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November 10-11, 2010
Austin, Texas

Wednesday, November 10, 2010

Committee/Board Meetings

A. COMMITTEE MEETING

Audit, Compliance, and Management Review Committee

9:00 a.m.

B. CONVENE THE BOARD IN OPEN SESSION TO RECESS TO EXECUTIVE SESSION PURSUANT TO TEXAS GOVERNMENT CODE, CHAPTER 551 (working lunch at noon)

10:00 a.m.

1. Consultation with Attorney Regarding Legal Matters or Pending and/or Contemplated Litigation or Settlement Offers – Section 551.071
 - a. **U. T. System Board of Regents: Discussion with Counsel on pending legal issues**
 - b. **U. T. System Board of Regents: Discussion and appropriate action regarding legal issues related to the Educational Partnership Agreement between U. T. Brownsville and Texas Southmost College, the terms and conditions governing the current and proposed agreements and relationships between the parties, and the rights and obligations of the parties** (also posted under real estate and individual personnel)
 - c. **U. T. Austin: Discussion and appropriate action regarding legal issues related to rights and responsibilities for oversight and use of Brackenridge Tract held for the benefit of U. T. Austin** (also posted under real estate)
 - d. **U. T. Austin: Discussion of legal issues related to the structure of ownership and control of certain broadcast rights for athletic events**
2. Deliberations Regarding the Purchase, Exchange, Lease, Sale, or Value of Real Property – Section 551.072
 - a. **U. T. System Board of Regents: Discussion and appropriate action regarding issues related to real property issues and the real property lease between U. T. Brownsville and Texas Southmost College**
 - b. **U. T. Austin: Discussion and appropriate action of matters related to lease and valuation of the Brackenridge Tract held for the benefit of U. T. Austin**

3. Negotiated Contracts for Prospective Gifts or Donations –
Section 551.073
 - a. **U. T. Austin: Discussion and appropriate action regarding proposed negotiated gifts with potential naming features** *President Powers
Dr. Safady*
 - b. **U. T. Dallas: Discussion and appropriate action regarding proposed negotiated gifts with potential naming features** *President Daniel
Dr. Safady*
 - c. **U. T. Permian Basin: Discussion and appropriate action regarding proposed negotiated gifts with potential naming features** *President Watts
Dr. Safady*
 - d. **U. T. Health Science Center – Houston: Discussion and appropriate action regarding proposed negotiated gifts with potential naming features** *President Kaiser
Dr. Safady*
4. Personnel Matters Relating to Appointment, Employment, Evaluation, Assignment, Duties, Discipline, or Dismissal of Officers or Employees – Section 551.074
 - a. **U. T. System Board of Regents: Discussion and appropriate action regarding individual personnel issues related to the Educational Partnership Agreement between U. T. Brownsville and Texas Southmost College, the terms and conditions governing the current and proposed agreements and relationships between the parties, and the rights and obligations of the parties**
 - b. **U. T. System: Discussion and appropriate action regarding individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of U. T. System and institutional employees**
 - c. **U. T. System: Discussion and appropriate action regarding individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of presidents (academic and health institutions), U. T. System Administration officers (Executive Vice Chancellors and Vice Chancellors), other officers reporting directly to the Board (Chancellor, General Counsel to the Board, and Chief Audit Executive), and U. T. System and institutional employees**
5. Deliberation Regarding Security Devices or Security Audits –
Section 551.076

U. T. System: Discussion and appropriate action concerning the deployment, or specific occasions for implementation, of security personnel or devices on U. T. System campuses *Dr. Kelley
Mr. Tacker*
- C. RECONVENE IN OPEN SESSION TO CONSIDER ACTION, IF ANY, ON EXECUTIVE SESSION ITEMS *1:00 p.m.*

Wednesday, November 10, 2010

Board/Committee Meetings

D. RECESS FOR COMMITTEE MEETINGS

Academic Affairs Committee	1:30 p.m.
Health Affairs Committee	3:00 p.m.
Facilities Planning and Construction Committee	4:00 p.m.
Finance and Planning Committee	5:00 p.m.

E. RECESS

6:00 p.m.

Thursday, November 11, 2010

	Board/Committee Meetings	Page
F. COMMITTEE MEETINGS		
Student, Faculty, and Staff Campus Life Committee	8:30 a.m.	
Health Affairs Committee, Special Meeting	9:30 a.m.	
G. RECONVENE THE BOARD IN OPEN SESSION	11:00 a.m.	
H. APPROVAL OF MINUTES		
I. CONSIDER AGENDA ITEMS		
1. U. T. System Board of Regents: Amendment to the Regents' Rules and Regulations, Rule 80201 (Disposal of U. T. System Property), Section 4.3	11:05 a.m. Action <i>Mr. Dendy</i>	1
2. U. T. System: Approval of \$23 million from the Available University Fund (AUF) to support Systemwide computing capabilities, including completion of 10-gigabyte connectivity through the 15 campuses and the U. T. System data centers, additional high performance computing capacity, and pilot projects on shared data storage in support of research	11:10 a.m. Action <i>Dr. Shine</i>	2
3. U. T. System: Report on preparations for the 82nd Legislative Session	11:25 a.m. Report <i>Mr. McBee</i>	9
4. U. T. System Board of Regents: Discussion and appropriate action related to the Educational Partnership Agreement between U. T. Brownsville and Texas Southmost College, the terms and conditions governing the current and proposed agreements and relationships between the parties, and the rights and obligations of the parties	11:40 a.m. Action <i>Chairman McHugh</i> <i>Chancellor Cigarroa</i>	58
J. RECESS FOR MEETINGS OF THE STANDING COMMITTEES AND COMMITTEE REPORTS TO THE BOARD	12:05 p.m.	
K. RECONVENE AS A COMMITTEE OF THE WHOLE	12:30 p.m.	
5. U. T. System Board of Regents: Discussion and appropriate action regarding proposed recipient for the Santa Rita Award	Action	59
L. ADJOURN	12:35 p.m.	

1. **U. T. System Board of Regents: Amendment to the Regents' Rules and Regulations, Rule 80201 (Disposal of U. T. System Property), Section 4.3**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs and the Vice Chancellor and General Counsel that Regents' *Rules and Regulations*, Rule 80201, Section 4.3, regarding disposal of U. T. System property, be amended as set forth below:

- 4.3 A sale in the amount of \$100,000 or more shall be approved in advance by the Chancellor and approved by the Board of Regents through the institutional docket; provided, however, that in the event of a catastrophic occurrence where insurable property losses are expected to exceed the institution's \$250,000 deductible under the U. T. System's Comprehensive Property Protection Plan (CPPP), the chief business officer of an institution is authorized to enter into contracts to dispose of damaged institution property, including equipment, in a manner deemed to be in the interest of the institution consistent with State law and Regents' Rule 10501.

BACKGROUND INFORMATION

Regents' Rule 80201 was intended to cover routine disposition of unused and outdated equipment only. Following Tropical Storm Allison in 2001 and Hurricane Ike in 2008, the Board of Regents granted authority to institutional presidents to enter into contracts to dispose of salvage and surplus property. The authority granted at the time was specific to those events. Certain controls that are in place during normal times can potentially create a problem when time is of the essence due to a catastrophic event.

The recommended amendment to Regents' *Rules and Regulations*, Rule 80201 will allow U. T. System institutions to quickly recover the salvage value for property damaged by a catastrophic event when the damage exceeds the institution's deductible under the CPPP.

2. **U. T. System: Approval of \$23 million from the Available University Fund (AUF) to support Systemwide computing capabilities, including completion of 10-gigabyte connectivity through the 15 campuses and the U. T. System data centers, additional high performance computing capacity, and pilot projects on shared data storage in support of research**

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Health Affairs, and the Executive Vice Chancellor for Business Affairs that the U. T. System Board of Regents approve \$23 million from the Available University Fund (AUF) to support Systemwide computing capabilities, including completion of 10-gigabyte connectivity through the 15 campuses and the U. T. System data centers, additional high performance computing capacity, and pilot projects on shared data storage in support of research. Funds would be provided for technical support in the implementation and utilization of these new technologies.

An Executive Summary of the U. T. System Research Information Technology Strategic Plan is set forth on Pages 3 - 8.

BACKGROUND INFORMATION

State-of-the-art computing capability will be central to the future success of many aspects of the U. T. System research programs. Access to high-performance computing capacity is essential for an increasing number of areas in science. These funds will allow completion of the "last mile" of connectivity for broadband width access by all 15 campuses and two data centers. This connectivity will allow access to the high-performance computing capacity at U. T. Austin, as well as to investigators in other parts of the state and world. Enhanced high-performance capacity of the Texas Advanced Computing Center (TACC) will permit expansion of services for a number of campuses, particularly the health research institutions that have expanding needs in these areas. An important pilot project in shared data storage will seek additional proof of concept that multiple investigators at several sites can use a single data repository for conduct of their research. It will also provide proof of concept for the archiving of computer data that can be "mined" at a future time.

The U. T. System will also establish a Research Cyberinfrastructure Steering Committee, which will continue to assess the long-term needs of U. T. System for additional computer capacity in support of the campuses and their faculties. The availability of broadband width connections by these methods will also contribute to the use of new technologies in classroom instruction and support these fertilized data analyses in the health care delivery programs of The University of Texas System.

UT System Research Information Technology Strategic Plan

Executive Summary

Background

The University of Texas System of academic and health institutions is one of the premier open science research organizations in the world. Its nine academic institutions include the flagship UT Austin campus and a number of growing, and potentially R1-class, universities. Its six health institutions possess national reputations earned for leadership in areas of biomedical research ranging from cancer to infectious diseases. The collective research expenditures of the UT System institutions exceed two billion dollars per year, with significant funding from every major federal funding agency including NIH and NSF.

However, the preservation and growth of research leadership at universities and labs more and more depends on having better access to powerful, comprehensive IT resources. The advancement of scientific research is increasingly enabled through the use of computing technologies, ranging in type and scale from laptops and desktops to supercomputers and clouds, and also including storage, visualization, networks, and scientific software. In the past decade, the explosion of digital data produced by more powerful computers and by increasingly powerful scientific instruments such as high-speed video microscopes, sensor networks, DNA sequencers, and MRI systems, has driven a corresponding explosion in informatics and analytics-based computational research. Biological and biomedical research in particular has benefited from this proliferation of data, more powerful computing and larger storage systems, and the development of new techniques and software for data-driven computational research.

Several top universities now have superior access to cyberinfrastructure resources, and others are making significant investments to elevate their programs, funding, and stature. **This competitive landscape establishes a clear mandate for the UT System to invest in this important area of research infrastructure.** The national landscape for research universities has evolved to one in which cyberinfrastructure provides support for an increasing percentage of all research, and institutional advantages in computational capabilities provide a competitive advantage in attracting faculty and securing funding. The importance of innovation through computational expertise and technologies has emerged as a national priority, as articulated in *Rising Against the Gathering Storm* (National Academies Press, 2007) and numerous other federally commissioned reports in the past several years.

UT System's institutions have four significant advantages in this highly competitive environment. First is the impact and influence across science, engineering, and biomedicine/health of its extraordinary set of research programs. Second, UT System's tremendous support for infrastructure presents a huge advantage to System institutions. Third, the Texas Advanced Computing Center (TACC) at UT Austin is already a national advanced computing center, which should be leveraged as a competitive advantage for all UT System institutions. Fourth, and perhaps most importantly, is the desire to collaborate among these 15 institutions to leverage all of these research, financial, and technical advantages to maximize available funding and develop a scientifically powerful research IT infrastructure that benefits all UT institutions.

The Proposal

UT System will develop and implement a Research IT Strategic Plan to build and leverage comprehensive, integrated IT infrastructure -- a **UT Research Cyberinfrastructure (UTRC)** -- to create an environment that promotes innovation and discovery. Some features of the UTRC discovery environment will include:

- State-of-the-art hardware, software, and networking infrastructure with comprehensive capabilities integrated into a usable environment. Systems will possess versatility and upgradeability to enable future innovation and sustainment of competitive advantages.
- Data hosting and persistence infrastructure and policies, including digital libraries and archives, so that data can persist to be used and re-used as new paths are revealed.

- Expertise in designing and supporting these technologies, and to help researchers use them with maximum effectiveness. Such expertise often makes the difference between capitalizing on leading-edge resources to produce innovation, or underutilizing their abilities.
- A balance between powerful, production-quality shared central services and support for local resources, both production and experimental, at the locations of the researchers.
- Strong partnerships with private sector technology companies. Leading IT program needs to have the flexibility to leverage a wide range of private sector resources.

UT System's Research IT Strategic Plan will focus on these issues and address the features needed to promote innovation and enable research leadership. The plan will be designed, implemented, supported, and evolved to maximize the scientific capabilities of researchers at different institutions and diverse fields. It will leverage the capabilities and economies of scale of powerful central resources for computing and storage, while also enabling user productivity through high bandwidth connections to these resources from research labs and offices, replication of data at multiple locations for protection, and data analysis/visualization.

The *network connectivity* of campuses within UT System varies in quality and is, in general, significantly behind that of both top research institutions and even of many institutions seeking to achieve R1 status. For example, CENIC provides UC System institutions with much greater connectivity, while Indiana, Ohio, North Carolina, and even Louisiana have optical network initiatives with higher capabilities and more support than LEARN or UTSysNet are currently able to provide. Moreover, even where high bandwidth is available to a UT System institution campus border router, it is rarely available all the way into the research labs where the data is generated, analyzed, etc.

The explosion in generation and availability of *digital data* has enabled new modes of scientific research. The creation of a new UT Data Repository (UTDR) will be another major aspect of the UTRC. UTDR will allow UT System institutions to increase the value of their research data by managing the data in a central resource where it can be shared, visualized, combined, and analyzed in countless ways for a multitude of collaborations. Investing in a data repository and providing high bandwidth connectivity to the resource will provide a powerful tool for UT researchers to wield as they compete for research funding.

The total coordinated funding level required for achieving and sustaining leadership in research cyberinfrastructure—for networking, central high-end systems, distributed systems, and support—for the 15 institutions is estimated to be approximately \$40-50M/year. Therefore, **the level of investment we propose from UT System is to build UTRC and elevate UT System institutions' capabilities to the top tier is \$23M, which will be combined with comparable aggregate investments from the institutions** to create UTRC and achieve notable scientific successes within one year. The specific contributions from the individual institutions will of course vary based on current research programs and future plans. The top three priorities for the creation of UTRC are:

1. Connectivity: high bandwidth, end-to-end
2. Data Storage: secure, replicated, and easily used for storage and access
3. Computational capability: high performance *and* high throughput, with diverse software

A comprehensive strategic plan to build research IT infrastructure that contributes real value to the UT institutions' research programs must account for the multiple and interconnected facets of the system. In order to ensure that new hardware installations realize the expected functional benefit, the investment portfolio will be designed to cover the different dimensions of the Research IT Infrastructure.

UT Research Cyberinfrastructure Leadership

A UTRC Steering Committee (SC) comprising the Vice Presidents for Research (or similar) of each institution will provide overall leadership for the UTRC by articulating the vision and strategic goals for the project. A UTRC Leadership Team (LT) comprising research and computational leaders from each UT institution will provide the more active management of the activities. The LT will prepare a UTRC technology plan and budget, including all major acquisition plans. The plan will be informed by the vision and goals defined by the SC, and with inputs from two advisory groups: one for science and engineering research, and one for clinical research. These

advisory groups will provide specific expertise and information on trends for each area as well as issues to be addressed to improve functionality and utilization. The UTRC LT will then submit the annual plan and budget, including all significant acquisition/upgrades of central resources and wide area network infrastructure, for review and approval by the SC. Working together, the SC and LT will ensure that UTRC fulfills its mission and achieves quantifiable success according to targeted benchmarks. In future years, the SC will continue to refine the vision, measure progress and set new goals, determine resources available and needed, and submit an annual report and updated master plan to the UT Regents.

Budget and Justification

We propose a new program of investment in research IT infrastructure focused on developing a UT Research Cyberinfrastructure. We propose that the UT System and its 15 institutions work together to develop, deploy, operate, support, and upgrade the UTRC with leadership capabilities and competitive advantages. The combined effort of 15 institutions and the UT System can provide a clear capability advantage for all, at greater cost efficiency than our peer institutions can achieve. We can facilitate, stimulate, and support leadership in computational science research across Texas, attracting more funding and the best faculty and graduate students to UT institutions. However, this must be a sustained plan, with both early returns and ongoing advantages that build upon successes.

UT System funding and institutional resources for the initial year will be used to acquire, operate, support, and upgrade the component technologies of UTRC, both at the institutions and the central services. The scale, location, and balance of this funding—to provide a persistent, scientific advantage with sufficient capacity for leadership programs at 15 institutions—is based on inputs from the UT institutions' researchers, comparisons with peer universities and their future plans, and evaluation of the national open science cyberinfrastructure (NSF TeraGrid) and its future plans. Advisory committees will be established to represent basic science data, clinical data, and an overall advisory group that guides the overlapping efforts and sets the overall direction.

Some key funding considerations include:

- UT System funding should be primarily for central infrastructure—computational, storage, and wide-area networking—while support and operations funding should come primarily from institutions (leveraging local resources, staff, etc.).
- Operations funding and user support is important to ensure that the resources are used with maximum effectiveness by the researchers at the institutions.
- Total funding levels for providing infrastructure, systems, and support matching or exceeding the top peer institutions and presenting capabilities comparable to the national infrastructure should be \$40-50M/year.
- Networking and data infrastructure are crucially important for 21st century computational science, especially for collaboration and in data-driven fields like biomedicine.
- Technology upgrades are crucial for sustaining scientific advantages, with computational, storage, and networking technologies having an upgrade timescale of 3-5 years—thus persistent infrastructure funding is required, but it generates persistent returns in scientific results, external funding, and faculty recruitment.

Funding Level and Distribution: Building UTRC

The investment we propose to build UTRC and make it highly usable and effective combines UT System funding (\$23M) with resources from the UT System institutions. The contributions from the individual institutions will of

course vary based on current research programs and future plans. For the initial year, to address the priorities above and build a foundation for success with immediate results, we propose a UT System budget of \$23M as distributed/targeted below:

Technology Area	Investment By UT System	Investment by Institutions
Wide area networking	\$15M	
Campus networking infrastructure		Total campus costs est. several million \$
Central data storage, archival	\$4M	
Data caches connected to central storage, archival		Total campus systems/costs est. several million \$
Central computing capability, capacity	\$3M	Leverage \$2.5M at TACC
Distributed processing capabilities		Leverage \$2.5M at TACC
Central support staff	\$1M	Leverage \$2M at TACC
Distributed support staff		Est. \$4M (repurposing existing IT support positions)

For the initial year of UTRC, the technical objectives for enabling rapid science impact and preparing for future scientific success are:

- 1) **Goal: 10 Gbps connectivity between all institutions, with end-to-end performance to 1-3 research labs on each campus.** Upgrade network connectivity: ensure 10Gbps to every campus and into the key research buildings with labs generating and hosting terabytes of digital data. Make investments and conduct the network performance engineering to address the prevalent ‘last-mile’ issues, and assist with planning for future connectivity upgrades. Approximately \$15M for the UTSysNet upgrades. A detailed plan for this in progress.
- 2) **Goal: establish UTDR prototype with support for open science and secure access data, with replication and at least 5 petabytes capacity.** Upgrade central and distributed storage capabilities, building out the UTDR. This includes massive disk storage with high IO rates and with automated backups, geoplexed for data security. Will leverage TACC for open science data and potentially of a partnership with a commercial partner with expertise in data storage with HIPAA and other policy/legal requirements. Approximately \$4M from UT System for the UTDR prototype. A detailed plan for this is in progress.
- 3) **Goal: provide 40M dedicated CPU cycles to UT System institution researchers on world-class HPC systems, shared memory systems, and visualization systems.** Expand access to high-end computing and high throughput computing for researchers across all institutions, with corresponding access to visualization/analysis systems. Approximately \$3M from UT System. This is easy to accomplish as TACC is already planning to deploy new, scalable resources early in 2011.
- 4) **Goal: Develop an integrated, effective operations and user support team across UT System.** This team will ensure that the systems comprising UTRC (central and distributed, connected at high bandwidth) are easy to use, and will work with researchers to help use systems, develop applications, manage and analyze data, and integrate with the decentralized resources. Approximately \$1M from UT System, with significant leverage from TACC and repurposing at the institutions. Planning for this has not begun, but will be easily accomplished by leveraging TACC’s experience with providing distributed support in the NSF TeraGrid.

Thus, the \$23M for central UTRC resources and services will be invested in high-bandwidth end-to-end networking, large-scale storage for research data, tools for working with the data, computing resources for processing data and conducting simulations, recruitment of expert staff to manage the network and storage using the latest methods and equipment, and the implementation of sound security plans and processes that meet regulatory standards. The exact distribution of funding will be developed with extensive research by the UTRC Steering Committee and Leadership Team, and extensive negotiation with technology providers.

The corresponding investments from the institutions in local research IT resources and staff will initially focus on providing high-bandwidth networking into the labs and offices where discoveries are made by the

researchers—as well as significant user support, local data cache systems connected to instruments, and local visualization and analysis capabilities needed for scientific discovery. The funding for UTRC from the institutions will be further augmented by IT resources funded by grants that are awarded directly to researchers at the institutions (likely another \$10-20M+ per year, but highly local/special purpose), and by the institutional resources provided by central IT departments that provide some support for research as well as education, administration, etc. The funding allocated for the institutions will require an application process so that funds can be distributed appropriately where there is real need for high-bandwidth access to the UTRC. The exact expenditures per area and institution will be dependent on institution matching resources, research needs, and IT requirements.

Funding Level and Distribution: Future Years

While discussions about immediate needs and opportunities for impact have been held, a plan for subsequent years will require the full creation of UTRC including the Steering Committee. It will also require a detailed analysis of the Year 1 utilization and intermediate results to ensure maximum effective utilization of future investments and their return in scientific impact and federal funding. The Steering Committee will assess future needs and formulate plans and requests.

Nonetheless, we have developed some overarching goals for future years to demonstrate expectations of UTRC in sustaining leadership in research programs at the 15 institutions. These goals will be tuned based on experiences in Year 1 and ongoing discussions with the UT researchers, but the very broad goals are:

Year 1:

- 100+ projects (400+ users) spanning the 15 institutions, using advanced cyberinfrastructure to achieve competitive results
- UTRC enabling \$50M+/year of externally funded research
- Technology and support goals described above

Year 2:

- 200+ projects (probably 800+ users)
- 50 papers published citing the use of UTRC
- UTRC enabling \$100M+/year of externally funded research
- 10Gbps capability now in 5-10 labs per institution
- UTDR proven, capacity expanded to 10 petabytes
- High performance computing peak capability ~1 petaflop, usage increasing to 40M+ CPU cycles/year
- UTRC instrumental in several successful faculty recruitments across institutions
- Scientific computing educational classes offered at all UT System institutions via in-person or broadcast instruction

Year 5:

- 500+ projects, comprising 2000 or more users across UT System
- 300+ papers published citing impact of UTRC
- UTRC enabling \$½B+/year in externally funded research
 - instrumental in acquisitions of several \$5M+/year research projects to UT System institutions
 - attracting industry partnerships contributing \$25-50M/year across institutions
- 10Gbps capability now in most labs at institutions
 - backbone expanded to 40Gbps or more between institutions
- UTDR expanded to 100 petabytes—pre-eminent scientific data repository in the nation
- High performance computing system peak capability of 10-20 petaflops, with usage increasing to 500M+ CPU cycles/year
- Successful recruitment of multiple computational research faculty at every UT System institution

Conclusion

The UT Research Cyberinfrastructure will provide a strong foundation for advances in current and future research efforts across UT System. The combination of high bandwidth access, persistent data storage, computational capabilities, and the *expertise of UT System institution researchers* have incredible potential and will keep UT System at the forefront of science and discovery.

Research Computing Committee

UT Austin

Jay Boisseau, Director, Texas Advanced Computing Center
Juan Sanchez, Vice President for Research
Wayne Wedemeyer, Director of Telecommunication Services

UT Dallas

Murat Kantarcioglu, Assistant Professor, Computer Science
Bhavani Thuraisingham, Professor, Computer Science

UT El Paso

Steven Riter, Vice President for Information Resources & Planning
Pat Teller, Professor of Computer Science

UT Southwestern Medical Center at Dallas

Helen Hobbs, Director, McDermott Center
Kirk Kirksey, Vice President for Information Resources
Alexander Pertsmemilidis, Assistant Professor, McDermott Center
Rama Ranganathan, Professor, Department of Pharmacology
Suzanne Rivera, Vice President for Research Administration
Michael Rosen, Professor, Department of Biochemistry

UT Medical Branch at Galveston

Allan Brasier, Professor, Internal Med-Endocrinology
Ralph Farr, Vice President and Chief Information Officer
Mike King, Director of Information Services
Bruce Luxon, Director of Biomedical Informatics

UT Health Science Center at Houston

Elmer Bernstam, Director, Biomedical Informatics
Peter Davies, Executive Vice President for Research
Richard Miller, Chief Information Officer
William Weems, Assistant Vice President, Academic Technology

UT Health Science Center at San Antonio

Brian Herman, Vice President for Research
Jerry York, Vice President and Chief Information Officer

UT M. D. Anderson Cancer Center

Bradley Broom, Associate Professor, Bioinformatics & Computational Biology
Lynn Vogel, Vice President and Chief Information Officer

UT Health Science Center at Tyler

Mark Atkinson, Director of Research
John Yoder, Chief Information Officer

UT System

Leslie Carruth, Health Analysis Specialist
Clair Goldsmith, Senior Advisor for Information Technology
Marg Knox, Chief Information Officer
Keith McDowell, Vice Chancellor for Research and Technology Transfer
Ken Shine, Executive Vice Chancellor for Health Affairs
Richard St. Onge, Associate Vice Chancellor for Health Affairs
Amy Thomas, Vice Chancellor for Health Affairs

3. U. T. System: Report on preparations for the 82nd Legislative Session

REPORT

Mr. Barry McBee, Vice Chancellor and Chief Governmental Relations Officer, will update the Board on the status of U. T. System preparations for the 82nd Regular Legislative Session, including a summary of the System's and institutions' budget requests, proposals affecting higher education that the Legislature may consider, and the major budgetary and substantive issues facing the Legislature. In addition, Mr. McBee will provide an update on federal legislative activities.

Mr. McBee's PowerPoint presentation is set forth on Pages 10 - 57.

82nd Texas Legislature Prospective Legislative Issues

**Barry McBee, Vice Chancellor for
Governmental Relations**



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U. T. System Board of
Regents' Meeting
November 2010



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State Budget Forecast for FY 2012 - 2013

“One-Time” Money Balanced the 2010-2011 Budget

(\$ in billions)	Current Budget	2012-2013 Budget
General Revenue	\$75.0	\$75.0
ARRA	6.4	0
Cash on hand	2.6	0
Property Tax Relief Fund carryover	3.0	0
Permanent School Fund	0	1.2
TOTAL GR BUDGET	\$87.0	\$76.2
GAP		\$10.8

Source: Center for Public Policy Priorities



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State Budget Forecast for FY 2012 - 2013

Structural Deficit Created in 2006

(\$ in billions)	2008-09		2010-11	
	Estimated	Actual	Estimated	Actual
Estimated vs. Actual Receipts of New Taxes	\$8.3	\$4.9	\$9.1	\$5.4
Total Cost of Property Tax Cut	-14.2	-14.2	-14.9	-14.9
SHORTFALL	-\$5.9	-\$9.3	-\$5.8	-\$9.5

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State Budget Forecast for FY 2012 – 2013 (cont.)

- Effect of Recession on Texas Economy
 - Tax receipts down but recovering
 - Sales tax collections down 7%, or \$1.5 billion, for FY 2010
 - September 2010 sales tax collections up 6.5% from September 2009, but only limited growth over last six months
 - Lower property tax values exacerbate structural deficit
 - Higher estimated growth in health care and social services costs for FY2012 – 2013
 - Continued growth in Texas population and costs of state government



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State Budget Forecast for FY 2012 – 2013 (cont.)

- Result: Projected \$11-\$24 billion budget deficit
- Projected \$8-\$9 billion in rainy day fund
 - Requires 2/3 vote in both House and Senate
 - Legislature may choose to use only \$4-\$5 billion because of concerns over FY 2014-2015 budget



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State Budget Forecast for FY 2012 – 2013 (cont.)

- 5% reductions already made
 - January 15 – Governor Perry, Lt. Governor Dewhurst, and Speaker Straus direct state agencies to cut 5% from FY 2010-2011 budgets
 - Does not apply to tuition revenue, Medicaid, Children’s Health Insurance Program (CHIP), public education, Teacher and Employee Retirement Systems, and debt service
 - February 15 – State agencies submit plans for 5% cuts
 - Generates approximately \$1.2 billion in savings
 - Higher education’s share: approximately \$520 million
 - 41% of overall agency reductions
 - Yet higher education represents only 12.5% of all state spending (18% of General Revenue spending)
 - U. T. System share
 - \$157.9 million from academic and health institutions and System administration
 - \$41.4 million in unused tuition revenue bond debt service appropriations



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State Budget Forecast for FY 2012 – 2013 (cont.)

Final Target Reduction Amounts for State Agencies and Institutions of Higher Education 5% FY 2011 Budget Reductions

Function of Government	Reduction	% of Total
General Government	\$156,908,668	12.55%
Health and Human Services	205,010,919	16.40%
Public Education	136,902,967	10.95%
Higher Education	518,424,781	41.47%
Judiciary	4,565,929	0.37%
Public Safety and Criminal Justice	102,890,181	8.23%
Natural Resources	83,691,137	6.69%
Business and Economic Development	6,057,994	0.48%
Regulatory	22,219,648	1.78%
Legislature	13,578,543	1.09%
Total	\$1,250,250,767	100.00%



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State Budget Forecast for FY 2012 – 2013 (cont.)

Effect of 5% Reductions

U. T. System Administration	\$200,000
Academic Institutions	
U. T. Arlington	\$8,329,533
U. T. Austin	\$26,608,290
U. T. Dallas	\$7,224,888
U. T. El Paso	\$6,975,405
U. T. Pan American	\$5,579,985
U. T. Brownsville	\$2,064,525
U. T. Permian Basin	\$1,845,971
U. T. San Antonio	\$8,766,319
U. T. Tyler	\$2,450,479



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State Budget Forecast for FY 2012 – 2013 (cont.)

Effect of 5% Reduction

Health Institutions	
U. T. Southwestern Medical Center	\$13,542,281
U. T. Medical Branch at Galveston	GR: \$27,370,860
U. T. Health Science Center at Houston	\$13,681,598
U. T. Health Science Center at San Antonio	\$13,973,250
U. T. M.D. Anderson Cancer Center	\$15,826,148
U. T. Health Science Center at Tyler	\$3,461,001
U. T. System Total	\$157.9 million



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State Budget Forecast for FY 2012 – 2013 (cont.)

- Developing 2012-2013 Budget
 - May 27 – Legislative Budget Board sends out Legislative Appropriation Request instructions directing:
 - 5% reduction in base appropriations (5% lower than current spending)
 - Including a plan for additional 5%, or up to 15% total
 - Each 5% reduction represents another \$158 million for U. T. System
 - Each 5% reduction represents approximately:
 - \$500 per student at academic institutions
 - \$7000 per student at health institutions



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State Budget Forecast for FY 2012 – 2013 (cont.)

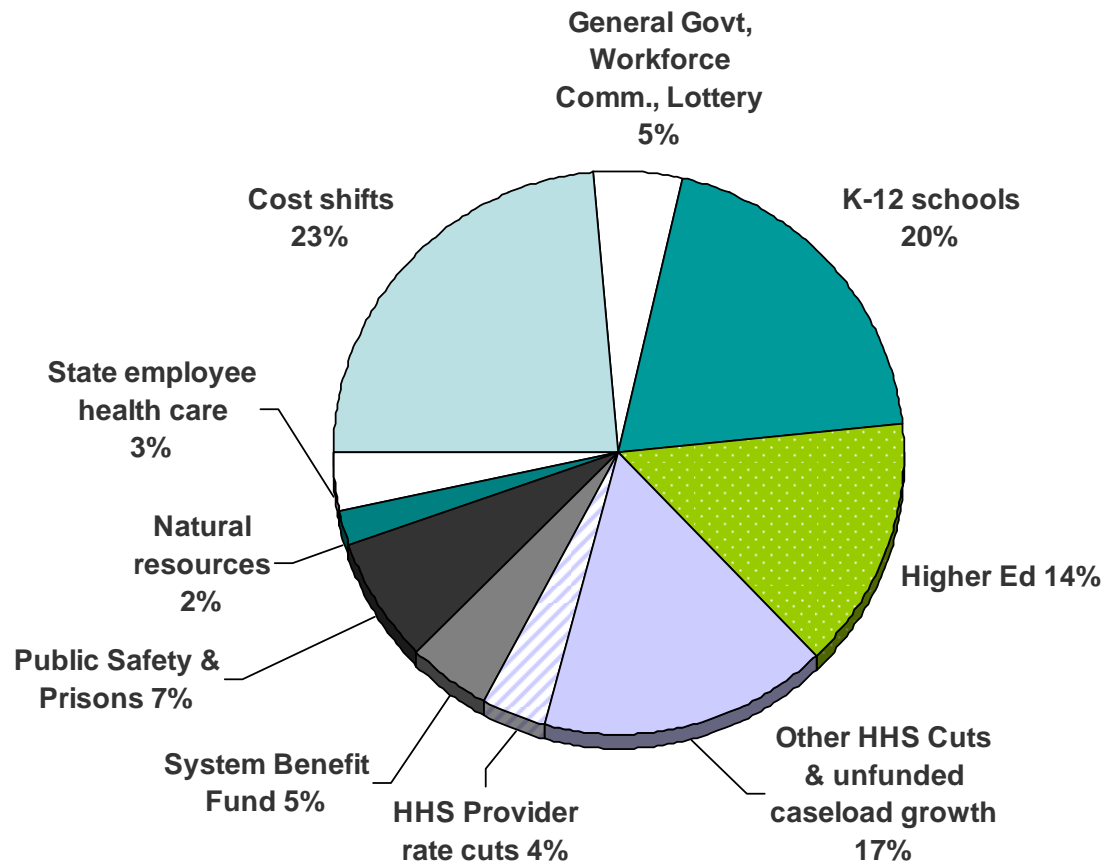
- How does FY 2011 compare with FY 2003?
 - Estimated shortfall:
 - 2003: \$9.9 billion (18.3% of general revenue)
 - \$3.9 billion used to balance previous budgets not available
 - \$1.8 billion shortfall
 - 2011: \$11-\$24 billion (13.6% to 29% of general revenue)
 - Loss of \$6.4 billion Federal stimulus funds
 - No \$5.6 billion carry over from previous biennium
 - Amount of current shortfall undetermined



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State Budget Forecast for FY 2012 – 2013 (cont.)

How Legislature Balanced FY 2004-2005 State Budget



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State Budget Forecast for FY 2012 – 2013 (cont.)

- Texas budget compared to other states
 - 46 states face budget shortfalls for FY 2011 totaling \$125 billion
 - Estimated to be as high as \$160 billion
 - 39 states face shortfalls for FY 2012 totaling \$112 billion
- How other states have balanced higher education budgets
 - 23 states decreased funding for FY 2009 to FY 2010
 - 10 states with a decrease of 5% or more
 - Significant in-state tuition increases for FY 2010-2011
 - California: 13.2%
 - University of California System: 32% increase since Fall 2009
 - Florida: 15%
 - Arizona: 16.1%
 - Georgia: 10.5%
 - North Carolina: 16.9%



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U. T. System Budget Priorities

- Replace federal stimulus funds with General Revenue
 - \$130 million in formula funding for all academic and health institutions
 - \$62 million to U. T. System institutions
 - \$80 million in incentive funding for academic institutions
 - \$27 million to U. T. System institutions
 - \$100 million in special items for all institutions
 - \$50 million to U. T. System institutions
- Fund Growth in Enrollments and Formulas
 - \$6.4 billion in total formula funding needed for all academic and health institutions
 - \$731 million to cover growth
 - \$197 million for academic institutions
 - \$152 million for health institutions
 - \$382 million for community colleges and technical institutions
 - Fall 2010 enrollment up statewide, which will require more funding in FY 2013
 - U. T. System institutions up 4.7%



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U. T. System Budget Priorities (cont.)

- Equitable and proportionate allocation of any further cuts
 - 41% of 5% reductions from higher education
- Adequate funding for U. T. Austin
 - New methodology to fund enrollment in capacity institutions
- Funding for health-related institutions
 - Formulas for research and infrastructure
- Continue support for emerging research institutions
 - Texas Research Incentive Program (TRIP) funds to match philanthropy



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U. T. System Budget Priorities (cont.)

- Continue funding to restore UTMB
 - Tuition Revenue Bond for new Jennie Sealy Hospital
 - Funding for operations
 - Adequately fund Correctional Managed Care
- Expand bond authority for Cancer Prevention and Research Institute of Texas
- Protect existing special item funding
 - \$493 million for all U. T. System institutions
- Exceptional Items and Tuition Revenue Bonds
 - New engineering building at U. T. Austin



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Academic Issues

- Retain tuition flexibility
- Promote greater efficiency, effectiveness, and productivity in higher education
 - Lower administrative costs
 - Better graduation rates
 - Higher faculty productivity
 - Teaching loads
 - Value of research
 - More distance education and greater use of dual credit and early college high school programs
 - Formula funding based on outcomes and success
 - New Texas Higher Education Coordinating Board (THECB) proposal
 - Financial aid based on merit
- More effective relationship between four-year institutions and community colleges
 - Efforts to motivate and facilitate more transfers
 - Incentives to institutions to encourage transfers
 - Removal of barriers to transfer
- Faculty and student regent positions
- Develop methodology for national research university fund allocations



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Health Issues

- Anticipate effects of national health care changes
 - Reduced federal funding for Disproportionate Share Hospitals/Upper Payment Limits
 - Enhanced need for well-trained and available workforce
 - New medical schools and class sizes
 - Graduate Medical Education, with focus on primary care
 - Nursing
 - Public health
 - New and expanded programs in fields such as nurse practitioners
- Cost of U. T. System employee health insurance
 - \$4.5 million
- Public health issues
 - Obesity, wellness, and prevention
- Research conflicts of interest
- Biomedical research restrictions



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Business and General Issues

- Regulatory relief
 - Reporting requirements
 - Approvals from state agencies
 - Burden of Public Information Act compliance
- Concealed handguns on campus
- UTIMCO Board composition and investment directives
- Green and sustainability Issues
- Continuation of telecommunication discounts for institutions of higher education



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Major State Issues

- “Arizona-style” immigration legislation
- 27 Sunset Bills
 - Texas Department of Insurance
 - Texas Department of Transportation
 - Texas Youth Commission
 - Texas Commission on Environmental Quality
- Search for additional revenue sources
 - Statewide property tax
 - Gambling
 - Higher taxes on alcoholic beverages
 - Legalizing and taxing marijuana



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Redistricting

- Federal and state constitutions require redistricting after the decennial census
 - December 2010: Census data sent to President
 - February 2011: States begin receiving redistricting data
 - Texas will be among first to receive data
- New Districts for the State House, State Senate, State Board of Education, and Congress
- Early estimates show Texas adding up to four new congressional seats



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Redistricting (cont.)

- If Legislature fails to redistrict in regular session:
 - Legislative Redistricting Board (Lt. Governor, Speaker, Attorney General, Comptroller, Land Commissioner) Will Adopt State House and State Senate Seats
 - Congress and State Board of Education Will be Done in Special Session
- Redistricting is:
 - Partisan — Both House and Senate Democrats fled state to thwart Congressional redistricting in 2003
 - Parochial – Rural v. urban: most population growth is east of Del Rio-Wichita Falls line
 - Personal — Incumbent self-protection



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Changes in Legislature

- House
 - Partisan balance today
 - 77 Republicans
 - 73 Democrats
 - 86 unopposed Republicans and Democrats
 - 43 seats for each party
 - 16 new members due to incumbents not running or losing primary
 - New committee chairs and members of Appropriations Committee due to retirements and changes
 - Speaker's race



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Change in Legislature (cont.)

- Senate
 - Partisan balance today
 - 19 Republicans
 - 12 Democrats
 - 16 seats up for re-election
 - 2 unopposed Republicans
 - No unopposed Democrats
 - 2 new members due to incumbents not running or losing primary
 - Changes to Finance Committee membership



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Key Dates

- November 2, 2010: General Election
- November 8, 2010: Prefiling of legislation begins
- January 11, 2011: The 82nd Legislature convenes
- In January 2011
 - Governor delivers State of the State Address
 - Comptroller issues revenue estimate for FY 2012-2013
 - Lt. Governor and Speaker organize committees
 - House begins hearings on base appropriations bill



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Key Dates (cont.)

- May 30, 2011: Sine Die
- June 19, 2011: Gubernatorial Veto Period ends
- Possible special sessions through summer
- Filing for 2012 election begins December 2011



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Appendices



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Change in State General Revenue Appropriations

	78th Legislature (2004-05)	79th Legislature (2006-07)	80th Legislature (2008-09)	81st Legislature (2010-11)
All State Government	-1.40%	14.99%	17.91%	2%
All Academic Institutions	2.30%	9.25%	11.79%	7.3%
U. T. System Academic Institutions	2.15%	7.96%	14.13%	7.2%
All Health-Related Institutions	0.80%	9.37%	13.98%	16%
U. T. System Health-Related Institutions	-0.13%	8.39%	8.42%	13.2%



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Requested Tuition Revenue Bonds Academic Institutions

Item	2012	2013	Biennium	Total TRB Request
U. T. Arlington				\$27,878,046
Life Science Building	\$6,520,000	\$6,520,000	\$13,040,000	
U. T. Austin				\$ 45,190,815
Engineering Education and Research Center	\$8,718,456	\$8,718,456	\$17,436,912	
U. T. Brownsville				\$22,235,654
Student Success Complex	\$5,492,627	\$5, 492,627	\$10,985,254	
U. T. Dallas				\$21,507,728
Bioengineering and Science Building	\$7,410,000	\$7,410,000	\$14,820,000	
U. T. El Paso				\$ 32,028,583
Interdisciplinary Research Facility	\$8,718,500	\$8,718,500	\$17,437,000	
U. T. Pan American				\$ 30,886,241
Business Administration Addition and Renovation	\$4,010,000	\$4,010,000	\$8,020,000	
Science Building II	\$4,215,000	\$4,215,000	\$8,430,000	



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Requested Tuition Revenue Bonds Academic Institutions (cont.)

Item	2012	2013	Biennium	Total TRB Request
U. T. Permian Basin				\$29,514,839
Engineering Building	\$4,707,966	\$4,707,966	\$9,415,932	
Campus Renovation and Repair	\$1,569,372	\$1,569,372	\$3,138,644	
U. T. San Antonio				\$38,624,498
Experimental Science Instructional Building	\$8,085,000	\$8,085,000	\$16,170,000	
U. T. Tyler				\$18,483,743
Technology and Life Sciences Building	\$4,010,490	\$4,010,490	\$8,020,980	
Total	\$63,457,411	\$57,964,784	\$121,422,195	
U. T. System Total Request				\$266,350,147



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Requested Tuition Revenue Bonds Health Institutions

Item	2012	2013	Biennium	Total TRB Request
U. T. Southwestern Medical Center - Dallas				\$33,734,410
South Campus	\$4,535,000	\$4,535,000	\$9,070,000	
U. T. Medical Branch – Galveston				\$38,516,330
U. T. Health Science Center – Houston				\$34,537,011
Renovation and Modernization of Educational and Research Facilities	\$4,710,000	\$4,710,000	\$9,420,000	
U. T. Health Science Center - San Antonio				\$30,061,845
Academic Teaching and Learning Center	\$4,795,000	\$4,795,000	\$9,590,000	
Diabetes Institute of South Texas	\$525,000	\$525,000	\$1,050,000	
U. T. M. D. Anderson Cancer Center				\$20,551,738
Basic Science Research Building Two	\$4,360,000	\$4,360,000	\$8,720,000	
U. T. Health Science Center -Tyler				\$10,534,475
Academic Center Building Completion	\$2,690,000	\$2,690,000	\$5,380,000	
Total	\$21,615,000	\$21,615,000	\$43,230,000	
U. T. System Total Request				\$167,935,809

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Exceptional Item Requests Summary

Academic Institutions

2012-2013 Biennium

U. T. Arlington	\$5,000,000
U. T. Austin	27,900,000
U. T. Brownsville	15,950,000
U. T. Dallas	11,462,500
U. T. El Paso	6,000,000
U. T. Pan American	5,685,104
U. T. Permian Basin	3,990,950
U. T. San Antonio	6,000,862
U. T. Tyler	5,000,000
Total	\$86,989,416



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Exceptional Item Request Detail

The University of Texas at Arlington

	FY 2012	FY 2013	Biennium
Regional Nursing Education Center	\$2,500,000	\$2,500,000	\$5,000,000
Total	\$2,500,000	\$2,500,000	\$5,000,000



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

Exceptional Item Request Detail

The University of Texas at Austin

	FY 2012	FY 2013	Biennium
Bureau of Economic Geology	\$1,500,000	\$1,500,000	\$3,000,000
Center for Space Research	\$950,000	\$950,000	\$1,900,000
Information System for Hazard Response			
Marine Science Institute	\$9,000,000	\$0	\$9,000,000
Texas Advanced Computing Center	\$3,000,000	\$3,000,000	\$6,000,000
Texas Digital Library	\$4,000,000	\$4,000,000	\$8,000,000
Total	\$18,450,000	\$9,450,000	\$27,900,000



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Exceptional Item Request Detail

The University of Texas at Brownsville

	FY 2012	FY 2013	Biennium
Partnership Transitional Initiative	\$4,800,000	\$4,800,000	\$9,600,000
Alleviating Health Disparities Program	\$1,925,000	\$1,925,000	\$3,850,000
College Readiness Institute	\$1,000,000	\$1,000,000	\$2,000,000
Texas Center for Border and Transnational Studies	\$250,000	\$250,000	\$500,000
Total	\$7,975,000	\$7,975,000	\$15,950,000

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Exceptional Item Request Detail

The University of Texas at Dallas

	FY 2012	FY 2013	Biennium
Middle School Brain Years	\$3,000,000	\$3,000,000	\$6,000,000
Center for Values in Medicine, Science, and Technology	\$2,500,000	\$2,500,000	\$5,000,000
Academic Bridge Program	\$231,250	\$231,250	\$462,500
Total	\$5,731,250	\$5,731,250	\$11,462,500

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Exceptional Item Request Detail

The University of Texas at El Paso

	FY 2012	FY 2013	Biennium
Pharmacy Expansion Program	\$1,000,000	\$1,000,000	\$2,000,000
Honors and Student Leadership Academy	\$1,000,000	\$1,000,000	\$2,000,000
On-Campus Student Employment and Access	\$1,000,000	\$1,000,000	\$2,000,000
Total	\$3,000,000	\$3,000,000	\$6,000,000



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Exceptional Item Request Detail

The University of Texas - Pan American

	FY 2012	FY 2013	Biennium
Simulated Hospital	\$4,750,000	\$450,000	\$5,200,000
Sophomore Retention	\$242,552	\$242,552	\$485,104
Total	\$4,992,552	\$692,552	\$5,685,104



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Exceptional Item Request Detail

The University of Texas of the Permian Basin

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	FY 2012	FY 2013	Biennium
School of Nursing, Planning and Start-up Funding	\$963,250	\$1,127,700	\$2,090,950
Small Business Development Center	\$40,000	\$40,000	\$80,000
Petroleum and Chemical Engineering Start-up	\$971,068	\$848,932	\$1,820,000
Total	\$2,053,164	\$1,937,786	\$3,990,950



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Exceptional Item Request Detail

The University of Texas at San Antonio

	FY 2012	FY 2013	Biennium
San Antonio Life Sciences Institute	\$2,500,000	\$2,500,000	\$5,000,000
Small Business Development Center	\$379,114	\$379,114	\$758,228
Small Business Development Center Rural Business Program	\$121,317	\$121,317	\$242,634
Total	\$3,000,431	\$3,000,431	\$6,000,862



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Exceptional Item Request Detail

The University of Texas at Tyler

	FY 2012	FY 2013	Biennium
Texas Program for Access through Technology	\$2,500,000	\$2,500,000	\$5,000,000
Total	\$2,500,000	\$2,500,000	\$5,000,000



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Exceptional Item Requests Summary

Health Institutions

2012-2013 Biennium

U. T. Southwestern Medical Center – Dallas	\$38,000,000
U. T. Medical Branch – Galveston	\$157,050,000
U. T. Health Science Center - Houston	\$23,775,142
U. T. Health Science Center - San Antonio	\$55,619,420
U. T. M. D. Anderson Cancer Center	\$7,725,000
U. T. Health Science Center - Tyler	\$6,000,000
Total	\$288,169,562



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Exceptional Item Request Detail

U. T. Southwestern Medical Center - Dallas

	FY 2012	FY 2013	Biennium
Center for Obesity, Diabetes, and Metabolism Research	\$8,000,000	\$8,000,000	\$16,000,000
Institute for Nobel/National-Academy Biomedical Research	\$7,000,000	\$7,000,000	\$14,000,000
Institute for the Genetic and Molecular Basis for Disease	\$4,000,000	\$4,000,000	\$8,000,000
Total	\$19,000,000	\$19,000,000	\$38,000,000

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Exceptional Item Request Detail

U. T. Medical Branch - Galveston

	FY 2012	FY 2013	Biennium
Carry forward of HB 4586 One-Time Funding for Ike Recovery	\$120,000,000	\$0	\$120,000,000
Protecting Texans from Emerging Infectious Diseases	\$9,212,000	\$9,588,000	\$18,800,000
Conquering Burns, Inflammation and Tissue Damage	\$8,942,500	\$9,307,500	\$18,250,000
Total	\$138,154,500	\$18,895,500	\$157,050,000

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Exceptional Item Request Detail

U. T. Health Science Center - Houston

	FY 2012	FY 2013	Biennium
School for Public Health Expansion	\$4,750,000	\$4,750,000	\$9,500,000
Trauma Institute	\$6,242,572	\$6,242,572	\$12,485,144
Consortium on Healthy Aging	\$1,000,000	\$1,000,000	\$2,000,000
Total	\$11,992,572	\$11,992,572	\$23,985,199



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Exceptional Item Request Detail

U. T. Health Science Center – San Antonio

	FY 2012	FY 2013	Biennium
San Antonio Life Sciences Institute	\$2,500,000	\$2,500,000	\$5,000,000
Regional Campus-Laredo	\$4,000,000	\$4,000,000	\$8,000,000
Regional Academic Health Center	\$19,309,710	\$19,309,710	\$38,619,420
Barshop Institute for Longevity and Aging Studies	\$2,000,000	\$2,000,000	\$4,000,000
Total	\$27,809,710	\$27,809,710	\$55,619,420

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Exceptional Item Request Detail

U. T. M. D. Anderson Cancer Center

	FY 2012	FY 2013	Biennium
DNA and RNA Sequencing Technology	\$3,500,000	\$3,500,000	\$7,000,000
MRI Student Training Unit	\$362,500	\$362,500	\$725,500
Total	\$3,862,500	\$3,862,500	\$7,725,000

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Exceptional Item Request Detail

U. T. Health Science Center at Tyler

	FY 2012	FY 2013	Biennium
Degree-Granting Funds	\$3,000,000	\$3,000,000	\$6,000,000
Total	\$3,000,000	\$3,000,000	\$6,000,000

4. **U. T. System Board of Regents: Discussion and appropriate action related to the Educational Partnership Agreement between U. T. Brownsville and Texas Southmost College, the terms and conditions governing the current and proposed agreements and relationships between the parties, and the rights and obligations of the parties**

DISCUSSION

Chairman McHugh and Chancellor Cigarroa will lead a discussion related to the relationship and Educational Partnership Agreement between U. T. Brownsville and Texas Southmost College and appropriate action may be taken related to terms and conditions governing the current and proposed agreements and relationships and the parties' rights, obligations, and potential courses of action thereunder.

BACKGROUND INFORMATION

In 1991, Texas Southmost College and U. T. Brownsville entered into a contractual arrangement to maximize resources and bring additional educational opportunities to the communities of the Lower Rio Grande Valley. The primary goal of the partnership, which is operationally managed by U. T. System, was to offer students a seamless educational process by eliminating barriers between two institutions located on the same campus.

The partnership was effected through a short educational partnership agreement and implemented using a series of interagency agreements covering matters such as personnel, academic programs, selection of the institution's President by the U. T. System Board of Regents, and real property. As enrollment and physical facilities have increased and personnel issues have become more complex, the abbreviated legal documents no longer address all issues of concern to the governing boards and do not provide an adequate platform for success in the future.

Over the last 18 months, at the direction of and with the endorsement of both Boards, representatives of the U. T. System and the Texas Southmost College Board of Trustees have discussed and negotiated a new proposed partnership agreement that offers a vision for higher education in Brownsville and U. T. System's continued participation in a unique higher educational endeavor.

5. U. T. System Board of Regents: Discussion and appropriate action regarding proposed recipient for the Santa Rita Award

RECOMMENDATION

Chairman McHugh may make a recommendation for award of the Santa Rita Award, the highest honor bestowed by the Board of Regents.

The related Regents' Rule 10601 is set forth on the next page as background information.

BACKGROUND INFORMATION

The criteria for selection include such factors as:

- A demonstrated concern for the principles of higher education
- A deep commitment to the furtherance of the purposes and objectives of The University of Texas System
- A record of commitment to securing appropriate support for the System from both the public and private sectors
- A demonstrated record of participation in the affairs of the System, which serves as a high example of selfless and public-spirited service.

1. Title

Guidelines for the Santa Rita Award

2. Rule and Regulation

Sec. 1 Standards. A Systemwide award that may be made annually to an individual who has made valuable contributions over an extended period to The University of Texas System in its developmental efforts. An individual is defined as a person, as opposed to a corporation, charitable trust, foundation, and like entities. The recipient may be judged on the basis of a broad list of criteria, primary among which will be a demonstrated concern for the principles of higher education generally, as well as deep commitment to the furtherance of the purposes and objectives of The University of Texas System specifically.

1.1 Participation by the recipient in the affairs of the U. T. System shall be of such character and purpose to serve as a high example of selfless and public-spirited service. Of particular interest will be the effect that such individual activity may have engendered similar motivation from other public and private areas toward the U. T. System.

Sec. 2 General Conditions. The following general conditions apply to the award:

2.1 The award, to be known as the "Santa Rita Award," will consist of a medallion to be presented no more frequently than annually.

2.2 The award shall be made on behalf of the Board of Regents of The University of Texas System.

2.3 An individual may receive the award only once.

2.4 Posthumous awards may be given.

2.5 No member of the Board of Regents shall be eligible to receive the Santa Rita Award until the termination of the member's service.

Sec. 3 Nominations for Awards. Nominations for the award shall be forwarded to the Chairman of the Board of Regents or the General Counsel to the Board (Office of the Board of Regents, The University of Texas System, 201 West Seventh Street, Suite 820, Austin, Texas 78701-2981). The nominator shall provide such supporting information and documentation as may be requested by the Chairman or the General Counsel to the Board.

Sec. 4 Selection of Awardees. Awards shall be made, upon recommendation of the Chairman of the Board following consultation with others including the Chancellor and other appropriate U. T. System officials, by a majority vote of members present at a Board of Regents' meeting at which a quorum is present.



TABLE OF CONTENTS FOR AUDIT, COMPLIANCE, AND MANAGEMENT REVIEW COMMITTEE

Committee Meeting: 11/10/2010

R. Steven Hicks, *Chairman*
Paul L. Foster
Janiece Longoria
Robert L. Stillwell

Board Meeting: 11/11/2010
Austin, Texas

	Committee Meeting	Board Meeting	Page
Convene	<i>9:00 a.m.</i> <i>Chairman Hicks</i>		
1. U. T. System: Report on the Inter-University Compliance Consortium	<i>9:00 a.m.</i> Report/Discussion <i>Mr. Plutko</i> <i>Dr. Wolf</i>	Not on Agenda	61
2. U. T. System: Risk Management Report	<i>9:05 a.m.</i> Report/Discussion <i>Dr. Kelley</i>	Not on Agenda	70
3. U. T. System Board of Regents: Report on results of the audits of funds managed by The University of Texas Investment Management Company (UTIMCO)	<i>9:20 a.m.</i> Report/Discussion <i>Mr. Tom Wagner,</i> <i>Deloitte & Touche</i>	Not on Agenda	92
4. U. T. System: Report on the progress and preliminary results of the audits of the Fiscal Year 2010 U. T. System Administration and institutional Annual Financial Reports	<i>9:30 a.m.</i> Report/Discussion <i>Mr. Chaffin</i>	Not on Agenda	92
5. U. T. System Board of Regents: Approval of the U. T. Systemwide Annual Internal Audit Plan for Fiscal Year 2011	<i>9:35 a.m.</i> Action <i>Mr. Chaffin</i>	Action <i>Regent Hicks</i>	93
6. U. T. System: Report on the Systemwide internal audit activities, including the results of the Systemwide internal audit performance metrics	<i>9:38 a.m.</i> Report/Discussion <i>Mr. Chaffin</i>	Not on Agenda	96
Adjourn	<i>10:00 a.m.</i>		

1. **U. T. System: Report on the Inter-University Compliance Consortium**

REPORT

Mr. Lawrence Plutko, Systemwide Compliance Officer, and C. J. Wolf, M.D., Assistant Systemwide Compliance Officer, will brief the Audit, Compliance, and Management Review Committee on the newly established Inter-University Compliance Consortium and planned activities. The presentation is included on Pages 62 - 69.

BACKGROUND INFORMATION

Mr. Plutko provided a report on the Consortium at the August 11, 2010 Committee meeting and Chairman McHugh suggested a follow-up report to better understand how the Consortium is working and how it can best help the U. T. System.

Inter-University Compliance Consortium

Lawrence Plutko, Systemwide Compliance Officer

C. J. Wolf, M.D., Assistant Systemwide Compliance Officer

November 2010

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THE UNIVERSITY of TEXAS SYSTEM

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Board of Regents'
Meeting

Audit, Compliance, and
Management Review
Committee



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Inter-University Compliance Consortium

Members

- The University of Texas System
- The University of California System
- The California State University System
- Stanford University
- California Institute of Technology
- University of Washington



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Inter-University Compliance Consortium

Goals

- Share state-of-the-art best practices to expand compliance effectiveness across the university enterprise
- Develop, promote, and provide electronic solutions to increase efficiency and broaden oversight
- Leverage the talent pool within the consortium institutions for content expertise and expanded education in compliance high-risk areas



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Inter-University Compliance Consortium

Primary Discussion Areas

- Medical Billing Compliance
- Clinical Trial Compliance
- Research Compliance
- Privacy and Information Security
- Athletics Compliance
- Organizational Ethics
- Expansion of Webinar Education



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Inter-University Compliance Consortium

Clinical Trial Compliance

- UC hosts national experts for seven-part webinar series, September/October 2010
- Onsite visit by University of California to U. T. Southwestern Medical Center - Dallas, October 8, 2010
- U. T. System Guiding Principles for Clinical Trial Billing



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Inter-University Compliance Consortium

Expansion of Webinar Education

- Expand curriculum to include compliance faculty presenters from the consortium institutions
- Arrange for cross-registration so that consortium members can access webinars at each system
- Provide professionally-approved continuing education hours for registered participants



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Inter-University Compliance Consortium

Privacy and Information Security

- Conference Call Series
 - Focus: Privacy and Information Security including HITECH
 - Use of Metrics to Report and Monitor Compliance
 - Enhance Compliance Skills and Competencies
- Onsite Plenary Session for Spring 2011



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Inter-University Compliance Consortium

Upcoming Meetings and Events

- Cal Tech, Pasadena – February 3 and 4, 2011
 - Focus: Research Compliance and Clinical Trial Compliance
- UC System, Costa Mesa – February 28 to March 2 and San Francisco – March 7 to March 9, 2011
 - Conducting Compliance Investigations Workshop
 - Compliance Education Symposium

2. **U. T. System: Risk Management Report**

REPORT

Dr. Scott C. Kelley, Executive Vice Chancellor for Business Affairs, will report on Risk Management utilizing the PowerPoint presentation on Pages 71 - 91.

MANAGING RISK AT THE UNIVERSITY OF TEXAS SYSTEM

Dr. Scott C. Kelley
Executive Vice Chancellor for Business Affairs

The University of Texas System Board of Regents' Meeting
Audit, Compliance, and Management Review Committee
November 2010



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What is Risk?

Any issue that impacts an organization's ability to meet its objectives. Five types of risk include:

- Strategic
- Financial
- Operational
- Compliance
- Reputational

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Source: *Developing A Strategy to Manage Enterprise Risk in Higher Education* – NACUBO Publication, 2001



Evolution of Risk Management

Evaluating and Purchasing Insurance ⇒

Risk Financing including Risk Transfer and Risk Control ⇒

Strategic Risk Management including Investment, Business and Political Risks ⇒

Risk Intelligent Decision Making

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Key Elements: Managing U. T. System Risk

- An integrated framework including the following interrelated components:
 - Control Environment
 - Risk Assessment
 - Control Activities
 - Information and Communication
 - Monitoring
- Risk intelligence integrated into leadership's strategic decision making
- Nimbleness and flexibility

*The components of the risk framework were first reported and defined by the Council of Sponsoring Organizations (COSO), a commission charged in the late 1980s with assessing the nature of business failures and suggesting preventative measures.



The U. T. System Framework

- Control Environment
- Risk Assessment
- Control Activities
- Information and Communication
- Monitoring

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Control Environment

*“It focuses on people, the ethical and moral values established by an organization’s leadership team and competence.”**

- Risk Management Executive Committee (RMEC)
- Risk Management Advisory Committee
- Systemwide Executive Compliance Committee (SECC)
- Institutional Compliance Committees
- Systemwide Internal Audit Committee
- Institutional Internal Audit Committees
- Environmental Health & Safety Advisory Committee
- Emergency Management Committee

*Source: *ERM in Higher Education – URMIA White Paper, 2007*



Control Environment (cont.)

- Business Management Council (campus chief business officers)
- The University of Texas Investment Management Company (UTIMCO) Board of Directors
- Board of Regents' (BOR) Finance and Planning Committee
- BOR Audit, Compliance, and Management Review Committee
- Mandated Systemwide Compliance Training
- Systemwide Ethics Policy
- Board of Regents' Rules and Regulations
- Rigorous Executive Search Processes

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Risk Assessment

*“Ensures that mechanisms exist throughout the organization to identify, manage and mitigate unwarranted risks.”**

- Annual work plans by:
 - Medical billing compliance
 - Systemwide Compliance Office
 - Institutional Compliance offices
 - Information Security
 - System and institutional internal auditors
- Annual Information Technology (IT) risk assessments of mission critical systems

*Source: *ERM in Higher Education – URMIA White Paper, 2007*



Risk Assessment (cont.)

- Annual financial risk assessments by
 - State Auditor
 - External auditors
 - System and institutional internal auditors
- Regular risk assessment and discussions by System and institutional Compliance Committees
- Continuous assessment of financial market risk
- Regular reviews of debt status and capacity
- Annual budgeting process
- Regular reviews and updates to six-year Capital Improvement Plan (CIP)

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Risk Assessment (cont.)

- Regular risk assessments for:
 - Real property
 - Construction risks
 - Liability
 - International travel
 - Research regulations and standards
- Regular strategic reviews of all insurance programs
- Regular risk assessments and discussion by the International Oversight Committee
- Regular management retreats and strategic planning

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Control Activities

*“Provides that policies and procedures should be established and followed to ensure all actions support the achievement of defined goals.”**

- Proper segregation of duties
- Up-to-date account reconciliations
- Certifications by campus and System financial officers
- Regular IT security penetration and usage tests
- Encrypted laptops and virus protection
- Detailed and transparent budget systems
- Accounting training for all departmental administrators

*Source: *ERM in Higher Education – URMIA White Paper, 2007*



Control Activities(cont.)

- Detailed reviews for all major capital expenditures
- Detailed purchasing policies requiring appropriate documentation prior to purchase
- Promulgation of numerous policies, guiding principles and best practices
- Departmental reviews of physician and hospital charges
- Separate departmental verification of physician bills
- Regular sampling and review of research expenditures

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Control Activities (cont.)

- Institutional Research Board (IRB) approval and review of research protocols
- Time and effort reporting policies and procedures
- Compliance hotline
- Acceptable Use Policy – required acknowledgement by all with access to information resources
- Regular mandated and supplemental training

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Information and Communication

*“Provides that communication and the sharing of information should occur up, down, and across the organization.”**

- Regular meetings of groups listed under “Control Environment”
- Regular training
- Written policies and procedures
- Newsletters, news alerts, memoranda
- Systemwide conferences
 - Risk Management
 - Clinical Safety and Effectiveness

*Source: *ERM in Higher Education – URMIA White Paper, 2007*



Information and Communication (cont.)

