensated personnel, including development professionals, deans, and faculty, should remain on funds given directly to the university. The exclusive focus of any fundraising efforts by university-compensated personnel to benefit the foundation must be for funds to directly benefit the university. Foundation employees may not be University employees, be carried on the payroll of the University or receive University employee-related benefits;
- (4) provide access to alumni data, when appropriate and consistent with all state and federal privacy laws, through the University's Office of Development or Alumni Relations and with the approval of the Vice President for Development or University Advancement, for the purposes of benefiting the fundraising efforts of the Foundation and the University.

[If University provides other support or resources, those should be specified. If the potential for conflicts of interest exist, a management plan should be specified]

Recovery of costs associated with providing such resources will be at the same rate charged to University departments and documented in separate support or service agreements.

5. The University and the Foundation are committed to transparency. All audits of the Foundation, as required by the Internal Revenue Code and as requested by the Foundation, shall be provided to the University as requested and to the public to the extent permissible by law. The University and the Foundation will provide information to the public, on each website, the nature of the relationship between the two entities and explain the difference between contributions to the two entities. Further, the University and the Foundation will establish a practice to provide routine reports to donors.

6. It is mutually agreed that the University and the Foundation will use separate computers and computer systems to avoid the intermingling of data and information. If it is mutually agreed that a database should be shared for purposes of maximizing efficiency, accuracy of data, and prospect management, the rationale for sharing such database should be documented and approved in accordance with Rules and Regulations of the Board of Regents Rule 10501.
7. It is mutually agreed that the University and the Foundation will not share staff. **[If shared staffing does occur, the following language should be added: The University and the Foundation find that there are extraordinary circumstances that require the existence of shared staff. University employees authorized to provide foundation support shall report to_____. Further, such employees may assist in foundation functions and operations only to the extent as outlined below:]**
8. It is mutually agreed that the University and the Foundation will execute an annual written agreement by August 1 of each year for the next fiscal year (September 1 through August 31) specifying a “Management and Use Fee” to compensate the University for the utilization by the Foundation of equipment, utilities and office space and for the time spent by any University employees on Foundation matters authorized under Section 7, attached as Exhibit 1. (For purposes of the Annual Agreement, such time will be estimated based on the previous year’s actual time commitment.) Any direct costs beyond those covered by the Annual Agreement shall be agreed to in advance between the presidents of the Foundation and the University, or their designees.
[Other reporting obligations of the Foundation, including fundraising, funds transfer, expenditures, etc. should be specified.]
9. To protect any University of Texas System trademarks, Foundation may use the University trademarks specified in and subject to the restrictions contained in the attached trademark license, Exhibit 2.
10. Foundation shall comply with all applicable laws regarding privacy of student, alumni and donor records and shall also comply with all requirements of the Texas Public Information Act that may be applicable to Foundation due to its relationship with University.
[Applicability of the Texas Public Information Act (TPIA) to the Foundation will depend on specific factors, including the use by the Foundation of University resources or funds, and specific language may be tailored or added here to clarify

the separate nature of the Foundation. However, the Office of the Attorney General has ultimate authority to determine the applicability of the TPIA.]

- 11. The University enters this arrangement with the Foundation with the expressed understanding that the University is not responsible for any debt, obligation or liabilities of the Foundation, its officers and/or trustees.

- 12. It is mutually agreed that the University and the Foundation will operate proactively to identify and appropriately manage potential conflicts of interest involving institutional officers and employees, foundation staff, and foundation board members. The conflict of interest provisions of both the University’s policies and the Foundation’s policies are expressly applicable to all interactions between the University and the Foundation. In cases where the conflict of interest policies of the University and the Foundation conflict, the more restrictive policy will control.

This agreement is effective immediately upon execution by the parties, and it shall remain in effect from year to year unless modified in writing by mutual agreement of the Foundation and the University or terminated by either the Foundation or the University upon giving written notice six (6) months prior to the end of a fiscal year of the University (by August 31).

Effective on this ____ day of _____, 20--.

The _____ Foundation

By: _____
President

Date: _____

The University of Texas _____

By: _____
President [or designee]

Date: _____

Exhibit 1 – not attached

Exhibit 2 – not attached

11. **U. T. System: Approval of \$10 million in additional Permanent University Fund Bond Proceeds for continued funding of the U. T. System Research Incentive Program**

RECOMMENDATION

The Chancellor, with the concurrence of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and the Vice Chancellor for External Relations, recommends an additional \$10,000,000 of Permanent University Fund (PUF) Bond Proceeds be appropriated for Fiscal Year 2014 to provide continued funding to enhance and enrich research infrastructure for The University of Texas System Research Incentive Program (UTRIP) to benefit the four emerging research institutions designated by the Texas Higher Education Coordinating Board: The University of Texas at Arlington, The University of Texas at Dallas, The University of Texas at El Paso, and The University of Texas at San Antonio.

BACKGROUND INFORMATION

The Texas Legislature, 81st Regular Session, authorized the Texas Research Incentive Program (TRIP) to provide State matching funds for research-oriented philanthropy at the seven emerging research institutions of Texas, as designated by the Texas Higher Education Coordinating Board. Among those seven are U. T. Arlington, U. T. Dallas, U. T. El Paso, and U. T. San Antonio.

On August 20, 2009, the Board authorized Vice Chancellor Safady to act on behalf of the Board to facilitate the acceptance of gifts by University of Texas System institutions that qualified for matching under the TRIP, as appropriate, and to work closely with U. T. System institutions to ensure compliance with requirements of the Texas Higher Education Coordinating Board related to this Program.

On October 12, 2009, the Board appropriated \$10,000,000 of PUF Bond Proceeds to provide one-time matching funds through UTRIP to assist the four U. T. System institutions, identified above, in leveraging private gifts for the enhancement of research productivity and faculty recruitment. According to the Texas Constitution, PUF Bond Proceeds may only be used to fund capital and equipment items related to the educational mission of the U. T. System and its institutions.

