

COMMITTEE MEETING MINUTES
OF THE BOARD OF REGENTS
OF
THE UNIVERSITY OF TEXAS SYSTEM

February 13 - 14, 2013

Austin, Texas

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Carol A. Felkel
Secretary to the Board of Regents
September 16, 2013

MINUTES
U. T. System Board of Regents
Audit, Compliance, and Management Review Committee
February 14, 2013

The members of the Audit, Compliance, and Management Review Committee of the Board of Regents of The University of Texas System convened at 7:30 a.m. on Thursday, February 14, 2013, in the Conference Room (Call to Order and Executive Session) and in the Board Meeting Room (Open Session) on the 9th Floor of Ashbel Smith Hall, The University of Texas System, 201 West Seventh Street, Austin, Texas, with the following participation:

Attendance

Regent Pejovich, presiding
Vice Chairman Foster
Regent Cranberg
Regent Hall

Also present were Chairman Powell, Vice Chairman Dannenbaum, Vice Chairman Hicks, Regent Gary, Regent Purgason, Regent Stillwell, and General Counsel Frederick.

In accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Committee Chairman Pejovich called the meeting to order.

RECESS TO EXECUTIVE SESSION

At 7:30 a.m., the Committee recessed to Executive Session pursuant to *Texas Government Code* Sections 551.071 and 551.074 to consider the matters listed on the Executive Session agenda as follows:

1. Personnel Matters Relating to Appointment, Employment, Evaluation, Assignment, Duties, Discipline, or Dismissal of Officers or Employees - *Texas Government Code* Section 551.074
 - a. **U. T. System: Discussion with institutional auditors concerning evaluation and duties of individual System Administration and institutional employees involved in internal audit functions**
 - b. **U. T. System: Discussion regarding individual personnel matters relating to assignment and duties of individual U. T. System and institutional personnel involved in review and provision of financial services related to financial management of donor funds to support the School of Law at U. T. Austin**

2. Consultation with Attorney Regarding Legal Matters or Pending and/or Contemplated Litigation or Settlement Offers - Section 551.071

U. T. Austin: Discussion related to legal issues concerning review of financial management by U. T. Austin of donor funds to support the School of Law

RECONVENE IN OPEN SESSION

The Executive Session ended at 9:25 a.m., and the Committee reconvened in Open Session. No action was taken on the items discussed in Executive Session.

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

Committee Meeting Information

Presenter(s): Chairman Pejovich
Status: Reported

There were no items referred from the Consent Agenda.

2. **U. T. System: Report on the first quarter Fiscal Year 2013 Systemwide annual audit plan status**

Committee Meeting Information

Presenter(s): Chairman Pejovich
Status: Reported

Committee Chairman Pejovich noted that the report was in the Agenda materials.

3. **U. T. System: Report on enhancements to U. T. Systemwide Research Compliance Program (Deferred)**

Committee Meeting Information

Status: Deferred

4. **U. T. System: Report on the Fiscal Year 2012 Annual Financial Report, including the report on the U. T. System Annual Financial Report Audit, and audits of U. T. M. D. Anderson Cancer Center, U. T. Southwestern Medical Center, U. T. Medical Branch - Galveston, and U. T. Health Science Center - Tyler financial statements and for funds managed by The University of Texas Investment Management Company (UTIMCO)**

Committee Meeting Information

Presenter(s): Mr. Randy Wallace, Associate Vice Chancellor, Controller, and Chief Budget Officer; Ms. Julia Petty, Deloitte & Touche; Mr. J. Michael Peppers, Chief Audit Executive

Status: Reported/Discussed

This item was for consideration during a joint meeting of this Committee and the Finance and Planning Committee (see Committee Minutes for the Joint Meeting).

ADJOURNMENT

Committee Chairman Pejovich adjourned the meeting at 9:29 a.m.