- Consultative services by Compliance Office
- Campus notification systems
- Intranet
- Regular campus visits
- Regular and frequent one-on-one communications
- Many standard reports and presentations

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Monitoring

*“Provides that the entire process must be monitored in order to recognize problems and make necessary adjustments.”**

- Monthly financial statement reviews
- Medical provider billing, compliance reviews and audits
- Departmental reviews by Internal Audit
- Internal audits
- IT security campus and individual system reviews

*Source: *ERM in Higher Education – URMIA White Paper, 2007*



Monitoring (cont.)

- External Reviews
 - Employee benefits
 - Construction charges
 - External audits
 - Fire Marshal inspections
 - Annual State Auditor review of research and student financial aid
 - Other State audits
- Fire drills
- Lab safety inspections
- Institutional research compliance reviews

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Monitoring (cont.)

- Effort reporting
- Automated reviews of Workers' Compensation and Unemployment Compensation claims
- Reporting, discussion, and review of activities to/by groups mentioned above under "Control Environment"

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Risk Intelligent Decision Making

- Responsibility for risk rests with all executive leadership. Each manager, director, and officer is charged with considering risk in all strategic and operational decisions.
- Policies, procedures, communications, controls, committees, and training are all designed to assess and convey potential risks to management (and to the culture) to facilitate effective risk intelligent decision making.
- U. T. System's framework allows new risks (or weaknesses uncovered in mitigating existing risks) to flow in from all parts of the organization, to bubble up to the appropriate level, and then to be controlled by utilizing structures already in place.

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Nimbleness and Flexibility

The design of U. T. System's risk management system allows for rapid response and adjustment as new risks are identified and assessed.

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Conclusion

Key Elements: Managing Risk at U. T. System

- An integrated framework including the following interrelated components:
 - Control Environment
 - Risk Assessment
 - Control Activities
 - Information and Communication
 - Monitoring
- Risk intelligence integrated into leadership's strategic decision making
- Nimbleness and flexibility

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3. **U. T. System Board of Regents: Report on results of the audits of funds managed by The University of Texas Investment Management Company (UTIMCO)**

REPORT

Mr. Tom Wagner, Deloitte & Touche, LLP, will report on the results of the financial statement audits of the Permanent University Fund (PUF), General Endowment Fund (GEF), Permanent Health Fund (PHF), Long Term Fund (LTF), and Intermediate Term Fund (ITF). These funds are managed by The University of Texas Investment Management Company (UTIMCO).

A copy of Deloitte & Touche's report was mailed separately to all Regents in advance of the meeting and is available upon request.

BACKGROUND INFORMATION

Fiduciary responsibility for the PUF, GEF, PHF, LTF, and ITF (the Funds) rests with the U. T. System Board of Regents (Board). *Texas Education Code* Section 66.08(f) requires that the U. T. System provide for an annual financial audit of the PUF, if the PUF is within the scope of funds managed by an external management corporation.

On July 11, 2007, the Board authorized U. T. System staff to negotiate and enter into an auditing services contract with Deloitte & Touche, LLP, to perform a financial audit of the Funds managed by UTIMCO for the fiscal year ended August 31, 2007, with the option to renew for four additional one-year terms. The Board renewed the contract with Deloitte & Touche, LLP, on February 7, 2008, February 11, 2009, and February 5, 2010, to perform the audit of the funds managed by UTIMCO for the respective fiscal year.

4. **U. T. System: Report on the progress and preliminary results of the audits of the Fiscal Year 2010 U. T. System Administration and institutional Annual Financial Reports**

REPORT

Mr. Charles Chaffin, Chief Audit Executive, will report on the progress and preliminary results of the audits of the Fiscal Year 2010 U. T. System Administration and institutional Annual Financial Reports being performed by institutional and U. T. System Administration internal audit.

BACKGROUND INFORMATION

The U. T. System Audit Office prepared a plan to oversee and coordinate: a) the internal audit of the FY 2010 U. T. System Administration and institutional Annual Financial Reports, and b) the process used to prepare the FY 2010 U. T. System Consolidated Annual Financial Report and related footnotes. The System Audit Office and each institutional internal audit department will report on the accuracy of their institution's individual Annual Financial Report, including the Balance Sheet, the Statement of Revenues, Expenses, and Changes in Net Assets, and related footnote information.

The internal audits of the Annual Financial Reports are performed at the request of the U. T. System Board of Regents (Board) for the benefit of the Board, U. T. System Administration management, and U. T. System institution management only and are not intended to provide assurance for any purpose to readers of the report outside of U. T. System.

5. U. T. System Board of Regents: Approval of the U. T. Systemwide Annual Internal Audit Plan for Fiscal Year 2011

RECOMMENDATION

Mr. Charles Chaffin, Chief Audit Executive, recommends approval of the proposed Fiscal Year 2011 U. T. Systemwide Annual Internal Audit Plan (Plan). Development of the Plan is based on risk assessments performed at each institution. Implementation of the Plan will be coordinated with the institutional auditors. An executive summary of the Plan is on Pages 94 - 95. The full Plan was mailed to all Regents on September 23, 2010, and is available upon request.

BACKGROUND INFORMATION

Institutional audit plans, compiled by the internal audit departments after input and guidance from the U. T. System Audit Office, the Offices of Academic or Health Affairs, and the institution's management and institutional Internal Audit Committee, were submitted to the respective institutional Internal Audit Committee and institutional president for review and comments. Additionally, the institutional audit plans were presented and discussed at the U. T. System Administration Internal Audit Committee meeting held on September 7, 2010. Also, the Chief Audit Executive provided feedback by conducting audit hearings with each institution.

After the review process, each institutional Internal Audit Committee formally approved its institution's audit plan.

**The University of Texas System
Systemwide Internal Audit Program
Fiscal Year 2011 Annual Audit Plan
Executive Summary**

The University of Texas (UT) Systemwide fiscal year (FY) 2011 Internal Audit Plan (FY 2011 Audit Plan) is a blueprint of the internal audit activities that will be performed by the internal audit function throughout the System in FY 2011.

The process of preparing the audit plans is risk-based and ensures that areas and activities specific to each institution with the greatest risk are identified to be audited. Individual annual audit plans were prepared at UT System Administration and each institution in July and August. The System Audit Office, Office of Academic or Health Affairs, and the institution's management and Audit Committee provided input and guidance on the audit plans. Additionally, the Chief Audit Executive provided direction to the internal audit directors both prior to the preparation of the audit plans and through formal feedback through "audit hearings" with each institution.

The institutional annual audit plans were reviewed for the possibility of assurance work done by external entities during the audit year, such as the State Auditor's Office (SAO), external audit firms, federal auditors, etc. Where appropriate, other assurance work was relied upon to reduce the internal audit resources needed.

After the review process, each institutional Internal Audit Committee formally approved its institution's annual audit plan. At the November 2010 meeting, the FY 2010 Audit Plan will be formally presented to the Audit, Compliance, and Management Review Committee and the UT System Board of Regents for consideration for approval.

The efforts of the internal audit function continue to focus on adding value through performance of audits in high-risk areas, including financial reporting, patient revenue and patient charge capture, construction, information technology and security, and research administration. The internal audit function also provides management value through consulting projects and special investigations.

The FY 2011 Audit Plan directs internal audit resources on priority audits and projects allocated among the categories listed below to address the risks of UT System. However, with potential changes in priorities that may occur during the fiscal year, institutions may request approval from their respective president and/or internal audit committee to change the priority budget for audits and projects or reallocate priority budget hours among the various categories.

Audit Area Categories	Priority Budget Audit Hours	% of Priority Budget Audit Hours
Financial	24,290	19%
Operational	26,146	20%
Compliance	17,520	14%
Information Technology	21,665	17%
Follow-up	6,163	5%
Projects	31,592	25%
Total	127,376	100%

**The University of Texas System
Systemwide Internal Audit Program
Fiscal Year 2011 Annual Audit Plan
Executive Summary**

FY 2011 Total Budgeted Priority Audit Plan Hours by Institution:

	Financial	Operational	Compliance	Information Technology	Follow-up	Projects	Total Priority Budget Hours*
U. T. System Administration	4,560	4,475	1,850	2,300	850	3,640	17,675
Large Institutions:							
U. T. Austin	2,250	2,000	2,250	2,400	475	4,525	13,900
U. T. Southwestern Medical Center	3,200	2,550	2,100	2,400	500	4,400	15,150
U. T. Medical Branch at Galveston	1,275	1,800	710	1,850	400	2,354	8,389
U. T. Health Science Center - Houston	1,455	2,631	1,050	1,470	440	1,304	8,350
U. T. Health Science Center - San Antonio	840	1,450	360	1,190	400	2,950	7,190
U. T. M. D. Anderson Cancer Center	2,370	1,940	2,160	2,350	600	3,145	12,565
Subtotal	11,390	12,371	8,630	11,660	2,815	18,678	65,544
Mid-size Institutions:							
U. T. Arlington	1,270	790	1,060	725	350	1,070	5,265
U. T. Brownsville	860	1,180	190	400	200	1,629	4,459
U. T. Dallas	700	1,820	1,260	1,140	110	790	5,820
U. T. El Paso	960	2,200	1,250	2,000	900	1,641	8,951
U. T. Pan American	1,140	850	1,200	900	200	1,595	5,885
U. T. San Antonio	1,340	1,245	1,070	1,400	350	1,525	6,930
Subtotal	6,270	8,085	6,030	6,565	2,110	8,250	37,310
Small Institutions:							
U. T. Permian Basin	750	350	320	325	133	250	2,128
U. T. Tyler	620	365	150	465	100	268	1,968
U. T. Health Science Center - Tyler	700	500	540	350	155	506	2,751
Subtotal	2,070	1,215	1,010	1,140	388	1,024	6,847
TOTAL	24,290	26,146	17,520	21,665	6,163	31,592	127,376
Percentage of Total	19%	20%	14%	17%	5%	25%	100%

* Reflects total hours budgeted for priority audits/projects (subject to approval by the Audit, Compliance, and Management Review Committee), which represents approximately 80 - 85% of total budgeted hours for the FY 2011 Systemwide Annual Audit Plan.

6. **U. T. System: Report on the Systemwide internal audit activities, including the results of the Systemwide internal audit performance metrics**

REPORT

Mr. Charles Chaffin, Chief Audit Executive, will present the annual report of the Systemwide Internal Audit Program for Fiscal Year 2010 as set forth on Pages 97 - 103. Institutional internal audit activity reports are presented to the Audit, Compliance, and Management Review Committee of the Board of Regents on an annual basis. The last activity report was sent to the Regents on October 28, 2010.

Mr. Chaffin will report on the progress and preliminary results of the audits conducted to review expenditures made for presidential travel, entertainment, and maintenance of university residences (used to host special events) at each of the institutions and U. T. System Administration.

Mr. Chaffin will also report on the results of the Systemwide internal audit performance metrics. A summary of the performance metrics results was mailed separately in advance of the meeting.

Additionally, Mr. Chaffin will report on the implementation status of significant audit recommendations. The fourth quarter activity report on the Implementation Status of Outstanding Significant Findings/Recommendations is set forth on Pages 104 - 105. Satisfactory progress is being made on the implementation of all significant recommendations. Additionally, a list of other audit reports issued by the Systemwide audit program is on Pages 106 - 107.

BACKGROUND INFORMATION

Significant audit findings/recommendations are tracked by the U. T. System Audit Office. Quarterly, chief business officers provide the status of implementation, which is reviewed by the internal audit directors. A quarterly summary report is provided to the Audit, Compliance, and Management Review Committee of the U. T. System Board of Regents. Additionally, Committee members receive a detailed summary of new significant findings and related recommendations quarterly.

**The University of Texas System
Systemwide Internal Audit Program
Annual Report Summary
Fiscal Year Ended August 31, 2010**

Systemwide Internal Audit Program Executive Summary

The University of Texas (UT) System has established Internal Audit Programs at each of the 15 institutions and UT System Administration. The Internal Auditor provides independent, objective assurance, and consulting services designed to add value and improve UT's operations. Additionally, the Internal Auditor is responsible for providing executive management with information about the adequacy and effectiveness of the institution's system of internal administrative and accounting controls and the quality of operating performance when compared with established standards.

Overall, the Internal Audit Programs accomplished the majority of their approved annual priority audit plans. Priority audit hours represent approximately 80% to 85% of the total budgeted hours available. Some of the Internal Audit Programs transferred, reallocated, cancelled or carried forward to fiscal year (FY) 2011 audit hours budgeted for various reasons, including limited time and staff resources, special requests from management and internal audit committee, or investigative matters that emerged during the year. These changes were communicated and approved by the respective institutional president and/or internal audit committee.

During FY 2010, the Systemwide Internal Audit Program conducted the third annual internal audit of the institutional, UT System Administration, and UT System Consolidated Annual Financial Report (AFR) for FY 2009. The auditors performed risk-based procedures on the financial statement information and controls over the financial reporting process. This audit provided assurance to the UT System Board of Regents that the financial statements, Systemwide, were free from any material misstatements while also providing the individual institutions valuable recommendations to enhance internal controls over financial reporting.

Beginning in FY 2010, the UT System Administration Internal Audit Committee requested that the System Audit Office conduct the presidential travel, entertainment, and housing expense audits at three institutions annually on a rotating basis to gain additional independent assurance. In FY 2010, the System Audit performed these audits at UT El Paso, UT Southwestern Medical Center at Dallas, and UT Medical Branch at Galveston, in addition to UT System Administration and UTIMCO. The remaining presidential travel, entertainment, and housing expenses audits were executed by the institutional Internal Audit Programs. The System Audit Office also completed audits of the president's office operations at UT Brownsville, UT San Antonio, and UT Tyler. Implementation of the presidents' offices audits on a rotating annual basis began in FY 2010 as requested by the UT System Board of Regents' (Board) Audit, Compliance, and Management Review Committee.

Additionally in FY 2010, governance audits of the practice plans were carried out at each of the health institutions. The objective of these audits was to determine if the institution had implemented the amended practice plan bylaws that were approved in August 2009 and the progress made. Based on the practice plan bylaws, the System Audit Office performs practice plan audits at two of the institutions (UT Health Science Centers at Houston and San Antonio in FY 2010) annually on a rotating basis with the remaining audits carried out by the institutional Internal Audit Programs.

**The University of Texas System
Systemwide Internal Audit Program
Annual Report Summary
Fiscal Year Ended August 31, 2010**

There was an increased emphasis in information technology (IT) audits during FY 2010, which continues into FY 2011. Several institutional Internal Audit Programs conducted audits of their PeopleSoft applications (student and/or financial systems), time and effort reporting application, IT governance, and compliance with the Texas Administrative Code security requirements.

In general, the Internal Audit Programs experienced limited staff turnover during FY 2010. However, at the director level, an interim internal audit director was named at UT Tyler in the fourth quarter of FY 2010.

Among the Internal Audit Programs Systemwide, approximately 72% of staff members hold one or more of the following professional certifications: Certified Public Accountant, Certified Internal Auditor, and Certified Information Systems Auditor.

Mr. Charles G. Chaffin, Chief Audit Executive, is responsible for apprising the Chancellor and the Board of the status and activities of the institutional Internal Audit Programs.

Significant Accomplishments

During FY 2010, the Internal Audit Programs provided numerous value-added services to the institutions, managed successful collaborative activities, made contributions to the internal auditing profession, supplied support to external organizations, managed student internship opportunities, and continued to enhance the established Internal Audit Programs through Quality Assurance Reviews.

- **Value-added Services** – The Internal Audit Programs worked to ensure audits and projects added value and addressed the needs and concerns of executive management. Audits and projects included the internal audit of the AFR, audits in specialized areas, special investigations requested by executive management, and reviews of information systems and security as well as other core business operations.
 - *Internal Audit of the UT System AFR* – Coordinated and overseen by the System Audit Office, the Internal Audit Programs effectively conducted the third annual internal audit of the System Administration and institutional FY 2009 AFRs and the process to prepare the UT System Consolidated AFR. Overall, the audit resulted in no material adjustments to the financial statements; however, internal auditors at UT Medical Branch at Galveston (UTMB), UT El Paso (UTEP), and UT Pan American (UTPA) identified internal control deficiencies significant to those institutions. At UTMB, a recommendation was made regarding the controls over the valuation of the allowance for doubtful accounts for the physician practice plan accounts receivable. A recommendation was made at UTEP and UTPA related to access controls over their student information IT system. In addition, two Systemwide recommendations were made in the areas of fully executing institutional monitoring plans and formalizing a financial accounting and reporting advisory committee. System Administration and each institution issued an individual report to its executive management with specific internal control related recommendations, as applicable. Management at all institutions agreed with the recommendation made and has implemented or is working to implement them.

**The University of Texas System
Systemwide Internal Audit Program
Annual Report Summary
Fiscal Year Ended August 31, 2010**

- *Practice Plan Governance Audits* – The practice plan governance audits conducted at each of the health institutions provided valuable recommendations in the areas of practice plan board and committee structure, full implementation of bylaws, and formal reporting of related audit recommendations to the practice plan board.
- *Special Projects and Investigations* – Several of the institutional and the UT System Administration Internal Audit Programs performed complex and sensitive audits at the request of executive management to assist in fraud investigations, address media allegations, and follow up on compliance hotline calls.
- *Information Technology Audits* – The majority of the institutional and the UT System Administration Internal Audit Programs audited IT governance to gain an understanding and make recommendations on the governance structure at their institutions. In addition, most of the Internal Audit Programs completed risk-based audits to determine their institution’s compliance with the Texas Administrative Code security requirements.
- **Collaborative Activities**
 - *Exchange Program* – The System Audit Office continues to provide support and resources to the Internal Audit Programs through staffing assistance to smaller institutions as well as distribution of audit programs and guidance for Systemwide audits. The program included several information technology exchange efforts in FY 2010.
 - *Performance Metrics* – The Systemwide internal audit activity continues to be evaluated on an annual basis in four areas of focus: Internal Audit Committees, Internal Audit Clients, Staff Resources and Competencies, and Internal Audit Processes. The performance metrics to measure the FY 2010 internal audit performance in these four major areas are currently underway and will be reported separately.
- **Professional Contributions**
 - *Professional Organizations* – Many of the internal audit directors have held various officer, committee and board member positions in professional organizations, such as vice president and several committee chairs of the Association of College and University Auditors (ACUA), treasurer and board member of the Texas Association of College and University Auditors (TACUA), and board member of the Information Systems Audit and Control Association local Austin chapter (ISACA). Several staff members from the Internal Audit Programs also made presentations at national and regional conferences and actively participated in numerous professional organizations, including ACUA, TACUA, ISACA, Association of Healthcare Internal Auditors, Institute of Internal Auditors, Texas Society of Certified Public Accountants, and Association of Certified Fraud Examiners.
 - *Training* – Some Internal Audit Programs provided internal audit related training in subjects, such as account reconciliations, segregation of duties, and internal controls to institutional leadership and other groups within their institutions.

**The University of Texas System
Systemwide Internal Audit Program
Annual Report Summary
Fiscal Year Ended August 31, 2010**

- *Certifications* – The Internal Audit Programs Systemwide had several employees pass all or part of internal audit related certification exams, including Certified Internal Auditor, Certified Public Accountant, Certified Information Systems Auditor, Certified Fraud Examiner, and Certified Government Audit Professional.
- **External Support** – Internal Audit Programs provided audit assistance to various external organizations, including performance of audit procedures as part of the external financial statements audit of the funds managed by The University of Texas Investment Management Company (UTIMCO) and the Southern Association of Colleges and Schools (SACS) accreditation process, aid to the Office of the Inspector General on various audits, support to the State Auditor’s Office in conducting their OMB A-133 Single Audit and State of Texas Comprehensive AFR Audit, and assistance to the State Comptroller of Public Accounts in conducting their post payment audits at UT institutions.
- **Internship Opportunities** – Many of the Internal Audit Programs utilized student interns from their campuses and local high schools to assist in conducting fieldwork on various audits to provide the students with real-world experience while also increasing their own staff supervisory and project management skills. These students have gone on to be offered positions with the UT Internal Audit Programs as well as with outside companies and government agencies.
- **Quality Assurance Reviews** – Quality Assurance Reviews (QARs) ensure the Internal Audit Programs are conducting their work in compliance with IIAs’ *International Standards for the Professional Practice of Internal Auditing* (Standards). QARs are performed by audit professionals independent of the institution. QARs were completed of the Internal Audit Programs at UT Austin, UT Dallas, UT Pan American, UT Medical Branch, and UT Health Science Center at Houston. These Internal Audit Programs were found to “generally conform” (the highest rating) to the Standards and have implemented or are in the process of implementing recommendations to improve efficiency and operations. Additionally, a follow-up QAR, in which the implementation status of recommendations made in the previous QAR are reviewed, were completed at UT El Paso, UT Pan American, and the UT System. Several of the Internal Audit Directors also participated as team members in QARs of other institutions, including the University of Georgia and University of Toledo Systems.

Internal Audit Committees

Each institution and UT System Administration has an internal audit committee consisting of executive management, including the President and Chancellor, respectively. They also include at least one external member with several institutions having more than one external member and some institutions having the external member serve as committee chair. In general, the committees meet quarterly to provide guidance and direction to the Internal Audit Programs and allow direct communication between the chief audit executive and senior management. On a periodic basis, the internal audit committees are surveyed to obtain further feedback. Beginning last fiscal year, the internal audit committee members from each of the institutions also participate in an annual survey as part of the Systemwide performance metrics.

**The University of Texas System
Systemwide Internal Audit Program
Annual Report Summary
Fiscal Year Ended August 31, 2010**

Internal Audit Clients

As part of the continuous internal quality assurance process, the Internal Audit Programs administer client surveys at the conclusion of each audit project to obtain feedback on the quality of services provided. Key personnel involved in the audit are requested to complete a survey. While each Internal Audit Program distributes a unique set of questions, they are on the general topics of professionalism, performance, results and reporting, and value added with a comments section. Overall, the Internal Audit Programs received responses in the top two ratings with positive remarks. Beginning last fiscal year, the internal audit clients audited during the fiscal year at each of the institutions also participate in an annual survey as part of the Systemwide performance metrics.

Systemwide Internal Audit Program Staffing Statistics:

- **Internal Audit Staff Positions:**

Total Number Budgeted	118
Average Total Number Filled	112
Average Years Experience	14

- **Internal Audit Staff Certifications:**

Number of Certified Public Accountants (CPA)	45
Number of Certified Internal Auditors (CIA)	63
Number of Certified Information Systems Auditors (CISA)	24
Average Percentage of Staff with CPA, CIA, and/or CISA certification	72%
Other Certifications held*	53

- **Internal Audit Staff Training:**

Average Annual Training Hours per Auditor:	56
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***Other Certifications include:**

- Certified Fraud Examiner
- Certified Healthcare Financial Professional
- Certified Government Auditing Professional
- Certified Financial Services Auditor
- Certification in Control Self-Assessment
- Certified Information Systems Security Professional
- Certified Ethical Hacker
- Certified Expert Penetration Tester
- Certified Information Systems Security Professional
- Global Information Assurance Certifications in Systems, Networks, and Security
- Certified Purchasing Manager
- Chartered Property Casualty Underwriter
- Credit Business Associate Certification
- Doctor of Jurisprudence / Texas State Bar Licensure

**The University of Texas System
Systemwide Internal Audit Program
Annual Report Summary
Fiscal Year Ended August 31, 2010**

Systemwide Internal Audit Program Processes/Activities

The following summarizes the consolidated activities of the institutional and UT System Administration Internal Audit Programs compared to the approved audit plan for FY 2010:

Audit Area	Total Priority Budget Hours	Credit for Priority Hours	Percent Completion
Financial	23,538	22,023	94%
Operational	29,496	27,751	94%
Compliance	16,782	15,352	91%
Information Technology	20,332	18,281	90%
Follow-up	5,405	5,309	98%
Projects	30,455	29,921	98%
Total	126,008	118,637	94%

The Systemwide Internal Audit Program accomplished 94% of its approved annual priority audit plan. Some of the audit hours budgeted were transferred, reallocated, cancelled or carried forward to FY 2011 for various reasons, including limited resources and special management requests or investigative matters that emerged during the year. These changes were communicated to the president and/or the institutional internal audit committees.

See **Appendix A** for details on the completion of total priority budget hours by audit area and institution for FY 2010.

**The University of Texas System
Systemwide Internal Audit Program
Annual Report Summary
Fiscal Year Ended August 31, 2010**

**Appendix A
FY 2010 Systemwide Audit Plan Status**

	Financial	Operational	Compliance	Information Technology	Follow-up	Projects	Credit for Priority Hours (NOTE 1)	Total Priority Budget Hours (NOTE 2)	Percent Completion
U. T. System Administration	4,789	5,483	1,780	2,550	900	2,250	17,752	18,005	99%
Large Institutions:									
U. T. Austin	1,257	1,944	1,253	3,263	400	4,350	12,467	14,225	88%
U. T. Southwestern	2,450	3,300	2,550	1,650	500	4,060	14,510	14,510	100%
U. T. Medical Branch at Galveston	930	1,575	520	1,644	250	1,830	6,749	6,845	99%
U. T. HSC - Houston	1,715	1,440	1,665	805	300	2,371	8,296	8,350	99%
U. T. HSC - San Antonio	900	1,589	280	1,100	600	2,400	6,869	7,480	92%
U. T. MDA Cancer Center	1,290	3,680	1,501	2,210	500	3,155	12,336	13,080	94%
Subtotal	8,542	13,528	7,769	10,672	2,550	18,166	61,227	64,490	95%
Mid-size Institutions:									
U. T. Arlington	1,140	805	1,168	540	200	1,100	4,953	5,460	91%
U. T. Brownsville	624	260	383	204	300	1,801	3,572	4,090	87%
U. T. Dallas	725	1,430	510	500	60	750	3,975	4,730	84%
U. T. El Paso	1,208	2,700	850	1,470	450	1,690	8,368	8,790	95%
U. T. Pan American	1,465	918	775	575	110	1,059	4,902	5,640	87%
U. T. San Antonio	1,503	900	960	740	300	1,788	6,191	6,780	91%
Subtotal	6,665	7,013	4,646	4,029	1,420	8,188	31,961	35,490	90%
Small Institutions:									
U. T. Permian Basin	580	615	200	250	54	242	1,941	2,200	88%
U. T. Tyler	575	517	367	331	190	565	2,545	2,585	98%
U. T. HSC - Tyler	872	595	590	450	195	510	3,212	3,238	99%
Subtotal	2,027	1,727	1,157	1,031	439	1,317	7,698	8,023	96%
TOTAL	22,023	27,751	15,352	18,281	5,309	29,921	118,637	126,008	94%
Percentage of Total	19%	23%	13%	15%	5%	25%	100%		

NOTE 1:

In order to better align with the internal audit performance metrics, "Total Actual Hours" (as has been reported previously) is now replaced with "Credit for Priority Hours." This reflects the priority budgeted hours apportioned based on the completion status of the audits/projects as of August 31, 2010.

NOTE 2:

Original Total Priority Budget Hours, approved by the ACMRC for priority projects, was 125,801 hours. However, due to changing priorities during the fiscal year, some institutions requested and obtained approval from their respective internal audit committees to change the Total Priority Budget Hours and/or the allocation of hours among the various categories, so that "Total Priority Budget Hours" is now 126,008 as reflected above. These hours represent approximately 80-85% of total budgeted hours for the fiscal year 2010 annual audit plan.

THE UNIVERSITY OF TEXAS SYSTEM
Implementation Status of Outstanding Significant Findings/Recommendations

U. T. SYSTEM AUDIT

Report Date	Institution	Audit	3rd Quarter 2010		4th Quarter 2010		Targeted Implementation Date	Overall Progress Towards Completion (Note)
			Ranking	# of Significant Findings	Ranking	# of Significant Findings		
2010-04	UTARL	Payment Card Industry Data Security Standard Audit		2		2	12/31/2010	Satisfactory
2010-07	UTB	FY 2010 Follow-Up Audit of the International Technology, Education and Commerce Center Lease Agreements				0	9/30/2010	Implemented
2009-12	UTEP	Texas Administrative Code Chapter 202 Audit - Phase 2		2		1	11/20/2010	Satisfactory
2010-06	UTEP	Gifts and Endowments				1	1/31/2011	Satisfactory
2010-08	UTPA	Effort Reporting				3	3/1/2011	Satisfactory
2010-05	UTPB	Monitoring Plan and Sub-Certification		1		0	8/31/2010	Implemented
2009-03	UTSA	Banner User Access Audit (Security)		1		1	12/31/2010	Satisfactory
2008-09	UTSA	Information Technology Change Management Audit		1		1	8/31/2010*	Satisfactory
2010-01	UTSA	Information Technology Asset Management Audit		1		1	11/30/2010	Satisfactory
2008-11	UTT	Fiscal Year 2008 Annual Financial Report Audit		1		1	10/31/2010	Satisfactory
2009-04	UTT	Cash Handling Procedures Audit		2		0	8/31/2010	Implemented
2009-03	UTT	Department of Communications		1		0	8/31/2010	Implemented
2010-03	UTT	Endowed Scholarships		1		1	10/31/2010	Satisfactory
2010-05	UTT	Texas Administrative Code Chapter 202 Audit		3		3	4/30/2011	Satisfactory
2010-05	UTT	Department of Athletics		1		0	7/31/2010	Implemented
2010-02	UTSWMC - Dallas	Physician Billing Compliance		1		0	7/16/2010	Implemented
2008-05	UTMB - Galveston	Information Systems Change Management Process		2		0	8/31/2010	Implemented
2009-12	UTMB - Galveston	Epic Application		1		0	8/31/2010	Implemented
2010-02	UTHSC - Houston	Time and Effort Reporting		3		0	8/31/2010	Implemented
2010-05	UTHSC - Houston	Personnel Management & Time Management System Controls		4		4	5/1/2011	Satisfactory
2010-04	UTHSC - San Antonio	UT Medicine: Information Technology Review of Data Security		8		3	12/31/2010	Satisfactory
2007-06	UTMDACC - Houston	Conflict of Interest		1		0	2/28/2010	Implemented
2007-09	UTMDACC - Houston	Maintenance and Security of Biological Research Materials		1		1	2/28/2011	Satisfactory
2008-05	UTMDACC - Houston	Clinical Trial Research		1		1	2/28/2011	Satisfactory
2009-03	UTMDACC - Houston	Wireless and Firewall Remote Access Security Assessment		3		3	8/31/2012	Satisfactory
2009-03	UTMDACC - Houston	Review of Patch Management		1		0	11/30/2009	Implemented
2009-03	UTMDACC - Houston	Review of Performance and Capacity Monitoring		4		0	8/31/2009	Implemented
2009-03	UTMDACC - Houston	Review of Patient History Oracle Database Security		3		3	5/31/2009*	Satisfactory
2009-05	UTMDACC - Houston	Business Continuity Plan Review		1		1	2/28/2010*	Satisfactory
2010/02	UTMDACC - Houston	Information Security Organization Review		5		5	5/31/2010*	Satisfactory
2010-04	UTMDACC - Houston	Department of Chaplaincy and Pastoral Education		1		1	8/31/2010*	Satisfactory
2005-12	UTSYS ADM	Systemwide Financial Audit Fiscal Year 2005		1		1	9/1/2010*	Satisfactory
2006-06	UTSYS ADM	UTIMCO Institutional Investment and Compliance Audits		1		0	8/31/2010	Implemented
Totals				59		38		

THE UNIVERSITY OF TEXAS SYSTEM
Implementation Status of Outstanding Significant Findings/Recommendations

Report Date	Institution	Audit	3rd Quarter 2010		4th Quarter 2010		Targeted Implementation Date	Overall Progress Towards Completion (Note)
			Ranking	# of Significant Findings	Ranking	# of Significant Findings		

STATE AUDITOR'S OFFICE AUDITS

2010-03	UTPA	Financial Portion of the Statewide Single Audit Report for the Year Ended August 31, 2009		1		0	9/30/2010	Implemented
2010-03	UTPA	Federal Portion of the Statewide Single Audit Report for the Year Ended August 31, 2009		3		0	8/31/2010	Implemented
2010-02	UTPB	Southern Association of Colleges and Schools Financial Statement Review Fiscal Year 2009		1		1	10/31/2010	Satisfactory
2010-03	UTPB	Federal Portion of the Statewide Single Audit Report for the Year Ended August 31, 2009		4		4	6/30/2010**	Satisfactory
2009-08	UTSWMC - Dallas	Campus Security Emergency Management Plans Audit		2		1	11/30/2010	Satisfactory
2010-03	UTSWMC - Dallas	Financial Portion of the Statewide Single Audit Report for the Year Ended August 31, 2009		1		0	6/30/2010	Implemented
2007-05	UTSYS ADM	Charity Care at Health-Related Institutions		1		1	10/31/2010	Satisfactory

Totals

13

7

Color Legend:

- Either a new significant finding for which corrective action will be taken in the subsequent quarter or a previous significant finding for which no/limited progress was made towards implementation.
- Significant finding for which substantial progress towards implementation was made during the quarter that the significant finding was first reported.
- Significant finding for which substantial progress towards implementation was made during the quarter.
- Significant finding was appropriately implemented during the quarter and will no longer be tracked.

Note: **Implemented** - The Internal Audit Director deems the significant finding has been appropriately addressed/resolved and should no longer be tracked.
Satisfactory - The Internal Audit Director deems that the significant finding is in the process of being addressed in a timely and appropriate manner.
Unsatisfactory - The Internal Audit Director deems that the significant finding is not being addressed in a timely and appropriate manner.

* Recommendation deemed to be implemented per management and awaiting verification and validation by internal audit.

** Institution is taking the necessary steps to implement recommendations and is awaiting validation of this by the State Auditor's Office.

*** Awaiting updated implementation date from the institution.

OTHER U. T. SYSTEM AUDIT REPORTS RECEIVED BY SYSTEM AUDIT 6/2010 through 8/2010

Institution	Audit
UTARL	Environmental Health & Safety Review of High Risk Areas: Chemical Safety
UTARL	Grants and Contracts: Time and Effort Reporting Effort Certification Reporting Technology (ECRT) System Audit
UTARL	Controls over Cash Collections Areas - Fort Worth Center
UTARL	Texas Administrative Code 202
UTARL	Registrar's Departmental/Registration Processes Audit
UTARL	Controls over Cash Collection Areas - Division for Enterprise Development
UTARL	Controls over Cash Collection Areas - Campus Recreation
UTAUS	Cash Management and Cash Handling Policy
UTAUS	Department of Geological Sciences - Information Resources Use and Security Policy
UTAUS	Change in Management Audit - Department of Curriculum and Instruction
UTAUS	Encryption
UTB	Economic Development and Community Services Division
UTB	Effort Reporting
UTB	Texas Administrative Code 202
UTD	Cybersecurity and Emergency Preparedness Institute
UTD	Career Center
UTD	Lena Callier Trust
UTD	Texas Administrative Code 202
UTD	Printing Services
UTEP	Math Department - Change in Management Audit
UTEP	Time and Effort
UTEP	Ethics Program Review
UTEP	Post Payment Audit Procedures
UTEP	Athletics Compliance Office Change in Management - Operations and Administration
UTEP	Student Health Center
UTPA	Cancer Center Grant - 2009 American Recovery and Reinvestment Act
UTPA	Identity Theft Prevention Program - Red Flag Rule
UTPA	Financial Aid - Scholarships
UTPA	Payment Card Industry (PCI) Data Security Standards
UTPA	Other Revenue
UTPA	Contractual Obligations
UTPA	Information Technology Systems Not Managed by the Division of Information Technology
UTPA	Protection of Research Data
UTPB	Texas Administrative Code § 202 Compliance Audit
UTSA	National Collegiate Athletic Association Compliance Audit
UTSA	Procurement Card Compliance Office Audit
UTSA	Cash Handling and Management Audit
UTTY	Change Management Procedures Review
UTTY	Audit Follow-up Procedures
UTTY	Account Reconciliations Review
UTTY	Procurement Card Transactions Review
UTSMC - Dallas	Texas Comptroller Post Payment (TxCPP) Audit-Payroll and Purchase Transactions
UTSMC - Dallas	American Recovery and Reinvestment Act (ARRA) Compliance
UTSMC - Dallas	Information Technology Governance - IIA Standards 2110.A2
UTSMC - Dallas	University Hospitals Procurement and Warehousing
UTSMC - Dallas	Emergency Preparedness
UTSMC - Dallas	Policies and Procedures Regarding Medical Service Research and Development Plan Business Operations and Governance
UTSMC - Dallas	Family Practice and Primary Care Residency Program Grants
UTMB - Galveston	Huron Effort Certification and Reporting Technology (ECRT) System
UTMB - Galveston	Correctional Managed Care (CMC) Information Technology Access Controls
UTMB - Galveston	Office of International Affairs Change in Management
UTMB - Galveston	UTMB Austin - Texas Higher Education Coordinating Board (THECB) Residency Programs
UTMB - Galveston	Critical Results Communication Process
UTMB - Galveston	Medical Service Research and Development Plan Faculty Practice Plan Governance
UTMB - Galveston	Food Services Contract Review
UTMB - Galveston	Environmental Services Contract Review
UTHSC - Houston	Change in Management - Center for Emergency Preparedness
UTHSC - Houston	UTHealth Ethics Program
UTHSC - Houston	American Recovery and Reinvestment Act Reporting
UTHSC - Houston	Research Time & Effort Reporting
UTHSC - Houston	Executive Travel and Entertainment
UTHSC - Houston	Information Technology Governance
UTHSC - Houston	Follow-up of Open Recommendations
UTHSC - San Antonio	Institutional Follow-up Fiscal Year 2010 2nd Quarter
UTMDACC - Houston	Centralized Backup, Storage and Recovery Review
UTMDACC - Houston	Decentralized Backup, Storage and Recovery Review Laboratory Informatics
UTMDACC - Houston	Pharmacy Patient Assistance Programs
UTMDACC - Houston	Faculty Honorarium

OTHER U. T. SYSTEM AUDIT REPORTS RECEIVED BY SYSTEM AUDIT 6/2010 through 8/2010	
Institution	Audit
UTHSC - Tyler	Charity Care Audit
UTHSC - Tyler	Information Technology Governance Audit
UTHSC - Tyler	Texas Administrative Code 202 Audit
UTHSC - Tyler	Medical Service Research and Development Plan Faculty Practice Plan Governance Audit
UTSYS ADM	University Lands Information Technology
UTSYS ADM	UTIMCO Derivatives Audit
UTSYS ADM	UTHSC - San Antonio Practice Plan
UTSYS ADM	UT Tyler Office of the President
UTSYS ADM	Oil & Gas Company Audit of Clayton Williams Energy, Inc and Southwest Royalties, Inc
UTSYS ADM	Departmental Audits of Offices Closing Fiscal Year Ending 2010
UTSYS ADM	Ethics Consulting Review
UTSYS ADM	Office of Facilities Planning and Construction Follow-up
UTSYS ADM	System Administration Wireless Access
UTSYS ADM	University Lands
UTSYS ADM	Oil & Gas Company Audit of COG Operating, LLC

STATE AUDITOR'S OFFICE AUDIT REPORTS ISSUED 6/2010 through 8/2010	
Institution	Audit
None	None



TABLE OF CONTENTS FOR FINANCE AND PLANNING COMMITTEE

Committee Meeting: 11/10/2010

Paul Foster, Chairman
Printice L. Gary
Brenda Pejovich
Wm. Eugene Powell

Board Meeting: 11/11/2010
Austin, Texas

	Committee Meeting	Board Meeting	Page
Convene	<i>5:00 p.m.</i> <i>Chairman Foster</i>		
1. U. T. System: Discussion and appropriate action related to approval of <i>Docket No. 144</i>	<i>5:00 p.m.</i> Discussion <i>Dr. Kelley</i>	Action	108
2. U. T. System: Key Financial Indicators Report	<i>5:10 p.m.</i> Report <i>Dr. Kelley</i>	Not on Agenda	108
3. U. T. System: Overview of U. T. System debt programs	<i>5:20 p.m.</i> Report/Discussion <i>Mr. Aldridge</i>	Not on Agenda	117
4. U. T. System Board of Regents: The University of Texas Investment Management Company (UTIMCO) Performance Summary Report and Investment Reports for the fiscal year and quarter ended August 31, 2010	<i>5:35 p.m.</i> Report/Discussion <i>Mr. Zimmerman</i>	Report	138
5. U. T. System Board of Regents: Approval of Custodian Agreements for The University of Texas Investment Management Company (UTIMCO)	<i>5:40 p.m.</i> Action <i>Mr. Zimmerman</i>	Action	144
6. U. T. System Board of Regents: Approval of the Annual Budget, including the capital expenditures budget, and Annual Fee and Allocation Schedule for The University of Texas Investment Management Company (UTIMCO)	<i>5:45 p.m.</i> Action <i>Mr. Zimmerman</i>	Action	145
7. U. T. System Board of Regents: Approval of revisions to the amended and restated University of Texas Investment Management Company (UTIMCO) Compensation Program	<i>5:55 p.m.</i> Action <i>Dr. Kelley</i> <i>Mr. Aldridge</i>	Action	159
Adjourn	<i>6:00 p.m.</i>		

1. **U. T. System: Discussion and appropriate action related to approval of Docket No. 144**

RECOMMENDATION

It is recommended that *Docket No. 144* be approved. The Docket is behind the Docket tab.

It is also recommended that the Board confirm that authority to execute contracts, documents, or instruments approved therein has been delegated to appropriate officials of the respective institution involved.

2. **U. T. System: Key Financial Indicators Report**

REPORT

Dr. Scott C. Kelley, Executive Vice Chancellor for Business Affairs, will discuss the Key Financial Indicators Report, as set forth on Pages 109 - 116. The report represents the consolidated and individual operating results of the U. T. System institutions.

The Key Financial Indicators Report compares the Systemwide results of operations, key revenues and expenses, reserves, and key financial ratios in a graphical presentation from Fiscal Year 2006 through July 2010. Ratios requiring balance sheet data are provided for Fiscal Year 2005 through Fiscal Year 2009.


















THE UNIVERSITY OF TEXAS SYSTEM



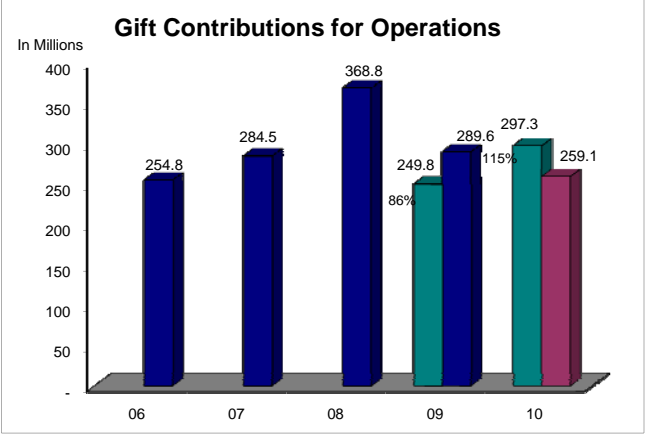
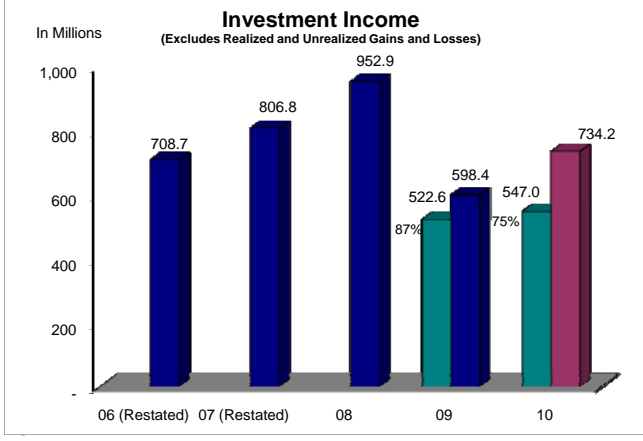
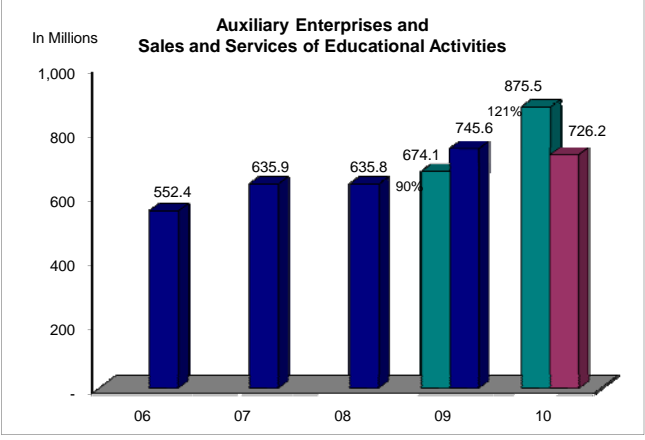
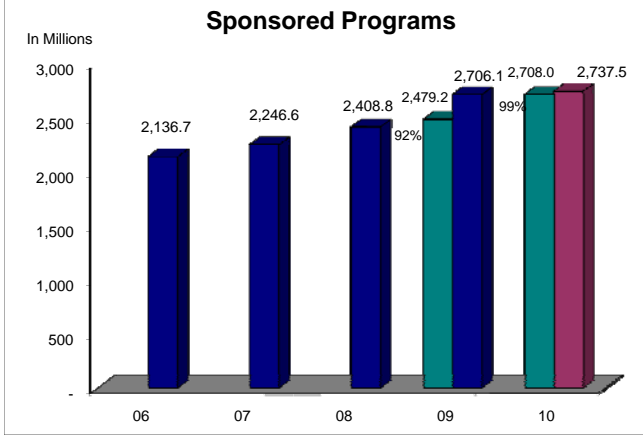
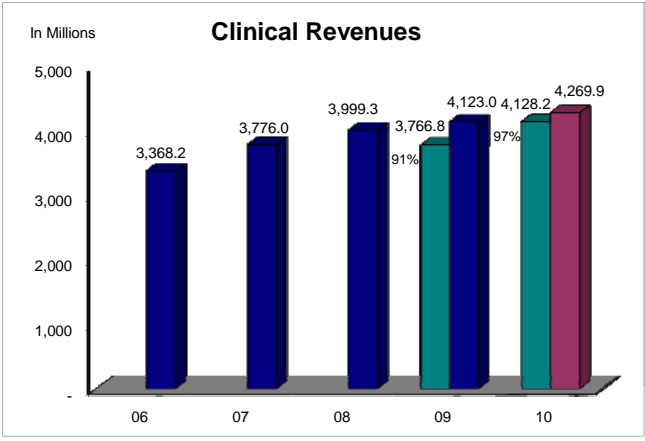
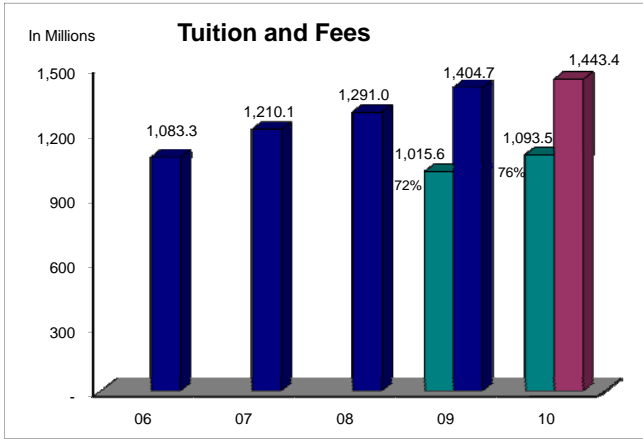
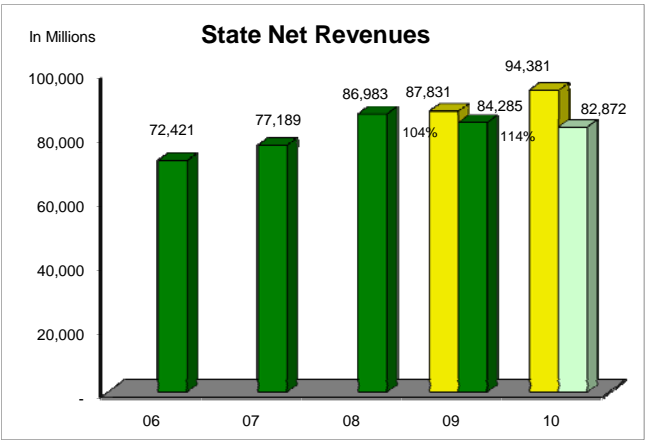
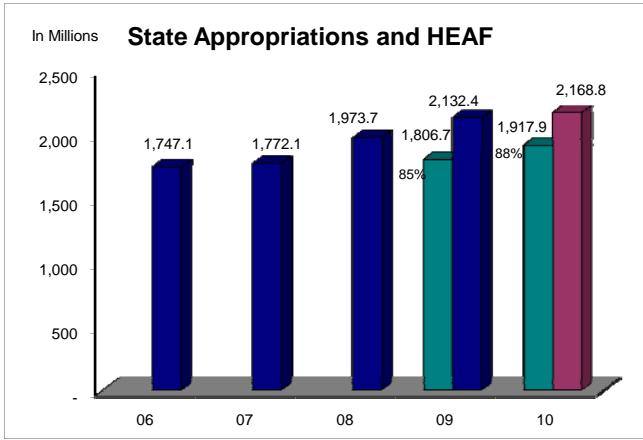
KEY FINANCIAL INDICATORS REPORT

JULY 2010

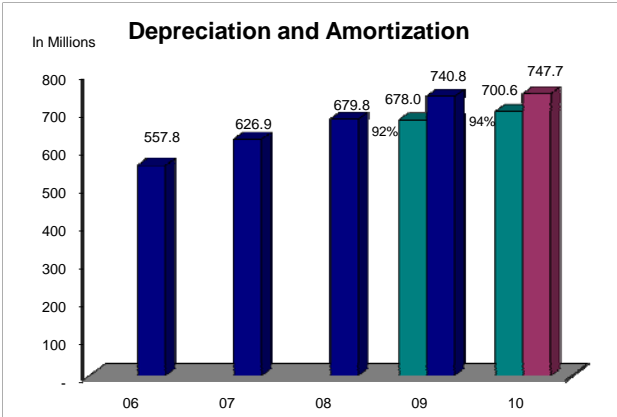
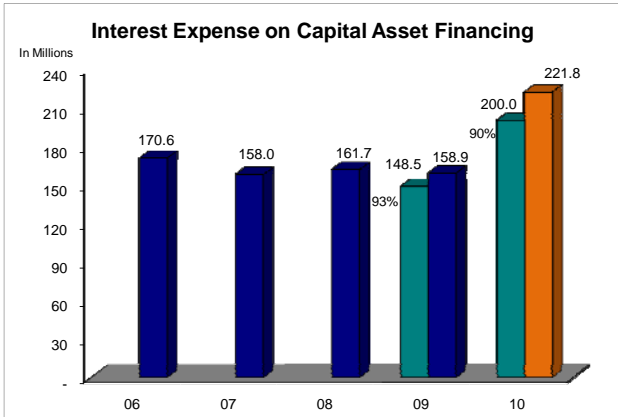
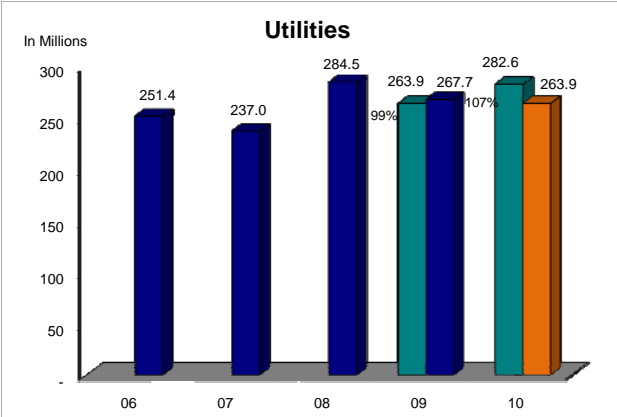
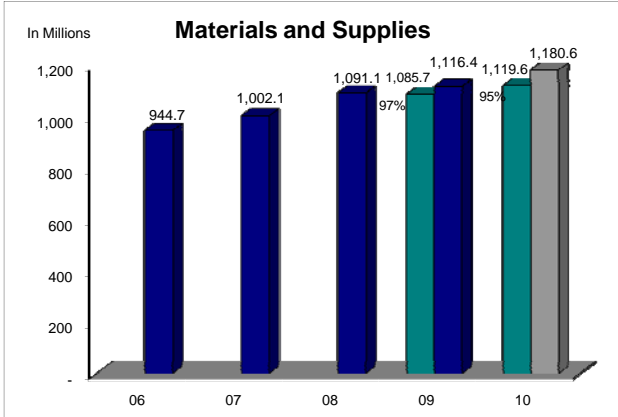
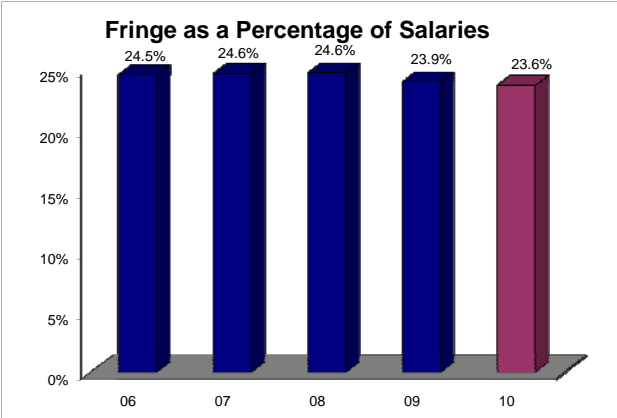
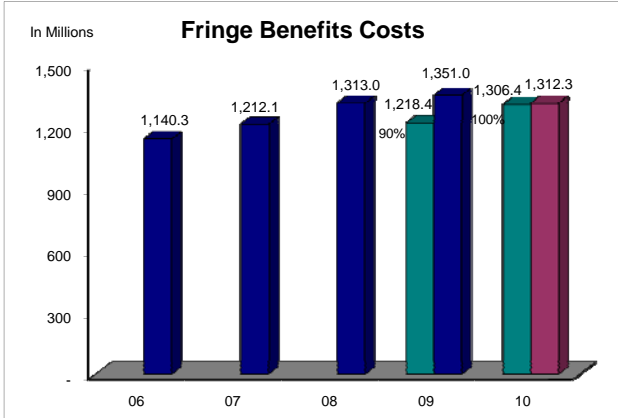
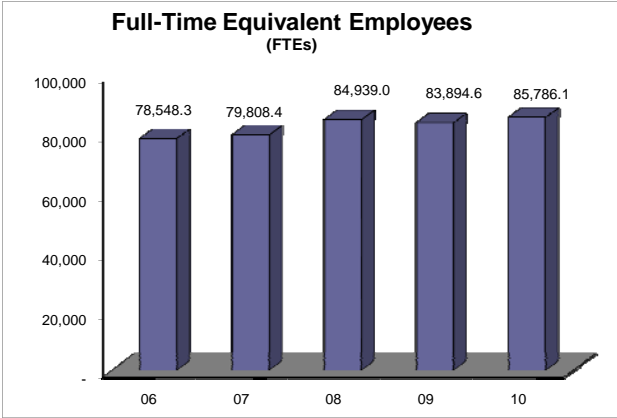
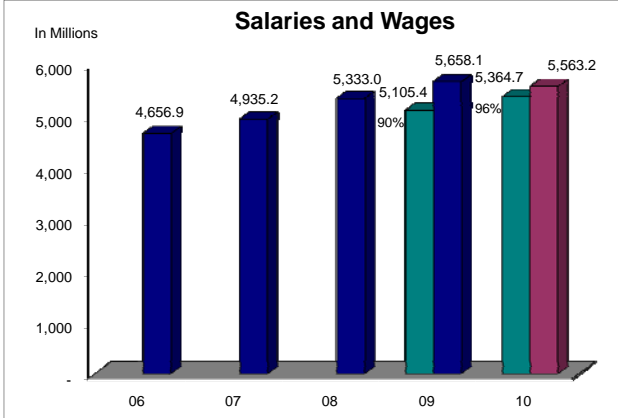
KEY

	Actual Annual Amounts (SOURCE: Annual Financial Reports)
	Adjustment to Actual Annual Amounts to exclude the Increase in Net OPEB Obligation (SOURCE: Annual Financial Reports)
	Budget amounts (SOURCE: Operating Budget Summary)
	Projected Amounts based on the average change of the previous three years of data
	Monthly Financial Report Year-to-Date Amounts
	Annual State Net Revenue Collections (SOURCE: Texas Revenue History by Source and Texas Net Revenue by Source, State Comptroller's Office)
	Year-to-Date State Net Revenue Collections (SOURCE: State Comptroller's Office)
	Estimated State Revenue Collections (SOURCE: Biennial Revenue Estimate, State Comptroller's Office)
	Annual and Quarterly Average of FTEs (SOURCE: State Auditor's Office Quarterly FTE Report)
	Year-to-Date Margin (SOURCE: Monthly Financial Report)
	Projected Amounts based on Monthly Financial Report
	Year-to-Date Margin (SOURCE: Monthly Financial Report)
	Target Normalized Rates
	Aaa/Aa1 Median (SOURCE: Moody's)
	A2 Median (SOURCE: Moody's)
	Good Facilities Condition Index (Below 5%)
	Fair Facilities Condition Index (5% - 10%)

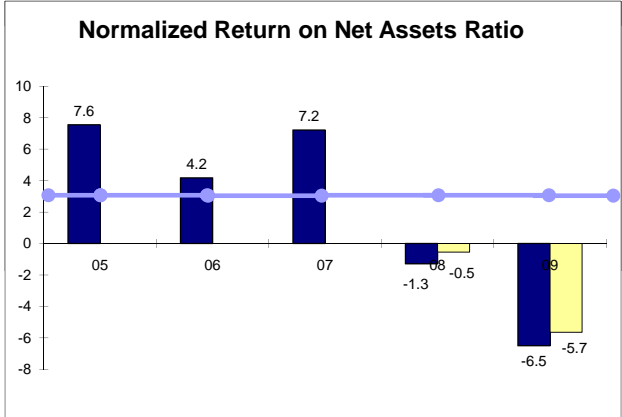
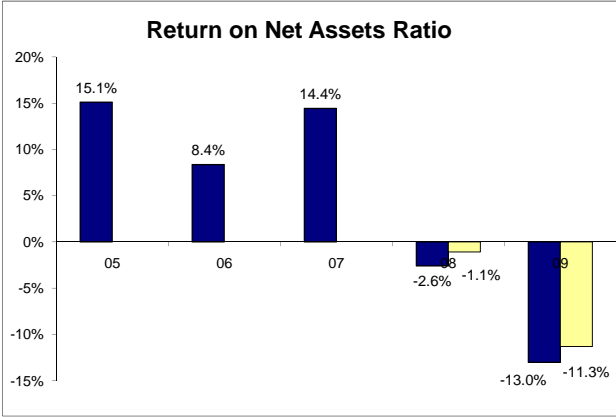
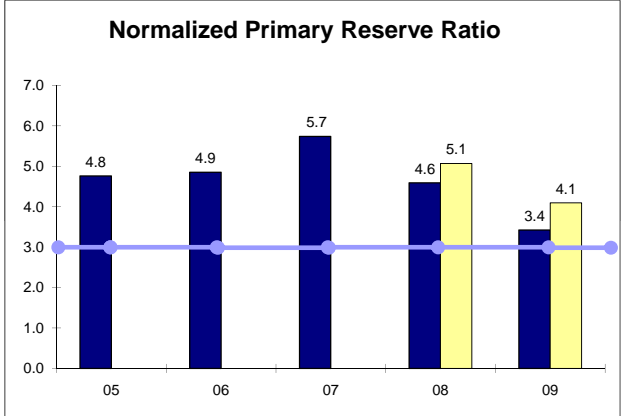
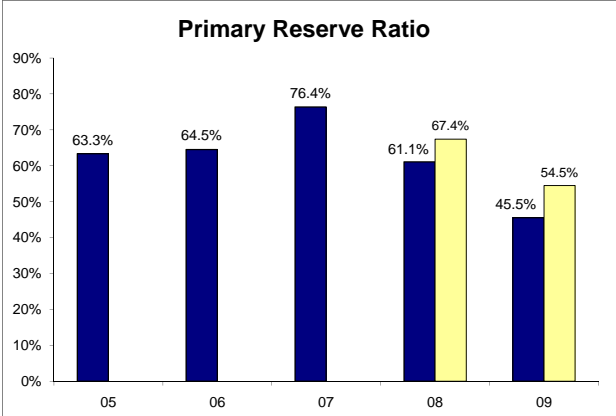
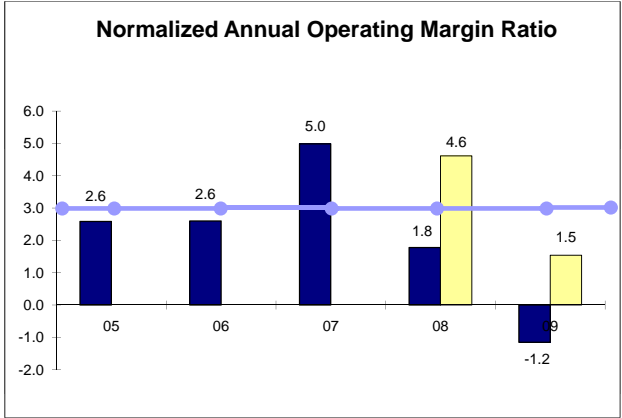
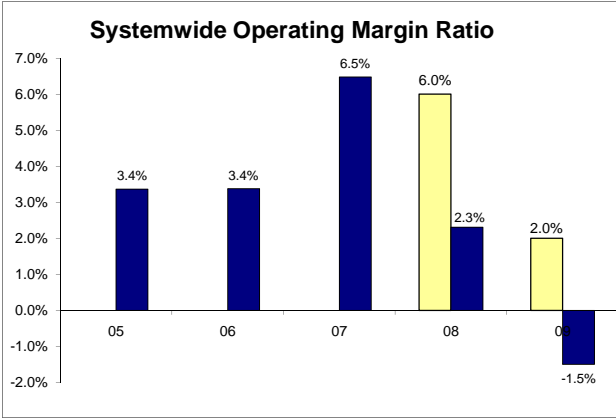
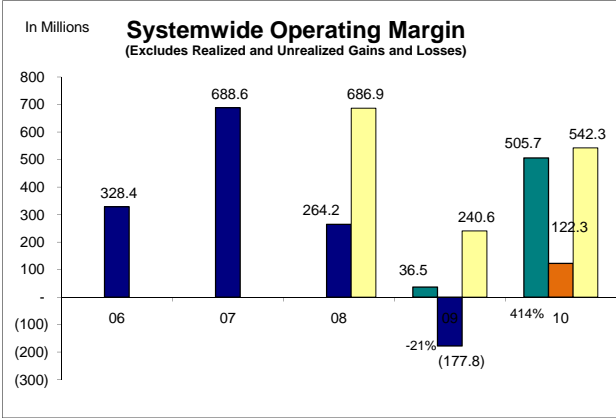
**KEY INDICATORS OF REVENUES
ACTUAL 2006 THROUGH 2009
PROJECTED 2010
YEAR-TO-DATE 2009 AND 2010 FROM JULY MONTHLY FINANCIAL REPORT**