The gifts were to be matched using the following criteria:

- Gifts of \$500,000 to \$999,999 from a single source will be matched at 10% (creating a matching gift possibility ranging from \$50,000 to \$99,999)
- Gifts of \$1,000,000 to \$2,999,999 from a single source will be matched at 20% (creating a matching gift possibility ranging from \$200,000 to \$599,999)
- Gifts of \$3,000,000 to \$4,999,999 from a single source will be matched at 30% (creating a matching gift possibility ranging from \$900,000 to \$1,499,999)

- Gifts of \$5,000,000 or greater from a single source will be matched at 50% (with a matching cap of \$2.5 million)

On August 12, 2010, the Board authorized an additional \$10,000,000 to continue and extend UTRIP through December 31, 2011, to benefit the U. T. System's four emerging research universities subject to the matching requirements approved by the Board on October 12, 2009, with a modification to allow matches to also be made for gifts with a payment period of up to two years. The Program could continue with the use of the previously allocated \$10,000,000 and the allocation of an additional \$10,000,000, for a total of \$20,000,000.

Again on February 9, 2012, the Board authorized another \$10,000,000 to continue and extend UTRIP, subject to the matching requirements approved by the Board on October 12, 2009, and modified on August 12, 2010. The Program could continue with the use of the previously allocated \$20,000,000 and the allocation of an additional \$10,000,000, for a total of \$30,000,000.

The four U. T. System institutions have greatly benefited from these programs and the leveraging of private gifts for the enhancement of research productivity and faculty recruitment has resulted in more than \$68 million secured from the Coordinating Board's TRIP funds. Further funding made available through the Board of Regents' UTRIP fund has further leveraged private gifts. Since the Board authorized UTRIP, almost \$84 million in private gifts have been submitted for matching and more than \$25 million in matching UTRIP funds have been paid or committed by the U. T. System. Based on new gifts under negotiation with donors now, the current balance of UTRIP funding will be depleted in May 2014, and continued funding is important to ensure momentum with current gift negotiations.

12. **U. T. System: Discussion and appropriate action regarding final report and recommendations from the Task Force on Hazing and Alcohol**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and the Executive Vice Chancellor for Health Affairs that the U. T. System Board of Regents accept the recommendations as set forth in the report of the U. T. System Task Force on Hazing and Alcohol. The report is set forth on the following pages.

At the meeting, Dr. Wanda Mercer, Associate Vice Chancellor for Student Affairs in the Office of Academic Affairs, and Ms. Eileen Curry, a fourth-year medical student at U. T. Health Science Center - San Antonio, will report on the activities of the Task Force and make recommendations for Board consideration.

BACKGROUND INFORMATION

At the request of then Chairman Powell, the U. T. System Task Force on Hazing and Alcohol was charged with developing, for the U. T. System institutions, an array of evidence-based best practices that target campus student organizations and other university constituencies in an effort to change campus culture concerning hazing and alcohol abuse. The Task Force included student and faculty representatives from across the U. T. System institutions. A set of recommendations was developed for the institutions and the U. T. System as a whole.



THE UNIVERSITY of TEXAS SYSTEM
Nine Universities. Six Health Institutions. Unlimited Possibilities.

U. T. SYSTEM

RECOMMENDATIONS FROM THE TASK FORCE
ON HAZING AND ALCOHOL

Prepared by the Office of Academic Affairs
The University of Texas System

April 2014

The University of Texas System Task Force on Hazing and Alcohol:

Major Findings, Highlights, and Recommendations

The University of Texas System Hazing and Alcohol Task Force was charged with developing an array of evidence based practices that target campus organizations and constituencies in an effort to change campus culture concerning hazing and high-risk drinking behavior that contributes to hazing.

The Office of Academic Affairs and institutional task force members are developing a website to facilitate resource sharing, best practices, honor codes, training modules, hazing prevention efforts, and binge-drinking awareness programs.

DID YOU KNOW?

More than 50% of students involved in any type of club, team, or campus organizations have engaged in at least one hazing behavior meant to “humiliate, degrade, abuse, or endanger others.” Drinking games are the most commonly cited hazing behavior on college campuses.

Most students also fail to report behavior as “hazing” because they perceive benefits of feeling part of a group as outweighing the emotional, psychological, and physical harm.

System-Level Requirements

- Develop a clear Systemwide message that helps to influence culture change
- The U. T. System and Board of Regents expect institutions to be vigorous in pursuit of creating a culture of zero tolerance concerning hazing
- Require a structure of shared accountability among administration, campus leadership, and student leadership
- Encourage institutions to engage in proactive, practical, and educational efforts to create awareness of hazing issues, high risk drinking, and other risky behaviors that perpetuate hazing

Campus-Level Requirements

Task force members are working with the Office of Academic Affairs to host a U. T. System website that provides policy and alternatives to hazing. Other recommendations include:

- Pursue promising and best Environmental Management practices that minimize risk to students
- Institutions should eliminate “pledging” and employ the term “new member processes”
- Provide organizations with a list of team-building activities that foster collaboration, self-esteem, and positive contributions to the community
- Encourage campus-wide participation in an online alcohol prevention program
- Collect data on the impact of educational programming and prevention efforts in order to assess the effectiveness of each program
- Encourage institutions to have a blended policy approach that includes amnesty policies and bystander awareness programs that encourage students to seek help for severely intoxicated students; include restorative and educational sanctions

Introduction and Purpose:

The Hazing and Alcohol Task Force was formed in the Spring semester of 2013 at the request of Chairman W. Eugene Powell and with the support of the U. T. System Board of Regents, Chancellor Francisco G. Cigarroa, and the Office of Academic Affairs. The task force membership consists of four representatives from the U. T. System Student Advisory Council, four representatives from the U. T. System Faculty Advisory Council, and two other institutional administration leaders representing student affairs and athletics. Members represent a variety of institutions and have helped inform a comprehensive and well-rounded conversation on this topic from the perspectives of Greek organizations, athletic teams, academic organizations, and other social groups on campus that may currently be at risk for engaging in hazing behavior and/or high risk drinking.

The University of Texas System Hazing and Alcohol Task Force was charged with developing for the U. T. System institutions an array of evidence-based best practices that target campus student organizations and other university constituencies in an effort to change campus culture concerning hazing and alcohol abuse.

