

The Material Supporting the Agenda includes all documentation sent to the Regents ten days prior to the meeting. Items approved for consideration after that time are not customarily included in this volume as it would be impossible to keep an accurate record. Sometimes the Secretary does not get copy of the material until weeks later.

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1956-57

<u>Meetings Nos.</u>	<u>Dates</u>
556	September 21-22, 1956
557	November 2-3, 1956
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559	January 11-12, 1957
560	February 9, 1957
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562	May 3-4, 1957
563	June 28-29, 1957

There was a document for each meeting held this year.

**Material Supporting Agenda**

November 28, 1956

**THE BOARD OF REGENTS  
of  
THE UNIVERSITY OF TEXAS**

Name: \_\_\_\_\_

*Office Copy*

No agenda was prepared for the special meeting November 28, 1956, but the following items were presented by President Wilson :

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THE UNIVERSITY OF TEXAS  
OFFICE OF THE PRESIDENT  
AUSTIN 12

FOR ACTION OF  
**Regents**  
SEE MINUTES OF  
NOV 28 1956

November 28, 1956

MEMORANDUM

- To: Mr. Tom Sealy
- Mrs. Charles Devall
- Mr. Leroy Jeffers
- Mr. J. Lee Johnson, III
- Mr. Lee Lockwood
- Dr. Marton M. Minter
- Dr. L. S. Oates
- Mr. J. R. Sorrell
- Mr. Claude W. Voyles

I recommend that the Board of Regents of The University of Texas, acting in this capacity and as Trustees of The University Cancer Foundation, accept a gift of \$100,000 to The University Cancer Foundation from the M. D. Anderson Foundation, this being the first of five such annual payments under a \$500,000 grant from the M. D. Anderson Foundation. Further, I recommend that the Board authorize the drafting of a formal resolution of appreciation to the M. D. Anderson Foundation, that such resolution be signed by the chairman and incorporated in the minutes of the Board, and that a copy thereof be transmitted to the Trustees of the M. D. Anderson Foundation.

Logan Wilson

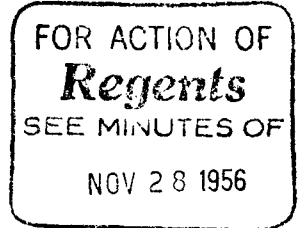
LW:mhb

cc: Miss Betty Anne Thedford

THE UNIVERSITY OF TEXAS  
OFFICE OF THE PRESIDENT  
AUSTIN 12

November 28, 1956

Mr. Tom Sealy, Chairman  
Mrs. Charles Devall  
Mr. Leroy Jeffers  
Mr. J. Lee Johnson, III  
Mr. Lee Lockwood  
Dr. Merton M. Minter  
Dr. L. S. Oates  
Mr. J. R. Sorrell  
Mr. Claude W. Voyles



Mrs. Devall and Gentlemen:

I request your approval of the following budget policies and procedures for the preparation of the tentative budgets of each of the component units for 1957-58:

1. The preparation of the budget should be governed by the regental statement of budget policies adopted by the Executive Committee of the Board on April 18, 1956 as modified or amended by the final legislative submission approved by the Board at its June 1956 meeting.
2. For each department in each of the component units, there should be submitted separate priority listings of:
  - (a) salary increases for the teaching staff
  - (b) salary increases for the non-teaching staff
  - (c) new teaching positions
  - (d) new non-teaching positions

These priority listings will permit necessary final adjustments if the amount of money actually appropriated differs appreciably from the amount requested.

3. Each component unit will be instructed to give immediate attention to emergency revisions needed in their Classified Personnel systems to keep abreast with local market conditions. After approval by me, such revisions as are needed will be included in the docket material for submission to the Board at the January meeting.
4. A revised budget calendar is attached for your approval.

Sincerely yours,

Logan Wilson

LW:jj  
Attachment

November 28, 1956

The University of Texas  
Office of the President

Budget Calendar  
1957-58

1957

- Feb. 1 Budget detail due from Departmental Chairmen to academic Dean (or Division Head).
- March 15 Recommendations due from Dean (or Division Head) to Executive Head of Institution.
- April 15 Draft copy (including summaries) of budget due from Executive Head to Central Administration.
- May 1-15 Hearings with Executive Head of each Institution and Central Administration.
- May Review of tentative budget following passage of the Appropriation Bill.
- June Clear 1957-58 Annual Budget with Executive Committee of the Board.

THE UNIVERSITY OF TEXAS  
OFFICE OF THE VICE-PRESIDENT  
MAIN UNIVERSITY  
AUSTIN 12

November 27, 1956

FOR ACTION OF  
**Regents**  
SEE MINUTES OF  
NOV 28 1956

Dr. Logan Wilson  
President  
The University

Dear President Wilson:

I recommend that the two items listed below be approved by the Board of Regents, by mail ballot if there is no other opportunity within the next two weeks. The two policy decisions concerned are required before we can transmit budget-recommending instructions to the various departments and divisions of the Main University.

1. The revised pay plan recommended by Dr. C. T. Clark, Director of the Classified Personnel Office, and detailed in Table 1 of the memorandum by the Classified Personnel Office dated November, 1956.
2. The change in the salary rates of teaching assistants and assistants as recommended by the Graduate Legislative Council. In this new scale, rates for half-time teaching assistants, which now stand at \$1,200, \$1,400, and \$1,600 for the three grades respectively, would be changed to \$1,400, \$1,600, and \$1,800 respectively. The hourly scale for assistants, which presently includes grades at \$ .65, \$ .75, \$ .85, and \$ .95 an hour, would be changed to \$ .75, \$1.00, \$1.25, and \$1.50 respectively.

The recommendation encompassed in Item 1 is necessary if the University is to compete in the Austin market for classified personnel at the various grades listed. The recommendation in Item 2 is necessary if we are to obtain a superior grade of teaching assistants and assistants in the face of competition from other major state universities. Recommendation 1 will require an additional expenditure of approximately \$45,000, and Recommendation 2 will require approximately \$157,000 additional. These figures, of course, pertain to the 1957-58 budget.

Sincerely yours,

Original Signed by  
C. P. BONER

C. P. Boner  
Vice-President  
Main University

CPB:bg

Encl.



A RECOMMENDED PAY PLAN FOR MAIN UNIVERSITY, CENTRAL ADMINISTRATION  
AND AVAILABLE FUND, 1957-58, INCLUDING ESTIMATES OF COST  
INVOLVED IN VARIOUS METHODS OF IMPLEMENTATION

prepared for

Dr. Logan Wilson, President  
The University of Texas

and

Dr. C. P. Boner, Vice-President  
Main University

prepared by

Classified Personnel Office

Charles T. Clark, Director

November, 1956

A RECOMMENDED PAY PLAN FOR MAIN UNIVERSITY, CENTRAL ADMINISTRATION  
AND AVAILABLE FUND, 1957-58, INCLUDING ESTIMATES OF COST  
INVOLVED IN VARIOUS METHODS OF IMPLEMENTATION

1. INTRODUCTION

A report submitted August 27, 1956, which analyzed the results of a salary survey conducted in the Austin area during the past summer, pointed to the need for a major revision of the Pay Plan for Main University, Central Administration and Available Fund.

The purpose of this report is to recommend a revised pay plan to become effective September 1, 1957, and to analyze for your study various methods or formulas by which the proposed plan might be implemented. Some of the information included in the August report will be duplicated, both for emphasis and for convenience in referring to the data supporting proposed increases in ranges.

2. THE STUDY

Inventory of Present Positions. An inventory was made during October, 1956, of all line-item budget positions in the 1956-57 budgets for Main University, Central Administration and Available Fund to determine the amount now budgeted for each job classification from University funds.

Jobs paid from lump-sum accounts, from auxiliary activities, or from grant or contract funds were not included in the count and no estimate of increased cost to these areas has been computed. The budget for

the Texas Memorial Museum was also omitted from the study, as these are agency funds.

The results of this inventory are shown on Table I of this report in the column shown as "Present Budget."

Proposed Salary Ranges. Recommendations for salary ranges for 1957-58 are also shown in Table I in monthly amounts. These recommendations are based on the following considerations:

1. The job inventory of present salaries, October, 1956
2. The following salary studies:
  - a. University of Texas salary study, July, 1956
  - b. City of Austin salary study, May, 1956
  - c. Department of Public Safety salary study, June, 1956
  - d. College and University Personnel Association salary study, June, 1956
  - e. Other special studies of salaries made by the Classified Personnel Office staff during the past few months
3. Cost-of-Living Index
4. Index of Average Hourly Earnings in Texas
5. The relationships between the job classes themselves

While the majority of the salary ranges are recommended for an increase of from one to three steps, there are a number where no increase is being recommended at this time. These classes generally fall into one of the following groups:

1. Classifications representing jobs found almost exclusively in the Division of Housing and Food Service. Inasmuch as changes in these ranges would not show up in this cost study, no attempt was made

to recommend changes in these ranges at the present time. These recommendations will follow at a later date.

2. A few major groups such as physicians, inasmuch as these ranges were revised rather thoroughly at the beginning of the current fiscal year.
3. Job classifications where the salary data gathered showed that The University of Texas ranges are in line with local competition. Examples are the classes of Building Attendant and Elevator Operator.
4. Certain job classifications in a series, such as the Technical Staff Assistant series and the Training Specialist series. Employees now progress systematically from one level in the series to another and changes have been recommended only in a few cases to bring the series into balance.
5. Certain job classifications where the jobs are normally filled by students and paid from lump-sum accounts.

Explanation of Unusual Items. A few job classifications can be dropped from the pay plan as they are not now being used.

The two classifications of Psychologist-Counselor and Clinical Psychologist, representing positions in the Testing and Guidance Bureau, have been expanded into three job classifications shown as Assistant Psychologist, Associate Psychologist and Clinical Psychologist.

In the Social Science Research group, a pressing need has been felt for a classification to take care of undergraduate students helping with research programs within their field of study. In order to follow the

pattern already established for the pure and applied science group, we have recommended that a new classification of Social Science Research Assistant be established to correspond with Laboratory Research Assistant. The present classification of Social Science Research Assistant will be changed to Social Science Research Associate I, and each succeeding level of Social Science Research Associate will carry a higher Roman numeral. A similar change has been made in the Humanities Research group, where the Humanities Research Assistant classification has been re-named Humanities Research Associate. This classification requires a college degree in the field of specialization.

The classifications of Cabinetmaker I and II have been combined into a single classification of Cabinetmaker and assigned the number of the former Cabinetmaker II.

### 3. METHODS OF IMPLEMENTING THE PROPOSED PAY PLAN

Cost Estimates. Table I presents three estimates of increased cost in connection with the new pay ranges. These are as follows:

1. Cost Estimate A (\$45,050) shows the amount required to advance all employees to the new proposed salary minimums.
2. Cost Estimate B (\$193,945) shows the amount which would be necessary to keep each employee in the same relative position within the new salary range that he now occupies in the present range.
3. Cost Estimate C (\$215,938) shows the amount required to advance all employees to the new minimums plus the cost of a one-step salary increase for each employee who is already within the new range.

Table II summarizes the three cost estimates described above by major classification service and, in addition, gives two other estimates:

1. Cost Estimate D (\$85,445) shows the amount required to advance by one salary step 50 per cent of the classified employees not automatically increased as a result of adjustments to the new salary minimums.
2. Cost Estimate E (\$99,078) shows the amount required to give a one-step salary increase to 50 per cent of all classified employees shown in the job inventory.

Neither D nor E includes the cost of advancing to the proposed minimums those employees currently being paid less than the new minimums.

#### 4. RECOMMENDATIONS

The Index of Average Hourly Earnings in Texas, published by the Bureau of Labor Statistics, U. S. Department of Labor, indicates that average hourly earnings of non-supervisory employees increased from \$1.84 in September, 1955, to \$1.98 in September, 1956. This is an increase of 7.6 per cent in the general level of salaries in Texas during our last budget year. University employees received their last blanket salary adjustment in September, 1954, at which time the index stood at \$1.75 per hour. While salary levels in Texas have increased more than 13 per cent on the average, University of Texas classified employees have had increases of approximately 5 per cent during the same period (approximately 2.5 per cent per year for two years). Salary studies show conclusively that adjustments in salary ranges for many classifications must be made in order to maintain the University's competitive position in the labor market.

1. Our first recommendation is the adoption of the proposed salary plan for 1957-58. It is further recommended that the plan be distributed to departments with budget instructions. It is estimated that this recommendation will cost \$45,050--approximately 1.15 per cent of the present amount budgeted in line-item positions for classified employees paid from University funds. (Cost Estimate A)

2. It is our second recommendation that departments be allowed to recommend 50 per cent of their total classified staff for merit increases. It is estimated that this cost would be \$99,078 which is an additional 2.52 per cent of the present budgeted amount. (Cost Estimate E.) It is further recommended that departments be allowed to ask for increases involving more than one step in unusual cases to hold extremely well-qualified employees against outside competition. The cost of this proposal cannot be accurately estimated.

3. Our third recommendation is contingent upon the action of the coming session of the Texas Legislature. If they vote money for salary adjustments for State employees, we recommend that this additional amount be added to the 1957-58 budget for classified employees over and above the amount contained in our first and second recommendations. Inasmuch as the first two recommendations are designed to bring us in line with present salary competition, it is imperative that we meet further adjustments in salaries for State employees with additional increases for our own employees.