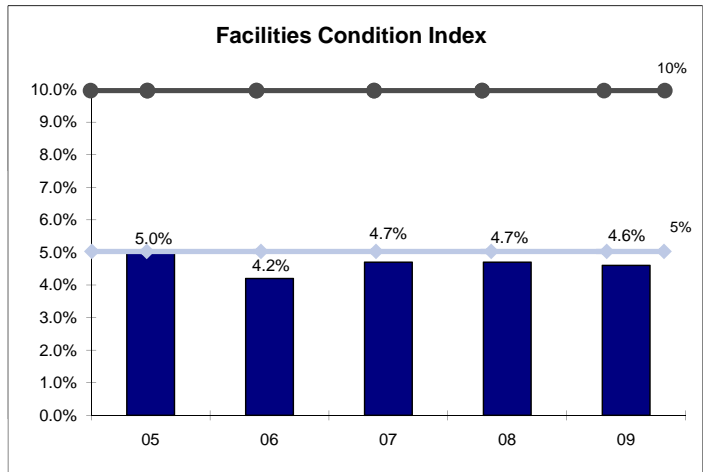
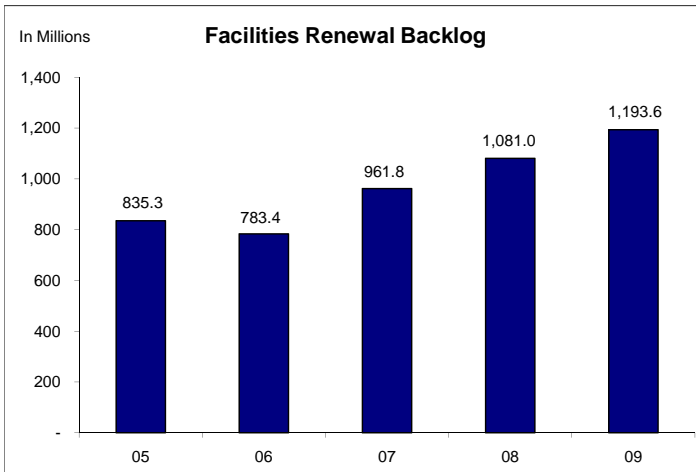
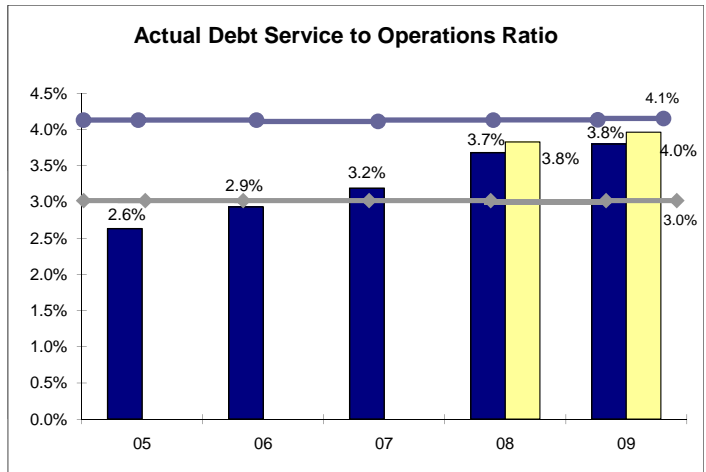
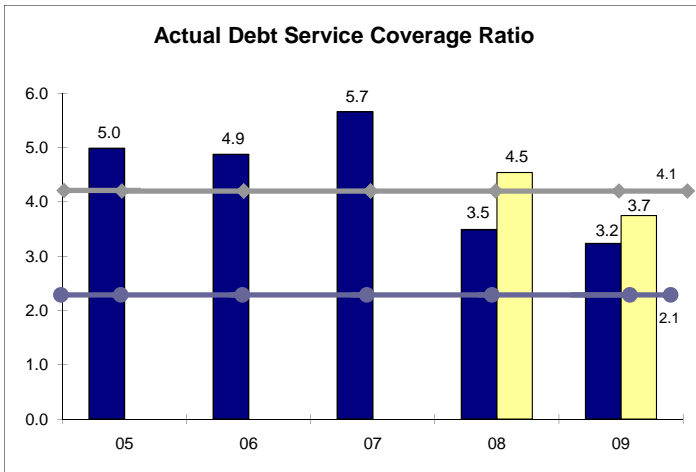
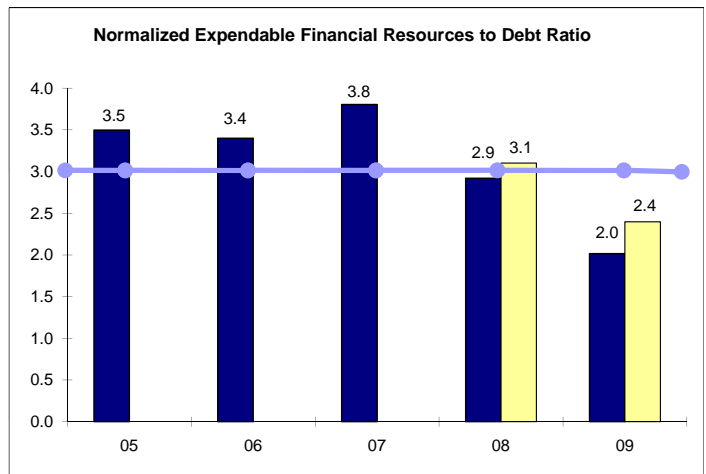
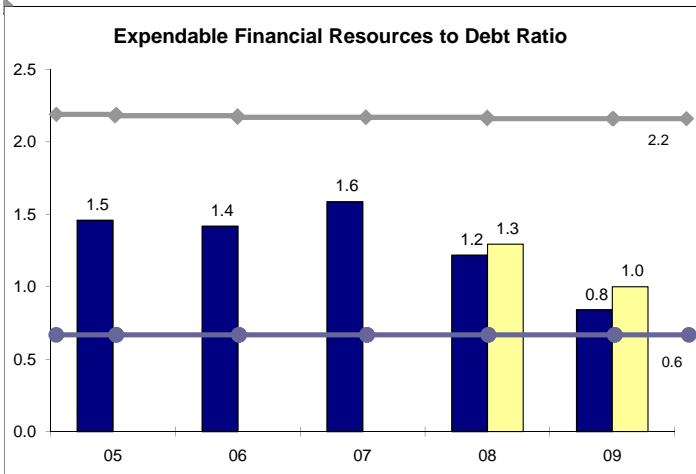
**KEY INDICATORS OF EXPENSES
ACTUAL 2006 THROUGH 2009
PROJECTED 2010
YEAR-TO-DATE 2009 AND 2010 FROM JULY MONTHLY FINANCIAL REPORT**



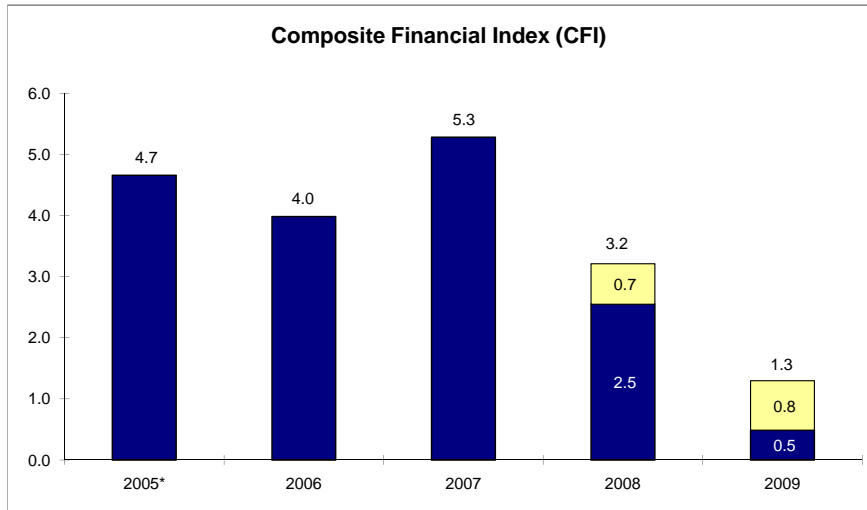
**KEY INDICATORS OF RESERVES
ACTUAL 2005 THROUGH 2009
PROJECTED 2010
YEAR-TO-DATE 2009 AND 2010 FROM JULY MONTHLY FINANCIAL REPORT**



KEY INDICATORS OF CAPITAL NEEDS AND CAPACITY 2005 THROUGH 2009

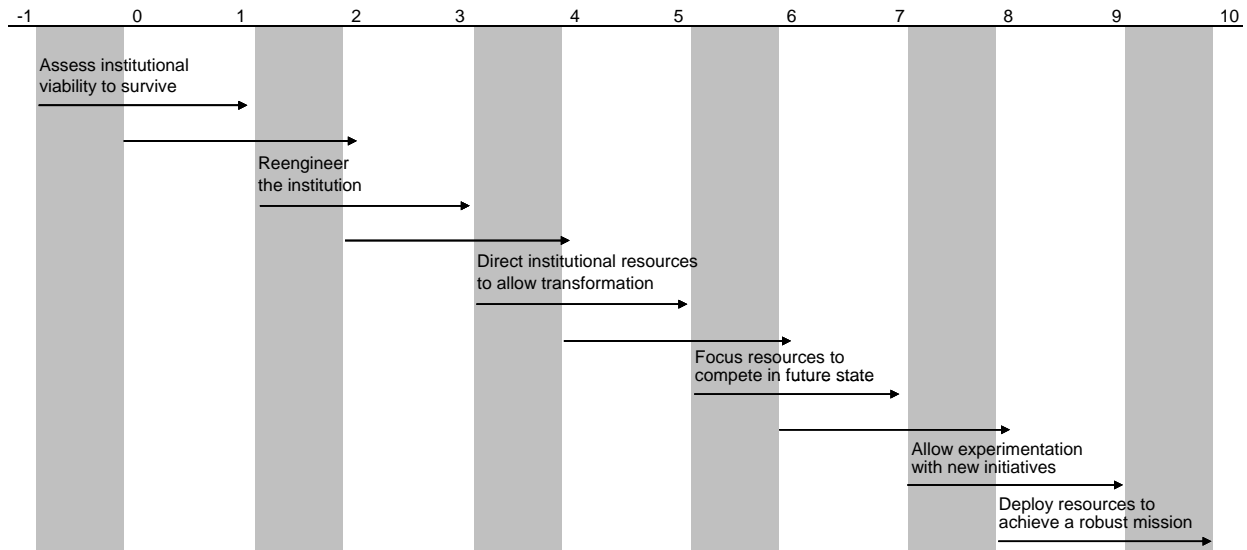


KEY INDICATORS OF FINANCIAL HEALTH 2005 THROUGH 2009



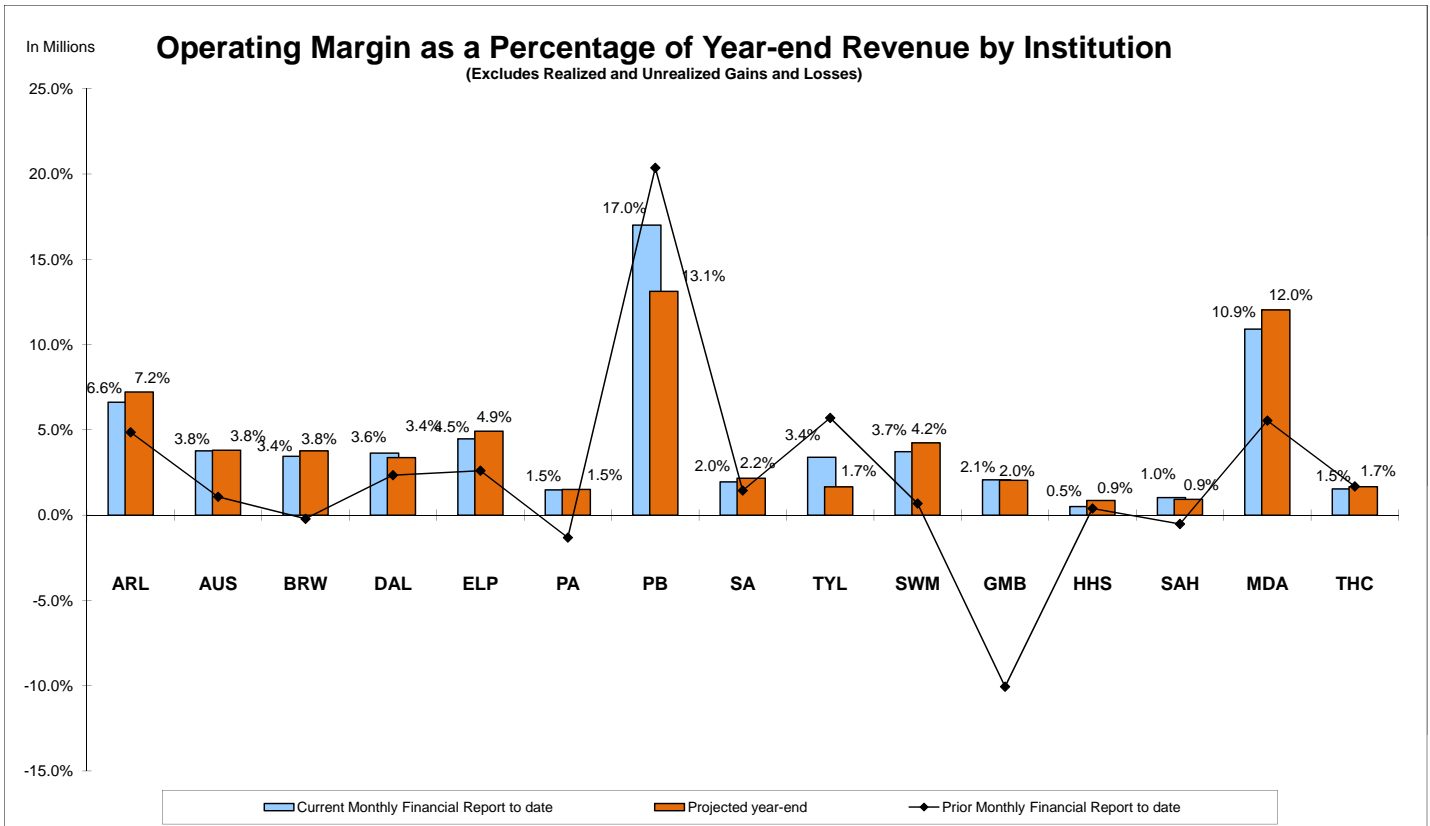
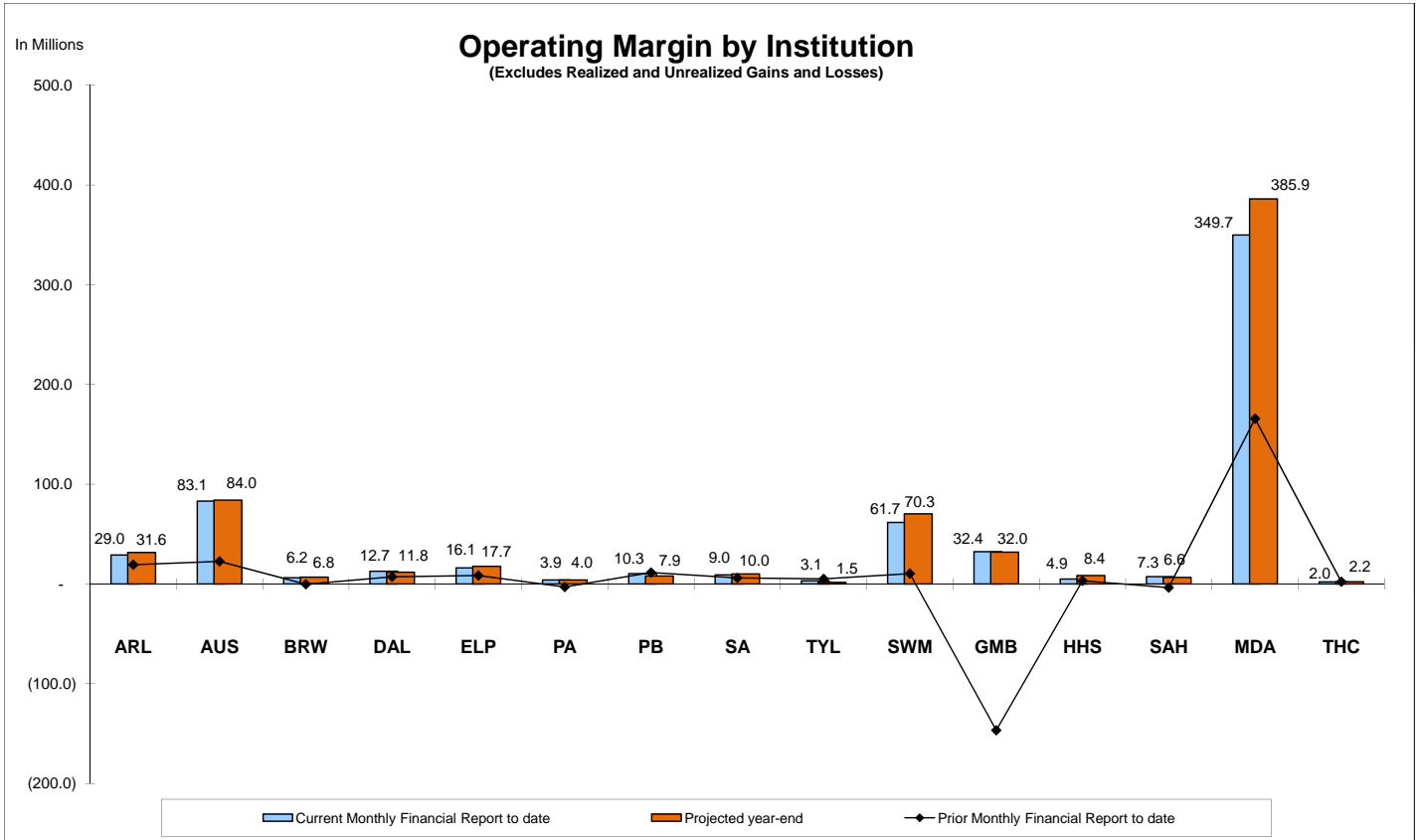
*Restated to reflect appreciation on endowments as restricted expendable net assets as a result of the 2006 external audit

Scale for Charting CFI Performance



KEY INDICATORS OF RESERVES

YEAR-TO-DATE 2009 AND 2010 FROM JULY MONTHLY FINANCIAL REPORT PROJECTED 2010 YEAR-END MARGIN



3. **U. T. System: Overview of U. T. System debt programs**

REPORT

Mr. Philip Aldridge, Vice Chancellor for Finance and Business Development, will provide an update on the status of the U. T. System debt programs using a PowerPoint presentation on Pages 118 - 137.

Overview of U. T. System Debt Programs

Philip Aldridge

Vice Chancellor for Finance and Business Development

U. T. System Board of Regents' Meeting

Finance and Planning Committee

November 2010



U. T. System Office of Finance

- The Office of Finance has eight professionals working in the following areas:
 - Debt Management
 - Technology Commercialization
 - Investment Oversight
 - Cash Management/Banking
 - Business Development



U. T. System Debt Team

- The Office of Finance staff works with various outside experts on each debt transaction:
 - External bond counsel
 - Investment banks (bond underwriters)
 - Underwriters' counsel
 - Credit rating agencies
 - Paying agent, escrow agent, verification agent, printer, etc.
- The Office of Finance does not utilize a financial advisor
- The Office of Finance does not utilize an arbitrage consultant



Summary of U. T. Debt Programs

- The U. T. System is authorized to issue debt under two primary programs:
 - The Revenue Financing System (RFS)
 - The Permanent University Fund (PUF)
- All debt is issued centrally by the Office of Finance in the name of the Board of Regents of the U. T. System, which approves:
 - All projects greater than \$4 million and any debt-financed project
 - Final Design and Development, including funding sources
 - The issuance of debt and underlying bond resolution
- Capital projects are approved by the Texas Higher Education Coordinating Board. The Bond Review Board and Attorney General review and approve bond issuances



Revenue Financing System

- The RFS is a cost-effective debt program secured by a systemwide pledge of all legally available revenues for debt issued on behalf of all 15 institutions and System Administration
 - Currently, the weighted average yield on the long-term RFS debt is 3.55%
 - As of October 19, 2010, the weighted average yield on the RFS Commercial Paper is 0.28%
- RFS debt has the highest possible credit ratings of Aaa, AAA, and AAA by Moody's, Standard & Poor's, and Fitch, respectively
- As of November 1, 2010, there was \$5.65 billion of RFS debt outstanding, including \$1.08 billion of Tuition Revenue Bonds (TRB).



Tuition Revenue Bonds

- TRBs are specifically authorized by the Legislature in Chapter 55 of the *Texas Education Code*
- TRBs are issued under the RFS program and are secured by the same pledge of legally available revenues of the U. T. System
- While not a legal obligation, the State of Texas has been reimbursing higher education institutions for TRB debt service since 1971
- Despite the name, TRB debt service is not directly related to tuition, and an institution need not have tuition revenue to receive TRBs
- Actual TRB debt service is \$115.5 million in fiscal year 2012 and 2013 (\$231 million for the biennium) excluding authorized but unissued TRBs



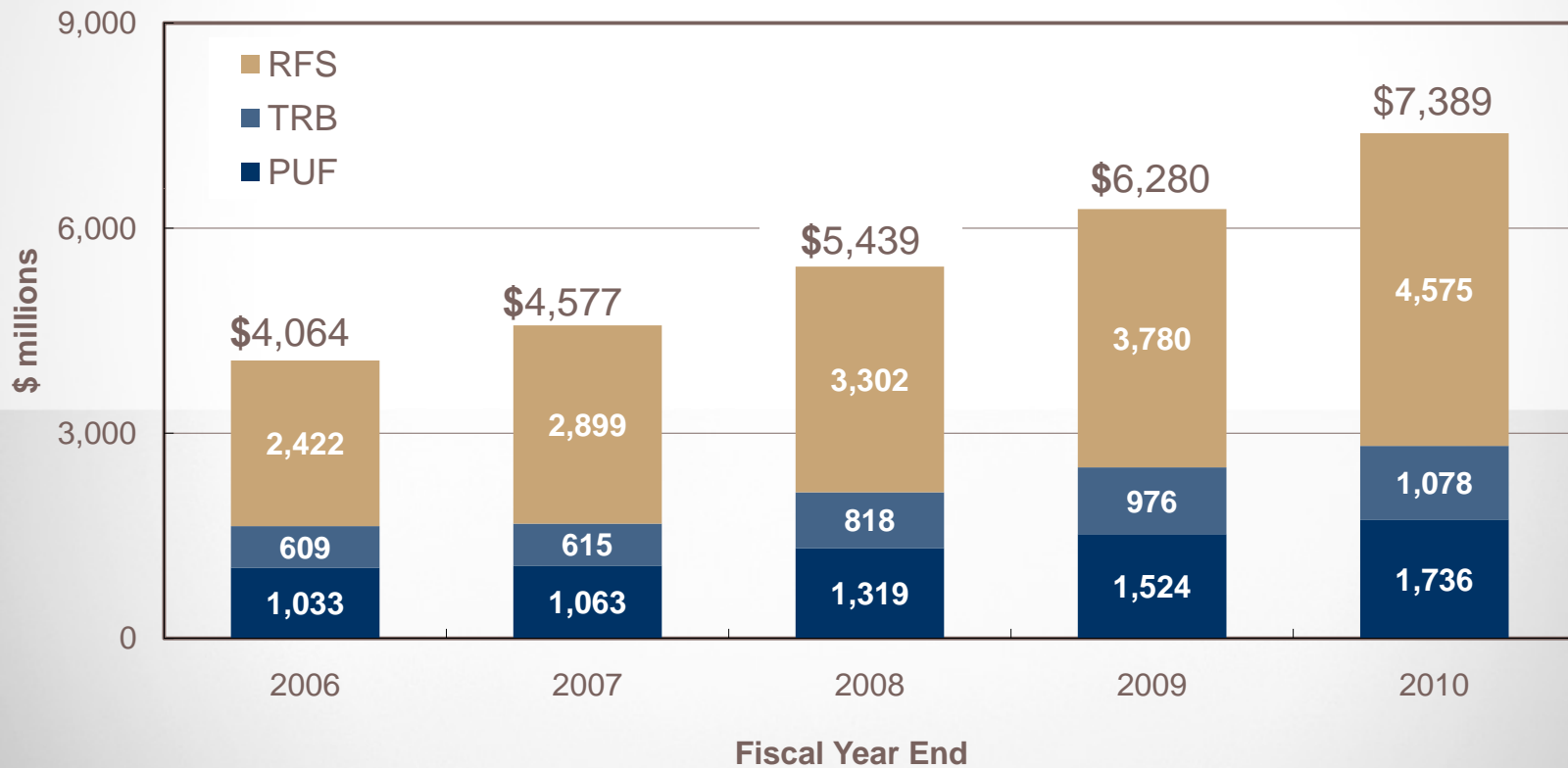
Permanent University Fund Financing Program

- The PUF debt program is used to fund projects at 13 of the 15 U. T. System institutions and System Administration. PUF debt is secured by distributions from the PUF to the Available University Fund (AUF)
- Per the Texas Constitution, PUF debt cannot be used for student housing, intercollegiate athletics, or auxiliary enterprises
- PUF debt has the highest possible credit ratings of Aaa, AAA, and AAA by Moody's, Standard and Poor's and Fitch, respectively
- As of November 1, 2010, \$1.74 billion of PUF debt was outstanding
 - Currently, the weighted averaged yield on long-term PUF debt is 3.94%
 - As of October 19, 2010, the weighted average yield on PUF Commercial Paper is 0.25%



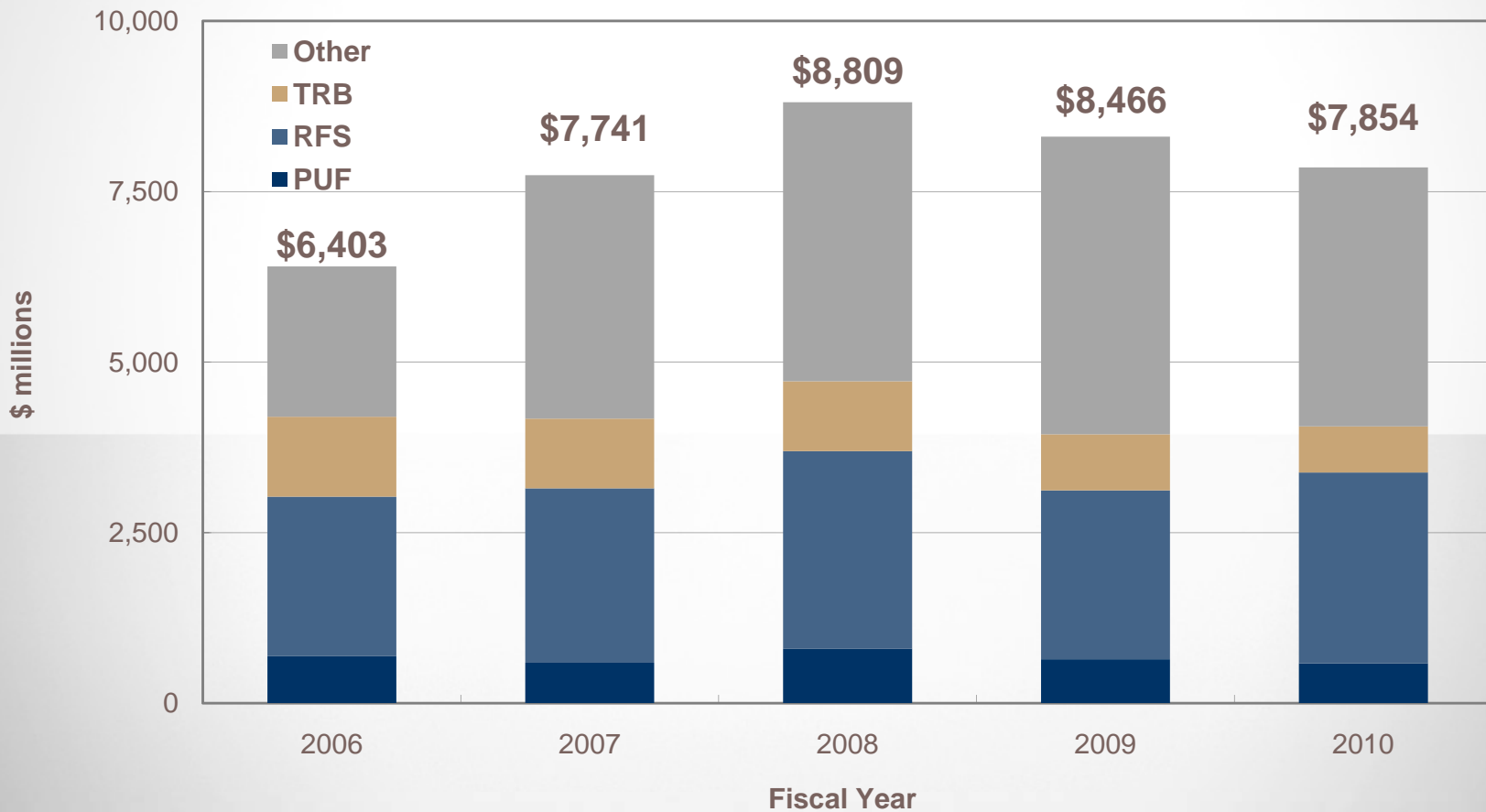
U. T. System Debt Outstanding has Grown 82% in Four Years

U. T. System Debt Outstanding



Capital Improvement Program (CIP)

Six-Year CIP



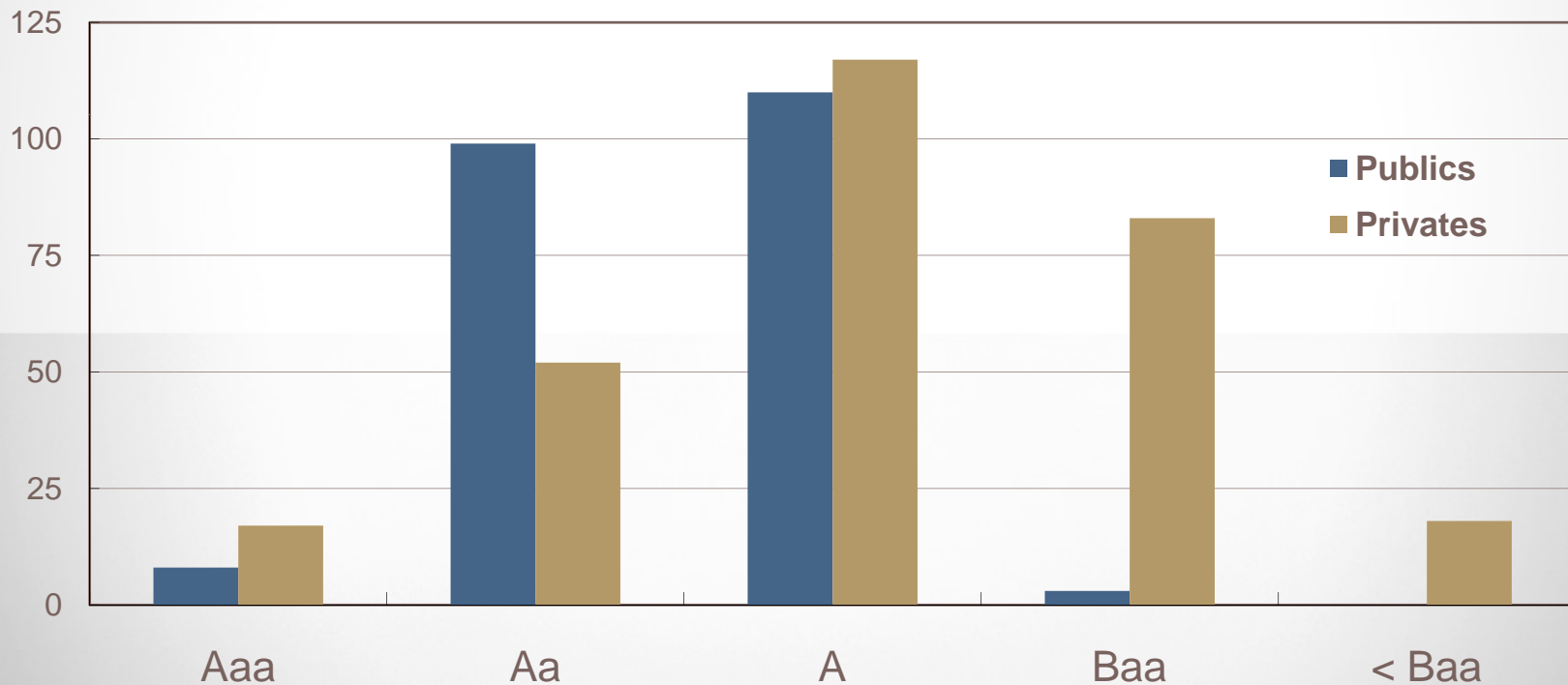
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Distribution of Moody's Higher Education Ratings

- Due to a ratings recalibration in 2010, eight public higher education issuers are now rated Aaa by Moody's Investors Service

Moody's Public Higher Education Ratings



SOURCE: Moody's *FY09 Public College & University Medians* (pub. Aug. 2010) and Moody's *FY09 Private College & University Medians* (pub. July 2010)



U. T. System Credit Strengths

- The U. T. System's credit rating is supported by a number of factors:
 - Strong cash flow generation
 - Strong balance sheet with more than \$36 billion of assets and \$24 billion of net assets (i.e., book equity)
 - Substantial liquidity to support variable rate debt programs
 - Conservative debt profile
 - Diversified revenue sources
 - Growing enrollment and research funding
 - Strong private sector support
 - Strong management team (per rating agencies)
 - Industry leading disclosure practices



Strong Operating Performance

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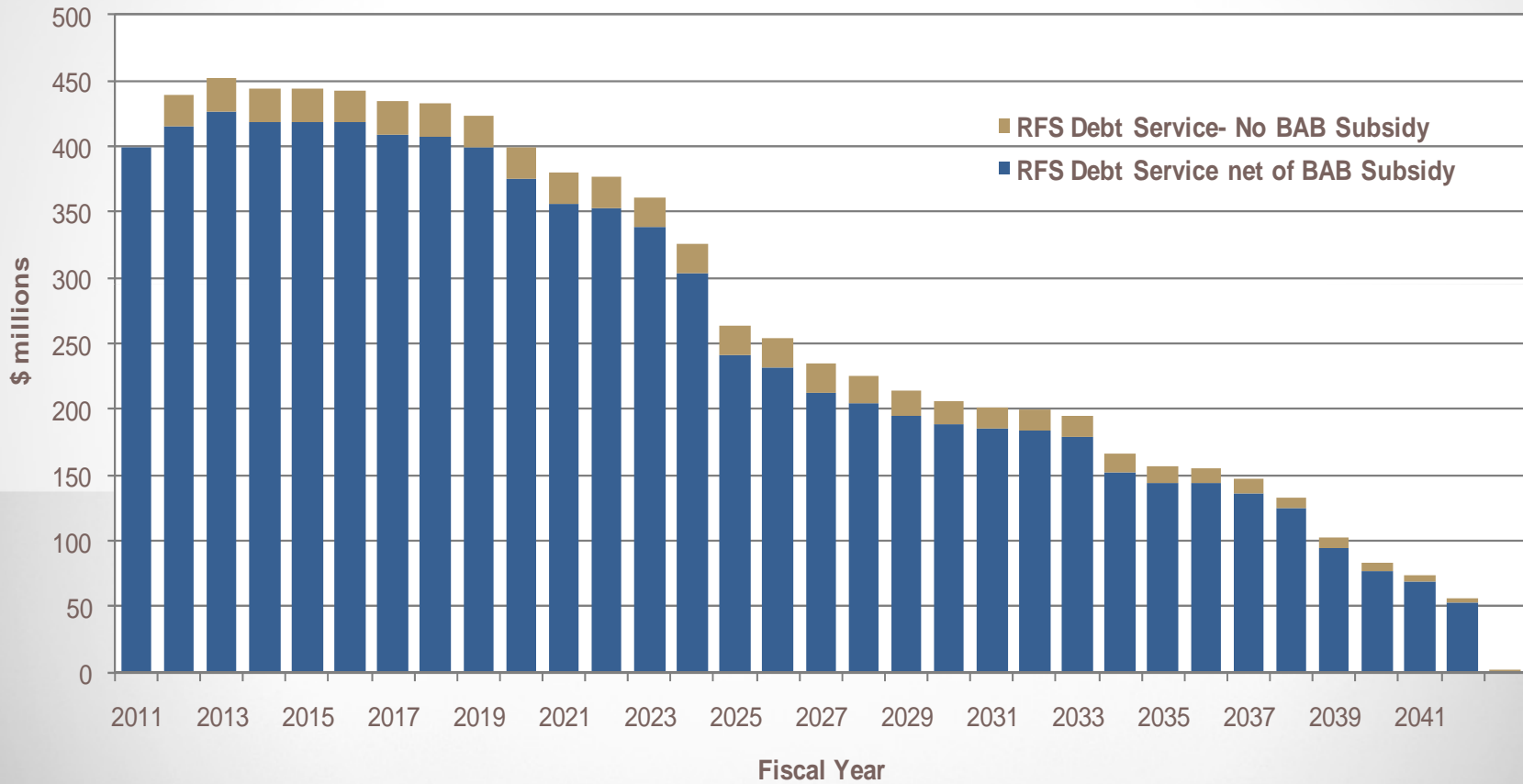
\$ millions	FY 2010*	FY 2009	FY 2008	FY 2007
Net operating results before depreciation/amortization and OPEB	\$ 1,206.3	\$ 981.3	\$ 1,366.7	\$ 1,315.5
Depreciation and amortization	(700.6)	(740.8)	(679.8)	(626.9)
Net OPEB expense **	(454.7)	(418.3)	(422.7)	-----
Net operating results	50.7	\$ (177.8)	\$ 264.2	\$ 688.6

* As of July 31, 2010

** Other Post Employment Benefit Expense (OPEB) was first recorded in FY 2008 per GASB 45



RFS Debt Service Profile



NOTE: Includes all projected RFS debt service as of November 1st, except commercial paper notes.



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U. T. System Credit Challenges

- The U. T. System's credit profile is supported by variables that are unpredictable:
 - State support
 - Investment returns
 - Interest rates
 - Oil and gas prices
- The rating agencies cite more specific challenges for the System:
 - Large-scale capital program and associated future borrowing needs
 - Two years of investment losses (FY 2008 and FY 2009)
 - Concentration of operating revenues in volatile healthcare businesses
 - Relatively complex operations requiring skillful management, particularly in healthcare and research



Value of the AAA Ratings

- Lower cost of debt
 - Benefit of AAA rating relative to AA has historically averaged 0.10% to 0.20%, or several million dollars per year
- Value is maximized during periods of market distress
 - Inherent value in “natural” AAA vs. enhanced AAA
 - Continued market access and flight to quality
- Value of self-liquidity
 - Bank liquidity is expensive – recent indications in the 0.50%-0.75% range
 - Excluding trading advantage, self-liquidity saves over \$15 million annually
- Better terms on contracts
 - One-way swap collateral – U. T. System does not post collateral
 - Substantially similar documents among counterparties



RFS Debt Capacity

- The Master Resolution establishing the Revenue Financing System requires that before any RFS debt is issued, the Board make a determination (“Finding of Fact”) that:
 - The Board will have sufficient “Pledged Revenues” to meet all financial obligations relating to the Revenue Financing System, and;
 - The Members (i.e., institutions) on whose behalf the debt is issued possess the financial capacity to satisfy their direct obligations



RFS Institutional Debt Capacity

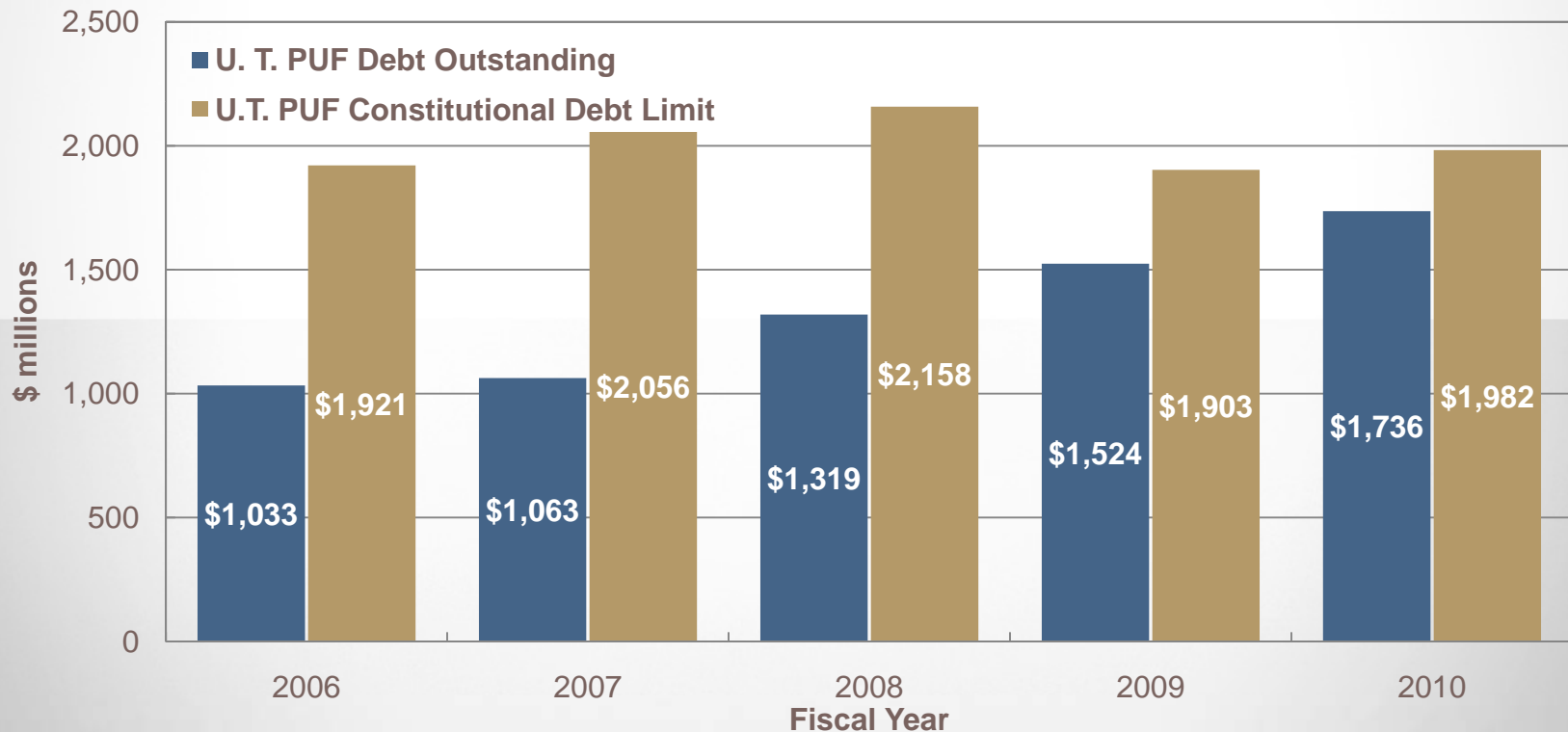
- Debt capacity is largely determined by an institution's ability to meet at least two of the following three standards:
 - Debt Service Coverage ratio of at least 1.8 times
 - Debt Service-to-Operations (Debt Burden) ratio less than 5.0%
 - Expendable Resources-to-Debt ratio of at least 0.8 times
- The minimum institutional standards approximate a low-investment grade credit rating consistent with Texas universities such as Midwestern State University, Stephen F. Austin State University, and Texas State Technical College System (rated A1 by Moody's)
- An institution with little debt capacity may be granted approval for debt on revenue-supporting projects



Constitutional Restriction on PUF Debt Issuance

- The Constitution limits the aggregate amount of PUF debt that may be issued by the U. T. Board of Regents to 20% of the cost value of PUF Investments

PUF Debt Outstanding and Constitutional Limit



U. T. System is a Low-Cost Issuer in Texas

	The University of Texas System ¹ (\$/bond)	All Texas Bond Issuers ² (\$/bond)	All Texas Cities ³ (\$/bond)	All Texas Counties ³ (\$/bond)	All Texas School Districts ³ (\$/bond)	All Texas Community/ Jr. Coll. ³ (\$/bond)
Underwriter's Spread	\$4.85	\$6.07	\$10.29	\$10.08	\$9.04	\$8.13
Other Issuance Costs:						
Bond Counsel	0.41	0.93				
Financial Advisor	0.00	0.61				
Rating Agencies	0.33	0.64				
Printing	0.01	0.04				
Other	0.16	0.65				
Subtotal	0.91	2.87	14.20	8.77	8.54	5.44
Total Cost per Bond	\$5.76	\$8.94	\$24.49	\$18.85	\$17.58	\$13.57
Average Issue Size	\$258 million	\$190 million	\$20 million	\$36 million	\$30 million	\$35 million

¹Represents U.T. System TRB 2008A and RFS 2009D, both traditional fixed-rate bond issues.
²Source: Texas Bond Review Board FY 2009 Annual Report.
³Source: Texas Bond Review Board FY 2008 Local Government Report.



Strategic Themes for Debt Programs

- Decline in funding availability
 - Temporary?
 - Limited funding available for TRBs and PUF debt
- Persistently low interest rates
 - Record low short-term interest rates
 - “Build America Bonds”
- Taking care of the fundamentals
 - Retain good people
 - Effectively manage large debt and swap portfolios consistent with Board policies and expectations
 - Continue to hold down debt costs



4. U. T. System Board of Regents: The University of Texas Investment Management Company (UTIMCO) Performance Summary Report and Investment Reports for the fiscal year and quarter ended August 31, 2010

REPORT

The August 31, 2010 UTIMCO Performance Summary Report is attached on Page 139.

The Investment Reports for the fiscal year and quarter ended August 31, 2010, are set forth on Pages 140 - 143.

Item I on Page 140 reports activity for the Permanent University Fund (PUF) investments. The PUF's net investment return for the fiscal year was 13.04% versus its composite benchmark return of 8.76%. The PUF's net asset value increased by \$1,051 million since the beginning of the fiscal year to \$10,725 million. This change in net asset value includes contributions from PUF Land receipts, increases due to net investment return, and the annual distribution to the Available University Fund (AUF) of \$516 million.

Item II on Page 141 reports activity for the General Endowment Fund (GEF) investments. The GEF's net investment return for the fiscal year was 13.02% versus its composite benchmark return of 8.76%. The GEF's net asset value increased by \$676 million during the fiscal year to \$6,035 million.

Item III on Page 142 reports activity for the Intermediate Term Fund (ITF). The ITF's net investment return for the fiscal year was 11.04% versus its composite benchmark return of 6.05%. The net asset value increased during the fiscal year to \$4,156 million due to net investment return of \$406 million, net contributions of \$297 million, less distributions of \$119 million.

For all funds, all exposures were within their asset class and investment type ranges and liquidity were within policy.

Item IV on Page 143 presents book and market values of cash, debt, equity, and other securities held in funds outside of internal investment pools. Total cash and equivalents, consisting primarily of institutional operating funds held in the Dreyfus money market fund, increased by \$116 million to \$1,990 million during the three months since the last reporting period. Market values for the remaining asset types were debt securities: \$24 million versus \$24 million at the beginning of the period; equities: \$43 million versus \$43 million at the beginning of the period; and other investments: \$7 million versus \$2 million at the beginning of the period.

UTIMCO Performance Summary

August 31, 2010

	Net Asset Value 8/31/2010 (in Millions)	Periods Ended August 31, 2010 (Returns for Periods Longer Than One Year are Annualized)							
		<u>Short Term</u>		<u>Year to Date</u>		<u>Historic Returns</u>			
		1 Mo	3 Mos	Fiscal	Calendar	1 Yr	3 Yrs	5 Yrs	10 Yrs
ENDOWMENT FUNDS									
Permanent University Fund	\$ 10,725	0.21%	2.47%	13.04%	3.97%	13.04%	(1.66%)	4.04%	4.65%
General Endowment Fund		0.20	2.48	13.02	3.96	13.02	(1.68)	4.12	N/A
Permanent Health Fund	906	0.18	2.44	12.91	3.94	12.91	(1.74)	4.05	N/A
Long Term Fund	5,130	0.18	2.45	12.90	3.95	12.90	(1.74)	4.05	4.73
Separately Invested Funds	396	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total Endowment Funds	17,157								
OPERATING FUNDS									
Short Term Fund	1,667	0.03	0.08	0.22	0.15	0.22	1.79	3.06	2.80
Intermediate Term Fund	4,156	0.72	3.79	11.04	3.65	11.04	0.82	N/A	N/A
Total Operating Funds	5,823								
Total Investments	\$ 22,980								
VALUE ADDED (Percent)									
Permanent University Fund		0.94%	(0.18%)	4.28%	2.51%	4.28%	2.80%	1.89%	1.95%
General Endowment Fund		0.93	(0.17)	4.26	2.50	4.26	2.78	1.97	N/A
Short Term Fund		0.02	0.04	0.08	0.07	0.08	0.53	0.39	0.20
Intermediate Term Fund		1.00	0.50	4.99	3.22	4.99	2.87	N/A	N/A
VALUE ADDED (\$ IN MILLIONS)									
Permanent University Fund		\$101	\$(19)	\$410	\$261	\$410	\$908	\$959	\$1,961
General Endowment Fund		57	(10)	230	146	230	508	561	N/A
Intermediate Term Fund		41	20	186	129	186	334	N/A	N/A
Total Value Added		\$ 199	\$ (9)	\$ 826	\$ 536	\$ 826	\$ 1,750	\$ 1,520	\$ 1,961

Footnotes available upon request.

I. PERMANENT UNIVERSITY FUND

Investment Reports for Periods Ended August 31, 2010

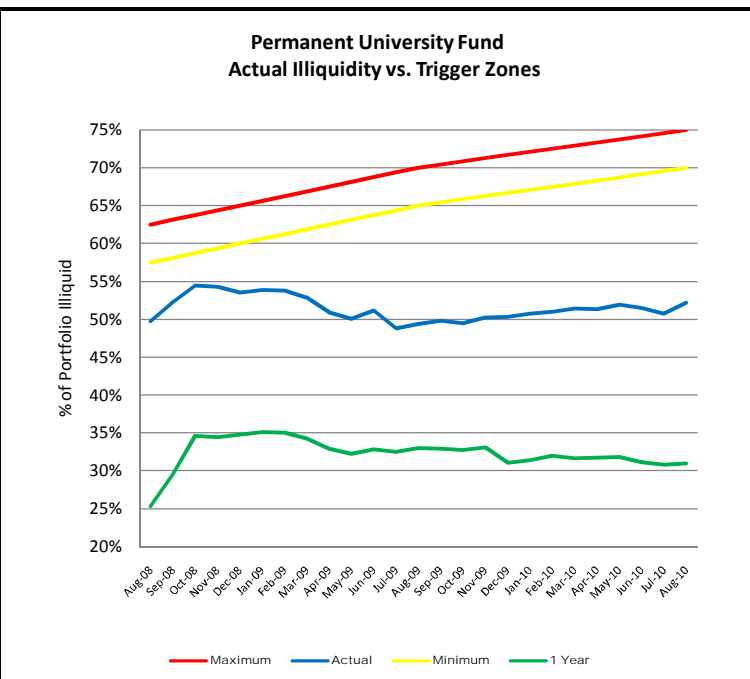
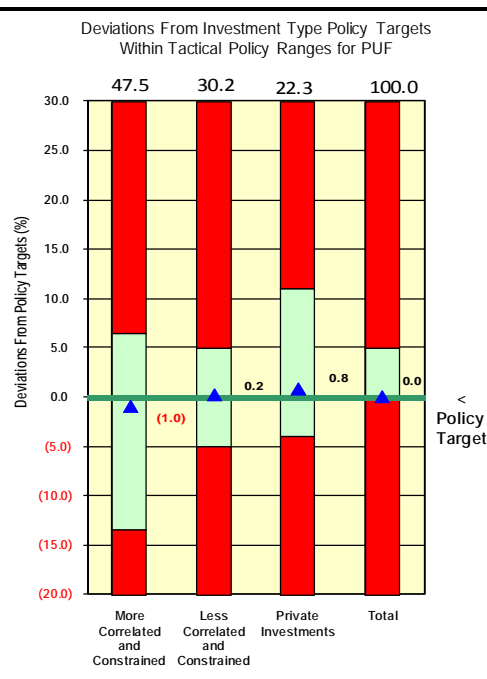
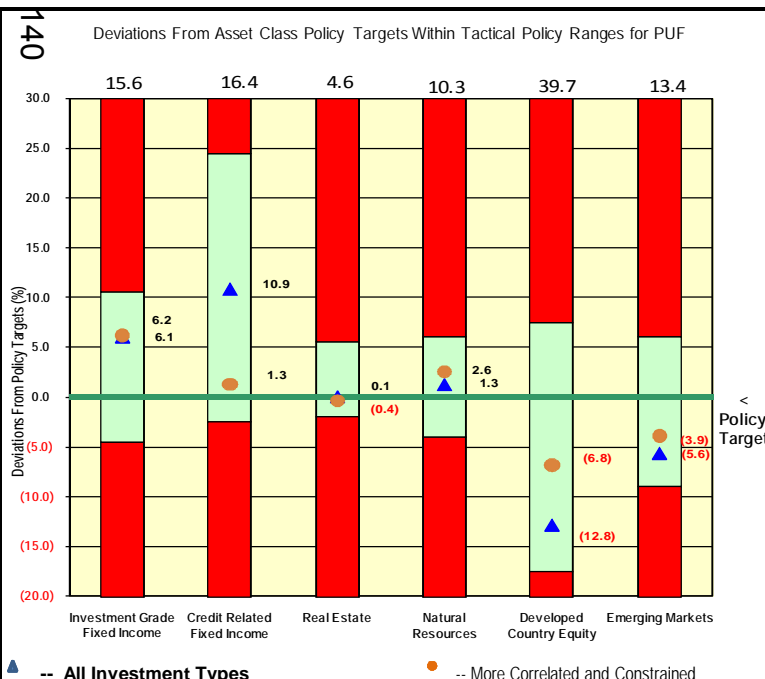
Prepared in accordance with Texas Education Code Sec. 51.0032

Summary of Capital Flows

(\$ millions)	Fiscal Year Ended August 31, 2009	Quarter Ended August 31, 2010	Fiscal Year Ended August 31, 2010
Beginning Net Assets	\$ 11,360	\$ 10,524	\$ 9,674
PUF Lands Receipts	340	75	338
Investment Return (Net of Expenses)	(1,495)	255	1,229
Distributions to AUF	(531)	(129)	(516)
Ending Net Assets	<u>\$ 9,674</u>	<u>\$ 10,725</u>	<u>\$ 10,725</u>

Fiscal Year to Date

	Returns		Value Added		
	Portfolio	Policy Benchmark	From Asset Allocation	From Security Selection	Total
More Correlated and Constrained:					
Investment Grade	6.39%	5.84%	-0.10%	0.05%	-0.05%
Credit-Related	44.36%	20.86%	0.47%	0.07%	0.54%
Real Estate	16.66%	15.11%	-0.09%	0.08%	-0.01%
Natural Resources	12.87%	2.78%	0.01%	0.56%	0.57%
Developed Country	7.13%	1.54%	0.07%	1.07%	1.14%
Emerging Markets	19.39%	18.02%	-0.24%	0.15%	-0.09%
Total More Correlated and Constrained	12.18%	7.87%	0.12%	1.98%	2.10%
Less Correlated and Constrained	11.89%	2.89%	0.32%	2.44%	2.76%
Private Investments	16.37%	19.19%	0.29%	-0.87%	-0.58%
Total	13.04%	8.76%	0.73%	3.55%	4.28%

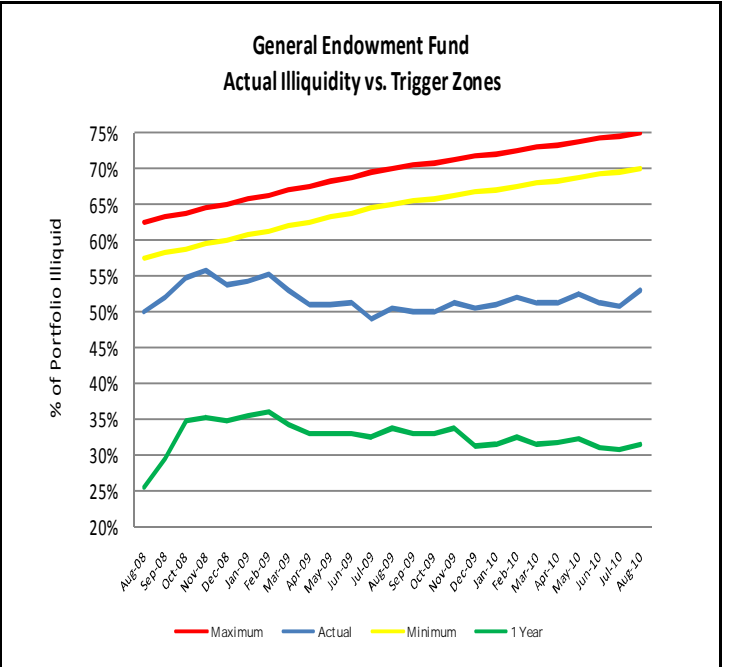
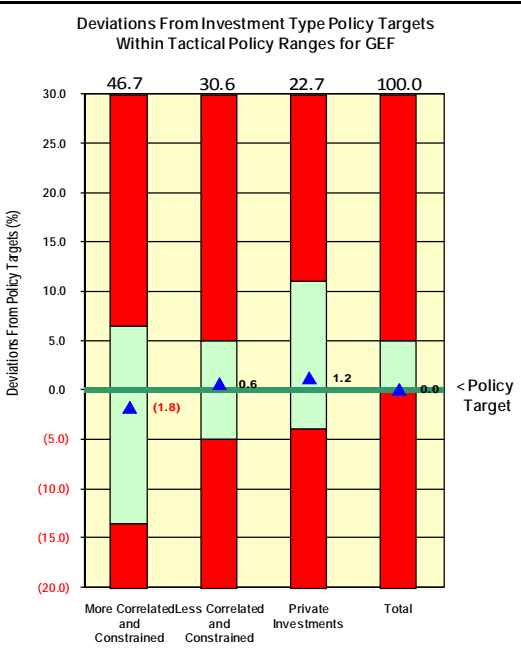
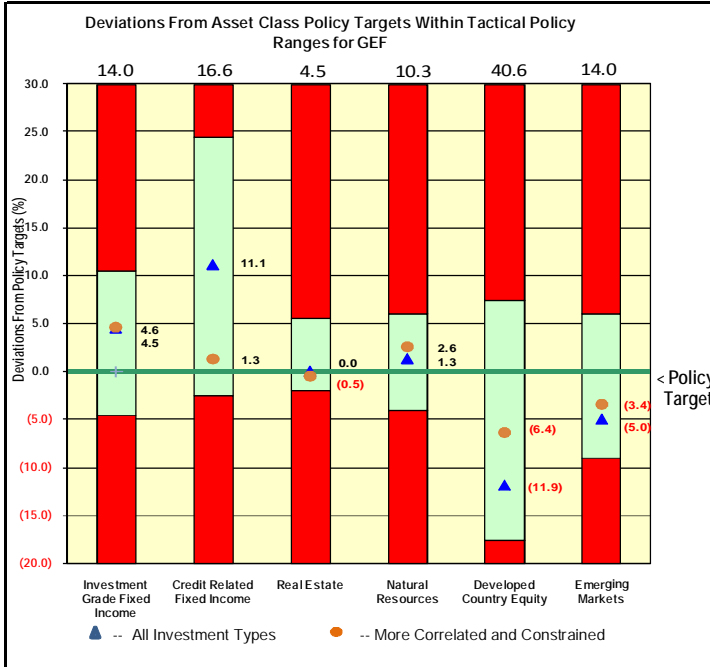


II. GENERAL ENDOWMENT FUND Investment Reports for Periods Ended August 31, 2010

Prepared in accordance with *Texas Education Code Sec. 51.0032*

Summary of Capital Flows			
(\$ millions)	Fiscal Year Ended August 31, 2009	Quarter Ended August 31, 2010	Fiscal Year Ended August 31, 2010
Beginning Net Assets	\$ 6,310	\$ 5,873	\$ 5,359
Contributions	185	98	285
Withdrawals	(11)	(7)	(11)
Distributions	(279)	(76)	(298)
Investment Return (Net of Expenses)	(846)	147	700
Ending Net Assets	<u>\$ 5,359</u>	<u>\$ 6,035</u>	<u>\$ 6,035</u>

	Returns		Fiscal Year to Date		
	Portfolio	Policy Benchmark	From Asset Allocation	From Security Selection	Value Added Total
More Correlated and Constrained:					
Investment Grade	6.29%	5.84%	-0.14%	0.04%	-0.10%
Credit-Related	44.34%	20.86%	0.45%	0.07%	0.52%
Real Estate	16.71%	15.11%	-0.09%	0.08%	-0.01%
Natural Resources	12.82%	2.78%	0.00%	0.55%	0.55%
Developed Country	7.08%	1.54%	0.10%	1.07%	1.17%
Emerging Markets	19.11%	18.02%	-0.26%	0.15%	-0.11%
Total More Correlated and Constrained	12.05%	7.87%	0.06%	1.96%	2.02%
Less Correlated and Constrained	11.89%	2.89%	0.35%	2.47%	2.82%
Private Investments	16.40%	19.19%	0.29%	-0.87%	-0.58%
Total	13.02%	8.76%	0.70%	3.56%	4.26%

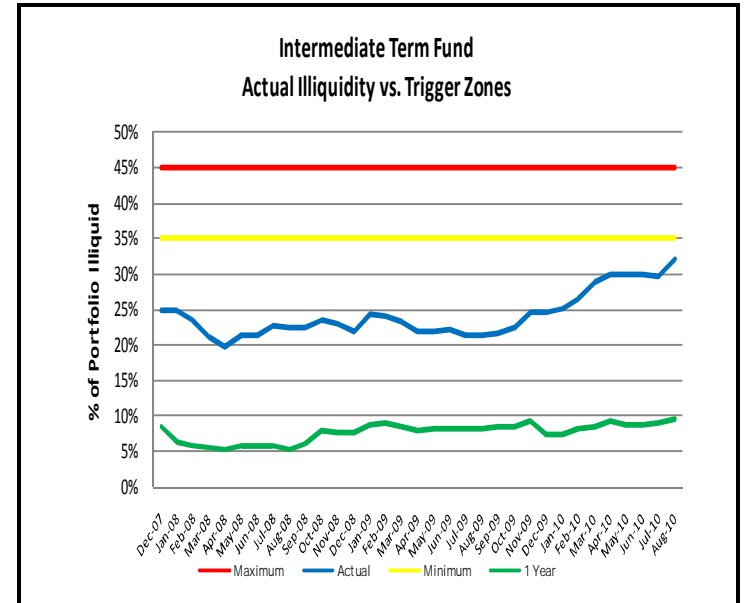
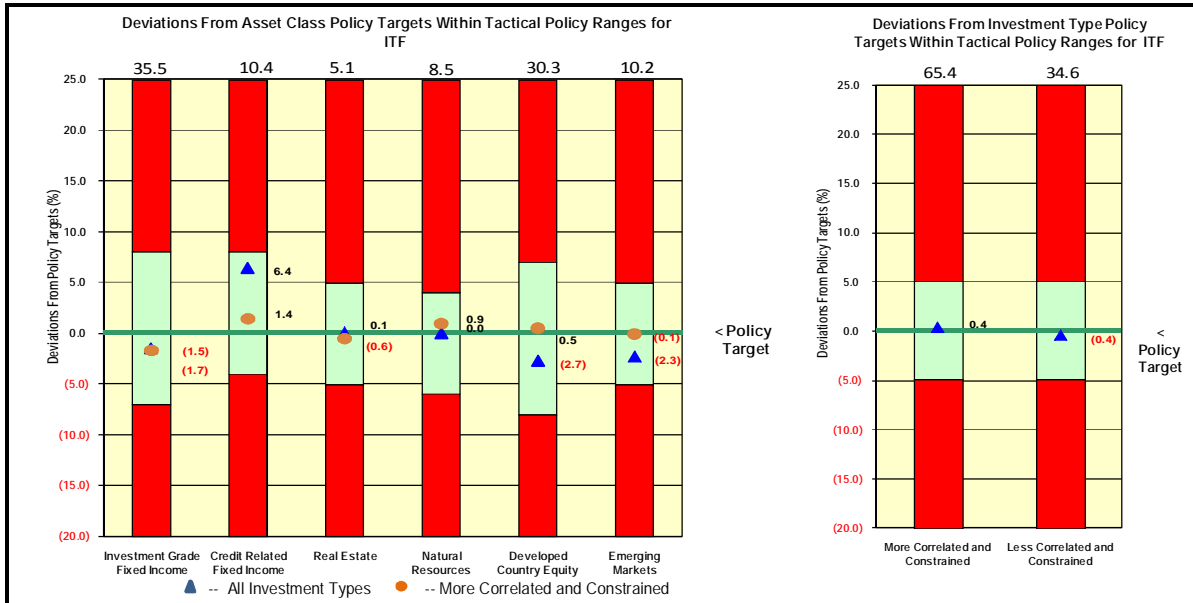


III. INTERMEDIATE TERM FUND Investment Reports for Periods Ended August 31, 2010

Prepared in accordance with Texas Education Code Sec. 51.0032

Summary of Capital Flows			
(\$ millions)	Fiscal Year Ended August 31, 2009	Quarter Ended August 31, 2010	Fiscal Year Ended August 31, 2010
Beginning Net Assets	\$ 3,875	\$ 4,035	\$ 3,572
Contributions	251	35	409
Withdrawals	(178)	(36)	(112)
Distributions	(98)	(31)	(119)
Investment Return (Net of Expenses)	(278)	153	406
Ending Net Assets	\$ 3,572	\$ 4,156	\$ 4,156

	Returns		Fiscal Year to Date Value Added		
	Portfolio	Policy Benchmark	From Asset Allocation	From Security Selection	Total
More Correlated and Constrained:					
Investment Grade	8.10%	5.84%	-0.21%	0.77%	0.56%
Credit-Related	43.13%	20.86%	0.33%	0.18%	0.51%
Real Estate	17.27%	15.11%	-0.34%	0.18%	-0.16%
Natural Resources	11.82%	2.78%	0.12%	0.61%	0.73%
Developed Country	7.53%	1.54%	-0.19%	0.81%	0.62%
Emerging Markets	19.58%	18.02%	0.00%	0.10%	0.10%
Total More Correlated and Constrained	10.81%	7.42%	-0.29%	2.65%	2.36%
Less Correlated and Constrained	11.89%	2.89%	0.25%	2.38%	2.63%
Private Investments	0.00%	0.00%	0.00%	0.00%	0.00%
Total	11.04%	6.05%	-0.04%	5.03%	4.99%



IV. SEPARATELY INVESTED ASSETS
Summary Investment Report at August 31, 2010
 Report prepared in accordance with *Texas Education Code Sec. 51.0032*

ASSET TYPES	(\$ thousands)															
	FUND TYPE															
	CURRENT PURPOSE DESIGNATED		RESTRICTED		ENDOWMENT & SIMILAR FUNDS		ANNUITY & LIFE INCOME FUNDS		AGENCY FUNDS		TOTAL EXCLUDING OPERATING FUNDS		OPERATING FUNDS (SHORT TERM FUND)		TOTAL	
	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET
Cash & Equivalents:																
Beginning value 05/31/10	-	-	1,658	1,658	95,463	95,463	1,311	1,311	4,787	4,787	103,219	103,219	1,770,640	1,770,640	1,873,859	1,873,859
Increase/(Decrease)	-	-	120	120	(52,551)	(52,551)	(191)	(191)	271,814	271,814	219,192	219,192	(103,258)	(103,258)	115,934	115,934
Ending value 08/31/10	-	-	1,778	1,778	42,912	42,912	1,120	1,120	276,601	276,601	322,411	322,411	1,667,382	1,667,382	1,989,793	1,989,793
Debt Securities:																
Beginning value 05/31/10	-	-	301	300	11,716	12,831	10,555	11,116	-	-	22,572	24,247	-	-	22,572	24,247
Increase/(Decrease)	-	-	5	6	(784)	(756)	(225)	157	-	-	(1,004)	(593)	-	-	(1,004)	(593)
Ending value 08/31/10	-	-	306	306	10,932	12,075	10,330	11,273	-	-	21,568	23,654	-	-	21,568	23,654
Equity Securities:																
Beginning value 05/31/10	17	3,952	387	345	29,344	27,729	12,908	10,881	-	-	42,656	42,907	-	-	42,656	42,907
Increase/(Decrease)	130	(178)	101	107	774	327	(94)	263	-	-	911	519	-	-	911	519
Ending value 08/31/10	147	3,774	488	452	30,118	28,056	12,814	11,144	-	-	43,567	43,426	-	-	43,567	43,426
Other:																
Beginning value 05/31/10	-	-	393	393	2	2	370	137	1,640	1,640	2,405	2,172	-	-	2,405	2,172
Increase/(Decrease)	-	-	4,450	4,450	(2)	(2)	16	-	206	206	4,670	4,654	-	-	4,670	4,654
Ending value 08/31/10	-	-	4,843	4,843	-	-	386	137	1,846	1,846	7,075	6,826	-	-	7,075	6,826
Total Assets:																
Beginning value 05/31/10	17	3,952	2,739	2,696	136,525	136,025	25,144	23,445	6,427	6,427	170,852	172,545	1,770,640	1,770,640	1,941,492	1,943,185
Increase/(Decrease)	130	(178)	4,676	4,683	(52,563)	(52,982)	(494)	229	272,020	272,020	223,769	223,772	(103,258)	(103,258)	120,511	120,514
Ending value 08/31/10	147	3,774	7,415	7,379	83,962	83,043	24,650	23,674	278,447	278,447	394,621	396,317	1,667,382	1,667,382	2,062,003	2,063,699

Details of individual assets by account furnished upon request.

