



SCHEDULE OF EVENTS FOR BOARD OF REGENTS' MEETING

May 8-9, 2013
Austin, Texas

*U. T. System Administration, Ashbel Smith Hall, 9th Floor, 201 West Seventh Street
Office of the Board of Regents: 512.499.4402*

Wednesday, May 8, 2013

Audit, Compliance, and Management Review Committee	9:00 a.m.
Academic Affairs Committee	10:30 a.m.
Lunch	12:00 p.m.
Finance and Planning Committee	12:30 p.m.
Health Affairs Committee	1:30 p.m.
Facilities Planning and Construction Committee	3:00 p.m.
Technology Transfer and Research Committee	4:00 p.m.
Recess	5:00 p.m.

Thursday, May 9, 2013

Meeting of the Board - Open Session	8:30 a.m.
Meeting of the Board - Executive Session	11:00 a.m.
Meeting of the Board - Open Session	12:45 p.m.
Adjourn	1:15 p.m. <i>approximately</i>



TABLE OF CONTENTS
for
BOARD MEETING
May 9, 2013
Austin, Texas

Revised 5/4/2013

		Page
CONVENE THE BOARD IN OPEN SESSION TO CONSIDER AGENDA ITEMS	8:30 a.m.	
1. U. T. System Board of Regents: Approval of Consent Agenda items and referral of any items to the full Board or to Committee	8:31 a.m. Action	6
2. U. T. System Board of Regents: Amendment of Regents' Rules and Regulations, Rule 20201, regarding the Chancellor's role in the presidential selection process	8:35 a.m. Action	7
3. U. T. System Board of Regents: Amendments to the Regents' Rules and Regulations, Rule 30202, regarding Employee Benefits to add Section 9 on Payroll Deductions	8:40 a.m. Action	8
4. U. T. System: Award of Regents' Outstanding Student Awards in Arts and Humanities -- presentation of Visual Arts winners and display of artwork	8:45 a.m. Presentation <i>Dr. Reyes</i>	10
5. U. T. System Board of Regents: Annual Meeting with Officers of the U. T. System Student Advisory Council	8:55 a.m. Report/Discussion <i>Chair Xavier Johnson, U. T. San Antonio</i>	11
6. U. T. System Board of Regents: Interim report from the Task Force on Inappropriate Employee/Student Relationships	9:40 a.m. Report <i>Vice Chairman Foster</i>	26
7. U. T. System Board of Regents: Status report from the Advisory Task Force on Best Practices Regarding University Affiliated Foundation Relationships	9:45 a.m. Report <i>Regent Pejovich</i>	27
8. U. T. System Board of Regents: Interim report from the Task Force on Engineering Education for the 21st Century	9:55 a.m. Report <i>Regent Cranberg</i>	28
9. U. T. System Board of Regents: Legislative Update for the 83rd Legislative Session	10:00 a.m. Report <i>Mr. McBee</i>	29
10. U. T. System: Report on activities of the Institute for Transformational Learning	10:10 a.m. Report <i>Dr. Mintz</i>	30
11. U. T. System: Report on the System Role in Institutional Research National Advisory Committee	10:20 a.m. Report <i>Dr. Huie</i>	31
11a U. T. Austin: Status report on the Committee on Business Productivity	10:30 a.m. Report/Discussion <i>President Powers</i>	38
12. U. T. System Board of Regents: Certificates of appreciation to Vice Chairman James D. Dannenbaum, Regent Printice L. Gary, and Student Regent Ashley M. Purgason	10:45 a.m. Presentations	

13. **U. T. System Board of Regents: Certificates of appreciation to President James D. Spaniolo, U. T. Arlington, and former Interim President Kenneth L. Kalkwarf, U. T. Health Science Center - San Antonio** *10:50 a.m.*
Presentations

STANDING COMMITTEE RECOMMENDATIONS + REPORTS TO THE BOARD *11:00 a.m.*

RECONVENE THE BOARD TO RECESS TO EXECUTIVE SESSION PURSUANT TO TEXAS GOVERNMENT CODE, CHAPTER 551 (working lunch at noon) *11:15 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: Discussion of legal issues related to compliance with Immigration and Naturalization Service regulations applicable to students**
2. Deliberations Regarding the Purchase, Exchange, Lease, Sale, or Value of Real Property - Section 551.072
 - a. **U. T. Brownsville: Discussion and appropriate action regarding the following proposed related real estate transactions in Brownsville, Cameron County, Texas:**
 - (A) **Acquisition from Texas Southmost College District of:**
 - (1) **approximately 24.14 acres on the north side of West University Drive, 17.42 acres on the south side of West University Drive, and 7.3 acres comprising Lots 1, 3, and 4 of the Resubdivision of Lot 1, Block 2, Southmost Union College District Subdivision, together with all improvements located on the land including University Boulevard Library, University Boulevard Classroom Building, and the Student Union Building;**
 - (2) **Lot 1, Block 1, University Park Subdivision, Unit 1; and Lots 5 through 7, 9 through 11, 18 through 24, and 32 through 34, Block 12, and Lots 1 through 7, 10, 11 and 16, Block 16, in the Colonia Alta Vista Addition, some improved with surface parking lots; and**
 - (3) **the leasehold interest of Texas Southmost College in and to approximately 22.23 acres under Land Lease No. IMB 97- 43 from the International Boundary and Water Commission;**
 - (B) **Transfer to Texas Southmost College District of:**
 - (1) **the Science, Engineering, and Technology Building located on the north side of Ringgold Road, together with U. T. Brownsville's leasehold interest in approximately 3.8 acres on which the building is located;**
 - (2) **U. T. Brownsville's interest in a contract to purchase the former National Guard Armory property on Ringgold Road; and**
 - (3) **cash in an amount to compensate Texas Southmost College for the difference in values between the exchange parcels and for other matters related to the exchange transactions; and**
 - (C) **Lease from Texas Southmost College to U. T. Brownsville of buildings or space within buildings on the Texas Southmost College campus in Brownsville, Texas, and in the International Technology, Education and Commerce Center located approximately one mile from the Texas Southmost College campus, for educational, administrative, and auxiliary uses**

- b. **U. T. Brownsville: Discussion and appropriate action regarding the acquisition from the City of Brownsville of two tracts of land on the south side of West University Boulevard and consisting of approximately 21.2 acres at the southwest corner of West University Boulevard and U.S. Highways 77/83, and the contiguous approximately 47.96 acres located immediately to the southwest of the 21.2-acre tract and currently known as Lincoln Park, all in Brownsville, Cameron County, Texas, for future programmed development of campus expansion**
 - c. **U. T. Austin: Discussion and appropriate action regarding the lease of approximately 3.95 acres on the northeast and northwest corners of Red River and 15th Streets, Austin, Travis County, Texas, together with an approximately 0.854 of an acre contiguous parcel currently utilized as a part of Red River Street, to Central Health, a county-wide hospital district in Travis County, Texas, for use as the site of a future teaching hospital**
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**
 - b. **U. T. Dallas: Discussion and appropriate action regarding proposed negotiated gifts with potential naming features**
 - c. **U. T. Tyler: Discussion and appropriate action regarding proposed negotiated gifts with potential naming features**
4. **Personnel Matters Relating to Appointment, Employment, Evaluation, Assignment, Duties, Discipline, or Dismissal of Officers or Employees - Section 551.074**
- 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**
- a. **U. T. System Board of Regents: Discussion and appropriate action regarding safety and security issues, including security audits and the deployment of security personnel and devices** *Dr. Kelley*
Mr. Heidingsfield
 - b. **U. T. System: Discussion and appropriate action regarding campus security enhancements related to the proposed deployment of security personnel and devices** *Dr. Kelley*
Mr. Heidingsfield
 - c. **U. T. System: Discussion related to reporting under Immigration and Naturalization Service regulations applicable to students** *Dr. Kelley*
Mr. Heidingsfield

	Page
RECONVENE IN OPEN SESSION TO CONSIDER ACTION, IF ANY, ON EXECUTIVE SESSION ITEMS AND TO CONSIDER AGENDA ITEM	<i>1:00 p.m.</i>
14. U. T. System: Approval of authority to expend up to \$1 million of Available University Funds for campus security enhancements	38
ADJOURN	<i>1:15 p.m.</i>

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

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

2. U. T. System Board of Regents: Amendment of Regents' Rules and Regulations, Rule 20201, regarding the Chancellor's role in the presidential selection process

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Health Affairs, and the Interim Vice Chancellor and General Counsel that the Regents' *Rules and Regulations*, Rule 20201, Sections 1.1, 1.4, and 1.5, regarding the Chancellor's role in the presidential selection process, be amended as set forth below in congressional style:

- Sec. 1 Presidential Selection. The Board of Regents selects the president of each institution.
- 1.1 Presidential Search Advisory Committee. When there is to be a vacancy in the office of a president, an Advisory Committee shall be established to recommend candidates to the Board. No person who elects to be a candidate for the vacancy may serve on the Advisory Committee. The Chancellor, the Executive Vice Chancellor for Health Affairs, or the Executive Vice Chancellor for Academic Affairs shall serve as Chairman of the Advisory Committee unless the Chairman of the Board makes another appointment. Committee membership is as follows:
- ...
- 1.4 Responsibilities of the Committee Chairman. The Committee Chairman shall develop a timetable for the Committee's work, in consultation with the Chancellor and the Chairman of the Board, and shall initiate mechanisms to develop an appropriate candidate pool and to seek information on several candidates.
- 1.5 Responsibilities of the Advisory Committee. Following an introduction and charge by the Chancellor, the ~~The~~ Advisory Committee shall inquire from competent sources as to the candidates' academic, administrative, and business abilities.
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BACKGROUND INFORMATION

Following a review of the search process used for the successful U. T. Arlington search, revisions to Regents' Rule 20201 are proposed to clarify the Chancellor's role regarding the work of presidential search advisory committees.

3. **U. T. System Board of Regents: Amendment to the Regents' Rules and Regulations, Rule 30202, regarding Employee Benefits to add Section 9 on Payroll Deductions**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs and the Interim Vice Chancellor and General Counsel that Regents' *Rules and Regulations*, Rule 30202, regarding Employee Benefits, be amended to add a new section, as set forth below in congressional style, to reflect the delegation of authority to the Chancellor to establish a payroll deduction authorized by Section 51.9611 of the *Texas Education Code*. Current Section 9 will be renumbered.

Sec. 9 Payroll Deductions. As authorized by Section 51.9611 of the *Texas Education Code*, the Board of Regents finds that a public purpose is served by and that employees are benefitted by allowing a payroll deduction for Educational Investment Programs.

9.1 Delegation. The Board delegates authority to the Chancellor to (1) establish a payroll deduction for Educational Investment Programs, (2) implement policies and procedures for the deduction, and (3) approve the collection of a fee to cover the costs of making the deduction.

9.2 Compliance. An authorized payroll deduction for any Educational Investment Program must comply with applicable State and federal laws. The proposed deduction must be at the written request of the employee and must state the amount to be deducted and the entity to which the deducted amount is to be transferred. The deduction will be in effect until revoked in writing by the employee, but the Chancellor may provide for enrollment periods.

Definitions

None. Educational Investment Programs – accounts funded with after-tax dollars that permit an employee to either prepay or contribute to an account for paying a student's qualified education expenses at an eligible education institution as authorized under the *Internal Revenue Code* of 1986, as may be amended.

BACKGROUND INFORMATION

The 82nd Texas Legislature granted institutions of higher education the authority to permit institutions to deduct from an employee's gross pay the cost of any benefit that the governing board determines serves a public purpose and benefits employees, with the exception of a deduction for dues or membership fees payable to a labor union or employee association. In addition, Section 51.9611 of the *Texas Education Code* authorizes the board of an institution of higher education to adopt policies and procedures governing payroll deductions under this section of the Code.

In compliance with Section 51.9611, a payroll deduction under this Section must be at the written request of the employee, and the request must state the amount to be deducted and

the entity to which the deducted amount is to be transferred. A payroll deduction is in effect until revoked in writing by the employee, but the policies and procedures of the university system or institution of higher education, as applicable, may provide for enrollment periods. Section 51.9611 also allows the collection of an administrative fee to cover the cost of making such a deduction if necessary.

4. **U. T. System Board of Regents: Award of Regents' Outstanding Student Awards in Arts and Humanities -- presentation of visual arts winners and display of artwork**

REPORT

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

BACKGROUND INFORMATION

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

The nominees were evaluated on the following elements: originality, use of media, and artistic composition, with the following recognitions:

- Mr. Bryce Bennett, U. T. Arlington, for outstanding two-dimensional artwork
- Ms. Zoe Berg, U. T. Austin, for outstanding three-dimensional artwork

Samples of works by the award winners will be shown at the Board meeting.

5. **U. T. System Board of Regents: Annual Meeting with Officers of the U. T. System Student Advisory Council**

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

AGENDA

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

Council members scheduled to attend are:

Chair: Mr. Xavier Johnson, U. T. San Antonio, Sociology

Academic Affairs Committee: Mr. Pedro Diaz, U. T. El Paso, Finance

Student Involvement and Campus Life Committee: Mr. Rajiv Dwivedi, U. T. Dallas, Engineering and Computer Science

Health and Graduate Affairs Committee: Ms. Lauren Woolbert, U. T. Medical Branch - Galveston, School of Medicine

Financial and Legislative Affairs Committee: Mr. Michael Morton, U. T. Austin, Journalism/Communications Studies

BACKGROUND INFORMATION

The U. T. System Student Advisory Council was established in 1989 to provide input to the U. T. System Board of Regents working through and with the Chancellor and U. T. System Administration on issues of student concern. The operating guidelines of the Council require that recommendations have a multi-institutional focus and that the Council explore individual campus issues with institutional administrators prior to any consideration thereof.

The Student Advisory Council consists of two student representatives from each U. T. System institution and meets three times yearly in Austin. The Standing Committees of the Council are: Academic Affairs, Student Involvement and Campus Life, Health and Graduate Affairs, and Financial and Legislative Affairs.



The University of Texas System
Nine Universities. Six Health Institutions. Unlimited Possibilities.

Office of Academic Affairs
601 Colorado Street, Austin, TX 78701
Phone: 512-499-4233 Fax: 512-4994240

March 22, 2013

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

Dear Chancellor Cigarroa:

On behalf of The University of Texas System Student Advisory Council and over 200,000 students we are fortunate to represent, we would like to express our appreciation to the Board of Regents for providing us with the opportunity to present our recommendations for the 2012-2013 academic year.

This year, we have been afforded the opportunity to collaborate with the Faculty Advisory Council and to serve as representatives on committees that seek to improve student life and academic performance throughout the System. Our work is ongoing in these matters, and we are grateful to be included in vital discussions impacting current and future students in our System, and in some cases, our state and beyond.

The loss of Dr. Edwin Baldwin this past year has deeply impacted the members of the Student Advisory Council but his memory lives on with the profound legacy Dr. Baldwin left. Despite this loss, the Student Advisory Council members would like to express our sincere gratitude to the service and leadership of Dr. Wanda Mercer, Ms. Meredith Goode, Mr. Chris Lyons and of the many System staff who have assisted us in the past year.

The beauty of the Council is that it provides a platform for student leaders from every institution to meet and exchange ideas. We seek to advance recommendations that will positively impact students' experiences and education throughout the institutions in the System. The Council students' dedication to higher education is noteworthy, and we are pleased that our perspective is taken seriously. Significant time, effort, and energy are spent by each member to adequately represent the entire System.

With this letter, we are submitting recommendations passed by the Council during our February meeting as well as copies of legislative resolutions passed during the November meeting. We are honored by the invitation to discuss these recommendations and resolutions in more detail with the Board in May.

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

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

www.utssystem.edu

With sincere appreciation,



Xavier Johnson
Chair, Student Advisory Council
The University of Texas System

Enclosures

Cc: Dr. Pedro Reyes
Dr. Kenneth I. Shine
Dr. Wanda L. Mercer

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

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

Academic Affairs

A Recommendation for Mentoring Programs

The University of Texas System Student Advisory Council recommends that the Board of Regents enhance and/or implement formalized and well-supported peer, alumni and professional mentoring programs across the institutions of The University of Texas System. The professional and personal development of our students is critical in their transition periods. Current mentoring programs on some of our campuses are already showing impressive evidence of building students' skill sets and confidence levels as they prepare to face their next academic or professional challenges. We encourage the Board of Regents to build on this momentum and help create a rich culture of mentoring on all of our campuses.

The addition and enhancement of peer mentoring programs in our schools will benefit entry-level students by having a positive influence on their adjustment to college life, their career choices, and their perseverance in achieving educational goals¹ (Ferrari 2004). These programs also have the potential to positively benefit retention rates. A college student mentor is both a friend and a role model who supports and encourages a younger partner in his or her academic and personal growth, leading to an enhancement of his or her college experience. The upper-level student mentor becomes a guide to entry-level students in their transition period from high school to college and their adaptation to student life. There are benefits for both mentors and mentees to participate in such programs, including a great sense of belonging and community. In addition, the mentoring culture promoted in our schools can also involve more alumni and professional help with upper-level students transitioning to post-graduate life, whether that includes graduate or professional school or the beginning of their careers.

The importance of mentors in a student's academic experience cannot be overemphasized. While mentors come in many forms, alumni and professionals can offer a unique perspective on changes in job outlook, what employers are looking for, and how to make a resume more competitive for entry into a desired field. In addition, for students unsure of what they want to pursue in the future, the opportunity to interact with alumni who graduated in their discipline can be invaluable. This is especially relevant today with a still-recovering economy and more students entering professional fields unrelated to their degrees.

Many of the schools in the UT System have mentoring programs associated with specific schools within the university. For example, UT Austin has well developed mentoring programs for pre-

¹ Ferrari, J. R. (2004). Mentors in life and at school: Impact on undergraduate protégé perceptions of university mission and values. *Mentoring and Tutoring*, 12(3), 295 - 307.

health profession students, women in engineering, and for students in the School of Law. UT Arlington has an arrangement with the AT&T legal department to guide their pre-law students, and UT El Paso has recently launched a new program called the Career Mentoring Program, an alumni and professional mentoring initiative. Health institutions such as UT Health Science Center Houston and UT Medical Branch have also implemented programs that allow students to network with graduate school alumni either in person, at specific career fair days or online. This access allows graduate students to look at a range of potential careers outside of academia.

While these are great programs, they are not inclusive of the diverse range of disciplines for which degrees are conferred by the UT System institutions. Currently UT Dallas, UT Permian Basin, and UT San Antonio all offer comprehensive career mentor networks utilizing both area professionals and alumni. With all the areas of study represented students are better able to make an informed decision about their career goals. The programs in place at these institutions could serve as models for the other institutions to improve upon already existing mentoring services.

Mentoring, whether done through peers, faculty, staff, alumni or members of the professional community, is an essential part of the college and graduate school experience. It builds networking and communication skills, opens doors of opportunity and helps prepare our students in meeting their next personal, academic or professional challenge. By supporting a culture of mentoring at all UT institutions, the Board of Regents could make a meaningful impact on our students' experience and enhance the top quality education they are already receiving in the classroom.

Financial and Legislative Affairs

A Recommendation for Referendum Responses

Student referenda are an important part of student self-governance and provide a meaningful way for students to provide input regarding issues affecting them and rectify needs on their campuses. Student referenda have been used to fund sustainability programs, student unions, activity and fitness centers, and to amend student government constitutions for various institutions in The University of Texas System.

The University of Texas System Student Advisory Council recognizes that the Board of Regents holds ultimate authority over the outcome of such referenda. However, the status of referenda once they have left the hands of the students is often unclear. Past failure to clearly approve or reject student referenda has led to uncertainty and a lack of transparency between the Board of Regents and students.

Therefore, in order to ensure that student referenda remain an impactful and substantial mechanism for student self-governance, the Council strongly recommends the Board of Regents formally respond to student referenda in a timely and reasonable manner with an official written declaration of its decision. Additionally, we ask that the Board of Regents notify the leaders of the institution's student government, or respective body, regarding the Board's decision and

announce the decision as a matter of record. If a referendum is rejected by the Board of Regents, we also request that an explanation of the decision be put forth.

Health and Graduate Affairs

A Recommendation for Changes to the Milestones Agreement Form for Graduate Degree Programs

The University of Texas System Student Advisory Council would like to acknowledge the University of Texas System Milestones Agreement Form template as an important step to provide structure for graduate degree programs. However, the Student Advisory Council feels that this structure would be further improved by a document that functions as an agreement of mutual understanding between the student, the academic advisors, the supervising professor, and the graduate studies committee. The current agreement between the student and academic advisor is insufficient because the supervising professor and graduate studies committee also play an important role in the progress of the student. The institution's Milestones Agreement Form should be drafted with involvement from students and should clearly outline the responsibilities of each party as determined by individual programs.

The Milestones Agreement Form currently outlines consequences for the student should they not reach their milestones. Recognizing the importance of providing a supportive environment for students, we recommend that this be extended to any party that fails to meet their obligation of responsibilities as outlined in the agreement. Acknowledging that the success of an individual's course of study is fully contingent upon the student's relationship with their mentoring professor and laboratory, the Milestones Agreement Form should include a mechanism for effective third party consequence resolution between the advisor, student, and mentoring professor.

It would further be beneficial to implement a system by which all students have the option of exploring relationships with different supervising professors and the individual cultures of laboratories available before committing to a program and its associated research. This measure would maximize efficient time in the laboratory and better ensure productive, successful relationships during the tenure of the student's program. These measures are already in place at some campuses, and have been demonstrated to be effective at addressing these concerns. This is especially important to international students, whose study time is constrained by a visa, requiring graduation within the expected time.

These suggestions would further the goals of Focus Seven of the Framework for Advancing Excellence throughout The University of Texas System: Action Plan. Under point B "mentor and advise Ph.D. students" it would "improve Ph.D. student advising to shorten time to degree" by mandating clear and mutually accepted requirements for advancement. More than the current Milestones Agreement Form, it would further point C "incentivize shortened time to complete

Ph.D.” to “set clear criteria and expectations in an agreement, between student and department regarding time-to-completion including incentives, deadlines, and consequences for failing to meet expectations,” by including consequences for all involved parties that fail to meet expectations -- not just students. These inclusions will result in a more comprehensive, balanced, and successful Milestones Agreement Form and help fulfill its ultimate goal of improving graduate education.

A Recommendation for the Consideration of a Network of Opportunities for Students

The University of Texas System makes a significant investment in identifying, attracting, matriculating, and educating high quality undergraduate and graduate students, postdoctoral fellows, and junior faculty members. It is in the interest of the University to consider a mechanism between the individual institutions to further the return it receives on these investments in human capital. By creating a network that centralizes information concerning opportunities in research and employment, the System would both increase the number of post-graduation opportunities for its students and would increase the number of high quality applicants to fill positions within the system. Such a facilitation of transitions within the University of Texas System as students progress through their career improves the quality of training and expands career opportunities for students. This initiative will provide an opportunity to retain high quality students and further foster pride within the University of Texas System.

To leverage the investment in these students, we therefore recommend the Board of Regents consider the possibility of developing an inter-campus network of students engaged in academic fields. We envision an effective conduit of information to match students with opportunities and opportunities with students. We recommend that this pursuit engage a representative assembly of faculty members, program administrators, and students from representative campuses to outline the goals of such a network, and to consider possible mechanisms to deliver upon these aims. The UT System careers network and the myEdu framework both represent potential mechanisms to deliver these services.

Recognizing that diversity in academic background is critical for the continued success of and pursuit of excellence in our institutions, we neither propose nor intend to create a single point of entry for the institutions but rather to provide an opportunity to streamline the process of transition for parties interested in remaining within the university. We believe that the consideration of a mechanism to promote these transitions strengthens, rather than hinders, the goals of the university by providing the best opportunities to high quality students within the University of Texas System in accordance with the mission of the University.

Campus Life

Our first campus life recommendation regarding online representation is provided as a response to recommendations from the System for SAC to consider representation of online students in campus student governments. Given the complex and varied structures of our student governments across the system, SAC thought it best that online representation be determined at the level of individual institutions. The details and rationale are contained below:

Campus Life Recommendation on Online Representation

After much deliberation and discussion on the suggestion to reserve a seat for online and distance education students on student governments across the UT system, the Campus Life Committee is not convinced that a Senate seat should be reserved for students enrolled in distance education and online programs. Recognizing the fact that the UT system is composed of 15 diverse institutions with varied population and demographics, the committee recommends the institutions to increase their outreach to this student group in ways they feel appropriate.

All 15 institutions have varied student government structures and election systems that do not necessarily co-align with this recommendation. Certainly, the population of distance education and online students varies across the system campuses. In addition, Student Governments across the system already have programs in place to increase their outreach to students. Furthermore, we believe these students are already represented in their institution's current structure.

SAC recommends that the Board of Regents recognize the unique nature of these individual institutions and allow Student Governments to evaluate these issues individually.

Campus Life Recommendation for an Electronic-Textbook Library

The University of Texas System Student Advisory Council recommends that the UT System implement an electronic-textbook library service such as Vital Source Bookshelf to be initiated at the discretion of the institutions. These services would be beneficial to both the institution and students, as it would provide textbooks to the students in a cost effective manner. Forbes recently cited a study conducted by Trenton College which reported in 2011 that a college student on average spends \$1,168² on books and supplies per year. Additionally, the integration of these services would allow for the use of innovative content delivery systems. Since providing effective online learning resources is central to the mission statement of the Institute of Transformational Learning, we also recommend that these programs be supported by the aforementioned Institute. The decreased financial burden placed on the student would allow more focus to be placed on academics and thereby advance the System's goal of timely graduation rates.

² Novack, Janet. "Should College Students Be Forced To Buy E-Books?" Forbes Magazine. 18 May 2012. Web. 1 Feb 2013.

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

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

Resolution 1

Higher Education Funding

WHEREAS state appropriation revenue as a percentage of overall funding for the University of Texas System has decreased at an approximate average rate of 1.5% per year for three years as funding has decreased from \$2.2 billion in FY 2010 to \$1.9 billion in both FY 2012 and FY 2013³; and,

WHEREAS this decline in funding has occurred as enrollment in the University of Texas System has increased by an average of 2.6% annually since 2007 from 194,199 students to over 215,109 students in 2012⁴; and,

WHEREAS this decline is further aggravated by the effects of inflation, which has increased by an average of 2.23% each year since 2007⁵; and,

WHEREAS this combination has severe consequences for the cost and quality of education received, such as: increased student-to-faculty ratios, decreased course availability, reduced student services, academic department reductions, inadequate facilities; and,

WHEREAS all of these consequences combine to adversely affect the ultimate goal of education of Texas students by hindering progress in the improvement of retention and graduation rates; and,

WHEREAS every 5% cut in state appropriations results in increased costs amounting to \$500 per student at academic institutions and \$7,000 per student at medical and nursing institutions⁶; and,

WHEREAS investment in higher education is a proven form of economic stimulus, resulting in an eightfold return on every dollar invested⁷; and,

³ University of Texas System Operating Budget Summary Reports: Fiscal Years 2010 - 2013

⁴ University of Texas System: Tuition & Revenue Analyses 2012, IPEDS

⁵ US Inflation Calculator, Historical Annual Average 2007 - 2011

⁶ Hamilton, Reeve. "Texas University Chancellors Brace for Budget Cuts". The Texas Tribune. 20 January 2011.

⁷ The Texas Higher Education Coordinating Board Key Recommendations for 81st Legislature 2009
<http://www.oecdbetterlifeindex.org/topics/education/>,

WHEREAS the higher education of Texas citizens increases the competitiveness of the Texas economy, produces new research and ideas, and increases civic understanding and participation⁸; therefore,

BE IT RESOLVED that the University of Texas System Student Advisory Council urges the Texas State Legislature to renew its financial support for the University of Texas System by considering the ratio of state appropriations as a portion of the overall operating budget as an important metric when considering funding allocations for higher education and working to restore recession era cuts to higher education funding.

⁸ <http://www.texastribune.org/texas-education/higher-education/texas-university-chancellors-brace-for-budget-cuts/>

Resolution 2

Continue Aid For Undocumented Students Attending UT System Schools

WHEREAS undocumented students face economic struggles and have limited access to career opportunities; and,

WHEREAS these students positively contribute to diversity, cultural awareness, and education within the University of Texas System in a manner that benefits all students; and,

WHEREAS in 2009, the number of international and undocumented students enrolled in Texas higher education institutions was 12,138, roughly one percent of the student population¹⁹; and

WHEREAS by 2020, an estimated 325,000 international and undocumented students in Texas are projected to qualify for the DREAM Act²⁰; and,

WHEREAS the University of Texas System informs national representatives about the importance and benefits associated with the passage of the DREAM (Development, Relief, and Education for Alien Minors) Act, a bipartisan legislation developed by U.S. Senator Orin Hatch (R-UT) and U.S. Senator Richard Durbin (D-IL), where qualifying undocumented students could be eligible for a 6-year process to attain citizenship that requires the completion of a bachelor's degree or two years of military service; therefore,

WHEREAS undocumented students can be a functional part of the economy and as a result, the state of Texas could gain \$66 billion in economic activity by 2030 through areas such as tax revenue and labor income if DREAM Act students were eligible to apply for jobs after graduation²; therefore,

BE IT RESOLVED that the University of Texas System Student Advisory Council urges the University of Texas System to actively recognize and help undocumented students in Texas so that they can be afforded the opportunity to be active, contributing members of society in a positive way; and

BE IT FURTHER RESOLVED that the University of Texas System continues to support in-state tuition for undocumented immigrants through House Bill 1403 during the 77th Legislative Session in 2001, which has been an evident assistance for undocumented students who are attending a college or university.

⁹ Texas Higher Education Coordinating Board

<http://www.dallasnews.com/news/education/headlines/20100314-Number-of-illegal-immigrants-getting-in-9925.ece>

¹⁰ Center American Progress

http://www.americanprogress.org/wp-content/uploads/2012/09/statesProfiles_v10.pdf

Resolution 3

Funding Hazlewood Exemptions

WHEREAS the University of Texas System Schools offer many programs unique to veterans including tutoring services, peer-to-peer mentoring programs, counseling and mental health services, and career and job placement services; and,

WHEREAS according to surveys done by the University of Texas System Office of Academic Affairs the University of Texas System Institutions served 8,603 veterans in fall 2011; and,

WHEREAS there are over 950,000 veterans in the state of Texas; and,

WHEREAS section 54.203 of the Texas Higher Education Code, otherwise known as the Hazlewood Exemption, provides phenomenal access to higher education for veterans and their dependents by exempting them from “the payment of tuition, dues, fees, and other required charges;” and,

WHEREAS the University of Texas system academic and health institutions serve more than 15% of the population of Hazelwood recipients statewide and benefits/exemptions at the University of Texas System institutions were close to \$17 million in 2011, an amount that has increased by about \$10 million since 2008; and,

WHEREAS the universities in the state of Texas lost \$72 million in revenue in 2011¹¹; therefore,

BE IT RESOLVED that the students of the University of Texas System need the Texas Legislature to provide funding to cover the revenue lost as a result of Hazlewood Exemptions;

BE IT FURTHER RESOLVED the University of Texas System Student Advisory Council speaks only to the needs of the students at our respective institutions, and makes no statement for the University of Texas System.

¹¹ The Texas Tribune
<http://www.texastribune.org/texas-education/higher-education/tuition-exemptions-veterans-under-microscope/>

Resolution 4

Concealed Handgun Carry on University Campuses

WHEREAS, colleges and universities have a legal duty to adopt policies to promote a safe environment for students, faculty, and staff; and

WHEREAS, school shootings at Virginia Tech (2007), Northern Illinois University (2008) and other universities across the nation have led to a heightened demand for security; and

WHEREAS, following the Virginia Tech and Northern Illinois University shootings, legislation was introduced in at least 18 states regarding the possession of firearms on campus¹²; and

WHEREAS, one state - Utah - passed legislation in 2004 that prohibits public schools or state institutions of higher education from adopting or enforcing any "policy pertaining to firearms that in anyway inhibits or restricts the possession or use of firearms on either public or private property¹³;" and,

WHEREAS, 23 state governments allow institutions to adopt their own gun policies¹⁴; and

WHEREAS, educational, law enforcement professionals and students at various institutions have non-concurring opinions on the bill; and,

WHEREAS, many of our students oppose permitting concealed handguns on campus; and

WHEREAS, permitting concealed carry presents safety and financial implications that are unique to each individual campus; and

BE IT RESOLVED that the University of Texas System Student Advisory Council is against permitting concealed handgun carry on campus but at a minimum the Texas Legislature should defer the policy decision pertaining to firearms on campuses to the respective institutions (student input); and,

BE IT FURTHER RESOLVED the University of Texas System Student Advisory Council speaks only to the needs of the students at our respective institutions, and makes no statement for the University of Texas System.

¹² The Arizona Daily Star
http://azstarnet.com/article_82a2e010-74c6-11df-bca4-001cc4c002e0.html

¹³ Ibid.

¹⁴ The National Conference of State Legislatures
<http://www.ncsl.org/issues-research/educ/guns-on-campus-overview.aspx>

Resolution 5

Increase in Number of Medical Residency Positions in Texas

WHEREAS the addition of the University of Texas at Austin Medical School and potential establishment of a medical school in the Rio Grande Valley, along with the increasing class sizes of already established programs, will lead to a rapidly increasing number of medical students graduating from Texas medical schools; and,

WHEREAS the continuous pursuit of excellence in the training of Texas physicians requires medical students to complete an Accredited Council for Graduate Medical Education (ACGME) residency training program; and,

WHEREAS the University of Texas System Executive Vice Chancellor for Health Affairs, Dr. Kenneth Shine, recognizes the need for concomitant increases of in-state ACGME residency positions with rising enrollment numbers; and,

WHEREAS the increasing number of medical school graduates seeking to further their education will aggravate the limited capacity of the currently funded ACGME accredited residency positions in Texas. Furthermore, Texas has a 0.98:1 residency position to medical student ratio, as compared to a 3:1 ratio in the state of New York^{15,16}; additionally,

WHEREAS this deficit, compounded with the nearly 100% fill rate for available Texas residency positions, will continue to drive Texas-funded and trained medical students out of Texas unless the number of ACGME accredited residency positions is concomitantly increased; and,

WHEREAS the majority of physicians set up practice within 100 miles of their residency training¹⁷; and,

WHEREAS inadequate residency positions for Texas medical graduates contributes to about 45% of graduates accepting out of state positions¹⁸; and,

WHEREAS the state of Texas invests more than \$200,000 per medical graduate¹⁵ and 1,498 students graduated from Texas medical schools in 2011¹⁴, Texas forfeited approximately \$135 million last year due to inadequate availability of ACGME residency positions^{16,19}; and,

¹⁵ Jacob, Steve. *Resident Slots in Texas Not Keeping Up With Med School Enrollment Growth*. D Magazine: Healthcare Daily. <http://healthcare.dmagazine.com>. September 2012.

¹⁶ Heldenfels, Fred W., Harold W. Hahn, Dennis D. Golden, Amir H. Barzin, Durga D. Agrawal, Robert W. Jenkins Jr., Munir Abdul Lalani, James H. Lee, Janelle Shepard, David D. Teuscher, Raymund A. Paredes. *Graduate Medical Education Report: 82nd Texas Legislature, Regular Session House Bill 2908*. Texas Higher Education Coordinating Board. April 2012

¹⁷ Udall, Pam, Brent Annear. *Texas Medical Students Forced to Leave the State*. Texas Medical Association. www.texmed.org. September 2010

¹⁸ Ackerman, Todd. *Too few doctors: Texas' shortage of medical residency positions puts all of us in a bind*. Houston Chronicle. www.chron.com. November 2010

¹⁹ Statehealthfacts.org. Texas. Kaiser Family Foundation. www.statehealthfacts.org. October 2012

WHEREAS this loss of physicians contributes to an urgent and unmet need for qualified physicians²⁰ and the state of Texas ranks 42nd nationally in physicians per capita, falling well below the national average; therefore,

BE IT RESOLVED the University of Texas System Student Advisory Council strongly encourages the restoration and expansion of Texas legislative support for existing residency programs as well as support for additional ACGME residency positions within Texas to meet the urgent demand for quality physicians and protect investments in medical student education and training.

BE IT FURTHER RESOLVED the University of Texas System Student Advisory Council recommends that expansion of the medical residency program within Texas be developed with the focus of creating nationally competitive residency positions to attract and retain the best physicians to serve the State of Texas, and that this aim be pursued by the expansion, rather than the reallocation of current funding strategies.

²⁰ Center for Workforce Studies. 2011 State Physician Workforce Data Book. Association of American Medical Colleges. www.aamc.org. November 2011

6. **U. T. System Board of Regents: Interim report from the Task Force on Inappropriate Employee/Student Relationships**

REPORT

Task Force Chairman Foster will provide an interim report on the work of the Task Force on Inappropriate Employee/Student Relationships.

BACKGROUND INFORMATION

On February 3, 2013, Chairman Powell and Chancellor Cigarroa announced that Vice Chairman Foster would lead a dedicated and focused effort to review and make recommendations on policies and programs at all 15 U. T. System institutions concerning relationships between U. T. employees and students. The review will include a look at the issues of preventing and addressing sexual abuse, sexual harassment, sexual misconduct, and other inappropriate relationships to ensure a safe, healthy environment. The goal is to be both timely and thorough in building a model that can be used nationwide as an example of best practices in dealing with these critically important issues.

7. **U. T. System Board of Regents: Status report from the Advisory Task Force on Best Practices Regarding University Affiliated Foundation Relationships**

REPORT

Task Force Chairman Pejovich will provide a status report on the work of the Advisory Task Force on Best Practices Regarding University Affiliated Foundation Relationships.

BACKGROUND INFORMATION

On November 15, 2012, Chairman Powell created this Advisory Task Force and charged the Task Force with the following:

- Make recommendations to the U. T. System Board of Regents to assure that relationships between U. T. System institutions and the U. T. System and affiliated foundations are optimally structured to serve as a national model for public universities for the best management, compliance, and oversight practices.
- Review issues concerning best patterns for interactions with separately incorporated legal entities set up to benefit the U. T. System or one or more U. T. System institutions or operations. Individual budget units within the U. T. System that carry the historical name “foundation” but are not separate legal entities are not the focus of this review.

8. **U. T. System Board of Regents: Interim report from the Task Force on Engineering Education for the 21st Century**

REPORT

Task Force Co-Chairman Cranberg will provide an interim report on the work of the Advisory Task Force on Engineering Education for the 21st Century.

BACKGROUND INFORMATION

On November 15, 2012, Chairman Powell and Chancellor Cigarroa created this Advisory Task Force with the following charge:

For higher education institutions within The University of Texas System to remain a key partner in the State's continued success, we must develop a better understanding of future engineering needs in Texas. Planning aggressively to meet those needs now, requires answers to significant questions concerning undergraduate and graduate engineering education and research. A joint task force, appointed by the Chairman of the Board of Regents and the Chancellor of the U. T. System is charged with reviewing and identifying key issues related to demand, capacity, efficiency, supply, and research related to engineering programs in the State of Texas; how these issues impact Texas and the nation; and what The University of Texas can do to be most responsive to the State of Texas' needs.

9. **U. T. System Board of Regents: Legislative Update for the 83rd Legislative Session**

REPORT

Vice Chancellor McBee will report on highlights of the 83rd Texas Legislature, Regular Session.

10. U. T. System: Report on activities of the Institute for Transformational Learning

REPORT

Dr. Steven Mintz, Executive Director of the U. T. System Institute for Transformational Learning, will make a presentation on activities of the Institute, including the first meeting of the National Advisory Council held on April 3, 2013, staffing of the Institute, results of proposals for offerings of large gateway courses, and plans for placement of U. T. Austin courses on the edX website.

11. **U. T. System Board of Regents: Report on the System Role in Institutional Research National Advisory Committee**

REPORT

Dr. Stephanie Bond Huie, Interim Vice Chancellor for Strategic Initiatives, will report on her appointment as Chair the National Association of System Heads' (NASH) System Role in Institutional Research National Advisory Committee, particularly as the work of the Committee relates to the Framework for Advancing Excellence throughout the U. T. System.

The U. T. System Office of Strategic Initiatives is a System Institutional Research Office, and the U. T. System institutions also have Institutional Research Offices. One of the goals of the Committee is to explore the relationships between System offices of institutional research and campus offices of institutional research to see how the two can more efficiently collaborate (system and campus).

Fostering a Data Culture: *The Role of Higher Education Systems*

Dr. Stephanie Bond Huie, Vice Chancellor *ad interim* for Strategic Initiatives

U. T. System Board of Regents' Meeting
May 2013



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Background

- NASH – National Association of System Heads
- New project
 - 2-year grant from the Bill and Melinda Gates Foundation
 - Improve system and campus capacity to use data
 - Increase student success
 - Reduce administrative costs



Project Description

- National advisory committee
 - U. T. System (chair), University of California System, State University of New York System, University of North Carolina System, Oregon University System, University of Wisconsin System
 - Experts in performance reporting and metrics from other industries
- Partnership with Association for Institutional Research (AIR)
- Audiences for the committee's work include
 - System heads and stakeholders
 - State and federal government
 - Relevant higher education associations



Project Goals

- Address needs for staff and office capacity
- Streamline data collection and reporting
- Achieve cost effectiveness
- Translate information into analytics and research
- Move culture from compliance/accountability to regular use of data to inform and improve
- Improve capacity for research into what drives - and can improve - student success.



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Advancing Excellence

- Improve effectiveness and find efficiencies
- Expand capacity for high quality analytics and research
- Increase collaboration and access to data
- Increase availability and use of data
 - New tools: Dashboard and Visual Analytics
 - Traditional areas of interest
 - Areas of new/expanding interest



data.utsystem.edu
exploredata.utsystem.edu



11a. U. T. Austin: Status report on the Committee on Business Productivity

REPORT

President Powers will report on the work of the Committee on Business Productivity at U. T. Austin.

BACKGROUND INFORMATION

President Powers appointed a committee of 13 private sector leaders to come together and offer advice for bringing best practices to the University's business procedures, organization, commercialization efforts, and asset management. The Committee on Business Productivity, chaired by Stephen J. Rohleder, who served as chief operating officer at Accenture until 2009 and now heads the management consulting and technology services company's global Health & Public Services operating group, held its first meeting in March 2012. Over the course of the year, the Committee met several times as a full committee and more often as working subcommittees. In addition, the Committee's support staff, some of whom established an office on the U. T. Austin campus, conducted scores of interviews with campus staff and staff across the country on different aspects of campus operations, campus assets, and commercialization of intellectual property.

The President's Office describes the ramifications of the Committee's report as sweeping and notes that the combined recommendations could yield as much as \$490 million over a 10-year period (\$49 million per year). Substantial investments will be required to achieve this result.

The Subcommittee on Administrative Services Transformation studied how U. T. Austin could save money by changing how a number of administrative functions are organized and operated. This shared services initiative would move toward consolidating such functions as finance and procurement, human resources, and information technology.

The second area of the Committee's work studied how U. T. Austin uses its assets. The Subcommittee on Asset Utilization looked at how to better leverage the existing assets, such as by selling excess power generated by the power plant on the open market, incentivizing deans and department heads to conserve power, bringing U. T. Austin's food, housing, and parking rates more in line with market values, and possibly taking advantage of outsourcing or privatization opportunities.

The Subcommittee on Technology Commercialization examined how U. T. Austin encourages innovation and protects and monetizes the intellectual property developed on campus. While the report notes that U. T. Austin is already among the nation's best in these activities, the Committee encouraged enhancement to another level to spur innovation, to foster entrepreneurship, and to generate economic growth in the region and across the state.

14. U. T. System: Approval of authority to expend up to \$1 million of Available University Funds for campus security enhancements

RECOMMENDATION

The Chancellor, the Executive Vice Chancellor for Academic Affairs, and the Executive Vice Chancellor for Health Affairs concur in the recommendation of the Executive Vice Chancellor for Business Affairs that the U. T. System Board of Regents approve up to \$1 million of Available University Funds (AUF) funding for campus security enhancements related to the deployment of security personnel and devices as recommended in Executive Session of the Board (Item 5b).

BACKGROUND INFORMATION

Proposed campus security enhancements are intended to better prepare the U. T. System Police to respond to threats throughout the State of Texas at any of the 15 U. T. System institutions and where U. T. System affiliates or assets are located.



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

Committee Meeting: 5/8/2013

Board Meeting: 5/9/2013
Austin, Texas

Brenda Pejovich, Chairman
Paul L. Foster, Vice Chairman
Alex M. Cranberg
Wallace L. Hall, Jr.

	Committee Meeting	Board Meeting	Page
A. CONVENE <i>(Conference Room, Ashbel Smith Hall, 9th Floor)</i>	9:00 a.m. <i>Chairman Pejovich</i>		
B. RECESS TO EXECUTIVE SESSION PURSUANT TO TEXAS GOVERNMENT CODE, CHAPTER 551 Personnel matters relating to appointment, employment, evaluation, assignment, duties, discipline, or dismissal of officers or employees - Texas Government Code Section 551.074 U. T. System: Discussion with the Chief Audit Executive concerning personnel matters relating to appointment, employment, evaluation, assignment, duties, discipline, or dismissal of individual System Administration and institutional officers or employees involved in internal audit functions	<i>Mr. Peppers</i>		
C. RECONVENE IN OPEN SESSION <i>(Board Room, Ashbel Smith Hall, 9th Floor)</i>			
1. U. T. System Board of Regents: Review of Consent Agenda items, if any, referred for Committee consideration	9:15 a.m. Action	Action	41
2. U. T. System Board of Regents: Deloitte Report on the Strategic Assessment of the U. T. System Internal Audit Services	9:16 a.m. Report/Action <i>Ms. Kathie Schwerdtfeger, Deloitte</i> <i>Chairman Pejovich</i> <i>Mr. Peppers</i>	Not on Agenda	42
3. U. T. System Board of Regents: Authorization to enter into contract(s) with external provider(s) selected through the request for proposals process to provide external quality assessments of the internal audit functions and allocation of funds	9:31 a.m. Action <i>Mr. Peppers</i>	Action	53
4. U. T. System: Update on the status of the Systemwide internal audit of development activities and a report on the State Auditor's Office Statewide Single Audit for FY 2012 and related discussions	9:35 a.m. Report/Discussion <i>Mr. Peppers</i>	Not on Agenda	55

	Committee Meeting	Board Meeting	Page
5. U. T. System: Report on enhancements to U. T. Systemwide Research Compliance Program	9:55 a.m. Report/Discussion <i>Dr. Hurn</i> <i>Mr. Plutko</i> <i>Dr. Byerly</i>	Not on Agenda	58
6. U. T. System: Presentation on the U. T. Systemwide Endowment Compliance Program	10:10 a.m. Report/Discussion <i>Dr. Safady</i>	Not on Agenda	72
7. U. T. System: Discussion and appropriate action regarding review of institutional compliance with the Texas Public Information Act	10:25 a.m. Action <i>Chairman Pejovich</i>	Action	95
D. ADJOURN	10:30 a.m.		

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

The proposed Consent Agenda is at the back of the book.

2. **U. T. System Board of Regents: Deloitte Report on the Strategic Assessment of the U. T. System Internal Audit Services**

REPORT

Ms. Kathie Schwerdtfeger, Deloitte; Committee Chairman Pejovich; and Chief Audit Executive Peppers will present the results of the Strategic Assessment of The University of Texas System Internal Audit Services performed by Deloitte. The executive summary of the report and transmittal letter from Regent Pejovich and Chancellor Cigarroa are included on the following pages. The full report was provided to the Regents prior to the meeting.



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March 19, 2013

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

To: Presidents, The University of Texas System
Institutional Chief Audit Executives, The University of Texas System

From: Regent Brenda Pejovich, Chairman, Audit, Compliance, and
Management Review (ACMR) Committee
Francisco G. Cigarroa, M.D., Chancellor

Handwritten signatures of Regent Brenda Pejovich and Francisco G. Cigarroa.

The past year has provided unique opportunities for assessment of and recommitment to the important function of internal auditing within The University of Texas System. The Board of Regents and executive leadership at System value and depend upon the role fulfilled by our internal auditors. We know that is true at the institutional level as well. For those reasons, we believe it was worthwhile to expend the time and effort necessary to ensure we are on the best possible course to develop and maintain a program that will most effectively serve our broad governance framework.

In that effort, two resources have been of tremendous assistance. First, Mr. Michael Peppers was enlisted from one of our fine institutions to provide interim leadership for our System wide activity. As you know, we elected to make that an official appointment in January. Second, an experienced team of internal audit leaders from Deloitte & Touche LLP (Deloitte) was engaged to perform a "strategic assessment of internal audit services across The University of Texas System." This comprehensive review reached each of our institutions. Thank you for your cooperation and the candid, insightful comments you provided to the Deloitte team.

We now have the results of that assessment and share them with you for continued thoughtful consideration. Chairman Powell and the Board have accepted the observations and have charged both of us, the ACMR Committee, and Mr. Peppers to work with each of you to develop action plans that will effectively and appropriately address these observations. As you review the attached report, you will find 17 recommendations, many of which have multiple parts. As the report itself observes, some will take months and years to implement. It suggests we rank and prioritize. Having had the benefit of first review, we would like to take this opportunity to share our preliminary thoughts on the four observations we believe are of the highest priority. They are highlighted on the summary exhibit which follows.

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Memorandum to Presidents & Institutional Chief Auditors

March 19, 2013

Page 2

Recommendations 1 and 2 – Governance Structure

The ACMR Committee believes strongly that our audit committees (at the Board, System, and institutional levels) must be highly functional and effective and we welcome the concept of engagement between the committees at all levels. Perhaps the single most clearly-acceptable recommendation is that all committees should be chaired by one of its external members. This is already occurring successfully at four of the U. T. System institutions and Deloitte heard from several of the other presidents that it would be a desirable change. The ACMR Committee will establish guidelines surrounding the expected structure and make-up of the committees, including its role in vetting individuals who will be chairs. The ACMR Committee is also committed to assisting institutions which have historically had challenges recruiting external members.

Recommendation 5 – Internal Audit Organizational Structure

The observations and recommendations on the topic of organizational reporting of our chief audit executives (CAEs) are insightful and thought-provoking. Their ultimate resolution is not, however, as clear cut as the ones just discussed. As you will read, Deloitte provides options and alternatives. We do agree that the engagement and reporting line between System and institutional CAEs must be strengthened, but we do not believe that this should be at the expense of reducing the relationship of a CAE with his or her president. That direct line will be preserved. Mr. Peppers has spent 22 years as an institution-level chief auditor and he values and respects the “internal” in internal auditing. He will work with you and with us to engage further dialogue and insights for consideration as we determine the most appropriate course of action.

In addition to position reporting lines, this recommendation also addresses the broader organizational structure of internal audit enterprise. We agree that the tremendous diversity of our institutions and the size of U. T. System warrant a change that will provide more specialized assistance. Consideration of the models presented has led us to a conceptual plan in which our internal audit functions will be organized in what Deloitte calls an “institutionally focused structure.” This alignment follows the same plan as our Academic Affairs and Health Affairs structure throughout other System governance activities and we have asked Mr. Peppers to consider structuring his System Audit Office in a similar fashion. As also described in that model, we believe there is merit in considering similar specialization for the ACMR Committee. Separate meetings for the two specialized areas would provide greater opportunities for enhancing exposure between the Board and institutional levels as discussed in Recommendations 1 and 2, above. *Please note: as graphically presented on page 28 of the report, the Deloitte model includes depictions about positional reporting and titles which would not necessarily be adopted in total, as previously addressed.*

Memorandum to Presidents & Institutional Chief Auditors

March 19, 2013

Page 3

Recommendation 12 – Quality

The last recommendation relates to the development of a continual System wide quality assurance and improvement program. The ACMR Committee has charged the System Chief Audit Executive with the responsibility of ensuring the effectiveness and efficiency of our entire internal audit program. As Deloitte observes, that position does not currently have direct insight to the institutional programs at such a level that would allow him to give such assurance. We have asked Mr. Peppers to institute an on-going program of quality assessment and monitoring that will complement the triennial external quality assessment activities (about which Deloitte also makes recommendations for improvement). Together, these quality assurance and improvement activities will ensure compliance with the professional standards in these areas.

As you review the full Deloitte report, you will see that some of the remaining 12 recommendations are System wide and others have more of a focus for the U. T. System Audit Office. We value and appreciate all their observations but, as previously mentioned, it would not be possible or advisable to begin them all at once. We have asked Mr. Peppers to work on our behalf to immediately begin the process of further prioritization and action plan development. Your individual and collective wisdom will certainly be solicited, as appropriate. Thank you, in advance.

BP/FGC/jbp

Attachments (2)

cc: Chairman Wm. Eugene Powell
Members, U. T. System Board of Regents
J. Michael Peppers, U. T. System Chief Audit Executive

Summary of Deloitte Recommendations

Governance Structure

1. ACMRC should establish expectations for institutional audit committees – regular interaction between ACMRC and the institutional audit committees should occur
2. Institutional audit committees should have more external members and be chaired by one of the external members – management should participate but not be voting members
3. ACMRC should expand use of private work sessions for more robust dialogue
4. ACMRC should consider the value of having System management implement a comprehensive Enterprise Risk Management program

Internal Audit Organizational Structure

5. Reporting relationship between System CAE and institutional CAEs should be revised to assist the System CAE in executing his authority – consider a direct (rather than indirect reporting line) while maintaining a form of reporting to institutional presidents
Consider restructuring the System-wide internal audit structure – centralization, regionalization, or academic/health are options
6. Enhance communications from System Audit Office to institutional audit offices and expand use of leadership meetings and training
7. Improve process to identify and handle audits that are highly-sensitive (presidents) and highly-specialized (IT, fraud)
8. Role of System "audit liaisons" should be readdressed and the experience level of these positions and staff, in general, should be raised
9. Form "improvement" task force with representation from all institutions to address key topics and create or update System-wide policies
10. Consider a formal rotational program between System and institutional internal audit offices

Quality

11. Establish a common cycle for the triennial external quality assessment – possibly one assessment instead of 16 individual ones
12. Establish a continual internal quality review program at the System level that assesses quality System-wide
13. Evaluate/revise policies and training to ensure consistent audit sampling, risk assessments, and evidence-gathering

Reporting

14. Evaluate/revise policies and training to ensure consistent treatment of whether issues are included in reports – develop guidance for considering issues not reported
15. Develop guidance on determining significance of findings to facilitate appropriate reporting to the ACMRC

Risk Assessment

16. Utilize more current and robust risk assessment methodologies – ensure ability to identify System-wide risks.
Obtain approvals for work plans before the beginning of the fiscal year
17. Develop formal System-wide approaches to both fraud and IT risk assessments



Strategic Assessment of The University of Texas System Internal Audit Services

February 19, 2013



This document is intended solely for the information and internal use of The University of Texas System and its Board of Regents, and is not intended to be and should not be used by any other person or entity. No other person or entity is entitled to rely, in any manner, or for any purpose, on this document.



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To the Board of Regents of The University of Texas System:

Deloitte & Touche LLP (Deloitte & Touche) is pleased to present the results of our Strategic Assessment of Internal Audit Services across The University of Texas System (“UTS” or the “System”). Our services were performed from August 2012 through October 2012, in accordance with the terms of our engagement letter dated July 23, 2012, as amended, and in accordance with the *Standards for Consulting Services* issued by the American Institute of Certified Public Accountants.

The scope of our work included analyzing select findings, conclusions, and recommendations in the report by Paul Hastings LLP, titled *Special Investigative Report Regarding Allegations of Impropriety by Dr. C. Kern Wildenthal Relating to Travel and Entertainment Expenses Paid For By University of Texas Southwestern Medical Center*, that addressed the performance of certain internal audit activities within the System. Issues identified in that report related to internal audit practices that may have contributed to the reported failures in the areas of independence and objectivity, quality of the audits, and reporting of risks to appropriate officials. Accordingly, the activities performed by Deloitte & Touche were focused on the areas of Internal Audit Governance, Organizational Structure, Quality Monitoring, Audit Committee, Risk Assessment Methodologies, and Reporting. The results of this assessment identified several opportunities to further enhance the overall quality, value and effectiveness of Internal Audit across the System in fulfilling its mission.

Included in the report is an executive summary of the project scope, objectives, and overall observations as well as a detailed report with individual observations and recommendations for each issue identified.

This report is intended solely for the information and use of The University of Texas System Board of Regents and its management and should not be used for any other purpose.

Yours Truly,

Deloitte & Touche LLP

By: 

Kathie Schwerdtfeger, Partner

Executive Summary

We have completed a Strategic Assessment of the Internal Audit Services across The University of Texas System (“UTS” or the “System”). Deloitte & Touche conducted the Strategic Assessment for the purpose of analyzing the findings, conclusions, and recommendations in the report by Paul Hastings LLP, titled *Special Investigative Report Regarding Allegations of Impropriety by Dr. C. Kern Wildenthal Relating to Travel and Entertainment Expenses Paid For By University of Texas Southwestern Medical Center* (the “Paul Hastings Report”), that addressed the performance of certain internal audit activities within the System.

Scope of Services:

Issues identified in the Paul Hastings Report regarding internal audit activities related to internal audit practices that may have contributed to the reported failures in the areas of independence and objectivity, quality of the audits, and reporting of risks to appropriate officials.

Accordingly, the key objectives of this Strategic Assessment were to:

- Assess the governance structure of internal audit with respect to the Board of Regents, the UT System Internal Audit Committee, and the Audit Committees at the institutional level.
- Assess the organizational structure of the reporting relationships between the Chief Audit Executives at each institution and the Chief Audit Executive for the UT System.
- Assess how the quality of the internal audit function for the UT System is monitored and assessed by the Chief Audit Executive for the UT System.
- Assess the methodology of the internal audit risk assessment process for the UT System to determine if significant risks are being identified and prioritized for review.
- Assess the reporting to the Audit, Compliance, and Management Review Committee (“ACMRC”) and for the Audit Committees at the institutional level.
- Assess the UT System Audit Office’s work papers and ensuing reports.

Executive Summary (Continued)

Procedures Performed:

Our procedures focused on analyzing internal audit charters, audit committee minutes, reports, risk assessment methodologies, audit planning processes, System-wide internal audit policies and procedures which include those on quality monitoring of internal audit services across the system, and analyzing a sample of working papers from the University of Texas System Audit Office. Interviews were conducted with members of the Board of Regents and the Board of Regents Office, members of System's senior management team, institutional presidents and select external members of their audit committees, the Interim Chief Audit Executive of System Audit Office and select members of his internal audit staff, the chief audit executives of the institutions, and the external financial audit partner. Additionally, we conducted an independent survey of internal audit staff across the System.

Summary of Results:

As identified in the charts that follow, Internal Audit Services across the System possess a number of strengths as well as opportunities to further enhance the overall quality, value, and effectiveness of Internal Audit across the System.

Effectively, The University of Texas System has 16 independent and separate internal audit functions across the System which includes one system-wide internal audit function and 15 institutional internal audit functions. Enhancing quality, value, and effectiveness across this large system of internal audit cannot be achieved overnight or singularly by the System Internal Audit Office. For some recommendations, a measured, sequential approach to enhancement will be necessary and possibly take months or a year or more to implement. Other recommendations are truly "quick hits" that can add value immediately. Overall, an investment of resources and commitment from the Board of Regents, the System, and its institutions will be required to achieve this transformation. If implemented correctly, the enhancements included within this report will facilitate the achievement of many of the leading practices endorsed by the Institute of Internal Auditors (IIA), improve the allocation and effectiveness of resources, increase coverage of high risk areas, improve overall independence, enhance consistency of internal audit practices, and increase the overall value, quality, and effectiveness of internal auditing throughout the System.

Next Steps:

In addition to actions taken to-date, the System should review the recommendations and rank and prioritize each recommendation as to their benefit and cost of implementation. Also, because some items may have specific value to key future events, implementation should be scheduled and funded so as to align implementation results with those events.

Executive Summary (Continued)

Summary of Identified Strengths	
Governance	<ul style="list-style-type: none"> • System-wide and Institutional Audit Committees • System-wide and Institutional Internal Audit Charters
Organizational Structure	<ul style="list-style-type: none"> • Focused Internal Audit Activity at System and Within Each Institution, Which Contains 16 Chief Audit Executives and 123 Internal Auditors • Over \$10.9 Million of Internal Audit Budget Authority Across the System • Approximately 142,500 Planned Audit Hours Across the System
Quality	<ul style="list-style-type: none"> • Some Established System-wide Internal Audit Policies and Guidelines • Some Oversight of Institutional Audit Functions by System Audit Office • External Quality Reviews Conducted Every Three Years • Industry Recognized Internal Audit Leaders in Some Institutions
Reporting	<ul style="list-style-type: none"> • Some Policies and Guidance on Reporting • Communications Between the System and Institutions on Reportable Issues
Risk Assessment	<ul style="list-style-type: none"> • General System-wide Risk Assessment Methodology and Guidance

Executive Summary (Continued)

Summary of Opportunities for Enhancement	
Governance	<ul style="list-style-type: none"> • Alignment of ACMRC and Institutional Audit Committees • Institutional Audit Committee Composition • Effectiveness of ACMRC Meetings with Respect to Internal Audit Activities • Enterprise Risk Management
Organizational Structure	<ul style="list-style-type: none"> • Oversight Authority and Structure • Communications Between the System and Institutions • Sensitive or Specialized Projects • Experience Level of System Audit Liaisons and Staff • Standardization of Basic Policies and Procedures • Institutional Rotations
Quality	<ul style="list-style-type: none"> • Consistency of External Quality Assessment Reviews • Establishment of a System-wide Internal Quality Assurance and Improvement Program • Audit Work Paper Documentation Consistency
Reporting	<ul style="list-style-type: none"> • Report Completeness • Significant Issue Definition
Risk Assessment	<ul style="list-style-type: none"> • Risk Assessment Methodology • Fraud and IT Specific Risk Assessments

3. **U. T. System Board of Regents: Authorization to enter into contract(s) with external provider(s) selected through the request for proposals process to provide external quality assessments of internal audit functions and allocation of funds**

RECOMMENDATION

With the concurrence of the Chancellor, the U. T. System Chief Audit Executive (CAE) recommends to the Audit, Compliance, and Management Review (ACMR) Committee that the CAE, working with the Chancellor, the Chairman of the ACMR Committee, and appropriate U. T. System staff, be authorized

- a. to solicit proposals for the performance of independent, external quality assessments of the internal audit function at U. T. System and at each of the U. T. System institutions;
- b. to select an external provider or providers to conduct the assessments; and
- c. to take all steps necessary to complete the assessment process.

It is further recommended that the Chancellor be authorized to approve the allocation of funding in a reasonable amount, as he determines necessary for the assessment process, from the Available University Fund.