TABLE I

ESTIMATED COST OF MAKING CERTAIN PROPOSED CHANGES IN THE  
PAY PLAN FOR CLASSIFIED EMPLOYEES OF THE MAIN  
UNIVERSITY AND CENTRAL ADMINISTRATION

	Monthly Range		Present Budget	Cost Estimates		
	Present	Proposed		A	B	C
(0- CLERICAL, FISCAL AND ADMINISTRATIVE SERVICE (00- Clerical and General Administrative Group)						
0000 Clerical Assistant	\$116-181	\$122-190				
0001 Clerk	190-241	200-252	\$ 37,320	\$ 600	\$ 1,866	\$ 1,866
0002 Senior Clerk	230-290	same	42,726			2,136
0003 Administrative Clerk	264-351	277-367	38,076	312	1,904	1,904
0004 Office Supervisor	320-424	335-445	9,252		463	463
0010 Clerk Typist	190-241	200-252	217,956	5,616	10,898	10,898
0011 Senior Clerk Typist	230-290	241-304	68,169	792	3,408	3,408
0020 Secretary	200-252	220-264	186,810	12,139	18,681	13,958
0021 Senior Secretary	230-290	241-304	208,245	3,960	10,412	10,412
0022 Administrative Secretary	264-351	277-367	130,884	780	6,544	6,544
0030 Administrative Assistant	351-467	367-490	42,372	192	2,119	2,119
0031 Executive Assistant	404-539	424-539	22,968		1,148	1,148
0040 Manager, Stenographic Bureau	277-351	290-367	4,020		192	192
0050 Transcript Examiner	230-290	241-304	9,132	132	457	457
0051 Assistant Director of Admissions	351-467	367-490	5,088		252	252
0052 Assistant Registrar and Registration Supervisor	424-539	same	5,088			252
0055 Assistant Registrar	351-467	367-490	10,692		535	535
0065 Medical Records Librarian	252-320	264-335	3,648		192	192
0069 Assistant Director, Workmen's Compensation Insurance	320-424	335-445	3,743		184	184
0070 Director, Workmen's Compensation Insurance	445-592	490-650	7,104		696	336
0080 Library Assistant	210-252	220-264	27,142	707	1,357	1,357
0081 Senior Library Assistant	264-304	same	39,464			1,973
0090 Assistant Director, University Development Board	539-680	565-710	8,160		360	360



	Monthly Range		Present Budget	Cost Estimates			
	Present	Proposed		A	B	C	
(01- Fiscal and Accounting Group)							
0100	Accounting Clerk	\$210-290	\$230-304	82,692	2,760	7,921	5,032
0101	Accountant I	304-385	320-404	12,456		623	623
0102	Accountant II	385-490	404-514	14,808	228	740	740
0103	Chief, Accounting Division	445-592	490-650	7,104		696	336
0104	Assistant University Auditor	490-650	539-710	7,800		720	360
0108	Inventory Supervisor	335-445	same	4,620			228
0110	Investment Analyst	335-424	<del>same</del> 404-539				
0120	Bursar	445-592	467-620	6,780		324	324
0125	Cashier I	230-290	252-320	5,784	264	578	408
0126	Cashier II	290-385	320-404	4,620		228	228
0130	Supervisor, Payroll Division	404-514	445-592	5,604		564	276
0140	Branch College Auditor	490-650	514-680	7,104		336	336
(02- Statistical Group)							
0200	Statistical Aide	156-200	172-220				
0201	Clerk Draftsman	172-220	200-252				
0205	Statistical Clerk	210-264	230-290				
0210	Statistician	304-385	320-404	3,648	192	192	192
(03- Office Equipment Operation Group)							
0300	Switchboard Operator	164-210	172-220	2,172		108	108
0301	Chief Switchboard Operator	200-252	210-264	2,640		120	120
0305	Key Punch Operator	210-264	220-277	15,972	240	799	799
0309	Tabulating Equipment Operator I	210-264	230-290	6,672	360	667	432
0310	Tabulating Equipment Operator II	264-335	290-367	12,987	468	1,299	793
0311	Tabulating Equipment Supervisor	424-539	445-592	6,468		312	312
0315	Electronics Computing Machine Operator	277-351	304-385				
0320	Photostat Operator	190-241	200-252				
0321	Photographic Duplication Supervisor	241-290	252-304				
0330	Computing Clerk	190-241	200-252				
(04- Stores and Procurement Group)							
0400	Stores Clerk I	200-252	200-252				
0401	Stores Clerk II	230-290	252-320	10,128		1,013	506
0402	Stores Foreman	351-404	385-445	4,848		492	240

	Monthly Range		Present Budget	Cost Estimates		
	Present	Proposed		A	B	C
0405 Furniture and Equipment Supervisor	351-467	367-490	5,088		252	252
0407 Athletic Equipment Supervisor	351-404	385-445				
0410 Purchasing Agent	424-565	467-620	6,168		612	300
0420 Military Property Custodian	367-467	367-490	5,604			276
(05- Legal Group)						
0500 Assistant Land and Trust Attorney	514-650	same	9,240			
0510 Real Estate Manager	514-650	<del>dup</del> 650.835				
(06- Publications Group)						
0600 Assistant Editor, Official Publications	241-304	252-320	3,648		192	192
0601 Editor, Official Publications	351-467	367-490	5,604		276	276
(07- Personnel Group)						
0705 Personnel Assistant	304-385	320-404				
0710 Placement Secretary	230-290	241-304	17,232	396	862	862
0715 Personnel Interviewer	277-351	290-367	3,324	156	156	156
0720 Student Employment Director	367-467	385-490	4,848		240	240
0729 Assistant Director, Classified Personnel	367-467	385-490	4,404	216	216	216
0730 Director, Classified Personnel	565-710	592-740	8,160		360	360
(1- COUNSELING AND HEALTH SERVICE)						
(10- Student Advisory Group)						
1000 Dormitory Resident Counselor I	110-164					
1001 Dormitory Resident Counselor II	128-200					
1010 Dormitory Counseling Supervisor I	220-290					
1011 Dormitory Counseling Supervisor II	277-367					
1030 Student Group Advisor I	277-351	290-367	4,606	88	230	230
Student Group Advisor II	367-467	385-490	6,482	122	320	320
Student Group Advisor III	467-592	490-620	10,170		486	486
1040 Assistant to the Director, Texas Union	230-290	241-304				
1042 Union Program Supervisor	230-290	241-304				
1045 Director, Texas Union	404-514	424-539				
(11- Testing and Guidance Group)						
1110 Assistant Psychologist	290-367	277-367				
1111 Associate Psychologist	new	367-467	4,620			228

	Monthly Range		Present Budget	Cost Estimates		
	Present	Proposed		A	B	C
1115 Clinical Psychologist	385-490	467-592	11,484		2,400	564
1120 Psychometrist I	220-277	230-290	5,280	240	240	240
1121 Psychometrist II	252-320	290-367	3,324	156	516	156
1125 Associate Examiner	385-490	404-514	5,604		276	276
(12- Medical Group)						
1201 Clinic Nurse	241-290	252-304	19,244	88	962	962
1205 X-Ray Technician	252-320	same	5,634			282
1210 Physical Therapist	277-351	320-404	1,585		238	79
1220 Physician, General Medicine	650-870	same	45,834			2,292
1221 Physician, Specialist (Group of Classes)	770-1000	same	23,944			1,747
1250 Hospital Orderly	156-200	same				
1255 Hospital Dietitian	320-404	335-424				
1260 Staff Nurse	241-290	252-304				
1261 Surgical Nurse	252-320	264-335				
1262 Supervising Nurse (Group of Classes)	264-320	277-335	3,840		180	180
1270 Chief of Nurses	320-404	335-424				
(13- Sanitation Group)						
1310 Assistant Housing Inspector	230-290	241-304	3,480		168	168
1311 Housing Inspector	252-320	264-335	3,648		192	192
(2-- RESEARCH AND SCIENTIFIC SERVICE)						
(20- Social Science Research Group)						
2008 Social Science Research Assistant	new	164-220				
2009 Social Science Research Associate I (Group of Classes)	210-290	220-320	1,260	60	60	60
2010 Social Science Research Associate II (Group of Classes)	290-385	304-404	11,340	168	567	567
2011 Social Science Research Associate III (Group of Classes)	367-490	385-514	4,848		240	240
2012 Social Science Research Associate IV (Group of Classes)	490-650	490-650	12,948			647
2020 Business Research Supervisor	290-385	320-424	4,620		468	228
(21- Pure and Applied Science Group)						
2110 Laboratory Research Assistant	156-210	164-220	3,456	48	168	168
2111 Research Engineer-Scientist I (Group of Classes)	210-320	220-320	5,424		78	78

	Monthly Range		Present Budget	Cost Estimates		
	Present	Proposed		A	B	C
2112 Research Engineer-Scientist II (Group of Classes)	304-404	same	14,298			715
2113 Research Engineer-Scientist III (Group of Classes)	367-490	385-514	24,984		1,249	1,249
2114 Research Engineer-Scientist IV (Group of Classes)	467-620	490-650	48,264	552	2,413	2,413
2115 Research Engineer-Scientist V (Group of Classes)	565-870	592-910	75,708		3,785	3,785
2120 Field Operations Specialist	490-620	same				
2130 Systems Development Specialist I	592-800	same				
2131 Systems Development Specialist II	835-1000	same				
(22- Technical Staff Group)						
2210 Technical Staff Assistant I (Group of Classes)	181-252	same	8,172			409
2211 Technical Staff Assistant II (Group of Classes)	252-320	same	17,004			850
2212 Technical Staff Assistant III (Group of Classes)	320-404	same	38,155			1,908
2213 Technical Staff Assistant IV (Group of Classes)	404-514	same	14,646			732
2214 Technical Staff Assistant V (Group of Classes)	514-650	same				
(23- Laboratory and Stores Group)						
2300 Laboratory Attendant	116-172	122-190	3,702		185	185
2301 Laboratory Stores Assistant	172-230	190-252	23,496	324	2,350	1,344
2302 Laboratory Services Supervisor	252-335	264-351	23,724	288	1,186	1,186
2303 Procurement Officer (Group of Classes)	335-404	same	4,404			216
2310 Clinical Laboratory Technician	241-290	264-335	8,316	72	832	416
2311 Clinical Laboratory Supervisor	264-335	290-367	4,020		384	192
2320 Assistant Pharmacist	277-351	290-367				
(27- Humanities Research Group)						
2700 Humanities Research Associate	210-320	220-320	1,368		72	72

	Monthly Ranges		Present Budget	Cost Estimates			
	Present	Proposed		A	B	C	
(3-- ENGINEERING, TRADES AND LABOR SERVICE)							
(30- Engineering Group)							
3000	Draftsman I	230-290	241-304	9,540		477	477
3001	Draftsman II	304-404	320-424	21,072	192	1,054	1,054
3005	Cartographer	351-445	367-467	5,340		264	264
3009	Architectural Assistant	367-467	404-514	5,340		540	264
3010	Architect I	404-514	467-565				
3011	Architect II	490-620	539-680	14,220		1,422	711
3015	Architect; Assistant to the Comptroller	539-680	592-740	8,160		720	360
3018	Refrigerating and Heating Engineer	490-620	539-680	7,440		720	360
3019	Assistant Power Plant Engineer	404-514	445-565	6,168		612	300
3020	Power Plant Engineer	490-620	539-680	7,440		720	360
3024	Assistant Maintenance Engineer	404-514	445-565	5,340		540	264
3025	Maintenance Engineer	490-620	539-680	6,780		660	324
3030	Communications Engineer	490-620	539-680	6,468		636	312
3039	Assistant Electrical Engineer	404-514	445-565				
3040	Electrical Engineer	490-620	539-680	7,440		720	360
3050	Superintendent of Utilities	539-680	592-740	8,160		720	360
(31- Plant Operation Group)							
3100	Assistant Utilities Station Operator	230-277	252-304	22,368	132	2,237	1,118
3101	Utilities Station Operator	277-335	304-367	67,716	1,308	6,772	3,386
3105	Building Utility Operator	220-277	230-290	10,052	120	503	503
3130	Assistant Refrigeration Foreman	320-367	351-404	4,404		444	216
3131	Refrigeration Foreman	351-404	385-445	4,848		492	240
3135	Assistant Air Conditioning Foreman	320-367	351-404	4,020	192	384	192
3136	Air Conditioning Foreman	351-404	385-445	4,848		492	240
3140	Assistant Steam Distribution Foreman	320-367	351-404	4,404		444	216
3141	Steam Distribution Foreman	351-404	385-445	4,848		492	240
3150	Electrical Distribution Foreman	351-404	385-445				
3160	Distribution Supervisor	335-404	385-445	4,848		492	240
(32- Building and Allied Trades Group)							
3200	Maintenance Man (Group of Classes)	220-290	same	97,332			3,997
3210	Cabinetmaker	304-351	320-367	10,812	708	1,081	888
3211	Carpenter	277-320	304-351	41,304	168	4,130	2,065
3212	Assistant Carpenter Foreman	320-367	351-404	4,212		408	192

	Monthly Ranges		Present Budget	Cost Estimates		
	Present	Proposed		A	B	C
3213 Carpenter Foreman	320-404	385-445	4,848		492	240
3220 Electrician	304-351	320-367	31,620	576	1,581	1,581
3221 Assistant Electrical Foreman	320-367	351-404	8,808		888	432
3222 Electrical Foreman	351-404	385-445	4,848		492	240
3225 Cable Splicer	320-385	335-404	4,620		228	228
3230 Painter	264-304	290-335	46,944	312	4,694	2,501
3231 Assistant Painter Foreman	320-367	351-404	4,212		408	192
3232 Painter Foreman	320-404	385-445	4,848		492	240
3240 Plumber	304-351	320-367	23,952	192	1,198	1,198
3241 Assistant Plumber Foreman	320-367	351-404	4,404		444	216
3242 Plumber Foreman	351-404	385-445	4,848		492	240
3260 Steam Fitter	304-351	320-367	16,092	192	805	805
3271 Furniture and Furnishings Foreman	320-404	385-445	4,848		492	240
3280 Cement Finisher	277-320	304-351				
3285 Steel Worker	277-320	304-351	3,840		372	180
3290 Insulator	304-351	320-367	12,072	192	604	604
3295 Construction Machinery Operator	252-320	277-351	10,032	456	1,003	502
(33- Mechanical and Allied Trades Group)						
3310 Automotive Mechanic	241-304	252-320	3,840		168	168
3320 Boilermaker	304-351	320-367				
3330 Plant Maintenance Mechanic	304-351	320-367	19,932	192	997	997
3331 Assistant Maintenance Mechanic Foreman	320-367	351-404	4,404		444	216
3332 Maintenance Mechanic Foreman	351-404	385-445	4,848		492	240
3335 Shop Assistant (Mechanical Engineering)	290-367	320-404	16,668		1,667	833
3340 Refrigeration Mechanic	304-351	320-367	12,636		576	576
3350 Temperature Control Mechanic	304-351	320-367	11,316	384	576	576
3360 Welder	304-351	320-367	12,264		613	613
3365 Glass Blower	320-404	351-445	4,848		492	240
3370 Locksmith	277-320	304-351	3,840		378	180
3371 Laboratory Machinist	277-351	290-367	43,200		2,160	2,160
3373 Machinist Foreman	320-404	385-445	4,848		492	240
3374 Instrument Shop Foreman	424-490	467-539	2,940		294	144
3380 Scientific Instrument Maker I	304-351	335-424	16,284	180	1,628	814
3381 Scientific Instrument Maker II	351-445	385-490	7,551		540	264