MINUTES
U. T. System Board of Regents
Joint Meeting of the Audit, Compliance, and Management Review Committee
and the Finance and Planning Committee
February 14, 2013

The members of the Audit, Compliance, and Management Review Committee and the Finance and Planning Committee of the Board of Regents of The University of Texas System convened at 9:29 a.m. on Thursday, February 14, 2013, in the Board Meeting Room on the 9th Floor of Ashbel Smith Hall, The University of Texas System, 201 West Seventh Street, Austin, Texas, with the following participation:

Attendance

Regent Pejovich, presiding
Vice Chairman Foster
Regent Cranberg
Regent Gary
Regent Hall

Also present were Chairman Powell, Vice Chairman Dannenbaum, Vice Chairman Hicks, Regent Purgason, Regent Stillwell, and General Counsel to the Board Frederick.

In accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Audit, Compliance, and Management Review Committee Chairman Pejovich called the joint meeting to order.

U. T. System: Report on the Fiscal Year 2012 Annual Financial Report, including the report on the U. T. System Annual Financial Report Audit, and audits of U. T. M. D. Anderson Cancer Center, U. T. Southwestern Medical Center, U. T. Medical Branch - Galveston, and U. T. Health Science Center - Tyler financial statements and for funds managed by The University of Texas Investment Management Company (UTIMCO)

Joint Committee Meeting Information

Presenter(s): Mr. Randy Wallace, Associate Vice Chancellor, Controller, and Chief Budget Officer; Ms. Julia Petty, Deloitte & Touche; Mr. J. Michael Peppers, Chief Audit Executive
Status: Reported/Discussed

Discussion at meeting:

Committee Chairman Pejovich commented that this is the first annual stand-alone audit for U. T. Southwestern Medical Center and U. T. Medical Branch - Galveston, and the audit at U. T. Health Science Center - Tyler is for SACS (Southern Association of Colleges and Schools) accreditation purposes.

ADJOURNMENT

Audit Committee Chairman Pejovich adjourned the joint meeting at 9:32 a.m.

MINUTES
U. T. System Board of Regents
Finance and Planning Committee
February 13, 2013

The members of the Finance and Planning Committee of the Board of Regents of The University of Texas System convened at 1:27 p.m. on Wednesday, February 13, 2013, in the Board Meeting Room on the 9th Floor of Ashbel Smith Hall, The University of Texas System, 201 West Seventh Street, Austin, Texas, with the following participation:

Attendance

Vice Chairman Foster, presiding
Regent Cranberg
Regent Gary
Regent Hall
Regent Pejovich

Also present were Chairman Powell, Vice Chairman Hicks, Vice Chairman Dannenbaum, Regent Stillwell, and General Counsel Frederick.

In accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Committee Chairman Foster called the meeting to order.

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

Committee Meeting Information

Presenter(s): Committee Chairman Foster
Status: Reported

There were no items referred from the Consent Agenda.

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

Committee Meeting Information

Presenter(s): Dr. Scott C. Kelley, Executive Vice Chancellor for Business Affairs
Status: Reported/Discussed

Discussion at meeting:

Dr. Kelley reported that overall, the U. T. System financial condition is very good.

3. **U. T. System: Report on the Analysis of Financial Condition for Fiscal Year 2012**

Committee Meeting Information

Presenter(s): Mr. Randy Wallace, Associate Vice Chancellor, Controller, and Chief Budget Officer
Status: Reported/Discussed

4. **U. T. System Board of Regents: The University of Texas Investment Management Company (UTIMCO) Performance Summary Report and Investment Reports for the quarter ended November 30, 2012**

Committee Meeting Information

Presenter(s): Ms. Cathy Iberg, President and Deputy Chief Investment Officer, UTIMCO
Status: Reported/Discussed

Discussion at meeting:

In the absence of CEO Bruce Zimmerman, Ms. Iberg provided the quarterly report.

