



**TABLE OF CONTENTS
FOR
FINANCE AND PLANNING COMMITTEE**

Committee Meeting: 2/23/2022

Board Meeting: 2/24/2022
Austin, Texas

Janiece Longoria, Chairman
R. Steven Hicks
Jodie Lee Jiles
Stuart W. Stedman
Kelcy L. Warren
Rad Weaver

	Committee Meeting	Board Meeting	Page
A. CONVENE JOINT MEETING WITH AUDIT, COMPLIANCE, AND RISK MANAGEMENT COMMITTEE	<i>3:15 p.m.</i> <i>Chairman Longoria</i>		
1. U. T. System: Fiscal Year 2021 Consolidated Annual Financial Report, including the Independent Auditors' Report, and audits of the financial statements of U. T. Austin, U. T. M. D. Anderson Cancer Center, U. T. Southwestern Medical Center, and U. T. Medical Branch - Galveston and for funds managed by The University of Texas/Texas A&M Investment Management Company (UTIMCO)	Report/Discussion <i>Ms. Hinojosa Segura</i> <i>Mr. Peppers</i> <i>Mr. Blake Rodgers,</i> <i>Deloitte & Touche</i>	Not on Agenda	43
B. ADJOURN JOINT MEETING AND CONVENE FINANCE AND PLANNING COMMITTEE IN OPEN SESSION	<i>3:30 p.m.</i>		
2. U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, assigned for Committee consideration	Discussion	Action	67
3. U. T. System: Financial Status Presentation and Monthly Financial Report	Report/Discussion <i>Mr. Hull</i>	Not on Agenda	68
4. U. T. System: Report on the Analysis of Financial Condition for Fiscal Year 2021	Report	Not on Agenda	93
5. U. T. System Board of Regents: The University of Texas/Texas A&M Investment Management Company (UTIMCO) Update	Report/Discussion <i>Mr. Harris</i>	Not on Agenda	166
C. ADJOURN	<i>4:00 p.m.</i>		

1. **U. T. System: Fiscal Year 2021 Consolidated Annual Financial Report, including the Independent Auditors' Report, and audits of the financial statements of U. T. Austin, U. T. M. D. Anderson Cancer Center, U. T. Southwestern Medical Center, and U. T. Medical Branch - Galveston and for funds managed by The University of Texas/Texas A&M Investment Management Company (UTIMCO)**

Ms. Veronica Hinojosa Segura, Associate Vice Chancellor and Controller, will discuss the Fiscal Year 2021 Consolidated Annual Financial Report (AFR) highlights. Ms. Hinojosa Segura's PowerPoint presentation is included on the following pages for additional detail. The [AFR](#) is available online.

Mr. Blake Rodgers, Deloitte & Touche LLP, will report on the results of the audit of the U. T. System AFR and audits of the financial statements of U. T. Austin, U. T. M. D. Anderson Cancer Center, U. T. Southwestern Medical Center, and U. T. Medical Branch - Galveston and for the funds managed by The University of Texas/Texas A&M Investment Management Company (UTIMCO) for Fiscal Year 2021. Deloitte's PowerPoint presentation with required communications to the Audit, Compliance, and Risk Management Committee is set forth following the AFR highlights presentation.

BACKGROUND INFORMATION

The AFR is prepared in compliance with Governmental Accounting Standards Board pronouncements and State Comptroller of Public Accounts directives and filed with the oversight agencies on November 20 of each year as required by *Texas Government Code*, Section 2101.011. Deloitte & Touche LLP issued an unqualified opinion on the U. T. System Consolidated Financial Statements on December 10, 2021.

Annual Financial Report & Highlights Fiscal Year 2021

Veronica Hinojosa Segura
Associate Vice Chancellor, Controller

U. T. System Board of Regents Meeting
Joint Meeting of the Finance and Planning Committee and
Audit, Compliance, and Risk Management Committee
February 2022



THE UNIVERSITY of TEXAS SYSTEM
THIRTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

FY 21 Summary

FY 21 Landscape

- Accelerated volatility of functional priorities
- Digital transformation is essential

Financial Review

- Continued financial strength
- Extraordinary capital market returns

Key Takeaways

- Evolving work, workforce, workplace
- Disciplined focus on strategic pillars



FY 21 Consolidated Financial Results

Net Position

(millions)

	FY 19	FY 20	FY 21
Assets & Deferred Outflows	84,440	89,496	108,862
Liabilities & Deferred Inflows	38,582	40,832	43,804
Net Position	45,858	48,664	65,058

Adjusted Net Income

(millions)

	FY 19	FY 20	FY 21
Op. Revenue	16,044	16,360	17,827
Op. Expenses	(20,285)	(21,341)	(22,821)
Non Op. Rev/(Exp)	4,569	8,122	21,305
Adjusted Net Income	328	3,141	16,311



FY 21 Consolidated Financial Results (Cont.)

Financial Strength *(millions)*

	FY 19	FY 20	FY 21
Cash & Cash Equivalents	4,047	3,997	4,921
Investments	54,210	58,532	74,708

Bond Ratings

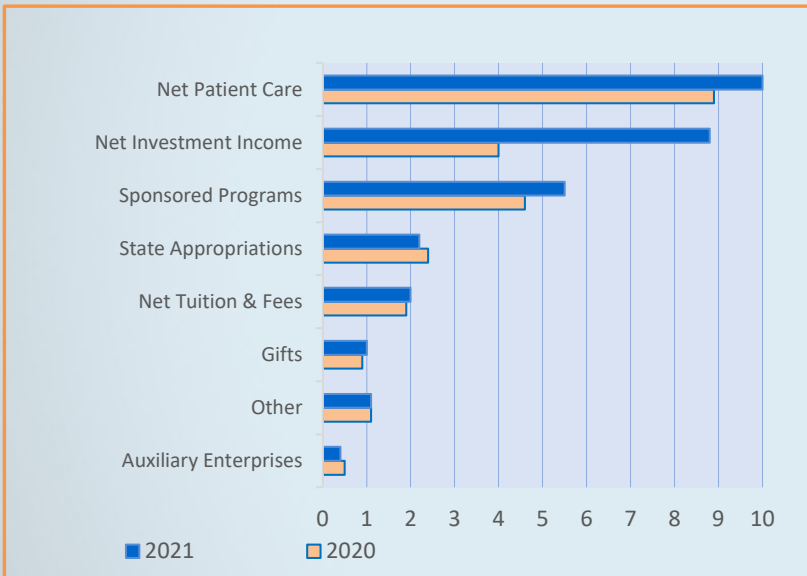
	Moody's	S&P	Fitch
Rating	Aaa	AAA	AAA
Outlook	Stable	Stable	Stable



FY 21 Consolidated Financial Results (Cont.)

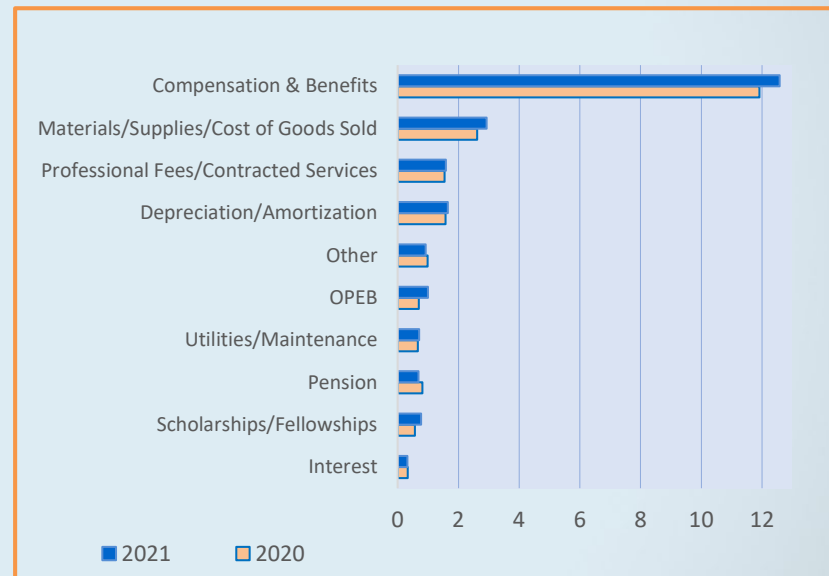
Revenues Supporting Core Activities

(billions)



Expenses Associated with Core Activities

(billions)

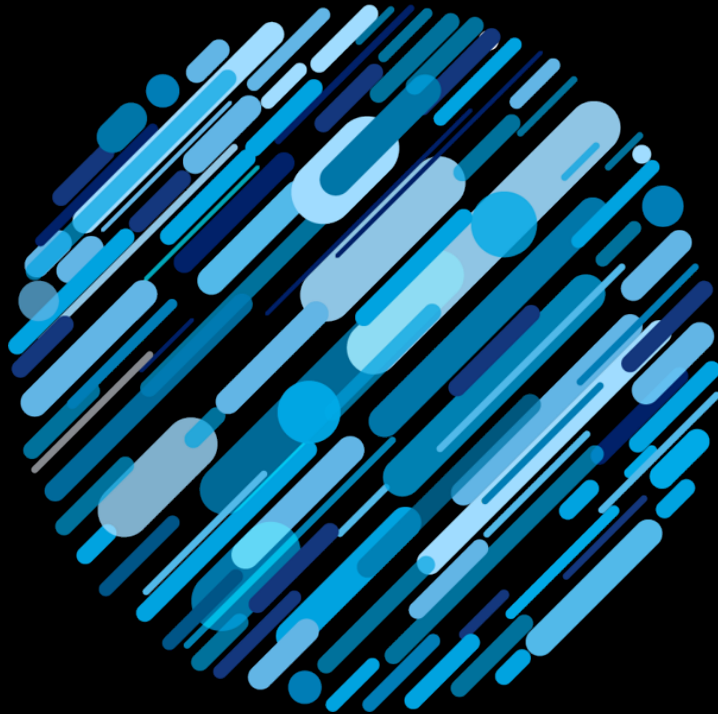


FY 22: Looking Ahead

- GASB restatements and implementations
 - 87 - Lease Accounting
 - 91 - Conduit Debt Obligations
 - 93 - Replacement of Interbank Offered Rates
 - 94 - Public/Private and Public/Public Partnerships
 - 96 - Subscription based Information Technology Arrangements
 - 97 - Financial reporting of 457 Deferred Compensation plans
 - 98 - Annual Comprehensive Report



Deloitte.



**Report to The University of Texas System Board of Regents
Audit, Compliance, and Risk Management Committee**

February 2022

Agenda

Deloitte Team

Audit Scope

Spotlight on Certain Upcoming GASB Standards

Summary of Uncorrected Misstatements

Control-related Matters

Appendix A: Auditing Management's Estimates

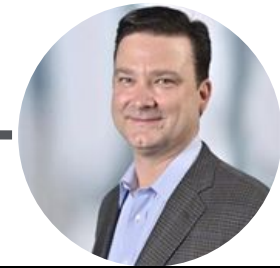
Appendix B: Detailed Summary of Uncorrected Misstatements

Deloitte Team

Meeting with You Today



Blake Rodgers
Lead Client Service Partner



Wyn Smith
Advisory Partner



Elaine Reyes
Managing Director
U. T. Southwestern, U. T. Medical
Branch at Galveston, U. T. M. D.
Anderson Physicians Network, U. T.
M. D. Anderson Services Corporation



Robert Cowley
Partner - UTIMCO



Randall Brown
Information Technology Controls
Specialist

Audit Scope

Financial Statement Audits:

U. T. System – Consolidated

UTIMCO Funds

U. T. M. D. Anderson Cancer Center

**U. T. M. D. Anderson Physicians
Network**

**U. T. M. D. Anderson Services
Corporation**

U. T. Southwestern Medical Center

U. T. Medical Branch Galveston

U. T. Austin

**Student Financial Aid Compliance
Audits (in progress):**

U. T. Tyler

U. T. Rio Grande Valley

Review Engagement:

U. T. Tyler / U. T. HSC Tyler

Spotlight on Certain Upcoming GASB Standards

GASB Statement No. 87, *Leases*, effective 2022, establishes a single model for lease accounting. The U. T. System is evaluating the effect that Statement 87 will have on its financial statements.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, effective 2023, improves financial reporting by addressing issues related to public-private and public-public partnership arrangements and provides guidance for availability payment arrangements. The U. T. System is evaluating the effect that Statement 94 will have on its financial statements.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*, is effective 2023. This Statement defines a SBITA and establishes a lease-like model to accounting for SBITA as well as guidance for capitalization of implementation costs. The U. T. System is evaluating the effect that Statement 96 will have on its financial statements.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, has provisions that will be effective in 2022. These provisions enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans.

Summary of Uncorrected Misstatements

Statement of Net Position

As of August 31, 2021

	As Reported	Effect of Uncorrected Adjustments	Reference to Appendix B	If Adjusted	% Change
ASSETS					
Current assets					
Unrestricted	\$ 9,616,914,994	\$(73,564,953)	(2)	\$ 9,543,350,041	-0.76%
Restricted	901,150,557	136,328,319	(1), (2)	1,037,478,876	15.13%
Noncurrent assets					
Unrestricted	35,148,226,293	-		35,148,226,293	0.00%
Restricted	58,332,744,095	(62,763,366)	(1)	58,269,980,729	-0.11%
Total assets	103,999,035,939	-		103,999,035,939	0.00%
DEFERRED OUTFLOWS OF RESOURCES	4,863,304,869	-		4,863,304,869	0.00%
LIABILITIES					
Current liabilities	10,834,527,762	62,763,366	(1)	10,897,291,128	0.58%
Noncurrent liabilities	30,387,017,512	(62,763,366)	(1)	30,324,254,146	-0.21%
Total liabilities	41,221,545,274	-		41,221,545,274	0.00%
DEFERRED INFLOWS OF RESOURCES	2,582,439,584	-		2,582,439,584	0.00%
NET POSITION					
Net investment in capital assets	6,379,145,375	-		6,379,145,375	0.00%
Restricted	57,151,724,715	98,646,963	(3)	57,250,371,678	0.17%
Unrestricted	1,527,485,860	(98,646,963)	(3)	1,428,838,897	-6.46%
Total net position	\$ 65,058,355,950	\$ -		\$ 65,058,355,950	0.00%

Summary of Uncorrected Misstatements (continued)

Statement of Revenues, Expenses, and Changes in Net Position

For the Year Ended August 31, 2021

	As Reported	Effect of Uncorrected Adjustments	If Adjusted	% Change
OPERATING REVENUES	\$ 17,827,106,581	\$ -	\$ 17,827,106,581	0.00%
OPERATING EXPENSES	(22,821,257,708)	-	(22,821,257,708)	0.00%
NONOPERATING REVENUES (EXPENSES)	21,305,368,215	(35,192,377)*	21,270,175,838	-0.17%
OTHER CHANGES IN NET POSITION	83,411,348	-	83,411,348	0.00%
Change in net position	16,394,628,436	(35,192,377)*	16,359,436,059	-0.21%
NET POSITION (Beginning)	48,663,727,514	35,192,377*	48,698,919,891	0.07%
NET POSITION (Ending)	\$ 65,058,355,950	\$ -	\$ 65,058,355,950	0.00%

* This represents the carryover impact on the current year for corrections that were made in FY 2021 that should have been made in prior years.

Control-Related Matters

- A *deficiency in internal control* over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.
- A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.
- A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Appendix A: Auditing Management's Estimates

Accounting Estimates—Valuation of Patient Accounts Receivable

Management’s Methodology

- During FY 2021 and FY 2020, management at U. T. health institutions applied a consistent approach to estimating the allowance for doubtful accounts and contractual allowances.
- Management develops an estimate of historical and expected net collections, business and economic conditions, and other collection indicators.
- Management performs reviews of historical collections and write-offs. Adverse changes in business office operations, payor mix, and economic conditions could affect the collection of accounts receivable, cash flows, and results of operations.

Audit Procedures

- Tested the adequacy of certain U. T. institutions’ methodologies and procedures used to establish the valuation reserves for patient accounts receivable and evaluation key assumptions used by management.
- For institutions with significant receivable balances, we computed an independent estimate of the allowance for contractals and bad debt for each significant financial class of patient receivable after independently testing the collection percentages.
- Performed testing of the adequacy of doubtful accounts allowances through the review of collections and aging statistics and a look-back analysis.
- Tested for compliance with GASB guidance on the presentation in the financial statements of allowance for doubtful accounts.

Accounting Estimates—Fair Value of PUF Lands

Management’s Methodology

- Management has a consistent methodology from FY 2020 to FY 2021 as it relates to the reserve analysis. Management engages a third-party specialist to develop the reserves for the three categories of reserves (1) proved; (2) possible and (3) probable. Management and the specialists determine reasonable assumptions related to discount rates/factors, reserve adjustment factors, and overall valuation methodology.
- Management with University Lands compiles data from producers related to production and royalty percentages for submission to the third-party specialist.
- Management ensures the proper disclosures are in the Annual Financial Reports as it relates to the fair value of the PUF lands.

Audit Procedures

- Read the reserve study with the assistance of Deloitte fair value and oil and gas specialists, and tested various assumptions as it relates to discount rates, reserve adjustment factors and valuation techniques.
 - Performed testing on the accuracy and completeness of the data submitted to the third-party specialists.
 - Performed a lookback analysis on current year production estimates used in the reserve methodology.
-

Accounting Estimates—Valuation of Investments without Readily Determinable Market Values

Management’s Methodology

- Significant accounting estimates reflected in the U. T. System financial statements include valuation of certain investments which are specifically the investments in hedge funds, private investments, and private placements whose fair values have been estimated by management using the practical expedient (net asset value) or certain valuations obtained from third-party investment managers.
- Management's estimates are based on financial information from the underlying funds provided at various interim dates during the year, other information from the underlying funds or other relevant sources.

Audit Procedures

- Confirmed investment balances directly with the underlying managers and obtained the most recent audited financial statements for the underlying fund.
- Re-computed U. T. System’s investment as of the most recent audit report date (generally, 12/31/2020) using the audited financial statements.
- Subjected the contribution/subscription, withdrawal/redemption, and distribution activity in the underlying funds to testing.
- Determined an appropriate benchmark and prepared an analytical review of the year end fair values for selections (e.g. the fair value of the fund investment). Compared the expectation of the performance of the fund to the final fair value and documented our understanding of the performance.

Accounting Estimates—Net Pension Liability (TRS)

Management’s Methodology

- The Teacher Retirement System of Texas (“TRS”) pension plan is a state-wide, multi-employer cost sharing plan. Using external actuaries, TRS calculates the total pension liability for the plan. Participating employers record their proportionate share of the net pension liability, pension expense, and related deferred inflows and outflows of resources.
- The State Auditor’s Office (“SAO”) audits the TRS plan and the proportionate share, and related net pension liability, of each employer. The SAO also audits retiree and active census data.
- U. T. System is responsible for tracking and accurately reporting census data on active participants to TRS and also for contributing the appropriate amounts to TRS.
- Management ensures the proper disclosures are in the Annual Financial Reports as it relates to the plan and the required supplementary information.

Audit Procedures

- Read the TRS actuarial study with the assistance of Deloitte actuaries.
- Deloitte actuaries evaluated the methodology and significant assumptions used within the TRS actuarial study.
- Recalculated the proportionate share of U. T. System’s and the stand-alone entities as it relates to net pension liability, deferred inflows, outflows, annual amortization and pension expense.
- Read the disclosures and required supplementary information in the Annual Financial Reports to determine compliance with generally accepted accounting principles.

Accounting Estimates—Total OPEB Liability

Management’s Methodology

- U. T. System’s other postemployment benefit (“OPEB”) plan is a single-employer plan. Management engages an external actuary to determine the liability related to the OPEB plan.
- Management within the Office of Employee Benefits (“OEB”) is responsible for tracking and accurately reporting census data of participants to the actuary. This data is submitted by the individual U. T. institutions to the OEB.
- Management ensures the proper disclosures and required supplementary information for the plan are in the Annual Financial Report.

Audit Procedures

- Obtained the actuarial study with the assistance of Deloitte actuaries, evaluated methodology and tested various assumptions such as discount rates and mortality assumptions.
 - Evaluated the disclosures and required supplementary information in the Annual Financial Reports to determine compliance with generally accepted accounting principles.
-

Appendix B: Detailed Summary of Uncorrected Misstatements

Summary of Uncorrected Misstatements

Our audit of the consolidated financial statements was designed to obtain reasonable, rather than absolute, assurance about whether the consolidated financial statements are free of material misstatement, whether caused by error or fraud. There were no material misstatements that were brought to the attention of management as a result of our audit procedures. However, we included herein uncorrected misstatements that we presented to management during the current year audit engagement that were determined by management to be immaterial, both individually and in the aggregate, to the consolidated financial statements taken as a whole.

U. T. M. D. Anderson Cancer Center (1)

- We proposed a reclassification of the Physicians Referral Service Supplemental Retirement / Retirement Benefit Deferred Compensation Plan ("PRS") from a long-term asset and liability to short-term asset and liability in the amount of approximately \$62.8 million. A portion of the liability will be paid in the next fiscal year. There was a similar passed adjustment in the prior year.

U. T. Arlington (2)

- We proposed an adjustment to reclassify \$73 million of negative restricted cash related to federal grant funding drawdowns to offset unrestricted cash. There was a similar passed adjustment in the prior year.

U. T. Austin (3)

- We proposed an adjustment to reclassify negative \$98 million from net position restricted for capital projects to unrestricted net position



About Deloitte

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. Please see www.deloitte.com/about for a detailed description of DTTL and its member firms. Please see www.deloitte.com/us/about for a detailed description of the legal structure of Deloitte LLP and its subsidiaries. Certain services may not be available to attest clients under the rules and regulations of public accounting.

Copyright © 2022 Deloitte Development LLC. All rights reserved.
36 USC 220506

2. **U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, assigned for Committee consideration**

RECOMMENDATION

The proposed Consent Agenda items assigned to this Committee are [Items 3 - 8](#).

3. U. T. System: Financial Status Presentation and Monthly Financial Report

Mr. Terry Hull, Interim Executive Vice Chancellor for Business Affairs, will discuss the Financial Status Presentation, the highlights of which are set forth in the PowerPoint on the following pages and the November Monthly Financial Report, which follows the PowerPoint. The monthly financial report represents the consolidated and individual operating detail of the U. T. institutions.

U. T. System

Fiscal Year-to-Date Actuals and Projected Fiscal Year-End

Terry Hull

Interim Executive Vice Chancellor for Business Affairs

U. T. System Board of Regents Meeting

Finance and Planning Committee

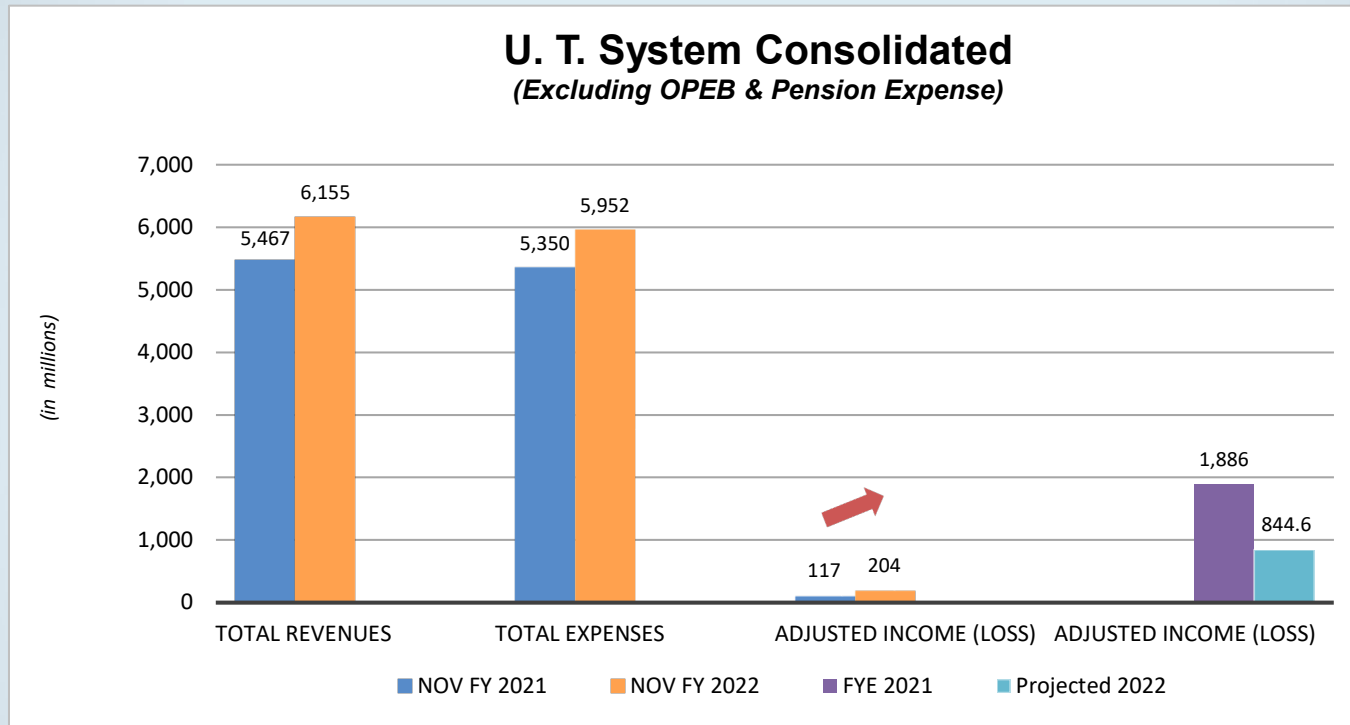
February 2022



THE UNIVERSITY of TEXAS SYSTEM
THIRTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

U. T. System Consolidated Landscape

For the Period Ending November 30, 2021 and Projected Fiscal Year-End



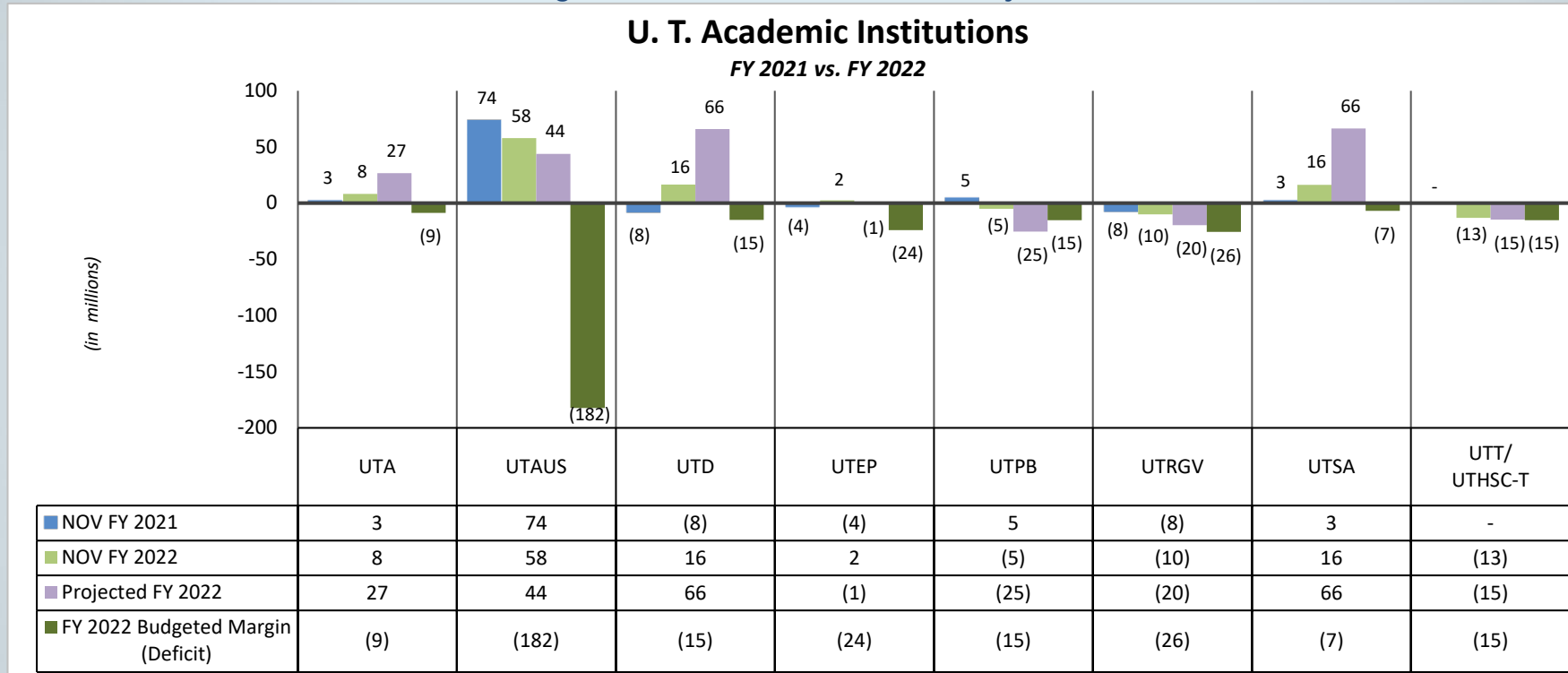
Source: November 2021 Monthly Financial Report



THE UNIVERSITY of TEXAS SYSTEM
THIRTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

Academic Adjusted Income (Loss) Comparison

For the Period Ending November 30, 2021 and Projected Fiscal Year-End



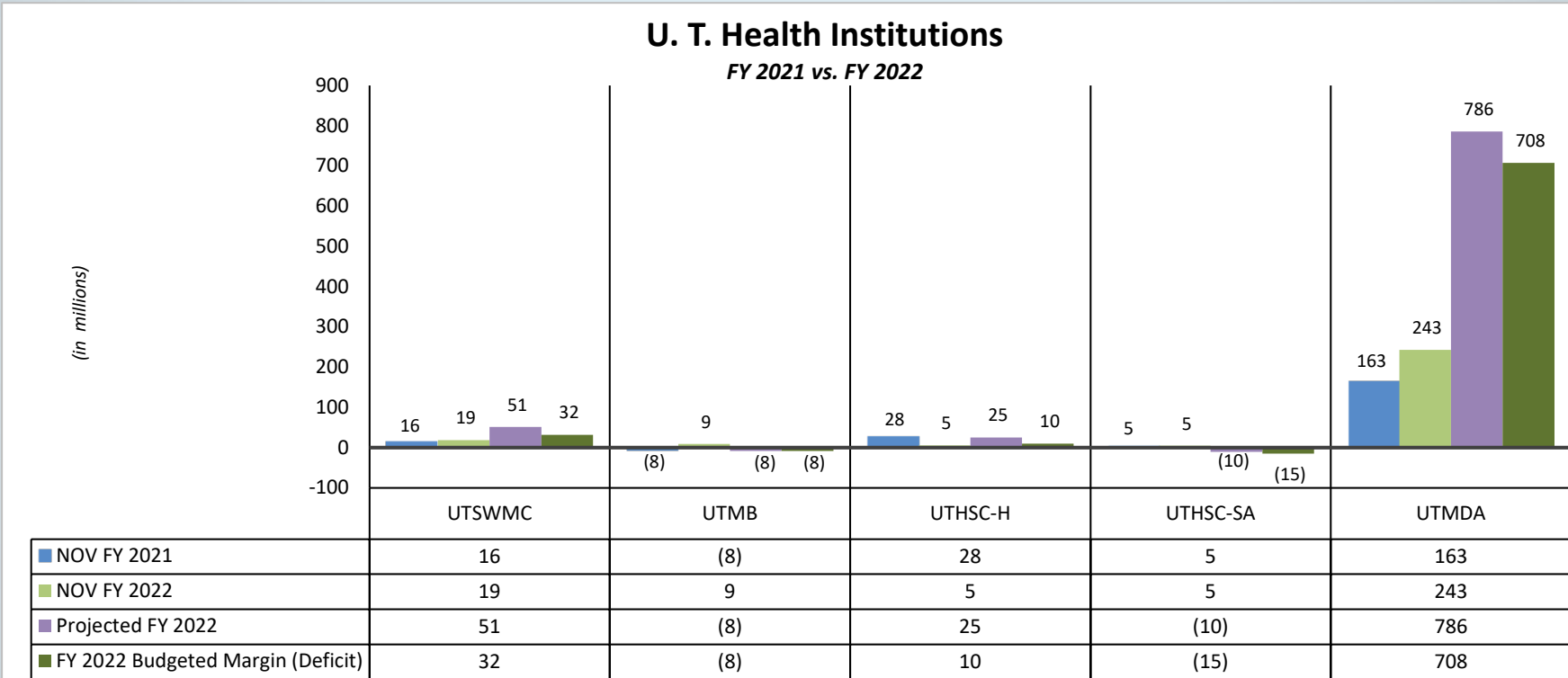
Source: November 2021 Monthly Financial Report



THE UNIVERSITY of TEXAS SYSTEM
THIRTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

Health Adjusted Income (Loss) Comparison

For the Period Ending November 30, 2021 and Projected Fiscal Year-End



Source: November 2021 Monthly Financial Report



Systemwide Operations Financial Summary

	FY 2022 Budget	FYTD Actual (November 2021)	% of Budget
U. T. System Administration (AUF)	\$ 55,405,440	\$ 13,024,711	24%
Direct Campus Support (AUF)	41,459,566	14,084,642	34%
Other Operations Funded with AUF Reserves	50,000	(1,585)	-3%
Service Departments and Other Non-AUF*	58,719,378	12,439,337	21%
Total – U. T. System Administration and Campus Support	\$ 155,634,384	\$ 39,547,105	25%

*The Board of Regents has approved the budget related to University Lands. 2/3 of the overall University Lands budget and November YTD actuals are represented in the above amounts. The Board of Regents has also approved the portion (1/3 of the overall University Lands budget) that supports Texas A&M University.



**THE UNIVERSITY OF TEXAS SYSTEM
OFFICE OF THE CONTROLLER**

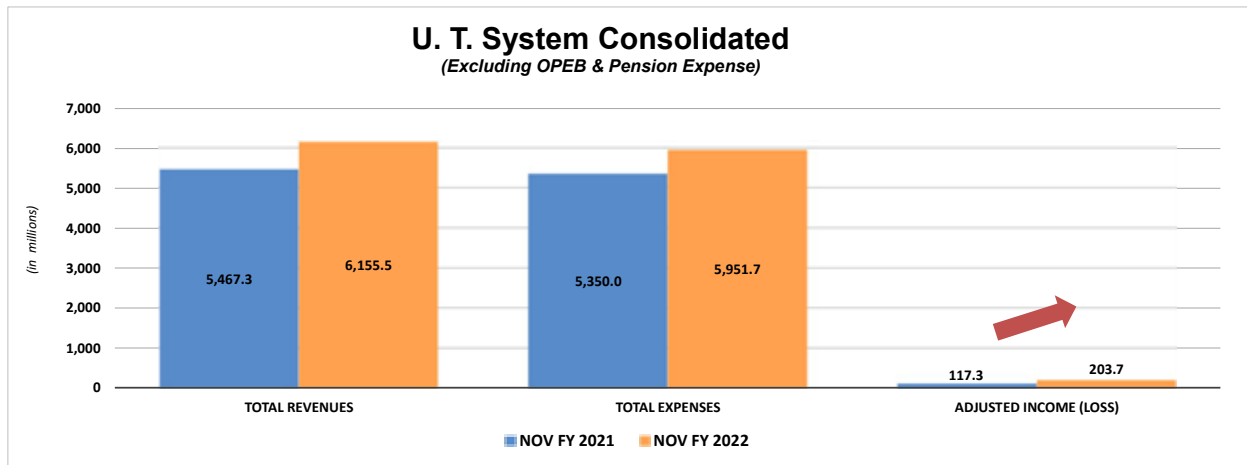
MONTHLY FINANCIAL REPORT
(unaudited)

**November 2021
FY 2022**



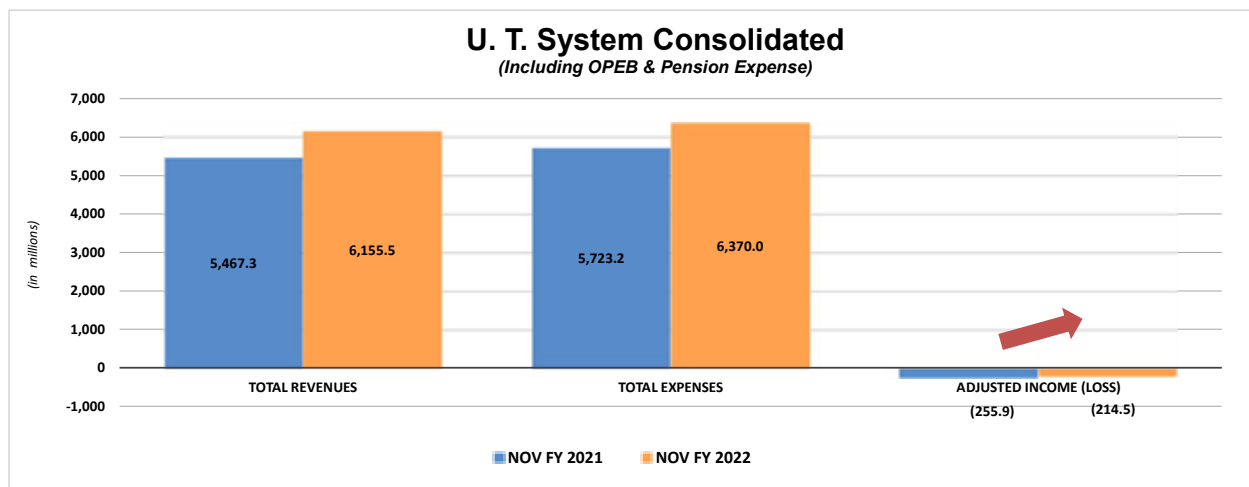
210 West Seventh Street
Austin, Texas 78701
512.499.4527
www.utsystem.edu/cont

Monthly Financial Report Comparison of Operating Results, Margin and Projected Year-End For the Period Ending November 30, 2021

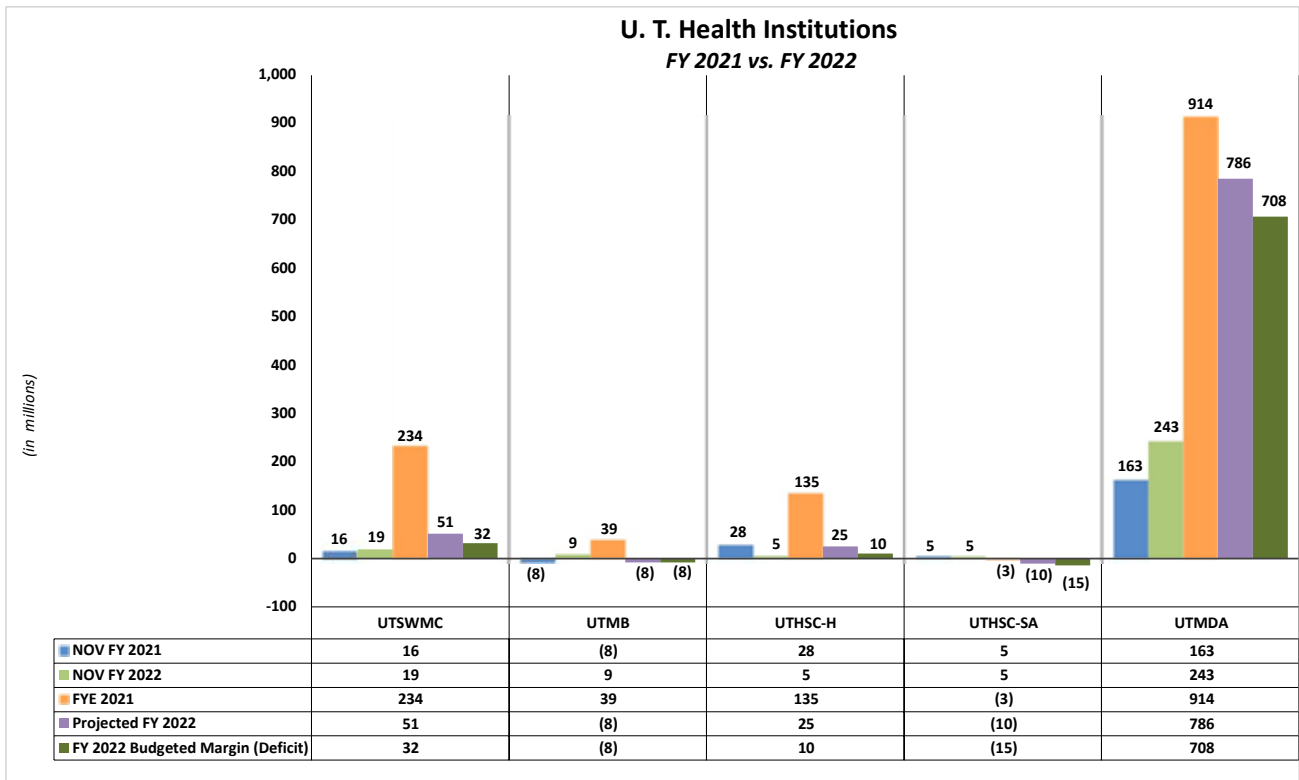
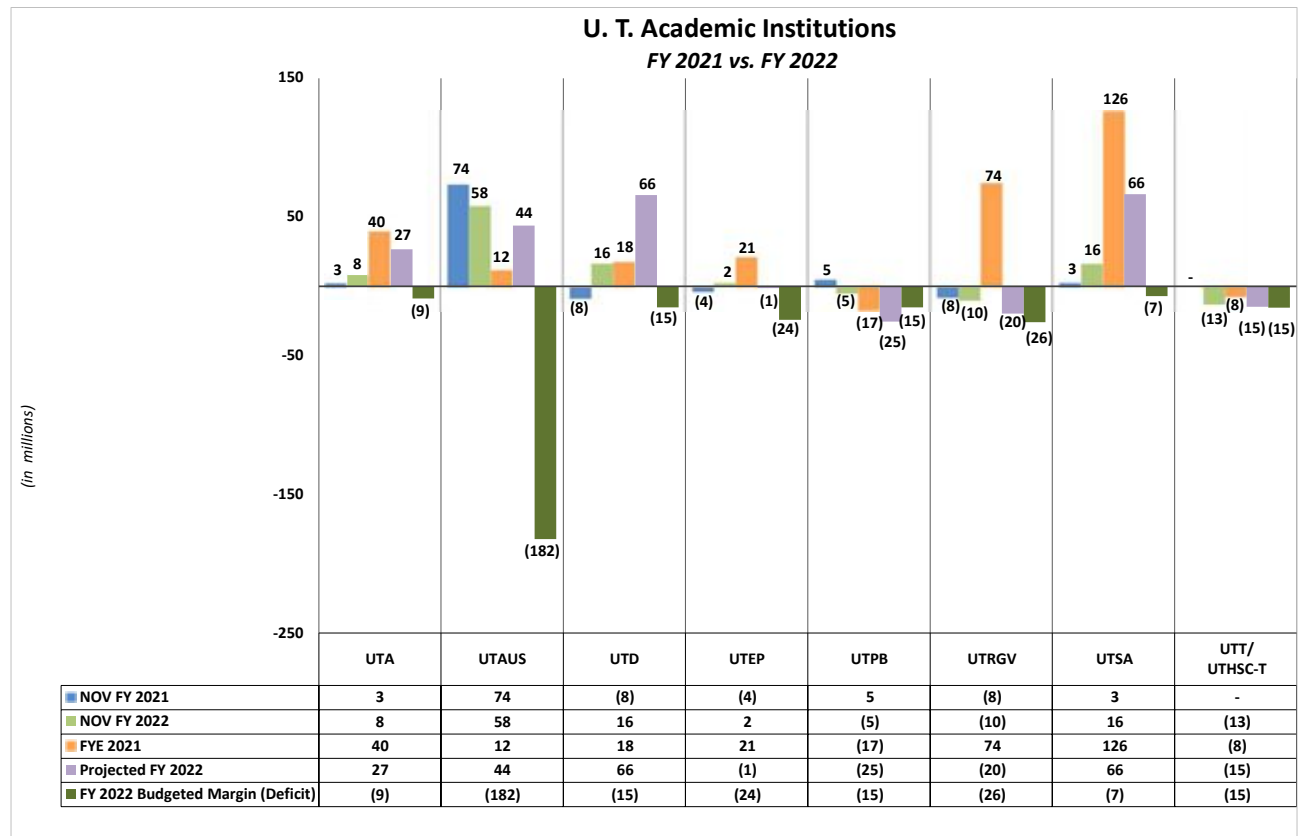


Excluding other postemployment benefits (OPEB) and pension expense, *U. T. System Consolidated* shows year-to-date adjusted income of \$203.7 million, an increase in adjusted income of \$86.5 million (74%) from the prior year. The increase was primarily due to an increase in clinical revenues.