	Monthly Ranges		Present Budget	Cost Estimates		
	Present	Proposed		A	B	C
(34- Printing and Allied Trades Group)						
3400	Offset Press Operator	230-304	241-320	6,372	319	319
3401	Offset Press Foreman	304-385	320-404	3,840	180	180
3410	Book Repairer	200-241	220-264	2,892	276	132
3420	Bindery Foreman	Prevailing				
3428	Press Feeder	Prevailing				
3430	Press Foreman	Prevailing				
3440	Printing Production Expeditor	Prevailing				
3449	Assistant Manager, Printing Division	404-514	445-565			
3450	Manager, Printing Division	490-650	539-710			
(35- Labor and Labor Supervision Group)						
3500	Laborer	172-220	181-230	89,436	4,412	4,412
3501	Utility Worker	190-241	same	66,864		3,054
3505	Helper (Group of Classes)	116-181	122-190			
3510	Gardener	190-230	200-241	2,760	132	132
3520	Grounds Crew Foreman	241-290	252-304	6,648	312	312
3525	Landscape Gardener	320-404	385-445	4,848	492	240
3540	Transportation Foreman	320-404	385-445	4,848	492	240
3550	Assistant Superintendent of Construction and Maintenance	404-514	424-539	5,880	288	288
(4-- CUSTODIAL AND FOOD SERVICE)						
(40- Housing Management Group)						
4000	Receptionist	92-116	same			
4005	Dormitory Supervisor	128-210	same			
4030	Manager, University Apartments	351-445	same			
4040	Manager, Women's Residence Halls	404-514	same			
4045	Manager, Men's Residence Halls	404-514	same			
4050	Assistant to Director, Housing and Food Service	490-620	same			
(41- Food Service Group)						
4100	Food Service Worker	110-172	same			
4110	Food Preparation Worker	110-181	same			
4111	Cook I	128-172	same			
4112	Cook II	181-264	same			

	Monthly Ranges		Present Budget	Cost Estimates		
	Present	Proposed		A	B	C
4120 Baker I	128-172	same				
4121 Baker II	181-264	same				
4130 Butcher	220-264	same				
4140 Food Service Supervisor I	142-190	same				
4141 Food Service Supervisor II	200-264	same				
4142 Food Service Supervisor III	277-367	same				
4151 Manager, University Commons	404-514	same				
4155 Manager, University Tea House	351-445	same				
4157 Manager, Varsity Cafeteria	351-445	same				
4160 Supervisor of Food Service	490-620	same				
(42- Building Services and Custodial Group)						
4200 Custodial Worker	110-181	same	12,096			
4210 Housekeeper I	149-190	same				
4211 Housekeeper II	200-252	same				
4220 Elevator Operator	149-172	same	10,224			511
4230 Building Attendant	164-230	same	279,096			12,161
4231 Building Crew Foreman	230-277	241-290	22,236		1,112	1,112
4232 Assistant Building Services Supervisor	277-335	290-351	6,960		336	336
4233 Building Services Supervisor	320-404	385-445	4,848		492	240
4235 Superintendent of Buildings and Grounds	467-592	490-620	5,604	276	276	276
4240 Exterminator	220-277	230-290	3,324		156	156
(43- Security Group)						
4300 Watchman	200-241	same	19,680			630
4310 Guard	190-241	same	19,992			120
4320 Traffic Officer	220-264	241-290	20,376		2,037	1,019
4322 Traffic and Security Sergeant	230-277	252-304	3,024		300	144
4325 Traffic and Security Captain	264-320	290-351	3,840		372	180
4330 Chief Traffic and Security Officer	367-467	same	4,404			216
(5- OIL, LAND AND GEOLOGY SERVICE)						
(50- )						
5000 Oil Gauger	335-424	367-467	9,696		984	480
5001 Chief Oil Gauger	367-467	404-514	5,340		540	264
5020 Oil Scout	367-467	404-514	4,620		468	228
5030 Geologist	404-490	445-539	5,340		540	264
5031 Senior Geologist	514-680	565-710	7,800		720	360



	Monthly Ranges		Present Budget	Cost Estimates		
	Present	Proposed		A	B	C
5032	Supervising Geologist	592-770	620-800	8,520	360	360
5050	Land and Title Registrar	335-424	351-445	5,088	252	252
5060	Assistant Auditor, Oil and Gas Production	320-404	351-445	4,404	444	216
5061	Auditor, Oil and Gas Production	445-565	490-620	6,468	636	312
(6--	EDUCATIONAL AND INFORMATIONAL SERVICE)					
(60-	Professional Library Group) * See Correction on following page					
6010	Librarian I (Group of Classes)	320-385	same	54,132		2,707
6011	Librarian II (Group of Classes)	351-424	same	80,808		3,609
6012	Librarian III (Group of Classes)	385-467	same	35,436		1,492
6020	Archives Translator	277-335				
6030	Archivist	351-424	same	4,620		228
6040	Chief Catalog Librarian	424-514	same	5,880		288
6042	Acquisition Librarian	424-514	same	5,088		252
6045	Latin-American Collections Librarian	385-467	same	5,340		264
6048	Texas History Center Librarian	424-514	same	5,880		288
6060	Director, Package Loan Library	424-514	same	5,340		264
(61-	Training Program Group)					
6100	Training Specialist I (Group of Classes)	335-424	same			
6101	Training Specialist II (Group of Classes)	404-514	same	91,728		4,278
6102	Training Specialist III (Group of Classes)	490-650	same	104,700		4,845
6110	Educational Specialist (Group of Classes)	367-490	same	4,404		216
(62-	Interscholastic Services Group)					
6210	Interscholastic Music Director	385-490	424-539	5,880	588	288
6220	Interscholastic Speech Director	385-490	424-539	5,088	516	252
6230	Interscholastic Journalism Director	385-490	424-539	5,088	516	252
(63-	Athletic Group)					
6300	Intramurals Official	Prevailing				
6310	Intramurals Assistant	156-200				
6311	Swimming Pool Supervisor	156-200				
6320	Intramurals Assistant Director	367-467	385-490	4,203	207	207
6321	Intramurals Director	539-680	565-710	6,120	270	270

## AMENDMENTS AND CORRECTIONS TO TABLE I, Page 10

	Monthly Ranges		Present Budget	Cost Estimates		
	Present	Proposed		A	B	C
(6--EDUCATIONAL AND INFORMATIONAL SERVICE)						
(60-Professional Library Group)						
6010 Librarian I (Group of Classes)	320-385	335-404	54,132	2,340	2,707	2,707
6011 Librarian II (Group of Classes)	351-424	367-445	80,808	2,688	3,863	3,863
6012 Librarian III (Group of Classes)	385-467	404-490	35,436	228	1,772	1,772
6020 Archives Translator	277-335	290-351				
6030 Archivist	351-424	367-445	4,620		228	228
6040 Chief Catalog Librarian	424-514	445-539	5,880		288	288
6042 Acquisition Librarian	424-514	445-539	5,088	252	252	252
6045 Latin American Collections Librarian	385-467	404-490	5,340		264	264
6048 Texas History Center Librarian	424-514	445-539	5,880		288	288
6050 Law Librarian I	351-445	367-467	5,088		252	252
6051 Law Librarian II	445-565	467-592				
6052 Law Librarian	565-710	592-740	6,780	324	324	324
6060 Director, Package Loan Library	424-514	445-539	5,340		264	264

	Monthly Ranges		Present Budget	Cost Estimates			
	Present	Proposed		A	B	C	
(65- Music, Art, and Drama Group)							
6500	Pianist	164-230	same				
6501	Improvisational Pianist	241-304	same				
6510	Vocalist	\$1.-- per hr.	same				
		for rehearsal					
		\$2.00 per hr.					
		for broadcast					
6511	Instrumentalist	\$1.50 per hr.	same				
		for rehearsal					
		\$2.00 per hr.					
		for broadcast					
6515	Band Leader	241-304	same				
6530	Illustrator	172-220	same				
6540	Wardrobe Mistress	172-220	same	2,172		108	
6550	Coordinator of Public Programs	335-424	same	4,212		192	
(66- Radio and Television Group)							
6600	Radio Control Technician	264-335	304-385	8,880	240	1,332	624
6601	Radio-Television Technical Supervisor	335-404	385-445	4,620		468	228
6610	Radio Script Writer	277-351	320-404	3,840		564	180
6611	Radio Script Editor	320-404	367-467	4,848		756	240
6612	Radio Writer-Producer	290-367	335-424				
6620	Radio Production Assistant	156-200	same				
6630	Television Production Assistant	156-200	same				
6635	Television Program Director	490-620	514-650	6,780		324	324
(67- Audio-Visual Group)							
6700	Projection Technician	172-230	same				
6710	Audio-Visual Shipping Supervisor	241-304	252-320	3,024		144	144
6720	Photographic Technician	172-230	same				
6721	Chief Photographer	241-304	264-335	3,024	144	300	144
6725	Audio-Visual Specialist (Group of Classes)	264-335	277-351	7,188	156	359	359
6730	Audio-Visual Production Coordinator	290-367	304-385	4,212		192	192
6735	Audio-Visual Acquisition Librarian	335-424	351-445	4,404		216	216
(68- Journalism Group)							
6800	Junior Reporter	156-200	same				

	Monthly Ranges		Present Budget	Cost Estimates		
	Present	Proposed		A	B	C
6810	Proofreader	200-252	210-264			
6820	Informational Writer I	241-304	264-335			
6821	Informational Writer II	304-385	335-424		864	420
6822	Assistant Director and Editor, News and Information Service	385-490	424-539	5,880	588	288
6825	Technical Reports Editor I	277-351	290-367	5,586	279	279
6826	Technical Reports Editor II	304-385	320-404	3,648	192	192
6840	Publications Production Assistant	290-385	304-404			
6850	Production Manager, University Press	351-445	367-467			
6854	Editorial Assistant, University Press	210-264	same			
6855	Editor I, University Press	277-351	290-367			
6856	Editor II, University Press	351-445	385-490			
6860	Advisor to University Publications	424-539	467-592			
6869	Sales Assistant, University Press	304-404	same			
6870	Sales Manager, University Press	424-539	same			
6875	Reports and Information Analyst	404-539	same	6,168		300
(69-	Legal Aid Group)					
6900	Legal Aid Attorney	320-404	351-445	3,303	333	162
6905	Legal Aid Director	424-539	467-592	3,234	318	156

TABLE II

A SUMMARY OF THE ESTIMATED COST OF IMPLEMENTING  
THE PROPOSED SALARY PLAN FOR MAIN UNIVERSITY,  
CENTRAL ADMINISTRATION AND AVAILABLE FUND

Number Series	SERVICE	Present Budget	COST ESTIMATES				
			A	B	C	D	E
0	Clerical, Fiscal and Administrative	\$ 1,426,286	\$30,510	\$82,566	\$76,469	\$22,980	\$36,420
1	Counseling and Health Service	169,779	694	6,208	8,402	3,854	4,262
2	Research and Scientific Service	354,157	1,512	14,037	17,660	8,074	8,892
3	Engineering, Trades and Labor Service	959,567	5,496	61,281	67,712	31,108	24,127
4	Custodial and Food Service	415,704	276	5,081	17,101	8,413	10,400
5	Oil, Land, and Geology Service	57,276	0	4,944	2,736	1,368	1,432
6	Educational and Informational Service	535,266	6,562	19,828	25,858	9,648	13,545
TOTALS		\$ 3,918,035	\$45,050	\$193,945	\$215,938	\$85,445	\$99,078

A - Cost to advance all employees to new minimums.

B - Cost to advance all employees to the same relative position in the new range that they now occupy in the present range.

C - Cost to advance all employees to new minimums and, in addition, to give a one-step increase to those employees not affected by the new minimums.

D - Cost to award one-step merit increases to 50 per cent of those employees not automatically increased to the new minimums (Does not include cost to advance all employees to new minimums).

E - Cost to award one-step merit increases to 50 per cent of total staff (Does not include cost to advance all employees to new minimums).

THE UNIVERSITY OF TEXAS  
 ENDOWMENT OFFICE  
 AUSTIN 12

FOR ACTION OF  
**Regents**  
 SEE MINUTES OF  
 NOV 28 1956

November 27, 1956

WM. W. STEWART  
 ENDOWMENT OFFICER

MEMORANDUM

To : Dr. J. C. Dalley, Vice President for Fiscal Affairs  
 From : Wm. W. Stewart, Endowment Officer

Subject: HOGG FOUNDATION; W. C. HOGG MEMORIAL FUND - PENDING ACQUISITION BY TEXAS STATE BUILDING COMMISSION OF REVERSIONARY INTEREST IN PROPERTY ON CONGRESS AVENUE, AUSTIN, TEXAS

This is intended to serve in presenting the matter pending with the State Building Commission to the Board of Regents at the special meeting tomorrow. A copy is being passed to Miss Thorndon for her information and possibly as a basis for her minutes. I am distributing no other copies, but some are attached for your use and others will be available at the Board meeting.