5. **U. T. System Board of Regents: Approval of Custodian Agreements for The University of Texas Investment Management Company (UTIMCO)**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs and the Vice Chancellor for Finance and Business Development that the U. T. System Board of Regents authorize Mr. Bruce Zimmerman, Chief Executive Officer and Chief Investment Officer of The University of Texas Investment Management Company (UTIMCO), to conclude negotiations with the HSBC Bank USA and/or The Bank of Nova Scotia, acting through its ScotiaMocatta division, for custodian bank services as deemed necessary by UTIMCO to perform investment management services for The University of Texas System.

BACKGROUND INFORMATION

The Master Investment Management Services Agreement (IMSA) between the U. T. System Board of Regents and the UTIMCO Board of Directors requires U. T. System Board approval of custodian banks and related custodian agreements. UTIMCO is in discussions with the HSBC Bank USA and The Bank of Nova Scotia to determine if these banks can provide UTIMCO with additional custodian services. Should these discussions result in new agreements, such agreements will be included in the Docket for U. T. System Board approval.

6. **U. T. System Board of Regents: Approval of the Annual Budget, including the capital expenditures budget, and Annual Fee and Allocation Schedule for The University of Texas Investment Management Company (UTIMCO)**

RECOMMENDATION

The University of Texas Investment Management Company (UTIMCO) Board of Directors recommends that the U. T. System Board of Regents approve the proposed Annual Budget as set forth on Page 146, which includes the capital expenditures budget and the Annual Fee and Allocation Schedule for the fiscal year ending August 31, 2011, as set forth on Page 147.

BACKGROUND INFORMATION

The proposed Total Budgeted Costs of \$66.3 million for Fiscal Year 2011 were approved by the UTIMCO Board on August 6, 2010.

The proposed Total Budgeted Costs consist of \$16.6 million for UTIMCO services, \$5.5 million for non-investment manager services such as custodial, legal, audit and consulting services, and \$44.2 million for invoiced external investment manager and performance fees charged directly to the UTIMCO Managed Funds.

The proposed Annual Fee and Allocation Schedule shows the allocation of the proposed budgeted expenses among U. T. System funds. The fees are to be paid quarterly.

The proposed capital expenditures budget totaling \$215 thousand is included in the total Annual Budget.

UTIMCO staff projects UTIMCO's available cash reserves to be approximately \$800 thousand and recommends that no cash reserves be distributed back to the U. T. System funds per the Master Investment Management Services Agreement (IMSA) between the U. T. System Board of Regents and UTIMCO.

The U. T. System Office of Finance has prepared a memorandum for the purpose of reviewing budgeted expenses, which is included as a part of this agenda item on Pages 148 - 158.

UTIMCO (in thousands)	FY 2010 Budget	FY 2010 Forecast	FY 2011 Budget	FY11 Budget v FY10 Forecast	
				\$	%
SUMMARY					
UTIMCO Personnel	\$11,908	\$11,911	\$12,539	\$628	5%
UTIMCO Other	<u>4,069</u>	<u>3,979</u>	<u>4,092</u>	<u>113</u>	<u>3%</u>
Total UTIMCO	15,977	15,890	16,631	741	5%
Other, Non-Investment Manager	<u>5,437</u>	<u>5,652</u>	<u>5,505</u>	<u>(147)</u>	<u>-3%</u>
Total Non-Investment Manager	<u>\$21,414</u>	<u>\$21,542</u>	<u>\$22,136</u>	<u>\$594</u>	<u>3%</u>
Investment Manager - Invoiced	<u>28,747</u>	<u>41,195</u>	<u>44,158</u>	<u>2,963</u>	<u>7%</u>
Total	<u>\$50,161</u>	<u>\$62,737</u>	<u>\$66,294</u>	<u>\$3,557</u>	<u>6%</u>
DETAIL					
UTIMCO Personnel					
Salaries & Accrued Vacation	\$6,723	\$6,518	\$6,724	\$206	3%
Performance Compensation	3,482	3,727	4,081	354	9%
Benefits	1,166	1,145	1,196	51	4%
Taxes	470	472	479	7	1%
Hiring	20	1	8	7	700%
Education, Dues, Memberships	47	48	51	3	6%
Total	\$11,908	\$11,911	\$12,539	\$628	5%
UTIMCO Other					
Travel & Meetings	\$622	\$545	\$705	160	29%
Online, Data, Contract Services & Subscriptions	1,010	986	993	7	1%
Lease	979	999	1,019	20	2%
Depreciation	574	582	531	(51)	-9%
Insurance	250	248	248	0	0%
Office Expenses	334	333	314	(19)	-6%
Professional Services	300	286	282	(4)	-1%
Total	\$4,069	\$3,979	\$4,092	\$113	3%
Other, Non-Investment Manager					
Custodian	\$2,009	\$2,187	\$2,445	258	12%
Measurement & Analytics	1,210	1,175	1,058	(117)	-10%
Consultants	745	517	490	(27)	-5%
Investment-related Legal	725	1,044	811	(233)	-22%
Audit	735	719	691	(28)	-4%
Other	13	10	10	0	0%
Total	\$5,437	\$5,652	\$5,505	(\$147)	-3%
Investment Manager - Invoiced					
Management Fees	\$18,695	\$24,331	\$35,861	11,530	47%
Performance Fees	<u>10,052</u>	<u>16,864</u>	<u>8,297</u>	<u>(8,567)</u>	<u>-51%</u>
Total	\$28,747	\$41,195	\$44,158	\$2,963	7%

Prepared by: UTIMCO
Date: July 2010

UTIMCO Management Fee and Direct Budgeted Investment Expenses
 Annual Fee and Allocation Schedule
 For the fiscal year ending August 31, 2011

Proposed Budget	Fund Name						Separate Funds	Total
	PUF	PHF	LTF	GEF	ITF	STF		

Market Value 2/28/10 (\$ millions)	10,470	900	4,894	5,794 (2)	4,028	1,703	200	22,195
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UTIMCO Management Fee								
Dollars (thousands)	8,153	846	4,668		2,964			16,631
Basis Points	7.8	9.4	9.5	0	7.4			7.5

Direct Expenses to the Fund, excluding UT System Direct Expenses to the Fund								
Dollars (thousands)								
Other Direct Costs	2,488	30	36	1,677	1,274		0	5,505
External Management Fees - AUM	17,239	0	0	9,631	8,991	N/A (1)	0	35,861
External Management Fees - Performance	4,128	0	0	2,283	1,886		0	8,297
Total Dollars	23,855	30	36	13,591	12,151		0	49,663

Basis Points								
Other Direct Costs	2.4	0.3	0.1	2.9	3.2		0	2.5
External Management Fees - AUM	16.5	0	0	16.6	22.3	N/A (1)	0	16.2
External Management Fees - Performance	3.9	0	0	3.9	4.7		0	3.7
Total Basis Points	22.8	0.3	0.1	23.4	30.2	N/A (1)	0	22.4

UT System Direct Expenses to the Fund								
Dollars (thousands)								
UT System Compliance & Administration Fees	0	0	12,242	0	0	0	0	12,242
UT System Oversight Fees	262	23	122	0	93	0	0	500
UT System PUF Lands	9,014	0	0	0	0	0	0	9,014
Total Dollars	9,276	23	12,364	0	93	0	0	21,756

Total Basis Points	8.9	0.3	25.3	0	0.0	0	0	9.8
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(1) Income is net of fees
 (2) Pooled Fund for the collective investment of the PHF and LTF

Prepared by: UTIMCO
 Date: July 2010

Fiscal Year 2011

**Review of UTIMCO Services Budget and
Other Budgeted Investment Management Expenses**

**The University of Texas System
Office of Finance**

Prepared by:

**Philip Aldridge – Vice Chancellor for Finance and Business Development
William Huang – Treasury Manager**

October 15, 2010

Based on information provided by UTIMCO staff through September 20, 2010.

Fiscal Year 2011 Review of UTIMCO Services Budget and Other Budgeted Investment Management Expenses

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Fiscal Year 2011 Review of UTIMCO Services Budget and Other Budgeted Investment Management Expenses

I. Executive Summary

This report reviews the UTIMCO Services budget and other budgeted investment management expenses (“Direct Costs to Funds”) for fiscal year 2011 that the UTIMCO Board has approved and the U. T. System Board of Regents are being asked to approve. The UTIMCO Services budget includes corporate expenses paid directly by UTIMCO. The Direct Costs to Funds budget includes external investment manager fees paid directly by UTIMCO and other costs related to custody, consulting, corporate legal, audit, and risk measurement. The proposed budget for FY11 is:

	FY11 <u>(\$ millions)</u>
• Direct Costs to Funds: External Investment Manager Fees	\$ 44.2
• UTIMCO Services Budget	16.6
• Direct Costs to Funds: Other Costs	<u>5.5</u>
Total Budgeted Costs	<u>\$ 66.3</u>

The Total Budgeted Costs do not include all investment costs and exclude external manager fees that are paid by the funds and netted from asset values. The total investment costs for UTIMCO managed funds are reviewed in a separate report.

Highlights:

- **Total Budgeted Costs for FY11:** The FY11 budget is \$66.3 million, a 6% increase from the current projection for FY10 and a 32% increase from the FY10 budget.
- **The Direct Costs to Funds budget consists primarily of external investment manager fees.** The FY 11 budget of \$44.2 million is up 6% from the current FY10 projection and 37% from the FY10 budget. The increase is largely due to higher performance fees related to better than expected performance.
- **The UTIMCO Services Budget: The FY11 budget is \$16.6 million,** a 5% increase from the current projection for FY10 and a 4% increase from the FY10 budget.
- **Compensation: Compensation-related expenses represent more than 70% of the UTIMCO Services Budget.** Salaries for FY11 are budgeted to be flat from the FY10 budget. Budgeted salaries for FY11 include a 4.9% increase for existing staff (including promotions) and one open position. Incentive compensation for FY11 are budgeted to increase \$354k (10%) from FY10 projections. Over half of the increase is attributable to vesting of previously deferred incentive compensation.
- **UTIMCO Reserves:** UTIMCO staff projects UTIMCO’s available cash reserves to be \$789k at fiscal year-end 2010. We concur with UTIMCO staff in recommending that no distribution of reserves be made at this time.

II. Budget Analysis and Trends

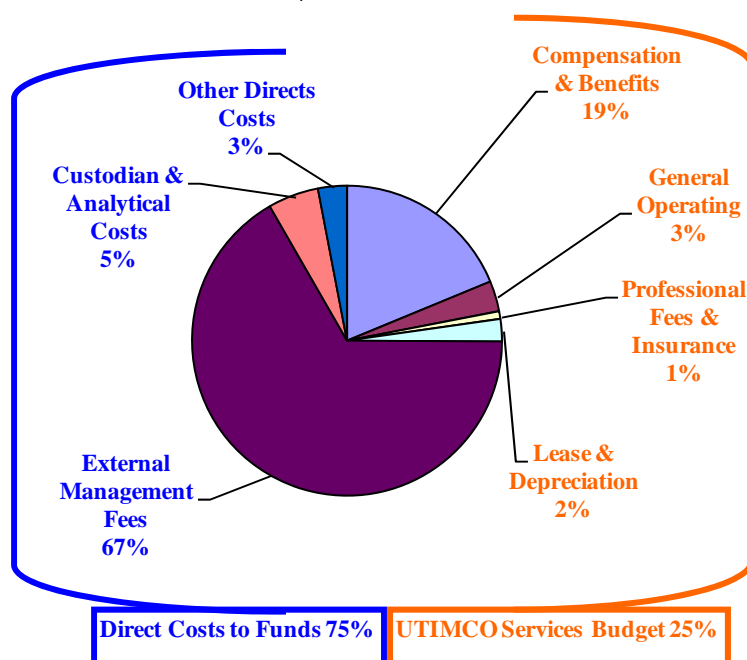
UTIMCO proposes Total Budgeted Costs for FY11 of \$66.3 million. Table 1 shows the Total Budgeted Costs (Direct Costs to Funds and UTIMCO Services Budget) as a percent of average Assets Under Management (AUM) since FY06.

Table 1
Total Budgeted Costs Trend FY06-FY11 (\$ millions)

	FY06	FY07	FY08	FY09	Projected FY10	Budget FY11
Average Total Assets Under Management (AUM) *	19,372	21,965	23,359	21,864	21,448	21,448
% Change in AUM	12%	13%	6%	-6%	-2%	0%
Direct Costs to Funds	52.3	40.1	35.1	37.8	46.8	49.7
% Change in Direct Costs to Funds	55%	-23%	-12%	8%	24%	6%
Direct Costs to Funds % of AUM	0.27%	0.18%	0.15%	0.17%	0.22%	0.23%
UTIMCO Services Budget	11.3	12.1	13.9	15.1	15.9	16.6
% Change in UTIMCO Services Budget	11%	7%	15%	9%	5%	5%
UTIMCO Services Budget % of AUM	0.06%	0.05%	0.06%	0.07%	0.07%	0.08%
Total Budgeted Costs	63.6	52.1	49.0	52.9	62.7	66.3
% Change in Total Budgeted Costs	44%	-18%	-6%	8%	18%	6%
Total Budgeted Costs % of AUM	0.33%	0.24%	0.21%	0.24%	0.29%	0.31%

* The FY10 and FY11 values are based on average AUM at fiscal year-end 2009 and May 2010.

FY 2011 Total Budgeted Costs
\$66.3 million



The pie chart to the left shows the breakdown of Total Budgeted Costs. The UTIMCO Services Budget represents 25% of the total budget, with Compensation & Benefits being the largest component. Direct Costs to Funds include External Management Fees (including performance fees) paid directly, Custodian & Analytical Costs and Other Direct Costs. External Management Fees represents the largest component of the total budget at 67%. UTIMCO retains external managers for 86% of the \$22.4 billion in operating and endowment funds (as of May 31, 2010). UTIMCO staff manages the remaining 14% of assets and an internal derivatives portfolio.

Table 2 compares the Total Budgeted Costs for FY10 and FY11. Refer to Exhibits A and B for a detailed budget comparison for FY10-FY11 and budget trend for FY06-FY11.

Table 2
FY10 Forecast and FY11 Budget Overview

	FY10				FY11			
	\$ Budget	\$ Projected	\$ Change vs FY10 Budget	% Change vs FY10 Budget	\$ Budget	\$ Change vs FY10 Projected	% Change vs FY10 Projected	% Change vs FY10 Budget
UTIMCO Services Budget	15,977,125	15,889,516	(87,609)	-0.5%	16,631,305	741,789	4.7%	4.1%
Direct Costs to Funds	34,184,173	46,847,010	12,662,837	37.0%	49,662,822	2,815,812	6.0%	45.3%
Total Budgeted Costs	50,161,298	62,736,526	12,575,228	25.1%	66,294,127	3,557,601	5.7%	32.2%

FY10 Forecast versus FY10 Budget: UTIMCO staff projects FY10 Total Budgeted Costs will be \$62.7 million, \$12.6 million (25%) over the FY10 budget of \$50.2 million.

- UTIMCO Services corporate expenses are projected to be slightly under budget by \$88k (1%)
 - Salaries, largely driven by unfilled open positions, are expected to be \$205k under budget.
 - Travel expenses are projected to be \$70k (12%) under budget.
 - Corporate legal expenses are expected to be \$33k (22%) over budget.
- Direct Costs to Funds overall are projected to be over budget by \$12.7 million (37%).
 - External management fees are estimated to be \$5.6 million (30%) over budget and performance fees are anticipated to be \$6.8 million (68%) over budget in FY10, primarily due to the positive investment performance experienced during the fiscal year.
 - Consultant Fees are projected to be \$227k (31%) below budget.
 - Legal fees are projected to be \$232k (34%) over budget due to more investments being made.
- Capital Expenditures are forecasted at \$141k, mainly for ongoing technology and software upgrades.

FY11 Proposed Budget: The proposed \$66.3 million Total Budgeted Costs for FY11 is 6% higher than FY10 projected expenses (32% higher than the original FY10 budget).

- Direct Costs to Funds at \$49.7 million are budgeted to increase 6% over projected costs for FY10, mainly due to increases in external management fees.
- UTIMCO Services for FY11 at \$16.6 million is an increase of 5% over FY10 projected costs, primarily due to increases in personnel-related costs and travel expenses.
- Capital Expenditures are budgeted at \$215k, primarily for ongoing technology and software upgrades.

III. Direct Costs to Funds

Direct Costs to Funds for FY10 are projected at \$46.8 million or 37% above a budgeted \$34.2 million. The FY11 budget increases 6% to \$49.7 million from projected FY10 costs.

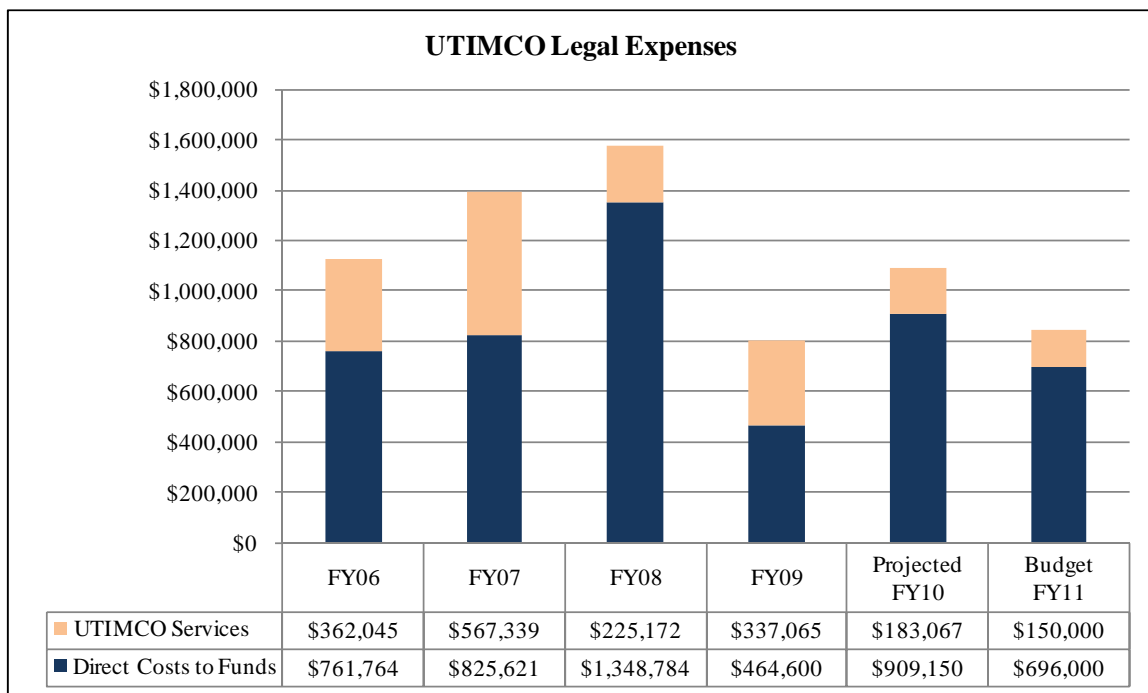
External Management and Performance Fees paid to external managers are the largest component of the overall budget. These fees, projected at \$41.2 million in FY10 (43% over the FY10 budget) and budgeted at \$44.2 million for FY11, represent 89% of Direct Costs to Funds budget and 67% of Total Budgeted Costs for FY11. Although UTIMCO staff estimates external management and performance fees using each manager's fee structure and current asset base, these fees are very difficult to forecast and budget due to the uncertainty of individual manager performance. The higher fees in FY10 represent investment performance greater than what was budgeted and projected. The budget for management fees includes an 8.6% investment return assumption. For FY11, the \$35.9 million in budgeted external management fees can be attributed as: \$20.2 million (56%) for existing managers, \$13.4 million (37%) for new managers and \$2.3 million (6%) for investment return assumptions.

Custodian and Analytical Costs: Custodian fees for FY10 are projected at \$2.2 million, 9% over budget. The FY11 budgeted amount for these expenses will increase 12% over FY10 levels. Performance measurement expenses paid in FY10 are projected to be 1% over budget at \$434k and are budgeted to decrease 6% to \$407k in FY11.

Risk Measurement: Risk measurement expenses charged to the funds are expected to be 9% under budget at \$392k for FY10 and budgeted to decrease 20% to \$316k in FY11.

Auditing expenses in FY10 of \$719k funded external auditors and U. T. System Audit Office fees. Audit expenses are budgeted at \$691k for FY11, a 4% decrease from FY10. Audit expenses have increased overall since FY08 due to a change in external auditors and additional time required to audit valuations of alternative investments.

Legal: The chart below shows the trend in UTIMCO Services (corporate) legal fees and direct legal expenses charged to the funds since FY06. Legal fees paid directly by the funds in FY10 are projected to be \$909k (34% over budget). Direct legal fees are budgeted for FY11 at \$696k, a 23% decrease.



IV. UTIMCO Services Budget

For FY11, total personnel-related expenses including employee benefits account for 75% of the UTIMCO Services budget (19% of Total Budgeted Costs). Trends in staffing and total compensation in relation to assets are shown in Table 3 on the next page. Highlights from Table 3 include:

- Staffing has grown 6% (annualized) from FY06 to FY10.
- Average AUM per employee decreased 3% (annualized) from FY06 to FY10.
- Staffing is projected at 57 employees for FY10 and budgeted at 58 employees for FY11.
- Salaries are budgeted to increase 3% in FY11; budgeted incentive compensation increase 10%; and total compensation is budgeted to increase 5%.
- Total compensation has increased 11% (annualized) since FY06.
- Total compensation per employee has increased 6% (annualized) since FY06 to \$180k in FY10.

**Table 3
UTIMCO Compensation and Headcount FY06-FY11**

	FY06	FY07	FY08	FY09	Projected FY10	% Change Since FY06 (annualized)	Budget FY11	% Change From FY10
Employees (as of year end)	46	47	58	57	57	6%	58	2%
Average Total AUM(\$ millions)	19,372	21,965	23,359	21,864	21,448	3%	21,448	0%
Average AUM/Employee (\$ millions)	421	467	403	384	376	-3%	370	-2%
Salaries and Wages (\$)	4,492,078	4,908,821	5,377,233	6,443,360	6,517,808	10%	6,724,143	3%
Bonus Compensation (\$)	2,164,963	2,082,700	3,016,393	3,245,765	3,726,719	15%	4,081,154	10%
Total Compensation (\$)	6,657,040	6,991,521	8,393,626	9,689,126	10,244,527	11%	10,805,297	5%
Total Compensation per Employee (\$)	144,718	148,756	144,718	169,985	179,729	6%	186,298	4%
Bonus as % of Salaries and Wages	48%	42%	56%	50%	57%		61%	
Bonus as % of Total Compensation	33%	30%	36%	33%	36%		38%	

Staffing: The FY10 budget was based on staffing of 60 employees; actual staffing is projected to be 57 employees at fiscal year-end 2010. The FY11 budget is based on filling one open position to bring staffing to 58 employees by fiscal year-end.

Personnel-related Expenses:

- **Salaries and Wages** are projected to be \$6.5 million, \$205k (3%) under budget, in FY10 because of unfilled positions and will remain budgeted at \$6.7 million in FY11. Budgeted salaries for FY11 include a 4.9% increase for existing staff (including promotions) and one open position.
- **Bonus Compensation** for FY10 based on performance year-to-date (including deferred incentive compensation earned in prior years and related income) is forecast at \$3.7 million, 7% over budget, due to better than projected investment performance. The FY11 budget of \$4.0 million in bonus compensation is 10% higher than projected FY10 incentive compensation. The proposed FY11 bonus compensation budget is based on Compensation Plan participants earning 70% of the maximum incentive award. The FY11 budget also includes deferred incentive compensation earned by employees in prior years and funds for a discretionary bonus pool of up to 15% of salaries for employees who are not participants in the Compensation Plan.
- **Employee Benefits** are expected to be under budget in FY10 by \$21k (2%). Employee Benefits costs are budgeted to increase 5% to \$1.2 million in FY11.

General Operating Expenses are forecast to be 6% below budget for FY10 at \$2.0 million. General operating expenses for FY11 are budgeted to increase 8% to \$2.1 million, primarily due to increases in travel, on-line data and contract services offset by a reduction in repairs and maintenance. Travel is budgeted at \$680k, an increase of 30% over FY10 projections. The increase in travel reflects an increase in air and hotel rates rather than a volume increase in traveling.

Lease Expenses: Table 4 shows that lease expenses have stabilized in recent years since UTIMCO's move in FY06 and addition of lease space in FY08. Operating Expenses (pass through expenses to tenants) have increased significantly since FY07 due to rising utilities expenses and ad valorem taxes, and now exceed base rent.

Table 4
UTIMCO Lease Expenses FY06-FY11

	FY06	FY07	FY08	FY09	Projected FY10	Budget FY11
Property Lease	\$613,560	\$462,722	\$499,823	\$518,373	\$518,373	\$518,373
Operating Expenses	\$83,294	\$362,755	\$515,296	\$515,848	\$538,894	\$555,323
Parking Expenses	\$77,342	\$94,805	\$100,007	\$96,847	\$106,359	\$110,400
Other Expenses	\$5,166	\$5,671	\$10,473	\$1,461	\$5,672	\$5,700
Amortization (Deferred Rent Credit)	(\$124,076)	(\$148,891)	(\$150,679)	(\$170,344)	(\$170,344)	(\$170,344)
Total Lease Expenses (net)	\$655,286	\$777,062	\$974,920	\$962,184	\$998,954	\$1,019,451

Professional Fees are expected to be \$286k in FY10, 5% lower than budgeted. Increased legal expenses were offset by reduced compensation consultant fees. Professional Fees for FY11 are budgeted at \$282k, a decrease of 2%.

V. UTIMCO Capital Expenditures

The trend for Capital Expenditures for FY07-FY11 is summarized in Table 5. In FY10, total capital expenditures are forecasted to be \$141k, mainly for ongoing technology and software upgrades. A budget of \$215k is proposed for FY11. The majority of the FY11 budget is for ongoing technology and software upgrades including videoconferencing equipment with the rest for ongoing office equipment and fixtures.

Table 5
UTIMCO Capital Expenditures FY07-FY11

	FY07	FY08	FY09	Projected FY10	Budget FY11
Ongoing: Technology and Software Upgrades	\$71,271	\$139,860	\$113,502	\$103,625	\$152,500
Ongoing: Office Equipment and Fixtures	\$11,599	\$18,498	\$22,672	\$37,168	\$62,500
Expansion: Technology and Software Upgrades	\$0	\$7,490	\$0	\$0	\$0
Expansion: Office Equipment and Fixtures	\$0	\$152,864	\$0	\$0	\$0
Expansion: Leasehold Improvements (net)	\$0	\$166,453	\$0	\$0	\$0
Total Capital Expenditures (net)	\$82,870	\$485,165	\$136,174	\$140,793	\$215,000

EXHIBIT A

	Total Budgeted Costs FY10-FY11								
	FY10		Change from FY10 Budget		FY11		Change from FY10 Projected		Change from FY10 Budget
	Budget	Projected	\$	%	Budget	\$	%	%	
UTIMCO Services									
Salaries and Wages + Vacation	6,722,802	6,517,808	(204,994)	-3.0%	6,724,143	206,334	3.2%	0.0%	
Bonus Compensation + Interest	3,482,645	3,726,719	244,074	7.0%	4,081,154	354,435	9.5%	17.2%	
Total Compensation	10,205,447	10,244,527	39,080	0.4%	10,805,297	560,769	5.5%	5.9%	
Total Payroll taxes	470,116	472,473	2,357	0.5%	479,423	6,950	1.5%	2.0%	
403(b) Contributions	493,704	487,083	(6,621)	-1.3%	504,567	17,484	3.6%	2.2%	
Group Health, Dental, AD&D, Life, LTD	632,239	616,867	(15,372)	-2.4%	653,490	36,623	5.9%	3.4%	
Employee Benefits	1,125,943	1,103,950	(21,993)	-2.0%	1,158,057	54,107	4.9%	2.9%	
On-Line Data & Contract Services	1,020,492	997,574	(22,918)	-2.2%	1,017,529	19,955	2.0%	-0.3%	
Recruiting and Relocation Expenses	20,000	1,100	(18,900)	-94.5%	7,500	6,400	581.8%	-62.5%	
Travel	593,586	523,134	(70,452)	-11.9%	680,000	156,866	30.0%	14.6%	
Phone and Telecommunications	77,540	77,874	334	0.4%	74,600	(3,274)	-4.2%	-3.8%	
Computer & Office Supplies	81,963	93,684	11,721	14.3%	97,950	4,266	4.6%	19.5%	
Employee Education	29,263	35,596	6,333	21.6%	37,685	2,089	5.9%	28.8%	
Repairs/Maintenance	198,844	179,828	(19,016)	-9.6%	146,874	(32,954)	-18.3%	-26.1%	
BOD Meetings	18,000	11,004	(6,996)	-38.9%	12,000	996	9.1%	-33.3%	
Other Operating Expenses	32,511	31,003	(1,508)	-4.6%	34,195	3,192	10.3%	5.2%	
Total General Operating	2,072,199	1,950,796	(121,403)	-5.9%	2,108,333	157,536	8.1%	1.7%	
Total Lease Expense	978,729	998,954	20,225	2.1%	1,019,452	20,498	2.1%	4.2%	
Invest., Hiring & Board Consultants	30,000	30,000	0	0.0%	30,000	0	0.0%	0.0%	
Legal Expenses	150,000	183,067	33,067	22.0%	150,000	(33,067)	-18.1%	0.0%	
Compensation Consultant	77,500	39,600	(37,900)	-48.9%	60,000	20,400	51.5%	-22.6%	
Accounting fees	42,500	33,450	(9,050)	-21.3%	41,500	8,050	24.1%	-2.4%	
Total Professional Fees	300,000	286,117	(13,883)	-4.6%	281,500	(4,617)	-1.6%	-6.2%	
Property/Liability Package	15,000	11,924	(3,077)	-20.5%	15,000	3,077	25.8%	0.0%	
Umbrella Policy	4,500	4,459	(41)	-0.9%	4,500	41	0.9%	0.0%	
Workers Compensation	15,000	20,211	5,211	34.7%	17,500	(2,711)	-13.4%	16.7%	
Business Auto	850	851	1	0.1%	850	(1)	-0.1%	0.0%	
Commercial Bonding Policy	35,000	30,729	(4,271)	-12.2%	30,000	(729)	-2.4%	-14.3%	
Prof., D&O & Emp. Practices Liability	180,000	179,953	(47)	0.0%	180,000	47	0.0%	0.0%	
Total Insurance	250,350	248,126	(2,224)	-0.9%	247,850	(276)	-0.1%	-1.0%	
Depreciation of Equipment	574,341	584,571	10,230	1.8%	531,393	(53,178)	-9.1%	-7.5%	
Total UTIMCO Services	15,977,125	15,889,516	(87,609)	-0.5%	16,631,305	741,789	4.7%	4.1%	
Direct Costs to Funds									
External Management Fees	18,695,142	24,330,686	5,635,544	30.1%	35,860,764	11,530,078	47.4%	91.8%	
External Performance Fees	10,052,352	16,863,993	6,811,641	67.8%	8,297,356	(8,566,637)	-50.8%	-17.5%	
External Management/Performance Fees	28,747,494	41,194,678	12,447,184	43.3%	44,158,120	2,963,442	7.2%	53.6%	
Custodian Fees and Other Direct Costs	2,008,927	2,186,708	177,781	8.8%	2,444,776	258,067	11.8%	21.7%	
Performance Measurement	429,374	433,775	4,401	1.0%	407,350	(26,426)	-6.1%	-5.1%	
Analytical Tools	348,178	349,140	962	0.3%	335,335	(13,805)	-4.0%	-3.7%	
Risk Measurement	432,000	392,458	(39,542)	-9.2%	315,500	(76,958)	-19.6%	-27.0%	
Custodian and Analytical Costs	3,218,479	3,362,082	143,603	4.5%	3,502,960	140,878	4.2%	8.8%	
Consultant Fees	744,500	517,290	(227,210)	-30.5%	490,000	(27,290)	-5.3%	-34.2%	
Auditing	735,000	719,092	(15,908)	-2.2%	691,092	(28,000)	-3.9%	-6.0%	
Controls Assessment (Sarbanes-Oxley)	0	0	0	N/A	0	0	N/A	N/A	
Printing	0	0	0	N/A	0	0	N/A	N/A	
Legal Fees	677,500	909,150	231,650	34.2%	696,000	(213,150)	-23.4%	2.7%	
Background Searches & Other	61,200	144,717	83,517	136.5%	124,650	(20,067)	-13.9%	103.7%	
Other Direct Costs Total	2,218,200	2,290,250	72,050	3.2%	2,001,742	(288,508)	-12.6%	-9.8%	
Total Direct Costs to Funds	34,184,173	46,847,010	12,662,837	37.0%	49,662,822	2,815,812	6.0%	45.3%	
Total Budgeted Costs	50,161,298	62,736,526	12,575,228	25.1%	66,294,127	3,557,601	5.7%	32.2%	

EXHIBIT B

	Total Budgeted Costs FY06-FY11					
	FY06	FY07	FY08	FY09	FY10	FY11
	Actual	Actual	Actual	Actual	Projected	Budget
UTIMCO Services						
Salaries and Wages + Vacation	4,492,078	4,908,821	5,377,233	6,443,360	6,517,808	6,724,143
Bonus Compensation + Interest	2,164,963	2,082,700	3,016,393	3,245,765	3,726,719	4,081,154
Total Compensation	6,657,040	6,991,521	8,393,626	9,689,126	10,244,527	10,805,297
Total Payroll taxes	312,023	337,117	394,313	449,846	472,473	479,423
403(b) Contributions	327,724	329,083	404,671	478,096	487,083	504,567
Group Health, Dental, AD&D, Life, LTD	406,756	420,593	510,154	602,258	616,867	653,490
Employee Benefits	734,480	749,676	914,825	1,080,354	1,103,950	1,158,057
On-Line Data & Contract Services	811,883	840,578	851,499	894,096	997,574	1,017,529
Recruiting and Relocation Expenses	216,927	400,617	108,198	16,697	1,100	7,500
Travel	205,965	176,929	515,494	290,632	523,134	680,000
Phone Equipment and Charges	46,965	43,743	38,400	72,014	77,874	74,600
Computer & Office Supplies	143,372	67,733	140,512	93,136	93,684	97,950
Employee Education	13,728	16,817	20,311	6,230	35,596	37,685
Repairs/Maintenance	85,412	109,592	179,217	188,875	179,828	146,874
BOD Meetings	52,375	49,711	58,615	12,760	11,004	12,000
Other Operating Expenses	106,401	42,205	40,748	29,426	31,003	34,195
Total General Operating	1,683,029	1,747,924	1,952,993	1,603,865	1,950,796	2,108,333
Total Lease Expense	655,286	777,062	974,920	962,184	998,954	1,019,452
Invest., Hiring & Board Consultants	20,175	25,124	30,000	30,000	30,000	30,000
Legal Expenses	362,045	567,339	225,172	337,065	183,067	150,000
Compensation Consultant	95,920	13,100	146,455	99,650	39,600	60,000
Accounting fees	54,106	38,980	53,414	41,035	33,450	41,500
Total Professional Fees	532,246	644,542	455,041	507,750	286,117	281,500
Property/Liability Package	22,993	18,685	15,100	12,372	11,924	15,000
Umbrella Policy	5,500	5,500	4,977	4,454	4,459	4,500
Workers Compensation	13,109	20,132	17,315	16,653	20,211	17,500
Business Auto	756	779	811	836	851	850
Commercial Bonding Policy	27,752	40,900	39,785	33,839	30,729	30,000
Prof., D&O & Emp. Practices Liability	150,525	164,300	164,300	172,064	179,953	180,000
Total Insurance	220,634	250,295	242,288	240,217	248,126	247,850
Depreciation of Equipment	504,637	564,076	556,450	590,929	584,571	531,393
Total UTIMCO Services	11,299,376	12,062,213	13,884,456	15,124,270	15,889,516	16,631,305
Direct Costs to Funds						
External Management Fees	17,815,353	16,413,106	20,767,775	15,656,987	24,330,686	35,860,764
External Performance Fees	29,648,938	18,010,650	8,087,324	17,129,808	16,863,993	8,297,356
External Management/Performance Fees	47,464,291	34,423,756	28,855,099	32,786,795	41,194,678	44,158,120
Custodian Fees and Other Direct Costs	1,634,942	1,531,924	1,771,313	1,918,015	2,186,708	2,444,776
Performance Measurement	484,660	453,612	459,962	417,322	433,775	407,350
Analytical Tools	338,630	644,597	370,497	347,713	349,140	335,335
Risk Measurement	276,000	372,990	491,986	416,416	392,458	315,500
Custodian and Analytical Costs	2,734,232	3,003,123	3,093,758	3,099,466	3,362,082	3,502,960
Consultant Fees	852,000	1,289,394	736,654	567,125	517,290	490,000
Auditing	177,944	204,550	829,938	733,097	719,092	691,092
Controls Assessment (Sarbanes-Oxley)	97,110	109,750	0	0	0	0
Printing	163,790	178,155	152,719	132,932	0	0
Legal Fees	761,764	825,621	1,348,784	464,600	909,150	696,000
Background Searches & Other	59,147	24,747	50,512	35,107	144,717	124,650
Other Direct Costs Total	2,111,755	2,632,217	3,118,607	1,932,861	2,290,250	2,001,742
Total Direct Costs to Funds	52,310,278	40,059,096	35,067,464	37,819,122	46,847,010	49,662,822
Total Budgeted Costs	63,609,654	52,121,309	48,951,920	52,943,392	62,736,526	66,294,127

EXHIBIT C

UTIMCO Reserve Analysis for August 31, 2010

Projected Cash Reserves at August 31, 2010		
Cash		8,681,150
Prepaid Expenses		411,844
Less: Accounts Payable		(3,931,361)
(Includes bonuses & earnings payable)		
Expected Cash Reserves at August 31, 2010		\$ 5,161,633
FY11 Proposed Operating Budget	16,631,305	
Applicable Percentage	25%	4,157,826
FY11 Proposed Capital Expenditures	215,000	215,000
Required Cash Reserves at August 31, 2010		\$ 4,372,826
Balance Available for Distribution		\$ 788,806
Recommended Distribution		\$ -

7. **U. T. System Board of Regents: Approval of revisions to the amended and restated University of Texas Investment Management Company (UTIMCO) Compensation Program**

RECOMMENDATION

The University of Texas Investment Management Company Board of Directors (UTIMCO Board) recommends that the U. T. System Board of Regents (U. T. System Board) approve revisions to Appendix E of the amended and restated UTIMCO Compensation Program (Plan), as set forth in congressional style on Pages 165 - 166. Revisions to Appendices C and D will be discussed by the UTIMCO Compensation Committee on November 4, 2010, and the UTIMCO Board on November 9, 2010, and are expected to be recommended to the U. T. System Board for approval at the November 10-11, 2010 meeting. The revisions to the amended and restated Plan are to be effective for the Plan Year beginning July 1, 2010.

BACKGROUND INFORMATION

The UTIMCO Board engaged Mercer as its compensation consultant to review the design of the Plan and to provide advice and counsel to the UTIMCO Board and the UTIMCO Compensation Committee. On August 6, 2010, the UTIMCO Board considered the recommendations from Mercer, UTIMCO's performance, and other relevant factors and approved certain changes to Appendices C, D, and E of the Plan, which was last approved by the U. T. System Board on August 20, 2009. Additional revisions to Appendices C and D will be considered by the UTIMCO Board on November 9, 2010, and Executive Vice Chancellor Kelley will present all major changes at the Finance and Planning Committee meeting on November 10, 2010.

Appendix C, Table 1

Appendix C, Table 1 sets forth the Eligible Positions, Weightings, Incentive Award Opportunities, and Percentage of Award Deferred for each Eligible Position. The UTIMCO Board will consider the approval of three new Eligible Positions and increases to the Maximum Incentive Award Opportunity for certain Eligible Positions. The proposed revised Appendix C will be presented at the Finance and Planning Committee meeting. A current copy of Appendix C is shown on Pages 161 - 162.

Appendix D, Table 2

Appendix D, Table 2 sets forth two of the Performance Goals categories referenced in the Plan for the Plan Participants: the Entity Performance and the Asset Class/Investment Type Performance Goals, including the benchmarks for Asset Class/Investment Type and the Threshold, Target, and Maximum Performance Standards for the Total Endowment Funds, Intermediate Term Fund, and the Asset Class/Investment Types. The UTIMCO Board will consider changes to the Policy Portfolio Weights for the Total Endowment Funds consistent with changes to the Investment Policy Statements previously approved by the U. T. System Board on August 12, 2010.

The proposed revised Appendix D will be presented at the Finance and Planning Committee meeting. A current copy of Appendix D is shown on Pages 163 - 164.

Appendix E, Table 3

Appendix E, Table 3 sets forth the Eligible Positions of Affected Participants. Table 3 is required to be revised each Performance Period to identify the Eligible Positions for which Performance Incentive Awards are subject to automatic adjustment as to timing and amount pursuant to the Plan. The UTIMCO Board is recommending changes to the Eligible Positions in Table 3 as shown on Page 166.

Appendix C

**Eligible Positions
Weightings
Incentive Award Opportunities for each Eligible Position
Percentage of Award Deferred**

TABLE 1 (For the Performance Periods beginning after June 30, 2009)

Eligible Position	Weighting			Incentive Award Opportunity (% of Salary)				Percentage of Award Deferred
	Entity	Asset Class/ Investment Type	Individual	< Threshold	Threshold	Target	Maximum	
<i>Investment Professionals</i>								
CEO & Chief Investment Officer	60%	0%	40%	0%	0%	100%	200%	50%
President & Deputy CIO	40%	40%	20%	0%	0%	95%	190%	50%
Managing Director	30%	40%	30%	0%	0%	85%	170%	40%
Managing Director - Private Investments	30%	30%	40%	0%	0%	85%	170%	40%
Senior Director, Investments	25%	35%	40%	0%	0%	60%	120%	35%
Senior Portfolio Manager	20%	40%	40%	0%	0%	60%	120%	35%
Senior Director, Risk Management	30%	0%	70%	0%	0%	50%	100%	35%
Portfolio Manager	20%	40%	40%	0%	0%	50%	100%	30%
Director, Investments	20%	40%	40%	0%	0%	50%	100%	30%
Director - Private Investments	20%	30%	50%	0%	0%	50%	100%	30%
Director, Risk Management	30%	0%	70%	0%	0%	40%	80%	30%
Senior Associate, Investments	15%	35%	50%	0%	0%	40%	80%	20%
Associate, Investments	15%	30%	55%	0%	0%	35%	70%	15%
Associate - Private Investments	15%	20%	65%	0%	0%	35%	70%	15%
Associate, Risk Management	30%	0%	70%	0%	0%	35%	70%	15%
Senior Analyst, Investments	10%	20%	70%	0%	0%	30%	60%	0%
Analyst, Investments	10%	20%	70%	0%	0%	25%	50%	0%
Analyst, Risk Management	30%	0%	70%	0%	0%	25%	50%	0%
<i>Operations/Support Professionals</i>								
Senior Managing Director	20%	0%	80%	0%	0%	60%	120%	40%
Managing Director	20%	0%	80%	0%	0%	50%	100%	30%
General Counsel & Chief Compliance Officer	0%	0%	100%	0%	0%	50%	100%	30%
Manager	20%	0%	80%	0%	0%	40%	80%	25%

Revisions forthcoming

Appendix D

Benchmarks for Asset Class/Investment Type Threshold, Target, and Maximum Performance Standards

Performance Standards for Intermediate Term Fund

UPDATED TABLE 2 (7/1/09 through 6/30/10)

Asset Class/Investment Type	Benchmark	Policy Portfolio Weights		Performance Standards		
		Total Endowment	ITF	Threshold	Target	Maximum
		Assets				
		(% of Portfolio)	(% of Portfolio)			
Entity: Benchmark (Total Endowment Funds)	Policy Portfolio	n/a	n/a	+0 bps	+75 bps	+150 bps
Entity: Benchmark (Intermediate Term Fund)	Policy Portfolio	n/a	n/a	+0 bps	+50 bps	+100 bps
Investment Grade Fixed Income	Barclays Capital Global Aggregate Index	7.5%	30.0%	+0 bps	+25 bps	+50 bps
Real Estate	FTSE EPRA/NAREIT Developed Index	3.5%	5.0%	+0 bps	+50 bps	+100 bps
Natural Resources	50% Dow Jones-UBS Commodity Total Return Index and 50% MSCI World Natural Resources Index	5.5%	7.5%	+0 bps	+50 bps	+100 bps
Developed Country Equity	MSCI World Index with net dividends	19.0%	15.0%	+0 bps	+62.5 bps	+125 bps
Emerging Markets Equity	MSCI Emerging Markets with net dividends	13.0%	7.5%	+0 bps	+75 bps	+150 bps
Hedge Funds (Less Correlated & Constrained Investments)	Hedge Fund Research Indices Fund of Funds Composite Index	30.0%	35.0%	+0 bps	+75 bps	+150 bps
Private Investments (excludes Real Estate)	Venture Economics Custom Index	20.5%	0%	+0 bps	+100 bps	+200 bps
Private Investments Real Estate	NACREIF Custom Index	1.0%	0%	+0 bps	+100 bps	+200 bps
Specific asset class benchmarks:						
Credit-Related Fixed Income	Barclays Capital Global High Yield Index			+0 bps	+37.5 bps	+75 bps
Internal Investment Grade Fixed Income	US Barclays Capital Aggregate			+0 bps	+25 bps	+50 bps

Revisions forthcoming

Appendix E

Eligible Positions of Affected Participants

TABLE 3 (7/1/10 through 6/30/11)

Eligible Position
<i>Investment Professionals</i>
CEO & Chief Investment Officer
President & Deputy CIO
Managing Director
Managing Director - Private Investments
Senior Director, Investment
Senior Portfolio Manager
Senior Director, Risk Management
Portfolio Manager
Director, Investment
Director - Private Investments
Director, Risk Management
<i>Operations/Support Professionals</i>
Senior Managing Director
Managing Director
General Counsel & Chief Compliance Officer
<u>Senior Manager</u>
Manager



TABLE OF CONTENTS FOR ACADEMIC AFFAIRS COMMITTEE

Committee Meeting: 11/10/2010

*Robert L. Stillwell, Chairman
Paul L. Foster
Janiece Longoria
Brenda Pejovich*

Board Meeting: 11/11/2010
Austin, Texas

	Committee Meeting	Board Meeting	Page
Convene	<i>1:30 p.m. Chairman Stillwell</i>		
1. U. T. Austin: Request to approve the honorific naming of a group of 17 legal clinics in the School of Law as the Jamail Center for Clinical Education and Justice under Law	<i>1:30 p.m. Action President Powers Dr. Safady</i>	Action	167
2. U. T. Dallas: Request to approve the honorific naming of the Conference Center as the Alexander Clark Center	<i>1:33 p.m. Action President Daniel Dr. Safady</i>	Action	168
3. U. T. San Antonio: Honorific naming of the Humanities and Social Sciences Building as the McKinney Humanities Building	<i>1:36 p.m. Action President Romo Dr. Safady</i>	Action	169
4. U. T. San Antonio: Request to name a campus roadway as West Campus Road	<i>1:39 p.m. Action President Romo Dr. Prior</i>	Action	170
5. U. T. Austin: Discussion and appropriate action related to creation of a television network and delegation to take appropriate action including selection of business partners and execution of related agreements and/or licenses	<i>1:46 p.m. Action President Powers Dr. Prior</i>	Action	172
6. U. T. San Antonio: Authorization to establish a Ph.D. in Mechanical Engineering	<i>1:50 p.m. Action President Romo Dr. Prior</i>	Action	172

	Committee Meeting	Board Meeting	Page
7. U. T. Brownsville: Amendments to the Regents' <i>Rules and Regulations</i>, Rule 40601, Section 1.5 to reflect the reorganization and proposed name change of the School of Health Sciences to the College of Biomedical Sciences and Health Professions and to create a College of Nursing	1:54 p.m. Action <i>President García</i> <i>Dr. Prior</i>	Action	174
8. U. T. System: Update on the Graduation Rates Initiative Progress Report 2010	2:00 p.m. Report/Discussion <i>Dr. Prior</i>	Not on Agenda	175
9. U. T. System: Discussions on academic leadership matters related to student success	2:15 p.m. Discussion <i>Dr. Prior</i>	Not on Agenda	219
Adjourn	3:00 p.m.		

1. **U. T. Austin: Request to approve the honorific naming of a group of 17 legal clinics in the School of Law as the Jamail Center for Clinical Education and Justice under Law**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Vice Chancellor for External Relations, and President Powers that the U. T. System Board of Regents approve the honorific naming of a group of 17 legal clinics in the School of Law at U. T. Austin as the Jamail Center for Clinical Education and Justice under Law in recognition of Mr. Joseph D. Jamail's long and impressive history of support to the School of Law.

BACKGROUND INFORMATION

The University of Texas at Austin School of Law established its first clinic in 1974 and is now recognized as one of the largest and most vibrant clinical programs in the country. Students gain experiential learning in 17 critical legal areas, including Human Rights, National Security, Immigration, and Supreme Court law.

Mr. Joe Jamail is widely regarded as one of the most influential attorneys and leading trial lawyers in the country. As a 1953 U. T. Austin Law graduate, he and his late wife, Lee Hage Jamail, have a long involvement and history of philanthropy at U. T. Austin. He has been a major benefactor of the Law School, having contributed more than \$16 million to create four endowed chairs, an endowed library, and several endowed excellence funds. Previous namings at U. T. Austin to recognize the philanthropy of Mr. and Mrs. Jamail include the Joseph D. Jamail Pavilion in the John B. Connally Center for the Administration of Justice, the Lee Hage Jamail Academic Room in the Main Building, The Joseph D. and Lee Jamail Suite in the Sarah M. and Charles E. Seay Building, the Joseph D. Jamail Center for Legal Research in the Law School Academic Center, the Joe Jamail Field at Darrell K Royal-Texas Memorial Stadium, and the Lee and Joe Jamail Texas Swimming Center.

This proposed naming is consistent with the Regents' *Rules and Regulations*, Rule 80307, relating to the honorific naming of facilities because of Mr. Jamail's extraordinary contributions to U. T. Austin and to the School of Law.

2. **U. T. Dallas: Request to approve the honorific naming of the Conference Center as the Alexander Clark Center**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Vice Chancellor for External Relations, and President Daniel that the U. T. System Board of Regents approve the honorific naming of the Conference Center building at U. T. Dallas as the Alexander Clark Center to recognize former Vice President for Academic Affairs Alexander L. Clark, Ph.D., for his academic guidance during the formative years of U. T. Dallas.

BACKGROUND INFORMATION

The 34,500 square-foot Conference Center was completed in Fall 1978 and houses the Office of Student Success and Assessment and the Office of Educational Enhancement. The building has a large auditorium with a seating capacity of 500 and two classrooms, seating 145 students each. The Office of Student Success and Assessment houses the Gateways to Engagement, Mastery, and Success (GEMS) Center, comprised of classrooms and a multipurpose computer lab.

Dr. Alexander Clark joined U. T. Dallas in 1974 under the administration of President Emeritus Bryce Jordan. He served as the first Vice President for Academic Affairs, a position he held for 17 years, and presided over academic development during a period of rapid growth for the University and its faculty. He was responsible for the recruitment of more than 130 faculty. Dr. Clark briefly served as Acting President of U. T. Dallas from September 1981 to May 1982.

This proposed naming is consistent with the Regents' *Rules and Regulations*, Rule 80307, relating to the honorific naming of facilities. This honorific naming request is made to honor the distinctive leadership and significant contributions of Dr. Clark to U. T. Dallas.

3. **U. T. San Antonio: Honorific naming of the Humanities and Social Sciences Building as the McKinney Humanities Building**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Vice Chancellor for External Relations, and President Romo that the U. T. System Board of Regents approve the honorific naming of the Humanities and Social Sciences Building at U. T. San Antonio as the McKinney Humanities Building to recognize the contributions of Miss Mary E. McKinney during her lifetime and to acknowledge her recent testamentary gift to the institution.

BACKGROUND INFORMATION

The Humanities and Social Sciences Building is a 180,855 square foot building, built in 1974, with a total replacement cost of \$25 million. The four-story building is one of five buildings that comprise the original campus and define the main civic space of the campus, Sombrilla Plaza. The building provides space for large lecture halls, classrooms, faculty offices, a multistory skylit galleria, and places for students to gather.

Miss Mary McKinney was born in 1930 to Felix and Elizabeth McKinney and was their only child. Miss McKinney received a B.A. degree in 1950 from Trinity University and an M.A. degree from U. T. Austin in 1952. She completed postgraduate courses at U. T. San Antonio in languages, philosophy, and classical literature. As a result of those classes and the students she met while enrolled, she established the Felix and Elizabeth McKinney Memorial Scholarship Fund in 1994 in honor of her parents.

Miss McKinney died on November 16, 2009, with U. T. San Antonio as the beneficiary of the Estate, thereby providing the University with the largest estate gift in its history. To date, the institution has received \$8.5 million in cash and additional distributions of approximately \$13 million are expected, consisting of cash and real estate, including both surface and mineral estates. In accordance with the terms of Miss McKinney's Last Will and Testament, her bequest is to be added to the endowment created in honor of her parents. Final distribution from the Estate is expected by the end of 2011.

The proposed naming is consistent with the Regents' *Rules and Regulations*, Rule 80307, relating to the honorific naming of facilities. This honorific naming request is made to honor the outstanding contributions of Miss McKinney and her gift to U. T. San Antonio and its students.

4. **U. T. San Antonio: Request to name a campus roadway as West Campus Road**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Vice Chancellor for External Relations, and President Romo that the U. T. System Board of Regents approve the naming of a roadway on the U. T. San Antonio campus as West Campus Road.

BACKGROUND INFORMATION

U. T. San Antonio requests approval to name the unnamed roadway leading to the service facilities on the western portion of the campus as West Campus Road (see map on the following page).

Naming this roadway and providing appropriate signage is important to allow visitors, delivery persons, and emergency responders to more readily locate the central receiving warehouse, offices, and other facilities on U. T. San Antonio's West Campus.

The proposed naming is consistent with Regents' *Rules and Regulations*, Rule 80307, Section 4, regarding the naming of streets.



5. **U. T. Austin: Discussion and appropriate action related to creation of a television network and delegation to take appropriate action including selection of business partners and execution of related agreements and/or licenses**

President Powers will outline a recommendation for the creation of a cable and satellite television network at U. T. Austin for the distribution of University of Texas video and audio content and programming via television, Internet, and other means of digital and/or online distribution. The network will have a national focus and the potential to attract millions of cable and other subscribers. U. T. Austin is currently in discussions to determine the business partners and best organizational and operational structure for the network.

6. **U. T. San Antonio: Authorization to establish a Ph.D. in Mechanical Engineering**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Romo that authorization, pursuant to the Regents' *Rules and Regulations*, Rule 40307, related to academic program approval standards, be granted to

- a. establish a Ph.D. degree in Mechanical Engineering at U. T. San Antonio; and
- b. submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action.

BACKGROUND INFORMATION

Program Description

The College of Engineering at U. T. San Antonio seeks approval to offer a Ph.D. degree program in Mechanical Engineering. The degree program will be a collaborative educational and research effort between U. T. San Antonio and the Southwest Research Institute. The program is designed to prepare students to be leading professionals in the field of Mechanical Engineering and to produce graduates with expertise in areas that are vital to the interests of San Antonio, the state, and the nation, such as Thermal and Fluid Systems; Mechanical Systems and Design; and Mechanics and Materials. The program aims to strengthen the educational and research environment in San Antonio and to create multiple opportunities for research through existing collaborations with educational and research institutions and industrial organizations.

The Southwest Research Institute, headquartered in San Antonio and is one of the oldest and largest independent, nonprofit, applied research and development organizations in the United States. Founded in 1947, it provides contract research and development services to industrial and government clients. The Institute is governed by a board of directors, which is advised by approximately 100 trustees. The Institute consists of 12 technical divisions that offer multidisciplinary, problem-solving services in a variety of areas in engineering and physical sciences.

Students admitted to the program will take 60 semester hours of post-master's course work. The program requires 24 hours of organized course work beyond the master's degree distributed as follows: 12 hours of core courses, six hours of prescribed electives, three hours of electives that students may freely select with advisor's approval, which may include courses outside the discipline of Mechanical Engineering, such as Computer Science and Math, and three hours of Research Seminar. The program also requires 18 hours of supervised research and 18 hours of dissertation.

Need and Student Demand

There is increased statewide demand for well-trained doctoral students in growth areas such as energy systems, automation, and biomedical devices. The proposed program is designed to provide training to students to address those needs. There has also been national and international growth in the areas of security, nanotechnology, and biotechnology that increase the need for doctoral graduates in the field of Mechanical Engineering. Moreover, a recent survey of U. T. San Antonio engineering majors and employees of relevant businesses and organizations in the San Antonio area demonstrates that there is strong demand for a doctoral program in Mechanical Engineering at U. T. San Antonio. Nationally, Hispanics represent less than 3% of total enrollment in engineering programs. The proposed program is expected to admit a significant number of underrepresented students in each cohort, and thereby contribute to increased numbers of engineers and university faculty in the area of Mechanical Engineering.

Program Quality

The Department of Mechanical Engineering has 18 tenured and tenure-track faculty members who will comprise the core faculty. All are active, publishing researchers who currently have over \$10 million in external research funding across the next five years. The Southwest Research Institute has 15 researchers who will be affiliated with the program as course instructors, research supervisors, and dissertation committee members. The Department of Mechanical Engineering received over \$450,000 between 1999-2004 to purchase and update equipment, and currently has state-of-the-art equipment, which is sufficient but which will need to be updated on a regular basis. The opening of the Biotechnology, Sciences and Engineering (BSE) I Building in 2006 allowed the Department of Mechanical Engineering to acquire 8,200 square feet, most of which is used as laboratory space. The opening of the BSE II Building in 2008 provided the department with an additional 11,928 square feet of space.

Program Cost

The cost of operating the program over five years is approximately \$3,078,115. This includes \$1,783,115 in new and reallocated faculty salaries, \$155,000 to compensate a faculty member for program administration, \$90,000 for administrative support, \$1,000,000 for graduate student support, \$25,000 for supplies and materials, and \$25,000 for library and information technology resources. Revenues of \$1,992,454.20 from formula funding, \$10,635,000 from external funding, and \$2,418,500 in reallocation of existing resources are expected to be sufficient to fully fund the program.

7. **U. T. System Board of Regents: Amendments to the Regents' Rules and Regulations, Rule 40601, Section 1.5 to reflect the reorganization and proposed name change of the School of Health Sciences to the College of Biomedical Sciences and Health Professions and to create a College of Nursing**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Vice Chancellor and General Counsel, and President García that the Regents' *Rules and Regulations*, Rule 40601, Section 1.5, concerning institutions comprising The University of Texas System, be amended as set forth below in congressional style. The remaining existing section will be renumbered accordingly.

Sec. 1 Official Titles. The U. T. System is composed of the institutions and entities set forth below. To ensure uniformity and consistence of usage throughout the U. T. System, the institutions and their respective entities shall be listed in the following order and the following titles (short form of title follows) shall be used:

...

1.5 The University of Texas at Brownsville (U. T. Brownsville)

...

(d) The University of Texas at Brownsville College of Biomedical Sciences and Health Professions ~~School of Health Sciences~~

...

(f) The University of Texas at Brownsville College of Nursing

BACKGROUND INFORMATION

These proposed amendments to the Regents' *Rules and Regulations*, Rule 40601, are to reflect the reorganization and official name change of the U. T. Brownsville School of Health Sciences to the College of Biomedical Sciences and Health Professions and to create a College of Nursing. The reorganization of the U. T. Brownsville School of Health Sciences and the creation of a College of Nursing have been approved by the Executive Vice Chancellor for Academic Affairs pending approval by the Board.

Texas Education Code Section 65.11 authorizes the Board of Regents to provide for the "names of the institutions and entities in The University of Texas System in such a way as will achieve the maximum operating efficiency of such institutions and entities[.]"

8. **U. T. System: Update on the Graduation Rates Initiative Progress Report 2010**

REPORT/DISCUSSION

Executive Vice Chancellor Prior will report on the Graduation Rates Initiative Progress Report 2010.

The report will include a PowerPoint presentation (Pages 176 - 198) on the institutional initiatives enacted since May 2006, the effects of those initiatives on current students and graduation rates, and other institutional activities implemented to support increased time-to-graduation. A Research Brief prepared by the Office of Strategic Initiatives is also included on Pages 199 - 218.

2010 UPDATE ON GRADUATION SUCCESS PERFORMANCE & STRATEGIES

Dr. David Prior

Executive Vice Chancellor for Academic Affairs

The University of Texas System Board of Regents' Meeting
Academic Affairs Committee
November 2010



THE UNIVERSITY of TEXAS SYSTEM

Nine Universities. Six Health Institutions. Unlimited Possibilities.

Background: The Graduation Rates Initiative

- Initiative launched by Board resolution passed in February 2006.
- Board directed presidents to align institutional policies to raise graduation rates and set specific graduation rate goals for 2010 and 2015.
- Full impact of campus initiatives will not be felt in rates until 2011 (4-year) and 2013 (6-year).
- Campuses and System have been monitoring progress.