5. **U. T. System: Report on Cost Efficiencies and Savings**

Committee Meeting Information

Presenter(s): Dr. Scott C. Kelley, Executive Vice Chancellor for Business Affairs
Status: Reported/Discussed

Discussion at meeting:

Dr. Kelley said the next step for this initiative is to look at shared business operations that would allow campuses to have input and control over quality and enjoy the benefits of centralization. He provided examples such as savings in energy and purchasing in response to a question from Regent Stillwell.

Regent Cranberg asked if cost efficiency savings are net of capital, and Dr. Kelley responded affirmatively.

Regent Hall asked if there were other efforts that could be considered in centralization, and Dr. Kelley spoke briefly about the Shared Services activities. He said there is enhanced trust among business officers and a willingness to look at all opportunities on the table. He added that Regent Pejovich has encouraged a look at new opportunities, and he will be looking at the areas of accounting, human resources, and purchasing in terms of what makes sense to leave at the institutions and what could be moved to a centralized location, given technologies and other factors.

Vice Chairman Foster asked Dr. Kelley to look for other opportunities for cost efficiencies and savings outside the U. T. System, such as working with other entities if it would be advantageous to both parties.

6. **U. T. System: Report on the Fiscal Year 2012 Annual Financial Report, including the report on the U. T. System Annual Financial Report Audit, and audits of U. T. M. D. Anderson Cancer Center, U. T. Southwestern Medical Center, U. T. Medical Branch - Galveston, and U. T. Health Science Center - Tyler financial statements and for funds managed by The University of Texas Investment Management Company (UTIMCO)**

Committee Meeting Information

Presenter(s): Mr. Randy Wallace, Associate Vice Chancellor, Controller, and Chief Budget Officer; Ms. Julia Petty, Deloitte & Touche; Mr. J. Michael Peppers, Chief Audit Executive

Status: Reported/Discussed

This item was for consideration during a joint meeting of this Committee and the Audit, Compliance, and Management Review Committee (see Committee Minutes for the Joint Meeting).

ADJOURNMENT

Committee Chairman Foster adjourned the meeting at 2:00 p.m.

MINUTES
U. T. System Board of Regents
Academic Affairs Committee
February 13, 2013

The members of the Academic Affairs Committee of the Board of Regents of The University of Texas System convened at 9:32 a.m. on Wednesday, February 13, 2013, in the Board Meeting Room on the 9th Floor of Ashbel Smith Hall, The University of Texas System, 201 West Seventh Street, Austin, Texas, with the following participation:

Attendance

Vice Chairman Hicks, presiding
Vice Chairman Foster
Regent Hall
Regent Pejovich
Regent Stillwell

Also present were Chairman Powell, Vice Chairman Dannenbaum, Regent Cranberg, Regent Gary, and Assistant General Counsel Orr.

In accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Committee Chairman Hicks called the meeting to order.

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

Committee Meeting Information

*Presenter(s): Chairman Hicks
Status: Reported*

There were no items referred from the Consent Agenda.

2. **U. T. Austin: Approval to endorse request to the U.S. Army to name the Army Reserve Officers' Training Corps (ROTC) Program as the Russell A. Steindam Army ROTC Program**

Committee Meeting Information

*Presenter(s): President William Powers, Jr., U. T. Austin
Status: Approved
Motion: Made by Regent Stillwell, seconded by Regent Hall, and carried unanimously*

3. **U. T. Austin: Honoric naming of a new pilot program as the William P. Clements, Jr. Center for History, Strategy, and Statecraft**

Committee Meeting Information

Presenter(s): President William Powers, Jr., U. T. Austin

Status: Approved

Motion: Made by Regent Pejovich, seconded by Regent Stillwell, and carried unanimously

4. **U. T. Austin: Honoric naming of the Applied Computational Engineering and Sciences (ACES) Building as the O'Donnell Building for Applied Computational Engineering and Sciences**

Committee Meeting Information

Presenter(s): President William Powers, Jr., U. T. Austin

Status: Approved

Motion: Made, seconded by Regent Stillwell, and carried unanimously

Discussion at meeting:

President Powers noted a slight modification of the name of the building as the O'Donnell Building for Applied Computational Engineering and Sciences.

