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Committee Meeting: 5/4/2022

Board Meeting: 5/5/2022
Austin, Texas

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

	Committee Meeting	Board Meeting	Page
Convene	<i>Chairman Longoria</i> <i>2:45 p.m.</i>		
1. U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, assigned for Committee consideration	Discussion	Action	51
2. U. T. System: Financial Status Presentation and Monthly Financial Report	Report/Discussion <i>Mr. Pruitt</i>	Not on Agenda	52
3. U. T. System Board of Regents: Approval of annual distributions from the Permanent University Fund, the Permanent Health Fund, the Long Term Fund, and the Intermediate Term Fund	Action <i>Mr. Pruitt</i>	Action	77
4. U. T. System Board of Regents: University Lands Update	Report/Discussion <i>Mr. Murphy</i>	Not on Agenda	80
Adjourn	<i>3:15 p.m.</i>		

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

RECOMMENDATION

No [Consent Agenda](#) items are assigned for review by this Committee.

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

Mr. Jonathan Pruitt, 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 February 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

Jonathan Pruitt
Executive Vice Chancellor for Business Affairs

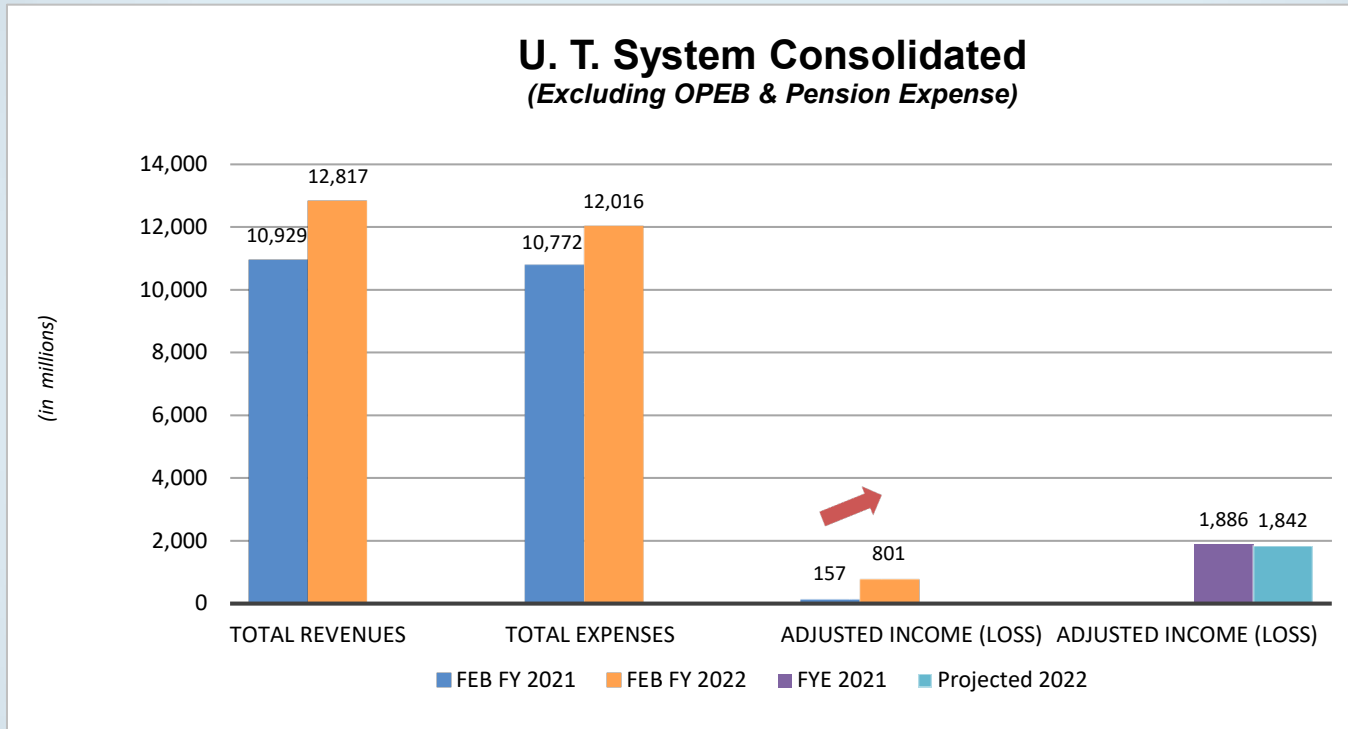
U. T. System Board of Regents Meeting
Finance and Planning Committee
May 2022



THE UNIVERSITY of TEXAS SYSTEM
THIRTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

U. T. System Consolidated Landscape

For the Period Ending February 28, 2022 and Projected Fiscal Year-End



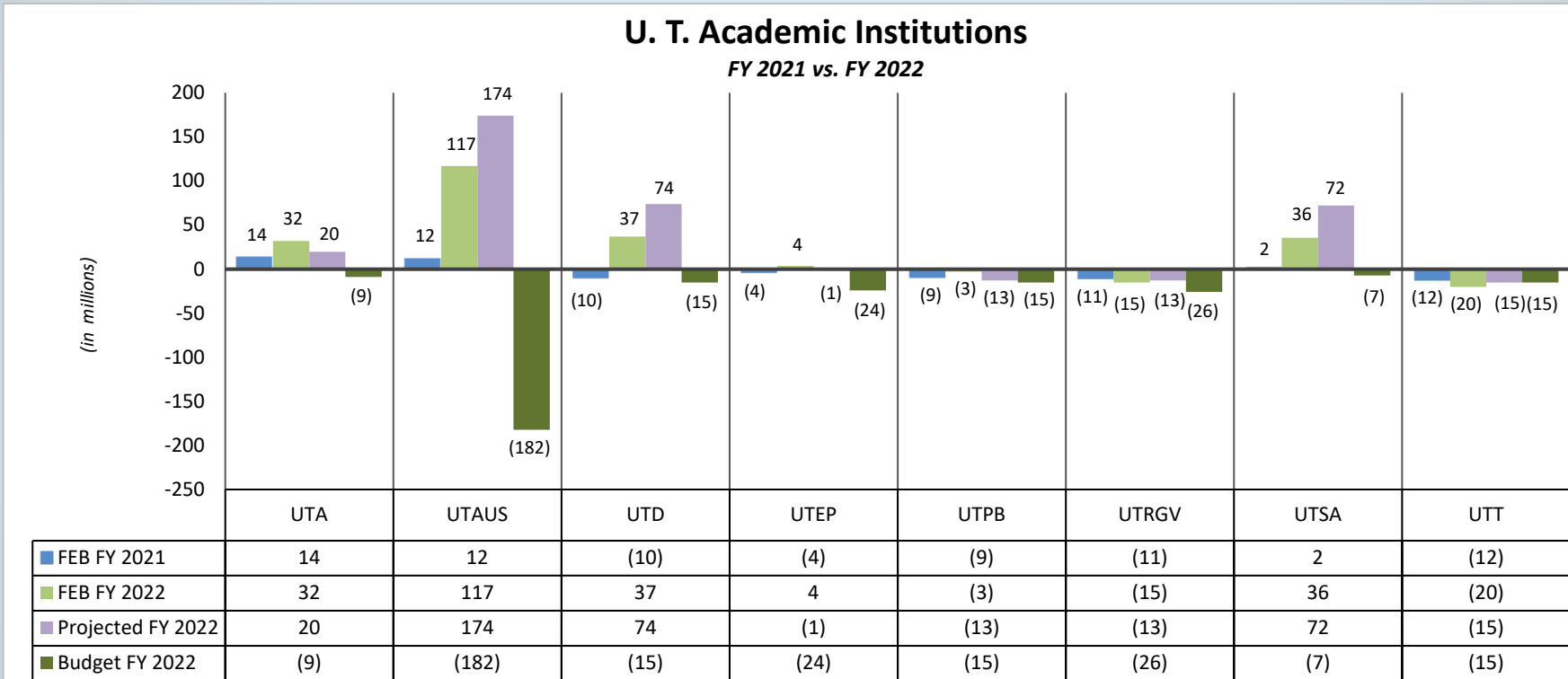
Source: February 2022 Monthly Financial Report



THE UNIVERSITY of TEXAS SYSTEM
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Academic Adjusted Income (Loss) Comparison

For the Period Ending February 28, 2022 and Projected Fiscal Year-End



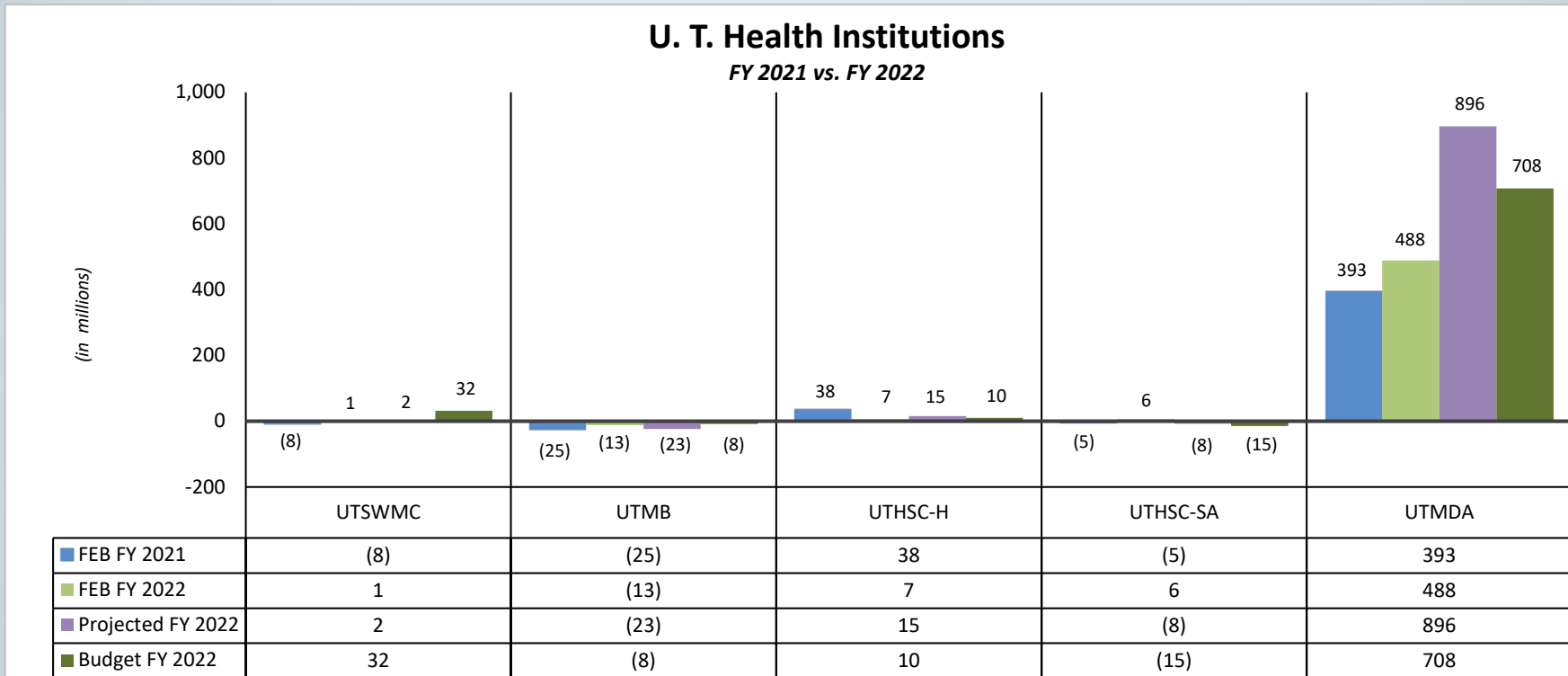
Source: February 2022 Monthly Financial Report



THE UNIVERSITY of TEXAS SYSTEM
THIRTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

Health Adjusted Income (Loss) Comparison

For the Period Ending February 28, 2022 and Projected Fiscal Year-End



Source: February 2022 Monthly Financial Report



THE UNIVERSITY of TEXAS SYSTEM
THIRTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

Systemwide Operations Financial Summary

	FY 2022 Budget	FYTD Actual (February 2022)	% of Budget
U. T. System Administration (AUF)	\$ 55,405,440	\$ 28,638,778	52%
Direct Campus Support (AUF)	41,459,566	21,141,836	51%
Other Operations Funded with AUF Reserves	50,000	29,273	59%
Service Departments and Other Non-AUF*	58,719,378	24,283,061	41%
Total – U. T. System Administration and Campus Support	\$ 155,634,384	\$ 74,092,948	48%

**The Board of Regents has approved the budget related to University Lands. 2/3 of the overall University Lands budget and February 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**

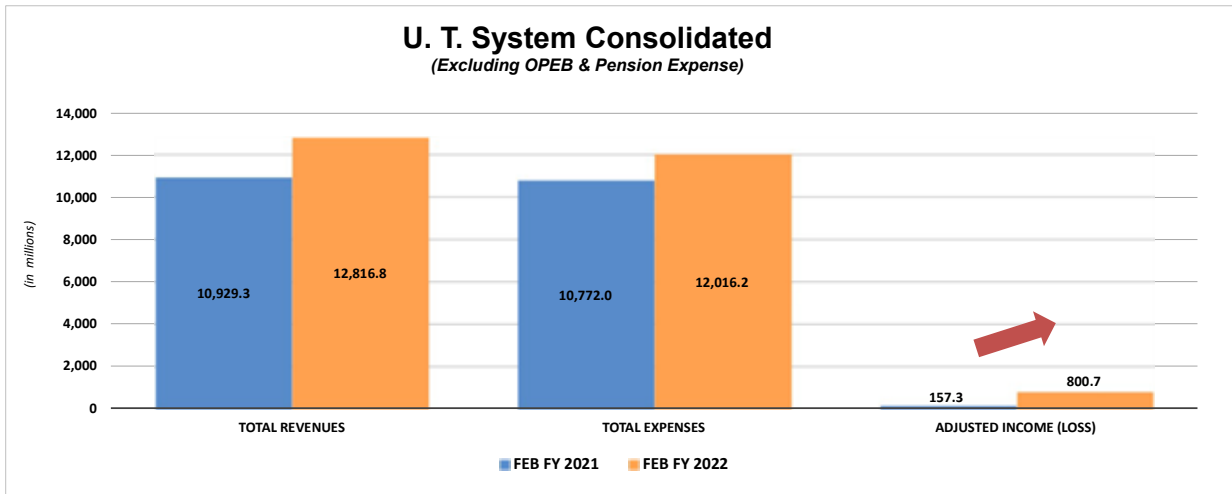
MONTHLY FINANCIAL REPORT
(unaudited)