(in millions)	November YTD FY 2021	November YTD FY 2022	Variance	Annual Projected FY 2022
Clinical Revenues	\$ 2,367.0	2,711.5	344.5	10,907.7
Sponsored Programs/Nonexchange Sponsored Programs	1,127.7	1,257.4	129.7	5,226.8
State Appropriations	547.5	583.8	36.3	2,338.5
Net Tuition and Fees	502.7	521.2	18.5	2,078.4
Auxiliary Revenues/Sales & Services of Educational Activities	280.6	361.4	80.8	1,101.0
Net Investment Income	400.4	501.8	101.3	1,746.7
Other Operating Revenues/Gift Contributions for Operations	241.4	218.4	(22.9)	1,039.4
Total Revenues	5,467.3	6,155.5	688.2	24,438.4
Salaries and Wages/Payroll Related Costs	3,226.0	3,470.0	244.0	13,877.4
Materials and Supplies/Cost of Goods Sold	724.4	840.8	116.4	3,068.2
Depreciation and Amortization	404.9	442.2	37.4	1,734.0
Other Contracted Services/Professional Fees & Services	339.9	422.5	82.6	1,639.9
All Other Operating Expenses	654.8	776.2	121.3	3,274.3
Total Expenses (Excluding OPEB & Pension Exp)	\$ 5,350.0	5,951.7	601.7	23,593.8
Adjusted Income (Loss) Excluding OPEB & Pension Exp	117.3	203.7	86.5	844.6
OPEB Expense	171.6	249.0	77.4	996.0
Pension Expense	201.6	169.3	(32.3)	677.1
Adjusted Income (Loss)	(255.9)	(214.5)	41.4	(828.4)
Adjusted Income (Loss) Excluding Depr & Amort Exp	148.9	227.7	78.8	905.6



**Monthly Financial Report
Comparison of Adjusted Income (Loss)
For the Period Ending November 30, 2021**



Monthly Financial Report
Comparison of Adjusted Income (Loss)
For the Period Ending November 30, 2021

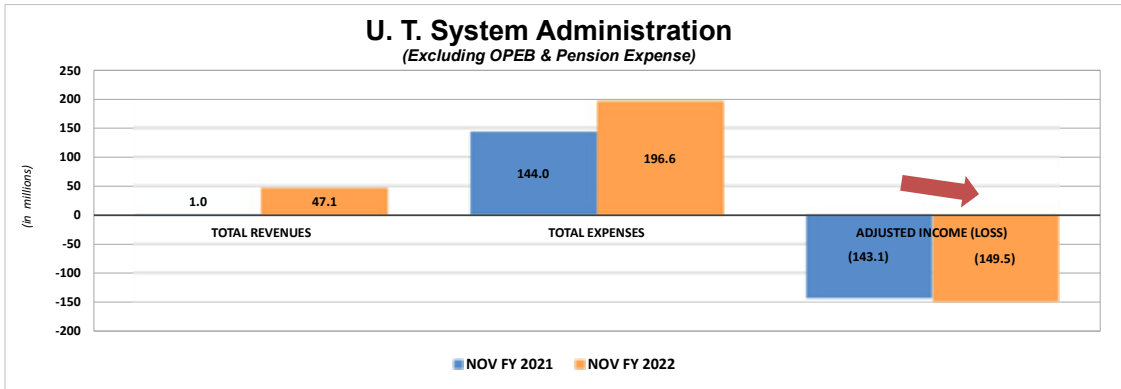
Executive Summary of Adjusted Income (Loss)*

	November FYTD 2021 (millions)	November FYTD 2022 (millions)	Variance %	Comments
U. T. System Administration (excluding OPEB & Pension Expense)	\$ (143.1)	(149.5)	-5%	Increase in Other Operating Expenses (Claims & Losses), Other Contracted Services Projected loss of (\$140.8) million for the FY
U. T. Arlington	2.7	8.2	204%	Increase in Other Operating Revenues, Auxiliary Revenues Projected income of \$26.7 million for the FY
U. T. Austin	73.6	57.7	-22%	Decrease in Gift Contributions for Operations Increase in Salaries & Wages/Payroll Related, Materials & Supplies Projected income of \$43.8 million for the FY
U. T. Dallas	(8.4)	16.5	295%	Increase in Net Tuition and Fees, Auxiliary Revenues Projected income of \$65.9 million for the FY
U. T. El Paso	(3.6)	2.4	168%	Decreases in Other Operating Expenses (Scholarships & Fellowships), Materials & Supplies Projected loss of (\$1.3) million for the FY
U. T. Permian Basin	5.2	(5.0)	-197%	Decreases in Net Tuition and Fees, Auxiliary Revenues Projected loss of (\$25.4) million for the FY
U. T. Rio Grande Valley	(7.8)	(10.1)	-30%	Decrease in Sponsored Programs Increase in Salaries & Wages/Payroll Related Projected loss of (\$19.6) million for the FY
U. T. San Antonio	2.8	16.2	483%	Increase in Gift Contributions for Operations, Auxiliary Revenues Projected income of \$66.5 million for the FY
U. T. Tyler**	(2.7)	0.0	N/A	U. T. Tyler and UTHSC-Tyler combined effective January 1, 2021, and are now presented as a combined entity in the MFR.
U. T. Tyler Combined	0.0	(13.0)	N/A	Projected loss of (\$14.6) million for the FY
Southwestern	15.9	18.7	17%	Increase in Clinical Revenues Projected income of \$51.4 million for the FY
UTMB	(7.7)	8.9	215%	Increase in Clinical Revenues Projected loss of (\$8.4) million for the FY
UTHSC-Houston	28.1	5.5	-81%	Increase in Salaries & Wages/Payroll Related Projected income of \$25.2 million for the FY
UTHSC-San Antonio	4.7	4.6	-1%	Increase in Salaries & Wages/Payroll Related Projected loss of (\$10.4) million for the FY
M. D. Anderson	162.8	242.7	49%	Increase in Clinical Revenues Projected income of \$785.6 million for the FY
UTHSC-Tyler**	(5.1)	0.0	N/A	U. T. Tyler and UTHSC-Tyler combined effective January 1, 2021, and are now presented as a combined entity in the MFR.
Total Adjusted Income (Loss)	\$ 117.3	203.7	74%	

* For additional details on the variances, please see pages 4 through 18.

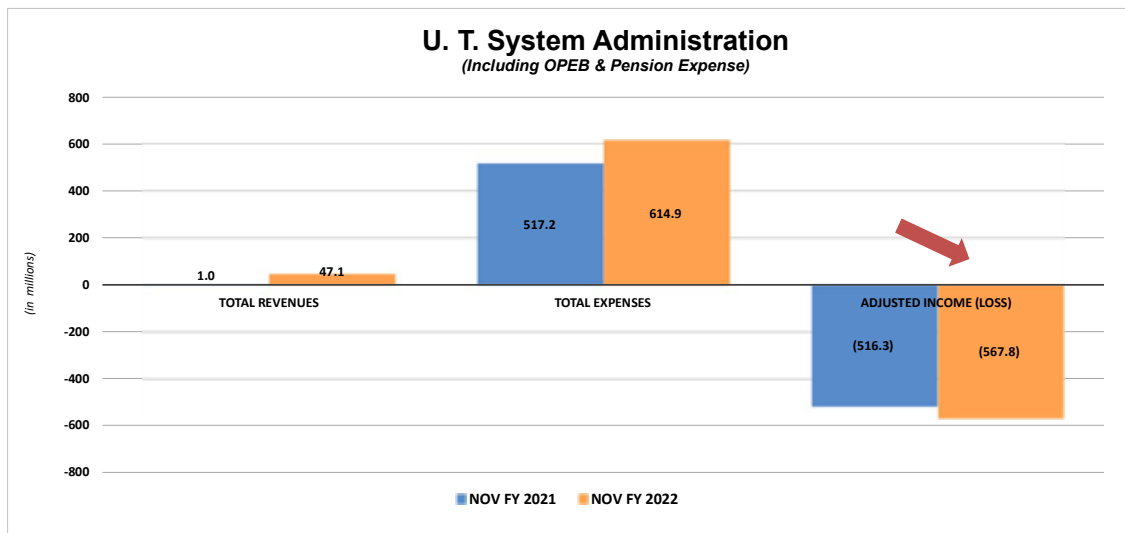
**U. T. Tyler and UTHSC-Tyler are shown separately for prior year purposes only.

**Monthly Financial Report
Comparison of Operating Results, Margin and Projected Year-End
For the Period Ending November 30, 2021**



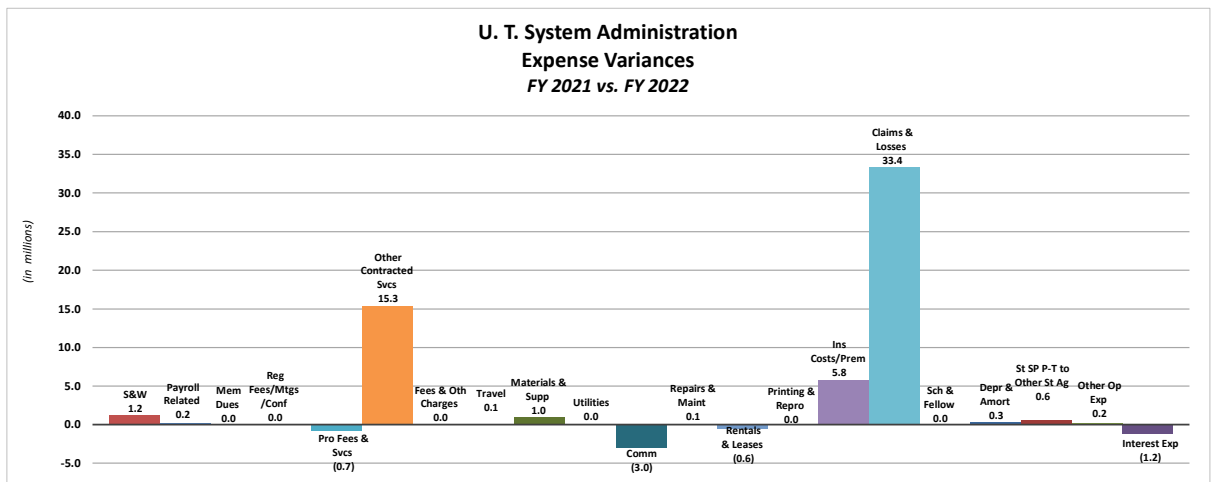
Excluding OPEB and pension expense, *U. T. System Administration* incurred a year-to-date adjusted loss of \$149.5 million, an increase in adjusted loss of \$6.5 million (5%) from the prior year. The increase was primarily attributable to the following: an increase in other operating expenses due to an increase in claims and losses for the medical/dental self-insurance plan; and an increase in other contracted services primarily due to the timing of the AUF Digital Library Support payment to *U. T. Austin*, as well as an increase in expenses for Shared Information Services (SIS) and the Arlington Regional Data Center due to a prior year adjustment made in fiscal year 2021, as well as an increase in Clinical Data Network initiative expenses and a payment to SIS for the hardware replacement project. The most current projection, excluding OPEB and pension expense, reflects a loss of \$140.8 million for the year.

(in millions)	November YTD FY 2021	November YTD FY 2022	Variance	Annual Projected FY 2022
Sponsored Programs/Nonexchange Sponsored Programs	\$ 8.4	16.6	8.2	48.3
State Appropriations	1.0	2.0	1.0	7.9
Auxiliary Revenues/Sales & Services of Educational Activities	5.1	5.8	0.6	23.0
Net Investment Income/Available University Fund (AUF)	(21.2)	18.6	39.8	88.6
Other Operating Revenues/Gift Contributions for Operations	7.7	4.1	(3.5)	16.3
Total Revenues	1.0	47.1	46.1	184.0
Salaries and Wages/Payroll Related Costs	13.3	14.7	1.4	(326.7)
Materials and Supplies/Cost of Goods Sold	14.8	15.7	1.0	13.8
Depreciation and Amortization	3.9	4.2	0.3	16.9
Other Contracted Services/Professional Fees & Services	8.3	22.9	14.6	66.9
All Other Operating Expenses	103.7	139.1	35.4	553.9
Total Expenses (Excluding OPEB & Pension Exp)	\$ 144.0	196.6	52.6	324.8
Adjusted Income (Loss) Excluding OPEB & Pension Exp	(143.1)	(149.5)	(6.5)	(140.8)
OPEB Expense	171.6	249.0	77.4	996.0
Pension Expense	201.6	169.3	(32.3)	677.1
Adjusted Income (Loss)	(516.3)	(567.8)	(51.5)	(1,813.8)
Adjusted Income (Loss) Excluding Depr & Amort Exp	(512.3)	(563.6)	(51.2)	(1,797.0)



Monthly Financial Report Detailed Expense Break-out for U. T. System Administration For the Period Ending November 30, 2021

(in millions)	November YTD FY 2021	November YTD FY 2022	Actual Year-End FY 2021	Annual Projected FY 2022
Salaries and Wages	\$ 10.5	11.7	41.6	46.7
Payroll Related Costs	2.8	3.0	(374.0)	(373.3) *
Membership Dues	0.1	0.1	0.3	0.6
Registration Fees, Meetings, Conferences	0.0	0.0	0.1	0.2
Professional Fees and Services	1.3	0.6	7.9	2.3
Other Contracted Services	7.0	22.4	39.2	64.7
Fees and Other Charges	0.5	0.5	0.0	2.2
Travel	0.0	0.1	0.1	0.3
Materials and Supplies	14.8	15.7	11.2	13.8
Utilities	0.1	0.1	0.3	0.4
Communications	3.1	0.1	3.4	0.3
Repairs and Maintenance	3.9	4.0	7.6	16.0
Rentals and Leases	0.6	0.1	1.5	0.2
Printing and Reproduction	0.0	0.0	0.1	0.2
Insurance Costs/Premiums	28.0	33.8	13.6	135.3
Claims and Losses	59.9	93.2	112.8	372.9
Scholarships and Fellowships	0.0	0.0	0.8	0.0
Depreciation and Amortization	3.9	4.2	15.6	16.9
State Sponsored Program Pass-Through to Other State Agencies	1.4	2.0	4.6	5.7
Other Operating Expenses	0.1	0.3	0.6	1.1
Interest Expense	5.9	4.6	44.2	18.6
Total Expenses (Excluding OPEB & Pension Expense)	144.0	196.6	(68.3)	324.8
OPEB Expense	171.6	249.0	996.0	996.0
Pension Expense	201.6	169.3	677.1	677.1
Total Expenses (Including OPEB & Pension Expense)	\$ 517.2	614.9	1,604.7	1,997.8



Brief explanations for U. T. System Administration's largest expense variances are provided below:

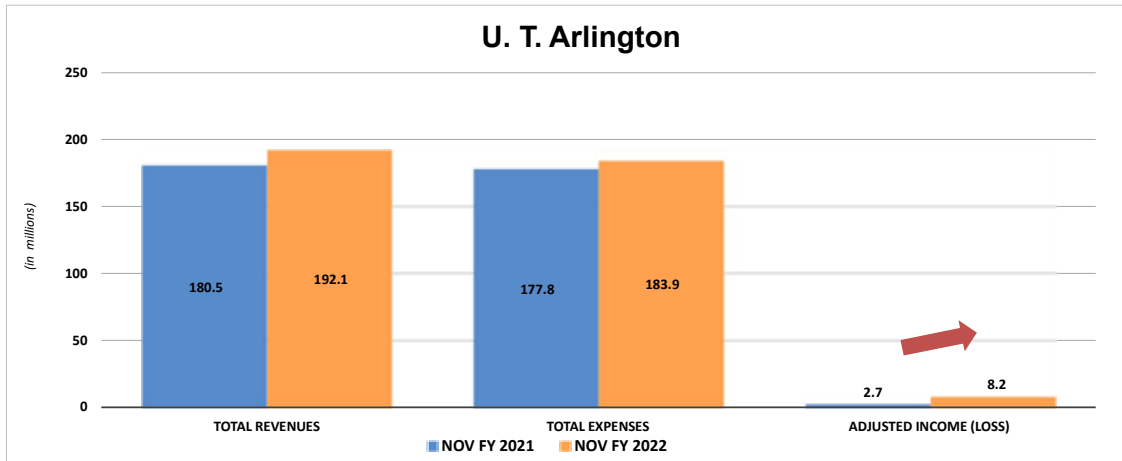
***Payroll Related Costs** - the negative payroll related costs at year-end relate to the pension entry to defer pension contributions made after the measurement date for the entire System.

Other Contracted Services - increase of \$15.3 million primarily due to the timing of the AUF Digital Library Support payment to U. T. Austin, as well as an increase in expenses for Shared Information Services (SIS) and the Arlington Regional Data Center. An increase in Clinical Data Network initiative expenses and a payment to SIS for the hardware replacement project also contributed to the increase.

Insurance Costs/Premiums - increase of \$5.8 million primarily attributable to increases in insurance premiums for Life and Accident insurance and CPPP Wind & Flood insurance.

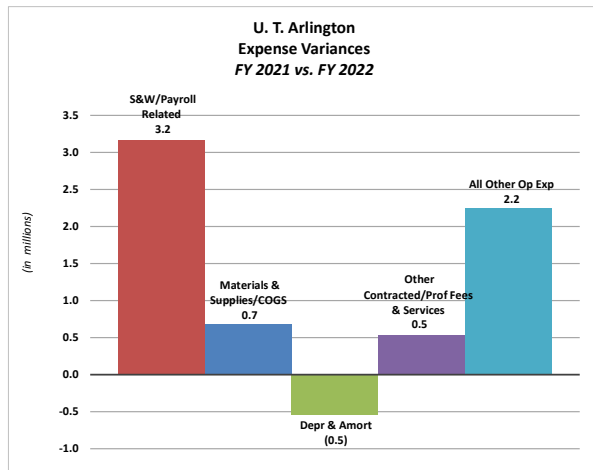
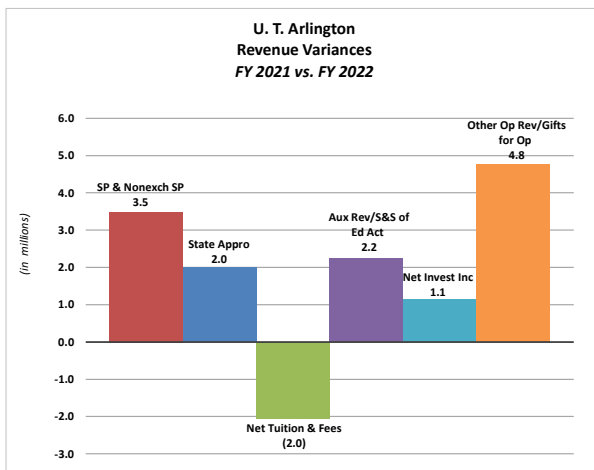
Claims and Losses - increase of \$33.4 million due to the medical self-insurance plan.

Monthly Financial Report Comparison of Operating Results, Margin and Projected Year-End For the Period Ending November 30, 2021

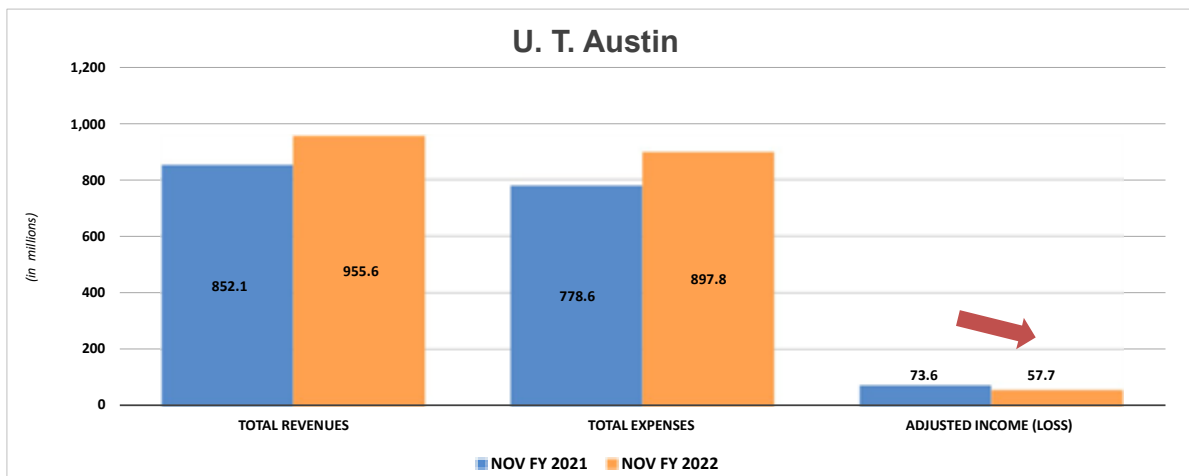


U. T. Arlington reported year-to-date adjusted income of \$8.2 million, an increase of \$5.5 million (204%) from the prior year. The increase was primarily attributable to the following: an increase in other operating revenues primarily due to revenue from the financial aid program Post-9/11 G.I. Bill benefits and alternative loans, which was not included in the MFR in the prior year; and an increase in auxiliary enterprises revenues attributable to an increase in on-campus activities. The most current projection received from *U. T. Arlington* reflects income of \$26.7 million for the year.

(in millions)	November YTD FY 2021	November YTD FY 2022	Variance	Annual Projected FY 2022
Sponsored Programs/Nonexchange Sponsored Programs	\$ 36.1	39.5	3.5	155.7
State Appropriations	32.0	34.0	2.0	148.9
Net Tuition and Fees	85.0	83.0	(2.0)	345.2
Auxiliary Revenues/Sales & Services of Educational Activities	15.2	17.5	2.2	74.7
Net Investment Income	7.2	8.4	1.1	33.7
Other Operating Revenues/Gift Contributions for Operations	5.0	9.7	4.8	14.1
Total Revenues	180.5	192.1	11.6	772.3
Salaries and Wages/Payroll Related Costs	102.9	106.1	3.2	444.7
Materials and Supplies/Cost of Goods Sold	11.7	12.4	0.7	35.1
Depreciation and Amortization	14.6	14.0	(0.5)	58.9
Other Contracted Services/Professional Fees & Services	22.0	22.5	0.5	78.2
All Other Operating Expenses	26.6	28.9	2.2	128.6
Total Expenses	\$ 177.8	183.9	6.1	745.6
Adjusted Income (Loss)	2.7	8.2	5.5	26.7
Adjusted Income (Loss) Excluding Depr & Amort Exp	17.3	22.2	5.0	85.6

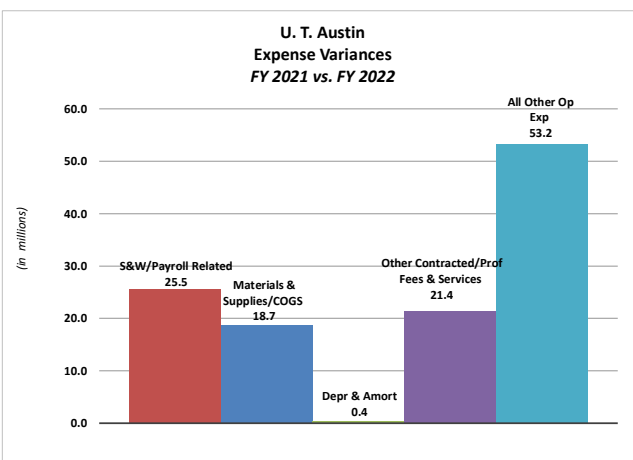
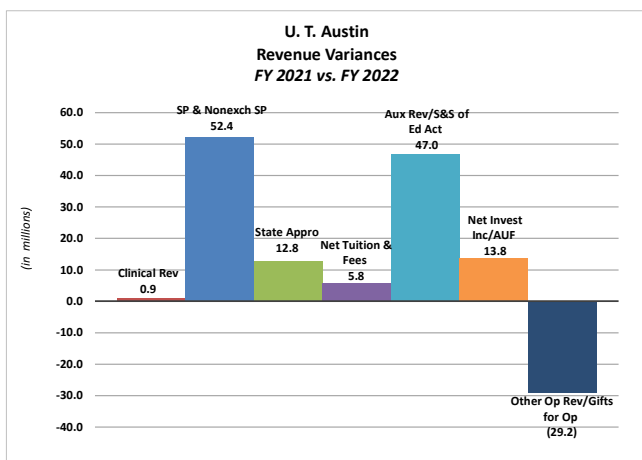


Monthly Financial Report Comparison of Operating Results, Margin and Projected Year-End For the Period Ending November 30, 2021

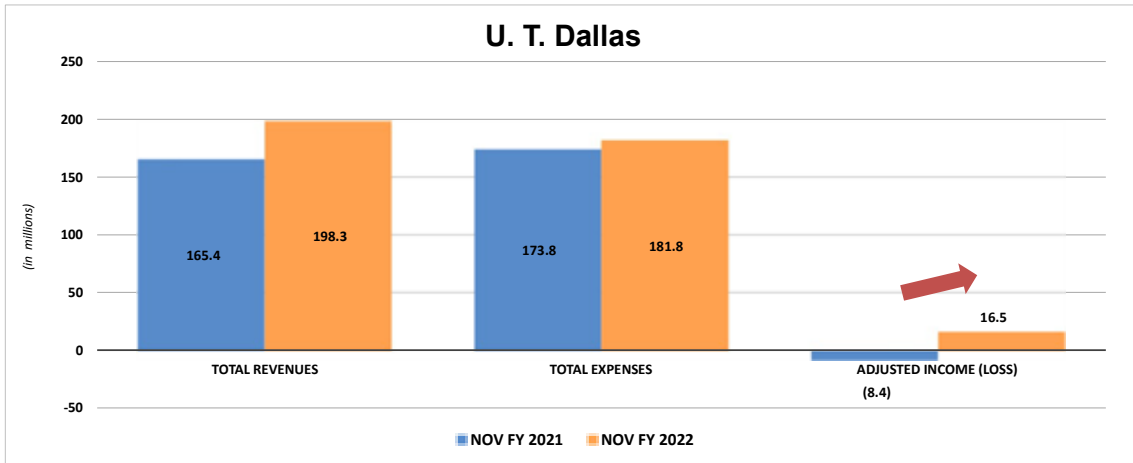


U. T. Austin reported year-to-date adjusted income of \$57.7 million, a decrease of \$15.8 million (22%) from the prior year. The decrease was primarily due to the following: a decrease in gift contributions for operations; an increase in salaries and wages as a result of retention salary increases for faculty and staff; and an increase in materials and supplies attributable to increased computer expenses for the Lonestar6 Computer associated with the Texas Advanced Computing Center, as well as an increase in laptop purchases for the UT for Me program. The most current projection received from U. T. Austin reflects income of \$43.8 million for the year.

(in millions)	November YTD FY 2021	November YTD FY 2022	Variance	Annual Projected FY 2022
Clinical Revenues	\$ 2.3	3.3	0.9	14.8
Sponsored Programs/Nonexchange Sponsored Programs	199.4	251.7	52.4	1,029.1
State Appropriations	79.3	92.1	12.8	368.4
Net Tuition and Fees	129.5	135.3	5.8	541.0
Auxiliary Revenues/Sales & Services of Educational Activities	170.8	217.8	47.0	545.5
Net Investment Income/Available University Fund (AUF)	209.2	223.0	13.8	795.5
Other Operating Revenues/Gift Contributions for Operations	61.6	32.4	(29.2)	121.3
Total Revenues	852.1	955.6	103.4	3,415.6
Salaries and Wages/Payroll Related Costs	477.9	503.5	25.5	2,023.7
Materials and Supplies/Cost of Goods Sold	38.5	57.2	18.7	153.5
Depreciation and Amortization	91.8	92.1	0.4	368.5
Other Contracted Services/Professional Fees & Services	41.1	62.5	21.4	198.4
All Other Operating Expenses	129.3	182.5	53.2	627.7
Total Expenses	\$ 778.6	897.8	119.3	3,371.8
Adjusted Income (Loss)	73.6	57.7	(15.8)	43.8
Adjusted Income (Loss) Excluding Depr & Amort Exp	165.3	149.9	(15.4)	412.3

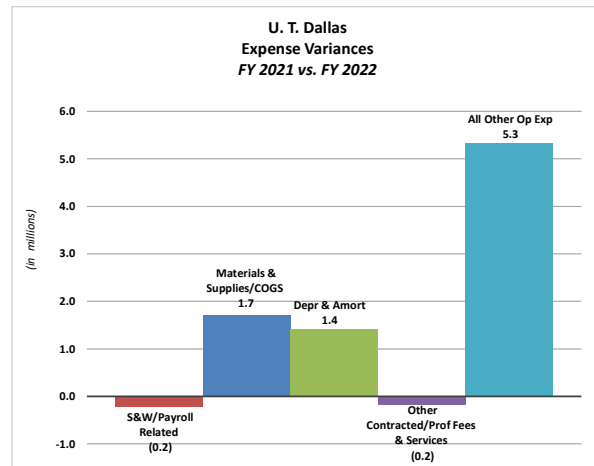
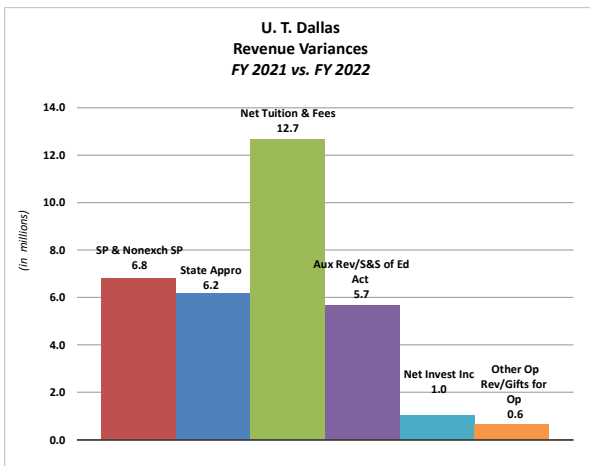


Monthly Financial Report Comparison of Operating Results, Margin and Projected Year-End For the Period Ending November 30, 2021

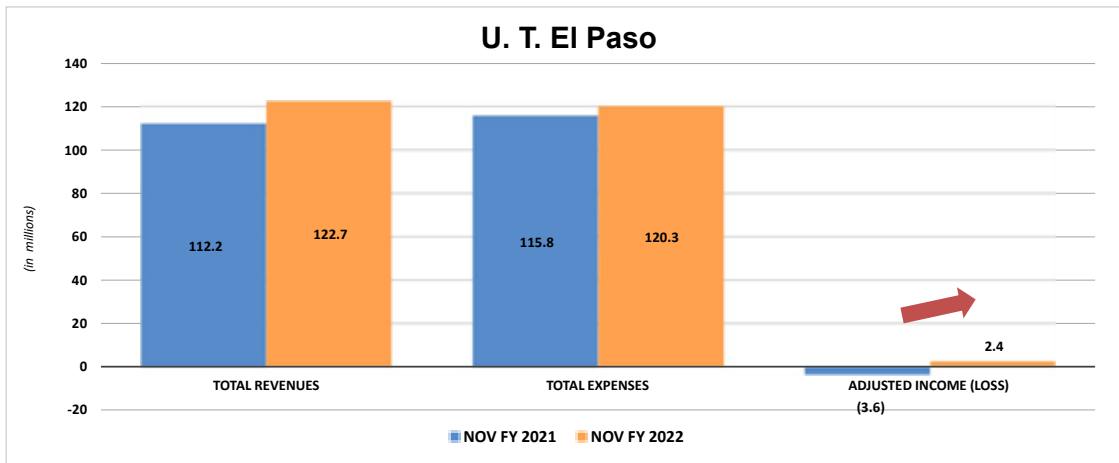


U. T. Dallas reported year-to-date adjusted income of \$16.5 million, an increase of \$24.9 million (295%) from the prior year. The increase was primarily attributable to the following: an increase in net student tuition and fees due to increased enrollment; and an increase in auxiliary enterprises revenues attributable to an increase in on-campus activities. The most current projection received from U. T. Dallas reflects income of \$65.9 million for the year.

(in millions)	November YTD FY 2021	November YTD FY 2022	Variance	Annual Projected FY 2022
Sponsored Programs/Nonexchange Sponsored Programs	\$ 35.3	42.1	6.8	168.4
State Appropriations	28.3	34.5	6.2	137.9
Net Tuition and Fees	73.9	86.6	12.7	346.3
Auxiliary Revenues/Sales & Services of Educational Activities	14.3	19.9	5.7	79.7
Net Investment Income	9.2	10.2	1.0	41.0
Other Operating Revenues/Gift Contributions for Operations	4.4	5.0	0.6	20.0
Total Revenues	165.4	198.3	33.0	793.3
Salaries and Wages/Payroll Related Costs	101.9	101.7	(0.2)	406.7
Materials and Supplies/Cost of Goods Sold	7.5	9.2	1.7	36.9
Depreciation and Amortization	21.7	23.1	1.4	92.5
Other Contracted Services/Professional Fees & Services	8.8	8.6	(0.2)	34.4
All Other Operating Expenses	33.9	39.2	5.3	156.9
Total Expenses	\$ 173.8	181.8	8.0	727.4
Adjusted Income (Loss)	(8.4)	16.5	24.9	65.9
Adjusted Income (Loss) Excluding Depr & Amort Exp	13.3	39.6	26.3	158.4

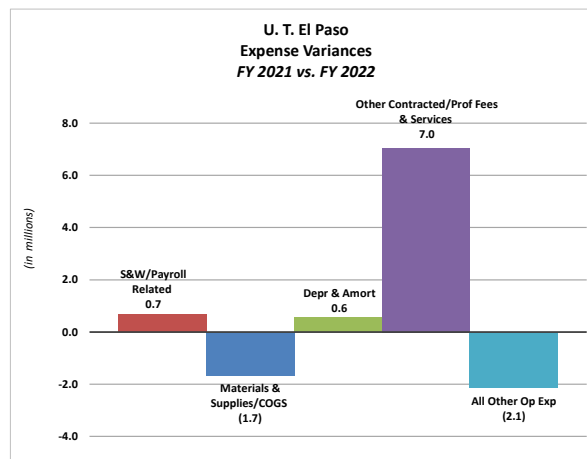
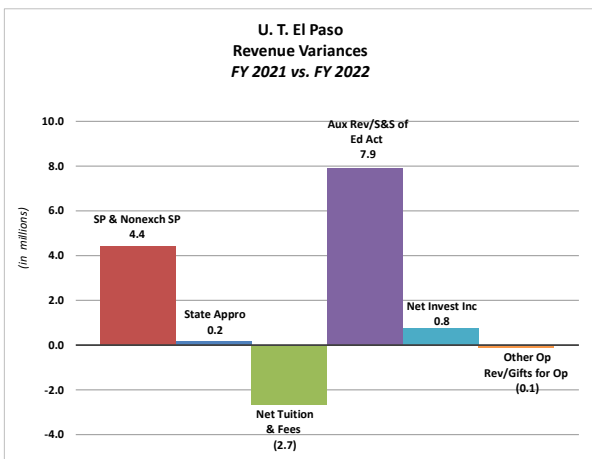


Monthly Financial Report Comparison of Operating Results, Margin and Projected Year-End For the Period Ending November 30, 2021

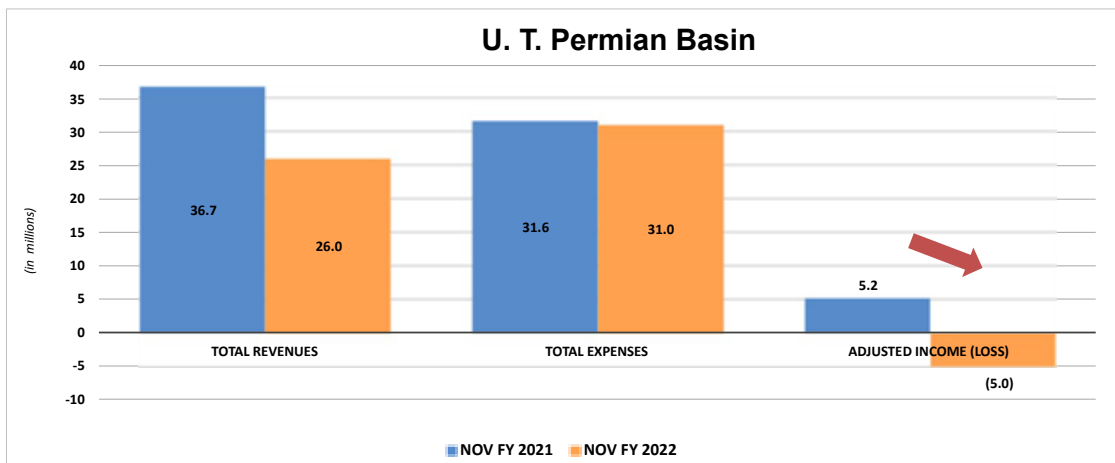


U. T. El Paso reported year-to-date adjusted income of \$2.4 million, an increase of \$6.0 million (168%) from the prior year. The increase was primarily due to the following: a decrease in other operating expenses attributable to a decrease in scholarships and fellowships funded with the Governor's Emergency Educational Relief Fund Grants and Higher Education Emergency Relief Fund; and a decrease in materials and supplies as a result of a decline in the purchase of medical supplies related mostly to COVID-19. The most current projection received from U. T. El Paso reflects a loss of \$1.3 million for the year.

(in millions)	November YTD FY 2021	November YTD FY 2022	Variance	Annual Projected FY 2022
Sponsored Programs/Nonexchange Sponsored Programs	\$ 33.4	37.8	4.4	211.3
State Appropriations	26.8	26.9	0.2	106.9
Net Tuition and Fees	39.3	36.6	(2.7)	145.4
Auxiliary Revenues/Sales & Services of Educational Activities	5.1	13.0	7.9	42.1
Net Investment Income	5.4	6.2	0.8	18.1
Other Operating Revenues/Gift Contributions for Operations	2.3	2.2	(0.1)	7.5
Total Revenues	112.2	122.7	10.5	531.2
Salaries and Wages/Payroll Related Costs	68.0	68.7	0.7	270.2
Materials and Supplies/Cost of Goods Sold	6.7	5.1	(1.7)	26.2
Depreciation and Amortization	8.1	8.7	0.6	34.9
Other Contracted Services/Professional Fees & Services	4.3	11.3	7.0	22.6
All Other Operating Expenses	28.6	26.5	(2.1)	178.6
Total Expenses	\$ 115.8	120.3	4.5	532.5
Adjusted Income (Loss)	(3.6)	2.4	6.0	(1.3)
Adjusted Income (Loss) Excluding Depr & Amort Exp	4.5	11.1	6.6	33.6

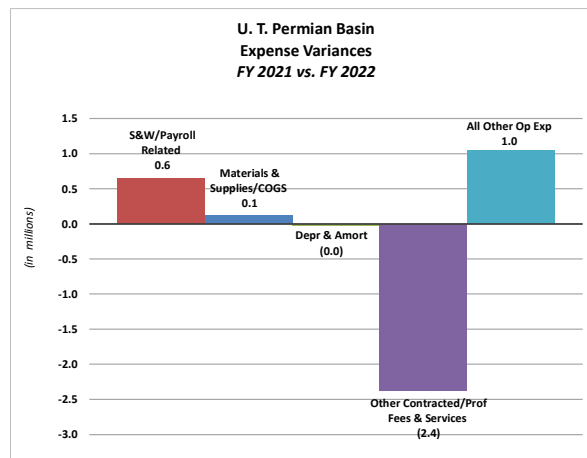
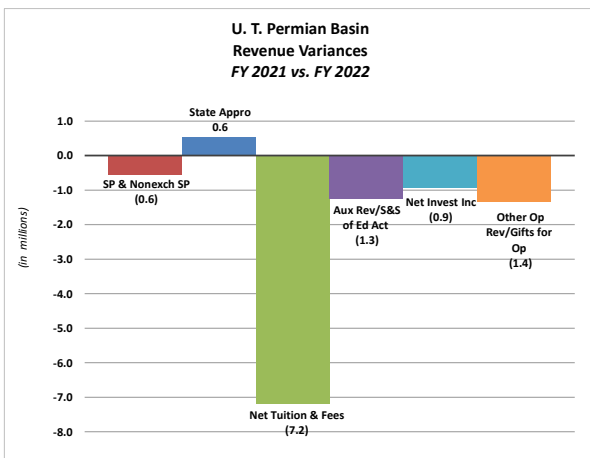


Monthly Financial Report Comparison of Operating Results, Margin and Projected Year-End For the Period Ending November 30, 2021



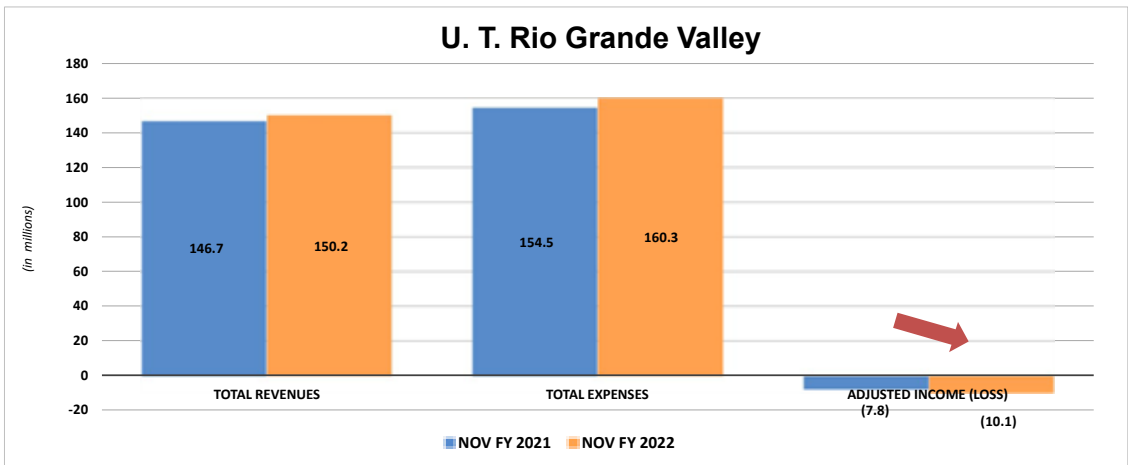
U. T. Permian Basin incurred a year-to-date adjusted loss of \$5.0 million, a decrease of \$10.2 million (197%) from the prior year. The decrease was primarily attributable to a decrease in net student tuition and fees, as well as a decrease in auxiliary enterprises revenues, due to a change in methodology implemented in December 2020 to more evenly report tuition and fees and auxiliary enterprises revenues throughout the year. The most current projection received from U. T. Permian Basin reflects a loss of \$25.4 million for the year due to projected increases in salaries and wages and payroll related costs, and depreciation and amortization expense, as well as anticipated increases in travel and official occasion expenses as restrictions due to COVID-19 are eased.

(in millions)	November YTD FY 2021	November YTD FY 2022	Variance	Annual Projected FY 2022
Sponsored Programs/Nonexchange Sponsored Programs	\$ 8.3	7.7	(0.6)	29.0
State Appropriations	5.5	6.0	0.6	24.1
Net Tuition and Fees	16.0	8.8 *	(7.2)	35.4
Auxiliary Revenues/Sales & Services of Educational Activities	3.0	1.8	(1.3)	7.3
Net Investment Income	2.0	1.1	(0.9)	4.3
Other Operating Revenues/Gift Contributions for Operations	1.9	0.6	(1.4)	2.9
Total Revenues	36.7	26.0	(10.8)	102.9
Salaries and Wages/Payroll Related Costs	15.2	15.9	0.6	61.8
Materials and Supplies/Cost of Goods Sold	1.4	1.5	0.1	7.3
Depreciation and Amortization	5.2	5.2	(0.0)	21.0
Other Contracted Services/Professional Fees & Services	3.7	1.4	(2.4)	11.1
All Other Operating Expenses	6.0	7.1	1.0	27.1
Total Expenses	\$ 31.6	31.0	(0.6)	128.3
Adjusted Income (Loss)	5.2	(5.0)	(10.2)	(25.4)
Adjusted Income (Loss) Excluding Depr & Amort Exp	10.3	0.1	(10.2)	(4.4)



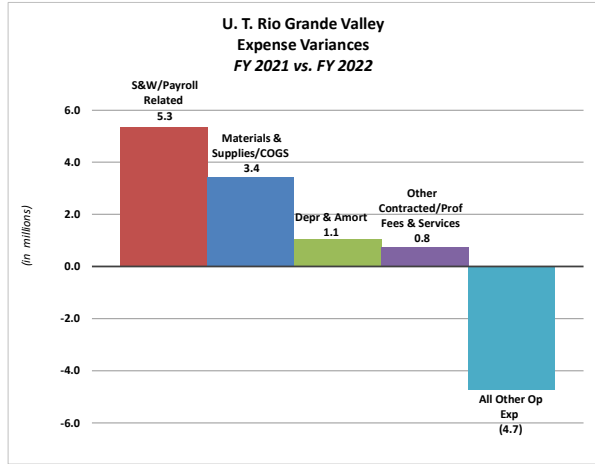
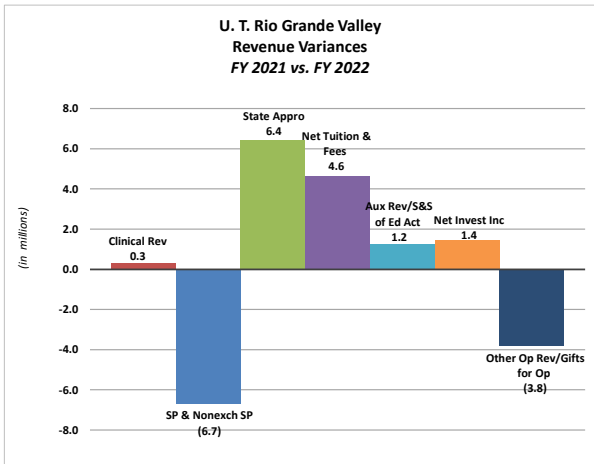
*Net tuition and fees and auxiliary revenues are not comparable between the 2 years due to a change implemented in December FY 2021 to more evenly spread these revenues throughout the year.