5. **U. T. Permian Basin: Amendment to the Regents' Rules and Regulations, Rule 40601, Sections 1.9(b) and (c), concerning proposed name changes of the U. T. Permian Basin School of Business to the College of Business and Engineering, and the School of Education to the College of Education**

Committee Meeting Information

Presenter(s): President W. David Watts, U. T. Permian Basin

Status: Approved

Motion: Made by Regent Hall, seconded by Regent Stillwell, and carried unanimously

6. **U. T. System: Discussion and appropriate action to recommend four-year guaranteed tuition as an option for each academic campus**

Committee Meeting Information

Presenter(s): Dr. Pedro Reyes, Executive Vice Chancellor for Academic Affairs; President David E. Daniel, U. T. Dallas; President Diana S. Natalicio, U. T. El Paso

Status: Approved; motion is set forth on Page 4

Motion: Made by Vice Chairman Hicks, seconded by Regent Hall, and carried unanimously

Discussion at meeting:

Dr. Reyes stated that there is significant interest among students, parents, and policy makers to provide more options for tuition and fees. There is a call for greater transparency, and a model that is easy to follow. One model, the guaranteed tuition program, allows for better financial planning and serves as an incentive to graduate in four years with potential cost savings. He called on Dr. Natalicio and Dr. Daniel for remarks on model programs at their institutions.

Dr. Daniel described the fixed four-year tuition program introduced in 2007 as an experiment that involves a culture shift that is working well at U. T. Dallas. The program is part of a comprehensive strategy to boost graduation rates, and helps families by making college costs predictable.

Dr. Natalicio described the parameters of the optional program at U. T. El Paso, and the experience with low-income, at-risk, diverse demographic students who require significant customization of financial aid and flexibility related to, for example, family and employment issues. She said only a few students have chosen this strategy, mostly due to the commitment it requires. She noted that the institution's goal is for students to complete their degrees, and that presently a degree from U. T. El Paso has the lowest net cost of any institution in the country at \$2,500. As a result, a tool like guaranteed tuition is not as powerful in a setting like U. T. El Paso as it might be in a setting like U. T. Dallas where a great deal more family financial planning goes on.

Vice Chairman Dannenbaum asked if financial aid packages are awarded on need-base or merit-base, and Dr. Natalicio replied that \$14 million in merit-based scholarships are awarded each year. The guaranteed tuition program is an option especially for these students.

Vice Chairman Foster asked whether there is something that could be done differently with guaranteed tuition to motivate and reach more students, because one size does not fit all. Dr. Natalicio suggested that increasing understanding about financial planning and continued education for the student population and families might be effective to counter media reports about skyrocketing costs.

President Spaniolo said a four-year guaranteed tuition program has not been implemented at U. T. Arlington; rather, incentives, advising, and other approaches are being taken. He noted that for undergraduates, the institution charges for only the first 12 semester credit hours, even if a student takes more hours, encouraging students to save and graduate earlier. He also noted that tuition will not be raised.

Committee Chairman Hicks asked what hardships, if any, offering such a program would cause. President Spaniolo responded that there is not a particular hardship, and U. T. Arlington is willing to offer the guaranteed tuition program as an option. President Watts said he could look at a fixed price alternative beyond

the \$10,000 degree at U. T. Permian Basin. President Powers said everyone is trying to make affordable degrees available, so this would be part of the package on affordability at U. T. Austin and help graduation rates and provide some predictability for families. He noted that when previously offered, students were not particularly interested in pursuing the program; he said any time there are options to consumers, it is a hedge if students will opt for it, but he felt like it was a sound idea.

President Mabry is willing to try the program, but said U. T. Tyler students have not been interested in such incentives. The institution paid for students' last semester if they would graduate in four years to see if that would help. It did not, and they have abandoned that plan.