**February 2022
FY 2022**



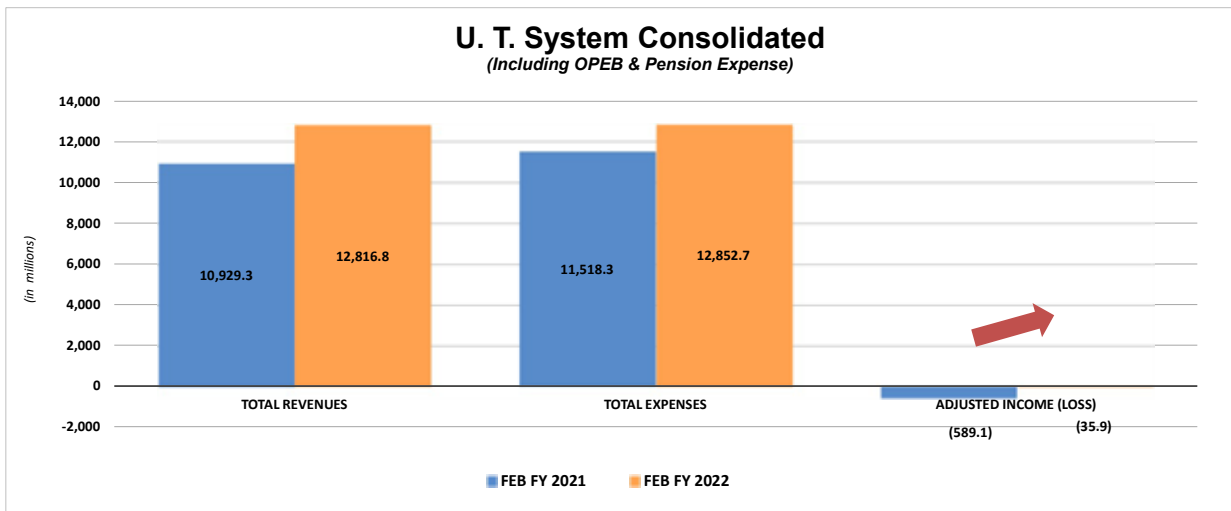
210 West Seventh Street
Austin, Texas 78701
512.499.4527
www.utsystem.edu/cont

Monthly Financial Report Comparison of Operating Results, Margin and Projected Year-End For the Period Ending February 28, 2022

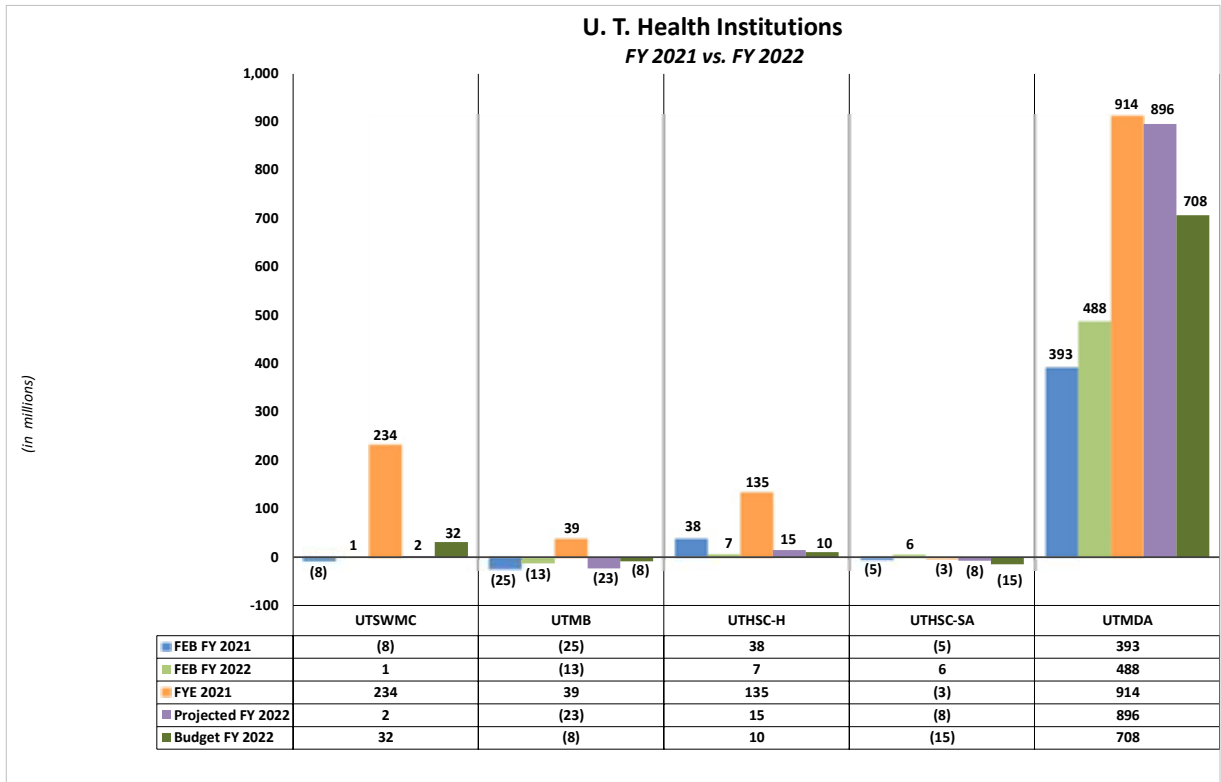
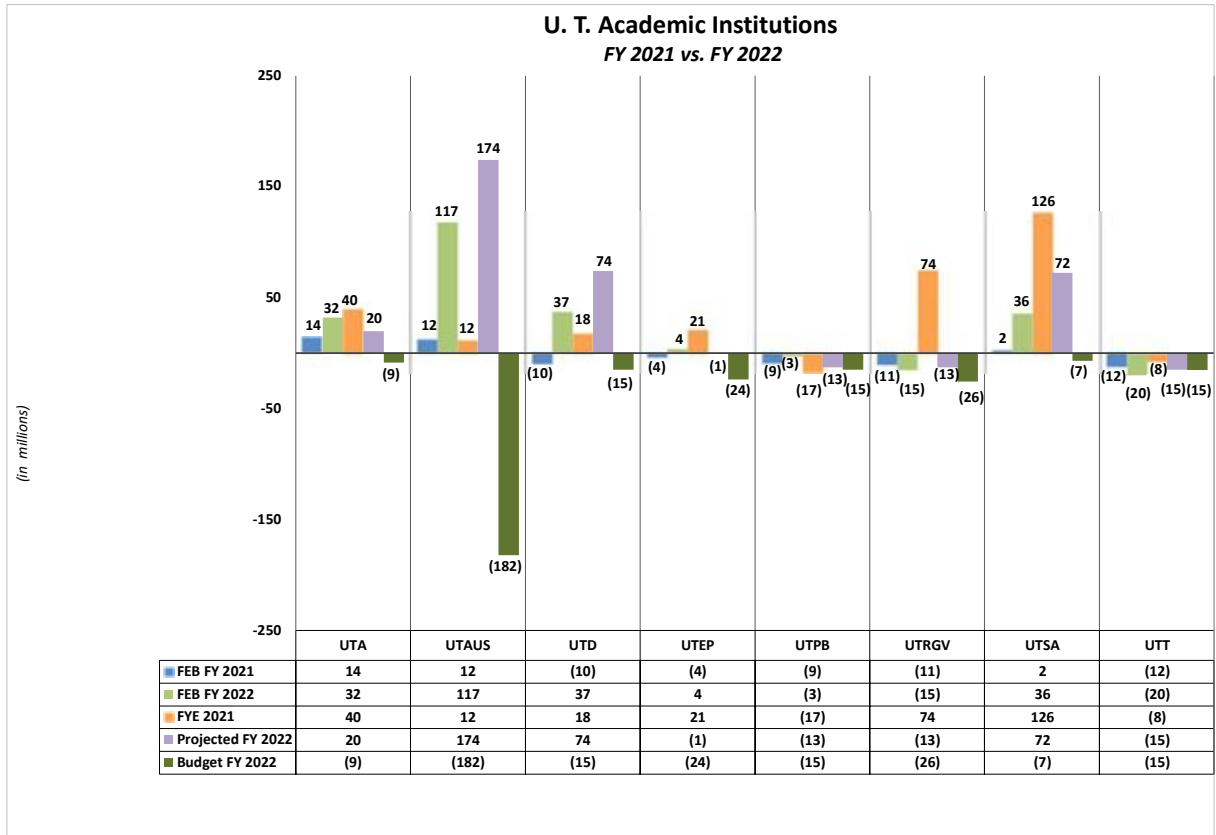


Excluding other postemployment benefits (OPEB) and pension expense, *U. T. System Consolidated* shows year-to-date adjusted income of \$800.7 million, an increase in adjusted income of \$643.3 million (409%) from the prior year. The increase was primarily due to increases in clinical revenues and net investment income.

(in millions)	February YTD FY 2021	February YTD FY 2022	Variance	Annual Projected FY 2022
Clinical Revenues	\$ 4,717.8	5,382.1	664.4	10,927.3
Sponsored Programs/Nonexchange Sponsored Programs	2,444.0	2,676.6	232.6	5,347.4
State Appropriations	1,086.0	1,172.4	86.4	2,342.9
Net Tuition and Fees	977.3	1,046.1	68.8	2,096.7
Auxiliary Revenues/Sales & Services of Educational Activities	500.4	718.8	218.4	1,130.5
Net Investment Income	724.8	1,271.5	546.7	2,486.9
Other Operating Revenues/Gift Contributions for Operations	479.0	549.2	70.2	1,151.4
Total Revenues	10,929.3	12,816.8	1,887.6	25,483.2
Salaries and Wages/Payroll Related Costs	6,577.6	7,051.3	473.7	13,932.2
Materials and Supplies/Cost of Goods Sold	1,403.1	1,638.1	235.0	3,111.3
Depreciation and Amortization	816.2	887.0	70.8	1,795.1
Other Contracted Services/Professional Fees & Services	692.9	844.6	151.7	1,675.1
All Other Operating Expenses	1,282.1	1,595.2	313.1	3,127.5
Total Expenses (Excluding OPEB & Pension Exp)	\$ 10,772.0	12,016.2	1,244.2	23,641.1
Adjusted Income (Loss) Excluding OPEB & Pension Exp	157.3	800.7	643.3	1,842.0
OPEB Expense	343.2	498.0	154.8	996.0
Pension Expense	403.2	338.5	(64.6)	677.1
Adjusted Income (Loss)	(589.1)	(35.9)	553.2	169.0
Adjusted Income (Loss) Excluding Depr & Amort Exp	227.1	851.2	624.0	1,964.1



Monthly Financial Report Comparison of Adjusted Income (Loss) For the Period Ending February 28, 2022



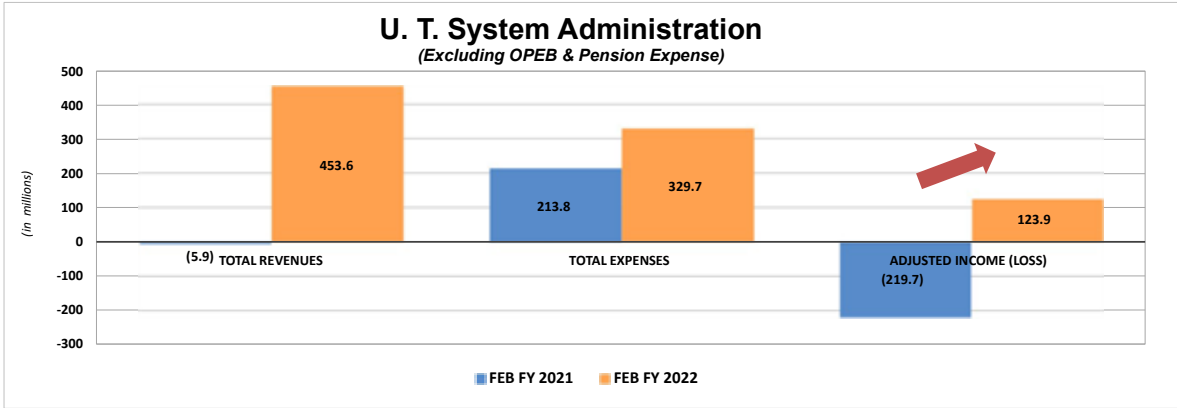
**Monthly Financial Report
Comparison of Adjusted Income (Loss)
For the Period Ending February 28, 2022**

Executive Summary of Adjusted Income (Loss)*

	February FYTD 2021 <i>(millions)</i>	February FYTD 2022 <i>(millions)</i>	Variance %	Comments
U. T. System Administration (excluding OPEB & Pension Expense) \$	(219.7)	123.9	156%	Increase in Net Investment Income Projected income of \$661.2 million for the FY
U. T. Arlington	14.2	31.9	125%	Increases in Other Operating Revenues, Auxiliary Revenues Projected income of \$19.8 million for the FY
U. T. Austin	12.3	117.1	852%	Increases in Auxiliary Revenues/Sales & Services of Educational Activities Projected income of \$174.1 million for the FY
U. T. Dallas	(10.0)	36.9	470%	Increases in Net Tuition and Fees, Auxiliary Revenues/Sales & Services of Educational Activities Projected income of \$73.8 million for the FY
U. T. El Paso	(3.9)	3.8	196%	Increase in Auxiliary Revenues Projected loss of (\$1.0) million for the FY
U. T. Permian Basin	(9.3)	(2.8)	70%	Increase in Gift Contributions for Operations Projected loss of (\$12.8) million for the FY
U. T. Rio Grande Valley	(10.8)	(15.1)	-40%	Increase in Salaries & Wages/Payroll Related Costs Projected loss of (\$12.9) million for the FY
U. T. San Antonio	2.4	35.5	1,366%	Increases in Gift Contributions for Operations, Auxiliary Revenues Projected income of \$72.2 million for the FY
U. T. Tyler	(12.4)	(20.0)	-61%	Increase in Salaries & Wages/Payroll Related Costs Projected loss of (\$15.1) million for the FY
Southwestern	(7.7)	1.0	113%	Increase in Clinical Revenues Projected income of \$2.4 million for the FY
UTMB	(24.5)	(12.6)	49%	Increase in Clinical Revenues Projected loss of (\$23.4) million for the FY
UTHSC-Houston	38.5	6.8	-82%	Increase in Salaries & Wages/Payroll Related Costs Projected income of \$15.0 million for the FY
UTHSC-San Antonio	(4.9)	6.0	223%	Increases in Clinical Revenues, Sales & Services of Educational Activities Projected loss of (\$7.6) million for the FY
M. D. Anderson	393.1	488.2	24%	Increase in Clinical Revenues Projected income of \$896.2 million for the FY
Total Adjusted Income (Loss)	\$ 157.3	800.7	409%	

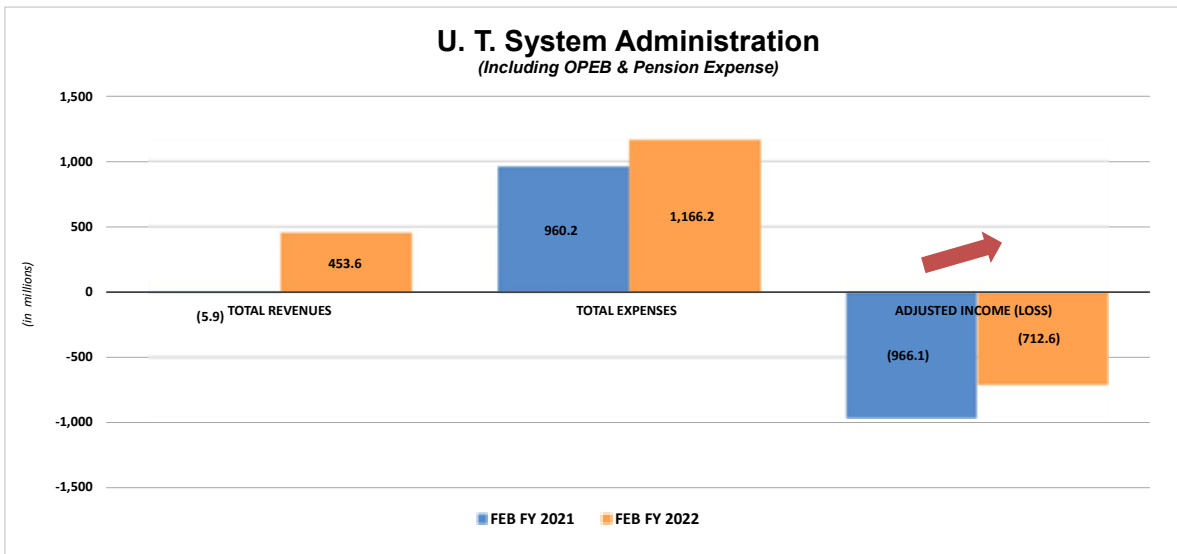
* For additional details on the variances, please see pages 4 through 18.