BACKGROUND INFORMATION

The internal audit profession is guided by The Institute of Internal Auditors' (IIA) *International Standards for the Professional Practice of Internal Auditing (Standards)*. Within the *Standards*, there is a requirement for all internal audit functions to have external assessments conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organization.

For State agencies within the State of Texas, the *Texas Government Code*, Chapter 2102 - *Texas Internal Auditing Act (Act)* establishes guidelines for State agencies' internal audit functions. The *Act* requires all state agencies to adhere to the U.S. Government Accountability Office *Government Auditing Standards*, which require an external peer review at least once every three years by reviewers independent of the audit organization.

The recent report by Deloitte titled *Strategic Assessment of The University of Texas System Internal Audit Services*, as set forth in Agenda Item 2 on Page 42, offered an observation regarding external quality assessment reviews, stating, "...performance cycles are not synchronized and the scope and quality is likely to vary from institution to institution. Furthermore, a peer review approach is typically used and those are normally focused on conformity to the IIA *Standards* and not on strategic value added areas that may be covered in a more extensive independent Quality Assessment Review (QAR). As such, the Board of Regents and the System CAE cannot effectively analyze Systemwide internal audit quality at any given time in a holistic manner."

Deloitte's recommendation to address this observation is "The Board of Regents and the System Audit Office should implement a common QAR cycle, so all institutions perform their QARs in the same year. The System CAE should summarize and report on overall internal audit quality within the System to the Board of Regents in the year of the QAR. This will allow the System CAE a unified appraisal of how internal audit has been operating holistically along with allowing for identification of common themes across the System.

Additionally, consideration should be given to implementing a single Systemwide QAR to reduce the costs from conducting 16 individual QARs, enhance consistency of the QARs across the System, and provide a more efficient process for reporting on overall audit quality at the Board level."

4. **U. T. System: Update on the status of the Systemwide internal audit of development activities and a report on the State Auditor's Office Statewide Single Audit for FY 2012 and related discussions**

REPORT

Chief Audit Executive Peppers will discuss the following audits:

- Update on the status of the Systemwide internal audit of development activities, including The University of Texas at Austin for which the report has been issued. The report was provided to the Regents prior to the meeting. Reports on the other institutions, which are in progress, will be provided to the Committee as they are issued.
- Report on the State Auditor's Office State of Texas Federal and Financial Portions of the Statewide Single Audit for Fiscal Year 2012. A summary of the audit reports are set forth on Pages 56 - 57. Supplementary details of the audit results were provided to the Regents prior to the meeting.

The University of Texas System
State Auditor's Office FY 2012 Statewide Single Audit
Summary of Results

State of Texas Federal Portion of the Statewide Single Audit Report for Fiscal Year 2012

As a condition of receiving federal funding, the U.S. Office of Management and Budget (OMB) Circular A-133 requires non-federal entities that expend at least \$500,000 in federal awards in a fiscal year to obtain annual Single Audits. In order to supplement the audit procedures performed by KPMG for the annual Single Audit of federal expenditures for the State of Texas for fiscal year (FY) 2012, the Texas State Auditor's Office (SAO) audited *student financial aid* at UT Arlington, UT Austin, UT Dallas, UT El Paso, and UT San Antonio and audited *research and development programs* at UT Austin, UT San Antonio, UT Medical Branch - Galveston, UT Health Science Center - Houston, and UT M. D. Anderson Cancer Center. The SAO performs this audit every year, and institutions are chosen on a rotational basis with the size of their programs factored into the selection process. Procedures included assessing compliance with regulatory requirements and assessing internal controls over federal funds. The SAO classifies findings identified in their samples as a significant deficiency/noncompliance or material weakness/material noncompliance, the latter of which indicates a more serious reportable issue.

The SAO classifies findings in the categories as defined below of control deficiency, significant deficiency, and material weakness, the latter of which indicates a more serious reportable issue.

- *Control Deficiency*: the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis.
- *Significant Deficiency*: deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.
- *Material Weakness*: deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Compliance with Federal Requirements for the Student Financial Assistance Cluster of Federal Programs for Fiscal Year 2012

The Student Financial Assistance Cluster audits test compliance with federal requirements in up to 14 areas, such as eligibility and reporting. Overall, the State of Texas complied in all material respects with the federal requirements for the Student Financial Assistance Cluster of federal programs in FY 2012. This report was issued on February 25, 2013.

The audit resulted in four findings at UT Arlington, two findings at UT Austin, one finding at UT Dallas, one finding at UT El Paso, and no findings at UT San Antonio. Seven of the findings were categorized as significant deficiencies. One finding, identified at UT Arlington, was considered a material weakness with a questioned cost of \$5,312. This finding related to processes surrounding the return of Title IV funds, including inaccurate calculation and inadequate review of amounts returned; inadequate controls over the determination of payment period/period of enrollment and identification of unofficial withdrawals; and inadequate notification to students of required returns and reporting to the US Department of Education of grant overpayments. Management at each of the four institutions has responded appropriately to the related recommendations, and several have already taken steps towards implementation.

In addition, corrective actions were taken for several findings from the SAO's previous Student Financial Assistance Cluster audits, and management provided updated corrective action plans for the remaining open recommendations. Some of the recommendations were reissued as new findings in the FY 2012 audit report.

Compliance with Federal Requirements for the Research and Development Cluster of Federal Programs for Fiscal Year 2012

The Research and Development Cluster audits test compliance with federal requirements in up to 14 areas, such as allowable costs, procurement, reporting, and monitoring of non-state entities to which the State passes federal funds. Overall, the State of Texas complied in all material respects with the federal requirements for the Research and Development Cluster of federal programs in FY 2012. This report was issued on February 25, 2013.

The audit resulted in three findings at UT Austin, two findings at UT San Antonio, three findings at UT Medical Branch - Galveston, three findings at UT Health Science Center - Houston, and six findings at UT M. D. Anderson Cancer Center. All 17 of the findings were categorized as significant deficiencies. Management at each of the five institutions has responded appropriately to the related recommendations, and several have already taken steps towards implementation.

In addition, corrective actions were taken for several findings from the SAO's previous Research and Development Cluster audits, and management provided updated corrective action plans for the remaining open recommendations. Some of the recommendations were reissued as new findings in the FY 2012 audit report.

State of Texas Financial Portion of the Statewide Single Audit Report for Fiscal Year 2012

The SAO did not conduct audit procedures on the UT System institutions' financial statements as part of the audit of the State of Texas *Comprehensive Annual Financial Report* for the fiscal year ended August 31, 2012, as they relied on the external audit of the UT System FY 2012 financial statements, which was performed by Deloitte.

However, as part of the State of Texas financial portion of the statewide Single Audit report, the SAO made recommendations related to the completeness, accuracy, and review of the FY 2012 Schedules of Expenditures of Federal Awards (SEFAs) to UT Arlington, UT Austin, UT El Paso, UT Pan American, and UT Southwestern. The SEFAs were also reviewed at UT San Antonio and UT Health Science Center - Houston; however, no findings were identified. This report was issued on February 28, 2013.

In addition, corrective actions were taken for several findings from the SAO's previous financial portion of the Statewide Single Audit, and management provided updated corrective action plans for the remaining open recommendations. The recommendations that were reissued as new findings in the FY 2012 audit report related to the SEFA.

5. **U. T. System: Report on enhancements to U. T. Systemwide Research Compliance Program**

REPORT

Dr. Patricia Hurn, Vice Chancellor for Research and Innovation; Mr. Lawrence Plutko, Systemwide Compliance Officer; and Dr. Wesley Byerly, Assistant Systemwide Compliance Officer - Research, will report on enhancements to research compliance efforts at U. T. System institutions using the PowerPoint presentation set forth on the following pages.

Report on Enhancements to U. T. Systemwide Research Compliance Program

Dr. Patricia D. Hurn, Vice Chancellor for Research and Innovation
Mr. Lawrence A. Plutko, Systemwide Compliance Officer
Dr. Wesley G. Byerly, Assistant Systemwide Compliance Officer

U. T. System Board of Regents' Meeting
Audit, Compliance, and Management Review Committee
May 2013



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Research Regulation and Compliance is Key for U. T. Research-intensive Campuses

- Increasing institutional cost to assure research compliance
- Federal Demonstration Partnership (FDP) estimates that federally funded researchers average 42% time in administrative and compliance activities



Research Regulation and Compliance is Key for U. T. Research-intensive Campuses (cont.)

- U. T. System Initiatives
 - Systemwide research compliance officer
 - Opening campus discussion of novel approaches
 - Center for Regulation of Science 2013
 - Streamlining through shared expertise
 - Develop tools and advanced expertise
 - Study and forecast changes in national/state research regulatory requirements



Research Regulatory Risk Areas

- Financial
- Human Subject
- Animal
- Occupational Health and Safety
- Security and Confidentiality
- Individual Conduct

62



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Federal Research Regulation Scope

- Over 67 regulations affecting the conduct and/or management of research
- Over 37 federal departments, agencies and/or components with regulations affecting the conduct and/or management of research
- 55 federal regulatory changes since 1991 directly affecting the conduct and management of research under federal grants and contracts

63



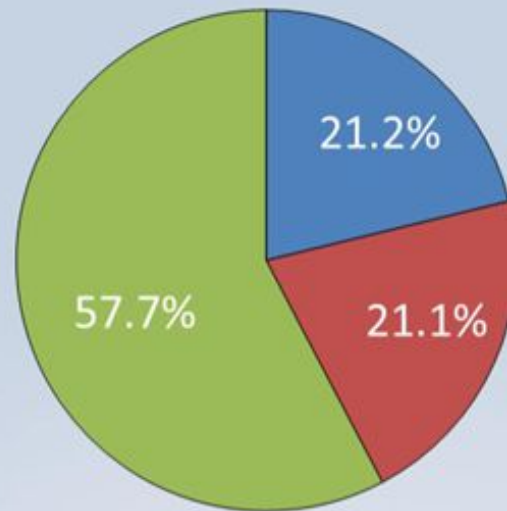
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Federal Demonstration Partnership Survey

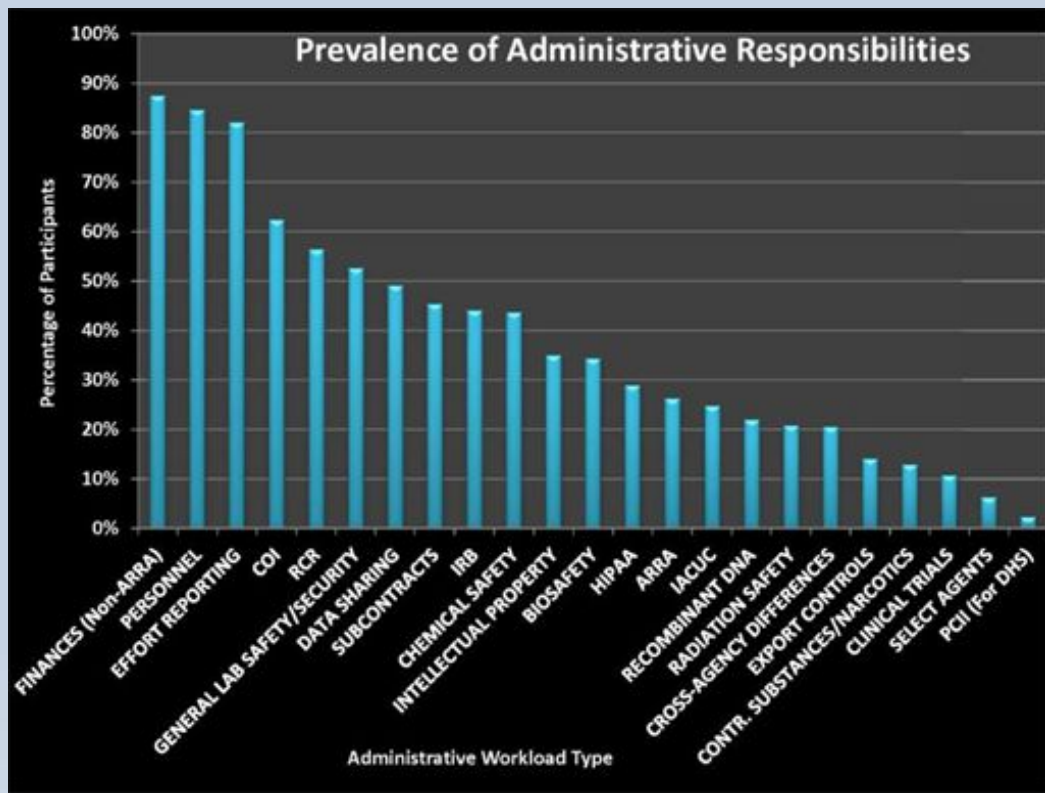
On average, what percentage of a principal investigator's time on federally funded projects is spent on administrative responsibilities rather than active research?



64

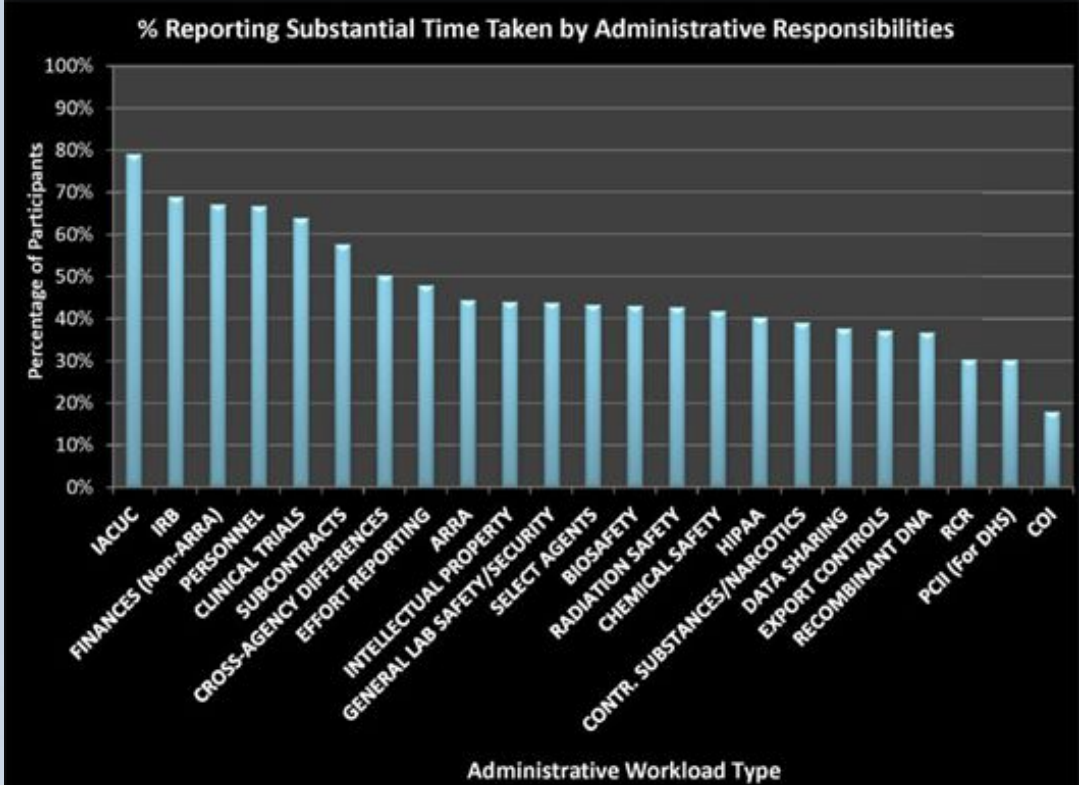


Federal Demonstration Partnership Survey (cont.)



65

Federal Demonstration Partnership Survey (cont.)



66



Regulatory Burden Impact

- Alienation of scientists and attempts to avoid compliance
- Difficulty in recruiting new scientists to the institution
- Scientists' avoidance of the use of certain models in research because of the increased costs of compliance
- Subsequent missed funding opportunities and failure to pursue potentially important research because of compliance concerns/burdens/costs
- Diversion of available money to compliance efforts



Regulatory Risk Watch Areas

- Allowable costs
- Effort reporting
- Conflict of interest
- Sponsor-Investigator Investigational New Drug (IND) and Investigational Device Exemption (IDE) Applications
- Data security and confidentiality
- Select agents
- Clinical trial billing



Regulatory Risk Developing Areas

- Export Controls
- Agency Inspections
 - Office for Human Research Protections (OHRP)
 - Food and Drug Administration (FDA)
 - United States Department of Agriculture (USDA)
- Funding source specific requirements
- Implementation of the new Guide for the Care and Use of Laboratory Animals
- Stem Cell

69



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Research Compliance Council

- Chartered by the U. T. System Executive Compliance Committee to manage and mitigate research compliance risks across the U. T. System
- Vice presidents for research have appointed representatives from each of the institutions
- Will collaborate on a two-year research compliance work plan with key deliverables



Research Compliance Council (cont.)

- Develop research compliance training and education modules to meet federal grant requirements
- Establish best practices solutions to emerging research compliance issues
- Ensure uniformity and consistency in common areas (export controls, conflicts of interest, effort reporting)



6. **U. T. System: Presentation on the U. T. Systemwide Endowment Compliance Program**

REPORT

Vice Chancellor Safady will report on the U. T. Systemwide Endowment Compliance Program for the fiscal year ended August 31, 2012, using a PowerPoint presentation set forth on the following pages.

Endowment Compliance Program FY 2012

Dr. Randa Safady, Vice Chancellor for External Relations

U. T. System Board of Regents' Meeting
Audit, Compliance, and Management Review Committee
May 2013



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Program Mission

- Strengthens stewardship
- Promotes compliance with laws, policies, and endowment agreements
- Increases effectiveness of available resources
- Improves reporting to donors and U. T. System leadership



Growth in Program Scope and Reporting

- Program began in 2001: 6,392 endowments = \$3.2 billion
- In FY03: Annual reporting began with progress summaries
- In FY04: Review of a small sampling of endowments began
- In FY07: Reporting evolved to include detailed financial data, review of more endowments, an analytical report back to the U. T. System institutions, and a management response from the Presidents
- In FY12: 11,503 endowments = \$7.7 billion



Growth in Endowments

Numbers and Market Value of Endowments



76



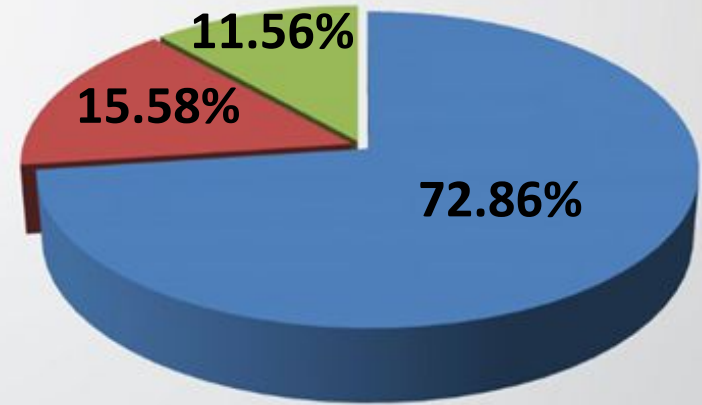
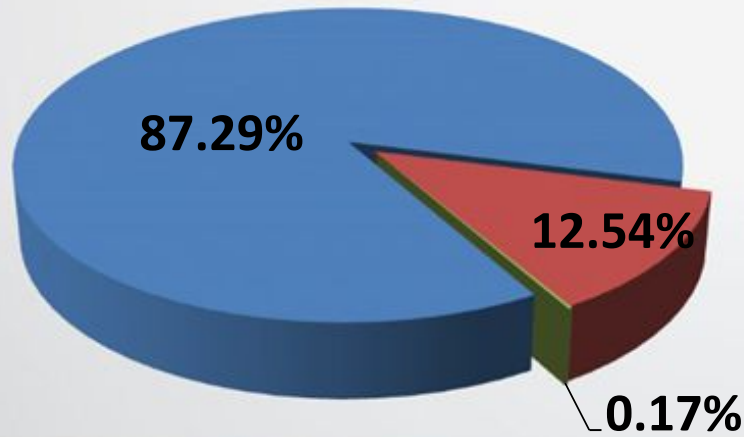
Where Endowments Are Held

Total Number of Endowments: 11,503

Total Endowment Market Value: \$7.7B

■ Board:	10,041
■ U. T. Affiliate:	1,442
■ Others:	20

■ Board:	\$5.61B
■ U. T. Affiliate:	\$1.20B
■ Others:	\$890.2M



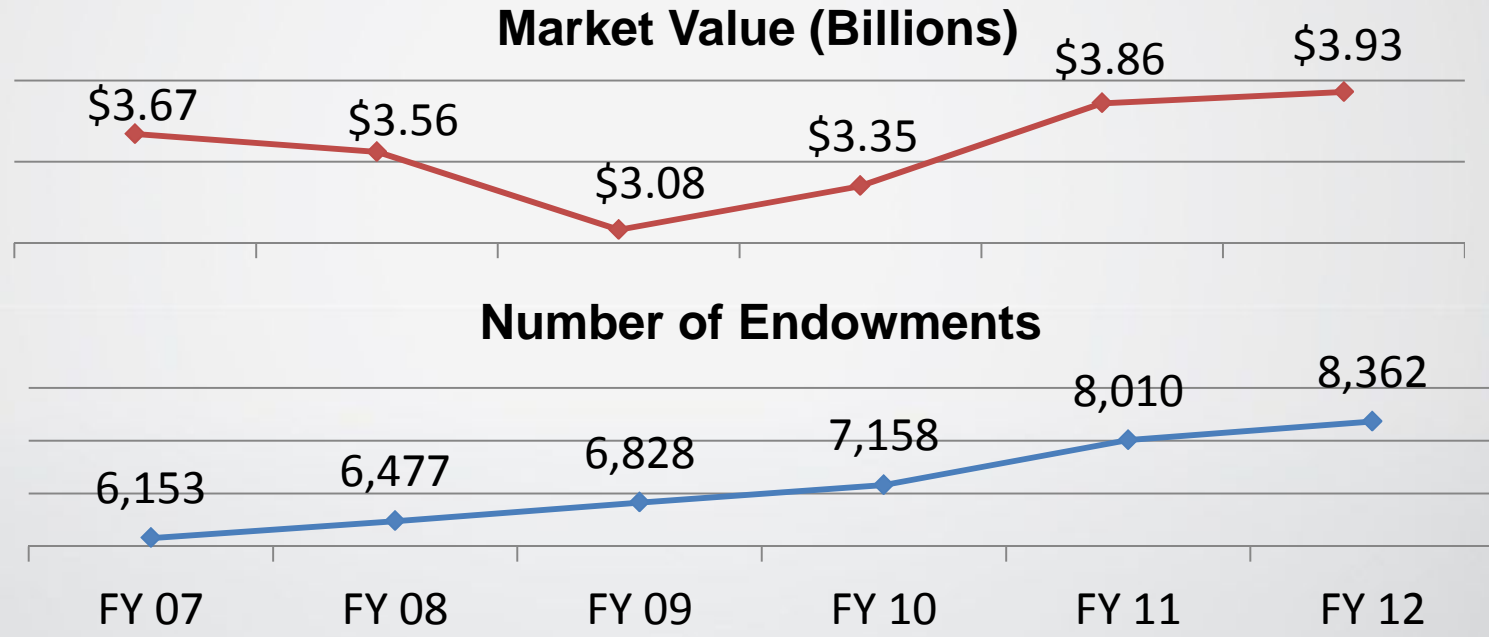
Endowments August 31, 2012: Academic Institutions

Institutions	Number of New Endowments	Total Endowments	% Increase Over 2011	Total Market Value	% Market Value +/- Over 2011
U. T. Arlington	56	553	11%	\$89,318,622	11%
U. T. Austin	222	5,818	4%	\$3,140,033,758	1%
U. T. Brownsville	4	115	4%	\$8,676,012	1%
U. T. Dallas	19	271	8%	\$279,094,170	4%
U. T. El Paso	16	616	3%	\$149,199,743	3%
U. T. Pan American	8	290	3%	\$62,348,749	4%
U. T. Permian Basin	4	111	4%	\$38,814,140	55% *
U. T. San Antonio	14	348	4%	\$89,521,183	9%
U. T. Tyler	9	240	4%	\$71,193,944	1%

* U. T. Permian Basin market value increase is due to addition of one \$14M endowment.



Endowments: Academic Institutions FY07 – FY12



79



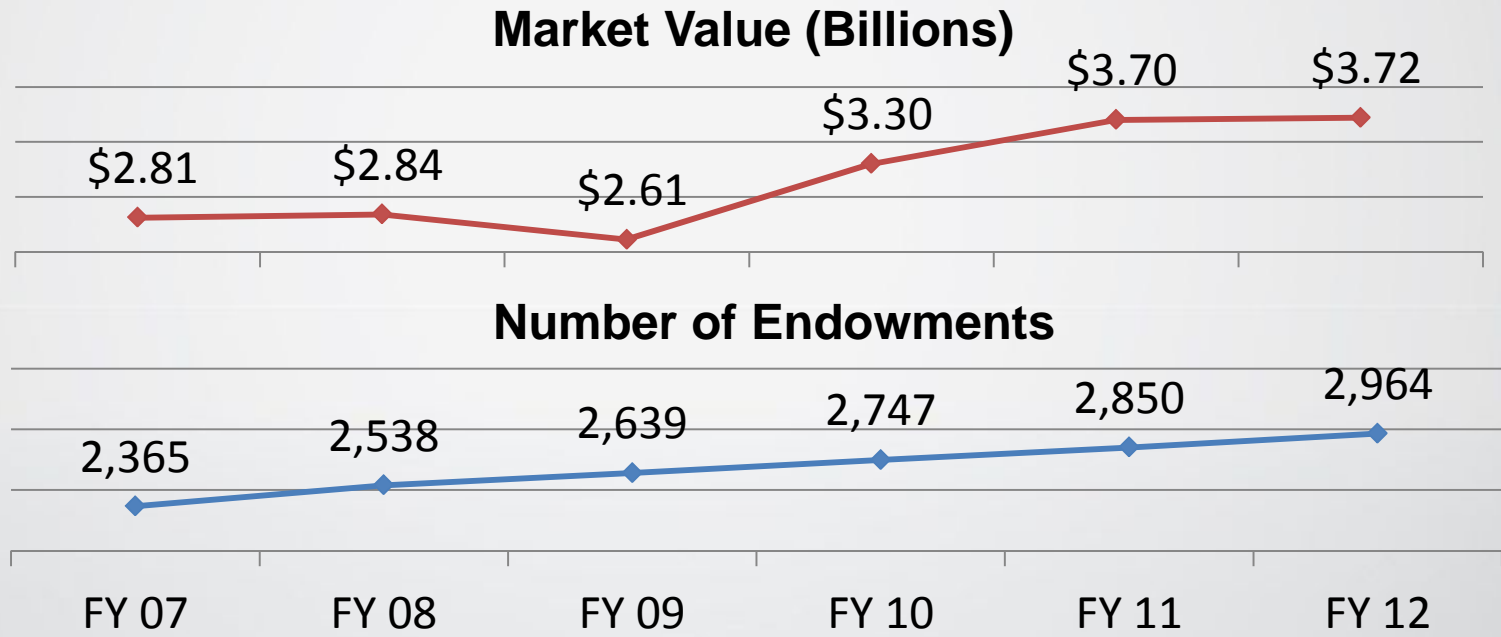
Endowments August 31, 2012: Health Institutions and Others

Institutions	Number of New Endowments	Total Endowments	% Increase Over 2011	Total Market Value	% Market Value +/- Over 2011
U. T. Southwestern	16	879	2%	\$1,153,843,091	1%
UTMB	36	733	5%	\$1,268,858,409	-1% *
UTHSC–Houston	22	456	5%	\$173,844,644	6%
UTHSC–San Antonio	15	386	4%	\$174,824,211	3%
M. D. Anderson	25	470	6%	\$937,786,248	0%
UTHSC–Tyler	0	40	0%	\$10,636,060	-2%
U. T. System Administration	22	168	15%	\$36,550,487	1%
Multi-Institution	1	9	13%	\$17,699,743	4%

* In FY12, one externally-held fund benefiting UTMB had \$8.5M drop in market value.



Endowments: Health Institutions FY07 – FY12



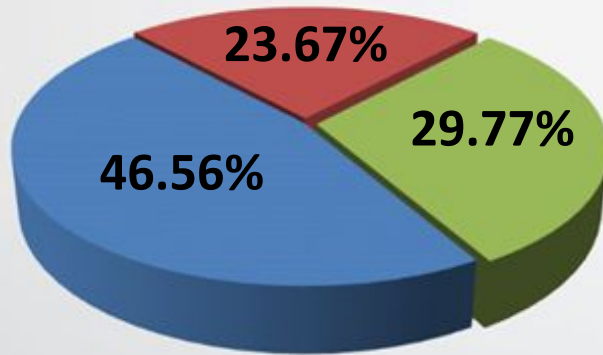
81



Board-held Endowments: August 31, 2012

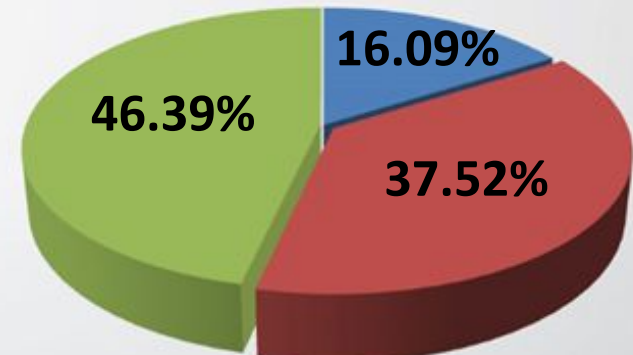
Total Number of Endowments: 10,041

■ Student Support:	4,675
■ Academic Positions:	2,377
■ Program Support:	2,989



Total Endowment Market Value: \$5.61B

■ Student Support:	\$903.26M
■ Academic Positions:	\$2.11B
■ Program Support:	\$2.60B



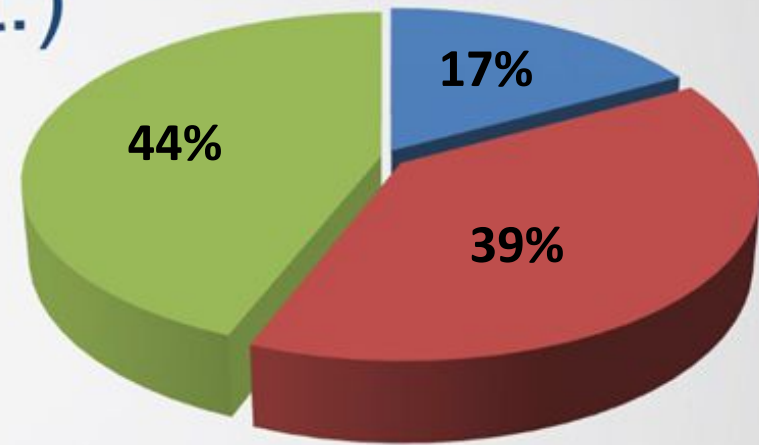
- In FY12, the number of Board-held endowments increased by 467 (5%) and the market value increased by \$78.6M (1.42%) over FY11.



Board-held Endowments: August 31, 2012 (cont.)

Distributions from Endowments

Endowment Purpose	Distributions	Percentage of Total
Student Support	\$44,247,027	17%
Academic Positions	\$98,739,310	39%
Program Support	\$112,063,079	44%
Total	\$255,049,415	100%



- Student Support: \$44.2M
- Academic Positions: \$98.7M
- Program Support: \$112.1M

83



Elements of the Program



84



Improving Accountability

- All endowments are reviewed at least every three years
- Risks monitored and measured:
 - Inappropriate expenditures
 - No expenditures
 - Excessive accumulations
 - Unfilled endowed academic positions

85



Summary of Findings for FY12

- Highest percentage (60%) of endowments reviewed
- Percentage of endowments in compliance remained high
- Overall level of accumulations in endowment operating accounts (1.28 years) fell within the acceptable level of ≤ 2 years worth of annual distributions
- Overall operating fund balances in student support endowments (0.77 years) remained below one year's worth of annual distributions

86



Summary of Findings for FY12 (cont.)

- For academic position endowments, ratio of overall operating fund balances to annual distributions hit a low of 1.45 years worth distributions
- Percentage of unfilled academic positions continues to improve
- 8,404 of 8,518 (99%) known donors received annual endowment reports
- One U. T. System institution identified higher levels of unjustified excessive accumulations and no expenditures, but this institution used a stricter assessment



Risk 1: Inappropriate Expenditures

Percentage of Reviewed Endowments In Compliance



- In FY12, 4 expenditures totaling \$9,203 remained uncorrected as of the Endowment Compliance Report due date (12/15/12); all have since been corrected.



Risk 2: No Expenditures

Percentage of Reviewed Endowments In Compliance



89



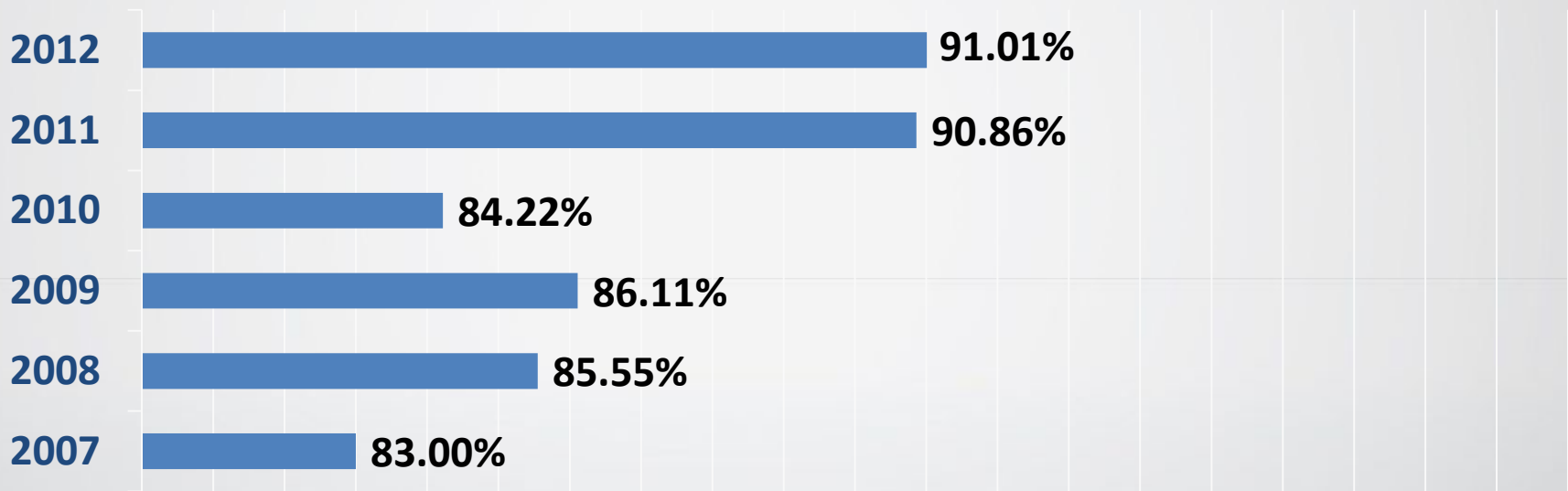
Risk 3: Excessive Accumulations

Percentage of Reviewed Endowments In Compliance



Risk 4: Unfilled Academic Positions

Percentage of Academic Positions In Compliance



- Beginning in FY11, only endowments unfilled for 12 months or longer are counted as unfilled.



Addressing Findings

- Recommendations for improvement are submitted to each President
- In response, the President provides an action plan to correct each problem
- U. T. System conducts a mid-year review of the action plan and results are given to the President to facilitate mid-year corrections, if necessary



Funding for the Program

- Each U. T. System institution may receive an annual fee of 0.08% to 0.20% of the market value of its endowments
- For a fee greater than 0.08%, the U. T. System institution must submit an audited fee assessment, updated at least every two years
- For FY12:
 - 3 U. T. System institutions requested 0.08%
 - 12 U. T. System institutions and System Administration requested 0.20%
 - 1 U. T. System institution does not take the fee



Observations and Moving Forward

- Reviewed greater percentage of endowments which helped identify areas to improve Program
- Continued to address challenges associated with filling endowed academic positions
- In consultation with Vice Presidents for development at U. T. System institutions, exploring minimum endowment levels for possible increases
- Must increase delivery of endowment reports to 100% of donors
- CASE District IV Award received in 2013 for Program's success in annual endowment donor reporting

94



7. **U. T. System: Discussion and appropriate action regarding review of institutional compliance with the Texas Public Information Act**

RECOMMENDATION

Audit, Compliance, and Management Review Committee Chairman Pejovich recommends that the Committee initiate a Systemwide review of institutional compliance with provisions of the Texas Public Information Act, to be conducted at the direction of Chancellor Cigarroa.



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

Committee Meeting: 5/8/2013

Board Meeting: 5/9/2013
Austin, Texas

Paul L. Foster, Chairman
Printice L. Gary, Vice Chairman
Alex M. Cranberg
Wallace L. Hall, Jr.
Brenda Pejovich

	Committee Meeting	Board Meeting	Page
Convene	12:30 p.m. <i>Chairman Foster</i>		
1. U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, referred for Committee consideration	12:30 p.m. Action	Action	97
2. U. T. System: Key Financial Indicators Report and Monthly Financial Report	12:35 p.m. Report/Discussion <i>Dr. Kelley</i>	Not on Agenda	98
3. U. T. System: Approval of the Fiscal Year 2014 Budget Preparation Policies and Calendar	12:55 p.m. Action <i>Mr. Wallace</i>	Action	132
4. U. T. System Board of Regents: The University of Texas Investment Management Company (UTIMCO) Performance Summary Report and Investment Reports for the quarter ended February 28, 2013	1:05 p.m. Report/Discussion <i>Mr. Zimmerman</i>	Report	136
Adjourn	1:30 p.m.		

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

The proposed Consent Agenda is at the back of the book.

2. U. T. System: Key Financial Indicators Report and Monthly Financial Report

REPORT

Dr. Scott C. Kelley, Executive Vice Chancellor for Business Affairs, will discuss the Key Financial Indicators Report, as set forth on Pages 99 - 106 and the March Monthly Financial Report on Pages 107 - 131. The reports represent the consolidated and individual operating detail of the U. T. System institutions.

The Key Financial Indicators Report compares the Systemwide quarterly results of operations, key revenues and expenses, reserves, and key financial ratios in a graphical presentation from Fiscal Year 2009 through February 2013. Ratios requiring balance sheet data are provided for Fiscal Year 2008 through Fiscal Year 2012.


















THE UNIVERSITY OF TEXAS SYSTEM



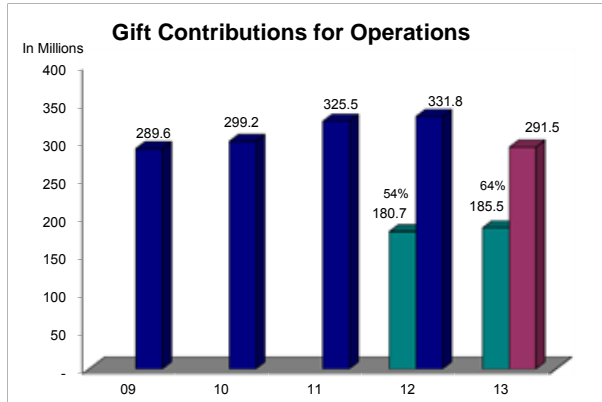
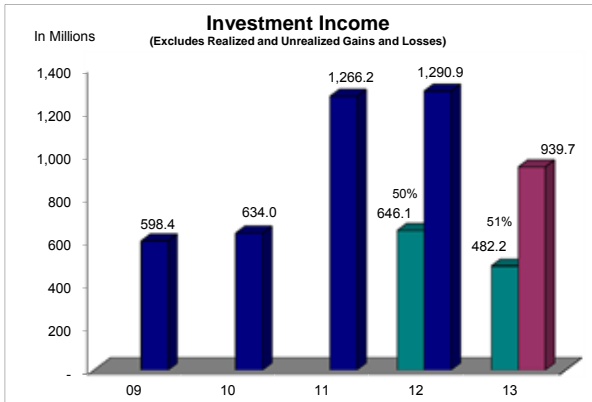
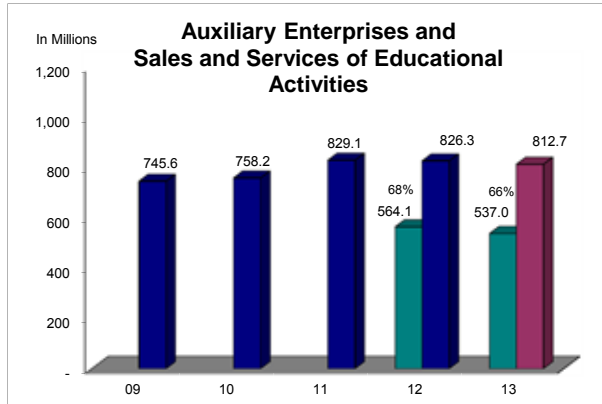
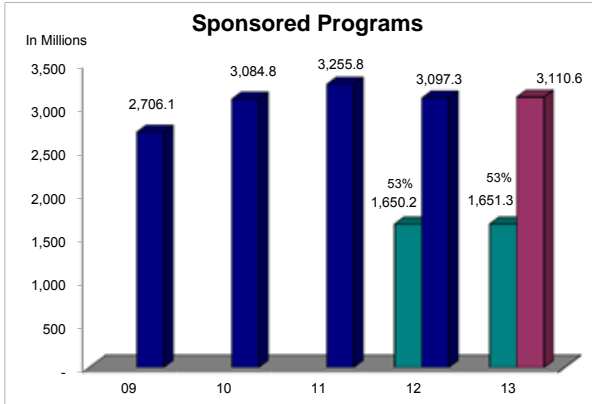
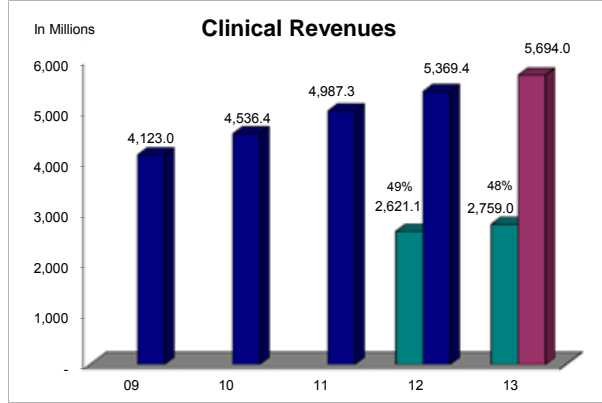
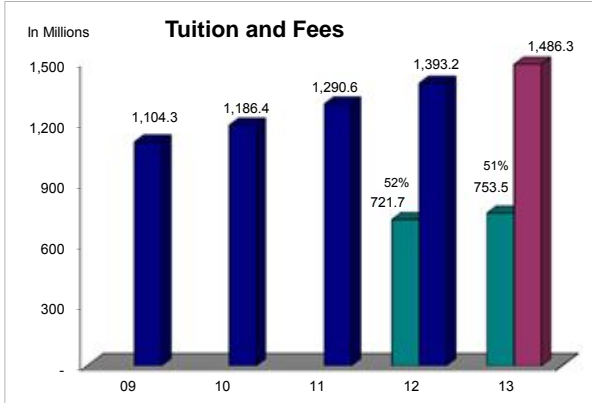
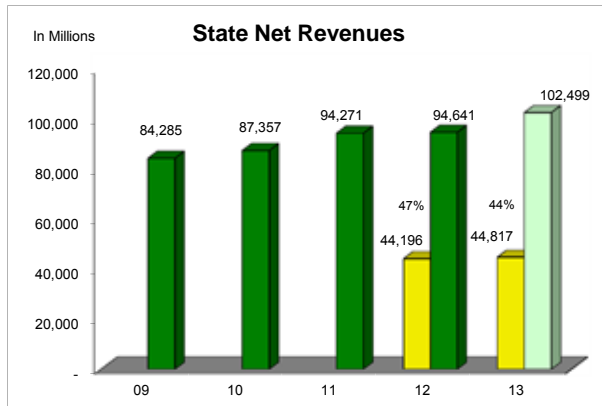
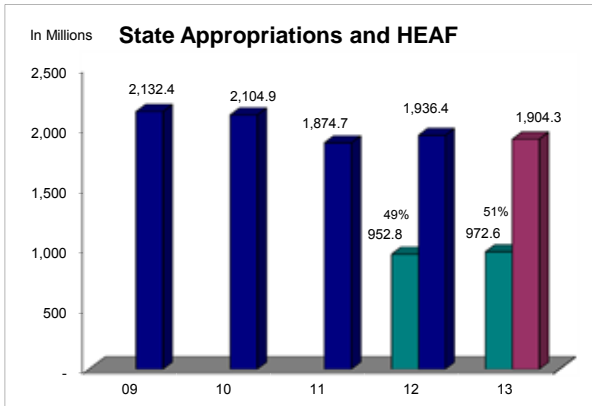
KEY FINANCIAL INDICATORS REPORT

2ND QUARTER FY 2013

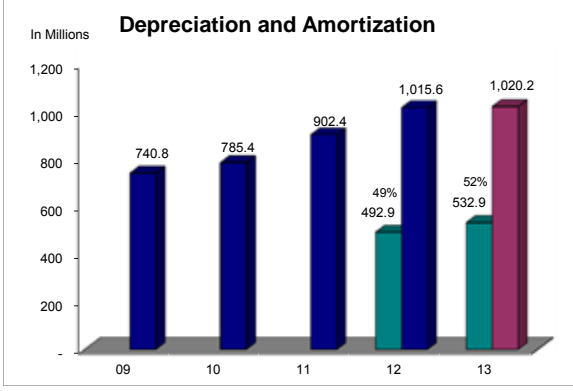
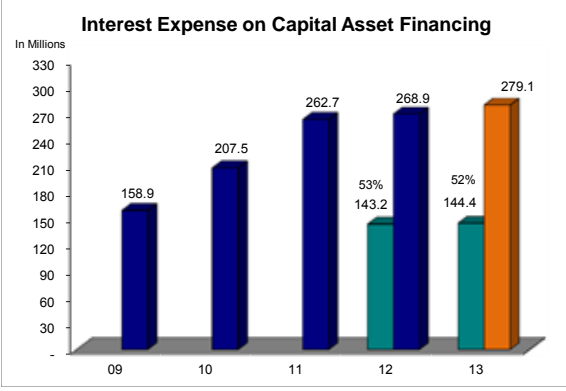
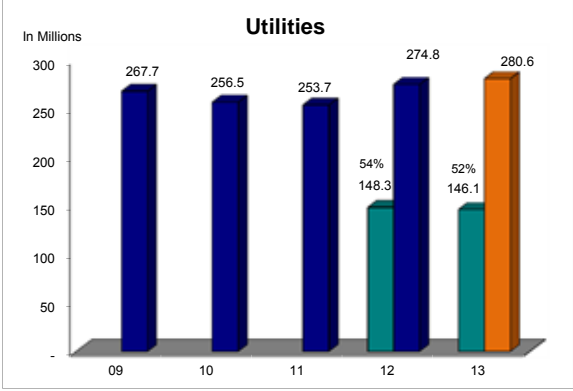
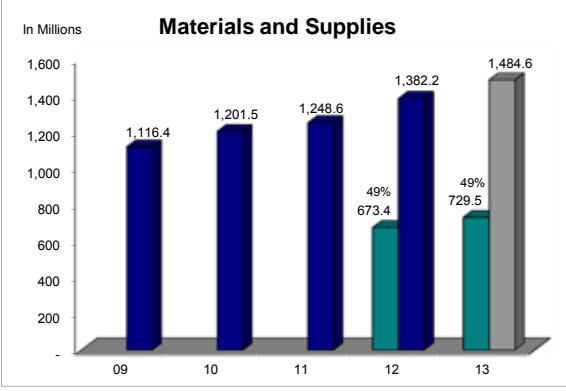
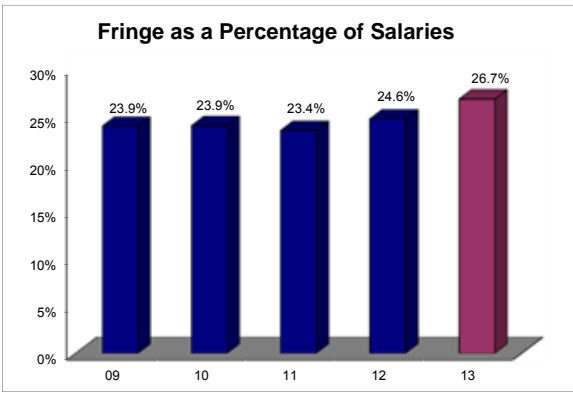
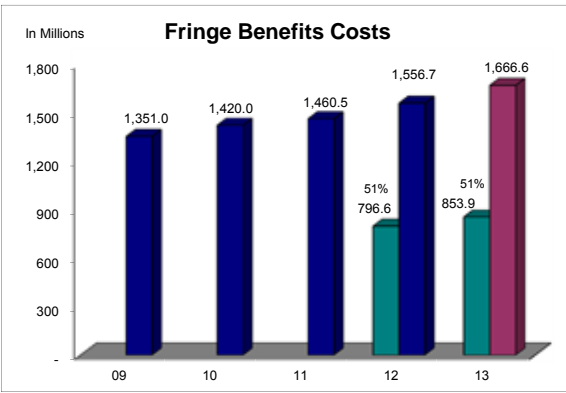
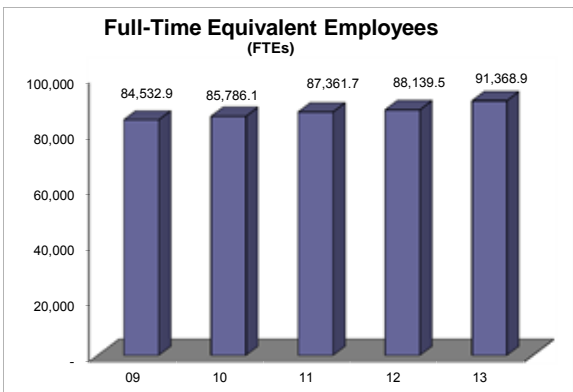
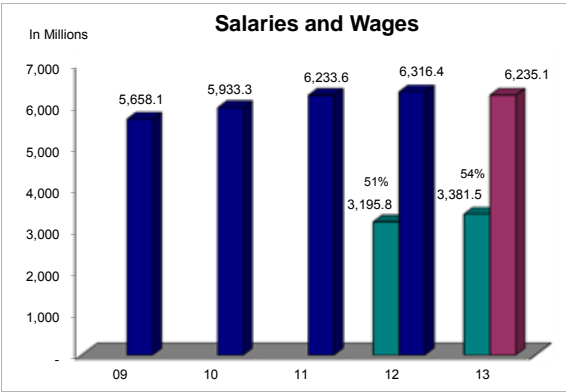
KEY

-  **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 Median**
(SOURCE: Moody's)
-  **A2 Median**
(SOURCE: Moody's)
-  **Good Facilities Condition Index (Below 5%)**
-  **Fair Facilities Condition Index (5% - 10%)**

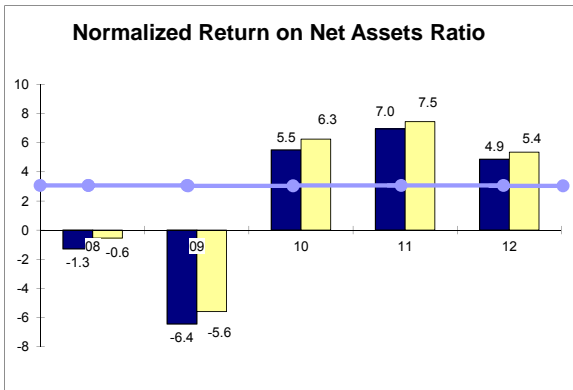
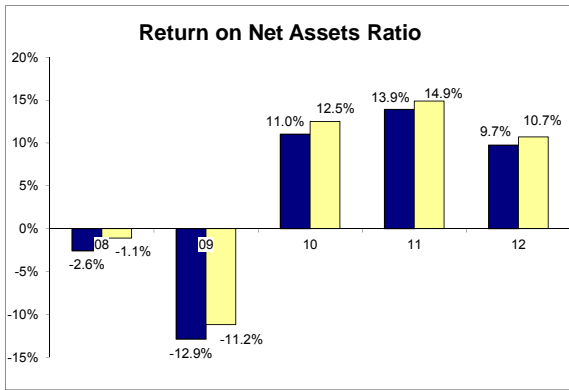
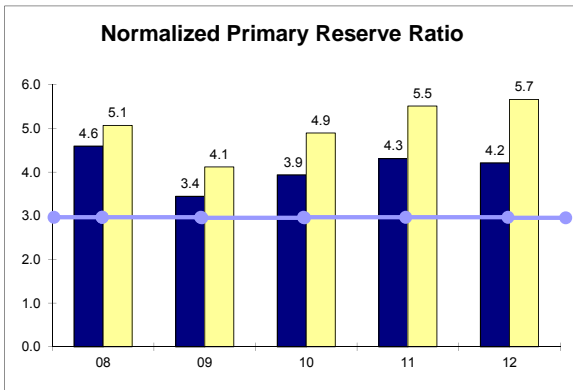
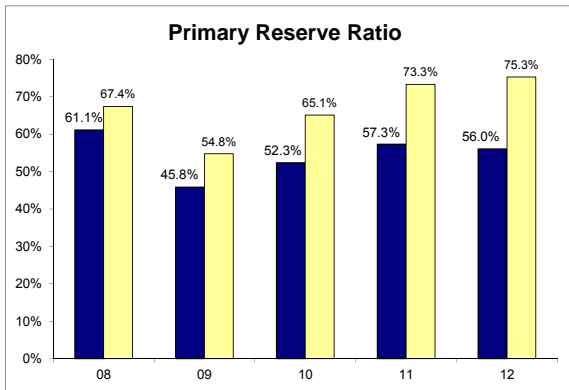
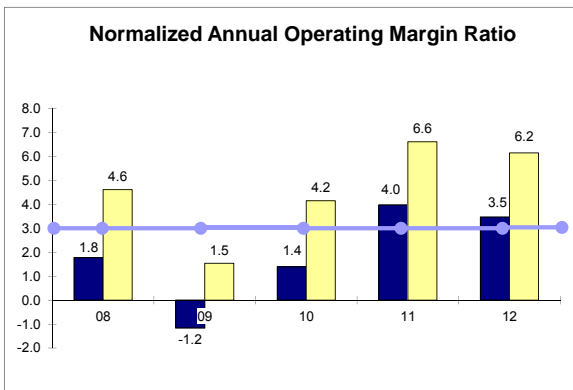
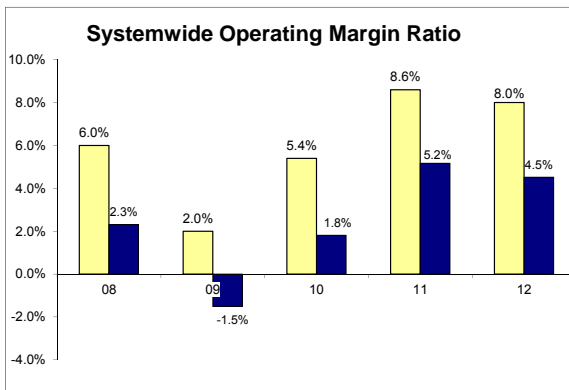
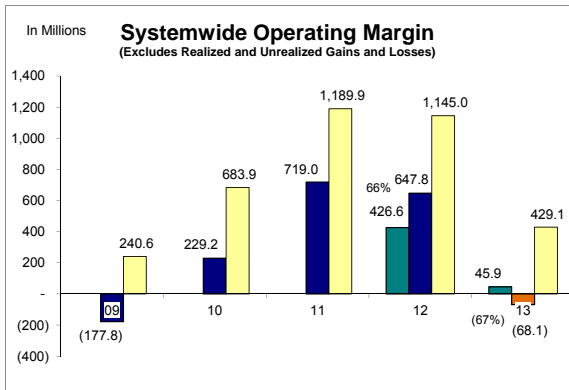
KEY INDICATORS OF REVENUES
ACTUAL 2009 THROUGH 2012
PROJECTED 2013
YEAR-TO-DATE 2012 AND 2013 FROM FEBRUARY MONTHLY FINANCIAL REPORT



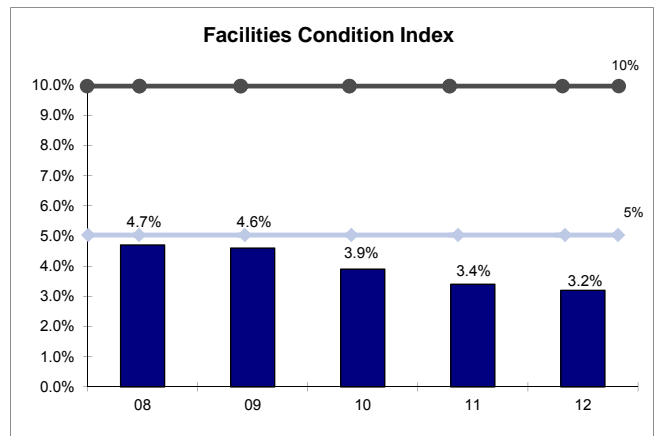
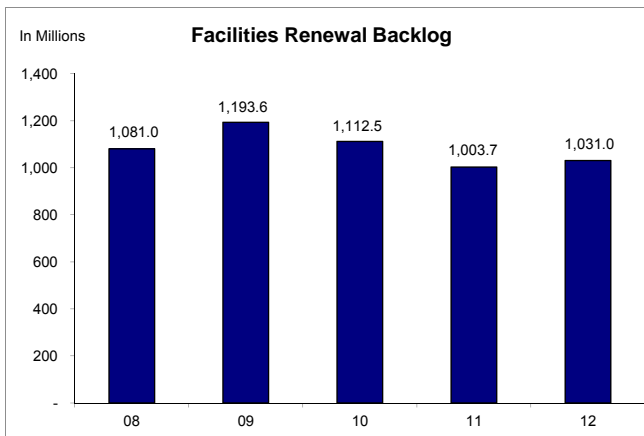
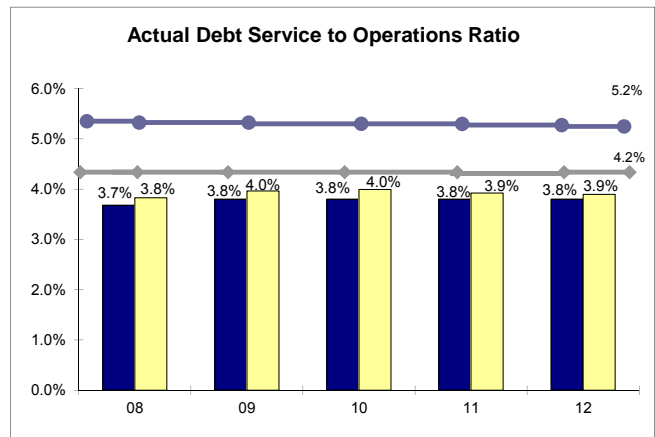
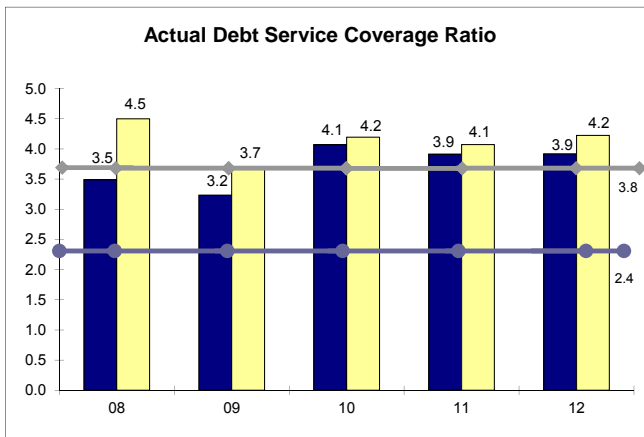
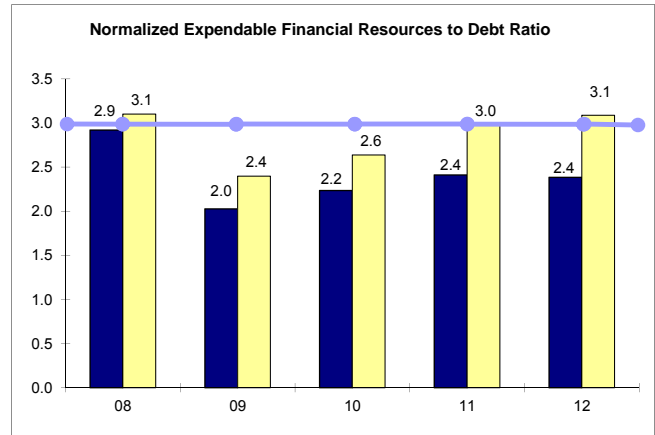
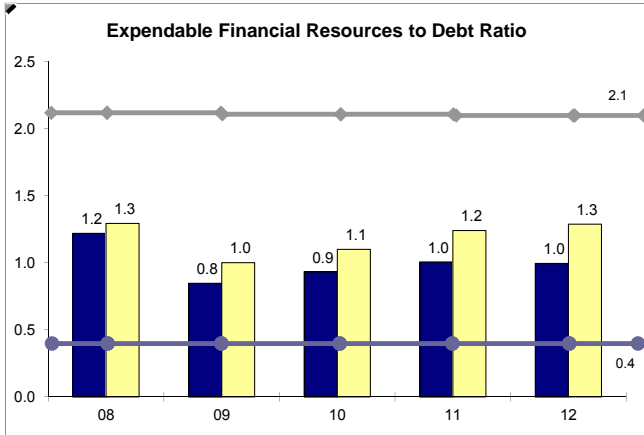
KEY INDICATORS OF EXPENSES
ACTUAL 2009 THROUGH 2012
PROJECTED 2013
YEAR-TO-DATE 2012 AND 2013 FROM FEBRUARY MONTHLY FINANCIAL REPORT