President García said she likes the idea of the guaranteed tuition program for community college students to lock in tuition. She said one of the most effective ways to incentivize students and modify behavior has been to take all monetary incentives, including scholarships, and require recipient students to be full-time students. She said 59% of students now are full-time. Another requirement at U. T. Brownsville is that students who work on campus must be full-time students. She suggested that an option of fixed tuition would be another tool. She was not sure what the impact will be, but a version of the guaranteed tuition program might work.

President Nelsen agreed the guaranteed tuition proposal can be used as an incentive for U. T. Pan American students to move forward. He noted he is trying to get an understanding that 15 hours is a full load for students, not 12 semester credit hours. President Romo said he is also willing to try to implement the program at U. T. San Antonio.

In reply to a question from Regent Cranberg, Dr. Natalicio said the premium charged for the four-year plan was initially about 5% (2006) and has moved slowly with modest tuition increases, essentially locking in at a 2.5% per year increase.

Motion:

Vice Chairman Hicks then moved that each institution be directed to establish a fixed tuition rate plan for undergraduate students for four years as an option for each academic campus effective Fall 2014. He further moved that the academic presidents work with the Chancellor and the Executive Vice Chancellor for Academic Affairs concerning the details for the implementation of this tuition program.

Regent Hall seconded the motion, which carried unanimously.

7. **U. T. System: Report on U. T. System strategies to reduce undergraduate tuition by offsetting increases in FY 2014**

Committee Meeting Information

Presenter(s): Dr. Pedro Reyes, Executive Vice Chancellor for Academic Affairs; Dr. Scott C. Kelley, Executive Vice Chancellor for Business Affairs

Status: Reported/Discussed

8. **U. T. Austin: Update on the medical school in Austin**

Committee Meeting Information

Presenter(s): President William Powers, Jr., U. T. Austin

Status: Reported/Discussed

9. **U. T. Austin: Approval of expansion of preliminary planning authority for a Doctor of Medicine**

Committee Meeting Information

Presenter(s): President William Powers, Jr., U. T. Austin

Status: Approved

Motion: Made, seconded by Regent Stillwell, and carried unanimously

Discussion at meeting:

In reply to a question from Vice Chairman Dannenbaum about academic positions in the collaborating hospitals, President Powers said those issues have been raised and discussed, but not yet resolved. He said there is a lot of change and reform needed to move ahead in the 21st century model.

10. **U. T. Austin: Progress on implementation of the Framework for Advancing Excellence throughout The University of Texas System and update on Commission of 125 Report**

Committee Meeting Information

Presenter(s): President William Powers, Jr., U. T. Austin

Status: Reported/Discussed

Follow-up action: Regent Hall asked President Powers to hire a professional development officer and to consider a title of Vice President for the position.

Discussion at meeting:

Committee Chairman Hicks recognized Provost Steven A. Leslie who is stepping down from his position.

Vice Chairman Foster asked what happens to the graduation rate when a student is admitted under a reverse transfer agreement, and President Powers answered that students will be admitted to Austin Community College for a remedial program. They discussed the vast differences in tuition costs.

Vice Chairman Dannenbaum asked about signature courses and the freshman research program, and President Powers said students do better and progress faster in the freshman research initiative, and low-income students improve more. He said it is hard to single out the signature courses.

Regent Hall said he would ask some questions in the spirit of the mission of the Commission of 125. He asked President Powers how he will accomplish the goals of the Commission with little or no movement in the student/faculty ratio, graduation rates, course load, and freshman retention rate. He said he is struck with how the Commission wanted to reduce the student body to 48,000 and asked how the goals of the Commission and the State can be accomplished.