**Monthly Financial Report
Comparison of Operating Results, Margin and Projected Year-End
For the Period Ending February 28, 2022**



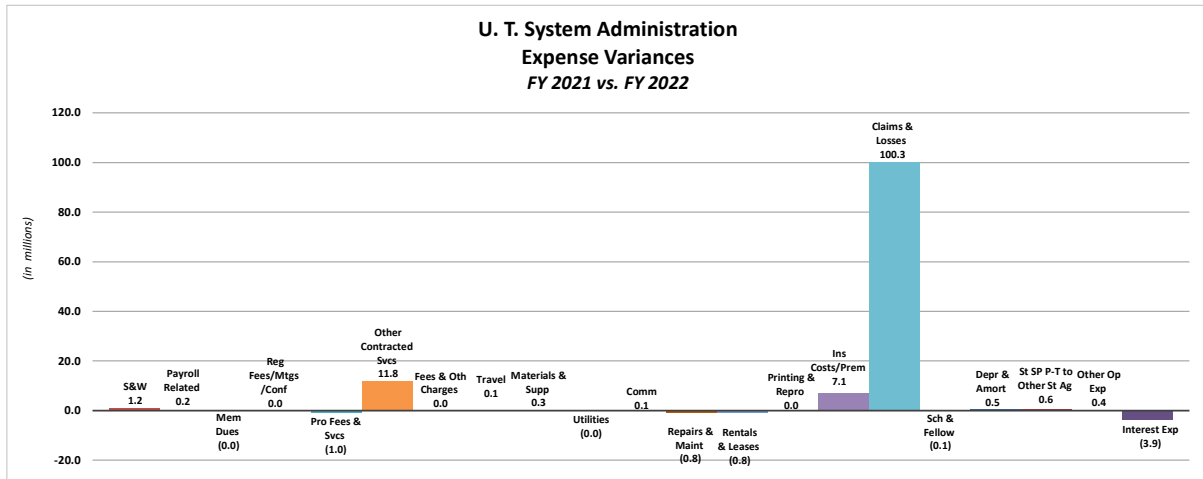
Excluding OPEB and pension expense, *U. T. System Administration* reported year-to-date adjusted income of \$123.9 million, an increase of \$343.6 million (156%) from the prior year. The increase was primarily attributable to an increase in net investment income due to increases in oil and gas royalties and mineral lease bonuses, as well as an increase in investment income in the Permanent University Fund and Long Term Fund. The most current projection, excluding OPEB and pension expense, reflects income of \$661.2 million for the year.

(in millions)	February YTD FY 2021	February YTD FY 2022	Variance	Annual Projected FY 2022
Sponsored Programs/Nonexchange Sponsored Programs	\$ 23.9	29.8	5.9	50.3
State Appropriations	1.3	4.0	2.6	7.9
Auxiliary Revenues/Sales & Services of Educational Activities	3.6	8.4	4.8	16.8
Net Investment Income/Available University Fund (AUF)	(53.8)	394.3	448.0	788.5
Other Operating Revenues/Gift Contributions for Operations	19.0	17.2	(1.9)	34.1
Total Revenues	(5.9)	453.6	459.5	897.7
Salaries and Wages/Payroll Related Costs	26.9	28.3	1.4	(328.8)
Materials and Supplies/Cost of Goods Sold	17.2	17.5	0.3	9.8
Depreciation and Amortization	7.8	8.4	0.5	16.8
Other Contracted Services/Professional Fees & Services	25.7	36.5	10.7	64.6
All Other Operating Expenses	136.1	239.0	102.9	474.0
Total Expenses (Excluding OPEB & Pension Exp)	\$ 213.8	329.7	115.9	236.5
Adjusted Income (Loss) Excluding OPEB & Pension Exp	(219.7)	123.9	343.6	661.2
OPEB Expense	343.2	498.0	154.8	996.0
Pension Expense	403.2	338.5	(64.6)	677.1
Adjusted Income (Loss)	(966.1)	(712.6)	253.5	(1,011.8)
Adjusted Income (Loss) Excluding Depr & Amort Exp	(958.2)	(704.2)	254.0	(995.0)



Monthly Financial Report Detailed Expense Break-out for U. T. System Administration For the Period Ending February 28, 2022

<i>(in millions)</i>	February YTD FY 2021	February YTD FY 2022	Actual Year-End FY 2021	Annual Projected FY 2022
Salaries and Wages	\$ 21.1	22.3	41.6	44.6
Payroll Related Costs	5.8	6.0	(374.0)	(373.3) *
Membership Dues	0.3	0.3	0.3	0.6
Registration Fees, Meetings, Conferences	0.1	0.1	0.1	0.2
Professional Fees and Services	3.8	2.7	7.9	5.5
Other Contracted Services	22.0	33.7	39.2	59.2
Fees and Other Charges	0.5	0.6	0.0	1.1
Travel	0.0	0.1	0.1	0.3
Materials and Supplies	17.2	17.5	11.2	9.8
Utilities	0.2	0.2	0.3	0.4
Communications	3.3	3.3	3.4	3.9
Repairs and Maintenance	7.3	6.5	7.6	12.9
Rentals and Leases	0.9	0.1	0.0	0.1
Printing and Reproduction	0.0	0.1	0.1	0.1
Insurance Costs/Premiums	32.8	39.9	13.6	79.7
Claims and Losses	74.8	175.1	112.8	350.2
Scholarships and Fellowships	0.2	0.0	0.8	0.1
Depreciation and Amortization	7.8	8.4	17.1	16.8
State Sponsored Program Pass-Through to Other State Agencies	2.0	2.6	4.6	3.9
Other Operating Expenses	0.3	0.7	0.6	1.4
Interest Expense	13.5	9.6	44.3	19.2
Total Expenses (Excluding OPEB & Pension Expense)	213.8	329.7	(68.1)	236.5
OPEB Expense	343.2	498.0	996.0	996.0
Pension Expense	403.2	338.5	677.1	677.1
Total Expenses (Including OPEB & Pension Expense)	\$ 960.2	1,166.2	1,604.9	1,909.5



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

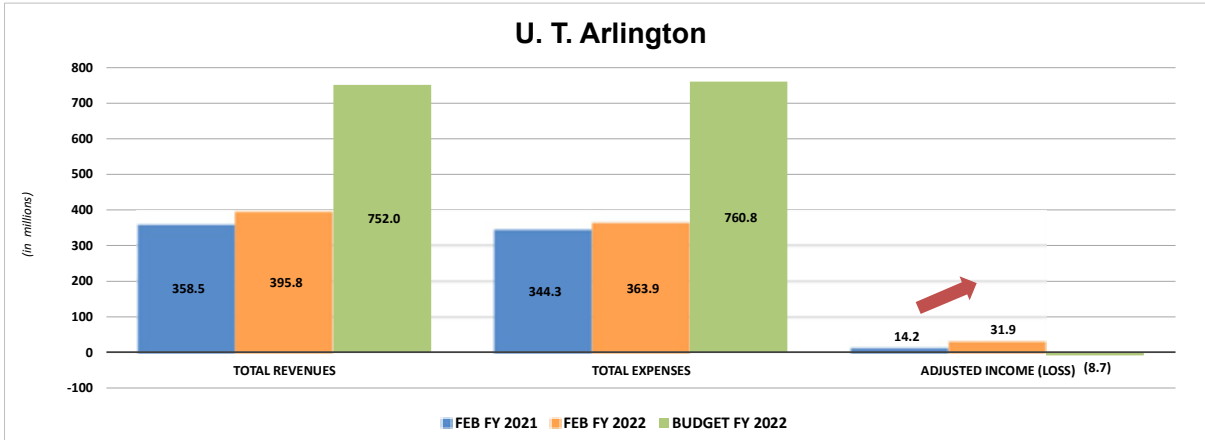
***Payroll Related Costs** - the negative payroll related costs at year-end relate to the pension entry to defer pension contributions made after the measurement date for the entire System.

Other Contracted Services - increase of \$11.8 million primarily due to payments made to Shared Information Services (SIS) for the hardware replacement project. Increases in expenses for SIS, the Arlington Regional Data Center and the Clinical Data Network initiative, as well as a payment to McKinsey and Company for organizational consulting services also contributed to the increase.

Insurance Costs/Premiums - increase of \$7.1 million primarily attributable to a timing difference in Life and Accident insurance payments, as well as increases in Comprehensive Property Protection Plan (CPPP) Wind & Flood insurance and the medical self-insurance plan.

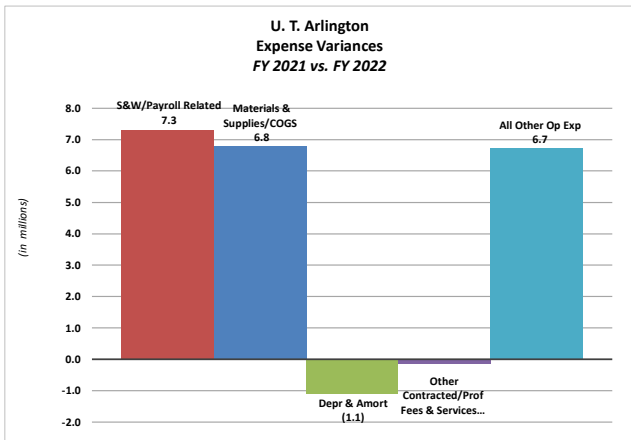
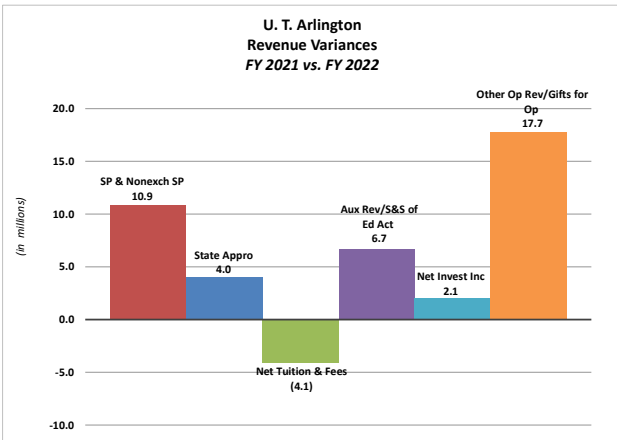
Claims and Losses - increase of \$100.3 million due to the medical self-insurance plan, as well as an increase in CPPP Fire and All Other Perils (AOP) claims attributable to a U. T. Permian Basin hailstorm settlement.

Monthly Financial Report Comparison of Operating Results, Margin, Projected Year-End and Budget For the Period Ending February 28, 2022

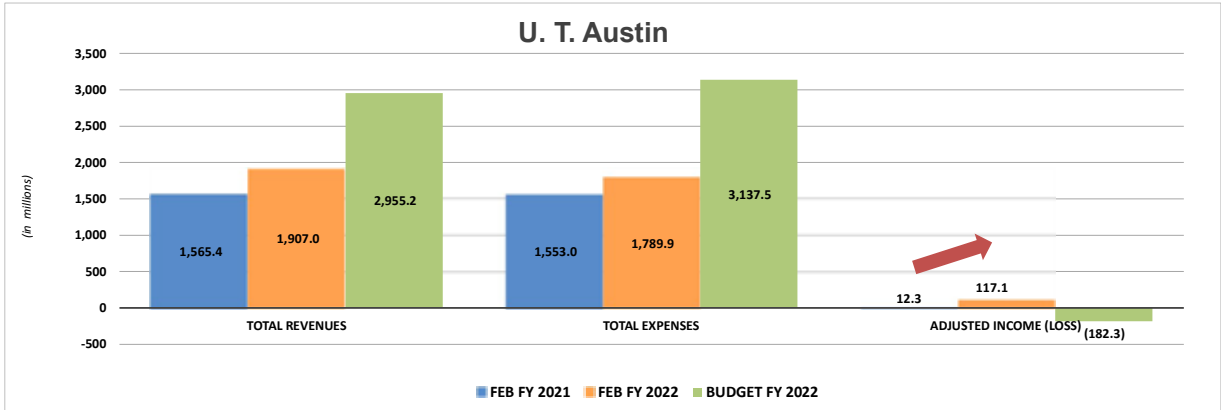


U. T. Arlington reported year-to-date adjusted income of \$31.9 million, an increase in adjusted income of \$17.7 million (125%) from the prior year. The increase was primarily attributable to the following: an increase in other operating revenues primarily due to alternative loans and revenue from the financial aid program Post-9/11 G.I. Bill benefits, which were 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 \$19.8 million for the year.

(in millions)	February YTD FY 2021	February YTD FY 2022	Variance	Annual Projected FY 2022	FY 2022 Budget
Sponsored Programs/Nonexchange Sponsored Programs	\$ 73.8	84.7	10.9	155.7	
State Appropriations	64.0	68.0	4.0	148.9	
Net Tuition and Fees	170.0	165.9	(4.1)	345.2	
Auxiliary Revenues/Sales & Services of Educational Activities	27.1	33.8	6.7	74.7	
Net Investment Income	14.4	16.4	2.1	33.7	
Other Operating Revenues/Gift Contributions for Operations	9.2	26.9	17.7	30.5	
Total Revenues	358.5	395.8	37.3	788.6	752.0
Salaries and Wages/Payroll Related Costs	208.8	216.1	7.3	444.7	
Materials and Supplies/Cost of Goods Sold	18.7	25.5	6.8	35.1	
Depreciation and Amortization	29.1	28.1	(1.1)	58.9	
Other Contracted Services/Professional Fees & Services	35.4	35.3	(0.1)	78.2	
All Other Operating Expenses	52.2	59.0	6.7	151.9	
Total Expenses	\$ 344.3	363.9	19.6	768.8	760.8
Adjusted Income (Loss)	14.2	31.9	17.7	19.8	(8.7)
Adjusted Income (Loss) Excluding Depr & Amort Exp	43.3	60.0	16.6	78.7	50.1

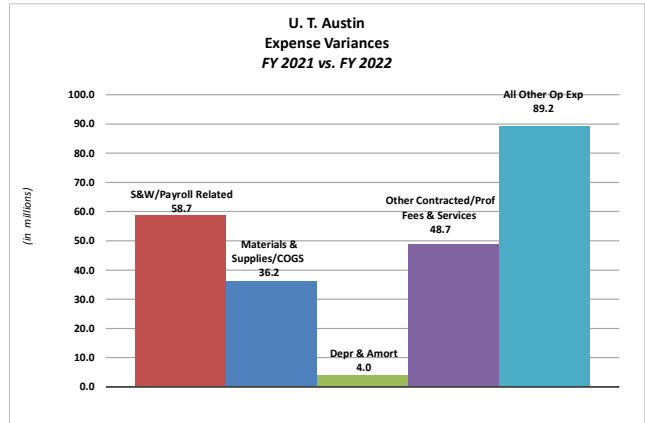
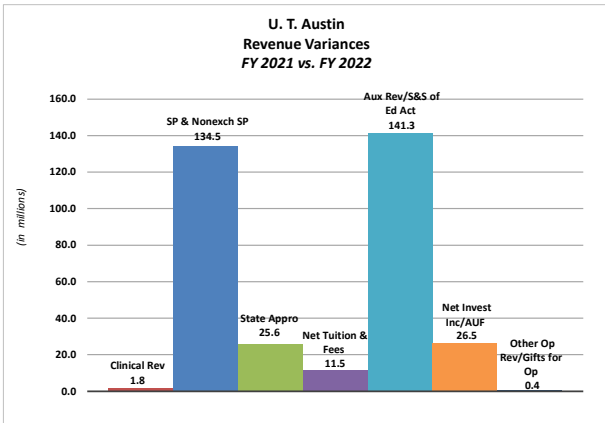