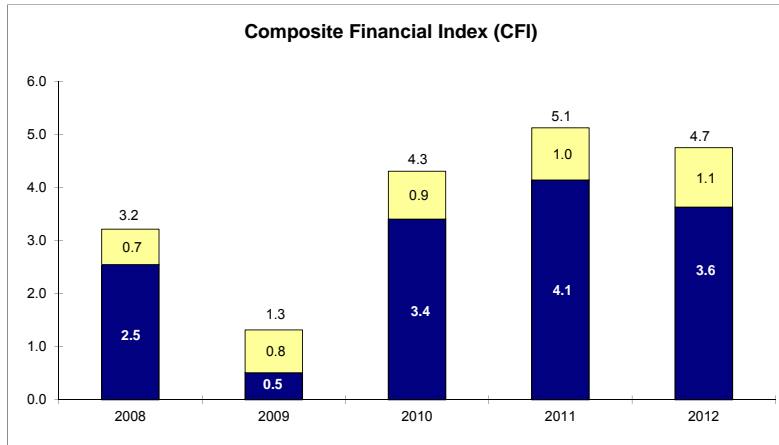
KEY INDICATORS OF RESERVES
ACTUAL 2008 THROUGH 2012
PROJECTED 2013
YEAR-TO-DATE 2012 AND 2013 FROM FEBRUARY MONTHLY FINANCIAL REPORT



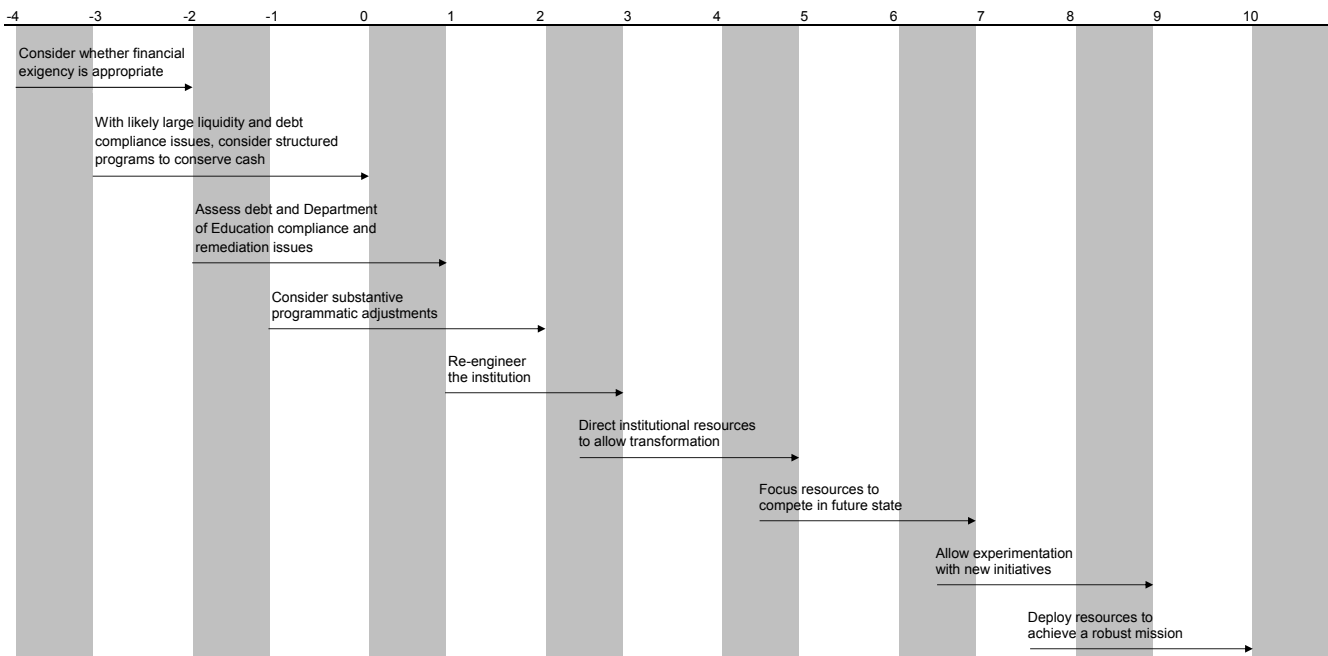
KEY INDICATORS OF CAPITAL NEEDS AND CAPACITY 2008 THROUGH 2012



**KEY INDICATORS OF FINANCIAL HEALTH
2008 THROUGH 2012**

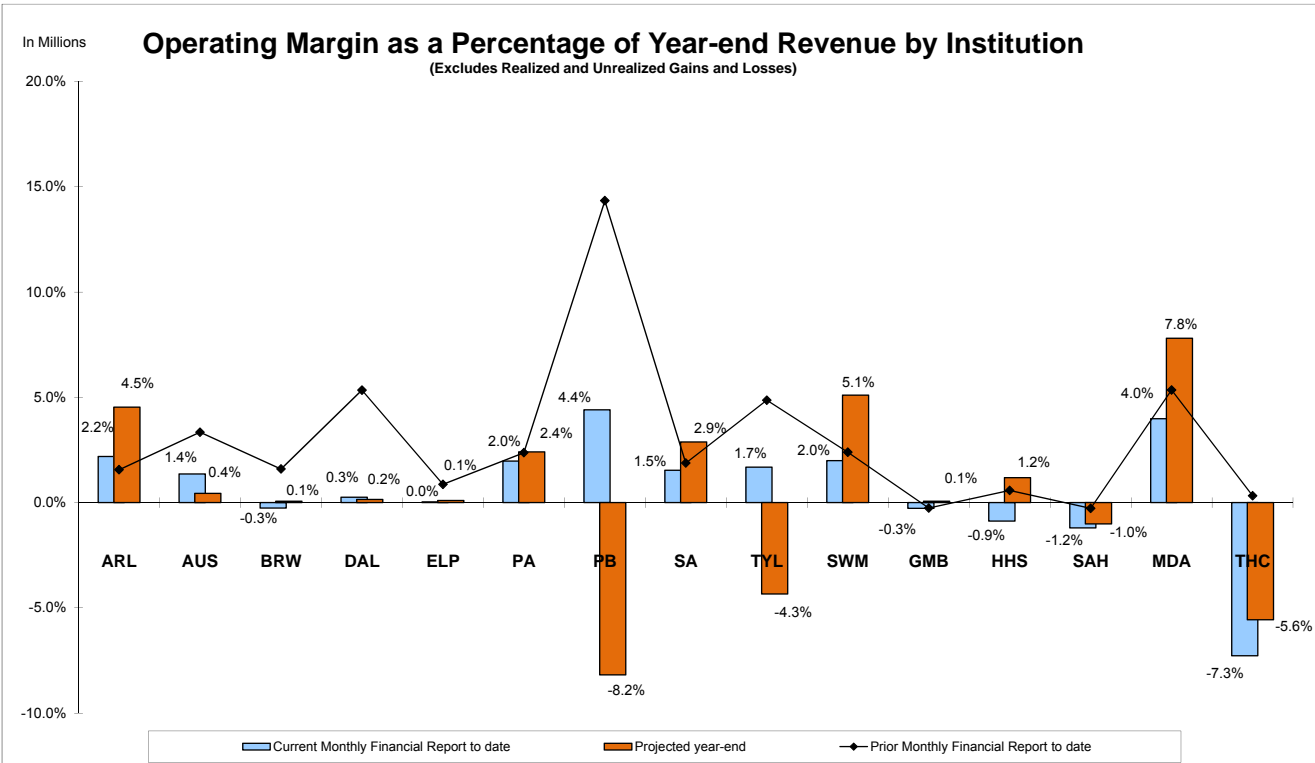
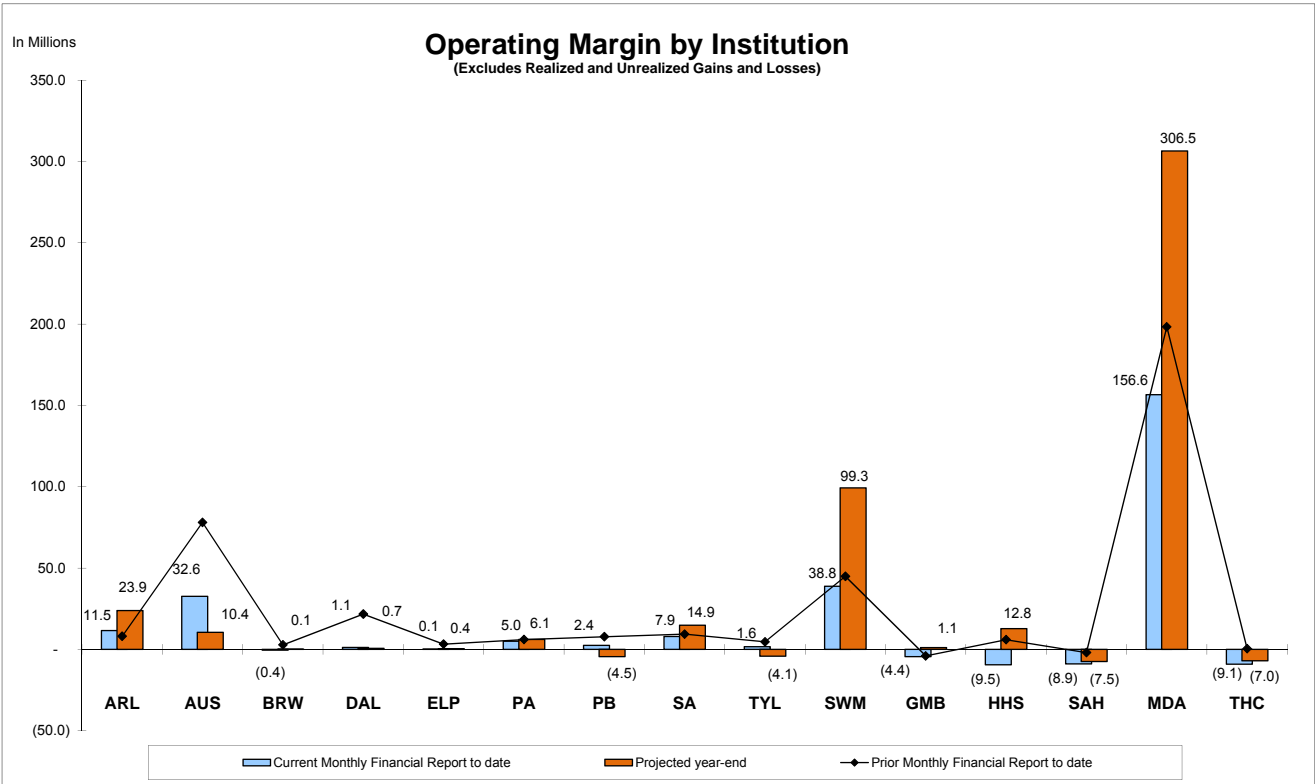


Scale for Charting CFI Performance



Source: Strategic Financial Analysis for Higher Education, Seventh Edition

**KEY INDICATORS OF RESERVES
YEAR-TO-DATE 2012 AND 2013 FROM FEBRUARY MONTHLY FINANCIAL REPORT
PROJECTED 2013 YEAR-END MARGIN**



THE UNIVERSITY OF TEXAS SYSTEM
OFFICE OF THE CONTROLLER

MONTHLY FINANCIAL REPORT
(unaudited)

MARCH 2013



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**THE UNIVERSITY OF TEXAS SYSTEM
MONTHLY FINANCIAL REPORT
(Unaudited)
FOR THE SEVEN MONTHS ENDING
MARCH 31, 2013**

**The University of Texas System
Monthly Financial Report**

Foreword

The Monthly Financial Report (MFR) compares the results of operations between the current year-to-date cumulative amounts and the prior year-to-date cumulative amounts. Explanations are provided for institutions having the largest variances in Adjusted Income (Loss) year-to-date as compared to the prior year, both in terms of dollars and percentages. In addition, although no significant variance may exist, institutions with losses may be discussed.

The data is reported in three sections: (1) Operating Revenues, (2) Operating Expenses, and (3) Other Nonoperating Adjustments. Presentation of state appropriation revenues are required under GASB 35 to be reflected as nonoperating revenues, so all institutions will report an Operating Loss prior to this adjustment. The MFR provides an Adjusted Income (Loss), which takes into account the nonoperating adjustments associated with core operating activities. An Adjusted Margin (as a percentage of operating and nonoperating revenue adjustments) is calculated for each period and is intended to reflect relative operating contributions to financial health.

UNAUDITED

The University of Texas System Consolidated
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2013

	March Year-to-Date FY 2013	March Year-to-Date FY 2012	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition	873,544,815.43	832,360,876.18	41,183,939.25	4.9%
Sponsored Programs	1,609,002,097.62	1,621,496,385.09	(12,494,287.47)	-0.8%
Net Sales and Services of Educational Activities	315,289,820.69	329,594,516.31	(14,304,695.62)	-4.3%
Net Sales and Services of Hospitals	2,504,953,834.18	2,382,840,853.04	122,112,981.14	5.1%
Net Professional Fees	734,498,135.15	701,880,575.57	32,617,559.58	4.6%
Net Auxiliary Enterprises	296,840,297.34	288,906,475.60	7,933,821.74	2.7%
Other Operating Revenues	147,297,001.52	93,655,695.23	53,641,306.29	57.3%
Total Operating Revenues	6,481,426,001.93	6,250,735,377.02	230,690,624.91	3.7%
Operating Expenses				
Salaries and Wages	3,936,074,187.89	3,731,335,224.09	204,738,963.80	5.5%
Payroll Related Costs	1,002,607,266.83	932,641,511.07	69,965,755.76	7.5%
Cost of Goods Sold	64,565,354.62	58,870,350.22	5,695,004.40	9.7%
Professional Fees and Services	212,260,220.99	192,143,343.29	20,116,877.70	10.5%
Other Contracted Services	357,934,787.68	324,004,000.81	33,930,786.87	10.5%
Travel	76,524,538.24	73,114,415.47	3,410,122.77	4.7%
Materials and Supplies	847,775,309.69	793,454,729.94	54,320,579.75	6.8%
Utilities	169,123,562.29	170,998,309.27	(1,874,746.98)	-1.1%
Communications	75,288,886.82	69,660,898.48	5,627,988.34	8.1%
Repairs and Maintenance	144,081,448.07	140,464,863.59	3,616,584.48	2.6%
Rentals and Leases	82,252,991.61	78,941,422.89	3,311,568.72	4.2%
Printing and Reproduction	17,899,611.20	15,642,475.07	2,257,136.13	14.4%
Bad Debt Expense	380,936.73	1,225,376.63	(844,439.90)	-68.9%
Claims and Losses	5,572,995.59	7,782,483.28	(2,209,487.69)	-28.4%
Increase in Net OPEB Obligation	290,041,823.75	274,685,210.33	15,356,613.42	5.6%
Scholarships and Fellowships	329,938,402.47	325,656,956.77	4,281,445.70	1.3%
Depreciation and Amortization	620,149,019.02	576,442,424.09	43,706,594.93	7.6%
Federal Sponsored Program Pass-Through to Other State Agencies	12,651,442.74	14,256,536.98	(1,605,094.24)	-11.3%
State Sponsored Program Pass-Through to Other State Agencies	873,933.29	476,948.88	396,984.41	83.2%
Other Operating Expenses	203,716,480.35	184,478,208.21	19,238,272.14	10.4%
Total Operating Expenses	8,449,713,199.87	7,966,275,689.36	483,437,510.51	6.1%
Operating Loss	(1,968,287,197.94)	(1,715,540,312.34)	(252,746,885.60)	-14.7%
Other Nonoperating Adjustments				
State Appropriations	1,134,437,035.00	1,109,518,440.65	24,918,594.35	2.2%
Nonexchange Sponsored Programs	282,826,616.10	271,311,505.63	11,515,110.47	4.2%
Gift Contributions for Operations	216,219,225.11	209,364,308.03	6,854,917.08	3.3%
Net Investment Income	574,864,948.97	750,672,191.13	(175,807,242.16)	-23.4%
Interest Expense on Capital Asset Financings	(164,307,918.65)	(161,204,589.80)	(3,103,328.85)	-1.9%
Net Other Nonoperating Adjustments	2,044,039,906.53	2,179,661,855.64	(135,621,949.11)	-6.2%
Adjusted Income (Loss) including Depreciation & Amortization	75,752,708.59	464,121,543.30	(388,368,834.71)	-83.7%
Adjusted Margin % including Depreciation & Amortization	0.9%	5.4%		
Investment Gain (Losses)	1,617,808,884.24	213,459,076.14	1,404,349,808.10	657.9%
Adj. Inc. (Loss) with Investment Gains (Losses)	1,693,561,592.83	677,580,619.44	1,015,980,973.39	149.9%
Adj. Margin % with Investment Gains (Losses)	16.4%	7.7%		
Adjusted Income (Loss) excluding Depreciation & Amortization	695,901,727.61	1,040,563,967.39	(344,662,239.78)	-33.1%
Adjusted Margin % excluding Depreciation & Amortization	8.0%	12.1%		

**The University of Texas System
Comparison of Adjusted Income (Loss)
For the Seven Months Ending March 31, 2013**

	Including Depreciation and Amortization Expense				Fluctuation Percentage
	March Year-to-Date FY 2013	March Year-to-Date FY 2012	Variance		
U. T. System Administration	\$ (73,430,456.11)	\$ 152,468,202.39	(225,898,658.50)	(1)	-148.2%
U. T. Arlington	11,427,994.75	8,263,101.76	3,164,892.99	(2)	38.3%
U. T. Austin	33,794,208.32	74,640,493.69	(40,846,285.37)	(3)	-54.7%
U. T. Brownsville	(417,970.71)	3,029,768.70	(3,447,739.41)	(4)	-113.8%
U. T. Dallas	2,879,661.20	15,175,295.44	(12,295,634.24)	(5)	-81.0%
U. T. El Paso	238,354.29	3,675,878.48	(3,437,524.19)	(6)	-93.5%
U. T. Pan American	7,407,054.05	7,695,828.62	(288,774.57)		-3.8%
U. T. Permian Basin	715,119.86	7,760,492.16	(7,045,372.30)	(7)	-90.8%
U. T. San Antonio	7,779,993.82	9,397,854.33	(1,617,860.51)		-17.2%
U. T. Tyler	1,334,815.88	5,263,905.24	(3,929,089.36)	(8)	-74.6%
U. T. Southwestern Medical Center	51,916,849.69	46,583,607.03	5,333,242.66		11.4%
U. T. Medical Branch - Galveston	(3,988,542.27)	(3,978,924.40)	(9,617.87)		-0.2%
U. T. Health Science Center - Houston	(8,745,799.55)	7,576,215.68	(16,322,015.23)	(10)	-215.4%
U. T. Health Science Center - San Antonio	(9,160,222.31)	(859,727.45)	(8,300,494.86)	(11)	-965.5%
U. T. M. D. Anderson Cancer Center	186,958,423.52	231,227,199.08	(44,268,775.56)	(12)	-19.1%
U. T. Health Science Center - Tyler	(10,581,025.84)	945,685.88	(11,526,711.72)	(13)	-1,218.9%
Elimination of AUF Transfer	(122,375,750.00)	(104,743,333.33)	(17,632,416.67)		-16.8%
Total Adjusted Income (Loss)	75,752,708.59	464,121,543.30	(388,368,834.71)		-83.7%
Investment Gains (Losses)	1,617,808,884.24	213,459,076.14	1,404,349,808.10		657.9%
Total Adjusted Income (Loss) with Investment Gains (Losses) Including Depreciation and Amortization	\$ 1,693,561,592.83	\$ 677,580,619.44	\$ 1,015,980,973.39		149.9%

	Excluding Depreciation and Amortization Expense				Fluctuation Percentage
	March Year-to-Date FY 2013	March Year-to-Date FY 2012	Variance		
U. T. System Administration	\$ (69,122,040.39)	\$ 156,955,082.31	(226,077,122.70)		-144.0%
U. T. Arlington	32,993,705.15	28,481,200.60	4,512,504.55		15.8%
U. T. Austin	188,377,541.65	217,045,876.15	(28,668,334.50)		-13.2%
U. T. Brownsville	4,300,017.79	7,603,570.86	(3,303,553.07)		-43.4%
U. T. Dallas	26,971,107.58	37,088,893.07	(10,117,785.49)		-27.3%
U. T. El Paso	15,592,348.65	18,036,712.36	(2,444,363.71)		-13.6%
U. T. Pan American	16,190,494.35	15,912,877.01	277,617.34		1.7%
U. T. Permian Basin	7,540,119.86	14,505,613.09	(6,965,493.23)		-48.0%
U. T. San Antonio	32,645,976.82	33,210,556.88	(564,580.06)		-1.7%
U. T. Tyler	7,822,581.39	11,872,676.11	(4,050,094.72)		-34.1%
U. T. Southwestern Medical Center	114,792,167.68	105,440,001.42	9,352,166.26		8.9%
U. T. Medical Branch - Galveston	51,180,339.67	45,632,559.94	5,547,779.73		12.2%
U. T. Health Science Center - Houston	24,137,430.73	37,744,933.12	(13,607,502.39)		-36.1%
U. T. Health Science Center - San Antonio	19,423,111.02	25,973,605.88	(6,550,494.86)		-25.2%
U. T. M. D. Anderson Cancer Center	350,816,347.14	383,734,063.78	(32,917,716.64)		-8.6%
U. T. Health Science Center - Tyler	(5,383,771.48)	6,069,078.14	(11,452,849.62)		-188.7%
Elimination of AUF Transfer	(122,375,750.00)	(104,743,333.33)	(17,632,416.67)		-16.8%
Total Adjusted Income (Loss)	695,901,727.61	1,040,563,967.39	(344,662,239.78)		-33.1%
Total Adjusted Income (Loss) Excluding Depreciation and Amortization	\$ 695,901,727.61	\$ 1,040,563,967.39	\$ (344,662,239.78)		-33.1%

THE UNIVERSITY OF TEXAS SYSTEM
EXPLANATION OF VARIANCES ON THE MONTHLY FINANCIAL REPORT
For the Seven Months Ending March 31, 2013

Explanations are provided for institutions having the largest variances in adjusted income (loss) year-to-date as compared to the prior year, both in terms of dollars and percentages. Explanations are also provided for institutions with a current year-to-date adjusted loss and/or a projected year-to-date loss.

- (1) U. T. System Administration - The \$225.9 million (148.2%) increase in adjusted loss as compared to adjusted income for the same period last year was primarily due to a decrease in net investment income. While oil royalties have increased, this increase was offset by a decrease in oil and gas lease bonus sales as most of the prime acreage was leased in the two prior years. As a result of the accrual of Other Postemployment Benefits (OPEB) expense for the entire *U. T. System*, *U. T. System Administration* incurred a year-to-date loss of \$73.4 million. Excluding depreciation and amortization expense, *U. T. System Administration's* adjusted loss was \$69.1 million or -20.6%. *U. T. System Administration* anticipates ending the year with a \$273.8 million loss, which represents -65.8% of projected revenues and includes an accrual of \$497.2 million for OPEB expense for the entire *U. T. System*.

U. T. Brownsville incurred a year-to-date loss of \$418,000; however, they anticipate ending the year with a positive margin of \$111,000 which represents 0.1% of projected revenues and includes \$8.1 million of depreciation and amortization expense. Excluding depreciation and amortization expense, *U. T. Brownsville's* adjusted income was \$4.3 million or 3.9%.
- (2) U. T. Arlington - The \$3.2 million (38.3%) increase in adjusted income over the same period last year was primarily due to an increase in net student tuition and net auxiliary enterprises. Tuition and fee revenue was understated in 2012 and 2013 amounts are more in line with expectations. Net auxiliary enterprises increased due to the opening of Vandergriff Hall dormitory. Excluding depreciation and amortization expense, *U. T. Arlington's* adjusted income was \$33.0 million or 10.9%.
- (3) U. T. Austin - The \$40.8 million (54.7%) decrease in adjusted income over the same period last year was primarily attributable to an increase in materials and supplies and depreciation and amortization. The increase in materials and supplies was due to furniture and equipment purchased for newly opened or renovated buildings on campus, as well as an increase in telecommunications equipment for the systemwide area networking project. Prior to March 2013, *U. T. Austin* included cost of goods sold in materials and supplies. Therefore, the prior year amount for materials and supplies includes cost of goods sold which conceals the true variance on materials and supplies. Additionally, gift contributions for operations decreased primarily due to a reduction in pledges and decreases in gifts received for the Texas Advanced Computing Center and the ICES Excellence Fund as compared to the prior year. Excluding depreciation and amortization expense, *U. T. Austin's* adjusted income was \$188.4 million or 12.4%.
- (4) U. T. Brownsville - The \$3.4 million (113.8%) increase in adjusted loss as compared to adjusted income for the same period last year was primarily due to a decrease in Texas Southmost College (TSC) contract revenue and one-time separation costs, all related to the separation from TSC. Additionally, PeopleSoft project costs contributed to the decrease in margin.

U. T. Dallas - The \$12.3 million (81.0%) decrease in adjusted income over the same period last year was primarily attributable to an increase in salaries and wages expense and payroll related costs due to overall growth and an increase in the number of faculty. Excluding depreciation and amortization expense, *U. T. Dallas'* adjusted income was \$27.0 million or 10.1%.
- (5) U. T. El Paso - The \$3.4 million (93.5%) decrease in adjusted income over the same period last year was primarily attributable to a decrease in gifts for operations due a large gift received in 2012 which was initially recorded as an operating gift and was later correctly reclassified as an endowment. Also contributing to the variance were increases in the following expenses: depreciation and amortization expense increased as a result of the Physical Sciences/Engineering Core Facility, Chemistry and Computer Science building, and the Schuster Parking Garage, which were placed into service in 2012; and repairs and maintenance increased as a result of repairs across campus, combined with an increase in the renewal of software licenses and equipment service agreements. Excluding depreciation and amortization expense, *U. T. El Paso's* adjusted income was \$15.6 million or 6.4%.
- (6) U. T. Permian Basin - The \$7.0 million (90.8%) decrease in adjusted income over the same period last year was primarily attributable to increases in salaries and wages, payroll related costs, and scholarship and fellowship expense, and a decrease in net student tuition related to errors made in 2011 that were identified and corrected in 2012. Excluding depreciation and amortization expense, *U. T. Permian Basin's* adjusted income was \$7.5 million or 20.5%. *U. T. Permian Basin* anticipates ending the year with a \$4.3 million loss which represents -7.7% of projected revenues and includes \$11.7 million of depreciation and amortization expense.
- (7) U. T. Tyler - The \$3.9 million (74.6%) decrease in adjusted income over the same period last year was primarily attributable to an increase in salaries and wages expense and payroll related costs due to increased personnel for the newly acquired Discovery Science Place, Innovation Academy, and charter schools, as well as one-time merit salary increases

awarded in December. In addition, one-time Information Technology (IT) projects and purchases of computer equipment resulted in an increase in materials and supplies. Excluding depreciation and amortization expense, *U. T. Tyler's* adjusted income was \$7.8 million or 12.9%. *U. T. Tyler* anticipates ending the year with a \$4.0 million loss which represents -4.1% of projected revenues and includes \$11.3 million of depreciation and amortization expense. The projected loss is the result of an increase in personnel across the campus, merit salary increases and building renovations. *U. T. Tyler's* use of prior year balances was approved by *U. T. System Administration* for 2013 for one-time nonrecurring expenses.

- (9) *U. T. Medical Branch - Galveston* - *UTMB* incurred a year-to-date loss of \$4.0 million primarily due to lower than anticipated net patient care revenue as a result of lower than expected hospital admissions. Excluding depreciation and amortization expense, *UTMB's* adjusted income was \$51.2 million or 5.5%. *UTMB* is actively monitoring revenues and expenses and expects to end the year with a positive margin of \$1.1 million which represents 0.1% of projected revenues and includes depreciation and amortization expense of \$93.3 million.
- (10) *U. T. Health Science Center - Houston* - The \$16.3 million (215.4%) increase in adjusted loss as compared to adjusted income for the same period last year was primarily due to an increase in salaries and wages and payroll related costs largely attributable to the growth in the physician practice plan. Materials and supplies also increased due to one-time costs associated with the physician practice plan for noncapitalized furniture and equipment, as well as IT costs which contributed to a year-to-date loss of \$8.7 million. Excluding depreciation and amortization expense, *UTHSC-Houston's* adjusted income was \$24.1 million or 3.9%. *UTHSC-Houston* anticipates ending the year with a positive margin of \$8.2 million, which represents 0.8% of projected revenues, as the remainder of the House Bill 4 supplemental funding received in 2012 for use in 2013 is fully recognized and as revenue from new programs associated with the Memorial Hermann Hospital contract are reported.
- (11) *U. T. Health Science Center - San Antonio* - The \$8.3 million (965.5%) increase in adjusted loss over the same period last year was primarily due to an increase in salaries and wages attributable to faculty incentive payments as a result of the school's continued effort to adjust performance-based compensation per the XYZ plan, as well as a 2.5% merit salary increase enacted for both faculty and staff. In addition, clinical fee for service revenue collections experienced a timing difference in the revenue reported for 2013 compared to 2012, which *UTHSC-San Antonio* anticipates will normalize by fiscal year end. Also contributing to the variance were unfunded costs associated with the Pediatrics transition from CHRISTUS Santa Rosa in preparation of the new Children's Hospital and increases in depreciation expense. *UTHSC-San Antonio* anticipates ending the year with a \$7.5 million loss, which is primarily attributable to increased depreciation expenses as a result of capital expansions, unfunded transition costs in preparation of

the upcoming pediatric hospital, and targeted investments in support of the strategic plan through the end of the fiscal year. Excluding depreciation and amortization expense, *UTHSC-San Antonio's* adjusted income was \$19.4 million or 4.6%. The projected loss of \$7.5 million represents -1.0% of projected revenues, includes \$49.0 million of depreciation and amortization expense, and is supported by \$223.9 million of unrestricted net assets.

- (12) *U. T. M. D. Anderson Cancer Center* - The \$44.3 million (19.1%) decrease in adjusted income over the same period last year was primarily attributable to an increase in salaries and wages and payroll related costs due to an increase in full-time equivalents and merit increases enacted mid-year 2012 creating a timing difference in expenses for 2012 compared to 2013. Excluding depreciation and amortization expense, *M. D. Anderson's* adjusted income was \$350.8 million or 15.5%.
- (13) *U. T. Health Science Center - Tyler* - The \$11.5 million (1,218.9%) increase in adjusted loss as compared to adjusted income for the same period last year was primarily attributable to a decrease in state appropriations as all additional revenue from House Bill 4 was recognized in 2012. Also contributing to the variance was an increase in salaries and wages due to the addition of several physicians and staff related to medical and academic program expansion. As a result of these factors, *UTHSC-Tyler* incurred a year-to-date loss of \$10.6 million. Excluding depreciation and amortization expense, *UTHSC-Tyler* had an adjusted loss of \$5.4 million or -8.1%. *UTHSC-Tyler* anticipates ending the year with an \$8.1 million loss which represents -6.5% of projected revenues and includes \$8.9 million of depreciation and amortization expense. The projected loss is the result of start-up costs related to new academic programs and the expansion of medical programs to include pediatric rehabilitation, cardiology, pulmonology, internal medicine, and oncology.

GLOSSARY OF TERMS

OPERATING REVENUES:

NET STUDENT TUITION - All student tuition and fee revenues earned at the UT institution for educational purposes, net of tuition discounting.

SPONSORED PROGRAMS - Funding received from local, state and federal governments or private agencies, organizations or individuals, excluding Federal Pell Grant Program which is reported as nonoperating. Includes amounts received for services performed on grants, contracts, and agreements from these entities for current operations. This also includes indirect cost recoveries and pass-through federal and state grants.

NET SALES AND SERVICES OF EDUCATIONAL ACTIVITIES - Revenues that are related to the conduct of instruction, research, and public service and revenues from activities that exist to provide an instructional and laboratory experience for students that create goods and services that may be sold.

NET SALES AND SERVICES OF HOSPITALS - Revenues (net of discounts, allowances, and bad debt expense) generated from UT health institution's daily patient care, special or other services, as well as revenues from health clinics that are part of a hospital.

NET PROFESSIONAL FEES - Revenues (net of discounts, allowances, and bad debt expense) derived from the fees charged by the professional staffs at UT health institutions as part of the Medical Practice Plans. These revenues are also identified as Practice Plan income. Examples of such fees include doctor's fees for clinic visits, medical and dental procedures, professional opinions, and anatomical procedures, such as analysis of specimens after a surgical procedure, etc.

NET AUXILIARY ENTERPRISES - Revenues derived from a service to students, faculty, or staff in which a fee is charged that is directly related to, although not necessarily equal to the cost of the service (e.g., bookstores, dormitories, dining halls, snack bars, inter-collegiate athletic programs, etc.).

OTHER OPERATING REVENUES - Other revenues generated from sales or services provided to meet current fiscal year operating expenses, which are not included in the preceding categories (e.g., certified nonprofit healthcare company revenues, donated drugs, interest on student loans, etc.) Other receipts for settlements, judgments and lawsuits are considered nonoperating revenues.

OPERATING EXPENSES:

SALARIES AND WAGES - Expenses for all salaries and wages of individuals employed by the institution including full-time, part-time, longevity, hourly, seasonal, etc. Includes salary augmentation and incentive compensation.

PAYROLL RELATED COSTS - Expenses for all employee benefits paid by the institution or paid by the state on behalf of the institution. Includes supplemental retirement annuities.

COST OF GOODS SOLD - Purchases of goods for resale and raw materials purchased for use in the manufacture of products intended for sale to others.

PROFESSIONAL FEES AND SERVICES - Payments for services rendered on a fee, contract, or other basis by a person, firm, corporation, or company recognized as possessing a high degree of learning and responsibility. Includes such items as services of a consultant, legal counsel, financial or audit fees, medical contracted services, guest lecturers (not employees) and expert witnesses.

OTHER CONTRACTED SERVICES - Payments for services rendered on a contractual basis by a person, firm, corporation or company that possess a lesser degree of learning and responsibility than that required for Professional Fees and Services. Includes such items as temporary employment expenses, janitorial services, dry cleaning services, etc.

TRAVEL - Payments for travel costs incurred by employees and board members for meetings and training.

MATERIALS AND SUPPLIES - Payments for consumable items. Includes, but is not limited to: computer consumables, office supplies, paper products, soap, lights, plants, fuels and lubricants, chemicals and gasses, medical supplies and copier supplies. Also includes postal services, and subscriptions and other publications not for permanent retention.

UTILITIES - Payments for the purchase of electricity, natural gas, water, and thermal energy.

COMMUNICATIONS - Electronically transmitted communications services (telephone, internet, computation center services, etc.).

REPAIRS AND MAINTENANCE - Payments for the maintenance and repair of equipment, furnishings, motor vehicles, buildings and other plant facilities, and waste disposal. Includes, but is not limited to repair and maintenance to copy machines, furnishings, equipment - including medical and laboratory equipment, office equipment and aircraft.

RENTALS AND LEASES - Payments for rentals or leases of furnishings and equipment, vehicles, land and office buildings (all rental of space).

PRINTING AND REPRODUCTION - Printing and reproduction costs associated with the printing/copying of the institution's documents and publications.

BAD DEBT EXPENSE - Expenses incurred by the university related to nonrevenue receivables such as non-payment of student loans.

CLAIMS AND LOSSES - Payments for claims from self-insurance programs. Other claims for settlements, judgments and lawsuits are considered nonoperating expenses.

INCREASE IN NET OPEB OBLIGATION - The change in the actuarially estimated liability of the cost of providing healthcare benefits to UT System's employees after they separate from employment (retire).

SCHOLARSHIPS AND FELLOWSHIPS - Payments made for scholarship grants to students authorized by law, net of tuition discounting.

FEDERAL SPONSORED PROGRAM PASS-THROUGHS TO OTHER STATE AGENCIES - Pass-throughs to other Texas state agencies, including other universities, of federal grants and contracts.

STATE SPONSORED PROGRAM PASS-THROUGHS TO OTHER STATE AGENCIES - Pass-throughs to other Texas state agencies, including Texas universities.

DEPRECIATION AND AMORTIZATION - Depreciation on capital assets and amortization expense on intangible assets.

OTHER OPERATING EXPENSES - Other operating expenses not identified in other line items above (e.g., certified non-profit healthcare company expenses, property taxes, insurance premiums, credit card fees, hazardous waste disposal expenses, meetings and conferences, etc.). Other claims for settlements, judgments and lawsuits are considered nonoperating expenses.

OPERATING LOSS - Total operating revenues less total operating expenses before other nonoperating adjustments like state appropriations.

OTHER NONOPERATING ADJUSTMENTS:

STATE APPROPRIATIONS - Appropriations from the State General Revenue fund, which supplement the UT institutional revenue in meeting operating expenses, such as faculty salaries, utilities, and institutional support.

NONEXCHANGE SPONSORED PROGRAMS - Funding received for the Federal Pell Grant Program, the portion of "state appropriations" funded by the American Recovery and Reinvestment Act, Texas Research Incentive Program (TRIP) and Enrollment Growth funding.

GIFT CONTRIBUTIONS FOR OPERATIONS - Consist of gifts from donors received for use in current operations, excluding gifts for capital acquisition and endowment gifts. Gifts for capital acquisition which can only be used to build or buy capital assets are excluded because they cannot be used to support current operations. Endowment gifts must be held in perpetuity and cannot be spent. The distributed income from endowment gifts must be spent according to the donor's stipulations.

NET INVESTMENT INCOME (on institutions' sheets) - Interest and dividend income on treasury balances, bank accounts, Short Term Fund, Intermediate Term Fund and Long Term Fund. It also includes distributed earnings from the Permanent Health Fund and patent and royalty income.

NET INVESTMENT INCOME (on the consolidated sheet) - Interest and dividend earnings of the Permanent University Fund, Short Term Fund, Intermediate Term Fund, Long Term Fund and Permanent Health Fund. This line item also includes the Available University Fund surface income, oil and gas royalties, and mineral lease bonus sales.

INTEREST EXPENSE ON CAPITAL ASSET FINANCINGS - Interest expenses associated with bond and note borrowings utilized to finance capital improvement projects by an institution. This consists of the interest portion of mandatory debt service transfers under the Revenue Financing System, Tuition Revenue bond and Permanent University Fund (PUF) bond programs. PUF interest expense is reported on System Administration as the debt legally belongs to the Board of Regents.

ADJUSTED INCOME (LOSS) including Depreciation and Amortization - Total operating revenues less total operating expenses including depreciation and amortization expense plus net other nonoperating adjustments.

ADJUSTED MARGIN % including Depreciation and Amortization - Percentage of Adjusted Income (Loss) including depreciation and amortization expense divided by Total Operating Revenues plus Net Nonoperating Adjustments less Interest Expense on Capital Asset Financings.

AVAILABLE UNIVERSITY FUND TRANSFER - Includes Available University Fund (AUF) transfer to System Administration for Educational and General operations and to UT Austin for Excellence Funding. These transfers are funded by investment earnings from the Permanent University Fund (PUF), which are required by law to be reported in the PUF at System Administration. On the MFR, investment income for System Administration has been reduced for the amount of the System Administration transfer so as not to overstate investment income for System Administration. The AUF transfers are eliminated at the consolidated level to avoid overstating System-wide revenues, as the amounts will be reflected as transfers at year-end.

INVESTMENT GAINS (LOSSES) - Realized and unrealized gains and losses on investments.

ADJUSTED INCOME (LOSS) excluding Depreciation and Amortization - Total operating revenues less total operating expenses excluding depreciation and amortization expense plus net other nonoperating adjustments.

ADJUSTED MARGIN % excluding Depreciation and Amortization - Percentage of Adjusted Income (Loss) excluding depreciation and amortization expense divided by Total Operating Revenues plus Net Nonoperating Adjustments less Interest Expense on Capital Asset Financings.

UNAUDITED

The University of Texas System Administration
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2013

	March Year-to-Date FY 2013	March Year-to-Date FY 2012	Variance	Fluctuation Percentage
Operating Revenues				
Sponsored Programs	3,541,120.65	12,311,770.65	(8,770,650.00)	-71.2%
Net Sales and Services of Educational Activities	13,165,145.67	31,319,426.30	(18,154,280.63)	-58.0%
Other Operating Revenues	43,468,279.20	10,577,173.91	32,891,105.29	311.0%
Total Operating Revenues	60,174,545.52	54,208,370.86	5,966,174.66	11.0%
Operating Expenses				
Salaries and Wages	22,120,271.24	19,580,234.14	2,540,037.10	13.0%
Payroll Related Costs	5,645,433.09	4,844,211.89	801,221.20	16.5%
Professional Fees and Services	7,965,622.65	2,094,545.86	5,871,076.79	280.3%
Other Contracted Services	12,631,600.58	6,190,837.14	6,440,763.44	104.0%
Travel	854,405.22	692,712.10	161,693.12	23.3%
Materials and Supplies	5,190,721.81	8,400,560.42	(3,209,838.61)	-38.2%
Utilities	338,584.82	289,139.12	49,445.70	17.1%
Communications	3,087,038.63	2,945,873.92	141,164.71	4.8%
Repairs and Maintenance	2,460,091.46	6,392,250.89	(3,932,159.43)	-61.5%
Rentals and Leases	526,540.59	488,718.56	37,822.03	7.7%
Printing and Reproduction	153,378.82	115,147.67	38,231.15	33.2%
Claims and Losses	5,572,995.59	7,782,423.28	(2,209,427.69)	-28.4%
Increase in Net OPEB Obligation	290,041,823.75	274,685,210.33	15,356,613.42	5.6%
Scholarships and Fellowships	307,100.00	361,050.00	(53,950.00)	-14.9%
Depreciation and Amortization	4,308,415.72	4,486,879.92	(178,464.20)	-4.0%
State Sponsored Program Pass-Through to Other State Agencies	839,589.98	476,948.88	362,641.10	76.0%
Other Operating Expenses	11,106,896.18	6,948,556.90	4,158,339.28	59.8%
Total Operating Expenses	373,150,510.13	346,775,301.02	26,375,209.11	7.6%
Operating Loss	(312,975,964.61)	(292,566,930.16)	(20,409,034.45)	-7.0%
Other Nonoperating Adjustments				
State Appropriations	910,187.78	842,858.60	67,329.18	8.0%
Nonexchange Sponsored Programs	14,861,940.30	14,869,897.21	(7,956.91)	-0.1%
Gift Contributions for Operations	596,931.74	724,718.62	(127,786.88)	-17.6%
Net Investment Income	236,234,397.32	446,179,506.79	(209,945,109.47)	-47.1%
Interest Expense on Capital Asset Financings	(35,853,989.39)	(36,613,535.00)	759,545.61	2.1%
Net Other Nonoperating Adjustments	216,749,467.75	426,003,446.22	(209,253,978.47)	-49.1%
Adjusted Income (Loss) including Depreciation & Amortization	(96,226,496.86)	133,436,516.06	(229,663,012.92)	-172.1%
Adjusted Margin % including Depreciation & Amortization	-30.8%	25.8%		
Available University Fund Transfer	22,796,040.75	19,031,686.33	3,764,354.42	19.8%
Adjusted Income (Loss) with AUF Transfer	(73,430,456.11)	152,468,202.39	(225,898,658.50)	-148.2%
Adjusted Margin % with AUF Transfer	-21.9%	28.5%		
Investment Gain (Losses)	1,212,459,579.55	279,103,625.06	933,355,954.49	334.4%
Adj. Inc. (Loss) with AUF Transfer & Invest. Gains (Losses)	\$1,139,029,123.44	\$431,571,827.45	\$707,457,295.99	163.9%
Adj. Margin % with AUF Transfer & Invest. Gains (Losses)	73.6%	53.0%		
Adjusted Income (Loss) with AUF Transfer excluding Depreciation & Amortization	(69,122,040.39)	156,955,082.31	(226,077,122.70)	-144.0%
Adjusted Margin % with AUF Transfer excluding Depreciation & Amortization	-20.6%	29.3%		

UNAUDITED

The University of Texas at Arlington
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2013

	March Year-to-Date FY 2013	March Year-to-Date FY 2012	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition	124,097,762.61	108,126,948.09	15,970,814.52	14.8%
Sponsored Programs	41,653,757.75	42,958,755.11	(1,304,997.36)	-3.0%
Net Sales and Services of Educational Activities	10,533,346.60	10,491,083.60	42,263.00	0.4%
Net Auxiliary Enterprises	21,183,717.67	16,599,407.05	4,584,310.62	27.6%
Other Operating Revenues	3,208,338.97	2,928,816.25	279,522.72	9.5%
Total Operating Revenues	200,676,923.60	181,105,010.10	19,571,913.50	10.8%
Operating Expenses				
Salaries and Wages	134,777,775.92	127,452,809.71	7,324,966.21	5.7%
Payroll Related Costs	32,856,818.80	30,457,957.47	2,398,861.33	7.9%
Cost of Goods Sold	1,598.54	5,862.13	(4,263.59)	-72.7%
Professional Fees and Services	2,806,822.18	2,898,548.73	(91,726.55)	-3.2%
Other Contracted Services	26,104,522.49	24,229,332.52	1,875,189.97	7.7%
Travel	3,863,492.94	3,629,021.44	234,471.50	6.5%
Materials and Supplies	14,910,543.93	14,453,127.64	457,416.29	3.2%
Utilities	5,182,143.16	5,512,514.09	(330,370.93)	-6.0%
Communications	5,182,592.28	4,137,124.95	1,045,467.33	25.3%
Repairs and Maintenance	8,697,985.33	6,147,516.57	2,550,468.76	41.5%
Rentals and Leases	2,535,139.17	2,267,526.95	267,612.22	11.8%
Printing and Reproduction	1,172,704.92	1,238,301.83	(65,596.91)	-5.3%
Bad Debt Expense	268,729.52	70,161.35	198,568.17	283.0%
Scholarships and Fellowships	18,467,164.17	17,123,153.20	1,344,010.97	7.8%
Depreciation and Amortization	21,565,710.40	20,218,098.84	1,347,611.56	6.7%
Federal Sponsored Program Pass-Through to Other State Agencies	1,014,089.68	935,464.30	78,625.38	8.4%
State Sponsored Program Pass-Through to Other State Agencies	34,343.31	-	34,343.31	100.0%
Other Operating Expenses	4,398,024.81	4,689,400.16	(291,375.35)	-6.2%
Total Operating Expenses	283,840,201.55	265,465,921.88	18,374,279.67	6.9%
Operating Loss	(83,163,277.95)	(84,360,911.78)	1,197,633.83	1.4%
Other Nonoperating Adjustments				
State Appropriations	66,732,395.92	66,219,930.58	512,465.34	0.8%
Nonexchange Sponsored Programs	26,250,000.00	24,500,000.00	1,750,000.00	7.1%
Gift Contributions for Operations	2,712,863.99	2,078,297.37	634,566.62	30.5%
Net Investment Income	7,116,037.61	6,571,163.95	544,873.66	8.3%
Interest Expense on Capital Asset Financings	(8,220,024.82)	(6,745,378.36)	(1,474,646.46)	-21.9%
Net Other Nonoperating Adjustments	94,591,272.70	92,624,013.54	1,967,259.16	2.1%
Adjusted Income (Loss) including Depreciation & Amortization	11,427,994.75	8,263,101.76	3,164,892.99	38.3%
Adjusted Margin % including Depreciation & Amortization	3.8%	2.9%		
Investment Gain (Losses)	9,417,887.84	(1,441,450.14)	10,859,337.98	753.4%
Adj. Inc. (Loss) with Investment Gains (Losses)	20,845,882.59	6,821,651.62	14,024,230.97	205.6%
Adj. Margin % with Investment Gains (Losses)	6.7%	2.4%		
Adjusted Income (Loss) excluding Depreciation & Amortization	32,993,705.15	28,481,200.60	4,512,504.55	15.8%
Adjusted Margin % excluding Depreciation & Amortization	10.9%	10.2%		

UNAUDITED

The University of Texas at Austin
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2013

	March Year-to-Date FY 2013	March Year-to-Date FY 2012	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition	280,291,666.67	282,916,666.67	(2,625,000.00)	-0.9%
Sponsored Programs	315,438,093.92	306,421,846.21	9,016,247.71	2.9%
Net Sales and Services of Educational Activities	220,847,957.64	222,969,824.82	(2,121,867.18)	-1.0%
Net Auxiliary Enterprises	163,811,691.19	163,862,802.01	(51,110.82)	-
Other Operating Revenues	3,113,899.89	4,056,537.48	(942,637.59)	-23.2%
Total Operating Revenues	983,503,309.31	980,227,677.19	3,275,632.12	0.3%
Operating Expenses				
Salaries and Wages	666,715,433.84	642,639,720.53	24,075,713.31	3.7%
Payroll Related Costs	166,516,771.34	159,260,513.25	7,256,258.09	4.6%
Cost of Goods Sold	14,343,448.03	-	14,343,448.03	100.0%
Professional Fees and Services	19,441,407.89	19,904,022.84	(462,614.95)	-2.3%
Other Contracted Services	81,296,823.36	78,818,029.41	2,478,793.95	3.1%
Travel	26,810,529.75	25,999,971.12	810,558.63	3.1%
Materials and Supplies	76,002,255.39	75,110,683.71	891,571.68	1.2%
Utilities	52,231,381.67	52,937,190.60	(705,808.93)	-1.3%
Communications	34,149,968.03	31,881,106.69	2,268,861.34	7.1%
Repairs and Maintenance	29,136,607.31	30,389,783.56	(1,253,176.25)	-4.1%
Rentals and Leases	10,727,016.79	10,196,897.92	530,118.87	5.2%
Printing and Reproduction	4,416,224.41	5,760,539.03	(1,344,314.62)	-23.3%
Bad Debt Expense	(275.12)	660,121.07	(660,396.19)	-100.0%
Claims and Losses	-	60.00	(60.00)	-100.0%
Scholarships and Fellowships	67,666,666.67	70,058,333.33	(2,391,666.66)	-3.4%
Depreciation and Amortization	154,583,333.33	142,405,382.46	12,177,950.87	8.6%
Federal Sponsored Program Pass-Through to Other State Agencies	2,122,868.97	1,772,084.77	350,784.20	19.8%
Other Operating Expenses	53,835,736.83	48,972,441.19	4,863,295.64	9.9%
Total Operating Expenses	1,459,996,198.49	1,396,766,881.48	63,229,317.01	4.5%
Operating Loss	(476,492,889.18)	(416,539,204.29)	(59,953,684.89)	-14.4%
Other Nonoperating Adjustments				
State Appropriations	180,502,922.68	177,291,639.69	3,211,282.99	1.8%
Nonexchange Sponsored Programs	46,639,621.85	38,773,368.62	7,866,253.23	20.3%
Gift Contributions for Operations	72,595,323.26	85,890,411.68	(13,295,088.42)	-15.5%
Net Investment Income	116,502,043.54	111,655,290.67	4,846,752.87	4.3%
Interest Expense on Capital Asset Financings	(28,328,563.83)	(27,174,346.01)	(1,154,217.82)	-4.2%
Net Other Nonoperating Adjustments	387,911,347.50	386,436,364.65	1,474,982.85	0.4%
Adjusted Income (Loss) including Depreciation & Amortization	(88,581,541.68)	(30,102,839.64)	(58,478,702.04)	-194.3%
Adjusted Margin % including Depreciation & Amortization	-6.3%	-2.2%		
Available University Fund Transfer	122,375,750.00	104,743,333.33	17,632,416.67	16.8%
Adjusted Income (Loss) with AUF Transfer	33,794,208.32	74,640,493.69	(40,846,285.37)	-54.7%
Adjusted Margin % with AUF Transfer	2.2%	5.0%		
Investment Gain (Losses)	128,282,420.06	(43,717,724.28)	172,000,144.34	393.4%
Adj. Inc. (Loss) with AUF Transfer & Invest. Gains (Losses)	\$162,076,628.38	\$30,922,769.41	\$131,153,858.97	424.1%
Adj. Margin % with AUF Transfer & Invest. Gains (Losses)	9.8%	2.1%		
Adjusted Income (Loss) with AUF Transfer excluding Depreciation & Amortization	188,377,541.65	217,045,876.15	(28,668,334.50)	-13.2%
Adjusted Margin % with AUF Transfer excluding Depreciation & Amortization	12.4%	14.5%		

UNAUDITED

The University of Texas at Brownsville
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2013

	March Year-to-Date FY 2013	March Year-to-Date FY 2012	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition	22,413,624.16	14,355,162.27	8,058,461.89	56.1%
Sponsored Programs	34,147,448.47	46,906,348.23	(12,758,899.76)	-27.2%
Net Sales and Services of Educational Activities	1,771,195.00	1,460,193.91	311,001.09	21.3%
Net Auxiliary Enterprises	1,283,769.94	1,283,261.88	508.06	-
Other Operating Revenues	509.47	6,021.36	(5,511.89)	-91.5%
Total Operating Revenues	59,616,547.04	64,010,987.65	(4,394,440.61)	-6.9%
Operating Expenses				
Salaries and Wages	39,789,734.32	40,564,084.04	(774,349.72)	-1.9%
Payroll Related Costs	11,061,475.98	11,148,413.05	(86,937.07)	-0.8%
Professional Fees and Services	768,543.17	271,704.69	496,838.48	182.9%
Other Contracted Services	526,154.66	696,365.14	(170,210.48)	-24.4%
Travel	628,618.23	687,615.04	(58,996.81)	-8.6%
Materials and Supplies	1,190,956.60	1,894,647.43	(703,690.83)	-37.1%
Utilities	2,133,997.57	2,228,013.31	(94,015.74)	-4.2%
Communications	702,214.20	803,006.15	(100,791.95)	-12.6%
Repairs and Maintenance	1,043,474.99	1,177,975.63	(134,500.64)	-11.4%
Rentals and Leases	1,218,809.20	1,308,217.09	(89,407.89)	-6.8%
Printing and Reproduction	135,569.36	151,199.34	(15,629.98)	-10.3%
Scholarships and Fellowships	42,412,403.52	47,322,203.95	(4,909,800.43)	-10.4%
Depreciation and Amortization	4,717,988.50	4,573,802.16	144,186.34	3.2%
Federal Sponsored Program Pass-Through to Other State Agencies	24,386.14	113,627.90	(89,241.76)	-78.5%
Other Operating Expenses	3,585,562.12	3,341,723.37	243,838.75	7.3%
Total Operating Expenses	109,939,888.56	116,282,598.29	(6,342,709.73)	-5.5%
Operating Loss	(50,323,341.52)	(52,271,610.64)	1,948,269.12	3.7%
Other Nonoperating Adjustments				
State Appropriations	21,510,455.62	21,200,925.08	309,530.54	1.5%
Nonexchange Sponsored Programs	28,823,410.27	34,457,144.14	(5,633,733.87)	-16.3%
Gift Contributions for Operations	341,408.45	327,347.00	14,061.45	4.3%
Net Investment Income	870,176.80	781,929.02	88,247.78	11.3%
Interest Expense on Capital Asset Financings	(1,640,080.33)	(1,465,965.90)	(174,114.43)	-11.9%
Net Other Nonoperating Adjustments	49,905,370.81	55,301,379.34	(5,396,008.53)	-9.8%
Adjusted Income (Loss) including Depreciation & Amortization	(417,970.71)	3,029,768.70	(3,447,739.41)	-113.8%
Adjusted Margin % including Depreciation & Amortization	-0.4%	2.5%		
Investment Gain (Losses)	1,512,170.05	(201,882.61)	1,714,052.66	849.0%
Adj. Inc. (Loss) with Investment Gains (Losses)	1,094,199.34	2,827,886.09	(1,733,686.75)	-61.3%
Adj. Margin % with Investment Gains (Losses)	1.0%	2.3%		
Adjusted Income (Loss) excluding Depreciation & Amortization	4,300,017.79	7,603,570.86	(3,303,553.07)	-43.4%
Adjusted Margin % excluding Depreciation & Amortization	3.9%	6.3%		

UNAUDITED

The University of Texas at Dallas
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2013

	March Year-to-Date FY 2013	March Year-to-Date FY 2012	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition	121,234,275.81	112,149,890.65	9,084,385.16	8.1%
Sponsored Programs	30,905,311.96	29,973,918.16	931,393.80	3.1%
Net Sales and Services of Educational Activities	6,321,475.75	3,733,417.37	2,588,058.38	69.3%
Net Auxiliary Enterprises	9,212,508.59	7,892,819.34	1,319,689.25	16.7%
Other Operating Revenues	2,318,999.68	2,206,533.01	112,466.67	5.1%
Total Operating Revenues	169,992,571.79	155,956,578.53	14,035,993.26	9.0%
Operating Expenses				
Salaries and Wages	132,673,304.20	117,538,478.53	15,134,825.67	12.9%
Payroll Related Costs	29,405,528.26	24,682,823.98	4,722,704.28	19.1%
Professional Fees and Services	5,971,664.01	5,838,635.55	133,028.46	2.3%
Other Contracted Services	5,704,264.74	4,710,414.67	993,850.07	21.1%
Travel	3,201,444.73	3,084,398.58	117,046.15	3.8%
Materials and Supplies	12,802,679.42	11,770,015.05	1,032,664.37	8.8%
Utilities	5,049,851.14	4,871,241.49	178,609.65	3.7%
Communications	455,469.88	235,522.55	219,947.33	93.4%
Repairs and Maintenance	2,601,936.88	2,607,656.42	(5,719.54)	-0.2%
Rentals and Leases	1,855,562.80	1,593,175.00	262,387.80	16.5%
Printing and Reproduction	1,041,141.64	942,008.97	99,132.67	10.5%
Scholarships and Fellowships	23,485,177.28	24,456,991.90	(971,814.62)	-4.0%
Depreciation and Amortization	24,091,446.38	21,913,597.63	2,177,848.75	9.9%
Federal Sponsored Program Pass-Through to Other State Agencies	72,669.33	194,022.55	(121,353.22)	-62.5%
Other Operating Expenses	9,040,540.04	8,089,203.33	951,336.71	11.8%
Total Operating Expenses	257,452,680.73	232,528,186.20	24,924,494.53	10.7%
Operating Loss	(87,460,108.94)	(76,571,607.67)	(10,888,501.27)	-14.2%
Other Nonoperating Adjustments				
State Appropriations	58,646,057.59	59,630,444.19	(984,386.60)	-1.7%
Nonexchange Sponsored Programs	22,239,180.08	18,289,950.65	3,949,229.43	21.6%
Gift Contributions for Operations	6,784,392.48	10,984,841.14	(4,200,448.66)	-38.2%
Net Investment Income	9,992,392.34	9,213,791.14	778,601.20	8.5%
Interest Expense on Capital Asset Financings	(7,322,252.35)	(6,372,124.01)	(950,128.34)	-14.9%
Net Other Nonoperating Adjustments	90,339,770.14	91,746,903.11	(1,407,132.97)	-1.5%
Adjusted Income (Loss) including Depreciation & Amortization	2,879,661.20	15,175,295.44	(12,295,634.24)	-81.0%
Adjusted Margin % including Depreciation & Amortization	1.1%	6.0%		
Investment Gain (Losses)	14,709,209.08	(3,423,745.47)	18,132,954.55	529.6%
Adj. Inc. (Loss) with Investment Gains (Losses)	17,588,870.28	11,751,549.97	5,837,320.31	49.7%
Adj. Margin % with Investment Gains (Losses)	6.2%	4.7%		
Adjusted Income (Loss) excluding Depreciation & Amortization	26,971,107.58	37,088,893.07	(10,117,785.49)	-27.3%
Adjusted Margin % excluding Depreciation & Amortization	10.1%	14.6%		

UNAUDITED

The University of Texas at El Paso
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2013

	March Year-to-Date FY 2013	March Year-to-Date FY 2012	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition	64,385,073.08	65,449,545.00	(1,064,471.92)	-1.6%
Sponsored Programs	46,310,707.69	43,461,758.62	2,848,949.07	6.6%
Net Sales and Services of Educational Activities	3,410,239.14	2,539,245.91	870,993.23	34.3%
Net Auxiliary Enterprises	17,617,311.82	15,994,058.42	1,623,253.40	10.1%
Other Operating Revenues	72,267.28	66,480.78	5,786.50	8.7%
Total Operating Revenues	131,795,599.01	127,511,088.73	4,284,510.28	3.4%
Operating Expenses				
Salaries and Wages	96,297,639.94	91,348,939.44	4,948,700.50	5.4%
Payroll Related Costs	24,204,541.09	23,113,182.84	1,091,358.25	4.7%
Professional Fees and Services	1,476,993.85	802,114.67	674,879.18	84.1%
Other Contracted Services	12,912,483.66	11,766,601.98	1,145,881.68	9.7%
Travel	4,604,202.60	4,402,070.61	202,131.99	4.6%
Materials and Supplies	12,596,111.98	13,458,008.85	(861,896.87)	-6.4%
Utilities	3,895,753.84	3,976,757.50	(81,003.66)	-2.0%
Communications	371,503.02	367,381.83	4,121.19	1.1%
Repairs and Maintenance	3,039,230.34	2,303,340.96	735,889.38	31.9%
Rentals and Leases	2,406,171.41	2,102,531.48	303,639.93	14.4%
Printing and Reproduction	824,742.76	544,167.40	280,575.36	51.6%
Scholarships and Fellowships	56,558,042.48	62,448,964.42	(5,890,921.94)	-9.4%
Depreciation and Amortization	15,353,994.36	14,360,833.88	993,160.48	6.9%
Federal Sponsored Program Pass-Through to Other State Agencies	756,906.43	864,413.95	(107,507.52)	-12.4%
Other Operating Expenses	3,918,778.68	3,747,399.24	171,379.44	4.6%
Total Operating Expenses	239,217,096.44	235,606,709.05	3,610,387.39	1.5%
Operating Loss	(107,421,497.43)	(108,095,620.32)	674,122.89	0.6%
Other Nonoperating Adjustments				
State Appropriations	55,038,662.00	51,787,085.00	3,251,577.00	6.3%
Nonexchange Sponsored Programs	45,664,482.79	47,894,920.40	(2,230,437.61)	-4.7%
Gift Contributions for Operations	4,490,978.20	9,479,525.12	(4,988,546.92)	-52.6%
Net Investment Income	7,450,245.82	6,972,809.63	477,436.19	6.8%
Interest Expense on Capital Asset Financings	(4,984,517.09)	(4,362,841.35)	(621,675.74)	-14.2%
Net Other Nonoperating Adjustments	107,659,851.72	111,771,498.80	(4,111,647.08)	-3.7%
Adjusted Income (Loss) including Depreciation & Amortization	238,354.29	3,675,878.48	(3,437,524.19)	-93.5%
Adjusted Margin % including Depreciation & Amortization	0.1%	1.5%		
Investment Gain (Losses)	9,369,575.63	(2,053,241.34)	11,422,816.97	556.3%
Adj. Inc. (Loss) with Investment Gains (Losses)	9,607,929.92	1,622,637.14	7,985,292.78	492.1%
Adj. Margin % with Investment Gains (Losses)	3.8%	0.7%		
Adjusted Income (Loss) excluding Depreciation & Amortization	15,592,348.65	18,036,712.36	(2,444,363.71)	-13.6%
Adjusted Margin % excluding Depreciation & Amortization	6.4%	7.4%		