President Powers said in 2004, there was a view that a great university ought to have fewer large lectures and more interaction with the faculty. Over the last 20 years, there is a different mix of tenured faculty and lecturers; the lecture series have been effective. But U. T. Austin's peers had a lower student/faculty ratio and the University set that as a goal. He spoke about the budget issue, and about a program to add 30 new faculty lines. The student/faculty ratio decreased from 21 into the 18s. The budget crisis then hit, and general revenue and the Available University Fund (AUF) were down, and it was hard to add faculty. He spoke about ways to look at whether the student/faculty ratio set under conditions in 2002 are appropriate today, about graduation rates, and about the flow-through level.

For instance, he said that flat rate tuition had a positive impact on credit hours per semester; it went up steadily and significantly. That ought to have an effect on the graduation rate. He said it is not just having students take more credit hours but to have a plan to use those credit hours to navigate towards a degree. Some interventions are successful, some are not. President Powers said they are trying to identify why more credit hours did not work out, and said it may be a case of motivating students.

Regent Pejovich commented on little movement on graduation rates over the past six years, saying the matter of graduation rates is a major priority for this Board. She asked if the University is looking at reducing class size to lower the student/faculty ratio, and President Powers explained searching for the right mix of classroom and non-classroom experiences for the education of students, and

at some point, big classes get to a point of being impersonal. He suggested that course transformation or technology could alter that and make those courses more analytically interactive. He noted U. T. Austin is still behind its competitors with regard to when students are looking for a school.

Regent Cranberg said he is concerned primarily about student affordability, particularly because non-tuition sources of income have consistently increased. Noting that one of the key recommendations of the Commission of 125 was to increase support for graduate students, he said that stipends and fellowship support are not keeping pace with tuition. He asked how U. T. Austin can recruit the very best graduate students if the situation is not changed.

President Powers said that is a key issue in the overall strategic goal, both in terms of recruitment of faculty and graduate/undergraduate students. He said U. T. Austin is behind its competitors in graduate stipends, partly due to budget cutbacks. Some graduate stipends have been raised philanthropically, but he said undergraduate philanthropy is easier because people remember their undergraduate experiences. He said the University is putting all the tuition increase for graduate students into graduate stipends.

Regent Cranberg noted that total stipends plus fellowship support did not match inflation over the time period being discussed, and President Powers noted efforts to correct that, but said the overall economic budget headwinds have hurt; there has been a budget shortfall.

Regent Cranberg noted that non-tuition revenues have substantially increased over the same time period, and President Powers agreed, but said tuition costs have not increased. Regent Cranberg said he thought there should be some way of making both the graduate and undergraduate experience more affordable. President Powers discussed increases in income from

- *NSF and NIH funding, but noted associated research costs;*
- *philanthropy that is somewhat dependent on the aspirations and interests of donors, such as the few who are interested in graduate stipends;*
- *revenues from licensing and the Longhorn Network, for example, that have been put into academics, such as faculty support; and*
- *commercialization.*

President Powers said there are a lot of areas of need, but he agreed that faculty support, graduate student support, and undergraduate student support are the key academic areas to advance the University.

Regent Cranberg cautioned against blaming budget shortfalls from the State and noted that AUF, investment income, and State support have matched or exceeded inflation over the period of time since the Commission of 125.

President Powers agreed, saying those funds have sometimes been used for specific projects such as the Medical School, so it is a question of making priority choices about what to do with resources.

Regent Cranberg spoke about the high quality of education, such as his, that is attainable at U. T. Austin at an affordable price and the need to fix certain matters to keep the University in the top ranks.

11. U. T. San Antonio: Progress on implementation of the Framework for Advancing Excellence throughout The University of Texas System (Deferred)

Committee Meeting Information

Status: *Deferred*

This item was deferred due to time constraints.

12. U. T. System: Discussion and appropriate action on academic leadership matters related to academic remediation

Committee Meeting Information

Presenter(s): *Dr. Pedro Reyes, Executive Vice Chancellor for Academic Affairs; Commissioner Raymund A. Paredes, Texas Higher Education Coordinating Board; academic institutional presidents*

Status: *Approved*

Motion: *Made, seconded by Regent Stillwell, and carried unanimously*

Discussion at meeting:

Commissioner Paredes' presentation is set forth on Pages 11 - 19.