Monthly Financial Report Comparison of Operating Results, Margin, Projected Year-End and Budget For the Period Ending February 28, 2022

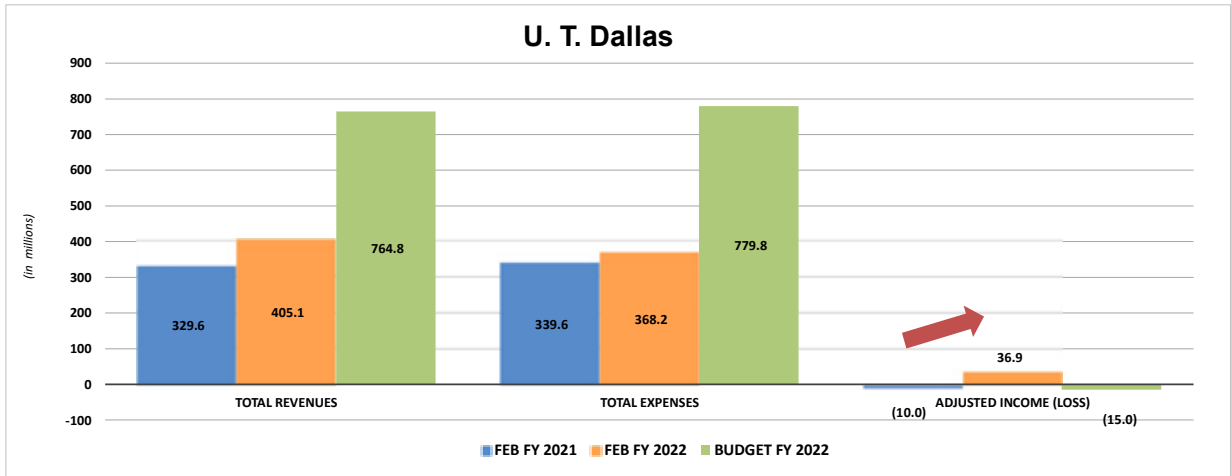


U. T. Austin reported year-to-date adjusted income of \$117.1 million, an increase in adjusted income of \$104.8 million (852%) from the prior year. The increase was primarily due to an increase in auxiliary enterprises and sales and services of educational activities revenues attributable to an increase in on-campus activities. The most current projection received from U. T. Austin reflects income of \$174.1 million for the year.

(in millions)	February YTD FY 2021	February YTD FY 2022	Variance	Annual Projected FY 2022	FY 2022 Budget
Clinical Revenues	\$ 4.7	6.5	1.8	14.7	
Sponsored Programs/Nonexchange Sponsored Programs	360.0	494.6	134.5	1,032.3	
State Appropriations	158.6	184.2	25.6	368.4	
Net Tuition and Fees	259.0	270.5	11.5	541.0	
Auxiliary Revenues/Sales & Services of Educational Activities	299.4	440.8	141.3	579.7	
Net Investment Income/Available University Fund (AUF)	387.3	413.8	26.5	787.9	
Other Operating Revenues/Gift Contributions for Operations	96.3	96.7	0.4	232.0	
Total Revenues	1,565.4	1,907.0	341.6	3,556.0	2,955.2
Salaries and Wages/Payroll Related Costs	972.0	1,030.7	58.7	2,009.3	
Materials and Supplies/Cost of Goods Sold	61.1	97.4	36.2	158.3	
Depreciation and Amortization	182.3	186.3	4.0	372.6	
Other Contracted Services/Professional Fees & Services	78.1	126.9	48.7	205.1	
All Other Operating Expenses	259.5	348.7	89.2	636.6	
Total Expenses	\$ 1,553.0	1,789.9	236.8	3,381.9	3,137.5
Adjusted Income (Loss)	12.3	117.1	104.8	174.1	(182.3)
Adjusted Income (Loss) Excluding Depr & Amort Exp	194.6	303.3	108.8	546.7	198.4

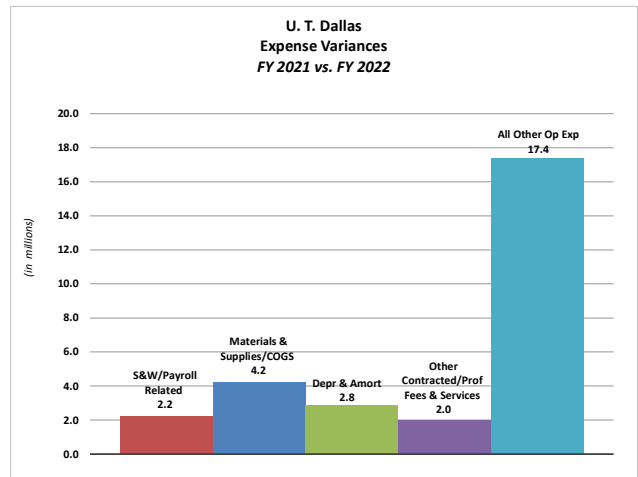
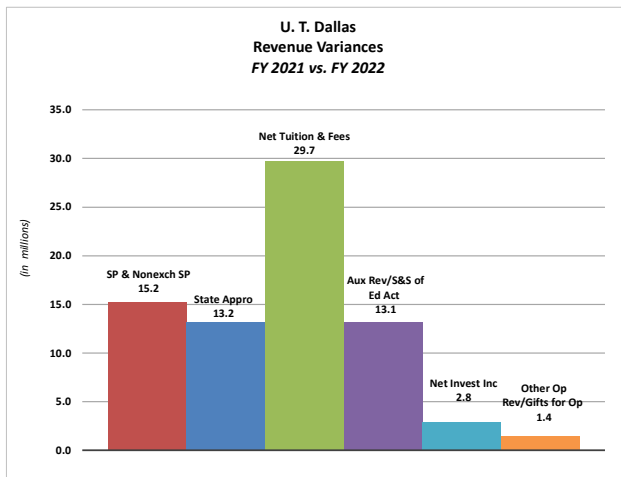


Monthly Financial Report Comparison of Operating Results, Margin, Projected Year-End and Budget For the Period Ending February 28, 2022

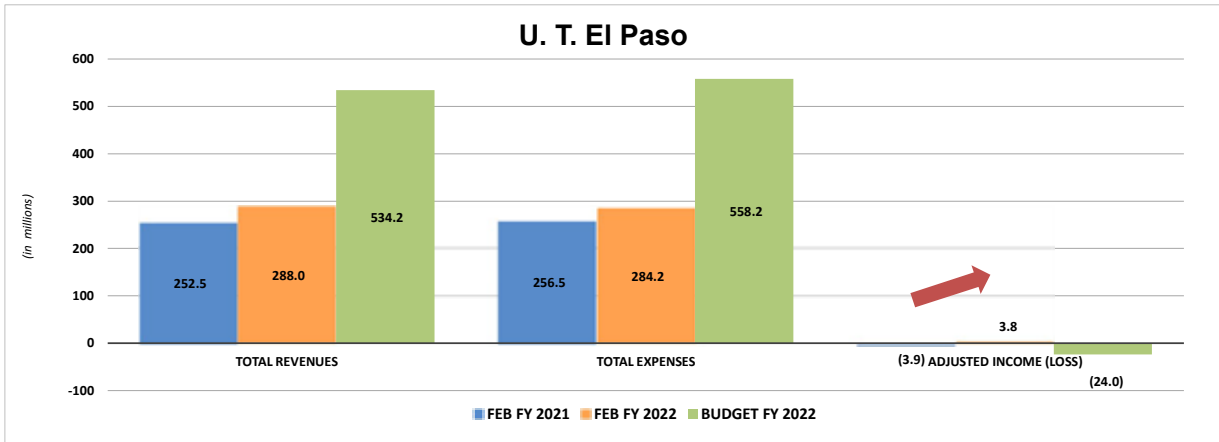


U. T. Dallas reported year-to-date adjusted income of \$36.9 million, an increase of \$46.9 million (470%) from the prior year. The increase was primarily attributable to the following: an increase in net student tuition and fees due to increased enrollment; and an increase in auxiliary enterprises and sales and services of educational activities revenues primarily attributable to an increase in on-campus activities. The most current projection received from U. T. Dallas reflects income of \$73.8 million for the year.

(in millions)	February YTD FY 2021	February YTD FY 2022	Variance	Annual Projected FY 2022	FY 2022 Budget
Sponsored Programs/Nonexchange Sponsored Programs	\$ 70.7	85.9	15.2	171.8	
State Appropriations	55.8	69.0	13.2	137.9	
Net Tuition and Fees	147.0	176.7	29.7	353.4	
Auxiliary Revenues/Sales & Services of Educational Activities	28.7	41.8	13.1	83.7	
Net Investment Income	18.4	21.2	2.8	42.4	
Other Operating Revenues/Gift Contributions for Operations	9.1	10.5	1.4	21.0	
Total Revenues	329.6	405.1	75.5	810.3	764.8
Salaries and Wages/Payroll Related Costs	202.7	204.8	2.2	409.7	
Materials and Supplies/Cost of Goods Sold	13.8	18.0	4.2	36.1	
Depreciation and Amortization	43.4	46.3	2.8	92.5	
Other Contracted Services/Professional Fees & Services	16.4	18.4	2.0	36.8	
All Other Operating Expenses	63.3	80.6	17.4	161.3	
Total Expenses	\$ 339.6	368.2	28.6	736.4	779.8
Adjusted Income (Loss)	(10.0)	36.9	46.9	73.8	(15.0)
Adjusted Income (Loss) Excluding Depr & Amort Exp	33.4	83.2	49.7	166.4	76.8

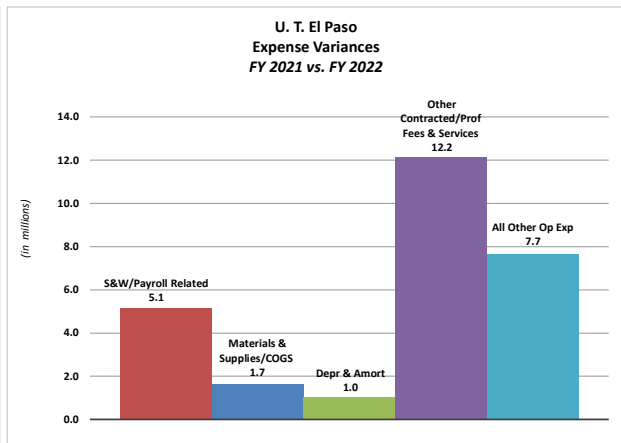
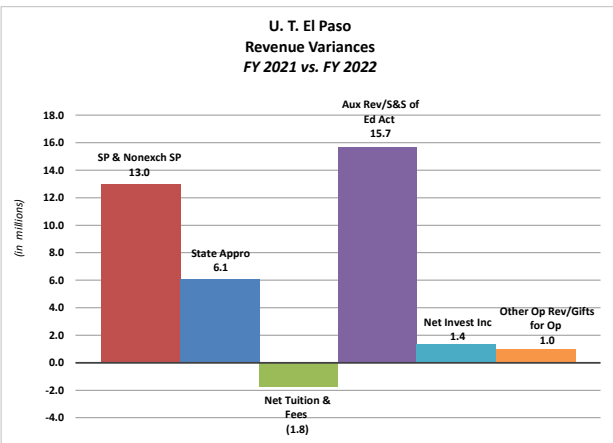


Monthly Financial Report Comparison of Operating Results, Margin, Projected Year-End and Budget For the Period Ending February 28, 2022

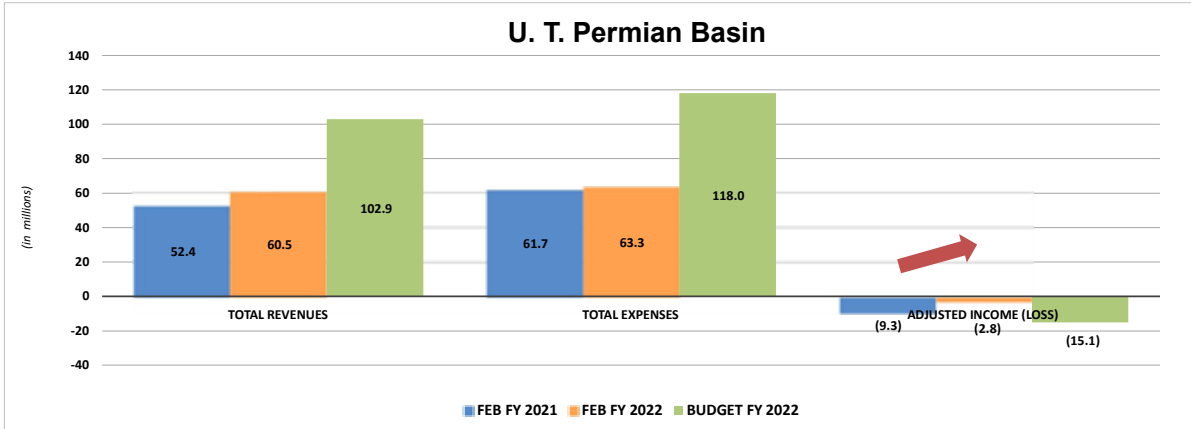


U. T. El Paso reported year-to-date adjusted income of \$3.8 million, an increase of \$7.7 million (196%) from the prior year. The increase was primarily due to an increase in auxiliary enterprises revenues as a result of an increase in on-campus activities. The most current projection received from U. T. El Paso reflects a loss of \$1.0 million for the year.