Summary of Ongoing Campus Initiatives

Strategies to Aid Student Success

Strategy Categories	Programs/Initiatives	Success Issues Targeted	Selected University Specifics
Admission Standards	Increased or began new minimum admissions requirements	<ul style="list-style-type: none"> • College readiness • Alignment of K-12 to college expectations 	<ul style="list-style-type: none"> • UTA, UTEP, UTPA, UTPB, UTSA
Degree Audits / New B.A. Programs	Programs aimed at students in good standing with significant credit hours towards a degree (Universities Studies degree); providing online audits to find nearest pathway to a degree	<ul style="list-style-type: none"> • Graduation rates, completions • Retention • Time to degree • Cost management 	<ul style="list-style-type: none"> • UTA, UTB, UTEP, UTPB, UTSA – various programs • All campuses – online audits
Tutoring and Assessment	Programs that address the need for academic tutoring and learning centers and that monitor and intervene when academic progress is at risk	<ul style="list-style-type: none"> • College readiness • First-year retention • Persistence • Graduation rates, completions • <i>Closing the Gaps</i>: diversity • Cost management 	<ul style="list-style-type: none"> • All campuses
Supplemental Instruction	Instructional learning strategies, national model that pairs students with other students for structured study sessions	<ul style="list-style-type: none"> • First-year retention • Persistence • Graduation rates, completions 	<ul style="list-style-type: none"> • All campuses

continues >>

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Summary of Ongoing Campus Initiatives

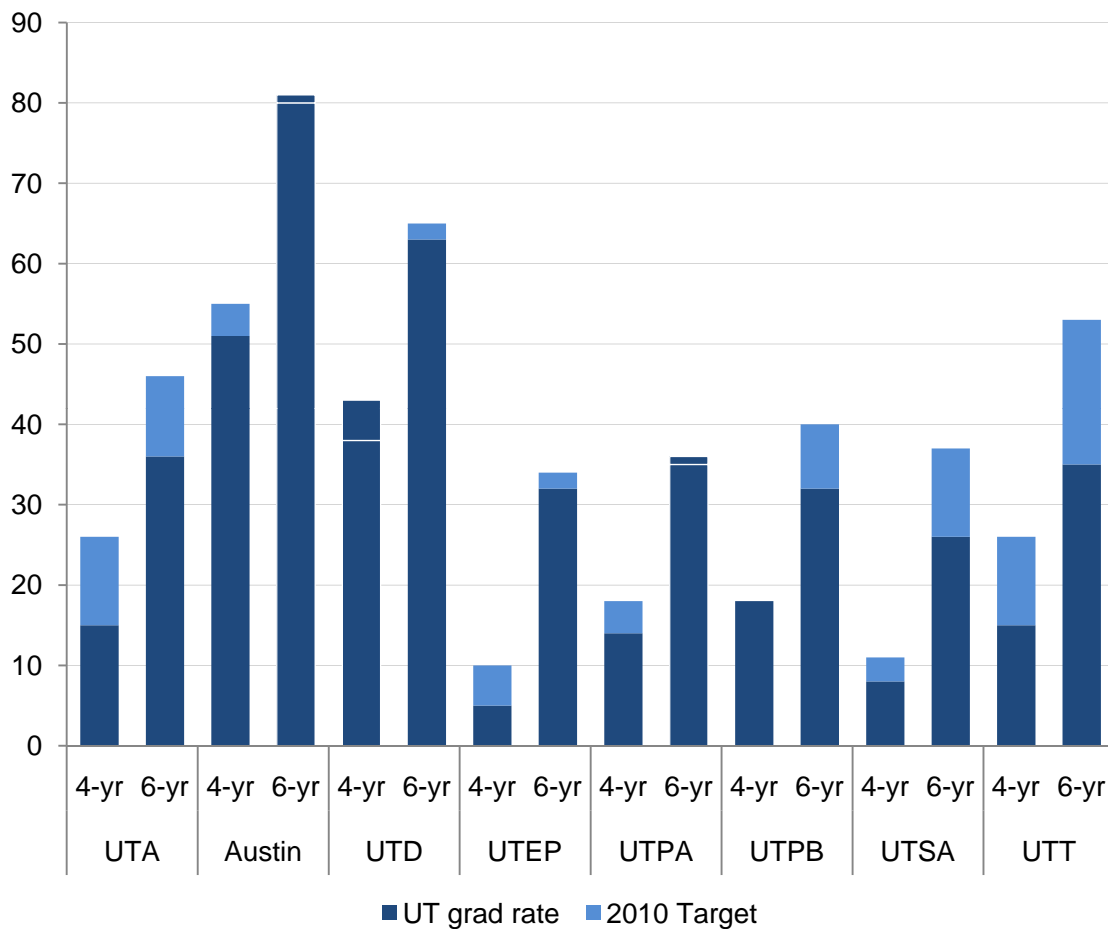
Strategies to Aid Student Success (cont.)

Strategy Categories	Programs/Initiatives	Success Issues Targeted	Selected University Specifics
Mentoring and Advising	Programs aimed at effectively and properly advising students through the course of their studies and also at providing mentoring and community building to link academic success to social opportunities	<ul style="list-style-type: none"> • First-year retention • Persistence • Graduation rates, completions • <i>Closing the Gaps</i>: diversity 	<ul style="list-style-type: none"> • All campuses
Tuition and Financial Aid Programs	Guaranteed Tuition Programs, Flat Rate Tuition, Financial Aid “Promise” Programs, tuition rebates	<ul style="list-style-type: none"> • Time to degree • Persistence • Graduation rates, completions 	<ul style="list-style-type: none"> • All campuses
New Academic Units	Programs targeted to freshmen: align critical services like advising, counseling, access to financial aid counselors, career planning	<ul style="list-style-type: none"> • Time to degree • First-year retention • Persistence • Graduation rates, completions 	<ul style="list-style-type: none"> • UTA, U. T. Austin, UTB
Academic Policies and Curriculum	Changes to academic policies, course scheduling and redesign of courses	<ul style="list-style-type: none"> • Time to degree • Persistence • Graduation rates, completions, 	<ul style="list-style-type: none"> • UTB, UTEP, UTPA – various programs • All campuses – six-drop rule
High School / Community College to University Transition	Programs to assist students with the transition from secondary to postsecondary education	<ul style="list-style-type: none"> • First-year retention • Persistence • Graduation rates, completions 	<ul style="list-style-type: none"> • UTB, UTD, UTEP, UTPA, UTPB, UTSA

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Graduation Rate Performance Compared to Board-Approved National Targets



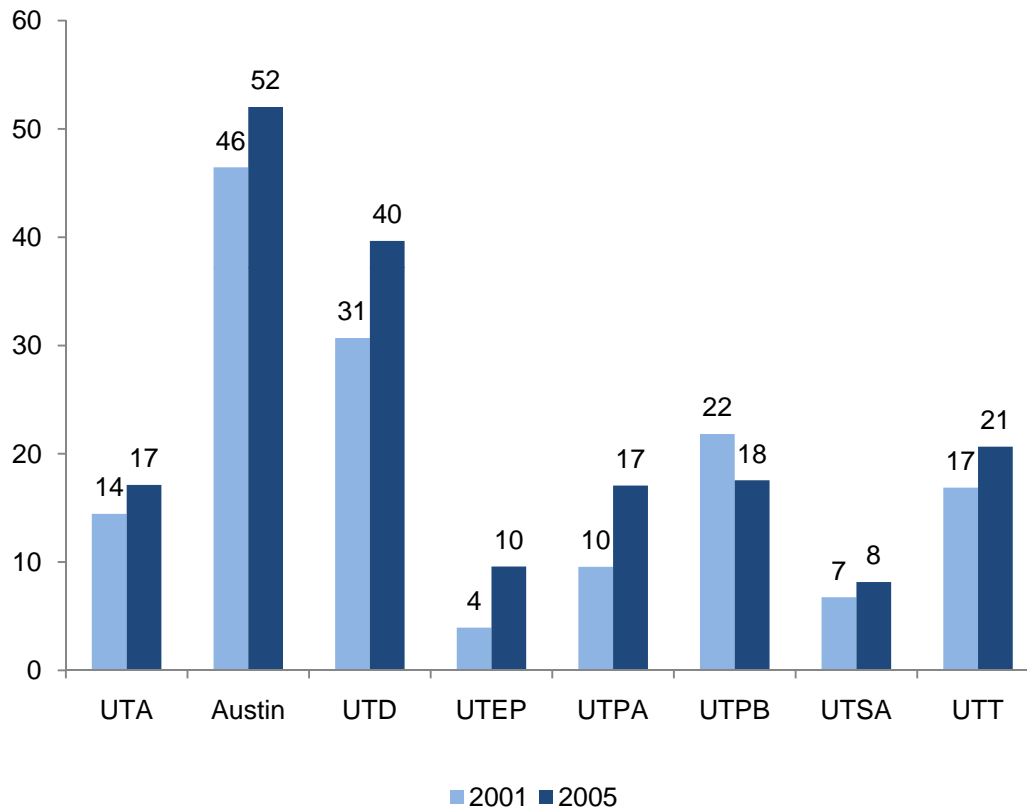
- U. T. Austin and UTPA have exceeded their 6-year targets.
- UTD has exceeded its 4-year target.
- Several institutions are close to meeting one or more of their targets.
- Peers and targets need to be reviewed in order to create appropriate benchmarks for more meaningful comparisons.

Note: Fall 2003 cohort for 4- and 6-year graduation rates
 Source: Integrated Postsecondary Education Data System (IPEDS), U. T. System institutions



Update on Progress: 4-Year Graduation Rates

Performance Trends: 4-Year Graduation Rates
at the same institution, Fall 2001 and 2005 cohorts



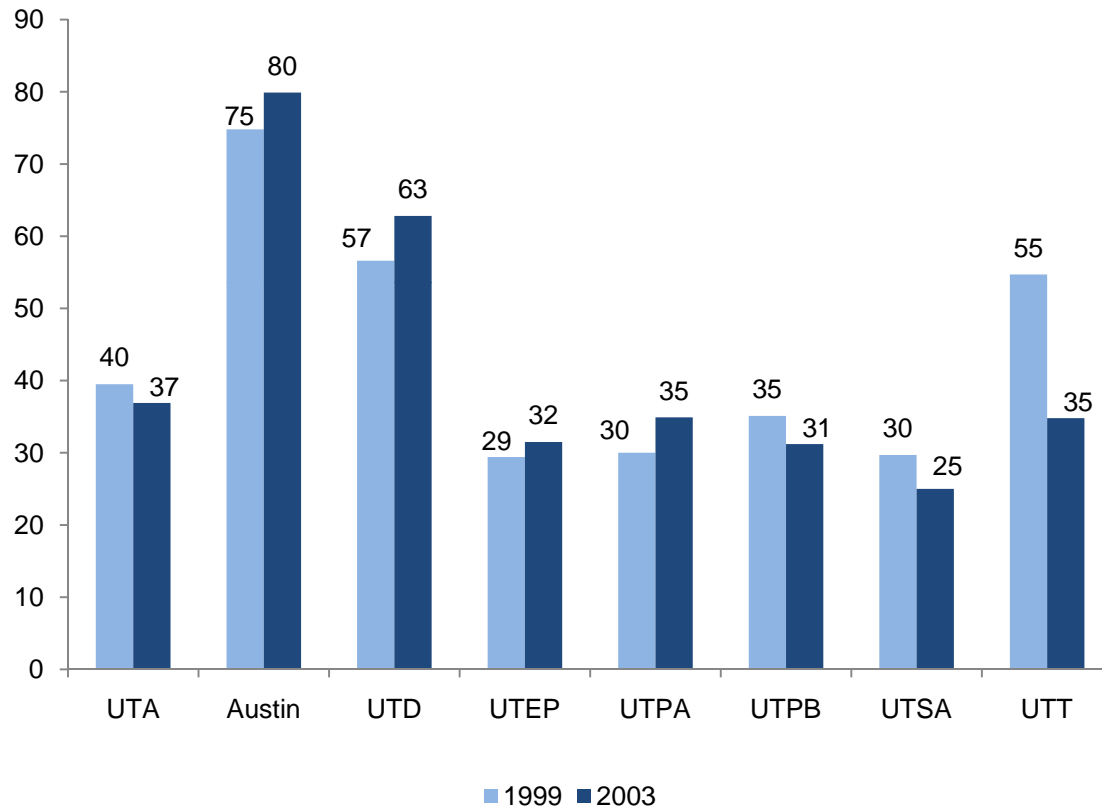
Source: Texas Higher Education Coordinating Board (THECB)

- The 4-year graduation rates of students who enrolled in 2005 and graduated in 2009 improved at nearly all universities compared to students enrolled in 2001.
- Rates increased by more than five points at U. T. Austin, UTD, UTEP, and UTPA.



Update on Progress: 6-Year Graduation Rates

Performance Trends: 6-Year Graduation Rates
at the same institution, Fall 1999 and 2003 cohorts



Source: THECB

- The 6-year graduation rates of students who enrolled in 1999 and in 2003 improved at half of the campuses.
- Rates increased by more than four points at U. T. Austin, UTD, and UTPA.



Measuring Graduation Success: A Broader View

- Graduation success is measured by a variety of metrics.

- First-year persistence rates
- 4-year graduation rates
- 6-year graduation rates
- Combined 6-year graduation rates
- Composite graduation and persistence rates
- 4-year graduation rates of community college transfer students
- Degree production

Initial focus of
2006 Initiative

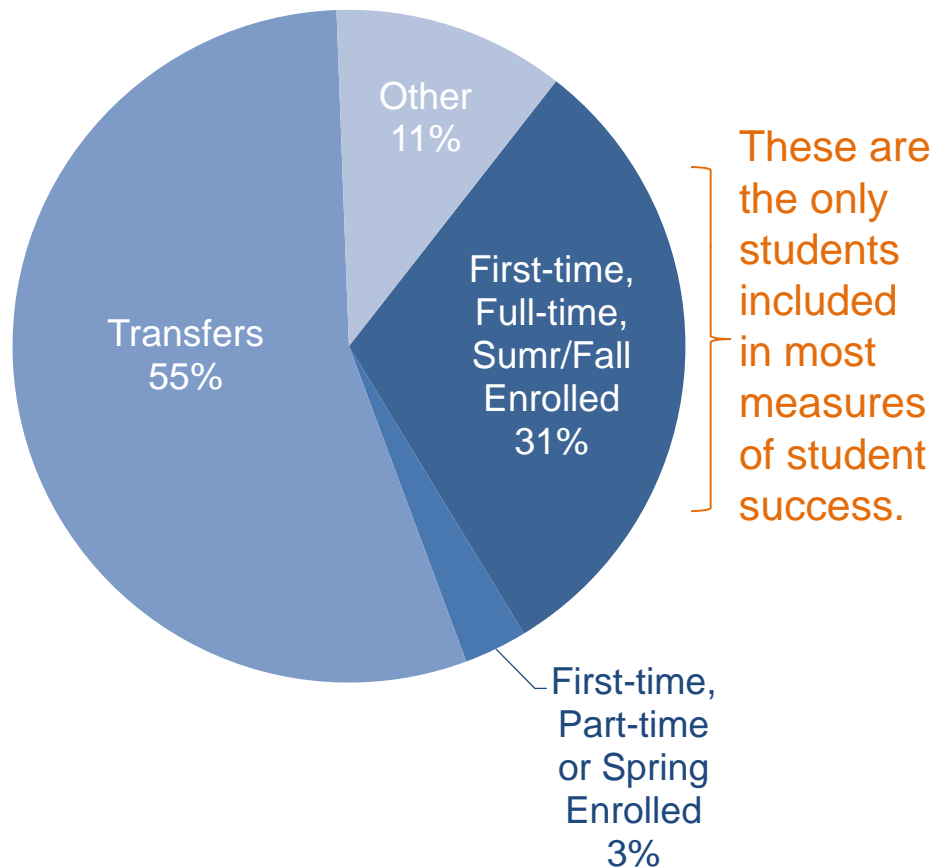
These metrics measure the success of the traditional student population.

These metrics are a more inclusive look at success.



Measuring Graduation Success: What is a “Traditional” Student?

Entry Status of Undergraduate Students
at U. T. System Receiving a Baccalaureate
Degree in AY 2008-09



- Traditional students – those that begin as first-time, full-time, degree-seeking freshmen – are less than one-third of the student population for U. T. campuses (U. T. Austin excluded).
- Many measures of student success only measure the success of traditional students—a declining portion of the student population.
- Thus, two-thirds of U. T. students are not included in these measures.



Measuring Graduation Success: CAP: Where Did Those Students Go?

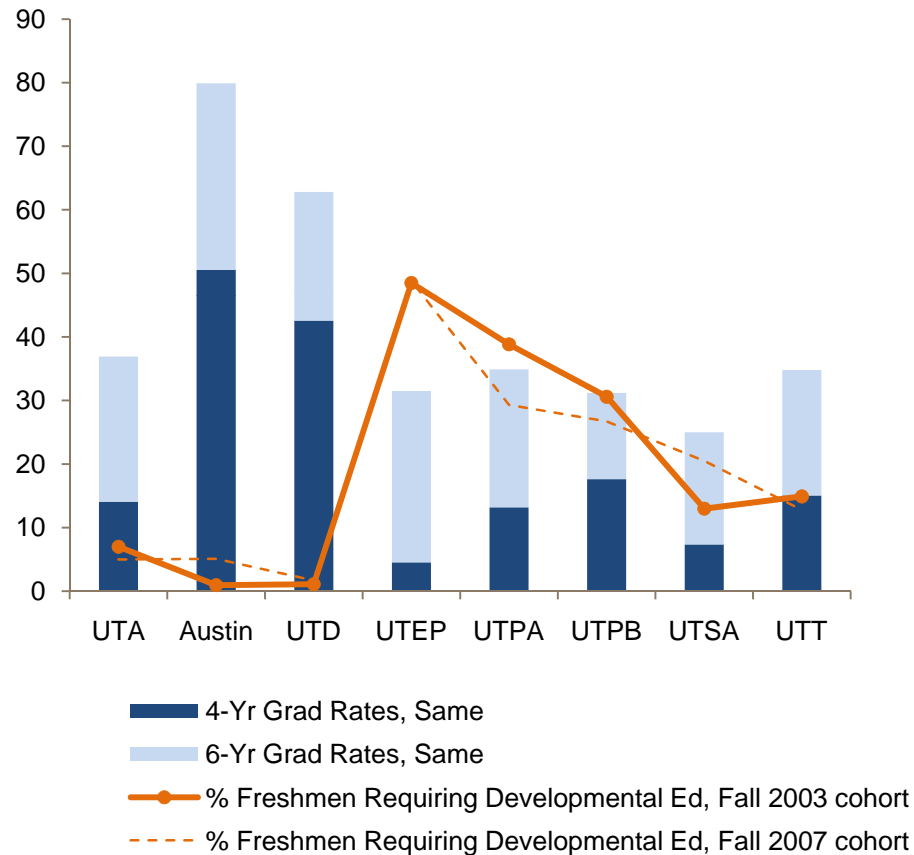
The Coordinated Admission Program (CAP) & Student Success

- CAP at U. T. Austin makes it possible for some freshman applicants to U. T. Austin to begin their studies at another U. T. System university. After completing the CAP requirements during their freshman year, these students may transfer to U. T. Austin to complete their undergraduate studies.
- Because qualifying students transfer to (and later graduate from) U. T. Austin, that student is treated as a non-graduate at the institution that the student first attended. In other words, success in the CAP leads to lower persistence and traditional graduation rates for the starting institutions. It is also important to note that graduating CAP students are NOT included in U. T. Austin's graduation rates.
- Several institutions participate in the CAP, but U. T. San Antonio and U. T. Arlington both have large numbers of freshmen in this program. For example, at U. T. San Antonio, 26% of entering freshmen in Fall 2009 were CAP students. Similarly, U. T. Arlington has more than 10% of its entering freshmen enrolled in the CAP.



Measuring Graduation Success: Mission, Student Population, & Success

Impact: Student Preparedness and Graduation Rates
Fall 2003 cohort



Source: THECB

- An institution's mission directly impacts its student population. Many student characteristics directly impact success.
- This graph represents the relationship between the % of freshmen who may require developmental education (solid orange line) and 4- and 6-year graduation rates (blue bars).
- The relationship is clear: the fewer students requiring developmental education, the higher the graduation rates.



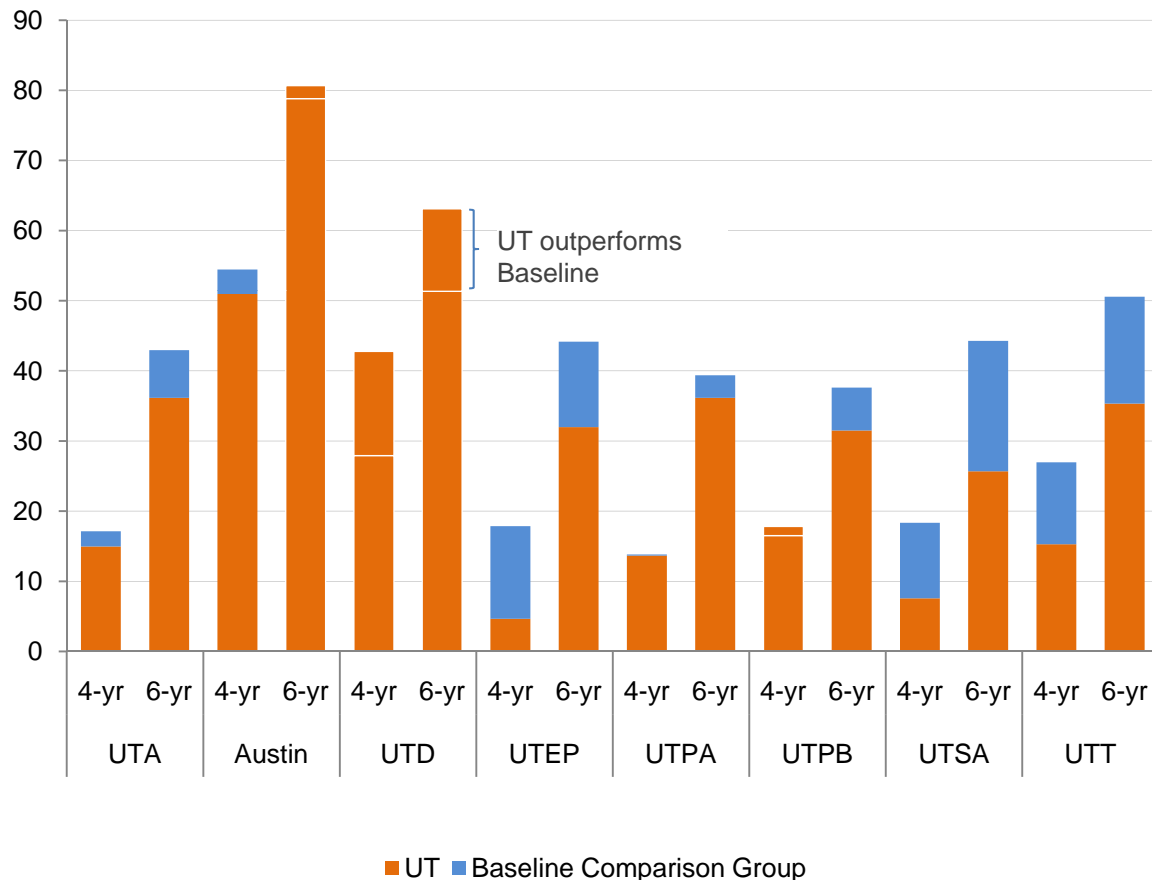
Measuring Graduation Success: Benchmarking Performance

- National best practice recommends benchmarking performance so that comparisons are more meaningful.
- Office of Strategic Initiatives prepared a statistical model to determine the 10 most similar universities (**baseline comparison group**) for each institution.
- Criteria used in the model included program mix, research intensiveness, student characteristics, and institutional size.
- Measures with national benchmarks are:
 - first-year persistence,
 - 4- and 6-year graduation rates, and
 - degree production.



Measuring Graduation Success: Benchmarking Performance

Performance Comparison: 4-Year and 6-Year Graduation Rates
Fall 2003 cohort

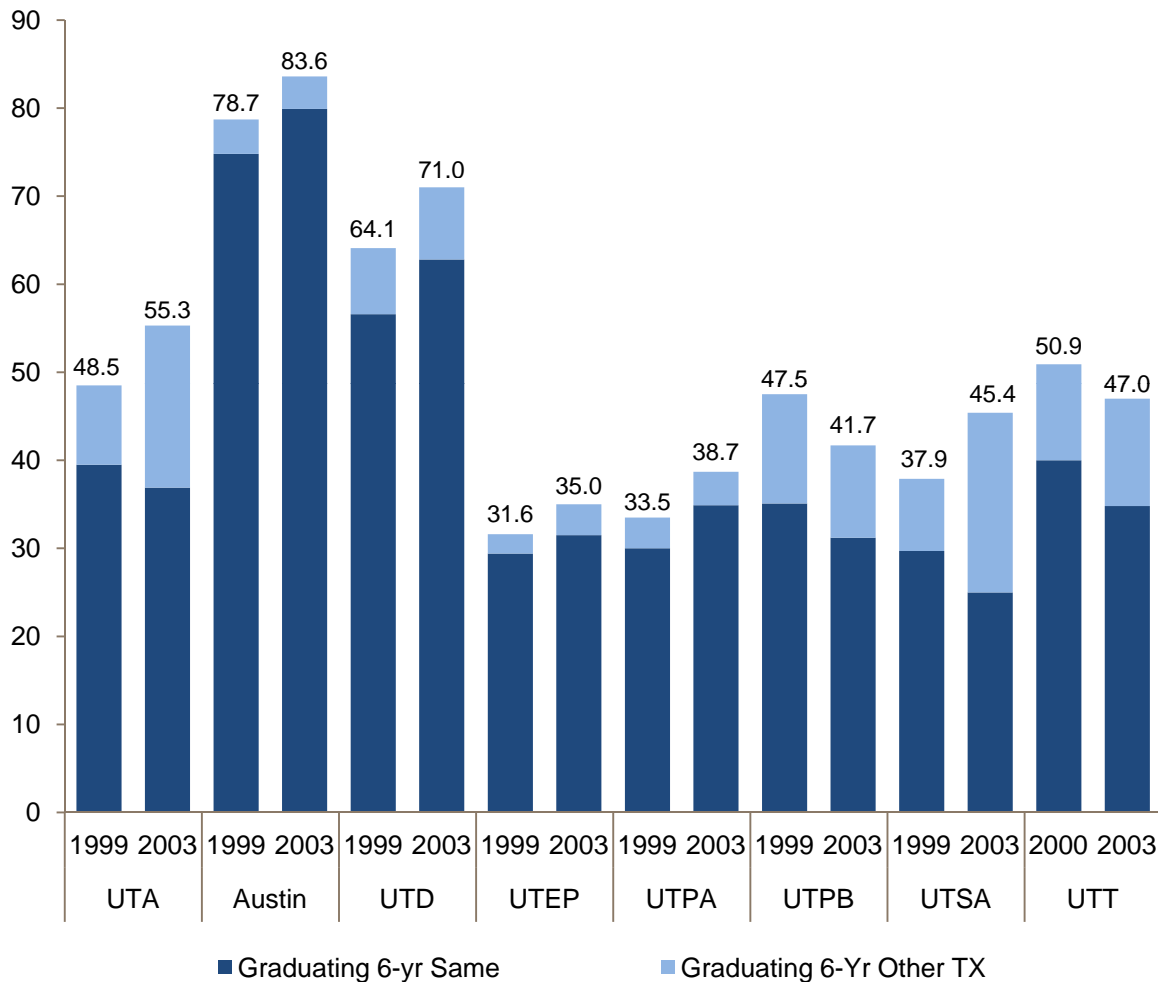


- How U. T. universities (in orange) compare to their baseline comparison group in 4- and 6-year graduation rates.
- Two campuses have outperformed their baseline comparison group in 4-year rates; Two campuses have outperformed the 6-year rates.
- Performance gaps, shown in blue, illustrate that significant improvements are needed, but many campuses are narrowing those gaps.

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Measuring Graduation Success: 6-Year Graduation vs. 6-Year Combined Graduation Rates



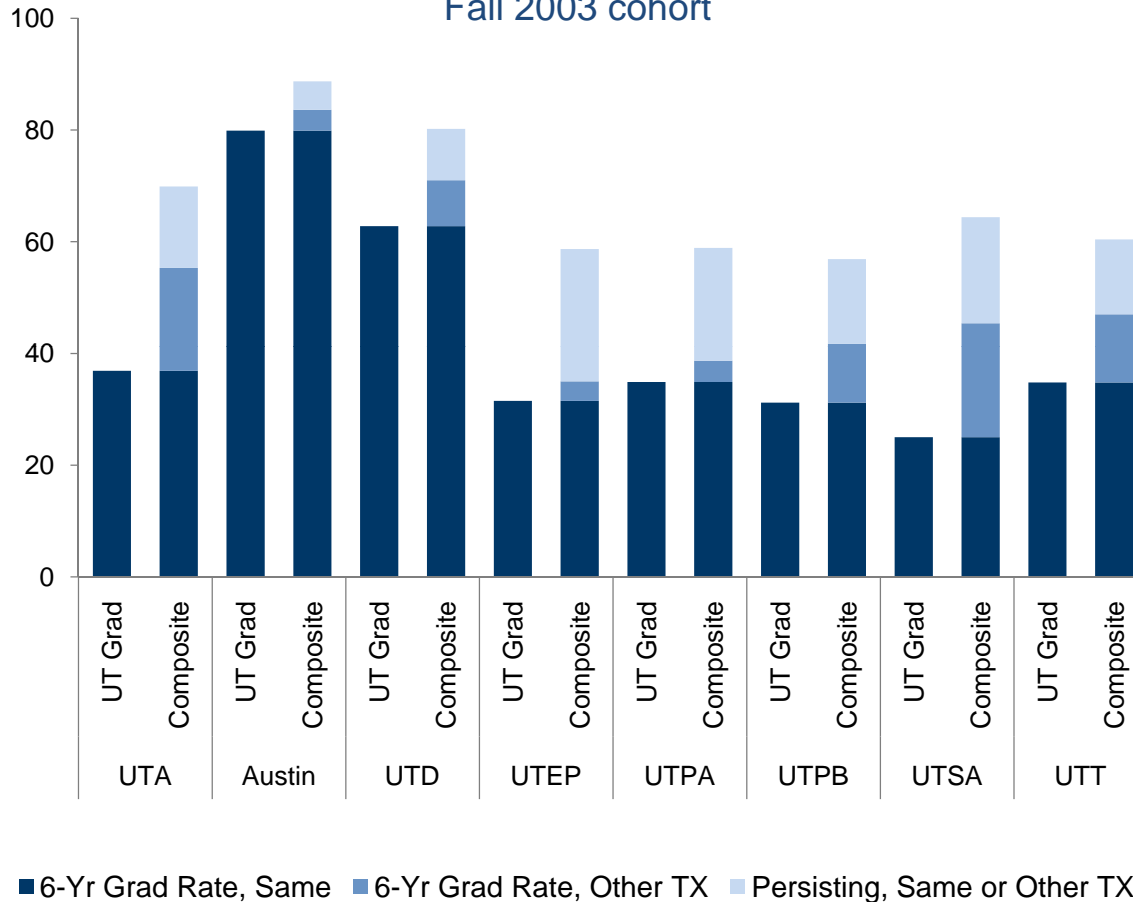
- Half of the universities show improvement in their 6-year rates for the 2003 cohort.
- Looking at the combined graduation rate – includes traditional students who graduated from another Texas institution – improves the picture of student success.
- Six universities improved their combined graduation rate.



Measuring Graduation Success: 6-Year Graduation vs. 6-Year Composite Graduation & Persistence Rates

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6-Year Graduation Rates vs. Composite Rates
Fall 2003 cohort



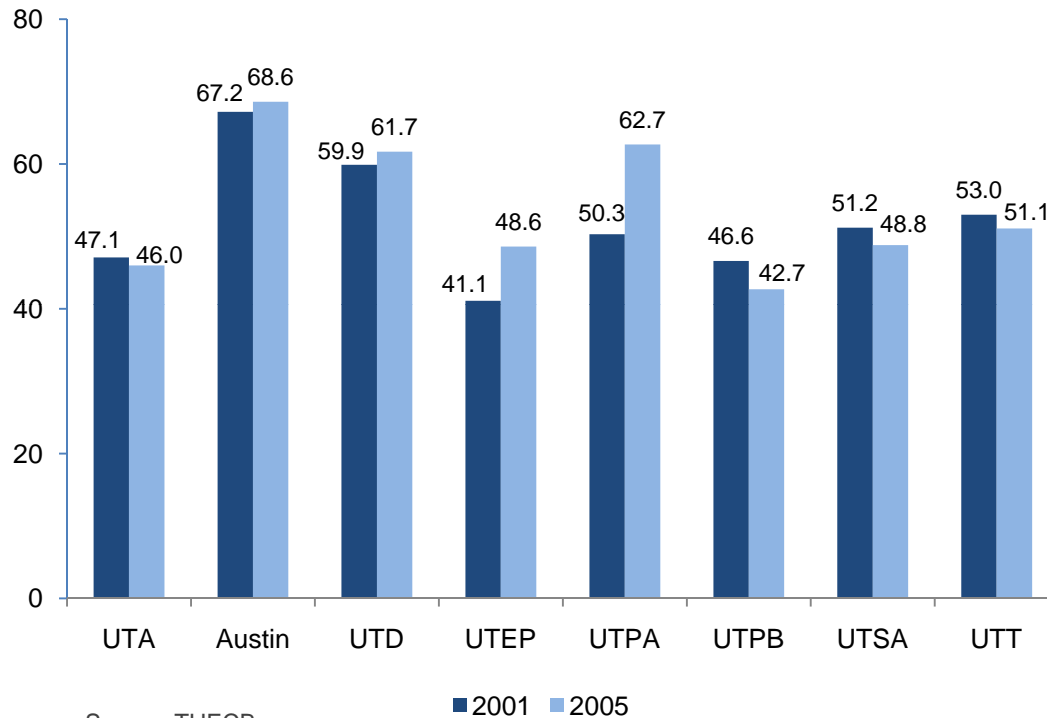
Source: THECB

- Compares the traditional 6-year graduation rate to the composite graduation and persistence rate.
- Includes traditional students who graduated from the same institution or from another Texas institution within six years or who are still enrolled in a Texas university.
- All institutions show a dramatic difference in performance on the composite graduation rate.



Measuring Graduation Success: 4-Year Graduation Rates for Community College Transfer Students

**Community College Transfers
4-year Graduation Rates**



Estimated # of 2005 Community College Transfer Students

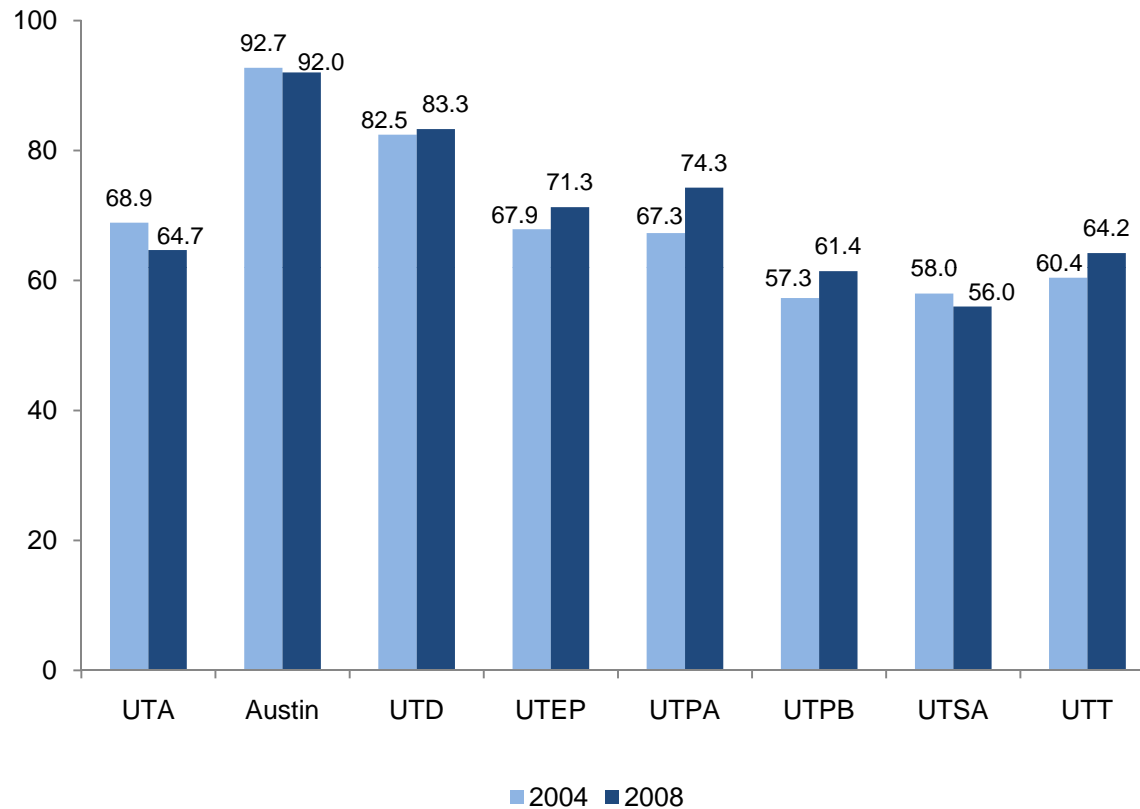
UTA	Austin	UTD	UTEP	UTPA	UTPB	UTSA	UTT
2,035	465	893	739	566	260	1,412	648

- Shows the 4-year graduation rates for students transferring from a community college with 30 or more credit hours.
- Performance is mixed and efforts are underway to improve success rates for these students.



Measuring Graduation Success: First-Year Persistence – A Look Ahead

Performance Trends: First-Year Persistence Rates
at the same institution, 2004 & 2008 cohorts



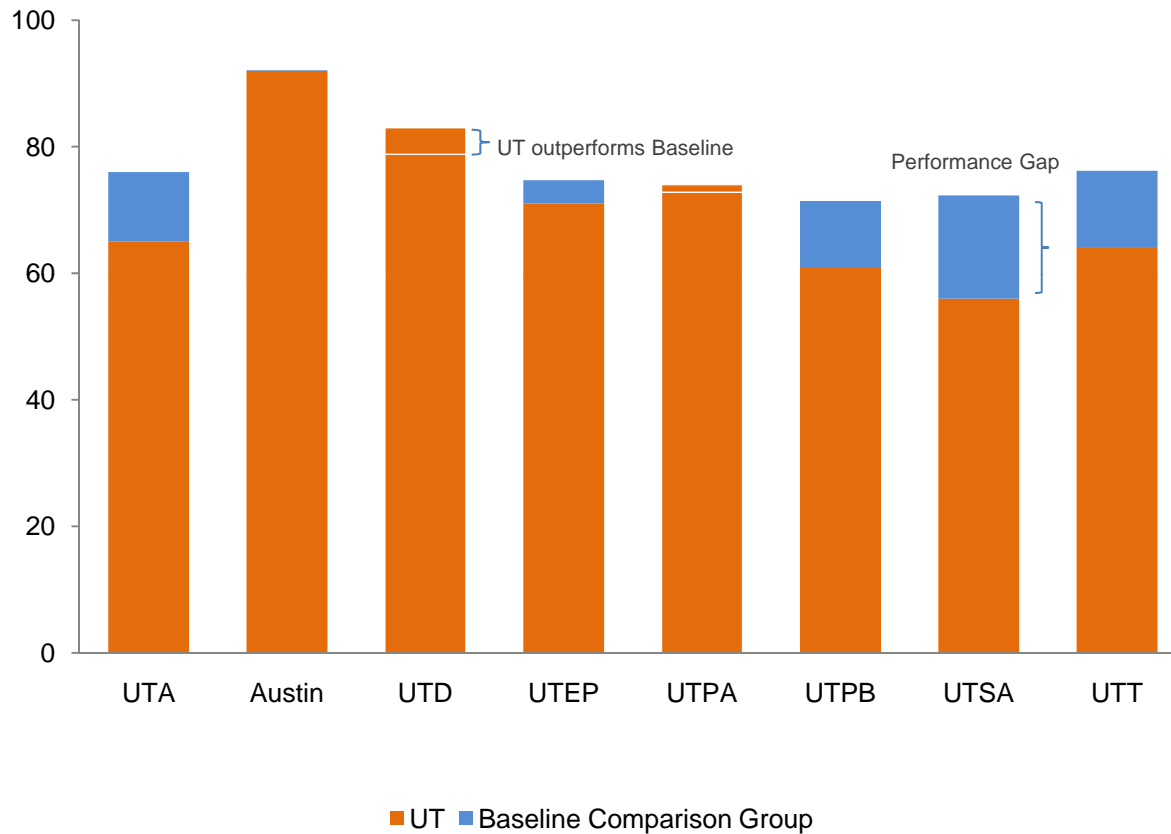
Source: THECB

- First-year persistence is a strong early predictor of graduation rates.
- Improvement for four campuses: UTEP, UTPA, UTPB, UTT.
- U. T. Austin and UTD stayed about the same (changed by less than one point).



Measuring Graduation Success: Benchmarking Performance – A Look Ahead

Performance Comparison: First-Year Persistence Rates at the same institution, 2008 cohort

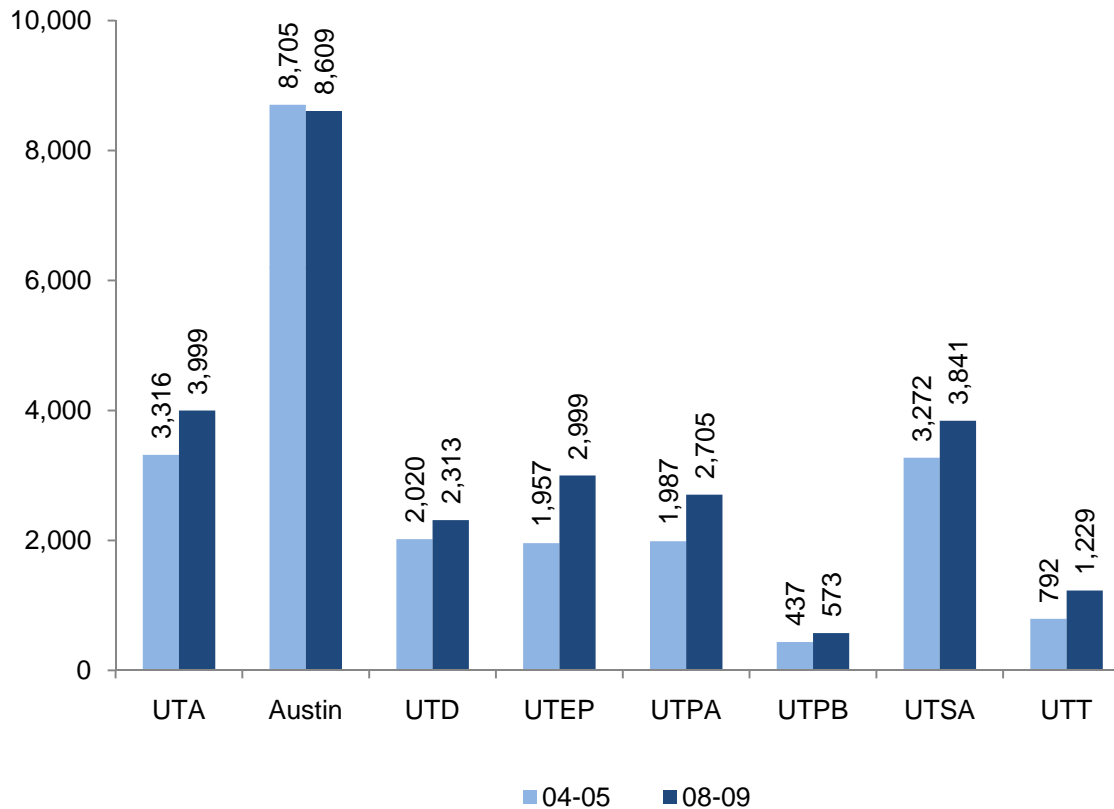


- How U. T. universities (in orange) compare to their baseline comparison group in first-year persistence rates.
- Performance gaps, shown in blue, illustrate that performance gaps remain, but trends are generally up.



Measuring Graduation Success: Degree Production

Bachelor's Degrees Awarded
2005 and 2009



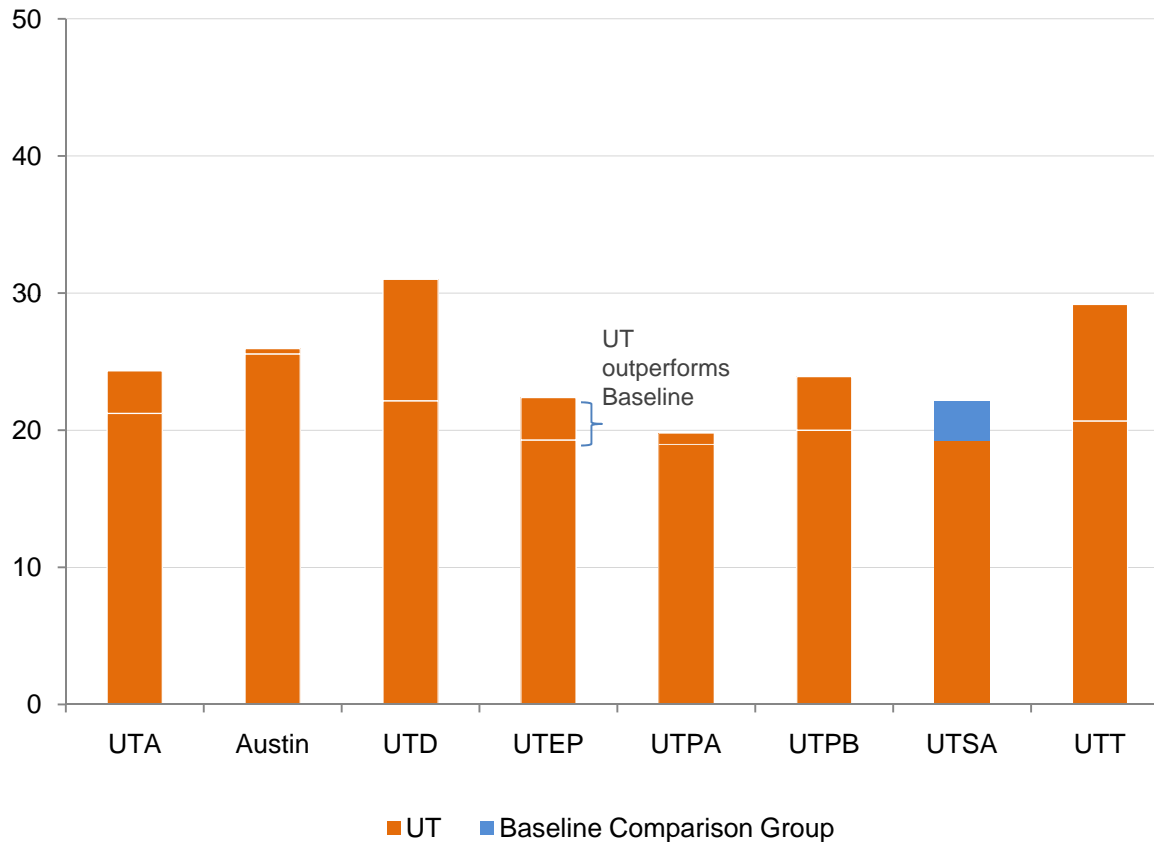
Source: THECB

- The number of bachelor's degrees awarded in 2005 and 2009.
- Growth for every campus except U.T. Austin.
- Five campuses increased degrees produced by over 20%. Two campuses increased production by over 50%.



Measuring Graduation Success: Degree Production Benchmarking Performance

Performance Comparison: Degree Production
Bachelor's Degrees Awarded per 100 FTE Undergrads



- Ratio of bachelor's degrees awarded in 2009 compared to the full-time equivalent undergraduate enrollment four years earlier (Fall 2005).
- How U. T. universities (in orange) compare to their baseline comparison group in degree production.
- There is very little blue, meaning very little gap in performance.



Measuring Graduation Success: A Broader View

- Graduation success is measured by a variety of metrics.

- First-year persistence rates
- 4-year graduation rates
- 6-year graduation rates
- Combined 6-year graduation rates
- Composite graduation and persistence rates
- 4-year graduation rates of community college transfer students
- Degree production

Initial focus of
2006 Initiative

These metrics measure the success of the traditional student population.

These metrics are a more inclusive look at success.



Summary

- Many U. T. System universities are starting to trend up in graduation and persistence rates, but it is still too early to see the full impact of efforts started after 2006.
- Composite graduation rates are approximately double the traditional rates for many U. T. System universities.
- Performance trends for graduation rates of community college transfers are mixed – there is more work to do.
- Significant gaps remain in graduation rate performance relative to national benchmarks.
- We are mostly at, or above, national benchmarks on degree production.



Next Steps

- U. T. System will continue to use a broader set of metrics to track student success:
 - First-year persistence rates with performance comparisons to national benchmarks,
 - Traditional 4- and 6-year graduation rates with performance comparisons to national benchmarks,
 - Combined 6-year graduation rate,
 - Composite 6-year graduation and persistence rates,
 - 4-year graduation rates for community college transfer students, and
 - Degree production with performance comparisons to national benchmarks.
- Reevaluate peer sets to properly benchmark performance.
- Continue to monitor the impact of campus strategies and programs.



GRADUATION SUCCESS
PERFORMANCE & STRATEGIES
2010 Update for the Board of Regents

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About this Research Brief

Few would likely argue with the premise that the most important job of a university is to produce educated citizens. One of the highest educational (and economic) priorities in our state is to increase the number of people earning a bachelor's degree. It is considerably more difficult to accurately and completely measure how well universities are accomplishing this task, and the traditional graduation rate metric only tells part of the story. This research brief will provide the following:

- An update concerning the progress made by University of Texas institutions related to the Regents' 2006 Graduation Rate Initiative;
- Baseline understanding of the complexities of measuring graduation success performance;
- Summary of the challenges and limitations associated with the traditional graduation rate measure;
- Documentation and contextualization of current graduation performance trends;
- Recommendations regarding how to expand and improve accountability measures associated with graduation; and
- Summary of ongoing initiatives at each university for improving graduation success.

The goal is not to rationalize poor performance where it exists, but rather to honestly and accurately evaluate how well UT universities should be performing given the differences in student populations and resources that they each legitimately face. The goal is to identify and hold the universities accountable for performance variables that are within their control and not penalize them for factors they have no ability to impact.

EXECUTIVE SUMMARY

Graduation Rates and Beyond

- In 2006, the UT System Board of Regents launched the Graduation Rates Initiative to improve the graduation success of students at UT institutions.
- Even though the full impact of institutional efforts that began in 2006 won't show up for several more years, some promising trends exist for many of the UT institutions.
- More improvements are needed to ensure upward trends on all metrics.
- National best practice warns against using the traditional graduation rate metric as the primary measure of graduation performance. Reasons cited:
 - Limited by how few students are captured—only first-time, full-time, degree-seeking (traditional) students.
 - Misses the mark for universities that serve less traditional populations.
 - Could penalize systems that serve disadvantaged and non-traditional students.
 - Could provide incentives for universities not to serve students from lower socio-economic backgrounds or to lower academic standards to increase graduation rates.
- National Best Practice provides recommendations to improve the measuring of performance:
 - Use broader, multi-faceted approach to capture all aspects of performance for all students.
 - Use appropriate peer groups to contextualize performance.
 - Expand beyond the traditional graduation rate metric.

Comprehensive Analyses

- Excluding UT Austin, only about 31% of UT students are included in the traditional graduation rate measure (Figure 1, Table 1).
- Student preparedness is correlated to graduation rates. Some institutions serve greater numbers of students who have to take at least one developmental education course (Figure 2).
- Overall, comparing recent persistence and graduation rate performance using multiple metrics, some positive news emerges: upward trends for almost all of the UT universities (Figures 3, 4, and 5).

- Still, on several of the metrics, some universities are not yet trending up and more work needs to be done (Figures 3, 4, and 5).
- A broader picture emerges when performance is benchmarked nationally and when the degree production metric is added (Figures 6 and 7).
- Compared to benchmarks, even though gaps exist for 4- and 6-year graduation rates for virtually all UT institutions, all but two campuses outperform their own baseline national peers on degree production (Figures 6 and 7).
- The rate doubles for most UT institutions when traditional graduation rates are compared to composite graduation and persistence rates, which includes students who are still enrolled or who have graduated from another Texas institution (Figure 8).
- Performance trends are mixed on community college graduation rates, and improvements are needed (Figure 9).

Conclusions and Recommendations

- Table 2 is a summary of many of the initiatives to improve persistence and success that are ongoing at the institutions.
- The UT System should consider focusing performance evaluation for graduation success around five core metrics to provide a multi-faceted, comprehensive approach to monitoring progress and success:
 - 4- and 6-year graduation rates, benchmarked (traditional students).
 - First-year persistence rates (traditional students)
 - Degree production ratio, benchmarked (bachelor's degrees awarded relative to undergraduate enrollment).
 - Composite graduation and persistence rates (also includes students who are still enrolled or who have graduated from another Texas institution).
 - Community college graduation rates (success of UT universities in getting community college transfers to complete a bachelor's degree).
- The UT System should consider whether to re-evaluate benchmarks as indicated by the various peer groups to ensure more meaningful performance comparisons.

BACKGROUND: REGENTS' 2006 GRADUATION RATES INITIATIVE

In May 2006, the UT System Board of Regents passed a resolution that launched the Graduation Rates Initiative. The resolution acknowledged the accomplishments made by UT System academic institutions in increasing access but expressed concern over graduation rates which were then (and most still are) below national averages.

The Board directed the presidents of the academic institutions to align policies to raise graduation rates and to set specific graduation rate goals for both 2010 and 2015. It is important to note that the impact on 4-year graduation rates of initiatives that began in 2006 cannot be wholly understood until 2011 when the 2010 data are available. It will be 2013 before we can fully document performance for the most widely used metric—the 6-year graduation rate. So we are early in a long process to improve our performance.

However, we can begin to look at our trend data to see if our performance is starting to turn around and also to find a more comprehensive and meaningful way to measure and benchmark our performance over time.

REASONS TO EXPAND BEYOND THE GRADUATION RATE METRIC

Measuring Graduation Success: National Best Practice

National literature and best practices (including the National Governors Association and the American Association of State Colleges and Universities) recommend the following:

- Avoid using the traditional graduation rate as the sole measure of graduation success.
- Context is important to measure and benchmark performance because so much of the performance differences are reflected by factors beyond the control of the universities.
- Appropriate peer groups are crucial for contextualizing performance and for setting meaningful targets.
- Disaggregating rates to reflect different student groups can help to better explain performance differences.
- Other measures should be incorporated to express the full picture of performance for all students, not only the first-time, full-time, degree-seeking students captured in the graduation rate metric.

Traditional Graduation Rate Has Serious Limitations

Fortunately, the Texas Higher Education Coordinating Board's state system of accountability doesn't use the traditional 4- and 6-year metric as the sole indicator on graduation performance. Nationally, however, the 6-year graduation rate has been the primary measure of university performance in graduating students since it was established as part of the federal Student Right to Know Act of 1990. Following is a synopsis of the many concerns about the metric expressed in numerous national publications:

- It is severely limited by the fact that it excludes the majority of students (excludes transfer and part-time students).
- It remains a significant indicator, but only for an increasingly small slice of students. This metric is meaningful only when considered in the context of factors such as student demographics, preparation levels, and attendance patterns.
- It is most relevant for more traditional universities which have greater numbers of traditional students—the only students who actually count in the metric.
- Graduation rates tend to miss the mark when explaining performance for universities that serve greater numbers of historically disadvantaged, underrepresented, and less traditional student populations.
- There is national concern that a sole focus on the traditional graduation rate metric could lead to the unintended consequence of providing incentives for universities not to serve students from lower socio-economic backgrounds or to lower academic standards in order to improve graduation rates.
- Using a single factor fails to recognize the diversity of institutions, changing demographics, and complex attendance patterns.
- Strict formulas or accountability systems that focus on this single metric could penalize institutions that serve disadvantaged or non-traditional students.

Differences in Student Characteristics Matter

At issue are research findings, as demonstrated by numerous national studies, which indicate most of the variations in graduation rates are attributable to factors beyond the control of the universities. The most influential factors include student preparation before attending college (level and rigor of math and science course work completed) and socio-economic status.

This partly explains why colleges that are most selective in admissions tend to have higher graduation rates. They are able to attract larger numbers of students who are more likely to graduate. These universities still have to work hard to reach the highest levels but are able to achieve relatively high rates based on the kinds of students they attract.

For universities with a mission to educate underserved and disadvantaged students, the problem is more complicated and the ability of university policies and practices to achieve higher levels of graduation rates is more limited. The state’s *Closing the Gaps* initiative resulted in programs to increase access for traditionally underserved populations who typically take longer and need more assistance to graduate. To be successful, universities must maintain a balance of providing programs and strategies that will help students become more self-directing academically, while at the same time encourage more timely graduation. This doesn’t mean that low graduation rates are acceptable; it just means that the standards for achievable increases will, by necessity, vary depending on the kinds of students each university serves.

Most Students Not Captured in the Measure

This issue is complicated by the fact that the graduation rate measure captures such a small portion of the student population. Figure 1 illustrates that of the most recent graduating class (excluding UT Austin), less than one-third of graduates would have been included in the traditional graduation rate metric. In other words, over two-thirds would have been excluded.

For example, transfer students made up the largest proportion of baccalaureate degree awardees in 2009; however, they are not captured in the graduation rate measure. The “Other” category represents students who could not be tracked in the data that were available. Table 1 shows institutional detail.

Fig. 1 Entry Status of Undergraduate Students Receiving a Baccalaureate Degree in AY2008-09

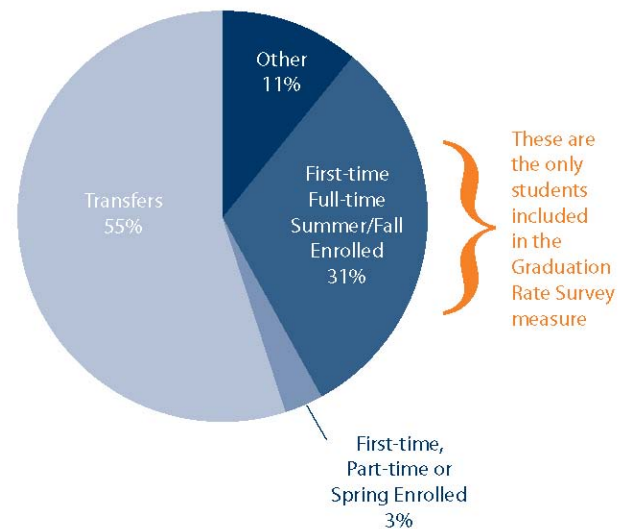


Table 1 Entry Status of Undergraduate Students Receiving a Baccalaureate Degree in AY 2008–09

	FTFT, Summer/Fall Enrolled		FTPT or Spring Enrolled		Transfer		Other		Total
	#	%	#	%	#	%	#	%	#
UTA	916	23	91	2	2,507	64	424	11	3,938
UT Austin	5,676	69	101	1	2,124	26	303	4	8,204
UTD	705	31	16	1	1,443	63	139	6	2,303
UTEP	1,029	34	131	4	1,211	40	622	21	2,993
UTPA	1,136	42	194	7	1,045	39	330	12	2,705
UTPB	112	20	3	1	368	65	82	15	565
UTSA	1,271	33	86	2	2,211	58	256	7	3,824
UTT	228	19	11	1	884	72	105	9	1,228
Total	11,073	43	633	2	11,793	46	2,261	9	25,760
Total excl Austin	5,397	31	532	3	9,669	55	1,958	11	17,556

Source: data from The Texas Higher Education Coordinating Board; analysis by Office of Strategic Initiatives

Student Preparedness Matters

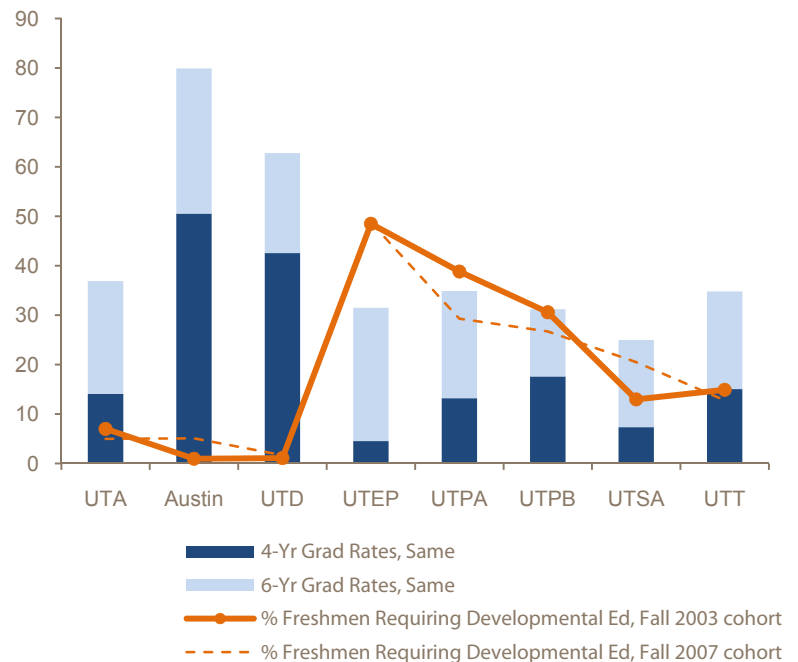
Additionally, Figure 2 sheds some light on one of the challenges that institutions face: providing students with developmental education in one or more subject areas. In general, the higher the proportion of students who may require developmental education, the lower the graduation rate.

This is most strongly reflected in the example of UTEP and UTPA. The campuses have similar student populations, but UTPA has higher 4- and 6-year graduation rates (Figures 4 and 5). The proportion of UTEP’s 2003 cohort that may have required developmental education was 10

points higher than at UTPA. For the 2007 cohort, the proportion of UTEP’s entering students requiring developmental education remained flat while UTPA’s fell. The gap in developmental education requirements between UTEP’s and UTPA’s 2007 cohorts is nearly 20 points. It will be several more years before the correlation to graduation rates can be determined.

Fig. 2

Impact: Student Preparedness and Graduation Rates
fall 2003 cohort



Source: THECB

COMPREHENSIVE ANALYSES

What follows are five measures to broaden the scope of performance evaluation of graduation success and to incorporate national best practices in tracking and benchmarking progress.

- First-year persistence rate performance as a strong early predictor of graduation rates, compared to national benchmark (Figure 3).
- Graduation rate performance, 4-year, 6-year, and combined; compared to national benchmark (Figures 4, 5, and 6).
- Degree production ratio, compared to national benchmark (Figure 7).
- Composite graduation and persistence rates as a more expansive definition of student success (Figure 8).
- Graduation rate performance for community college transfers (Figure 9).

The Coordinated Admission Program & Student Success

CAP students begin as freshmen at another UT System university and may transfer to UT Austin to complete their studies if they successfully complete the program requirements.

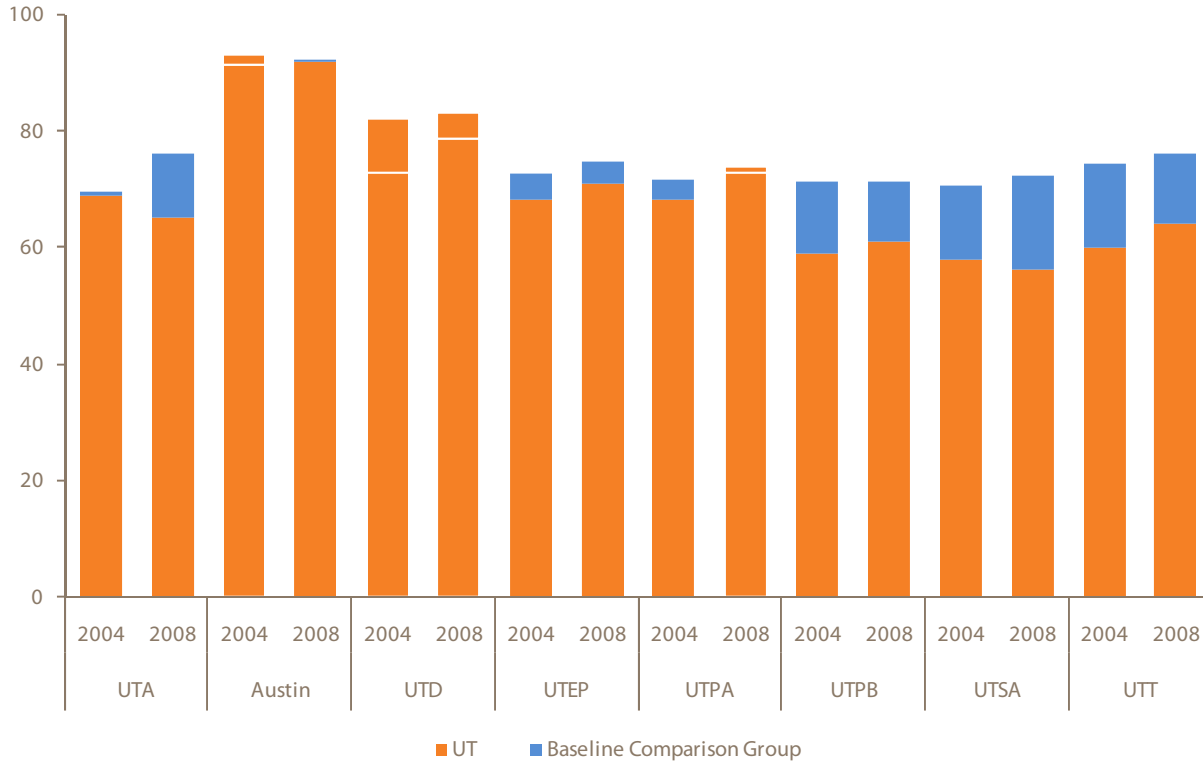
Institutions with large numbers of CAP students (e.g., UTA, UTSA) will see an impact on first-year persistence and traditional graduation rates.