Early this year (Minutes of April 6, 1956) Miss Ida Hogg conveyed to the Board of Regents as Trustee of the Hogg Foundation; W. C. Hogg Memorial Fund the west 53-1/3 feet of Lots 1, 2, and 3, Block 160, City of Austin, subject to a life estate held by Miss Mary Fitzhugh (Dot) Thornton and further subject to a lease for 25 years from November 1, 1946, to Ben H. Parrish and W. T. Mohley at net rental of \$800 per month received by Miss Thornton. The lessor has the right to sublet and to remodel and improve. Any improvements made remain with the land.

The property fronts 128 feet on Congress Avenue from Thirteenth Street to Fourteenth Street with depth of 53-1/3 feet. Improvements consist of a one-story stucco building at 1301 Congress, a two-story stucco and frame building at 1305-7 Congress, and a one-story asbestos siding building at 1309-11 Congress. Sub-leases have been bringing the lessor \$755 per month from the property for an apparent net return to the lessor, disregarding recovery of cost of improvements consisting principally of the two-story building erected by them in 1948, of approximately \$4,000 annually.

Mr. Fred C. Barkley of Austin has appraised the property for the University, and his figures and those of the Building Commission are as follows:

	<u>University's Appraisal</u>	<u>Building Commission</u>
Land . . . . .	\$61,500.00	\$58,000.00
Improvements . . . . .	32,500.00	35,400.00
Totals . . . . .	<u>\$94,000.00</u>	<u>\$93,400.00</u>
Lessors' Interests:		
Miss Thornton . . . . .	\$23,800.00	\$23,575.00
Hogg Foundation . . . . .	34,450.00	30,825.00
	<u>\$58,250.00</u>	<u>\$54,400.00</u>
Lessee's Interest . . . . .	34,350.00	34,375.00
Sub-Lessee's Interests:		
Common . . . . .	-	4,100.00
Comm. . . . .	-	385.00
Totals . . . . .	<u>\$94,000.00</u>	<u>\$93,400.00</u>

COPY

Dr. J. C. Dolley, November 27, 1956, page 2

The University was contacted by the Building Commission in April shortly after the Commission's plans had been announced through the press with a routine communication stating that their appraisal was in progress and should be completed soon, after which each owner would be contacted by a negotiator, and that their plans called for possession of subject property by August 15, 1956. Thereafter, the University staff attempted to keep the Building Commission fully advised as to meetings of the Board of Regents so that submission of any proposal could be planned. Though the Commission's appraisal figures were furnished the University by telephone in August with the statement that we would be contacted soon by a negotiator to review the matter, it was not until around October 20 that the negotiator contacted the University staff and arranged a conference held on October 23. The Commission's appraisal was reviewed at that meeting, and it was agreed that the University would consider the matter. The negotiator stated that in his opinion deferring action until the January meeting of the Board of Regents would not be of disadvantage to the Building Commission. On October 29, the Endowment Officer wrote the Executive Director of the Building Commission that the University staff was unable to recommend to the Board of Regents at its meeting on November 2 and 3 acceptance of the proposed figure of \$30,825 for its interest. It was further stated in that letter: "If you feel that carrying over the matter to the January meeting will be a significant hindrance to the Building Commission, we shall be glad for you to call us."

Nothing further was heard from the Building Commission until the Executive Director wrote on November 8 to Miss Thornton with copies to the Board of Regents, the leases and the sub-leases as follows:

"Inasmuch as negotiation by the State to purchase your property has not been successful, pursuant to authorization by the State Building Commission, you are hereby offered the sum of \$93,400 to be divided among you according to your respective interests on the property described as the West 53 1/3 feet of Lots 1, 2 and 3, Block 160, Original City of Austin, Travis County, Texas.

"If you desire to accept this offer, please advise me as soon as possible. If this offer is not accepted by Monday, November 12, 1956, it must be considered as having been rejected and condemnation proceedings will have to be initiated."

The University staff again conferred with the negotiator and with the Executive Director on November 9 and were advised that they saw little prospect of reaching an agreement with the lessees, and that the attorneys handling these matters for the Commission were of the opinion that condemnation proceedings against all parties were necessary unless all parties accepted the amounts offered them.

The condemnation proceedings have been held off, but we understand that the Commission plans to file on all parties during the week of December 3.

Judge Gaines and Mr. Waldrep have discussed the matter with Miss Thornton's attorney, Judge Ireland Graves, and understand that Miss Thornton will be glad to join in the proposal set out below. The matter has been discussed by telephone with Miss Ima Hogg, who has maintained an active interest in its progress, and she is in agreement.

Dr. J. C. Dalley, November 27, 1956, page 3

It is recommended that the Board of Regents take the following action on the matter:

1. Authorize the Endowment Officer on behalf of the Board of Regents to join with Miss Thornton in a letter to the Texas State Building Commission expressing the desire to avoid litigation, the opinion that negotiations have not been fully explored, and proposing that Miss Thornton and the University be paid jointly the sum of \$60,000 for their interests.
2. Authorize the Endowment Officer to join with Miss Thornton in further negotiations if the proposal of \$60,000 is declined and to agree with Miss Thornton, upon approval of the Vice President for Fiscal Affairs, for acceptance of a figure not less than \$58,000 for the joint interests.
3. Authorize the Chairman of the Board of Regents to execute the appropriate deed if negotiations authorized above are successful, upon approval as to content by the Endowment Officer and as to form by the Land and Trust Attorney.
4. Authorize Land and Trust Attorney Guines and/or Assistant Land and Trust Attorney Willrop to defend on behalf of the Board of Regents as Trustees any condemnation proceedings brought upon failure of negotiations authorized above.

If the matter is resolved by the authorized negotiations, a recommendation will be presented to the Board of Regents at the January meeting as to division of the proceeds between Miss Thornton and Hagg Foundation or acceptance of the entire proceeds for the Hagg Foundation and an agreement to pay Miss Thornton a stated amount monthly during her life.

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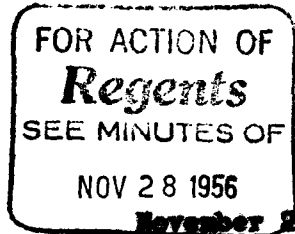
W. V. Stewart

W:Stm

Copy to Miss Betty Ann Bradford, Secretary  
Board of Regents of The University of Texas



THE UNIVERSITY OF TEXAS  
 ENDOWMENT OFFICE  
 AUSTIN 12



WM. W. STEWART  
 ENDOWMENT OFFICER

MEMORANDUM

To : Dr. J. C. Dolley, Vice President for Fiscal Affairs  
 From : Wm. W. Stewart, Endowment Officer

Subject: ESTATE OF DEBORAH THOMAS - PROPOSED SALE OF TUCSON, ARIZONA,  
 PROPERTY AND AUTHORIZATION FOR THE CHAIRMAN OF THE BOARD OF REGENTS  
 TO EXECUTE A RECEIPT AND RELEASE ON THE TEXAS ESTATE

This is intended to serve in presenting the two Thomas Estate matters to the Board of Regents at the special meeting tomorrow. A copy is being passed to Miss Theford for her information and possibly as a basis for her minutes. I am distributing no other copies, but some <sup>are</sup> attached for your use and others will be available at the Board meeting.

At our request, Arizona Trust Company, who handled the Tucson property for several years as agents for Miss Thomas, is now serving as Administrator of the Arizona estate which consists entirely of one piece of real estate in Tucson. Though sale is not necessary to settle the Arizona estate and place good title in the University, there are obvious advantages to sale during the administration; and we asked the Administrator to explore sales possibilities. It is our understanding that no deed or other instrument from the University is necessary in making a sale, but the Administrator was told that we should present any proposed sale to the Board of Regents for approval.

We have now been notified by the Administrator of a firm offer of \$6,525.00 cash for the property, and the Administrator recommends that the Board of Regents approve its submitting that offer to the Probate Court for acceptance.

The property is described as the East 60 feet of Lots 1 and 4, Par. 16, Twp. 47, in Tucson, Pima County, Arizona, and is improved with a three-room residence and two-car garage known as 635 North Third Avenue. Based on a rough estimate only, the Executors of the Texas estate included the property in the Inventory filed in the Probate Court of Bexar County at a value of \$12,000. Dr. Robert L. Sutherland, accompanied by a recognized realtor of Austin, was through Tucson last May and at our request inspected the property and investigated values. His report indicated a value of \$6,500 to \$7,500. The appraisers in the Tucson probate proceedings have valued the property at \$7,250.00, the offer in hand being 90% of that value. The Arizona law is to the effect that the probate court can approve sale if the consideration is 90% of the appraised value.

The property is under lease running to October 31, 1958, at rental of \$60 monthly without right of cancellation, and any sale will be subject to the lease. At this rental and after taxes and other carrying charges, it is estimated that the property yields 6% to 7% on the offered price.

COPY

Dr. J. C. Bolley, November 27, 1956, page 2

Sales commission of \$195 and title costs of about \$75 will be payable out of the proceeds. These are in addition to Administrator's and attorney's fees set by Arizona law in the approximate amount of \$700 so that net proceeds from the Arizona estate would amount to approximately \$5,500.00.

It is recommended that the Board of Regents authorize the Endowment Officer to notify the Arizona Administrator of its approval of accepting the offer of \$6,525.00, and that the Chairman of the Board of Regents be authorized to execute any instrument from the University that may be necessary in the sale when approved as to content by the Endowment Officer and as to form by the Land and Trust Attorney.

The Executors of the Texas estate have now notified the University that they are ready to close their administration by payment to the University of cash in the approximate amount of \$4,980.00 upon delivery of a satisfactory receipt and release, and it is recommended that the Chairman of the Board of Regents be authorized to execute such receipt and release when approved as to content by the Endowment Officer and as to form by the Land and Trust Attorney.

Original Signed by  
Wm. W. Stewart  
Endowment Officer

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Wm. W. Stewart

WWS:ca

Copy to Miss Betty Anne Theoford, Secretary  
Board of Regents of The University of Texas

See Deliberations, <sup>31</sup> Board  
Nov. 28, 1956

AN EXPLANATION OF  
THE UNIVERSITY'S REQUESTS TO THE 55TH LEGISLATURE

The University's requests to the 55th Legislature embody two main points: (1) freeing the Available Fund; (2) providing a reasonable appropriation from General Revenue. These actions are basic to the present and future welfare of The University of Texas.

Why Free the Available Fund?

Our plea is simply that we receive at least equal treatment to that accorded the other state institutions of higher education in support from the General Revenue. What is required is an appropriation from the General Revenue sufficient to meet our ordinary operational costs, so that the Available Fund may be reserved to meet our building needs and to improve our educational program in such a way that The University of Texas may rank alongside the better state universities. If this money continues to be appropriated for budget-balancing purposes, then The University of Texas can never hope to rise much above the average.

The Available Fund - annual income earned by securities in the Permanent University Fund - is now our sole source of building money for the entire University system. Except for the institutions in the A. & M. system, which also have their building needs provided out of the Available Fund, the other state institutions receive their building funds from the earmarked proceeds of the ad valorem tax. Under the Constitution, the Available Fund can be appropriated by the Legislature for general operating purposes at the Main University in Austin and at the Medical Branch in Galveston; the Legislature cannot divert in any such way the ad valorem tax money accruing to the other institutions.

Specifically, this is how the 54th Legislature proceeded in making appropriations. Teaching salary appropriations in all eighteen institutions were determined by across-the-board formulas computed on assumed average teaching salaries and fixed amounts for student credit hours. Amounts appropriated for other operating costs were held at existing levels for each institution.

Up to this point, the University fared no differently from the other institutions; in arriving at the basic support to be provided for each institution, the Legislature followed methods which treated all institutions on the same basis. However, differential treatment was employed in the source of funds to support these basic levels of operations approved by the Legislature. For seventeen institutions, one source alone - the General Revenue - was used; for the University, appropriations were made by the Legislature from two sources: the General Revenue and the Available Fund.

For 1955-56, the Legislature appropriated \$1,600,000 of the Available Fund to meet the same level of operations which in all other general academic institutions was maintained by appropriation from General Revenue. For 1956-57, the Legislature appropriated an additional \$250,000 of General Revenue, thereby reducing the drain on the Available Fund to \$1,350,000. There was thus some acknowledgment of the need to free the Available Fund.

It should be stressed that the University encountered no hostility in the 54th Legislature. Hearings were friendly, our situation seemed to be understood, and our efforts to operate on a basis of strict economy were commended. We can only conclude that the consequences of diverting the Available Fund to lessen the demands upon the General Revenue were not understood. Therefore, we are bending every effort to give each member of the Legislature a clear understanding of the necessity for freeing the Available Fund to serve its intended purposes.

#### Pressing Needs to Be Met by the Available Fund

Many persons do not realize that there is already a critical shortage of classroom and laboratory space at the Main University. Some subjects are scheduled from eight in the morning until nine at night; laboratory students are assigned three and four to a station designed for one; right now, science and engineering - fields strategic to our national survival - will be unable to accommodate any more students after this year until additional facilities are provided. In addition to what is needed immediately to catch up with an enrollment exceeding 18,000 this year, the University must be able to plan now to receive the first tidal wave of high school graduates which will begin to strike in 1958. (The University's policy of selective admissions, it should be noted here, was not intended to forestall enrollment increases, but merely to assure a minimum quality of educational opportunity for vastly increased numbers of students.)

With the passage of Amendment Three on November 6, the people of Texas voted overwhelmingly to allow more latitude in the investment of the Permanent Fund to provide increased annual income in the Available Fund. This amendment, however, likewise enlarges the obligations of the Available Fund to include meeting the building needs at all component units of the University. The increased income of the Available Fund was the basis upon which the additional building obligations could be assumed and will largely be absorbed in meeting these needs. This can be done only if the Available Fund is left free for this purpose.

Most other states must meet the building needs of their state universities entirely from tax sources. The advantages to Texas taxpayers of the Permanent Fund will be dissipated if its income (the Available Fund) is to be perennially diverted for mere budget-balancing purposes.