(in millions)	February YTD FY 2021	February YTD FY 2022	Variance	Annual Projected FY 2022	FY 2022 Budget
Sponsored Programs/Nonexchange Sponsored Programs	\$ 102.3	115.3	13.0	203.7	
State Appropriations	49.7	55.8	6.1	106.9	
Net Tuition and Fees	78.6	76.8	(1.8)	146.9	
Auxiliary Revenues/Sales & Services of Educational Activities	8.9	24.6	15.7	41.6	
Net Investment Income	9.2	10.6	1.4	18.6	
Other Operating Revenues/Gift Contributions for Operations	3.9	4.9	1.0	8.4	
Total Revenues	252.5	288.0	35.4	526.1	534.2
Salaries and Wages/Payroll Related Costs	137.4	142.6	5.1	268.6	
Materials and Supplies/Cost of Goods Sold	11.6	13.2	1.7	22.8	
Depreciation and Amortization	16.2	17.3	1.0	34.5	
Other Contracted Services/Professional Fees & Services	8.4	20.6	12.2	28.3	
All Other Operating Expenses	82.8	90.5	7.7	172.8	
Total Expenses	\$ 256.5	284.2	27.7	527.1	558.2
Adjusted Income (Loss)	(3.9)	3.8	7.7	(1.0)	(24.0)
Adjusted Income (Loss) Excluding Depr & Amort Exp	12.3	21.1	8.8	33.5	10.8

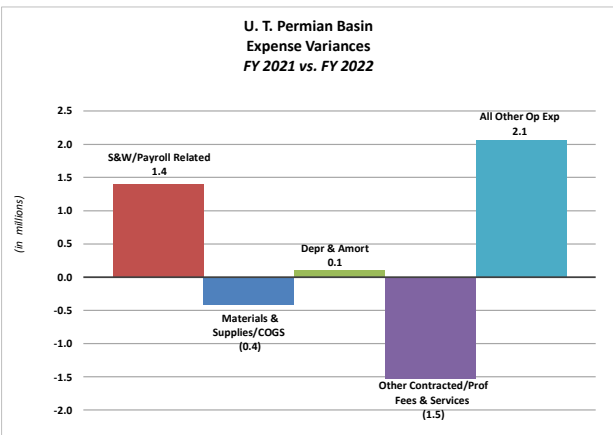
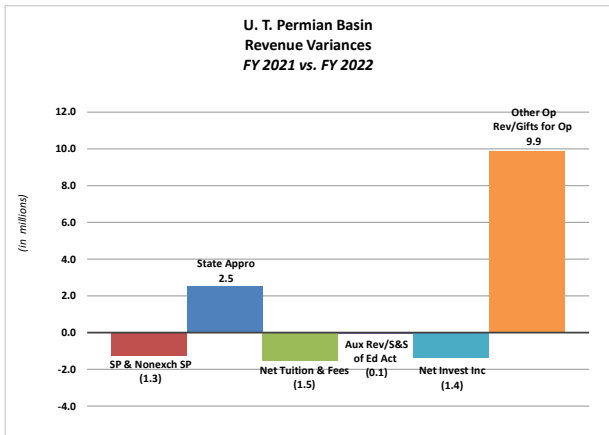


Monthly Financial Report
Comparison of Operating Results, Margin, Projected Year-End and Budget
For the Period Ending February 28, 2022

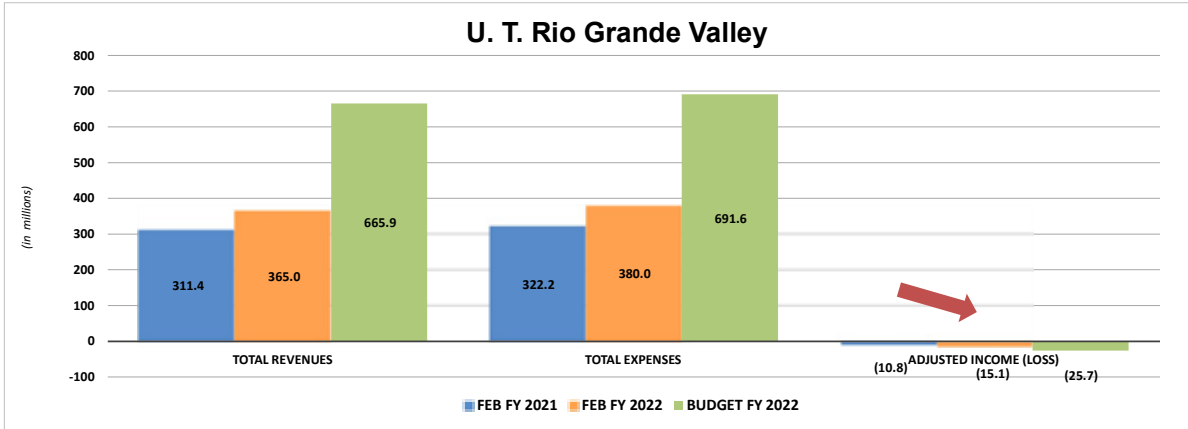


U. T. Permian Basin incurred a year-to-date adjusted loss of \$2.8 million, a decrease in adjusted loss of \$6.5 million (70%) from the prior year. The decrease was primarily attributable to an increase in gift contributions for operations due to a \$10.7 million gift received from Permian Strategic Partnership (PSP). The most current projection received from *U. T. Permian Basin* reflects a loss of \$12.8 million for the year.

(in millions)	February YTD FY 2021	February YTD FY 2022	Variance	Annual Projected FY 2022	FY 2022 Budget
Sponsored Programs/Nonexchange Sponsored Programs	\$ 15.9	14.6	(1.3)	27.8	
State Appropriations	10.0	12.5	2.5	25.0	
Net Tuition and Fees	17.9	16.4	(1.5)	32.8	
Auxiliary Revenues/Sales & Services of Educational Activities	3.4	3.4	(0.1)	7.8	
Net Investment Income	3.2	1.9	(1.4)	3.3	
Other Operating Revenues/Gift Contributions for Operations	1.9	11.8	9.9	13.1	
Total Revenues	52.4	60.5	8.1	109.7	102.9
Salaries and Wages/Payroll Related Costs	29.8	31.2	1.4	58.8	
Materials and Supplies/Cost of Goods Sold	3.3	2.9	(0.4)	7.3	
Depreciation and Amortization	10.4	10.5	0.1	20.8	
Other Contracted Services/Professional Fees & Services	7.1	5.5	(1.5)	9.6	
All Other Operating Expenses	11.2	13.3	2.1	26.0	
Total Expenses	\$ 61.7	63.3	1.6	122.5	118.0
Adjusted Income (Loss)	(9.3)	(2.8)	6.5	(12.8)	(15.1)
Adjusted Income (Loss) Excluding Depr & Amort Exp	1.0	7.7	6.6	8.0	5.7

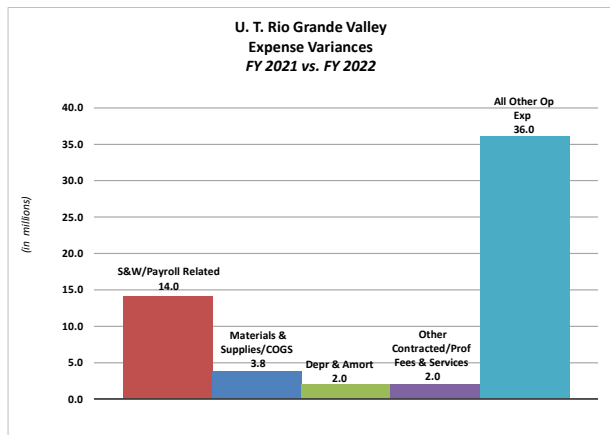
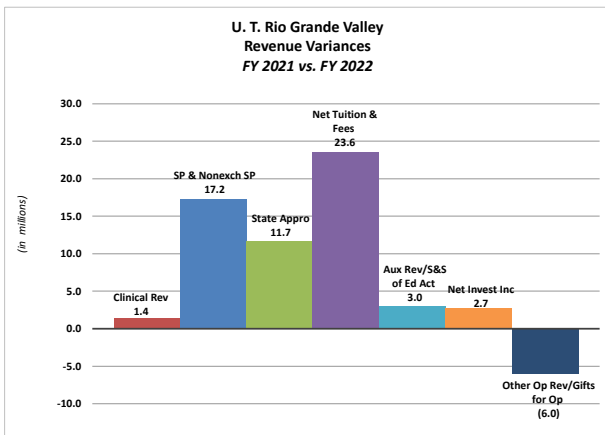


Monthly Financial Report Comparison of Operating Results, Margin, Projected Year-End and Budget For the Period Ending February 28, 2022

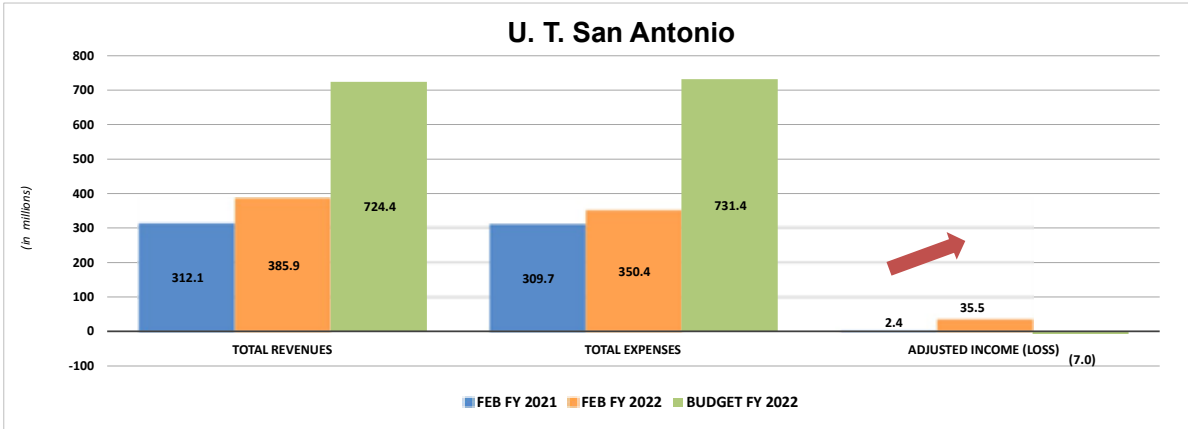


U. T. Rio Grande Valley incurred a year-to-date adjusted loss of \$15.1 million, an increase in adjusted loss of \$4.3 million (40%) from the prior year. The increase was primarily due to an increase in salaries and wages and payroll related costs as a result of increased staff and faculty positions. The most current projection received from U. T. Rio Grande Valley reflects a loss of \$12.9 million for the year.

(in millions)	February YTD FY 2021	February YTD FY 2022	Variance	Annual Projected FY 2022	FY 2022 Budget
Clinical Revenues	\$ 9.8	11.2	1.4	23.4	
Sponsored Programs/Nonexchange Sponsored Programs	150.7	168.0	17.2	310.2	
State Appropriations	76.8	88.5	11.7	162.0	
Net Tuition and Fees	50.3	73.9	23.6	147.8	
Auxiliary Revenues/Sales & Services of Educational Activities	5.7	8.7	3.0	17.1	
Net Investment Income	4.6	7.3	2.7	14.8	
Other Operating Revenues/Gift Contributions for Operations	13.4	7.4	(6.0)	22.9	
Total Revenues	311.4	365.0	53.6	698.3	665.9
Salaries and Wages/Payroll Related Costs	195.7	209.7	14.0	411.4	
Materials and Supplies/Cost of Goods Sold	12.0	15.8	3.8	38.2	
Depreciation and Amortization	26.0	28.0	2.0	58.3	
Other Contracted Services/Professional Fees & Services	8.9	10.9	2.0	25.9	
All Other Operating Expenses	79.6	115.7	36.0	177.4	
Total Expenses	\$ 322.2	380.0	57.9	711.1	691.6
Adjusted Income (Loss)	(10.8)	(15.1)	(4.3)	(12.9)	(25.7)
Adjusted Income (Loss) Excluding Depr & Amort Exp	15.2	12.9	(2.3)	45.4	33.6

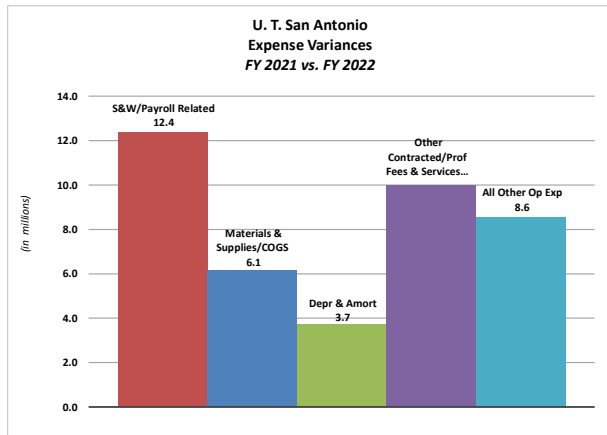
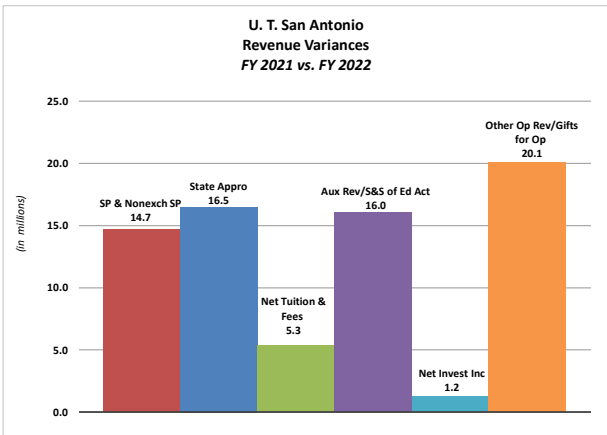


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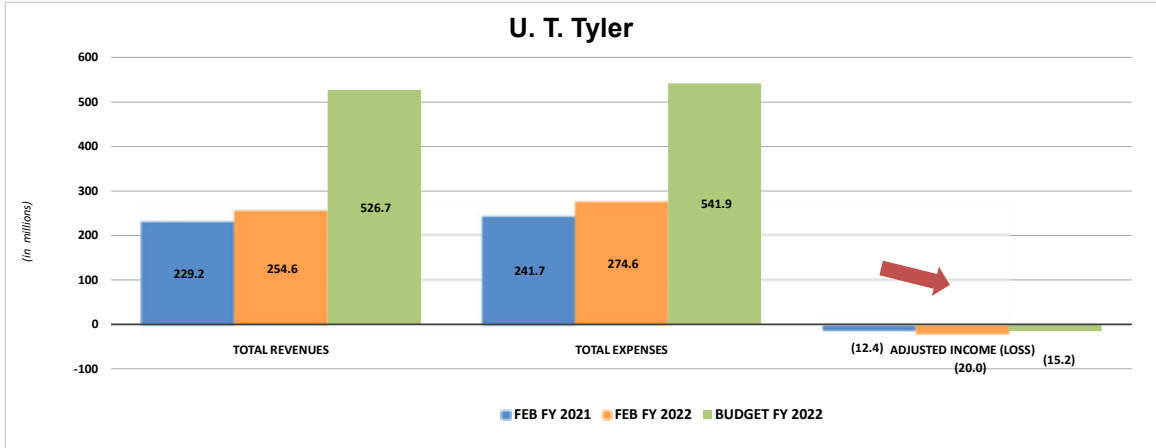


U. T. San Antonio reported year-to-date adjusted income of \$35.5 million, an increase in adjusted income of \$33.1 million (1,366%) from the prior year. The increase was primarily attributable to the following: an increase in gift contributions for operations due to increased fundraising activity; and 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 \$72.2 million for the year.