Performance Trends: First-Year Persistence

- The blue in Figure 3 indicates performance gaps to a baseline national average benchmark statistically calculated for each university based on a model that determined similar institutions in student characteristics, research intensiveness, program mix, and size.
- Research shows that freshmen who persist to a second year in college are more likely to complete a degree. First-year persistence is highly correlated to graduation rates.
- Monitoring first-year persistence rates provides an early indicator of future graduation rate trends.

Fig. 3

**Performance Comparison: First-Year Persistence Rates
at the same institution**



Note: Institutions with higher percentages of CAP freshmen, such as UTA (12%) and UTSA (25%) in 2008, will have lower persistence rates because successful CAP students continue their 2nd-year studies at UT Austin.
Source: IPEDS

Performance Trends: Graduation Rates

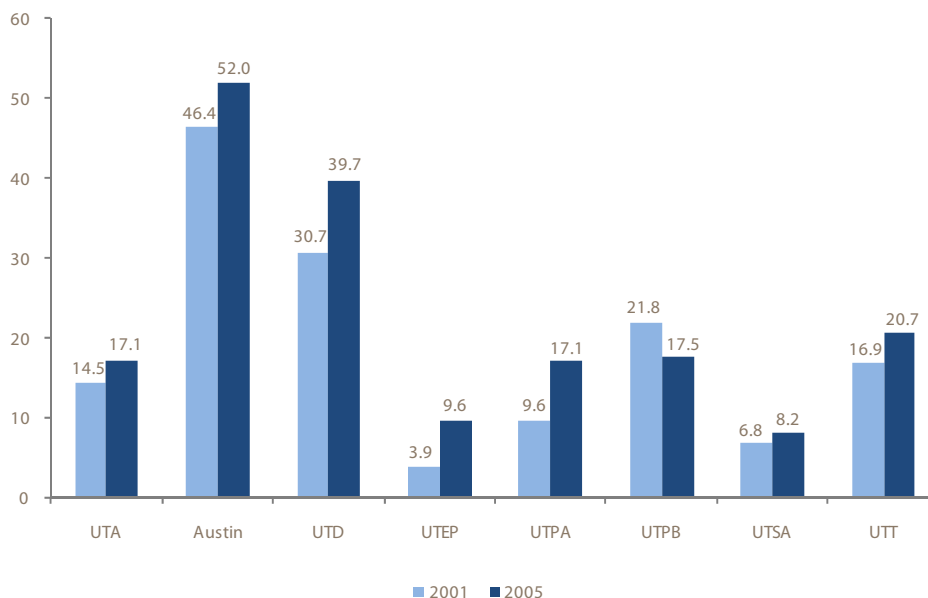
When comparing the performance for the most recent graduates (2009) we have to track back to when the students first enrolled since graduation rates follow a specific cohort of first-time, full-time, degree-seeking students from the date they first enrolled.

It bears repeating that the performance trends documented below cannot fully reflect the impact of initiatives, most of which began in 2007, when institutions first had the opportunity to respond to the 2006 Graduation Rates Initiative. It will take several more years for these efforts to show up in graduation rates. So, the performance trends in Figures 3 and 4 most fully reflect efforts that began prior to the initiative.

- Figure 4 shows the most recent 4-year graduation rates reported by the Coordinating Board. The graph reflects marked improvement from the 2001 to 2005 cohorts at nearly all universities, including increases by more than 5 points at UT Austin, UTD, UTEP, and UTPA.

Fig. 4

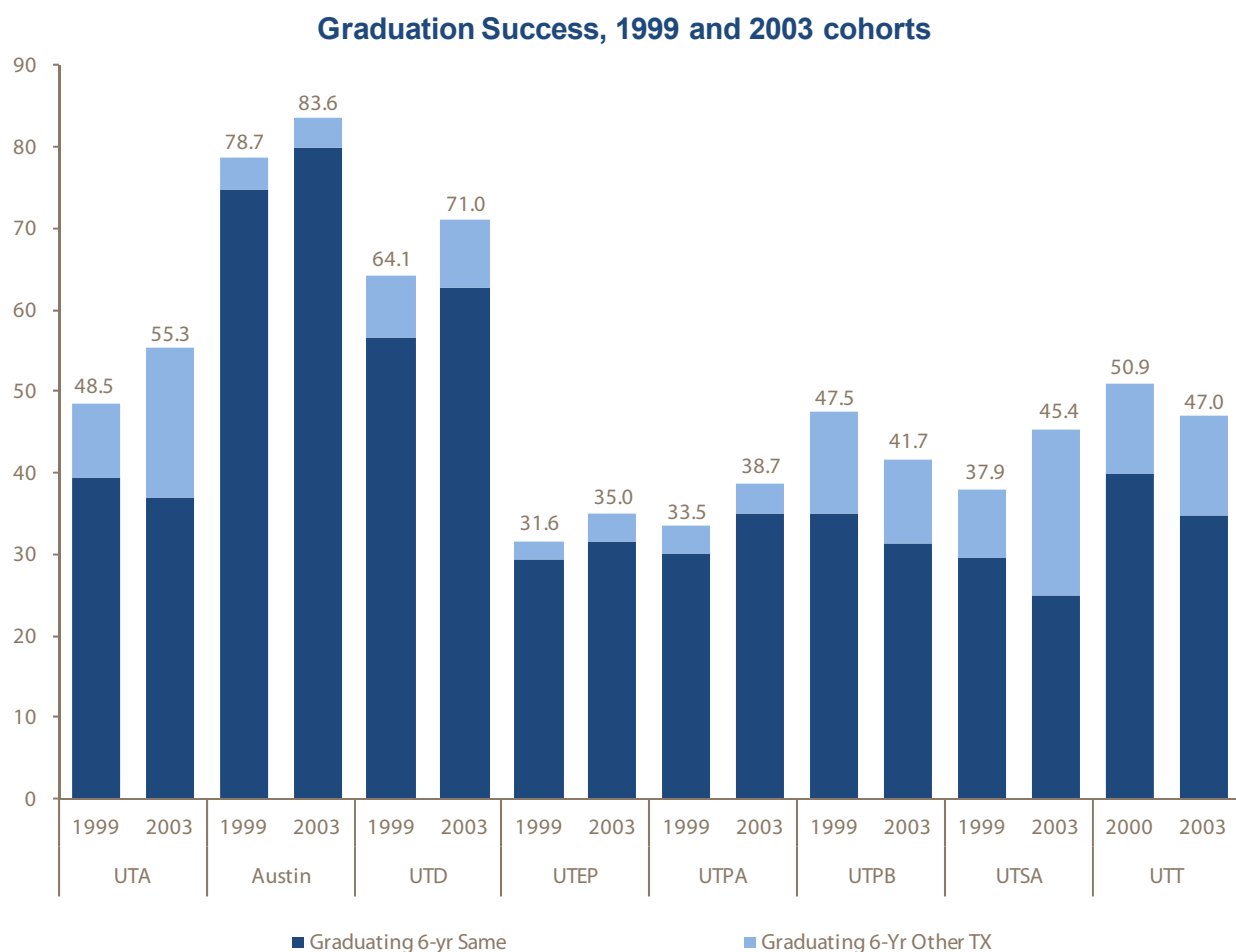
Performance Trends: 4-Year Graduation Rates
at the same institution, fall 2001 and 2005 cohorts



Source: THECB

- The dark blue portion of Figure 5 details progress on the traditional 6-year rate, which is the most widely-used metric. Half of the universities show improvement (UT Austin, UTD, UTEP, and UTPA). The remaining institutions are showing declines.
- However, Figure 5 also shows that when students who started at a UT campus but graduated from another Texas institution are included—also called the combined graduation rate—the six-year graduation picture is much better: six universities (UTA, UT Austin, UTD, UTEP, UTPA, and UTSA) increased their 6-year combined graduation rate.
- UTA, UTPB, UTSA, and UTT gain between 10 and 20 percentage points when using the combined graduation rate metric versus the traditional 6-year graduation rate metric. UTSA experiences the greatest increase, moving from 25 percent to 45 percent.
- UTPB had a higher than average combined graduation rate for the fall 1999 cohort. The graduation rate for the fall 2003 cohort is comparable to rates for the fall 2000 and 2002 cohorts.
- UTT had atypical graduation rates for its early freshmen cohorts because of the limited size and selectivity of the freshmen class. UTT did not admit freshmen until summer/fall 1998 (50 students) and class size increased incrementally by 50 students until fall 2003. The fall 2000 cohort is presented as the comparison group because of data reporting inconsistencies (for fall 1999 cohort) with the Texas Higher Education Coordinating Board.

Fig. 5



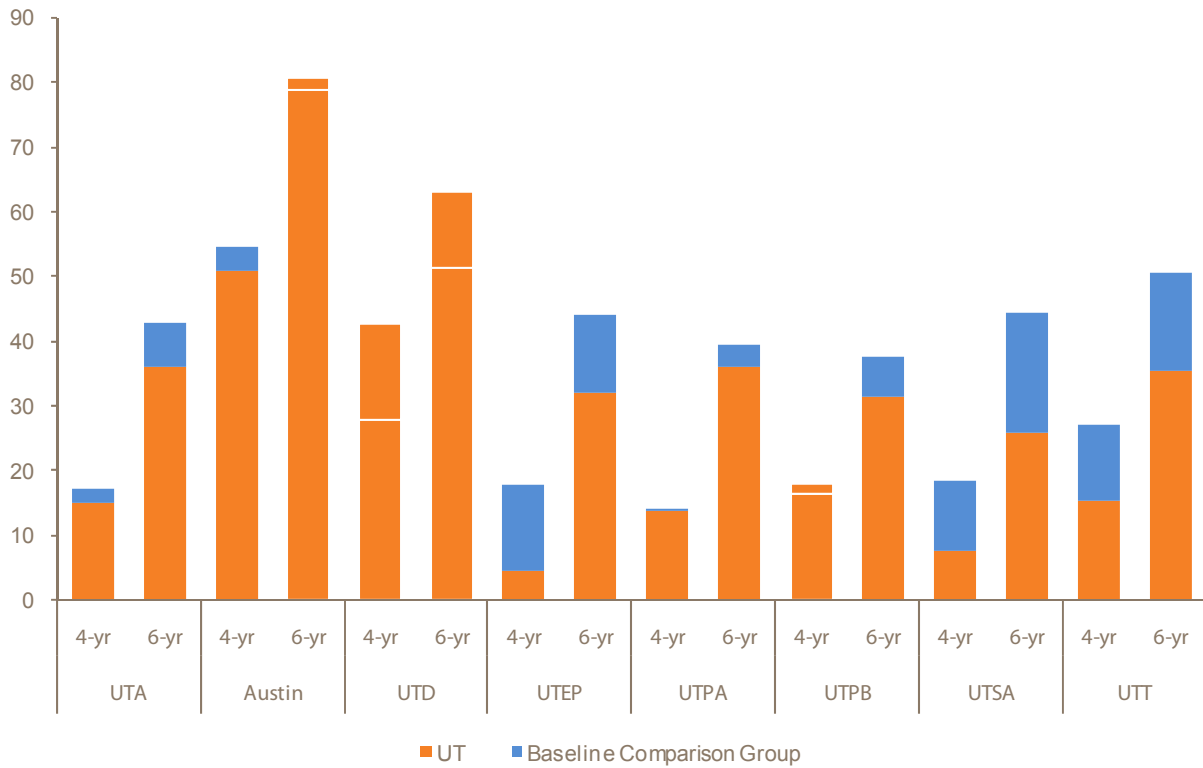
Graduation Rate Performance Measure

Figure 6 illustrates how UT universities (in orange) compare to their same baseline comparison group that was statistically determined by the model described earlier. The 4-year and 6-year graduation rate measures illustrate what we already know about performance gaps between all UT universities and the benchmarks, particularly on the 4-year rate.

Performance gaps, shown in blue, illustrate that significant improvements are needed. Even though the graduation rate covers only a small percentage of our recent graduates (31% excluding UT Austin) as illustrated in Figure 1, the UT System is focused on improving performance for this group of traditional students. A comprehensive review of the current peer groups may also be advisable in order to ensure that targets and benchmarks for improvements are meaningful.

Fig. 6

**Performance Comparison: 4-Year and 6-Year Graduation Rates
at the same institution, fall 2003 cohort**



Source: IPEDS

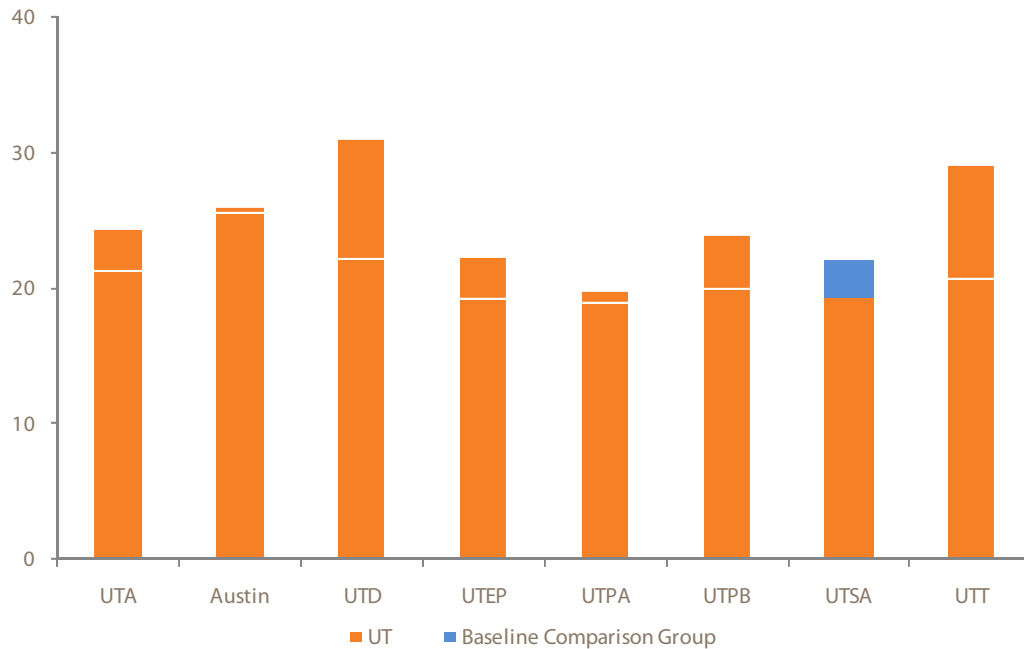
Degree Production Measure

Figure 7 presents the ratio of bachelor's degrees awarded in relation to the size of the undergraduate student body. It is not cohort based. In other words, it is not tied to a particular set of students followed from entry to graduation, but rather a simple ratio to show the relationship between graduates in proportion to the total number of full-time equivalent undergraduates enrolled four years earlier. A few observations:

- Seven UT universities perform about the same or above the statistically determined baseline benchmark in the degree production measure.
- UTSA is below the benchmark in the degree production measure.
- Overall, performance in graduation success is significantly higher for most UT universities when using the degree production measure as compared to the graduation rate measure.
- The degree production measure, while not a cohort metric like graduation rates, is much more inclusive and incorporates all students and graduates, thereby not excluding large portions of the student population.

Fig. 7

Performance Comparison: Degree Production
Bachelor's Degrees Awarded per 100 FTE Undergraduates



Note: Bachelor's degrees awarded in 2009 compared to FTE undergraduate enrollment 4 years earlier (fall 2005)
Source: IPEDS

Composite Graduation & Persistence Rate Measure

Figure 8 compares the traditional 6-year graduation rate to the composite graduation and persistence rate. The composite rate expands the definition of success to include traditional students who graduated from the same institution (as in the 6-year graduation rate measure) and also students who are still enrolled in that or another Texas institution and those who graduated from other universities in Texas. This is one of the metrics currently included in the Coordinating Board's accountability system.

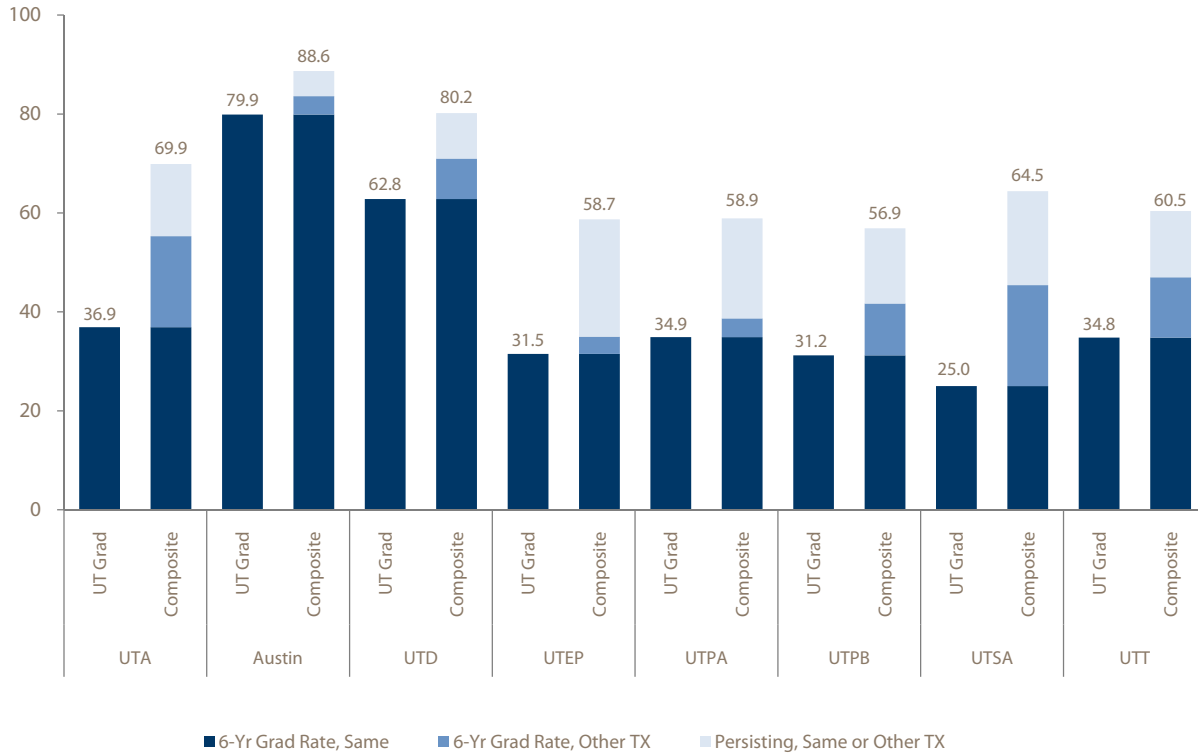
This metric is also gaining traction nationally as part of the Voluntary System of Accountability (VSA), an initiative by public 4-year universities to supply comparable information on the undergraduate student experience.

- **Composite rates show a different picture.** All UT universities show a dramatic difference in performance on the composite graduation rate when compared to the traditional graduation rate—for example, UTSA's 6-year graduation rate of 25 percent more than doubles to a 64.5 percent success rate.
- **Double the performance for most.** For six of the UT universities, the composite graduation and persistence rate is almost twice as high as the rate calculated in the traditional graduation rate measure.

- Limited Benchmarking available.** Unlike the graduation rate metric, data on the composite rate are only available nationally for some universities that participate in the VSA since the data must come from detailed student unit record systems that are not available in every state. Therefore, national and peer comparisons are limited at this time.

Fig. 8

Comparison: 6-Year Graduation Rates vs. Composite Rates
fall 2003 cohort



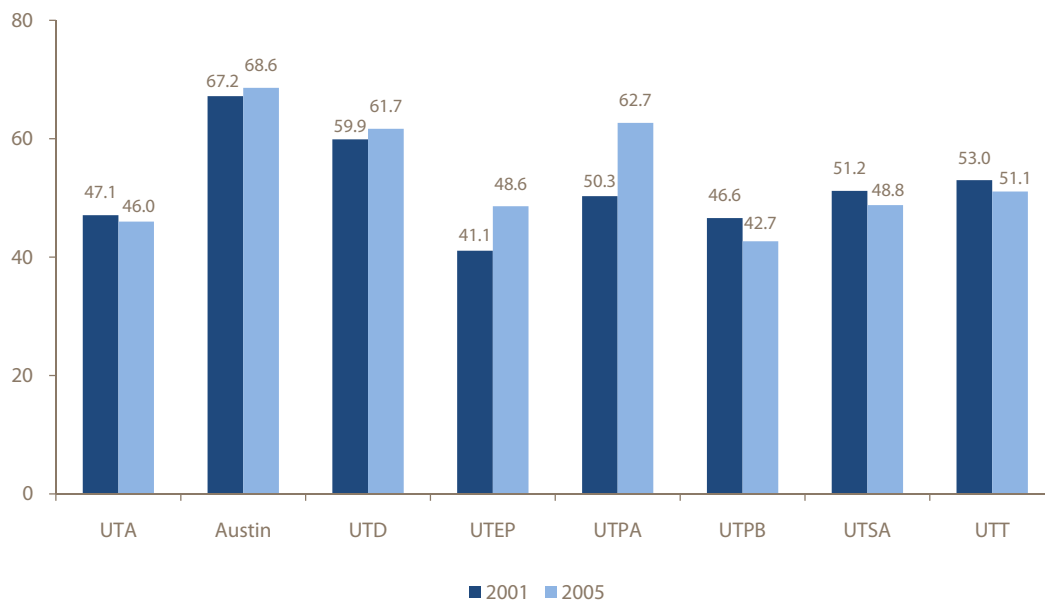
Source: THECB

Transfer Graduation Rates

- Performance trends are mixed and efforts are underway to improve success rates for community college transfers.
- The Texas Higher Education Coordinating Board also tracks graduation rates for students transferring from a community college with 30 or more semester credit hours. As noted earlier, transfer students make up the greatest proportion of baccalaureate degree awardees in 2009. Because transfer students represent such a significant number of students attending UT universities, it is equally important to monitor their graduation rates.
- Figure 9 demonstrates that 4-year transfer graduation rates are above 60 percent at UT Austin, UTD, and UTPA, and are above 40 percent at the other UT universities. Since fall 2001, transfer graduation rates improved at four UT universities: UT Austin, UTD, UTEP, and UTPA.

Fig. 9

4-Year Graduation Rates for Community College Transfers
2001 and 2005 fall cohorts



ESTIMATED # OF 2005 COMMUNITY COLLEGE TRANSFER STUDENTS

UTA	AUSTIN	UTD	UTEP	UTPA	UTPB	UTSA	UTT
2,035	465	893	739	566	260	1,412	648

CONCLUSIONS & RECOMMENDATIONS

- Analyses of UT System institutions find that:
 - Even when addressing the traditional measure in context, there is still much to be done to improve the 4- and 6-year graduation rates of our first-time, full-time, degree-seeking, traditional students.
 - When using two other nationally recognized graduation metrics—degree production and composite graduation and persistence rate—UT institutions perform significantly better compared to benchmarks on the traditional graduation rate measure.
 - Peer comparisons are important to contextualize performance. A new evaluation of peer sets is recommended in order to create appropriate benchmarks for more meaningful comparisons.
- Measuring graduation success performance requires a multi-faceted approach. UT System must remain engaged in careful analysis of graduation data to ensure a more accurate depiction of success that is broader in scope and fair to different institutional student populations.
- The UT System should consider focusing performance evaluation for graduation success around five main metrics to provide a comprehensive approach to monitoring progress and success:
 - 4- and 6-year graduation rates, benchmarked: traditional students.
 - First-year persistence rates, benchmarked: traditional students.
 - Degree production ratio, benchmarked: degree production relative to undergraduate enrollment.
 - Composite graduation and persistence rates: adds graduates who start at original university but graduate elsewhere or who are still enrolled.
 - Community college transfer graduation rates: success of universities in helping community college transfers complete a bachelor's degree.

Table 2 Ongoing Initiatives to Improve Performance

Strategy Categories	Programs/Initiatives	Success Issues Targeted	Selected University Specifics
Admission Standards	Increased or began new minimum admissions requirements	<ul style="list-style-type: none"> • College readiness • Alignment of K-12 to college expectations 	<ul style="list-style-type: none"> • UTA – increased standards, limited Gateway and CAP participation. • UTPA, UTPB, UTSA – Began/expanded new minimum admissions standards. • UTEP – College Readiness Initiative with EPCC and area school districts.
Degree Audits / New B.A. Programs	Programs aimed at students in good standing with significant credit hours towards a degree (Universities Studies degree); providing online audits to find nearest pathway to a degree	<ul style="list-style-type: none"> • Graduation rates, completions • Retention • Time to degree • Cost management 	<ul style="list-style-type: none"> • UTA, UTB, UTEP – new Bachelor’s degrees in university/multidisciplinary studies. • UTA, UTEP, UTPB – Bachelor’s Accelerated Completion program. • UTEP, UTSA - “Welcome Back” programs to recover students who stop out. • UTEP, UTPB – collaborative online BAs in multidisciplinary studies and humanities. • All campuses – online audits to match credits toward nearest degree.
Tutoring and Assessment	Programs that address the need for academic tutoring and learning centers and that monitor and intervene when academic progress is at risk	<ul style="list-style-type: none"> • College readiness • First-year retention • Persistence • Graduation rates, completions • <i>Closing the Gaps</i>: diversity • Cost management 	<ul style="list-style-type: none"> • UTB, UTD, UTPA, UTPB, UTT – early warning programs to intervene when problems arise. • UTA – academic skills class required when GPA drops. • UTB – Satisfactory Academic Progress program to track at risk students. • UTD – GEMS (Gateways to Engagement, Mastery and Success) Center centralizes services for gateway STEM and core courses, curriculum alignment and realignment, course redesign, etc.; GEMS Writing Center services extend to residence halls and library. • UTEP – new classroom management software tool to track student performance. New student orientation provides freshmen a 6-hour math refresher to help with placement testing. Freshmen needing developmental math can work through both courses in summer prior to fall enrollment. • UTPA – University 1301 learning framework course for at risk students. • UT Austin, UTB, UTEP, UTPA, UTPB, UTT – various learning centers, Texas Success Initiatives aimed at core subjects and at risk students, freshman seminars, etc. • UTPB – AVID program to assist students who may lack skills needed for college. • UTSA – tutoring in core curriculum and gateway courses; learning assistance and academic coaching; midterm intervention for at-risk students provided by freshman advising units.
Mentoring and Advising	Programs aimed at effectively and properly advising students through the course of their studies and also at providing mentoring and community building to link academic success to social opportunities	<ul style="list-style-type: none"> • First-year retention • Persistence • Graduation rates, completions • <i>Closing the Gaps</i>: diversity 	<ul style="list-style-type: none"> • UT Austin, UTD – First Year Interest Groups link students socially and academically. • UTB – STING (Students Together Involving Networking and Guiding) support group for new students; also ASPIRE, a support group for low-income, first-generation students. • UTB, UTSA – Late Intervention Program works one-on-one with fifth-year students to encourage them to complete their degree program. • UTD – GEMS Center coordinates peer-led team learning sections supporting 20+ STEM gateway courses; success coaching offered by appointment and in workshop formats. • UTPA – Sophomore Academic Mentoring Program. • All campuses – various advising centers, workshops, seminars, summer boot camps, Jump start programs, web-based tools, student mentor programs, faculty mentor programs, etc.

Strategy Categories	Programs/Initiatives	Success Issues Targeted	Selected University Specifics
Supplemental Instruction	Instructional learning strategies, national model that pairs students with other students for structured study sessions	<ul style="list-style-type: none"> • First-year retention • Persistence • Graduation rates, completions 	<ul style="list-style-type: none"> • All campuses – supplemental instruction programs on campus. • UTEP – peer leader programs in freshman seminar, chemistry, calculus, career center, etc.
Tuition and Financial Aid Programs	Guaranteed Tuition Programs, Flat Rate Tuition, Financial Aid “Promise” Programs, tuition rebates	<ul style="list-style-type: none"> • Time to degree • Persistence • Graduation rates, completions 	<ul style="list-style-type: none"> • All campuses – financial aid guarantees. • UTA, UT Austin, UTD – flat rate tuition. • UTB, UTT – tuition discounts for courses when facilities are underutilized. • UTD, UTEP – four-year tuition guarantee. • UTA, UTB, UTPB, UTT – tuition rebates. • UTB, UTEP, UTSA – financial advising programs teach students financial benefits of full-time attendance. • UTPA – 14-hour cap on designated tuition. • UTSA – Graduation Incentive Award targets fifth-year students.
New Academic Units	Programs targeted to freshmen: align critical services like advising, counseling, access to financial aid counselors, career planning	<ul style="list-style-type: none"> • Time to degree • First-year retention • Persistence • Graduation rates, completions 	<ul style="list-style-type: none"> • UTA, UTB – all freshmen assigned to new “University College”. • UT Austin – new School of Undergraduate Studies is initial home to all entering students who have not declared a major.
Academic Policies and Curriculum	Changes to academic policies, course scheduling and redesign of courses	<ul style="list-style-type: none"> • Time to degree • Persistence • Graduation rates, completions 	<ul style="list-style-type: none"> • All campuses – implementing six-drop rule. • UTB – strengthened Satisfactory Academic Progress requirements. • UTB, UTEP – redesign of math, reading and writing courses to limit time spent on developmental education, course scheduling to offer classes in the afternoon, evening, and on weekends. • UTPA – course scheduling initiative expands opportunities for nontraditional and part-time students.
High School and Community College to University Transition	Programs to assist students with the transition from secondary to postsecondary education.	<ul style="list-style-type: none"> • First-year retention • Persistence • Graduation Rates, completions 	<ul style="list-style-type: none"> • UTB – Summer Bridge program for high school/dual enrollment students, STEPS program to increase community college transfers in STEM fields. • UTB, UTPA, UTPB – concurrent enrollment programs to assist high school students enrolled in college courses. • UTD – Comet Connection linking community college transfer students to the university, Academic Bridge program. GEMS Center trains local community college districts to implement peer-led team learning in gateway STEM courses. • UTEP – enrollment and academic advising services provided to transfer students on site at the EPCC Valle Verde campus. Reverse transfer policy with EPCC to award AA or AS degrees to students who complete degree requirements at UTEP; ASSIST freshman-to-sophomore summer bridge program; Early College High School multiple programs for successful transition. • UTEP, UTPA – required first-year courses that address transition to college. • UTPA – 21 academic articulation agreements with community colleges. • UTPB – Summer Bridge and TexPrep for high school students (in partnership with UTSA); transfer academic advisor visits area community colleges to create degree plans; seamless student transfer agreements with 17 community colleges. • UTSA – Learning communities and freshman seminar program for first time in college students.

9. **U. T. System: Discussions on academic leadership matters related to student success**

DISCUSSION

Executive Vice Chancellor Prior will lead a presidential discussion and engagement with the Board of Regents on topics relating to student success.



TABLE OF CONTENTS FOR HEALTH AFFAIRS COMMITTEE

Committee Meeting: 11/10/2010

Board Meeting: 11/11/2010
Austin, Texas

Janiece Longoria, Chairman
James D. Dannenbaum
Wm. Eugene Powell
Robert L. Stillwell

Wednesday, November 10, 2010

	Committee Meeting	Board Meeting	Page
A. CONVENE MEETING OF THE HEALTH AFFAIRS COMMITTEE	<i>3:00 p.m.</i> <i>Chairman Longoria</i>		
1. U. T. System Board of Regents: Amendment to the Regents' <i>Rules and Regulations</i>, Rule 40601, Section 1.14(a), concerning proposed name change of The University of Texas Dental Branch at Houston to The University of Texas School of Dentistry at Houston	<i>3:00 p.m.</i> Action <i>President Kaiser</i> <i>Dr. Shine</i>	Action	220
2. U. T. Health Science Center – Houston: Authorization to ground lease approximately 2.9 acres of unimproved land located near the northwest corner of Cambridge and El Paseo Streets, Houston, Harris County, Texas, to KIPP, Inc., a Delaware nonprofit corporation doing business as Knowledge is Power Program, Inc. (KIPP), for the construction and operation of a KIPP charter school; and finding of public purpose	<i>3:05 p.m.</i> Action <i>President Kaiser</i> <i>Ms. Mayne</i>	Action	221
3. U. T. M. D. Anderson Cancer Center: Authorization to purchase approximately 0.363 of an acre of unimproved real property located at 7305 Fannin Street and 0 Dreyfus Street, Houston, Harris County, Texas, from Mr. Sadik M. Haddad, Ms. Elie P. Haddad, and Mr. George P. Haddad for a purchase price of \$1.6 million for future programmed campus expansion or other purposes related to the institution's mission	<i>3:15 p.m.</i> Action <i>President Mendelsohn</i> <i>Ms. Mayne</i>	Action	227

<u>Wednesday, November 10, 2010</u> (continued)		Committee Meeting	Board Meeting	Page
4.	U. T. M. D. Anderson Cancer Center: Authorization to purchase approximately 1.045 acres and improvements located at 1841 Old Spanish Trail, Houston, Harris County, Texas, from Mr. James W. and Ms. Sandra R. Hoskin for a purchase price not to exceed fair market value as determined by independent appraisals for near term use as surge space and thereafter for future programmed campus expansion or other purposes related to the institution's mission	3:20 p.m. Action <i>President Mendelsohn</i> <i>Ms. Mayne</i>	Action	229
5.	U. T. Medical Branch – Galveston: Authorization to lease approximately 45,411 rentable square feet in a commercial center at 2660 Gulf Freeway South, League City, Galveston County, Texas, from A-S 85 Victory Lakes Town Center, L.P., a Texas limited partnership, for use by the institution for medical clinics	3:25 p.m. Action <i>President Callender</i> <i>Ms. Mayne</i>	Action	232
6.	U. T. Medical Branch – Galveston: Approval regarding proposed revisions to Mission, Vision, and Values Statement	3:30 p.m. Action <i>President Callender</i>	Action	237
7.	U. T. Medical Branch – Galveston: Progress of recovery efforts following Hurricane Ike	3:35 p.m. Report/Discussion <i>President Callender</i>	Not on Agenda	244
8.	U. T. System: Update on investment in public health	3:40 p.m. Report/Discussion <i>Mr. Pat Francis,</i> <i>U. T. System</i> <i>Health Affairs</i> <i>Dr. Roberta B.</i> <i>Ness, U. T.</i> <i>Health Science</i> <i>Center – Houston</i>	Not on Agenda	251
9.	U. T. System: Quarterly report on health matters, including a follow-up on the U. T. System's Transformation in Medical Education (TIME) initiative and comments on the meaningful use of electronic health records	3:50 p.m. Report/Discussion <i>Dr. Shine</i>	Not on Agenda	263
B.	ADJOURN MEETING OF THE HEALTH AFFAIRS COMMITTEE	4:00 p.m.		

Thursday, November 11, 2010

C. CONVENE SPECIAL MEETING OF THE HEALTH AFFAIRS COMMITTEE

9:30 a.m.
Chairman Longoria

U. T. System: Discussion regarding health information technology

Report/Discussion
*Dr. Jack Smith,
U. T. Health
Science
Center –
Houston*

Not on
Agenda

264

D. ADJOURN SPECIAL MEETING OF THE HEALTH AFFAIRS COMMITTEE

11:00 a.m.

Wednesday, November 10, 2010

1. U. T. System Board of Regents: Amendment to the Regents' Rules and Regulations, Rule 40601, Section 1.14(a), concerning proposed name change of The University of Texas Dental Branch at Houston to The University of Texas School of Dentistry at Houston

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs, the Vice Chancellor and General Counsel, and President Kaiser that the Regents' *Rules and Regulations*, Rule 40601, Section 1.14(a), concerning institutions comprising The University of Texas System, be amended as set forth below in congressional style:

Sec. 1 Official Titles. The U. T. System is composed of the institutions and entities set forth below. To ensure uniformity and consistence of usage throughout the U. T. System, the institutions and their respective entities shall be listed in the following order and the following titles (short form of title follows) shall be used:

1.14 The University of Texas Health Science Center at Houston (U. T. Health Science Center – Houston)

(a) The University of Texas School of Dentistry ~~Dental Branch~~ at Houston
(U. T. School of Dentistry ~~Dental Branch~~ – Houston)

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BACKGROUND INFORMATION

This proposed amendment to the Regents' *Rules and Regulations*, Rule 40601 is to reflect the official name change of The University of Texas Dental Branch at Houston to The University of Texas School of Dentistry at Houston. The proposed change is consistent with standard naming conventions and is planned to more clearly identify the school.

Texas Education Code Section 65.11 authorizes the Board of Regents to provide for the "names of the institutions and entities in The University of Texas System in such a way as will achieve the maximum operating efficiency of such institutions and entities[.]"

2. **U. T. Health Science Center – Houston: Authorization to ground lease approximately 2.9 acres of unimproved land located near the northwest corner of Cambridge and El Paseo Streets, Houston, Harris County, Texas, to KIPP, Inc., a Delaware nonprofit corporation doing business as Knowledge is Power Program, Inc. (KIPP), for the construction and operation of a KIPP charter school; and finding of public purpose**

RECOMMENDATION

The Chancellor and Executive Vice Chancellor for Health Affairs concur in the recommendation of the Vice Chancellor and General Counsel and President Kaiser that authorization be granted by the U. T. System Board of Regents, on behalf of U. T. Health Science Center – Houston, to

- a. ground lease approximately 2.9 acres of unimproved land located near the northwest corner of Cambridge and El Paseo Streets, Houston, Harris County, Texas, to KIPP, Inc., a Delaware nonprofit corporation doing business as Knowledge is Power Program, Inc. (KIPP), for the construction and operation of a KIPP charter school;
- b. determine that the lease of the land to KIPP for the stated reason serves a public purpose appropriate to the function of U. T. Health Science Center – Houston, and that the consideration to the U. T. System and U. T. Health Science Center – Houston for the lease of the land is adequate; and
- c. authorize the Executive Director of Real Estate to execute the lease and all documents, instruments, or other agreements, and to take all further actions deemed necessary or advisable to carry out the purpose and intent of the foregoing recommendations.

BACKGROUND INFORMATION

Through the proposed ground lease to KIPP, U. T. Health Science Center – Houston desires to further its collaborative venture between the institution's Children's Learning Institute (CLI) and the nationally recognized Knowledge is Power Program. The collaboration is a natural progression of the existing relationship between CLI and KIPP that began in 2003 when KIPP enlisted CLI's assistance with the development of its early childhood curriculum.

The next step in this collaborative venture is the proposed establishment of a KIPP charter school on the approximately 2.9 acres ground lease site. The ground lease tract is part of an approximately 5.12-acre tract. The institution envisions a future facility housing a consolidated CLI program on the remainder of the tract. The property is south of the U. T. Research Park and immediately south of the institution's current student apartments.

CLI was formed in 2003 to build upon the success of U. T. Health Science Center – Houston's Center for Academic and Reading Skills and Center for Improving the Readiness of Children for Learning and Education. In that same year, Governor Perry named CLI the Texas State Center for Early Childhood Development with the objective of developing training for early childhood providers in Texas and enhancing preliteracy skills development for young children. In Fiscal Year 2010, CLI secured more than \$46 million in federal, State, and private grants and philanthropic support.

KIPP was founded in Houston in 1994 and has grown into a national network of open-enrollment, college preparatory schools with a track record of preparing students in underserved communities for success in college and beyond. There are currently 99 KIPP schools in 20 states and the District of Columbia serving over 26,000 students. KIPP's funding has come from some of the nation's foremost donors, including the Gates Foundation.

The proposed KIPP charter school would provide model classrooms for observation and assessment, clinical rooms to treat and serve students, and a practical testing and training ground for CLI's educational theories. The nonbinding letter of intent signed by the parties calls for KIPP and CLI to create a comprehensive memorandum of understanding outlining the principal terms and conditions of the collaborative relationship. It is anticipated that the memorandum of understanding will be signed contemporaneously with the ground lease.

The permitted use under the proposed lease is limited solely to the construction and operation of a KIPP open-enrollment charter school for Pre-K through fourth grade. The proposed lease includes an initial one year feasibility period to enable KIPP to assess the feasibility of funding and constructing the school. At KIPP's request and subject to the institution's approval, the feasibility period may be extended for one additional year.

The lease allows approximately two and two-third years for design and construction. The initial 20-year term begins on the completion of construction. KIPP has two 10-year contingent options to renew the lease, but KIPP is not permitted to exercise the extension option(s) if it is in default or if it has previously been in default and the lease has converted to a market rental lease.

In lieu of cash rent, the consideration for the proposed lease is a set of obligations on the part of KIPP that are designed to establish and further the collaborative venture. The obligations are summarized in the transaction summary that begins on Page 223.

If KIPP fails to meet its obligations under the lease, U. T. Health Science Center – Houston may terminate the lease, with or without requiring KIPP to demolish improvements, or may convert the lease to a fair market rental rate based on the then fair market value of the land. Additionally, should the institution at a future date end the programmatic collaboration, KIPP would be required to either elect to terminate the lease (and be paid the fair market value of the improvements based on their value for use as a private elementary school) or to commence paying to the institution fair market

rental based on the then fair market value of the land. If the lease converts to a market rental lease, rent will increase 3% per year, plus adjustments to then current market rents at the commencement of each extension term, if applicable.

Because of the unique programmatic connection, the lease prohibits KIPP from assigning or mortgaging its leasehold interest or granting a lien on the facility. Additionally, and as is standard practice with ground leases in which the Board of Regents is the lessor, the lease expressly stipulates that the lessor's fee interest in the land will not be subordinated.

The obligations of KIPP and the rights and remedies of U. T. Health Science Center – Houston under the lease are designed to comply with the requirements enunciated by the Attorney General of the State of Texas. In Opinion No. MW-373 (1981), the Texas Attorney General stated that, for the use of university property without cash rental payments to comply with the Texas Constitution, three requirements must be met: (1) the use of the property must serve a public purpose, appropriate to the function of the university; (2) adequate consideration must be received by the university; and (3) the university must maintain controls over the user's activity to ensure that the public purpose is achieved.

U. T. Health Science Center – Houston has concluded that a KIPP charter school in close proximity to CLI and the availability of the school for use as a lab school for CLI faculty and researchers would serve the public purpose of strengthening the quality of research and expanding the depth and breadth of knowledge being developed by CLI.

A transaction summary and map depicting the proposed ground lease site follow.

Transaction Summary

Institution:	U. T. Health Science Center – Houston
Type of Transaction:	Ground lease
Total Area:	Approximately 2.9 acres
Location:	Near the northwest corner of Cambridge and El Paseo Streets, Houston, Harris County, Texas (see map on Page 226)
Tenant:	KIPP, Inc., a Delaware nonprofit corporation doing business as Knowledge is Power Program, Inc. (KIPP)
Lease Consideration:	In lieu of payment of cash rental, the lease will obligate KIPP to construct and continuously operate and maintain on the leased land and at KIPP's sole cost and expense a KIPP

open-enrollment charter school and to provide opportunities for collaboration with CLI faculty and researchers through the provision of, among other things:

- a venue in the facility for model classrooms that will serve as observatories for teachers and for assessment and clinical rooms to treat and serve students, all of which will be shared with the staff and faculty of CLI at no charge to the institution or CLI;
- observation classrooms for use by CLI faculty;
- assessment and clinical rooms for the institution's clinicians in training to treat and serve students;
- shared meeting space for CLI and KIPP teams to collaborate on research initiatives and teacher/leader professional development components; and
- opportunities for CLI to design innovative, educational intervention classroom studies in collaboration with KIPP

Appraised Value:

Appraisal from The Gerald A. Teel Company in March 2007 valued the entire 5.1156 acres at \$6,685,050, or \$30 per square foot; the proportional value of the 2.9 acres ground lease tract calculated at \$30 per square foot is \$3.8 million; because the proposed structure of the lease does not call for cash rental, the appraisal has not been updated

Term:

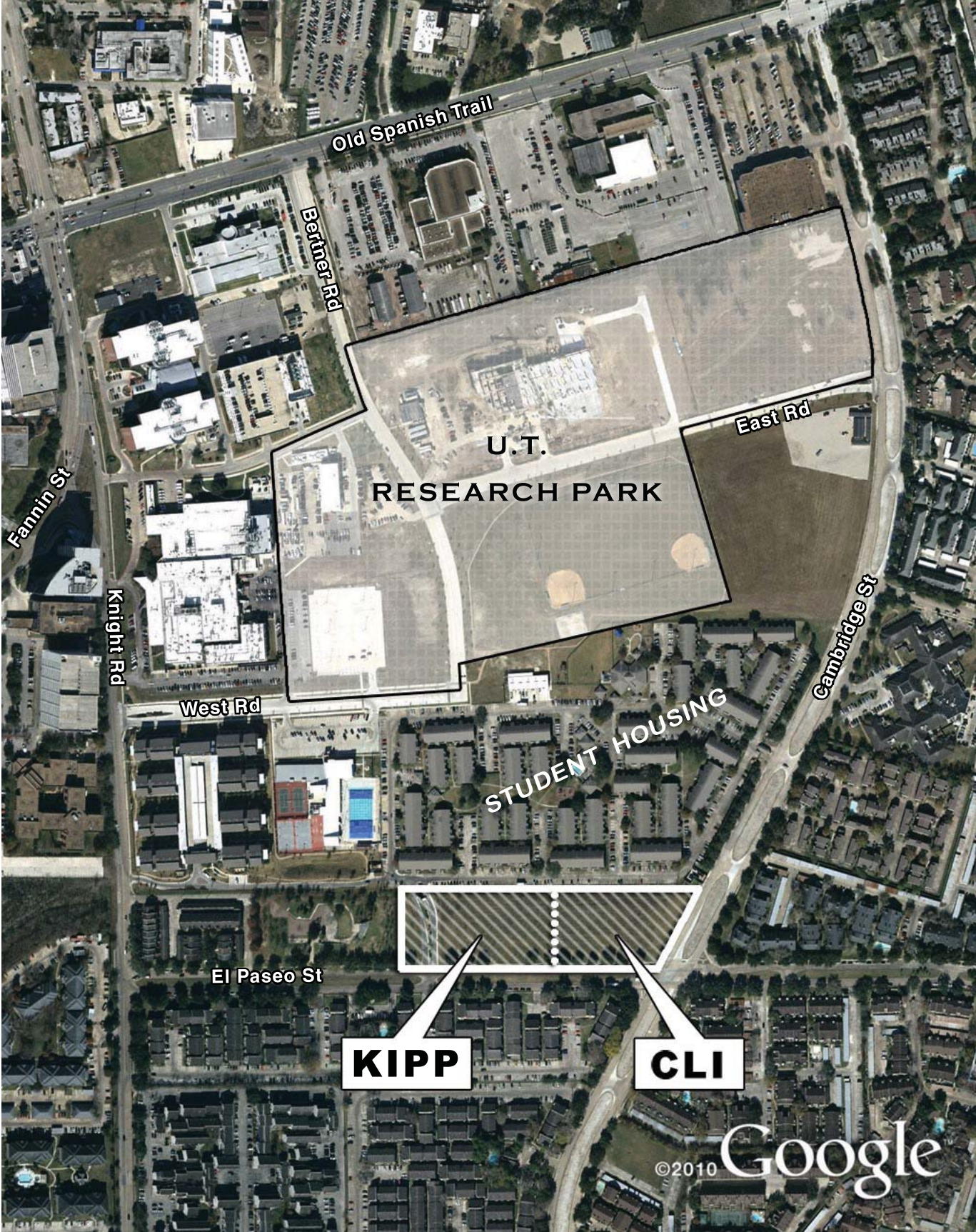
Twenty years following completion of construction of the improvements; the lease permits an approximately 220-day period for submission, review, and approval of construction plans and commencement of construction; construction must be completed no later than 24 months following commencement of construction, subject to delays for force majeure not to exceed 90 days in the aggregate; the lease provides for two 10-year contingent extension options, but KIPP is not permitted to exercise an option if KIPP is in default or if KIPP has previously defaulted under the lease and the lessor has exercised its right to require KIPP to pay market rental; the lease also includes an initial one year feasibility period to permit KIPP to assess the feasibility of funding and construction, with the possibility of a second year feasibility period at KIPP's request and subject to the institution's approval in its sole discretion

Permitted Use:

Construction and operation of a KIPP open-enrollment charter school for Pre-K through fourth grade that will serve as a lab school for collaborative work by CLI researchers and KIPP educators

Lessor's Remedies: If KIPP defaults on its obligations that constitute consideration for the lease in lieu of cash rental, the lessor may either terminate the lease or immediately modify the lease to require KIPP to pay market rental of the land, with 3% annual increases; if the institution elects to terminate the lease, it may require KIPP to demolish the improvements at KIPP's sole cost, or it may purchase the improvements from KIPP at market value based on their use as a private elementary school reduced by the cost of renovating the improvements for use by U. T. Health Science Center – Houston

End of Collaboration: If U. T. Health Science Center – Houston at a future date ends the collaborative work between CLI and KIPP, KIPP is put to the election of either terminating the lease or commencing to pay market rental, with 3% annual increases, and with adjustment based on a new appraisal of the land at the time of the exercise of any extension option; if KIPP elects to terminate the lease, U. T. Health Science Center – Houston must purchase the improvements at the then fair market value of the improvements based on their use as a private elementary school



3. **U. T. M. D. Anderson Cancer Center: Authorization to purchase approximately 0.363 of an acre of unimproved real property located at 7305 Fannin Street and 0 Dreyfus Street, Houston, Harris County, Texas, from Mr. Sadik M. Haddad, Ms. Elie P. Haddad, and Mr. George P. Haddad for a purchase price of \$1.6 million for future programmed campus expansion or other purposes related to the institution's mission**

RECOMMENDATION

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

- a. purchase approximately 0.363 of an acre of unimproved real property located at 7305 Fannin Street and 0 Dreyfus Street, Houston, Harris County, Texas, from Mr. Sadik M. Haddad, Ms. Elie P. Haddad, and Mr. George P. Haddad for a purchase price of \$1.6 million, plus all due diligence expenses, closing costs, and other costs and expenses to complete the acquisition of the property as deemed necessary or advisable by the Executive Director of Real Estate, for future programmed development of campus expansion or other purposes related to the institution's mission; and
- b. authorize the Executive Director of Real Estate to execute all documents, instruments, and other agreements, and to take all further actions deemed necessary or advisable to carry out the purpose and intent of the foregoing recommendation.

BACKGROUND INFORMATION

The subject property consists of two contiguous tracts totaling 0.363 acres of unimproved real property located at the southwest corner of Fannin Street and Dreyfus Street within U. T. M. D. Anderson Cancer Center's Mid-Campus. The Mid-Campus area is located between the institution's academic and clinical core facilities in the Texas Medical Center and its research facilities in the South Campus, and consists of a mix of vacant lots, older houses, small multifamily and commercial buildings, and newer, large-scale facilities associated with or supporting the Texas Medical Center. The area has long been in transition, as the expansion of the nearby Texas Medical Center has changed the type and scale of use that is economically viable.

U. T. M. D. Anderson Cancer Center owns land on the block adjacent to the subject property, and has for several years attempted to acquire the subject property. However, prior attempts to come to agreement with the owners failed. The purchase price of \$1,600,000 was negotiated with the owners. Ownership by the institution of the subject

property increases the probability that U. T. M. D. Anderson Cancer Center can acquire adjacent lots with obsolete buildings and in time assemble a development site. The property will be held for future programmed development of campus expansion or other purposes related to the institution's mission.

Institutional funds from operations will be used to fund the purchase, the terms and conditions of which are reflected in the summary of the transaction below.

Transaction Summary

Institution:	U. T. M. D. Anderson Cancer Center
Type of Transaction:	Purchase
Total Area:	Approximately 0.363 of an acre
Improvements:	None
Location:	7305 Fannin Street and 0 Dreyfus Street, Houston, Harris County, Texas; see map on Page 231
Seller:	Mr. Sadik M. Haddad, Ms. Elie P. Haddad, and Mr. George P. Haddad
Purchase Price:	\$1,600,000 (\$101.05 per square foot)
Appraised Value:	\$1,700,000 (\$107.37 per square foot) (Gerald A. Teel, MAI, CRE, The Gerald A. Teel Company, Inc., June 7, 2010); \$1,350,000 (\$85.26 per square foot) (Stephen DuPlantis, MAI, CB Richard Ellis, Inc., October 4, 2010)
Source of Funds:	Institutional funds from operations
Intended Use:	Future programmed development of campus expansion or other purposes related to the institution's mission

4. **U. T. M. D. Anderson Cancer Center: Authorization to purchase approximately 1.045 acres and improvements located at 1841 Old Spanish Trail, Houston, Harris County, Texas, from Mr. James W. and Ms. Sandra R. Hoskin for a purchase price not to exceed fair market value as determined by independent appraisals for near term use as surge space and thereafter for future programmed campus expansion or other purposes related to the institution's mission**

RECOMMENDATION

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

- a. purchase approximately 1.045 acres and improvements located at 1841 Old Spanish Trail, Houston, Harris County, Texas, from Mr. James W. and Ms. Sandra R. Hoskin for a purchase price not to exceed fair market value as determined by independent appraisals, plus all due diligence expenses, closing costs, and other costs and expenses to complete the acquisition of the property as deemed necessary or advisable by the Executive Director of Real Estate, for near term use as surge space and thereafter for future programmed development of campus expansion or other purposes related to the institution's mission; and
- b. authorize the Executive Director of Real Estate to execute all documents, instruments, and other agreements, and to take all further actions deemed necessary or advisable to carry out the purpose and intent of the foregoing recommendation.

BACKGROUND INFORMATION

The subject property consists of approximately 1.045 acres improved with a two-story concrete office/warehouse building with approximately 30,000 square feet of office, showroom, and shell space and related surface parking. The facility is currently occupied by the owner's medical goods distribution business. It is located near the northwest corner of Old Spanish Trail and the recently extended Bertner Road within U. T. M. D. Anderson Cancer Center's Mid-Campus. The institution owns property on both sides of the subject property. The assemblage would provide a building site of almost three acres at the corner of Old Spanish Trail and Bertner Road, and could, by further acquisition, potentially be expanded to about five acres.

The Mid-Campus area, located between the institution's academic and clinical core facilities in the Texas Medical Center and its research facilities in the South Campus, consists of a mix of vacant lots, older houses, small multifamily and commercial

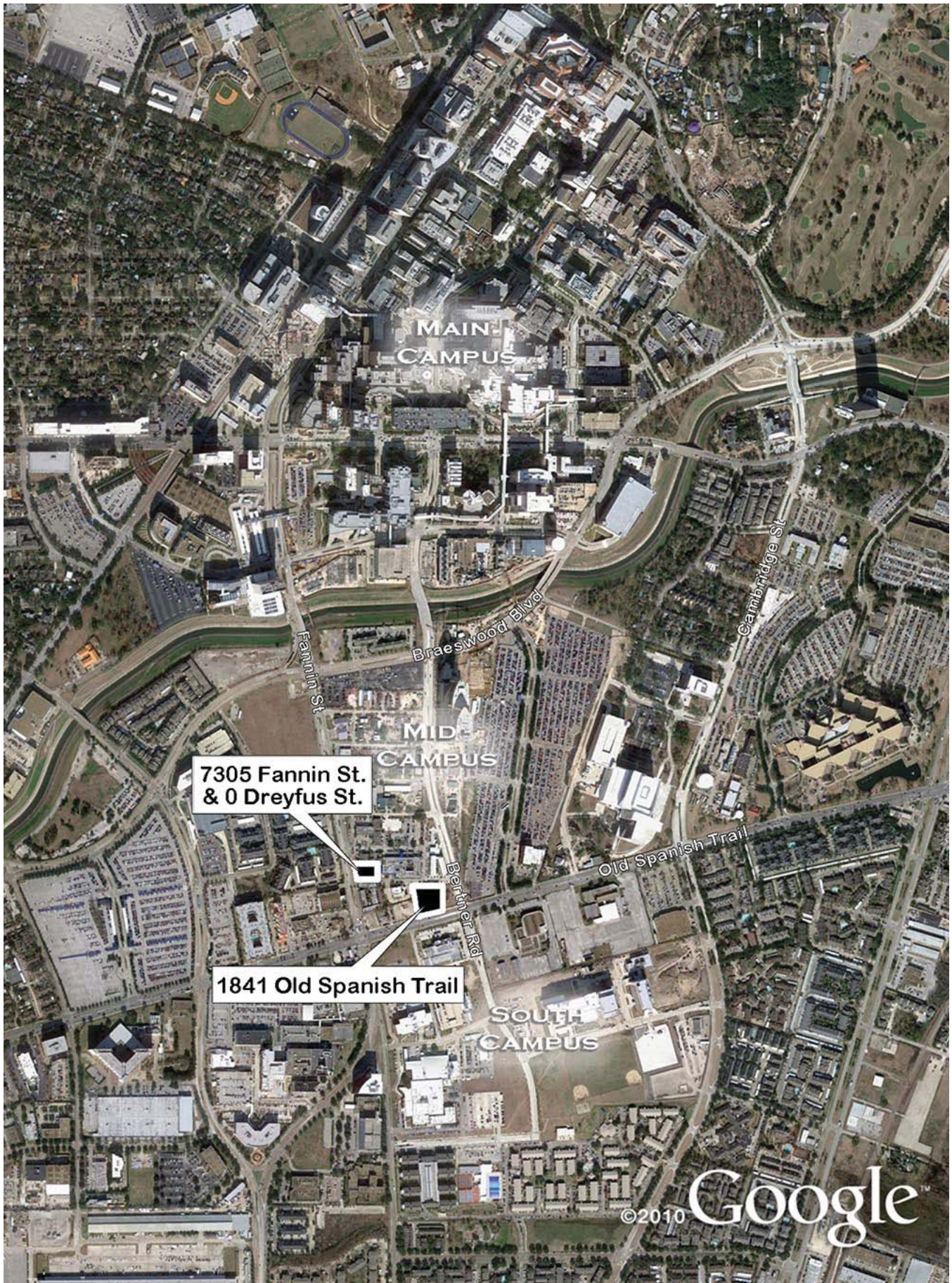
buildings, and newer, large-scale facilities associated with or supporting the Texas Medical Center. The area has long been in transition, as the expansion of the nearby Texas Medical Center has changed the type and scale of use that is economically viable.

The subject property lies within the acquisition zone defined in the institution's Master Plan approved by the Board on May 11, 2000, and U. T. M. D. Anderson Cancer Center has for many years attempted to acquire the subject property. However, prior attempts to come to agreement with the owners failed. The property will be used in the near term as surge space, and thereafter for future programmed development of campus expansion or other purposes related to the institution's mission.

Institutional funds from operations will be used to fund the purchase, the terms and conditions of which are reflected in the summary of the transaction below.

Transaction Summary

Institution:	U. T. M. D. Anderson Cancer Center
Type of Transaction:	Purchase
Total Area:	Approximately 1.045 acres
Improvements:	Approximately 30,000-square foot two-story concrete office/warehouse building with 59 paved parking spaces; the facility contains roughly equal portions of office, showroom, and shell space.
Location:	1841 Old Spanish Trail, Houston, Harris County, Texas; see map on Page 231
Seller:	Mr. James W. and Ms. Sandra R. Hoskin
Purchase Price:	Being negotiated; not to exceed fair market value as determined by independent appraisals
Appraised Value:	\$5,460,000 (\$119.95 per land square foot) (Edward B. Schulz, MAI, SRA, Edward B. Schulz & Company, Inc., June 14, 2010); \$5,400,000 (\$118.63 per square foot) (Stephen DuPlantis, MAI, CB Richard Ellis, Inc., September 22, 2010)
Source of Funds:	Institutional funds from operations
Intended Use:	Near term use as surge space and thereafter for future programmed development of campus expansion or other purposes related to the institution's mission



5. **U. T. Medical Branch – Galveston: Authorization to lease approximately 45,411 rentable square feet in a commercial center at 2660 Gulf Freeway South, League City, Galveston County, Texas, from A-S 85 Victory Lakes Town Center, L.P., a Texas limited partnership, for use by the institution for medical clinics**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs, the Vice Chancellor and General Counsel, and President Callender that authorization be granted by the U. T. System Board of Regents, on behalf of U. T. Medical Branch – Galveston, to

- a. lease approximately 45,411 rentable square feet in a commercial center at 2660 Gulf Freeway South, League City, Galveston County, Texas, from A-S 85 Victory Lakes Town Center, L.P., a Texas limited partnership, for use by the institution for medical clinics; and
- b. authorize the President of U. T. Medical Branch – Galveston to execute the lease and all related documents, instruments, and other agreements on behalf of the institution, subject to approval of all such documents by the U. T. System Real Estate Office, and to take all further actions deemed necessary or advisable to carry out the purpose and intent of the foregoing recommendation.

BACKGROUND INFORMATION

U. T. Medical Branch – Galveston is seeking to develop a more strategic, long-term and cost effective approach to its mainland clinical operations. To that end, the Medical Branch is proposing to consolidate several existing clinics in one central facility in League City, Texas, and to expand its clinical programs by opening new clinics within the facility. The Medical Branch has determined that it is critical to have these clinics operational as soon as possible.

As a result of damage resulting from Hurricane Ike to various then-existing clinics, the institution relocated the pain and neurology clinic, the geriatric clinic, and the Harborside Medical Group clinics to facilities in different locations in and around League City. The urgency of relocating the clinics after the hurricane resulted in locations for the clinics in spaces that often did not adequately meet the needs and requirements of the clinical operations and the patients. Among the inadequacies are clinic spaces in which it is difficult to accommodate wheelchair patients and examination rooms of insufficient quantity, which results in long wait times for patients and lost opportunities to see more patients.

In addition, the business plan for U. T. Medical Branch – Galveston includes the opening of an organ transplant clinic to expand the current transplant program to the mainland, allowing the institution to serve more patients; the relocation and expansion of the Stark Diabetes Center; and the creation of an aviation medicine clinic to support a long-standing relationship with NASA. The institution has determined that a relocated and expanded Stark Diabetes Center is critical to its strategic plan to develop chronic disease management programs, a hallmark of health reform and cost effective care. In addition, this new location for the Stark Diabetes Center will permit the consolidation of medical specialties in endocrinology, cardiology, nephrology, pulmonary, ophthalmology, allergy, and rheumatology to support the diabetes program. The center will also benefit from proximity to the institution's recently opened Victory Lakes Specialty Care Center for laboratory and radiology procedures.

The aviation medicine clinic is a new program that has the potential for supporting commercial space flight health assessments. It will also focus on long-term management of astronaut health following extended periods in space, continuing the rich collaborative history between the Medical Branch and NASA.

In consolidating the existing clinics, the Medical Branch will be able to design and construct optimal up-to-date space of sufficient size and to take advantage of the efficiencies of having the clinics under one roof. As such, the institution will be able to deliver state-of-the-art preventive, diagnostic, and treatment services to patients.

The Medical Branch evaluated its Victory Lakes campus that is nearby as the location on which it could construct a facility to house the clinics. Two factors, however, make this option less viable than the proposed lease: (1) the time required to construct the clinic facility at the Victory Lakes campus is estimated to be 18 to 24 months, in contrast to the estimated six to eight months to build out the leased facility; and (2) the master plan for the Victory Lakes campus does not contemplate a stand-alone 45,000-square foot building.

The institution engaged a broker to locate suitable lease sites available for the clinics. This subject property was chosen because it is the only facility in the area that has sufficient space to accommodate the consolidation of the existing clinics and the development of the Stark Diabetes Center and the aviation medicine clinic, it is approximately five blocks from the Victory Lakes Specialty Care Center, and the landlord can construct and complete the improvements within six to eight months.

The proposed lease is for a term of 10 years, plus two five-year renewal options at fair market rental. U. T. Medical Branch – Galveston will have the ongoing option to terminate the lease after the end of the 60th month on payment of unamortized tenant improvements and commissions. The Medical Branch will also have a right of first refusal to purchase the leased premises at any time during the lease term.