UNAUDITED

The University of Texas-Pan American
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2013

	March Year-to-Date FY 2013	March Year-to-Date FY 2012	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition	40,168,202.66	32,978,388.17	7,189,814.49	21.8%
Sponsored Programs	37,670,609.84	37,502,479.04	168,130.80	0.4%
Net Sales and Services of Educational Activities	3,660,404.88	3,557,340.26	103,064.62	2.9%
Net Auxiliary Enterprises	4,811,212.35	5,602,878.67	(791,666.32)	-14.1%
Other Operating Revenues	1,395,323.92	772,913.34	622,410.58	80.5%
Total Operating Revenues	87,705,753.65	80,413,999.48	7,291,754.17	9.1%
Operating Expenses				
Salaries and Wages	63,248,807.67	61,468,717.98	1,780,089.69	2.9%
Payroll Related Costs	16,860,173.50	17,044,906.06	(184,732.56)	-1.1%
Cost of Goods Sold	192,539.76	333,193.47	(140,653.71)	-42.2%
Professional Fees and Services	1,054,576.69	881,121.39	173,455.30	19.7%
Other Contracted Services	1,524,792.15	2,832,047.66	(1,307,255.51)	-46.2%
Travel	2,163,192.01	2,093,823.82	69,368.19	3.3%
Materials and Supplies	7,277,704.87	7,374,241.82	(96,536.95)	-1.3%
Utilities	3,098,876.50	2,992,973.67	105,902.83	3.5%
Communications	631,220.31	568,082.44	63,137.87	11.1%
Repairs and Maintenance	1,963,213.40	1,918,258.81	44,954.59	2.3%
Rentals and Leases	478,094.68	543,825.63	(65,730.95)	-12.1%
Printing and Reproduction	314,520.06	163,045.99	151,474.07	92.9%
Bad Debt Expense	55,688.69	53,047.12	2,641.57	5.0%
Scholarships and Fellowships	55,282,031.18	54,255,336.38	1,026,694.80	1.9%
Depreciation and Amortization	8,783,440.30	8,217,048.39	566,391.91	6.9%
Federal Sponsored Program Pass-Through to Other State Agencies	74,970.99	119,495.54	(44,524.55)	-37.3%
Other Operating Expenses	5,899,165.22	1,739,043.94	4,160,121.28	239.2%
Total Operating Expenses	168,903,007.98	162,598,210.11	6,304,797.87	3.9%
Operating Loss	(81,197,254.33)	(82,184,210.63)	986,956.30	1.2%
Other Nonoperating Adjustments				
State Appropriations	42,628,773.09	41,180,041.58	1,448,731.51	3.5%
Nonexchange Sponsored Programs	43,877,238.34	46,235,742.77	(2,358,504.43)	-5.1%
Gift Contributions for Operations	1,705,350.48	2,336,426.47	(631,075.99)	-27.0%
Net Investment Income	2,822,261.05	2,333,358.54	488,902.51	21.0%
Interest Expense on Capital Asset Financings	(2,429,314.58)	(2,205,530.11)	(223,784.47)	-10.1%
Net Other Nonoperating Adjustments	88,604,308.38	89,880,039.25	(1,275,730.87)	-1.4%
Adjusted Income (Loss) including Depreciation & Amortization	7,407,054.05	7,695,828.62	(288,774.57)	-3.8%
Adjusted Margin % including Depreciation & Amortization	4.1%	4.5%		
Investment Gain (Losses)	3,215,965.61	(187,620.04)	3,403,585.65	1,814.1%
Adj. Inc. (Loss) with Investment Gains (Losses)	10,623,019.66	7,508,208.58	3,114,811.08	41.5%
Adj. Margin % with Investment Gains (Losses)	5.8%	4.4%		
Adjusted Income (Loss) excluding Depreciation & Amortization	16,190,494.35	15,912,877.01	277,617.34	1.7%
Adjusted Margin % excluding Depreciation & Amortization	9.1%	9.2%		

UNAUDITED

The University of Texas of the Permian Basin
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2013

	March Year-to-Date FY 2013	March Year-to-Date FY 2012	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition	7,806,875.69	10,184,883.47	(2,378,007.78)	-23.3%
Sponsored Programs	3,352,482.20	922,162.40	2,430,319.80	263.5%
Net Sales and Services of Educational Activities	234,541.09	23,894.38	210,646.71	881.6%
Net Auxiliary Enterprises	3,731,075.81	3,332,647.00	398,428.81	12.0%
Other Operating Revenues	293,618.21	1,156,961.20	(863,342.99)	-74.6%
Total Operating Revenues	15,418,593.00	15,620,548.45	(201,955.45)	-1.3%
Operating Expenses				
Salaries and Wages	12,413,120.84	10,261,129.86	2,151,990.98	21.0%
Payroll Related Costs	3,365,531.62	2,535,275.76	830,255.86	32.7%
Professional Fees and Services	759,086.58	431,807.17	327,279.41	75.8%
Other Contracted Services	1,894,070.33	2,421,587.50	(527,517.17)	-21.8%
Travel	685,567.96	620,781.18	64,786.78	10.4%
Materials and Supplies	1,715,365.48	1,610,009.59	105,355.89	6.5%
Utilities	1,158,028.37	1,450,127.02	(292,098.65)	-20.1%
Communications	386,365.35	354,212.75	32,152.60	9.1%
Repairs and Maintenance	412,230.12	419,383.47	(7,153.35)	-1.7%
Rentals and Leases	144,923.62	174,592.17	(29,668.55)	-17.0%
Printing and Reproduction	94,478.21	35,539.57	58,938.64	165.8%
Bad Debt Expense	-	45,753.27	(45,753.27)	-100.0%
Scholarships and Fellowships	2,747,149.64	383,083.72	2,364,065.92	617.1%
Depreciation and Amortization	6,825,000.00	6,745,120.93	79,879.07	1.2%
Other Operating Expenses	431,369.13	601,881.94	(170,512.81)	-28.3%
Total Operating Expenses	33,032,287.25	28,090,285.90	4,942,001.35	17.6%
Operating Loss	(17,613,694.25)	(12,469,737.45)	(5,143,956.80)	-41.3%
Other Nonoperating Adjustments				
State Appropriations	16,200,419.67	17,738,102.08	(1,537,682.41)	-8.7%
Nonexchange Sponsored Programs	3,217,540.58	3,473,527.74	(255,987.16)	-7.4%
Gift Contributions for Operations	699,075.21	1,212,943.02	(513,867.81)	-42.4%
Net Investment Income	1,288,931.82	893,135.92	395,795.90	44.3%
Interest Expense on Capital Asset Financings	(3,077,153.17)	(3,087,479.15)	10,325.98	0.3%
Net Other Nonoperating Adjustments	18,328,814.11	20,230,229.61	(1,901,415.50)	-9.4%
Adjusted Income (Loss) including Depreciation & Amortization	715,119.86	7,760,492.16	(7,045,372.30)	-90.8%
Adjusted Margin % including Depreciation & Amortization	1.9%	19.9%		
Investment Gain (Losses)	1,174,840.81	(291,910.36)	1,466,751.17	502.5%
Adj. Inc. (Loss) with Investment Gains (Losses)	1,889,960.67	7,468,581.80	(5,578,621.13)	-74.7%
Adj. Margin % with Investment Gains (Losses)	5.0%	19.3%		
Adjusted Income (Loss) excluding Depreciation & Amortization	7,540,119.86	14,505,613.09	(6,965,493.23)	-48.0%
Adjusted Margin % excluding Depreciation & Amortization	20.5%	37.3%		

UNAUDITED

The University of Texas at San Antonio
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2013

	March Year-to-Date FY 2013	March Year-to-Date FY 2012	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition	121,929,858.78	117,911,789.86	4,018,068.92	3.4%
Sponsored Programs	42,834,724.47	45,792,348.58	(2,957,624.11)	-6.5%
Net Sales and Services of Educational Activities	6,364,190.66	6,136,792.13	227,398.53	3.7%
Net Auxiliary Enterprises	19,692,354.96	18,311,696.92	1,380,658.04	7.5%
Other Operating Revenues	3,061,442.57	1,524,851.62	1,536,590.95	100.8%
Total Operating Revenues	193,882,571.44	189,677,479.11	4,205,092.33	2.2%
Operating Expenses				
Salaries and Wages	131,477,253.73	126,438,025.26	5,039,228.47	4.0%
Payroll Related Costs	33,341,673.24	34,101,315.50	(759,642.26)	-2.2%
Cost of Goods Sold	379,166.67	466,666.67	(87,500.00)	-18.7%
Professional Fees and Services	3,234,921.63	3,728,207.76	(493,286.13)	-13.2%
Other Contracted Services	7,373,244.00	8,655,580.26	(1,282,336.26)	-14.8%
Travel	6,328,183.71	6,107,743.52	220,440.19	3.6%
Materials and Supplies	16,894,562.40	18,055,646.34	(1,161,083.94)	-6.4%
Utilities	7,177,916.67	6,767,527.67	410,389.00	6.1%
Communications	1,756,892.63	2,135,313.34	(378,420.71)	-17.7%
Repairs and Maintenance	5,968,200.30	4,608,008.10	1,360,192.20	29.5%
Rentals and Leases	2,427,669.61	2,909,841.04	(482,171.43)	-16.6%
Printing and Reproduction	667,229.75	684,426.47	(17,196.72)	-2.5%
Bad Debt Expense	56,793.64	392,787.16	(335,993.52)	-85.5%
Scholarships and Fellowships	45,333,590.03	31,592,949.69	13,740,640.34	43.5%
Depreciation and Amortization	24,865,983.00	23,812,702.55	1,053,280.45	4.4%
Federal Sponsored Program Pass-Through to Other State Agencies	2,000,427.72	1,567,144.08	433,283.64	27.6%
Other Operating Expenses	7,211,657.87	7,709,224.37	(497,566.50)	-6.5%
Total Operating Expenses	296,495,366.60	279,733,109.78	16,762,256.82	6.0%
Operating Loss	(102,612,795.16)	(90,055,630.67)	(12,557,164.49)	-13.9%
Other Nonoperating Adjustments				
State Appropriations	65,403,765.59	65,023,614.43	380,151.16	0.6%
Nonexchange Sponsored Programs	41,269,572.17	32,482,339.03	8,787,233.14	27.1%
Gift Contributions for Operations	4,083,333.33	3,612,685.39	470,647.94	13.0%
Net Investment Income	9,223,079.96	7,300,994.39	1,922,085.57	26.3%
Interest Expense on Capital Asset Financings	(9,586,962.07)	(8,966,148.24)	(620,813.83)	-6.9%
Net Other Nonoperating Adjustments	110,392,788.98	99,453,485.00	10,939,303.98	11.0%
Adjusted Income (Loss) including Depreciation & Amortization	7,779,993.82	9,397,854.33	(1,617,860.51)	-17.2%
Adjusted Margin % including Depreciation & Amortization	2.5%	3.2%		
Investment Gain (Losses)	13,260,154.97	10,489,134.70	2,771,020.27	26.4%
Adj. Inc. (Loss) with Investment Gains (Losses)	21,040,148.79	19,886,989.03	1,153,159.76	5.8%
Adj. Margin % with Investment Gains (Losses)	6.4%	6.4%		
Adjusted Income (Loss) excluding Depreciation & Amortization	32,645,976.82	33,210,556.88	(564,580.06)	-1.7%
Adjusted Margin % excluding Depreciation & Amortization	10.4%	11.1%		

UNAUDITED

The University of Texas at Tyler
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2013

	March Year-to-Date FY 2013	March Year-to-Date FY 2012	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition	17,092,103.00	15,017,055.67	2,075,047.33	13.8%
Sponsored Programs	7,609,459.09	7,636,550.01	(27,090.92)	-0.4%
Net Sales and Services of Educational Activities	2,583,426.47	1,866,823.09	716,603.38	38.4%
Net Auxiliary Enterprises	2,513,312.89	3,996,379.92	(1,483,067.03)	-37.1%
Other Operating Revenues	516,095.27	224,770.01	291,325.26	129.6%
Total Operating Revenues	30,314,396.72	28,741,578.70	1,572,818.02	5.5%
Operating Expenses				
Salaries and Wages	27,296,892.89	24,045,736.88	3,251,156.01	13.5%
Payroll Related Costs	7,461,254.13	6,550,330.52	910,923.61	13.9%
Cost of Goods Sold	12,600.22	17,362.18	(4,761.96)	-27.4%
Professional Fees and Services	881,950.71	775,374.89	106,575.82	13.7%
Other Contracted Services	3,236,886.26	3,004,984.45	231,901.81	7.7%
Travel	1,031,706.28	971,471.09	60,235.19	6.2%
Materials and Supplies	3,260,150.03	1,918,333.35	1,341,816.68	69.9%
Utilities	835,536.76	922,252.98	(86,716.22)	-9.4%
Communications	884,739.52	525,713.10	359,026.42	68.3%
Repairs and Maintenance	1,110,684.87	799,722.85	310,962.02	38.9%
Rentals and Leases	152,615.20	201,510.86	(48,895.66)	-24.3%
Printing and Reproduction	332,660.74	425,300.44	(92,639.70)	-21.8%
Scholarships and Fellowships	3,144,976.72	3,301,692.28	(156,715.56)	-4.7%
Depreciation and Amortization	6,487,765.51	6,608,770.87	(121,005.36)	-1.8%
Other Operating Expenses	1,102,850.57	1,307,765.97	(204,915.40)	-15.7%
Total Operating Expenses	57,233,270.41	51,376,322.71	5,856,947.70	11.4%
Operating Loss	(26,918,873.69)	(22,634,744.01)	(4,284,129.68)	-18.9%
Other Nonoperating Adjustments				
State Appropriations	18,412,565.10	18,446,874.37	(34,309.27)	-0.2%
Nonexchange Sponsored Programs	8,351,926.00	8,492,550.01	(140,624.01)	-1.7%
Gift Contributions for Operations	784,067.49	472,933.95	311,133.54	65.8%
Net Investment Income	2,869,963.65	2,777,029.72	92,933.93	3.3%
Interest Expense on Capital Asset Financings	(2,164,832.67)	(2,290,738.80)	125,906.13	5.5%
Net Other Nonoperating Adjustments	28,253,689.57	27,898,649.25	355,040.32	1.3%
Adjusted Income (Loss) including Depreciation & Amortization	1,334,815.88	5,263,905.24	(3,929,089.36)	-74.6%
Adjusted Margin % including Depreciation & Amortization	2.2%	8.9%		
Investment Gain (Losses)	3,847,376.17	(1,145,341.58)	4,992,717.75	435.9%
Adj. Inc. (Loss) with Investment Gains (Losses)	5,182,192.05	4,118,563.66	1,063,628.39	25.8%
Adj. Margin % with Investment Gains (Losses)	8.0%	7.1%		
Adjusted Income (Loss) excluding Depreciation & Amortization	7,822,581.39	11,872,676.11	(4,050,094.72)	-34.1%
Adjusted Margin % excluding Depreciation & Amortization	12.9%	20.1%		

UNAUDITED

The University of Texas Southwestern Medical Center
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2013

	March Year-to-Date FY 2013	March Year-to-Date FY 2012	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition	10,272,669.02	9,839,000.37	433,668.65	4.4%
Sponsored Programs	273,854,632.10	277,842,521.69	(3,987,889.59)	-1.4%
Net Sales and Services of Educational Activities	6,652,313.60	7,021,839.69	(369,526.09)	-5.3%
Net Sales and Services of Hospitals	420,532,333.92	383,717,050.83	36,815,283.09	9.6%
Net Professional Fees	243,320,152.86	233,213,929.93	10,106,222.93	4.3%
Net Auxiliary Enterprises	10,363,472.26	10,325,434.47	38,037.79	0.4%
Other Operating Revenues	17,411,127.00	11,874,440.82	5,536,686.18	46.6%
Total Operating Revenues	982,406,700.76	933,834,217.80	48,572,482.96	5.2%
Operating Expenses				
Salaries and Wages	579,595,629.99	558,012,051.25	21,583,578.74	3.9%
Payroll Related Costs	130,566,243.74	117,043,395.73	13,522,848.01	11.6%
Cost of Goods Sold	1,570,751.88	1,350,095.93	220,655.95	16.3%
Professional Fees and Services	19,343,276.76	20,081,634.68	(738,357.92)	-3.7%
Other Contracted Services	57,981,859.97	57,395,487.93	586,372.04	1.0%
Travel	5,276,291.59	5,152,417.13	123,874.46	2.4%
Materials and Supplies	158,673,631.82	143,989,777.34	14,683,854.48	10.2%
Utilities	14,414,919.90	17,973,935.08	(3,559,015.18)	-19.8%
Communications	6,468,567.81	2,696,078.24	3,772,489.57	139.9%
Repairs and Maintenance	3,858,131.53	6,951,290.27	(3,093,158.74)	-44.5%
Rentals and Leases	2,724,626.68	3,572,604.86	(847,978.18)	-23.7%
Printing and Reproduction	1,718,384.85	413,957.89	1,304,426.96	315.1%
Scholarships and Fellowships	423,320.33	421,874.83	1,445.50	0.3%
Depreciation and Amortization	62,875,317.99	58,856,394.39	4,018,923.60	6.8%
Federal Sponsored Program Pass-Through to Other State Agencies	1,246,589.75	459,395.31	787,194.44	171.4%
Other Operating Expenses	23,019,086.70	21,947,742.69	1,071,344.01	4.9%
Total Operating Expenses	1,069,756,631.29	1,016,318,133.55	53,438,497.74	5.3%
Operating Loss	(87,349,930.53)	(82,483,915.75)	(4,866,014.78)	-5.9%
Other Nonoperating Adjustments				
State Appropriations	89,047,231.63	91,851,080.58	(2,803,848.95)	-3.1%
Nonexchange Sponsored Programs	10,700.00	26,405.00	(15,705.00)	-59.5%
Gift Contributions for Operations	14,406,360.65	11,679,611.63	2,726,749.02	23.3%
Net Investment Income	55,926,292.76	46,566,037.84	9,360,254.92	20.1%
Interest Expense on Capital Asset Financings	(20,123,804.82)	(21,055,612.27)	931,807.45	4.4%
Net Other Nonoperating Adjustments	139,266,780.22	129,067,522.78	10,199,257.44	7.9%
Adjusted Income (Loss) including Depreciation & Amortization	51,916,849.69	46,583,607.03	5,333,242.66	11.4%
Adjusted Margin % including Depreciation & Amortization	4.5%	4.3%		
Investment Gain (Losses)	56,481,136.73	(15,291,448.51)	71,772,585.24	469.4%
Adj. Inc. (Loss) with Investment Gains (Losses)	108,397,986.42	31,292,158.52	77,105,827.90	246.4%
Adj. Margin % with Investment Gains (Losses)	9.0%	2.9%		
Adjusted Income (Loss) excluding Depreciation & Amortization	114,792,167.68	105,440,001.42	9,352,166.26	8.9%
Adjusted Margin % excluding Depreciation & Amortization	10.1%	9.7%		

UNAUDITED

The University of Texas Medical Branch at Galveston
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2013

	March Year-to-Date FY 2013	March Year-to-Date FY 2012	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition	19,103,452.40	18,875,889.31	227,563.09	1.2%
Sponsored Programs	116,773,766.56	133,671,963.86	(16,898,197.30)	-12.6%
Net Sales and Services of Educational Activities	11,717,438.38	8,667,535.89	3,049,902.49	35.2%
Net Sales and Services of Hospitals	465,134,188.40	435,339,406.34	29,794,782.06	6.8%
Net Professional Fees	78,901,749.65	77,268,341.44	1,633,408.21	2.1%
Net Auxiliary Enterprises	3,649,967.76	3,871,906.62	(221,938.86)	-5.7%
Other Operating Revenues	13,789,498.97	6,612,430.43	7,177,068.54	108.5%
Total Operating Revenues	709,070,062.12	684,307,473.89	24,762,588.23	3.6%
Operating Expenses				
Salaries and Wages	467,913,130.09	457,878,978.45	10,034,151.64	2.2%
Payroll Related Costs	125,107,178.95	118,386,228.64	6,720,950.31	5.7%
Cost of Goods Sold	36,363,044.31	37,834,752.61	(1,471,708.30)	-3.9%
Professional Fees and Services	20,589,315.69	21,454,249.68	(864,933.99)	-4.0%
Other Contracted Services	53,865,724.87	42,418,177.72	11,447,547.15	27.0%
Travel	3,473,081.71	3,423,163.58	49,918.13	1.5%
Materials and Supplies	74,629,618.80	70,494,768.43	4,134,850.37	5.9%
Utilities	24,483,254.40	18,055,847.56	6,427,406.84	35.6%
Communications	4,992,240.10	7,547,387.12	(2,555,147.02)	-33.9%
Repairs and Maintenance	24,151,352.44	21,867,857.31	2,283,495.13	10.4%
Rentals and Leases	13,925,483.29	13,688,210.71	237,272.58	1.7%
Printing and Reproduction	752,377.86	752,473.95	(96.09)	-
Scholarships and Fellowships	5,042,971.14	4,663,246.66	379,724.48	8.1%
Depreciation and Amortization	55,168,881.94	49,611,484.34	5,557,397.60	11.2%
Federal Sponsored Program Pass-Through to Other State Agencies	1,874,123.20	1,595,497.78	278,625.42	17.5%
Other Operating Expenses	22,821,855.87	19,198,371.78	3,623,484.09	18.9%
Total Operating Expenses	935,153,634.66	888,870,696.32	46,282,938.34	5.2%
Operating Loss	(226,083,572.54)	(204,563,222.43)	(21,520,350.11)	-10.5%
Other Nonoperating Adjustments				
State Appropriations	203,818,933.87	181,740,638.69	22,078,295.18	12.1%
Nonexchange Sponsored Programs	319,576.00	401,375.25	(81,799.25)	-20.4%
Gift Contributions for Operations	3,120,186.45	5,092,807.72	(1,972,621.27)	-38.7%
Net Investment Income	19,305,653.44	17,892,446.16	1,413,207.28	7.9%
Interest Expense on Capital Asset Financings	(4,469,319.49)	(4,542,969.79)	73,650.30	1.6%
Net Other Nonoperating Adjustments	222,095,030.27	200,584,298.03	21,510,732.24	10.7%
Adjusted Income (Loss) including Depreciation & Amortization	(3,988,542.27)	(3,978,924.40)	(9,617.87)	-0.2%
Adjusted Margin % including Depreciation & Amortization	-0.4%	-0.4%		
Investment Gain (Losses)	22,440,515.17	(5,372,204.31)	27,812,719.48	517.7%
Adj. Inc. (Loss) with Investment Gains (Losses)	18,451,972.90	(9,351,128.71)	27,803,101.61	297.3%
Adj. Margin % with Investment Gains (Losses)	1.9%	-1.1%		
Adjusted Income (Loss) excluding Depreciation & Amortization	51,180,339.67	45,632,559.94	5,547,779.73	12.2%
Adjusted Margin % excluding Depreciation & Amortization	5.5%	5.1%		

UNAUDITED

The University of Texas Health Science Center at Houston
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2013

	March Year-to-Date FY 2013	March Year-to-Date FY 2012	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition	24,318,970.05	24,354,908.51	(35,938.46)	-0.1%
Sponsored Programs	284,312,253.41	261,483,738.21	22,828,515.20	8.7%
Net Sales and Services of Educational Activities	13,105,067.95	15,118,843.52	(2,013,775.57)	-13.3%
Net Sales and Services of Hospitals	36,709,679.47	39,857,633.66	(3,147,954.19)	-7.9%
Net Professional Fees	106,946,430.98	91,263,929.02	15,682,501.96	17.2%
Net Auxiliary Enterprises	13,997,958.99	13,127,754.64	870,204.35	6.6%
Other Operating Revenues	7,474,465.31	9,356,902.78	(1,882,437.47)	-20.1%
Total Operating Revenues	486,864,826.16	454,563,710.34	32,301,115.82	7.1%
Operating Expenses				
Salaries and Wages	356,296,287.74	318,806,087.24	37,490,200.50	11.8%
Payroll Related Costs	77,745,473.74	70,192,309.07	7,553,164.67	10.8%
Cost of Goods Sold	8,897,413.47	15,366,908.32	(6,469,494.85)	-42.1%
Professional Fees and Services	24,932,684.00	23,634,196.81	1,298,487.19	5.5%
Other Contracted Services	28,987,337.29	28,159,569.69	827,767.60	2.9%
Travel	4,572,449.35	3,991,694.30	580,755.05	14.5%
Materials and Supplies	31,633,571.68	26,213,781.27	5,419,790.41	20.7%
Utilities	9,368,391.64	10,227,084.91	(858,693.27)	-8.4%
Communications	2,491,577.76	2,095,626.46	395,951.30	18.9%
Repairs and Maintenance	4,661,020.95	4,171,703.07	489,317.88	11.7%
Rentals and Leases	12,338,440.37	11,943,856.79	394,583.58	3.3%
Printing and Reproduction	2,744,490.66	2,735,969.38	8,521.28	0.3%
Bad Debt Expense	-	3,506.66	(3,506.66)	-100.0%
Scholarships and Fellowships	3,806,355.90	3,216,844.69	589,511.21	18.3%
Depreciation and Amortization	32,883,230.28	30,168,717.44	2,714,512.84	9.0%
Federal Sponsored Program Pass-Through to Other State Agencies	2,010,317.86	4,404,482.25	(2,394,164.39)	-54.4%
Other Operating Expenses	16,920,532.57	16,843,173.32	77,359.25	0.5%
Total Operating Expenses	620,289,575.26	572,175,511.67	48,114,063.59	8.4%
Operating Loss	(133,424,749.10)	(117,611,801.33)	(15,812,947.77)	-13.4%
Other Nonoperating Adjustments				
State Appropriations	102,893,672.21	102,077,263.76	816,408.45	0.8%
Nonexchange Sponsored Programs	339,026.72	330,973.14	8,053.58	2.4%
Gift Contributions for Operations	11,536,605.38	13,369,580.14	(1,832,974.76)	-13.7%
Net Investment Income	16,884,799.58	15,532,929.17	1,351,870.41	8.7%
Interest Expense on Capital Asset Financings	(6,975,154.34)	(6,122,729.20)	(852,425.14)	-13.9%
Net Other Nonoperating Adjustments	124,678,949.55	125,188,017.01	(509,067.46)	-0.4%
Adjusted Income (Loss) including Depreciation & Amortization	(8,745,799.55)	7,576,215.68	(16,322,015.23)	-215.4%
Adjusted Margin % including Depreciation & Amortization	-1.4%	1.3%		
Investment Gain (Losses)	21,194,405.98	(2,271,071.36)	23,465,477.34	1,033.2%
Adj. Inc. (Loss) with Investment Gains (Losses)	12,448,606.43	5,305,144.32	7,143,462.11	134.7%
Adj. Margin % with Investment Gains (Losses)	1.9%	0.9%		
Adjusted Income (Loss) excluding Depreciation & Amortization	24,137,430.73	37,744,933.12	(13,607,502.39)	-36.1%
Adjusted Margin % excluding Depreciation & Amortization	3.9%	6.4%		

UNAUDITED

The University of Texas Health Science Center at San Antonio
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2013

	March Year-to-Date FY 2013	March Year-to-Date FY 2012	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition	19,413,230.08	19,218,213.00	195,017.08	1.0%
Sponsored Programs	165,483,528.41	167,489,466.59	(2,005,938.18)	-1.2%
Net Sales and Services of Educational Activities	12,494,324.14	12,171,481.81	322,842.33	2.7%
Net Professional Fees	87,405,836.38	88,038,243.93	(632,407.55)	-0.7%
Net Auxiliary Enterprises	3,159,431.70	3,520,239.39	(360,807.69)	-10.2%
Other Operating Revenues	5,074,223.30	6,093,895.53	(1,019,672.23)	-16.7%
Total Operating Revenues	293,030,574.01	296,531,540.25	(3,500,966.24)	-1.2%
Operating Expenses				
Salaries and Wages	235,026,297.89	226,889,691.87	8,136,606.02	3.6%
Payroll Related Costs	60,877,234.47	60,595,195.54	282,038.93	0.5%
Professional Fees and Services	9,965,861.54	9,764,911.08	200,950.46	2.1%
Other Contracted Services	11,245,708.71	10,006,741.54	1,238,967.17	12.4%
Travel	2,821,113.66	2,947,418.13	(126,304.47)	-4.3%
Materials and Supplies	23,185,541.73	26,242,692.66	(3,057,150.93)	-11.6%
Utilities	9,866,656.33	11,103,824.67	(1,237,168.34)	-11.1%
Communications	7,169,492.91	7,161,651.82	7,841.09	0.1%
Repairs and Maintenance	2,817,201.80	2,568,067.71	249,134.09	9.7%
Rentals and Leases	3,152,403.61	3,370,649.90	(218,246.29)	-6.5%
Printing and Reproduction	1,236,692.27	1,295,119.47	(58,427.20)	-4.5%
Scholarships and Fellowships	4,277,969.53	3,498,481.22	779,488.31	22.3%
Depreciation and Amortization	28,583,333.33	26,833,333.33	1,750,000.00	6.5%
Federal Sponsored Program Pass-Through to Other State Agencies	1,035,416.67	1,020,833.33	14,583.34	1.4%
Other Operating Expenses	20,549,120.79	21,703,304.34	(1,154,183.55)	-5.3%
Total Operating Expenses	421,810,045.24	415,001,916.61	6,808,128.63	1.6%
Operating Loss	(128,779,471.23)	(118,470,376.36)	(10,309,094.87)	-8.7%
Other Nonoperating Adjustments				
State Appropriations	95,810,269.33	94,098,662.00	1,711,607.33	1.8%
Nonexchange Sponsored Programs	962,500.00	729,166.67	233,333.33	32.0%
Gift Contributions for Operations	9,388,803.07	9,880,208.69	(491,405.62)	-5.0%
Net Investment Income	19,205,133.90	18,948,661.07	256,472.83	1.4%
Interest Expense on Capital Asset Financings	(5,747,457.38)	(6,046,049.52)	298,592.14	4.9%
Net Other Nonoperating Adjustments	119,619,248.92	117,610,648.91	2,008,600.01	1.7%
Adjusted Income (Loss) including Depreciation & Amortization	(9,160,222.31)	(859,727.45)	(8,300,494.86)	-965.5%
Adjusted Margin % including Depreciation & Amortization	-2.2%	-0.2%		
Investment Gain (Losses)	25,099,309.18	(6,688,479.25)	31,787,788.43	475.3%
Adj. Inc. (Loss) with Investment Gains (Losses)	15,939,086.87	(7,548,206.70)	23,487,293.57	311.2%
Adj. Margin % with Investment Gains (Losses)	3.6%	-1.8%		
Adjusted Income (Loss) excluding Depreciation & Amortization	19,423,111.02	25,973,605.88	(6,550,494.86)	-25.2%
Adjusted Margin % excluding Depreciation & Amortization	4.6%	6.2%		

UNAUDITED

The University of Texas M. D. Anderson Cancer Center
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2013

	March Year-to-Date FY 2013	March Year-to-Date FY 2012	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition	993,328.26	982,535.14	10,793.12	1.1%
Sponsored Programs	196,875,709.59	199,323,989.79	(2,448,280.20)	-1.2%
Net Sales and Services of Educational Activities	1,639,190.66	1,499,230.50	139,960.16	9.3%
Net Sales and Services of Hospitals	1,556,623,042.98	1,497,871,889.44	58,751,153.54	3.9%
Net Professional Fees	211,952,595.13	205,424,031.67	6,528,563.46	3.2%
Net Auxiliary Enterprises	21,707,894.64	21,097,060.20	610,834.44	2.9%
Other Operating Revenues	45,153,852.48	35,346,833.32	9,807,019.16	27.7%
Total Operating Revenues	2,034,945,613.74	1,961,545,570.06	73,400,043.68	3.7%
Operating Expenses				
Salaries and Wages	934,562,804.99	875,760,532.05	58,802,272.94	6.7%
Payroll Related Costs	266,645,790.57	242,294,478.57	24,351,312.00	10.1%
Cost of Goods Sold	2,760,403.11	3,451,198.29	(690,795.18)	-20.0%
Professional Fees and Services	88,082,481.54	75,513,272.78	12,569,208.76	16.6%
Other Contracted Services	48,638,809.60	39,263,695.92	9,375,113.68	23.9%
Travel	9,938,955.19	9,015,620.08	923,335.11	10.2%
Materials and Supplies	399,237,409.72	364,350,805.98	34,886,603.74	9.6%
Utilities	28,282,286.77	30,115,603.88	(1,833,317.11)	-6.1%
Communications	6,176,919.54	5,741,163.04	435,756.50	7.6%
Repairs and Maintenance	49,831,590.11	46,717,390.71	3,114,199.40	6.7%
Rentals and Leases	27,111,112.00	24,384,096.03	2,727,015.97	11.2%
Printing and Reproduction	2,236,146.51	-	2,236,146.51	100.0%
Scholarships and Fellowships	941,062.72	2,540,343.00	(1,599,280.28)	-63.0%
Depreciation and Amortization	163,857,923.62	152,506,864.70	11,351,058.92	7.4%
Federal Sponsored Program Pass-Through to Other State Agencies	307,583.62	976,936.47	(669,352.85)	-68.5%
Other Operating Expenses	18,525,850.56	16,003,691.58	2,522,158.98	15.8%
Total Operating Expenses	2,047,137,130.17	1,888,635,693.08	158,501,437.09	8.4%
Operating Loss	(12,191,516.43)	72,909,876.98	(85,101,393.41)	-116.7%
Other Nonoperating Adjustments				
State Appropriations	95,154,818.19	93,599,638.28	1,555,179.91	1.7%
Nonexchange Sponsored Programs	(99.00)	354,145.00	(354,244.00)	-100.0%
Gift Contributions for Operations	82,525,485.41	52,063,144.93	30,462,340.48	58.5%
Net Investment Income	43,916,253.22	35,616,041.91	8,300,211.31	23.3%
Interest Expense on Capital Asset Financings	(22,446,517.87)	(23,315,648.02)	869,130.15	3.7%
Net Other Nonoperating Adjustments	199,149,939.95	158,317,322.10	40,832,617.85	25.8%
Adjusted Income (Loss) including Depreciation & Amortization	186,958,423.52	231,227,199.08	(44,268,775.56)	-19.1%
Adjusted Margin % including Depreciation & Amortization	8.3%	10.8%		
Investment Gain (Losses)	92,920,172.40	6,631,221.46	86,288,950.94	1,301.3%
Adj. Inc. (Loss) with Investment Gains (Losses)	279,878,595.92	237,858,420.54	42,020,175.38	17.7%
Adj. Margin % with Investment Gains (Losses)	11.9%	11.1%		
Adjusted Income (Loss) excluding Depreciation & Amortization	350,816,347.14	383,734,063.78	(32,917,716.64)	-8.6%
Adjusted Margin % excluding Depreciation & Amortization	15.5%	17.9%		

UNAUDITED

The University of Texas Health Science Center at Tyler
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2013

	March Year-to-Date FY 2013	March Year-to-Date FY 2012	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition	23,723.16	-	23,723.16	100.0%
Sponsored Programs	8,238,491.51	7,796,767.94	441,723.57	5.7%
Net Sales and Services of Educational Activities	789,563.06	1,017,543.13	(227,980.07)	-22.4%
Net Sales and Services of Hospitals	25,954,589.41	26,054,872.77	(100,283.36)	-0.4%
Net Professional Fees	5,971,370.15	6,672,099.58	(700,729.43)	-10.5%
Net Auxiliary Enterprises	104,616.77	88,129.07	16,487.70	18.7%
Other Operating Revenues	945,060.00	850,133.39	94,926.61	11.2%
Total Operating Revenues	42,027,414.06	42,479,545.88	(452,131.82)	-1.1%
Operating Expenses				
Salaries and Wages	35,869,802.60	32,650,006.86	3,219,795.74	9.9%
Payroll Related Costs	10,946,144.31	10,390,973.20	555,171.11	5.3%
Cost of Goods Sold	44,388.63	44,310.62	78.01	0.2%
Professional Fees and Services	4,985,012.10	4,068,994.71	916,017.39	22.5%
Other Contracted Services	4,010,505.01	3,434,547.28	575,957.73	16.8%
Travel	271,303.31	294,493.75	(23,190.44)	-7.9%
Materials and Supplies	8,574,484.03	8,117,630.06	456,853.97	5.6%
Utilities	1,605,982.75	1,574,275.72	31,707.03	2.0%
Communications	382,084.85	465,654.08	(83,569.23)	-17.9%
Repairs and Maintenance	2,328,496.24	1,424,657.26	903,838.98	63.4%
Rentals and Leases	528,382.59	195,167.90	333,214.69	170.7%
Printing and Reproduction	58,868.38	385,277.67	(326,409.29)	-84.7%
Scholarships and Fellowships	42,421.16	12,407.50	30,013.66	241.9%
Depreciation and Amortization	5,197,254.36	5,123,392.26	73,862.10	1.4%
Federal Sponsored Program Pass-Through to Other State Agencies	111,092.38	233,138.75	(122,046.37)	-52.3%
Other Operating Expenses	1,349,452.41	1,635,284.09	(285,831.68)	-17.5%
Total Operating Expenses	76,305,675.11	70,050,211.71	6,255,463.40	8.9%
Operating Loss	(34,278,261.05)	(27,570,665.83)	(6,707,595.22)	-24.3%
Other Nonoperating Adjustments				
State Appropriations	21,725,904.73	26,789,641.74	(5,063,737.01)	-18.9%
Gift Contributions for Operations	448,059.52	158,825.16	289,234.36	182.1%
Net Investment Income	2,461,245.41	2,405,378.88	55,866.53	2.3%
Interest Expense on Capital Asset Financings	(937,974.45)	(837,494.07)	(100,480.38)	-12.0%
Net Other Nonoperating Adjustments	23,697,235.21	28,516,351.71	(4,819,116.50)	-16.9%
Adjusted Income (Loss) including Depreciation & Amortization	(10,581,025.84)	945,685.88	(11,526,711.72)	-1,218.9%
Adjusted Margin % including Depreciation & Amortization	-15.9%	1.3%		
Investment Gain (Losses)	2,424,165.01	(678,785.83)	3,102,950.84	457.1%
Adj. Inc. (Loss) with Investment Gains (Losses)	(8,156,860.83)	266,900.05	(8,423,760.88)	-3,156.1%
Adj. Margin % with Investment Gains (Losses)	-11.8%	0.4%		
Adjusted Income (Loss) excluding Depreciation & Amortization	(5,383,771.48)	6,069,078.14	(11,452,849.62)	-188.7%
Adjusted Margin % excluding Depreciation & Amortization	-8.1%	8.4%		

3. **U. T. System: Approval of the Fiscal Year 2014 Budget Preparation Policies and Calendar**

RECOMMENDATION

With the concurrence of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and the Executive Vice Chancellor for Health Affairs, the Chancellor recommends that the U. T. System Board of Regents approve the Budget Preparation Policies and Calendar on Page 135 for use in preparing the Fiscal Year (FY) 2014 Operating Budget for the U. T. System as set out below:

U. T. System Fiscal Year 2014 Budget Preparation Policies

1. General Guidelines - The regulations and directives that will be included in the General Appropriations Act to be enacted by the 83rd Texas Legislature serve as the basis for these guidelines and policies. In preparing the draft of the FY 2014 Operating Budget, the president of each institution should adhere to guidelines and policies as detailed below and as included in the General Appropriations Act. The Chancellor will issue detailed instructions regarding the implementation of those regulations and directives into the institutional budget process.

The president of each institution should examine the resources used at the institution and, where possible, redirect resources toward high priority mission critical activities and strategic competitive investments that are consistent with the goals and objectives included in the institution's Strategic Plan.

Overall budget totals, including retaining reasonable reserves for potential future financial shortfall, must be limited to the funds available for the year from General Revenue Appropriations, Estimates of Educational and General Income, and limited use of institutional unappropriated balances.

2. Maintenance of Operating Margin and Use of Prior Year Balances - Institutions should make all reasonable efforts to maintain a favorable operating margin within the FY 2014 Operating Budget. Use of prior year balances should be limited to critical items, unique opportunities, or projects funded from prior year income committed for that purpose. Generally, balance usage should be reserved for nonrecurring activities. Balance usage cannot be recommended to the U. T. System Board of Regents for approval without the consent of the Chancellor, the appropriate Executive Vice Chancellor, and the Associate Vice Chancellor, Controller, and Chief Budget Officer.
3. Salary Guidelines - Recommendations regarding salary policy are subject to the following directives:
 - A. Salaries Proportional by Fund - Unless otherwise restricted, payment for salaries, wages, and benefits paid from appropriated funds, including local funds and educational and general funds as defined in *Texas Education Code* Section 51.009(a) and (c), shall be proportional to the source of funds.

- B. Merit Increases and Promotions - Merit increases or advances in rank for faculty are to be on the basis of teaching effectiveness, research, and public service.

As defined in *Texas Education Code* Section 51.962, administrative and professional staff and classified staff must have been employed by the institution for at least six consecutive months immediately preceding the effective date of the increase to be eligible for a merit increase, and at least six months must have elapsed since the employee's last merit salary increase.

Merit increases or promotions for administrative and professional staff and classified staff are to be based on evaluation of performance in areas appropriate to work assignments. In accordance with the Regents' *Rules and Regulations*, performance appraisals are required to be conducted annually for all employees of the U. T. System. To verify compliance with this policy, U. T. System presidents and the Executive Vice Chancellor for Business Affairs for U. T. System Administration shall annually certify that all eligible employees (including staff and faculty) have completed performance appraisals. Subject to available resources and resolution of any major salary inequities, institutions should give priority to implementing merit salary increases for faculty and staff.

- C. Other Increases - Equity adjustments, competitive offers, and increases to accomplish contractual commitments should also consider merit where appropriate, subject to available resources. Subject to guidance issued by the Chancellor, such increases should be noted and explained in the supplemental data accompanying the budget.
- D. New Positions - Subject to available resources, new administrative and professional staff, classified staff, and faculty positions are to be requested only when justified by workloads or to meet needs for developing new programs.
- E. Reporting - The Chancellor will issue guidance on reporting of salary changes and amounts. It is expected that required reports will encompass high-ranking staff covered by Regents' *Rules and Regulations*, Rules 20203 and 20204 along with those staff receiving significant changes in compensation.
4. Staff Benefits Guidelines - Recommendations regarding the State contribution for employee staff benefits such as group insurance premiums, teacher retirement, and optional retirement are subject to legislative determination via the General Appropriations Act. The Chancellor will issue instructions regarding the implementation of the benefits into the budget process.
5. Other Employee Benefits - Employer contributions to the self-insured Unemployment Compensation Fund are based on an actuarial study. Workers' Compensation Insurance rates are experience-rated for each institution. Appropriate instructions will be issued regarding the implementation of Unemployment Compensation Fund and Workers' Compensation Insurance Benefits.
6. Other Operating Expenses Guidelines - Increases in Maintenance, Operation, Equipment, and Travel are to be justified by expanded workloads, for developing new programs, or for correcting past deferrals or deficiencies.

7. Calendar - In the event of unforeseen circumstances, authority is delegated to the Chancellor to modify the Calendar.

BACKGROUND INFORMATION

The U. T. System FY 2014 Budget Preparation Policies will be consistent with the regulations and directives included in the General Appropriations Act and other general law to be enacted by the 83rd Texas Legislature. As written, this policy provides general direction to the U. T. System institutions and may be modified as necessary to conform to the legislation, as finally passed.



**THE UNIVERSITY OF TEXAS SYSTEM
FY 2014 OPERATING BUDGET CALENDAR**

January 2013 – August 2013	Performance appraisal focal period
May 9, 2013	U. T. System Board of Regents takes appropriate action on budget preparation policies
May 29 - June 7, 2013	Major goals, priorities, and resource allocation hearings with U. T. System Administration
June 28, 2013	Draft budget documents due to U. T. System
July 3 - 11, 2013	Technical budget review with U. T. System
July 19, 2013	Final budget documents due to U. T. System
July 26, 2013	Reports on highly compensated staff covered by Regents' Rules 20203 and 20204, high-ranking staff salaries, and institutional Top Ten salaries due to U. T. System
August 9, 2013	Operating Budget Summaries mailed to the U. T. System Board of Regents
August 15, 2013	Salary change report due to U. T. System
August 22, 2013	U. T. System Board of Regents takes appropriate action on Operating Budget and President and Executive Officer compensation

4. **U. T. System Board of Regents: The University of Texas Investment Management Company (UTIMCO) Performance Summary Report and Investment Reports for the quarter ended February 28, 2013**

REPORT

The February 28, 2013 UTIMCO Performance Summary Report is attached on Page 137.

The Investment Reports for the quarter ended February 28, 2013, are set forth on Pages 138 - 141.

Item I on Page 138 reports activity for the Permanent University Fund (PUF) investments. The PUF's net investment return for the quarter was 3.61% versus its composite benchmark return of 3.81%. The PUF's net asset value increased by \$555 million since the beginning of the quarter to \$14,242 million. The increase was due to \$174 million PUF Lands receipts, plus a net investment return of \$490 million, less distributions made to the Available University Fund (AUF) of \$109 million.

Item II on Page 139 reports activity for the General Endowment Fund (GEF) investments. The GEF's net investment return for the quarter was 3.68% versus its composite benchmark return of 3.81%. The GEF's net asset value increased by \$206 million during the quarter to \$7,435 million.

Item III on Page 140 reports activity for the Intermediate Term Fund (ITF). The ITF's net investment return for the quarter was 2.56% versus its composite benchmark return of 2.04%. The net asset value increased during the quarter to \$5,243 million due to net investment return of \$130 million, plus net contributions of \$63 million, less distributions of \$38 million.

All exposures were within their asset class and investment type ranges. Liquidity was within policy.

Item IV on Page 141 presents book and market values of cash, debt, equity, and other securities held in funds outside of the PUF, GEF, and ITF. Total cash and equivalents, consisting primarily of institutional operating funds held in the Dreyfus and Fidelity money market funds, increased by \$248 million to \$2,198 million during the three months since the last reporting period. Market values for the remaining asset types were debt securities: \$23 million versus \$22 million at the beginning of the period; equities: \$57 million versus \$54 million at the beginning of the period; and other investments: \$2 million versus \$3 million at the beginning of the period.

UTIMCO Performance Summary

February 28, 2013

	Net Asset Value 2/28/2013 (in Millions)	Periods Ended February 28, 2013 (Returns for Periods Longer Than One Year are Annualized)							
		Short Term		Year to Date		Historic Returns			
		1 Mo	3 Mos	Fiscal	Calendar	1 Yr	3 Yrs	5 Yrs	10 Yrs
ENDOWMENT FUNDS									
Permanent University Fund	\$ 14,242	0.36%	3.61%	6.29%	2.47%	8.37%	9.06%	3.27%	9.07%
General Endowment Fund		0.37	3.68	6.43	2.51	8.54	9.15	3.28	9.21
Permanent Health Fund	1,015	0.36	3.64	6.36	2.51	8.40	9.07	3.20	9.11
Long Term Fund	6,420	0.36	3.64	6.36	2.51	8.40	9.08	3.20	9.12
Separately Invested Funds	158	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total Endowment Funds	21,835								
OPERATING FUNDS									
Intermediate Term Fund	5,243	(0.32)	2.56	4.57	1.51	5.81	7.41	3.46	N/A
Debt Proceeds Fund	495	0.01	0.04	0.08	0.02	0.17	N/A	N/A	N/A
Short Term Fund	1,626	0.01	0.03	0.07	0.02	0.16	0.19	0.67	1.98
Total Operating Funds	7,364								
Total Investments	\$ 29,199								
VALUE ADDED (1) (Percent)									
Permanent University Fund		0.38%	(0.20%)	0.49%	0.27%	2.26%	1.33%	2.20%	2.20%
General Endowment Fund		0.39	(0.13)	0.63	0.31	2.43	1.42	2.21	2.34
Intermediate Term Fund		0.19	0.52	0.78	0.49	2.78	2.29	2.35	N/A
Debt Proceeds Fund		0.01	0.02	0.03	0.02	0.06	N/A	N/A	N/A
Short Term Fund		0.01	0.01	0.02	0.02	0.05	0.08	0.28	0.21
VALUE ADDED (1) (\$ IN MILLIONS)									
Permanent University Fund		\$ 54	\$ (27)	\$ 66	\$ 37	\$ 293	\$ 504	\$ 1,408	\$ 2,641
General Endowment Fund		30	(9)	45	23	172	300	793	1,516
Intermediate Term Fund		10	26	39	25	136	319	542	N/A
Total Value Added		\$ 94	\$ (10)	\$ 150	\$ 85	\$ 601	\$ 1,123	\$ 2,743	\$ 4,157

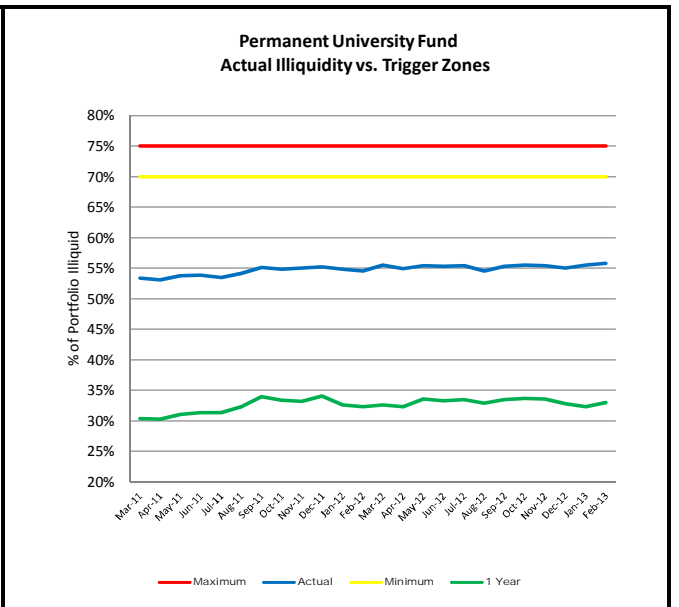
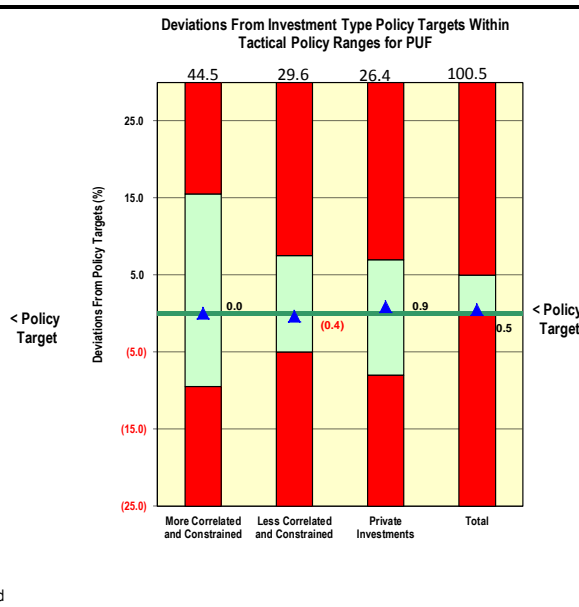
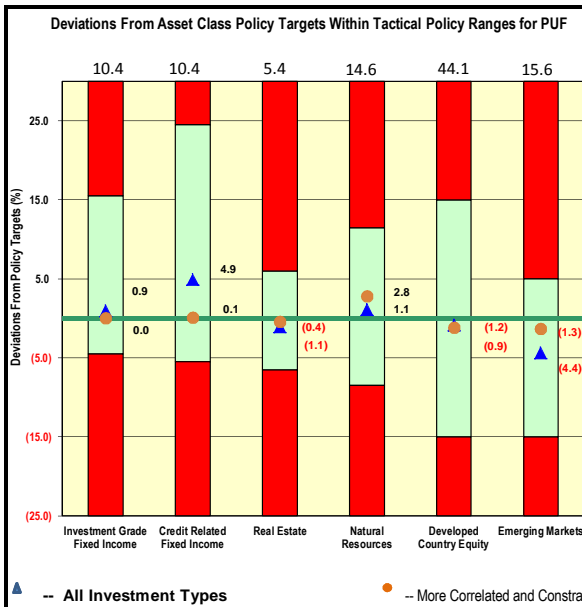
Footnotes available upon request.

I. PERMANENT UNIVERSITY FUND
Investment Reports for Periods Ended February 28, 2013

Prepared in accordance with Texas Education Code Sec. 51.0032

Summary of Capital Flows				
(\$ millions)	Fiscal Year Ended August 31, 2012	Quarter Ended February 28, 2013	Fiscal Year to Date August 31, 2013	
Beginning Net Assets	\$ 12,688	\$ 13,687	\$ 13,470	
PUF Lands Receipts	955	174	376	
Investment Return (Net of Expenses)	403	490	835	
Distributions to AUF	(576)	(109)	(439)	
Ending Net Assets	<u>\$ 13,470</u>	<u>\$ 14,242</u>	<u>\$ 14,242</u>	

	Fiscal Year to Date				
	Returns		Value Added		
	Portfolio	Policy Benchmark	From Asset Allocation	From Security Selection	Total
More Correlated and Constrained:					
Investment Grade	1.20%	-1.13%	-0.12%	0.19%	0.07%
Credit-Related	8.48%	8.02%	0.00%	0.00%	0.00%
Real Estate	8.47%	11.35%	0.00%	-0.08%	-0.08%
Natural Resources	-3.93%	-1.01%	-0.24%	-0.23%	-0.47%
Developed Country	14.41%	10.85%	-0.24%	0.50%	0.26%
Emerging Markets	11.56%	12.06%	-0.23%	-0.06%	-0.29%
Total More Correlated and Constrained	5.98%	7.12%	-0.83%	0.32%	-0.51%
Less Correlated and Constrained	6.06%	5.06%	0.31%	-0.03%	0.28%
Private Investments	7.08%	4.36%	0.28%	0.44%	0.72%
Total	6.29%	5.80%	-0.24%	0.73%	0.49%

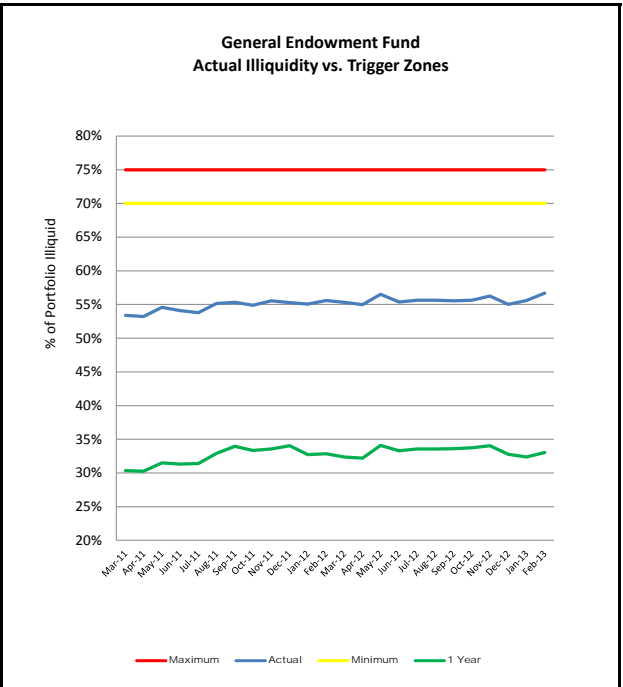
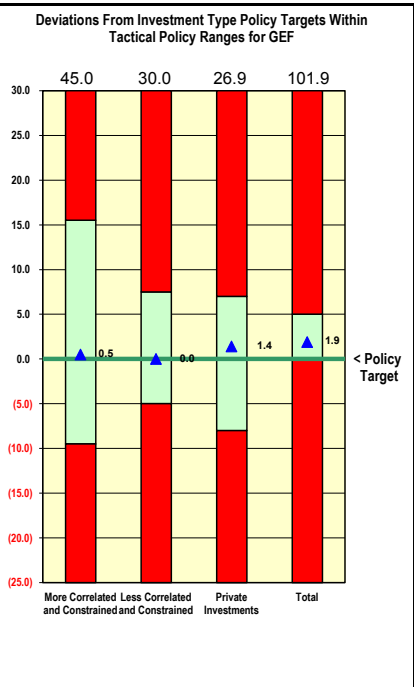
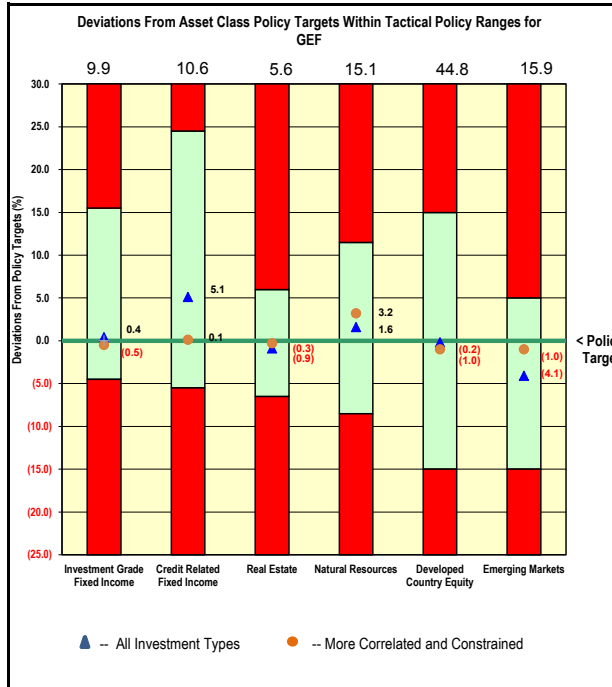


II. GENERAL ENDOWMENT FUND
Investment Reports for Periods Ended February 28, 2013

Prepared in accordance with Texas Education Code Sec. 51.0032

Summary of Capital Flows			
(\$ millions)	Fiscal Year Ended August 31, 2012	Quarter Ended February 28, 2013	Fiscal Year to Date August 31, 2013
Beginning Net Assets	\$ 7,049	\$ 7,229	\$ 7,105
Contributions	194	31	57
Withdrawals	(17)	(1)	(4)
Distributions	(344)	(90)	(179)
Investment Return (Net of Expenses)	223	266	456
Ending Net Assets	\$ 7,105	\$ 7,435	\$ 7,435

	Fiscal Year to Date				
	Returns		Value Added		
	Portfolio	Policy Benchmark	From Asset Allocation	From Security Selection	Total
More Correlated and Constrained:					
Investment Grade	1.72%	-1.13%	-0.06%	0.22%	0.16%
Credit-Related	8.48%	8.02%	0.00%	0.00%	0.00%
Real Estate	8.50%	11.35%	0.01%	-0.08%	-0.07%
Natural Resources	-3.88%	-1.01%	-0.26%	-0.22%	-0.48%
Developed Country	14.41%	10.85%	-0.23%	0.50%	0.27%
Emerging Markets	11.99%	12.06%	-0.24%	-0.02%	-0.26%
Total More Correlated and Constrained	6.29%	7.12%	-0.78%	0.40%	-0.38%
Less Correlated and Constrained	6.06%	5.06%	0.31%	-0.03%	0.28%
Private Investments	7.08%	4.36%	0.28%	0.45%	0.73%
Total	6.43%	5.80%	-0.19%	0.82%	0.63%

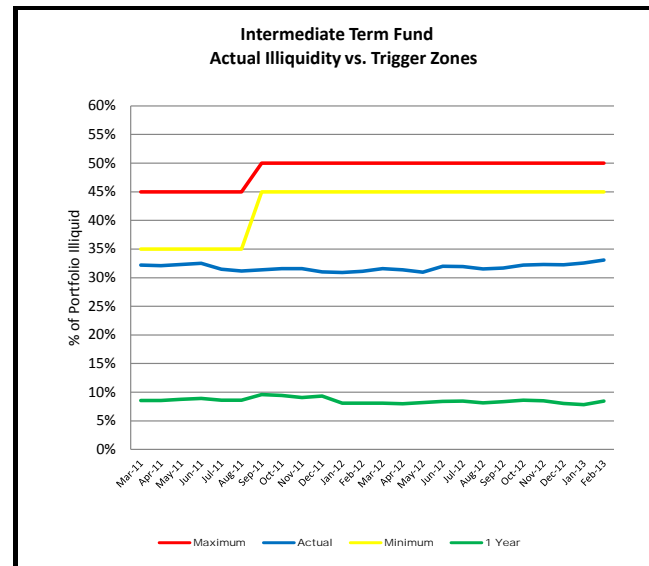
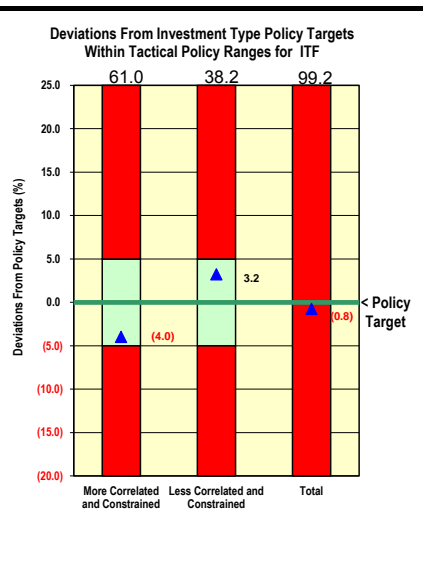
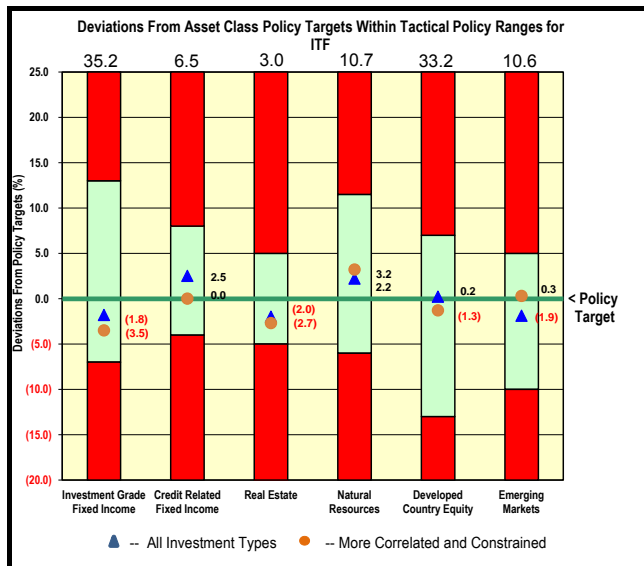


III. INTERMEDIATE TERM FUND Investment Reports for Periods Ended February 28, 2013

Prepared in accordance with Texas Education Code Sec. 51.0032

Summary of Capital Flows			
(\$ millions)	Fiscal Year Ended August 31, 2012	Quarter Ended February 28, 2013	Fiscal Year to Date August 31, 2013
Beginning Net Assets	\$ 4,662	\$ 5,088	\$ 4,893
Contributions	420	92	262
Withdrawals	(183)	(29)	(62)
Distributions	(142)	(38)	(76)
Investment Return (Net of Expenses)	136	130	226
Ending Net Assets	<u>\$ 4,893</u>	<u>\$ 5,243</u>	<u>\$ 5,243</u>

	Returns		Fiscal Year to Date		
	Portfolio	Policy Benchmark	From Asset Allocation	From Security Selection	Total
More Correlated and Constrained:					
Investment Grade	1.14%	-1.13%	0.07%	0.80%	0.87%
Credit-Related	0.00%	0.00%	0.00%	0.00%	0.00%
Real Estate	8.61%	11.35%	-0.10%	-0.12%	-0.22%
Natural Resources	-3.10%	-1.01%	-0.27%	-0.15%	-0.42%
Developed Country	14.92%	10.85%	-0.23%	0.39%	0.16%
Emerging Markets	12.62%	12.06%	-0.03%	0.03%	0.00%
Total More Correlated and Constrained	3.67%	3.11%	-0.56%	0.95%	0.39%
Less Correlated and Constrained	6.06%	5.06%	0.39%	0.00%	0.39%
Private Investments	0.00%	0.00%	0.00%	0.00%	0.00%
Total	4.57%	3.79%	-0.17%	0.95%	0.78%



IV. SEPARATELY INVESTED ASSETS
Summary Investment Report at February 28, 2013
 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 (DEBT PROCEEDS AND SHORT TERM FUND)		TOTAL	
BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	
Cash & Equivalents:																
Beginning value 11/30/12	-	-	2,045	2,045	31,500	31,500	2,838	2,838	2,058	2,058	38,441	38,441	1,911,558	1,911,558	1,949,999	1,949,999
Increase/(Decrease)	-	-	(172)	(172)	37,565	37,565	(1,036)	(1,036)	1,916	1,916	38,273	38,273	209,628	209,628	247,901	247,901
Ending value 02/28/13	-	-	1,873	1,873	69,065	69,065	1,802	1,802	3,974	3,974	76,714	76,714	2,121,186	2,121,186	2,197,900	2,197,900
Debt Securities:																
Beginning value 11/30/12	-	-	45	45	11,450	12,840	8,710	9,512	-	-	20,205	22,397	-	-	20,205	22,397
Increase/(Decrease)	-	-	-	-	602	395	149	(153)	-	-	751	242	-	-	751	242
Ending value 02/28/13	-	-	45	45	12,052	13,235	8,859	9,359	-	-	20,956	22,639	-	-	20,956	22,639
Equity Securities:																
Beginning value 11/30/12	461	2,513	1,409	1,445	31,149	35,351	13,634	14,564	-	-	46,653	53,873	-	-	46,653	53,873
Increase/(Decrease)	-	486	(114)	(16)	450	2,179	66	499	-	-	402	3,148	-	-	402	3,148
Ending value 02/28/13	461	2,999	1,295	1,429	31,599	37,530	13,700	15,063	-	-	47,055	57,021	-	-	47,055	57,021
Other:																
Beginning value 11/30/12	-	-	354	354	9	9	468	144	2,018	2,018	2,849	2,525	-	-	2,849	2,525
Increase/(Decrease)	-	-	376	376	2	2	6	(12)	(1,388)	(1,388)	(1,004)	(1,022)	-	-	(1,004)	(1,022)
Ending value 02/28/13	-	-	730	730	11	11	474	132	630	630	1,845	1,503	-	-	1,845	1,503
Total Assets:																
Beginning value 11/30/12	461	2,513	3,853	3,889	74,108	79,700	25,650	27,058	4,076	4,076	108,148	117,236	1,911,558	1,911,558	2,019,706	2,028,794
Increase/(Decrease)	-	486	90	188	38,619	40,141	(815)	(702)	528	528	38,422	40,641	209,628	209,628	248,050	250,269
Ending value 02/28/13	461	2,999	3,943	4,077	112,727	119,841	24,835	26,356	4,604	4,604	146,570	157,877	2,121,186	2,121,186	2,267,756	2,279,063

Details of individual assets by account furnished upon request.