The Importance of Adequate Appropriations

The legislative level of support provided for all institutions of higher education has not permitted most of them to compete on even terms with first-rate institutions of comparable purpose outside the state. In this respect, the interests of The University of Texas and its sister institutions coincide. State funds made available for higher education in recent years have simply been insufficient to maintain quality in the face of rising enrollments. Inadequate funds have made it **necessary** to increase student-teacher ratios far beyond those permitted in most states. At The University of Texas, for example, our ratio has risen to 21-1, a figure appreciably higher than that of any other major university. Our comparatively low faculty salary scale has not enabled us to attract the additional teachers needed; moreover, we have steadily lost outstanding teachers and researchers to other universities as well as to business and industry.

Knowing that many urgent demands for increased appropriations will be made upon the 55th Legislature, our requests in all categories are extremely conservative. Even in regard to teaching salaries, the increases being asked are very moderate. Information from other states indicates that if our salary requests are granted in full, we still will merely hold our own, comparatively speaking, without improving our competitive position in the national market. In short, there is no "fat" in the budget request to the Legislature. Any slash in it will necessarily result in a deterioration in quality, a reduction in scope, or both.

To safeguard the welfare of The University of Texas, therefore, the Legislature is being asked simply to do the following:

1. Free the Available Fund.
2. Provide the General Revenue appropriation requested.

(Statement for the Main University, by Dr. Logan Wilson, President of The University of Texas, November 19, 1956)

Reprint of Pages from "Supplement to House Journal, 54th Legislature,  
Regular Session"

172 SUPPLEMENT TO HOUSE JOURNAL

UNIVERSITY OF TEXAS—CENTRAL ADMINISTRATION

	For the Years Ending	
	August 31, 1956	August 31, 1957
1. President (with house and utilities) \$	17,500	\$ 17,500
2. All Other General Administrative Salaries .....	159,648	159,648
Subtotal, General Administrative Salaries .....	\$ 177,148	\$ 177,148
3. General Operating Expenses (including other salaries and wages) .....	39,610	39,610
Grand Total, Educational and General .....	\$ 216,758	\$ 216,758
4. Less— Available University Fund .....	50,000	50,000
Net—General Revenue Appropriation \$	166,758	\$ 166,758

UNIVERSITY OF TEXAS—MAIN UNIVERSITY

1. Vice-President (at \$15,000 plus \$1,000 allowance in lieu of house and utilities) .....	\$ 16,000	\$ 16,000
2. All other General Administrative Salaries .....	765,851	765,851
Subtotal, General Administrative Salaries .....	781,851	781,851
3. Teaching Salaries Only (Non-transferable) .....	4,572,189	4,572,189
4. Vocational Teacher Training Supplement .....	41,048	41,048
5. General Operating Expenses (Includes other salaries and wages) .....	4,523,125	4,521,620
Grand Total, Educational and General .....	\$ 9,918,213	\$ 9,916,708
6. Less—(1) Estimated Other Educational and General Income .....	\$ 1,394,478	\$ 1,395,978
(2) Available University Fund .....	1,550,000	1,300,000
Net—General Revenue Appropriation \$	6,973,735	\$ 7,220,730

SUPPLEMENT TO HOUSE JOURNAL 173

TEXAS WESTERN COLLEGE OF THE UNIVERSITY OF TEXAS

	For the Years Ending	
	August 31, 1956	August 31, 1957
1. President (with house and utilities) \$	12,000	\$ 12,000
2. All other General Administrative Salaries .....	118,854	118,854
Subtotal, General Administrative Salaries .....	\$ 130,854	\$ 130,854
3. Teaching Salaries Only (Non-transferable) .....	750,187	750,187
4. Texas Western College Museum .....	12,878	12,878
5. General Operating Expenses (Includes other salaries and wages) .....	465,522	460,848
6. Major repairs and rehabilitation of buildings and facilities (Includes salaries and wages for such items) .....	12,900	11,150
Grand Total, Educational and General .....	\$ 1,372,341	\$ 1,365,917
7. Less— Estimated Other Educational and General Income .....	242,955	242,955
Net—General Revenue Appropriation \$	1,129,386	\$ 1,122,962

The Appropriation Bill patterns for each of the other general academic institutions are the same as that for Texas Western College. This institution was chosen as an example simply because it is a part of The University of Texas system.

## THE UNIVERSITY OF TEXAS

THE M. D. ANDERSON HOSPITAL  
HOUSTON*See Deliberations of Board, Nov. 28, 1956.*

November 26, 1956

MEMORANDUM:

TO: Dr. Logan Wilson

FROM: R. Lee Clark, Jr., M. D.

SUBJECT: Dr. Wilson's memorandum of November 15 concerning building needs of the M. D. Anderson Hospital and Tumor Institute:

PRESIDENT'S OFFICE, U OF T	
ACKNOWLEDGED _____	FILE _____
REC'D NOV 27 1956	
REFER TO _____	
PLEASE ANSWER _____	
PLEASE _____	

In order to consider your memorandum effectively, and to arrive at a joint conclusion, a conference was held in your office on Friday, November 23, 1956. Present were: Dr. Logan Wilson, Dr. Melvin A. Casberg, Mr. Lanier Cox and Dr. R. Lee Clark, Jr., Dr. James C. Dolley was present during the last portion of the conference.

After a thorough discussion of the problem at hand, we were in agreement as to the future proceedings, as follows:

1. Phase III of building program \*

We will not submit to the Legislature our request for permission to proceed with this phase of the building program at this time.

We will request the Board of Regents to authorize the necessary studies to effect a comprehensive scheme for this phase of the building program and to obtain financing from other than State sources. At the appropriate time, permission will be requested of the Legislature to proceed with the actual construction.

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\* Phase III: Addition of the Biological Floor to the Research Wing and Medical Service Area - 22,050 square feet; addition of the Animal Area above the Biological Floor to be used for large animals, experimental surgery, clinical physiology and pharmacology - 22,050 square feet.

**Memorandum:**

**To:** Dr. Logan Wilson  
**From:** R. Lee Clark, Jr., M. D.

November 26, 1956


**2. Phase II of building program \***

We will submit to the Legislature our request to proceed with this phase of the building program, as approved by the Board of Regents on February 3, 1956, and submitted to the Legislative Budget Board on October 15, 1956.

The following documents were submitted to show the extent of planning for Phase III of building program:

1. Letter to U.S. Public Health Service, February 3, 1953, in which our need for additional funds for research floor is discussed. (Copy attached)
2. Letter to U.S. Public Health Service, January 14, 1954, in which we request \$475,000. (Excerpt attached) At this time, revision of sixth floor plan was requested of architects. (Last revised March, 1954)
3. Letter to Mr. Charles H. Sparenberg, March 17, 1954, in which we express our need for \$500,000 for the research floor addition. (Excerpt attached)
4. Letter to Dr. Logan Wilson, April 28, 1955, in which we discuss our planning of the research floor addition. (Copy attached)
5. Testimony before the Subcommittee on Health of the Committee on Labor and Public Welfare, U.S. Senate, April 1, 1955, at the Committee's request, in behalf of the research construction appropriation request. (Reference attached).
6. Notification of passage of Public Law 835 from U.S. Public Health Service, September, 1956. (Reference attached).
7. Letter to Dr. Logan Wilson, October 24, 1956, in response to Legislative Budget Board request for any building plans proposed for activation during the biennium. (Copy attached).

CC: Board of Regents  
 Dr. M. A. Casberg

  
 R. Lee Clark, Jr., M. D.  
 Director

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\* Phase II: Addition of five floors, 4,050 square feet each, to the North Wing, for a total of 20,050 square feet.



References and excerpts from documents referred to in memorandum:

2. Letter to Mr. William W. Payne, National Institutes of Health, U. S. Public Health Service, January 14, 1954, from M. D. Anderson Hospital.

" Dear Mr. Payne:

"Reference is made to the letter from the Associate Director, National Institutes of Health, dated December 30, 1953, referring to a letter from this hospital, dated February 3, 1953, concerning the need of this hospital for additional research facilities, and requesting further information. We are on the eve of moving from our present temporary quarters into the new building, and the following discussion pertains to the facilities in the latter. "

\*\*\*\*\*

"The original plan envisaged a sixth floor on the Research and North wings for the housing of research activities, but the lack of funds precluded this construction. However, the building was planned and constructed so that these additional floors could be added if and when the necessary funds become available. The addition of a sixth floor to part of the North and Research Wings would provide ample room for the existing research facilities and also permit some expansion to care for future growth. The cost of the additional space required is estimated at \$475,000. The increase over the amount previously estimated is on account of the increase in construction costs. It is the considered opinion that no additional funds can be secured from State appropriations."

3. Letter to Mr. Charles H. Sparenberg, Comptroller, The University of Texas, March 17, 1954, from M. D. Anderson Hospital:

"Dear Mr. Sparenberg:

"In accordance with your letter of March 3, concerning Estimates of Future Needs for Buildings and Other Permanent Improvements, we wish to submit the following proposals:

March, 1954, through August 31, 1957:

One floor added to building (for which present foundation is adequate) to house additional Pathology, Physiology, Surgery, and Experimental Medicine Laboratories

\$ 500,000.00 "

5. On April 1, 1955, Dr. R. Lee Clark, Jr. appeared before the Subcommittee on Health of the Committee on Labor and Public Welfare, United States Senate, Washington, at the Committee's request, to give testimony in behalf of the research construction appropriation request. ("Medical Research Act of 1955", U. S. Government Printing Office, Pages 62-67).

6. Memorandum from Dr. C. J. Van Slyke, M.D., Associate Director, National Institutes of Health, U.S. Public Health Service, September 7, 1956.

"Dear Dr. Clark:

" Your help makes this release possible. Sincerest appreciation."

October 24, 1956

Dr. Logan Wilson, President  
The University of Texas  
Austin 12  
T e x a s

Dear Doctor Wilson:

We have been requested to submit a projection of our future needs in regard to additional building space in order to obtain permission from the Legislature to proceed with the building program, if and when funds become available. Also, pursuant to a recent act of Congress, there are funds available at the national level for the building of research facilities in which the University institutions may participate.

During 1948 and 1949 we received \$300,000.00 from the U. S. Public Health Service for the building of research facilities, which sum was incorporated into our immediate past building program. We again reviewed our plans with the Public Health Service in 1953, and in 1954, requesting the opportunity to participate in any appropriation for which we might be eligible for our research building needs. The Senate Sub-Committee on Health of the Senate Committee on Labor and Welfare requested that I testify in Washington on April 1, 1955, in favor of Senate Bill 849, which bill was finally passed as Public Law 855, granting the funds for research construction.

When we planned our building (1947 - 1950) we were able to complete only the first five floors of the research and service wings. We did anticipate our needs for the completion of this portion of the building by making the foundations sturdy enough to accommodate the additional floors that would eventually

**Dr. Logan Wilson**  
**October 24, 1956**

**Page # 2**

be added to Nursing Wings. For this purpose, an additional \$50,000.00 was utilized to increase the sturdiness of the foundations. Our original plans had included one floor for Biochemistry, our present fifth floor; a sixth floor for Biology, not now existing; and an animal facility on the seventh floor or roof.

In addition to the above, as submitted to the Board of Regents at its meeting on December 2, 1955, in Houston, we had planned to add to the North Wing of the building over the Supervoltage area (4,050 square feet) equivalent space for each floor to the full height of the building. This addition was cancelled from our present building plans following a discussion in your office on January 6, 1956. At that time, it was decided pelitic to leave out the North Wing addition with the understanding that we would seek permission at the coming session of the Legislature to add it without additional state appropriation. This decision was approved by the Board of Regents, at Meeting Number 551, on February 3, 1956, (Page 31 of Minutes), for the addition of five floors, 4,050 square feet each, to the North Wing, for a total of 20,250 square feet.

In addition, we request that you seek approval of the Legislature for the addition of the research area as listed below:

1. Addition of the Biological Floor to the Research Wing and Medical Service Area - 22,050 square feet.
2. Addition of the Animal Area above the Biological Floor to be used for large animals, experimental surgery, clinical physiology and pharmacology - 22,050 square feet.

This would constitute 64,350 square feet at an estimated cost for building of \$26.00 per square foot, which is equal to \$1,673,100.00. We would like to request a grant from the U. S. Public Health Service as provided by Public Law 835 for the necessary funds to

Dr. Logan Wilson  
October 24, 1956

Page # 3

carry out this program. It is understood that we would have to furnish one-half of these funds in order to accomplish this, and we will be prepared to take the necessary steps to obtain our portion of the matching funds.

Although we have much data accumulated in regard to this project, and have the actual preliminary plans for the additions to the North Wing, it will take some architectural aid in order for us to more accurately delineate our precise architectural, mechanical and equipment requirements. We need to re-evaluate our equipment needs for the proposed addition in keeping with recent technical developments and the additional knowledge which the experience in our program has given us. We are not prepared to estimate this cost at present.

The medical reactor, its space requirements, etc. are not to be included in our request for aid as a research construction grant. We probably will be able to obtain help on this from the Atomic Energy Commission. We may or may not need permission from the Legislature to construct a medical reactor, depending upon one's interpretation of legislative action at the Special Session in 1950, at which time an appropriation was made for the construction of a Radiologic Institute and Atomic Energy Research Laboratory. In your opinion, if we should obtain additional permission to carry out this project, provided it proves feasible and can be financed, please include it in the request.

Sincerely yours,

R. Lee Clark, Jr., M. D.  
Director

C  
O  
P  
Y

April 28, 1955

Dr. Logan Wilson, President  
The University of Texas

While I have talked to you about many of the items referred to, I do not believe I have sent to you and Doctor Haskew any specific information pertaining to the projects which we have asked the architects to consider. This letter reflects mature consideration of our program after approximately one year in our new quarters. The majority are additions that were contemplated in the original planning but which were deleted for cause. Certain others, such as the Cobalt therapy and nuclear reactor for medical purposes are the logical outgrowth of five years of study on the role of radioactive substances in a cancer program - an unknown quantity when we started our planning. It is also one in which we have pioneered and have perhaps made the most significant contribution at the clinical level.

It is understood that each is entirely developmental, requires its own program, justification and financing, but I thought you would like to know some of our early planning that has not yet been realized and also that we were not overlooking the necessity for adequate study and planning for our future. The enclosed could well be our goal for 1955-60 (plus items in November 29 letter to Doctor Haskew, copy attached).