Monthly Financial Report Comparison of Operating Results, Margin and Projected Year-End For the Period Ending November 30, 2021

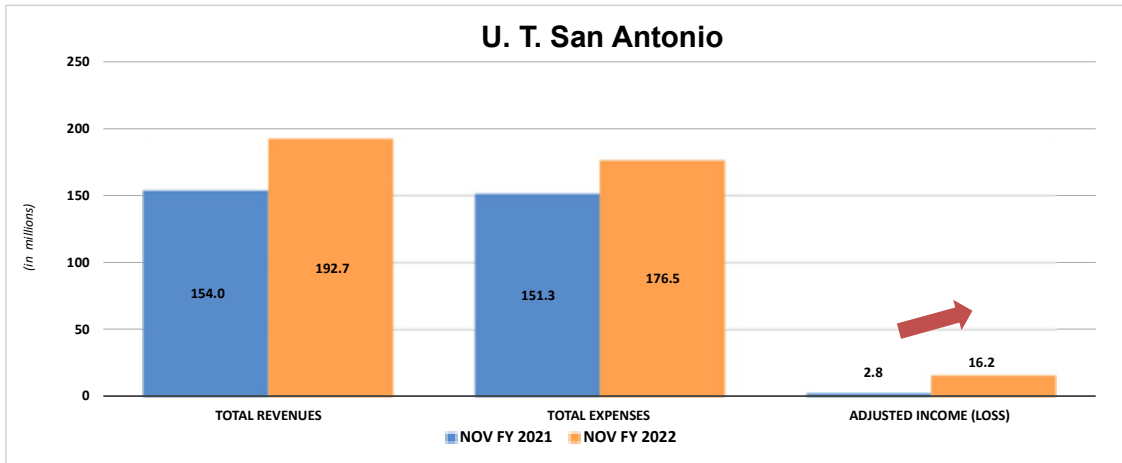


U. T. Rio Grande Valley incurred a year-to-date adjusted loss of \$10.1 million, an increase in adjusted loss of \$2.4 million (30%) from the prior year. The increase was primarily due to the following: a decrease in sponsored programs as a result of a decrease in hospital contract revenue; and an increase in salaries and wages and payroll related costs attributable to increased staff and faculty positions. The most current projection received from U. T. Rio Grande Valley reflects a loss of \$19.6 million for the year.

(in millions)	November YTD FY 2021	November YTD FY 2022	Variance	Annual Projected FY 2022
Total Revenues	146.7	150.2	3.5	673.0
Total Expenses	154.5	160.3	5.9	692.6
Adjusted Income (Loss)	(7.8)	(10.1)	(2.4)	(19.6)
Adjusted Income (Loss) Excluding Depr & Amort Exp	5.4	4.1	(1.3)	38.7

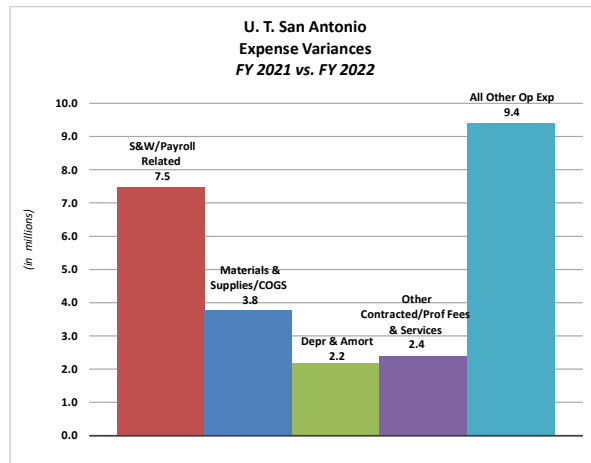
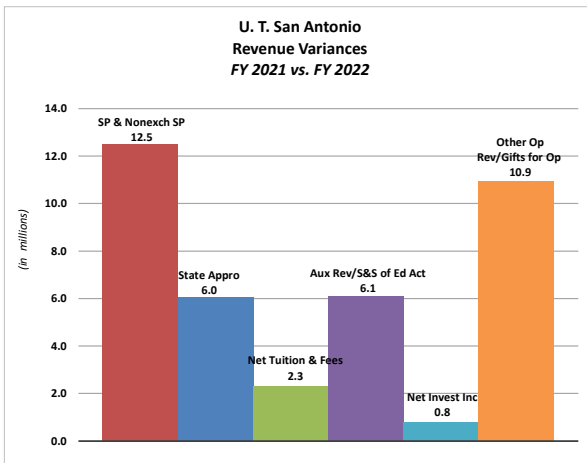


Monthly Financial Report Comparison of Operating Results, Margin and Projected Year-End For the Period Ending November 30, 2021

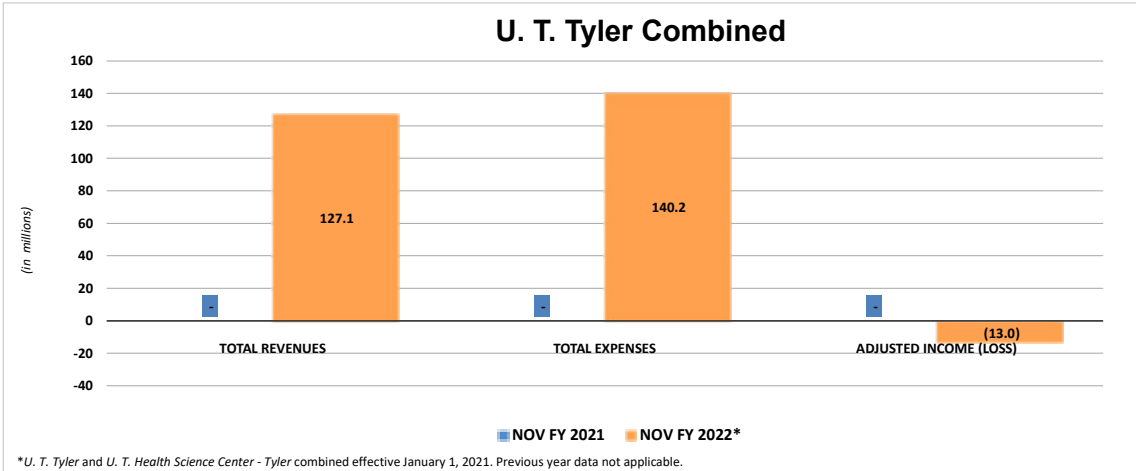


U. T. San Antonio reported year-to-date adjusted income of \$16.2 million, an increase of \$13.4 million (483%) from the prior year. The increase was primarily attributable to the following: an increase in gift contributions for operations due to increased fundraising activity; and an increase in auxiliary enterprises revenues as a result of an increase in on-campus activities. The most current projection received from U. T. San Antonio reflects income of \$66.5 million for the year.

(in millions)	November YTD FY 2021	November YTD FY 2022	Variance	Annual Projected FY 2022
Sponsored Programs/Nonexchange Sponsored Programs	\$ 43.0	55.4	12.5	221.8
State Appropriations	32.1	38.1	6.0	152.4
Net Tuition and Fees	62.3	64.6	2.3	258.5
Auxiliary Revenues/Sales & Services of Educational Activities	9.1	15.2	6.1	60.6
Net Investment Income	5.3	6.1	0.8	24.5
Other Operating Revenues/Gift Contributions for Operations	2.3	13.2	10.9	52.8
Total Revenues	154.0	192.7	38.7	770.7
Salaries and Wages/Payroll Related Costs	86.5	94.0	7.5	376.9
Materials and Supplies/Cost of Goods Sold	6.4	10.2	3.8	16.6
Depreciation and Amortization	14.1	16.3	2.2	3.2
Other Contracted Services/Professional Fees & Services	6.9	9.3	2.4	37.2
All Other Operating Expenses	37.2	46.6	9.4	270.3
Total Expenses	\$ 151.3	176.5	25.2	704.3
Adjusted Income (Loss)	2.8	16.2	13.4	66.5
Adjusted Income (Loss) Excluding Depr & Amort Exp	16.9	32.5	15.6	69.7

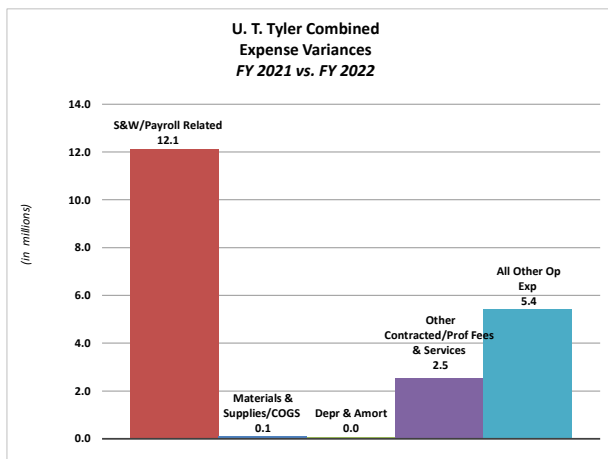
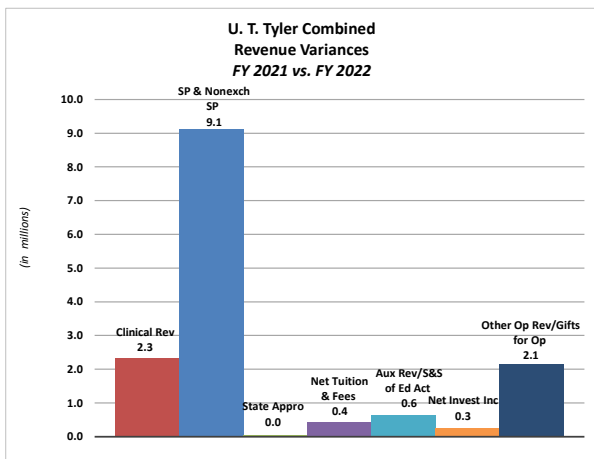


Monthly Financial Report Operating Results, Margin and Projected Year-End For the Period Ending November 30, 2021



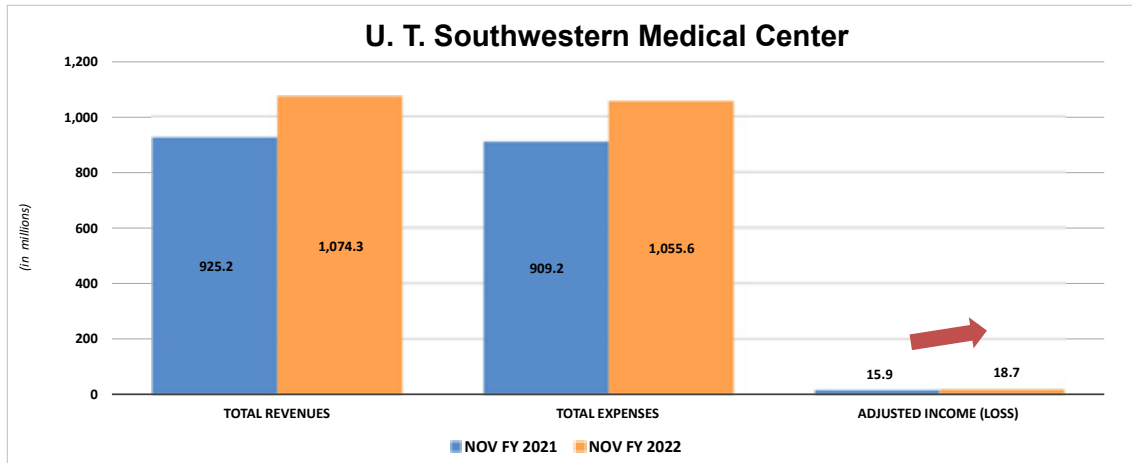
U. T. Tyler Combined: On December 21, 2020, the U. T. System Board of Regents formalized the combination of U. T. Tyler and U. T. Health Science Center - Tyler effective January 1, 2021, in order to create a single, integrated university that will more comprehensively serve the educational, health and economic needs of East Texas. Therefore, previous year's data is not applicable.

(in millions)	November YTD FY 2021	November YTD FY 2022	Variance	Annual Projected FY 2022
Clinical Revenues	\$ -	42.2	42.2	171.5
Sponsored Programs/Nonexchange Sponsored Programs	-	29.6	29.6	123.0
State Appropriations	-	21.5	21.5	86.2
Net Tuition and Fees	-	15.5	15.5	62.3
Auxiliary Revenues/Sales & Services of Educational Activities	-	9.1	9.1	29.0
Net Investment Income	-	3.3	3.3	11.8
Other Operating Revenues/Gift Contributions for Operations	-	6.0 **	6.0	38.9 **
Total Revenues	-	127.1	127.1	522.7
Salaries and Wages/Payroll Related Costs	-	82.1	82.1	322.9
Materials and Supplies/Cost of Goods Sold	-	19.5	19.5	77.0
Depreciation and Amortization	-	8.7	8.7	34.9
Other Contracted Services/Professional Fees & Services	-	13.3	13.3	49.4
All Other Operating Expenses	-	16.5	16.5	53.1
Total Expenses	\$ -	140.2	140.2	537.3
Adjusted Income (Loss)	-	(13.0)	(13.0)	(14.6)
Adjusted Income (Loss) Excluding Depr & Amort Exp	-	(4.3)	(4.3)	20.3



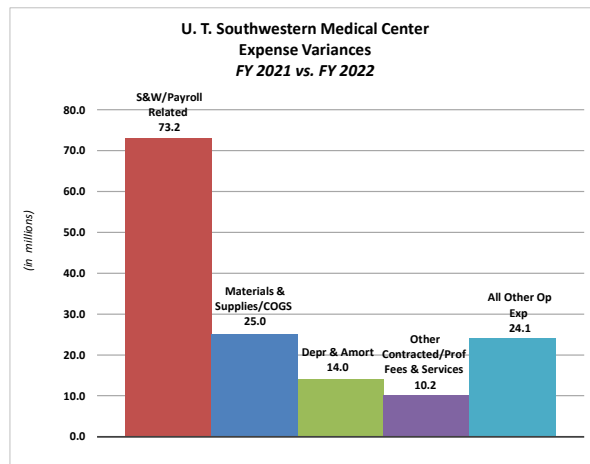
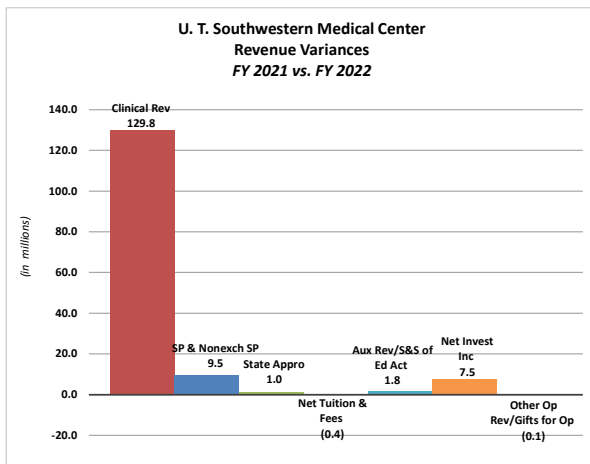
**Other Operating Income includes 30% of UT Health East Texas' (UTHET) net adjusted income which was \$0.2 million through November. The projected loss of \$14.6 million includes \$8.5 million of UTHET's net adjusted income for the year.

Monthly Financial Report Comparison of Operating Results, Margin and Projected Year-End For the Period Ending November 30, 2021

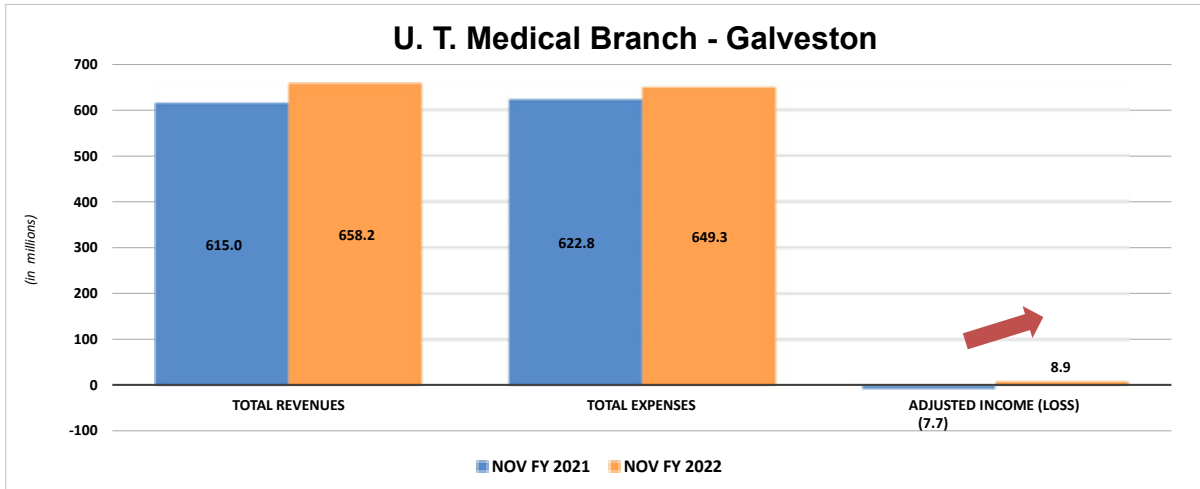


U. T. Southwestern Medical Center reported year-to-date adjusted income of \$18.7 million, an increase of \$2.8 million (17%) from the prior year. The increase was primarily due to an increase in clinical revenues as a result of increased inpatient and outpatient visits, as well as increased surgical volumes and admissions. The most current projection received from U. T. Southwestern Medical Center reflects income of \$51.4 million for the year.

(in millions)	November YTD FY 2021	November YTD FY 2022	Variance	Annual Projected FY 2022
Clinical Revenues	\$ 592.0	721.8	129.8	2,869.2
Sponsored Programs/Nonexchange Sponsored Programs	179.8	189.3	9.5	748.4
State Appropriations	44.8	45.8	1.0	183.4
Net Tuition and Fees	6.5	6.1	(0.4)	24.6
Auxiliary Revenues/Sales & Services of Educational Activities	8.6	10.4	1.8	41.7
Net Investment Income	44.3	51.9	7.5	162.6
Other Operating Revenues/Gift Contributions for Operations	49.0	48.9	(0.1)	225.6
Total Revenues	925.2	1,074.3	149.2	4,255.4
Salaries and Wages/Payroll Related Costs	590.1	663.2	73.2	2,620.9
Materials and Supplies/Cost of Goods Sold	179.2	204.2	25.0	816.9
Depreciation and Amortization	47.1	61.0	14.0	244.1
Other Contracted Services/Professional Fees & Services	43.6	53.8	10.2	215.2
All Other Operating Expenses	49.3	73.4	24.1	306.9
Total Expenses	\$ 909.2	1,055.6	146.4	4,204.0
Adjusted Income (Loss)	15.9	18.7	2.8	51.4
Adjusted Income (Loss) Excluding Depr & Amort Exp	63.0	79.7	16.7	295.5

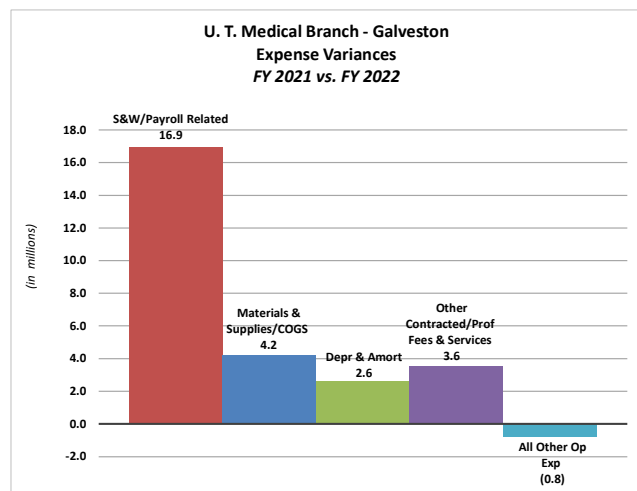
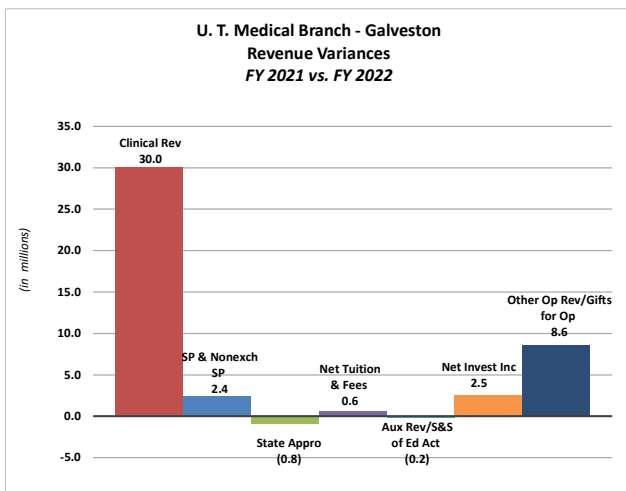


Monthly Financial Report Comparison of Operating Results, Margin and Projected Year-End For the Period Ending November 30, 2021

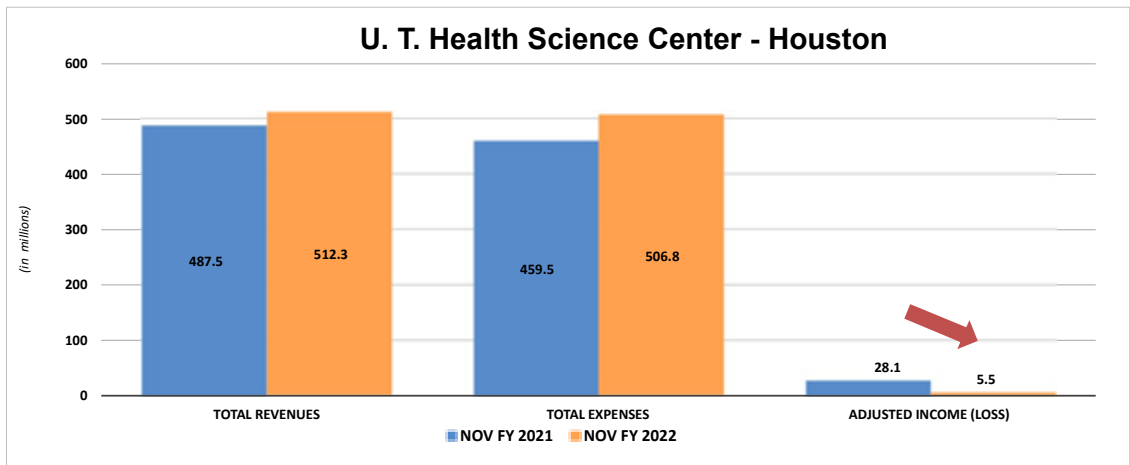


U. T. Medical Branch - Galveston reported year-to-date adjusted income of \$8.9 million, an increase of \$16.6 million (215%) from the prior year. The increase was primarily attributable to an increase in clinical revenues due to an increase in patient volume, an increase in Correctional Managed Care patient revenue, and a favorable rate/case mix. The most current projection received from U. T. Medical Branch - Galveston reflects a loss of \$8.4 million for the year as a result of an anticipated decline in Medicare reimbursement due to U. T. Medical Branch - Galveston's first year in the Centers for Medicare and Medicaid Services rural reclassification program.

(in millions)	November YTD FY 2021	November YTD FY 2022	Variance	Annual Projected FY 2022
Clinical Revenues	\$ 414.2	444.2	30.0	1,747.0
Sponsored Programs/Nonexchange Sponsored Programs	53.2	55.6	2.4	205.4
State Appropriations	90.7	89.9	(0.8)	360.7
Net Tuition and Fees	13.1	13.7	0.6	54.3
Auxiliary Revenues/Sales & Services of Educational Activities	6.7	6.6	(0.2)	30.4
Net Investment Income	16.9	19.4	2.5	60.8
Other Operating Revenues/Gift Contributions for Operations	20.2	28.8	8.6	134.9
Total Revenues	615.0	658.2	43.2	2,593.4
Salaries and Wages/Payroll Related Costs	365.7	382.6	16.9	1,573.9
Materials and Supplies/Cost of Goods Sold	88.2	92.4	4.2	355.2
Depreciation and Amortization	49.8	52.4	2.6	216.8
Other Contracted Services/Professional Fees & Services	59.9	63.5	3.6	206.8
All Other Operating Expenses	59.1	58.3	(0.8)	249.2
Total Expenses	\$ 622.8	649.3	26.5	2,601.8
Adjusted Income (Loss)	(7.7)	8.9	16.6	(8.4)
Adjusted Income (Loss) Excluding Depr & Amort Exp	42.1	61.4	19.3	208.4

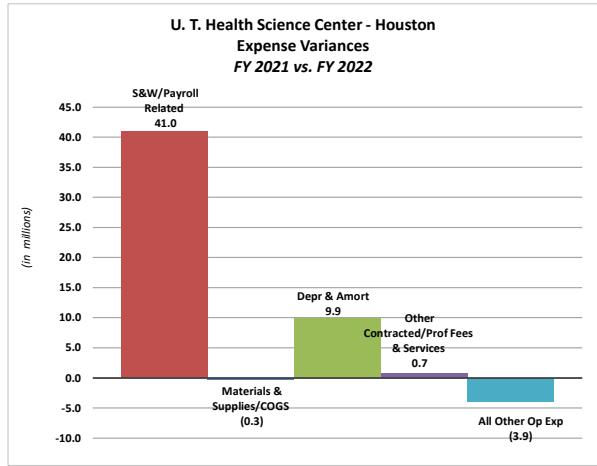
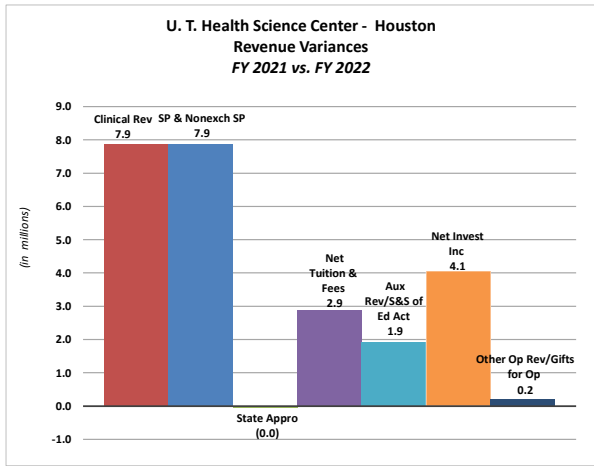


Monthly Financial Report Comparison of Operating Results, Margin and Projected Year-End For the Period Ending November 30, 2021

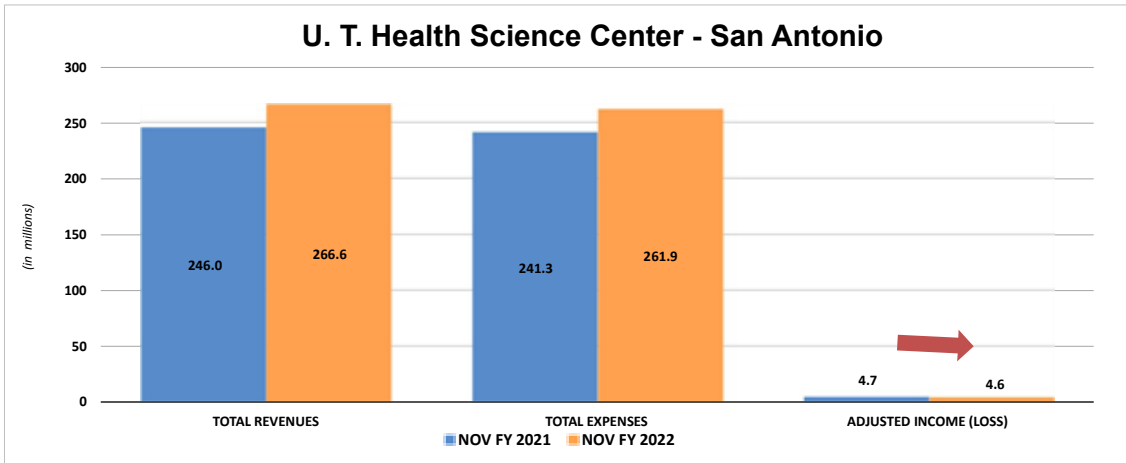


U. T. Health Science Center - Houston reported year-to-date adjusted income of \$5.5 million, a decrease of \$22.6 million (81%) from the prior year. The decrease was primarily due an increase in salaries and wages and payroll related costs due to increases in staff and faculty positions, as well as clinical staff market adjustments. The most current projection received from U. T. Health Science Center - Houston reflects income of \$25.2 million for the year.

(in millions)	November YTD FY 2021	November YTD FY 2022	Variance	Annual Projected FY 2022
Clinical Revenues	\$ 126.7	134.6	7.9	557.4
Sponsored Programs/Nonexchange Sponsored Programs	240.8	248.6	7.9	1,003.4
State Appropriations	53.7	53.6	(0.0)	217.4
Net Tuition and Fees	20.0	22.9	2.9	76.1
Auxiliary Revenues/Sales & Services of Educational Activities	17.6	19.5	1.9	82.0
Net Investment Income	21.7	25.8	4.1	78.3
Other Operating Revenues/Gift Contributions for Operations	7.1	7.3	0.2	76.2
Total Revenues	487.5	512.3	24.7	2,090.8
Salaries and Wages/Payroll Related Costs	348.5	389.5	41.0	1,585.0
Materials and Supplies/Cost of Goods Sold	27.4	27.2	(0.3)	117.4
Depreciation and Amortization	17.2	27.1	9.9	108.3
Other Contracted Services/Professional Fees & Services	27.2	27.9	0.7	130.6
All Other Operating Expenses	39.2	35.2	(3.9)	124.3
Total Expenses	\$ 459.5	506.8	47.3	2,065.6
Adjusted Income (Loss)	28.1	5.5	(22.6)	25.2
Adjusted Income (Loss) Excluding Depr & Amort Exp	45.3	32.5	(12.7)	133.5

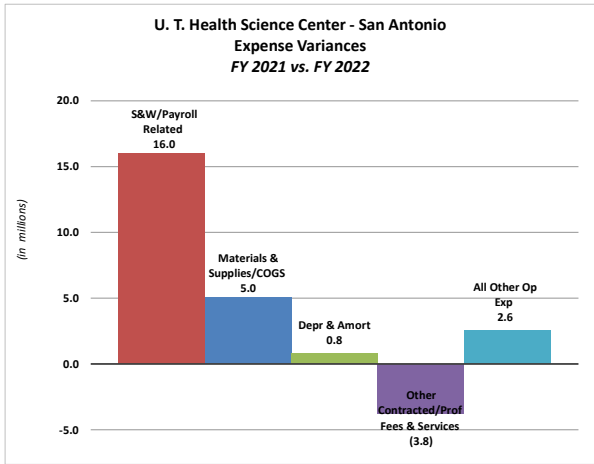
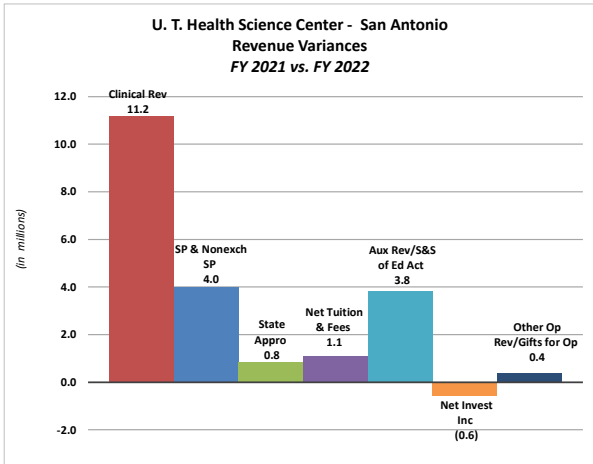


Monthly Financial Report Comparison of Operating Results, Margin and Projected Year-End For the Period Ending November 30, 2021

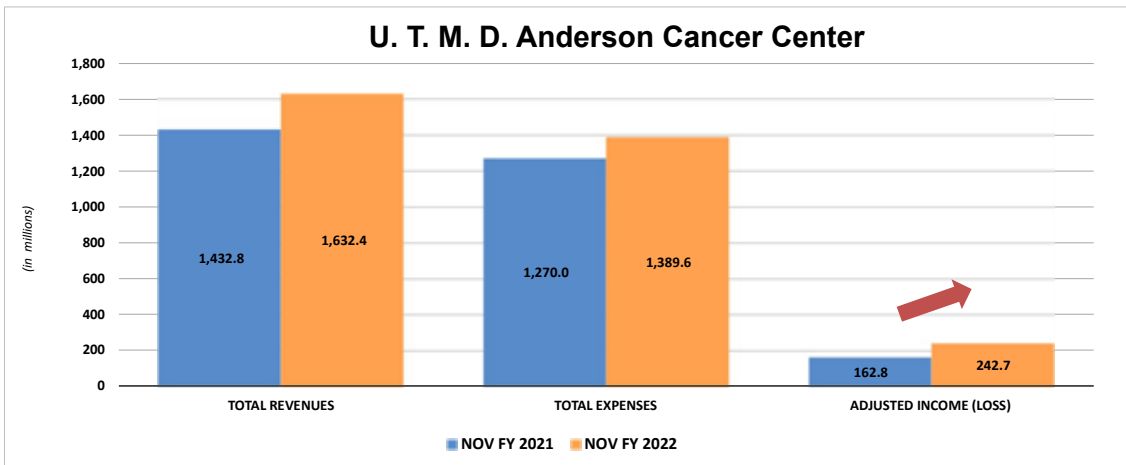


U. T. Health Science Center - San Antonio reported year-to-date adjusted income of \$4.6 million, a slight decrease of \$0.1 million (1%) from the prior year. The decrease was primarily attributable an increase in salaries and wages and payroll related costs as a result of increased clinical faculty and staff positions due to increased clinical activities. The decrease in these expenses was largely offset by an increase in clinical revenues attributable to increased volume and clinical productivity at all UT Health Physicians sites, combined with an increase in sales and services of educational activities due to revenues received from the San Antonio Breast Cancer Symposium. The most current projection received from U. T. Health Science Center – San Antonio reflects a loss of \$10.4 million for the year due to expansion of the clinical enterprise and strengthening of the research mission.

(in millions)	November YTD FY 2021	November YTD FY 2022	Variance	Annual Projected FY 2022
Clinical Revenues	\$ 69.3	80.5	11.2	316.0
Sponsored Programs/Nonexchange Sponsored Programs	93.3	97.3	4.0	424.1
State Appropriations	42.4	43.2	0.8	172.9
Net Tuition and Fees	12.5	13.6	1.1	54.2
Auxiliary Revenues/Sales & Services of Educational Activities	8.1	11.9	3.8	33.3
Net Investment Income	17.4	16.8	(0.6)	49.8
Other Operating Revenues/Gift Contributions for Operations	2.9	3.3	0.4	45.4
Total Revenues	246.0	266.6	20.6	1,095.7
Salaries and Wages/Payroll Related Costs	161.8	177.7	16.0	753.4
Materials and Supplies/Cost of Goods Sold	25.9	30.9	5.0	125.7
Depreciation and Amortization	16.9	17.7	0.8	70.9
Other Contracted Services/Professional Fees & Services	16.2	12.5	(3.8)	57.0
All Other Operating Expenses	20.5	23.1	2.6	99.1
Total Expenses	\$ 241.3	261.9	20.7	1,106.1
Adjusted Income (Loss)	4.7	4.6	(0.1)	(10.4)
Adjusted Income (Loss) Excluding Depr & Amort Exp	21.6	22.4	0.8	60.5

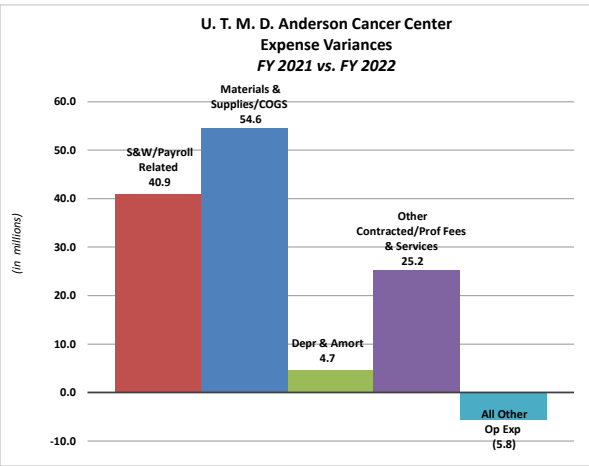
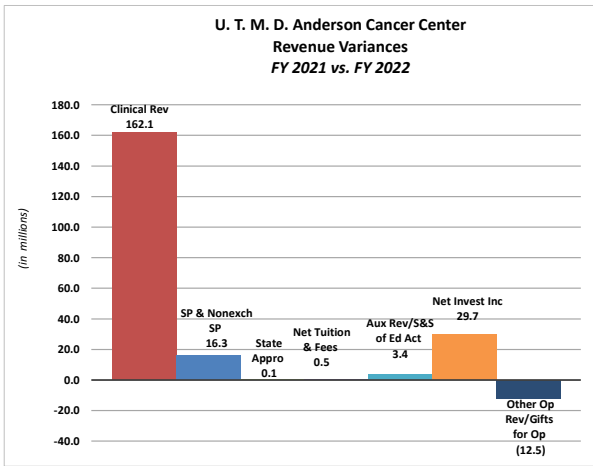


Monthly Financial Report Comparison of Operating Results, Margin and Projected Year-End For the Period Ending November 30, 2021



U. T. M. D. Anderson Cancer Center reported year-to-date adjusted income of \$242.7 million, an increase in adjusted income of \$80.0 million (49%) from the prior year. The increase was primarily due to an increase in clinical revenues attributable to an increase in inpatient and outpatient activity. The most current projection received from U. T. M. D. Anderson Cancer Center reflects income of \$785.6 million for the year.

(in millions)	November YTD FY 2021	November YTD FY 2022	Variance	Annual Projected FY 2022
Clinical Revenues	\$ 1,117.6	1,279.7	162.1	5,210.1
Sponsored Programs/Nonexchange Sponsored Programs	114.3	130.6	16.3	549.6
State Appropriations	51.8	51.9	0.1	210.2
Net Tuition and Fees	0.7	1.2	0.5	1.9
Auxiliary Revenues/Sales & Services of Educational Activities	5.8	9.2	3.4	34.8
Net Investment Income	77.3	107.0	29.7	369.4
Other Operating Revenues/Gift Contributions for Operations	65.2	52.7	(12.5)	261.1
Total Revenues	1,432.8	1,632.4	199.6	6,637.2
Salaries and Wages/Payroll Related Costs	728.4	769.3	40.9	3,338.3
Materials and Supplies/Cost of Goods Sold	291.0	345.6	54.6	1,255.6
Depreciation and Amortization	92.7	97.4	4.7	404.8
Other Contracted Services/Professional Fees & Services	82.6	107.8	25.2	507.9
All Other Operating Expenses	75.3	69.5	(5.8)	345.0
Total Expenses	\$ 1,270.0	1,389.6	119.6	5,851.5
Adjusted Income (Loss)	162.8	242.7	80.0	785.6
Adjusted Income (Loss) Excluding Depr & Amort Exp	255.5	340.1	84.7	1,190.4



4. U. T. System: Report on the Analysis of Financial Condition for Fiscal Year 2021

Ms. Veronica Hinojosa Segura, Associate Vice Chancellor and Controller, has provided highlights of the 2021 Analysis of Financial Condition as set forth on the following pages. The 2021 Analysis of Financial Condition, which follows the PowerPoint and includes an Executive Summary, is a broad annual financial evaluation that rates U. T. System institutions based on factors analyzed as either "Satisfactory," "Watch," or "Unsatisfactory."

There is strength in most institutions' financials and all but one were rated "Satisfactory" for Fiscal Year 2021. U. T. Permian Basin's rating was maintained as "Watch" for Fiscal Year 2021.

BACKGROUND INFORMATION

Financial analysis is performed from each institution's Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position. The ratios presented in this report are ratios commonly used by bond rating agencies, public accounting firms, and consulting firms. The following ratios were analyzed: Scorecard Rating, Operating Revenue, Annual Operating Margin, Spendable Cash to Operating Expenses and Spendable Cash to Total Debt (academic institutions only), and Unrestricted Cash and Investments to Total Debt (health institutions only).

The Analysis of Financial Condition has been prepared since 1995 to track financial ratios to determine if the financial condition of the institutions is improving or declining. This analysis compares trends for Fiscal Year 2017 through Fiscal Year 2021.