**TABLE OF CONTENTS
FOR
ACADEMIC AFFAIRS COMMITTEE**

Committee Meeting: 5/8/2013

Board Meeting: 5/9/2013
Austin, Texas

R. Steven Hicks, Chairman
Robert L. Stillwell, Vice Chairman
Paul L. Foster
Wallace L. Hall, Jr.
Brenda Pejovich

	Committee Meeting	Board Meeting	Page
Convene	<i>10:30 a.m.</i> <i>Chairman Hicks</i>		
1. U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, referred for Committee consideration	<i>10:30 a.m.</i> Action	Action	144
2. U. T. Austin: Approval of the Campus and Medical School Master Plan	<i>10:31 a.m.</i> Action <i>Dr. Reyes</i> <i>President Powers and</i> <i>Mr. Lawrence</i> <i>Speck, U. T. Austin</i>	Action	145
3. U. T. Arlington: Approval of updated Campus Master Plan to expand the real estate acquisitions zone to add the area immediately across South Center Street from U. T. Arlington's College Park Center and bounded by South Center Street, East Third Street, Mesquite Street, and East Mitchell Street	<i>11:15 a.m.</i> Action <i>President Spaniolo</i> <i>Ms. Mayne</i>	Action	188
4. U. T. San Antonio: Progress on implementation of the Framework for Advancing Excellence throughout The University of Texas System	<i>11:20 a.m.</i> Report/Discussion <i>President Romo</i>	Not on Agenda	190
5. U. T. Arlington: Honorific naming of the Practice Facility in the College Park Center as the Carrizo Oil & Gas Practice Facility	<i>11:35 a.m.</i> Action <i>President Spaniolo</i> <i>Dr. Safady</i>	Action	226
6. U. T. Dallas: Honorific naming of the Arts and Technology Facility as the Edith O'Donnell Arts and Technology Building	<i>11:38 a.m.</i> Action <i>President Daniel</i> <i>Dr. Safady</i>	Action	227

	Committee Meeting	Board Meeting	Page
7. U. T. System Board of Regents: Approval to create the University College at U. T. Pan American and amendment of the Regents' Rules and Regulations, Rule 40601, Section 1.8 to add Subsection (h) to include the University College	11:41 a.m. Action <i>President Nelsen</i> <i>Dr. Reyes</i>	Action	228
8. U. T. System: Discussion and appropriate action related to submission of updated strategic plans for research for U. T. Arlington, U. T. Dallas, U. T. El Paso, and U. T. San Antonio, as well as U. T. Austin	11:44 a.m. Action <i>Dr. Reyes</i> <i>President Spaniolo</i> <i>President Powers</i> <i>President Daniel</i> <i>President Natalicio</i> <i>President Romo</i>	Action	230
9. U. T. System: Discussion on the role of private industry in funding research in business and engineering	11:50 a.m. Discussion <i>President Daniel</i> <i>Dr. Reyes</i>	Not on Agenda	231
Adjourn	12:00 p.m.		

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

The proposed Consent Agenda is at the back of the book.

2. U. T. Austin: Approval of the Campus and Medical School Master Plan

RECOMMENDATION

The Chancellor concurs in the recommendation of 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 2012 Campus and Medical School Master Plan for U. T. Austin.

President Powers and Mr. Lawrence Speck, Professor in the School of Architecture, will present the Campus Master Plan that will focus on expanding the medical school as well as planned interventions that align the physical growth of the campus with U. T. Austin's academic/strategic plan. The presentation is set forth on the following pages.

BACKGROUND INFORMATION

For some time, U. T. Austin has held a prominent position among national and international universities. Achieving and sustaining this level of excellence comes through thoughtful planning, dedicated implementation, and a keen focus on the timeless mission of the university. The Campus Master Plan establishes the physical framework for sustaining a leadership role among the nation's preeminent public research universities.

The scope of this plan is limited to the main campus of U. T. Austin and the plan lays out a framework that will shape how to invest intelligently, and with consistency, when opportunities arise. With this plan as a guide, U. T. Austin is in position to accommodate growth and enhance the existing campus, as well as extend, if needed, the outstanding utility and facilities infrastructure to new academic and research ventures. U. T. Austin is poised to engage with businesses and neighborhoods surrounding the campus on issues of housing and social environments that support academic achievement. U. T. Austin is also in a position to revitalize the Waller Creek/San Jacinto Boulevard corridor as a place that knits together the core campus to the west with the central campus to the east while serving a greater role in improving mobility on campus.

U. T. Austin's Campus Master Plan was last updated on February 10, 2000.



THE UNIVERSITY OF TEXAS AT AUSTIN
CAMPUS MASTER PLAN

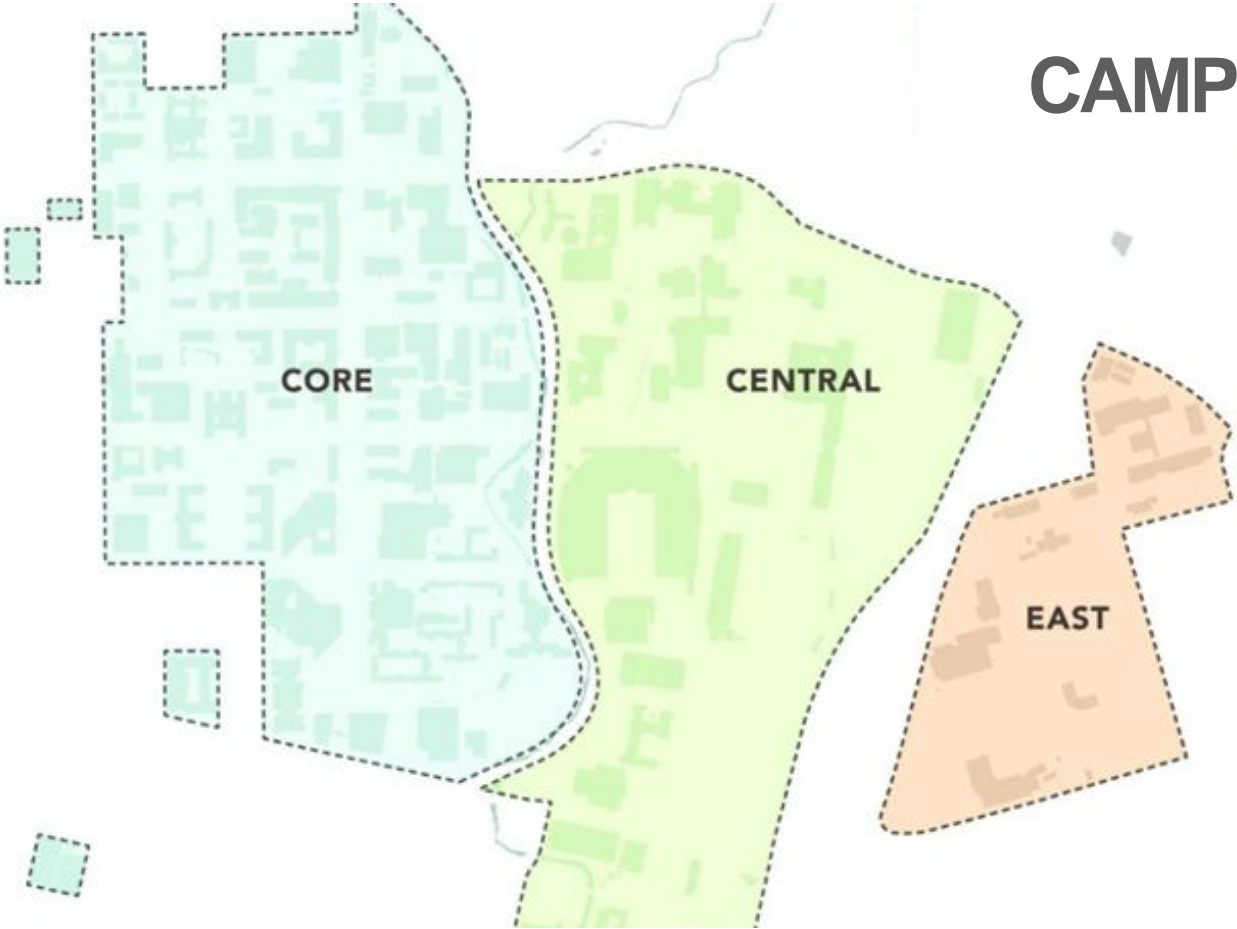
2012

Board of Regents' Meeting
Academic Affairs Committee
May 2013

S A S A K I

ACCOMMODATING GROWTH

CAMPUS ZONES



Core
196 acres

Central
182 acres

East
52 acres

EXISTING FAR* BY ZONE



PROPOSED FAR BY ZONE

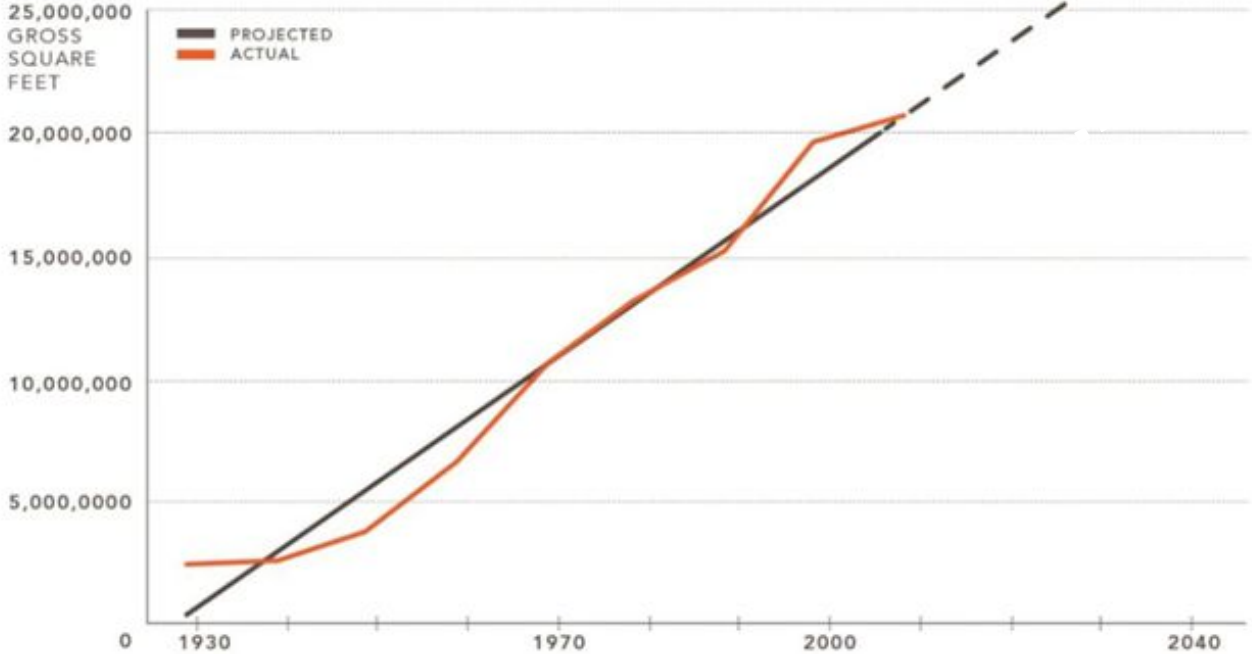


FAR = Floor Area Ratio, a measure of building density

PROJECTING POTENTIAL GROWTH

MAIN CAMPUS CONSTRUCTION TRENDS:

7.2 million GSF over 30 years



150

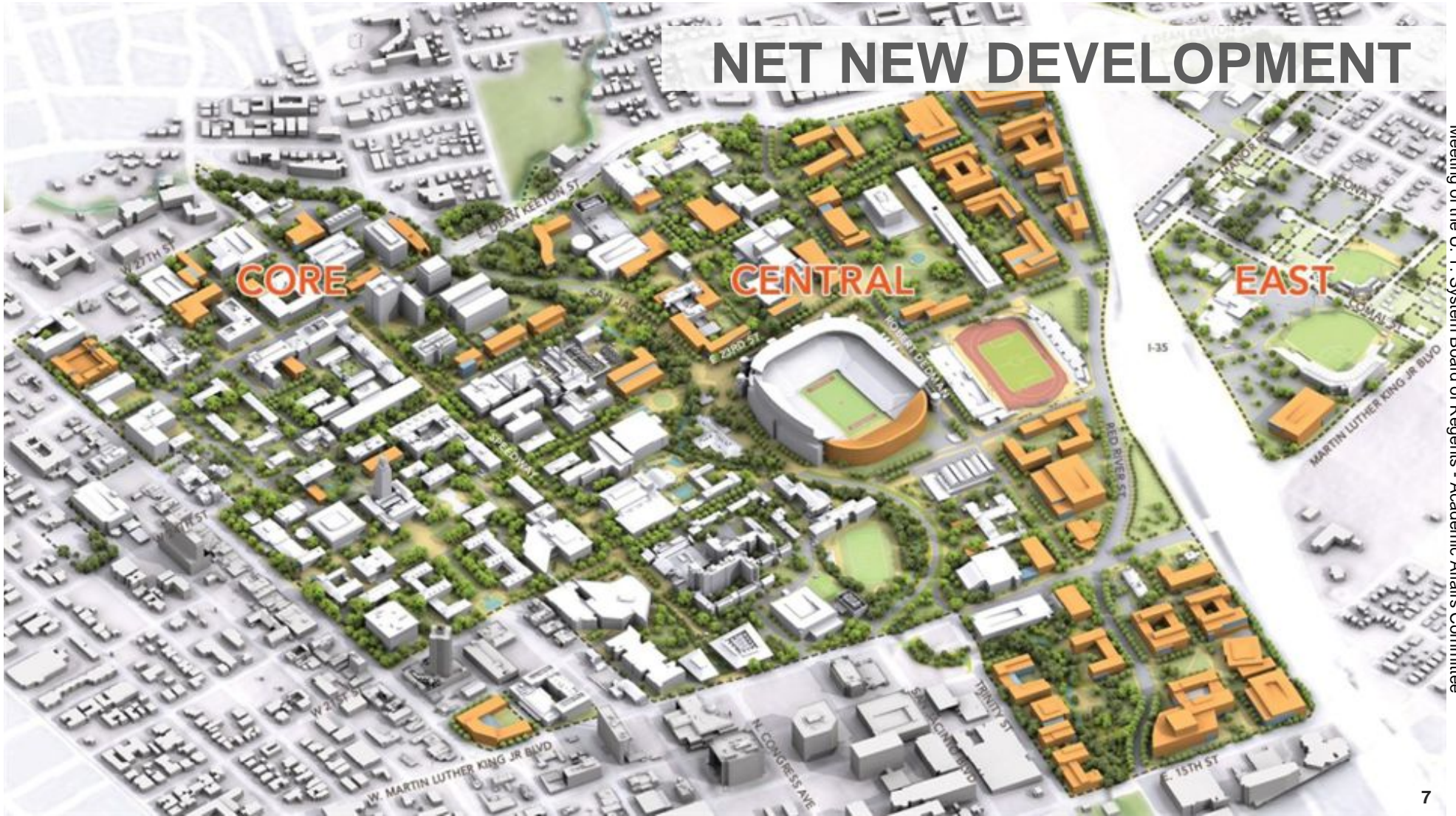
Increased density in the central campus could accommodate about 50% of potential growth

NET NEW DEVELOPMENT



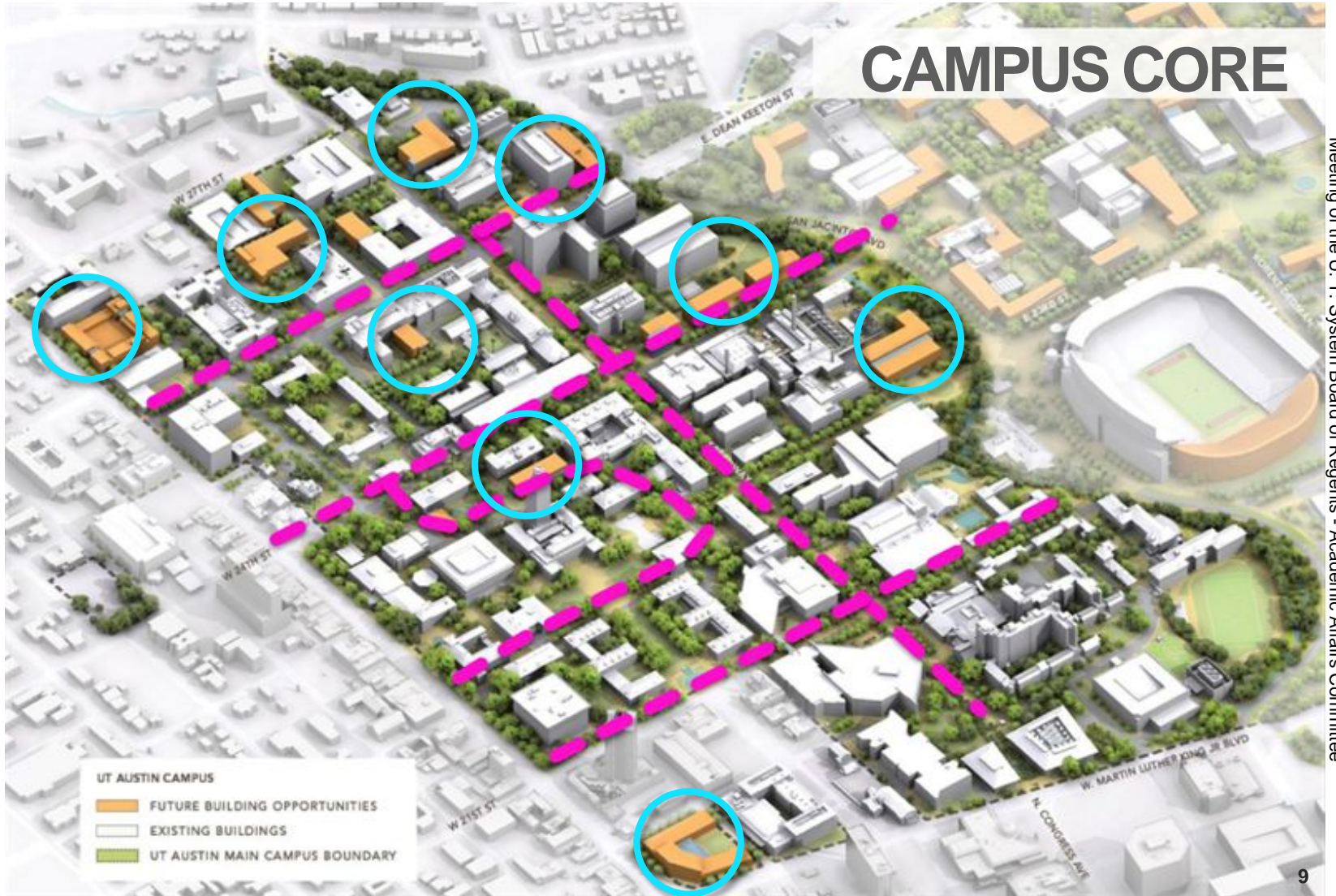
Zone	Net New
Core	784,768
Central	5,444,830
East	378,003
Total	6,607,601

NET NEW DEVELOPMENT



An aerial photograph of a university campus, showing various buildings and green spaces. The image is overlaid with a semi-transparent blue filter. A horizontal white band is positioned across the lower half of the image, containing the main title text.

REVITALIZING THE CORE AND ENHANCING THE CENTRAL CAMPUS





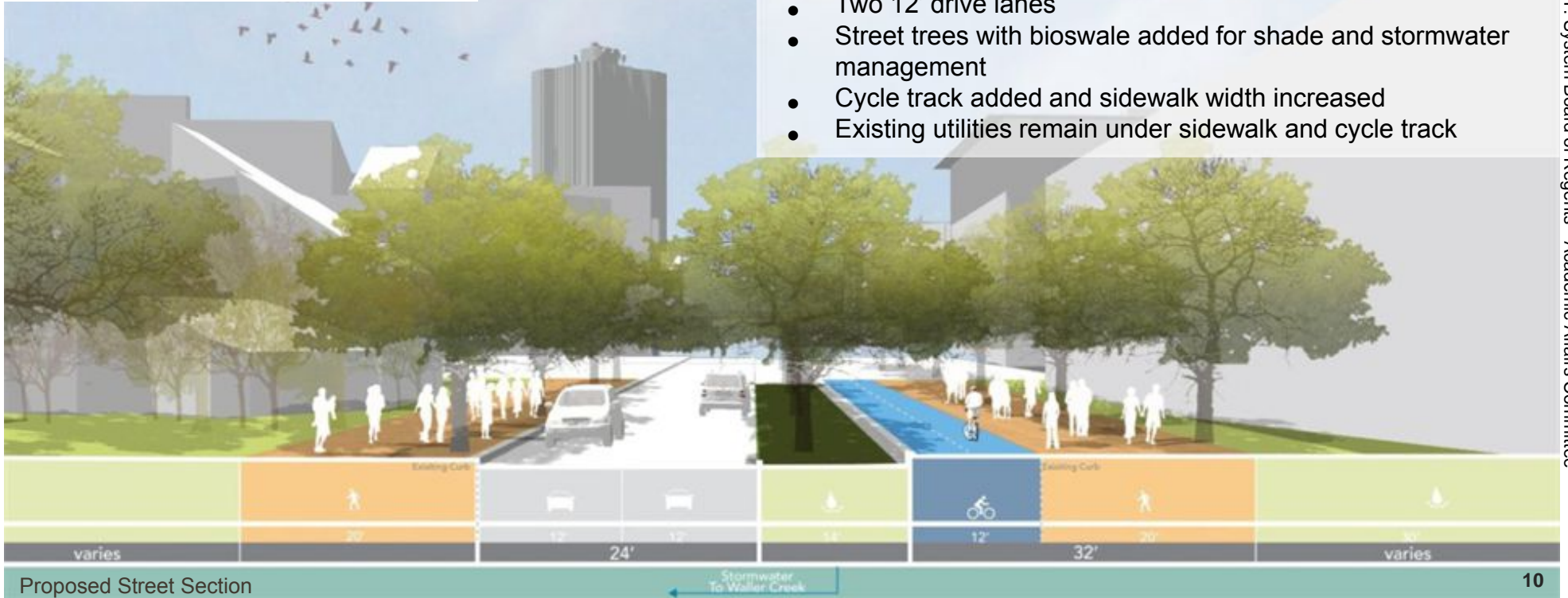
WEST 21ST STREET

Existing Condition

- Removing parking and reducing driving lanes will create a better streetscape

Proposed Street Section Design

- Parking removed
- Two 12' drive lanes
- Street trees with bioswale added for shade and stormwater management
- Cycle track added and sidewalk width increased
- Existing utilities remain under sidewalk and cycle track



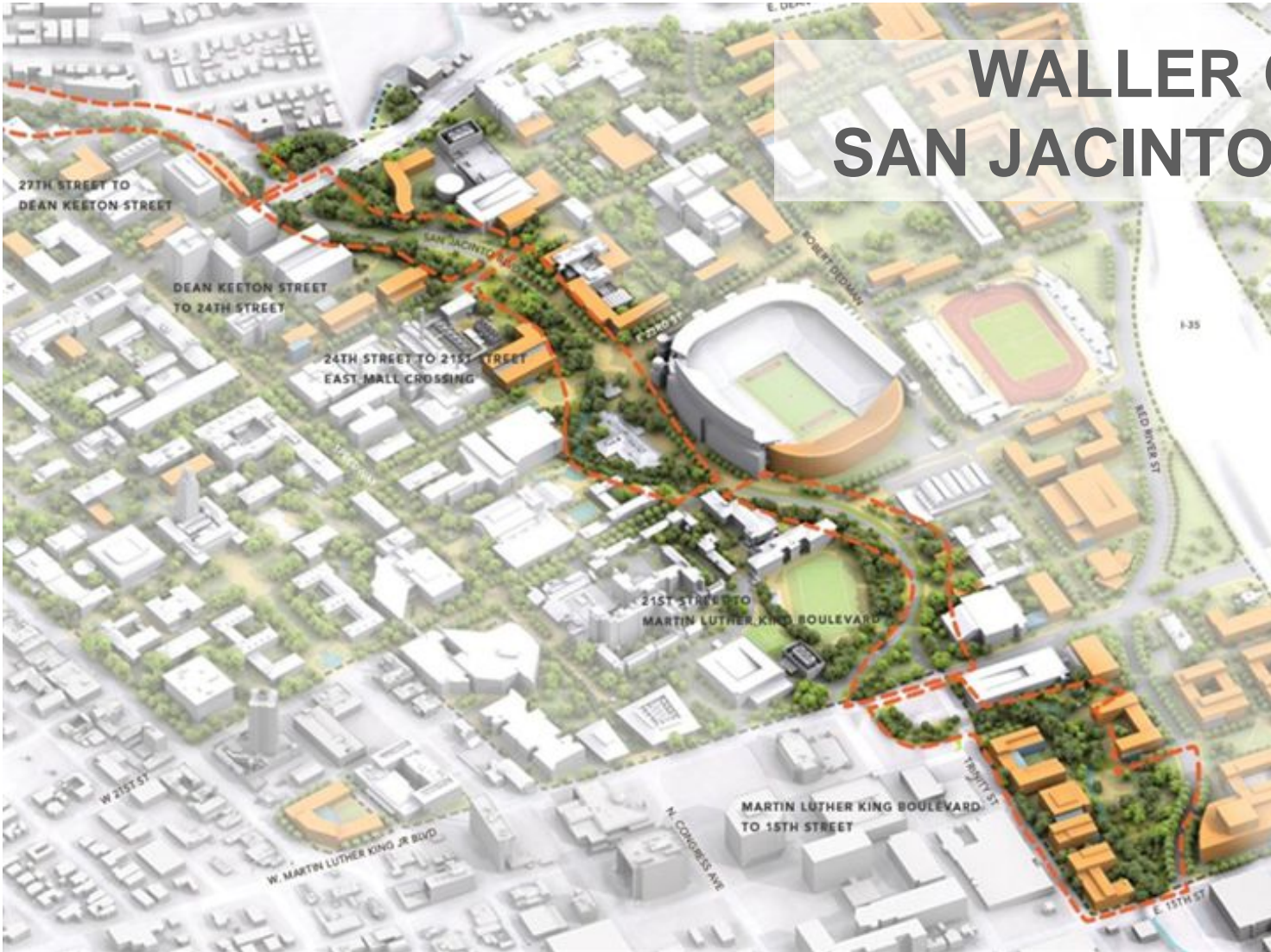
Proposed Street Section

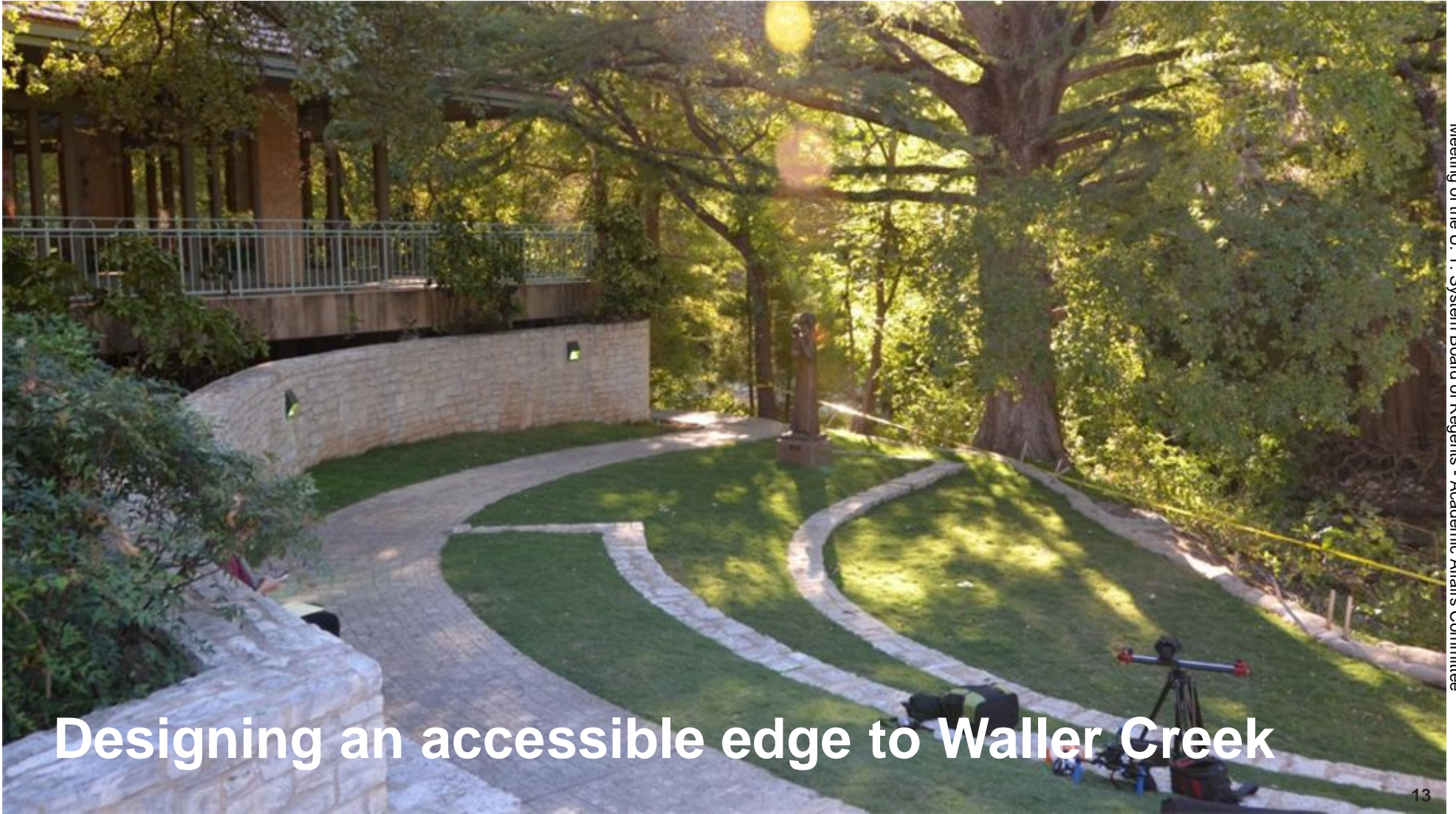
CENTRAL CAMPUS



156

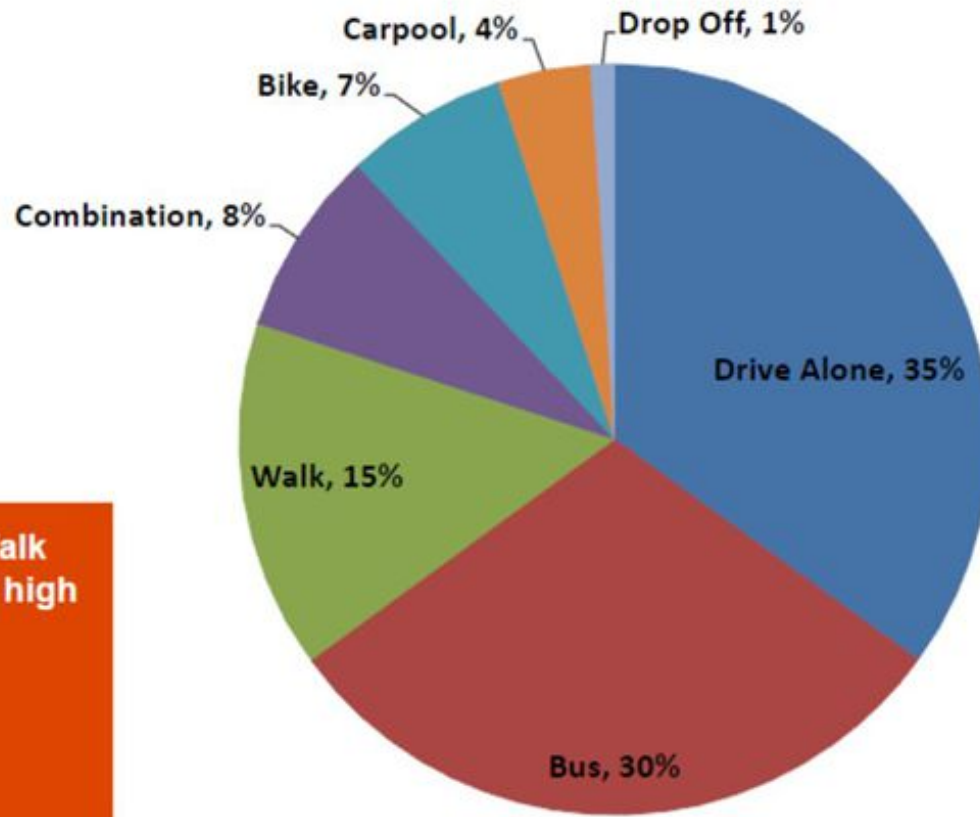
WALLER CREEK AND SAN JACINTO CORRIDOR





MOBILITY

Commuting Mode Split



Bus and Walk shares are high





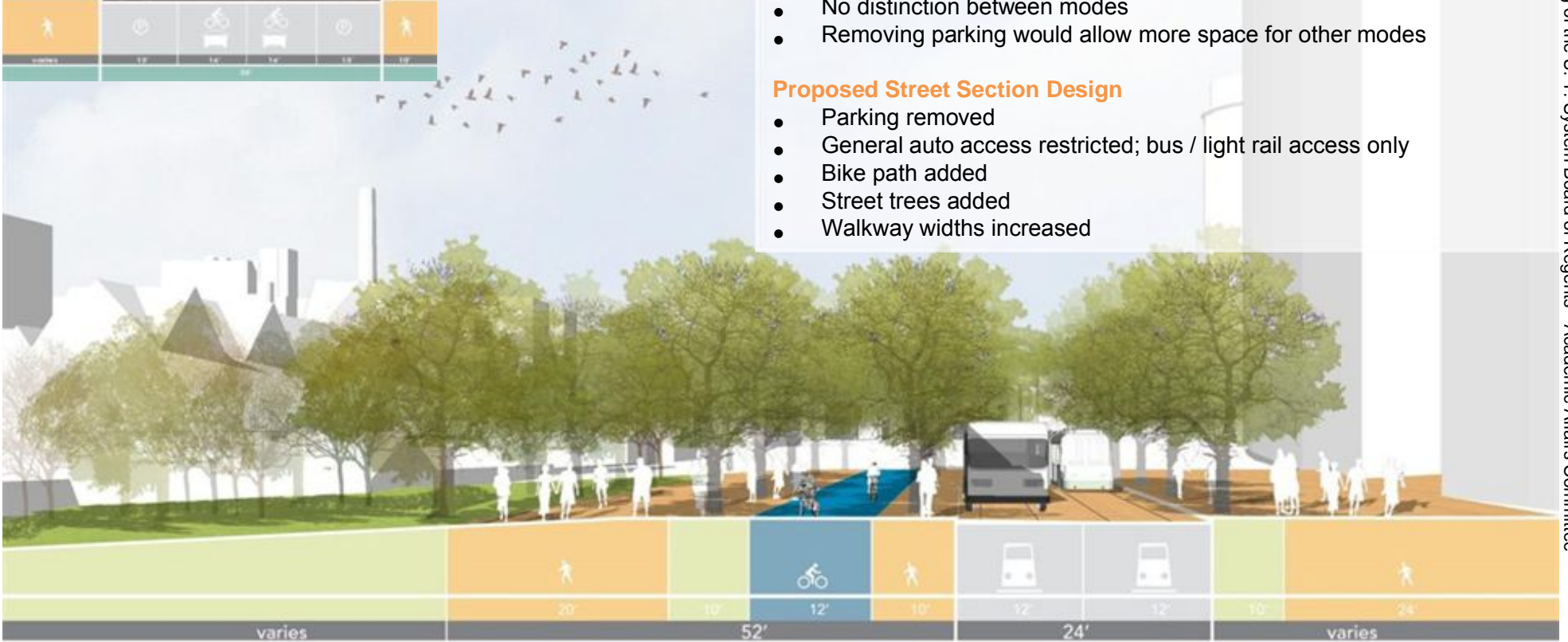
CENTRAL SAN JACINTO

Existing Condition

- Auto & Bus traffic, Bicycles, potential Light Rail compete for mobility space; pedestrians marginalized
- No distinction between modes
- Removing parking would allow more space for other modes

Proposed Street Section Design

- Parking removed
- General auto access restricted; bus / light rail access only
- Bike path added
- Street trees added
- Walkway widths increased



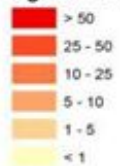
Proposed Street Section

ATTRACTION AND RETENTION OF BEST FACULTY AND STUDENTS

INTEGRATING ACADEMIC AND RESIDENTIAL LIFE

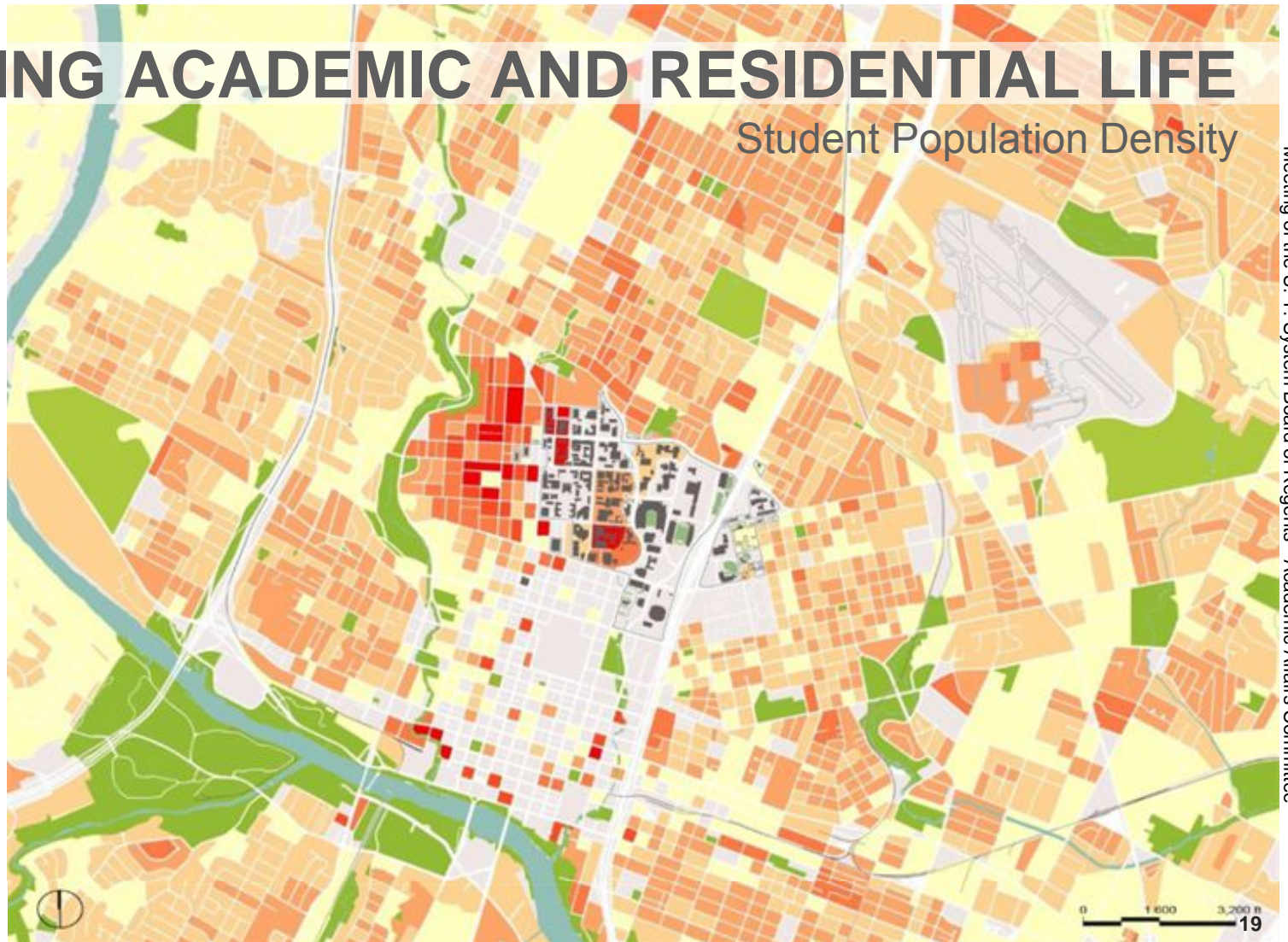
Student Population Density

Age 18 - 24 per Acre



Data Source: 2010 Census Block Data

The highest concentration of students is in the West University Neighborhood





FUTURE FOCUS

- Academic Plan Coordination
- Landscape Master Plan and Design Guidelines
- East Campus Plan
- Student and Residential Life Plan
- Athletics Master Plan
- City Coordination



The area north of 15th Street shown in the campus master plan reflects the initial thinking for increasing density in the Central Campus. Subsequent planning for the Medical District has resulted in a new concept for this area.

UT AUSTIN MEDICAL DISTRICT MASTER PLAN

EXISTING



PROPOSED



SITE ANALYSIS

EXISTING CAMPUS

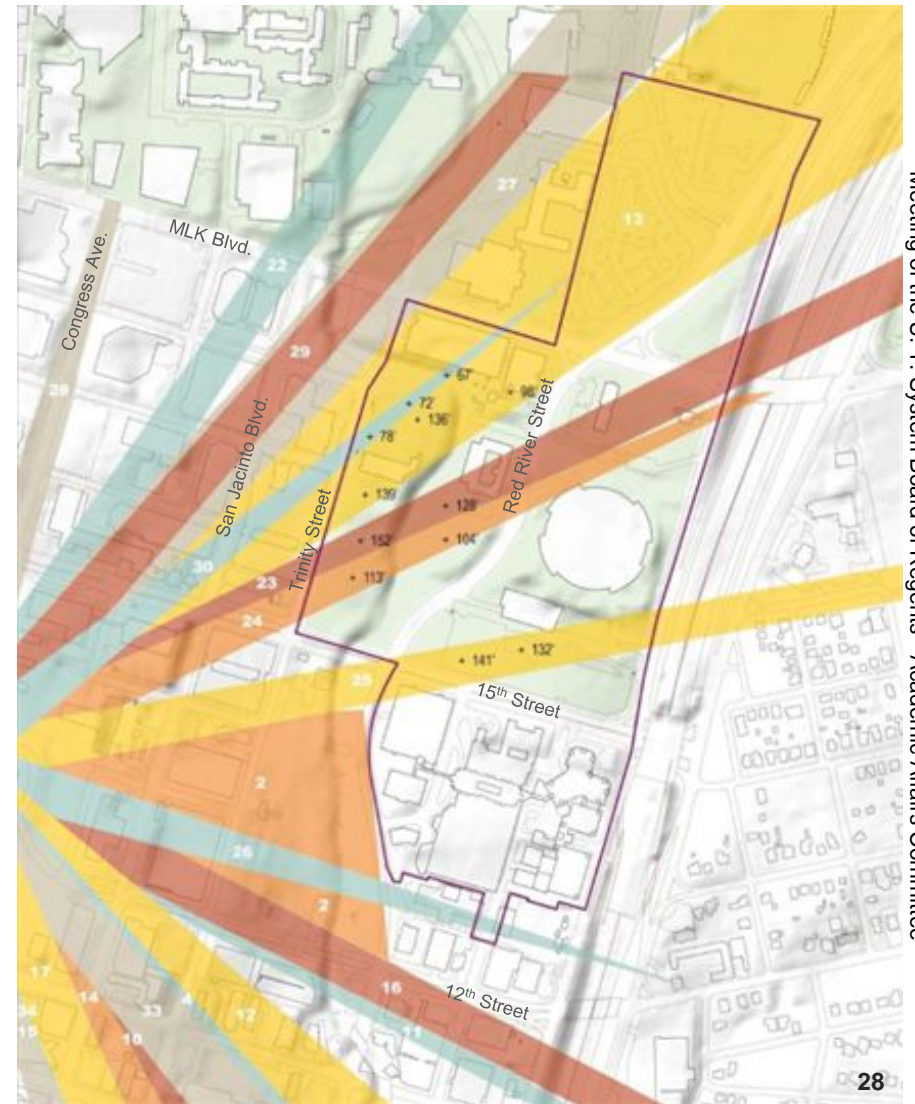


AUSTIN 1887



CAPITOL VIEW CORRIDORS

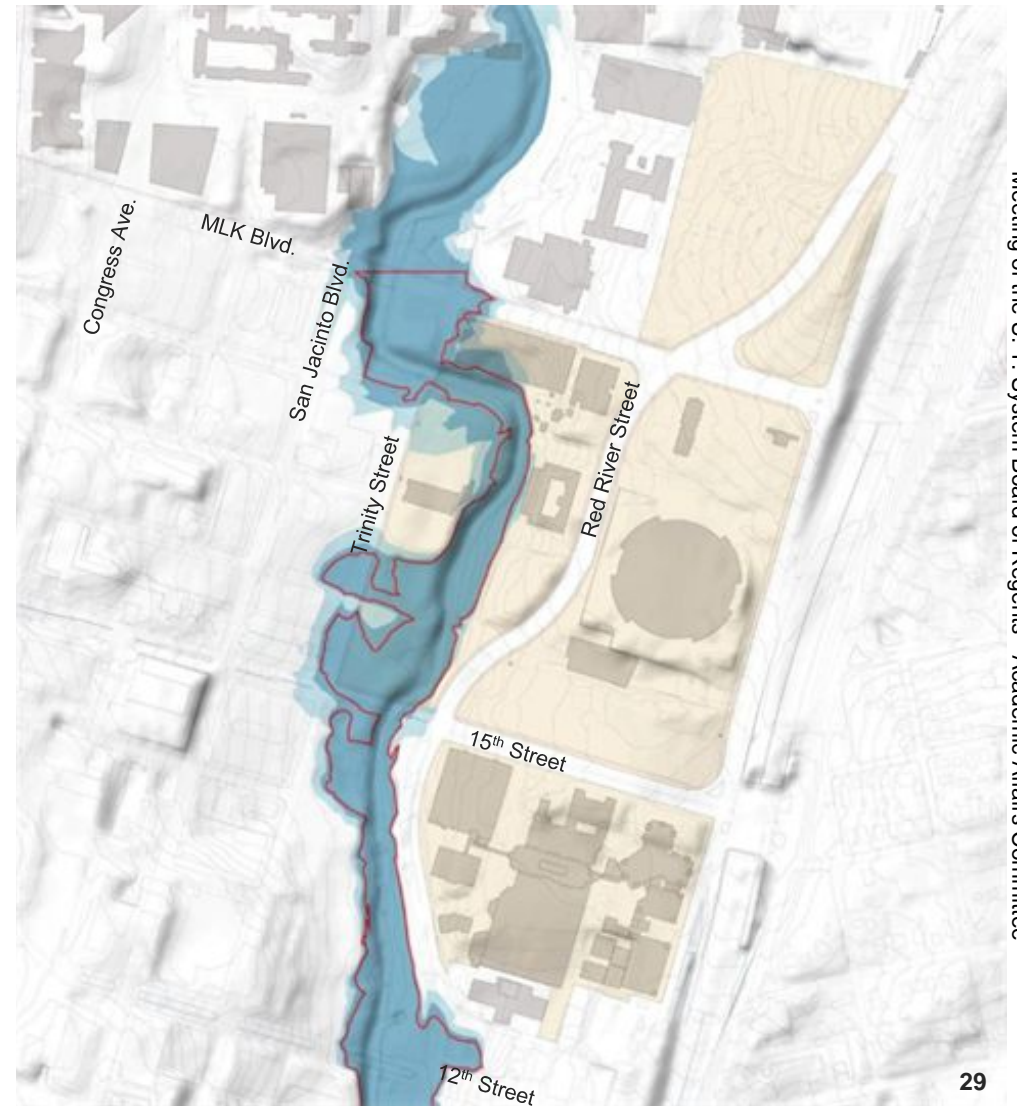
Five capitol view corridors impact the UT Medical District site, including: 13, 30, 23, 24, 25



FEMA COMPARISON

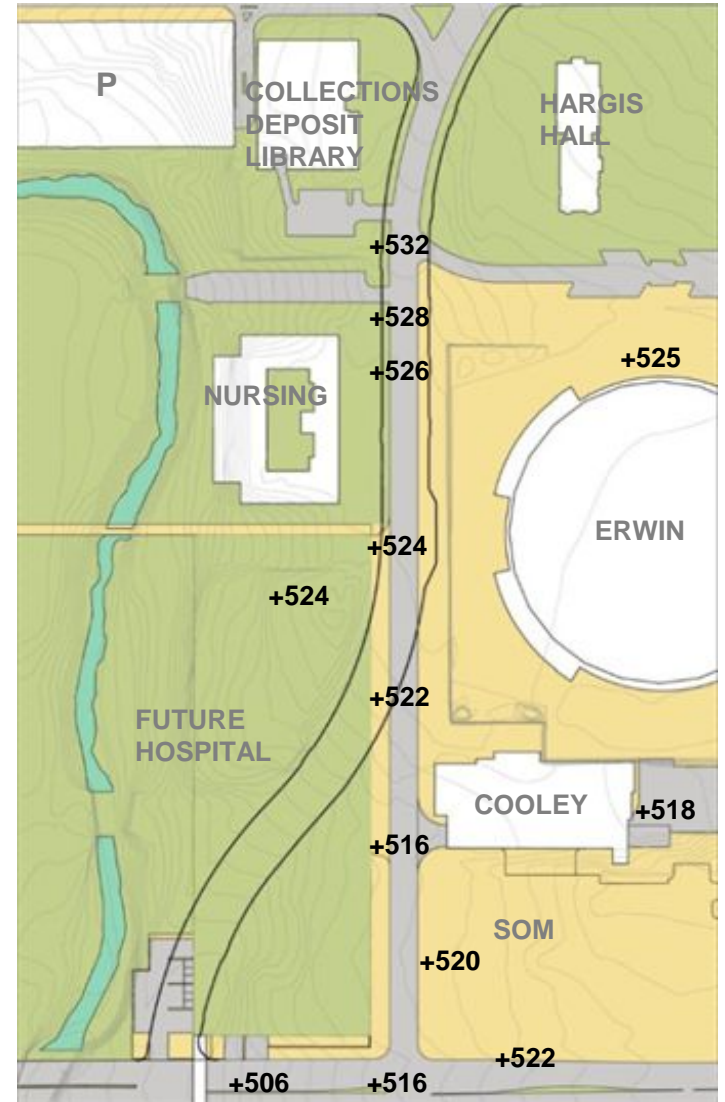
- FEMA floodplains: 100-year between 493' at 15th Street and 502' at Trinity Street and 500-year between 496' at 15th Street and 504' at Trinity Street - based on existing development conditions
- FEMA floodplain based on latest flood studies from City of Austin and are more extensive than published FEMA map (elevation has not changed, but extent now appears to be based on city 2003 topo data)

- City of Austin 25yr Floodplain
- New FEMA 100yr Floodplain
- ▨ New FEMA 500yr Floodplain



RED RIVER RE-ALIGNMENT

Key spot grades along Red River's Right-of-Way show no major challenges for vehicular or pedestrian access



BUILDING REMOVAL TIMELINE

Permanent Use

1. Historic buildings from the 19th century:
John R. Hargis Hall and Arno Nowotny Building
2. Trinity Garage
3. 15th Street Parking Garage
4. Plant Operations

Long Term Use

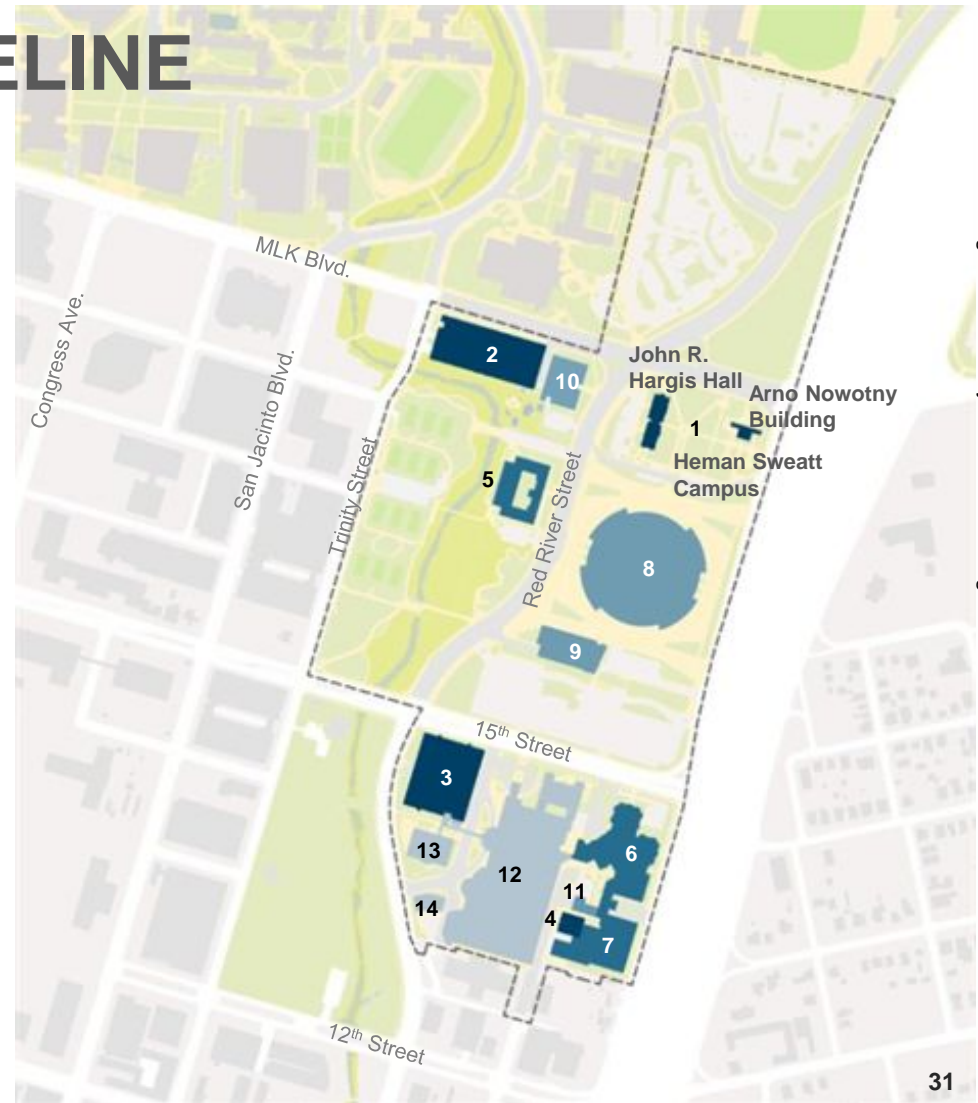
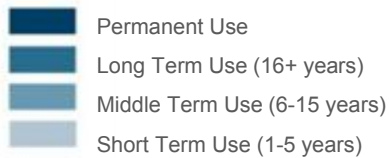
5. Nursing School
6. Clinical Education Center
7. CEC (Campus Environmental Center) Parking Garage

Middle Term Use

8. Erwin Center
9. Denton A. Cooley Pavilion
10. Collections Deposit Library
11. Cyberknife

Short Term Use

12. UMCB (University Medical Center Brackenridge)
13. Blackstock Family Health Center
14. Hospital Heliport

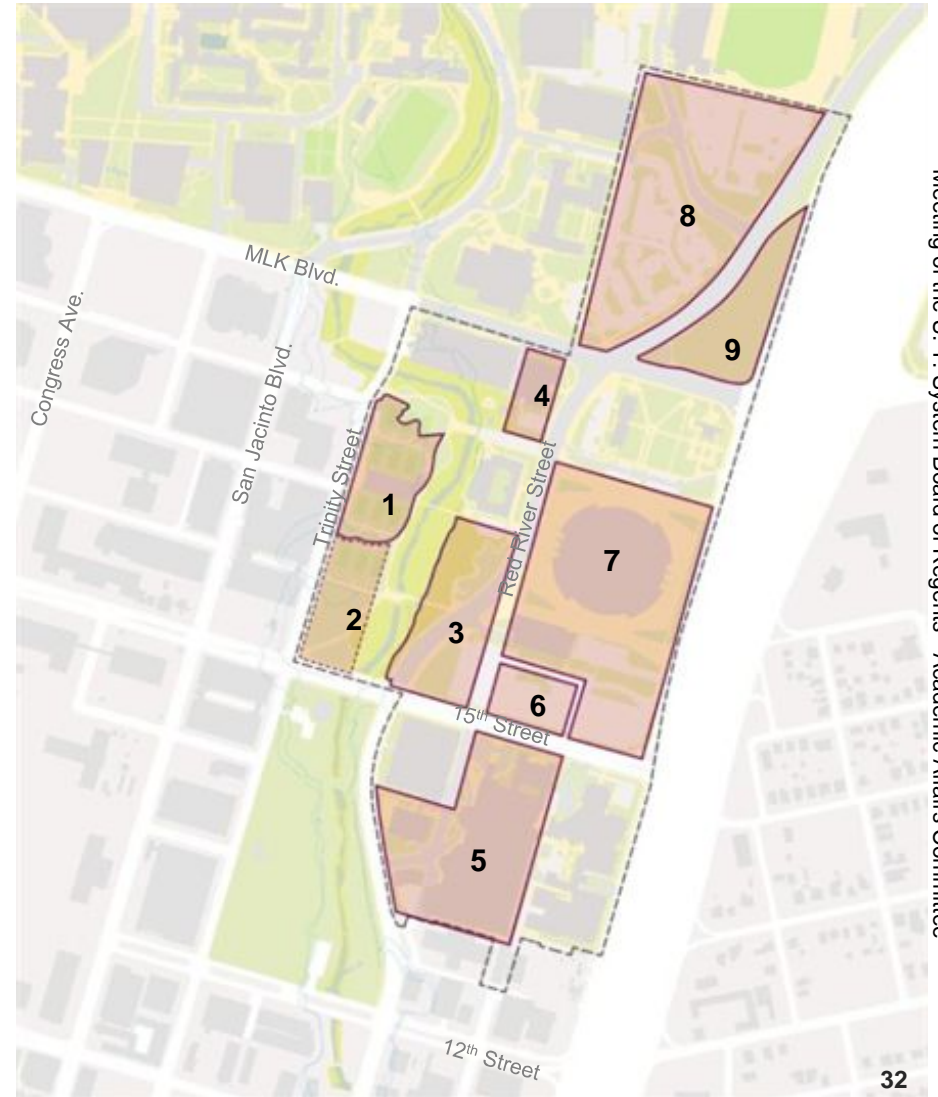


POTENTIAL SITES

- 7 building sites for short-term and long-term use
- Total available developable site area is 47.6 acres

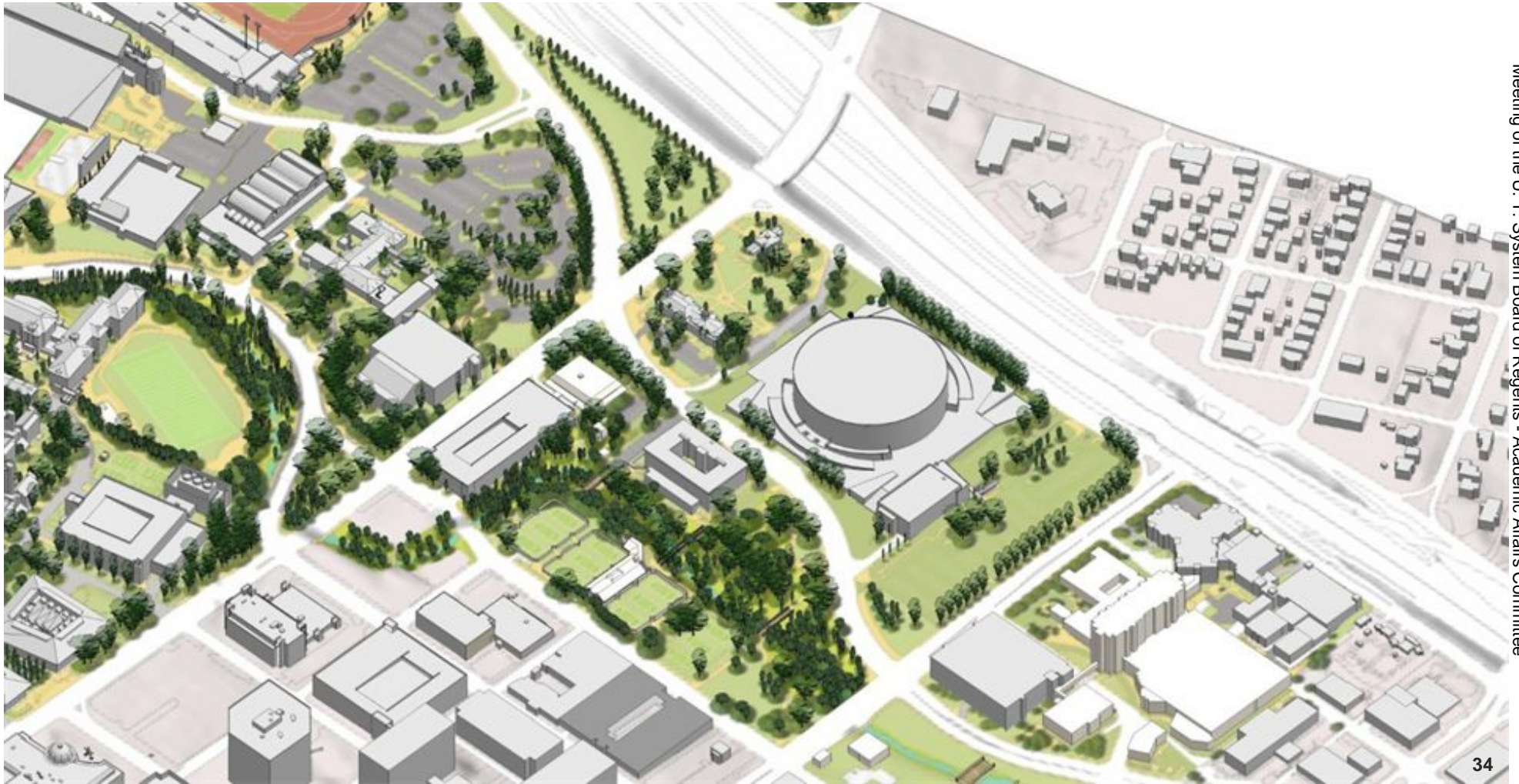
Site	Acreage of Available Sites
1	2.69
2	2.22
3	4.24
4	1.04
5	7.56
6	1.29
7	11.68
8	11.3
9	3.1

—— Building Sites
- - - - Potential Building Sites



MASTER PLAN

EXISTING



PHASE 1



Phase 1

GSF: 1,650,000

180

PHASE 2

Phase 2
GSF: 1,030,000



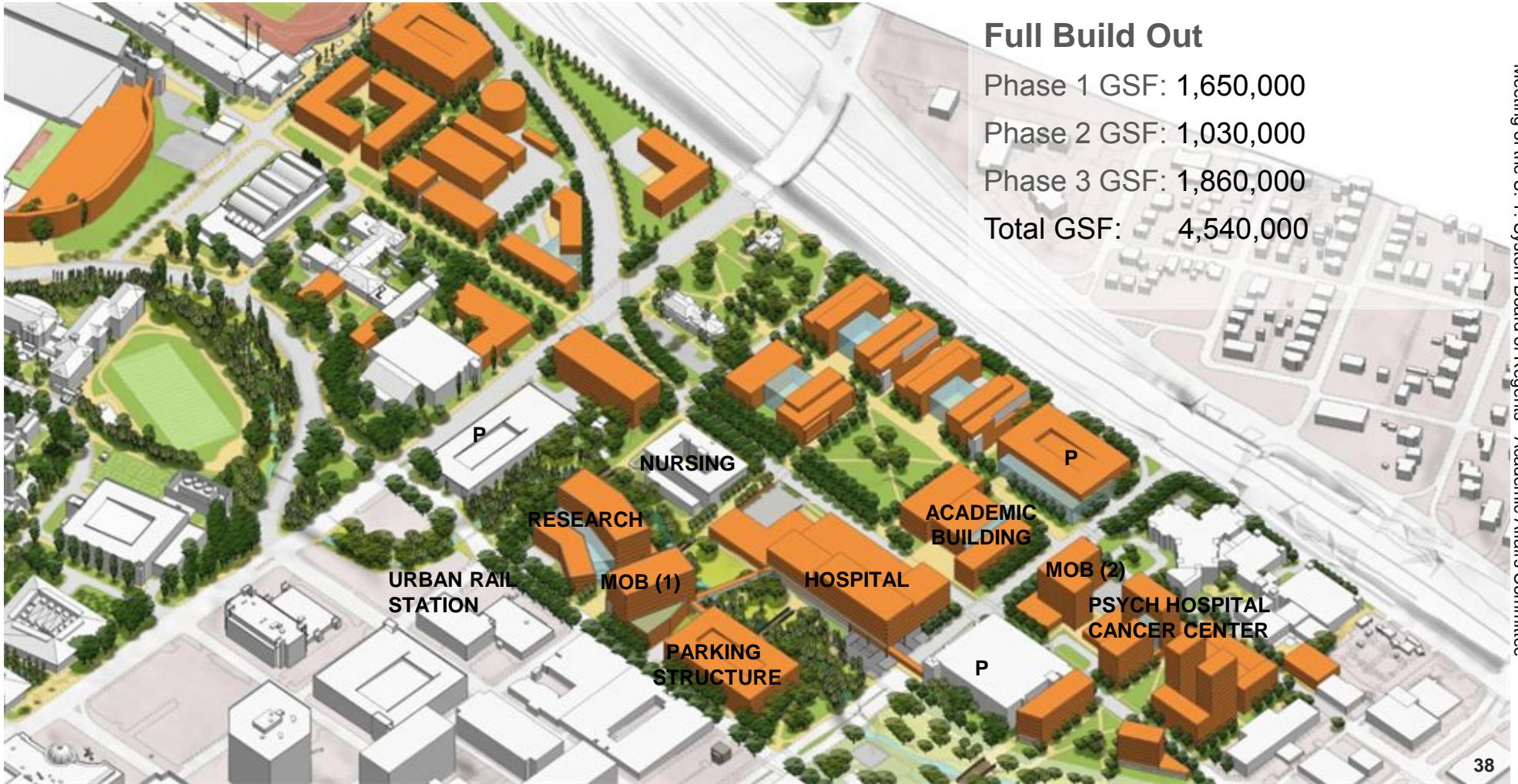
PHASE 3



Phase 3

GSF: 1,860,000

FULL BUILDOUT



PROPOSED: District Core



PROPOSED: District Core



PROPOSED: Toward the City Capitol



PROPOSED: Toward the City Capitol



3. **U. T. Arlington: Approval of updated Campus Master Plan to expand the real estate acquisitions zone to add the area immediately across South Center Street from U. T. Arlington's College Park Center and bounded by South Center Street, East Third Street, Mesquite Street, and East Mitchell Street**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Interim Vice Chancellor and General Counsel, and President Spaniolo that an update to the institution's Campus Master Plan be approved to revise the real estate acquisitions zone for U. T. Arlington.