In addition, the task force was asked to formulate recommendations targeting advisors and others who work with student groups to help them proactively address hazing and alcohol use in their organizations and to intervene when appropriate. Finally, the task force was charged to develop additional recommendations and resources designed to actively engage students in campus programs to help combat high-risk behaviors.

Approach:

The task force relied upon national hazing research to identify the types of students most likely to engage in hazing behavior and to determine how pervasive the issue may be. A nationwide web-based survey conducted in 2007 surveyed almost 12,000 students at 53 campuses.¹ Results indicated alarming trends:

- More than 50% of students involved in any type of club, team, or campus organization had engaged in at least one hazing behavior meant to “humiliate, degrade, abuse, or endanger others or oneself regardless of willingness to participate.”
- Hazing behaviors occur across all types of organizations, among both male and female students, and are clearly not limited to Greek and athletic organizations, as is sometimes reported.

¹ Elizabeth Allan and Mary Madden, “College Students at Risk: Initial Findings from the National Study of Student Hazing,” (3/11/2008), http://www.hazingstudy.org/publications/hazing_in_view_web.pdf

- Most students fail to report behavior as “hazing” because they perceive the benefits of feeling part of a group as outweighing the potential risk of emotional, psychological, and physical harm.
- Drinking games are the most commonly cited hazing behavior at all college campuses surveyed.

Current Practice:

As required by law, U. T. System institutions currently distribute to students the Texas Hazing law², campus hazing policies, and an institution-specific list of organizations found in violation of campus hazing rules for a three year timeframe. Over the past three years, four U. T. System academic institutions received no formal hazing reports and two institutions had a small number of reported incidents. The three larger academic campuses with a significant number of student organizations and teams tended to have more reported hazing incidents within the last three years.

In all cases, the U. T. System academic institutions have taken swift and appropriate action to discipline organizations and to implement proactive prevention efforts on campus to reduce hazing behavior in the future. Additionally, student and organization leaders participate in risk management training, new member education programs, and a variety of student educational events and programming sponsored during National Hazing Prevention Week. The institutions are to be commended for their progress on this very important issue and the Task Force has developed recommendations that can complement current efforts and enhance some of the established best practices at U. T. System institutions.

The Task Force recognizes that historically, across the country, it has been the intersection of hazing-related behaviors and initiations processes combined with excessive alcohol consumption that often results in risky behavior, physical and emotional harm to students, and possibly the most serious, sometimes deadly, outcomes.

It has become evident through research and discussion that many institutions are engaging in proactive hazing prevention efforts, at the very least, on an annual basis. However, the Task Force has developed recommendations that extend proactive prevention efforts beyond the current status quo, in order to provide guidelines and resources to combat further the culture of hazing and high risk drinking at U. T. System academic institutions.

System-Level Recommendations

The following recommendations address system-level messages and actions that will help facilitate the implementation of proactive awareness efforts at U. T. System institutions.

Refer to Attachment A for more information.

² Education Code §37.152 and §51.936

1. Develop a clear and concise Systemwide message that helps to influence culture change.

Any significant attempt to reduce the incidents of hazing behavior must begin with a culture change. Many students do not accurately perceive the potential harm of hazing behavior and a significant number of students come to college having already experienced hazing in or before high school. As a result, it becomes imperative that institutions change the expectations around what is and is not acceptable group dynamics, culture, and behavior.

The U. T. System will develop messaging specific to the potential harms and consequences of hazing and messages that provide specific direction on desired behavior and instill a culture of care. Messages can then be tailored for adoption at each institution. By encouraging the adoption of this campaign, the task force expects that a clear and consistent message will exist across all U. T. System institutions.

2. Require that hazing behaviors will not be tolerated and are not in-line with community values.

U. T. System leadership needs to help facilitate culture change. Changing expectations involves buy-in from the highest levels of administration to each and every individual student and student organization, faculty, staff, and alumnus. Hazing behavior runs along a continuum from mild to severe, from seemingly harmless to potentially deadly. Often, apparently harmless hazing behavior escalates to more severe and potentially dangerous behavior. Only a zero-tolerance stance will create a culture that recognizes that all types of hazing are demeaning and incongruent with campus values. It should be communicated widely throughout the campus community that participating in student activities and organizations is an essential and important aspect of the college experience but an experience in which hazing will not be tolerated. Students who wish to participate in any activity should be able to do so without fear of being hazed. The institutions need to reinforce that hazing is not acceptable in the academy, that all hazing will be addressed, and that the elimination of hazing is a Systemwide priority.

3. Require a structure of shared accountability among administration, campus leadership, and student leadership.

A structure of accountability involves creating a shared, collective ownership among administrators, campus leadership, and student leadership in eliminating acts of hazing and high risk drinking. Accountability extends beyond having campus policies, programs and practices, and interventions in place to creating structures that lead to a sustained cultural change with regard to hazing and high risk drinking. While U. T. System institutions have been successful in creating policy and practices that educate the campus community about hazing, high risk drinking, and taking action when incidents arise, more can be done in creating a proactive culture of shared accountability and responsibility. Emerging research in the field of effective campus health and safety programming identifies key factors that contribute to successful prevention efforts, including leadership, building

coalitions, utilizing evidence-based programming, and implementing a strategic plan.³ Successful strategy involves multiple collaborative and coordinated efforts that identify factors that lead to hazing and high risk drinking, and provides policy, prevention, and intervention efforts. To reinforce a structure of shared accountability, the Task Force recommends that each campus form a campus coalition involving multiple partners to address hazing and high risk drinking from an institutional perspective. The coalitions on each campus can be instrumental in reinforcing Systemwide expectations, identifying areas of improvement, and identifying strategies for improvement at the campus level.

4. Require institutions to engage in proactive, practical and educational efforts to create awareness of hazing issues, high risk drinking, and other risky behavior that perpetuates hazing behavior.