Analysis of Financial Condition Fiscal Year 2021

Veronica Hinojosa Segura
Associate Vice Chancellor, Controller

U. T. System Board of Regents Meeting
Finance and Planning Committee
February 2022



THE UNIVERSITY of TEXAS SYSTEM
THIRTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

Analysis of Financial Condition Methodology



Scorecard Rating

Academic Institutions

- Market Profile
- Operating Performance
- Wealth & Liquidity
- Leverage

Health Institutions

- Market Position
- Operating Performance & Liquidity
- Leverage



Five-Year Trends

Academic

- Debt Service to Operations
- Operating Performance
- Spendable Cash & Investments to Total Debt

Health

- Debt Service to Operations
- Operating Performance
- Unrestricted Cash & Investments to Total Debt

★★★ Ratings

Satisfactory

Watch

Unsatisfactory



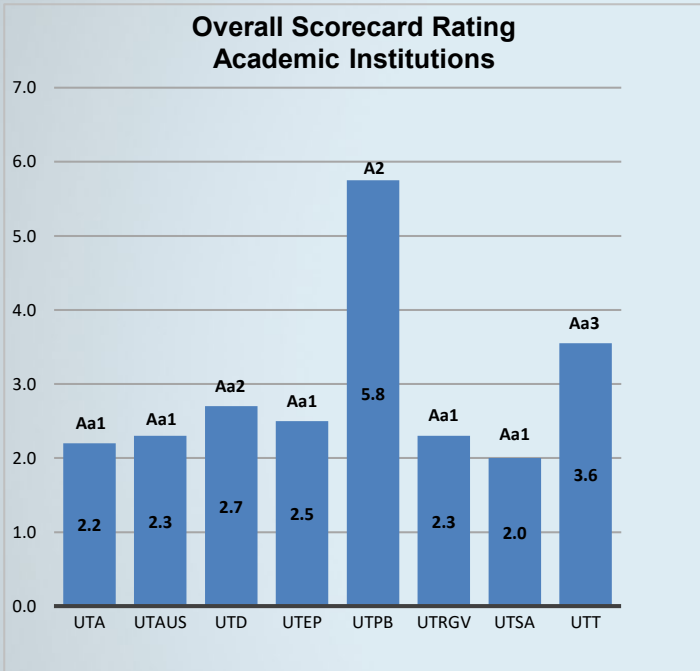
Fiscal Year 2021 Observations

- Institutions received significant Coronavirus Aid, Relief, and Economic Security (CARES) Act funding
- Institutions exercised the option to defer principal payments on Revenue Financing System (RFS) debt
- Financials strengthened by extraordinary capital market returns
- Auxiliary revenue decreased

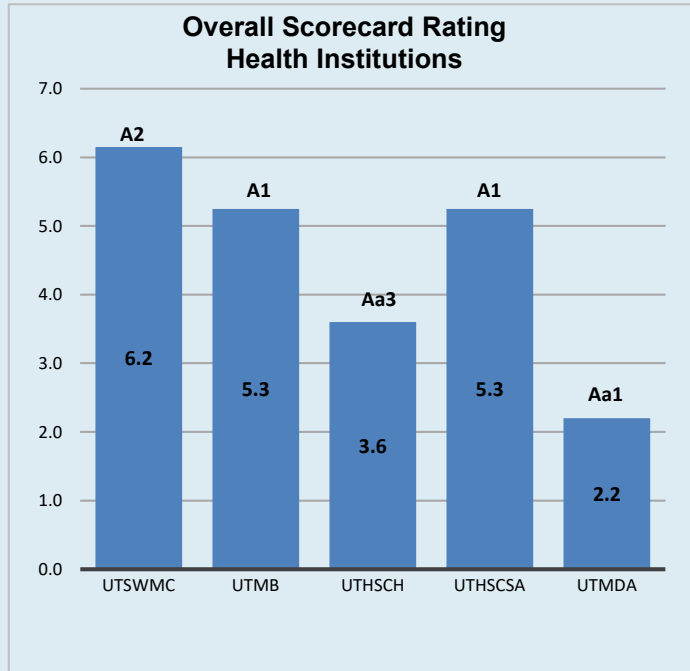


Overall Scorecard Results – FY 2021

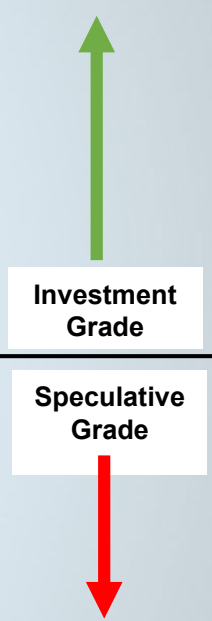
Overall Scorecard Rating Academic Institutions



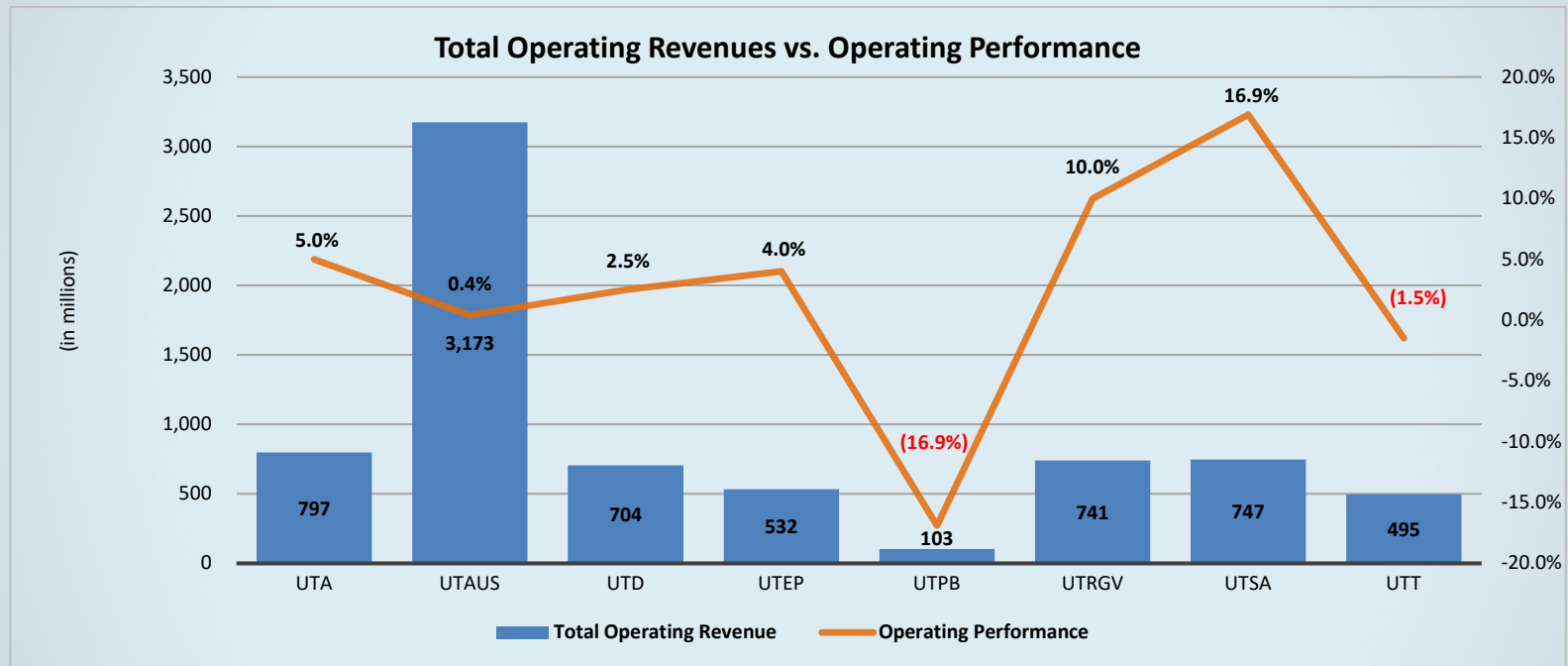
Overall Scorecard Rating Health Institutions



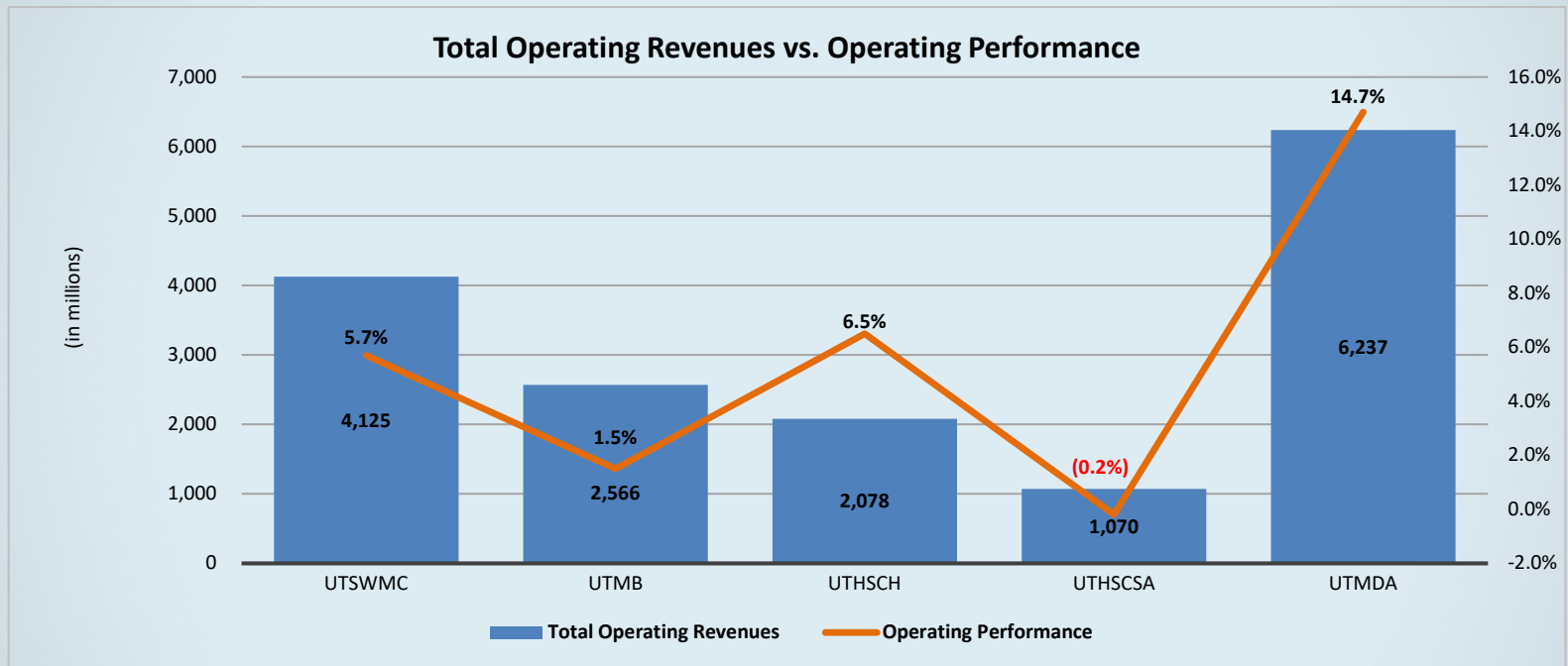
Scorecard Outcome
Aaa
Aa1
Aa2
Aa3
A1
A2
A3
Baa1
Baa2
Baa3
Ba1
Ba2
Ba3
B1
B2
B3
Caa1 & below



Academic Operating Results – FY 2021



Health Operating Results – FY 2021



Summary

- All health institutions retained satisfactory ratings
- Seven out of eight academic institutions retained satisfactory ratings
- System Administration collaborating with all institutions for continued sound scorecard results



2021 Analysis of Financial Condition

February 2022



***The University of Texas System
Office of the Controller***



THE UNIVERSITY of TEXAS SYSTEM
THIRTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

Analysis of Financial Condition 2021

EXECUTIVE SUMMARY

The Analysis of Financial Condition (AFC) was performed by using financial information found in the Statement of Net Position and the Statement of Revenue, Expenses, and Changes in Net Position. In addition, debt and interest expense are allocated to the individual institutions. All ratios calculated are commonly used by bond rating agencies, public accounting, and consulting firms.

The analysis includes a scorecard that uses broad factors with sub-categories of quantitative and qualitative characteristics as demonstrated in the grid below. A five-year historical view is provided for each sub-category for all institutions.

Broad Factors for Academic Institutions	Broad Factors for Healthcare Institutions
Market Profile <ul style="list-style-type: none"> • Operating Revenue • Annual Change in Operating Revenues • Strategic Positioning 	Market Position <ul style="list-style-type: none"> • Operating Revenue • 3-year Operating Revenue • Market Landscape
Operating Performance <ul style="list-style-type: none"> • Operating Cash Flow Margin • Maximum Single Revenue Contribution 	Operating Performance & Liquidity <ul style="list-style-type: none"> • 3-year Average Operating Cash Flow Margin • Gross Revenue of Payor Mix • Cash on Hand • Financial Management & Reinvestment
Wealth & Liquidity <ul style="list-style-type: none"> • Total Cash & Investments • Spendable Cash & Investments to Operating Expenses • Cash on Hand 	Leverage <ul style="list-style-type: none"> • Unrestricted Cash & Investments to Total Debt • Total Debt to Cash Flow
Leverage <ul style="list-style-type: none"> • Spendable Cash & Investments to Total Debt • Total Debt to Cash Flow 	

In addition to the scorecard factors, a five-year historical analysis is provided for all institutions on the following ratios:

- Debt Service to Operations
- Operating Performance (Annual Operating Margin including and excluding depreciation/amortization expense)
- Spendable Cash & Investments to Total Debt for Academic Institutions
- Unrestricted Cash & Investments to Total Debt for Healthcare Institutions

The results of all calculations, the strategic positioning for academic institutions, and market landscape for health institutions, was collectively reviewed and discussed with executive vice chancellors and chief business officers at each institution to determine an annual financial evaluation.

The table on the following page provides a summary of the overall scorecard rating for all institutions.

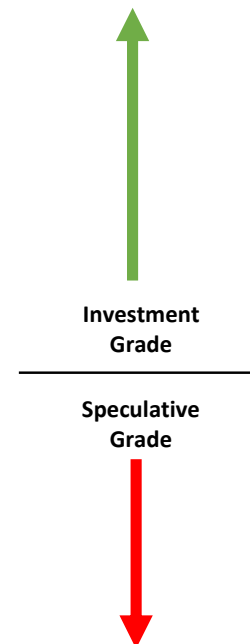


Analysis of Financial Condition

2021

Institution	FY 21 Overall Scorecard Rating
Academics	
The University of Texas at Arlington	Aa1
The University of Texas at Austin	Aa1
The University of Texas at Dallas	Aa2
The University of Texas at El Paso	Aa1
The University of Texas Permian Basin	A2
The University of Texas Rio Grande Valley	Aa1
The University of Texas at San Antonio	Aa1
The University of Texas at Tyler	Aa3
Healths	
The University of Texas Southwestern Medical Center	A2
The University of Texas Medical Branch at Galveston	A1
The University of Texas Health Science Center at Houston	Aa3
The University of Texas Health Science Center at San Antonio	A1
The University of Texas M. D. Anderson Cancer Center	Aa1

Scorecard Outcome	Aggregate Weighted Factor Score
Aaa	1.5
Aa1	1.5 - 2.5
Aa2	2.5 - 3.5
Aa3	3.5 - 4.5
A1	4.5 - 5.5
A2	5.5 - 6.5
A3	6.5 - 7.5
Baa1	7.5 - 8.5
Baa2	8.5 - 9.5
Baa3	9.5 - 10.5
Ba1	10.5 - 11.5
Ba2	11.5 - 12.5
Ba3	12.5 - 13.5
B1	13.5 - 14.5
B2	14.5 - 15.5
B3	15.5 - 16.5
Caa1 and below	> 16.5



THE UNIVERSITY of TEXAS SYSTEM
THIRTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

Analysis of Financial Condition

2021

EXHIBIT 1

ACADEMIC INSTITUTIONS SCORECARD

<i>Broad Factors</i>	<i>Factor Weighting</i>	<i>Sub-Factors</i>	<i>Sub-Factor Weighting</i>
<i>Market Profile</i>	20%	Operating Revenue	15%
		Annual Change in Op. Revenue	5%
<i>Operating Performance</i>	30%	Operating Cash Flow Margin	20%
		Max Single Revenue Contribution	10%
<i>Wealth & Liquidity</i>	30%	Total Cash & Investments	15%
		Spendable C&I to Op. Expenses	10%
		Cash on Hand (days)	5%
<i>Leverage</i>	20%	Spendable C&I to Total Debt	10%
		Total Debt to Cash Flow	10%

After calculating each sub-factor, the outcomes are mapped to a broad rating typically used by bond rating agencies.



THE UNIVERSITY of TEXAS SYSTEM
THIRTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

Analysis of Financial Condition

2021

EXHIBIT 2

HEALTHCARE INSTITUTIONS SCORECARD

<i>Broad Factors</i>	<i>Factor Weighting</i>	<i>Sub-Factors</i>	<i>Sub-Factor Weighting</i>
<i>Market Profile</i>	35%	Operating Revenue	25%
		3-year Operating Revenue (CAGR)	10%
<i>Operating Performance & Liquidity</i>	35%	3-year Avg Operating Cash Flow Margin	15%
		Gross Rev of Payor Mix (%)	10%
		Cash on Hand (days)	10%
<i>Leverage</i>	30%	Unrestricted Cash & Inv to Total Debt	15%
		Total Debt to Cash Flow	15%

After calculating each sub-factor, the outcomes are mapped to a broad rating typically used by bond rating agencies.



THE UNIVERSITY of TEXAS SYSTEM
THIRTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

Analysis of Financial Condition

2021

The University of Texas at Arlington 2021 Summary of Financial Condition

Financial Condition: Satisfactory

EXECUTIVE SUMMARY

Highlights

General Overview

As a Carnegie R-1 “Very High Research” institution, The University of Texas at Arlington (U. T. Arlington) is committed to access and excellence. In FY 2021, U. T. Arlington became the fourth institution in the state to achieve designation as a Texas Tier One university, a significant milestone of excellence in academics and research that brings with it access to the state’s National Research University Fund (NRUF). U. T. Arlington strives to maintain a very high level of affordability while ensuring transformative educational experiences for our students.

U. T. Arlington’s Strategic Plan “Bold Solutions|Global Impact” charts an ambitious agenda with the goal of ensuring the university will be one of the “best of the best,” a thought leader, and an institution that sets standards for others to follow. With a focus on enabling a sustainable megacity and developed around five themes of (1) Health and the Human Condition, (2) Sustainable Urban Communities, (3) Global Environmental Impact, (4) Data-Driven Discovery, and (5) Cultural Understanding & Social Transformations, the plan fosters the collaborative and cross-disciplinary thinking that the future demands and will help U. T. Arlington address the epic challenges that face the community – an urgent calling as the Dallas-Fort Worth-Arlington Metropolitan area with over seven million people today rapidly approaches megacity status.

As with other academic institutions, U. T. Arlington continues to feel the effects of COVID-19. Beginning in the early stages in fiscal year 2020, U. T. Arlington enacted measures and controls to mitigate the effects of the global pandemic on the university and its students, faculty and staff while still providing an exceptional academic experience. In fiscal year 2021, the university continued to pivot and adapt to the changes in the current environment.

U. T. Arlington developed the fiscal year 2021 budget with a focus on meeting the objectives of the strategic plan and meeting aggressive student success and student support goals, increased access through additional investment in student testing, tutoring and disability services, a commitment to faculty and staff recruitment and retention, increased advising opportunities along with retention and graduation support, additional dollars for renovation of critical campus spaces, security projects and expenses due to enrollment growth. The fiscal year 2021 budget also set the stage for U. T. Arlington to continue its tradition of excellence that resulted in obtaining Texas Tier One designation and to manage and support its full-time equivalent student enrollment of 33,017 in Fall 2021, down from 33,959 in Fall 2020.



THE UNIVERSITY of TEXAS SYSTEM
THIRTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

Analysis of Financial Condition

2021

The University of Texas at Arlington (continued)

Observations

Overall Scorecard Rating – U. T. Arlington’s overall scorecard rating is Aa1 with an overall score of 2.2. The rating is comprised of four factors: Market Profile, Operating Performance, Wealth and Liquidity, and Leverage. The Market Profile score is driven by growth in operating revenue of 13.4%, or \$94.1 million, over 2020 due largely to the influx of HEERF and GEER pandemic funding, as well as new NRUF funding resulting from achieving Tier One status, contributing to a continued strong strategic position for U. T. Arlington. The operating cash flow margin of 13.3% has consistently exceeded the current operating margin, resulting in a 0.9 Operating Performance for the year. Total Wealth and Liquidity is 0.6 and includes the spendable cash and investments to operating expense ratio of 1.3 times, which reflects that U. T. Arlington has cash on hand to cover approximately 16 months of operating expenses. Total leverage ratio is consistent at 0.2 which is attributable to 3.8 times spendable cash and investments to total debt and total debt to cash flow of 2.4 times. Overall, U. T. Arlington is financially strong and well positioned for strategic opportunities in academic excellence and global research.

Debt Service to Operations Ratio – U. T. Arlington’s debt service to operations dropped from 2.9% in 2020 to 1.3% in 2021. This is due to a decrease in debt service payments of \$10.2 million attributable to the optional deferral of Revenue Financing System principal payments during 2021 through the U. T. System Internal Lending Program, combined with an increase in operating expenses largely due to the influx and use of HEERF and GEER funding to offset the effects of the COVID-19 pandemic in the areas of scholarships, instruction, academic support and operations and maintenance.

Operating Performance – U. T. Arlington’s annual operating margin ratio increased from 2.7% in 2020 to 5.0% in 2021. Contributing to this increase was an increase in operating revenues of \$94.1 million, as discussed above, netted against increased expenses in the following: an increase of \$41.6 million in scholarships; an increase of \$8.0 million in academic support; and an increase of \$5.6 million in operations and maintenance of plant, all largely due to an influx of HEERF and GEER funding resulting from the pandemic. Conversely, expenses decreased in 2021 due to COVID-19 in the areas of travel and meetings and conferences by \$4.2 million. The annual operating margin as adjusted for depreciation showed a correlating trend, increasing from 10.3% in 2020 to 12.0% in 2021, with depreciation and amortization expense showing only a slight increase of \$0.3 million from 2020 to 2021.

Spendable Cash & Investments to Total Debt Ratio – U. T. Arlington’s spendable cash and investments to total debt ratio remained strong at 3.8 times in 2021 compared to 3.1 times in 2020. The stability of this ratio is attributable to growth in total cash and cash equivalents and investments (net of total nonexpendable net position) of \$201.0 million, mainly attributable to large gains on unrestricted investments and Funds Held by System due to favorable market performance, and an increase in debt outstanding of less than \$1.0 million.



THE UNIVERSITY of TEXAS SYSTEM
THIRTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

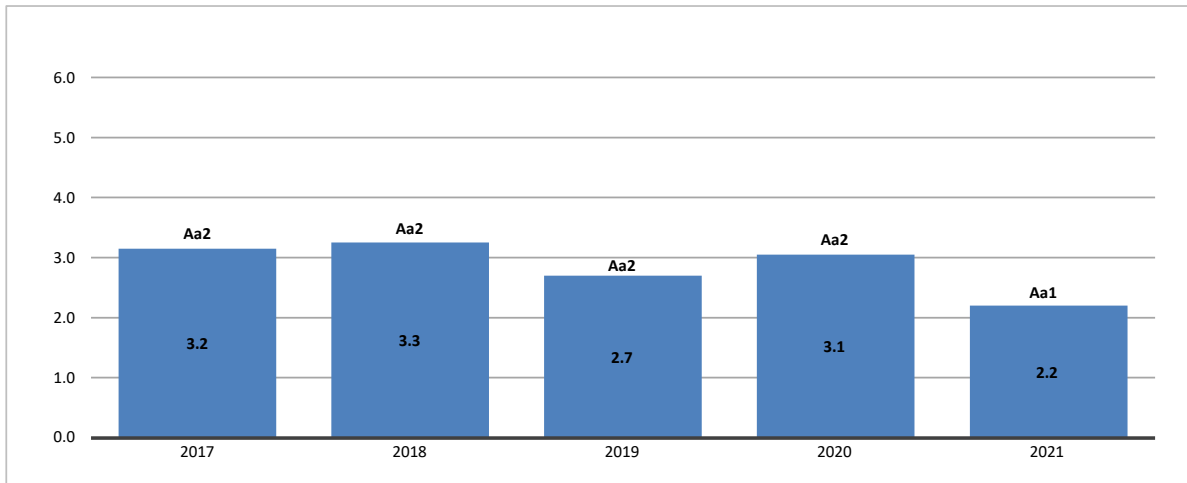
Analysis of Financial Condition

2021

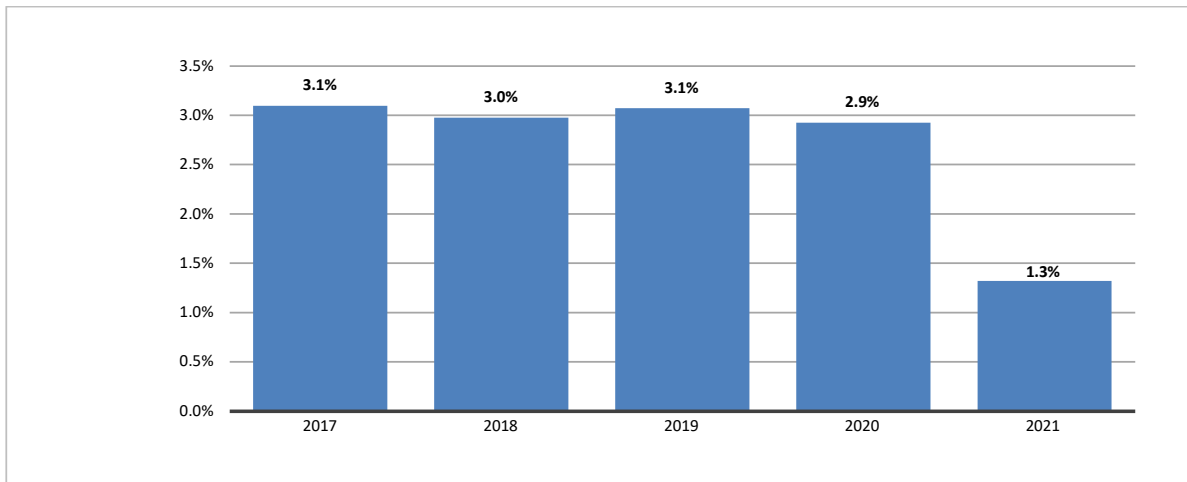
The University of Texas at Arlington (continued)

ANALYSIS OVERVIEW

1. Overall Scorecard Rating



2. Debt Service to Operations



NOTE: In FY 2021 some principal payments were deferred.



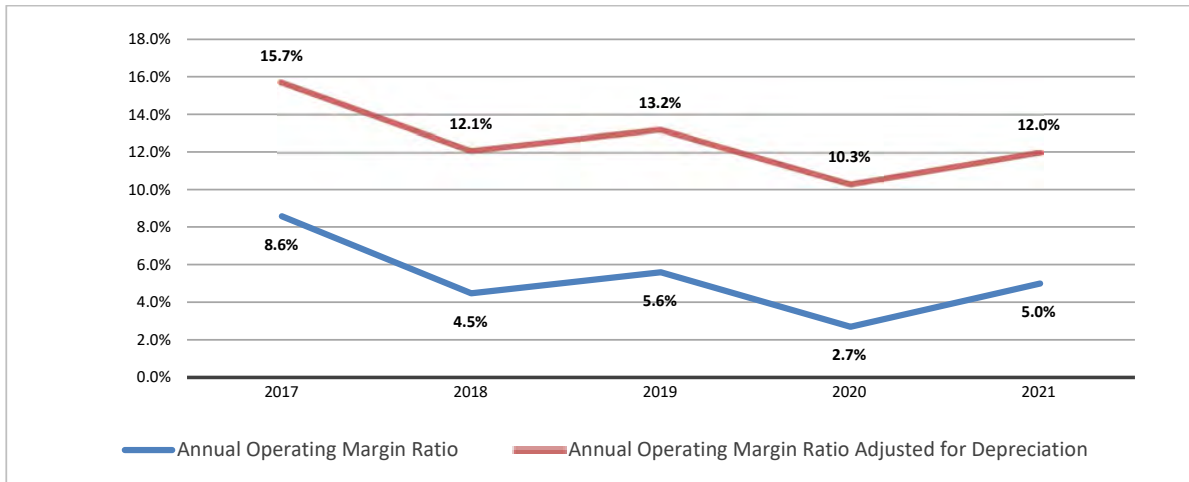
THE UNIVERSITY of TEXAS SYSTEM
THIRTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

Analysis of Financial Condition

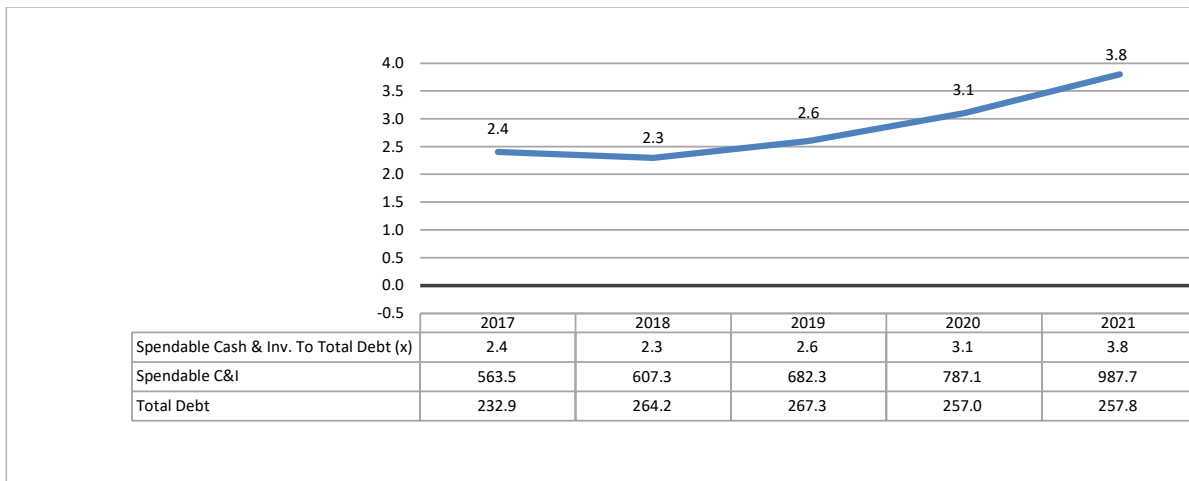
2021

The University of Texas at Arlington (continued)

3. Operating Performance



4. Spendable Cash & Investments to Total Debt



THE UNIVERSITY of TEXAS SYSTEM
THIRTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

Analysis of Financial Condition

2021

The University of Texas at Austin 2021 Summary of Financial Condition

Financial Condition: Satisfactory

EXECUTIVE SUMMARY

Highlights

General Overview

The University of Texas at Austin (U. T. Austin), founded in 1883, ranks among the 40 best universities in the world, with top national programs across 18 colleges and schools. In 2021, *U.S. News & World Report* ranked U. T. Austin No. 9 in Top Public Schools in the U.S., No. 1 in Texas, and in the top 10 in more than 48 areas of their Best Graduate Schools in the U.S. report.

The University of Texas System Board of Regents unanimously voted to appoint Jay Hartzell, Ph.D., as the 30th President of U. T. Austin on September 23, 2020. During 2021, U. T. Austin began the process of defining a strategic direction, a 10-year aspiration and the supporting pillars to help achieve it. The goal of the university's leadership team is for the university to have the greatest impact of any public research university in the world. During his annual State of the University Address, President Hartzell stated, "We clearly create impact through the education we provide our students. We also create impact through our research, scholarship and creative endeavors. We want UT to be known for work that changes the way the world thinks and lives."

U. T. Austin continues to make progress in cultivating a diverse and inclusive community. U. T. Austin qualified as a Hispanic Serving Institution in 2020 and was awarded the Seal of Excelencia for its commitment to serving Latino students.

Observations

Due to COVID-19, U. T. Austin's overall revenue decreased while operating expenses increased in the last year, which led to a sharp decline in operating margin. The largest revenue decreases (approximately \$111 million) occurred within the university's auxiliary enterprises, including athletics, housing and dining, and the AT&T Executive Hotel and Conference Center. Additionally, large prior year non-recurring revenue streams normalized in the current year to further reduce overall revenue amounts.

Conversely, spendable cash increased considerably due to total investments increasing by \$1.6 billion over the prior year, including a \$1.3 billion increase in endowment holdings driven by favorable market conditions and market appreciation.



THE UNIVERSITY of TEXAS SYSTEM
THIRTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

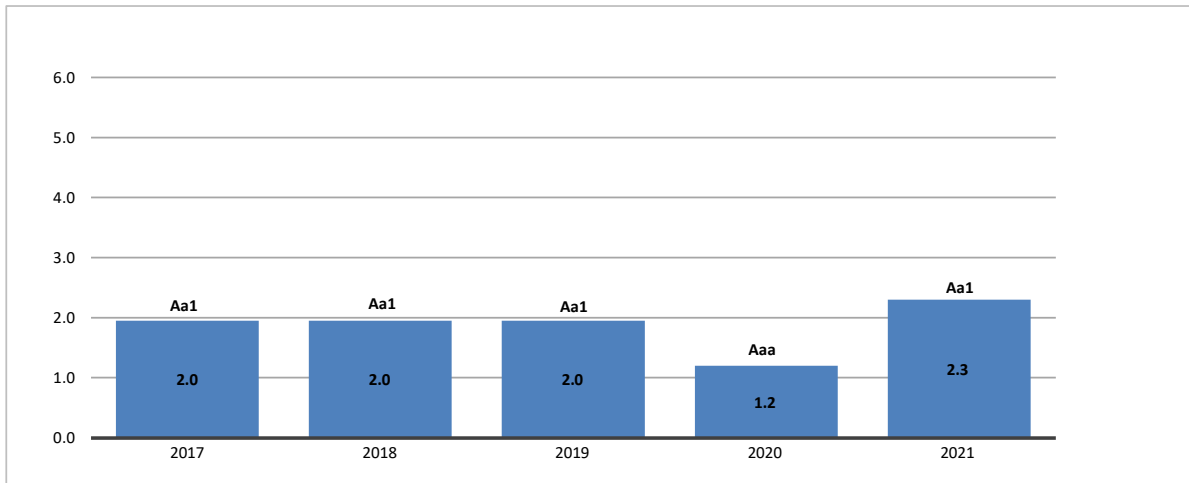
Analysis of Financial Condition

2021

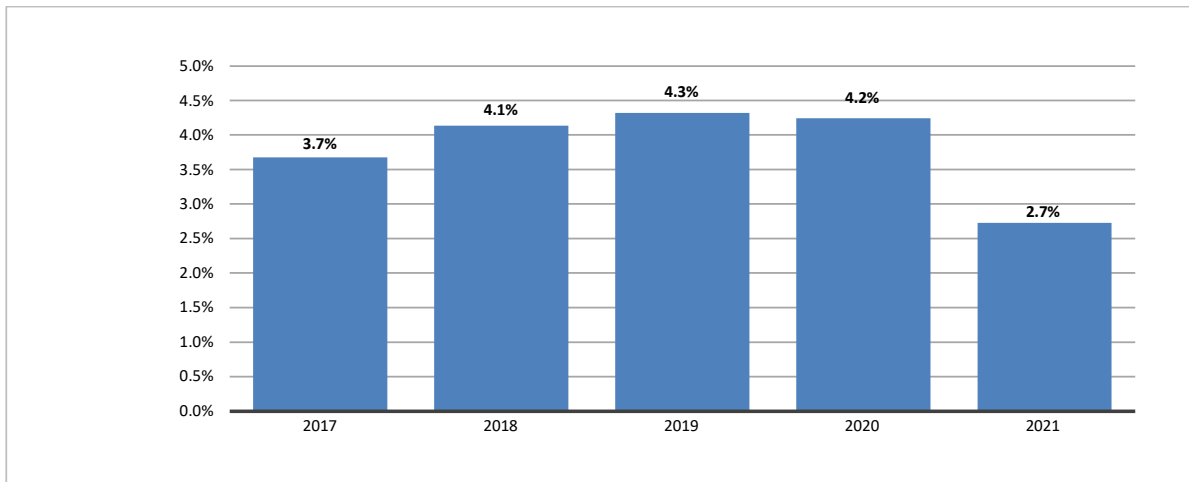
The University of Texas at Austin (continued)

ANALYSIS OVERVIEW

1. Overall Scorecard Rating



2. Debt Service to Operations



NOTE: In FY 2021 some principal payments were deferred.



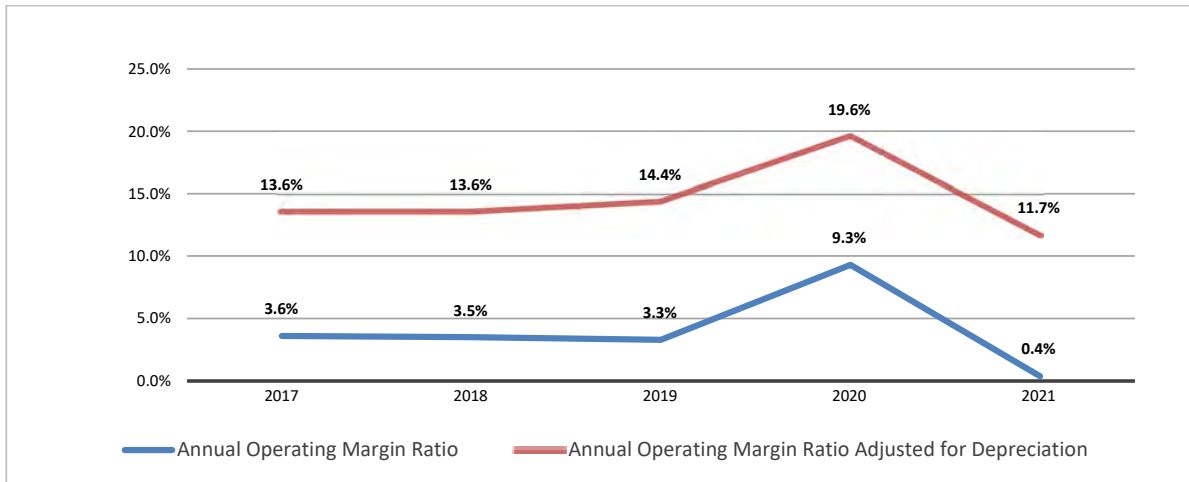
THE UNIVERSITY of TEXAS SYSTEM
THIRTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

Analysis of Financial Condition

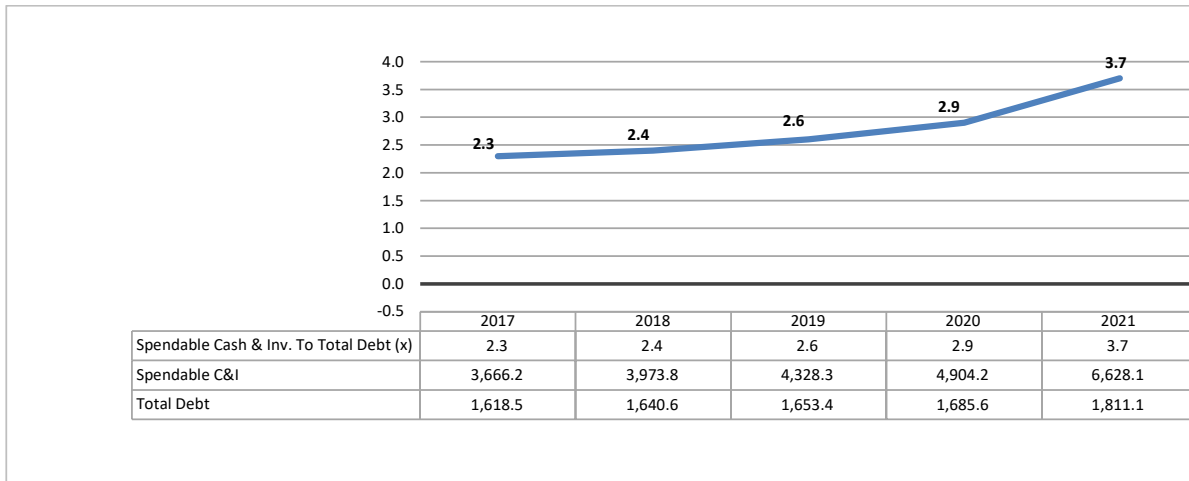
2021

The University of Texas at Austin (continued)

3. Operating Performance



4. Spendable Cash & Investments to Total Debt



	2017	2018	2019	2020	2021
Spendable Cash & Inv. To Total Debt (x)	2.3	2.4	2.6	2.9	3.7
Spendable C&I	3,666.2	3,973.8	4,328.3	4,904.2	6,628.1
Total Debt	1,618.5	1,640.6	1,653.4	1,685.6	1,811.1



THE UNIVERSITY of TEXAS SYSTEM
THIRTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

Analysis of Financial Condition

2021

The University of Texas at Dallas 2021 Summary of Financial Condition

Financial Condition: Satisfactory

EXECUTIVE SUMMARY

Highlights

General Overview

The University of Texas at Dallas (U. T. Dallas) is strategically positioned within one of the nation's largest and most dynamic metropolitan areas. In addition to being recognized as one of the nation's fastest growing universities, U. T. Dallas' reputation for academic and research excellence continues to grow each year.

Challenges associated with the coronavirus continued into 2021. U. T. Dallas' transition to a flexible multimodal instruction framework allowed the university to quickly adjust the campus population density in accordance with public health recommendations with minimal disruption to the learning process. In addition, rigorous safety protocols provided assurance that those on campus were learning in a safe, socially distanced environment.

Pandemic related enrollment declines led to decreased operating revenue in 2021. Specifically, net tuition and fees and auxiliary revenue saw declines during the year. The fall 2021 semester has rebounded to historical enrollment levels showing promise for 2022 and beyond.

Increasing the number of tenured and tenure track faculty, enrollment growth, and effective student retention and success programs, continue to be top priorities. U. T. Dallas will continue to implement innovative strategies to achieve these outcomes in conjunction with managing the coronavirus response and maintaining the university's financial position.

To date, U. T. Dallas' five-year financial plan has weathered the storm of lost revenue and changing resource needs resulting from the coronavirus response effort. In addition, federal aid and a timely debt service deferral program implemented by the U. T. System have made a significant impact on the university's ability to maintain continuity of operations throughout the pandemic. Prudent and routine tuition increases, coupled with enrollment growth and planned internal reallocations, will continue to provide crucial resources to support the university's strategic initiatives.

Observations

U. T. Dallas continues to operate within a consistent range and maintains a healthy ranking for the Overall Scorecard. Necessary safeguards implemented in response to the coronavirus pandemic impacted operating revenue in certain categories, nevertheless overall revenue increased in 2021.

Net margin is regularly monitored to ensure that U. T. Dallas' objectives can be met, and internal measures to improve net margin have yielded positive results annually. Cost containment measures implemented in response to the pandemic decreased overall costs in 2021. This, combined with decreases in interest expense and total revenue increases resulting from the timely receipt of federal aid, led to a positive margin for the year. Strong financial market performance, as well as a deliberate and concerted effort to limit issuances of new debt, led to improvement in the Spendable Cash and Investments to Total Debt ratio. U. T. Dallas realized a decrease in debt service interest and a decrease in total outstanding debt in 2021.

U. T. Dallas' leadership continues to focus on balancing the need to maintain a strong financial position with pursuing aspirational goals and ensuring the safety of students, faculty, staff, and the broader community.



THE UNIVERSITY of TEXAS SYSTEM
THIRTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

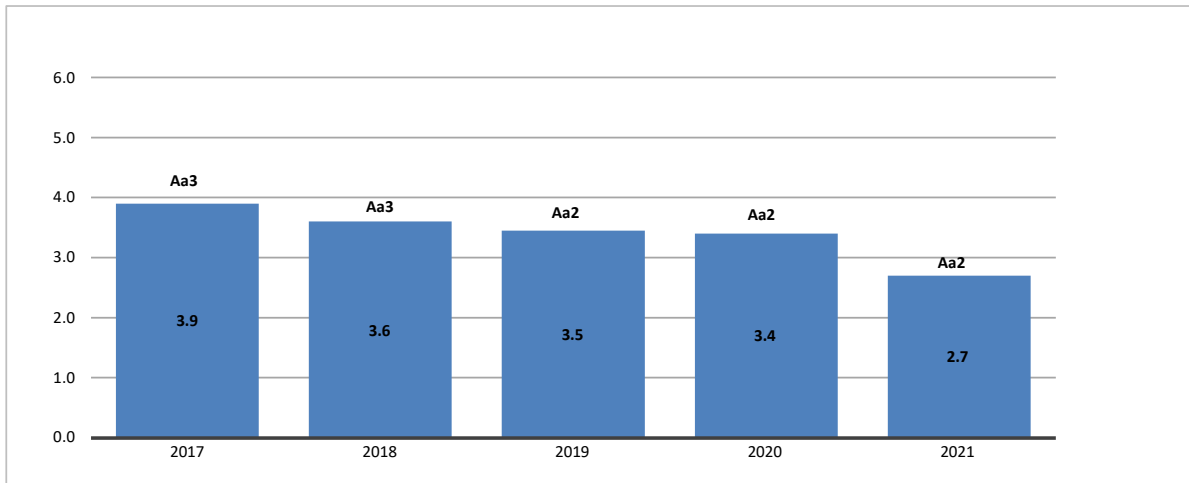
Analysis of Financial Condition

2021

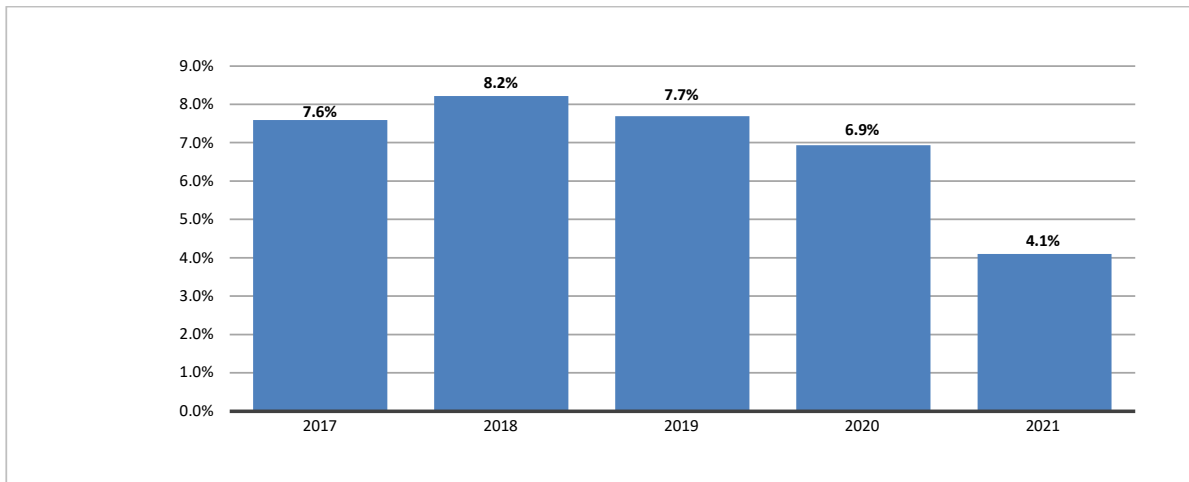
The University of Texas at Dallas (continued)

ANALYSIS OVERVIEW

1. Overall Scorecard Rating



2. Debt Service to Operations



NOTE: In FY 2021 some principal payments were deferred.