BACKGROUND INFORMATION

The Campus Master Plan for U. T. Arlington was approved by the Board of Regents on May 11, 2000. The approved Campus Master Plans for all 15 U. T. System institutions were subsequently included in a single bound volume as directed by the Board on November 16, 2000. Since that time, some institutions have presented updates of their Campus Master Plans to the Board, which U. T. Arlington did with its master plan on May 9, 2007.

A common element in many of the institutions' master plans is a real estate acquisitions zone. The acquisitions zone is intended to reflect anticipated, long-term future needs of the institution as it manages its enrollment and programmatic offerings.

Enrollment at U. T. Arlington has increased from 20,424, as referenced in the November 2000 bound master plan volume, to 33,800 in Spring 2013. With the growth in enrollment and expected programmatic demands, the institution's long-term real estate acquisitions zone needs expansion.

The area selected for the expansion zone is immediately across South Center Street from U. T. Arlington's College Park Center. The zone is bounded by South Center Street, East Third Street, Mesquite Street, and East Mitchell Street and is in need of redevelopment. The area has several older apartments that are past their useful life expectancies. Land assembly, even though long-term, will enable this area to be redeveloped, and at the same time, will create a "buffer" with the adjacent area, enhancing campus safety and security.

The expansion to the acquisitions zone totals approximately 6.13 acres. Acquisitions within the zone would be made over an extended period of time. Approval of the acquisitions zone permits negotiated, voluntary acquisitions only for properties with a purchase price of \$1 million or less. In accordance with Regents' *Rules and Regulations*, Rules 10501 and 70301, acquisitions exceeding \$1 million will be brought to the Board for approval as and when an acquisition within the zone is proposed.

A map of the proposed acquisitions zone appears on the following page.



4. **U. T. San Antonio: Progress on implementation of the Framework for Advancing Excellence throughout The University of Texas System**

REPORT

President Romo will give an update on the progress at U. T. San Antonio to implement the Framework for Advancing Excellence throughout The University of Texas System. The PowerPoint is on the following pages.

Framework for Advancing Excellence UTSA 2013 Report

U. T. System Board of Regents' Meeting

May 2013

Academic Affairs Committee Meeting

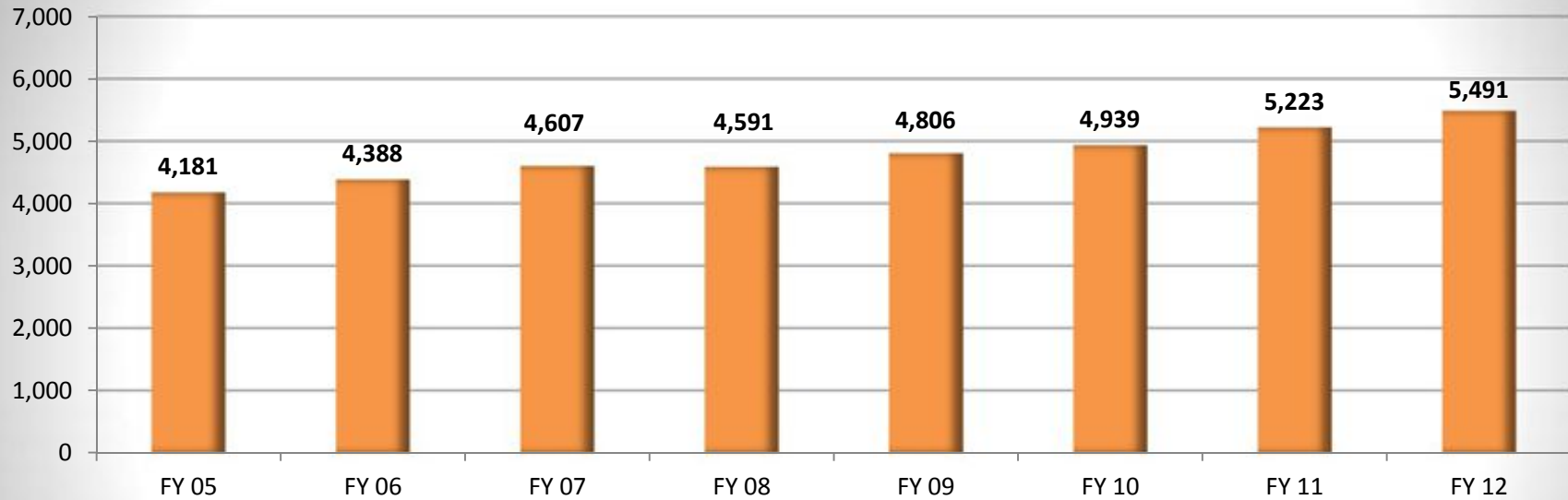
Goal 1. Undergraduate Student Access and Success

UTSA Fall 2012 Student Body

- 30,600 student body enrollment
- 70% of students come from outside Bexar County
- Nearly 62% are minority
- More than 50% are first-generation
- 70% qualify for need-based financial aid

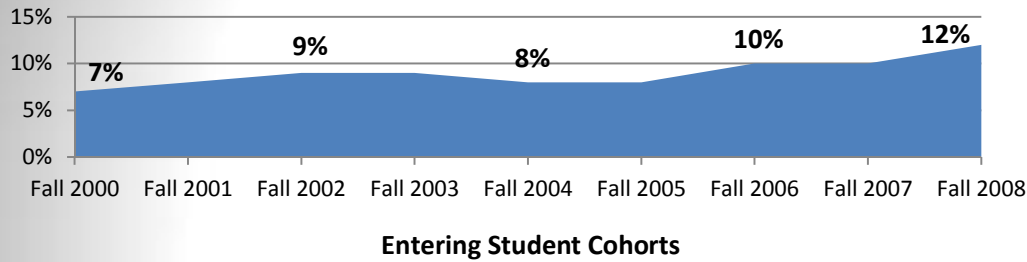


UTSA - Total Annual Degrees Awarded

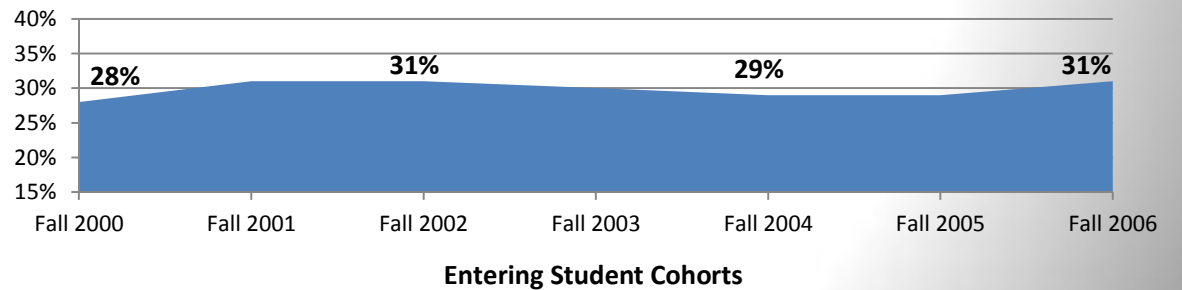


UTSA Degrees Awarded										
Academic Year	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	5-year %	8-year %
Baccalaureate	3,272	3,492	3,649	3,596	3,841	3,968	4,148	4,243	18%	29.7%
Master's	895	867	910	934	919	911	1,007	1,169	25.2%	30.6%
Doctoral	13	29	48	61	46	60	68	79	29.5%	508%
Total	4,180	4,388	4,607	4,591	4,806	4,939	5,223	5,491	19.7%	31.3%

UTSA Four-Year Graduation Rates First-Time, Full-Time Cohort

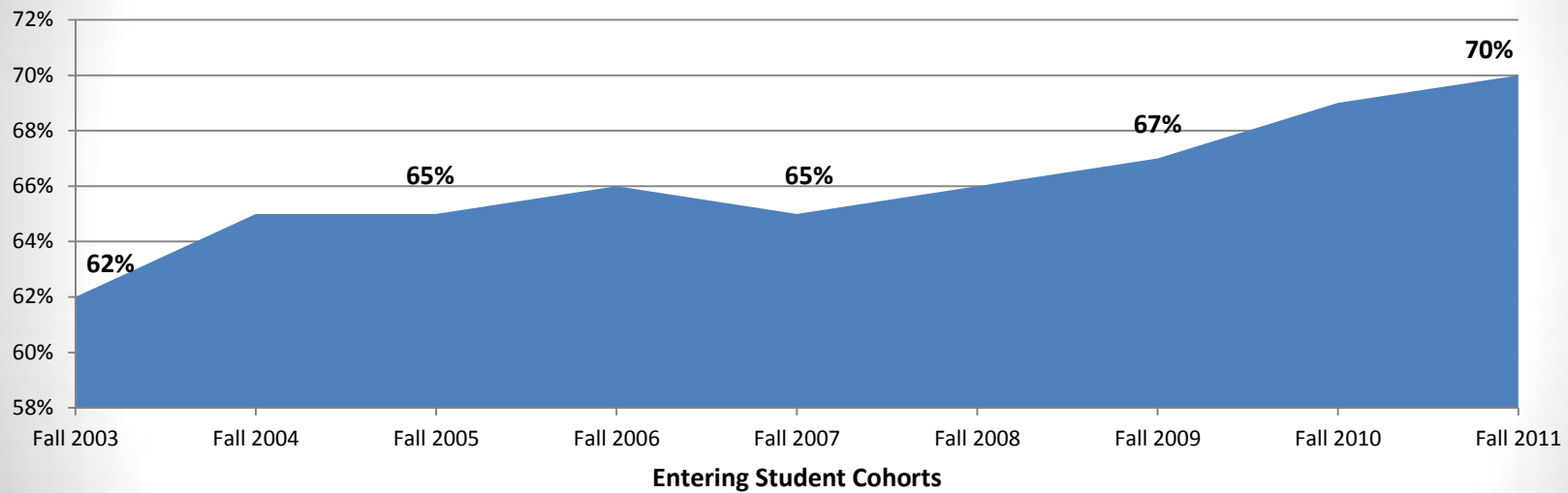


UTSA Six-Year Graduation Rates First-Time, Full-Time Cohort



Source:
UTSA Fact Book 2012

UTSA One-Year Retention Rates First-Time, Full-Time Cohort



Source: UTSA Fact Book 2012

196

Academic Preparation of Entering Freshman Class

High School Rank of First-Time Undergraduates

	Fall 2010	Fall 2011	Fall 2012	Fall 2013*
Top 10%	487	573	526	TBD
	9.9%	11.5%	11.7%	
11 to 25%	1,514	1,684	1,723	TBD
	30.7%	33.7%	38.4%	
Total Top Quartile	40.6%	45.2%	50.1%	76% of Admits
Total Enrollment	4,936	5,001	4,489	TBD

***50% of UTSA Fall 2012 entering freshmen graduated in the top quartile of their high school class.**

***Currently, 76% of freshman admits for Fall 2013 are ranked in the top quartile.**

Goal 1. Undergraduate Student Access & Success

Strategy

- Enhance four-year graduation rates



Accomplishments

- Adjusted admissions criteria for Fall 2013
- Created University College
- Redesigned freshman year experience

Challenges

- Shortage of classrooms and teaching labs
- High student to faculty ratio of 26:1
- Funding for competitive merit scholarships

Goal 1. Undergraduate Student Access & Success (cont.)

Strategy

- Incentivize four-year graduation rates
- Improve advising process

Accomplishments

- Created “Finish-in-Four” program for juniors and seniors
- Implementing new advising tool and web-accessible degree auditing systems

Challenges

- Scholarships as incentives for “Finish-in-Four” participants



Goal 1. Undergraduate Student Access & Success (cont.)

Strategy

- Increase access to technology for student learning

Accomplishments

- Established Faculty Instructional Lab
- Created Hybrid and Online Academies
- Increased the number of hybrid and online courses
- Identifying ways to partner with edX and MyEdu

Challenges

- Seed funding for converting to online courses

Goal 2. Faculty/Administrators/Staff Excellence

Goal 2. Faculty/Administrators/Staff Excellence

Strategy

- Staff recruitment and retention strategies

Accomplishments

- Created new staff career ladders to facilitate professional development
- Enhanced Annual Salary Review to align UTSA salaries with the market

Challenges

- Resources for retaining top performers and remaining competitive

Goal 2. Faculty/Administrators/Staff Excellence (cont.)

Strategy

- Faculty recruitment and retention

Accomplishments

- \$9.2 million in STARs support for 39 faculty (since FY 2006)
- 25 Regents' Outstanding Teaching Awards
- Created Academy of Distinguished Teaching Scholars at UTSA

Challenges

- Resources for competitive faculty salaries and labs

Goal 2. Faculty/Administrators/Staff Excellence (cont.)

Strategy

- Strengthen performance evaluation process

Accomplishments

- Establishing academic review cycles at all levels
 - Tenured faculty – six years
 - Colleges – six years
 - Departments – seven years
 - Centers and institutes – four years

Challenges

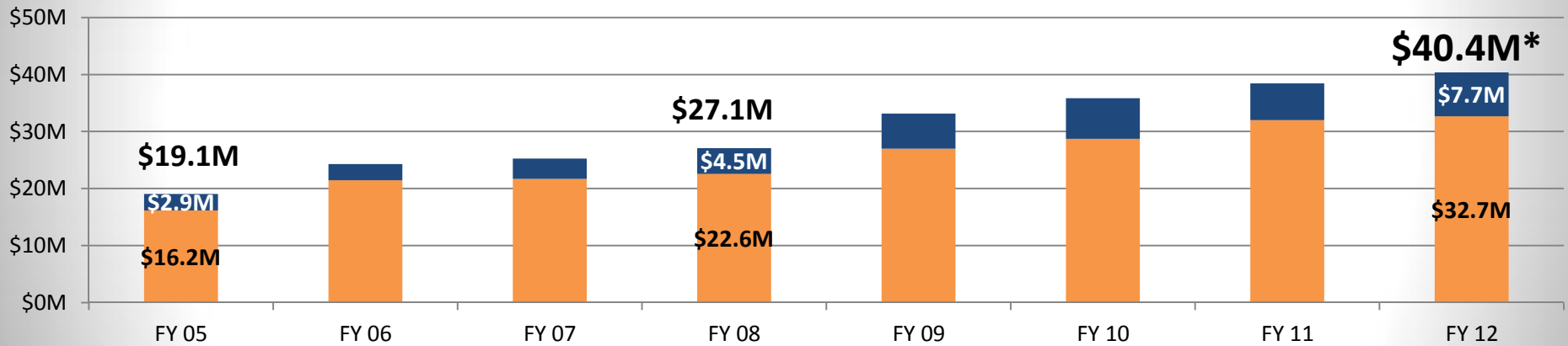
- Creating infrastructure and dedicating personnel to conduct reviews

Goal 3. Research Productivity

UTSA Total Restricted Research Expenditures

Source: UTSA Research Annual Reports

Federal Non-Federal

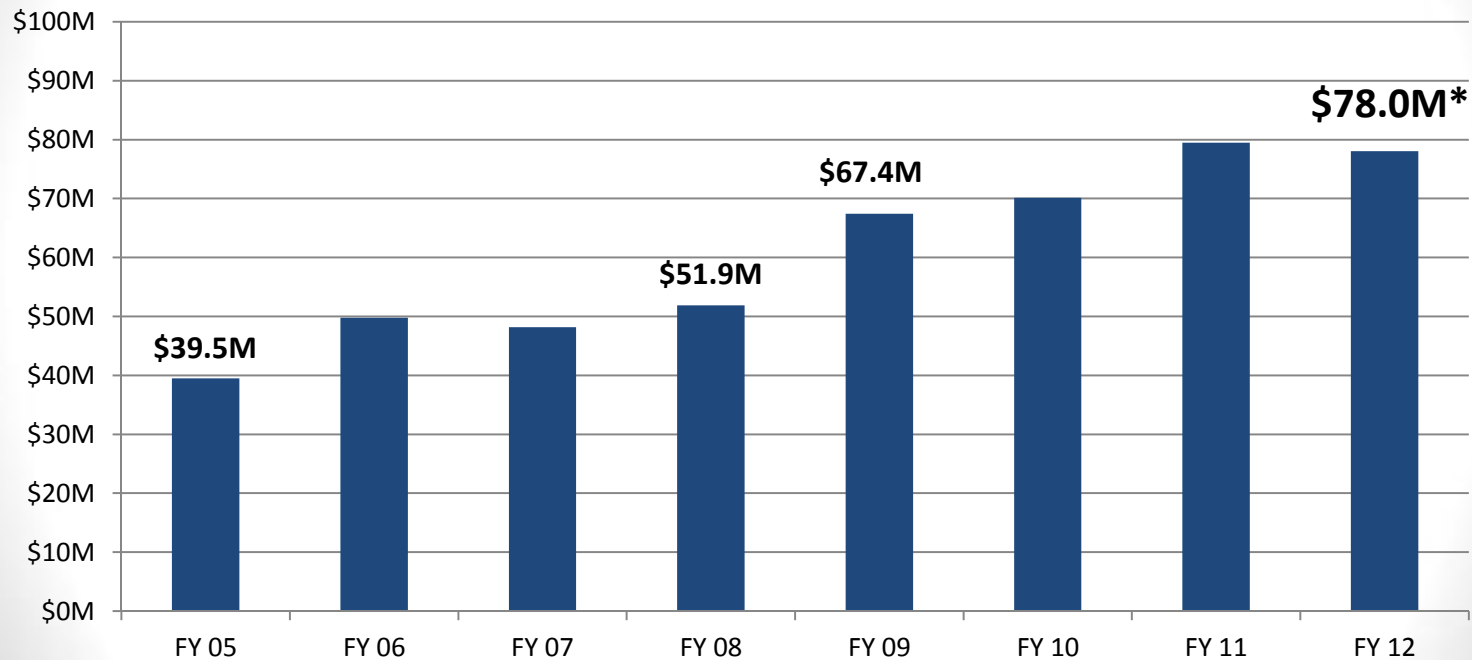


***Reflects 100%+ increase from FY05 to FY12**

206

UTSA Total Expenditures (including Sponsored Programs)

Source: UTSA Research Annual Reports



***Reflects ~100% increase from FY05 to FY12**

Goal 3. Research (cont.)

Strategy

- Promote synergistic research collaborations



Accomplishments

- Expanded partnerships with UTHSCSA, Military, CPS Energy, Southwest Research Institute, Eagle Ford Shale, and others
- San Antonio Life Sciences Institute (SALSI) produced 5x return on investment, new Ph.D. programs, and new research centers

Challenges

- Securing funds to continue SALSI collaboration

Goal 3. Research (cont.)

Strategy

- Promote synergistic research collaborations (cont.)

Accomplishments

- Launched new areas of research:
 - Medicinal Chemistry
 - Vaccine development
 - Water
 - Nanotechnology
 - Sustainable Energy
 - Cloud Computing

Challenges

- Resources to hire scholars in cutting-edge disciplines and to build core laboratories



Goal 4. Productivity and Efficiency

Goal 4. Productivity and Efficiency

Strategy

- Improve institutional efficiency and productivity

Accomplishments

- Improved Administrative Cost Ratio from 11.2% (FY 2009) to 8.9% (FY 2011)
- Implemented new Travel Card Program resulting in greater efficiencies and cost savings

Challenges

- Finding innovative ways to improve operational efficiency in climate of limited resources

Goal 4. Productivity and Efficiency (cont.)

Experimental Science Instructional Building (ESIB)



- Requesting \$92.7 million in tuition revenue bonds (TRBs) for 150,000 gross square footage (GSF) science building
- State-of-the-art teaching labs critical for STEM education
- Repurposing of 37 year-old science building
- Project ranked number 9 out of 77 by Texas Higher Education Coordinating Board (THECB)

San Saba Hall



- **Scheduled to open Fall 2013**
- **Adds 618 beds to on-campus housing**
- **\$43.5 million development**

Total on-campus beds: 4,261

North Paseo I Building



- Five-story building encompassing 180,000 GSF
- Total Project Cost is \$52.4 million
- Adds classrooms, research labs, and administrative space
- Final completion September 2014

Goal 5. Information Technology Infrastructure

Goal 6. Enhance Philanthropic Success



A Top-Tier Campaign

INITIAL GOAL
\$120 million
September 1, 2008

CURRENT TOTAL
\$121 million



CAMPAIGN NUMBERS
GOAL

NEW GOAL
\$175 million



RAISED
\$121 million or 69%

CAMPAIGN NUMBERS
NEW GOAL

Bodenstedt Chair for the Dean of Business (\$1 million)

Melvin Lachman Distinguished Professorship in Entrepreneurship (\$500,000)

Dr. Bertha Perez Distinguished Professorship in Bicultural and Bilingual Studies (\$500,000)

Ed Whitacre Chair in Mechanics (\$1 million)

Jacobson Distinguished Professorship in Engineering Innovation (\$500,000)

H-E-B FACULTY RESEARCH FUND NEW ENDOWMENTS

Stumberg Distinguished Chair for the Dean of the College of Liberal and Fine Arts (\$2 million)

Feik Distinguished Chair in Medicinal Chemistry (\$2 million)

Semmes Foundation Chair in Neurobiology (\$1 million)

Dr. Weldon Hammond Distinguished Professorship in Geosciences (\$500,000)

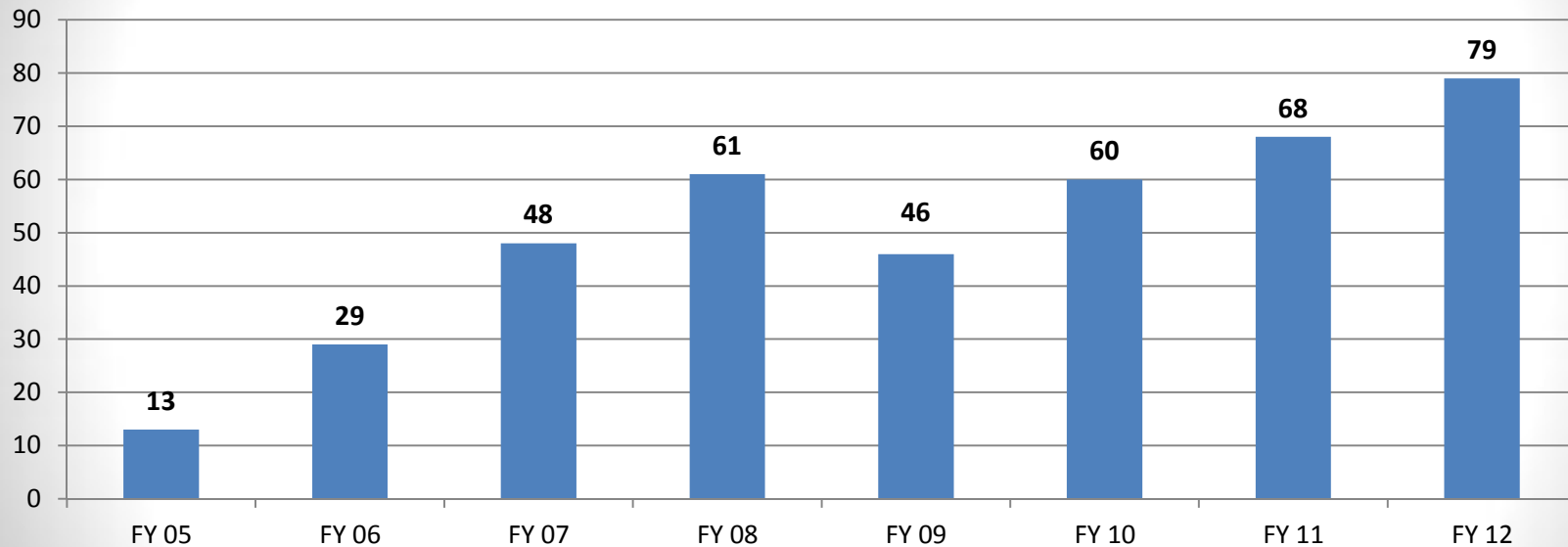
Cloud Technology Endowed Professorships (Four at \$250,000 each)

H-E-B FACULTY RESEARCH FUND NEW ENDOWMENTS (cont.)

Goal 7. Ph.D. Programs

UTSA Annual Doctoral Degrees Awarded

Source: UTSA Institutional Research



765 doctoral students enrolled at UTSA in Fall 2012

Goal 7. Ph.D. Programs

Strategy

- Strengthen reviews for Ph.D. programs

Accomplishments

- Established the Texas Higher Education Coordinating Board doctoral program seven-year review cycle
- Piloted Milestone Agreement in Fall 2012

Challenges

- Funding to recruit top doctoral students
- Expanding masters programs to online delivery

Thank you for your support of UTSA!



5. **U. T. Arlington: Honoric naming of the Practice Facility in the College Park Center as the Carrizo Oil & Gas Practice Facility**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Vice Chancellor for External Relations, and President Spaniolo that the U. T. System Board of Regents approve the honorific naming of the Practice Facility in the College Park Center at U. T. Arlington as the Carrizo Oil & Gas Practice Facility to recognize the \$5 million philanthropic contribution that Carrizo Oil & Gas, Inc. has made to the institution.

BACKGROUND INFORMATION

College Park Center is a \$78 million, 7,000 seat, special events arena that opened in February 2012. It is a true multipurpose facility, serving not only as the home of Maverick sports such as men's and women's basketball and women's volleyball, but also as the primary venue for graduation, convocations, and distinguished lecture series.

The Practice Facility within the College Park Center is a 15,900 square foot building housing two gymnasiums with an NCAA regulation basketball court in each. It will serve as the practice site for the U. T. Arlington Mavericks women's volleyball and basketball and men's basketball teams, as well as for the spirit groups (cheerleaders and dance team). The facility will also be used for athletic banquets, pep rallies, commencement activities, and youth camps.

Carrizo Oil & Gas, Inc. is a Houston-based energy company actively engaged in the exploration, development, exploitation, and production of oil and natural gas. Carrizo is the production company currently developing 22 wells on the U. T. Arlington campus. The company has worked closely with U. T. Arlington and the City of Arlington to develop the campus' natural resources.

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 recognize the philanthropic commitment of Carrizo Oil & Gas, Inc.

6. **U. T. Dallas: Honorific naming of the Arts and Technology Facility as the Edith O'Donnell Arts and Technology Building**

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 Arts and Technology Facility as the Edith O'Donnell Arts and Technology Building to recognize her generous support of U. T. Dallas.

BACKGROUND INFORMATION

The Arts and Technology Facility is a \$60 million, 155,000 square-foot facility at U. T. Dallas that will house programs in visual arts, emerging media technology and multimedia communications, as well as a 1,200-seat auditorium. The facility was added to the Capital Improvement Program (CIP) on February 7, 2008, funds were appropriated on November 15, 2012, and the project is slated for completion in May 2013.

Located near the center of campus, facing the newly renovated outdoor mall and reflecting pool, the building will hold 2,150 new classroom seats and 50 faculty offices. The unique open building design features a layout with offices and classrooms in the center of the building and perimeter spaces for showcasing the students' work. The exterior of the building will include a courtyard next to the new auditorium. The interior will provide spaces for classes in game design and visual arts, conference rooms, 2D drawing and painting art studios, 3D art studios, and photography and print-making labs.

Edith and Peter O'Donnell, along with the O'Donnell Foundation, have been among U. T. Dallas' most generous and longstanding supporters, with their involvement extending back to the 1980s. The Foundation makes grants to educational and art organizations, primarily in Texas. Total giving by Mr. and Mrs. O'Donnell to U. T. Dallas exceeds \$21.6 million. The majority of these gifts have been designated to establish endowed chairs, and most came through the O'Donnell Foundation. The Foundation's most recent major gift to U. T. Dallas was \$5 million directed to the U. T. Dallas Biomedical Devices Fund in January 2012. The January 31, 2013, market value of the 15 endowments established by the O'Donnells is \$29.3 million.

Edith Jones O'Donnell is a 1948 graduate of U. T. Austin. She is secretary and treasurer of the O'Donnell Foundation and currently serves on the boards of the Dallas Museum of Art and Hockaday School. She is also on the board of Big Thought and is co-founder of the creative learning program in North Texas. Both Edith and Peter O'Donnell were honored by Southern Methodist University in 2008 and conferred with the degrees of Doctor of Humane Letters, *honoris causa*. An iconic figure in Dallas, Mrs. O'Donnell has spent a lifetime connecting aspiring young artists with educational and outreach opportunities to fully develop their talents and contribute to advances in the arts.

The proposed naming is consistent with the Regents' *Rules and Regulations*, Rule 80307, relating to the honorific naming of facilities. This proposed honorific naming is appropriate to honor Mrs. O'Donnell's passion and dedication to the arts and her generous support of U. T. Dallas over many years.

7. U. T. System Board of Regents: Approval to create the University College at U. T. Pan American and amendment of the Regents' *Rules and Regulations*, Rule 40601, Section 1.8 to add Subsection (h) to include the University College

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Interim Vice Chancellor and General Counsel, and President Nelsen that approval be granted for U. T. Pan American to create a University College and that the Regents' *Rules and Regulations*, Rule 40601, Section 1.8, concerning institutions comprising The University of Texas System, be amended to include the University College 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:

...

- 1.8 The University of Texas-Pan American (U. T. Pan American)
 - (a) The University of Texas-Pan American College of Arts and Humanities
 - (b) The University of Texas-Pan American College of Business Administration
 - (c) The University of Texas-Pan American College of Education
 - (d) The University of Texas-Pan American College of Engineering and Computer Science
 - (e) The University of Texas-Pan American College of Health Sciences and Human Services
 - (f) The University of Texas-Pan American College of Science and Mathematics
 - (g) The University of Texas-Pan American College of Social and Behavioral Sciences
 - (h) The University of Texas-Pan American University College

.....

BACKGROUND INFORMATION

U. T. Pan American proposes to transition the Office of Undergraduate Studies to a University College with a focus on undergraduate student success and retention. The University College will emphasize strong student advising, particularly for students who are undecided on a major or a career path. It will also focus on excellence in developmental education and academic support; programming to engage students with academic life in the first year and beyond; and excellence in undergraduate teaching, assessment, and curriculum.

The proposed amendment to the Regents' *Rules and Regulations*, Rule 40601 will include the U. T. Pan American University College, which has 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: Discussion and appropriate action related to submission of updated strategic plans for research for U. T. Arlington, U. T. Dallas, U. T. El Paso, and U. T. San Antonio, as well as U. T. Austin**

RECOMMENDATION

Chancellor Cigarroa, Executive Vice Chancellor Reyes, and the respective presidents recommend approval of the updated strategic plans for research proposed for submission to the Texas Higher Education Coordinating Board by U. T. Arlington, U. T. Dallas, U. T. El Paso, and U. T. San Antonio, as well as U. T. Austin, as required by House Bill 51 passed during the 81st Regular Legislative Session. The updated strategic plans were sent to members of the Board prior to the meeting and are on file in the U. T. System Office of Academic Affairs.

BACKGROUND INFORMATION

Coordinating Board rules require a research university or an emerging research university as designated in the Coordinating Board's accountability system to develop a long-term strategic plan for either achieving recognition as a research university, as is the case for U. T. Arlington, U. T. Dallas, U. T. El Paso, and U. T. San Antonio, or for enhancing the institution's reputation as a research university, as is the case for U. T. Austin. The strategic plans require approval by the U. T. System Board of Regents prior to submission to the Coordinating Board per *Texas Education Code* Section 51.358.

9. **U. T. System: Discussion on the role of private industry in funding research in business and engineering**

DISCUSSION

President Daniel, U. T. Dallas, will lead a discussion on the role of private industry in funding research in business and engineering.



TABLE OF CONTENTS FOR HEALTH AFFAIRS COMMITTEE

Committee Meeting: 5/8/2013

Board Meeting: 5/9/2013
Austin, Texas

Robert L. Stillwell, Chairman
James D. Dannenbaum, Vice Chairman
Paul L. Foster
Printice L. Gary
Wallace L. Hall, Jr.

	Committee Meeting	Board Meeting	Page
Convene	1:30 p.m. <i>Chairman Stillwell</i>		
1. U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, referred for Committee consideration	1:30 p.m. Action	Action	233
2. U. T. M. D. Anderson Cancer Center: Honorific naming of the Cancer Prevention Center for Ms. Lyda Hill	1:31 p.m. Action <i>President DePinho</i> <i>Dr. Safady</i>	Action	234
3. U. T. Health Science Center - Houston: Report on dentistry workforce issues in Texas	1:40 p.m. Report/Discussion <i>Dr. John Valenza,</i> <i>U. T. Health Science</i> <i>Center - Houston</i>	Not on Agenda	235
4. U. T. System: Discussion on Ph.D. career counseling programs at U. T. System health institutions	1:55 p.m. Report/Discussion <i>Health Presidents</i>	Not on Agenda	252
5. U. T. System: Report on the challenges in the regulation of research and on the Virtual Center for Regulation of Science	2:15 p.m. Report/Discussion <i>Dr. Hurn</i>	Not on Agenda	253
6. U. T. Health Science Center - San Antonio: Update on the San Antonio Children's Hospital	2:25 p.m. Report/Discussion <i>President Henrich</i>	Not on Agenda	254
7. U. T. Southwestern Medical Center: Report on the West Campus Plan - Phase 1	2:30 p.m. Report/Discussion <i>President Podolsky</i>	Not on Agenda	255
8. U. T. System: Quarterly report on health matters of interest to the U. T. System, including the role of the U. T. System health institutions under the 1115 Medicaid Waiver Program	2:50 p.m. Report/Discussion <i>Dr. Shine</i>	Not on Agenda	269
Adjourn	3:00 p.m.		

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

The proposed Consent Agenda is at the back of the book.

2. **U. T. M. D. Anderson Cancer Center: Honorific naming of the Cancer Prevention Center for Ms. Lyda Hill**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs, the Vice Chancellor for External Relations, and President DePinho that the U. T. System Board of Regents approve the honorific naming of the Cancer Prevention Center for Ms. Lyda Hill to recognize her generous support of U. T. M. D. Anderson Cancer Center.

BACKGROUND INFORMATION

Ms. Lyda Hill made a recent pledge of \$50 million over five years to U. T. M. D. Anderson Cancer Center to support the Moon Shots Program, a comprehensive action plan to rapidly and dramatically reduce mortality and suffering in several major cancers. In recognition of that extraordinary gift, this request is being made to honor her with the naming of the Cancer Prevention Center.

The Cancer Prevention Center is a research center led by M. D. Anderson's Clinical Cancer Prevention Department. Through laboratory and clinical studies, researchers are identifying lifestyle factors, genetic predisposition, and molecular events contributing to the development and prevention of cancer. More than 15,000 patients, including an increasing number of cancer survivors, annually rely on the Center's nationally recognized cancer prevention specialists to help them reduce their chances of developing primary and secondary cancers through personalized recommendations based on age, gender, and cancer risk.

Ms. Hill is a businesswoman, volunteer, philanthropist, and environmentalist. Early in her career, she founded her own travel company and eventually built it into the largest travel agency in Texas. She has managed other family businesses with interests in the oil, gas, and real estate development industries. Ms. Hill has been an active member of the M. D. Anderson Cancer Center Board of Visitors for more than three decades and serves on the Events Committee. Prior to her recent pledge of \$50 million, she has contributed more than \$2.1 million to U. T. M. D. Anderson Cancer Center since 1981.

The proposed naming is consistent with the Regents' *Rules and Regulations*, Rule 80307, relating to the honorific naming of facilities. This request is made in appreciation for the generous support of Ms. Hill and in recognition of her far-reaching impact on cancer research.

3. **U. T. Health Science Center - Houston: Report on dentistry workforce issues in Texas**

REPORT

John Valenza, D.D.S., Professor in the Department of General Practice and Dental Public Health and Dean of the School of Dentistry at U. T. Health Science Center - Houston, will report on dentistry workforce issues in Texas. Dr. Valenza's presentation is set forth on the following pages.

Dental Workforce in Texas

John A. Valenza, D.D.S.

Dean, U. T. Health Science Center - Houston School of Dentistry

U. T. System Board of Regents' Meeting

Health Affairs Committee

May 2013



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All jobs aren't created equal. In fact, some are simply better than the rest. *U.S. News* 100 Best Jobs of 2013 are the occupations that offer a mosaic of employment opportunity, good salary, manageable work-life balance, and job security. Some careers offer just the right mix of these components—for instance, our top tier is filled with tech and healthcare jobs—but the list also includes strong showings from occupations in the social services and business sectors. Even construction jobs enter the fray this year. Read more on [how we rank the best jobs](#), and check out our full list.



Dentist

Overall Score: 8.4 | **Median Salary** \$142,740 | [See Job Openings](#)

Ever heard the phrase "Your face is your fortune"? For dentists, our smile is their fortune. They earn their living diagnosing and treating teeth and gums, performing oral surgery, and counseling and educating us on maintaining proper oral health. The profession should grow 21.1 percent by 2020.

JOBS IN 2020

Who will have a thriving career, and who won't? Find out what will drive America's workforce.

[Jobs in 2020 >](#)

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Oral Health Facts

- While the overall prevalence of dental caries among children has decreased during the past 50 years, dental decay is the most common chronic childhood disease in the U.S.¹
- Oral disease burden is disproportionately borne by poor children, adults, and the elderly with low incomes and other vulnerable population groups¹
- Demand for dentistry in the U.S. since 1981 has been slowing²

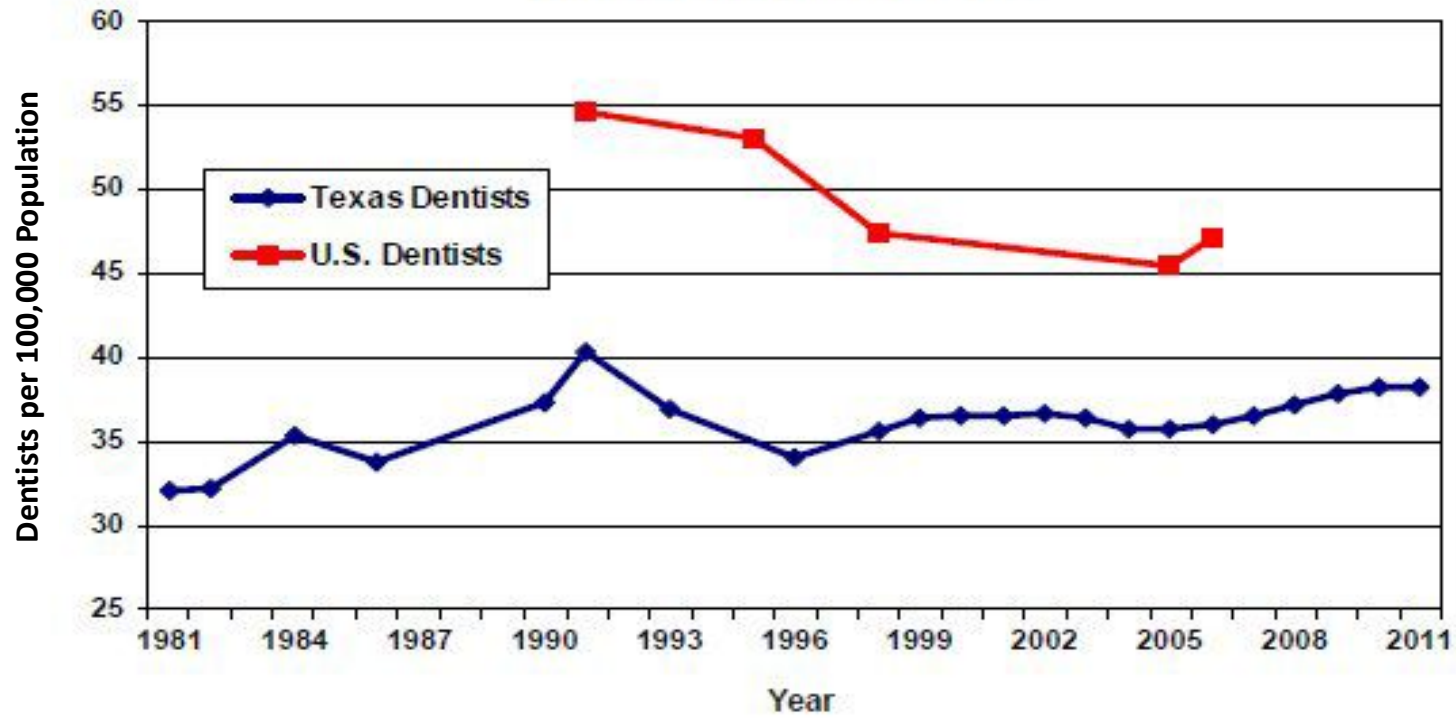
¹Centers for Disease Control and Prevention

<http://www.cdc.gov/oralhealth/publications/library/burdenbook/chapter4.htm>

²Nash K, Brown LJ. The Market for Dental Services. J Dent Educ 76:973-986. 2012



Figure 46. Dentists per 100,000 Population,
U.S. and Texas, 1981-2011



Source: Texas State Board of Dental Examiners; HRSA, Bureau of Health Professions and others
Texas data include all licensed, active, in-state, non-federal dentists; US data may vary



Texas Dental Practice Landscape (2000-10)

- U.S. population grew 9.7% while Texas population grew 20.6%¹
- Number of dentists in Texas has increased faster than the general population (to 11,751 in 2011)²
- Number of “general dentists” (general dentists, pediatric dentists, public health dentists) has increased 28% (to 9,909 in 2011)²

¹ Office of the State Demographer, Update of Texas Demographic Characteristics and Trends

² Texas Department of State Health Services (DSHS) and Texas Higher Education Coordinating Board (THECB), 2012



Texas Dental School Graduates

- Texas graduates are likely to remain in the state and establish practices in the state's most populous higher education areas
- Most Texas graduates (79%) from 2007-2011 practice in or near population centers of the state (Gulf Coast, South Texas, and Metroplex)
- Approximately 30-35% of Texas graduates practice in “underserved” areas

Texas State Board of Dental Examiners (SBDE), Legislative Budget Board (LBB) and Texas Higher Education Coordinating Board (THECB), 2012



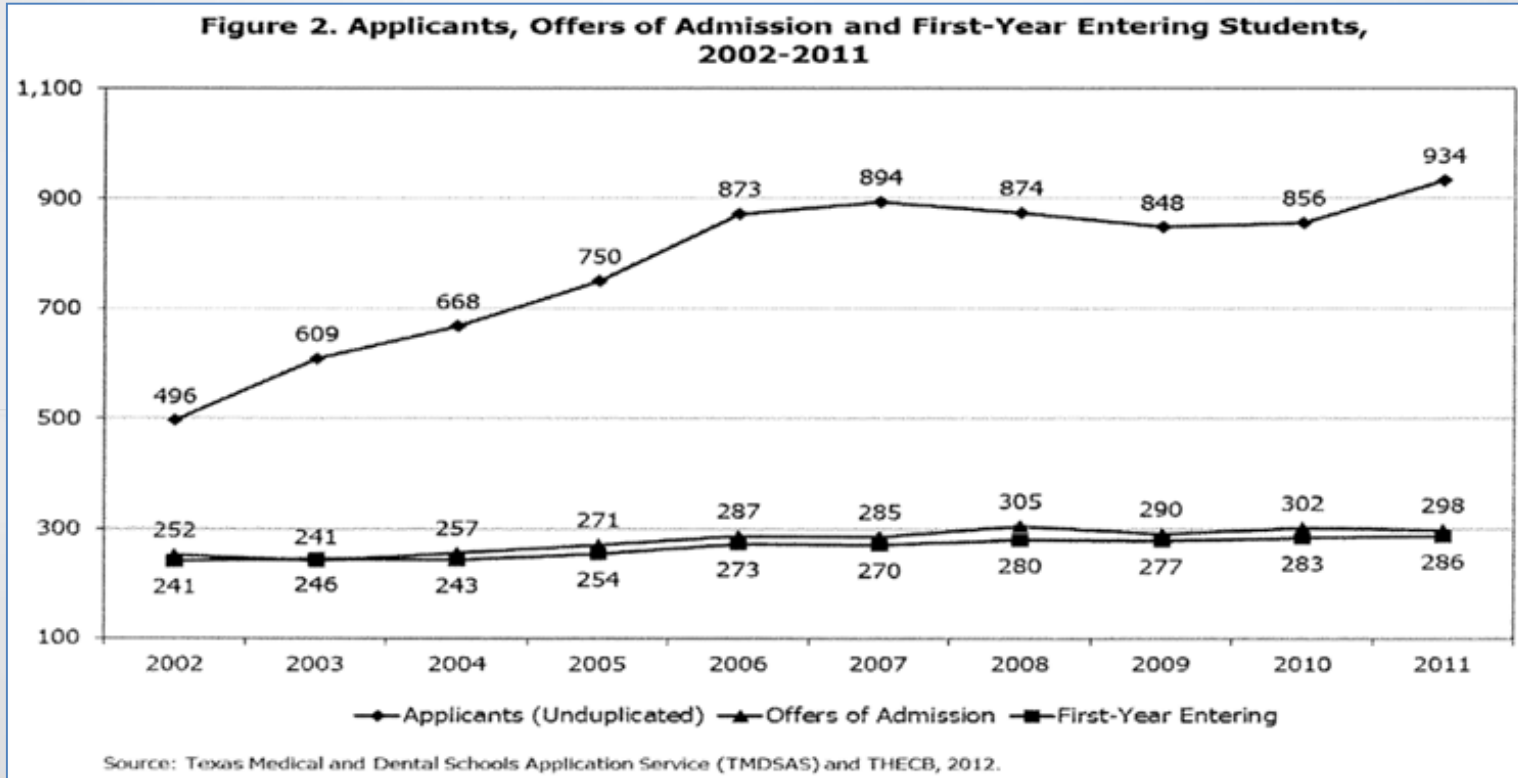
Oral Health Workforce Education

	College Pre-requisites	Dental/ Dental Hygiene School	Residency
Dental Hygiene	0-2 years	2 years	None
Current U.S. D.D.S. Model	3-4 years	4 years*	Optional for General D.D.S.
“Mid-level” provider: <ul style="list-style-type: none"> Dental Health Aide Therapist (DHAT) - Alaska, 2003 Community Dental Health Coordinator (CDHC) - ADA, 2006 Advanced Dental Hygiene Practitioner (ADHP) – ADHA Dental Therapist (DT)/Advanced Dental Therapist (ADT) - 2009 	0 – 2 years	1-2 years	N/A
Possible 6+1 D.D.S. Model (“European” model)	Combined 6 years		Required

* Except University of Pacific, which is a 3-year curriculum



Texas Applicants (2002-11)



243



Texas Dental School Enrollment

	1981	1990s	2013
U. T. Health Science Center - Houston	124	60	100
U. T. Health Science Center - San Antonio	152	80	100
Texas A&M University Baylor (Dallas)	133	85	100
TOTAL:	409	225*	300*

* approximate



D.D.S. Student Debt

- Tuition:
 - UTHSC-Houston 1st-year Resident (2012-13): **\$16,988**
 - Average U.S. 1st-year Resident: **\$30,886**¹
- Nationally, approximately 90% of dental students use student loans to finance their dental educations¹
- U.S. 2012 graduates had average combined undergraduate & dental school debt of \$203,374 (up from \$105,969 in 2000)²
- U. T. School of Dentistry at Houston 2012 graduate debt: \$131,766 (Dental School only)

¹ American Dental Association (ADA), Survey Center, 2009-10 *Survey of Dental Education*

² American Dental Education Association (ADEA) Survey of Dental School Seniors, 2012 Graduating Class, Table 10



New Technologies in Dental Education

- Electronic Health Records/Digital Imaging
- Simulation and virtual patients
- Haptic holography
- Plastination & virtual dissection
- Computer-Aided Design/Computer-Aided Manufacturing



Other U. T. School of Dentistry Strategies

- Increasing scholarships (from **\$26,500** total in 2008 to **\$77,000** total in 2012)
- Established new *Professional Resource Center*
- Expanding community partnerships in delivery of care, especially to pediatric and geriatric populations
- Expanding focus on research in dental public health, dental informatics, and educational research



Unknowns

- Impact of the Affordable Care Act
 - Mandated dental benefits for all children
 - Effect of dental public health measures
 - Community outreach funding, e.g., Federally Qualified Health Centers (FQHC)
- Medicaid
- State funding and tuition

248



Factors Affecting Future Workforce

- Demand for services
 - Population growth/locations
 - Federal/state health care funding
 - Utilization of services
 - Prevention/health literacy and education
- Dental education
 - Increasing # of dental schools/enrollment
 - Funding/student debt
- Delivery models
 - Gender diversity of practicing dentists
 - New workforce models (“mid-level providers”)
 - “Corporate” dental practice



Some Next Steps

- Need collaborative national and state plan that addresses access to care
- Support current Dental School enrollment in Texas
- Develop incentives for dental practitioners to work in underserved areas
- Continue to seek new funding models and alternatives
- Consider workforce models that can be supported educationally and are effective and sustainable in practice





4. **U. T. System: Discussion on Ph.D. career counseling programs at U. T. System health institutions**

REPORT

The health presidents will discuss Ph.D. career counseling programs at the U. T. System health institutions.

5. **U. T. System: Report on the challenges in the regulation of research and on the Virtual Center for Regulation of Science**

REPORT

Vice Chancellor Hurn will report on the challenges in the regulation of research and on the Virtual Center for Regulation of Science.

The report will include the challenges inherent in the regulation of health research and the potential for 1) increased cost to U. T. System academic medical centers to assure compliance, and 2) increased faculty time in administrative and compliance efforts.

Dr. Hurn will also report on the planned activities of the new Virtual Center for Regulation of Science, a U. T. System health institution collaboration that seeks to address these challenges.

6. **U. T. Health Science Center - San Antonio: Update on the San Antonio Children's Hospital**

REPORT

President Henrich will give an update on the San Antonio Children's Hospital.

7. **U. T. Southwestern Medical Center: Report on the West Campus Plan - Phase 1**

REPORT

President Podolsky will provide a report on U. T. Southwestern Medical Center's West Campus Plan - Phase 1. President Podolsky's presentation is set forth on the following pages.

The West Campus - Phase 1 project is also on the Facilities Planning and Construction Committee agenda as an action item (Item 5 on Page 278).

U. T. Southwestern Medical Center West Campus Plan – Phase 1

Daniel K. Podolsky, M.D.
President

U. T. System Board of Regents' Meeting
Health Affairs Committee
May 2013



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U. T. Southwestern Medical Center

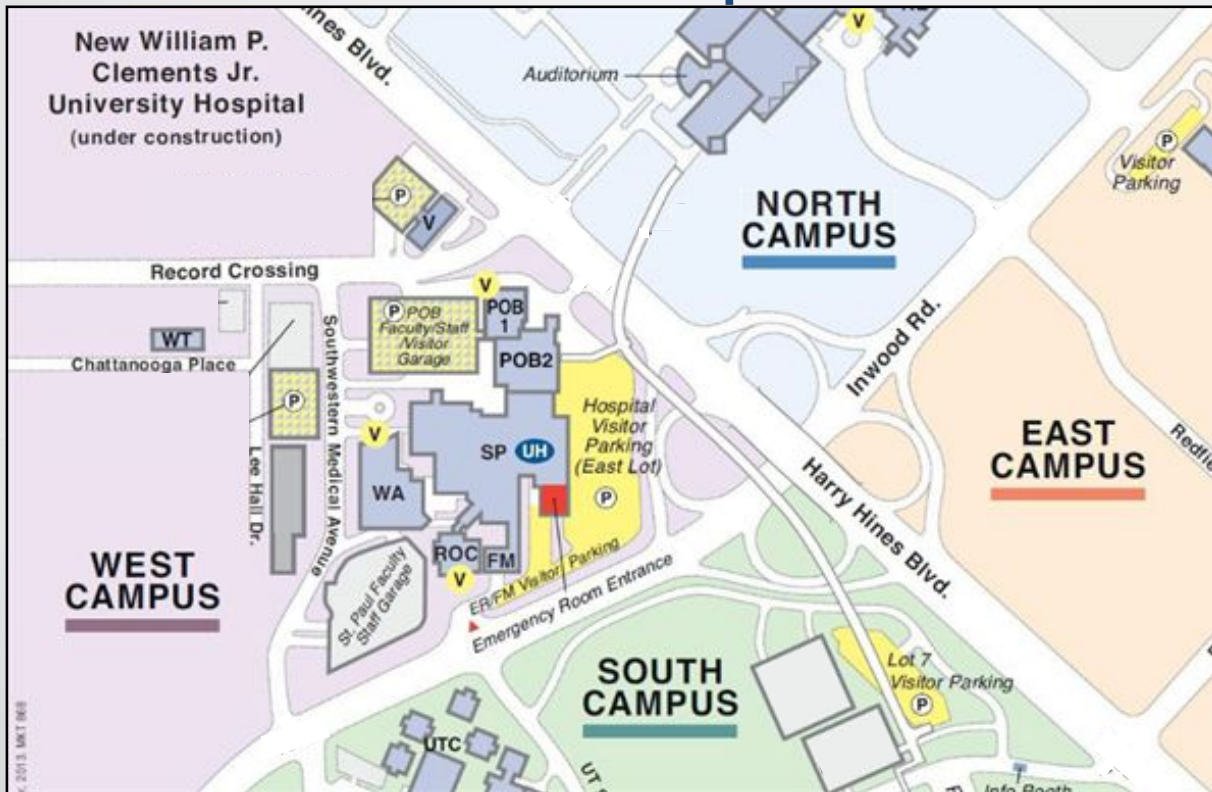




U. T. Southwestern Medical Center



Current West Campus Site



- St. Paul University Hospital
- Professional Office Buildings
- Outpatient Care Center
- Simmons Radiation Oncology Center
- Health Professions School



Current West Campus Site



260

Meeting of the U. T. System Board of Regents - Health Affairs Committee



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William P. Clements, Jr. University Hospital at U. T. Southwestern Medical Center



261

Meeting of the U. T. System Board of Regents - Health Affairs Committee



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U. T. Southwestern Medical Center West Campus Plan

- **Clements University Hospital scheduled to open Fall 2014**
 - Replaces aged St. Paul University Hospital facility; opportunity to re-plan 25-acre site
- **UTSWMC conducted study to develop West Campus Plan**
 - Engaged consultants Hammes Assoc. and Tsoi/Kobus & Assoc. to assist in planning
 - Eventual demolition of all existing West Campus facilities except Outpatient Building (OPB), constructed in 2006
 - New site includes 1.1 million square feet of new academic and clinical space, built in multiple phases over ~20 years
 - Includes a new thermal energy plant, over 5,000 parking spaces, streets, utilities, and open space
 - Total estimated cost \$716 million



U. T. Southwestern Medical Center West Campus Plan – Phase 1

- **275,000 GSF Academic/Clinical Building**
 - Innovative multidisciplinary educational space including high-tech simulation center, academic/faculty offices, and outpatient services
 - Proximate to Clements University Hospital and existing ambulatory services
 - Current site of St. Paul University Hospital
 - Phase 1 cost: ~\$187M



West Campus Plan - Phase 1



Demolition of St. Paul, construction of first building, and utility plant and parking expansion



West Campus Plan - Phase 2



Construction of second building and additional underground parking, Professional Office Buildings (POBs) remain



West Campus Plan – Final Phase



POBs demolished, construction of remaining three buildings, central corridor connecting North and South campuses



U. T. Southwestern Medical Center West Campus - Phase 1

Total Project Cost: \$187 million

	Total Cost	Building		Garage	
		GSF	Cost/GSF	Spaces	Cost/Space
Academic/Clinical Building	\$125,555,000	275,000	\$457		
Parking Garage	\$36,147,000			1,609	\$22,466
Demolition of St. Paul UH	\$18,027,000				
West Campus Thermal Plant	\$7,271,000				
Total	\$187,000,000				

Projected Funding Sources: \$107M (57%) Revenue Financing System, \$60M (32%) Institutional Funds, \$20M (11%) Philanthropy

267



Video

268



8. **U. T. System: Quarterly report on health matters of interest to the U. T. System, including the role of the U. T. System health institutions under the 1115 Medicaid Waiver Program**

REPORT

Executive Vice Chancellor Shine will report on health matters of interest to the U. T. System, including the role of the U. T. System health institutions under the 1115 Medicaid Waiver Program.