There are numerous factors that contribute to hazing and high risk drinking. While institutions should continue to educate students about policies, consequences, and alternatives to hazing and high risk drinking, efforts should advance beyond educating students about hazing and high risk drinking, to include strategies that examine contributing factors that perpetuate risky behavior. Research on effective prevention programming suggests that one-time or uncoordinated programming efforts are not effective in changing risky behavior. Effective approaches undertaken by public health models emphasize adoption of healthy, non-risky behaviors. Similarly, effective campus level strategies should include coordinated, sustained and evidence-based approaches involving campus and community partners that utilize environmental management strategies to examine hazing and binge drinking, along with other risky behaviors in which students engage. Environmental strategies examine policies, campus culture, and norms around hazing and binge drinking, available campus programs, services and intervention efforts, and national research. With a better understanding of why risky behavior occurs, effective strategies can be developed for campus implementation. The Task Force recommends that the U. T. System host a Systemwide webinar to discuss environmental management strategies and implementation at the campus level.

³ Langford, L. 2008. A Comprehensive Approach to Hazing Prevention in Higher Education Settings. (Working paper May 23, 2008)

Campus-Level Recommendations

Additionally, the task force has worked to compile valuable resources and reputable programs that could be implemented at the campus level. Although providing directives and guidelines can be helpful, Task Force members also want to provide valuable, practical resources that institutions can leverage and adapt for various uses. For more information, please refer to Attachment A.

1. Task Force members continue to work with the U. T. System Office of Academic Affairs to host a U. T. System website that references the following:

- Provide research data on hazing behaviors, especially in relation to high risk activities like binge-drinking, among college students
- Provide links to hazing prevention organizations and web materials
- Create a storage location for hazing prevention resources that can include training materials and modules, templates for anti-hazing student handbook language, suggestions for alternative team-building activities, bystander awareness education tools, etc.
- Exhibit materials that reflect the Systemwide anti-hazing message
- Host a forum to share best practices among institutions
- Develop a platform to recognize campus leadership, students, and organizations for praiseworthy anti-hazing initiatives

When the web platform has been developed, institutional and System leadership will be provided a link to the site with a description of its significance, use, and key features. The site will be developed with the support of the Office of Academic Affairs, members of the Task Force, student affairs staff at U. T. System institutions, and interns at the U. T. Austin campus. Resources compiled throughout the research of the Task Force will be featured, and the site will provide a mechanism for others to share ideas and resources in the future. The Task Force expects the site to be ready for the Fall 2014 semester.

2. Task Force members work with the Office of Academic Affairs to host a System website that will reference an advisor training module. The Task Force recommends that each campus adapt and utilize the advisor training modules and recommends that the student organization advisor also be familiar with other required training that the student organization must undergo as part of the annual requirement for registration as a student organization. This module can be provided online and covers materials such as hazing law and definitions, advisor best practices, alternative team building activities, and risk management. As a Systemwide hazing prevention and awareness

website is developed, institutions will be informed of the location and potential capabilities of the website.

3. Institutions should eliminate “pledging” and employ the term “new member processes.” Additionally, organizations should be required to meet with campus staff prior to beginning these processes. University officials should work with campus organizations and leadership to develop a safe and appropriate plan for new member processes. As institution administrators work more closely with these groups, they can inform campus culture and organizational behavior based on institutional, system, and national expectations. Additionally, as campus administration consults with organizations, they may also discuss the length of the new member processes, review planned activities, and set expectations. Through these discussions trust will be further developed and processes can become more transparent.

4. Systemwide adoption of a policy handbook developed by the National Collegiate Athletic Association (NCAA) is particularly effective, not just for sports teams and organizations, but for any type of student organization. The handbook should be provided to advisors of student organizations as well as coaching and athletic staff.

5. As part of an overall campus culture shift from behavioral awareness programs to prevention programs, **“Environmental Management” is the new framework** often used in an effort to reduce risky behavior, especially related to high risk drinking. Traditionally, some campus prevention activities focus only on awareness of individual choices and behaviors, assuming that students would make healthier behavioral choices when faced with facts about alcohol and the impact of hazing behaviors. Environmental Management strategies focus on interpersonal and group processes designed to change student social norms and behaviors. Environmental Management also seeks to address policy issues on campus and within the community.⁴

A blended policy approach that allows for a combination of amnesty policies, bystander awareness, and other mechanisms can best encourage students to seek help for severely intoxicated students in life-threatening or dangerous situations.

The Task Force encourages institutions to pursue promising and best Environmental Management practices that minimize risk to students. Some of these practices may include⁵:

- Designing interventions and programs that establish positive social norms and expectations about alcohol use and behavior; the use of personalized and relevant feedback through the peer norming process

⁴ William DeJong and Linda Langford, “A Typology for Campus-Based Alcohol Prevention: Moving Toward Environmental Management Strategies,” Department of Social and Behavioral Sciences, Boston University (2005), <http://www.collegedrinkingprevention.gov/supportingresearch/journal/dejong.aspx>

⁵ “Environmental Strategies to Prevent Alcohol Problems on College Campuses,” U.S. Department of Justice Report Prepared by the Pacific Institute of Research and Evaluation (2011), <http://www.udetc.org/documents/EnvStratCollege.pdf>

- Promoting bystander intervention programs that teach students positive ways to notice potentially dangerous situations and to intervene appropriately, especially as it relates to hazing behavior, high-risk drinking, and potential sexual assault
- Creating amnesty policies that encourage students to seek help for severely intoxicated or impaired students, and promoting laws regarding immunity from prosecution to encourage students to report incidents of hazing
- Reviewing and revising housing policies and academic calendars to reduce high risk drinking opportunities
- Developing a campus and community coalition to ensure a consistent message regarding hazing behaviors and high-risk drinking
- Enforcing expectations and policies among individuals and student organizations
- Creating incentives and recognition programs for student organizations that implement positive prevention practices

6. The Task Force recommends inclusion of a restorative or educational component into the sanctioning process for groups as part of the process to remain in “good standing.”

Incorporating a restorative or educational component provides the opportunity for individuals within the organization to address the consequences of their actions and learn from their actions. The sanctions are used in combination with other sanctions such as probation or suspension where groups would complete the requirements as a condition to remain in “good standing” at the university.