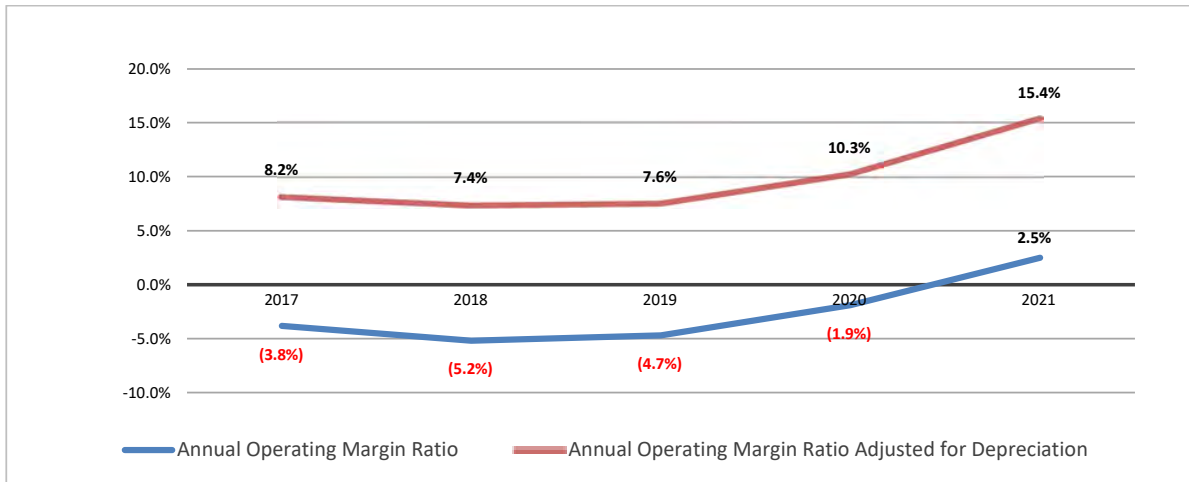
THE UNIVERSITY of TEXAS SYSTEM
THIRTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

Analysis of Financial Condition

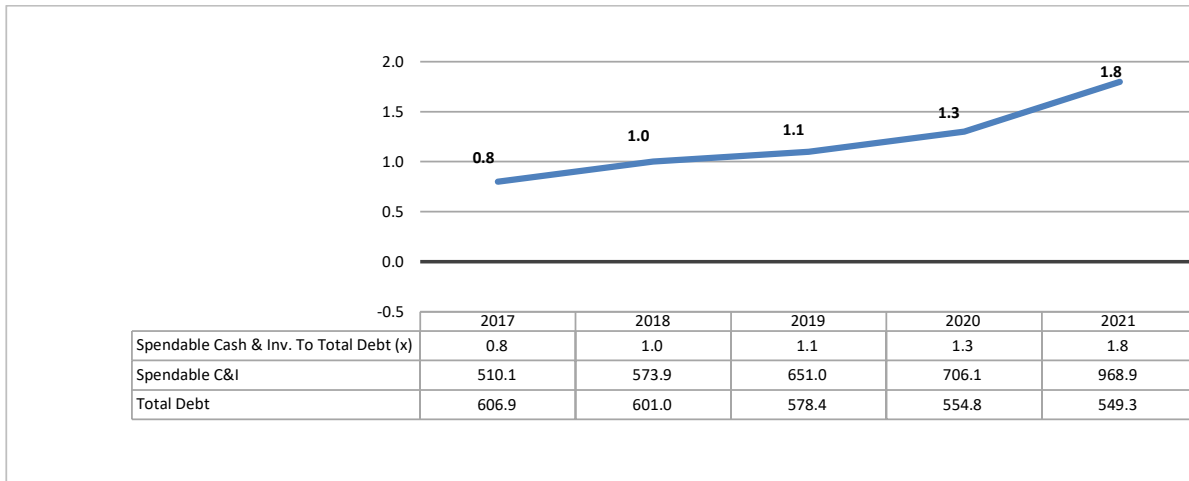
2021

The University of Texas at Dallas (continued)

3. Operating Performance



4. Spendable Cash & Investments to Total Debt



	2017	2018	2019	2020	2021
Spendable Cash & Inv. To Total Debt (x)	0.8	1.0	1.1	1.3	1.8
Spendable C&I	510.1	573.9	651.0	706.1	968.9
Total Debt	606.9	601.0	578.4	554.8	549.3



THE UNIVERSITY of TEXAS SYSTEM
THIRTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

Analysis of Financial Condition

2021

The University of Texas at El Paso 2021 Summary of Financial Condition

Financial Condition: Satisfactory

EXECUTIVE SUMMARY

Highlights

General Overview

The University of Texas at El Paso (U. T. El Paso) is a comprehensive public research university serving a binational, bicultural population on the U.S.-Mexico border. U. T. El Paso is increasing access to excellent higher education, advancing discovery of public health, and positively impacting the health, culture, education, and economy of the community we serve. U. T. El Paso is a national model for Hispanic-serving institutions and is among the top 5% of research institutions in the country, and one of only ten top-tier research universities in the State of Texas.

Enrollment has remained steady at U. T. El Paso with 21 consecutive years of enrollment growth, peaking at slightly over 25,000 students enrolled in Fall 2019. As a consequence of the COVID-19 pandemic, enrollment has seen a slight decrease in Fall 2021.

U. T. El Paso conferred a record 5,298 degrees this past academic year, with 43.5% of graduating seniors participating in on-campus research, scholarly or creative art projects with faculty.

U. T. El Paso provides competitive research and academic opportunities at one of the most reasonable prices for a top-tier university in America. Sustaining this successful model is paramount to the growth and prosperity of the region, and U. T. El Paso is engaged in opportunities to increase access pathways and secure our place as a leading 21st century university through several strategic initiatives that include:

- doubling our more than \$100 million in research expenditures for long-term retention of our status as an exceptional comprehensive public research university,
- capitalizing on innovation and new clusters of research cohorts that can foster business development and enhance the region's entrepreneurial culture,
- creating innovative partnerships that spur economic growth,
- broadening our engagement with the community to create deeper ties with our alumni, our prospective student population, our civic leaders, and area industry, and
- building a strong culture of philanthropy to ensure sustained private support of scholarships and programming.

U. T. El Paso remains committed, as we have been throughout our more than 100-year history, to working closely with the community we serve in an effort to better understand, meet, and support its educational and economic needs, and to create pathways for economic and social mobility for people throughout the El Paso region.



THE UNIVERSITY of TEXAS SYSTEM
THIRTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

Analysis of Financial Condition

2021

The University of Texas at El Paso (continued)

Observations

Overall, U. T. El Paso continues to see improvement in its yearly metrics.

- At 2.5, the overall scorecard saw a very significant improvement from last year's 4.1 rating, resulting in an excellent rating of Aa1, two notches above last year's Aa3 rating. U. T. El Paso has consistently maintained an investment grade rating in the upper tier of the scale, signaling the overall strength of its financial position.
- Operating revenues saw a small decrease as a result of decreased activity driven by the negative effects of COVID-19. Total revenues increased through a combination of HEERF funding, an increase of 2.6% in tuition and fees approved by the University of Texas System Board of Regents and increases in college differential tuition. These increases offset revenue decreases in state appropriations and auxiliary enterprises.
- Debt service to operations shows a steady decline in the institution's dependence on borrowed funds as a source of financing, as it improved significantly from last year's ratio of 3.2% to 1.1%. The change is partially due to a decrease in debt service as a consequence of management's decision to defer payment to conserve liquidity during the pandemic year, and an increase in total operating expenses, mainly due to scholarships paid to students funded by HEERF, the Federal Government's Emergency Grants Program for Post-Secondary Education.
- Annual operating performance realized the previous year's trend towards a positive margin, reaching a level of 4.0% not seen in many years. Total revenue, including HEERF related grants, combined with strict expense control and permanent campus-wide budget reductions resulted in a year-to-year improvement. Additionally, the long trend of improving margins was reinforced by adjusting operating expenses to exclude depreciation expense. The resulting trend of this adjustment, with a positive trajectory for the last five fiscal years, attests to the university's efforts of managing the institution's resources in a fiscally responsible manner.
- Spendable cash and investments to total debt ratio climbed significantly this year, continuing a four-year improvement trend. This ratio was favorably impacted by the influx of cash coming in from the HEERF grant program, as well as an increase in investments and unrestricted cash. U. T. El Paso has been able to improve its spendable cash position, while paying off older debt used for campus expansion, and by limiting additional debt.



THE UNIVERSITY of TEXAS SYSTEM
THIRTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

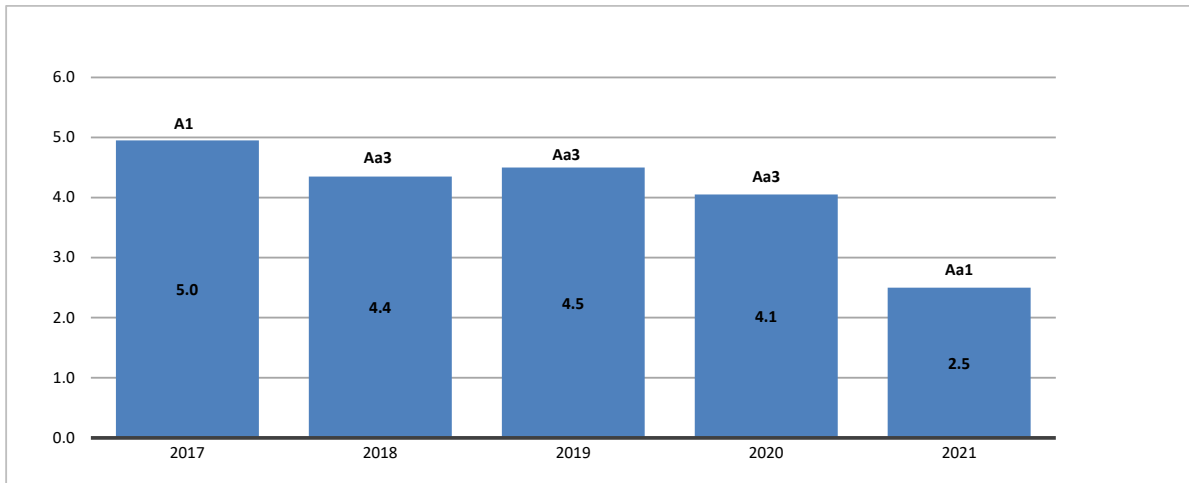
Analysis of Financial Condition

2021

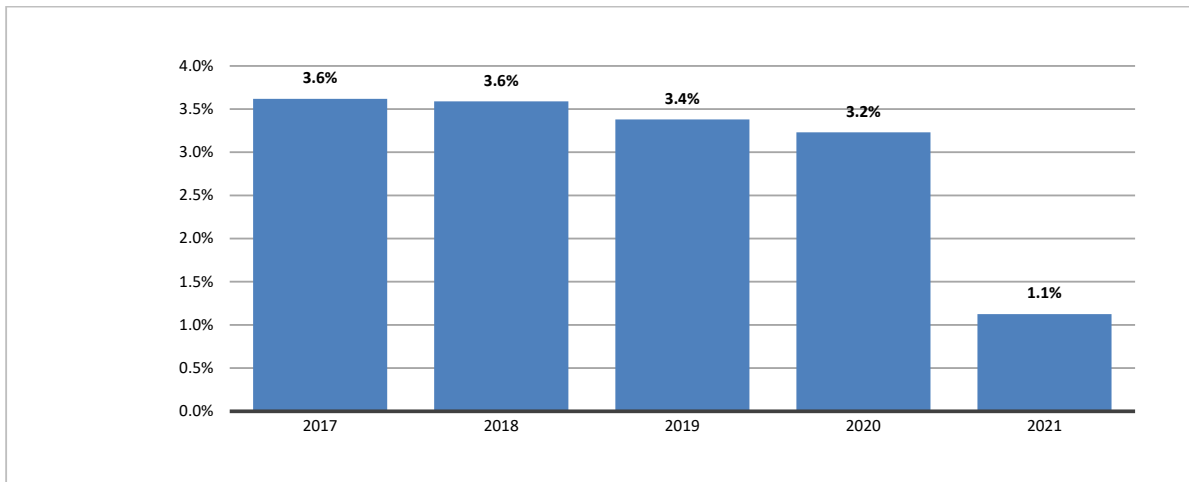
The University of Texas at El Paso (continued)

ANALYSIS OVERVIEW

1. Overall Scorecard Rating



2. Debt Service to Operations



NOTE: In FY 2021 some principal payments were deferred.



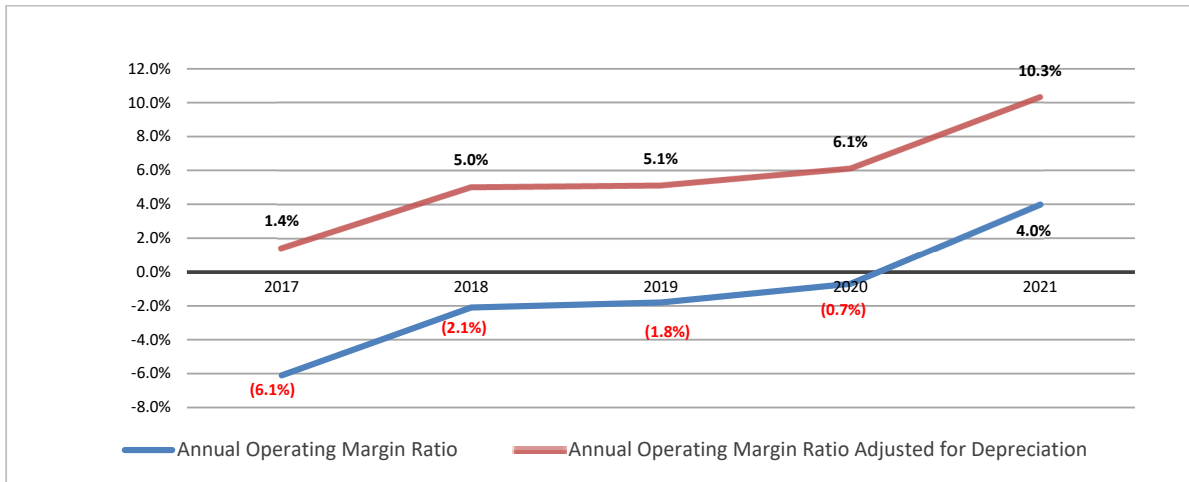
THE UNIVERSITY of TEXAS SYSTEM
THIRTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

Analysis of Financial Condition

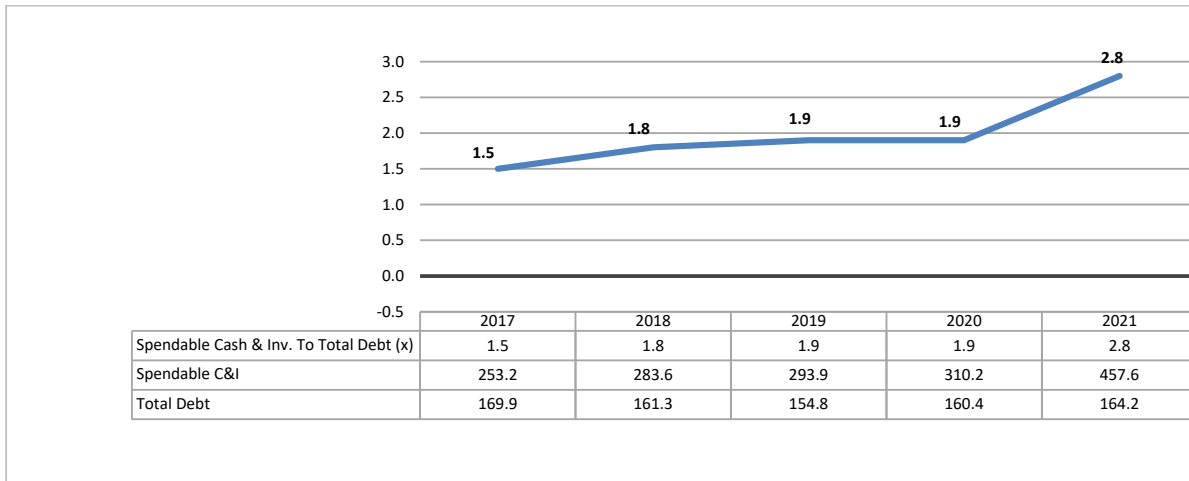
2021

The University of Texas at El Paso (continued)

3. Operating Performance



4. Spendable Cash & Investments to Total Debt



THE UNIVERSITY of TEXAS SYSTEM
THIRTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

Analysis of Financial Condition

2021

The University of Texas Permian Basin 2021 Summary of Financial Condition

Financial Condition: Watch

EXECUTIVE SUMMARY

Highlights

General Overview

Mission and Vision

The University of Texas Permian Basin's (U. T. Permian Basin's) mission is to serve a diverse community of students from the region, the state, and beyond. Through excellence in student-centered teaching, learning, research, and public service, the university cultivates engaged citizens and impacts lives while advancing technology and the public interests of West Texas.

The vision is to be an innovative, responsive university that thinks large and lives local. U. T. Permian Basin will lead in advancing education, research, economic competitiveness, and cultural enrichment.

Strategic Plan

U. T. Permian Basin has four overarching pillars in our strategic plan: 1) Student Success; 2) Serve the Region; 3) Advance creativity and knowledge; and 4) Responsible stewardship.

The university is focused on meeting the unique needs of the region. Over the next 10-15 years the goal is to double the number of graduates with degrees and credentials annually, with a specific focus on high demand areas such as healthcare, education, and engineering and computer science. Achieving this primary goal will require U. T. Permian Basin to grow to at least 8,000 students by 2035 and to increase community college transfers and retention of existing students.

In addition, U. T. Permian Basin will more than double the research productivity with a heavy focus on applied research relevant to addressing problems in the region and to expose students to the high impact practice of undergraduate research. U. T. Permian Basin's goals also include doubling endowments and external funding.

Outcomes

U. T. Permian Basin continues to make progress toward the goals and objectives outlined in the strategic plan as follows:

- Enrollment for the fiscal year 2021 was very strong and about 7% higher than the previous fiscal year. This was in contrast to declines at other institutions. U. T. Permian Basin did experience a decline in the current Fall 2021 enrollment. Fortunately, much of the decline was in high school dual credit which did not have a significant impact on revenue.
- Actual revenue realized in the Fall 2021 semester was somewhat lower than budgeted but not significantly. This was attributed mainly to the makeup of the student population including more non-resident students, more face to face and online students who pay full fees, and less Apollidon students who pay limited fees. A 2% decline was also included in the 2022 budget.
- Continued increase in degree production over the past 4 years.
- Continued increases in private donations as the regional economy continues to recover.
- Two economic development projects now underway funded by private gifts, grants from local development agencies from both Midland and Odessa, and other grants.



THE UNIVERSITY of TEXAS SYSTEM
THIRTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

Analysis of Financial Condition

2021

The University of Texas Permian Basin (continued)

- These projects totaling approximately \$9 million include business incubator and innovation spaces which are strategically aimed at retooling the local workforce and accelerating research and development to promote innovation.
- Several other initiatives recently received significant external funding allowing these exciting efforts to move forward and support the strategic objectives.
 - \$10.6 million approved by the Permian Strategic Partnership to enhance the Nursing and Pre-Med programs. This exciting award will significantly impact the ability to accelerate the growth of these programs through funding for scholarships, new faculty lines, and marketing.
 - \$4.9 million received to increase enrollment in the STEM programs for Hispanic and Low-income students.
 - \$1.4M million received for the UTeach program. This will assist in creating a program that prepares highly qualified teachers for the Permian Basin.
- Applied research centers now able to bring in grants/contracts related to solving regional problems.
- Successes achieved with the comprehensive student success plan aimed at increasing retention, decreasing time to degree, and continuing the momentum in increasing degrees awarded.
- Funds received from external sources including recent HEERF allocations were effectively leveraged to address critical needs.

U. T. Permian Basin was able to manage the dramatic effects of COVID-19 well and returned to previous levels of operations during the fall 2020 semester. The recovery in the oil industry and the general economy in west Texas have created renewed optimism for U. T. Permian Basin. While not back to normal levels completely, private support for U. T. Permian Basin is improving. U. T. Permian Basin took immediate steps in the spring of 2020 to prepare for potential losses in revenue expected to result from the economic slowdown in the Permian Basin and statewide.

The 2021 budget was developed conservatively by including estimated general revenue reductions of 15%, tuition and fee revenue losses due to enrollment decreases, and housing revenue losses. These were used to support reductions in budgeted expenditures. While some of these losses did materialize, they did not do so at the levels anticipated; thus, providing U. T. Permian Basin with an opportunity to make strategic decisions such as adding to reserves and adding needed faculty and administrative lines.

Continued initiatives to address challenges:

- COVID-19 provided opportunities to re-tool, evaluate processes, and develop new approaches to managing operations.
- Continued efforts to complete the automation of previous paper intensive processes have produced significant efficiencies.
- Implementation of a comprehensive enrollment management strategy is underway with the leadership of a new Vice President for Enrollment Management.
- Improvements to business processes critical to student engagement continued in the areas of admissions, financial aid, advising, and student accounts.
- Reorganization in the student success areas will provide students with greater opportunities for success.
- Intensified marketing efforts continue to increase brand recognition and more effectively target student populations.
- Reaccreditation by the SACSCOC, expected in December 2021, will reaffirm the program and operational quality of U. T. Permian Basin.



THE UNIVERSITY of TEXAS SYSTEM
THIRTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

Analysis of Financial Condition

2021

The University of Texas Permian Basin (continued)

- A review of low performing programs was completed in 2021. As a result, substantial opportunities for improvement and innovation were identified in several programs and are being addressed.

Observations

U. T. Permian Basin underwent two years of intensive accounting efforts to address errors in financial reporting accumulated over many years. This effort began in 2019 and was completed in 2020. As a result, 2021 financial data is much more accurate and reliable. The standard review completed by Deloitte & Touche in the spring of 2020 provided much of the foundation for this. U. T. Permian Basin was found to be compliant with all SACSCOC financial and related standards. U. T. Permian Basin expects to receive full reaffirmation at the annual SACSCOC meeting in December 2021.

U. T. Permian Basin is now beginning to experience positive trends in the financial ratios. These positive trends and observations include:

- **Overall scorecard rating** – at 5.8, this is improved from 7.4 in 2020 and 7.5 in 2018.
- **Debt Service to Operations** – at 4.2%, this ratio has shown steady improvement since 2017 when it was at 6.2%.
- **Operating Performance (Annual Operating Margin)** – This ratio is presented in two different formats for 2021. The traditional presentation results in a negative margin of 16.9% which is down from 2017 but significantly improved from 2018. The annual operating margin excluding depreciation expense results in a positive margin of 3.4% for 2021. This comparison presents the impact that such a large depreciation expense (\$21 million for 2021) can have on a relatively small operating budget. This expense is reflective of the relatively young campus, the recent investments in infrastructure, and the small size of the operations.
- **Spendable Cash & Investments to Total Debt** – at 0.6, this ratio shows continued and steady improvement since 2017 and is reflective of an improved cash position. No new capital projects which would require additional debt other than Tuition Revenue Bonds are anticipated over the next several years.
- In addition, the data show steady increases in **operating revenues** almost year to year. Continuing this steady growth combined with leveling off in expenses will provide significant positive results.

U. T. Permian Basin anticipates continued improvement in the financial condition by aggressively continuing to improve financial processes. Over the last three years, U. T. Permian Basin has completed many significant enhancements to the accounting, human resources, financial aid, admissions, purchasing, budgeting, and other related functions. U. T. Permian Basin experienced considerable turnover in almost all finance related areas a few years ago; however, with some investment, U. T. Permian Basin was able to successfully recruit and hire excellent and qualified staff. This staff has now gained valuable experience and is focused on continuing the stabilization and improvement of all operations.

U. T. Permian Basin completed implementation of the PeopleSoft modules that were lacking since 2014 and 2015. The implementation eliminated manual workarounds that were previously used, which caused significant accounting discrepancies. As a result, paperless processes are now utilized in human resources, accounting, purchasing, and student service operations. This has allowed more efficient and effective processing and greatly reduced errors as well as reduced the overall cost of operations.

Additionally, reliable financial reports, budgets, financial aid transactions, and other financial functions are processed and submitted on time. Internal Controls are much improved as supported by recent Internal Audit reports.



THE UNIVERSITY of TEXAS SYSTEM
THIRTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

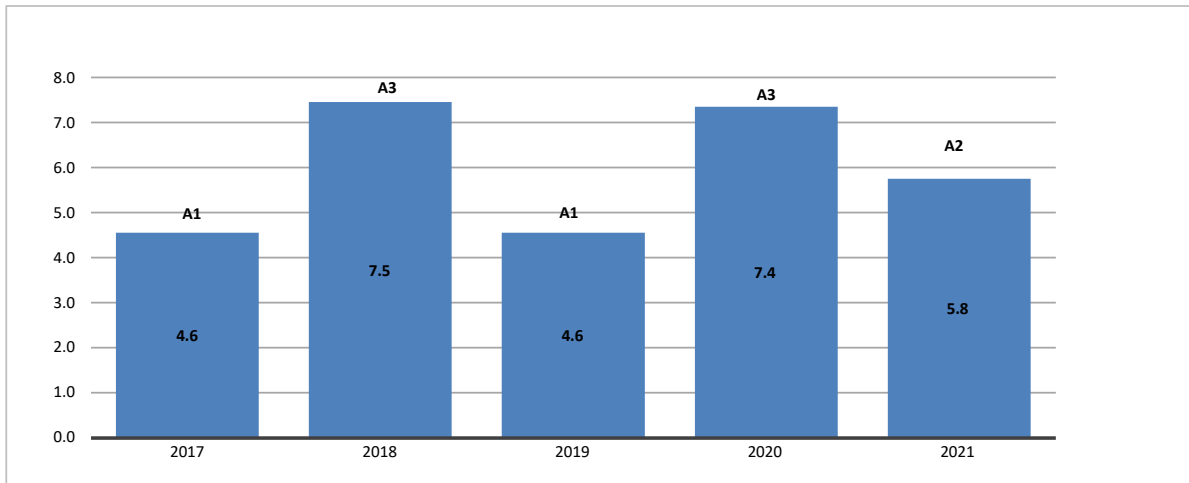
Analysis of Financial Condition

2021

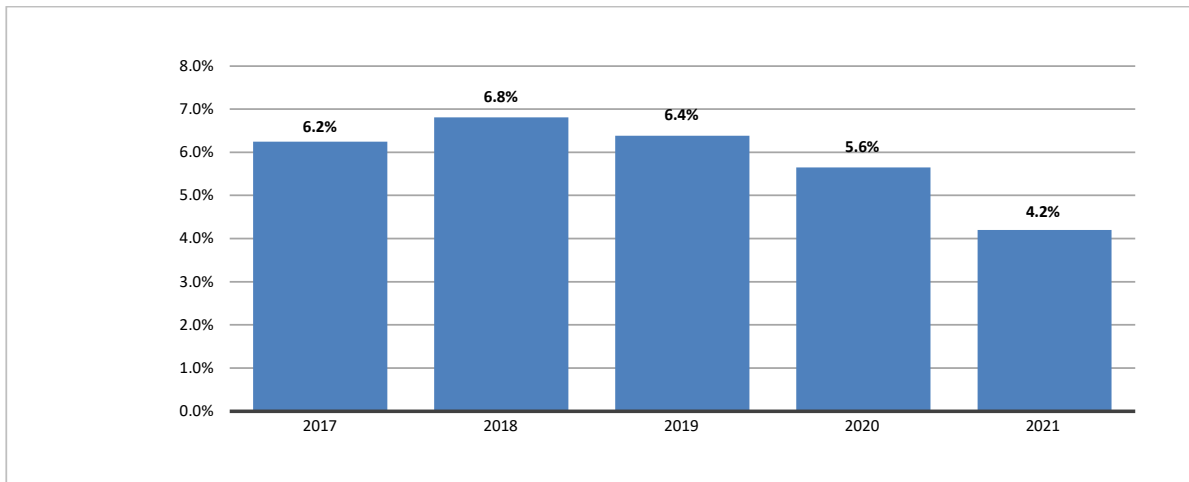
The University of Texas Permian Basin (continued)

ANALYSIS OVERVIEW

1. Overall Scorecard Rating



2. Debt Service to Operations



NOTE: In FY 2021 some principal payments were deferred.



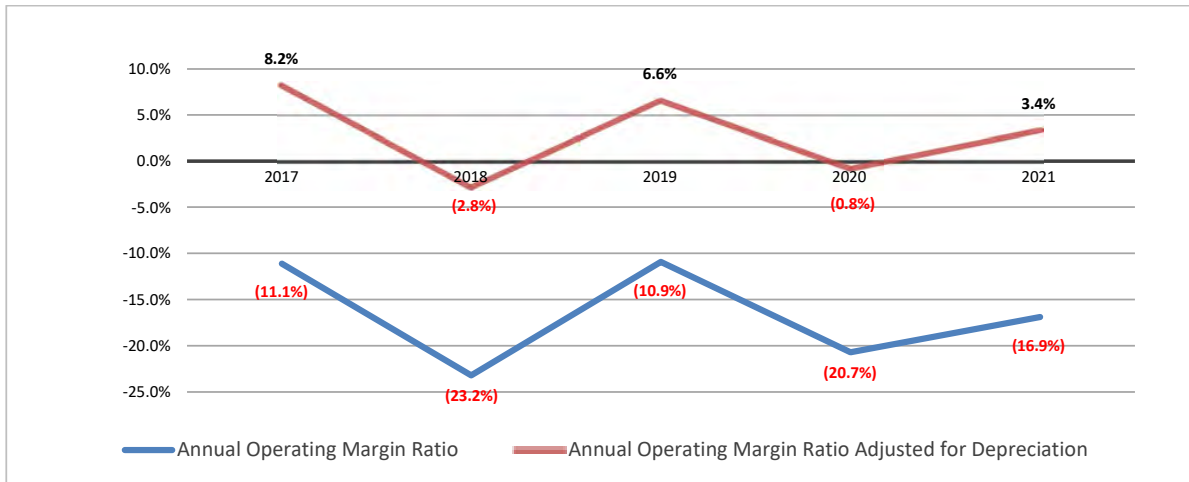
THE UNIVERSITY of TEXAS SYSTEM
THIRTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

Analysis of Financial Condition

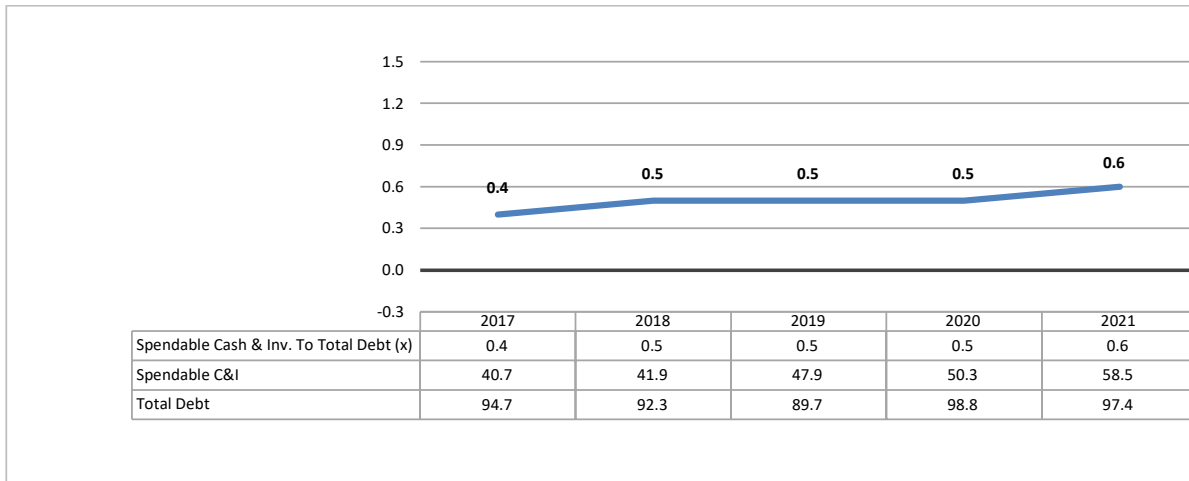
2021

The University of Texas Permian Basin (continued)

3. Operating Performance



4. Spendable Cash & Investments to Total Debt



THE UNIVERSITY of TEXAS SYSTEM
THIRTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

Analysis of Financial Condition

2021

The University of Texas Rio Grande Valley 2021 Summary of Financial Condition

Financial Condition: Satisfactory

EXECUTIVE SUMMARY

Highlights

General Overview

The University of Texas Rio Grande Valley (U. T. Rio Grande Valley) is committed to student success as demonstrated in the Strategic Plan's Core Priorities. The goal, "Support our students in achieving their academic goals in a timely manner and reaching their professional aspirations through excellent integrated learning experiences both in and out of the classroom," is evidence of the U. T. Rio Grande Valley's commitment. U. T. Rio Grande Valley is focused on increasing fall to fall retention and timely progress to degree completion through proven high impact strategies such as differentiated advising, peer-led team learning, and student employment. Furthermore, with the new donor-funded Luminary Scholarship program, U. T. Rio Grande Valley will be increasing its commitment to provide merit scholarships to attract and retain the best students.

In addition, U. T. Rio Grande Valley is augmenting its low-income tuition program. Starting Fall 2022, the income threshold for the U. T. Rio Grande Valley Tuition Advantage grant will increase to guarantee that Texas resident undergraduates with need and family incomes of \$100,000 or less would not face out-of-pocket expenses for tuition and mandatory fees. This affordability is indicated by U. T. Rio Grande Valley's ranking among the top national public universities in having the least student debt (*U.S. News & World Report*).

Furthermore, one of the keys to recruiting and retaining students is offering the programs that fit their needs. Growth in program offerings, including online programs, not only support student access and success but help extend U. T. Rio Grande Valley's reach well beyond the Rio Grande Valley. This fusion of local, national, and international perspectives both enrich the educational experience and prepare the university for emerging research status. New programs are evaluated based on return on investment, projected impacts on enrollment and retention, and alignment with core competencies.

U. T. Rio Grande Valley is steadily transforming higher education along with growing access to health services by making strategic investments in the School of Medicine's clinical operations and developing a robust research presence. The investments being made will improve the standard of living for this traditionally economically disadvantaged region and provide opportunities that will help attract and retain talent. U. T. Rio Grande Valley's 2021 selection as one of only ten institutions nationwide to earn the prestigious *Seal of Excelencia* in education indicates its enormous success in accelerating Latino student success in higher education.



THE UNIVERSITY of TEXAS SYSTEM
THIRTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

Analysis of Financial Condition

2021

The University of Texas Rio Grande Valley (continued)

Observations

In its seventh year of operation, U. T. Rio Grande Valley will continue to seek opportunities to achieve operational efficiencies and cost reductions. These efforts are critical to functioning effectively on a total academic cost that remains among the lowest in the state. This effort contributed to a reduction in the administrative cost ratio from 6.95% for fiscal year 2020 to 5.89% for fiscal year 2021, the fifth consecutive year with a decrease in this measure. In addition, return on investment analysis is being used to allocate instructional resources more efficiently, and a summer instruction incentive model was introduced in 2021 to reward cost efficiencies in class scheduling. As a result, when compared with pre-pandemic levels, Summer 2021 enrollment growth was accommodated without a significant change in instruction cost. Finally, the necessity to conduct work offsite during the pandemic has resulted in efficiencies in space usage and reductions in utilities. For certain non-student facing back offices, these efficiencies are expected to continue as this new work model gains adoption. This shift, along with increased online course offerings, will help mitigate the facilities and space needed to accommodate future growth.

The improvement in U. T. Rio Grande Valley's annual operating margin ratio from (5.2%) for fiscal year 2020 to 10.0% for fiscal year 2021 resulted from additional revenues of \$183.2 million combined with additional expenses of \$80.2 million.

Revenue increases include \$29.9 million in tuition and fees and auxiliary enterprises due to enrollment growth and tuition rate increases, \$96.8 million in federal relief funding from the Higher Education Emergency Relief Fund (HEERF), \$4.5 million in other sponsored programs, \$4.5 million in professional fees due to continued expansion of the School of Medicine's clinical services, \$5.1 million from new hospital contracts, and \$42.4 million in gifts due to a large philanthropic gift.

Expense increases include \$19.7 million in labor costs mostly attributed to the ongoing development of the School of Medicine, \$50.2 million in scholarships and fellowships, \$1.2 million in rentals and leases for two new building leases, and \$9.1 million in other operating expenses for student reengagement expense.

The improved operating margin, along with a reduction in outstanding debt, contributed to improvements in spendable cash and investment balances and related ratios. The primary drivers for the \$144.2 million increase in spendable cash and investments include \$45.1 million of current and prior year expense and lost revenue reimbursements from HEERF, \$32.3 million in increased tuition and fee revenue, a \$42.4 million increase in gifts, which included a \$40 million philanthropic gift converted to a quasi-endowment, and \$23.7 million in Intermediate Term fund (ITF) investment increases due to favorable market conditions in fiscal year 2021.



THE UNIVERSITY of TEXAS SYSTEM
THIRTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

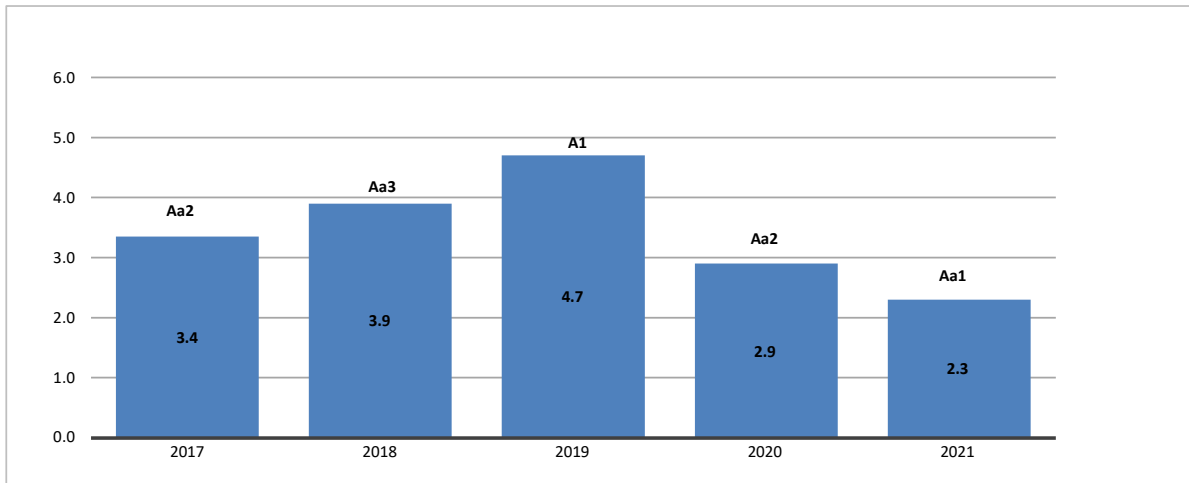
Analysis of Financial Condition

2021

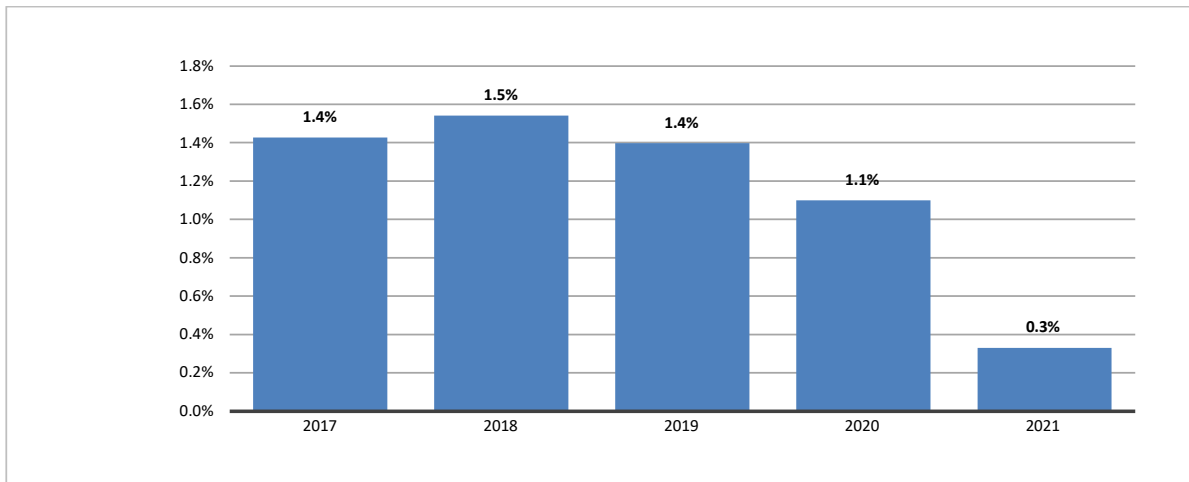
The University of Texas Rio Grande Valley (continued)

ANALYSIS OVERVIEW

1. Overall Scorecard Rating



2. Debt Service to Operations



NOTE: In FY 2021 some principal payments were deferred.



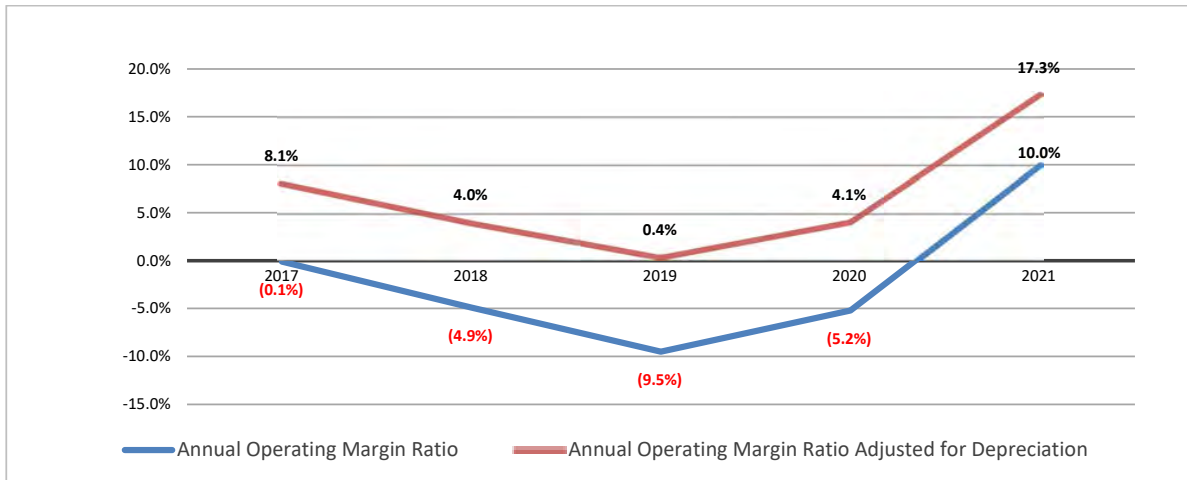
THE UNIVERSITY of TEXAS SYSTEM
THIRTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

Analysis of Financial Condition

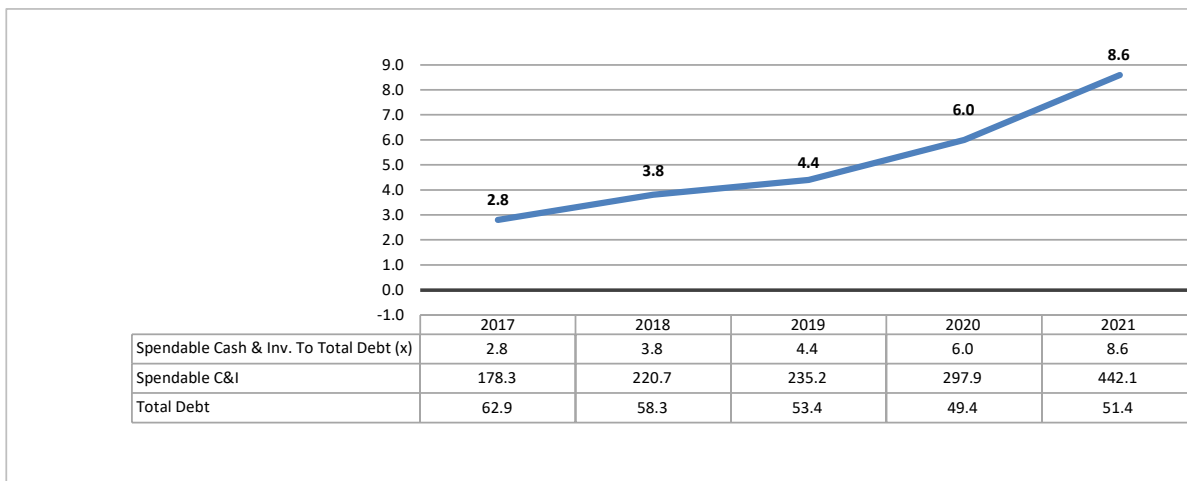
2021

The University of Texas Rio Grande Valley (continued)

3. Operating Performance



4. Spendable Cash & Investments to Total Debt



THE UNIVERSITY of TEXAS SYSTEM
THIRTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

Analysis of Financial Condition

2021

The University of Texas at San Antonio 2021 Summary of Financial Condition

Financial Condition: Satisfactory

EXECUTIVE SUMMARY

Highlights

General Overview

The University of Texas at San Antonio's (U. T. San Antonio) Incentivized Resource Management budget model continues to guide resource allocation. This model aligns resources with institutional priorities while still providing greater decision-making authority within the academic colleges and other revenue units. U. T. San Antonio's current institutional investment priorities surround the pending acquisition of the Southwest School of Art and the collaboration with the University of Texas Health Science Center at San Antonio (UTHSC-San Antonio) to establish a School of Public Health. The partnership with the Southwest School of Art provides a natural expansion of academic fine art programs, while also offering expanded opportunities to the U. T. San Antonio community. The partnership with UTHSC-San Antonio is dedicated to meeting the strong demand for public health education in San Antonio and to develop the next generation of public health professionals. The two U. T. System institutions are federally designated Hispanic Serving Institutions with the knowledge and expertise to meet the unique health needs of the region's diverse population.

Due to the receipt of large earmarked or restricted funds, U. T. San Antonio's operating margin for 2021 was \$126.1 million (16.9%). The large margin was primarily due to following: the university receiving two of the largest gifts in its history (\$40 million and \$20 million); \$14 million growth in other operating gifts; a \$28 million reimbursement from Higher Education Emergency Relief Funds (HEERF) funding for lost revenue that is earmarked but not yet spent; and a 4% increase in enrollment.

In addition, with an unknown pandemic environment, decreased state appropriations and a projected enrollment decrease, U. T. San Antonio implemented budget reductions for fiscal year 2021 from state and tuition funding sources of 9% for colleges and 10% in other units. Therefore, overall operating expenses only increased 2%. Fiscal year 2021 financial activity included the following measurable COVID-19 effects:

- \$19.2 million lower revenue from housing, meals, and parking,
- \$2.8 million lower revenue from events, sales and services,
- \$1.5 million lower revenue from two mandatory student fees not charged during the year, and
- \$6.3 million in decreases for costs like travel and entertainment due to reduced pandemic activity.