The area of the leased premises is 45,411 rentable square feet (rsf). The annual base rent for the first year is \$544,932; in the third year, the annual base rent increases to \$681,165; in the ninth year the annual base rent increases to \$749,281; the average

annual rent during the 10-year period is \$667,541, or \$14.70 per rsf. The 2011 estimated annual operating expenses payable by the institution under the lease are \$249,760 or \$5.50 per rsf.

The landlord is contributing \$1,125,000 toward construction of the tenant improvements. U. T. Medical Branch is contributing \$5,676,375 towards construction of fixed tenant improvements within the leased premises. These improvements are necessary to convert the shell space to clinic space. The Medical Branch is also contributing \$2,250,000 toward furniture, fixtures, and equipment, the majority of which the institution will be able to remove on termination of the lease.

Details of this lease, which will be funded with hospital income, are summarized in the transaction summary below.

Transaction Summary

Institution:	U. T. Medical Branch – Galveston
Type of Transaction:	Lease of space in a commercial center
Lessor:	A-S 85 Victory Lakes Town Center, L.P., a Texas limited partnership
Location:	2660 Gulf Freeway South, League City, Galveston County, Texas; see map on Page 236
Total Rentable Area:	Approximately 45,411 rentable square feet
Commencement Date:	Anticipated to be June 1, 2011
Lease Term:	Ten-year initial term with two five-year options to renew
Annual Rent:	The annual base rent for the first year is \$544,932; in the third year, the annual base rent increases to \$681,165; in the ninth year the annual base rent increases to \$749,281; the average annual rent during the 10-year period is \$667,541, or \$14.70 per rsf; rent during either five-year renewal term will be at market rates
Operating Expenses:	\$249,760 or \$5.50 per rsf based on 2011 estimates
Tenant Improvements:	The landlord is contributing \$1,125,000 towards construction of the tenant improvements; the Medical Branch is contributing \$5,676,375 towards construction of fixed tenant improvements within the leased premises and \$2,250,000 towards furniture, fixtures, and equipment

Termination Option: U. T. Medical Branch has an ongoing right to terminate the lease beginning at the end of the 60th month; termination requires 12 months notice and payment to the landlord of unamortized transaction costs

Purchase Option: The institution will have the option to purchase the leased premises and associated common areas until such time as the owner puts in place permanent financing

Right of First Refusal: U. T. Medical Branch will have a right of first refusal to purchase the leased premises and associated common areas if the owner receives a bona fide offer from a third party to purchase the leased premises

Intended Use: Operation of a medical clinic, medical laboratory, and medical administrative offices

Source of Funds: Hospital income

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UTMB
VICTORY LAKES
CAMPUS

Leased Premises

VICTORY LAKES
TOWN CENTER

Interstate 45

W Walker St

FM 646

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6. **U. T. Medical Branch – Galveston: Approval regarding proposed revisions to Mission, Vision, and Values Statement**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President Callender that proposed changes to the U. T. Medical Branch –Galveston (UTMB) Mission, Vision, and Values Statement as set forth below be approved by the U. T. System Board of Regents and forwarded to the Texas Higher Education Coordinating Board for approval. Changes to the mission statement were last approved by the U. T. System Board of Regents on August 12, 1999.

Proposed Revised Mission, Vision, and Values Statement

Preamble

The University of Texas Medical Branch at Galveston's mission is to improve health for the people of Texas and around the world. UTMB is an inclusive, collaborative community of forward-thinking educators, scientists, clinicians, staff, and students dedicated to a single purpose - improving health. We prepare future health professionals for practice, public service, and lifelong learning through innovative curricula and individualized educational experiences. We advance understanding and treatment of illness and injury through groundbreaking research, in the lab and at the bedside, including the commercialization of such research, as appropriate. We deliver skilled and patient-centered health care, and we continue to shape the future of health sciences education, research, and clinical care by always asking, "What's next?"

Mission

UTMB's mission is to improve health for the people of Texas and around the world.

Vision

We work together to work wonders as we define the future of health care and strive to be the best in all of our endeavors.

Values

Our values define our culture and guide our every interaction.

- We demonstrate **compassion** for all.
- We always act with **integrity**.
- We show **respect** to everyone we meet.
- We embrace **diversity** to best serve a global community.
- We promote excellence and innovation through **lifelong learning**.

Current Mission Statement

The mission of The University of Texas Medical Branch at Galveston is to provide scholarly teaching, innovative scientific investigation, and state-of-the-art patient care, in a learning environment to better the health of society.

UTMB's education programs enable the State's talented individuals to become outstanding practitioners, teachers, and investigators in the health care sciences, thereby meeting the needs of the people of Texas and its national and international neighbors. UTMB's comprehensive primary, specialty, and subspecialty care clinical programs support the educational mission and are committed to the health and well-being of all Texans through the delivery of state-of-the-art preventive, diagnostic and treatment services.

UTMB's research programs are committed to the discovery of new, innovative biomedical and health services knowledge leading to increasingly effective and accessible health care for the citizens of Texas.

Approved by the U. T. System Board of Regents on August 12, 1999.

BACKGROUND INFORMATION

Section 61.051 of the *Texas Education Code* requires the Texas Higher Education Coordinating Board to periodically review the role and mission statements of public institutions of higher education. Accordingly, the Mission Statement was recently reviewed by U. T. Medical Branch – Galveston faculty, administration, and students to ensure its accuracy and applicability to an ever-changing and growing institution. Upon review, the consensus was to restate the mission, vision, and values of U. T. Medical Branch – Galveston to align with the institution's new brand identity (utmb Health) and tagline (working together to work wonders), as part of overall efforts to communicate the institution's ongoing purpose and contributions to the people of Texas.

Mission, Vision, Values

The Heart of UTMB

David L. Callender, M.D.
President, U. T. Medical Branch - Galveston

Presented to: U. T. System Board of Regents
November 2010

Preamble

- The University of Texas Medical Branch at Galveston’s mission is to improve health for the people of Texas and around the world.
- UTMB is an inclusive, collaborative community of forward-thinking educators, scientists, clinicians, staff, and students dedicated to a single purpose – improving health.
- We prepare future health professionals for practice, public service, and lifelong learning through innovative curricula and individualized educational experiences.
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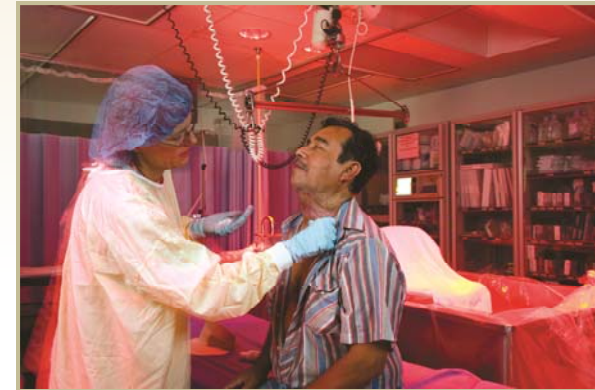
Our Mission

UTMB's mission is to improve health for the people of Texas and around the world.



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7. **U. T. Medical Branch – Galveston: Progress of recovery efforts following Hurricane Ike**

REPORT

President David Callender will report on the progress of repair and mitigation efforts at U. T. Medical Branch – Galveston following Hurricane Ike, which made landfall near Galveston, Texas, on September 13, 2008. Dr. Callender will review in detail the major new addition of the Clinical Services Wing to the existing John Sealy Hospital building complex, using the PowerPoint presentation that follows on Pages 245 - 250.

Progress of Hurricane Ike Recovery Efforts

Report regarding the Clinical Services Wing at The University of Texas Medical Branch at Galveston

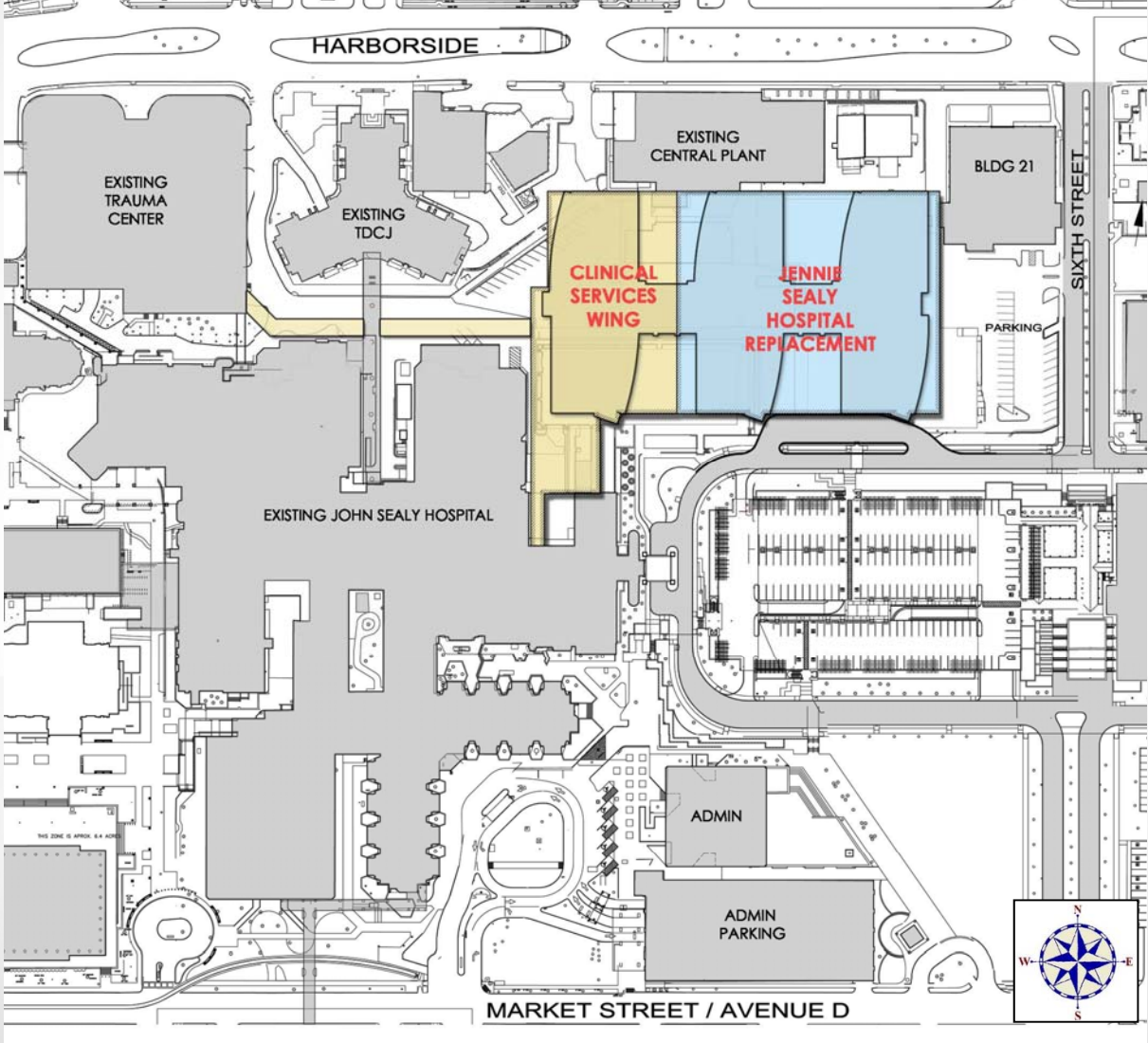
David L. Callender, M.D., M.B.A., F.A.C.S.

President, The University of Texas Medical Branch at Galveston

U. T. System Board of Regents' Meeting
Health Affairs Committee
November 2010



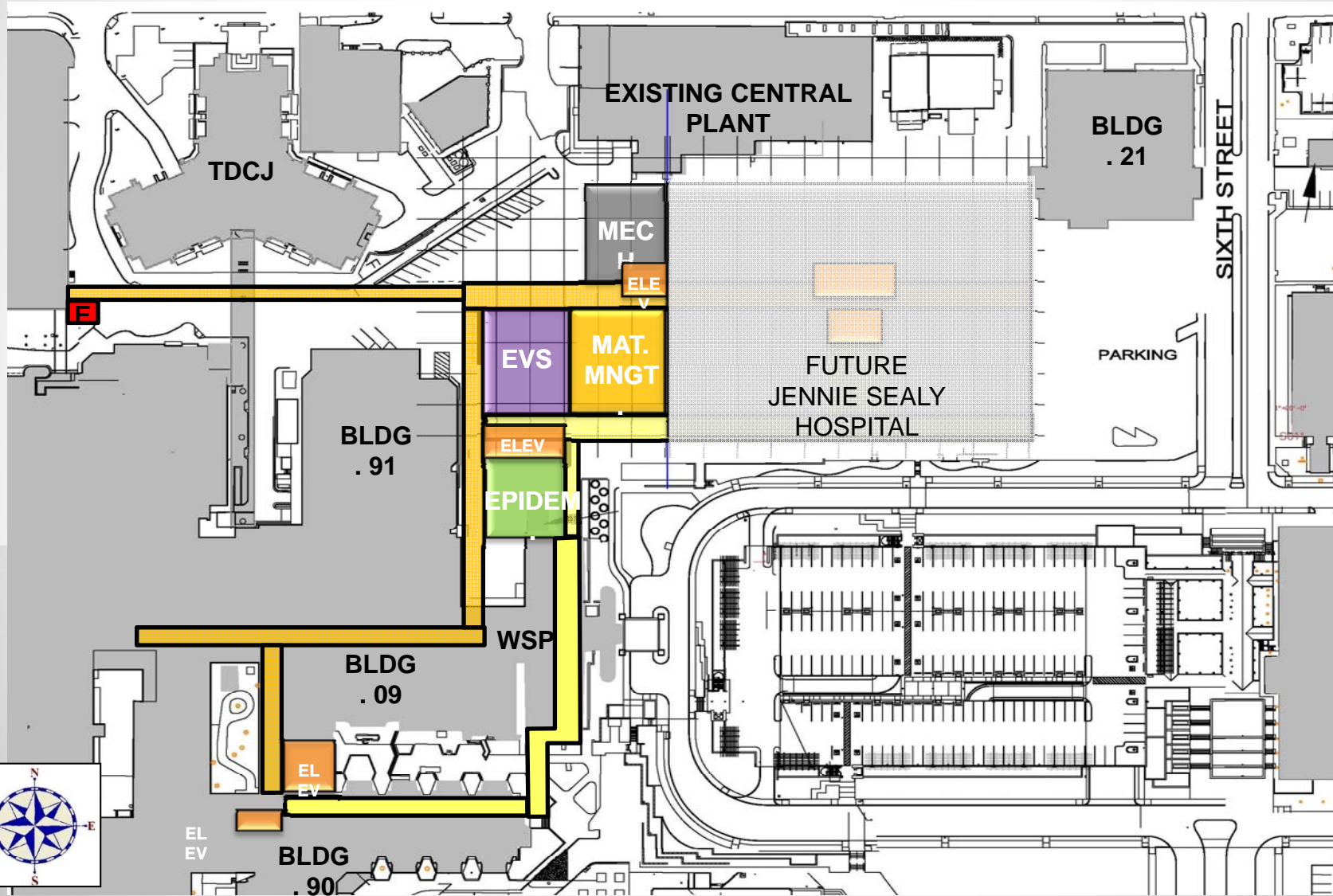
Site Plan



246



Clinical Services Wing: 2nd Floor Plan



247



Critical Departments within the Clinical Services Wing

Level 1

- Docks

Levels 2-3

- Materials Management
- Environmental Services
- Epidemiology Offices

Level 4

- Central Maintenance
- Sterile Processing Dept.
- Blood Bank

Level 5

- Interstitial / Mechanical

Level 6

- Respiratory Therapy
- Clinical Equipment Services
- Kitchen and Staff Dining

Level 7

- Pharmacy
- Offices



Clinical Services Wing

View from Southeast



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

Clinical Services Wing

View from Southeast with Vertical Expansion



250



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

8. U. T. System: Update on investment in public health

REPORT

Mr. Patrick Francis, Assistant Vice Chancellor for Health Affairs, and Roberta B. Ness, M.D., M.P.H., Dean of U. T. Health Science Center – Houston's School of Public Health, will provide an update on activities and results of the U. T. System's Public Health Initiative, using the materials following on Pages 252 - 262 as background information.

HIGHLIGHTS OF U. T. SYSTEM PUBLIC HEALTH INITIATIVE

In response to the 2005 report of the U. T. System Task Force on the Future of Public Health in Texas, the Board of Regents of The University of Texas System authorized the use of \$10 million for a Public Health Initiative. The report recommended a number of ways to strengthen and expand public health efforts in Texas. The \$10 million was allocated on a competitive basis across U. T. institutions.

Since that time, the U. T. Health Science Center – Houston School of Public Health recruited Roberta B. Ness, M.D., M.P.H., formerly Chair of Epidemiology at the University of Pittsburgh and a member of the National Academies of Science, as its new dean (November, 2008). She was attracted, in part, by the potential of the regional campuses and under her direction, the School has increased student enrollment by 41% since Fall 2008, increased extramural funding by 81% since fiscal year 2008, and greatly increased offerings of Interactive Television (ITV) and online courses. Results of the overall investment of Public Health Initiative Funds include:

- The number of courses offered via ITV increased 200%, from 34 courses in 2005 to 102 courses in 2009. Students enrolled in these courses also increased from 437 to 1,901 in the same time period.
- There has been an even more dramatic increase in online courses, which increased from five in 2006 to 43 in 2009 (760%). Enrollment in these courses increased 624%, from 157 to 1,133 during the same period.
- The availability of these courses has resulted in expanded program offerings:
 - All five regional campuses now offer a doctoral level program. Previously only master's level programs were available at the regional campuses.
 - Faculty with specific expertise at any campus can now provide that expertise in courses across all campuses.
 - Classes for undergraduate certificate programs are available online and graduate certificate coursework can be taken via ITV at any campus or online. Total enrollment in certificate programs has doubled over the last five years. Specialized graduate certificate programs in Maternal & Child Health, Health Disparities, and Public Health Informatics (with School of Biomedical Informatics) have now been developed.
- Eleven graduate-level dual degree programs have been added since 2005, including M.D., M.B.A., and masters in nursing, public affairs, and social work.
- As a result of this course expansion and recruiting efforts, total enrollment in the School of Public Health has increased 46%, from 974 in Fall 2005 to 1,413 in Fall

2010. The largest incoming class in the history of the School of Public Health matriculated in Fall 2010, with >480 new degree seeking students attending orientation.

- Overall research awards attributable to the School of Public Health declined each year from 2005 to 2008, but rebounded in 2009 and grew to their highest level ever in 2010. Awards were \$41.6 million in 2008, \$55.3 million in 2009, and \$65.5 million in 2010 (estimated). This represents a 57% increase since 2008 and a 22% increase from 2005. In some instances, collaborations facilitated by this Initiative have also resulted in increased research awards attributed only to the collaborating institutions and are not included in this data for the School of Public Health.

Update on the UT System Public Health Initiative

In response to the 2005 “The Future of Public Health in Texas” report, the Board of Regents of The University of Texas System authorized the use of \$10 million for a Public Health Initiative. The report recommended a number of ways to strengthen and expand public health efforts in Texas. The \$10 million was allocated on a competitive basis across U. T. institutions to: support joint recruitment of faculty; enhance the infrastructure for distance learning and public health initiatives; renovate facilities to enhance coordinated programs between campuses; and purchase computers and other analytical tools to support the public health enterprise.

Some of the conclusions of the 2005 report were:

- The overall state of public health in Texas is poor in comparison to national averages for many parameters;
- There is a shortage of well-trained public health professionals;
- Schools of Public Health should collaborate with academic campuses to significantly increase opportunities for public health education;
- To reach their potential, the regional campuses of the U. T. Health Science Center School of Public Health must be integrated with other academic and health science campuses in education, research, and public service; and
- Significant economic benefits will be derived from proper funding of public health in Texas, including decreased medical costs, a healthier and thus more productive workforce, and increased federal public health research funding.

While it is too early to see an impact on health statistics, this update reviews the impact of the Public Health Initiative on the academic, research, and public service efforts of U. T. institutions.

The U. T. Health Science Center - Houston (UTHSCH) is one of three schools of public health in Texas offering masters and doctoral degrees. The other two schools are at Texas A&M Health Science Center and the University of North Texas Health Science Center.¹

The main campus of the UTHSCH School of Public Health (UTSPH) is in Houston and admitted its first class in the fall of 1969. In 2007, Austin became the fifth regional campus of the School of Public Health, joining San Antonio (1979), El Paso (1992), Dallas (1998) and Brownsville (2000). In 2004 the regional campuses offered only the Masters of Public Health (M.P.H.) but all now have the capacity to offer selective doctoral degrees.²

¹ U. T. El Paso and U. T. Medical Branch – Galveston offer masters in public health but do not have a separate School of Public Health.

² U. T. Austin and U. T. Brownsville both offer a Ph.D. in Epidemiology and a Dr.PH. in Health Promotion/Health Education; U. T. Dallas offers a Ph.D. in Epidemiology; U. T. El Paso offers a Dr.PH. in Health Promotion/Health Education; and U. T. San Antonio offers a Dr.PH. in Community Health Practice and a Dr.PH. in Environmental and Occupational Health.

This report is an update on the efforts supported by the Initiative. Tables included in this report focus on the entire School of Public Health. Because there were overlapping goals for the awards, it is difficult to attribute some outcomes, such as growth in enrollment and research, to a single project. Additionally, many of the awards resulted in growth, particularly in research funding, at collaborating institutions. These increases are not captured in the tables below.

Distributive Learning System

The first and largest award (\$2.8 million) was for a “Distributive Learning System” to upgrade and increase instructional television classrooms, improve electronic connectivity between Houston and regional campuses, expand ability to offer online classes, and support collaborative research. The main campus used the award to deploy technology across all six campuses to:

- Provide interactive television (ITV) classrooms at every campus and expand on the number of ITV classes shared between campuses;
- Improve the reliability of multisite classes and videoconferences and increase the number of concurrent sessions between campuses;
- Improve the quality of video data transmission between campuses to teach courses that require high resolution images; and
- Expand access to asynchronous, online courses.

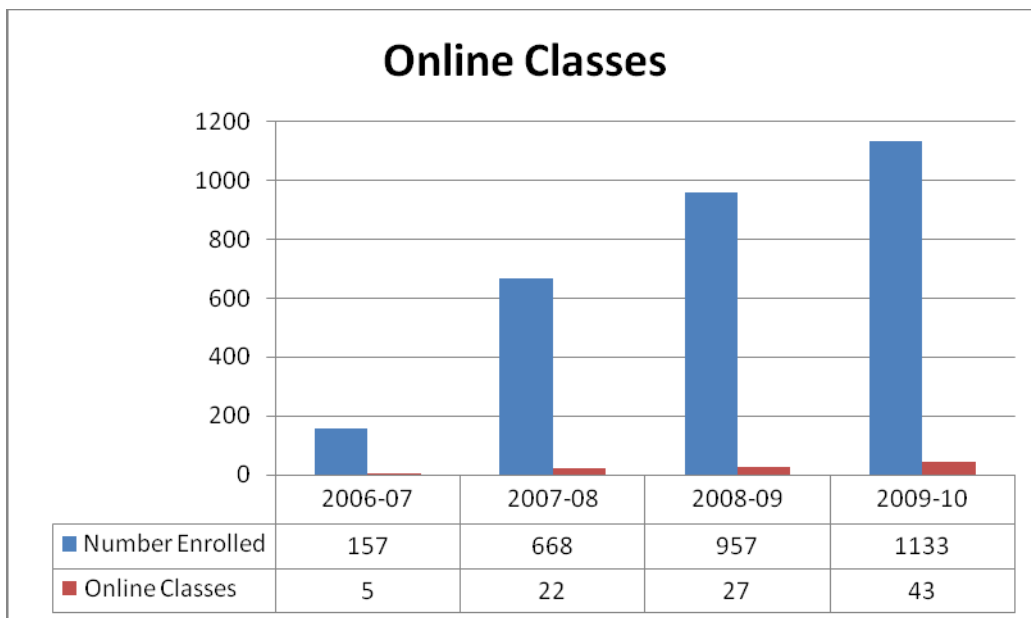
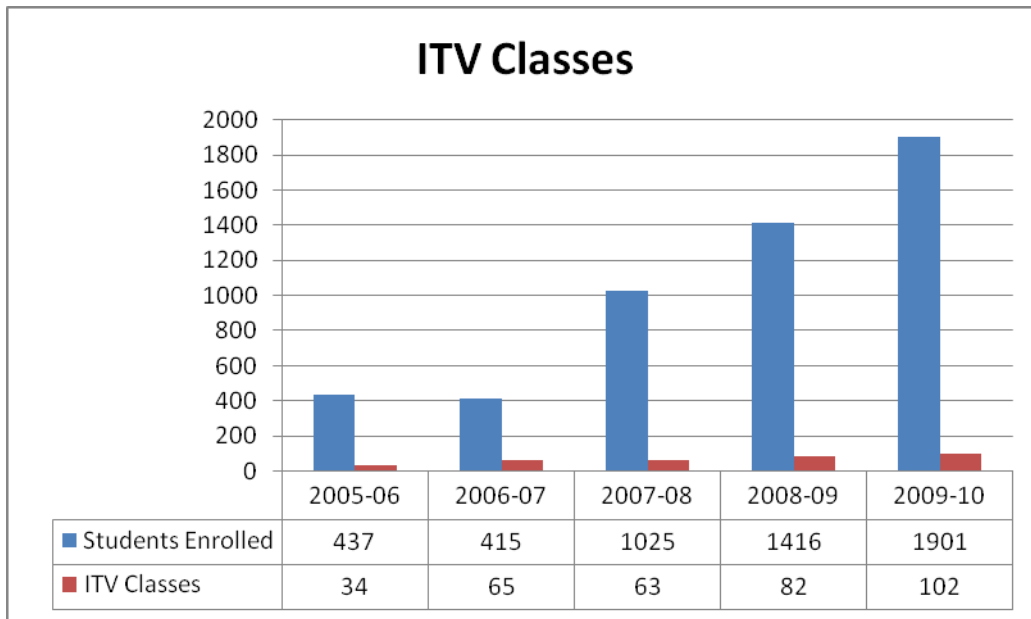
As a result, an enriched curriculum is available to students at all campuses and additional degrees are now available at the regional campuses, including M.S. and doctoral degrees. Additionally, certificate programs have been expanded, which allows students to begin or enhance their public health education with fewer time and place constraints.

Increases in the number of offerings and students taking classes via ITV and online are indicated in the charts on the next page.

The ITV capacity has made it possible to join students at the regional campuses in classes with students in Houston, thus making it possible to offer doctoral degree programs at each regional campus. Furthermore, expertise located at any campus can now be made available to all campuses. The specific doctoral degree offered at a regional campus reflects the faculty training and research focus of that campus. Eleven graduate-level dual degree programs have been added between 2005 and 2009, including programs at U. T. Brownsville, U. T. Health Science Center – San Antonio, U. T. San Antonio, U. T. Austin, and Texas Tech University’s Paul L. Foster School of Medicine in El Paso.

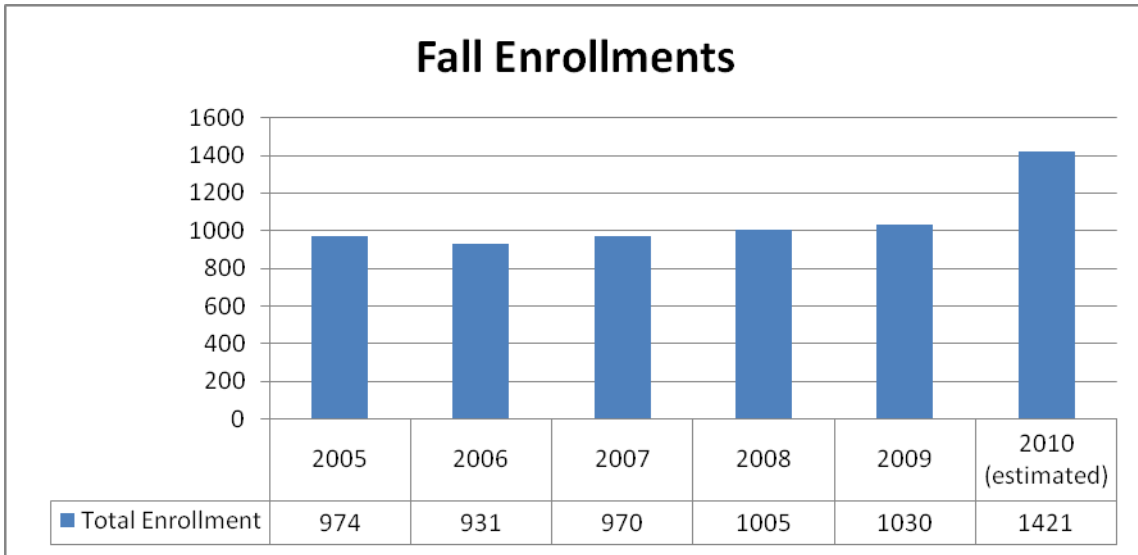
Additionally, the Distributive Learning System award has facilitated an increase in the graduate and undergraduate certificate programs offered. Total enrollment in certificate programs has increased 350% over the past five years. The graduate certificate coursework can be taken via ITV at any campus or online from anywhere in Texas. The

courses can be applied towards an MPH degree. The undergraduate certificate program was approved in 2009 to provide training for public health professionals without a college degree. Classes are available online.

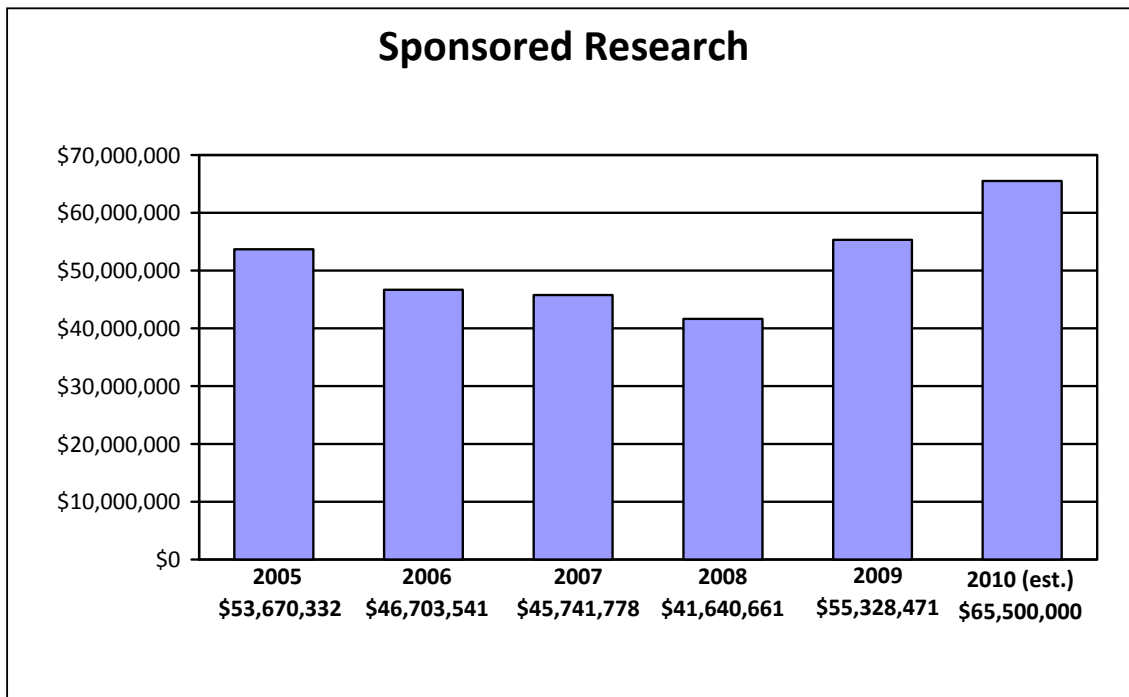


The growth in enrollment has been consistent in recent years (concentrated in non-degree certificate programs) and increased significantly in Fall 2010 due to increased capacity made possible by state funding for public health in fiscal years 2010 and 2011. The enhanced ITV and IT infrastructure provided by the Initiative are critical to the ability

to accommodate the enrollment growth prompted by the additional operating funds from the State.



While overall research awards declined from 2005 to 2008, an increased effort in applications resulted in an increase in award dollars in 2009 and continued success in 2010. ITV capabilities have enhanced the ability of faculty to collaborate across all campuses, leading to increased research productivity.



Epidemiology and Biostatistics Core Program

The \$1.6 million award to support U. T. Southwestern Medical Center – Dallas (Simmons Comprehensive Cancer Center) and UTSPH campus in Dallas (UTSPH-D) was matched with more than \$2 million in institutional resources to build a cancer population research program. The investment has supported two new U. T. Southwestern Medical Center – Dallas faculty members. Each of these new faculty members has appointments in both institutions. Their presence has helped build academic programs, strengthen research and facilitate community-based projects. In addition, the award will soon provide partial support to a public health faculty member recently recruited to the UTSPH-D campus.

One of the faculty members supported by the funds is steadily building a research portfolio that began with three pilot awards and led to a larger grant from the Cancer Prevention and Research Institute of Texas for working on interventions in Parkland Hospital's primary care clinics. The second U. T. Southwestern Medical Center – Dallas faculty member supported by the award became an adjunct professor in the School of Public Health and has conducted statistical and psychometric analyses to support population science researchers across both institutions and to organize seminars on psychometric measures for public health faculty and research staff. Independent of support from the award, a partnership with two other public health faculty members has drawn them into cancer-related research and resulted in another funded study related physical activity behaviors in an impoverished Dallas neighborhood. The new faculty member supported by the award has a grant proposal pending.

Hispanic Health Research Center/Community Outreach Research Facility

A \$1.2 million award, in conjunction with institutional funds, allowed for the completion of research and outreach facilities at the UTSPH campus in Brownsville (UTSPH-B) located on the U. T. Brownsville campus. The completion of shelled space resulted in additional classrooms, offices, space for graduate students, community outreach and meeting space, and a BSL 3 laboratory for tuberculosis, a significant issue in South Texas.

The lab space is shared by UTSPH-B and U. T. Brownsville faculty and undergraduate and graduate students involved in collaborative research projects. The laboratory coupled with the community based research program has resulted in collaborations with the Institute of Molecular Medicine in Houston and the Baylor College of Medicine. The office and outreach space has facilitated meetings between faculty and students with various community organizations and training, such as nutrition classes for community members. Additionally, small clinic space has made it easier for researchers to work on-site with participants in outreach studies.

As indicated in the Distributive Learning System section of this paper, state-of-the-art ITV equipment allows for teleconferencing from all classrooms and most conference

rooms, which allows for meetings and teaching with colleagues and collaborators statewide and overseas.

UTSPH-B has been unique in its ability to obtain research funding even in its infancy, but the graduate level nature of public health in a poor population with many educational and health disparities has made it challenging to achieve substantial enrollment in the program. UTSPH-B has tried a number of approaches to sustain and grow enrollment. In 2005, the program began offering a graduate level certificate in public health to overcome what had been a significant barrier to enrollment — the requirement to take the Graduate Record Exam (GRE). The certificate program allows students to take certificate courses and if they do well, they can be admitted into the M.P.H. program even with GRE scores lower than the usual requirement. The certificate program has become the approach taken for almost 50% of the current student enrollment at UTSPH-B. It has allowed for a 25% increase in enrollment in 2010.

The upgraded ITV capability achieved by this and the Distributive Learning award has allowed the program to expand its offerings by accessing courses beyond Brownsville faculty and to also become more accessible to students. The entire certificate program is available online. UTSPH-B faculty teach 100% of their course either online or by ITV. Additionally, doctoral level programs are now available because of the ITV capability; two students enrolled in the fall of 2009, and three more enrolled in 2010.

With additional graduate level enrollment, it is critical to have research opportunities for these students. The research space made possible by this award has allowed for such opportunities and accommodates a summer program for four to six local high school students and allows six to eight biology students from U. T. Austin to work on research projects during the summer.

Because all of the programs at UTSPH-B focus on major problems in the community, such as obesity and diabetes, and increased susceptibility to infections like tuberculosis and influenza, the new space has been particularly beneficial for community based education, training, and research efforts. The facilities have helped attract five young faculty members in the last two years and have provided the nucleus for collaboration with colleagues from U. T. Brownsville.

The participation in the Clinical and Translational Science Awards (CTSA) grant with UTHSCH has created a clinical research unit with specific program expansions to include population and translational research with a Cameron County Hispanic Cohort, which has recruited 2,000 community members to document socio-demographic, epidemiological, clinical, mental health, behavioral, and biological data. The cohort and new clinical research unit has attracted faculty from U. T. Health Science Center - Houston, U. T. Medical Branch – Galveston, and Baylor College of Medicine, and a research center in Karachi, Pakistan to collaborate on funded grants and grant proposals.

A key to the success and sustainability of community based efforts is to have the community see benefit from the research, not merely taking data from the community for research completed and utilized elsewhere. The efforts in Brownsville have included community meetings and focus groups related to child and adolescent health. Having the infrastructure on site makes it easier for direct interaction and community buy-in. Housing two local non-profit organizations (Health Communities of Brownsville and the Brownsville Farmer Market) within the center is a testament to the School's commitment to the community.

Efforts in Translational Research

This \$1.2 million award was to renovate two buildings at U. T. El Paso and build-out lab facilities in another to support new collaborative programs in translational research in basic and applied sciences. The result is the Translational Hispanic Health Research Initiative (THHRI), which consists of a multidisciplinary team of academicians and researchers at U. T. El Paso and the UTSPH campus in El Paso (UTSPH-EP).

With the hiring of a one full-time faculty member within U. T. El Paso's College of Education who works collaboratively with faculty at UTSPH-EP and with support for two postdoctoral fellows, THHRI has identified a number of research lines that have received external funding. The "Health Literacy and Health Promotion" has received funding from the National Institutes of Health (NIH). The "Translational Research on Cardiovascular Disease" effort tests new models of community outreach. As one of the most successful collaborations between the two schools, this project has generated \$4 million in research funding to U. T. El Paso. The "Translational Research on Periodontal Disease" is in collaboration with Tulane University's School of Public Health and a joint proposal has been submitted for NIH funding.

Also, facilities renovated with funding from this award are being used by the U. T. El Paso College of Sciences and has been instrumental in U. T. El Paso securing additional funding for the Border Biomedical Research Center, which will work with UTSPH-EP on additional health disparities research.

Cooperative Public Health Program

The original \$745,000 award to U.T. Health Science Center - San Antonio (UTHSCSA) and the UTSPH campus in San Antonio (UTSPH-SA) was for a "Cooperative Public Health Program" focused on environmental health and water quality research and teaching. With the departure of the primary faculty member involved in this project, the funding was redirected to strengthen collaborations among the three U. T. institutions in San Antonio. Infrastructure at UTSPH-SA was enhanced by build-out of leased space and purchase of research equipment, computer hardware and software and video equipment. The funding has helped strengthen the partnership among the three U. T. institutions, but also the San Antonio Metropolitan Health District (Metro Health), Region 8 Office of the State Department of Health, and the University Health System. The number of adjunct faculty appointments has increased from two to 50, and there are two

jointly funded appointments and shared office space for two UTHSCSA/UTSPH-SA faculty members.

The funding increased the capacity for community health assessments, geographic information system (GIS) applications to public health, water quality research, forensic toxicology research, and hosting meetings with partners. It has directly assisted the collaboration between UTSPH-SA and UTHSCSA's clinical translational science award and resulted in a UTSPH-SA contract to manage and develop a community information system for over 25 organizations in the San Antonio area.

Equipment shared by UTSPH-SA and UTHSCSA's School of Health Professions has been used in teaching labs for training graduate students in forensic toxicology. It is also being used in new interdisciplinary collaborations with the UTHSCSA Department of Ophthalmology. The U. T. San Antonio Center for Water Research is in discussions with the Texas Department of Transportation to research the impact associated with corrosion of concrete structures.

Since 2007, a dual M.D./M.P.H. has been offered between UTHSCSA and UTSPH-SA, growing from 19 students to 100. Additionally, U. T. San Antonio has begun to offer Ph.D. programs (Applied Demography and Applied Statistics) in collaboration with UTHSCSA and UTSPH-SA. In 2008, the UTHSCSA School of Medicine, in collaboration with UTSPH-SA and Metro Health began to offer Public Health Grand Rounds, which can be viewed online. In addition to now offering a Dr.PH. at UTSPH-SA, other developments include a M.B.A./M.P.H. with U. T. San Antonio, and a public health certificate program with UTHSCSA Dental School. Additionally, there are plans for an undergraduate degree in public health at U. T. San Antonio and an undergraduate certificate program with a local, private university.

This summer, two community-based research projects were funded by the Centers for Disease Control and Prevention (CDC) and the NIH. In addition to research targeting local issues and expanding education efforts, community service efforts have been a significant part of this effort, including using the expanded space for meetings with academic, agency and community partners.

Research and Education Programs in Nursing and Public Health

The original proposal from the UTSPH campus in Austin (UTSPH-A) and U. T. Austin would have provided \$1.8 million from U. T. System to be matched by the two institutions to renovate space within the U. T. Austin School of Nursing building. Those plans were changed when it became clear that the School of Nursing building could not accommodate the tremendous interest in public health and the expanded needs of the School of Nursing. This resulted in a delay in finalizing facilities for UTSPH-A. A new location was found for UTSPH-A and renovation was completed in Summer 2010.

The M.P.H. program in Austin started in Fall 2008 and just awarded its first 12 degrees. In addition to the growing masters program, dual degree programs have been

established with U. T. Austin's School of Social Work and LBJ School of Public Affairs. Also, a Doctor of Public Health and Doctor of Philosophy (in Epidemiology), and a certificate in public health are offered.

UTSPH-A is working with U. T. Austin to develop a 4 + 1 program whereby graduates of U. T. Austin's bachelor's in public health program could receive a masters from UTSPH-A with one year of additional study. In addition to the dual degree programs with U. T. Austin, there are two faculty members with appointments at both institutions and whose courses are open to students at both institutions.

The primary faculty interest is in the prevention of chronic diseases. UTHSPH-A is the "home" to the Michael & Susan Dell Center for Advancement of Healthy Living, which provides infrastructure support for research and community activities related to child and adolescent health promotion, particularly obesity prevention. With about \$3 million a year in external research funding and the emphasis on healthy living and health promotion research, faculty are engaged in ongoing partnerships with a variety of partners in central Texas and across the state.

Electronic Medical Record Demonstration Project

The "Master Patient Index" project received \$500,000 as part of a Systemwide effort to design and construct networks capable of sharing patients' healthcare information among regional but disparate healthcare providers and payers. This work continues as part of the agenda of the Chancellor's Health Fellow in Health Information Technology.

Borderplex Health Council Seed Grants

Just over \$150,000 was provided to the Borderplex Health Council for seed grants to member institutions.³ Each of the four U. T. institutions has contributed funding to the effort and, to date, 14 seed grants have been made. Each grant involves faculty from at least two institutions and the array of faculty disciplines/departments include biological sciences, computer science, family medicine, microbiology, nephrology, nursing, and psychiatry. Some of these seed grants have served as the foundation for successful grants proposals (from NIH and HRSA), poster presentations, and published manuscripts. Other seed grants focused on enhancing the infrastructure for nursing scholarship in the region and better alignment and sharing of nursing curriculum across institutions in the region.

Note: In addition to the U. T. System Public Health Initiative investment in the ITV infrastructure, UTSPH has made additional investments of \$340,000 in mid-FY 2010 and an additional \$195,000 in summer FY 2010 to accommodate the large increase in use.

³ Borderplex Health Council includes U. T. Health Science Center – San Antonio and its Regional Academic Health Center campuses, U. T. Health Science Center – Houston and its regional campus in Brownsville, U. T. Pan American and U. T. Brownsville/Texas Southmost College.

9. **U. T. System: Quarterly report on health matters, including a follow-up on the U. T. System's Transformation in Medical Education (TIME) initiative and comments on the meaningful use of electronic health records**

REPORT

Executive Vice Chancellor Shine will report on health matters of interest to the U. T. System, including a follow-up on the U. T. System's Transformation in Medical Education (TIME) initiative and comments on the meaningful use of electronic health records.

Thursday, November 11, 2010

SPECIAL MEETING OF THE HEALTH AFFAIRS COMMITTEE

U. T. System: Discussion regarding health information technology

DISCUSSION

Jack Smith, M.D., Ph.D., Dean of the School of Biomedical Informatics at U. T. Health Science Center – Houston, will provide an overview of health information technology initiatives, using the PowerPoint presentation on Pages 265 - 283. A discussion with the presidents of U. T. System health institutions regarding health information technology will follow Dr. Smith's presentation.

HEALTH INFORMATION TECHNOLOGY

Overview of the Office of the National Coordinator for Health Information Technology Initiatives and UTHealth

Jack Smith, M.D., Ph.D.

Dean and Professor, School of Biomedical Informatics
The University of Texas Health Science Center at Houston

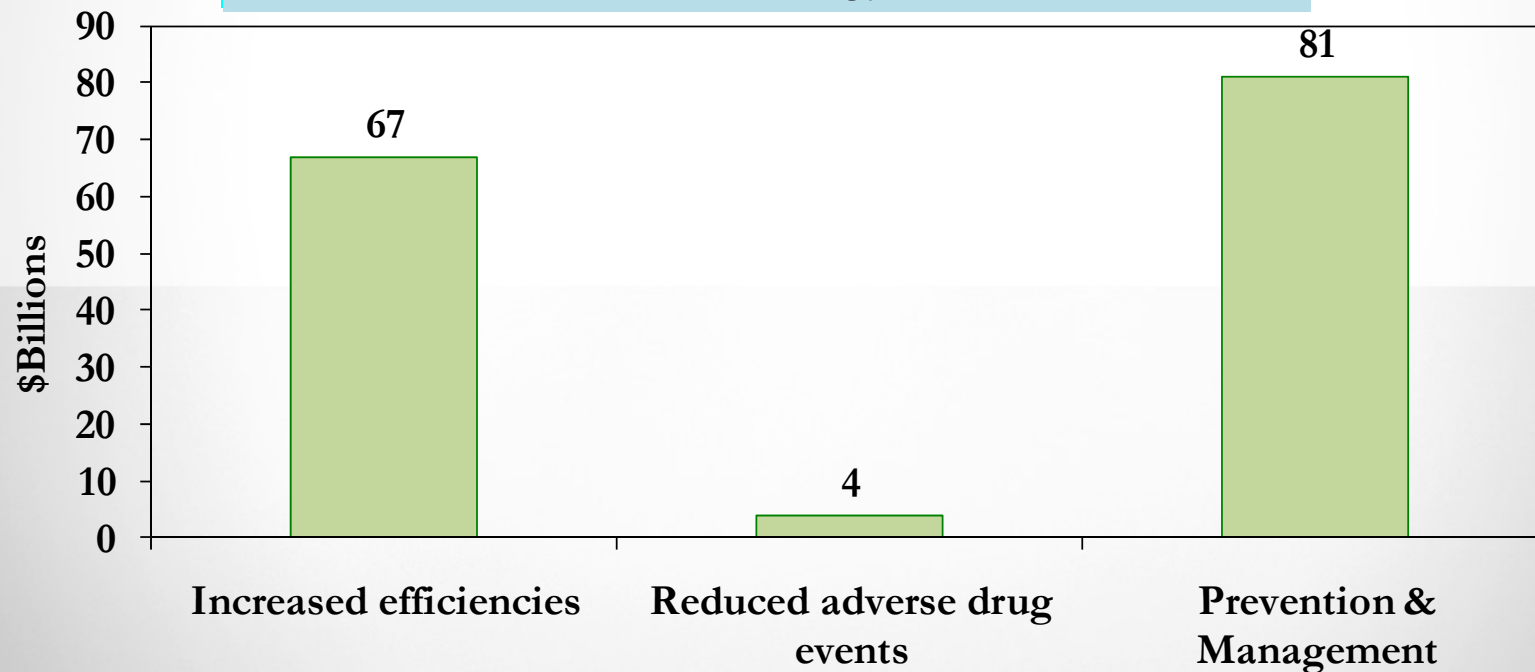
U. T. System Board of Regents' Meeting
Special Health Affairs Committee
November 2010



Potential Return of Investment of Electronic Health Record (EHR)

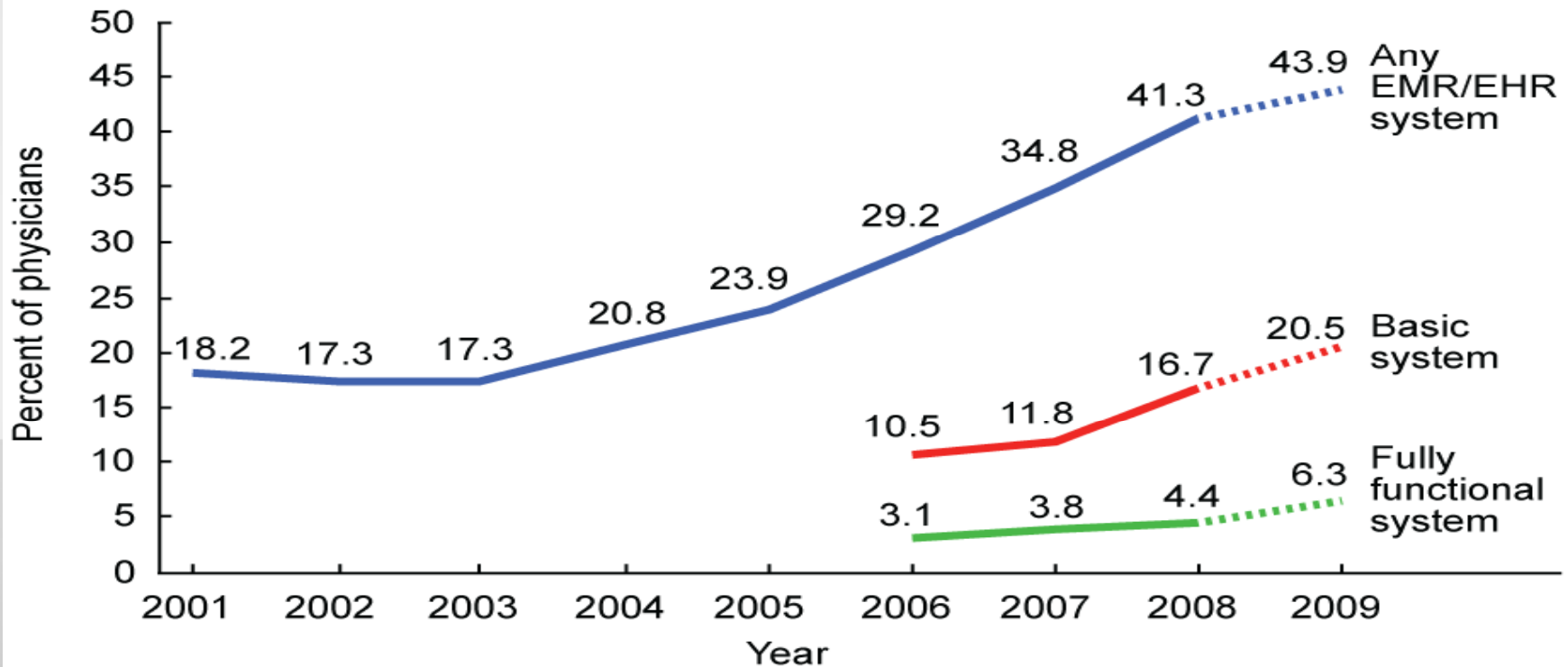
8% of total healthcare cost
1.2% of gross domestic product

\$162 billions/year could be saved by health information technology in the U.S.



Challenge Electronic Health Record Adoption Levels

Figure. Percentage of office-based physicians using electronic medical records/electronic health records (EMRs/EHRs): United States, 2001–2008 and preliminary 2009



Notes: Any EMR/EHR is a medical or health record system that is either all or partially electronic (excluding systems solely for billing). The 2009 data are preliminary estimates (as shown on dashed lines) based only on the mail survey. Estimates of basic and fully functional systems prior to 2006 could not be computed because some items were not collected in the survey. Starting in 2007, the skip pattern after the all or partial EMR/EHR systems question was removed. Includes non-federal, office based physicians. Excludes radiologists, anesthesiologists and pathologists.

SOURCE: CDC/NCHS, National Ambulatory Medical Care Survey



Health and Human Services: Office of the National Coordinator for Health Information Technology (ONC)

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- ONC Initiatives
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- About ONC



Dr. David Blumenthal

The following are part of a series of ongoing updates from Dr. David Blumenthal, National Coordinator for Health Information Technology. The Office of the National Coordinator for Health Information Technology (ONC) encourages you to share this information as we work together to enhance the quality, safety and value of care and the health of all Americans through the use of electronic health records and health information technology.

For more information and to receive regular updates from ONC, please subscribe to our [Health IT News list](#).

Update: July 13, 2010

- **Investing in the Future of Health Care with Electronic Health Records**
 The Health Information Technology for Economic and Clinical Health Act (HITECH), part of the American Recovery and Reinvestment Act, provides for an unprecedented amount of funding to improve the quality and efficiency of our health care system through health information technology. The HITECH Act's historic investment in HIT will advance health care in our country through adoption and use of EHRs and other tools of our digital age.
[Read more](#)

Update: June 18, 2010

- **Establishment of the Temporary Certification Program for Electronic Health Information Technology**
 Like many innovations, the advent of health information technology has introduced its own vocabulary. As a practicing primary care physician, I can attest that terms like electronic health records, EHRs, certified EHR technology, and meaningful use are not typically used around most doctors' offices and hospitals. However, as our nation moves towards a more technologically advanced system to improve health care, perhaps it's time for us to make these words a part of our vocabulary. The Office of the National Coordinator for Health Information Technology (ONC) is dedicated to helping you understand health IT concepts and what they mean for you.
[Read more](#)

Update: May 14, 2010

- **There Is No 'One-Size-Fits-All' in Building a Nationwide Health Information Network**
 Private and secure health information exchange enables information to follow the patient when and where it is needed for better care. The Federal government is working to enable a wide range of innovative and complementary approaches that will allow secure and meaningful exchange within and across states, but all of our efforts must be grounded in a common foundation of standards, technical specifications, and policies. [Read more](#)

Update: May 5, 2010

- **Establishing Beacons for Nationwide Advances in Health IT**
 Healthcare professionals appreciate opportunities to learn from innovative colleagues and communities - to see what really works, to get "boots-on-the-ground" perspectives, to learn best practices, and to use the experience of other leaders to inform how to improve performance more broadly. [Read more](#)

Update: April 7, 2010

- **Preparing Professionals for a Nationwide Health Care Transformation**
 I know that health care providers are concerned about implementing new health information technology and finding professionals who can operate and

SPOTLIGHT

- [HITECH Programs](#)
- [Certification Programs](#)
- [Privacy & Security](#)
- [Meaningful Use](#)
- [HIT Policy Committee](#)
- [HIT Standards Committee](#)

Email Updates from ONC

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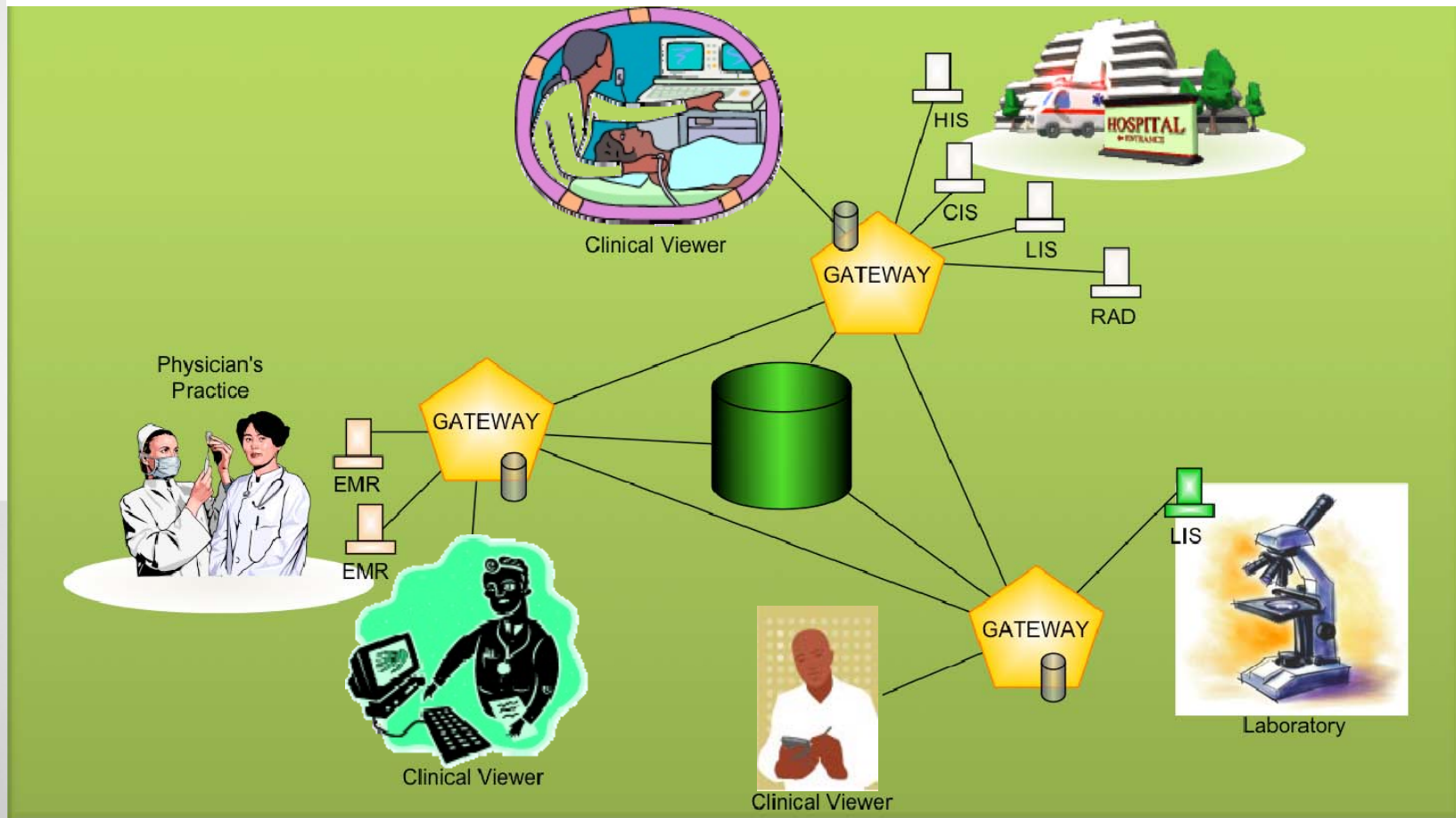
Office of the National Coordinator for Health Information Technology (ONC) Initiatives

- Regional Extension Center – Assist with EHRs in Primary Care
- Strategic Health Information Technology Advanced Research Projects – Research
- Community College Consortium – Workforce
- University Based Education – Workforce
- Beacon Community – Community Health Integration
- National Health Information Infrastructure – standards for inter-connection



The Texas Regional Extension Centers Commitment

Health Information Technology Regional Extension Center Supports Primary Care Physicians in Getting to Meaningful Use



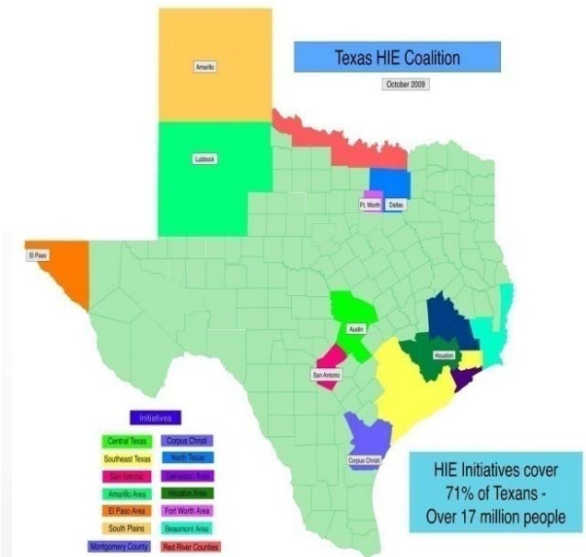
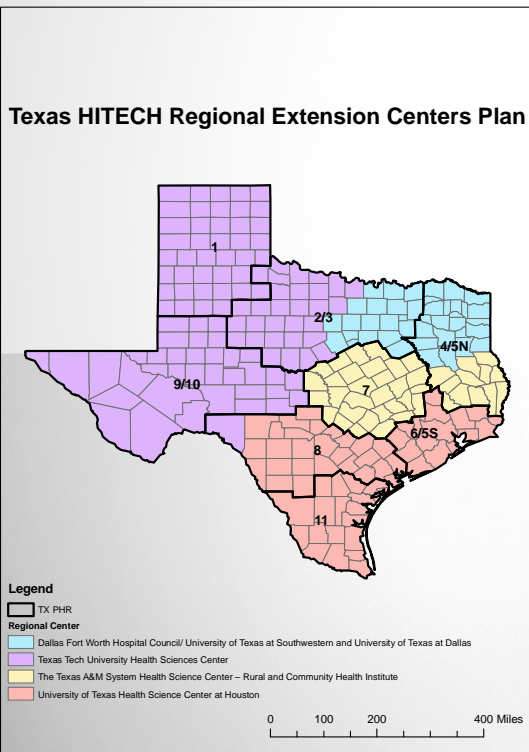
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Texas Regional Extension Center (REC) & Health Information Exchange (HIE) Overview

Texas Health and Human Services Commission
 Medicaid eHealth/Texas Health Services Authority

Texas REC Coalition	Texas HIE Coalition
South (U. T. Health Science Center - Houston)	Harris County, Galveston, Beaumont, San Antonio/ HASA, Corpus Christi, Montgomery, Southeast Texas Hospital, Kleberg
Central (Texas A&M System Health Science Center)	Integrated Care Collaborative
West (Texas Tech University Health Sciences Center)	El Paso, Amarillo, Lubbock, West Texas, South Plains
North (DFW Hospital Council, U. T. Southwestern, U. T. Dallas)	North Texas, Ft. Worth, Red River, Sandlot



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Texas Health Information Exchange

Purpose: To develop a statewide exchange process through which electronic health information from different EMR systems can be converted into comparable information. Health care reform is moving rapidly to outcome-based payments and needs information systems that can identify outcomes and not simply procedures and other inputs.



Gulf Coast Regional Extension Center

Mission:

The mission of the Gulf Coast Regional Extension Center (GCREC) is to facilitate the meaningful use of health information technology by eligible primary care providers.

Vision:

To create a safe and secure electronic environment for the input, storage, retrieval, and exchange of comprehensive health information for consumers, clinicians, payors, and governmental health agencies.



Houston Gulf Coast Regional Extension Center Organization

Governance: Steering Committee (50% Physicians) with Operational Agreement
 Chair Jack Smith. Comprised of Physicians, Hospitals, HIE, Payers, Business, Public Health
Advisory Committees: Enrollment, Quality Management, Meaningful Use, Sustainability, Training

Executive Director- Kim Dunn, M.D., Ph.D.
 Southern Associate Director- Joe McCormick, M.D.

Operations Manager: Pam Salyer, Ph.D.

Meaningful Use and Vendor Quality Management Director: Dean Sittig, Ph.D.		Vendor Lab and Field Usability Director: Jiajie Zhang, Ph.D. Operations: Michele Toffelmire		Workforce Training Director: Jim Turley, RN, Ph.D. Operations: Julie Brixey, RN, Ph.D.	
Interoperability with Health Information Exchanges	Enrollment, Technical Assistance to Go Live Call Center Support EMR Vendors	Field Usability and Feedback from Practitioners on meeting Meaningful Use	Usability Testing of EMR Vendors in Lab: Workflow, Training, Technical Support: FAQ for Level 1, Integration with Level 2/3	Practitioner Outreach in partnership with Enrollment Partners	Workforce Program Online: <ul style="list-style-type: none"> •Week •Month •Fellowship •Certificate •Associates

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Enrollment Process & Quality Management

Milestone 1	Milestone 2	Milestone 3
Eligibility Determination	Workflow Analysis	2011: Meaningful Use Attestation
Readiness Assessment	EHR Contract, Project Plan, EHR Go-Live	2012: System Submit Data
Practice Enrollment	ePrescribe, Outcomes Report	

Quality Management Surveys




Strategic Health Information Technology Advanced Research Projects (SHARP) Awards

Awardee	Research Focus Area
University of Illinois at Urbana-Champaign	Security of Health Information Technology
The University of Texas Health Science Center at Houston	Patient-Centered Cognitive Support
Harvard University	Healthcare Application and Network Platform Architectures
Mayo Clinic College of Medicine	Secondary Use of EHR Data

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Strategic Health Information Technology Advanced Research Projects (SHARP)

National Center for Cognitive Informatics and Decision Making in Healthcare (NCCD)

Funded by ONC SHARP Patient-Centered Cognitive Support Program (SHARP-C)

SHARP-C Principal Investigator: Jiajie Zhang
NCCD Co-Directors: Jiajie Zhang & Vimla Patel

www.uthouston.edu/nccd/



School of Biomedical Informatics



Strategic Health Information Technology Advanced Research Projects (SHARP) (cont.)