7. The Task Force recommends providing organizations with a list of team-building activities that afford an opportunity for groups to foster collaboration, self-esteem, and positive contributions to the community. Since students often perceive a “benefit” of hazing, in that students feel more bonded to each other in the group; team-building activities provide a positive alternative that accomplishes the same outcome. A list of these activities will be featured on the hazing prevention website. If institutions have funding available, the Task Force encourages providing small grants to organizations for positive team-building activities. Organizations could receive funding as an incentive for attending educational programs on risk management, anti-hazing, and high risk drinking and/or for signing anti-hazing pledges.

8. Campus collaboration among U. T. System institutions can facilitate the sharing of resources and best practices in hazing prevention. The most successful strategies will include a sustained effort that blends policy, staff training, educational programs, and interventions. Each campus has expertise and approaches that can benefit the entire System. Beyond the hosted website, institutions are encouraged to create a network among Systemwide campus leadership to share best practices.

9. In recognizing the dangerous combination of high risk drinking and hazing behavior, the task force recommends campus participation in an online alcohol prevention program. Online

programs such as AlcoholEdu are nationally recognized and provide a personalized approach and experience that impacts both individual decision-making and, when implemented properly, campus culture. The task force recommends that U. T. System administration work with institutions to find the most effective online tool available that meets the needs of a diverse student body, incorporates student learning theory, and uses innovative and effective tools to educate students and curb high-risk drinking behavior. The U. T. System Office of Academic Affairs could pursue negotiating a contract that leverages the participation of all System institutions and reduces the average cost per student/institution.

10. As the U. T. System and individual institutions work to impact campus culture around hazing and alcohol use, it will become important for institutions to **collect data on the impact of educational programming and prevention efforts** in order to assess the impact and effectiveness of each program. The recommended campus coalitions and a Systemwide network to share resources will be valuable tools in developing and implementing systems to evaluate the impact of educational programming and prevention efforts.

11. The Task Force recommends that each institution consider implementing an honor code that affirms the values and guiding principles of the institution and the worth of each student. A sample honor code will be provided online.

Conclusion

Hazing behavior, especially when combined with the potentially deadly impact of high risk drinking, has no place within a world-class system of higher education institutions. Certainly, U. T. System institutions have already taken steps to become proactive and effective leaders in the prevention of hazing behavior.

The recommendations and resources provided can further serve to transform campus culture and help students to make informed, responsible decisions and to engage student groups in positive team-building experiences that can transcend hazing culture. As institutions work to ensure a culture change among students, conversations will continue between U. T. System and institutional leadership so that meaningful, lasting change can result.

The Task Force members sincerely appreciate the opportunity to serve on this group dealing with issues that directly impact the health and safety of students. The U. T. System and institutions have the potential to become proactive state and national leaders on hazing prevention efforts.

Task Force members:

Tim Allen Co-Chair	Faculty Advisory Council	The University of Texas Medical Branch at Galveston
Rajiv Dwivedi Co-Chair	Student Advisory Council	The University of Texas at Dallas
Tanya Sue Maestas	Student Advisory Council	The University of Texas at El Paso
Thor Lund	Student Advisory Council	The University of Texas at Austin
Xavier Johnson	Student Advisory Council	The University of Texas at San Antonio
Tom Ingram	Faculty Advisory Council	The University of Texas at Arlington
Kevin Buckler	Faculty Advisory Council	The University of Texas at Brownsville
Dora Saavedra	Faculty Advisory Council	The University of Texas-Pan American
Doug Garrard	Senior Associate Dean	The University of Texas at Austin
Julie Levesque	Senior Associate Athletic Director	The University of Texas at El Paso
Wanda Mercer	Associate Vice Chancellor for Student Affairs	U. T. System (staff)
Meredith Goode	Research and Policy Analyst	U. T. System (staff support)

- Additional input was provided by students Eileen Curry (U. T. Health Science Center at San Antonio), Zack Dunn (U. T. San Antonio), and Columbia Mishra (U. T. Austin)

Attachment A

The U. T. System Anti-Hazing Website will provide a variety of resources for use on institutions and within campus organizations.

The following are a preview of some of the resources that will be provided:

What is Environmental Management? Alternative Hazing Team Building Behaviors

Bystander Intervention programs that establish positive social norms and expectations about behavior and alcohol consumption

Create amnesty policies that encourage students to seek help for severely intoxicated or impaired students; providing immunity from prosecution to report incidents of hazing

Design housing policies and academic calendars that reduce high risk drinking and behavior opportunities

Develop a campus coalition to reinforce consistent messages and expectations

Team building and leadership challenge courses

Group overnight trips; camping trips

Game nights and skit nights

Community service projects

Alumni/motivational speaker involvement

Sporting events

Bonfires, outdoor movies, sporting activities, and competitions

Sample Honor Code (Partial Sample)

My signature indicates that I recognize and will not engage in . . .

Intentionally inciting others to engage immediately in any unlawful activity, which incitement leads directly to such conduct

Hazing, or conspiracy to engage in hazing, which includes:

Any method of initiation into a student organization or living group, or any pastime or amusement engaged in with respect to such an organization or living group, that causes, or is likely to cause, bodily danger or physical harm, or serious mental or emotional harm, to any student or other person

Conduct associated with initiation into a student organization or living group, or any pastime or amusement engaged in with respect to an organization or living group not amounting to a violation, but including such conduct as humiliation by ritual act and sleep deprivation. Consent is no defense to hazing.

13. **U. T. System Board of Regents: Certificate of appreciation to Student Regent Nash M. Horne**

14. **U. T. M. D. Anderson Cancer Center: Approval for participation as a special limited partner in the ORIX Fund and delegation of authority to the President of U. T. M. D. Anderson Cancer Center to execute documents and take other actions as necessary**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, the Interim Vice Chancellor and General Counsel, and President DePinho that authorization be granted by the U. T. System Board of Regents, on behalf of U. T. M. D. Anderson Cancer Center

- a. to participate as a limited partner in an investment fund initiated by ORIX USA Health and Life Sciences, LLC, and managed by ORIX or an ORIX-affiliated Management Company; and
- b. to the President of U. T. M. D. Anderson Cancer Center or his delegate to execute all documents, instruments, and other agreements, following review and approval by the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and the Interim Vice Chancellor and General Counsel, and to take all further actions necessary or advisable to carry out the purpose and intent of the foregoing actions and to accomplish the foregoing transaction.