Over the past two years, the university has been awarded more than \$176.4 million in HEERF funding. A total of \$94.8 million has been spent, of which \$72.3 million was spent during fiscal year 2021. Of total HEERF expenditures, U. T. San Antonio spent 53% on student payments, 33% on the lost revenue reimbursement for both fiscal year 2021 and fiscal year 2020, 11% on technology-related purchases and 3% on other expenses.

Analysis of Financial Condition

2021

The University of Texas at San Antonio (continued)

Observations

- Historic giving levels benefitted U. T. San Antonio in fiscal year 2021. In addition to a \$40 million gift from Mackenzie Scott's foundation, U. T. San Antonio received a \$20 million pledge for the Alvarez College of Business, a \$4 million restricted research gift and five other gifts greater than \$1 million.
- Fiscal year 2021 was the inaugural year of U. T. San Antonio's Bold Promise Program, which provided tuition and fee coverage to qualified students with family incomes of \$50,000 or less. The average gift aid was \$13,387. The program income level has been increased to \$70,000 for the future.
- The university placed two new buildings in service and assumed ownership of another:
 - Guadalupe Hall provides 101,350 gross square feet of student residency space for 360 students and expands the number of students living on campus to 4,508.
 - The Roadrunner Athletics Center of Excellence (RACE) offers 95,000 square feet of academic and athletic space, promoting the academic success, health, wellness, and performance of the university's student-athletes. U. T. San Antonio leases the RACE facility but has recorded the full value of the net present value of lease payments, \$14.8 million, in accordance with accounting principles.
 - Chisolm Hall transferred ownership to U. T. San Antonio after a 30-year management agreement at a \$711,000 value based upon tax assessment value.
- The university's net tuition and fees include \$23.1 million of state exemptions, the largest of which is the Hazlewood program. Of that exemption amount, the state reimbursed U. T. San Antonio for \$1.6 million.
- U. T. San Antonio's cash and investment ratios increased due to the large gifts received, as well as almost \$80 million in overall market appreciation.
- The university's endowments appreciated by \$46.7 million and, with the investment of the \$40 million gift, grew from \$181 million to \$277 million.
- U. T. San Antonio's administrative cost measure decreased from 7.9% to 7.6% due to the continued emphasis on operational efficiency.

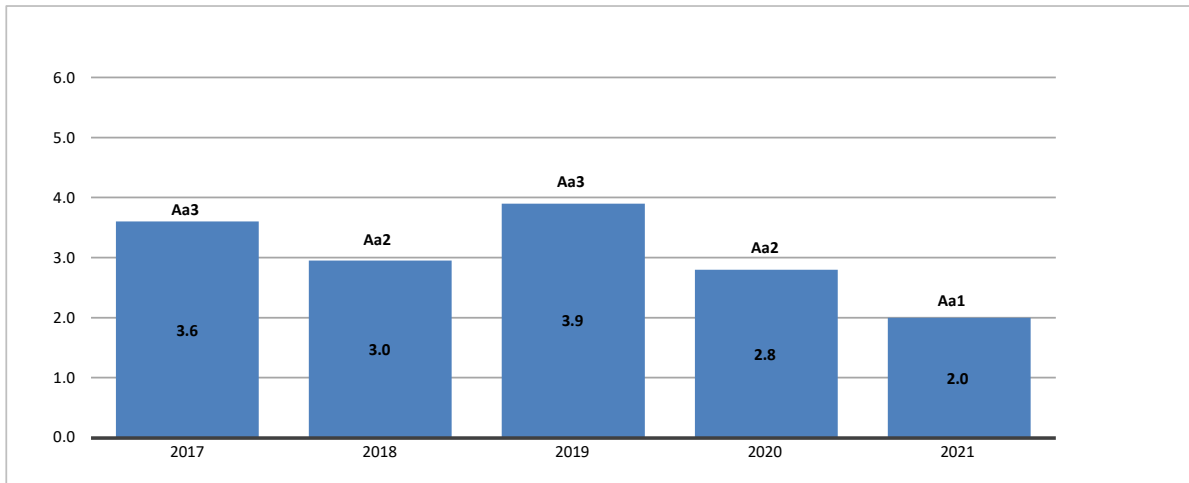
Analysis of Financial Condition

2021

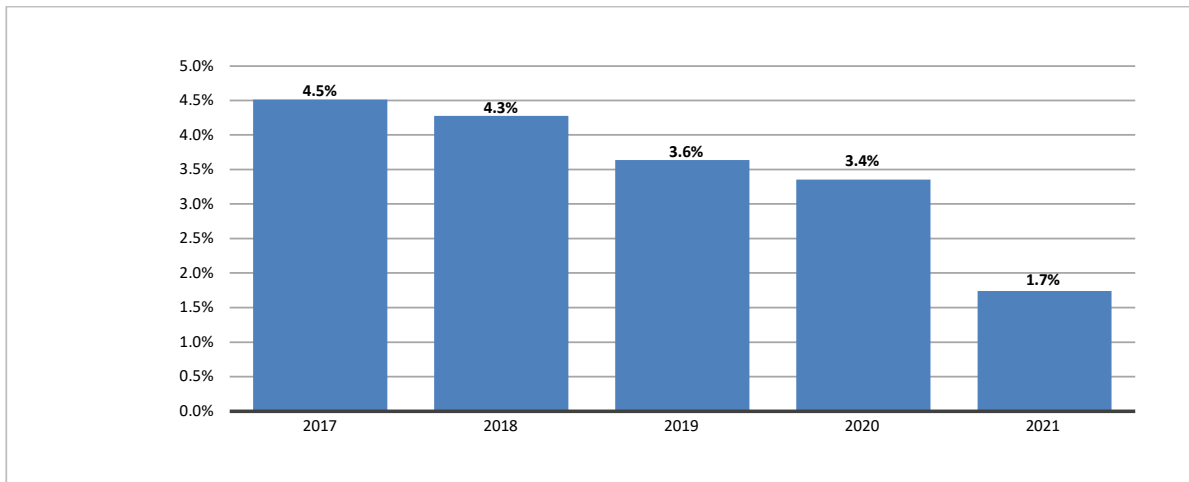
The University of Texas at San Antonio (continued)

ANALYSIS OVERVIEW

1. Overall Scorecard Rating



2. Debt Service to Operations



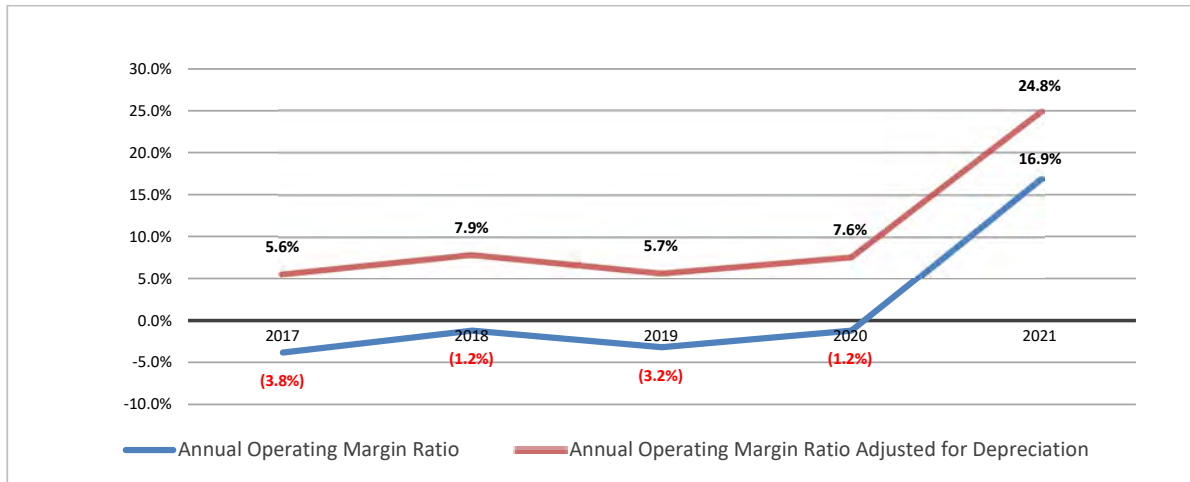
NOTE: In FY 2021 some principal payments were deferred.

Analysis of Financial Condition

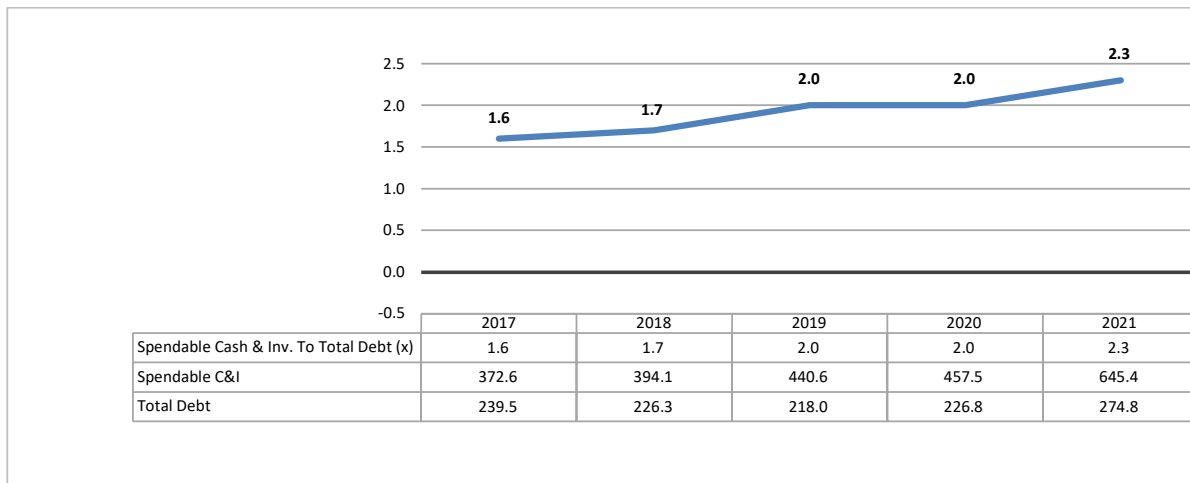
2021

The University of Texas at San Antonio (continued)

3. Operating Performance



4. Spendable Cash & Investments to Total Debt



	2017	2018	2019	2020	2021
Spendable Cash & Inv. To Total Debt (x)	1.6	1.7	2.0	2.0	2.3
Spendable C&I	372.6	394.1	440.6	457.5	645.4
Total Debt	239.5	226.3	218.0	226.8	274.8

Analysis of Financial Condition

2021

The University of Texas at Tyler 2021 Summary of Financial Condition

Financial Condition: Satisfactory

EXECUTIVE SUMMARY

Highlights

General Overview

On December 9, 2019, the U. T. System Board of Regents authorized a combined, single administrative structure for The University of Texas at Tyler (U. T. Tyler) and The University of Texas Health Science Center at Tyler (UTHSC-Tyler). U. T. System sought authorization from the Texas Higher Education Coordinating Board and appropriate accrediting and licensing agencies to finalize this new structure. On December 21, 2020, the U. T. System Board of Regents formalized the combination of U. T. Tyler and UTHSC-Tyler effective January 1, 2021, in order to create a single, integrated university that more comprehensively serves the educational, health and economic needs of East Texas. The Board of Regents named the combined university The University of Texas at Tyler (U. T. Tyler).

Since that time U. T. Tyler has undertaken a comprehensive strategic planning process that will continue into 2022. Most importantly, U. T. Tyler has already completed an institutional strategic planning assessment that culminated in the following proposed Mission, Vision, and Values statements for the new U. T. Tyler:

Mission

- U. T. Tyler is a comprehensive public university. We help our students, patients, and community members achieve their educational and health goals by offering a combination of excellence in higher education, research, public service, and advanced healthcare delivery.

Vision

- U. T. Tyler will be an impactful, values-centered institution unified in common purpose; a community that fosters opportunity, committed to providing a uniquely balanced student experience and improving the quality of human life.

Values

- **Servant Leadership:** We put the needs of our students, patients, colleagues, and community, first.
- **Excellence:** We work collaboratively every day to be better and strive to establish and achieve exemplary outcomes.
- **Accountability:** We hold ourselves to the highest ethical standards and manage the resources of U. T. Tyler wisely.
- **Diversity:** We respect and value diversity in ideas, peoples, and cultures and strive to create an inclusive and equitable community.



THE UNIVERSITY of TEXAS SYSTEM
THIRTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

Analysis of Financial Condition

2021

The University of Texas at Tyler (continued)

Notable accomplishments in 2021 include:

- Successful completion of a prospectus to merge UTHSC-Tyler and U. T. Tyler, resulting in SACSCOC's approval in December 2020 of the historic merger of the two institutions.
- Completion of an institutional strategic planning internal assessment as the cornerstone of a new strategic plan for the combined university to be finalized in fiscal year 2022.
- Enrollment growth of 3.5% between Fall 2020 and Fall 2021.
- Achievement of candidate school status by the Liaison Committed on Medical Education (LCME) for the medical education program leading to an M.D. degree at The University of Texas at Tyler School of Medicine.
- Advancement of education, research, and healthcare with the continued growth and maturation of the UT Health East Texas (UTHET) partnership, a 10-hospital system spanning 11 counties.
- Growth in physician MSA faculty by a total of sixty physicians, or 231% over the prior year, in direct correlation with execution of the UTHET physician MSA midway through 2020, making UTHSC-Tyler the primary employer of UTHET faculty physicians.
- Accreditation for three new residency programs during 2021, adding twenty-eight residents to a combination of new and expanding residency programs.

While the university was able to maintain enrollment levels during the pandemic, expanding enrollment growth in the coming years is a priority goal. Given the cumulative investment in new academic programs, expanded student support and activities, including the move to NCAA Division II Athletics, and the recent integration of the academic and health entities in Tyler into a single university, U. T. Tyler is well-positioned to achieve this priority goal.

Observations

Trends in financial indicators in 2021 include:

- A positive margin excluding depreciation of \$26.5 million in 2021.
- Maintenance of U. T. Tyler's overall AFC scorecard rating of Aa3 for the fifth year in a row, a significant accomplishment given UTHSC-Tyler had a Ba1 rating in the prior year.
- Operating revenues continued to trend upward by 19.7% over the prior year, primarily due to increases in tuition and fees, sponsored programs, and net sales and services of hospitals.
- Spendable cash and investments to total debt also improved in 2021, increasing from 1.4 for the academic entity in 2020 to 1.9 for the combined university in 2021.



THE UNIVERSITY of TEXAS SYSTEM
THIRTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

Analysis of Financial Condition

2021

The University of Texas at Tyler (continued)

- Notable changes in operating revenues include:
 - Tuition and fees - increased 6.2% over the prior year, due to a slight increase in enrollment and modest rate increases.
 - Sponsored programs revenue - increased 57.1% over the prior year, primarily due to the growth in the physician MSA with UTHET, which increased by approximately sixty physicians during fiscal year 2021.
 - Net sales and services of hospitals – increased 27.7% over the prior year, largely due to the reopening of the intensive care unit and increased acute care bed capacity in response to the COVID-19 pandemic.
 - Other operating revenues – decreased by (18.8%) over the prior year, due to a combination of a decrease in net income from the UTHET joint venture associated with additional COVID-19 related expenses and a reduction in elective procedure volumes, as well as a decrease in 1115 Medicaid Waiver Delivery System Reform Incentive Payment revenue, given peak valuation that was available in 2020 but not in 2021 as the program begins to wind down.
 - State appropriations - down (3.3%) from the prior year due to the state’s mandatory 5% general revenue reduction that affected the academic entity but not the health entity.
 - Gift contributions – down (64.1%) over the prior year, primarily due to a sizeable unconditional gift pledge received in 2020 that was not repeated in 2021.
- The 12.8% increase in operating expenses over the prior year was primarily due to increased student grant aid awards supported by HEERF; as well as increased salaries and benefits for new faculty lines, an increase of approximately sixty MSA physician faculty over the prior year, and expanded adjunct and administrative support, combined with unprecedented temporary labor costs for clinical staff to respond to the COVID-19 pandemic.
- The 2021 operating margin of (1.5%) was due in large part to the following: intentional and continued long-term investments in strategic priorities, including scholarship and fellowship support programs; new faculty lines in support of new or growing academic programs, including the School of Engineering and the School of Medicine; and support for the newly aligned university administrative structure. Additionally, expenses to answer the call for COVID-19 patient care outpaced corresponding revenue in 2021, as HEERF revenue received in 2020 was not realized in 2021.



THE UNIVERSITY of TEXAS SYSTEM
THIRTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

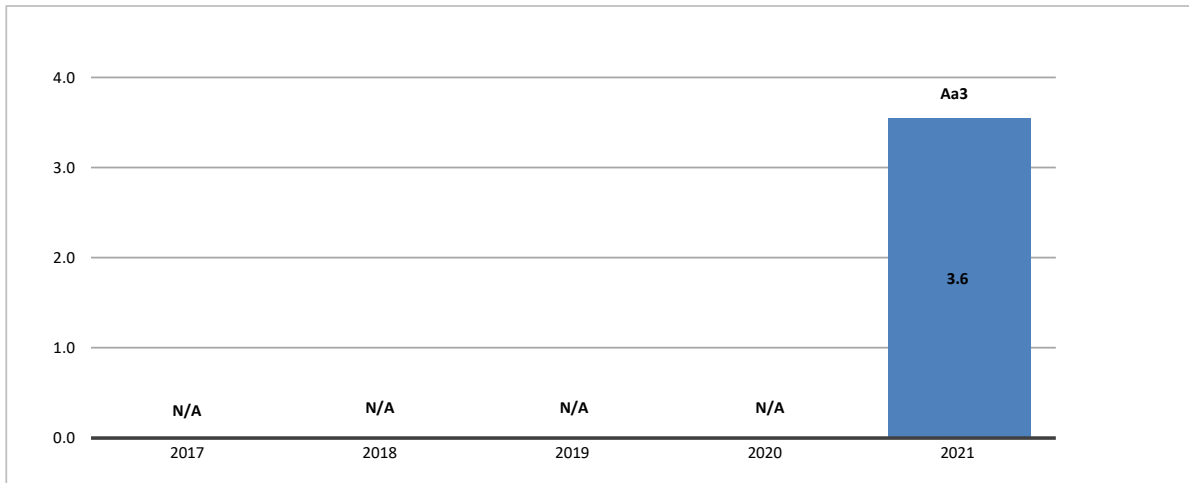
Analysis of Financial Condition

2021

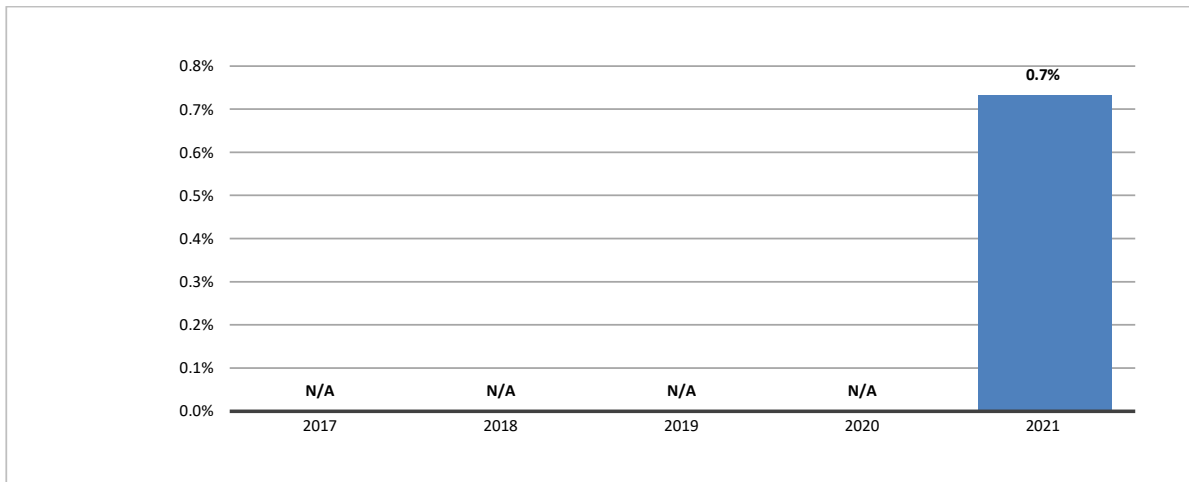
The University of Texas at Tyler (continued)

ANALYSIS OVERVIEW

1. Overall Scorecard Rating



2. Debt Service to Operations



NOTE: In FY 2021 some principal payments were deferred.



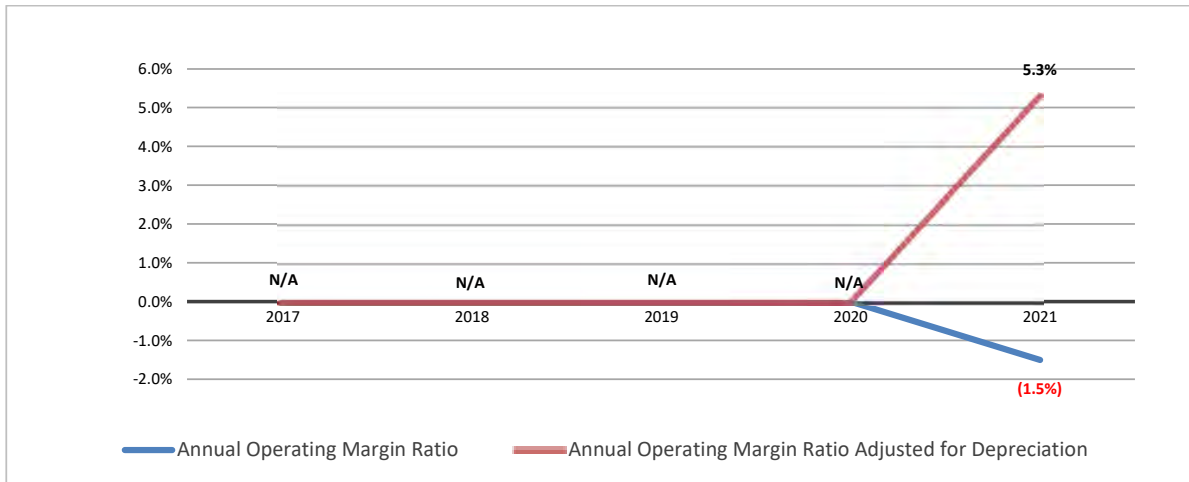
THE UNIVERSITY of TEXAS SYSTEM
THIRTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

Analysis of Financial Condition

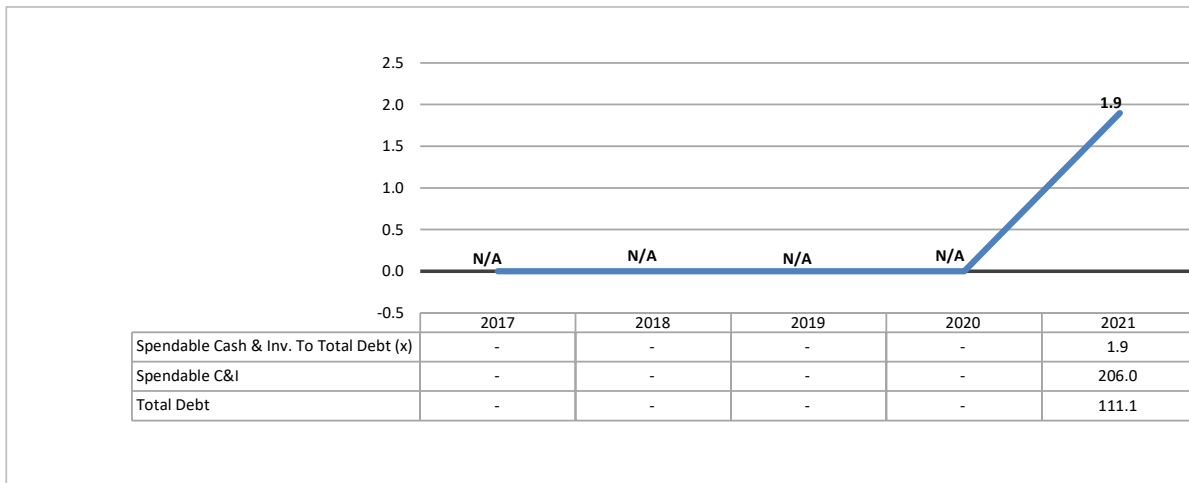
2021

The University of Texas at Tyler (continued)

3. Operating Performance



4. Spendable Cash & Investments to Total Debt



THE UNIVERSITY of TEXAS SYSTEM
THIRTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

Analysis of Financial Condition

2021

The University of Texas Southwestern Medical Center 2021 Summary of Financial Condition

Financial Condition: Satisfactory

EXECUTIVE SUMMARY

Highlights

General Overview

The University of Texas Southwestern Medical Center (Southwestern), one of the premier academic medical centers in the nation, integrates pioneering biomedical research with exceptional clinical care and education. The mission of Southwestern is to promote health and a healthy society that enables individuals to achieve their full potential in our community, Texas and beyond. This is accomplished through innovation and education, training physicians, scientists and other providers optimally prepared to serve the needs of patients; discovery, conducting high-impact, internationally recognized research that solves for unmet needs by finding better treatments, cures, and prevention with a commitment to ensuring real world application; and healing, delivering the best patient care possible today, with continuous improvement for better care tomorrow. Strategic positioning and programmatic investments are designed to sustain a trajectory of excellence and targeted growth in all these mission areas.

Southwestern is dedicated to groundbreaking medical advances and quickly translating its research to new clinical treatments and improved public health commensurate with the institution's reputation of quality and excellence. Notable examples include expansion of our biomedical engineering research and programs through a joint project with U. T. Dallas, launching a new School of Public Health, and continued expansion of the Peter O'Donnell Jr. Brain Institute and Harold C. Simmons Comprehensive Cancer Center. The new School of Public Health will develop and apply the most advanced techniques to identify, predict and address wide-scale health problems before they occur and respond to public health emergencies once they arise. The Peter O'Donnell Jr. Brain Institute encompasses both research and clinical programs, including the state-supported Texas Institute for Brain Injury and Repair and the Center for Alzheimer's and Neurodegenerative Diseases, to advance the treatment, cure and prevention of all forms of brain disease. With investments from the state and local community, the institution is making significant strides toward enhancing public health with targeted attention to disease prevention and control, addressing health equity and disparities, and an aging patient population.



THE UNIVERSITY of TEXAS SYSTEM
THIRTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

Analysis of Financial Condition

2021

The University of Texas Southwestern Medical Center (continued)

In addition to outstanding education and research programs, Southwestern is committed to leadership in patient care and continues to gain recognition through national and international clinical awards. Steady growth of patient volume continues to exceed projections. In January 2021, the university opened a 292-bed third tower expansion of Clements University Hospital, providing additional inpatient capacity that was critical as inpatient volumes increased due to the COVID-19 pandemic. In May 2021, the institution completed the expansion of the Radiation Oncology facility. In an effort to address medically underserved communities, the institution will open a new outpatient clinical facility in southern Dallas in 2022. A key driver of clinical growth is Southwestern Health Resources, a partnership with Texas Health Resources (THR) that includes a clinically integrated network of over 3,000 physicians, 27 hospitals, and approximately 300 clinics across 16 counties. It leverages the complementary strengths of Southwestern and THR, enhancing joint initiatives, including significant growth of Accountable Care Organization program offerings with demonstrated improvement in patient outcomes and cost reductions. Southwestern has further leveraged the relationship with THR to jointly develop a hospital and medical office building that opened in fiscal year 2020 in the rapidly expanding Frisco, Texas market. Additionally, the institution's clinical enterprise recently underwent a comprehensive strategic planning process to optimize its clinical network; further develop destination service lines; enhance value, quality, and patient experience; and leverage its outstanding research capabilities in the clinical setting.

Observations

Southwestern realized a surplus of \$233.7 million in fiscal year 2021. This variance to budget and the prior year was mostly driven by significant improvements in patient volumes for hospital and faculty practice plan operations from the prior fiscal year (an increase of 20.3%) as both inpatient and outpatient volumes rebounded to even higher than pre-COVID-19 volumes. Sponsored research, especially federal and private sponsored research, also increased significantly from fiscal year 2020 as grant activity continued to experience strong growth throughout the fiscal year. Southwestern also recognized \$93.4 million of HEERF funding in fiscal year 2021. In addition, gifts for operations and interest earnings both surpassed expectations in fiscal year 2021.

The strong fiscal year 2021 financial results are also reflected in the improvements in the key financial ratios. The operating performance ratio improved significantly due to the higher margin, and the liquidity ratio, which was down in fiscal year 2020 due to the shift of \$300 million of unrestricted funds into a new endowment to enhance annual distributions, improved slightly as unrestricted balances grew. Debt service to operations was significantly lower than prior years due to the deferral of principal payments in fiscal year 2021. However, this ratio is anticipated to move closer to the 3% range with the new debt service associated with the Clements University Hospital Tower III expansion project.

Based on the fiscal year 2021 fiscal year-end recovery from the pandemic and solid plans to continue expansion plans, management is confident in Southwestern's ability to maintain a healthy financial position in the years to come.



THE UNIVERSITY of TEXAS SYSTEM
THIRTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

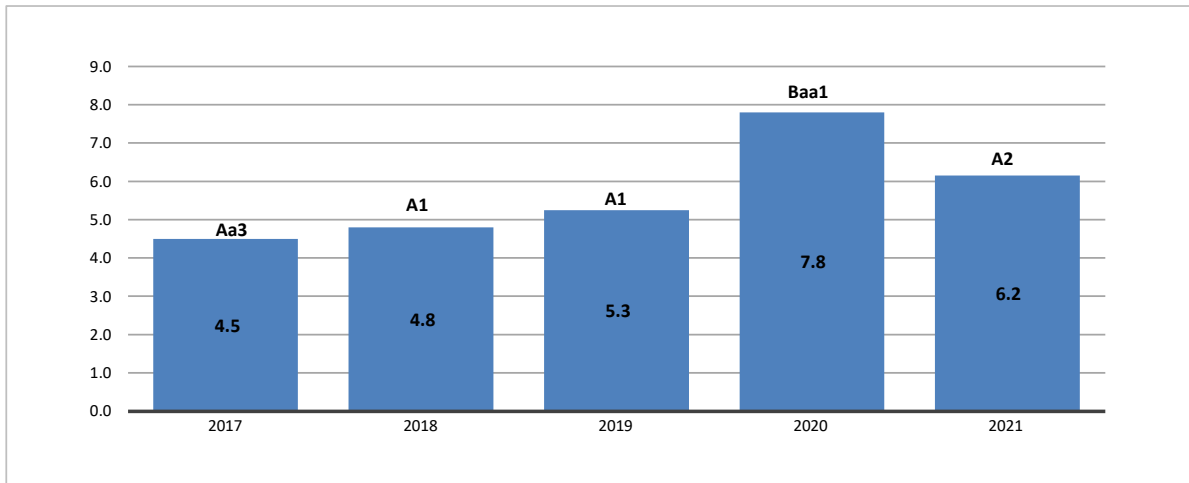
Analysis of Financial Condition

2021

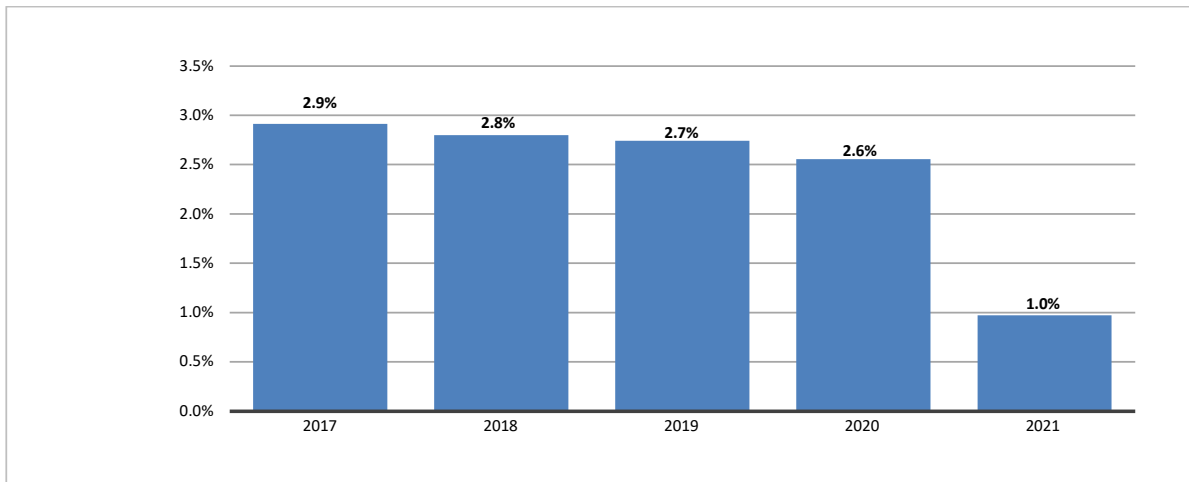
The University of Texas Southwestern Medical Center (continued)

ANALYSIS OVERVIEW

1. Overall Scorecard Rating



2. Debt Service to Operations



NOTE: In FY 2021 some principal payments were deferred.



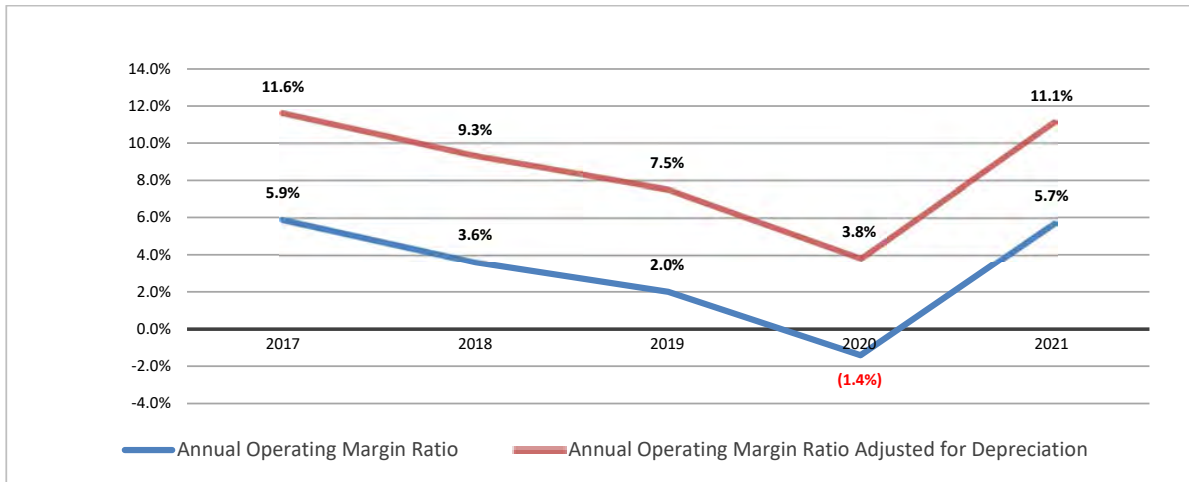
THE UNIVERSITY of TEXAS SYSTEM
THIRTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

Analysis of Financial Condition

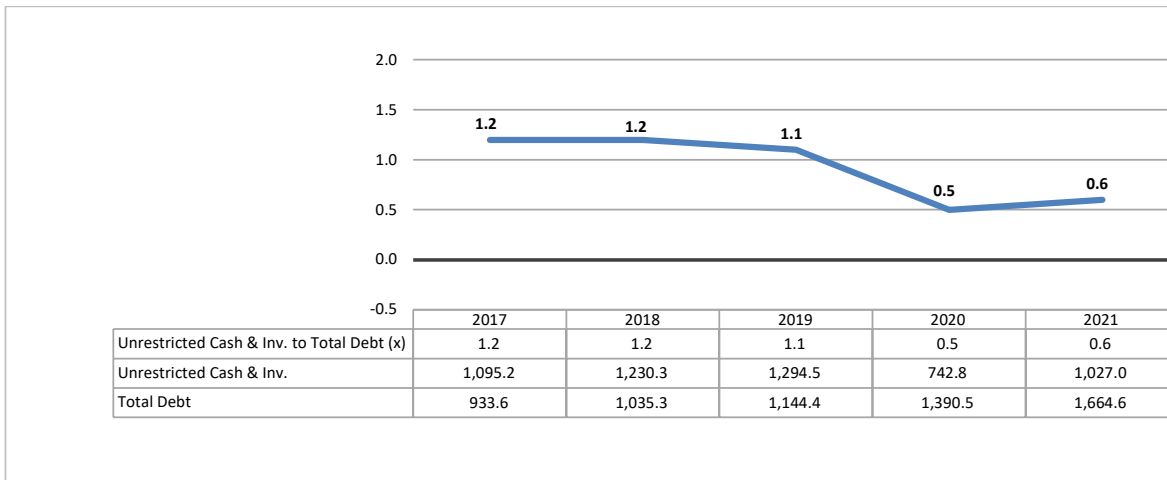
2021

The University of Texas Southwestern Medical Center (continued)

3. Operating Performance



4. Unrestricted Cash & Investments to Total Debt



	2017	2018	2019	2020	2021
Unrestricted Cash & Inv. to Total Debt (x)	1.2	1.2	1.1	0.5	0.6
Unrestricted Cash & Inv.	1,095.2	1,230.3	1,294.5	742.8	1,027.0
Total Debt	933.6	1,035.3	1,144.4	1,390.5	1,664.6



THE UNIVERSITY of TEXAS SYSTEM
THIRTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

Analysis of Financial Condition

2021

The University of Texas Medical Branch at Galveston 2021 Summary of Financial Condition

Financial Condition: Satisfactory

EXECUTIVE SUMMARY

Highlights

General Overview

The University of Texas Medical Branch at Galveston (UTMB) is a major academic health sciences center of global influence, with medical, nursing, health professions, and graduate biomedical schools; a world-renowned research enterprise; and a comprehensive health system with six hospitals on four campuses and over 90 clinical locations. Operations have a more than \$3.3 billion annual statewide economic impact, in terms of business volume, personal income, and durable goods purchases. Additionally, more than 46,000 jobs in Texas are directly or indirectly attributed to UTMB.

During fiscal year 2021, UTMB employed more than 13,500 faculty, staff, residents, and research fellows. Academic operations enrolled 3,940 students for the 2020 – 2021 academic year and faculty earned \$140 million in externally sponsored research. In fiscal year 2021, the clinical enterprise experienced 8.1% growth in discharges, 12.5% growth in surgical cases and 15.0% growth in clinic visits. UTMB is seeing the benefits of expanding patient care operations at its hospital and clinical locations, including new services at the Clear Lake Hospital and increasing inpatient bed capacity at the League City Hospital. In addition to a 30% increase in mainland clinic visits, the Clear Lake Hospital and League City Hospital experienced year-over-year growth in discharges of 21.3% and 73.2%, respectively, and surgical cases of 25.3% and 18.3%, respectively.

In a year that continued to be impacted by the coronavirus pandemic, UTMB delivered on its mission to improve health for the people of Texas and around the world by offering innovative education and training, pursuing cutting-edge research, and providing the highest quality patient care. The School of Public and Population Health was approved by U. T. System and the Council on Education for Public Health and is set to open in fiscal year 2022. The school will have an emphasis on the comprehensive nature of public health through the involvement of a broad range of professional disciplines to establish a new multidisciplinary model for solving major health problems. UTMB scientists with the Galveston National Lab were among the first in the U.S. to obtain samples of COVID-19. They developed a reverse genetic system to speed vaccine development and evaluation, and they continue to explore how the virus evolves. UTMB continued to support and perform COVID-19 testing throughout the state of Texas with the capacity to process 4,000 tests each day. In fiscal year 2021, UTMB performed over 340,000 COVID-19 related lab tests and administered over 307,000 COVID-19 vaccines. The UTMB Institute for Drug Discovery will take shape over the next few years, bringing together expertise in virology, pharmacology, toxicology, and medicinal chemistry to develop oral drugs for pandemic pathogens. Plans are underway to establish the UTMB Brain Health Institute to address neurodegenerative disorders, stroke, and traumatic brain injury.

Fiscal year 2021 saw the education delivery model transition from a remote learning environment to one that combined onsite with remote learning and culminating with the graduation of 1,228 students.



THE UNIVERSITY of TEXAS SYSTEM
THIRTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

Analysis of Financial Condition

2021

The University of Texas Medical Branch at Galveston (continued)

Even faced with the challenges of COVID-19, UTMB increased research activity over the prior year. This research included over \$22.7 million in awards focused on that disease. UTMB also continued to deliver excellence in patient care. UTMB remained one of 576 U.S. health care organizations—8.9% of hospitals nationwide—to earn Magnet Recognition for nursing excellence. The Galveston campus was designated a Level IV (Comprehensive Care) Maternal Facility by the Texas Department of State Health Services, complementing the campus' designation as a Level IV Neonatal Intensive Care Unit (NICU) in fiscal year 2020. In addition, spacious and modernized Labor and Delivery, Mother-Baby, NICU, Pediatrics and Pediatric Intensive Care units opened in John Sealy Hospital in Galveston. To provide convenient access to care for southern Brazoria County, UTMB opened the new Dave Bleakney Building in Angleton, which features primary, specialty and urgent care services. The Clear Lake Hospital Campus was designated a Level III Trauma Center and expanded neurosurgical services. UTMB also modernized a number of Regional Maternal Child Health Program clinics across southeast Texas.

Observations

UTMB ended fiscal year 2021 well positioned to continue improving its financial condition. In fiscal year 2021, even while continuing to respond to the coronavirus pandemic, UTMB improved its overall AFC rating by improving its operating margin and growing revenue and reserves. The growth in revenue far outpaced growth in expenses and was largely patient care driven. This improvement was possible because UTMB leveraged the strategic expansions made over the previous five years. The Clear Lake Hospital and League City Hospital experienced year-over-year volume growth as did the mainland clinics. Referrals from mainland clinics/hospitals support Galveston campus hospitals. In complementary fashion, having the advanced care of the Galveston campus available in our system supports the efforts of our mainland locations to increase access to care.

UTMB successfully responded to the financial strain from COVID-19 by quickly ramping up clinic and hospital operations once circumstances allowed and elective surgeries were able to resume. Overall, operating income grew 19% compared to a year ago, with operating revenue growth of 12% offsetting expense growth of 6%. Increases in healthcare activity resulted in increases in variable costs such as labor and supplies; however, efforts to manage costs helped drive a larger return of revenue per dollar of additive expense. These actions were supplemented by continued aggressive pursuit of stimulus funding that resulted in UTMB receiving \$23.5 million in CARES Act funding from general distributions. These actions led to a significant improvement in operating margin.

UTMB continued its efforts to improve management of its cash reserves and capital spending. During the fiscal year, UTMB was able to move resources into the long-term fund with UTIMCO to improve interest revenue. UTMB continues to execute its capital plan, ensuring the strategic needs of the organization are met and the financial impact of those investments are realized. These actions allowed the university to increase cash reserves and improve its cash and investments position in relation to total debt.

Entering fiscal year 2022, UTMB is in a strong position to continue to drive advances on the vaccine front, increase clinical volumes to exceed pre-COVID-19 levels, and make strategic capital investments to support the continued growth of its operations to advance the university's mission. UTMB is well-positioned to continue improving its overall financial condition scorecard rating and support Texas going into the future.