**TABLE OF CONTENTS
FOR
FACILITIES PLANNING AND CONSTRUCTION COMMITTEE**

Committee Meeting: 5/8/2013

Board Meeting: 5/9/2013
Austin, Texas

Printice L. Gary, Chairman
James D. Dannenbaum, Vice Chairman
Alex M. Cranberg
R. Steven Hicks
Robert L. Stillwell

	Committee Meeting	Board Meeting	Page
Convene	<i>3:00 p.m.</i> <i>Chairman Gary</i>		
1. U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, referred for Committee consideration	<i>3:00 p.m.</i> Action	Action	272
<u>Additions to the CIP</u>			
2. U. T. Austin: Dell Medical School - Phase 1 - Amendment of the FY 2013-2018 Capital Improvement Program to include project (Preliminary Board approval)	<i>3:05 p.m.</i> Action <i>President Powers</i>	Action	273
3. U. T. Permian Basin: Residence and Dining Hall - Amendment of the FY 2013-2018 Capital Improvement Program to include project (Preliminary Board approval)	<i>3:15 p.m.</i> Action <i>President Watts</i>	Action	275
4. U. T. San Antonio: Engineering Design and Innovation Center - Amendment of the FY 2013-2018 Capital Improvement Program to include project (Preliminary Board approval)	<i>3:20 p.m.</i> Action <i>President Romo</i>	Action	277
5. U. T. Southwestern Medical Center: West Campus - Phase 1 - Amendment of the FY 2013-2018 Capital Improvement Program to include project and authorization of institutional management (Preliminary Board approval)	<i>3:25 p.m.</i> Action <i>President Podolsky</i>	Action	278
6. U. T. M. D. Anderson Cancer Center: Mitchell Building Energy Upgrades - Amendment of the FY 2013-2018 Capital Improvement Program to include project; approval of total project cost; appropriation of funds; and authorization of institutional management (Final Board approval)	<i>3:35 p.m.</i> Action <i>Mr. O'Donnell</i>	Action	280

	Committee Meeting	Board Meeting	Page
<u>Design Development Approval</u>			
7. U. T. Dallas: Parking Structure Phase III - Approval of design development; appropriation of funds and authorization of expenditure; and resolution regarding parity debt (Final Board approval)	3:40 p.m. Action <i>Mr. O'Donnell</i>	Action	281
8. U. T. El Paso: Student Housing Phase III - Amendment of the FY 2013-2018 Capital Improvement Program to increase total project cost; approval of design development; appropriation of funds and authorization of expenditure; and resolution regarding parity debt (Final Board approval)	3:45 p.m. Action <i>Mr. O'Donnell</i>	Action	283
9. U. T. Health Science Center - San Antonio: Academic Learning and Teaching Center - Approval of design development; and appropriation of funds and authorization of expenditure (Final Board approval)	3:50 p.m. Action <i>Mr. O'Donnell</i>	Action	286
<u>Modification to the CIP</u>			
10. U. T. Austin: Darrell K Royal - Texas Memorial Stadium - Athletics Offices Infill and Stadium Maintenance and Renovation project - Amendment of the FY 2013-2018 Capital Improvement Program to increase the total project cost; approval to revise funding sources; appropriation of funds and authorization of expenditure; and resolution regarding parity debt (Final Board approval)	3:55 p.m. Action <i>Mr. O'Donnell</i>	Action	288
Adjourn	4:00 p.m.		

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

The proposed Consent Agenda is at the back of the book.

2. U. T. Austin: Dell Medical School - Phase 1 - Amendment of the FY 2013-2018 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 Health Affairs, the Executive Vice Chancellor for Business Affairs, and President Powers that the U. T. System Board of Regents amend the FY 2013-2018 Capital Improvement Program (CIP) to include the Dell Medical School - Phase 1 project at U. T. Austin as follows:

Project No.:	102-772	
Project Delivery Method:	Construction Manager-at-Risk	
Substantial Completion Date:	June 2016	
Total Project Cost:	<u>Source</u>	<u>Proposed</u>
	Revenue Financing System Bond Proceeds ¹	\$334,500,000

Funding Note: ¹ Revenue Financing System debt is proposed to be repaid from office space rental and parking revenues.

Investment Metrics:

- Incoming cohort of 50 medical students and total of 200 enrollment
- Incoming cohort of 25 Ph.D. students with total of 125 enrollment
- 175 residents increases to 350 over 10 years

BACKGROUND INFORMATION

U. T. Austin seeks to construct the Dell Medical School - Phase 1 project to support the University's goal to create an internationally recognized medical school for high quality education, research, and health care, with accommodation for long-term growth. The new doctoral degree program in Medicine at the University, for which expansion of preliminary planning authority was approved by the Board on February 14, 2013, will educate physicians to be skilled clinicians, biomedical scientists, professional leaders, and innovators in the ongoing transformation of the health care system in Texas and nationally. In addition to building a faculty dedicated to medicine, it will draw on the University's existing teaching and research strengths in natural sciences, engineering, and relevant fields in the social sciences and humanities. The program in Medicine also will draw on the University's well-regarded programs in nursing, pharmacy, and social work to educate new physicians in interprofessional team settings that prepare them to function effectively in the health care system of the future, to provide acute and complex care safely and efficiently, and to maintain and improve the health of individuals in the community.

The Dell Medical School - Phase 1 project is proposed to be located in a new campus medical district of approximately 40 acres, bounded by Martin Luther King, Jr. Boulevard, Interstate Highway 35, 15th Street, and Trinity Street. The potential location for this district is identified in the U. T. Austin Campus and Medical School Master Plan. (See Item 2 on Page 145 of the Academic Affairs Committee related to the Campus and Medical School Master Plan.) Of significance is the immediate adjacency of the proposed medical district to the existing University Medical Center Brackenridge, specifically because of the substantial investment

in facilities in the Medical Center, which will continue to serve the new teaching hospital. The phased development of the medical district is being outlined in the master plan effort. There is additional room for future expansion of the district, when needed, into an adjacent, approximately 17 acres of the Central Campus, north of Martin Luther King, Jr. Boulevard.

This first phase of development will involve the construction of approximately 515,000 gross square feet (GSF) of new University buildings, including an Education and Administration Building, Research Building, and Medical Office Building 1. Additionally, Parking Garage 1 with approximately 300,000 to 350,000 GSF is targeted to house 1,000 cars. A 480,000 GSF teaching hospital will be concurrently constructed by Seton Healthcare in coordination with Central Health. The teaching hospital is not included as part of this project since it will not be constructed or financed by U. T. Austin.

To optimize the placement and organization of the various facilities that will ultimately comprise the district, some existing infrastructure and facilities will require removal, relocation, or replacement. Transportation and utility infrastructure and site preparation stages, including potential roadway realignment, will precede the building construction and will be closely coordinated with the City of Austin. The scope and phasing of the infrastructure work will be coordinated with Central Health/Seton as they construct the new teaching hospital. The current plan assumes each building included in the Dell Medical School - Phase 1 project will have stand-alone utility systems because the buildings are to be located at the far south edge of the campus where existing University utility systems are not currently capable of meeting the new demand. However, the University is currently conducting a study to determine the viability of meeting the increased demand by expanding the campus utility system. Should a proposed expansion be recommended, it will be submitted for consideration as a separate, future project.

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 to the Board for approval at a later date.

3. U. T. Permian Basin: Residence and Dining Hall - Amendment of the FY 2013-2018 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 Watts that the U. T. System Board of Regents amend the FY 2013-2018 Capital Improvement Program (CIP) to include the Residence and Dining Hall project at U. T. Permian Basin as follows:

Project No.:	501-555	
Project Delivery Method:	Construction Manager-at-Risk	
Substantial Completion Date:	July 2015	
Total Project Cost:	<u>Source</u>	<u>Proposed</u>
	Revenue Financing System Bond Proceeds ¹	\$32,500,000

Funding Note: ¹ Revenue Financing System debt is proposed to be repaid from rental income

- Investment Metrics:**
- This student housing project will allow for the admission of at least 225 students from outside the Odessa/Midland area who would not otherwise be able to attend U. T. Permian Basin due to the housing shortage.
 - Occupancy of proposed units will increase the number of on-campus students by approximately 33% with related increases in tuition and fees, meal plan purchases, and bookstore sales.
 - Allow highly qualified students to register under the \$10,000 degree Texas Science Scholar Program

BACKGROUND INFORMATION

The proposed project, comprised of approximately 115,000 gross square feet, will provide a three-story dormitory building and dining services wing. The dining hall will serve approximately 750 people, seat 350 students, and include a main dining area as well as smaller private dining spaces suitable for faculty luncheons and other meetings. The dormitory will provide a total of 300 beds arranged in four-bedroom, two-bath suites, and two-bedroom, one-bath units. The Residence Hall will also include study rooms, lounges, and Resident Advisor units on each floor. Laundry facilities will be provided in the building.

Current student housing is operating at 100% occupancy. U. T. Permian Basin currently provides approximately 615 beds by campus. The addition of Student Housing Phase V with 99 beds scheduled for completion by Fall 2013 and Student Housing Phase VI adding 198 beds scheduled for completion by Fall 2014 will bring the total number of on-campus beds to 912.

As a result of the continued oil and gas boom in the entire Permian Basin region, there continues to be an extreme shortage of off-campus housing that is suitable for students. This project is needed to accommodate the growing number of requests for on-campus housing, as well as to provide additional dining space for 96 students living in housing without full kitchens.

The growth areas and projections as of August 2015 are as follows: the Petroleum Engineering program currently has 120 majors and expects at least 220 and the Nursing Program will grow to at least 160 students (there are 700 applicants for the 40 seats available in August 2013). Additionally, students of the recently implemented \$10,000 degree Texas Science Scholar Program are required to live on campus. The program has room for 100 students each year.

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 to the Board for approval at a later date.

4. U. T. San Antonio: Engineering Design and Innovation Center - Amendment of the FY 2013-2018 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 Romo that the U. T. System Board of Regents amend the FY 2013-2018 Capital Improvement Program (CIP) to include the Engineering Design and Innovation Center project at U. T. San Antonio as follows:

Project No.:	401-770	
Project Delivery Method:	Competitive Sealed Proposals	
Substantial Completion Date:	May 2016	
Total Project Cost:	<u>Source</u> Gifts	<u>Proposed</u> \$6,500,000

Investment Metrics:

- Provide additional classroom space to meet Closing the Gaps enrollment goal of 31,500 students by 2020
- Reduce space deficit by 15,000 assignable square feet by 2016

BACKGROUND INFORMATION

U. T. San Antonio seeks to construct an Engineering Design and Innovation Center (EDIC) that will create an additional 18,500 gross square foot facility that will provide labs and shops, self-study space, classroom spaces, and faculty offices. The building is intended to support students in the College of Engineering by providing a place where interdisciplinary teams of students with complementary skills can come together to work collaboratively to design projects for the purpose of solving real world engineering problems with commercial applications.

To serve this function, the facility will include a large common design lab as well as machine and wood shops and a rapid prototyping lab. It is essential that the facility be located on the Main Campus in close proximity to the existing shops in the Science and Engineering Laboratory and near the other College of Engineering facilities.

The proposed project will reduce the current space deficit by providing much needed class lab and classroom space to serve the College of Engineering. Reducing the space deficit will support the University's efforts to improve graduation rates and lessen time to degree as the space deficit has been a significant limiting factor.

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 to the Board for approval at a later date.

5. U. T. Southwestern Medical Center: West Campus - Phase 1 - Amendment of the FY 2013-2018 Capital Improvement Program to include project and authorization of institutional management (Preliminary Board approval)

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and President Podolsky that the U. T. System Board of Regents amend the FY 2013-2018 Capital Improvement Program (CIP) for the West Campus - Phase 1 project at U. T. Southwestern Medical Center as follows:

Project No.: 303-771
Institutionally Managed: Yes No
Project Delivery Method: Construction Manager-at-Risk
Substantial Completion Date: January 2018
Total Project Cost:

<u>Source</u>	<u>Proposed</u>
Revenue Financing System Bond Proceeds ¹	\$107,000,000
Designated Funds ²	\$ 60,000,000
Gifts	<u>\$ 20,000,000</u>
	<u>\$187,000,000</u>

Funding Notes:

¹ Revenue Financing System debt is proposed to be repaid from faculty practice revenue, Hospital Revenues, parking fees, and other institutional funds.
² Designated Funds are from faculty practice revenue and other institutional funds.

Investment Metrics:

- Increase outpatient clinical space by 82,500 gross square feet (GSF) reaching full functioning efficiency by 2021
- Provide opportunities for education and innovation, improved outpatient access, and expanded services by 2018

BACKGROUND INFORMATION

This project is the first phase of the redevelopment of the West Campus after the construction of the William P. Clements, Jr. University Hospital. The first phase of the redevelopment plan includes the demolition of the St. Paul University Hospital and the construction of an 11-story 275,000 GSF academic/clinical building. The project will add needed infrastructure to include: a new central utility plant building and equipment to serve the Phase 1 building, a parking garage for 1,609 vehicles, streets, driveways, and utilities. (See Slide 12 of Item 7 on Page 267 of the Health Affairs Committee for a breakdown of cost.)

The proposed Phase 1 building will house approximately 137,500 GSF for academic space including faculty offices, training/meeting rooms, innovative multidisciplinary education space, and a high-tech simulation center. The remainder of the facility, approximately 137,500 GSF, will be utilized for outpatient clinic expansion for faculty practice.

For U. T. Southwestern Medical Center to complete its journey to a Top Ten comprehensive academic medical center, it needs to accomplish the following: expand its excellence in basic research to clinical research, grow translational and health services research, garner Ten Top ranked clinical programs, and continue to strive for unsurpassed patient service in state-of-the-

art facilities. Changes in health care will require successful health systems to develop and implement new models of care delivery. As a top-tier academic medical center, U. T. Southwestern Medical Center will play an important role in that transformation. The Phase 1 building will support these objectives by providing a state-of-the art facility to integrate world-class education and research programs into health care delivery and to practice multidisciplinary medicine with new and expanded clinical programs and services. New facilities aid in attracting and retaining the best academic leaders and offer the finest training for students, residents, and industry innovators.

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 to the Board for approval at a later date. It has been determined that this project would best be managed by U. T. Southwestern Medical Center Facilities Management personnel who have the experience and capability to manage all aspects of the work. (See Item 7 on Page 255 of the Health Affairs Committee related to a report on the West Campus Master Plan - Phase 1.)

6. U. T. M. D. Anderson Cancer Center: Mitchell Building Energy Upgrades - Amendment of the FY 2013-2018 Capital Improvement Program to include project; approval of total project cost; appropriation of funds; and authorization of institutional management (Final Board approval)

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and President DePinho that the U. T. System Board of Regents amend the FY 2013-2018 Capital Improvement Program (CIP) to include the Mitchell Building Energy Upgrades project at U. T. M. D. Anderson Cancer Center as follows:

Project No.: 703-X61
Institutionally Managed: Yes No
Project Delivery Method: Competitive Sealed Proposals
Substantial Completion Date: March 2014
Total Project Cost:

<u>Source</u>	<u>Proposed</u>
Hospital Revenues	\$5,700,000

- a. approve a total project cost of \$5,700,000 with funding from Hospital Revenues;
- b. appropriate funds; and
- c. authorize U. T. M. D. Anderson Cancer Center to manage the total project budgets, appoint architects, approve facility programs, prepare final plans, and award contracts.

BACKGROUND INFORMATION

Recent evaluation of the energy recovery systems at the George and Cynthia Mitchell Basic Sciences Research Building has led to the conclusion that upgrades are needed to increase efficiency and reliability of the identified building systems. This project encompasses upgrades to the domestic hot water circulation system, relocation and modification of mechanical equipment and piping to allow installation of chill water heat exchangers, and installation of a heat recovery chiller. These improvements and upgrades will reduce the energy cost of operating the Mitchell Building and extend the reliability of these systems.

This proposed repair and renovation project has been approved by U. T. System staff and meets the criteria for inclusion in the CIP. Pursuant to a Memorandum of Understanding effective August 26, 2004, U. T. M. D. Anderson Cancer Center has delegated authority for institutional management of construction projects under the continued oversight of the Office of Facilities Planning and Construction. Design development plans and authorization of expenditure of funding will be presented to the President for approval at a later date.

7. U. T. Dallas: Parking Structure Phase III - Approval of design development; appropriation of funds and authorization of expenditure; 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 Daniel that the U. T. System Board of Regents approve the recommendations for the Parking Structure Phase III project at U. T. Dallas as follows:

Project No.:	302-710	
Project Delivery Method:	Competitive Sealed Proposals	
Substantial Completion Date:	August 2014	
Total Project Cost:	<u>Source</u>	<u>Current</u>
	Revenue Financing System Bond Proceeds ¹	\$12,000,000
	Auxiliary Enterprises Balances ²	\$ 2,500,000
	Unexpended Plant Funds ³	<u>\$ 500,000</u>
		\$15,000,000

Funding Notes: ¹ Revenue Financing System debt is proposed to be repaid from parking fees.
² Auxiliary Enterprises Balances will be from parking fees.
³ Unexpended Plant Funds will be from balance of funds from project close-out.

Investment Metric: This project will directly support the University's Strategic Plan Imperative of adding 5,000 full-time equivalent students by 2017, creating a total student population of 21,000.

- a. approve design development plans;
- b. appropriate funds and authorize expenditure of \$15,000,000 with funding of \$12,000,000 from Revenue Financing System Bond Proceeds, \$2,500,000 from Auxiliary Enterprises Balances, and \$500,000 from Unexpended Plant Funds; and
- c. 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. Dallas, 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 \$12,000,000.

BACKGROUND INFORMATION

Debt Service

The \$12,000,000 in aggregate Revenue Financing System debt will be repaid from parking revenues. Annual debt service on the \$12,000,000 Revenue Financing System debt is expected to be \$825,665. The institution's debt service coverage is expected to be at least 1.9 times and average 2.1 times over FY 2013-2017.

Previous Board Action

On May 3, 2012, the project was included in the Capital Improvement Program (CIP) with a total project cost of \$15,000,000 with funding of \$12,000,000 from Revenue Financing System Bond Proceeds, \$2,500,000 from Auxiliary Enterprises Balances, and \$500,000 from Unexpended Plant Funds.

Project Description

This five-story cast-in-place concrete parking garage of approximately 320,000 gross square feet (GSF) will be constructed on the north side of campus at the intersection of Loop Road and Rutford Avenue. The project will include approximately 750 spaces for parking, auxiliary space, retail outlets, and an information center.

With rapidly accelerated growth in student enrollment and associated increases in faculty and staff, U. T. Dallas has a growing need for additional parking on campus. This structure will accommodate parking for the Bioengineering and Sciences Building, the Natural Science and Engineering Research Laboratory, and the academic buildings along Rutford Avenue. This project is aligned with the current Campus Site Development Plan.

Basis of Design

The planned building life expectancy is 50-75 years.

The exterior appearance and finish are consistent with similar urban parking garages with flexible, generic retail space and with the existing Campus Master Plan.

8. U. T. El Paso: Student Housing Phase III - Amendment of the FY 2013-2018 Capital Improvement Program to increase total project cost; approval of design development; appropriation of funds and authorization of expenditure; 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 Natalicio that the U. T. System Board of Regents approve the recommendations for the Student Housing Phase III project at U. T. El Paso as follows:

Project No.:	201-683		
Project Delivery Method:	Construction Manager-at-Risk		
Substantial Completion Date:	October 2014		
Total Project Cost:	<u>Source</u>	<u>Current</u>	<u>Proposed</u>
	Revenue Financing System Bond Proceeds ¹	\$17,200,000	\$23,000,000

Funding Note: ¹ Revenue Financing System debt is proposed to be repaid from rental income.

- Investment Metrics:** By 2015
- Increase campus housing by 352 beds
 - Achieve 100% occupancy
 - Increase graduate student population residing on-campus

- a. amend the FY 2013-2018 Capital Improvement Program (CIP) to increase the total project cost from \$17,200,000 to \$23,000,000;
- b. approve design development plans;
- c. appropriate funds and authorize expenditure of \$23,000,000 with funding from Revenue Financing System Bond Proceeds; 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. El Paso, 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 \$23,000,000.

BACKGROUND INFORMATION

Debt Service

The \$23,000,000 in aggregate Revenue Financing System debt will be repaid from rental income. Annual debt service on the \$23,000,000 Revenue Financing System debt is expected to be \$1.3 million. The debt service coverage for this particular phase of the project is expected to be at least 1.0 times and average 1.0 times from FY 2015 to FY 2020. The debt service coverage for the overall University housing operations is expected to be at least 1.2 times and average 1.3 times from FY 2013 to FY 2018.

Previous Board Action

On November 10, 2011, the project was included in the CIP with a total project cost of \$17,200,000 with funding from Revenue Financing System Bond Proceeds.

Project Description

The project is comprised of two, four-story buildings of approximately 99,000 gross square feet (GSF) comprising 83 units. The apartment-style structures will provide a combination of single, four, and six-bedroom suite units to house 352 freshman and sophomore students as well as dedicated lounges, study rooms, circulation space, and common laundry facilities. Each unit will include a small kitchen, living area, and bathroom. Also included in this project is a 4,400 GSF commons building that includes staff offices, computer lab, kitchen, conference room, and a meeting hall. Additionally, the project will include a parking lot for 178 vehicles.

The siting of the project in the north campus area supports the Campus Master Plan to develop this area into a student housing and recreation area. The costs to provide required infrastructure, including utility connections and roadways to this undeveloped site, are reflected in the increase in total project cost. U. T. El Paso will provide bus service to the campus core.

U. T. El Paso currently operates two student housing complexes, which accommodate 636 students. This proposed project will bring the total number of beds on campus to 988. Over the past several years, these complexes have been at capacity with a consistent waiting list of approximately 200 students.

Basis of Design

The planned building life expectancy includes the following elements:

- Enclosure: 25-30 years
- Building Systems: 25-30 years
- Interior Construction: 10-20 years

The exterior appearance and finish are consistent with existing campus buildings and with the existing Campus Master Plan. The mechanical and electrical building systems are designed with sufficient flexibility and space for future capacity to allow for changes without significant disruption to ongoing activities. The interior appearance and finish are consistent with similar existing campus buildings.

9. U. T. Health Science Center - San Antonio: Academic Learning and Teaching Center - Approval of design development; 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 Henrich that the U. T. System Board of Regents approve the recommendations for the Academic Learning and Teaching Center project at U. T. Health Science Center - San Antonio as follows:

Project No.: 402-720
Project Delivery Method: Construction Manager-at-Risk
Substantial Completion Date: September 2015
Total Project Cost:

<u>Source</u>	<u>Current</u>
Permanent University Fund Bond Proceeds	\$45,000,000

Investment Metrics:

- Increase enrollment in School of Medicine with additional space for as many as 50 students
- Strengthen and expand the distance learning program essential for a 21st century university
- Serve South Texas medical education admissions track
- Modernize and increase the size of the anatomy laboratories to accommodate the additional medical students and offer better delivery of basic science education to all Health Science Center students

- a. approve design development plans; and
- b. appropriate funds and authorize expenditure of \$45,000,000 from Permanent University Fund (PUF) Bond Proceeds.

BACKGROUND INFORMATION

Previous Board Action

On August 23, 2012, the project was included in the Capital Improvement Program (CIP) with a total project cost of \$45,000,000 with funding from PUF Bond Proceeds.

Project Description

The Academic Learning and Teaching Center (Center) is an important element of the goal of the Framework for Advancing Excellence throughout the U. T. System to expand medical education and research programs in South Texas. The project will bring necessary improvements for all health care students in South Texas and will facilitate the creation of a medical school in South Texas by providing space for first- and second-year medical students.

This four-story building will be constructed on the Joe R. and Teresa Lozano Long Campus in San Antonio, and consist of approximately 125,000 gross square feet (GSF) with space for

gross anatomy laboratories, classrooms, lecture halls, and common areas, and will initially include approximately 50,000 GSF of shelled space. The design will feature flexible classrooms with modern technology, which are needed to provide the kind of educational experience mandated by the accrediting board. The new anatomy facilities will include anatomy learning centers, which will accommodate student interaction with modern teaching materials in a small group format such as electronic simulators and virtual dissection equipment. The Center will also provide a flexible facility that can be used for more sophisticated computerized testing of a student's knowledge, skills, and values.

The new building will strengthen and expand the distance learning program, which is essential for the University. It will provide an important venue for professional continuing education in the community to include blended, online, and distance learning. The Center will also provide a location where the faculty and students of all the Health Science Center's schools can interact to provide an Interprofessional Educational Experience across disciplines.

The existing gross anatomy facilities are outdated and do not meet the current accreditation requirements of the Texas Anatomical Board. The Liaison Committee on Medical Education, the accrediting body for the Medical School, states that in addition to classrooms, there is a need for an accessible student lounge and study space. Current space restrictions prohibit renovation of the existing gross anatomy labs to accommodate additional students.

Basis of Design

The planned building life expectancy includes the following elements:

- Enclosure: 30-35 years
- Building Systems: 25-30 years
- Interior Construction: 10-20 years

Elements of the exterior appearance and finish are consistent with existing campus buildings and with the existing Campus Master Plan. The mechanical and electrical building systems are designed with sufficient flexibility and space for future capacity to allow for changes without significant disruption to ongoing activities. The interior appearance and finish are consistent with similar existing campus buildings.

10. U. T. Austin: Darrell K Royal - Texas Memorial Stadium - Athletics Offices Infill and Stadium Maintenance and Renovation project - Amendment of the FY 2013-2018 Capital Improvement Program to increase the total project cost; approval to revise funding sources; appropriation of funds and authorization of expenditure; 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 Darrell K Royal - Texas Memorial Stadium - Athletics Offices Infill and Stadium Maintenance and Renovation project at U. T. Austin as follows:

Project No.:	102-577		
Project Delivery Method:	Construction Manager-at-Risk		
Substantial Completion Date:	July 2014		
Total Project Cost:	<u>Source</u>	<u>Current</u>	<u>Proposed</u>
	Revenue Financing System Bond Proceeds ¹	\$ 28,000,000	\$ 46,000,000
	Gifts	\$ 7,820,000	\$ 7,820,000
	Unexpended Plant Funds ²	\$ 1,250,000	\$ 1,250,000
	Auxiliary Enterprises Balances ³	\$ _____ 0	\$ 7,000,000
		<u>\$ 37,070,000</u>	<u>\$ 62,070,000</u>

Funding Notes:

¹ Revenue Financing System debt is proposed to be repaid from Auxiliary Enterprises Balances.
² Unexpended Plant Funds are from indirect cost recovery.
³ Auxiliary Enterprises Balances are from athletics operations.

- a. amend the FY 2013-2018 Capital Improvement Program (CIP) to increase the total project cost from \$37,070,000 to \$62,070,000;
- b. revise funding sources to include Auxiliary Enterprises Balances;
- c. appropriate and authorize expenditure of an additional \$18,000,000 from Revenue Financing System Bond Proceeds and \$7,000,000 from Auxiliary Enterprises Balances; 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. 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 \$18,000,000.

BACKGROUND INFORMATION

Debt Service

The \$18,000,000 in aggregate Revenue Financing System debt will be repaid from athletics revenues. Annual debt service on the \$18,000,000 Revenue Financing System debt is expected to be \$1.4 million. The institution's debt service coverage for the Athletics Operations including this debt issue is expected to be at least 1.1 times and average 1.4 times over FY 2013-2018.

Previous Board Actions

On August 12, 2010, the project was included in the CIP with a total project cost of \$17,700,000 with funding of \$12,000,000 from Revenue Financing System (RFS) Bond Proceeds and \$5,700,000 from Gifts. On January 21, 2011, the Chancellor approved the design development plans and authorized expenditure of funds. On August 25, 2011, the Board approved an increase in total project cost to \$33,700,000 with additional funding of \$16,000,000 from RFS. On November 14, 2011, the Chancellor approved the increase in total project cost from \$33,700,000 to \$36,700,000 and revised the funding to include \$3,000,000 from Unexpended Plant Funds. On September 25, 2012, the Chancellor approved an increase in total project cost from \$36,700,000 to \$37,070,000 and revised the funding to \$28,000,000 from RFS, \$7,820,000 from Gifts, and \$1,250,000 from Unexpended Plant Funds.

Project Description

This request will fit out shell space in the Darrell K Royal - Texas Memorial Stadium North End Zone basement for U. T. Austin Women's volleyball practice facilities and additional athletics offices and renovate areas in L. Theo Bellmont Hall for academic programs as well as Stadium concourse and restroom facilities upgrades. Renovations to levels five, seven, and most of eleven have not been made in the last 30 to 40 years.

This project will further consolidate the athletics offices into one portion of the Stadium, thus reducing operating expenses and streamlining operations. The Stadium's Bellmont Hall renovations for Kinesiology, Health Education, and the College of Fine Arts will provide much needed training, classroom, and performance space for academic programs. The other renovations in Bellmont Hall will provide code compliance and better access to the older portions of the Stadium.

Combining this additional scope of work into the existing project will allow both U. T. Austin Athletics and the named academic departments to efficiently and expeditiously meet objectives.



**TABLE OF CONTENTS
FOR
TECHNOLOGY TRANSFER AND RESEARCH COMMITTEE**

Committee Meeting: 5/8/2013
Austin, Texas

James D. Dannenbaum, Chairman
R. Steven Hicks, Vice Chairman
Alex M. Cranberg
Printice L. Gary
Brenda Pejovich

	Committee Meeting	Page
Convene	4:00 p.m. <i>Chairman Dannenbaum</i>	
1. U. T. System: Report on a new investment made by the U. T. Horizon Fund and update on the Fund's portfolio	4:00 p.m. Report/Discussion <i>Mr. Allinson</i>	291
2. U. T. Austin: Report on the Longhorn Startup Program and startup participants Hoot.Me and Lynx Laboratories	4:05 p.m. Report/Discussion <i>Dr. Robert Metcalfe, Mr. Michael Koetting, and Mr. Chris Slaughter, U. T. Austin</i>	292
3. U. T. Health Science Center - San Antonio: Report on Rapamycin Holdings, Inc., a startup company for a drug federally approved to suppress organ rejection	4:45 p.m. Report/Discussion <i>President Henrich, Mr. Randy Strong, and Mr. Arjun Sanga, U. T. Health Science Center - San Antonio Mr. George Fillis, CEO, Rapamycin Holdings, Inc.</i>	293
Adjourn	5:00 p.m.	

1. **U. T. System: Report on a new investment made by the U. T. Horizon Fund and update on the Fund's portfolio**

REPORT

Mr. Bryan Allinson, Executive Director of Technology Commercialization, will report on an investment of approximately \$336,369 made by the U. T. Horizon Fund into Microtransponder, a startup company that has licensed technology from U. T. Dallas. Consistent with the mission objectives of the U. T. Horizon Fund, the purpose of the investment is to reduce U. T.'s equity dilution. The company has collaborated with health clinicians and academic engineers to develop medical devices to treat neurological diseases.

Mr. Allinson will also provide details on the updated U. T. Horizon Fund portfolio covering originating institution and intellectual property assets licensed.

2. **U. T. Austin: Report on the Longhorn Startup Program and startup participants Hoot.Me and Lynx Laboratories**

REPORT

Dr. Robert Metcalfe, U. T. Austin Professor of Innovation, will report on the Longhorn Startup Program, a program with multiple tracks aimed at fostering interdisciplinary startup innovation. The Longhorn Startup Seminar is an interdisciplinary speaker series for students interested in starting companies. Startups from the Longhorn Startup Lab are reviewed, and students may participate in numerous networking events. The Longhorn Startup Lab advances ongoing student startup teams with mentoring by successful Austin entrepreneurs. Each semester ends with a Longhorn Startup Demo Day at which several hundred Austin founders gather to network and hear pitches by Lab startups.

The Longhorn Startup Camp is jointly run by the Longhorn Startup Program and the Austin Technology Incubator. The Camp, which encourages student entrepreneurship and collaboration among startups at the University, is currently incubating approximately 40 faculty and student startups and about 250 entrepreneurs in a 30,000-square-foot space in the U. T. Administration Building at 1616 Guadalupe Street.

The monthly Longhorn Startup Studio provides U. T. Austin professors one-on-one guidance in technology commercialization from the Longhorn Startup Program team. Studios are jointly sponsored by U. T. Austin's Office of Technology Commercialization, Austin Technology Incubator, Texas Venture Labs, and the Austin Chamber of Commerce.

Two presentations on new startups participating in the 2012-2013 Longhorn Startup Program will be made at the meeting:

- Mr. Michael Koetting, a U. T. Austin business student with a Management and Information Systems (MIS) minor, will discuss Hoot.Me, which is on a mission to keep learning personal no matter the class size. The concept is that every question is worth asking and that everyone has the potential to teach others by sharing knowledge and collaborating. Through massive open online courses (MOOC), technology is enabling bigger classes than ever before. However, the challenge is that this new scale leads to impersonal class experiences. Being a mere number in a sea of students can be daunting, so Mr. Koetting started Hoot.Me as a free resource for students to get their questions answered by other classmates and teachers. Today, over 30,000 questions and answers have crossed the platform in classes around the world.
- Mr. Chris Slaughter, a U. T. Austin Graduate Research Assistant for the Laboratory for Information and Network Communications, will discuss Lynx Laboratories, which focuses on 3D structural capture and next-generation photography. The team has over 20 years of combined experience in machine learning, resulting in hundreds of publications and a few patents. The company has received prestigious awards, including first place in Idea2Product Global, a global technology competition, and first place in the Idea2Product U. T. Austin Competition. The company was named a 2012 Dell Innovator and is funded by support from the National Science Foundation (NSF) Small Business Innovation Research program.

3. **U. T. Health Science Center - San Antonio: Report on Rapamycin Holdings, Inc., a startup company for a drug federally approved to suppress organ rejection**

REPORT

The following individuals will present a report on Rapamycin Holdings, Inc., a U. T. Health Science Center - San Antonio startup company for a drug federally approved to suppress organ rejection, and its underlying research and commercialization efforts:

- President Henrich
- Dr. Randy Strong, Professor of Pharmacology in the Barshop Institute for Aging and Longevity Studies, U. T. Health Science Center - San Antonio
- Mr. Arjun Sanga, Assistant Vice President of Technology Transfer and Executive Director of South Texas Technology Management, U. T. Health Science Center - San Antonio
- Mr. George Fillis, CEO of Rapamycin Holdings, Inc.

Rapamycin Holdings licenses rapamycin-related intellectual property developed at U. T. Health Science Center - San Antonio. Rapamycin continues to be studied for its potential to slow the aging process and its efficacy in treating age-related diseases such as Alzheimer's and cancer. The U. T. Horizon Fund is investing \$250,000 in Rapamycin Holdings' seed financing under the Existing Ventures funding program.

Science magazine called Rapamycin Holdings' underlying 2009 study one of the 10 scientific breakthroughs of that year. The rapamycin drug is also being studied to reduce other age-related pathologies such as Parkinson's disease (toxin-induced and genetic models), Huntington's disease, atherosclerosis, diabetic nephropathy, and intestinal adenomatous polyps.



TABLE OF CONTENTS
THE UNIVERSITY OF TEXAS SYSTEM BOARD OF REGENTS
CONSENT AGENDA

Committee Meetings and Board Meeting:
 5/8-9/2013
 Austin, Texas

		Page
1.	Minutes - U. T. System Board of Regents : Approval of Minutes of the regular meeting held on February 13-14, 2013, and special called meetings held on March 12, 2013, March 20, 2013, and April 11, 2013	299
2.	UTIMCO Board Appointment - U. T. System Board of Regents : Reappointment of Mr. J. Kyle Bass to the Board of Directors of The University of Texas Investment Management Company (UTIMCO)	299
3.	Lease - U. T. System : Authorization to lease space from CESC 1750 Pennsylvania Avenue L.L.C. for general office use, authorization to sublease the current office space occupied by the Office of Federal Relations to a to-be-determined subtenant, and authorization for the Executive Director of Real Estate to execute the sublease	299
4.	Contract (funds going out) - U. T. System : Walter P. Moore and Associates, Inc. to perform professional forensic engineering services	301
5.	Contract (funds going out) - U. T. System : Zero/Six Consulting, LLC to perform professional forensic engineering services	301
6.	Contract (funds going out) - U. T. System : Opus Search Partners, Inc. to provide recruitment of executive level positions	302
7.	Contract (funds going out) - U. T. System : Russell Reynolds Associates, Inc. to provide recruitment of executive level positions	302
8.	Contract (funds going out) - U. T. System : Witt/Kieffer, Ford, Hadelman, and Lloyd Corp. to provide recruitment of executive level positions	303
9.	Contract (funds going out) - U. T. System : Korn/Ferry International to provide recruitment of executive level positions	303
10.	Report on Fiscal Year 2012 Post-Tenure Review - U. T. System Academic Institutions	304
11.	Report on Fiscal Year 2012 Post-Tenure Review - U. T. System Health Institutions	308
12.	Real Estate Report - U. T. System : Summary Report of Separately Invested Assets managed by U. T. System	310
13.	Other Fiscal Items - U. T. Arlington : Employment Agreement for the appointment of Vistasp Karbhari, Ph.D., as President	311
14.	Employment Agreement - U. T. Arlington : New agreement of Head Men's Basketball Coach Scott Cross to replace prior agreement	315

	Page
15. Advisory Council - U. T. Arlington : Creation and operation of the College of Education and Health Professions National Leadership Council	317
16. Contract (funds going out) - U. T. Austin : Media Event Concepts, Inc. to provide professional video and multimedia production services for University events	317
17. Contract (funds going out) - U. T. Austin : Mutual Telecom Services, Inc. to provide site survey and voice-over Internet protocol deployment services for U. T. Austin facilities located in Austin, Texas	318
18. Contract (funds going out) - U. T. Austin : Sasaki Associates, Inc. to provide additional professional master planning services to initiate phase two of the Campus Master Plan (see Academic Affairs Committee Item 2 on Page 145 and Consent Agenda Item 27 on Page 323)	318
19. Foreign Contract (funds going out) - U. T. Austin : Memorandum of Understanding with the Spanish Agency for International Cooperation and Development to work with the Department of Spanish and Portuguese, College of Liberal Arts, to hire a lecturer from Spain to teach undergraduate courses and promote the Spanish language and Spanish culture at U. T. Austin	319
20. Foreign Contract (funds coming in) - U. T. Austin : University of Adelaide, Australia, Executive Education Programs, to receive leadership training services from the Governor's Center for Management Development, Lyndon B. Johnson School of Public Affairs	320
21. Lease - U. T. Austin : Authorization to extend the lease of ATM locations to Bank of America, N.A.	320
22. Lease - U. T. Austin : Authorization to extend the lease of space from University Towers Austin, LLC, for administrative office and educational uses	321
23. Emeritus Appointments - U. T. Austin : Approval of emeritus titles	321
24. Posthumous Emeritus Award - U. T. Austin : McDonald Smith, from Associate Professor to Associate Professor Emeritus, Department of Art and Art History	322
25. Request for Budget Change - U. T. Austin : Transfer a total of \$538,000 from Office of Telecommunication Services and Information Technology Services accounts to provide supplemental funding for replacement of two of the five air-conditioning units in Room 319D of Service Building (RBC No. 5033) -- amendment to the 2012-13 budget	322
26. Request for Budget Change - U. T. Austin : Transfer a total of \$500,000 from Dean of Liberal Arts Special Programs Including Academic Development account to College of Liberal Arts Facility Upgrades account to provide funding for future Capital Projects accounts related to renovating research labs for faculty members including disciplines of Psychology, Anthropology, Geography, Population Research, Linguistics, and Sociology (RBC No. 5080) -- amendment to the 2012-13 budget	323
27. Request for Budget Change - U. T. Austin : Transfer a total of \$966,000 from the Available University Funds-Medical School-Maintenance, Operation, and Equipment account to Plant Funds-Campus Master Plan account to provide funding for the Medical School Master Plan (RBC No. 5162) -- amendment to the 2012-13 budget (see related Academic Affairs Committee Item 2 on Page 145 and Consent Agenda Item 18 on Page 318)	323
28. Employment Agreement - U. T. Austin : Amendment to Agreement of Head Men's Golf Coach John Fields	323

	Page
29. Admission Criteria - U. T. Brownsville : Summary of changes to Admission Criteria	324
30. Emeritus Appointment - U. T. Brownsville : Appointment of Dianne Brumley from Director of Choral Music Studies to Director Emeritus, College of Liberal Arts (RBC No. 5125) -- amendment to the 2012-13 budget	326
31. Admission Criteria - U. T. Dallas : Changes to Admission Criteria	326
32. Lease - U. T. Dallas : Authorization to lease space from 3000 Waterview Parkway - Richardson LLC, for office, classroom, and research uses	330
33. Tenure Appointments - U. T. Dallas : Amendments to the 2012-13 budget	331
34. Emeritus Appointment - U. T. El Paso : Appointment of John H. Haddox from Professor to Professor Emeritus, Philosophy, College of Liberal Arts (RBC No. 5120) -- amendment to the 2012-13 budget	331
35. Tenure Appointment - U. T. El Paso : Amendments to the 2012-13 budget	332
36. Approval of Dual Position of Honor, Trust, or Profit - U. T. El Paso : Dual Appointment by Governor Perry of Cynthia Villa, Vice President for Business Affairs, to the Texas Department of Information Resources	332
37. Admissions Criteria - U. T. Pan American : Change to the criteria for admission to Master of Science in Occupational Therapy program	333
38. Advisory Councils - U. T. Pan American : Creation and operation of Advisory Councils for the College of Education, College of Social and Behavioral Sciences, and the College of Science and Mathematics	333
39. Contract (funds going out) - U. T. Permian Basin : Contract for Custodial Services with GCA Education Services, Inc. to provide custodial services	334
40. Request for Budget Change - U. T. San Antonio : Transfer \$564,871 from Project Reserves fund to the Wayfinding June 2010 fund to provide remaining funding for the campus wayfinding project at both the Main and Downtown campuses to improve and facilitate campus-wide navigation (RBC No. 5018) -- amendment to the 2012-13 budget	334
41. Request for Budget Change - U. T. Tyler : Transfer \$58,912 from various Library, Equipment, Repair and Rehabilitation projects to Library, Equipment, Repair and Rehabilitation Elevator Fire Service Project account to be used to complete the Elevator Fire Service in Biology Education and Psychology Building and Hudnell Pirtle Roosth Building (RBC No. 5163 and RBC No. 5164) -- amendment to the 2012-13 budget	334
42. Contract (funds coming in) - U. T. Southwestern Medical Center : To provide physician services to Parkland Health and Hospital System, Dallas County Hospital District	335
43. Contract (funds coming in) - U. T. Southwestern Medical Center : To provide physicians and other health care professionals to Parkland Health and Hospital System, Dallas County Indigent Care Corporation	335
44. Contract (funds coming in) - U. T. Southwestern Medical Center : Contract with Dallas Proton Treatment Center to staff and operate a proton therapy treatment center	336

	Page
45. Contract (funds going out) - U. T. Southwestern Medical Center : Anderson Emergency Physicians, P.A. d.b.a. Trinity River Emergency Specialists, P.A. to provide emergency physician services	336
46. Contract (funds going out) - U. T. Southwestern Medical Center : Hill International, Inc. to provide construction management services	336
47. Lease - U. T. Southwestern Medical Center : Authorization to expand the space leased from 3000 Waterview Parkway - Richardson LLC, for medical clinic use	336
48. Emeritus Appointment - U. T. Southwestern Medical Center : Appointment of Errol Friedberg from Professor, Southwestern Medical School, Pathology, to Professor Emeritus (RBC No. 5030) -- amendment to the 2012-13 budget	337
49. Contract (funds coming in) - U. T. Medical Branch - Galveston : Interagency Cooperation Contract between Department of State Health Services (DSHS) and for University to provide family planning services to DSHS eligible individuals	337
50. Contract (funds coming in) - U. T. Medical Branch - Galveston : Interagency Cooperation Contract with Department of State Health Services (DSHS) for University to administer the Special Supplemental Nutrition Program	338
51. Lease - U. T. Medical Branch - Galveston : Authorization to lease space from Texas City '81, Ltd., for medical clinic use	338
52. Lease - U. T. Medical Branch - Galveston : Authorization to lease space from Galvez Shopping Center, Ltd., for medical clinic use	339
53. Emeritus Appointments - U. T. Medical Branch - Galveston : Approval of Emeritus Appointments	339
54. Foreign Contract (funds neutral) - U. T. Health Science Center - Houston : Contract with the Government of Rwanda to provide physicians and nurses	339
55. Foreign Contract - U. T. Health Science Center - Houston : Program Agreement with University of British Columbia (UBC)	340
56. Emeritus Appointment - U. T. Health Science Center - Houston : Appointment of Pauline M. Vaillancourt Rosenau from Professor, School of Public Health, to Professor Emerita in the Division of Management, Policy and Community Health (RBC No. 5147)	340
57. Logo - U. T. Health Science Center - San Antonio : Logo	341
58. Lease - U. T. Health Science Center - San Antonio : Authorization to lease space to University Health Hospital System for an ambulatory surgery center	342
59. Lease - U. T. Health Science Center - San Antonio : Authorization to lease space from WNLV Ltd., EZJ Management, L.L.C., and H5 Properties, L.P., for use as office space	342
60. Tenure Appointments - U. T. Health Science Center - San Antonio : Amendments to the 2012-13 budget	343
61. Other Matters - U. T. Health Science Center - San Antonio : Dual Appointment of David Schmidt, M.D., Adjunct Professor, Department of Orthopaedics, to the Advisory Board of Athletic Trainers	343

	Page
62. Sale - U. T. M. D. Anderson Cancer Center : Authorization to sell approximately 1.24 acres at the northeast corner of Bertner Avenue and Braeswood Boulevard, Houston, Harris County, Texas, to Texas Medical Center Central Heating and Cooling Services Corporation	344
63. Sale - U. T. M. D. Anderson Cancer Center : Authorization to sell two adjacent tracts totaling approximately 0.47 of an acre northeast of the corner of Bertner Avenue and Old Spanish Trail, Houston, Harris County, Texas, to Harris County, Texas	345
64. Tenure Appointment - U. T. M. D. Anderson Cancer Center : Amendments to the 2012-13 budget	345
65. Contract (funds going out) - U. T. Health Science Center - Tyler : Contract with Hospital Housekeeping Systems, LLC to provide cleaning and maintenance services	346
66. Contract (funds going out) - U. T. Health Science Center - Tyler : Amendment to Contract with Morrison Management Specialist, Inc. dba Morrison Health Care Inc.	346
67. Tenure Appointment - U. T. Health Science Center - Tyler : Amendment to the 2012-13 budget	347



THE UNIVERSITY OF TEXAS SYSTEM BOARD OF REGENTS

CONSENT AGENDA

Committee and Board Meetings:

5/8-9/2013
Austin, Texas

U. T. SYSTEM ADMINISTRATION

1. Minutes - U. T. System Board of Regents: Approval of Minutes of the regular meeting held on February 13-14, 2013, and special called meetings held on March 12, 2013, March 20, 2013, and April 11, 2013
2. UTIMCO Board Appointment - U. T. System Board of Regents: Reappointment of Mr. J. Kyle Bass to the Board of Directors of The University of Texas Investment Management Company (UTIMCO)

Chairman Powell and The University of Texas Investment Management Company (UTIMCO) Chairman Foster recommend that Mr. J. Kyle Bass be reappointed to the UTIMCO Board of Directors for a term to expire on April 1, 2016.

Texas Education Code Section 66.08 and Regents' *Rules and Regulations*, Rule 10402, Section 4 require that the U. T. System Board of Regents appoint six members to the UTIMCO Board of Directors of whom three must be members of the Board of Regents and the other three must have a substantial background and expertise in investments. The approved UTIMCO bylaws allow external directors to serve a maximum of three terms of three years each. Mr. Bass was appointed to the UTIMCO Board on August 12, 2010.

3. Lease - U. T. System: Authorization to lease space from CESC 1750 Pennsylvania Avenue L.L.C. for general office use, authorization to sublease the current office space occupied by the Office of Federal Relations to a to-be-determined subtenant, and authorization for the Executive Director of Real Estate to execute the sublease

Description: In accordance with the strategic plan for the Office of Federal Relations approved by the Board of Regents on May 2, 2012, the Office of Federal Relations proposes to lease new space at 1750 Pennsylvania Avenue, Washington, D.C., for general office use for the U. T. System Administration Office of Federal Relations. The Office of Federal Relations has expanded its Archer Center Program and has outgrown its existing space. Negotiations for the

expansion of the existing space at 1901 Pennsylvania Avenue were not successful and a new location with sufficient space has been identified. The new lease of 9,224 square feet of space will allow the Office of Federal Relations to vacate its current office space of 7,253 square feet and market that space for sublease for the remaining lease term that expires on July 31, 2019.

Lessor: CESC 1750 Pennsylvania Avenue L.L.C., a Delaware limited liability company

Term: The term of the new lease will commence in May 2013, and will expire on July 31, 2028. The new lease states that it is only valid for amounts up to \$1,000,000 until it is approved by the Board of Regents. Efforts are underway to sublease the existing space occupied by the Office of Federal Relations on or after the date the Office of Federal Relations vacates that space, but no sublease has yet been executed.

Lease Costs: Base rent for the new lease will total approximately \$7,037,367 over the lease term; that amount reflects an abatement of base rent for the first three years and three months to provide the Office of Federal Relations a period of time to offset the rental obligations of the current office space and to obtain a suitable subtenant for the current space. The new lease also provides for the payment of the tenant's pro rata share of the operating expenses for the building. However, the tenant only pays operating expenses beginning in 2014 that are in excess of the operating expenses for 2013. The Lessor is providing a tenant improvement allowance of \$645,680.

For the period from August 1, 2013, the anticipated date for vacating the current space at 1901 Pennsylvania Avenue, through July 31, 2019 (the termination date of the lease of the current space) the total rent obligation for the current lease is \$2,282,692. Terms of a sublease have not yet been negotiated, but it is anticipated that the net sublease rent received by the Office of Federal Relations, after deducting broker's fees and other expenses of subleasing, will be somewhat less than that total rent obligation. As a result of the rent abatement on the new lease, however, the aggregate lease expenses for the Office of Federal Relations are anticipated to be less than the sum of the amounts that the Board authorized on May 14, 2009, for the lease of the current space at 1901 Pennsylvania Avenue and on May 2, 2012, for the Archer Center expansion. Authorization is also requested for the U. T. System Executive Director of Real Estate to execute the sublease on completion of negotiations.

Source of Funds: Available University Funds

4. Contract (funds going out) - U. T. System: Walter P. Moore and Associates, Inc. to perform professional forensic engineering services

Agency: Walter P. Moore and Associates, Inc.

Funds: Anticipated total cost may exceed \$1,000,000 over the life of the contract for services provided on an as-needed basis

Source of Funds: Various funds approved for individual Capital Improvement Program projects

Period: September 1, 2011 through August 31, 2017
(Contract is being brought forward for Board approval as it is nearing the \$1,000,000 threshold)

Description: Walter P. Moore and Associates, Inc., to perform miscellaneous professional forensic engineering services for the Office of Facilities Planning and Construction on a job order basis. Services were competitively procured.

5. Contract (funds going out) - U. T. System: Zero/Six Consulting, LLC to perform professional forensic engineering services

Agency: Zero/Six Consulting, LLC

Funds: Anticipated total cost may exceed \$1,000,000 over the life of the contract for services provided on an as-needed basis

Source of Funds: Various funds approved for individual Capital Improvement Program projects

Period: September 1, 2011 through August 31, 2017
(Contract is being brought forward for Board approval as it is nearing the \$1,000,000 threshold)

Description: Zero/Six Consulting, LLC to perform miscellaneous professional forensic engineering services for the Office of Facilities Planning and Construction on a job order basis. Services were competitively procured.

6. Contract (funds going out) - U. T. System: Opus Search Partners, Inc. to provide recruitment of executive level positions

Agency: Opus Search Partners, Inc.

Funds: Anticipated total cost will exceed \$1,000,000 over the life of the contract

Source of Funds: Contract is dependent on institution requests for services; therefore, the requesting institution will be responsible for payment

Period: January 9, 2012 through January 9, 2015 (one-year contract and two one-year extensions)

Description: To provide administrative, logistical, research, and support tasks for the recruitment of executive level positions identified and requested by U. T. System and institutions.

7. Contract (funds going out) - U. T. System: Russell Reynolds Associates, Inc. to provide recruitment of executive level positions

Agency: Russell Reynolds Associates, Inc.

Funds: Anticipated total cost will exceed \$1,000,000 over the life of the contract.

Source of Funds: Contract is dependent on institution requests for services; therefore, the requesting institution will be responsible for payment

Period: January 20, 2012 through January 20, 2015 (one-year contract and two one-year extensions)

Description: To provide administrative, logistical, research, and support tasks for the recruitment of executive level positions identified and requested by U. T. System and institutions.

8. Contract (funds going out) - U. T. System: Witt/Kieffer, Ford, Hadelman, and Lloyd Corp. to provide recruitment of executive level positions

Agency: Witt/Kieffer, Ford, Hadelman, and Lloyd Corp.

Funds: Anticipated total cost will exceed \$1,000,000 over the life of the contract

Source of Funds: Contract is dependent on institution requests for services; therefore, the requesting institution will be responsible for payment

Period: January 27, 2012 through January 27, 2015 (one-year contract and two one-year extensions)

Description: To provide administrative, logistical, research, and support tasks for the recruitment of executive level positions identified and requested by U. T. System and institutions.

9. Contract (funds going out) - U. T. System: Korn/Ferry International to provide recruitment of executive level positions

Agency: Korn/Ferry International

Funds: Anticipated total cost will exceed \$1,000,000 over the life of the contract

Source of Funds: Contract is dependent on institution requests for services; therefore, the requesting institution will be responsible for payment

Period: January 27, 2012 through January 27, 2015 (one-year contract and two one-year extensions)

Description: To provide administrative, logistical, research, and support tasks for the recruitment of executive level positions identified and requested by U. T. System and institutions.

10. Report on Fiscal Year 2012 Post-Tenure Review - U. T. System Academic Institutions

In accordance with *Texas Education Code* Section 51.942 and Regents' *Rules and Regulations*, Rule 31102, the following report on the Fiscal Year 2012 post-tenure review for the U. T. System academic institutions is provided by the Executive Vice Chancellor for Academic Affairs.

During Fiscal Year 2012, 443 tenured faculty members at the nine academic institutions with tenured faculty were subject to post-tenure review. Of the 443 faculty members subject to review, 426 or 96.2% were evaluated as Performing Satisfactorily; 10 or 2.3% received Needs Additional Support or Marginal evaluations; and seven or 1.6% received Unsatisfactory evaluations.

Summary of Post-Tenure Review Results

	Total Actually Reviewed	Total Performing Satisfactorily	Total Needs Additional Support or Marginal	Total Unsatisfactory
U. T. Arlington	50	46	4	0
U. T. Austin	191	190	0	1
U. T. Brownsville	10	7	1	2
U. T. Dallas	29	29	0	0
U. T. El Paso	34	32	1	1
U. T. Pan American	42	38	4	0
U. T. Permian Basin	5	5	0	0
U. T. San Antonio	73	70	0	3
U. T. Tyler	9	9	0	0
Total	443	426	10	7
		96.2%	2.3%	1.6%

Post-Tenure Review Results by Gender

	Actually Reviewed		Performing Satisfactorily		Needs Additional Support or Marginal		Unsatisfactory	
	Male	Female	Male	Female	Male	Female	Male	Female
U. T. Arlington	40	10	37	9	3	1	0	0
U. T. Austin	140	51	140	50	0	0	0	1
U. T. Brownsville	8	2	5	2	1	0	2	0
U. T. Dallas	22	7	22	7	0	0	0	0
U. T. El Paso	27	7	25	7	1	0	1	0
U. T. Pan American	36	6	32	6	4	0	0	0
U. T. Permian Basin	4	1	4	1	0	0	0	0
U. T. San Antonio	52	21	49	21	0	0	3	0
U. T. Tyler	8	1	8	1	0	0	0	0
Total	337	106	322	104	9	1	6	1

Post-Tenure Review Results by Ethnicity

	Total Actually Reviewed					Performing Satisfactorily				
	White	Black	Hispanic	Asian	Other	White	Black	Hispanic	Asian	Other
U. T. Arlington	34	2	5	9	0	30	2	5	9	0
U. T. Austin	159	7	8	16	1	158	7	8	16	1
U. T. Brownsville	7	1	1	1	0	5	1	0	1	0
U. T. Dallas	19	1	1	8	0	19	1	1	8	0
U. T. El Paso	23	0	8	2	1	22	0	7	2	1
U. T. Pan American	24	3	9	3	3	22	1	9	3	3
U. T. Permian Basin	5	0	0	0	0	5	0	0	0	0
U. T. San Antonio	48	2	11	10	2	47	2	9	10	2
U. T. Tyler	8	0	0	1	0	8	0	0	1	0
Total	327	16	43	50	7	316	14	39	50	7
	Needs Additional Support or Marginal					Unsatisfactory				
	White	Black	Hispanic	Asian	Other	White	Black	Hispanic	Asian	Other
U. T. Arlington	4	0	0	0	0	0	0	0	0	0
U. T. Austin	0	0	0	0	0	1	0	0	0	0
U. T. Brownsville	1	0	0	0	0	1	0	1	0	0
U. T. Dallas	0	0	0	0	0	0	0	0	0	0
U. T. El Paso	1	0	0	0	0	0	0	1	0	0
U. T. Pan American	2	2	0	0	0	0	0	0	0	0
U. T. Permian Basin	0	0	0	0	0	0	0	0	0	0
U. T. San Antonio	0	0	0	0	0	1	0	2	0	0
U. T. Tyler	0	0	0	0	0	0	0	0	0	0
Total	8	2	0	0	0	3	0	4	0	0

FACULTY CHANGES PRIOR TO POST-TENURE REVIEW:

U. T. Arlington: Two faculty members retired prior to review.

U. T. Austin: Six faculty members retired prior to review.

U. T. Brownsville: One faculty member retired prior to review.

U. T. Pan American: One faculty member retired prior to review.

PRESENT STATUS OF EACH MARGINAL PERFORMANCE:

U. T. Arlington: All faculty evaluated as marginal were asked to work with department chairs and deans to recalibrate their teaching and research workload to place more emphasis on teaching, which is their strength and source of greatest contribution to the University.

U. T. Brownsville: Associate Professor has been serving in a primarily nonteaching, administrative capacity since 2002. The Dean and the Associate Professor have agreed upon a professional development plan to create a research agenda that will keep the faculty member current in the teaching field. By Fall 2014, the Associate Professor will be required to comply with the School of Business Academically Qualified Criteria, which includes, at minimum, five publications. Mentorship by published faculty members to be provided if necessary.

U. T. El Paso: The Chair has been working with the faculty member to enhance service in the department, and the Dean is working on increasing the faculty member's preparation for online course work through instructional materials and tutorials.

U. T. Pan American: Faculty members met with respective Chairs and Deans regarding corresponding areas of concern and to receive feedback regarding their professional performance. Each faculty member is expected to take action to make improvements in the areas identified as requiring additional support and will provide additional guidance throughout the coming year.

PRESENT STATUS OF EACH UNSATISFACTORY PERFORMANCE:

U. T. Austin: Academic deans have established faculty development support plans for all faculty receiving unsatisfactory post-tenure reviews.

U. T. Brownsville: Of the two unsatisfactory recommendations, both were part of a group of faculty subject to termination (reduction in force) due to separation of U. T. Brownsville and Texas Southmost College. Since 2012-2013 is their final year of service at U. T. Brownsville, no additional action was taken.

U. T. El Paso: The Dean met with the faculty member and Chair to develop and implement a remediation plan and reevaluate in September 2012 and found substantial progress on plan steps.

U. T. San Antonio: Full Professor #1 retired effective May 31, 2012. Full Professor #2 was placed on a faculty development plan. Associate Professor #1 was placed on a faculty development plan.