(in millions)	February YTD FY 2021	February YTD FY 2022	Variance	Annual Projected FY 2022	FY 2022 Budget
Sponsored Programs/Nonexchange Sponsored Programs	\$ 99.2	113.9	14.7	227.7	
State Appropriations	59.7	76.2	16.5	152.4	
Net Tuition and Fees	124.0	129.4	5.3	258.8	
Auxiliary Revenues/Sales & Services of Educational Activities	15.0	31.0	16.0	61.9	
Net Investment Income	10.7	11.9	1.2	24.5	
Other Operating Revenues/Gift Contributions for Operations	3.5	23.6	20.1	47.8	
Total Revenues	312.1	385.9	73.8	773.2	724.4
Salaries and Wages/Payroll Related Costs	175.4	187.8	12.4	375.6	
Materials and Supplies/Cost of Goods Sold	13.5	19.6	6.1	38.5	
Depreciation and Amortization	28.9	32.6	3.7	65.2	
Other Contracted Services/Professional Fees & Services	12.4	22.4	10.0	44.7	
All Other Operating Expenses	79.4	88.0	8.6	176.9	
Total Expenses	\$ 309.7	350.4	40.7	701.0	731.4
Adjusted Income (Loss)	2.4	35.5	33.1	72.2	(7.0)
Adjusted Income (Loss) Excluding Depr & Amort Exp	31.3	68.1	36.8	137.4	53.3

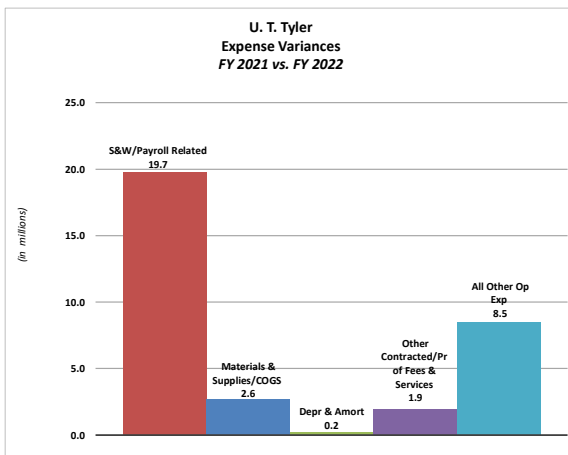
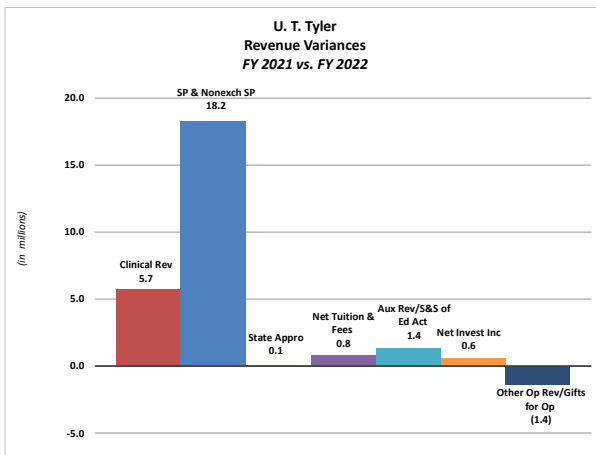


Monthly Financial Report Comparison of Operating Results, Margin, Projected Year-End and Budget For the Period Ending February 28, 2022



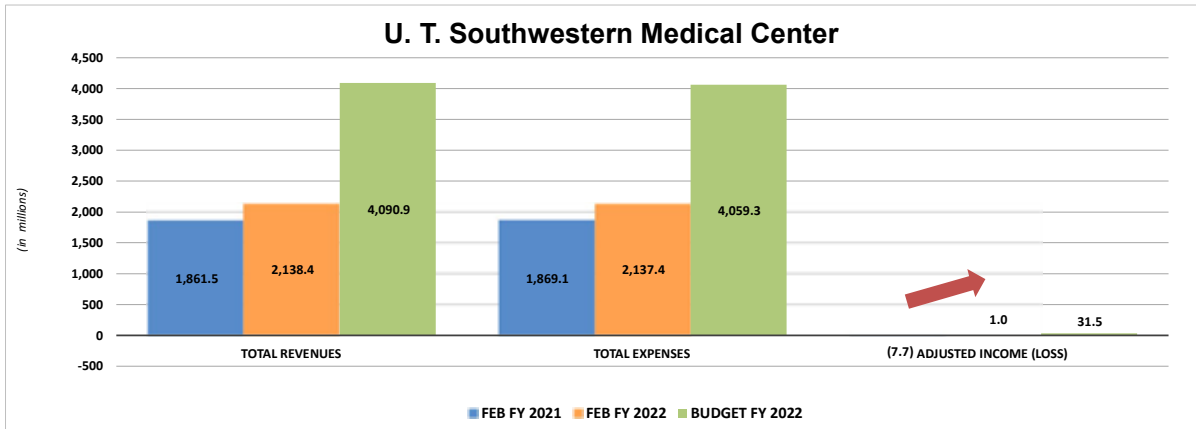
U. T. Tyler incurred a year-to-date adjusted loss of \$20.0 million, an increase in adjusted loss of \$7.6 million (61%) from the prior year. The increase was primarily due to an increase in salaries and wages and payroll related costs attributable to increases in faculty and staff positions as a result of growth in the physician management services agreement with UT Health East Texas (UTHET). The most current projection received from U. T. Tyler reflects a loss of \$15.1 million for the year.

(in millions)	February YTD FY 2021	February YTD FY 2022	Variance	Annual Projected FY 2022	FY 2022 Budget
Clinical Revenues	\$ 76.7	82.4	5.7	167.2	
Sponsored Programs/Nonexchange Sponsored Programs	41.8	60.0	18.2	127.7	
State Appropriations	43.0	43.1	0.1	86.2	
Net Tuition and Fees	30.1	30.9	0.8	60.7	
Auxiliary Revenues/Sales & Services of Educational Activities	17.4	18.8	1.4	29.1	
Net Investment Income	5.2	5.8	0.6	11.5	
Other Operating Revenues/Gift Contributions for Operations	15.1	13.6 *	(1.4)	36.8 *	
Total Revenues	229.2	254.6	25.4	519.2	526.7
Salaries and Wages/Payroll Related Costs	144.4	164.1	19.7	320.3	
Materials and Supplies/Cost of Goods Sold	36.1	38.7	2.6	76.2	
Depreciation and Amortization	17.3	17.5	0.2	34.9	
Other Contracted Services/Professional Fees & Services	23.3	25.2	1.9	47.7	
All Other Operating Expenses	20.6	29.1	8.5	55.2	
Total Expenses	\$ 241.7	274.6	32.9	534.3	541.9
Adjusted Income (Loss)	(12.4)	(20.0)	(7.6)	(15.1)	(15.2)
Adjusted Income (Loss) Excluding Depr & Amort Exp	4.9	(2.5)	(7.4)	19.8	22.3



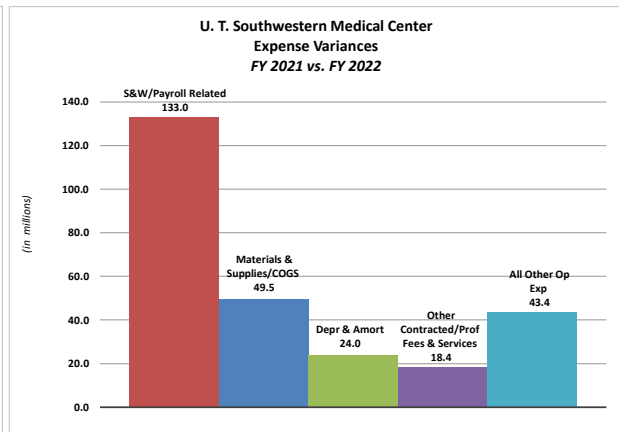
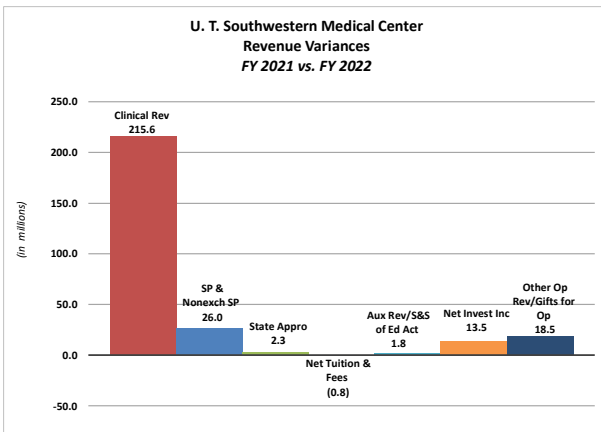
*Other Operating Income includes 30% of UTHET's net adjusted loss which was \$2.8 million through February. The projected loss of \$15.1 million includes \$3.2 million of UTHET's net adjusted income for the year.

Monthly Financial Report Comparison of Operating Results, Margin, Projected Year-End and Budget For the Period Ending February 28, 2022

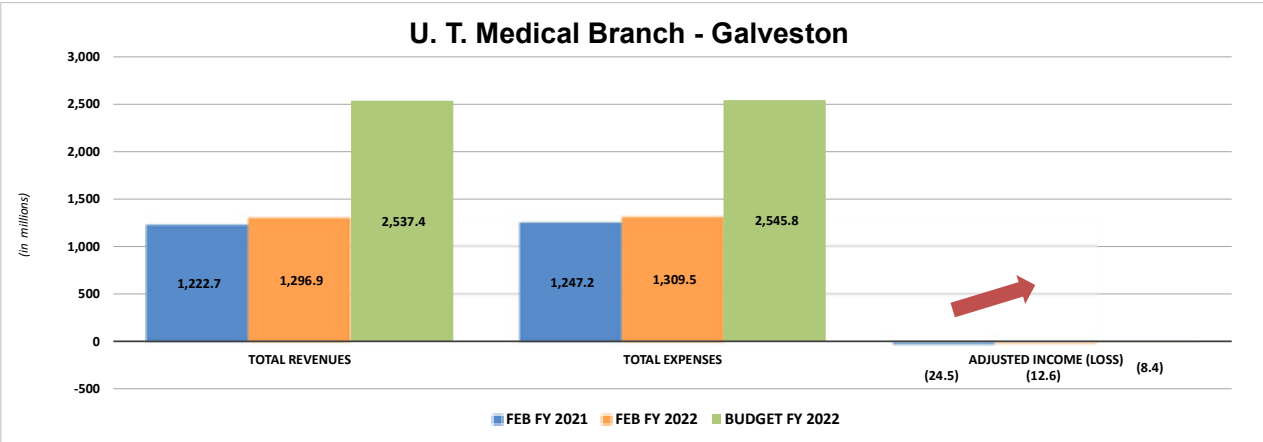


U. T. Southwestern Medical Center reported year-to-date adjusted income of \$1.0 million, an increase of \$8.6 million (113%) from the prior year. The increase was primarily due to an increase in clinical revenues as a result of increased inpatient and outpatient visits, as well as increased surgical volumes and admissions. The most current projection received from U. T. Southwestern Medical Center reflects income of \$2.4 million for the year.

(in millions)	February YTD FY 2021	February YTD FY 2022	Variance	Annual Projected FY 2022	FY 2022 Budget
Clinical Revenues	\$ 1,187.5	1,403.1	215.6	2,820.3	
Sponsored Programs/Nonexchange Sponsored Programs	373.5	399.5	26.0	814.8	
State Appropriations	90.4	92.7	2.3	188.3	
Net Tuition and Fees	13.1	12.3	(0.8)	26.0	
Auxiliary Revenues/Sales & Services of Educational Activities	17.1	18.9	1.8	38.4	
Net Investment Income	76.1	89.6	13.5	169.2	
Other Operating Revenues/Gift Contributions for Operations	103.8	122.3	18.5	228.9	
Total Revenues	1,861.5	2,138.4	276.9	4,286.0	4,090.9
Salaries and Wages/Payroll Related Costs	1,192.8	1,325.8	133.0	2,724.5	
Materials and Supplies/Cost of Goods Sold	362.1	411.6	49.5	826.7	
Depreciation and Amortization	100.1	124.1	24.0	244.0	
Other Contracted Services/Professional Fees & Services	104.9	123.3	18.4	194.2	
All Other Operating Expenses	109.2	152.7	43.4	294.1	
Total Expenses	\$ 1,869.1	2,137.4	268.3	4,283.6	4,059.3
Adjusted Income (Loss)	(7.7)	1.0	8.6	2.4	31.5
Adjusted Income (Loss) Excluding Depr & Amort Exp	92.5	125.1	32.6	246.5	279.0

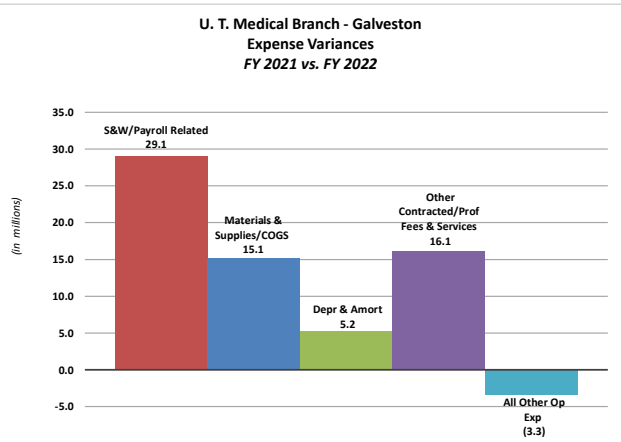
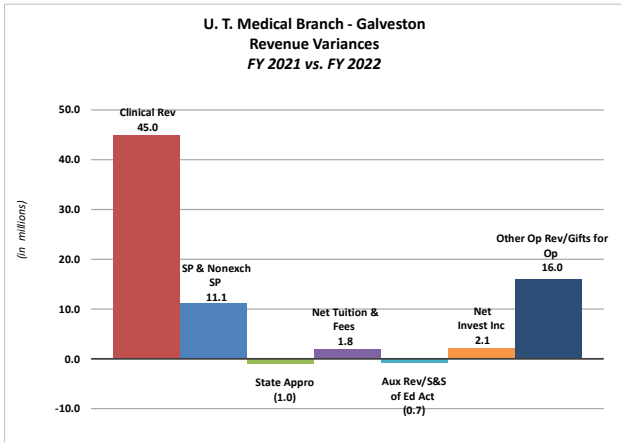


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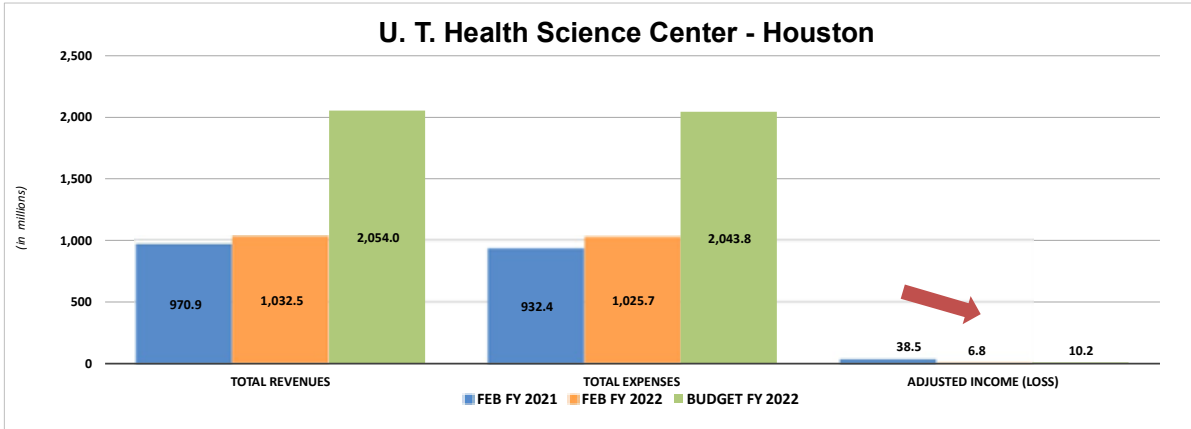


U. T. Medical Branch - Galveston incurred a year-to-date adjusted loss of \$12.6 million, a decrease in adjusted loss of \$11.9 million (49%) from the prior year. The decrease was primarily attributable to an increase in clinical revenues due to an increase in patient volume and a favorable rate/case mix. The most current projection received from *U. T. Medical Branch - Galveston* reflects a loss of \$23.4 million for the year as a result of the unanticipated Centers for Medicare and Medicaid Services denial of Texas' proposed state directed payments for Comprehensive Hospital Increase Reimbursement Program (CHIRP) and Texas Incentives for Physicians and Professional Services (TIPPS).