It will be a pleasure to discuss any or all of these with you when your time permits. Also, I think it will be of interest to you to know the possibilities we have or are studying for their financing.

R. Lee Clark, Jr., M.D.

enclosures

cc: Dr. Haskew

February 3, 1953

Dr. Ernest Allen  
Division of Research Grants  
National Cancer Institute  
Bethesda 14, Maryland

Dear Doctor Allen:

We understand that there is some possibility of additional funds for research building grants being made available to the National Cancer Institute, and wish to express our feeling that additional appropriations for this purpose would be of inestimable value to the progress of cancer research in the United States. If you feel that there is any manner in which we might be of assistance to you in pointing out the need for the funds being sought, and wish to keep us informed as to the pertinent legislation, we would be pleased to do what we can.

In 1948, we applied for \$500,000 in cancer research building grants from the National Cancer Institute. We were awarded \$200,000 of this and subsequently an additional \$100,000, making a total of \$300,000. We were able to match this with \$1,750,000 of our own, and have constructed corresponding research areas in the new M. D. Anderson Hospital. However, since we did not receive the additional sum of \$200,000, it was necessary that we delete one complete floor from our research area. Building costs and additional costs for single projects would make it necessary for us to have \$375,000 now to add that research floor to our new structure. This sum of \$375,000 is estimated on present building costs. It would vary somewhat, depending upon the necessary architectural and engineering data, and upon whether equipment could be purchased with the grant monies.

Thus, as you can see, we are in the position of being aware of the need and of the good that funds such as these provide. Should the additional sums become available, we would like to submit a formal request for a grant to construct the research floor described above.

Sincerely yours,

R. Lee Clark, Jr., M. D.  
Director and Surgeon in Chief

cc: Hon. Lyndon Johnson  
Hon. Albert Thomas  
Hon. Oveta Hobby

bcc: Dr. R. F. Kaiser

February 3, 1955

**Mackie and Kamrath  
2713 Ferndale Place  
Houston 6  
T e x a s**

**Gentlemen:**

**Will you please arrange for the architectural consideration of the following projects which are enumerated in order of priority. They will be activated as they are properly financed and approved by the Board of Regents of the University. It will help to obtain the proper consideration for these future additions to the M. D. Anderson Hospital and Tumor Institute if we have a study of the problems in a progressive and sequential manner. The additions that we contemplate at present are as follows:**

- 1. The conversion of the roof on the southeast wing to office space.**
- 2. The completion of the therapy rooms for the second floor x-ray unit.**
- 3. The addition of two rooms for high voltage therapy in the cobalt therapy area.**
- 4. The conversion of the roof on the west wing to provide additional enclosed space.**
- 5. The addition of the sixth floor to the medical service wing and the research wing.**



**Mackie and Kamrath**

**2**

**February 3, 1955**

- 6. Location and design of a nuclear reactor for medical purposes.**
- 7. The study of a combined extension of the clinic and medical science research laboratories as a north wing parallel to the present west wing of the patient bed area.**
- 8. A study of a location and design of a chapel -- this to be provided if and when an interested donor requests the project.**

**I would suggest that a systematic consideration of these additions to our program include proper study as to design, function and cost so that effective plans and specifications will be available as the projects mature.**

**Sincerely yours,**

**R. Lee Clark, Jr., M. D.  
Director and Surgeon in Chief**

**RLC:pl**

**cc: Dr. Heflebower  
Miss Goff**

Dr. Logan Wilson  
Dr. L. D. Haske

Administrative  
Confidential

INVESTMENT REQUIREMENTS OF THE  
PERMANENT FUND

*See deliberations  
of Board, Nov. 28, 1956.*

I. The present situation.

Size of Permanent Fund.

As of July 31, 1956--\$263,959,783 (excluding land values).

Recent rate of growth.

	<u>1953-54</u>	<u>1954-55</u>	<u>1st 11 mos. of 1955-56</u>
Bonuses for oil and gas leases	\$14,803,500	\$12,223,500	\$23,302,776
Royalties--chiefly oil	10,425,989	11,489,906	12,100,079
Rentals on oil and gas leases	<u>324,697</u>	<u>361,925</u>	<u>393,081</u>
Total	\$25,554,186	\$24,075,331	\$35,795,936

Investment securities held.

Present investments limited to--	<u>Holdings 7-31-56</u>
U. S. Government securities	\$249,666,456
State of Texas bonds	625,600
Texas municipal bonds	13,555,156

II. Pending change in investment restrictions--

Would authorize placing up to 50% of the total Permanent Fund in--

Corporate bonds, corporate stocks, and guaranteed real estate mortgage paper (in the aggregate).

Would require that at least 50% of the total Permanent Fund be invested in--

U. S. Government securities, State of Texas bonds, and Texas municipal bonds (in the aggregate).

Probable size of Permanent Fund on November 1, 1956--

Aggregate of about \$267,000,000.

Would permit investment of \$133,500,000 in corporate securities and guaranteed real estate mortgage paper.

### III. Nature of the Permanent Fund.

It is a perpetual endowment fund.

Principal cannot be expended for any purpose other than--

To purchase investment securities.

Trading profits and losses should be credited and charged to principal.

It follows that liquidity is not important in the selection of investment securities.

The size of the income return is very important.

Especially cash income as opposed to accumulating bond discount.

Being a permanent endowment fund--

The volume of switching transactions would normally be small.

Switches made only--

To improve quality, i.e. get out of a deteriorating situation, or to improve yields where offsetting losses are not too great.

### IV. Investment objectives should be--

1. Safety of principal, to be accomplished by--

Emphasis on quality.

Minimum quality standards as to all but U. S. Government securities.

Continuous review after purchase.

Diversification, especially as to corporate securities.

2. High income return consistent with safety requirements.
- (3. Marketability relatively unimportant.)
- (4. Tax exemption of no value.)

Policies Governing Investment in Corporate Securities

I. Purchasing is to be limited exclusively to corporate securities and guaranteed mortgage notes until the Permanent Fund distribution is as follows (the percentages are based on the book value--cost or amortized cost--of all securities purchased):

Government bonds (United States, State of Texas, and Texas Municipal) - - - - -	50%
Corporate bonds (including rail equipment trust certificates) - - - - -	5
Preferred Stocks - - - - -	<del>5</del>
Guaranteed mortgage paper <i>10070 0' 744 E</i> - - - - -	<i>10</i>
Common stocks - - - - -	35

Any change in this policy or in the above distribution schedule requires specific approval by the Land and Investment Committee and subsequently by the Board of Regents.

II. Funds for the purchase of non-government securities are to come from --

New money paid into the Permanent Fund from --

Royalties.

Bonus payments from sale of mineral leases.

Proceeds from government bond maturities.

It is not contemplated that any present government bond holdings will be sold in order to provide funds for the purchase of non-government securities.

However, such sales may be authorized by the Land and Investment Committee when government bonds can be sold at book value or higher.

III. The attached list of minimum investment standards and the diversification pattern for corporate securities is approved.

IV. To be eligible for purchase, securities must be issued by corporations which have been formally approved by the Land and Investment Committee and the Board of Regents. *See memo to G, 10/13/03 UC 2003*

V. Corporate securities are to be purchased on the dollar averaging principle.

That is, when funds become available, securities are to be purchased without any attempt to appraise the short-term market trend. *✓*

Policies Governing Investment in Corporate Securities (Continued)

## VI. With respect to corporate securities --

1. As a general rule, stock rights received are to be exercised, but, in each instance the decision will be made by the Investment Committee.
2. As a general rule, fractional shares are to be purchased to round out fractional shares received from stock rights, stock splits, and stock dividends; but, at the same time, additional shares are to be bought so as to provide round-lot purchases. In each instance, however, the decision to buy or to sell will be made by the Investment Committee.
3. With few exceptions, voting stocks held are to be voted by returning proxies to present management. Exceptions require approval of the Land and Investment Committee.

## VII. The Endowment Office is authorized to purchase corporate securities within approved policies.

All such purchases are to be reported --

to the Land and Investment Committee and to the Board of Regents at the next following meeting.

However, sales of corporate securities require prior approval by the Land and Investment Committee and the Board of Regents.

I. As to quality.

1. Issued by an American corporation.
2. Except bank and insurance shares, stock must be listed on a registered security exchange.
3. Stock must have an unbroken dividend record over the preceding ten years.
4. Issuer must be one of the leading corporations in its industry.
5. Not more than 1% of the Permanent Fund may be invested at any one time in securities issued by any one corporation.
6. Not more than 4% of the voting stock in any one corporation may be owned by the Permanent Fund at any one time.
7. Corporate bonds must be rated A or higher by either Moody's or Standard and Poor's.
8. The corporation must measure up to these minimum financial statement ratio standards. (These standards apply to initial purchase only. If, after purchase, a corporation should drop below these levels, the Investment Committee will decide whether or not to recommend sale of securities.)

a. Bonded debt to book value of total investment\* --

Public utilities -- not to exceed 55%. *High Standard*  
Railroads -- not to exceed 45%.  
Industrials -- not to exceed 30%.

\* Total investment is fixed liabilities plus net worth.

b. Times bond service covered (before taxes) --

Public utilities -- average of at least 5 times during past 5 years.

Railroads -- average of at least 6 times during the past 5 years.

Industrials -- average of at least 7 times during the past 5 years.

c. Net profit (after taxes) on book value of total investment --

Public utilities and financial corporations -- average of at least 4 1/2% during past 5 years.

Railroads -- average of at least 4 3/4 % during past 5 years.

Industrials -- average of at least 6% during past 5 years.



Diversification  
Patterns

I. Size of Permanent Fund when diversification program is completed.

Assumptions --

Size of Permanent Fund

On Nov. 1, 1956 (all in governments)	\$267 mil.
Addition to August 31, 1957	23 mil.
Addition next 7 years at average annual rate of \$25 million	<u>175</u> mil.
Total August 31, 1964	\$465 mil.

The above total invested in --

Governments	\$267 mil.
Less maturities to August 31, 1963	<u>33</u> mil.
Held August 31, 1963	\$234 mil.

Other securities

All new money received to August 31, 1963	\$173 mil.
All government bond maturities to August 31, 1963	<u>33</u> mil.
	\$206 mil.

If above program is realized --

the diversification pattern outlined below would be achieved during fiscal 1964. (\$17 million bond maturities in 1964.)

When Permanent Fund reaches some \$450 million.

II. By types of securities--eventual distribution when Permanent Fund reaches a total of \$450,000,000

	%
1. U. S. Government securities, State of Texas bonds, and Texas municipal bonds	50
2. Corporate bonds	5
3. Preferred stocks	5
4. Common stocks	30
5. Guaranteed mortgage paper	<u>15</u>
	100

30 38 15



III. Corporate bonds (\$22,500,000)--assuming average investment of about \$1,000,000 in individual issues.		<u>1/2</u>
1. Public utilities	(11 issues)	50
2. Railroads	( 2 issues)	10
3. Finance companies	( 3 issues)	10
4. Industrials	( 7 issues)	<u>30</u>
		100
IV. Preferred stocks (\$22,500,000)--assuming average investment of about \$1,000,000 in individual issues.		<u>1/2</u>
1. Public utilities	(12 issues)	50
2. Railroads	( 2 issues)	10
3. Industrials	( 9 issues)	<u>40</u>
		100
V. Common stocks (\$157,500,000)		
A. Ultimate objective, i.e., when Permanent Fund reaches total of \$450,000,000.		
115 individual stocks owned.		
Average commitment--about \$ <del>X</del> ,000,000 except financial companies where average commitment is about \$500,000.		
B. Broad diversification program.		<u>1/2</u>
1. Public utilities	(24 issues)	30
2. Railroads	( 4 issues)	5
3. Financial	(48 issues)	15
4. Industrial	(39 issues)	<u>50</u>
		100
C. Diversification of public utilities (\$47,250,000).		<u>1/2</u>
1. Light and power	(17 issues)	70
2. Gas service and gas transmission	( 5 issues)	20
3. Telephone and telegraph	( 2 issues)	<u>10</u>
		100

D. Diversification of railroads (\$7,875,000).		
By geographic area served and type of freight hauled.	( 4 issues)	
E. Diversification of financial corporations (\$23,625,000). (Average commitment about \$500,000.)		
		<u>%</u>
1. Banks	(24 issues)	50
2. Fire and casualty insurance	(10 issues)	20
3. Finance companies	( 9 issues)	20
4. Life insurance	( 5 issues)	10
5. Mutual funds (including closed-end companies)		<u>0</u>
		100
F. Diversification of industrials (\$78,750,000).		
Group I (Earning power stable) -- 35%		<u>%</u>
1. Food and dairy products	( 3 issues)	10
2. Chemical products	( 4 issues)	10
3. Containers	( 1 issue )	3
4. Paper products	( 1 issue )	2
5. Merchandising	( 1 issue )	2
6. Tobacco products	( 2 issues)	4
7. Drugs, soaps, cosmetics	( 2 issues)	4
Group II (Some variation in earning power)-- 35%		
1. Air transport	( 0 issue )	1
2. Building materials	( 3 issues)	8
3. Electrical equipment	( 2 issues)	5
4. Office equipment	( 1 issue )	2
5. Petroleum products	( 4 issues)	10
6. Synthetic fibres and textiles	( 1 issue )	1
7. Tires and rubber products	( 1 issue )	2
8. Automobiles and accessories	( 2 issues)	6

Group III (Considerable variation in earning power) -- 24%		%
1. Farm equipment	( 1 issue )	2
2. Manufacturing industrial machinery and equipment	( 3 issues )	10
3. Non-ferrous metals	( 2 issues )	6
4. Steel and iron	( 3 issues )	6
Miscellaneous	( 2 issues )	<u>6</u>
		100

VI. Diversification of guaranteed mortgage paper (~~45,000,000~~ \$22,500,000).

2250 mortgage loans at an average of \$10,000 per loan.

Details to be worked out later.