National Center for Cognitive Informatics and Decision Making in Healthcare (NCCCD) Vision:

Become a national resource providing strategic leadership in research and applications for patient-centered cognitive support in healthcare.

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Usability Protocol

Heuristic Analysis

- Independent Expert Human Factors Evaluators
- Complete 12 Meaningful Use Tasks for Evaluation
- Identify the Number of Usability Heuristic Violations for Each Task
- Identify the Location and Type of Each Heuristic Violation
- Rank the Severity of Each Heuristic Violation

Keystroke Level Method (KLM) Analysis

- Expert Human Factors Evaluator
- Complete 12 Meaningful Use Tasks for Evaluation
- Identify the Number Steps to Complete Each Meaningful Use Task
- Associate Standardized Times for Each Mental and Physical Task Step
- Determine Total Time for Task Completion by an Expert User



Workforce Development: Community College

Roles supported by program include:

- Practice workflow and information management redesign specialist
- Clinician/practitioner consultant
- Implementation support specialist
- Implementation manager
- Technical/software support staff
- Trainer



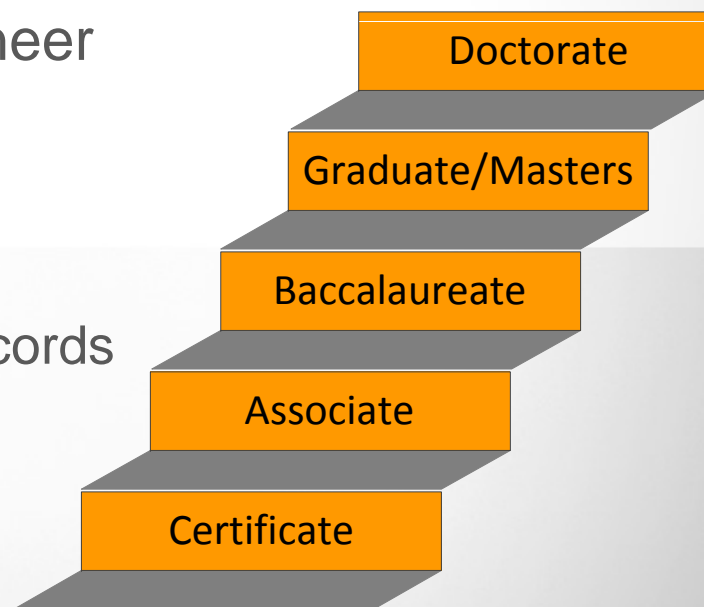
Office of the National Coordinator for Health Information Technology (ONC) Activities

- Community College Consortium
 - Houston Community College, Midland Community College, Temple Community College, Dallas Community College
- Community College Curriculum Development
 - Ohio State University, University of Alabama, Johns Hopkins University, Columbia University, Duke University
- University-based Training
 - Texas State University, U. T. Austin, U. T. Health Science Center - Houston



Workforce Development

- University-based Programs
 - Clinician/Public Health Leader
 - Health Information Management and Exchange Specialist
 - Health Information Privacy and Security Specialist
 - Research and Development Scientist
 - Programmers and Software Engineer
 - Health IT Subspecialist
- Online Program
 - Applied M.S. in Electronic Health Records
- Educational Ladder



University-based

The six roles targeted by this program are:

1. Clinician/Public Health Leader
2. Health Information Management and Exchange Specialist
3. Health Information Privacy and Security Specialist
4. Research and Development Scientist
5. Programmers and Software Engineer
6. Health IT Subspecialist





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FACILITIES PLANNING AND CONSTRUCTION
COMMITTEE**

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Board Meeting: 11/11/2010
Austin, Texas

*Printice L. Gary, Chairman
James D. Dannenbaum
R. Steven Hicks
Wm. Eugene Powell*

	Committee Meeting	Board Meeting	Page
Convene			
	<i>4:00 p.m. Chairman Gary</i>		
<u>REPORT</u>			
1. U. T. System: Fiscal Year 2010 Energy Utility Task Force Report	<i>4:00 p.m. Report Mr. O'Donnell</i>	Not on Agenda	284
<u>FY 2011 PUF FIRE AND LIFE SAFETY PROJECT</u>			
2. U. T. Health Science Center – San Antonio: FY 11 Fire and Life Safety Projects - Amendment of the FY 2011-2016 Capital Improvement Program to increase the total project cost and appropriation of additional funds (Final Board approval)	<i>4:10 p.m. Action Mr. O'Donnell</i>	Action	284
<u>ADDITION TO THE CIP</u>			
3. U. T. Brownsville: Biomedical Research Facility II - Amendment of the FY 2011-2016 Capital Improvement Program to include project (Preliminary Board approval)	<i>4:15 p.m. Action Mr. O'Donnell</i>	Action	285
<u>DESIGN DEVELOPMENT APPROVALS</u>			
4. U. T. San Antonio: East Parking Garage - Approval of design development; appropriation of funds and authorization of expenditure; approval of evaluation of alternative energy economic feasibility; and resolution regarding parity debt (Final Board approval)	<i>4:25 p.m. Action Mr. O'Donnell</i>	Action	286

	Committee Meeting	Board Meeting	Page
<u>MODIFICATIONS TO THE CIP</u>			
5. U. T. Austin: Geology Building Addition study - Amendment of the FY 2011-2016 Capital Improvement Program (CIP) to redesignate the study as the Geology Building Renovation project; approval to increase the total project cost; approval to revise funding sources; appropriation of funds; remove the Renovation of E. P. Schoch Building project from the CIP; and resolution regarding parity debt (Final Board approval)	4:35 p.m. Action <i>Mr. O'Donnell</i>	Action	288
6. U. T. Pan American: Fine Arts Academic and Performance Complex - Amendment of the FY 2011-2016 Capital Improvement Program to revise the scope of the project and approval to redesignate as new construction (Preliminary Board approval)	4:45 p.m. Action <i>Mr. O'Donnell</i>	Action	291
7. U. T. Medical Branch – Galveston: Infrastructure - Ike Recovery - Amendment of the FY 2011-2016 Capital Improvement Program to increase total project cost and appropriation of funds and authorization of expenditure (Final Board approval)	4:55 p.m. Action <i>Mr. O'Donnell</i>	Action	292
Adjourn	5:00 p.m.		

1. U. T. System: Fiscal Year 2010 Energy Utility Task Force Report

REPORT

Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction, will provide the annual report on the progress of the Energy Utility Task Force for Fiscal Year 2010. The Task Force was created in February 2001 to evaluate and recommend strategies for U. T. System institutions to reduce energy consumption, better manage commodity price risk, and leverage purchasing power to reduce energy costs.

Initial recommendations and energy consumption reduction goals were presented to, and previously approved by, the Board in November 2001 and a 10%-15% reduction in energy usage was targeted for Fiscal Year 2011. The estimated reduction in energy usage for Fiscal Year 2010 from baseline levels is 15.98%. Since Fiscal Year 2001, reductions in energy consumption per square foot by U. T. System institutions have resulted in cumulative savings of \$195.8 million.

2. U. T. Health Science Center – San Antonio: FY 11 Fire and Life Safety Projects - Amendment of the FY 2011-2016 Capital Improvement Program to increase the total project cost and appropriation of additional funds (Final Board approval)

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and President Henrich that the U. T. System Board of Regents approve the recommendations for the FY 11 Fire and Life Safety Projects at The University of Texas Health Science Center at San Antonio as follows:

Project No.:	402-578		
Institutionally Managed:	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>		
Project Delivery Method:	Competitive Sealed Proposals		
Substantial Completion Date:	June 2012		
Total Project Cost:	<u>Source</u>	<u>Current</u>	<u>Proposed</u>
	Permanent University Fund Bond Proceeds	\$1,700,000	\$3,200,000

- a. increase the total project cost from \$1,700,000 to \$3,200,000; and
- b. appropriate additional funding of \$1,500,000 from Permanent University Fund (PUF) Bond Proceeds.

BACKGROUND INFORMATION

Previous Board Actions

On August 14, 2008, the Board approved the allocation of \$1,700,000 from PUF Bond Proceeds for Fiscal Year 2011. On August 12, 2010, the project was included in the CIP with a total project cost of \$1,700,000 with funding from PUF Bond Proceeds and institutional management was authorized. On August 12, 2010, the Board also approved the allocation of \$1,500,000 from PUF Bond Proceeds for Fiscal Year 2011 Fire and Life Safety projects.

Project Description

The new Fiscal Year 2011 allocation will be combined with the existing project to increase the total project cost to continue addressing high priority fire and life safety issues on campus. The project will include installation of a sprinkler system in the Cafeteria Building and in the Dental School Building. The buildings are adjacent to each other on the Joe R. and Teresa Lozano Long Campus. The project will also rectify deficiencies identified by the State Fire Marshal.

This proposed repair and rehabilitation project has been approved by U. T. System staff and meets the criteria for inclusion in the CIP. Design development plans and authorization of expenditure of funding will be approved by the President at a later date. It has been determined that this project would best be managed by the U. T. Health Science Center – San Antonio Facility Management personnel who have the experience and capability to manage all aspects of the work.

3. U. T. Brownsville: Biomedical Research Facility II - Amendment of the FY 2011-2016 Capital Improvement Program to include project (Preliminary Board approval)

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President García that the U. T. System Board of Regents amend the FY 2011-2016 Capital Improvement Program (CIP) to include the Biomedical Research Facility II project at The University of Texas at Brownsville as follows:

Project No.:	902-618	
Project Delivery Method:	Construction Manager at Risk	
Substantial Completion Date:	April 2013	
Total Project Cost:	<u>Source</u>	<u>Proposed</u>
	Grants	\$3,993,085
	Higher Education Assistance Funds (HEAF)	<u>\$ 760,591</u>
		<u>\$4,753,676</u>

Investment Metrics:

By 2013

- Increase research by expanding infrastructure laboratories from 16 to 22, including 8,452 gross square feet (GSF)
- Increase external funding by \$1.5 million on research expenditures
- Increase retention by providing approximately 12 part-time positions for students
- Increase productivity in research by recruitment of two professors

BACKGROUND INFORMATION

The Biomedical Research Facility will provide approximately 8,452 GSF for six research laboratories, private investigator research offices, support spaces, and a mechanical, electrical, and plumbing support system. The project will connect via a covered walkway to the Biomedical Research and Health Professions Building. The National Institutes of Health (NIH) grant dictates allowable project costs. Higher Education Assistance Funds (HEAF) will cover costs in excess of, or ineligible for, NIH grant funding.

This proposed project has been approved by U. T. System staff and meets the criteria for inclusion in the CIP. Approval of design development plans and authorization of expenditure of funding will be presented for approval to the Board at a later date.

4. U. T. San Antonio: East Parking Garage - Approval of design development; appropriation of funds and authorization of expenditure; approval of evaluation of alternative energy economic feasibility; and resolution regarding parity debt (Final Board approval)

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Romo that the U. T. System Board of Regents approve the recommendations for the East Parking Garage project at The University of Texas at San Antonio as follows:

Project No.:	401-568	
Project Delivery Method:	Construction Manager at Risk	
Substantial Completion Date:	June 2012	
Total Project Cost:	<u>Source</u>	<u>Current</u>
	Revenue Financing System Bond Proceeds	\$22,000,000
	Auxiliary Enterprise Balances	<u>\$ 8,000,000</u>
		\$30,000,000

Investment Metrics:

By 2012

- Increase number of parking spaces on the Main Campus by a net of approximately 1,200 spaces
 - Increase number of parking spaces without a net increase in the land area consumed by parking, leaving land available for other uses
- a. approve design development plans;
 - b. appropriate funds and authorize expenditure of \$30,000,000 with funding of \$22,000,000 from Revenue Financing System Bond Proceeds and \$8,000,000 from Auxiliary Enterprise Balances;
 - c. approve the evaluation of alternative energy economic feasibility; and
 - d. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
 - parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;
 - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and
 - U. T. San Antonio, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$22,000,000.

BACKGROUND INFORMATION

Debt Service

The \$22,000,000 in Revenue Financing System debt will be repaid from parking revenues. Annual debt service on the \$22,000,000 Revenue Financing System debt is expected to be approximately \$1,600,000. The institution's debt service coverage is expected to be at least 1.7 times and average 1.9 times over FY 2011-2016.

Previous Board Action

On February 5, 2010, the project was included in the Capital Improvement Program (CIP) with a total project cost of \$30,000,000 with funding of \$22,000,000 from Revenue Financing System Bond Proceeds and \$8,000,000 from Auxiliary Enterprise Balances.

Project Description

The proposed parking garage will consist of a new multistory facility containing approximately 1,200 parking spaces to be located on an existing parking lot. Support space needs associated with the parking operation include offices, maintenance, a spirit shop, a coffee kiosk located within the garage, and roads and service drives associated with the facility. The garage will increase the number of parking spaces to meet the demands of growth in enrollment without a net increase in the land area consumed by parking, leaving land available for other uses including future buildings.

Basis of Design

The planned building life expectancy includes the following element:

- Enclosure: 60-75 years

The exterior appearance and finish are consistent with existing campus parking garages, nearby buildings, and with the existing Campus Master Plan.

Texas Government Code Section 2166.403 requires the governing body of a State agency to verify in an open meeting the economic feasibility of incorporating alternative energy devices into a new State building or an addition to an existing building. Therefore, the Project Architect prepared a renewable energy evaluation for this project in accordance with the Energy Conservation Design Standards for New State Buildings. This evaluation determined that alternative energy devices such as solar, wind, biomass, or photovoltaic energy are not economically feasible for the project.

5. **U. T. Austin: Geology Building Addition study - Amendment of the FY 2011-2016 Capital Improvement Program (CIP) to redesignate the study as the Geology Building Renovation project; approval to increase the total project cost; approval to revise funding sources; appropriation of funds; remove the Renovation of E. P. Schoch Building project from the CIP; and resolution regarding parity debt (Final Board approval)**

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Powers that the U. T.

System Board of Regents approve the recommendations for the Geology Building Addition project at The University of Texas at Austin as follows:

Project No.:	102-364		
Project Delivery Method:	Construction Manager at Risk		
Substantial Completion Date:	June 2012		
Total Project Cost for Geology Building Renovation	<u>Source</u>	<u>Current</u>	<u>Proposed</u>
	Interest on Local Funds	\$ 550,000	\$ 550,500
	Gifts		\$1,447,500
	Revenue Financing System Bond Proceeds		<u>\$6,102,000</u>
			\$8,100,000
Total Project Cost for Renovation of E. P. Schoch Building:	<u>Source</u>	<u>Current</u>	<u>Proposed</u>
	Revenue Financing System Bond Proceeds	\$10,000,000	\$ 0

- a. amend the FY 2011-2016 Capital Improvement Program (CIP) to redesignate the study as the Geology Building Renovation project;
- b. approve to increase the total project cost from \$550,000 to \$8,100,000;
- c. revise the funding sources from \$550,000 from Interest on Local Funds to \$550,500 from Interest on Local Funds, \$1,447,500 from Gifts, and \$6,102,000 from Revenue Financing System Bond Proceeds;
- d. appropriate additional funds of \$500 from Interest on Local Funds, \$1,447,500 from Gifts, and \$6,102,000 from Revenue Financing System Bond Proceeds;
- e. approval to remove the Renovation of E. P. Schoch Building project from the CIP; and
- f. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
 - parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;
 - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and

- U. T. Austin, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$6,102,000.

BACKGROUND INFORMATION

Debt Service

The \$6,102,000 in Revenue Financing System debt will be repaid from revenues from the John A. and Katherine G. Jackson School of Geosciences. Annual debt service on the \$6,102,000 Revenue Financing System debt is expected to be approximately \$400,000. The institution's debt service coverage is expected to be at least 1.7 times and average 1.8 times over FY 2011-2016. The gift funding authorized for expenditure is fully collected or committed at this time, and the institution possesses sufficient local funds to cover any shortfall.

Previous Board Actions

On August 23, 2007, the Geology Building Addition study was included in the CIP with a total project cost of \$500,000 with funding from Interest on Local Funds. On May 6, 2010, the Chancellor approved the increase in the total project cost to \$550,000 with funding from Interest on Local Funds.

Renovation of E. P. Schoch Building - On November 9, 2007, the project was included in the CIP with a total project cost of \$10,000,000 with funding from Revenue Financing System Bond Proceeds.

Project Description

The Geology Building Addition study for the John A. and Katherine G. Jackson School of Geosciences was developed to provide various options for an addition to house a student center. The study is being redefined as a project to renovate a portion of the second floor of the existing building to create the new student center. The proposed increase to the total project cost will renovate approximately 11,020 gross square feet (GSF) to include student social space with a coffee bar, student work space, career services office, a recruitment and placement office, advisors' offices, tutorial spaces, and support spaces. The scope also includes upgrading various building and life safety systems throughout the entire floor as required by the renovation. The Renovation of the E. P. Schoch Building project will be removed from the CIP to support the Revenue Financing System Bond Proceeds funding for the proposed Geology Building Renovation.

Fundraising will begin immediately and construction will not commence prior to obtaining commitments. If sufficient funds are not raised, the remaining funding will come from the John A. and Katherine G. Jackson Endowed Fund in Geosciences.

This proposed repair and rehabilitation project has been approved by U. T. System staff and meets the criteria for inclusion in the CIP. Design development plans and authorization of expenditure of funding will be approved by the Chancellor at a later date.

6. U. T. Pan American: Fine Arts Academic and Performance Complex - Amendment of the FY 2011-2016 Capital Improvement Program to revise the scope of the project and approval to redesignate as new construction (Preliminary Board approval)

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Nelsen that the U. T. System Board of Regents approve the recommendations for the Fine Arts Academic and Performance Complex at The University of Texas – Pan American as follows:

Project No.:	901-283	
Project Delivery Method:	Construction Manager at Risk	
Substantial Completion Date:	May 2013	
Total Project Cost:	<u>Source</u>	<u>Current</u>
	Tuition Revenue Bond Proceeds	\$39,796,000
	Revenue Financing System Bond Proceeds	\$ 7,049,000
	Higher Education Assistance Funds (HEAF)	<u>\$ 2,900,000</u>
		\$49,745,000

- a. amend the FY 2011-2016 Capital Improvement Program (CIP) to revise the scope of the project; and
- b. redesignate the project from a repair and rehabilitation project to a new construction project.

BACKGROUND INFORMATION

Previous Board Actions

On August 10, 2006, the project was included in the CIP with a total project cost of \$49,745,000 with funding of \$39,796,000 from Tuition Revenue Bond Proceeds and \$9,949,000 from Revenue Financing System Bond Proceeds. On May 10, 2007, the Board designated the project as architecturally significant. On December 9, 2009, the Board revised the scope of the project; revised the funding to \$39,796,000 from Tuition Revenue Bond Proceeds, \$7,049,000 with funding from Revenue Financing System Bond Proceeds, and \$2,900,000 with funding from Higher Education Assistance Funds (HEAF); removed the special interest designation; and appropriated funding.

Project Description

This request involves revising the scope of the project from a repair and rehabilitation project to a new construction project because the evaluation of the numerous existing building conditions of the Fine Arts Auditorium proved the planned renovation and available budget could not support the Institution's program requirements and vision.

The project will include construction of a new performing arts center that will consist of a mid-sized theatre designed for approximately 1,000 audience members with accessible seating dispersed throughout, a recital hall for smaller ensembles seating approximately 180 audience members, rehearsal facilities, and performance and audience amenities supporting these programs. The lobby will be able to accommodate seated dinners for up to 200 guests. Restrooms, food concessions, circulation, and other audience amenity areas will reflect modern audience expectations and will be sized to accommodate all theatre patrons before and after performances. Also included will be four rehearsal rooms.

The scope of work for the Fine Arts Academic and Performance Complex will include the associated demolition of existing interior space with interior renovations to meet the academic program requirements. Renovation will consist of life safety, code, and accessibility upgrades; new heating, ventilation, and air conditioning (HVAC); new interior space reconfigurations; new interior architectural finishes; and new roofing.

Approval of design development plans and authorization of expenditure of funding will be presented to the Board for approval at a later date.

7. **U. T. Medical Branch – Galveston: Infrastructure - Ike Recovery - Amendment of the FY 2011-2016 Capital Improvement Program to increase total project cost and appropriation of funds and authorization of expenditure (Final Board approval)**

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and President Callender that the U. T. System Board of Regents approve the recommendations for the Infrastructure - Ike Recovery project at The University of Texas Medical Branch at Galveston as follows:

Project No.: 601-506
Project Delivery Method: Construction Manager at Risk
Substantial Completion Date: November 2014

Total Project Cost:	<u>Source</u>	<u>Current</u>	<u>Proposed</u>
	FEMA	\$ 98,522,000	\$149,204,677
	General Revenue	\$ 32,841,000	\$ 32,841,000
	Private Insurance Claims	\$ <u>14,669,000</u>	\$ <u>14,669,000</u>
		\$146,032,000	\$196,714,677

- a. amend the FY 2011-2016 Capital Improvement Program (CIP) to increase the total project cost from \$146,032,000 to \$196,714,677; and
- b. appropriate additional funds and authorize expenditure in the amount of \$50,682,677 from the Federal Emergency Management Agency (FEMA).

BACKGROUND INFORMATION

Previous Board Action

On August 20, 2009, the project was included in the CIP with a total project cost of \$146,032,000 with funding of \$98,522,000 from FEMA Insurance Claims, \$14,669,000 from Private Insurance Claims, and \$32,841,000 from General Revenue (Unexpended Plant Funds).

Project Description

Infrastructure repairs will involve campuswide distribution systems including: cathodic protection, storm and sanitary sewer, diesel supply loop, electrical emergency and normal power, steam transmission, chilled water systems, telecommunication systems, underground telecom and data cabling, condensate return system, shore dock, helipad, irrigation, way finding signage, clock towers, paving and erosion, blue pedestal phones, West and Central production plants, and campuswide lighting.

The revised total project cost is the result of FEMA approving the rebuild in-kind estimate and a portion of the mitigated thermal distribution system proposal. The current chilled water and steam/condensate system will be replaced with new chilled water and hot water distribution systems.



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FOR
STUDENT, FACULTY, AND STAFF CAMPUS LIFE
COMMITTEE**

Committee Meeting: 11/11/2010
Austin, Texas

James D. Dannenbaum, Chairman
Printice L. Gary
R. Steven Hicks
Brenda Pejovich
Joel Helmke, Chair, Employee Advisory Council
Dan Formanowicz, Chair, Faculty Advisory Council
Christof Straub, Chair, Student Advisory Council

	Committee Meeting	Page
Convene	8:30 a.m. <i>Chairman Dannenbaum</i>	
U. T. System: Annual Meeting with Officers of the U. T. System Employee Advisory Council	Report <i>Mr. Joel Helmke</i>	294
Adjourn	9:30 a.m.	

U. T. System: Annual Meeting with Officers of U. T. System Employee Advisory Council

REPORT

Representatives of the U. T. System Employee Advisory Council will meet with the Board to discuss the Council's past year activities and plans for the future according to the following agenda. Council members scheduled to attend are:

Chair: Mr. Joel Helmke, U. T. M. D. Anderson Cancer Center

Vice Chair: Mr. Dexter Jones, U. T. Health Science Center – Tyler

Secretary: Mr. Paul Summers, U. T. Health Science Center – San Antonio

Historian: Ms. Rochelle Peña, U. T. Dallas

AGENDA

1. Introductions
2. Chairperson's report on accomplishments of the past year and plans for the new fiscal year. (See Recommendations set forth on Pages 295 - 297).

BACKGROUND INFORMATION

The U. T. System Employee Advisory Council was established in August 2000 to provide a vehicle for communication and to facilitate the flow of ideas and information among employees, the Board of Regents, the institutions, and Executive Officers of U. T. System Administration. The U. T. System Employee Advisory Council functions to define, analyze, and make recommendations on employee issues to appropriate groups and individuals.

**THE UNIVERSITY OF TEXAS SYSTEM
EMPLOYEE ADVISORY COUNCIL
REPORT
TO THE BOARD OF REGENTS
THE UNIVERSITY OF TEXAS SYSTEM**

The University of Texas System Employee Advisory Council (EAC) is composed of employees from all 15 institutions and U. T. System Administration, representing a diverse workforce and supporting a diverse collection of institutions. Recognizing the great strengths that exist across our group, four committees were formed this year to review programs that are important to the U. T. System workforce. The four committees represent the areas of wellness, worklife balance, human resource (HR) policy, and recruitment and retention. This effort was initiated by circulating a 70-item survey soliciting feedback from U. T. System HR Directors regarding policies and practices and requesting any guidelines or materials used to support their efforts. We are very happy to report that we received 100% participation and an enthusiastic response from our colleagues. After it was complete, our institution HR Directors received the final survey compilation in order for them to compare and contrast their approaches to those of the other institutions. Based on the survey feedback, the four committees made the following recommendations.

Recommendations

Wellness Committee

The EAC Wellness Committee is focused on continuing the improvement of the health status of U. T. employees and their dependents. The EAC applauds the many recent efforts taken by the U. T. System Office of Employee Benefits to encourage better lifestyle choices. These efforts include the Web MD wellness resource, the creation of a Systemwide Wellness Coordinator, many initiatives to promote proactive health decisions, and the removal of employee cost sharing as a financial barrier to accessing colorectal cancer screening services.

The committee recommends increased support at each campus for health and wellness initiatives, including cancer prevention and early detection programs, health screenings and behavioral modification programs. Programs like these will help employees lower their health risk by eliminating tobacco use, improving their diet and physical activity habits, and improving the quality of life for themselves and their dependents.

Recognizing the tremendous expertise of our medical institutions and public health programs, the committee also recommends greater sharing of health information resources across all of the U. T. institutions, to include health messaging on topics such as reducing cancer risk, improving cardiovascular health, and dealing with stress.

In order to reinforce the U. T. System's support for developing healthy lifestyles and improving the overall health and well-being of employees and their dependents, we ask that the president of each institution communicate their support for their local wellness programs as well as those programs facilitated by the U. T. System benefits staff. Changing an organization's culture starts at the top, and in order to transition to a culture of improved health habits, a presidential endorsement would send an important message.

Worklife Committee

The EAC Worklife Committee, recognizing the growing complexities of balancing work commitments and meeting personal needs and the needs of dependents, explored practices across the U. T. System that supported employees as they attempted to meet the many obligations in their lives.

The committee recommends that U. T. System institutions develop guidelines to provide direction and support to managers interested in offering employees with added flexibility to meet their many obligations at home and the workplace. Successful practices identified in the survey include support for flexible work schedules, such as working a 7-4 schedule to avoid rush hour commutes; alternative work schedules, such as working a compressed 40 hour schedule in a 4 day workweek; or exploring opportunities for telecommuting when appropriate for the role. All of these programs contribute to reducing unscheduled absenteeism, improving retention rates, and improving morale.

Lastly, the Worklife Committee recommends that in recognition of the graying demographic profile of our nation and the growing care issues experienced by employees now caring for elderly parents, eldercare support be explored by each campus as resources allow. Many employees now find themselves caring for their children while simultaneously caring for aging parents, many of whom have chronic conditions and require frequent attention.

Policy and Procedure Committee

The EAC Policy and Procedure Committee focused its attention on the processes used by each institution to evaluate employee performance, as well as programs that provide an expanded sick leave pool for those employees dealing with a catastrophic illness. Based on the survey feedback, this committee found that every institution required annual evaluations for all staff, however formats differed as did consequences for failing to complete the evaluation of a subordinate. Similarly, there was found to be a wide range of responses regarding sick pool administration.

In order to support the professional development of employees, the committee recommends that every effort be made to complete annual evaluations on time, including steps to ensure compliance of next level managers in completing the process in the specified timeframe. This group recommends consideration to be given to incorporating performance appraisal tools into the process such as 360 degree feedback from peers, customers, and subordinates. The committee also recommends migrating from paper to an electronic format as resources allow.

The committee recommends that if feasible, the evaluation process for an employee requesting access to extended sick leave benefits should include review by a licensed clinician. The committee also recommends that an appeal process be available for those requests that are not initially approved.

Recruitment and Retention Committee

The EAC Recruitment and Retention Committee sought to better understand the efforts taken by U. T. System institutions to recognize and incentivize employees and to support professional development. Using the survey feedback, this group found that many institutions supported a wide variety of programs aimed at recognizing top performers and longtime employees. In addition, there were a number of different programs across the institutions to support the continuing education and professional development of employees.

This committee recommends that all institutions develop programs to incentivize high performance, reward top performers and recognize employees who have made a long-term investment in their organization. Some of the programs identified by the survey were as modest as coffee with the President or as complex as performance based compensation programs. All programs are intended to recognize those employees seen as going the extra mile to advance the mission of their organization. This committee also recommends increased investment in tuition reimbursement and certificate programs, which encourage employees to develop skills that are in high demand and provide value to the organization.

All of the broad recommendations just presented were generated by the Wellness, Worklife, Policy and Procedure, and Recruitment and Retention Committees based on work conducted over the FY10 term. Looking ahead at the FY11 term, these committees will continue their work and will refine their recommendations, providing specific examples of the best practices that exist across the U. T. System in each of their focus areas. Adding to this effort in FY11 will be the newly formed Cost Reduction Committee, created with the intent of cataloguing innovative cost-saving initiatives that are being undertaken at each institution and creating an online clearinghouse of these initiatives in order to share these cost-saving ideas broadly across the U. T. System. We hope that we will have the support of U. T. System Administration to facilitate the compilation, and dissemination of the many novel approaches being taken across our organization to manage expenses during these challenging economic times.

On behalf of the EAC members, I would like to extend our sincere appreciation for being provided with an opportunity to serve the U. T. System through our role on the council. We are encouraged by the progress that we made in FY10 and optimistic that our work in FY11 will provide specific recommendations that will have a positive impact on the organization.

**THE UNIVERSITY OF TEXAS SYSTEM ADMINISTRATION
DOCKET NO. 144**

The Docket for The University of Texas System Administration and the Dockets recommended by the respective presidents and prepared by the institutions listed below are submitted for discussion and appropriate action regarding approval of the Docket at the meeting of the U. T. System Board of Regents on November 11, 2010. The Chancellor, the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Health Affairs, and the Vice Chancellor and General Counsel concur in these recommendations.

<u>Institutions</u>	<u>Pages</u>
The University of Texas System Administration	Docket 1 - 3
The University of Texas at Arlington	Docket 4 - 6
The University of Texas at Austin	Docket 7 - 13
The University of Texas at Brownsville	Docket 14
The University of Texas at Dallas	Docket 15 - 17
The University of Texas at El Paso	Docket 18
The University of Texas – Pan American	Docket 19
The University of Texas at San Antonio	Docket 20 - 22
The University of Texas at Tyler	Docket 23
The University of Texas Southwestern Medical Center at Dallas	Docket 24 - 25
The University of Texas Medical Branch at Galveston	Docket 26 - 28
The University of Texas Health Science Center at Houston	Docket 29 - 30
The University of Texas Health Science Center at San Antonio	Docket 31 - 32
The University of Texas M. D. Anderson Cancer Center	Docket 33
The University of Texas Health Science Center at Tyler	Docket 34

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U. T. SYSTEM ADMINISTRATION

CONTRACTS

The following contracts have been administratively approved by the Chancellor or his delegate and the Executive Vice Chancellor for Business Affairs and are recommended for approval by the U. T. System Board of Regents:

GENERAL CONTRACTS

FUNDS COMING IN

1. Agency: Spinning Star Energy LLC
Funds: \$2,983,000 consisting of an initial payment of \$1,183,000 for on-lease transmission lines and \$1,800,000 for installation of Wind Turbine Generators
Period: Commencing on the future effective date and ending on December 31, 2041
Description: Ground (surface) lease for the purpose of installing and operating a minimum of 150 wind turbine generators and other related equipment and facilities located in Reagan, Crockett, and Upton Counties, Texas

2. Agency: Spinning Star Energy LLC
Funds: \$8,859,500 total for six easements
Period: Commencing on the effective date and continuing for the statutory period of 10 years
Description: Easements for electric transmission located in Reagan, Upton, Crane, Loving, Ward, Winkler, Culberson, and Hudspeth Counties, Texas

FUNDS GOING OUT

3. Agency: Energy Testing and Balance, Inc.
Funds: U. T. System anticipates contracting expenditures to exceed \$1,000,000 per year of the contract
Period: September 20, 2010 through September 19, 2016 (Contract was brought forward for Board approval once it started to reach the \$1,000,000 threshold where Board approval is required.)
Description: The firm agrees to perform testing, adjusting, and balancing services for U. T. System on a job order basis. The services were competitively procured.

AMENDMENTS TO THE 2010-11 BUDGET

TRANSFERS OF FUNDS

The following Request for Budget Change (RBC) has been administratively approved by the Executive Vice Chancellor for Business Affairs and is recommended for approval by the U. T. System Board of Regents:

<u>Description</u>	<u>\$ Amount</u>	<u>RBC #</u>
DESIGNATED FUNDS		
Academic Affairs Initiatives		
1. Amount of Transfer:	547,281	146
From: Income		
To: All Expenses		

This adjustment will transfer funds from existing account balances to cover payment for an annual copyright license for a digital library subscription to be used for electronic course content, research collaboration, and administrative communications.

REAL ESTATE REPORT

THE UNIVERSITY OF TEXAS SYSTEM SEPARATELY INVESTED ASSETS Managed by U. T. System

Summary Report at August 31, 2010

FUND TYPE

	Current Purpose Restricted		Endowment and Similar Funds		Annuity and Life Income Funds		TOTAL	
	Book	Market	Book	Market	Book	Market	Book	Market
Land and Buildings:								
Ending Value 5/31/10	\$ 3,095,045	\$ 28,122,289	\$ 97,544,764	\$ 260,223,234	\$ 1,806,002	\$ 3,577,009	\$ 102,445,811	\$ 291,922,532
Increase or Decrease	1	1,028,801	263,527	1,564,973	(204,536)	(241,926)	58,992	2,351,848
Ending Value 8/31/10	\$ 3,095,046	\$ 29,151,090	\$ 97,808,291	\$ 261,788,207	\$ 1,601,466	\$ 3,335,083	\$ 102,504,803	\$ 294,274,380
Other Real Estate:								
Ending Value 5/31/10	\$ 62,308	\$ 62,308	\$ 141,759	\$ 141,789	\$ -	\$ -	\$ 204,067	\$ 204,067
Increase or Decrease	(1,502)	(1,502)	(2,519)	(2,519)	-	-	(4,021)	(4,021)
Ending Value 8/31/10	\$ 60,805	\$ 60,805	\$ 139,240	\$ 139,240	\$ -	\$ -	\$ 200,046	\$ 200,046

Report prepared in accordance with Sec. 51.0032 of the *Texas Education Code*.

Details of individual assets by account furnished on request.

Note: Surface estates are managed by the U. T. System Real Estate Office. Mineral estates are managed by U. T. System University Lands. The royalty interests received from the Estate of John A. Jackson for the John A. and Katherine G. Jackson Endowed Fund in Geosciences are managed by the U. T. Austin Geology Foundation, with the assistance of the Bureau of Economic Geology.

U. T. ARLINGTON

AMENDMENTS TO THE 2010-11 BUDGET

TENURE APPOINTMENTS

**NEW APPOINTMENTS WITH TENURE, AWARD OF TENURE,
AND EMERITUS APPOINTMENTS**

The following Requests for Budget Change (RBC) have been administratively approved by the Executive Vice Chancellor for Academic Affairs and are recommended for approval by the U. T. System Board of Regents:

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
COLLEGE OF EDUCATION					
Curriculum and Instruction					
Professor					
1. Andrew J. Milson (T)	9/1-5/31	100	09	88,000	3704
COLLEGE OF ENGINEERING					
Civil Engineering					
Associate Professor					
2. Dong-Jun Seo (T)	9/1-5/31	100	09	93,500	3705
Industrial and Manufacturing Systems Engineering					
Professor					
3. Charalabos C. Doumanidis (T)	9/1-5/31	100	09	160,000	3707
Associate Professor					
4. Erick C. Jones (T)	1/16-5/31	100	09	115,000	3783
Mechanical and Aerospace Engineering					
Associate Professor					
5. Andrew V. Makeev (T)	1/16-5/31	100	09	117,000	3706
SCHOOL OF SOCIAL WORK					
Associate Dean for Research and Community Outreach					
Professor					
6. John Bricout (T)	9/1-8/31	100	12	135,000	3701
		0	09	101,250	

AMENDMENTS TO THE 2010-11 BUDGET (CONTINUED)

TENURE APPOINTMENTS (CONTINUED)

**NEW APPOINTMENTS WITH TENURE, AWARD OF TENURE,
AND EMERITUS APPOINTMENTS (CONTINUED)**

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
SCHOOL OF URBAN AND PUBLIC AFFAIRS					
Interdisciplinary Studies					
Director and Professor					
7. Stuart D. Henry (T)	9/1-5/31	100	09	95,000	3702
		SUPLT	03	7,000	

AMENDMENTS TO THE 2009-10 BUDGET

TENURE APPOINTMENTS

**NEW APPOINTMENTS WITH TENURE, AWARD OF TENURE,
AND EMERITUS APPOINTMENTS**

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
COLLEGE OF SCIENCE					
Earth and Environmental Sciences					
Professor					
8. Glen S. Mattioli (T)	8/1-8/31	100	09	100,000	3703

AMENDMENTS TO THE 2008-09 BUDGET

TENURE APPOINTMENTS

**NEW APPOINTMENTS WITH TENURE, AWARD OF TENURE,
AND EMERITUS APPOINTMENTS**

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
SCHOOL OF SOCIAL WORK					
Office of the Dean					
Dean					
Professor					
9. Scott D. Ryan (T)	8/10-8/31	100	12	190,000	3635
	8/10-8/31	0	09	142,500	

Dr. Ryan was hired with tenure effective August 10, 2009; however a Request for Budget Change was not submitted for docket approval at that time. The appointment with tenure is being submitted now for formal approval effective August 10, 2009.

U. T. AUSTIN

CONTRACTS

The following contracts have been administratively approved by the President or his delegate and the Executive Vice Chancellor for Academic Affairs and are recommended for approval by the U. T. System Board of Regents:

GENERAL CONTRACTS

FUNDS COMING IN

1. Agency: Baden Sports, Inc.
Funds: \$3,095,000 in cash, plus an additional estimated \$247,500 in supplied products for University Interscholastic League (UIL) championship events and UIL-sanctioned events. Additionally, Baden will provide free balls to UIL member schools valued at \$340,000 for the first year of the agreement.
Period: July 1, 2010 through June 30, 2015
Description: Baden Sports, Inc. will provide cash and supplied products (footballs, volleyballs, tennis balls, basketballs, baseballs, softballs, golf balls, soccer balls, and t-shirts) in return for the designation as the "Official Ball Carrier of the University Interscholastic League" for UIL championship events and UIL sanctioned events

2. Agency: Mcliff Partners, Ltd, dba Mcliff Vending and Office Coffee Service
Funds: \$700,000 estimated for the initial term and all renewal periods
Period: January 1, 2011 through August 31, 2011 with option to renew for two additional two-year periods
Description: Mcliff Vending and Office Coffee Service will provide snack vending service at approximately 140 sites located at the main campus of U. T. Austin, J. J. Pickle Research Campus, Lake Austin Center, U. T. Administration Building, Dell Pediatric Research Institute, and other locations as required by U. T. Austin. In accordance with *Texas Education Code* Section 51.945, the students were provided with an opportunity to comment prior to determination that this food service provider should be selected by the institution.

CONTRACTS (CONTINUED)

GENERAL CONTRACTS (CONTINUED)

FUNDS GOING OUT

3. Agency: Consolidated Communications Enterprise Services, Inc.
Funds: \$3,336,000 for the initial term and renewal period
Period: September 1, 2010 through September 30, 2020 with option to renew for one additional 10-year period
Description: Network services agreement between U. T. Austin, on behalf of the U. T. System Office of Telecommunication Services, and Consolidated Communications Enterprise Services, Inc. for the use, maintenance, and repair of an optical fiber system to supply U. T. Tyler and U. T. Health Science Center – Tyler with high bandwidth connections to the U. T. System backbone network. The agreement will also allow for backbone network connection to public entities in the Nacogdoches and Huntsville region, including Stephen F. Austin State University and Sam Houston State University.

FOREIGN CONTRACTS

4. Agency: University of Adelaide, Australia
Funds: Approximately \$22,700
Period: March 1, 2011 through April 30, 2011
Description: Leadership training services to be provided by the LBJ School of Public Affairs' Governor's Center for Management Development to the University of Adelaide's Executive Education Program

AMENDMENTS TO THE 2010-11 BUDGET

TENURE APPOINTMENTS

**NEW APPOINTMENTS WITH TENURE, AWARD OF TENURE,
AND EMERITUS APPOINTMENTS**

The following Requests for Budget Change (RBC) have been administratively approved by the Executive Vice Chancellor for Academic Affairs and are recommended for approval by the U. T. System Board of Regents:

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
COLLEGE OF COMMUNICATION					
Journalism					
Professor and Amon G. Carter, Jr. Centennial Professorship in Communication					
1. Thomas J. Johnson (T)	9/1-5/31	100	09	105,000	3620
	9/1-5/31	SUPLT	09	10,000	
SCHOOL OF LAW					
Professor and Hayden W. Head Regents Chair for Faculty Excellence					
2. Matthew L. Spitzer (T)	9/1-5/31	100	09	247,500	3621
	9/1-5/31	SUPLT	09	10,000	
Professor and Joseph C. Hutcheson Professorship in Law					
3. Barbara A. Bintliff (T)	9/1-5/31	100	09	168,750	3622
	9/1-5/31	SUPLT	09	5,000	
Professor and Sylvan Lang Professorship					
4. James C. Spindler (T)	9/1-5/31	100	09	165,000	3623
	9/1-5/31	SUPLT	09	5,000	

AMENDMENTS TO THE 2010-11 BUDGET (CONTINUED)

TENURE APPOINTMENTS (CONTINUED)

**NEW APPOINTMENTS WITH TENURE, AWARD OF TENURE,
AND EMERITUS APPOINTMENTS (CONTINUED)**

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
COLLEGE OF NATURAL SCIENCES					
Mathematics					
5. James W. Daniel					3626
From: Distinguished Teaching Professor and Paul V. Montgomery Centennial Memorial Professorship in Actuarial Mathematics (T)		100 SUPLT	09 09	100,500 43,500	
To: Distinguished Teaching Professor Emeritus and Paul V. Montgomery Centennial Memorial Professor Emeritus in Actuarial Mathematics	9/1-5/31			0	
Nutritional Sciences					
Professor					
6. Richard H. Finnell (T)	9/1-5/31	34.67	09	225,000	3624
COLLEGE OF LIBERAL ARTS					
French and Italian					
7. Knud P. Lambrecht					3627
From: Professor (T)		100	09	74,200	
To: Professor Emeritus	9/1-5/31			0	

AMENDMENTS TO THE 2009-10 BUDGET

TENURE APPOINTMENTS

**NEW APPOINTMENTS WITH TENURE, AWARD OF TENURE,
AND EMERITUS APPOINTMENTS**

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
COLLEGE OF NATURAL SCIENCES					
Mathematics					
8. John T. Tate					3625
From: Professor and Sid W. Richardson Foundation Regents Chair in Mathematics No. 4 (T)		100	09	162,220	
		SUPLT	09	21,311	
To: Professor Emeritus and Sid W. Richardson Chair Emeritus in Mathematics	9/1-5/31				0

Dr. Tate's Emeritus appointment is retroactive to September 1, 2009. He was designated Regental Professor Emeritus by the Board at the May 2010 meeting for winning the Abel Prize, an award considered akin to a Nobel Prize for which there is no award for mathematics.

AMENDMENTS TO THE 2009-10 BUDGET (CONTINUED)

TRANSFERS OF FUNDS

<u>Description</u>	<u>\$ Amount</u>	<u>RBC #</u>
SERVICE DEPARTMENTS FUNDS		
Facilities Services		
9. Amount of Transfer:	500,000	3618
From: Central Stores Inventory Operating Income		
To: Central Stores Inventory Inventory for Resale		

Transfer will increase Central Stores Revolving account spending authorization to cover stock purchasing needs through the end of Fiscal Year 2010. This pass-through account is used for the purchase of supplies and materials for work orders and capital projects for the University community.

OTHER MATTERS

APPROVAL OF DUAL POSITIONS OF HONOR, TRUST, OR PROFIT

The following item has been approved by the Executive Vice Chancellor for Academic Affairs in accordance with the Regents' *Rules and Regulations*, Rule 30103 and is submitted for approval by the U. T. System Board of Regents. It has been determined that the holding of this office or position is of benefit to the State of Texas and The University of Texas and there is no conflict between holding this position and the appointment of Mr. Dulitzky with The University of Texas at Austin. By approval of this item, the Board is also asked to find that holding this position is of benefit to the State of Texas and The University of Texas and there is no conflict between the position and the University.

- | | |
|---------------|---|
| Name: | Ariel E. Dulitzky, JD, LL.M. |
| Title: | Clinical Professor of Law
Director, Human Rights Clinic
Director, Latin America Initiative |
| Position: | Member, Working Group on Enforced or Involuntary Disappearances |
| Period: | August 1, 2010 through July 31, 2013 |
| Compensation: | Reimbursement of expenses only |
| Description: | The United Nations Human Rights Council nominated Mr. Dulitzky to serve on the Working Group on Enforced or Involuntary Disappearances. The group was established to assist families in determining the fate or whereabouts of their relatives who have disappeared. The members meet three times a year to privately discuss human rights with families, witnesses, government officials, and nongovernmental organizations, and then report to governments in writing about its determinations. |

U. T. BROWNSVILLE

OTHER MATTERS

APPROVAL OF DUAL POSITIONS OF HONOR, TRUST, OR PROFIT

The following item has been approved by the Executive Vice Chancellor for Academic Affairs in accordance with the Regents' *Rules and Regulations*, Rule 30103 and is submitted for approval by the U. T. System Board of Regents. It has been determined that the holding of this office or position is of benefit to the State of Texas and The University of Texas and there is no conflict between holding this position and the appointment of President García with The University of Texas at Brownsville. By approval of this item, the Board is also asked to find that holding this position is of benefit to the State of Texas and The University of Texas and there is no conflict between the position and the University.

- | | |
|---------------|--|
| Name: | Juliet V. García, Ph.D. |
| Title: | President |
| Position: | Member, The National Advisory Group for Complete to Compete |
| Period: | December 1, 2010 through December 31, 2011 |
| Compensation: | None |
| Description: | West Virginia Governor Joe Manchin, III, has appointed President García to The National Advisory Group for Complete to Compete. Complete to Compete is designed to enlist the efforts of governors and other key leaders to make the nation a global leader in college completion. In the next year, the National Advisory Group will meet twice a year to discuss strategies and best practices for promoting college completion. |

U. T. DALLAS

AMENDMENTS TO THE 2010-11 BUDGET

TENURE APPOINTMENTS

**NEW APPOINTMENTS WITH TENURE, AWARD OF TENURE,
AND EMERITUS APPOINTMENTS**

The following Requests for Budget Change (RBC) have been administratively approved by the Executive Vice Chancellor for Academic Affairs and are recommended for approval by the U. T. System Board of Regents:

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
ERIK JONSSON SCHOOL OF ENGINEERING AND COMPUTER SCIENCE					
Electrical Engineering					
Associate Professor					
1. Yun Chiu (T)	9/1-5/31	100	09	120,000	3686
Associate Professor and TxACE Analog Chair in Electrical Engineering					
2. Dongsheng Ma (T)	9/1-5/31	100	09	160,000	3685
Professor					
3. Babak Fahimi (T)	9/1-5/31	100	09	130,000	3742
Material Science and Engineering					
Professor and TI Distinguished Chair in Nanoelectronics					
4. Massimo Fischetti (T)	9/1-5/31	100	09	180,000	3714
	9/1-5/31	SUPL	09	9,000	
Professor and TI Distinguished Chair in Nanoelectronics					
5. Julia Hsu (T)	9/1-5/31	100	09	153,000	3684
	9/1-5/31	SUPL	09	9,000	
Associate Professor					
6. Lev Gelb (T)	9/1-5/31	100	09	100,000	3683

AMENDMENTS TO THE 2010-11 BUDGET (CONTINUED)

TENURE APPOINTMENTS (CONTINUED)

**NEW APPOINTMENTS WITH TENURE, AWARD OF TENURE,
AND EMERITUS APPOINTMENTS (CONTINUED)**

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
SCHOOL OF NATURAL SCIENCES AND MATHEMATICS					
Geosciences					
Professor					
7. John W. Geissman (T)	9/1-5/31	100	09	140,000	3720
Physics					
Professor					
8. Mark Lee (T)	9/1-5/31	100	09	130,500	3719

OTHER MATTERS

APPROVAL OF DUAL POSITIONS OF HONOR, TRUST, OR PROFIT

The following item has been approved by the Executive Vice Chancellor for Academic Affairs in accordance with the Regents' *Rules and Regulations*, Rule 30103 and is submitted for approval by the U. T. System Board of Regents. It has been determined that the holding of this office or position is of benefit to the State of Texas and The University of Texas and there is no conflict between holding this position and the appointment of President Daniel with The University of Texas at Dallas. By approval of this item, the Board is also asked to find that holding this position is of benefit to the State of Texas and The University of Texas and there is no conflict between the position and the University.

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|---------------|--|
| Name: | David E. Daniel, Ph.D. |
| Title: | President |
| Position: | Committee Member, National Research Council |
| Period: | July 1, 2010 through December 31, 2011 |
| Compensation: | None |
| Description: | The National Research Council is assembling an expert committee of academic and industry engineers to investigate technical aspects of the causes of the Deepwater Horizon rig explosion, fire, and oil spill to identify preventative measures. |

U. T. EL PASO

AMENDMENTS TO THE 2010-11 BUDGET

TENURE APPOINTMENTS

**NEW APPOINTMENTS WITH TENURE, AWARD OF TENURE,
AND EMERITUS APPOINTMENTS**

The following Requests for Budget Change (RBC) have been administratively approved by the Executive Vice Chancellor for Academic Affairs and are recommended for approval by the U. T. System Board of Regents:

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
OFFICE OF RESEARCH AND SPONSORED PROJECTS AND CHEMISTRY					
1. Luis A. Echegoyen (T) Associate Vice President for Research Professor and Robert A. Welch Endowed Chair Professorship	6/1-8/31	100	12	290,853	3692
	9/1-5/31	100	09	218,140	

AMENDMENTS TO THE 2009-10 BUDGET

TENURE APPOINTMENTS

**NEW APPOINTMENTS WITH TENURE, AWARD OF TENURE,
AND EMERITUS APPOINTMENTS**

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
CHEMISTRY Professor and Robert A. Welch Endowed Chair Professorship					
2. Luis A. Echegoyen (T)	8/16-8/31	100	09	218,140	3688

U. T. PAN AMERICAN
AMENDMENTS TO THE 2009-2010 BUDGET
TRANSFERS OF FUNDS

The following Request for Budget Change (RBC) has been administratively approved by the Executive Vice Chancellor for Academic Affairs and is recommended for approval by the U. T. System Board of Regents:

<u>Description</u>	<u>\$ Amount</u>	<u>RBC #</u>
DESIGNATED TUITION		
Unexpended Plant Funds		
1. Amount of Transfer:	\$7,165,075	3746
From: Designated Tuition		
To: Building Alterations and Maintenance		

Transfer of funds from Designated Tuition to Unexpended Plant Fund Building Alterations and Maintenance Account to provide funds for deployment towards capital projects.

U. T. SAN ANTONIO

AMENDMENTS TO THE 2010-11 BUDGET

TRANSFERS OF FUNDS

The following Requests for Budget Change (RBC) have been administratively approved by the Executive Vice Chancellor for Academic Affairs and are recommended for approval by the U. T. System Board of Regents:

<u>Description</u>	<u>\$ Amount</u>	<u>RBC #</u>
RECREATION CENTER RESERVE		
Natural Turf Replacement, Recreation Fields		
1. Amount of Transfer:	3,443,275.94	3710

From: Recreation Center Reserve
Recreation Center Fee

To: Natural Turf Replacement, Recreation Fields

This project will replace existing recreation fields with synthetic grass and upgrade area lighting to allow for a competitive soccer field. The project cost also includes related civil engineering services.

AMENDMENTS TO THE 2009-10 BUDGET

TENURE APPOINTMENTS

**NEW APPOINTMENTS WITH TENURE, AWARD OF TENURE,
AND EMERITUS APPOINTMENTS**

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
COLLEGE OF BUSINESS					
Information Systems and Technology Management					
Professor, Endowed Chair					
2. Frederick R. Chang (T)	8/18-8/31	100	09	192,500	3658
COLLEGE OF EDUCATION AND HUMAN DEVELOPMENT					
Educational Leadership and Policy Studies					
Professor					
3. Laura I. Rendon (T)	8/18-8/31	100	09	140,000	3659
COLLEGE OF LIBERAL AND FINE ARTS					
Anthropology					
Associate Professor					
4. Jason R. Yaeger (T)	8/18-8/31	100	09	73,000	3660
COLLEGE OF ENGINEERING					
Civil and Environmental Engineering					
Professor					
5. Les E. Shephard (T)	4/15-8/31	100	09	180,000	3661
<p align="center">Dr. Shephard was hired in April 2010 and the RBC was not included on the August Docket.</p>					
COLLEGE OF LIBERAL AND FINE ARTS					
Sociology					
Professor					
6. Christopher G. Ellison (T)	8/18-8/31	100	09	187,000	3662

AMENDMENTS TO THE 2009-10 BUDGET (CONTINUED)

TRANSFERS OF FUNDS

<u>Description</u>	<u>\$ Amount</u>	<u>RBC #</u>
CAMPUS RESERVES		
Campus Network Infrastructure Upgrade (Phase III)		
7. Amount of Transfer:	1,215,000	3609
From: Campus Reserves		
To: Renovations, Network Upgrade		
Funds required for Campus Network Infrastructure Upgrade (Phase III) for equipment and related work in buildings.		

FACILITIES AND ADMINISTRATION RESERVE-
DEBT SERVICE AND CAPITAL OUTLAY

Bioscience Building Emergency Power		
8. Amount of Transfer:	500,000	3653

From: Facilities and Administration Reserve-Debt Service and Capital Outlay

To: Bioscience Building Emergency Power, August 2010

Funds required for Bioscience Building emergency power cost, estimated to install a separate generator to prevent emergency power failure and to provide sufficient emergency backup for research facilities in the Bioscience Building and the Bioscience Lab-3.

U. T. TYLER

CONTRACTS

The following contract has been administratively approved by the President or his delegate and the Executive Vice Chancellor for Academic Affairs and is recommended for approval by the U. T. System Board of Regents:

GENERAL CONTRACTS

FUNDS COMING IN

1. Agency: Barnes & Noble College Booksellers, LLC
Funds: \$6,917,032
Period: September 1, 2010 through September 30, 2019
Description: Contract for operation and management of the U. T. Tyler campus bookstore, approximately 8,850 square feet, located in the University Center building at 3900 University Boulevard, Tyler, Texas, with vendor selected through a competitive process

U. T. SOUTHWESTERN MEDICAL CENTER – DALLAS

CONTRACTS

The following contracts have been administratively approved by the President or his delegate and the Executive Vice Chancellor for Health Affairs and are recommended for approval by the U. T. System Board of Regents:

GENERAL CONTRACTS

FUNDS COMING IN

1. Agency: Dallas County Indigent Care
Funds: \$158,689,564
Period: October 1, 2010 through September 30, 2011
Description: To provide physicians and other health care professionals to Parkland Health & Hospital System

FUNDS GOING OUT

2. Agency: Krause Advertising, Inc.
Funds: \$3,590,000
Period: September 1, 2010 through August 31, 2011
Description: Krause Advertising will provide multimedia brand image campaign services
3. Agency: JF Filtration, Inc.
Funds: \$2,896,617.80
Period: September 1, 2010 through August 31, 2011
Description: JF Filtration will supply and install heating, ventilating and air conditioning (HVAC) air filters, and clean and service coils
4. Agency: Dallas County Hospital District d/b/a Parkland Health & Hospital System
Funds: \$1,336,905
Period: October 1, 2010 through September 30, 2011
Description: This agreement supplements the Dallas County Indigent Care Corporation (DCICC) contract by providing additional health care services to Parkland Health & Hospital System

AMENDMENTS TO THE 2009-10 BUDGET

TENURE APPOINTMENTS

**NEW APPOINTMENTS WITH TENURE, AWARD OF TENURE,
AND EMERITUS APPOINTMENTS**

The following Requests for Budget Change (RBC) have been administratively approved by the Executive Vice Chancellor for Health Affairs and are recommended for approval by the U. T. System Board of Regents:

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
SOUTHWESTERN MEDICAL SCHOOL					
Neurology					
Professor and Chairman					
1. Mark Paul Goldberg (T)	6/1-8/31	100	12	340,000	3595
Internal Medicine					
Professor and Chairman					
2. David H. Johnson (T)	7/1-8/31	100	12	510,000	3605
Obstetrics and Gynecology					
Professor					
3. W. Lee Kraus (T)	7/15-8/31	100	12	200,000	3614
Plastic Surgery					
Professor					
4. Lawrence A. Lavery (T)	7/1-8/31	100	12	250,000	3607
Radiology					
Professor and Chairman					
5. Neil M. Rofsky (T)	7/14-8/31	100	12	520,000	3613

U. T. MEDICAL BRANCH – GALVESTON

CONTRACTS

The following contracts have been administratively approved by the President or his delegate and the Executive Vice Chancellor for Health Affairs and are recommended for approval by the U. T. System Board of Regents:

GENERAL CONTRACTS

FUNDS COMING IN

1. Agency: Texas Department of State Health Services
Funds: \$1,211,303
Period: November 1, 2009 through August 31, 2010
Description: Amendment adding \$663,019 to agreement for U. T. Medical Branch – Galveston to provide family planning services to eligible individuals

2. Agency: Texas Department of State Health Services
Funds: \$1,721,385
Period: September 1, 2010 through August 31, 2011
Description: U. T. Medical Branch – Galveston will continue to provide family planning services to Title XX eligible individuals

3. Agency: Texas Department of State Health Services
Funds: \$1,447,437
Period: September 1, 2010 through August 31, 2011
Description: U. T. Medical Branch – Galveston will continue to provide comprehensive family planning services, including medical, counseling, client education, referral, community education, and outreach services for Title X eligible individuals

4. Agency: Texas Department of State Health Services
Funds: \$5,981,923
Period: October 1, 2010 through September 30, 2011
Description: U. T. Medical Branch – Galveston will administer the Department of State Health Services Special Supplemental Nutrition Program for women, infants, and children

CONTRACTS (CONTINUED)

GENERAL CONTRACTS (CONTINUED)

FUNDS COMING IN (CONTINUED)

5. Agency: Texas Department of Assistive and Rehabilitative Services, Division of Early Childhood Intervention Services (ECI)
Funds: \$1,405,959
Period: September 1, 2010 through August 31, 2011
Description: Amendment to extend the agreement for an additional year for U. T. Medical Branch – Galveston to provide a program of early childhood intervention services for children with developmental delay and respite services for families of children enrolled in ECI comprehensive services

AMENDMENTS TO THE 2009-10 BUDGET

TENURE APPOINTMENTS

**NEW APPOINTMENTS WITH TENURE, AWARD OF TENURE,
AND EMERITUS APPOINTMENTS**

The following Request for Budget Change (RBC) has been administratively approved by the Executive Vice Chancellor for Health Affairs and is recommended for approval by the U. T. System Board of Regents:

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
ACADEMIC ENTERPRISE					
Internal Medicine-Infectious Disease					
Microbiology and Immunology					
1. Norbert J. Roberts, Jr.					3616
From: Professor (T)		100	12	173,995	
To: Professor Emeritus	7/15-8/31			0	

U. T. HEALTH SCIENCE CENTER – HOUSTON

AMENDMENTS TO THE 2010-11 BUDGET

TENURE APPOINTMENTS

**NEW APPOINTMENTS WITH TENURE, AWARD OF TENURE,
AND EMERITUS APPOINTMENTS**

The following Requests for Budget Change (RBC) have been administratively approved by the Executive Vice Chancellor for Health Affairs and are recommended for approval by the U. T. System Board of Regents:

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
MEDICAL SCHOOL					
Department of Integrative Biology and Pharmacology					
1. Stanley G. Schultz					3687
From: Professor (T) Associate Dean for Institutional Advancement		100	12	201,000	
Department of Integrative Biology and Pharmacology					
To: Professor Emeritus	9/1-8/31				0

AMENDMENTS TO THE 2010-11 BUDGET (CONTINUED)

TENURE APPOINTMENTS (CONTINUED)

**NEW APPOINTMENTS WITH TENURE, AWARD OF TENURE,
AND EMERITUS APPOINTMENTS (CONTINUED)**

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
GRADUATE SCHOOL OF BIOMEDICAL SCIENCES					
2. Robert J. Shalek					3734
From: Professor Emeritus Department of Radiation Physics at U. T. M. D. Anderson Cancer Center					
To: Professor Emeritus Graduate School of Biomedical Sciences	9/1-8/31				0

Salary prior to Emeritus appointment at U. T. M. D. Anderson Cancer Center not available to U. T. Health Science Center – Houston.

Dr. Shalek was originally appointed Professor Emeritus at his home institution, U. T. M. D. Anderson Cancer Center, on his retirement in 1989. He is appointed at U. T. Health Science Center – Houston as a nontenured appointment without salary.

U. T. HEALTH SCIENCE CENTER – SAN ANTONIO

AMENDMENTS TO THE 2009-10 BUDGET

TENURE APPOINTMENTS

NEW APPOINTMENTS WITH TENURE, AWARD OF TENURE,
AND EMERITUS APPOINTMENTS

The following Request for Budget Change (RBC) has been administratively approved by the Executive Vice Chancellor for Health Affairs and is recommended for approval by the U. T. System Board of Regents:

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
SCHOOL OF MEDICINE					
Dean of School of Medicine					
Dean and Professor					
John P. Howe, III, M.D., Distinguished					
Chair in Health Policy					
1. Francisco Gonzalez-Scarano (T)	7/26-8/31	100	12	500,000	3646

OTHER MATTERS

APPROVAL OF DUAL POSITIONS OF HONOR, TRUST, OR PROFIT

The following item has been approved by the Executive Vice Chancellor for Health Affairs in accordance with the Regents' *Rules and Regulations*, Rule 30103 and is submitted for approval by the U. T. System Board of Regents. It has been determined that the holding of this office or position is of benefit to the State of Texas and The University of Texas and there is no conflict between holding this position and the appointment of Dr. Thompson with The University of Texas Health Science Center at San Antonio. By approval of this item, the Board is also asked to find that holding this position is of benefit to the State of Texas and The University of Texas and there is no conflict between the position and the University.

- | | |
|---------------|---|
| Name: | Ian M. Thompson, M.D. |
| Title: | Professor and Chairman, Department of Urology
Executive Director, Cancer Therapy and Research
Center |
| Position: | Chairman, Early Detection Research Network |
| Period: | August 13, 2010 through August 1, 2015 |
| Compensation: | None |
| Description: | Dr. Thompson was appointed as Chairman of the
Early Detection Research Network. The Early
Detection Research Network is a collaborative effort
overseen by the National Cancer Institute's Division of
Cancer Prevention. It involves dozens of institutions
working to improve early detection of cancers using
the body's own biomarkers, and it coordinates validation
studies to determine whether a biomarker delivers as
early as promised. |

U. T. M. D. ANDERSON CANCER CENTER

AMENDMENTS TO THE 2010-11 BUDGET

TENURE APPOINTMENTS

NEW APPOINTMENTS WITH TENURE, AWARD OF TENURE,
AND EMERITUS APPOINTMENTS

The following Request for Budget Change (RBC) has been administratively approved by the Executive Vice Chancellor for Health Affairs and is recommended for approval by the U. T. System Board of Regents:

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
MEDICAL STAFF					
Thoracic Head and Neck Medical Oncology					
1. Reuben Lotan					3610
From: Professor (T)		100	12	310,137	
To: Professor Emeritus	9/1-8/31			0	

U. T. HEALTH SCIENCE CENTER – TYLER

CONTRACTS

The following contract has been administratively approved by the President or his delegate and the Executive Vice Chancellor for Health Affairs and is recommended for approval by the U. T. System Board of Regents:

GENERAL CONTRACTS

FUNDS GOING OUT

1. Agency: East Texas Anesthesiology Associates
Funds: \$3,399,999
Period: September 1, 2010 through August 31, 2011
Description: East Texas Anesthesiology Associates agrees to provide physicians, licensed to practice medicine in this state, to provide anesthesiology services for U. T. Health Science Center – Tyler, for one year, with three one-year renewals