Dr. Paredes spoke about discussions with the Legislature involving several bills that will have profound impacts on how much remedial education universities in Texas will have to undertake. He said a less stringent curriculum is being proposed. He asked Board members to engage in discussions that propose to raise the rigor of the minimum graduation curriculum and to lower the rigor of the recommended high school program. He spoke of loopholes in the bill (Senate Bill 3) that give local school districts the option to replace some of the foundational courses with career technical education courses. The foundational curriculum requires two years of science, and there are ramifications for the Top Ten Percent policy because students can graduate with the less rigorous curriculum, and still qualify for college admission under the Top Ten Percent plan.

Motion:

Dr. Reyes then recommended that each U. T. System academic institution be directed to reduce the percentage of students admitted who require remediation with a goal of 10% or less and that each academic president work with the Chancellor and Executive Vice Chancellor for Academic Affairs to devise a plan to achieve this goal in a manner appropriate to the mission and service area of each institution.

Committee Chairman Hicks said that Dr. Reyes has met with each academic president about the matter, and he asked for comments.

Regent Stillwell asked who pays for remediation, suggesting that the Legislature be asked to provide or share in the cost since the matter is a statewide issue. Regent Pejovich said part is tied to admission standards and campus policies. Chancellor Cigarroa explained that it is a real cost to the institutions, and could be a lost opportunity to some students if they do not have a chance to succeed. Vice Chairman Hicks noted that President Natalicio reported the need for remedial education at U. T. El Paso had decreased from 50% to 13%, and President Nelsen had said that if this was the policy today, it would cost U. T. Pan American \$6 million.

Dr. Reyes said the State pays some for remedial education, but the issue at hand concerns how to admit college-ready students so that they succeed. Chancellor Cigarroa added that the goal is to lower the number of students who require remediation in four-year universities. Regent Pejovich said the goal is also to keep the admissions count the same or increase it, and she said that she is confident the institutions have the experts who can make this happen. Regent Stillwell reiterated his suggestion to look at ways to get the State to partner with the U. T. System so that the State becomes more effective in this initiative.

President García, U. T. Brownsville, reminded the Committee that there are two propositions that Commissioner Paredes made:

- 1. Support the efforts to not lower the recommended curriculum standards for high school graduation; and*
- 2. Make efforts to assist mainstreamed students to bridge areas where they might need additional, specific help.*

She said at U. T. Brownsville, there will not be remediation of students except for the bridged students as she described in Point 2 above.

Committee Chairman Hicks noted the proposal before the Committee is an aspirational goal; a desirable target; and there are no deadlines. He said he thought the funding source could be part of the equation.

Regent Cranberg said that as pointed out by President García, the responsibility to properly educate students is at the local district level. He suggested that colleges might provide an important role in helping parents and local school districts to be aware of what they should expect from academic standards. He said colleges have the information, and it is important to share that information.

President Natalicio noted that the recommended high school curriculum was adopted at U. T. El Paso and by the regional high schools as a requirement long before the State required the distinguished curriculum. That, coupled with interventions that U. T. El Paso has administered, has enabled the institution to drive down the need for remedial education from 50% to 13%. She noted that it takes the collaboration with the school districts. She was shocked that the Legislature was contemplating removing the requirement of, for example, four years of science and four years of math, because it was that requirement that allowed U. T. El Paso students to be college-ready. She said she hopes there is an opportunity to provide input into any new high school curriculum policy. She cautioned that it is always better for students to learn math, for example, in K-12, and not have to do it in higher education. She agreed that someone has to pay for academic remediation.

President Mabry suggested that the Legislature could add a provision that allows universities and junior colleges to charge developmental education costs back to the high schools.

Committee Chairman Hicks said the Task Force on Blended and Online Learning had considered evaluating students for college readiness in the OnRamp program at U. T. Austin.