(in millions)	February YTD FY 2021	February YTD FY 2022	Variance	Annual Projected FY 2022	FY 2022 Budget
Clinical Revenues	\$ 830.5	875.5	45.0	1,785.6	
Sponsored Programs/Nonexchange Sponsored Programs	109.0	120.1	11.1	219.8	
State Appropriations	180.5	179.5	(1.0)	358.8	
Net Tuition and Fees	25.0	26.8	1.8	52.0	
Auxiliary Revenues/Sales & Services of Educational Activities	13.4	12.7	(0.7)	30.8	
Net Investment Income	33.4	35.5	2.1	65.4	
Other Operating Revenues/Gift Contributions for Operations	30.9	46.9	16.0	114.9	
Total Revenues	1,222.7	1,296.9	74.2	2,627.3	2,537.4
Salaries and Wages/Payroll Related Costs	751.0	780.0	29.1	1,579.2	
Materials and Supplies/Cost of Goods Sold	174.3	189.4	15.1	369.7	
Depreciation and Amortization	100.1	105.3	5.2	216.8	
Other Contracted Services/Professional Fees & Services	102.4	118.6	16.1	237.1	
All Other Operating Expenses	119.4	116.1	(3.3)	247.9	
Total Expenses	\$ 1,247.2	1,309.5	62.2	2,650.7	2,545.8
Adjusted Income (Loss)	(24.5)	(12.6)	11.9	(23.4)	(8.4)
Adjusted Income (Loss) Excluding Depr & Amort Exp	75.6	92.8	17.2	193.4	207.9

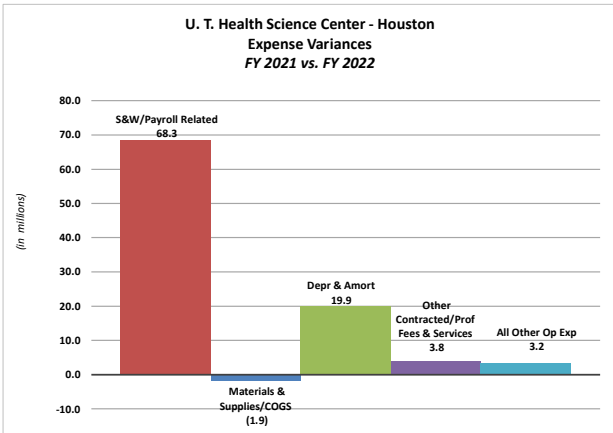
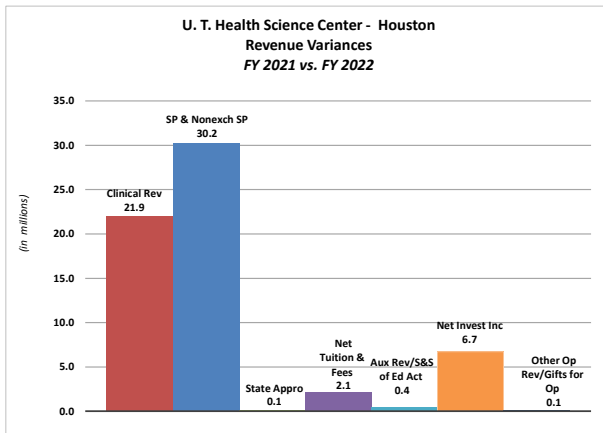


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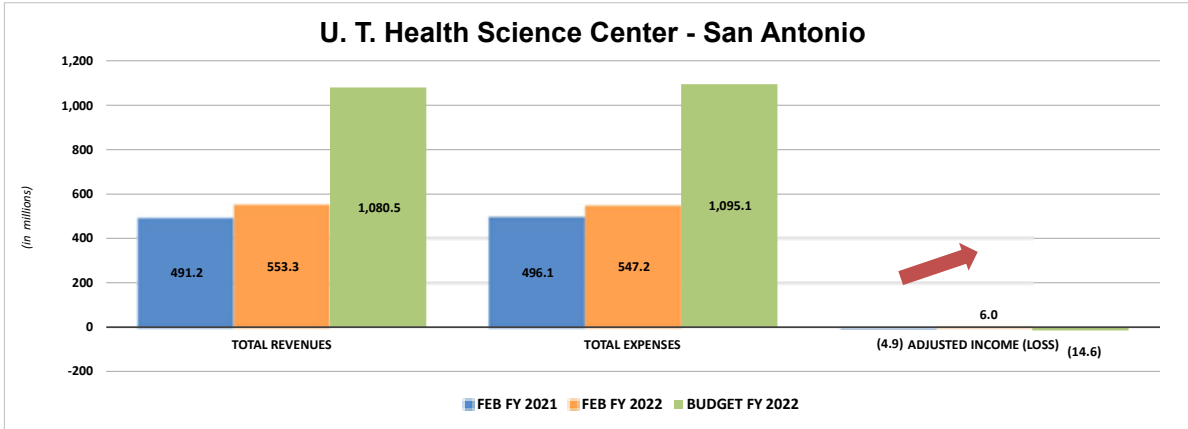


U. T. Health Science Center - Houston reported year-to-date adjusted income of \$6.8 million, a decrease in adjusted income of \$31.7 million (82%) from the prior year. The decrease was primarily due to an increase in salaries and wages and payroll related costs attributable to increases in staff and faculty positions, as well as clinical staff market adjustments. The most current projection received from U. T. Health Science Center - Houston reflects income of \$15.0 million for the year.

(in millions)	February YTD FY 2021	February YTD FY 2022	Variance	Annual Projected FY 2022	FY 2022 Budget
Clinical Revenues	\$ 249.2	271.1	21.9	548.2	
Sponsored Programs/Nonexchange Sponsored Programs	478.2	508.4	30.2	1,016.0	
State Appropriations	107.7	107.8	0.1	217.4	
Net Tuition and Fees	36.0	38.1	2.1	76.2	
Auxiliary Revenues/Sales & Services of Educational Activities	34.9	35.3	0.4	76.1	
Net Investment Income	37.3	44.1	6.7	85.1	
Other Operating Revenues/Gift Contributions for Operations	27.6	27.7	0.1	74.3	
Total Revenues	970.9	1,032.5	61.6	2,093.3	2,054.0
Salaries and Wages/Payroll Related Costs	721.3	789.6	68.3	1,584.1	
Materials and Supplies/Cost of Goods Sold	52.4	50.5	(1.9)	111.5	
Depreciation and Amortization	34.3	54.2	19.9	108.4	
Other Contracted Services/Professional Fees & Services	54.7	58.5	3.8	128.6	
All Other Operating Expenses	69.7	72.9	3.2	145.8	
Total Expenses	\$ 932.4	1,025.7	93.3	2,078.3	2,043.8
Adjusted Income (Loss)	38.5	6.8	(31.7)	15.0	10.2
Adjusted Income (Loss) Excluding Depr & Amort Exp	72.8	61.0	(11.8)	123.4	89.4

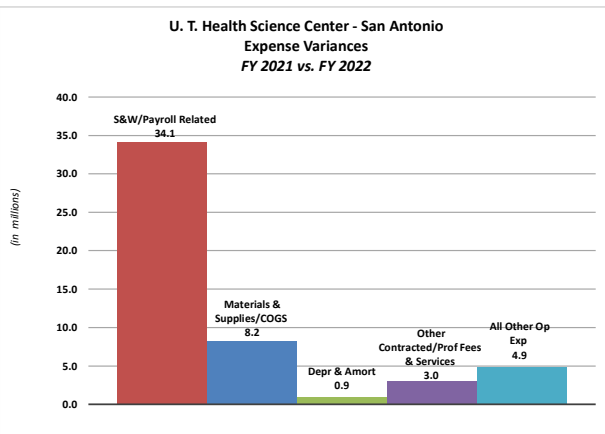
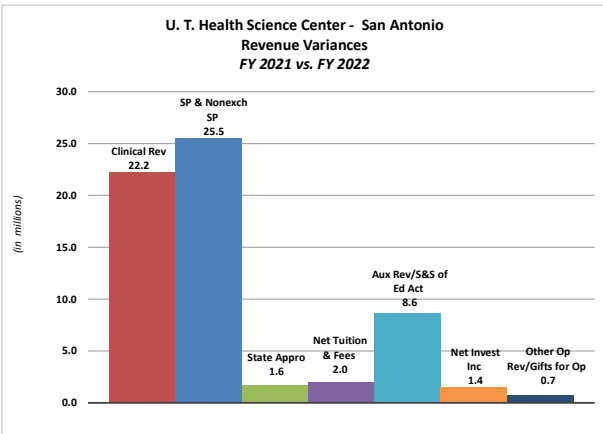


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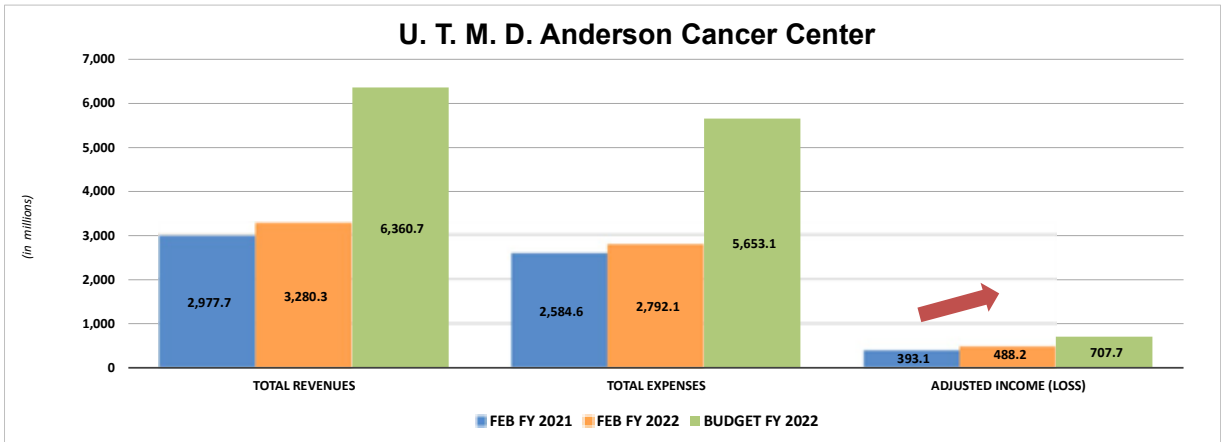


U. T. Health Science Center - San Antonio reported year-to-date adjusted income of \$6.0 million, an increase of \$10.9 million (223%) from the prior year. The increase was primarily attributable to the following: an increase in clinical revenues as a result of increased volume and clinical productivity at all UT Health Physicians sites; and an increase in sales and services of educational activities due to an increase in pediatric hematology-oncology revenue, as well as 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 \$7.6 million for the year, which represents a \$7.0 million improvement over the planned \$14.6 million operating deficit.

(in millions)	February YTD FY 2021	February YTD FY 2022	Variance	Annual Projected FY 2022	FY 2022 Budget
Clinical Revenues	\$ 135.8	158.0	22.2	320.4	
Sponsored Programs/Nonexchange Sponsored Programs	192.5	218.0	25.5	440.0	
State Appropriations	84.8	86.4	1.6	172.9	
Net Tuition and Fees	25.0	27.0	2.0	54.0	
Auxiliary Revenues/Sales & Services of Educational Activities	14.6	23.2	8.6	38.0	
Net Investment Income	28.1	29.6	1.4	50.0	
Other Operating Revenues/Gift Contributions for Operations	10.4	11.1	0.7	38.8	
Total Revenues	491.2	553.3	62.1	1,114.1	1,080.5
Salaries and Wages/Payroll Related Costs	334.3	368.4	34.1	761.1	
Materials and Supplies/Cost of Goods Sold	52.3	60.5	8.2	126.2	
Depreciation and Amortization	33.8	34.7	0.9	70.9	
Other Contracted Services/Professional Fees & Services	33.3	36.3	3.0	66.4	
All Other Operating Expenses	42.5	47.4	4.9	97.0	
Total Expenses	\$ 496.1	547.2	51.2	1,121.7	1,095.1
Adjusted Income (Loss)	(4.9)	6.0	10.9	(7.6)	(14.6)
Adjusted Income (Loss) Excluding Depr & Amort Exp	28.9	40.7	11.9	63.3	56.3

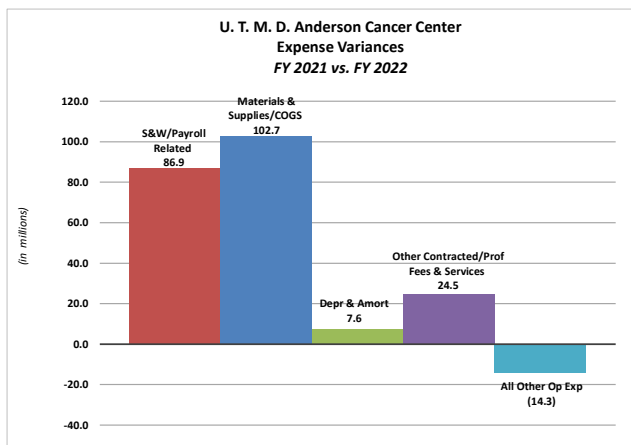
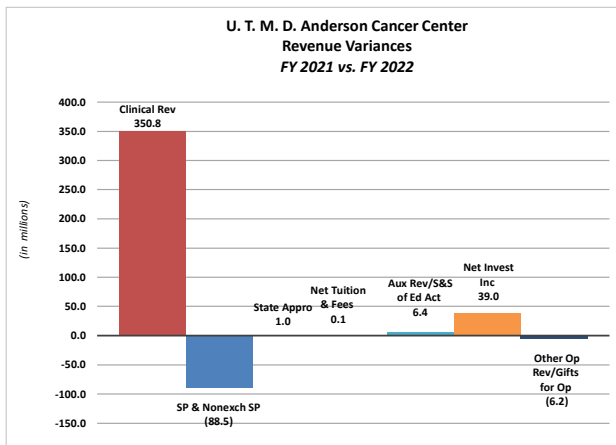


Monthly Financial Report Comparison of Operating Results, Margin, Projected Year-End and Budget For the Period Ending February 28, 2022



U. T. M. D. Anderson Cancer Center reported year-to-date adjusted income of \$488.2 million, an increase in adjusted income of \$95.0 million (24%) from the prior year. The increase was primarily due to an increase in clinical revenues attributable to increased volume and clinical productivity. The most current projection received from U. T. M. D. Anderson Cancer Center reflects income of \$896.2 million for the year.

(in millions)	February YTD FY 2021	February YTD FY 2022	Variance	Annual Projected FY 2022	FY 2022 Budget
Clinical Revenues	\$ 2,223.5	2,574.3	350.8	5,247.5	
Sponsored Programs/Nonexchange Sponsored Programs	352.5	264.0	(88.5)	549.6	
State Appropriations	103.7	104.7	1.0	210.0	
Net Tuition and Fees	1.4	1.4	0.1	1.9	
Auxiliary Revenues/Sales & Services of Educational Activities	11.1	17.5	6.4	34.8	
Net Investment Income	150.7	189.7	39.0	391.9	
Other Operating Revenues/Gift Contributions for Operations	134.8	128.6	(6.2)	247.7	
Total Revenues	2,977.7	3,280.3	302.6	6,683.4	6,360.7
Salaries and Wages/Payroll Related Costs	1,485.2	1,572.1	86.9	3,313.7	
Materials and Supplies/Cost of Goods Sold	574.7	677.4	102.7	1,254.9	
Depreciation and Amortization	186.4	194.0	7.6	400.5	
Other Contracted Services/Professional Fees & Services	181.8	206.3	24.5	507.6	
All Other Operating Expenses	156.5	142.3	(14.3)	310.5	
Total Expenses	\$ 2,584.6	2,792.1	207.5	5,787.2	5,653.1
Adjusted Income (Loss)	393.1	488.2	95.0	896.2	707.7
Adjusted Income (Loss) Excluding Depr & Amort Exp	579.5	682.1	102.6	1,296.7	1,112.5



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

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Business Affairs in the recommendation that

- a. the Fiscal Year 2023 distribution from the Permanent University Fund (PUF) to the Available University Fund (AUF) be increased from \$1,161,760,000 to \$1,231,115,000 effective September 1, 2022;
- b. the distribution rate for the Permanent Health Fund (PHF) be increased from \$0.0667 per unit to \$0.0689 per unit for Fiscal Year 2023 (effective with November 30, 2022 distribution);
- c. the distribution rate for the U. T. System Long Term Fund (LTF) be increased from \$0.3642 per unit to \$0.3763 per unit for Fiscal Year 2023 (effective with November 30, 2022 distribution); and
- d. the distribution rate for the U. T. System Intermediate Term Fund (ITF) remain at 3.0% per annum (paid monthly) for Fiscal Year 2023.