THE UNIVERSITY of TEXAS SYSTEM
THIRTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

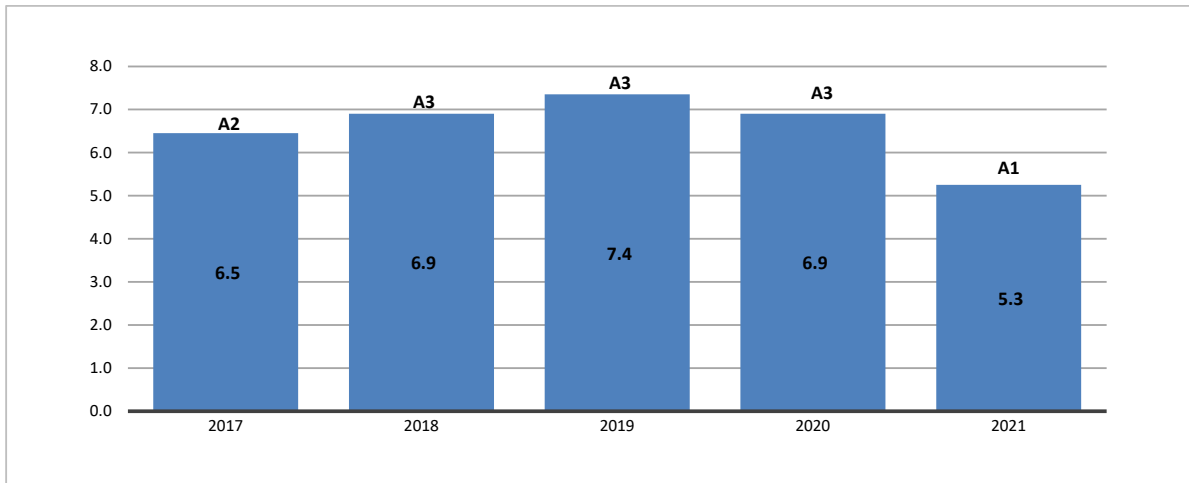
Analysis of Financial Condition

2021

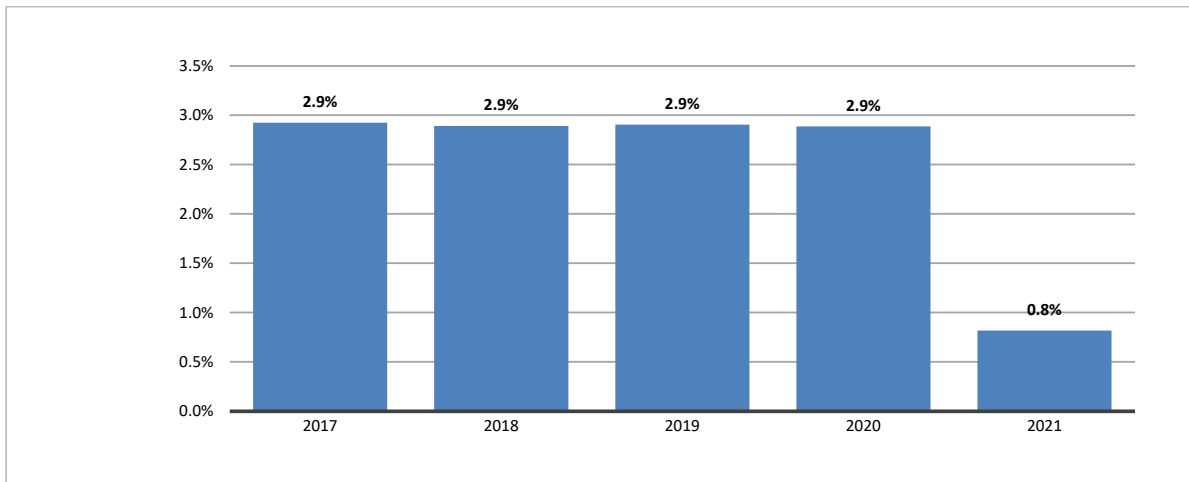
The University of Texas Medical Branch at Galveston (continued)

ANALYSIS OVERVIEW

1. Overall Scorecard Rating



2. Debt Service to Operations



NOTE: In FY 2021 some principal payments were deferred.



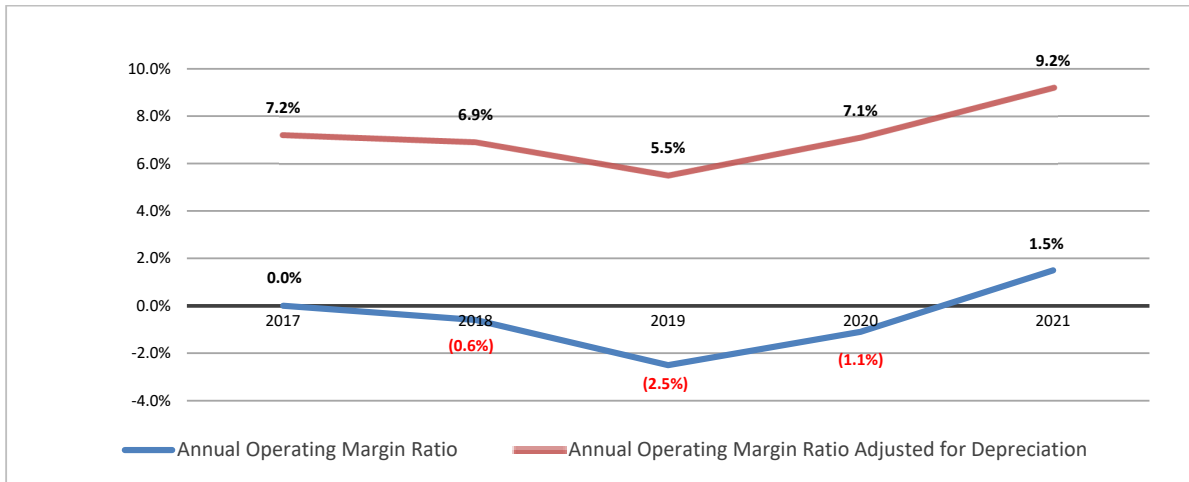
THE UNIVERSITY of TEXAS SYSTEM
THIRTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

Analysis of Financial Condition

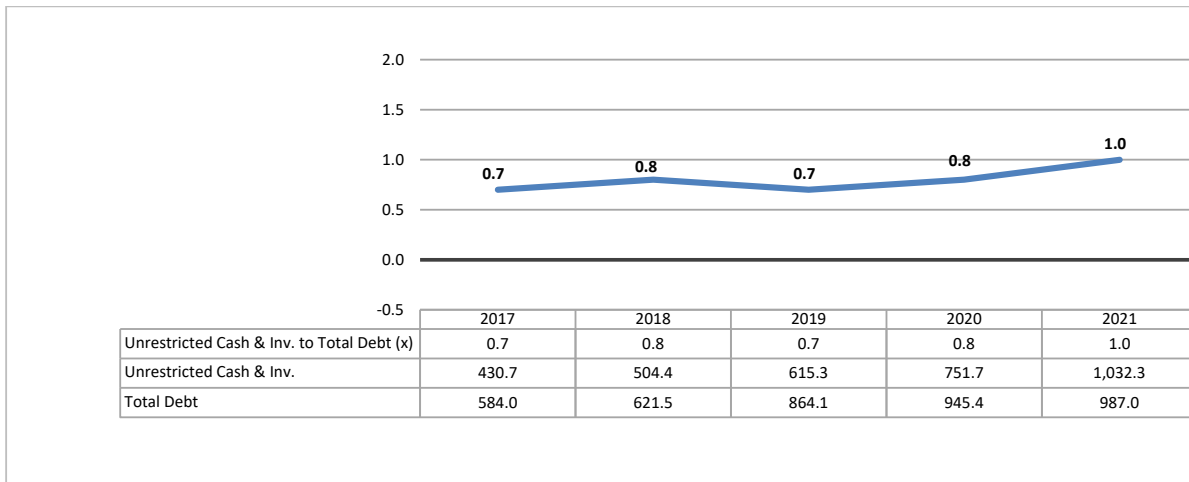
2021

The University of Texas Medical Branch at Galveston (continued)

3. Operating Performance



4. Unrestricted Cash & Investments to Total Debt



	2017	2018	2019	2020	2021
Unrestricted Cash & Inv. to Total Debt (x)	0.7	0.8	0.7	0.8	1.0
Unrestricted Cash & Inv.	430.7	504.4	615.3	751.7	1,032.3
Total Debt	584.0	621.5	864.1	945.4	987.0



THE UNIVERSITY of TEXAS SYSTEM
THIRTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

Analysis of Financial Condition

2021

The University of Texas Health Science Center at Houston 2021 Summary of Financial Condition

Financial Condition: Satisfactory

EXECUTIVE SUMMARY

Highlights

General Overview

The University of Texas Health Science Center at Houston's (UTHSC-Houston) 2,000+ faculty train and educate more than 6,500 health profession students and medical residents through schools of biomedical informatics, biomedical sciences, dentistry, public health, the Jane and Robert Cizik School of Nursing, and the John P. and Kathrine G. McGovern Medical School. Its comprehensive patient care network, including UT Physicians, UT Dentists, UT Health Services, and the Harris County Psychiatric Center provide over 3.1 million patient encounters annually. Affiliations with primary hospital partners Memorial Hermann Healthcare System and Harris Health, initiatives funded through the 1115 Waiver's Uncompensated Care and Delivery System Reform Incentive Payment program, and the Network Access Improvement Program provide a broad range of quality clinical services to the greater Houston area.

In fiscal year 2021, UTHSC-Houston continued to focus on clinical expansion as a means to enhance its education and research missions. In conjunction with its hospital partners, the institution has expanded clinical services throughout the greater Houston area, while also focusing on increased economies of scale through the consolidation of community clinics. In contrast to the prior year, the COVID-19 crisis had no material impact on the institution's clinical income; however, it has increased the visibility and enrollment of the School of Public Health and the Cizik School of Nursing, with the latter largely associated with the growing demand for nurses and the significant market pressure which has increased compensation considerably. It has also had a positive impact on sponsored research and public service as COVID-19 related programs were the primary contributor to UTHSC-Houston's double-digit growth in federal, state, and local funding.



THE UNIVERSITY of TEXAS SYSTEM
THIRTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

Analysis of Financial Condition

2021

The University of Texas Health Science Center at Houston (continued)

Observations

UTHSC-Houston's operating performance in fiscal year 2021 is the result of a 12% increase in operating revenues compared with a corresponding 5% increase in operating expenses leading to an overall margin which increased to \$135.4 million from \$34.8 million in the prior year. The growth of the physician practice plan is a primary driver with revenue increases from net professional fees (\$41.5 million) and hospital contract revenue (\$66.0 million) to expand services and support. Double-digit growth in sponsored programs also generated a 22% increase in indirect cost recovery (\$11.0 million). The institution continues to maximize investment returns through reallocation of investments from short term and intermediate term funds to the long term fund (LTF). The continued shift in investments coupled with a focus on endowment growth has led to a significant increase in investment income (\$16.0 million, 22%).

The institution's conservative use of its cash, positive margin, shift to longer term investments with higher yields, and LTF appreciation were all contributing factors to its growth in unrestricted cash and investments and increase in days cash on hand from 209 to 271. Of the \$371.8 million increase in unrestricted cash and investments, approximately \$285 million can be attributed to the increase in fair value of LTF investments.

UTHSC-Houston continues to use debt fairly judiciously. Debt service to operations declined in fiscal year 2021 primarily due to the institution taking advantage of principal debt service relief provided by U. T. System. In addition, overall debt remains relatively flat as operations continue to grow.



THE UNIVERSITY of TEXAS SYSTEM
THIRTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

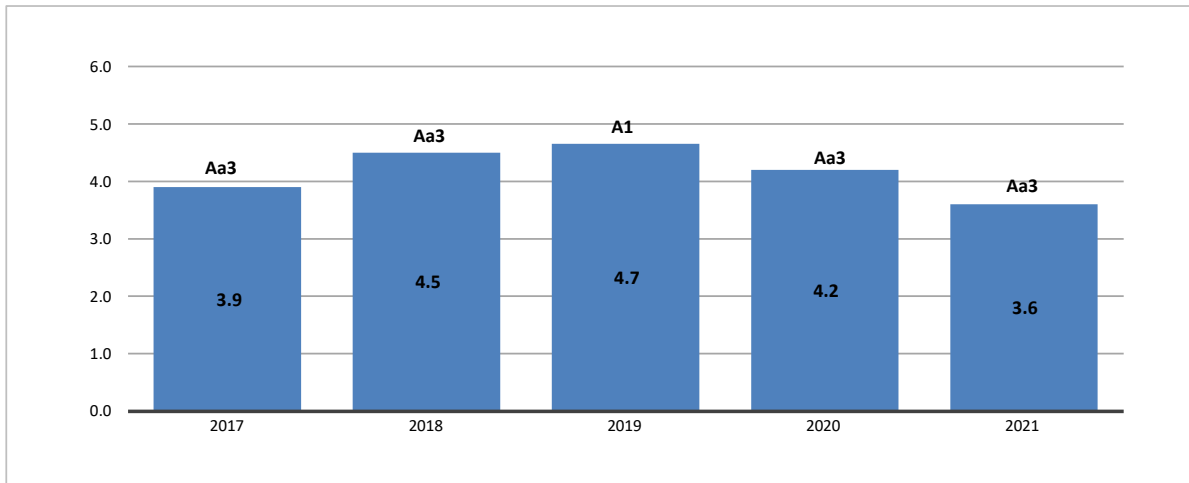
Analysis of Financial Condition

2021

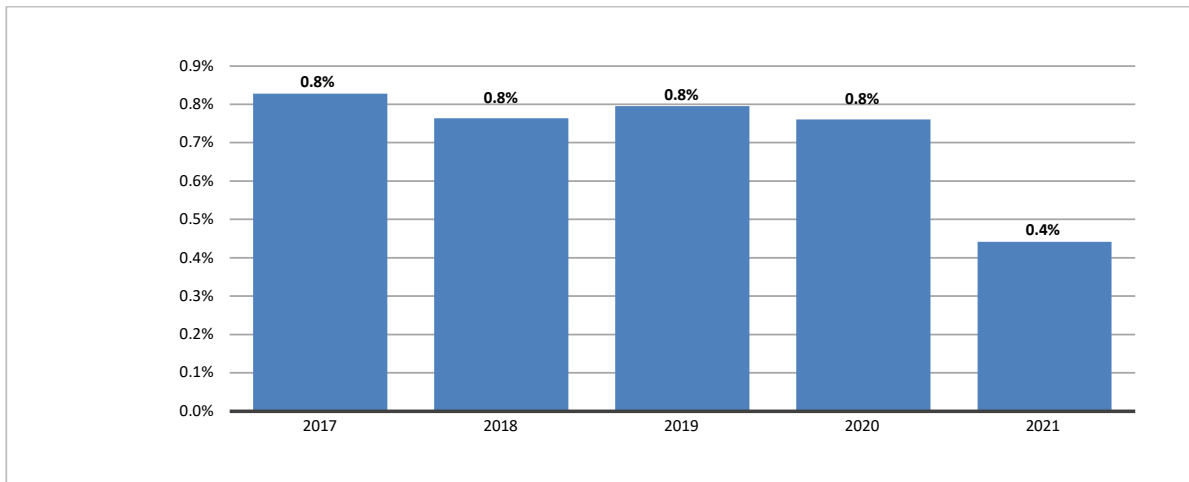
The University of Texas Health Science Center at Houston (continued)

ANALYSIS OVERVIEW

1. Overall Scorecard Rating



2. Debt Service to Operations



NOTE: In FY 2021 some principal payments were deferred.



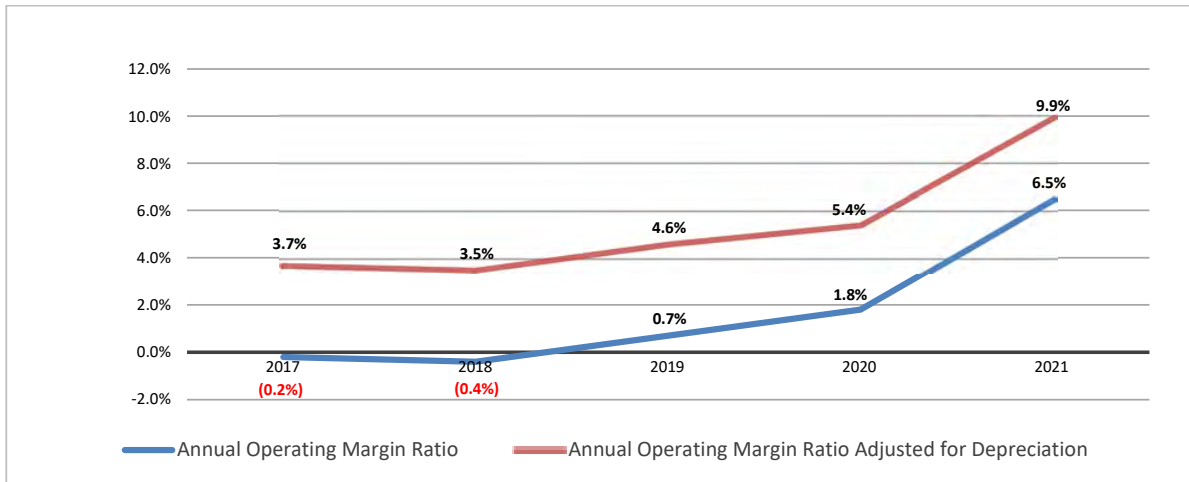
THE UNIVERSITY of TEXAS SYSTEM
THIRTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

Analysis of Financial Condition

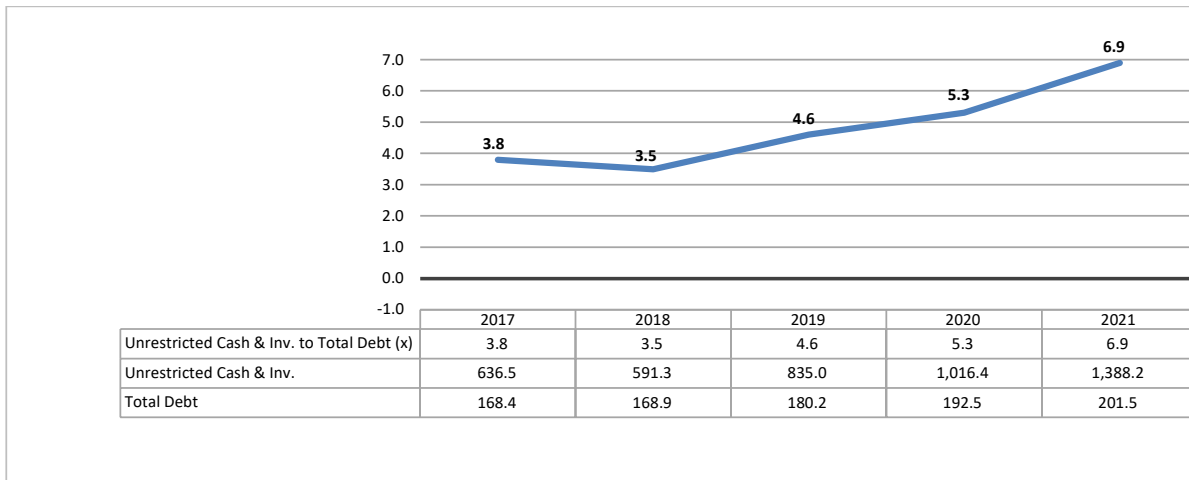
2021

The University of Texas Health Science Center at Houston (continued)

3. Operating Performance



4. Unrestricted Cash & Investments to Total Debt



THE UNIVERSITY of TEXAS SYSTEM
THIRTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

Analysis of Financial Condition

2021

The University of Texas Health Science Center at San Antonio 2021 Summary of Financial Condition

Financial Condition: Satisfactory

EXECUTIVE SUMMARY

Highlights

General Overview

The University of Texas Health Science Center at San Antonio (UTHSC-San Antonio) was recognized for the first time on the Forbes list of America's Best-in-State Employers in 2021. This recognition complements the financial successes the institution has achieved and is the result of its driven commitment to provide world-class academics, care for the community, conduct leading-edge research, retain its workforce, provide flexible work arrangements, and attract renowned talent in its pursuit of becoming a top-tier academic medical center. Through this commitment, UTHSC-San Antonio's overall financial health has remained strong despite revenue losses suffered during the pandemic and the winter storm of fiscal year 2021. Fortified by sustained investments in marketing communications, UTHSC-San Antonio's clinical accomplishments included leading the community in education and awareness efforts on COVID-19, administering over 160,000 vaccines as a designated hub, conducting COVID-19 clinical trials, reaching disparate populations with higher risks of spread and infection, and acquiring new patients, while increasing brand awareness. Total sponsored programs expenditures from extramural sources supporting research, training, and public health were up 19% compared to fiscal year 2020. Cost containment measures such as a leave mandate and travel restrictions were extended into fiscal year 2021 due to COVID-19, allowing UTHSC-San Antonio to avoid reductions in force, pay cuts, and furloughs during the pandemic and accelerate the financial recovery needed to continue its transformation initiatives.

Observations

UTHSC-San Antonio's annual operating margin ratio improved from (3.0%) in 2020 to (0.2%) in 2021, surpassing its budgeted margin by \$26.2 million by exceeding clinical and research goals and adhering to prudent spending practices. The institution experienced a \$109.3 million net increase in total operating revenues which was attributable to the following: a \$69.7 million increase in net professional fees from record-breaking volume increases and clinical productivity levels at UT Health Physicians sites; \$26.7 million increase from sponsored research activities and enhanced clinical contracts; and a \$10.5 million increase in net sales and services from outreach and continuing education efforts as the institution safely resumed on-campus events and activities.

The \$83.2 million increase in total operating expenses was primarily attributable to the following: a \$46.4 million increase in personnel costs tied to clinical and research investments; a \$20.6 million increase in contracted services for medical and computer programming services primarily associated with opioid treatment and sub-awarded research activities; and a \$17.3 million increase in materials and supplies primarily for drug and medication supplies related to patient volume growth at the Mays Cancer Center and the Pediatric Oncology's Hemophilia Treatment Center.

Unrestricted cash & investments to total debt, which examines UTHSC-San Antonio's ability to repay bondholders from unrestricted cash and investments, improved to 3.5 times in 2021 compared to 3.0 in 2020. UTHSC-San Antonio's financial health remains strong as demonstrated by the increase in its overall scorecard rating from A2 to A1 and is well positioned to support its strategic capital investment plans.



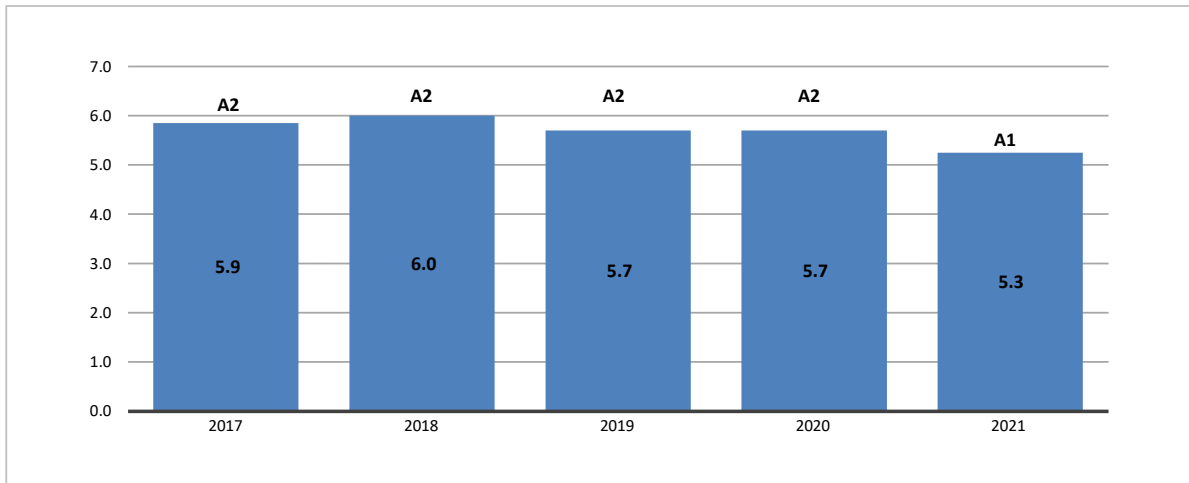
THE UNIVERSITY of TEXAS SYSTEM
THIRTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

Analysis of Financial Condition 2021

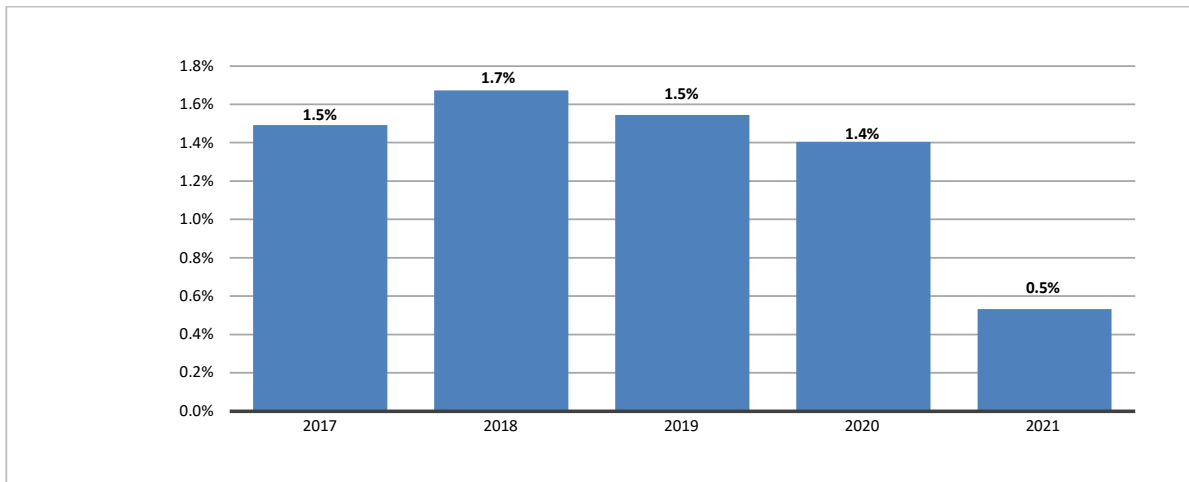
The University of Texas Health Science Center at San Antonio (continued)

ANALYSIS OVERVIEW

1. Overall Scorecard Rating



2. Debt Service to Operations



NOTE: In FY 2021 some principal payments were deferred.



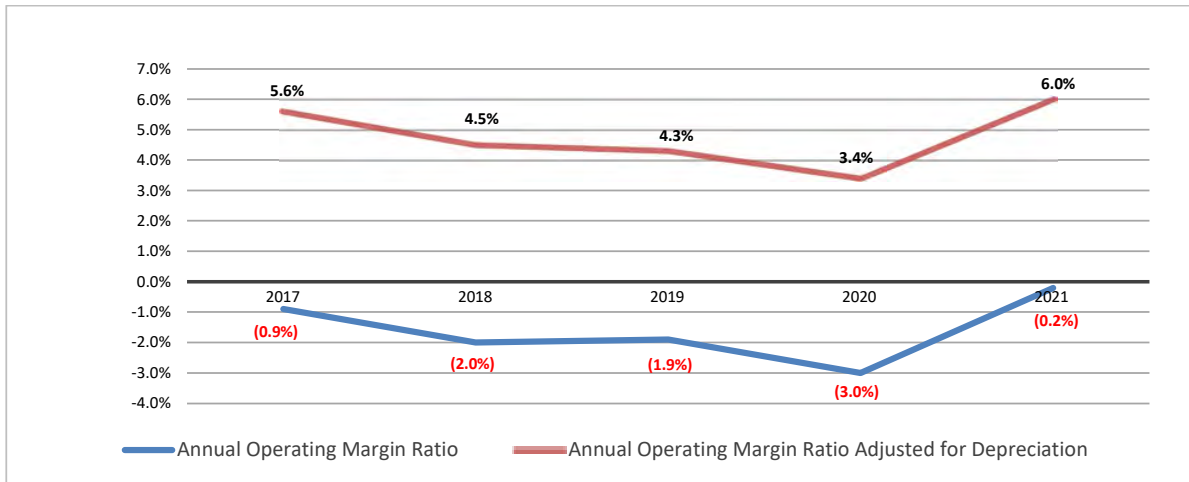
THE UNIVERSITY of TEXAS SYSTEM
THIRTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

Analysis of Financial Condition

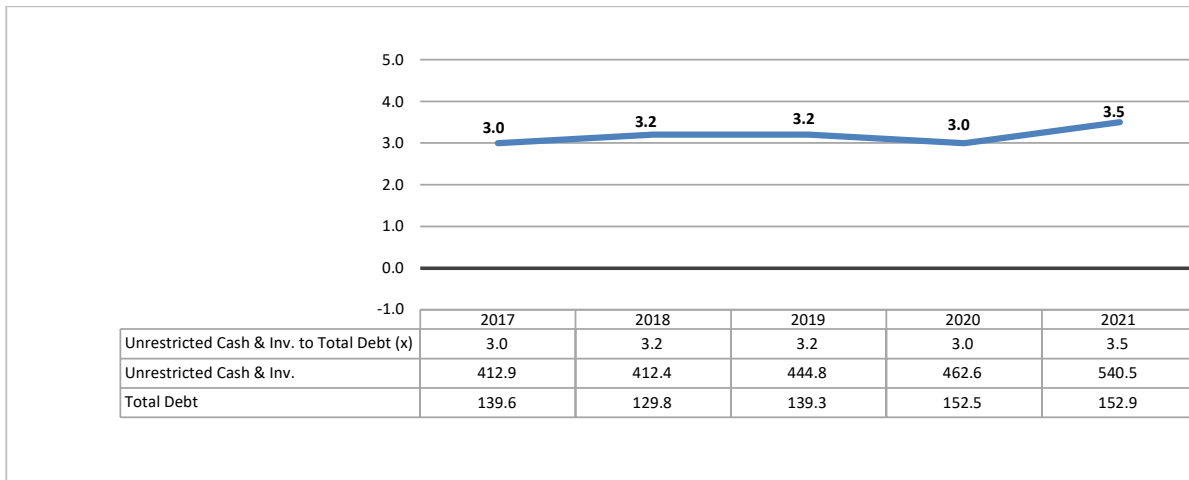
2021

The University of Texas Health Science Center at San Antonio (continued)

3. Operating Performance



4. Unrestricted Cash & Investments to Total Debt



THE UNIVERSITY of TEXAS SYSTEM
THIRTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

Analysis of Financial Condition

2021

The University of Texas M. D. Anderson Cancer Center 2021 Summary of Financial Condition

Financial Condition: Satisfactory

EXECUTIVE SUMMARY

Highlights

General Overview

Even though COVID-19 continued to have significant impacts to the U.S. and worldwide economies in fiscal year 2021, The University of Texas M. D. Anderson Cancer Center (M. D. Anderson) once again did an exceptional job of navigating the challenges, ending the year with a solid operating margin that exceeded our target by \$103.9 million. Our success was due to our collective efforts to enhance revenues and reduce expenses, while also preserving the jobs of our most valuable assets—our employees. As a part of these stewardship initiatives, the Strategic Position Management Committee was created to ensure thoughtful and strategic consideration of our staffing requests throughout the entire organization. Other priorities for the year included bolstering our technology infrastructure to thwart the constant threat of cyberattacks, increasing the living wage for our most vulnerable employees, reimagining the future of work by making work from home a permanent benefit to many of our employees, and making diversity and inclusion a central focus of our leadership and employee training curricula. In the midst of all of the uncertainty of the past year, we are very proud of our workforce in achieving yet another number one ranking from *U.S. News & World Report*, while also being recognized in Vizient's Top 10 academic medical centers in the areas of quality and safety. M. D. Anderson's outlook for 2022 is very optimistic as we continue to seek out continuous improvements in all of our mission areas.

Observations

M. D. Anderson received a significant amount of federal funding this year to assist with the financial impact of the pandemic. We received \$122.1 million in general distributions of Provider Relief Funds (PRF) that provided financial support to providers who experienced lost revenues and increased expenses during the pandemic. In addition, the institution received \$0.7 million in Higher Education Emergency Relief Funds (HEERF). The HEERF funding was used to provide grants to our School of Health Professions students. Finally, the institution received \$99.6 million in Coronavirus Relief Funds (CRF) via the Office of the Governor to be used for payroll costs for employees of the institutions that were responding directly to the COVID-19 pandemic. The CRF was not an increased allocation to the institution, but rather an offset to an equal reduction to our state appropriations.

With regard to our results from operations, this fiscal year ended with increased admissions, patient days, and outpatient billable visits that resulted in steadily increasing revenue growth throughout virtually all revenue-generating areas of the organization. As a complement to the revenue growth, M. D. Anderson was successful in undertaking a number cost saving measures, including the deferral of new projects and the efficient use of resources, such as personal protective equipment and supplies.

With a 14.7% operating margin for 2021, our recovery from the early stages of the COVID-19 pandemic shows even stronger operating performance than we experienced in fiscal year 2019. Continued strengthening in the areas of unrestricted cash and investments, coupled with a decrease in total debt, further highlights the basis for our Aa1 investment grade rating. All indications point to continued financial strengthening for M. D. Anderson in the coming year.



THE UNIVERSITY of TEXAS SYSTEM
THIRTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

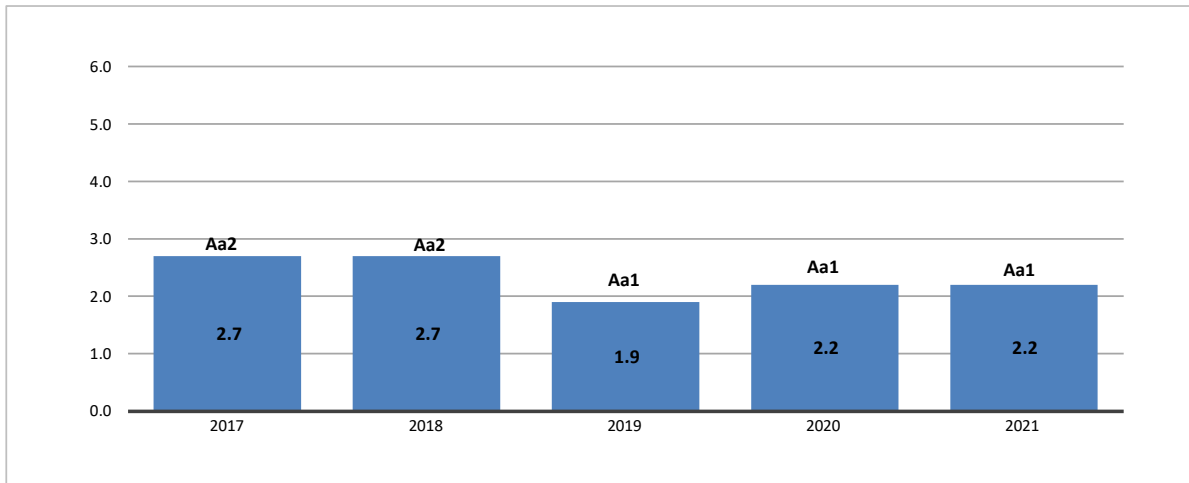
Analysis of Financial Condition

2021

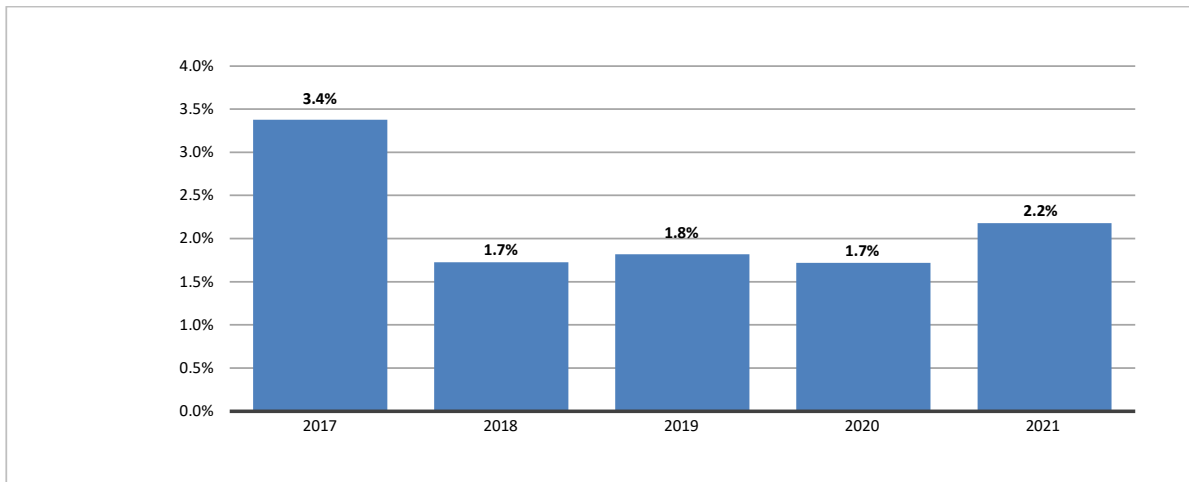
The University of Texas M. D. Anderson Cancer Center (continued)

ANALYSIS OVERVIEW

1. Overall Scorecard Rating



2. Debt Service to Operations



NOTE: In FY 2021 some principal payments were deferred.

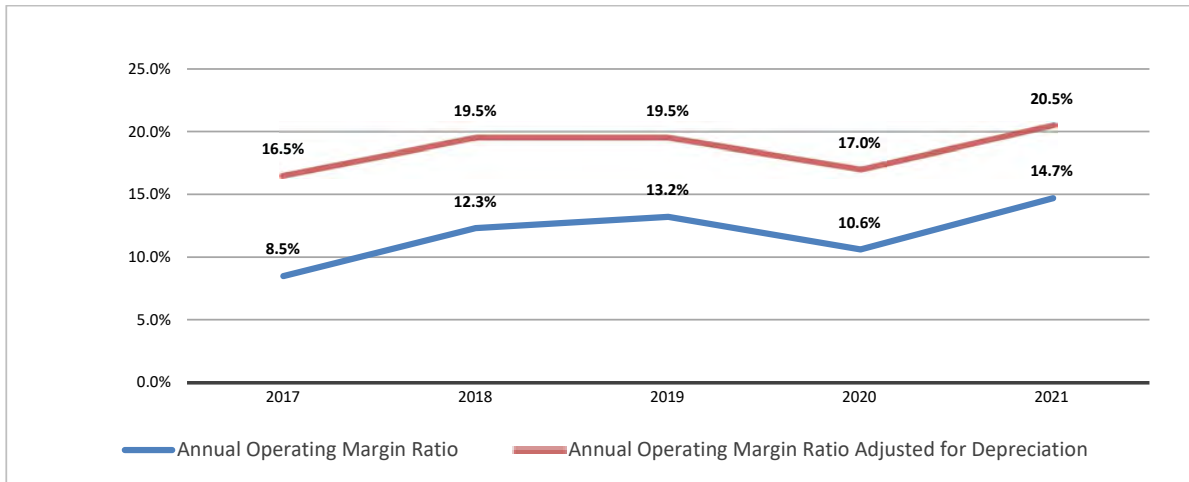


THE UNIVERSITY of TEXAS SYSTEM
THIRTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

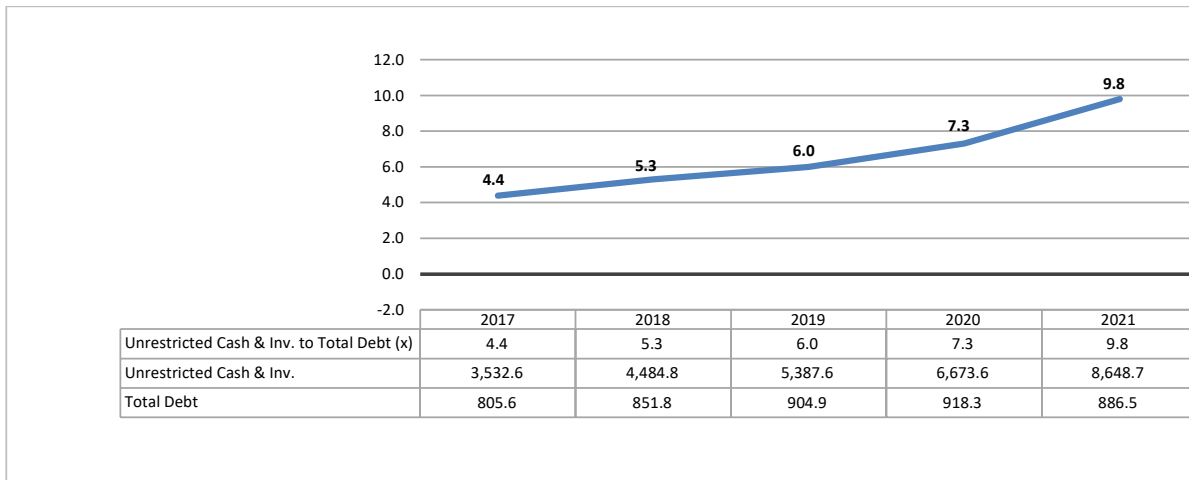
Analysis of Financial Condition 2021

The University of Texas M. D. Anderson Cancer Center (continued)

3. Operating Performance



4. Unrestricted Cash & Investments to Total Debt



THE UNIVERSITY of TEXAS SYSTEM
THIRTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

Appendices

Appendix A - Definitions of Evaluation Factors

1. **Overall Scorecard Rating** – The Overall Scorecard Rating has four broad factors for academic institutions and three broad factors for healthcare institutions.

➤ Factors for Academic Institutions

- Market Profile
- Operating Performance
- Wealth and Liquidity, and
- Leverage

➤ Factors for Healthcare Institutions

- Market Position
- Operating Performance & Liquidity, and
- Leverage

There are sub-factor calculations under these broad factors and each sub-factor is assigned a weight and a value. After calculating each sub-factor, the results are mapped to a rating category. The sub-factor ratings are then converted to alpha numeric values, which are multiplied by the assigned weights and summed to produce an aggregate weighted score. That aggregate score is then mapped to the appropriate rating. See Appendix B for each institution’s calculation.

2. **Debt Service to Operations** - This ratio examines the institution’s dependence on borrowed funds as a source of financing and the cost of borrowing relative to overall expenses. The debt service transfers used in this calculation exclude the debt service for tuition revenue bonds (TRBs) and the interest expense excludes the interest expense for TRBs.

$$\frac{\text{Debt Service Transfers (excluding TRB debt service)}}{\text{Operating Exp. + Interest Exp. (excluding TRB interest exp.)}}$$

3. **Operating Performance** – These ratios indicate whether an institution is operating within its available resources.