BACKGROUND INFORMATION

As research funding from government, industry, and foundations has shrunk and become harder to obtain, M. D. Anderson has been exploring novel ways of funding and realizing value from its research activities. In conjunction with such efforts, M. D. Anderson has recently entered into a Non-Binding Indication of Interest, dated January 9, 2014, with ORIX USA Health and Life Sciences, LLC, a Delaware limited liability company ("ORIX Health"), regarding M. D. Anderson's participation in a closed-end pharmaceutical development investment fund (the "Fund") that would, among other things, support research and drug development activities at M. D. Anderson's Institute of Applied Cancer Science ("IACS").

The Fund, which would have a 10-year term with successive one-year renewal options up to a maximum of five years, will seek to raise between \$300 to \$600 million in aggregate capital commitments, although the General Partner will have the right to have an initial closing on a smaller amount. ORIX Health and its affiliated entities anticipate committing capital to the Fund equal to the greater of (a) \$30 million, and (b) 10% of all commitments to the Fund, but not to exceed \$50 million unless ORIX has obtained approval from its Board of Directors, and M. D. Anderson anticipates committing \$5 million in initial capital. M. D. Anderson's fellow limited partners are likely to include pharmaceutical companies and other institutional investors.

The Fund's investment objective is to invest in pharmaceutical drugs at early stages of development that the Fund believes have strong potential of being successfully commercialized. Pursuant to certain agreements to be negotiated and executed between M. D. Anderson and an ORIX-affiliated management entity to make investment decisions for the Fund (the

“Management Company”), the Fund intends to utilize the services of M. D. Anderson to provide a streamlined, end-to-end drug development process from the target discovery phase to the clinical development and commercialization phases. A significant portion of the Fund’s initial \$200 million in capital is expected to be used to contract for research services undertaken by IACS.

The Fund’s financial objective is to achieve long-term total return through the sale or licensing of the developed drugs/molecules. The Fund intends to form private special purpose vehicles, to which M. D. Anderson may provide services, each of which will purchase and/or license patents for a specific drug, conduct sponsored research agreements for clinical trials, and facilitate other activities in accordance with the Fund’s investment objective.

An ORIX-affiliated entity will be the sole General Partner of the Fund. For purposes of limiting M. D. Anderson’s potential liability, M. D. Anderson will be a special limited partner in the Fund. Under certain agreements, M. D. Anderson will also be an advisor and services provider to the Fund. The General Partner will have overall responsibility for the management and administration of the Fund’s affairs. The General Partner will appoint the Management Company to enter into an Investment Advisory Agreement with the Fund and be responsible for the conduct of the day-to-day operations of the Fund and provide portfolio management and administrative services to the Fund. M. D. Anderson would not participate in the management of the Fund or investment decisions of the Fund, as those would be the roles of the General Partner and the Management Company. The Management Company will be paid an annual Management Fee by the Fund in the amount of 2% of the Fund’s aggregate commitments.

As a special limited partner and advisor to the Fund and the Management Company:

- The Management Company would pay M. D. Anderson a fee expected to be equal to 50% of the net profits of the Management Company (after deducting expenses of the Management Company, including business costs and expenses for back office services provided to the Management Company by an ORIX-affiliated entity on an arm’s length basis).
- The General Partner would pay M. D. Anderson a share (expected to be 50%) of the total carried interest (50% of a 20% carried interest, or 10%) for its role as a special limited partner, subject to certain “clawback” obligations.
- M. D. Anderson would share in the distributions of the Fund in accordance with its positive capital account balance as a limited partner, with net profits allocated to limited partners in accordance with their percentage interests.
- M. D. Anderson would not be subject to any mandatory capital calls.
- M. D. Anderson will have the right to approve any use of its name in connection with any documents or other material used in connection with the raising of capital for the Fund.

Under certain agreements, M. D. Anderson will provide the Fund, and any special purpose vehicles the Fund establishes, with advisory and research services. The advisory services include assisting the Fund in evaluating potential drugs and proposed research. The research services would entail M. D. Anderson performing research activities contracted for by the Fund. The research services provided by M. D. Anderson would be on a work for hire basis such that

any inventions by M. D. Anderson arising out of the research it performs for the Fund would be owned by the Fund. M. D. Anderson would realize value for those inventions through its participation as a limited partner in the Fund.

ORIX Health draws from a deep pool of company resources and experience. ORIX Health is a member of the ORIX Corporation family of businesses and is a subsidiary of ORIX USA Corporation, which is a subsidiary of ORIX Corporation:

- Based in Japan, ORIX Corporation is global financial institution with offices in 28 countries and is one of the world's largest providers of financial services. Founded in 1964, ORIX Corporation has over \$89 billion in assets.
- ORIX USA Corporation was founded in 1981 and has over \$5.4 billion in assets. Its U.S. operating subsidiaries have successful track records building, operating, investing in, and advising oncology and healthcare companies as well as investing in and administering fund vehicles.
- ORIX Health has over \$700 million of current balance sheet investments in health care.

15. U. T. System Board of Regents: Approval of annual distributions from the Permanent University Fund, the Permanent Health Fund, the Long Term Fund, and the Intermediate Term Fund

RECOMMENDATION

The Chancellor and the Executive Vice Chancellor for Business Affairs concur in the recommendation of the Board of Directors of The University of Texas Investment Management Company (UTIMCO) that

- a. the Fiscal Year 2015 distribution from the Permanent University Fund (PUF) to the Available University Fund (AUF) be increased from \$689,365,138 to \$763,552,645 effective September 1, 2014. This distribution equates to 5.50% of the trailing 12-quarter average of the net asset value of the PUF;
- b. the distribution rate for the Permanent Health Fund (PHF) be increased from \$0.0585 per unit to \$0.0597 per unit for Fiscal Year 2015 (effective with the November 30, 2014 distribution);
- c. the distribution rate for the U. T. System Long Term Fund (LTF) be increased from \$0.3352 per unit to \$0.3423 per unit for Fiscal Year 2015 (effective with the November 30, 2014 distribution); and
- d. the distribution rate for the U. T. System Intermediate Term Fund (ITF) remain at 3.0% per annum (paid monthly) for Fiscal Year 2015.