BACKGROUND INFORMATION

Article VII, Section 18 of the Texas Constitution requires that the amount of distributions to the AUF be determined by the Board of Regents in a manner intended to provide the AUF with a stable and predictable stream of annual distributions and to maintain over time the purchasing power of PUF investments and annual distributions to the AUF. The recommendation will increase PUF distributions by the average rate of inflation for the trailing 12 quarters plus 2.65%.

The Constitution further limits the Board of Regents' discretion to set annual PUF distributions to the satisfaction of three tests:

- 1. The amount of PUF distributions to the AUF in a fiscal year must be not less than the amount needed to pay the principal and interest due and owing in that fiscal year on PUF bonds and notes. The proposed distribution of \$1,231,115,000 is substantially greater than PUF bond debt service of \$498,693,000 projected for Fiscal Year 2023.

<u>System</u>	<u>Debt Service</u>
U. T.	\$ 299,493,000
TAMU	199,200,000
Total:	<u>\$ 498,693,000</u>

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

2. The Board of Regents may not increase annual PUF distributions to the AUF (except as necessary to pay PUF debt service) if the purchasing power of PUF investments for any rolling 10-year period has not been preserved. As the schedule below indicates, the average annual increase in the rate of growth of the value of PUF investments (net of expenses, inflation, and distributions) for the trailing 10-year period ended February 28, 2022, was 7.07%, which indicates that the purchasing power test was met.

Average Annual	Percent
Rate of Total Return, Net of Investment Manager Fees	9.43%
Mineral Interest Receipts	4.70%
Expense Rate	(0.20%) ⁽¹⁾
Inflation Rate	(2.23%)
Distribution Rate	(4.63%)
Net Real Return	<u>7.07%</u>

(1) The expense rate as shown is a 10-year annualized average and includes PUF Land Expenses and PUF investment management costs other than investment manager fees. Investment management fees are a reduction to the Rate of Total Return.

3. The annual distribution from the PUF to the AUF during any fiscal year made by the Board of Regents may not exceed an amount equal to 7% of the average net fair market value of PUF investment assets as determined by the Board of Regents (except as necessary to pay PUF bond debt service). The annual distribution rate calculated using the trailing 20-quarter average value of the PUF is within the 7% maximum allowable distribution rate.

Value of PUF Investments ⁽¹⁾	Proposed Distribution	Proposed Distribution as a % of Value of PUF Investments	Maximum Allowed Rate
\$24,491,433,027	\$ 1,231,115,000	5.03%	7.00%

(1) Source: UTIMCO

The spending policy objectives of the PHF and LTF are to:

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

The increase in the consumer price index for the prior three years as of November 30, 2021, was 3.32%. The recommended 3.32% increase in the PHF distribution rate of \$0.0667 to \$0.0689 per unit will increase the distributions by the average rate of inflation for the trailing 12 quarters. The PHF's distribution rate calculated using the prior 12-quarter average value of the PHF is 4.26%.

On November 14, 2019, the Board of Regents authorized a maximum 0.80% allocation (80 basis points) from the market value of the LTF to provide additional funding for development operations at U. T. institutions to substantially increase philanthropic revenue. The proposed LTF distribution rate of \$0.3763 per unit or 4.45% of the market value of the LTF plus the 0.80% development allocation will result in a total LTF spending rate of 5.25% of the prior 12-quarter average value of the LTF.

The distribution rate for the ITF was originally set at 3.0% per annum for Fiscal Year 2007 by the U. T. Board on May 11, 2006, and has continued at that rate for each succeeding fiscal year. The recommendation for Fiscal Year 2023 is to continue a distribution rate of 3.0%.

4. U. T. System Board of Regents: University Lands Update

Mr. William R. "Billy" Murphy, Chief Executive Officer - University Lands, will report on matters related to University Lands using the PowerPoint presentation set forth on the following pages.

University Lands Update

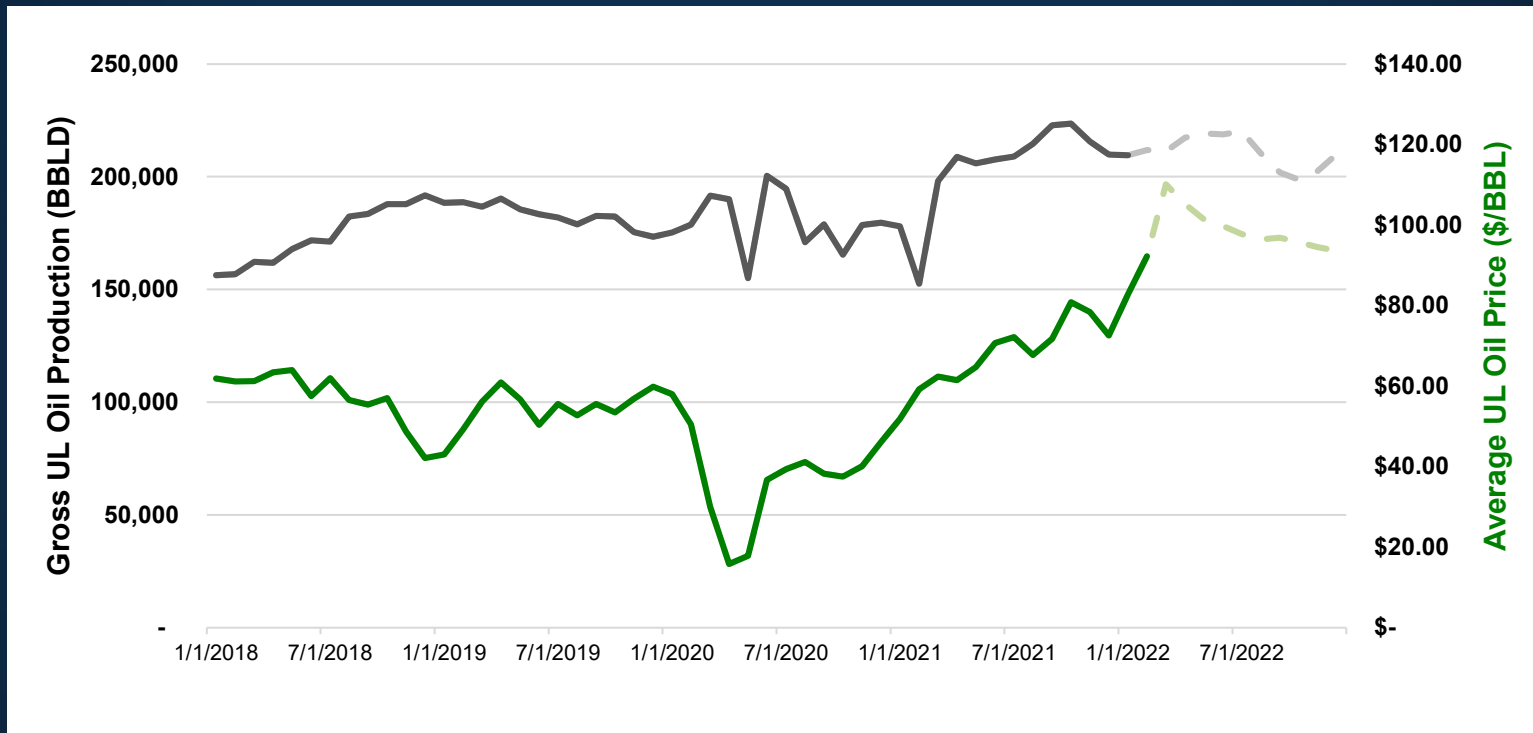
William R. “Billy” Murphy, Jr., Chief Executive Officer

U. T. System Board of Regents’ Meeting
Finance and Planning Committee
May 2022

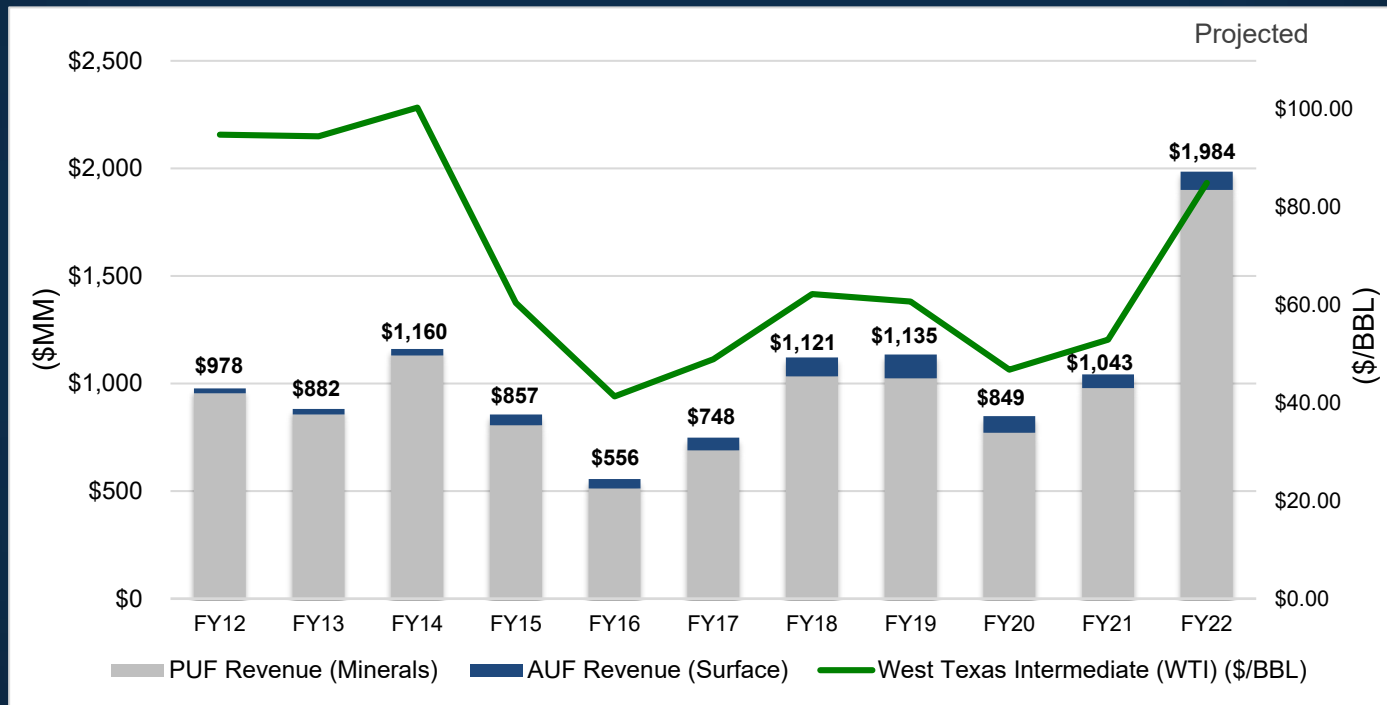


THE UNIVERSITY of TEXAS SYSTEM
THIRTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

Gross Oil Production vs. Average Oil Price



Permanent University Fund (PUF) & Available University Fund (AUF) Revenue vs. Average Oil Price



Oil & Gas Market Environment

Major Transactions *Last 12 months*

New Contract for Development

Shell → ConocoPhillips

PIONEER → Continental
(Assets transferred from Jagged Peak to Parsley to Pioneer to Continental)

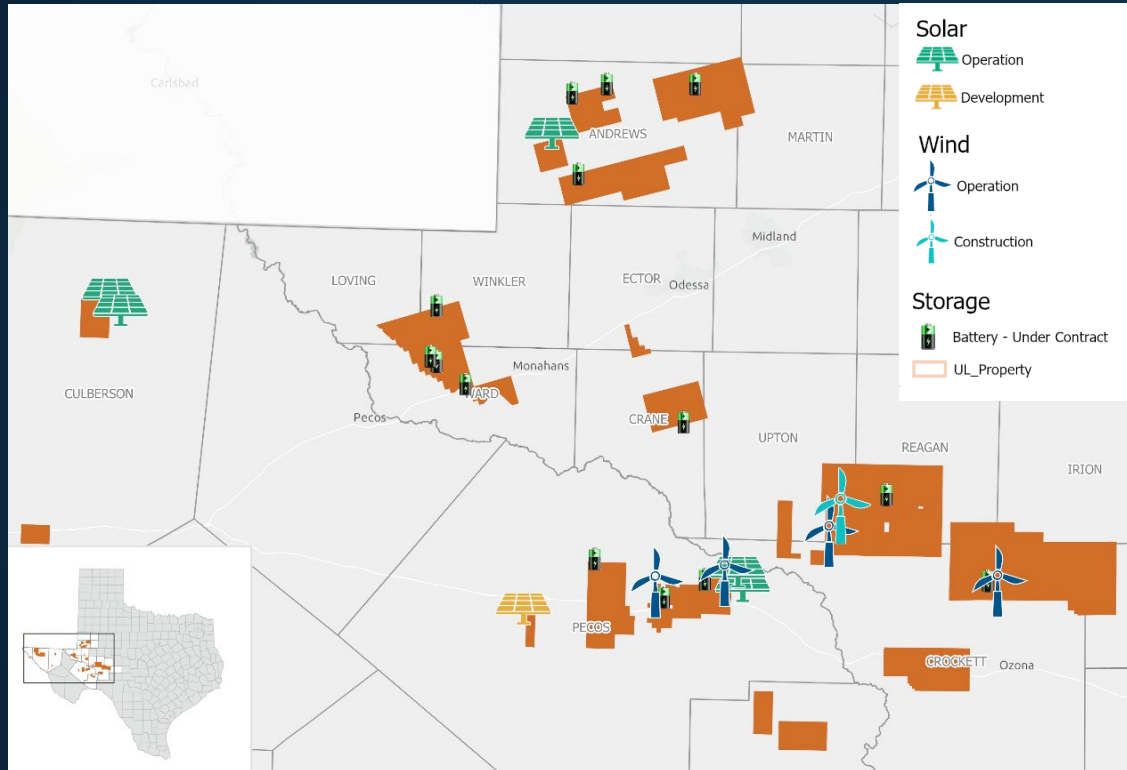
OASIS → PERCUSSION

Market Environment Status

Pricing	
Supply Chain	
Sand	
ESG	
Consolidation	
Transactions	
Production Acceleration	



Wind, Solar & Battery Leases



In Operation or Under Construction

	Leases	Total Acres	Total Est. MW Capacity	Equivalent # of Houses Powered
Solar	5	7,047	1,007	214,000
Wind	5	67,070	561	125,000

In Development or Pre-Lease

	Leases	Total Acres
Solar	3	17,244
Wind	2	102,000



Environmental, Social & Governance (ESG)

- University Lands mission is built on a foundation of sustainability – of land, minerals, and revenue created for future generations
- Public oil and gas developers have a significant interest in ESG programs as a license to operate from shareholders, and are leading the way ahead of regulatory changes
- Privately funded operators are prioritizing ESG due to partner pressures
- University Lands is well-positioned to continue encouragement of ESG best practices
- University Lands management intends to build a comprehensive ESG strategy and plan