Annual Operating Margin Ratio – The interest expense used in this calculation excludes interest expense on TRBs and the general revenue supporting interest and principal payments is also excluded.

$$\frac{(\text{Op Rev}+\text{GR}+\text{Op Gifts}+\text{NonexchSP}+\text{Inv Inc}+\text{LTF}/\text{RAHC}/\text{AUF}/\text{ILP}+\text{NSERB Appr}+\text{Hazelwood}/\text{NRUF}/\text{TCMHCC Trans}) - (\text{Op Exp} \& \text{Int Exp})}{\text{Op Rev}+\text{GR}+\text{Op Gifts}+\text{NonexchSP}+\text{Inv Inc}+\text{LTF}/\text{RAHC}/\text{AUF}/\text{ILP} +\text{NSERB Approp}+\text{Hazelwood}/\text{NRUF}/\text{TCMHCC Trans}}$$

Annual Operating Margin Ratio Adjusted for Depreciation – This ratio is calculated in the same manner as the ratio above with the exception that depreciation and amortization expense is excluded.

$$\frac{(\text{Op Rev}+\text{GR}+\text{Op Gifts}+\text{NonexchSP}+\text{Inv Inc}+\text{LTF}/\text{RAHC}/\text{AUF}/\text{ILP} +\text{NSERB Appr}+\text{Hazelwood}/\text{NRUF}/\text{TCMHCC Trans}) - (\text{Op Exp} \& \text{Int Exp, excluding Depr}\&\text{Amort Exp})}{\text{Op Rev}+\text{GR}+\text{Op Gifts}+\text{NonexchSP}+\text{Inv Inc}+\text{LTF}/\text{RAHC}/\text{AUF}/\text{ILP} +\text{NSERB Approp}+\text{Hazelwood}/\text{NRUF}/\text{TCMHCC Trans}}$$

4. **Spendable Cash & Investments to Total Debt Ratio for Academic Institutions** – This ratio examines the ability of an academic institution to repay bondholders from wealth that can be accessed over time or for a specific purpose. The total debt used in this calculation excludes TRBs.

$$\frac{\text{Total Cash and Investments less Nonexpendable Net Position}}{\text{Debt not on Institution’s Books (excluding TRBs) + Capital Lease Liabilities}}$$

5. **Unrestricted Cash & Investments to Total Debt Ratio for Healthcare Institutions** – This ratio examines the ability of a healthcare institution to repay bondholders from unrestricted cash and investments. The total debt used in this calculation excludes TRBs.

$$\frac{\text{Total Unrestricted Cash and Investments}}{\text{Debt not on Institution’s Books (excluding TRBs) + Capital Lease Liabilities}}$$

**Appendix B - Calculation of Overall Scorecard Rating
Academic Institutions
As of August 31, 2021**

U. T. Arlington	Weight	Value	Rating	Weighted Scale
<i>Market Profile:</i>				
Operating Revenue (\$ in millions)	15%	796.81	Aa	0.45
Annual Change in Operating Revenues (%)	5%	13.39%	Aaa	0.05
<i>Total Weighted Market Profile</i>				<u>0.50</u>
<i>Operating Performance:</i>				
Operating Cash Flow Margin (%)	20%	13.26%	Aa	0.60
Max. Single Revenue Contribution (%)	10%	47.72%	Aa	0.30
<i>Total Weighted Operating Performance</i>				<u>0.90</u>
<i>Wealth & Liquidity:</i>				
Total Cash & Investments (\$ in millions)	15%	1,094.96	Aa	0.45
Spendable Cash & Inv. to Operating Exp. (x)	10%	1.30	Aaa	0.10
Cash on Hand (days)	5%	482.91	Aaa	0.05
<i>Total Weighted Wealth & Liquidity</i>				<u>0.60</u>
<i>Leverage:</i>				
Spendable Cash & Inv. to Total Debt (x)	10%	3.83	Aaa	0.10
Total Debt to Cash Flow (x)	10%	2.44	Aaa	0.10
<i>Total Weighted Leverage</i>				<u>0.20</u>
U. T. Arlington - Overall Rating & Numeric Score			Aa1	2.2
<hr/>				
U. T. Austin	Weight	Value	Rating	Weighted Scale
<i>Market Profile:</i>				
Operating Revenue (\$ in millions)	15%	3,173.07	Aaa	0.15
Annual Change in Operating Revenues (%)	5%	-2.70%	B	0.75
<i>Total Weighted Market Profile</i>				<u>0.90</u>
<i>Operating Performance:</i>				
Operating Cash Flow Margin (%)	20%	13.83%	Aa	0.60
Max. Single Revenue Contribution (%)	10%	21.83%	Aaa	0.10
<i>Total Weighted Operating Performance</i>				<u>0.70</u>
<i>Wealth & Liquidity:</i>				
Total Cash & Investments (\$ in millions)	15%	8,969.89	Aaa	0.15
Spendable Cash & Inv. to Operating Exp. (x)	10%	2.10	Aaa	0.10
Cash on Hand (days)	5%	321.07	Aaa	0.05
<i>Total Weighted Wealth & Liquidity</i>				<u>0.30</u>
<i>Leverage:</i>				
Spendable Cash & Inv. to Total Debt (x)	10%	3.66	Aaa	0.10
Total Debt to Cash Flow (x)	10%	4.13	Aa	0.30
<i>Total Weighted Leverage</i>				<u>0.40</u>
U. T. Austin - Overall Rating & Numeric Score			Aa1	2.3

**Appendix B - Calculation of Overall Scorecard Rating
Academic Institutions
As of August 31, 2021**

U. T. Dallas	Weight	Value	Rating	Weighted Scale
<i>Market Profile:</i>				
Operating Revenue (\$ in millions)	15%	703.73	Aa	0.45
Annual Change in Operating Revenues (%)	5%	7.78%	Aa	0.15
<i>Total Weighted Market Profile</i>				0.60
<i>Operating Performance:</i>				
Operating Cash Flow Margin (%)	20%	18.17%	Aa	0.60
Max. Single Revenue Contribution (%)	10%	46.73%	Aa	0.30
<i>Total Weighted Operating Performance</i>				0.90
<i>Wealth & Liquidity:</i>				
Total Cash & Investments (\$ in millions)	15%	1,275.55	Aa	0.45
Spendable Cash & Inv. to Operating Exp. (x)	10%	1.41	Aaa	0.10
Cash on Hand (days)	5%	335.09	Aaa	0.05
<i>Total Weighted Wealth & Liquidity</i>				0.60
<i>Leverage:</i>				
Spendable Cash & Inv. to Total Debt (x)	10%	1.76	Aa	0.30
Total Debt to Cash Flow (x)	10%	4.29	Aa	0.30
<i>Total Weighted Leverage</i>				0.60
U. T. Dallas - Overall Rating & Numeric Score			Aa2	2.7
<hr/>				
U. T. El Paso	Weight	Value	Rating	Weighted Scale
<i>Market Profile:</i>				
Operating Revenue (\$ in millions)	15%	532.42	Aa	0.45
Annual Change in Operating Revenues (%)	5%	31.77%	Aaa	0.05
<i>Total Weighted Market Profile</i>				0.50
<i>Operating Performance:</i>				
Operating Cash Flow Margin (%)	20%	11.37%	Aa	0.60
Max. Single Revenue Contribution (%)	10%	31.09%	Aaa	0.10
<i>Total Weighted Operating Performance</i>				0.70
<i>Wealth & Liquidity:</i>				
Total Cash & Investments (\$ in millions)	15%	609.33	Aa	0.45
Spendable Cash & Inv. to Operating Exp. (x)	10%	0.89	Aa	0.30
Cash on Hand (days)	5%	162.70	Aa	0.15
<i>Total Weighted Wealth & Liquidity</i>				0.90
<i>Leverage:</i>				
Spendable Cash & Inv. to Total Debt (x)	10%	2.79	Aa	0.30
Total Debt to Cash Flow (x)	10%	2.71	Aaa	0.10
<i>Total Weighted Leverage</i>				0.40
U. T. El Paso - Overall Rating & Numeric Score			Aa1	2.5

**Appendix B - Calculation of Overall Scorecard Rating
Academic Institutions
As of August 31, 2021**

U. T. Permian Basin	Weight	Value	Rating	Weighted Scale
<i>Market Profile:</i>				
Operating Revenue (\$ in millions)	15%	103.19	A	0.90
Annual Change in Operating Revenues (%)	5%	17.18%	Aaa	0.05
<i>Total Weighted Market Profile</i>				0.95
<i>Operating Performance:</i>				
Operating Cash Flow Margin (%)	20%	6.95%	A	1.20
Max. Single Revenue Contribution (%)	10%	37.38%	Aa	0.30
<i>Total Weighted Operating Performance</i>				1.50
<i>Wealth & Liquidity:</i>				
Total Cash & Investments (\$ in millions)	15%	95.53	A	0.90
Spendable Cash & Inv. to Operating Exp. (x)	10%	0.48	A	0.60
Cash on Hand (days)	5%	16.48	Ba	0.60
<i>Total Weighted Wealth & Liquidity</i>				2.10
<i>Leverage:</i>				
Spendable Cash & Inv. to Total Debt (x)	10%	0.60	A	0.60
Total Debt to Cash Flow (x)	10%	13.58	A	0.60
<i>Total Weighted Leverage</i>				1.20
U. T. Permian Basin - Overall Rating & Numeric Score			A2	5.8
<hr/>				
U. T. Rio Grande Valley	Weight	Value	Rating	Weighted Scale
<i>Market Profile:</i>				
Operating Revenue (\$ in millions)	15%	740.55	Aa	0.45
Annual Change in Operating Revenues (%)	5%	50.23%	Aaa	0.05
<i>Total Weighted Market Profile</i>				0.50
<i>Operating Performance:</i>				
Operating Cash Flow Margin (%)	20%	17.35%	Aa	0.60
Max. Single Revenue Contribution (%)	10%	28.41%	Aaa	0.10
<i>Total Weighted Operating Performance</i>				0.70
<i>Wealth & Liquidity:</i>				
Total Cash & Investments (\$ in millions)	15%	478.70	Aa	0.45
Spendable Cash & Inv. to Operating Exp. (x)	10%	0.66	Aa	0.30
Cash on Hand (days)	5%	240.09	Aa	0.15
<i>Total Weighted Wealth & Liquidity</i>				0.90
<i>Leverage:</i>				
Spendable Cash & Inv. to Total Debt (x)	10%	8.60	Aaa	0.10
Total Debt to Cash Flow (x)	10%	0.40	Aaa	0.10
<i>Total Weighted Leverage</i>				0.20
U. T. Rio Grande Valley - Overall Rating & Numeric Score			Aa1	2.3

**Appendix B - Calculation of Overall Scorecard Rating
Academic Institutions
As of August 31, 2021**

U. T. San Antonio	Weight	Value	Rating	Weighted Scale
<i>Market Profile:</i>				
Operating Revenue (\$ in millions)	15%	747.32	Aa	0.45
Annual Change in Operating Revenues (%)	5%	37.15%	Aaa	0.05
<i>Total Weighted Market Profile</i>				0.50
<i>Operating Performance:</i>				
Operating Cash Flow Margin (%)	20%	26.02%	Aaa	0.20
Max. Single Revenue Contribution (%)	10%	36.99%	Aa	0.30
<i>Total Weighted Operating Performance</i>				0.50
<i>Wealth & Liquidity:</i>				
Total Cash & Investments (\$ in millions)	15%	773.46	Aa	0.45
Spendable Cash & Inv. to Operating Exp. (x)	10%	1.04	Aaa	0.10
Cash on Hand (days)	5%	369.55	Aaa	0.05
<i>Total Weighted Wealth & Liquidity</i>				0.60
<i>Leverage:</i>				
Spendable Cash & Inv. to Total Debt (x)	10%	2.35	Aa	0.30
Total Debt to Cash Flow (x)	10%	1.41	Aaa	0.10
<i>Total Weighted Leverage</i>				0.40
U. T. San Antonio - Overall Rating & Numeric Score			Aa1	2.0
<hr/>				
U. T. Tyler	Weight	Value	Rating	Weighted Scale
<i>Market Profile:</i>				
Operating Revenue (\$ in millions)	15%	494.88	Aa	0.45
Annual Change in Operating Revenues (%)	5%	13.81%	Aaa	0.05
<i>Total Weighted Market Profile</i>				0.50
<i>Operating Performance:</i>				
Operating Cash Flow Margin (%)	20%	6.09%	A	1.20
Max. Single Revenue Contribution (%)	10%	30.53%	Aaa	0.10
<i>Total Weighted Operating Performance</i>				1.30
<i>Wealth & Liquidity:</i>				
Total Cash & Investments (\$ in millions)	15%	299.86	Aa	0.45
Spendable Cash & Inv. to Operating Exp. (x)	10%	0.41	A	0.60
Cash on Hand (days)	5%	85.73	A	0.30
<i>Total Weighted Wealth & Liquidity</i>				1.35
<i>Leverage:</i>				
Spendable Cash & Inv. to Total Debt (x)	10%	1.85	Aa	0.30
Total Debt to Cash Flow (x)	10%	3.69	Aaa	0.10
<i>Total Weighted Leverage</i>				0.40
U. T. Tyler - Overall Rating & Numeric Score			Aa3	3.6

**Appendix B - Calculation of Overall Scorecard Rating
Health Institutions
As of August 31, 2021**

Southwestern	Weight	Value	Rating	Weighted Scale
<i>Market Position:</i>				
Operating Revenue (\$ in millions)	25%	4,125.25	Aa	0.75
3-year Operating Revenue CAGR (%)	10%	9.97%	Aa	0.30
<i>Total Weighted Market Position</i>				1.05
<i>Operating Performance & Liquidity:</i>				
3-year Operating Cash Flow Margin (%)	15%	8.72%	A	0.90
Gross Revenue from Combined Medicare & Medicaid (%)	10%	50.36%	A	0.60
Cash on Hand (days)	10%	102.20	Baa	0.90
<i>Total Weighted Operating Performance & Liquidity</i>				2.40
<i>Leverage:</i>				
Unrestricted Cash & Inv. To Total Debt (%)	15%	61.69%	Ba	1.80
Total Debt to Cash Flow (x)	15%	3.36	A	0.90
<i>Total Weighted Leverage</i>				2.70
Southwestern - Overall Rating & Numeric Score			A2	6.2
UTMB	Weight	Value	Rating	Weighted Scale
<i>Market Position:</i>				
Operating Revenue (\$ in millions)	25%	2,566.01	Aa	0.75
3-year Operating Revenue CAGR (%)	10%	6.75%	A	0.60
<i>Total Weighted Market Position</i>				1.35
<i>Operating Performance & Liquidity:</i>				
3-year Operating Cash Flow Margin (%)	15%	8.29%	A	0.90
Gross Revenue from Combined Medicare & Medicaid (%)	10%	49.69%	A	0.60
Cash on Hand (days)	10%	161.81	A	0.60
<i>Total Weighted Operating Performance & Liquidity</i>				2.10
<i>Leverage:</i>				
Unrestricted Cash & Inv. To Total Debt (%)	15%	104.60%	A	0.90
Total Debt to Cash Flow (x)	15%	3.73	A	0.90
<i>Total Weighted Leverage</i>				1.80
UTMB - Overall Rating & Numeric Score			A1	5.3
UTHSC-Houston	Weight	Value	Rating	Weighted Scale
<i>Market Position:</i>				
Operating Revenue (\$ in millions)	25%	2,077.81	Aa	0.75
3-year Operating Revenue CAGR (%)	10%	7.98%	A	0.60
<i>Total Weighted Market Position</i>				1.35
<i>Operating Performance & Liquidity:</i>				
3-year Operating Cash Flow Margin (%)	15%	7.11%	Baa	1.35
Gross Revenue from Combined Medicare & Medicaid (%)	10%	44.34%	Aa	0.30
Cash on Hand (days)	10%	271.00	Aa	0.30
<i>Total Weighted Operating Performance & Liquidity</i>				1.95
<i>Leverage:</i>				
Unrestricted Cash & Inv. To Total Debt (%)	15%	688.88%	Aaa	0.15
Total Debt to Cash Flow (x)	15%	0.94	Aaa	0.15
<i>Total Weighted Leverage</i>				0.30
UTHSC-Houston - Overall Rating & Numeric Score			Aa3	3.6

**Appendix B - Calculation of Overall Scorecard Rating
Health Institutions
As of August 31, 2021**

UTHSC-San Antonio	Weight	Value	Rating	Weighted Scale
<i>Market Position:</i>				
Operating Revenue (\$ in millions)	25%	1,069.70	A	1.50
3-year Operating Revenue CAGR (%)	10%	7.69%	A	0.60
<i>Total Weighted Market Position</i>				<u>2.10</u>
<i>Operating Performance & Liquidity:</i>				
3-year Operating Cash Flow Margin (%)	15%	5.77%	Baa	1.35
Gross Revenue from Combined Medicare & Medicaid (%)	10%	48.57%	A	0.60
Cash on Hand (days)	10%	196.18	A	0.60
<i>Total Weighted Operating Performance & Liquidity</i>				<u>2.55</u>
<i>Leverage:</i>				
Unrestricted Cash & Inv. To Total Debt (%)	15%	353.39%	Aaa	0.15
Total Debt to Cash Flow (x)	15%	2.22	Aa	0.45
<i>Total Weighted Leverage</i>				<u>0.60</u>
UTHSC-San Antonio - Overall Rating & Numeric Score			A1	5.3
<hr/>				
M. D. Anderson	Weight	Value	Rating	Weighted Scale
<i>Market Position:</i>				
Operating Revenue (\$ in millions)	25%	6,236.67	Aa	0.75
3-year Operating Revenue CAGR (%)	10%	6.30%	A	0.60
<i>Total Weighted Market Position</i>				<u>1.35</u>
<i>Operating Performance & Liquidity:</i>				
3-year Operating Cash Flow Margin (%)	15%	19.81%	Aaa	0.15
Gross Revenue from Combined Medicare & Medicaid (%)	10%	44.39%	Aa	0.30
Cash on Hand (days)	10%	636.75	Aaa	0.10
<i>Total Weighted Operating Performance & Liquidity</i>				<u>0.55</u>
<i>Leverage:</i>				
Unrestricted Cash & Inv. To Total Debt (%)	15%	975.65%	Aaa	0.15
Total Debt to Cash Flow (x)	15%	0.68	Aaa	0.15
<i>Total Weighted Leverage</i>				<u>0.30</u>
M. D. Anderson - Overall Rating & Numeric Score			Aa1	2.2

**Appendix C - Calculation of Annual Operating Margin
Academic Institutions
As of August 31, 2021
(In Millions)**

Institution	Income/(Loss) Before Other Rev., Exp., Gains/(Losses) & Transfers	Less: Nonoperating Items				Margin From SRECNP	Other Adjustments							Annual Operating Margin
		Other Nonop. Revenues	Other Nonop. Expenses	Gain/Loss on Sale of Cap. Assets	Net Increase/ (Decrease) in FV of Inv.		Minus:	Minus:	Plus:	Plus:	Plus:	Plus:	Plus:	
							Realized Gains/ (Losses)	TRB Appro.	AUF & RAHC Transfers & NSERB Appro.	LTF Dist. Transfers & Other	ILP Funds Transfers	Hazelwood & NRUF Transfers	Interest Expense	
U. T. Arlington	\$ 180.0	1.1	(0.7)	(0.4)	122.6	57.5	2.2	12.8	-	-	-	7.1	(10.0)	39.6
U. T. Austin	1,189.8	29.4	(1.7)	(24.1)	1,284.5	(98.3)	228.5	19.7	417.4	6.7	-	1.3	(67.1)	11.7
U. T. Dallas	210.9	1.0	-	(1.4)	173.5	37.8	2.6	8.8	4.3	-	-	6.9	(19.8)	17.7
U. T. El Paso	123.7	0.4	-	-	84.3	39.0	0.2	12.7	-	-	-	0.7	(5.7)	21.0
U. T. Permian Basin	11.1	-	-	-	13.2	(2.0)	1.2	12.2	-	-	1.6	0.1	(3.7)	(17.4)
U. T. Rio Grande Valley	131.3	9.1	-	(0.1)	33.3	89.0	-	18.0	0.7	4.6	-	0.3	(2.2)	74.4
U. T. San Antonio	229.5	0.1	0.2	-	78.2	151.0	2.0	16.6	-	-	1.4	1.6	(9.3)	126.1
U. T. Tyler	51.4	-	(0.2)	-	41.4	10.2	3.1	13.6	-	2.4	-	0.2	(3.7)	(7.6)

**Appendix C - Calculation of Annual Operating Margin
Health Institutions
As of August 31, 2021
(In Millions)**

Institution	Income/(Loss) Before Other Rev., Exp., Gains/(Losses) & Transfers	Less: Nonoperating Items				Margin From SRECNP	Other Adjustments				Annual Operating Margin
		Other Nonop. Revenues	Other Nonop. Expenses	Gain/Loss on Sale of Cap. Assets	Net Increase/ (Decrease) in FV of Inv.		Minus: Realized Gains/ (Losses)	Minus: TRB Appro.	Plus: Other	Plus: Interest Expense	
Southwestern	\$ 913.5	0.3	(1.2)	(1.1)	567.0	348.6	65.5	18.5	6.9	(37.8)	233.7
UTMB	336.8	2.9	1.9	0.3	244.2	87.5	7.9	22.4	2.9	(20.7)	39.4
UTHSC-Houston	471.3	1.6	(0.7)	(0.2)	300.6	170.0	15.1	18.7	5.2	(6.0)	135.4
UTHSC-San Antonio	228.4	-	(0.3)	(0.4)	210.5	18.6	4.1	15.9	3.4	(4.7)	(2.7)
M. D. Anderson	2,440.8	5.0	(43.7)	4.0	1,420.0	1,055.5	98.9	11.3	-	(31.6)	913.7

5. U. T. System Board of Regents: The University of Texas/Texas A&M Investment Management Company (UTIMCO) Update

Mr. Britt Harris, President and CEO, will provide an update on The University of Texas/Texas A&M Investment Management Company (UTIMCO) using the PowerPoint set forth on the following pages.



UTIMCO Update

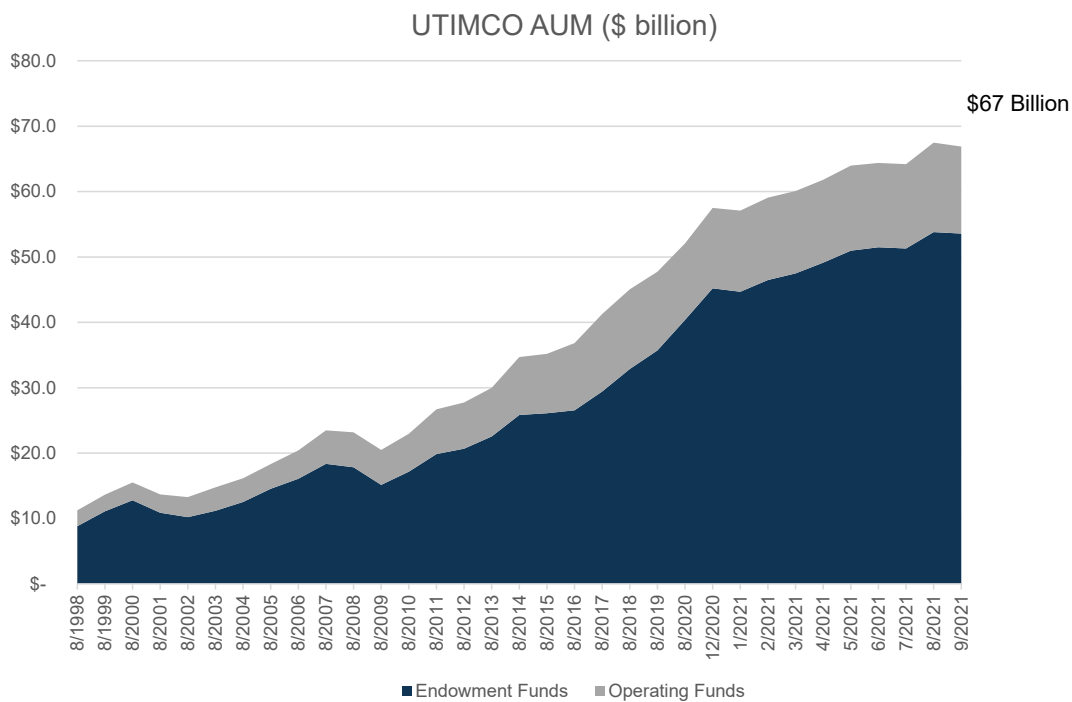
Mr. Britt Harris, CEO and President
Mr. Rich Hall, CIO
Ms. Joan Moeller, COO

U. T. System Board of Regents Meeting
Finance and Planning Committee
February 2022



Growth in Assets Under Management (AUM)

Total Assets through September 30, 2021



12 Month Change in AUM

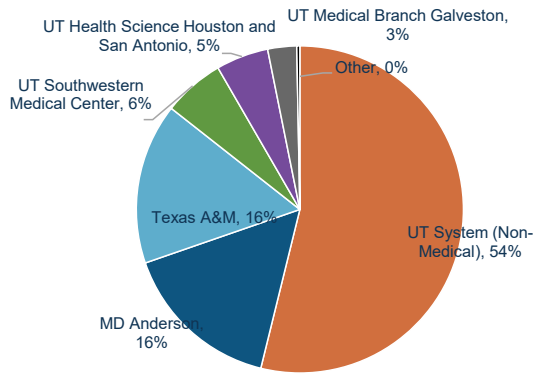
	\$ Billion
Beginning Net Asset Value	52.0
Contributions	3.8
Net Investment Income	13.3
Distributions	-2.2
Ending Net Asset Value	66.9

10 Year Change in AUM

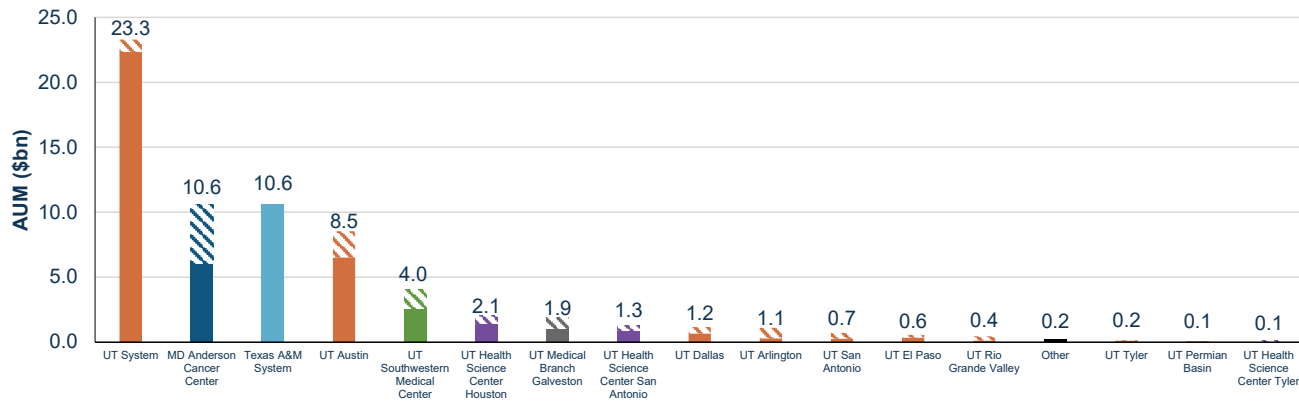
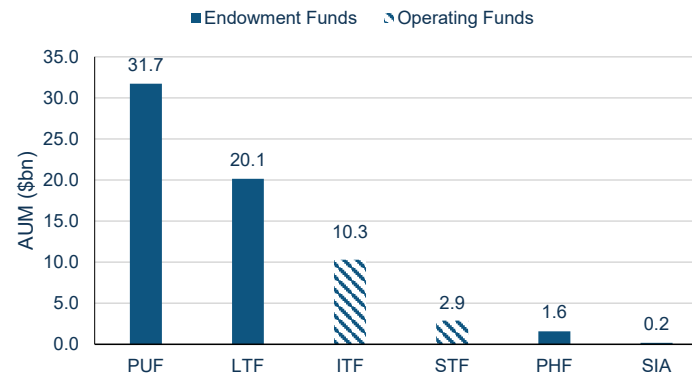
	\$ Billion
Beginning Net Asset Value	25.4
Contributions	22.0
Net Investment Income	35.0
Distributions	-15.5
Ending Net Asset Value	66.9

AUM by Institution

As of September 30, 2021



AUM by Fund



Summary of UTIMCO AUM, Returns and Alpha

As of September 30, 2021



Endowment Returns

	1-Year	5-Years	10-Years
Investment Return %	30.5	12.6	9.9
Policy Portfolio	26.6	10.8	8.7
Value Add %	+3.9	+1.8	+1.2
Total Investment Return \$	\$12,448	\$23,439	\$31,777
Value Add \$	\$1,594	\$4,180	\$5,738

Assets Under Management (\$ billions)

	1-Year	5-Years	10-Years
Endowments			
Beginning NAV	\$40.3	\$26.8	\$18.9
Contributions	3.0	12.3	17.4
Net Investment Return	12.2	22.5	30.5
Distributions	-1.9	-8.0	-13.2
Ending NAV	53.6	53.6	53.6
AUM Growth \$	\$13.3	\$26.8	\$34.7
Operating Funds			
Beginning NAV	\$11.7	\$10.3	\$6.5
Contributions	0.8	1.1	4.6
Net Investment Return	1.1	3.3	4.5
Distributions	-0.3	-1.4	-2.3
Ending NAV	13.3	13.3	13.3
AUM Growth \$	\$1.6	\$3.0	\$6.8
Total UTIMCO			
Beginning NAV	\$52.0	\$37.1	\$25.4
Ending NAV	\$66.9	\$66.9	\$66.9
AUM Growth \$	\$14.9	\$29.8	\$41.5

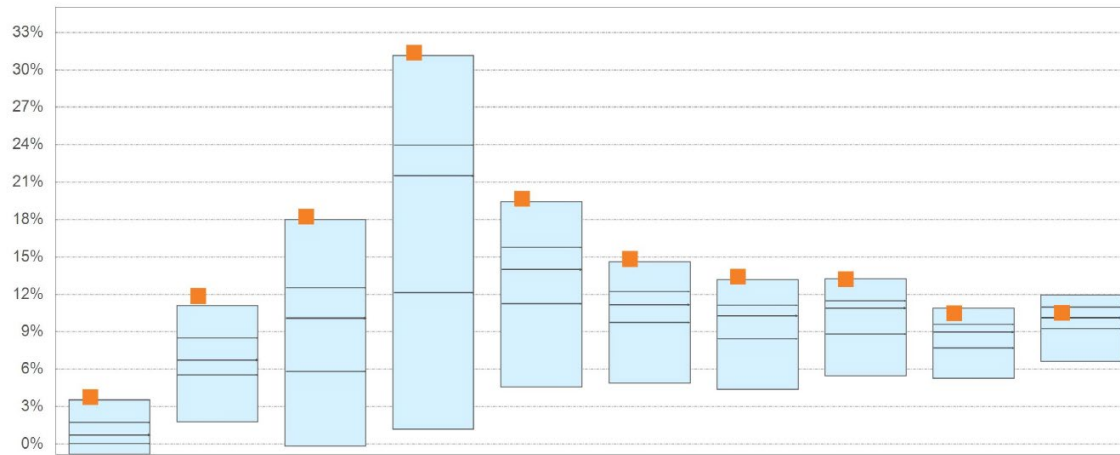
Total Return of All Plans > \$1 Billion

Periods Ending September 30, 2021



Trust Universe Comparison Service Performance Comparison

Total Returns of Master Trusts - Plans > \$1 Billion
Cumulative Periods Ending : September 30, 2021



Percentile Rankings	1 Qtr	2 Qtrs	3 Qtrs	1 Year	2 Years	3 Years	4 Years	5 Years	7 Years	10 Years
5th	3.52	11.08	18.00	31.16	19.41	14.62	13.19	13.27	10.91	11.96
25th	1.72	8.53	12.51	23.97	15.75	12.20	11.12	11.49	9.59	10.97
50th	0.72	6.74	10.10	21.51	14.00	11.18	10.27	10.90	8.98	10.14
75th	0.01	5.55	5.80	12.14	11.26	9.75	8.45	8.83	7.71	9.25
95th	-0.82	1.78	-0.16	1.19	4.56	4.89	4.38	5.48	5.29	6.62
No. Of Obs	151	143	143	142	135	118	115	114	114	113
■ PUF TOTAL FUND	3.52 (5)	11.63 (4)	18.01 (4)	31.13 (5)	19.41 (5)	14.61 (6)	13.19 (5)	12.97 (8)	10.25 (12)	10.27 (47)

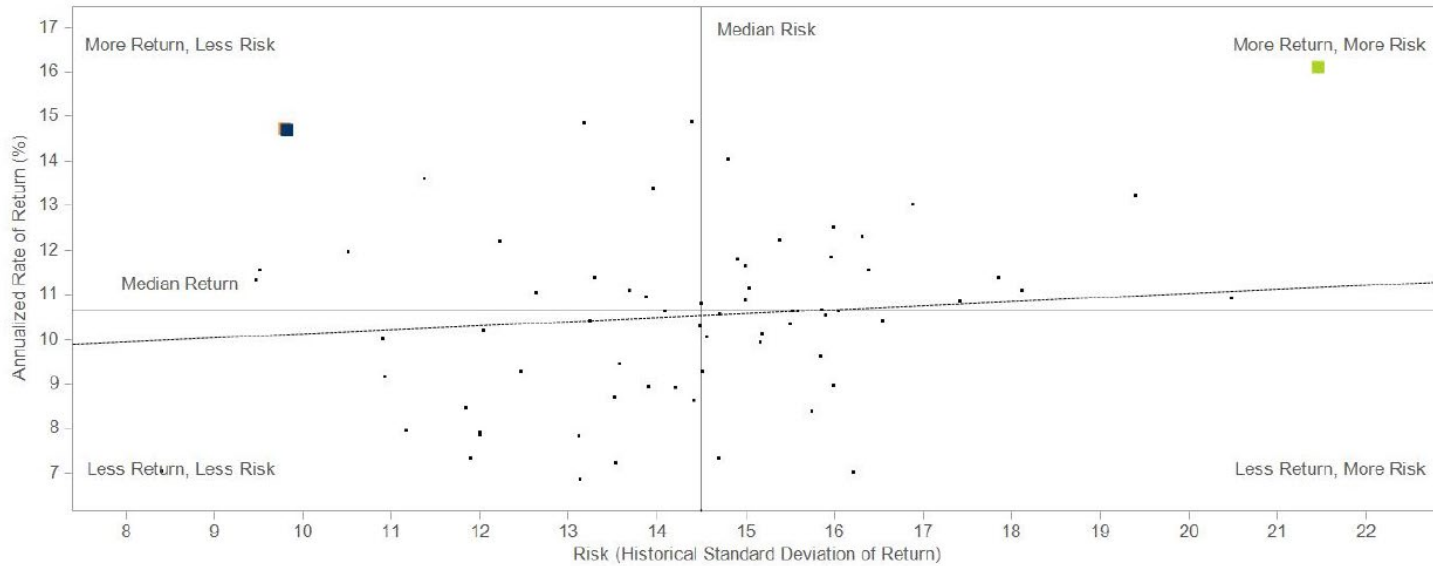
Endowment Risk / Return

Three Years Ending September 30, 2021



Trust Universe Comparison Service Risk vs Total Returns of Master Trusts - Foundation & Endowment

3 Years Ending September 30, 2021

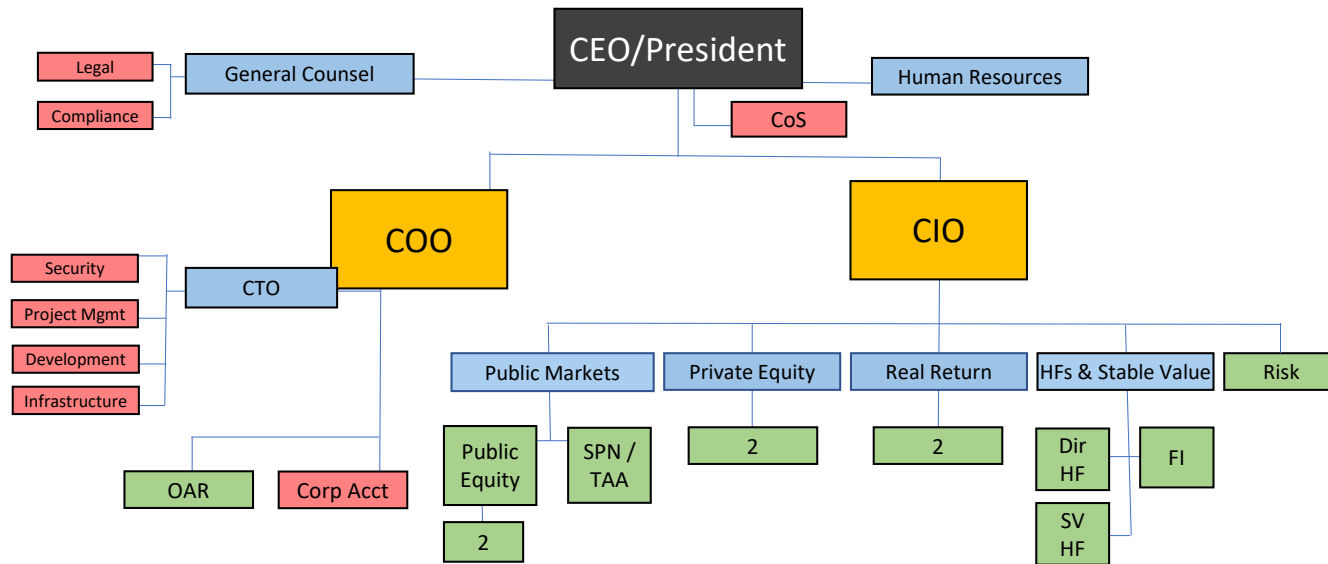


	Risk Value	Risk Rank	Return Value	Return Rank
Alpha: 9.23	9.84	95	14.62	5
Beta: 0.09	9.87	93	14.61	6
R-Squared: 0.01	21.51	1	15.99	1
Median	14.49		10.63	

Appendix



UTIMCO Organization Structure



	Color 1:	CEO/President
	Color 2:	COO, CIO
SMD	Color 3:	General Counsel, Human Resources, CTO, Public Markets, PE, RR, HF & Stable Value
MD	Color 4:	OAR, Pub Equity (2), SPN/TAA, PE (2), RR (2), Dir HF, SV HF, Fixed Income, Risk
SD	Color 5:	Legal, Compliance, Security, Proj Mgmt, Development, Infrastructure, Corp Acct, CoS

UTIMCO's Standing Priorities



- Outperform agreed performance benchmarks
- Honor our purpose and responsibilities to others
- Respond to emerging market conditions professionally
- Enhance and utilize our analytical and reporting capabilities
- Support our people, deepen our culture and collaborate proactively
- Professionally complete all required reporting and all client requests
- Proactive care for UTIMCO client institutions

2022 UTIMCO Goals



Strategy

- **Digital Assets:** Formalize digital assets strategy
- **Climate Change:** Formalize Energy Transition strategy, assume national leadership role
- **Data Management:** Develop & begin to execute firm-wide data management strategy

Metrics

- Conduct manager diligence and propose Premier List approved by CIO; Q4
- San Jacinto conference; Q2
- Create business plan for approval by CEO/CIO/COO; Q3

Firm

- **Organizational Structure:** Smoothly transition and solidify organizational structure
- **Diversity and Inclusion Strategy:** Formalize strategy for D&I and implement next phase
- **Essentialism:** Operationalize Essentialism at UTIMCO

- Orderly transition; Q1
- Conduct organizational health survey and report results to firm; Q2
- Define metrics for success; Q1. Fully implement and operationalize; Q4

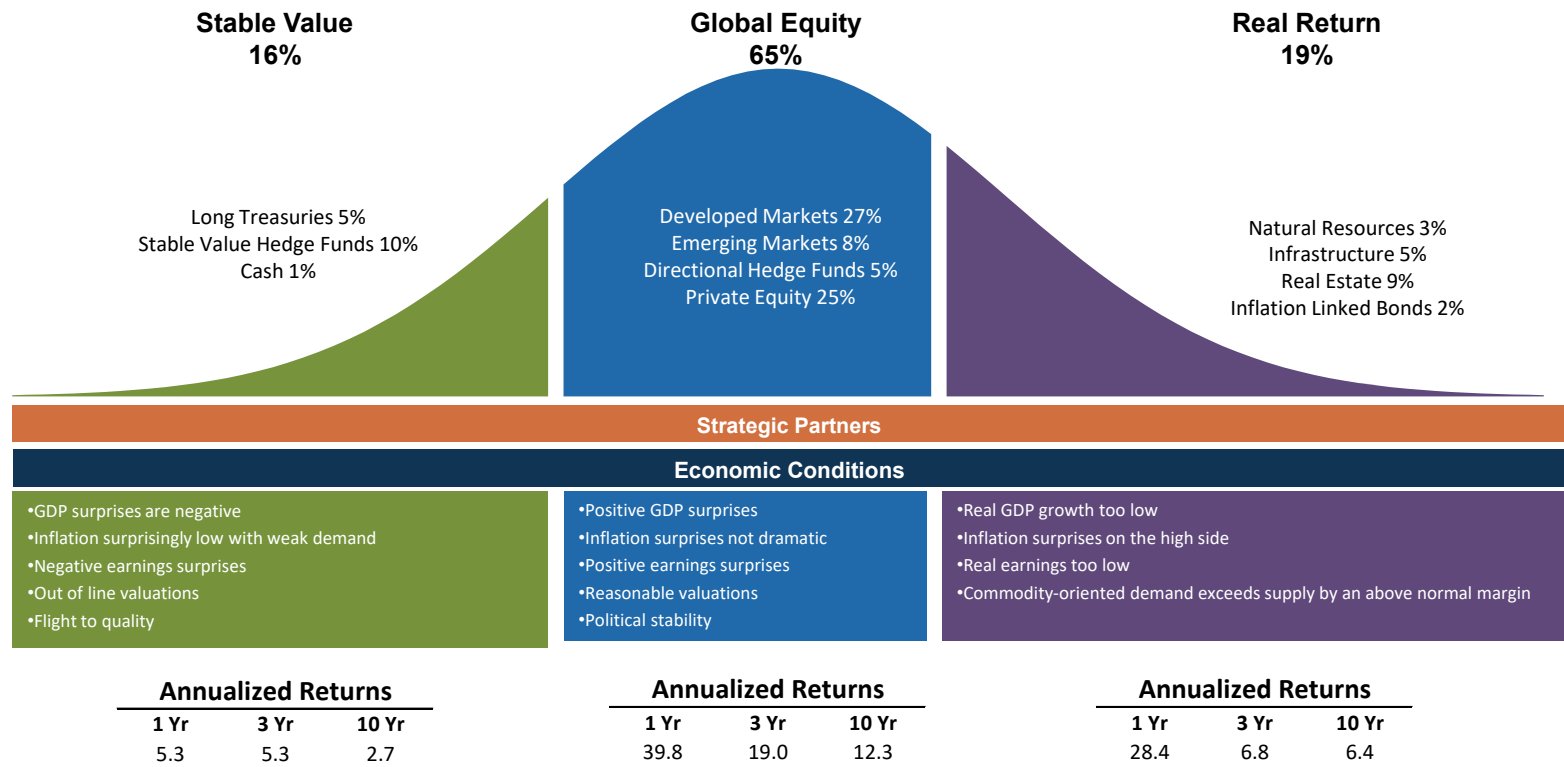
Systems

- **Investment Approvals:** Increase efficiency and effectiveness of all Internal Investment Committee and Co-Investment Committee processes
- **Policy Changes:** Evaluate all policies (including Delegation of Authority, Proxy Voting, Code of Ethics) to increase efficiency
- **Barra Risk System Implementation:** Fully implement new risk system by end of 2022

- Process revision; Q2
- Process revision; Q2
- Total fund and asset class exposure and attribution analysis is fully functional; Q4



UTIMCO Diversification Framework



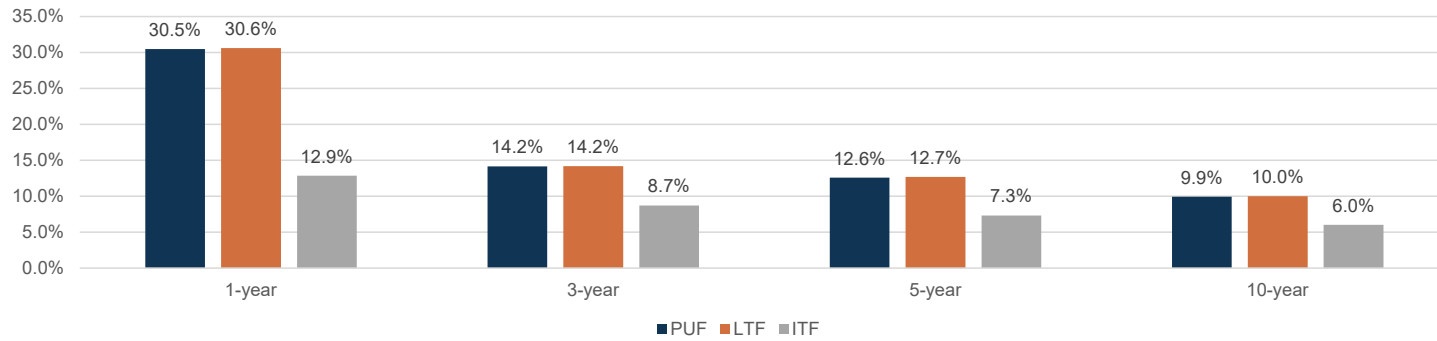
*LTSAA Policy Weights

UTIMCO Returns and Alpha

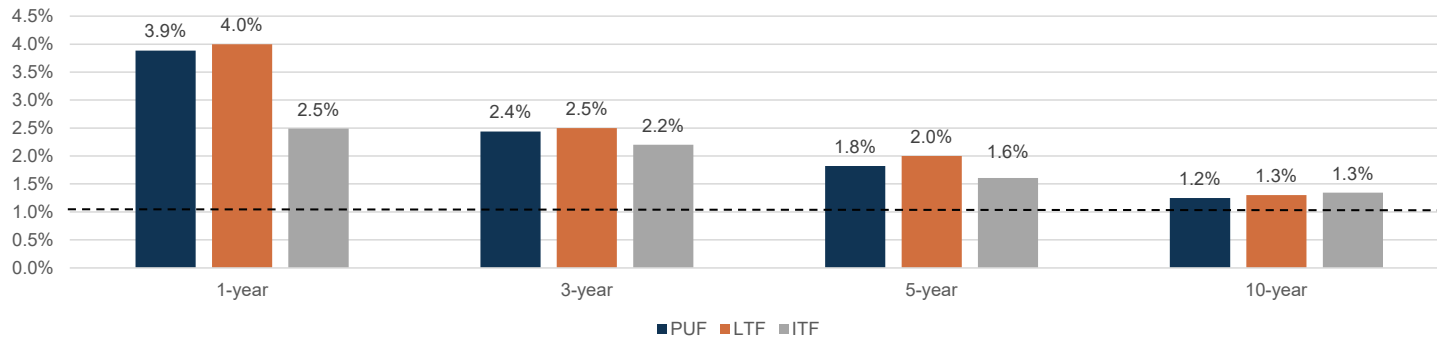
As of September 30, 2021



Total Net Returns



Outperformance vs. Benchmarks



Endowment Returns and Alpha Detail

As of September 30, 2021



		1-Year		3-Year		Asset Allocation		
		Return	Alpha	Return	Alpha	\$ Invested	% of Fund	Over / (Under)
Global Equity	Public Equity	27.6%	1.2%	15.7%	3.7%	15,577	29.0%	0.3%
	Directional Hedge Funds	20.6%	5.6%	10.1%	3.6%	4,253	8.0%	-1.0%
	Total Private Equity	64.8%	10.3%	27.3%	3.4%	13,918	26.0%	0.0%
	Total Global Equity	39.8%	5.3%	19.0%	3.3%	33,748	63.0%	-0.7%
Stable Value	Investment Grade Fixed Income	1.1%	1.7%	5.3%	0.6%	4,158	7.7%	1.1%
	Credit Related Fixed Income	8.0%	-1.5%	6.3%	0.6%	38	0.1%	0.1%
	Long Treasuries					99	0.2%	0.0%
	Cash	0.0%	(0.0%)	1.1%	(0.1%)	784	1.4%	0.5%
	Stable Value Hedge Funds	12.7%	(1.5%)	8.3%	3.1%	4,685	8.8%	-0.7%
Total Stable Value	5.3%	(1.9%)	5.3%	0.0%	9,764	18.2%	1.0%	
Real Return	Inflation Linked Bonds	4.7%	(0.5%)			901	1.7%	-0.1%
	Natural Resources	24.6%	-1.6%	(2.8%)	0.3%	2,739	5.1%	0.0%
	Infrastructure	79.5%	61.6%	22.4%	12.3%	1,146	2.2%	0.0%
	Real Estate	20.1%	2.3%	9.0%	1.9%	3,322	6.2%	0.2%
Total Real Return	28.4%	8.4%	6.8%	2.5%	8,108	15.2%	0.1%	
Strategic Partnerships	Total Strategic Partnerships	24.1%	4.0%			1,899	3.6%	-0.4%
TAA	TAA	0.1%	0.1%	0.0%	0.0%	(2)	-	-
Total Fund	Endowment Total	30.5%	3.9%	14.2%	2.4%	53,517	100.0%	0.0%