BACKGROUND INFORMATION

The Permanent University Fund (“PUF”) Investment Policy states that UTIMCO shall recommend an annual distribution from the PUF to the Available University Fund (“AUF”) equal to 4.75% of the trailing 12-quarter average of the net asset value of the Fund for the quarter ending February of each fiscal year unless the average annual rate of return of the PUF investments over the trailing 12 quarters exceeds the Expected Return by 25 basis points or more, in which case UTIMCO shall recommend a distribution amount equal to 5.0% of the trailing 12-quarter average. “Expected Return” is the Expected Annual Return or Benchmarks set out in Exhibit A to the PUF Investment Policy Statement.

As shown in the table below, the average annual return of the PUF investments for the trailing 12 quarters ending February 28, 2014, has not exceeded the Expected Return by 25 basis points or more ($\geq 25\%$). Therefore, as outlined in the PUF Investment Policy, the “default” distribution rate for Fiscal Year 2014-2015 would be 4.75%, or \$659,431,829.

	Trailing 12 Quarters Ending February 28, 2014	Expected or Benchmark	Excess (Deficit)
Average Annual Rate of Return	7.11%	7.40%	-0.29%

However, the Board of Regents has the authority to distribute an amount that it deems appropriate up to a maximum rate of 7.0% (except as necessary to pay PUF bond debt service). Due to continued strong royalty income, it is the recommendation of the Chancellor and the Executive Vice Chancellor for Business Affairs that the distribution from the PUF to the AUF for Fiscal Year 2015 be \$763,552,645 or 5.50% of the trailing 12-quarter average of the net asset value of the Fund. This calculation is shown below:

<u>Quarter Ended</u>	<u>Net Asset Value</u>
5/31/2011	12,908,189,971
8/31/2011	12,687,945,718
11/30/2011	12,389,608,519
2/29/2012	12,971,283,084
5/31/2012	12,843,337,655
8/31/2012	13,470,262,684
11/30/2012	13,686,958,344
2/28/2013	14,241,921,929
5/31/2013	14,630,924,697
8/31/2013	14,852,538,510
11/30/2013	15,625,425,857
2/28/2014	16,284,907,290
	<u>\$ 166,593,304,258</u>
Number of quarters	<u>12</u>
Average Net Asset Value	<u>\$ 13,882,775,355</u>
Distribution Percentage	<u>5.50%</u>
FY 2014-15 Distribution	<u>\$ 763,552,645</u>

Article VII, Section 18 of the Texas Constitution requires that the amount of distributions to the AUF be determined by the Board of Regents of The University Texas System (“Board of Regents”) in a manner intended to provide the AUF with a stable and predictable stream of annual distributions and to maintain over time the purchasing power of PUF investments and annual distributions to the AUF. The Constitution further limits the Board of Regents’ discretion to set annual PUF distributions to the satisfaction of three tests:

1. The amount of PUF distributions to the AUF in a fiscal year must be not less than the amount needed to pay the principal and interest due and owing in that fiscal year on PUF bonds and notes. The proposed distribution of \$763,552,645 is substantially greater than PUF bond debt service of \$250,800,000 projected for FY 2014-2015.

<u>System</u>	<u>Debt Service</u>
U. T.	\$ 165,900,000
TAMU	84,900,000
Total:	<u>\$ 250,800,000</u>

Sources: U. T. System Office of Finance
 Texas A&M University System Office of
 Treasury Services

2. The Board of Regents may not increase annual PUF distributions to the AUF (except as necessary to pay PUF debt service) if the purchasing power of PUF investments for any rolling 10-year period has not been preserved. As the schedule below indicates, the

average annual increase in the rate of growth of the value of PUF investments (net of expenses, inflation, and distributions) for the trailing 10-year period ended February 28, 2014, was 4.70%, which indicates that the purchasing power test was met.

Average Annual	Percent
Rate of Total Return, Net of Investment Manager Fees	7.34%
Mineral Interest Receipts	4.39%
Expense Rate	(0.17) ⁽¹⁾
Inflation Rate	(2.36)%
Distribution Rate	(4.50)%
Net Real Return	4.70%

(1) The expense rate as shown is a 10-year annualized average and includes PUF Management Fees and PUF Land expenses, paid directly by the PUF. Management fees that are netted from asset valuations, and are not paid directly by the PUF, are not included, as they are a reduction to the Rate of Total Return.

- The annual distribution from the PUF to the AUF during any fiscal year made by the Board of Regents may not exceed an amount equal to 7% of the average net fair market value of PUF investment assets as determined by the Board of Regents (except as necessary to pay PUF bond debt service). The annual distribution rate calculated using the trailing 12-quarter average value of the PUF is within the 7% maximum allowable distribution rate.

Value of PUF Investments ⁽¹⁾	Proposed Distribution	Proposed Distribution as a % of Value of PUF Investments	Maximum Allowed Rate
\$13,882,775,355	\$763,552,645	5.50%	7.00%

(1) Source: UTIMCO

The spending policy objectives of the PHF and LTF are to

- provide a predictable stable stream of distributions over time;
- ensure that the inflation-adjusted value of the distributions is maintained over the long term; and
- ensure that the inflation-adjusted value of the assets of the PHF and the LTF, as appropriate after distributions, is maintained over the long term.

The spending formula under the PHF Investment Policy Statement and the LTF Investment Policy Statement increases distributions at the rate of inflation subject to a distribution range of 3.5% to 5.5% of the average market value of the PHF assets and LTF assets for each fund's respective trailing 12 fiscal quarters.