*J. J.*  
*10/1/50*

*Review  
to  
be  
done*

I. New stocks added to eligible list.

A. Selection of stocks for analysis.

Determined by Investment Committee.

Vice-President for Fiscal Affairs.

Endowment Officer.

Investment Officer.

Initial list of some 50 leading stocks prepared by  
Vice-President for Fiscal Affairs.

Other stocks added as suggestions are received  
from various sources.

Emphasis on stocks held in leading insurance  
company portfolios, mutual funds, etc.

B. Investment Officer assigns stocks to Analyst.

Completed report to Investment Officer for review.

C. Analysis procedure.

Brief industry appraisal.

Set up financial statements (5 years) in comparative form.

After making indicated adjustments.

Compute ratios and measures.

Set up in comparative form.

Space for at least 10 years.

Determine eligibility for investment.

Rate and price.

D. Approval procedure.

Investment Officer reviews report.

To Investment Committee.

To Investment Advisory Committee.

To Land and Investment Committee.

To Board of Regents.

II. Review of Stocks held in portfolio.

A. Daily news items clipped.

Significant items screened by Investment Officer.

To Investment Committee and/or file folder.

B. Quarterly earnings and dividend reports.

Recorded on comparative form with space for at least 10 years.

Unusual changes called to attention of Investment Officer.

C. Annual reports.

Ratio analysis.

Ratios entered on comparative form.

Folder reviewed by Investment Officer and Investment Committee.

If recommendation to sell, then to Investment Advisory Committee, etc.

BALANCE SHEET FORM  
FOR INVESTMENT ANALYSIS

	(000's of dollars)				
	1951	1952	1953	1954	1955
<u>Assets</u>					
Current Assets:					
Cash					
U. S. Treasury securities					
Other marketable Securities					
Accounts Receivable (net)*					
Inventories					
Total Current Assets					
Fixed Assets:					
Land					
Buildings and Equipment					
Less depreciation					
Net property					
Investments in Subsidiaries					
Total Fixed Assets					
Total Deferred Expenses					
TOTAL ASSETS					

BALANCE SHEET FORM  
FOR INVESTMENT ANALYSIS  
(Continued)

	(000's of dollars)				
	1951	1952	1953	1954	1955
<u>Liabilities</u>					
Current Liabilities:					
Accounts Payable					
Notes and Bonds Payable (1 year or less)					
Dividends Payable					
Accrued Expenses					
Tax Reserve					
Operating Reserves					
Total Current Liabilities					
Fixed Liabilities:					
Bonds (over 1 year)					
Corporate Notes (over 1 year)					
Mortgage Loans					
Total Fixed Liabilities					
Net Worth:					
Preferred Stock					
Common Stock					
Paid-In Surplus					
Earned Surplus					
Undivided Profits					
Contingency Reserves					
Total Net Worth					
Total Investment (fixed liabilities plus net worth)					
TOTAL LIABILITIES					

INCOME STATEMENT FORM  
FOR INVESTMENT ANALYSIS

	(000's of dollars)				
	1951	1952	1953	1954	1955
Net Sales:					
Less operating expenses--					
Cost of sales					
Selling & administrative expense					
Depreciation and obsolescence					
Maintenance and repairs					
Property etc. taxes (except income tax)					
Interest on bank loans					
Total operating expenses					
Net Operating Income:					
Add other income (net)					
Net income before income taxes:					
Less income taxes paid					
Net profit on total investment:					
Less bond interest and bond discount					
Net available for Preferred Dividends:					
Less Preferred Dividends					
Net available for Common Dividends:					
Less Common Dividends					
Balance carried to surplus:					
Add Surplus at beginning of period					
Total surplus:					
Less Surplus charges (net)					
Surplus at end of period					



RATIO ANALYSIS

1951 1952 1953 1954 1955

## I. Standard ratios and measures

1. Bonds to total investment
2. Book value of common per share
3. Working capital to total investment
4. Operating ratio
5. Investment turnover
6. Net profit after income tax
7. Times bond service covered
8. Dollars earned per share of common
9. Cash flow per share of common
10. Dividends paid per share of common
11. Price-earnings multiple\*
12. Price-cash flow earnings multiple\*
13. Pay-out ratio

\*(Current price to last 12 months earnings)

## II. Special ratios and measures

## Banks

Deposits to net worth

Fund conversion

## Fire and casualty insurance

Loss ratio

Underwriting expense ratio

## Light and power

Capacity factor

## Railroads

Revenue ton-miles per freight train hour  
(compared with figure for Class I roads)

## III. Growth stocks

## A. Check list for growth stocks (industrials only).

1. Expenditures for research (during past 5 years average 2% or better of net sales).
2. Plant expansion -- dollar value (during past 5 years, total 25% or more above beginning plant value).
3. Pay-out policy (during past 5 years, less than 55% of earnings paid out).
4. Net profit ratio after taxes on net worth (during past 5 years, average of 10% or more).
5. Increase in sales volume above industry average during past 5 years.

## B. Growth record since 1920.

Stock dividends

Amounts, dates

Stock splits

Ratios, dates

Stock rights

Terms, dates

Mechanics of Handling Purchase and Sale Orders

(The mechanical handling procedures outlined below can be finally determined only after conferences with the State Treasury, the State Comptroller, and the State Attorney-General. Conferences with the two first-named offices indicate clearly an unwillingness to issue warrants and checks in payment of stock purchases unless stock certificates are actually delivered at the time of warrant issuance, until a different procedure is authorized either by Attorney-General opinion or statute. At this time, no conference on the subject has been had with the Attorney-General. Accordingly, the outline presented is hypothetical and serves only to point up the problems involved in the mechanical handling of stock purchases and sales when State Offices are involved.)

I. Placement of purchase and sale orders.

A. Our objectives --

1. To get the best possible price.
2. To obtain efficient handling of orders.
3. To distribute the business fairly.

B. Purchase orders.

1. Listed securities.

Auction bidding on the Exchange --

eliminates need for taking 2 simultaneous offers.

Brokerage firms to be used (there are 22 NYSE members operating 1 or more offices in Texas. Most of these trade through New York correspondents.)

Desirable --

To use 6 or 7 firms who render excellent service in general and exceptional service in certain special areas, for example --

Merrill, Lynch; Dominick and Dominick; Loeb and Rhodes; Smith and Barney.

Excellent in all listed stocks having active markets.

Salomon Bros.; First Boston Corp.; Blyth and Co.

Corporate bonds

Spencer-Trask

Preferreds

Lehman Bros.

Oils

White Weld

Chemicals

S. C. Davis

Bank stocks

A. M. Kidder

Bank and insurance stocks

Conning and Co. (Hartford, Conn.)

Fire-casualty insurance

To distribute business reasonably well,

but make no effort to achieve a specific pro rata.

To deal directly with the main office by phone.

Let the main office credit a Texas office with the business.

2. Unlisted securities (corporate bonds and bank and insurance shares).

Desirable to take offers from 2 firms at about the same time.

May affect price adversely.

In addition to NYSE member firms used for listed stocks

Use 3 or 4 dealers specializing in certain areas.

C. Sale orders (infrequent)

Not a problem as to placement.

In general, sell through the same firm which placed the purchase order.

II. Payment procedure for purchases.

A. The problem involved.

Without authorization via Attorney-General opinion or statute, the State Offices will issue a warrant and check only on actual delivery of the stock certificate.

The regular settlement date for stock purchased is the 4th business day following purchase (a Stock Exchange requirement).

But 2 to 3 weeks are required in order to effect delivery of a stock certificate in the name of the new owner.

B. Desirable to obtain approval of 1 of the 2 following payment procedures.

1. Issuance of the Treasury check to be mailed to the broker --

On receipt of --

a documented voucher prepared by the Endowment Office  
and a sworn invoice mailed in by the broker.

Physical stock certificates to be transferred to new owner's  
name by broker and then mailed some 2 weeks later to the Treasury.

2. Issuance of the Treasury check --

On receipt of --

documented voucher and sworn invoice, as above.

But check to be mailed to a New York bank which credits broker's  
account on receipt of stock certificate in street name.

New York bank then has stock transferred and forwards certificate  
to Treasury.

New York bank may charge handling fee.

III. Sale orders (infrequent)

Endowment Office places order to sell.

On receipt of broker's confirmation --

Treasury forwards stock certificate properly assigned --

either to broker who will forward his check on settlement date,

or to New York bank which will deliver against receipt of broker's  
check.

IV. Handling dividends, splits, rights.

A. Mailing address should be Endowment Office.

B. Cash dividend checks.

Recorded and forwarded to Treasury.

C. Stock dividend certificates.

Full share certificates.

Recorded and forwarded to Treasury.

Fractional share certificates.

If fraction bought to round out full share.

Endowment Office places order for fraction plus 99 shares to get round lot.

Forwards assigned fractional share certificate with documented voucher to Treasury.

On receipt of sworn invoice, Treasury forwards certificate and check to (1) broker or (2) New York bank for delivery against 100 share certificate in street name.

If fractional share sold.

Endowment Office forwards assigned certificate to Treasury after placing sell order with broker.

After receipt of broker's confirmation, Treasury forwards assigned certificate to either (1) broker -- check to come later or (2) New York bank to be delivered against receipt of check.

D. Certificates for split shares.

In most cases now not necessary to return old share certificates.

When necessary to return certificates, procedure is essentially the same as for a sale of stock

Except new certificates received in lieu of cash.

If old certificates not returned.

New certificates received by Endowment Office and forwarded to Treasury.

If fractional shares are involved, procedure as in "C" above.

E. Stock rights.

If exercised.

Procedure essentially the same as in the purchase of stock.

Except direct from the corporation rather than through a broker.

If rights are sold.

Procedure the same as in the sale of stock.

F. Dividends in kind.

Solve this problem when it arises.

G. Annual reports, quarterly reports, notices of stockholder meetings, etc.

All to Endowment Office for consideration.

STAFF AND FILES REQUIRED

## I. Staff.

## A. Regular staff (to start).

Investment Officer.

Two investment analysts. (Real estate mortgage man later)

One secretary.

One file clerk.

B. Investment Advisory Committee. *9-1-40* *67*

Membership.

Three outside professionally-trained investment men. *E.G. \$50,000*  
*\$50. - 2.5*

Meetings.

*12-1-40*  
Two weeks before each Board meeting in Ausin, on consultant fee basis. *Sec'd, 15, 24*

Functions.

To advise as to investment policies and procedures, securities to be added to the approved list, and security purchases and sales.

## II. Files for 400 stocks.

## A. Credit file.

Folder on each corporation, containing--

Annual financial statements in comparative form.

Comparative ratio analysis.

Growth record since 1920.

Quarterly earnings and dividend record.

Appraisal reports.

Significant news items.

## B. Tickler file for dividends.

This could be dividend record cards.

- C. Purchase and sale records.
- D. Running record of all corporate security holdings.

### III. Space required.

Five or six desk spaces--two or three in enclosed offices.

Space for files.

Work room to provide--

Space for one large working table.

Adequate shelf space and filing space for working investment library materials.

Additional investment services which may be needed.

1. Standard and Poor's new issue cards.
2. Argus Research.
3. Wainwright service

Excellent (U. S. Trust, U. S. Steel, JCD)

Free with reasonable volume of brokerage business

4. Sturdley-Shupert (Boston).

Hanover endorses strongly.

Cost--

Industrial service

400 companies, 2 sets.

\$675 per year.

Utility service.

165 companies, 2 sets.

\$441 per year.

5. Dufly and Phelps (Chicago--Mr. Pete Stahas)

By far the best service for utilities.

(Says Wm. D. Heer, General Electric pension fund)

6. Bankers Trust Co.

Industry reports--probably free.



To Start the Program

## I. Policies to be followed.

## A. Defer purchase of mortgage paper until a later date.

After the mortgage program has been planned and staffed.

Until that time, the money allocated to mortgage paper to be placed in common stocks.

Later, the deficit in mortgage paper to be made up from the common stock allocation.

## B. Use only new money coming into Permanent Fund plus bond maturities.

Sale of bond holdings to be considered only when it is possible to realize book value or better.

This means purchasing with--

Royalty money--roughly \$1 million a month.

Bonus money from sale of oil leases.

December sale from \$5 to \$15 million.

## C. Buy only from approved list of corporate issuers.

The initial list to be that which is now approved for trust fund purchase, which includes--

32 corporate bond issuers.

16 issues of preferred stocks.

70 issues of common stocks.

Industrials--54 issues representing 24 industries.

Public utilities--8 issues.

Financial corporations--6 issues.

Railroads--2 issues.

Additional issues to be added to the list as rapidly as it is possible to process approvals.

## D. Invest in corporate securities whenever funds reach a total of about \$500,000 (royalty money).

Distributed as follows:--

Corporate bonds--\$50,000. (Market permits purchases readily of 10 to 100 bonds at a time.)

Invest \$10,000 in each of 5 issues, generally taking the list in alphabetical series.

Later, adjust purchases to attractive current market situations.

As the list of approved bond issues is extended--

Make necessary exceptions to provide diversification between utilities, industrials, etc.

Preferred stocks--\$50,000. (In most issues, market permits ready purchase of 100 to 1,000 shares.)

Distribute rather evenly over entire list of approved issues.

Invest in 100 share lots, generally taking the list alphabetically.

Later, buy in widely variable blocks as current market indicates favorable situations.

As the list of approved issues is extended--

Make necessary exceptions to provide diversification between utilities, industrials, etc.

Common stocks--\$400,000.

See section II. C.

## II. Cycle pattern for purchases.

### A. Corporate bonds--\$50,000

Buy in new offerings whenever possible.

Arrange approved issues in alphabetical order.

Follow this list seriatim (\$10,000 each) in making initial purchases.

Exception--if an issue is over-priced, pass it and go to next in line.

After approved list is extended--

Make needed exceptions in purchase series to provide diversification between utilities, industrials, etc.

High investment quality standards will minimize need for protection of diversification.

### B. Preferred stocks--\$50,000.

As outlined in Section I. D.

Exception--if an issue is over-priced, pass it and go to next in line.