PLANS FOR EVALUATION DURING THE CURRENT YEAR FY 2013:

U. T. Arlington: Confirmation with academic leadership that teaching loads have been adjusted.

U. T. Austin: All faculty scheduled for post-tenure review in 2012-2013 will be evaluated and faculty development support plans for previous unsatisfactory reviews will be monitored.

U. T. Dallas: During the 2013-2014 cycle of periodic performance evaluation (PPE), U. T. Dallas will continue to use the electronic file format for ease of evaluation and record retention. It is anticipated that 37 faculty will be reviewed in the 2013-2014 PPE cycle.

U. T. El Paso: Dean will meet with Chair and faculty member in January 2013 to review remediation progress.

U. T. Pan American: The Department Chair and the Dean will continue to monitor each faculty member, will assess their progress, and will provide additional guidance as needed. A teaching effectiveness/professional achievement plan has been prepared for each faculty member and approved at the department and college level.

U. T. Permian Basin: Seven tenured faculty members are up for review during 2012-2013.

U. T. San Antonio: Full Professor #2 was placed on a faculty development plan and will be monitored by the department chair. His next post-tenure review will occur earlier than the normal six-year cycle. The next review will be conducted in 2014-2015. Associate Professor #1 was placed on a faculty development plan and will be monitored by the department chair. As long as the faculty development plan is being followed and the Associate Professor meets college standards, the next post-tenure review will be conducted at the regularly scheduled date of 2017-2018.

11. Report on Fiscal Year 2012 Post-Tenure Review - U. T. System Health Institutions

In accordance with *Texas Education Code* Section 51.942 and Regents' *Rules and Regulations*, Rule 31102, the following report on the Fiscal Year 2012 post-tenure review for the U. T. System health institutions is provided by the Executive Vice Chancellor for Health Affairs.

During Fiscal Year 2012, 202 tenured faculty members at the five health institutions were subject to review. Of the 202 faculty members subject to review, 192 or 95.0% were evaluated as Exceeds Expectations or Meets Expectations; 5 or 2.5% received Does Not Meet Expectations evaluations; and 5 or 2.5% received Unsatisfactory evaluations. The following summary tables provide additional details of the post-tenure review results.

Summary of Post-Tenure Review Results

	Total Subject to Review	Total Exceeds Expectations or Meets Expectations	Total Does Not Meet Expectations	Total Unsatisfactory
U. T. SWMC	27	24	3	0
U. T. MB - Galveston	20	20	0	0
U. T. HSC - Houston	40	39	1	0
U. T. HSC - San Antonio	51	51	0	0
U. T. MDACC*	64	58	1	5
Total	202	192	5	5
		95.0%	2.5%	2.5%

Post-Tenure Review Results by Gender

	Subject to Review		Exceeds Expectations or Meets Expectations		Does Not Meet Expectations		Total Unsatisfactory	
	Male	Female	Male	Female	Male	Female	Male	Female
U. T. SWMC	22	5	19	5	3	0	0	0
U. T. MB - Galveston	16	4	16	4	0	0	0	0
U. T. HSC - Houston	24	16	24	15	0	1	0	0
U. T. HSC - San Antonio	38	13	38	13	0	0	0	0
U. T. MDACC*	45	19	40	18	1	0	4	1
Total	145	57	137	55	4	1	4	1

*U. T. MDACC offers "term tenure"

Post-Tenure Review Results by Ethnicity										
	Total Subject to Review					Exceeds Expectations or Meets Expectations				
	White	Black	Hispanic	Asian	Other	White	Black	Hispanic	Asian	Other
U. T. SWMC	18	1	1	7	0	16	1	0	7	0
U. T. MB - Galveston	17	0	1	2	0	17	0	1	2	0
U. T. HSC - Houston	32	0	1	7	0	32	0	1	6	0
U. T. HSC - San Antonio	42	1	4	4	0	42	1	4	4	0
U. T. MDACC	45	0	4	15	0	42	0	4	12	0
Total	154	2	11	35	0	149	2	10	31	0
	Does Not Meet Expectations					Unsatisfactory				
	White	Black	Hispanic	Asian	Other	White	Black	Hispanic	Asian	Other
U. T. SWMC	2	0	1	0	0	0	0	0	0	0
U. T. MB - Galveston	0	0	0	0	0	0	0	0	0	0
U. T. HSC - Houston	0	0	0	1	0	0	0	0	0	0
U. T. HSC - San Antonio	0	0	0	0	0	0	0	0	0	0
U. T. MDACC	1	0	0	0	0	2	0	0	3	0
Total	3	0	1	1	0	2	0	0	3	0

FACULTY CHANGES PRIOR TO POST-TENURE REVIEW:

U. T. Medical Branch - Galveston: One faculty member changed position or retired prior to post-tenure review.

U. T. Health Science Center - San Antonio: Two faculty members changed positions or retired prior to post-tenure review.

PRESENT STATUS DOES NOT MEET EXPECTATIONS

U. T. Southwestern Medical Center: Two faculty will have next post-tenure reviews ahead of schedule and the third has been moved to a nine-month contract.

U. T. Health Science Center - Houston: The Department Chair and faculty member, in consultation with the Dean, have been engaged in developing a revised position description that more accurately describes the role of the faculty member within the school. Specific goals are being set that will be incorporated into the Annual Activity Report and Faculty Development Plan.

U. T. M. D. Anderson Cancer Center: One faculty member had term tenure extended for a single year.

UNSATISFACTORY

U. T. M. D. Anderson Cancer Center: Five faculty members had position end at the end of the seventh year.

12. Real Estate Report - U. T. System: Summary Report of Separately Invested Assets managed by U. T. System

**THE UNIVERSITY OF TEXAS SYSTEM
SEPARATELY INVESTED ASSETS
Managed by U. T. System
Summary Report at February 28, 2013**

		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									
11/30/2012	\$	1,723,658	\$ 19,932,428	\$ 97,146,206	\$ 261,081,142	\$ 1,601,467	\$ 3,161,384	\$ 100,471,331	\$ 284,174,954
Increase or									
Decrease		1,319	(9,362,879)	5,704,324	15,550,608	-	-	5,705,643	6,187,729
Ending Value									
2/28/2013	\$	1,724,977	\$ 10,569,549	\$ 102,850,530	\$ 276,631,751	\$ 1,601,467	\$ 3,161,384	\$ 106,176,974	\$ 290,362,684
Other Real Estate:									
Ending Value									
11/30/2012	\$	37,848	\$ 37,848	\$ 19,627	\$ 19,627	\$ -	\$ -	\$ 57,475	\$ 57,475
Increase or									
Decrease		(5,414)	(5,414)	-	-	-	-	(5,414)	(5,414)
Ending Value									
2/28/2013	\$	32,433	\$ 32,433	\$ 19,627	\$ 19,627	\$ -	\$ -	\$ 52,061	\$ 52,061

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.

ACADEMIC INSTITUTIONS

13. Other Fiscal Items - U. T. Arlington: Employment Agreement for the appointment of Vistasp Karbhari, Ph.D., as President

The following agreement has been awarded, has been approved by the Chancellor and Executive Vice Chancellor for Academic Affairs, and is recommended for approval by the U. T. System Board of Regents. Such employment under this agreement is subject to the Regents' *Rules and Regulations*, Rules 10501 and 20201 and *Texas Education Code* Section 51.948.

Item: President

Funds: \$485,000 annually

Period: Beginning June 1, 2013

Description: Agreement for employment of Vistasp Karbhari, Ph.D., as President of U. T. Arlington. The President reports to the Chancellor and the Executive Vice Chancellor for Academic Affairs and shall hold office without fixed term subject to the pleasure of the Executive Vice Chancellor for Academic Affairs and approval by the Chancellor and the Board of Regents. U. T. Arlington will reimburse club and professional memberships as approved by the Executive Vice Chancellor for Academic Affairs, continuing education expenses, and reasonable travel expenses. Dr. Karbhari will be appointed as Professor, with tenure, in the Department of Mechanical and Aerospace Engineering and the Department of Civil and Environmental Engineering, College of Engineering without salary during his term as President at U. T. Arlington. The employment agreement is on the following pages.



The University of Texas System
Nine Universities. Six Health Institutions. Unlimited Possibilities.

Office of Academic Affairs
601 Colorado Street, Austin, TX 78701
Phone: 512-499-4233 Fax: 512-4994240

March 12, 2013

- The University of Texas at Arlington
- The University of Texas at Austin
- The University of Texas at Brownsville
- The University of Texas at Dallas
- The University of Texas at El Paso
- The University of Texas - Pan American
- The University of Texas of the Permian Basin
- The University of Texas at San Antonio
- The University of Texas at Tyler
- The University of Texas Southwestern Medical Center
- The University of Texas Medical Branch at Galveston
- The University of Texas Health Science Center at Houston
- The University of Texas Health Science Center at San Antonio
- The University of Texas M. D. Anderson Cancer Center
- The University of Texas Health Science Center at Tyler

Dr. Vistasp Karbhari
2707 Hampton Cove Way Southeast
Owens Cross Roads, Alabama 35763

Dear Vistasp:

On behalf of the Board of Regents of The University of Texas System, it is my pleasure to offer you the position of President of The University of Texas at Arlington, effective June 1, 2013. Your annual salary rate as of that date will be \$485,000. You are entitled to other State-paid fringe benefits required to be provided to higher education employees by State law and for which you are eligible. Among these benefits are State-paid OASI, longevity pay, workers' compensation liability, insurance coverage, retirement plan, insurance premium sharing, and leave entitlement.

The Presidents of The University of Texas academic campuses are selected by the Regents of The University of Texas System and serve without fix term and at the pleasure of the Executive Vice Chancellor for Academic Affairs. There is a specific budget for the office of the President at The University of Texas at Arlington which is determined by you as President of the Institution.

Additional elements of your compensation package are:

- a. The cost of club membership(s) approved by the Executive Vice Chancellor for Academic Affairs will be paid, including initial fees for joining the club and all properly documented business-related expenses. All personal expenses, including the portion of dues related to personal use, is calculated based on the personal expenses for that month as a percent of total expenses. That percentage is applied to the dues owed to determine the personal amount.
- b. When your administrative appointment as President ends you will be entitled to return to a tenured faculty position as professor, consistent with Rule 31007 of the Regents' *Rules and Regulations*, which governs tenured appointments at The University of Texas at Arlington and to be compensated at your academic salary rate.
- c. State law allows the grant of development leave at the individual's academic salary rate for one year to a faculty member who has held an administrative position at the institution for more than four years. An administrator who receives development leave must return to work (as a faculty member) at a U.T. System institution for an amount of time equal to the amount of time the administrator received development leave or repay the institution for all the costs of the development leave. Barring any subsequent legal prohibitions, these provisions will apply in your situation. The specific length of the development leave will be negotiated dependent on your term of service as

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Page 2
March 12, 2013

President and other pertinent considerations should you leave the Presidency and begin as a faculty member.

- d. Appointment as Professor, with tenure, in the Department of Mechanical and Aerospace Engineering, and the Department of Civil and Environmental Engineering, College of Engineering at U. T. Arlington, with a beginning academic rate of \$200,000. During your presidency, you will not be paid your salary as Professor.

Please note that the benefits described above in (c) may, at the discretion of the Board be denied should you be terminated from the position of President for good cause, as determined by the Board.

Business-related travel and entertainment expenses, as well as official travel for your spouse, shall be in accordance with the *Rules and Regulations* of the Board of Regents, Series 20205, U.T. System Policy 120 – Spousal Travel Policy, and with current travel and entertainment budgets of the institution. Expenses will be paid directly or reimbursed as appropriate.

Appropriate and timely submission of documentation required for reimbursement of travel and entertainment expenditures is required by the *Rules and Regulations* of the Board of Regents, Series 20205. Quarterly reports on travel, including spousal travel, and entertainment shall be filed with the Executive Vice Chancellor for Academic Affairs.

Your base salary is all inclusive and there are no additional allowances provided for housing or automobile consistent with Regents' *Rules and Regulations* on compensation for chief administrative officers. Reimbursement will be made for mileage associated with business use of a vehicle in accordance with the latest published Internal Revenue Service guidelines, the State Travel Regulations Act (*Texas Government Code* Chapter 660) and applicable institutional policies. There is no separate provision for the use of a cellular telephone or other wireless device. Such use shall follow the policy for wireless devices at your institution.

The University of Texas at Arlington will also make direct payments for the actual costs of reasonable expenses related to moving and storage, if needed, of household, personal, and professional possessions from Huntsville, Alabama to Arlington, Texas. Please contact Jean Hood, Vice President of Human Resources before making any arrangements related to relocation.

The University will compensate you for commuting costs incurred by you and your wife including airfare, accommodations, and meals associated with your transition. The University will compensate you for temporary housing costs during the first year of your Presidency prior to the arrival of your wife to establish permanent residence.

Information about benefits including health insurance, disability, life insurance, and retirement has been transmitted under separate cover.

Elements in this compensation package may be subject to federal income tax and as such will be subject to withholding and reported on the W-2 form along with base salary paid. You should consult your tax adviser as to the handling of business or other offsetting deductions.

Page 3
March 12, 2013

I look forward to the opportunity to work with you as President of The University of Texas at Arlington. If you have any questions, please let me know.

Sincerely,



Pedro Reyes
Executive Vice Chancellor for Academic Affairs
Ashbel Smith Professor of Education Policy

Accepted:  Date: _____

PR/smr

xc: Francisco G. Cigarroa, Chancellor
Francie Frederick, General Counsel to the Board of Regents
Randy Wallace, Associate Vice Chancellor – Controller and Chief Budget Officer
Jean Hood, Vice President of Human Resources

14. Employment Agreement - U. T. Arlington: New agreement of Head Men’s Basketball Coach Scott Cross to replace prior agreement

The following agreement has been executed, has been approved by the Executive Vice Chancellor for Academic Affairs, and is recommended for approval by the U. T. System Board of Regents. Such employment under this agreement is subject to the Constitution and Bylaws of the National Collegiate Athletic Association, any intercollegiate athletic conference of which The University of Texas at Arlington is a member, the Regents’ *Rules and Regulations*, and the policies of The University of Texas at Arlington. The violation of the provisions of such constitution, bylaws, rules, regulations, or policies shall be grounds for suspension without pay or dismissal.

- Item: Head Men’s Basketball Coach

- Funds:

Effective April 1, 2013	\$175,000 annual
2013-2014	\$200,000 annual
2014-2015	\$225,000 annual
2015-2016	\$250,000 annual

- Period: April 1, 2013 through August 31, 2016

- Description: This agreement terminates and replaces the initial agreement for employment of Head Men’s Basketball Coach, Scott Cross, for the above designated period following the standard coach's employment contract prepared by the Office of General Counsel. The base salary will increase by \$25,000 annually.

- Incentives: Listed below. There were no changes to incentives.
 - (a) \$7,500 in any contract year in which the team wins the regular season championship
 - (b) \$10,000 in any contract year in which the team wins the conference tournament championship
 - (c) \$2,500 in any contract year in which the team plays in a championship game
 - (d) \$500 for each conference game win in any contract year.
 - (e) \$2,500 in any contract year in which the team has a 20-win season
 - (f) \$2,500 in any contract year in which the team has a NIT appearance
 - (g) \$7,500 in any contract year in which the team has a NCAA appearance at-large berth

- (h) \$5,000 in any contract year in which the team has a post-season win (NCAA or NIT)
- (i) \$5,000 in any contract year in which the coach is named Conference Coach of the Year
- (j) \$5,000 in any contract year in which the team has a final season RPI of top 64 in Division I
- (k) \$2,500 in any contract year in which the team has a final season RPI of top 125 in Division I
- (l) \$5,000 in any contract year in which the team annual NCAA APR score is 975 or better
- (m) \$5,500 in any contract year in which the team annual NCAA APR score is 940 or better
- (n) \$1,000 for every First Team Conference Player recognition in any contract year
- (o) \$1,000 for every First Team All-Academic Player recognition in any contract year
- (p) \$1,000 in any contract year in which a player is named Conference Player of the Year
- (q) For the number of season tickets sold for men's basketball games in any contract year:

No. of Season Tickets Sold	Incentive Amount
1000	\$ 2,000
1500	\$ 2,500
2000	\$ 3,000
2500	\$ 3,500
3000	\$ 4,000
3500	\$ 4,500
4000	\$ 5,000
4500	\$ 5,500
5000	\$ 6,000

- (r) For the average attendance at a men’s basketball game based on the turnstile count in any contract year:

Average Attendance	Incentive Amount
2000	\$ 2,000
2500	\$ 2,500
3000	\$ 3,000
3500	\$ 3,500
4000	\$ 4,000
4500	\$ 4,500
5000	\$ 5,000
5500	\$ 5,500
6000 & Above	\$ 6,000

15. Advisory Council - U. T. Arlington: Creation and operation of the College of Education and Health Professions National Leadership Council

The following request to approve the creation and operation of the College of Education and Health Professions National Leadership Council has been approved by the Chancellor, the Executive Vice Chancellor for Academic Affairs, and the Vice Chancellor for External Relations in accordance with Regents’ *Rules and Regulations*, Rule 60302 and is submitted for approval by the U. T. System Board of Regents:

Item: The College of Education and Health Professions (CoEHP) National Leadership Council

Effective: June 1, 2013

Description: The CoEHP National Leadership Council will serve as an advisory group to help the CoEHP primarily in the area of development and fundraising. The existing CoEHP Visiting Committee would remain in place to serve primarily as an advisory group to assist with input regarding curriculum and other programmatic areas.

16. Contract (funds going out) - U. T. Austin: Media Event Concepts, Inc. to provide professional video and multimedia production services for University events

Agency: Media Event Concepts, Inc.

Funds: \$4,016,045 including all renewals

Source of Funds: General Gift Funds and Interest on Restricted Funds

Period: February 19, 2013 through August 31, 2015 with options to renew for two additional two-year periods

Description Media Event Concepts, Inc. will provide professional video and multimedia production services for several specified University-wide events: Gone to Texas, President's State of the University Address, Explore UT, Honors Day, UT Remembers, and Spring Commencement.

17. Contract (funds going out) - U. T. Austin: Mutual Telecom Services, Inc. to provide site survey and voice-over Internet protocol deployment services for U. T. Austin facilities located in Austin, Texas

Agency: Mutual Telecom Services, Inc. dba Black Box Network Services

Funds: Estimated \$2,000,000

Source of Funds: Service Center Funds

Period: March 11, 2013 through March 1, 2015

Description: Mutual Telecom Services, Inc. will deploy 23,000 telephones throughout U. T. Austin sites located in Austin. Deployment will require building and site surveys, project management, and technical and administrative functions. Telephones will connect to the voice-over Internet protocol (VOIP) communications system purchased via a purchase order approved by the Board of Regents on August 23, 2012.

18. Contract (funds going out) - U. T. Austin: Sasaki Associates, Inc. to provide additional professional master planning services to initiate phase two of the Campus Master Plan (see Academic Affairs Committee Item 2 on Page 145 and Consent Agenda Item 27 on Page 323)

Agency: Sasaki Associates, Inc.

Funds: \$1,750,000 added to original Campus Master Plan master agreement.

- Original agreement funded at \$1,380,600
- Additional \$2,650 authorized February 12, 2012, to cover cost of additional trip to campus by Sasaki
- Original agreement amended to include the creation of a new Medical School Master Plan, approved by Board February 14, 2013, and funded at \$966,000
- If Phase II is approved, total of original agreement, the authorization, and the two amendments will be \$4,099,250

Source of Funds: Project Management and Construction Services - Campus Master Plan

Period: March 1, 2013 through December 31, 2013; term of original agreement, October 1, 2010 through December 30, 2012

Description: Under the original master agreement, Sasaki Associates, Inc. created a new Campus Master Plan that is now complete (see Academic Affairs Committee Item 2 on Page 145 and Consent Agenda Item 27 on Page 323). A new amendment to the existing Sasaki contract is proposed to initiate Phase Two of the Campus Master Plan at a cost of \$1,750,000. In Phase Two, Sasaki will provide additional professional master planning services for several areas not directly addressed in Phase One, but which were highlighted as being important to the long-term, orderly development of the university: academic planning and academic plan coordination, East Campus planning, landscape planning, and athletic facilities planning. Sasaki Associates, Inc. is uniquely positioned to provide this additional planning scope in a manner that will assure adherence to the Campus Master Plan and to create a comprehensive framework for future planning, as they did with the Medical School Master Plan.

19. Foreign Contract (funds going out) - U. T. Austin: Memorandum of Understanding with the Spanish Agency for International Cooperation and Development to work with the Department of Spanish and Portuguese, College of Liberal Arts, to hire a lecturer from Spain to teach undergraduate courses and promote the Spanish language and Spanish culture at U. T. Austin

Agency: Spanish Agency for International Cooperation and Development, a public entity within the Spanish Ministry of Foreign Affairs and Cooperation

Funds: No funds to Spanish Agency for International Cooperation and Development. U. T. Austin will pay lecturer from Spain \$32,762 per year, for a maximum of \$98,286 if the lecturer's post is renewed each of the three years of the Memorandum of Understanding (MOU)

Source of Funds: Educational and General Fund

Period: September 1, 2013 through May 31, 2016

Description: Under the MOU, the Spanish Agency for International Cooperation and Development, a public entity within the Spanish Ministry of Foreign Affairs and Cooperation, will work with the Department of Spanish and Portuguese in the College of Liberal Arts to hire a lecturer from Spain to teach undergraduate courses and to promote the Spanish language and Spanish culture at U. T. Austin.

20. Foreign Contract (funds coming in) - U. T. Austin: University of Adelaide, Australia, Executive Education Programs, to receive leadership training services from the Governor's Center for Management Development, Lyndon B. Johnson School of Public Affairs

Agency: University of Adelaide, Australia

Funds: Approximately \$20,578

Period: June 1, 2013 through December 31, 2013

Description: The Governor's Center for Management Development, a unit of the LBJ School of Public Affairs, will provide leadership training service and two keynote presentations to the University of Adelaide's Executive Education Programs in Adelaide, Australia.

21. Lease - U. T. Austin: Authorization to extend the lease of ATM locations to Bank of America, N.A.

Description: Extension of lease of sites for seven automated teller machines at six locations on the U. T. Austin campus

Lessor: Bank of America, N.A., a federally chartered banking association

Term: The extension term commenced on March 1, 2013, and continues through November 30, 2013, unless terminated earlier by U. T. Austin. The institution plans to select one or more automated teller machine vendors through a request for proposal process and when that selection is made, U. T. Austin will terminate the lease to Bank of America, N.A. Additionally, if Board of Regents' approval of the extension is not obtained by May 31, 2013, the lease terminates on May 31, 2013.

Lease Income: Consideration to U. T. Austin includes \$26,354.17 in base rent and \$335.00 in operating expenses per month, for a total of approximately \$240,201 if the lease extension runs for the full nine-month term. The original lease became effective on February 15, 2007; and on February 8, 2007, was approved by the Board of Regents. This current lease extension and a prior lease extension will result in aggregate additional revenue to U. T. Austin in excess of 25% of the prior authorization if the lease extends beyond May 31, 2013, and, therefore, this lease extension is being submitted to the Board of Regents for authorization.

22. Lease - U. T. Austin: Authorization to extend the lease of space from University Towers Austin, LLC, for administrative office and educational uses

- Description: Extension of lease of approximately 9,365 square feet at 801 West 24th Street, Austin, Texas, for administrative office and educational uses. U. T. Austin's English as a Second Language program is currently housed in the space and will continue to occupy the space during the lease extension.
- Lessor: University Towers Austin, LLC, a Delaware limited liability company
- Term: The original lease term commenced on May 1, 2011, and continues through July 31, 2013; the proposed extension term commences August 1, 2013, and ends July 31, 2017.
- Lease Costs: Approximately \$438,200 in base rent, utility costs, and operating expenses over the initial term and approximately \$980,100 in base rent, utility costs, and operating expenses over the extension term, for a total estimated cost of \$1,418,300. The Lessor will expend approximately \$100,000 to renovate the space to better accommodate use by the institution. As the extension of the lease results in a total cost to U. T. Austin in excess of \$1,000,000 in the aggregate, this lease extension is being submitted to the Board of Regents for authorization.
- Source of Funds: Programmatic income generated from programs housed in the leased premises

23. Emeritus Appointments - U. T. Austin: Approval of emeritus titles

Richard E. Klingner, from L.P. Gilvin Centennial Professor in Civil Engineering to L.P. Gilvin Centennial Professor Emeritus in Civil Engineering, Department of Civil, Architectural, and Environmental Engineering (RBC No. 5091) -- amendment to the 2012-13 budget

Kathryn G. Hansen, from Professor to Professor Emeritus, Department of Asian Studies (RBC No. 5101) -- amendment to the 2012-13 budget

José E. Limón, from Mody C. Boatright Regents Professor in American and English Literature to Mody C. Boatright Regents Professor Emeritus in American and English Literature, Department of English (RBC No. 5090) -- amendment to the 2012-13 budget

Ted L. Huston, from Amy Johnson McLaughlin Centennial Professor in Home Economics to Amy Johnson McLaughlin Centennial Professor Emeritus in Home Economics, Department of Human Development and Family Sciences (RBC No. 5089) -- amendment to the 2012-13 budget

Peter R. Antoniewicz, from Professor to Professor Emeritus, Department of Physics (RBC No. 5097) -- amendment to the 2012-13 budget

24. Posthumous Emeritus Award - U. T. Austin: McDonald Smith, from Associate Professor to Associate Professor Emeritus, Department of Art and Art History

Through an administrative error at U. T. Austin, the emeritus appointment was not registered in University records and not forwarded for placement on the Docket in 1999 to be effective September 1, 1999. When this error was discovered in January 2013, it was too late to include the appointment on the February 2013 Consent Agenda. It was later learned that Dr. Smith passed away in December 2012. The request for honorary title designation is being submitted now for formal documentation.

25. Request for Budget Change - U. T. Austin: Transfer a total of \$538,000 from U. T. System Office of Telecommunication Services and Information Technology Services accounts to provide supplemental funding for replacement of two of the five air-conditioning units in Room 319D of Service Building (RBC No. 5033) -- amendment to the 2012-13 budget

<u>Description</u>	<u>\$ Amount</u>	<u>RBC #</u>
PROJECT MANAGEMENT AND CONSTRUCTION SERVICES		
Amount of Transfer:	538,000	5033
From: Service Departments Funds		
U. T. System Office of Telecommunication Services - Maintenance, Operation, and Equipment	215,200	
Information Technology Services Operations - Maintenance, Operation and Equipment	322,800	
To: Project Management and Construction Services - SER Room 319D A/C Replacement - All Expenses	538,000	

26. Request for Budget Change - U. T. Austin: Transfer a total of \$500,000 from Dean of Liberal Arts Special Programs Including Academic Development account to College of Liberal Arts Facility Upgrades account to provide funding for future Capital Projects accounts related to renovating research labs for faculty members including disciplines of Psychology, Anthropology, Geography, Population Research, Linguistics, and Sociology (RBC No. 5080) -- amendment to the 2012-13 budget

27. Request for Budget Change - U. T. Austin: Transfer a total of \$966,000 from the Available University Funds-Medical School-Maintenance, Operation, and Equipment account to Plant Funds-Campus Master Plan account to provide funding for the Medical School Master Plan (RBC No. 5162) -- amendment to the 2012-13 budget (see related Academic Affairs Committee Item 2 on Page 145 and Consent Agenda Item 18 on Page 318)

The amendment to the original Campus Master Plan agreement with Sasaki Associates, Inc. to create a new Medical School Master Plan was approved by the Board of Regents on February 14, 2013.

28. Employment Agreement - U. T. Austin: Amendment to Agreement of Head Men's Golf Coach John Fields

The following Amendment No. 6 has been approved by the Executive Vice Chancellor for Academic Affairs, and is recommended for approval by the U. T. System Board of Regents. If Amendment No. 6 is approved, total annual compensation for Coach Fields will be in excess of \$250,000. Such employment under the Agreement, as amended by Amendments No. 1 through 5, is subject to the Constitution and Bylaws of the National Collegiate Athletic Association, any intercollegiate athletic conference of which The University of Texas at Austin is a member, the Regents' *Rules and Regulations*, and the policies of The University of Texas at Austin. The violation of the provisions of such constitution, bylaws, rules, regulations, or policies shall be grounds for suspension without pay or dismissal.

Item: Head Men's Golf Coach Agreement

From: Guaranteed compensation
-Athletic products and endorsements: \$2,000 annually
-Camp provision: none
-Payment dates for camps: none
-Additional payment provision: none

To: Guaranteed compensation
-Athletic products and endorsements: \$44,500 annually
-Camp provision: add new provision for payment for working at U. T. Austin camps
-Payment dates for camps: payment within 30 days following camp completion and related accounting process
-Additional payment provision: one-time merit payment of \$33,000

Source of Funds: Intercollegiate Athletics
Salary Percent Change: N/A
Description: Amendment No. 6 to the Agreement for employment of Head Men's Golf Coach John Fields
Incentive Change: No change in nonguaranteed compensation available through performance incentives from FY 2011-12 to FY 2012-13
Period: May 1, 2013 through August 31, 2016

29. Admission Criteria - U. T. Brownsville: Summary of changes to Admission Criteria

Summary of Changes to Admission Criteria

The Graduate Record Examination (GRE) was revised in August 2011 and is now scored on a different numeric scale providing tables that give equivalent scores on the previous and revised tests. In addition to other proposed changes, the "new scale" GRE equivalents are provided for admission to each degree program or track. The change has been reviewed and administratively approved by the Executive Vice Chancellor for Academic Affairs and is recommended for approval by the U. T. System Board of Regents.

M.S. in Biology

- GRE Verbal: Previous 500, New 153
- GRE Quantitative: Previous 500, New 144

M.S.I.S. in Biology

- GRE Verbal: Previous 500, New 153
- GRE Quantitative: Previous 500, New 144

M.S. in Computer Science

- GRE Verbal: Previous 400, New 146
- GRE Quantitative: Previous 500, New 144

M.S.I.S. in Computer Science

- GRE Verbal: Previous 400, New 146
- GRE Quantitative: Previous 500, New 144

M.S. in Mathematics

- GRE Verbal: Previous 400, New 146
- GRE Quantitative: Previous 600, New 148

MBA

- GRE Verbal: Previous 400, New 146
- GRE Quantitative: Previous 400, New 140

MBA Online

- GRE Verbal: Previous 400, New 146
- GRE Quantitative: Previous 400, New 140

M.A. in Spanish

- GRE Verbal: Previous 400, New 146

M.A. in English

Previous:

- Undergraduate GPA of 3.0
- GRE Verbal score of 500
- GRE Analytical score of 4.0
- A 3.0 GPA in 9 hours of upper division English Literature courses, three of which must be ENGL 3302 Literary Analysis or its equivalent

New:

- Undergraduate GPA of 3.0
- GRE Verbal: 153
- GRE analytical score of 4.0
- A 3.0 GPA in 12 hours of upper division English courses

M.A. in History

- GRE Verbal: Previous 400, New 146

M.M. in Music Education

- GRE Verbal: Previous 400, New 146

M.P.P.M.

- GRE Verbal: Previous 450, New GRE not required
- GRE Quantitative: Previous 550, New GRE not required
- GRE Analytical: Previous 4.0, New GRE not required

M.A. in Psychology

- GRE Verbal: Previous 400, New 146
- GRE Quantitative: Previous 400, New 140

M.A.I.S.

- GRE Verbal: Previous 400, New 146
- GRE Quantitative: Previous 400, New 140

30. Emeritus Appointment - U. T. Brownsville: Appointment of Dianne Brumley from Director of Choral Music Studies to Director Emeritus, College of Liberal Arts (RBC No. 5125) -- amendment to the 2012-2013 budget

31. Admission Criteria - U. T. Dallas: Changes to Admission Criteria

U. T. Dallas requests approval for revisions to the criteria for admission into graduate programs to conform with the Educational Testing Services changes to the numeric scale used for the Graduate Record Examination (GRE). The changes have been reviewed and administratively approved by the Executive Vice Chancellor for Academic Affairs and are recommended for approval by the U. T. System Board of Regents.

Summary of Changes to Admission Criteria

Educational Testing Services replaced the GRE General Test with the GRE revised General Test in August 2011. The GRE revised General Test includes changes to the score scales used for the Quantitative Reasoning and Verbal Reasoning measures. Some U. T. Dallas graduate programs specify only combined scores, whereas others specify separate scores for Quantitative Reasoning and for Verbal Reasoning, and others specify all three scores.

SCHOOL OF ECONOMIC, POLITICAL AND POLICY SCIENCES:

Applied Sociology MS Program

- Change the combined score of 1100 on the old scale to GRE Quantitative score of 146 and GRE Verbal score of 156 using the new scale

Criminology MS and PhD Programs

- Change the combined GRE score from 1000 on the old scale to 300 using the new scale

Economics MS and PhD Programs

- Master's: Change the combined score of 1200 on the old scale to GRE Quantitative score of 146 and GRE Verbal of 156 using the new scale
- Doctoral: Change the combined score of 1200 on the old scale to GRE Quantitative score of 148 and GRE Verbal of 160 using the new scale

Geospatial Information Sciences MS and PhD Programs

- Master's: Change the combined score from 1000 on the old scale to 295 using the new scale
- Doctoral: Change the combined score from 1150 on the old scale to 300 using the new scale

International Political Economy MS Program

- Change the combined score of 1100 to GRE Quantitative score of 146 and GRE Verbal score of 156 using the new scale

Political Science MA and PhD Programs

- Master's: change the combined score from 1100 to 300 using the new scale
- Doctoral: change the combined score from 1200 to 310 using the new scale

Political Science – Constitutional Law Studies MA Program

- Change the combined score from 1100 to 300 using the new scale

Political Science – Legislative Studies MA Program

- Change the combined score from 1100 to 300 using the new scale

Public Affairs PhD Program

- Change the combined score of 1100 to GRE Quantitative score of 146 and GRE Verbal score of 156 using the new scale

Public Policy MPP Program

- Change the combined score of 1100 to GRE Quantitative score of 146 and GRE Verbal score of 156 using the new scale

Public Policy and Political Economy PhD Program

- Change the combined score of 1200 to GRE Quantitative score of 148 and GRE Verbal score of 160 using the new scale

ERIK JONSSON SCHOOL OF ENGINEERING AND COMPUTER SCIENCE:

Biomedical Engineering MS and PhD Programs

- Change the GRE Quantitative score from 700 to 156 using the new scale
- Change the GRE Verbal score from 500 to 154 using the new scale

Computer Engineering MS and PhD Programs

- Change the GRE Quantitative score from 700 to 156 using the new scale
- Change the GRE Verbal score from 500 to 154 using the new scale

Computer Science MS and Computer Science-Software Engineering MSCS Programs

- Change the combined score from 1200 to 308 using the new scale
- Change the GRE Quantitative score from 700 to 155 using the new scale
- Change the GRE Verbal score from 500 to 153 using the new scale

Computer Science PhD Program

- Change the combined score from 1300 to 315 using the new scale
- Change the GRE Quantitative score from 750 to 159 using the new scale
- Change the GRE Verbal score from 550 to 156 using the new scale

Electrical Engineering MSEE and PhD Programs

- Change the GRE Quantitative score from 700 to 156 using the new scale
- Change the GRE Verbal score from 500 to 154 using the new scale

Materials Science and Engineering MS and PhD Programs

- Change the GRE Quantitative score from 700 to a recommended score of 154 or above using the new scale
- Change the GRE Verbal score from 500 to a recommended score of 154 or above using the new scale

Mechanical Engineering MS Program

- Change the GRE Quantitative score from 700 to 170 using the new scale
- Change the GRE Verbal score from 500 to 170 using the new scale
- Increase the GRE Analytical Writing subtest score from 4 to 6

Mechanical Engineering PhD Program

- Increase the GRE Quantitative score from 160 to 170
- Increase the GRE Verbal score from 150 to 170
- Increase the GRE Analytical Writing subtest score from 4 to 6

Software Engineering PhD Program

- Change the combined score from 1300 to 315 using the new scale
- Change the GRE Quantitative score from 750 to 159 using the new scale
- Change the GRE Verbal score from 550 to 156 using the new scale

Telecommunications Engineering MSTE and PhD Programs

- Change the GRE Quantitative score from 700 to 156 using the new scale
- Change the GRE Verbal score from 500 to 154 using the new scale

SCHOOL OF INTERDISCIPLINARY STUDIES:

Interdisciplinary Studies MA Program

- Change the combined score from 1000 to 295 using the new scale

NAVEEN JINDAL SCHOOL OF MANAGEMENT:

- Graduate Management Admission Test (GMAT) scores are required; however, the school will accept GRE scores
- Change the combined score from 1240 to 320 using the new scale

SCHOOL OF NATURAL SCIENCES AND MATHEMATICS:

Actuarial Sciences MS Program

- Change the combined score from 1200 to 310 using the new scale
- Change the GRE Quantitative score from 700 to 155 using the new scale
- Change the GRE Verbal score from 350 to 143 using the new scale

Bioinformatics and Computational Biology MS Program

- Change the combined score from 1200 to 310
- Change the GRE Quantitative score from 700 to 155 using the new scale
- Change the GRE Verbal score from 350 to 143 using the new scale

Biology – Molecular and Cell Biology MS and PhD Programs

- Change the combined score from 1000 to 295 using the new scale
- Master's: add the GRE Verbal score of 147 using the new scale

Biotechnology MS Program

- Change the combined score from 1000 to 295 using the new scale
- Add the GRE Verbal score of 147 using the new scale

Chemistry MS and PhD Programs

- Change the combined score from 1000 to 295 using the new scale
- Change the GRE Quantitative score from 600 to 148 using the new scale
- Change the GRE Verbal score from 400 to 147 using the new scale

Geosciences MS and PhD Programs

- Change the combined score from 1000 to 300 using the new scale

Mathematics MS and PhD Programs

- Change the combined score from 1200 to 310 using the new scale
- Change the GRE Quantitative score from 700 to 155 using the new scale
- Change the GRE Verbal score from 350 to 143 using the new scale

Physics MS and PhD Programs

- Change the combined score from 1200 to 308 using the new scale
- Change the GRE Quantitative score from 700 to 155 using the new scale
- Doctoral: Add the GRE Physics subject test (no minimum score specified)

32. Lease - U. T. Dallas: Authorization to lease space from 3000 Waterview Parkway - Richardson LLC, for office, classroom, and research uses

Description: Lease of approximately 89,630 square feet at 3000 Waterview Parkway, Richardson, Texas, to be initially used for offices for U. T. Dallas. The space is currently finished but will require tenant improvements to modify the space for use by the institution. The building is located immediately adjacent to the U. T. Dallas campus.

Lessor: 3000 Waterview Parkway - Richardson LLC, a Delaware limited liability company

Term: The term commences on the date that U. T. Dallas occupies any portion of the premises and begins conducting business, currently estimated to be Summer 2013, and continues for 128 months, plus one five-year renewal option. The institution has the right to terminate 24 months early by paying a termination fee.

Lease Costs: Approximately \$15,918,600 in base rent over the initial term, plus electricity costs and operating expense escalations. Base rent is abated for the first eight months of the term. Rent for the renewal option period will be at fair market value. Lessor is providing a tenant allowance of \$30.00 per square foot towards renovation, cabling, and furnishing costs. U. T. Dallas would contribute any additional funds for the build-out of the space, although none are anticipated.

Source of Funds: Interest income

33. Tenure Appointments - U. T. Dallas: Amendments to the 2012-13 budget

The following Requests for Budget Changes 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 Computer Science Professor and					
SCHOOL OF ARTS AND HUMANITIES Arts and Technology Endowed Chair					
Paul Fishwick (T)	1/16-5/31	100	09	175,000	5068
SCHOOL OF NATURAL SCIENCES AND MATHEMATICS Mathematics Professor					
Dmitry Rachinskiy (T)	11/2-5/31	100	09	130,000	5067

34. Emeritus Appointment - U. T. El Paso: Appointment of John H. Haddox from Professor to Professor Emeritus, Philosophy, College of Liberal Arts (RBC No. 5120) -- amendment to the 2012-13 budget

35. Tenure Appointment - U. T. El Paso: Amendment to the 2012-13 budget

The following Request for Budget Change 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>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
OFFICE OF THE PROVOST AND COLLEGE OF LIBERAL ARTS Criminal Justice Vice Provost for Strategic Academic Initiatives, and Professor of Criminal Justice Michael R. Smith (T)	1/17-8/31 1/17-8/31 (without salary)	100	12 09	185,000 125,000	4832

36. Approval of Dual Position of Honor, Trust, or Profit - U. T. El Paso: Dual Appointment by Governor Perry of Cynthia Villa, C.P.A., M.Ed., Vice President for Business Affairs, as a Board Member of the Texas Department of Information Resources

The following item has been approved by the Executive Vice Chancellor for Academic Affairs in accordance with the Regents' *Rules and Regulations*, Rule 30103. It has been determined that the holding of this office 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 with the University.

The Board is also asked to find that holding this position is of benefit to the State of Texas and the University and there is no conflict between the position and the University.

Name: Cynthia Villa, C.P.A., M.Ed.

Title: Vice President for Business Affairs

Position: Board Member, Texas Department of Information Resources

Period: February 15, 2013 through February 1, 2019

Compensation: Per diem expenses only

Description: Ms. Villa was appointed by Governor Rick Perry as a Board Member of the Texas Department of Information Resources (DIR), and will work with the Board to provide statewide leadership and oversight for

the management of government information and communications technology, as well as to facilitate the state's economic competitiveness through its ability to deliver quality information resources commodities and services at the lowest prices and best value for state and local government and K-12 public and higher education systems.

37. Admission Criteria - U. T. Pan American: Change to the criteria for admission to the Master of Science in Occupational Therapy program

U. T. Pan American requests approval to change the criteria for admission to the Master in Occupational Therapy program to set minimum acceptable scores that conform with the Educational Testing Service changes to the new numeric scale used for the Graduate Record Examination (GRE). Prior to this request, there were not minimum scores on the GRE to be considered for admission. The change has been reviewed and administratively approved by the Executive Vice Chancellor for Academic Affairs and is recommended for approval by the U. T. System Board of Regents.

Summary of Changes to Admissions Criteria

The change in admission requirements for applicants to the Master in Occupational Therapy program in the U. T. Pan American College of Health Science and Human Services is consistent with the requirements at other accredited Occupational Therapy programs. The new requirement sets a minimum acceptable score on the Revised GRE of 150 on the verbal reasoning, 140 on the quantitative reasoning, and 3 on the analytical writing. The Revised GRE must be taken within five years prior to the application deadline.

38. Advisory Councils - U. T. Pan American: Creation and operation of Advisory Councils for the College of Education, College of Social and Behavioral Sciences, and the College of Science and Mathematics

The following request to approve the creation and operation of Advisory Councils for the College of Education, College of Social and Behavioral Sciences, and the College of Science and Mathematics, has been approved by the Chancellor, the Executive Vice Chancellor for Academic Affairs, and the Vice Chancellor for External Relations in accordance with Regents' *Rules and Regulations*, Rule 60302 and is submitted for approval by the U. T. System Board of Regents:

Items: **The Advisory Council for the College of Education**

The Advisory Council for the College of Social and Behavioral Sciences

The Advisory Council for the College of Science and Mathematics

Effective: All effective August 31, 2013

Description: The Advisory Councils will work with the Division of University Advancement to increase philanthropy, advocate to the external community, and help identify best sources to build new funding and create funding diversification.

39. Contract (funds going out) - U. T. Permian Basin: Contract for Custodial Services with GCA Education Services, Inc. to provide custodial services

Agency: GCA Education Services, Inc.

Funds: \$2,318,154

Period: May 15, 2013 through April 30, 2017

Description: To provide custodial services. This contract was competitively bid.

40. Request for Budget Change - U. T. San Antonio: Transfer \$564,871 from Project Reserves fund to the Wayfinding June 2010 fund to provide remaining funding for the campus wayfinding project at both the Main and Downtown campuses to improve and facilitate campus-wide navigation (RBC No. 5018) -- amendment to the 2012-13 budget

41. Request for Budget Change - U. T. Tyler: Transfer \$58,912 from various Library, Equipment, Repair and Rehabilitation projects to Library, Equipment, Repair and Rehabilitation Elevator Fire Service Project account to be used to complete the Elevator Fire Service in Biology Education and Psychology Building and Hudnell Pirtle Roosth Building (RBC No. 5163 and RBC No. 5164) -- amendment to the 2012-13 budget

From:

Project Number	Project Name	Amount
802-602	LERR 11 – Repair and Rehabilitation - Tyler	\$ 3,820
802-602	LERR 11 – Repair and Rehabilitation - Tyler	\$12,262
802-602	LERR 11 – Repair and Rehabilitation - Tyler	\$13,768
802-669	LERR 12 – Repair and Rehabilitation - Tyler	\$ 7,212
802-668	LERR 12 – Library Equipment - Tyler	\$10,000
802-739	LERR 13 – Repair and Rehabilitation - Tyler	\$11,850

HEALTH INSTITUTIONS

42. Contract (funds coming in) - U. T. Southwestern Medical Center: To provide physician services to Parkland Health and Hospital System, Dallas County Hospital District

Agency: Dallas County Hospital District
Funds: \$44,000,000
Period: February 1, 2013 through September 30, 2013
Description: U. T. Southwestern to provide physician services to Parkland Health and Hospital System

43. Contract (funds coming in) - U. T. Southwestern Medical Center: To provide physicians and other health care professionals to Parkland Health and Hospital System, Dallas County Indigent Care Corporation

Agency: Dallas County Indigent Care Corporation (DCICC)
Funds: \$84,000,000
Period: February 1, 2013 through September 30, 2013
Description: Provide physician and other health care services at Parkland Health and Hospital System to indigent and needy persons in and around Dallas County, Texas

44. Contract (funds coming in) - U. T. Southwestern Medical Center: Contract with Dallas Proton Treatment Center, LLC to staff and operate a proton therapy treatment center

Agency: Dallas Proton Treatment Center, LLC
Funds: Approximately \$43,000,000 annually
Period: Effective date is June 3, 2013. The term is 20 years following the commencement date plus the balance of the period that extends to the end of the applicable U. T. Southwestern Medical Center fiscal year.
Description: To provide clinical services, clinical management, and facility management/support services

45. Contract (funds going out) - U. T. Southwestern Medical Center: Anderson Emergency Physicians, P.A. dba Trinity River Emergency Specialists, P.A. to provide emergency physician services

Agency: Anderson Emergency Physicians, P.A. dba Trinity River
Emergency Specialists, P.A.

Funds: \$3,547,800

Source of Funds: Designated Funds

Period: June 1, 2013 through May 31, 2016

Description: Anderson Emergency Physicians to provide emergency
physician services

46. Contract (funds going out) - U. T. Southwestern Medical Center: Hill International, Inc. to provide construction management services

Agency: Hill International, Inc.

Funds: \$3,625,864

Source of Funds: Designated and Unexpended Plant Funds

Period: October 1, 2012 through August 31, 2017

Description: Hill International, Inc. to provide construction management
services. This contract was competitively bid.

47. Lease - U. T. Southwestern Medical Center: Authorization to expand the space leased from 3000 Waterview Parkway - Richardson LLC, for medical clinic use

Description: Lease of an additional approximately 7,170 square feet at
3020 Waterview Parkway, Richardson, Texas, for medical
clinic use, for a total area of 48,770 square feet

Lessor: 3000 Waterview Parkway - Richardson LLC, a Delaware
limited liability company

Term: The term for the expansion space commences on
July 1, 2013, and is coterminous with the lease of the current
space. The lease of the current and expansion space expires
June 30, 2020; and there is one five-year renewal option.

Lease Costs: Rental for the expansion space is at the same rental rate as the existing leased premises and totals approximately \$954,976 in base rent and estimated operating expenses over the initial 84-month term. Rent for the renewal option period will be at the then fair market value. Total renovation costs are approximately \$788,700, of which the Lessor is providing a tenant allowance of \$30.00 per square foot and U. T. Southwestern Medical Center will contribute the remainder, approximately an additional \$80 per square foot. The lease for the existing space was approved at the August 23, 2012 Board of Regents' meeting. This expansion is being submitted to the Board for authorization because the cost of the expansion space over the term of the lease exceeds \$1 million.

Source of Funds: Patient revenue

48. Emeritus Appointment - U. T. Southwestern Medical Center: Appointment of Errol Friedberg from Professor, Southwestern Medical School, Pathology, to Professor Emeritus (RBC No. 5030) -- amendment to the 2012-13 budget

49. Contract (funds coming in) - U. T. Medical Branch - Galveston: Interagency Cooperation Contract between Department of State Health Services (DSHS) and for University to provide family planning services to DSHS eligible individuals

Agency: Department of State Health Services (DSHS), an agency of the State of Texas

Funds: \$3,111,311

Period: January 15, 2012 through March 31, 2013

Description: Amendment beginning January 8, 2013 adding \$944,660. The agreement was originally funded at \$1,566,651 and amended on June 18, 2012, adding \$600,000.

U. T. Medical Branch - Galveston will continue to provide comprehensive family planning services, which include medical, counseling, client education, referral, community education, and outreach services to Title X and Title XX eligible individuals.

50. Contract (funds coming in) - U. T. Medical Branch - Galveston: Interagency Cooperation Contract with Department of State Health Services (DSHS) for University to administer the Special Supplemental Nutrition Program

Agency: Department of State Health Services (DSHS), an agency of the State of Texas

Funds: \$7,020,108

Period: February 27, 2013 through September 30, 2013

Description: Amendment beginning February 27, 2013 adding \$3,538,684, originally funded at \$3,481,424, and extending agreement to September 30, 2013. U. T. Medical Branch will continue to administer the DSHS Special Supplemental Nutrition Program for women, infants, and children.

51. Lease - U. T. Medical Branch - Galveston: Authorization to lease space from Texas City '81, Ltd., for medical clinic use

Description: Lease of approximately 35,000 square feet in a building to be constructed at the southwest corner of Emmett F. Lowry Expressway and Century Boulevard, Texas City, Texas, for medical clinic use

Lessor: Texas City '81, Ltd., a Texas limited partnership

Term: The term commences on the date that Lessor substantially completes the construction of the building and the improvements and delivers the leased premises, and continues for 10 years, plus two five-year renewal options. The estimated commencement date is March 1, 2014.

Lease Costs: Approximately \$11,069,914 in base rent and estimated operating expenses over the initial 10-year term. Rent for each renewal option period will be 95% of the then current market rental rates. The Lessor is providing an improvement allowance of up to \$125 per square foot to fund finish-out in the leased premises.

Source of Funds: Patient revenue

52. Lease - U. T. Medical Branch - Galveston: Authorization to lease space from Galvez Shopping Center, Ltd., for medical clinic use

Description: Lease of approximately 7,500 square feet in a building to be constructed at the corner of the Gulf Freeway and 61st Street in Galveston, Texas, for medical clinic use

Lessor: Galvez Shopping Center, Ltd., a Texas limited partnership

Term: The term commences on the date that Lessor substantially completes the construction of the building and the improvements and delivers the leased premises, and continues for 10 years, plus two five-year renewal options. The estimated commencement date is March 1, 2014.

Lease Costs: Approximately \$2,398,645 in base rent and estimated operating expenses over the initial 10-year term. Rent for each renewal option period will be increased by 10% over the rent paid for the previous five-year period. The Lessor is providing an improvement allowance of up to \$50 per square foot; U. T. Medical Branch - Galveston will provide an additional \$75 (approximately) per square foot to fund finish-out in the leased premises.

Source of Funds: Patient revenue

53. Emeritus Appointments - U. T. Medical Branch - Galveston: Approval of Emeritus Appointments

Harvey Bunce III, from Professor and Chair, Preventive Medicine and Community Health, to Professor Emeritus, Academic Enterprise (RBC No. 5045) -- amendment to the 2012-13 budget

Jonathan Ward, Jr., from Professor, Preventive Medicine and Community Health, to Professor Emeritus, Academic Enterprise (RBC No. 5046) -- amendment to the 2012-13 budget

54. Foreign Contract (funds neutral) - U. T. Health Science Center - Houston: Contract with the Government of Rwanda to provide physicians and nurses

Agency: Rwanda Government

Funds: \$5,014,742

Period: April 1, 2013 through July 31, 2019

Source of Funds: Rwandan Ministry of Health/Clinton Health Access Initiative Funds

Description: Project will upgrade the health care system of Rwanda by bringing physicians and nurses to educate and mentor colleagues in Rwanda. The Clinton Health Access Initiative has partnered with the Rwandan government to recruit and fund approximately 100 physicians and nurses to spend, on average, one year each in Rwanda. The UTHealth School of Nursing was selected to participate along with Duke University, New York University, the University of Maryland, Brown University, Harvard University, and others. The U. T. Health Science Center - Houston's International Travel Review Committee has reviewed and approved this proposal. This project provides a unique opportunity for international health experience in a well-designed project overseen by Ira Magaziner, former President Clinton's advisor on health care reform.

55. Foreign Contract - U. T. Health Science Center - Houston: Program Agreement with University of British Columbia (UBC)

Agency: The University of British Columbia, a public university in Canada

Funds: No funds to U. T. Health Science Center - Houston or the University of British Columbia

Period: Five-year term, beginning upon execution

Source of Funds: Not applicable

Description: Canadian Program agreement between UTHealth School of Dentistry (SOD) and UBC. Educational experience program to allow students from UBC to participate in the Externship Program at UTHealth SOD-Department of Oral and Maxillofacial Surgery for a period from two weeks up to one month.

56. Emeritus Appointment - U. T. Health Science Center - Houston: Appointment of Pauline M. Vaillancourt Rosenau from Professor, School of Public Health, to Professor Emerita in the Division of Management, Policy and Community Health – amendment to the 2012-13 budget (RBC No. 5147)

57. Logo - U. T. Health Science Center - San Antonio: Logo

The following proposed logo has been approved by the Chancellor, the Executive Vice Chancellor for Health Affairs, and the Vice Chancellor for External Relations and is submitted for approval by the U. T. System Board of Regents in accordance with Regents' *Rules and Regulations*, Rule 40801.

UT Medicine San Antonio, the faculty practice of the School of Medicine of U. T. Health Science Center - San Antonio, requests the support and approval of The University of Texas System Board of Regents to move forward with the registration and trademarking of the name "UT kids UT Medicine San Antonio" (dba "UT kids"), and its logo, for its use in marketing and branding of its pediatric practice and children's health services line. These will provide a strong identity for the children's health services program within the South Texas region and position the enterprise to acquire market share. UT Medicine San Antonio also seeks approval to pursue registration of the name in its Spanish translation.

The UT Medicine San Antonio pediatric practice/children's health services name of "UT kids" will be used, initially, as the service line operates in conjunction with University Health System and, later, when the pediatric practice is part of a freestanding academic children's hospital to be built and managed by Vanguard Health Systems and The Children's Hospital of Philadelphia.

The Pantone Matching System colors are PMS 166 Orange; PMS 342 Green; PMS 301 Blue; PMS 321 Teal; PMS 2587 Violet; and Black.



58. Lease - U. T. Health Science Center - San Antonio: Authorization to lease space to Bexar County Hospital District dba University Health System for an ambulatory surgery center

Description: Lease of approximately 31,731 square feet of space in the Medical Arts and Research Center located at 8300 Floyd Curl Drive, San Antonio, Texas, for use as an ambulatory surgery center

Lessee: Bexar County Hospital District dba University Health System

Term: The term commences on July 1, 2013, for an initial term of three years. Lessee will have one option to extend the lease for a period of one year.

Lease Revenue: Approximately \$2,409,334 in base rent for the initial term. Rental for the renewal term will be at the same rate as the initial term. U. T. Health Science Center - San Antonio is not providing an improvement allowance to Lessee.

59. Lease - U. T. Health Science Center - San Antonio: Authorization to lease space from WNLV Ltd., EZJ Management, L.L.C., and H5 Properties, L.P., for use as office space

Description: Lease of approximately 12,323 square feet in Med Centre Plaza at 8431 Fredericksburg Road, San Antonio, Texas, to be used by U. T. Health Science Center - San Antonio as office space for several departments under the Vice President and Chief Information Officer. This space will free up space on campus for the Department of Emergency Medicine, which must move from its current location to allow for construction of the new Academic Learning and Teaching Center (See Facilities Planning and Construction Committee, Item 9 on Page 286). This space will also allow consolidation of information technology departments for improved efficiency and collaboration. Authorization is requested for U. T. Health Science Center - San Antonio's Vice President and Chief Financial Officer to execute the lease on completion of negotiations and approval by the Real Estate Office.

Lessor: WNLV Ltd., a Texas limited partnership; EZJ Management, L.L.C., a Texas limited liability company; and H5 properties, L. P., a Texas limited partnership

Term: The term commences on substantial completion of the tenant improvements by Lessor, which is projected to be August 1, 2013, and continues for 61 months.

Lease Costs: Approximately \$1,377,095 in base rent over the initial 61-month term. Base rent for the space is abated for the first month. Operating expenses are included in the base rent. The Lessor will provide a tenant allowance of approximately \$246,460, which is expected to be sufficient to pay all renovation costs.

Source of Funds: Designated Funds from interest income

60. Tenure Appointments - U. T. Health Science Center - San Antonio: Amendments to the 2012-13 budget

The following Requests for Budget Changes 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:

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
SCHOOL OF MEDICINE					
Pediatrics					
From: Steven Weitman (T) Visiting Professor	9/1-8/31	100	12	280,000	5064
To: Professor					
Molecular Medicine					
From: Michael Wargovich (T) Visiting Professor	9/1-8/31	100	12	190,000	5065
To: Professor					
Pathology					
Professor and Chair Nathan Wiederhold (T)	1/8-8/31	100	12	140,000	5094

61. Other Matters - U. T. Health Science Center - San Antonio: Dual Appointment of David Schmidt, M.D., Adjunct Professor, Department of Orthopaedics, to the Advisory Board of Athletic Trainers

The following item has been approved by the Executive Vice Chancellor for Health Affairs in accordance with the Regents' *Rules and Regulations*, Rule 30103. It has been determined that the holding of this office 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 with the University.

The Board is also asked to find that holding this position is of benefit to the State of Texas and the University and there is no conflict between the position and the University.

Name: David Schmidt, M.D.
Title: Adjunct Professor, Department of Orthopaedics
Position: Advisory Board of Athletic Trainers
Period: February 19, 2013 through January 31, 2019
Compensation: None
Description: Governor Rick Perry has reappointed Dr. Schmidt to the Advisory Board of Athletic Trainers. The Board is the licensing and regulatory authority for athletic trainers in Texas.

62. Sale - U. T. M. D. Anderson Cancer Center: Authorization to sell approximately 1.24 acres at the northeast corner of Bertner Avenue and Braeswood Boulevard, Houston, Harris County, Texas, to Texas Medical Center Central Heating and Cooling Services Corporation

Description: Sale of approximately 1.24 acres at the northeast corner of Bertner Avenue and Braeswood Boulevard, Houston, Harris County, Texas, and authorization for 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 sell the property. The property, which lies entirely within the 100-year floodplain and is encumbered by utility easements, is not needed for campus use.

Purchaser: Texas Medical Center Central Heating and Cooling Services Corporation, a Texas nonprofit corporation

Sale Price: \$3,132,500 (\$57.94 per square foot of land). The purchase price is supported by the following appraisals: \$3,465,000, October 10, 2012 (Edward B. Schulz & Company); \$2,160,000, June 14, 2012 (David L. Pallante & Associates, L.L.C.).

63. Sale - U. T. M. D. Anderson Cancer Center: Authorization to sell two adjacent tracts totaling approximately 0.47 of an acre northeast of the corner of Bertner Avenue and Old Spanish Trail, Houston, Harris County, Texas, to Harris County, Texas

Description: Sale of two adjacent tracts totaling approximately 0.47 of an acre northeast of the corner of Bertner Avenue and Old Spanish Trail, Houston, Harris County, Texas, and authorization for 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 sell the property. The property, which consists of two shallow triangular tracts largely encumbered by setbacks and affected by utility easements along the edge of the property, is not needed for campus use.

Purchaser: Harris County, Texas

Sale Price: \$513,000 (\$24.89 per square foot of land). The purchase price is supported by the following appraisal: \$513,000, February 12, 2013 (Edward B. Schulz & Company).

64. Tenure Appointments - U. T. M. D. Anderson Cancer Center: Amendments to the 2012-13 budget

The following Requests for Budget Changes 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 STAFF					
Pathology					
Professor and					
Deputy Division Head for Academic Science					
Anirban Maitra (T)	7/1-8/31	100	12	400,000	5142
Melanoma Medical Oncology					
Professor					
Cassian Yee (T)	1/1-8/31	100	12	290,000	5145
RESEARCH STAFF					
Cancer Biology					
Professor and Vice Provost, Science					
Helen Piwnica-Worms (T)	6/1-8/31	100	12	500,000	5133

Description	Effective Date	% Time	Full-time Salary		RBC
			No. Mos.	Rate \$	
Experimental Diagnostic Imaging Professor, Chair, and Deputy Division Head, Research Affairs David Piwnica-Worms (T)	6/1-8/31	100	12	500,000	5140
Biostatistics Professor Ziding Feng (T)	5/1-8/31	100	12	275,000	5143
Molecular Carcinogenesis Professor Blaine Bartholomew (T)	6/1-8/31	100	12	196,000	5144

65. Contract (funds going out) - U. T. Health Science Center - Tyler: Contract with Hospital Housekeeping Systems, LLC to provide cleaning and maintenance services

Agency: Hospital Housekeeping Systems, LLC

Funds: \$6,807,310

Source of Funds: Hospital patient income

Period: June 1, 2013 through May 31, 2018

Description: Custodial service agreement. This contract was competitively bid.

66. Contract (funds going out) - U. T. Health Science Center - Tyler: Amendment to Contract with Morrison Management Specialist, Inc. dba Morrison Health Care Inc.

Agency: Morrison Management Specialists, Inc. dba Morrison Health Care, Inc.

Funds: \$1,642,500; \$547,500 annually

Source of Funds: Residential Care Unit (RCU) Income, provided in contract with Rusk State Hospital

Period: March 11, 2013 through August 31, 2014, with option for two one-year renewals as stated in Rusk State Hospital Contract. The original contract was competitively bid.

Description: Provide meals for RCU Patients

67. Tenure Appointments - U. T. Health Science Center - Tyler: Amendments to the 2012-13 budget

The following Requests for Budget Changes 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>	
Pulmonology Professor Steven Idell	3/14/-8/31	100	12	324,528	N/A
Pulmonology Professor David Coultas	3/14-8/31	100	12	307,752	N/A