The recommended 2.1% increase in the PHF distribution rate of \$0.0585 to \$0.0597 per unit was based on the PHF's Investment Policy Statement to increase the distributions by the average rate of inflation for the trailing 12 quarters. The PHF's distribution rate calculated using the prior 12-quarter average value of the PHF is 4.9%, within the range of 3.5% to 5.5% set forth in the PHF Investment Policy Statement.

The recommended 2.1% increase in the LTF distribution rate from \$0.3352 to \$0.3423 per unit was based on the LTF's Investment Policy Statement to increase the distributions by the average rate of inflation for the trailing 12 quarters. The LTF's distribution rate calculated using the prior 12-quarter average value of the LTF is 5.1%, within the range of 3.5% to 5.5% set forth in the LTF Investment Policy Statement. The increase in the consumer price index for the prior three years as of November 30, 2013, was 2.1%.

The distribution rate for the ITF was originally set at 3.0% per annum for Fiscal Year 2007 by the U. T. System Board on May 11, 2006, and has continued at that rate for each succeeding fiscal year. The recommendation for Fiscal Year 2015 is to continue a distribution rate of 3.0%.

16. **U. T. System: Discussion and appropriate action regarding recommendations concerning Systemwide policy and practice changes in admissions procedures**

RECOMMENDATION

The Chancellor may make recommendations for policy and practice changes in admissions procedures across the U. T. System for consideration by the Board.

17. U. T. System Board of Regents: Approval of a new six-member advisory body titled the University Lands Advisory Board

RECOMMENDATION

The Chancellor concurs with the recommendation of the Executive Vice Chancellor for Business Affairs and the Interim Vice Chancellor and General Counsel that the U. T. System Board of Regents approve a new six-member advisory body titled the University Lands Advisory Board (ULAB), composed of the following:

- Two (2) Regents from The University of Texas System
- One (1) Representative from The Texas A&M University System
- Two (2) Outside Members with Industry Experience
- The Executive Vice Chancellor for Business Affairs of the U. T. System (Ex officio and nonvoting)

BACKGROUND INFORMATION

The Permanent University Fund Lands (PUF Lands or University Lands) are an extraordinary resource for The University of Texas System and The Texas A&M University System and, over the years, have provided billions of dollars of revenue in support of higher education excellence in Texas. The availability of PUF monies has enabled both Systems to rise in prominence and to distinguish themselves nationally as preeminent public higher education institutions.

Recently, with the emergence of shale resource plays in the Permian Basin and a new understanding of the extent of potential recoverable reserves on PUF Lands, the future value of the PUF Lands resource has multiplied at an unprecedented rate. In a period when virtually all higher education institutions (both public and private) are seeing revenues severely constrained, the potential future resources generated from PUF Lands could differentiate the U. T. and Texas A&M University Systems in a way that will be unmatched by any higher education institution anywhere and could allow them to achieve an unparalleled standard of excellence.

Given the particular and growing importance of PUF Lands to the future of higher education in the state, the U. T. System Board of Regents (Board) asked U. T. System staff to review the current structure and operations of PUF Lands management. A University Lands Advisory Committee was created and a consultant (Opportune LLP) was engaged to provide input and advice.

The Advisory Committee brought forward a number of recommendations to the Board in November 2013. The feedback received from both the Advisory Committee and the Board suggested that the exceptional growth in value of this resource required rethinking how it is managed. The strategic priority must be to create an organizational and administrative structure that will maximize the benefit of PUF Lands in the short, medium, and long terms.

The proposed University Lands Advisory Board would be structured as follows:

- ULAB meets at least four times per year.
- University Lands will continue to be managed by U. T. System; University Lands staff will remain U. T. System employees and will remain a department within the U. T. System Office of Business Affairs.
- ULAB will advise the Board on operations and management of the University Lands Office, including the hiring of the Chief Executive, reviewing and recommending budgets to the Board, and providing strategic direction.

Duties to be delegated to ULAB by Board rule may include:

- Developing and recommending policy for Board approval;
- Provide advice on the approval of routine contracts and contract forms by the Executive Vice Chancellor for Business Affairs;
- Promulgating policies and procedures for daily operations;
- Provide advice concerning staffing changes, including hiring the University Lands Chief Executive with approval by the Board and routine staffing with approval by the Executive Vice Chancellor for Business Affairs;
- Setting compensation levels within parameters set by the Board;
- Reviewing performance and making recommendations about compensation for the University Lands Chief Executive consistent with Board policy;
- Advising on the strategic direction for University Lands;
- Developing and recommending policy to the Board for Lease of University Lands (Board for Lease);
- Recommending changes in oil and gas development terms and conditions to the Board for Lease; and
- Reviewing and overseeing operations as appropriate.

The Board of Regents would retain its statutory responsibility and authority to:

- Approve budgets;
- Appoint members of ULAB (ratifying the appointment of The Texas A&M University System representative, who will be appointed by The Texas A&M University System Board of Regents);
- Purchase and sell any property;
- Approve policy recommendations and set policy for University Lands;
- Approve decisions critical to the mission of University Lands, including compensation parameters;
- Modify delegations to ULAB; and
- Approve ULAB recommendations related to the hiring and compensation of the University Lands Chief Executive Officer.

It is anticipated that the names of recommended Advisory Board members and proposed Regents' Rules necessary to implement the work of the ULAB will be submitted to the Board at the next Board of Regents' meeting.

18. **U. T. System Board of Regents: Discussion and possible action concerning Regental request to expand listing of Texas Public Information Act (TPIA) requests and responsive information on U. T. System Administration and U. T. System institution websites**

RECOMMENDATION

The Board will have an opportunity to discuss a request from Regent Hall related to expansion of the U. T. System Administration and U. T. System institution Texas Public Information Act (TPIA) request websites.

19. **U. T. System Board of Regents: Discussion and appropriate action regarding the role of the governing board and governing board members and recommended best practices for Board operations, oversight, and engagement including possible Regents' Rules revisions**

RECOMMENDATION

Chairman Foster will make comments and lead a discussion regarding the role of the governing board and governing board members and best practices for Board operations, oversight, and engagement.

Chairman Foster may also recommend action to the Board concerning best practices including possible Regents' Rules amendments.