C. Common stocks--\$400,000.

1. Arrange industries in an alphabetical list.
2. List approved companies in each industry according to descending investment quality rating.
3. Distribute \$400,000 to individual industries according to percentage assigned to each in the diversification schedule.

The amounts allocated to each industry in the industrial group would range from \$2,000 to \$20,000.

4. Use best judgment in distributing industry allocation to approved companies in that industry, considering such factors as--

Investment quality of the stock.

Price desirability.

With few exceptions, avoidance of odd-lot purchases.

Size of stock issue.

III. Investment of the first 1 million dollars.

A. Corporate bonds.

Total of \$100,000.

In 10 issues, average of \$10,000 each.

Assuming 10 or more issues on the approved list.

Not necessarily diversified according to schedule.

B. Preferred stocks.

Total of \$100,000.

Distributed about evenly in 10 issues.

Not necessarily diversified according to schedule.

C. Common stocks.

Total of \$800,000.

Distributed by industries according to industry diversification schedule.

Investment in individual industries in the industrial group ranging from \$4,000 to \$40,000.

Investment in individual stocks, both number and amount, depending on best investment judgment of staff.

Maximum possible in any one industrial stock would be \$40,000.

ENDOWMENT OFFICE  
BUDGET

---

Present

Endowment Officer (Stewart)	\$12,500
Executive Assistant (Cook)	5,880
Administrative Secretary (Gray)	3,648
Senior Secretary 2 (Manske, Ingram)	5,784
Office and travel expense	<u>8,500</u>
 Total budget	 \$36,312

Prospective

Vice-President for Fiscal Affairs	\$ ---
Endowment Officer	12,500
Assistant to Endowment Officer	7,500
Manager Real Estate and F.H.A. loans	10,000
Securities Analyst (2)	12,000
Executive Assistant	6,000
Administrative Secretary	3,900
Senior Secretary (2)	6,000
Clerk-Typist (2)	5,000
Research Assistants (part-time)	1,500
Office and travel expense	<u>15,000</u>
 Total budget	 \$79,400

11/27/56

INITIAL LIST OF SECURITY  
BROKERS AND DEALERS

Common stock

General

1. Merrill Lynch, Pierce, Fenner, and Beane - *copy - no*
2. Dominick and Dominick (Dewar, Pancoast, and Robertson)
3. Clark, Dodge (Rotan, Mosle)
4. Harris Upham
5. H. C. Wainwright *copy 2 - >*

Specialized

1. White Weld (chemicals)
2. Kidder Peabody (banks)
3. Laird, Bissell and Meeds (insurance)
4. Lehman Brothers (oils)

Preferred stock

1. Spencer-Trask
2. Equitable Securities

Corporate bonds

1. Salomon Brothers and Hutzler
2. First Boston Corporation
3. Blyth and Company

those who are not normally concerned with speculation to examine, from an objective standpoint, the investment policies and investment philosophies of endowment fund managers to see how the permanent funds under their care are handled.

As a result of a questionnaire sent out by Boston Fund, to a sizable group of colleges and universities, we are able to present the following tabulation of the types of securities held by a representative cross section of college endowment funds.

INSTITUTIONS	TOTAL	PER CENT OF TOTAL (At market values 6/30/56)				
		BONDS (CASH)	PFD. STOCKS	COMMON STOCKS	REAL ESTATE MTGS., ETC.†	OTHER
ALBION COLLEGE	\$ 7,341,249	34.3%	11.8%	43.7%	8.7%	1.5%
AMHERST COLLEGE #	35,624,903	32.7	3.4	61.9	2.0	-
BARNARD COLLEGE	11,481,653	38.9	16.4	44.4	-	.3
BATES COLLEGE #	3,330,067	40.8	6.1	47.4	3.5	2.2
BOWDOIN COLLEGE#	17,919,613	44.2	5.3	49.9	.4	.2
BROWN UNIVERSITY	30,801,398	18.1	4.2	62.3	15.0	.4
CALIFORNIA INSTITUTE OF TECH.	52,597,418	22.2	7.8	66.1	3.8	.1
CALIFORNIA, UNIVERSITY OF	69,763,797	38.2	8.7	49.7	3.4	-
CARNEGIE INSTITUTE OF TECH.	42,816,658	35.4	8.2	55.2	-	1.2
CASE INSTITUTE OF TECH. #	17,201,000	15.4	8.8	69.6	5.6	.5
CATHOLIC UNIVERSITY OF AM. *	9,037,797	46.7	.4	52.9	-	-
COLBY COLLEGE	7,439,960	12.3	5.4	60.8	21.1	.4
CORNELL UNIVERSITY	99,006,971	35.8(a)	.9(a)	50.2	10.9	2.2
DARTMOUTH COLLEGE #	56,068,267	32.6	1.3	57.3	8.2	.6
HAMILTON COLLEGE	10,197,677	35.5	3.4	59.6	.5	-
JOHNS HOPKINS UNIV. (THE)	78,651,053	41.6	3.5	48.7	6.1	.1
LAFAYETTE COLLEGE	13,888,739	9.2	6.0	80.2	4.6	-
MASS. INSTITUTE OF TECH.	131,617,729	35.2	.5	56.3	7.6	.4
MOUNT HOLYOKE COLLEGE	16,058,000	28.4	4.9	55.1	11.6	*
NEW YORK UNIVERSITY #	32,674,111	24.2	10.2	56.7	8.9	*
NORTHWESTERN UNIVERSITY	126,608,000	29.7	.3	43.4	19.3	7.3
OSBERLIN COLLEGE	54,217,152	23.3	5.8	63.6	7.3	-
PRINCETON UNIVERSITY	119,604,191	33.2	6.9	59.0	.8	.1
RADCLIFFE COLLEGE	15,931,942	36.9	3.4	56.4	3.3	-
RICE INSTITUTE	67,251,199	3.8	1.1	52.3	31.9	10.9
ROCHESTER INSTITUTE OF TECH.	15,644,012	33.7	3.7	62.6	*	-
ROCHESTER, UNIVERSITY OF	121,499,904	35.3	2.9	54.6	3.7	3.5
RUTGERS UNIVERSITY	19,514,026	27.6	9.1	61.4	1.9	-
SMITH COLLEGE #	24,096,597	35.1(b)	3.6(b)	55.6	5.7	-
SWARTHMORE COLLEGE #	16,620,578	25.6	4.5	61.6	8.3	-
TUFTS COLLEGE	15,883,358	43.9	1.8	46.3	7.8	.2
TULANE UNIVERSITY	37,907,690	17.8	3.7	46.9	31.6	-
VANDERBILT UNIVERSITY	52,421,300	25.8	4.3(c)	45.9	23.5	-
YASSAR COLLEGE	30,186,429	47.1	11.9	41.0	-	-
WASHINGTON & LEE UNIVERSITY	11,052,166	19.5	10.7	62.2	7.5	.1
WELLESLEY COLLEGE	44,566,844	38.2	7.9	53.8	-	.1
WILLIAMS COLLEGE #	26,727,732	25.0	13.7	59.2	2.1	-
WISCONSIN, UNIVERSITY OF	11,235,044	24.4	2.3	54.4	18.9	-
YALE UNIVERSITY	245,475,000	28.3	6.3	58.4	4.9	2.1
TOTAL	\$1,800,951,224					
AVERAGE	100.0%	30.5%	4.7%	54.8%	8.3%	1.7%

# Not including uninvested cash representing grant from Ford Foundation.

† Including investment in college plant if considered to be an income-producing part of the endowment account.

\* Less than 0.1%.

(a) 12.1% of bonds, 34% of preferreds convertible issues.

(b) 4.3% of bonds and 5.8% of preferreds convertible issues.

(c) 35.2% of preferreds convertible issues.

As we have mentioned before in discussing college endowment fund investing, there are some rather consistent patterns of investing which are followed by most endowment managers.

TENTATIVE ORGANIZATION CHART

*D. W. Stewart*  
Endowment Officer

*- Cook -*  
Asst. to Endowment Officer

Mgr. Real Estate  
and  
F.H.A. Loans

*Stewart's g no*

Secs. Analyst  
Inds., Fin.

Secs. Analyst  
Utils., Rails

Sr. Secretary

Clerk-  
Typist

Executive Asst.

Adm. Sec.

Sr. Sec.

Clerk-  
Typist



Duties of Assistant to the Endowment Officer

- I. Supervise investment analytical work.
  - A. New corporations, i.e. new to the approved list.
 

(Eligibility standards established by Committee and Board approval.)

Assign corporations to analysts.

Assist analysts as needed.

Review reports of analysts.

Prepare recommendations for submission.
  - B. Corporations already on approved list.
 

Supervise periodic review procedures--

Check daily news reports for--  
items of significance

Quarterly earnings reports.

Reviewed and recorded.

Analysis of annual reports.

To be recorded on comparative statement forms.

Prepare recommendations as to proposed switches.
- II. Set up and supervise security files.
  - A. Folders (to be kept current) on all corporations analyzed.
  - B. Dividend records.
 

A tickler file.
- III. Handle all correspondence relating to investment securities.
 

(Either through or with the knowledge of the Endowment Officer.)

  - A. Letters, telegrams, phone calls, etc.
  - B. Transmission to State Treasury of--
 

cash dividend checks

certificates. etc.

Duties of Assistant to the Endowment Officer (continued)

IV. Placement of orders for purchase or sale (infrequent) of securities.  
(Three persons should be authorized to place orders.)

A. Chiefly by phone--

to main office of broker or dealer.

B. Some discretion will be involved--

but largely routine in accordance with a pre-approved schedule.

V. Supervision of the office personnel.

A. To start -- about 4.

Two investment analysts.

One secretary.

One file clerk.

VI. Contacts with the financial centers (New York et. al.)

A. Important.

Personal contacts.

Learn of new developments as to broker and dealer firms.

B. Can be handled by V. P. for Fiscal Affairs or Endowment Officer.

11/27/56

THE UNIVERSITY OF TEXAS  
THE BOARD OF REGENTS

TOM SEALY, CHAIRMAN  
PETROLEUM LIFE BUILDING  
P. O. BOX 670  
MIDLAND, TEXAS

December 10, 1956

*See deliberations  
of the Board  
Nov. 28, 1956.*

Miss Betty Anne Thedford  
Secretary, The Board of Regents  
The University of Texas  
Box 8008, University Station  
Austin 12, Texas

Dear Betty Anne:

It is my understanding that Mr. Jeffers has requested you to hold open the minutes of our November 28 Board meeting until we might incorporate in those minutes the necessary resolution accepting the gift of 400 shares of the capital stock of Humble Oil & Refining Company as made by Mrs. Wiess, and I am enclosing herewith Mr. Jeffers' letter outlining a suggested form of resolution and request that you place this resolution in the minutes of our November 28 meeting.

Please also carefully observe - as I know you will - Mrs. Wiess's admonition that there be no publicity whatever concerning this gift.

Sincerely yours,

*Tom Sealy*  
Tom Sealy

TS:mp  
encl.

THE UNIVERSITY OF TEXAS  
THE BOARD OF REGENTS

December 7, 1956

LEROY JEFFERS  
ESPERSON BUILDING  
HOUSTON 2, TEXAS

Mr. Tom Sealy, Chairman  
The Board of Regents  
The University of Texas  
Petroleum Life Building  
P. O. Box 670  
Midland, T e x a s

Dear Tom:

I am enclosing a copy of a letter of donation from Mrs. Olga Keith Wiess to The Board of Regents of The University of Texas, by which she makes a gift of 400 shares of the capital stock of Humble Oil & Refining Company to The Board of Regents of The University of Texas for the use and benefit of the Medical Branch to be used as a current restricted fund under the direction of Dr. Jehu Mathews Robison for the benefit of the Department of Oto-Rhino-Laryngology at the Medical Branch. This is quite a substantial gift since the market opened on Humble stock today at \$130.00 per share. You will recall that this is the third substantial gift of Humble stock which Mrs. Wiess has made to this fund.

Mrs. Wiess' Attorney, Mr. John Q. Weatherly, requests that you sign this copy of the donation letter as Chairman of the Board, indicating our acceptance of the gift and that you return it to me for delivery to him. He would like for you to note your acceptance as of December 6, 1956, by handwritten notation beneath your signature, since he must fix the date of the completion of the gift at some specific date for the purpose of fixing the value of the stock for tax purposes.

I am mailing the original letter together with Stock Certificates Numbers T99842, T99843, T99844, and T99845, for 100 shares each, to which an executed Stock Power is attached, to Logan. I have previously asked that the Minutes of our November 28 meeting be held open

2 - Mr. Tom Sealy

December 7, 1956

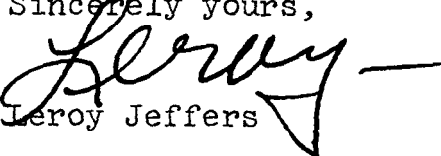
in order that acceptance of the gift may be noted in them, since Mr. Weatherly desires such evidence of formal acceptance during the current year. I suggest that the notation in such Minutes might be as follows:

"A motion was made and seconded and unanimously adopted that a gift of 400 shares of the capital stock of Humble Oil & Refining Company to The Board of Regents of The University of Texas for the use and benefit of the Medical Branch in a current restricted fund under the direction of Dr. Jehu Mathews Robison for the benefit of the Department of Oto-Rhino-Laryngology at the Medical Branch of the University of Texas, which Mrs. Wiess has determined to make during the current year, be accepted and that the Chairman of The Board of Regents be authorized and directed on behalf of the Board to execute an instrument of formal acceptance upon completion of the gift by receipt of the Stock Certificates".

Mrs. Wiess repeatedly emphasizes that there must be no publicity whatever on this gift and I have given our assurances that her wishes will be most carefully observed. I am sure, of course, that both Logan and you will desire to write her a letter of thanks as I will also do. I am sure that Logan will emphasize to the people at the Medical Branch that there is to be no news release or publicity concerning the gift.

With best regards, I am

Sincerely yours,

  
Leroy Jeffers

59:43A

Enclosure

Air Mail

cc: Dr. Logan Wilson, President  
The University of Texas  
Austin 12, Texas  
REGISTERED - AIR MAIL