Vice Chairman Dannenbaum expressed concern that the 10% cap not deprive institutions of a holistic admissions process, and he was assured that it would not.

There was discussion about adding a financing caveat to the motion or to embed it in the spirit of the initiative, but Regent Pejovich preferred leaving the motion as is, saying the goal is to do the right thing for students, and that can be reached without amending the motion.

Regent Stillwell seconded the motion (written on Pg. 9), which carried unanimously.

ADJOURNMENT

Committee Chairman Hicks adjourned the meeting at 12:06 p.m.

Developmental Education in Texas

Raymund A. Paredes, Ph.D

Commissioner of Texas Higher Education



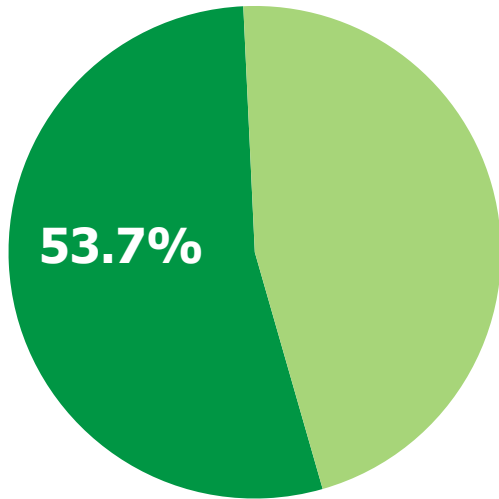
TEXAS HIGHER EDUCATION
COORDINATING BOARD

Too many students are not prepared to succeed in postsecondary education

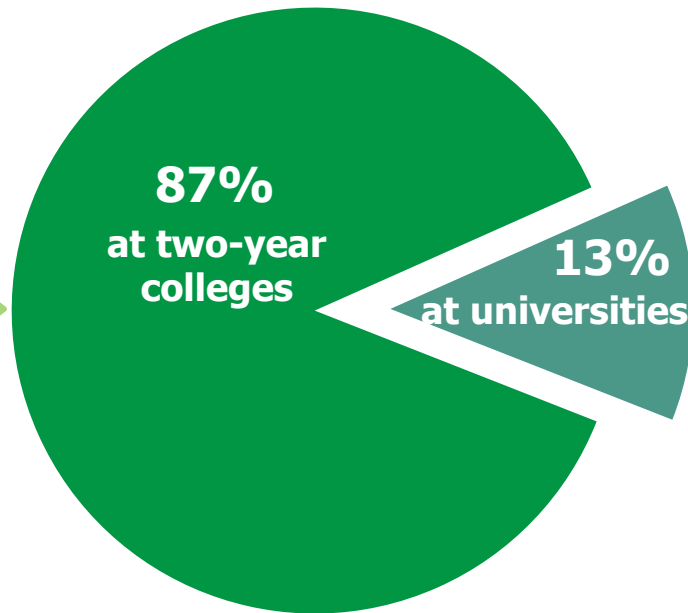
College Readiness of First-Time Entering Students by Sector

Fall 2011 Cohort

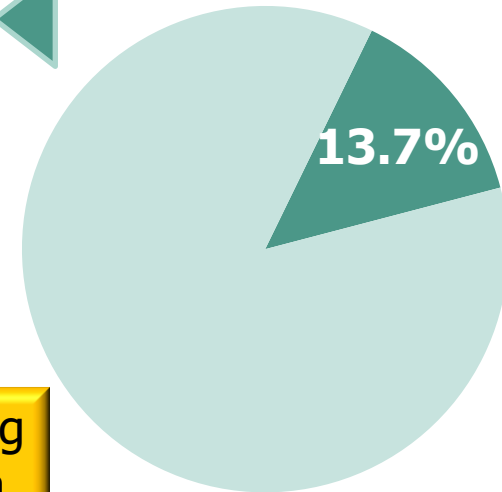
Percentage of students not college ready at Texas two-year colleges



87%
at two-year colleges

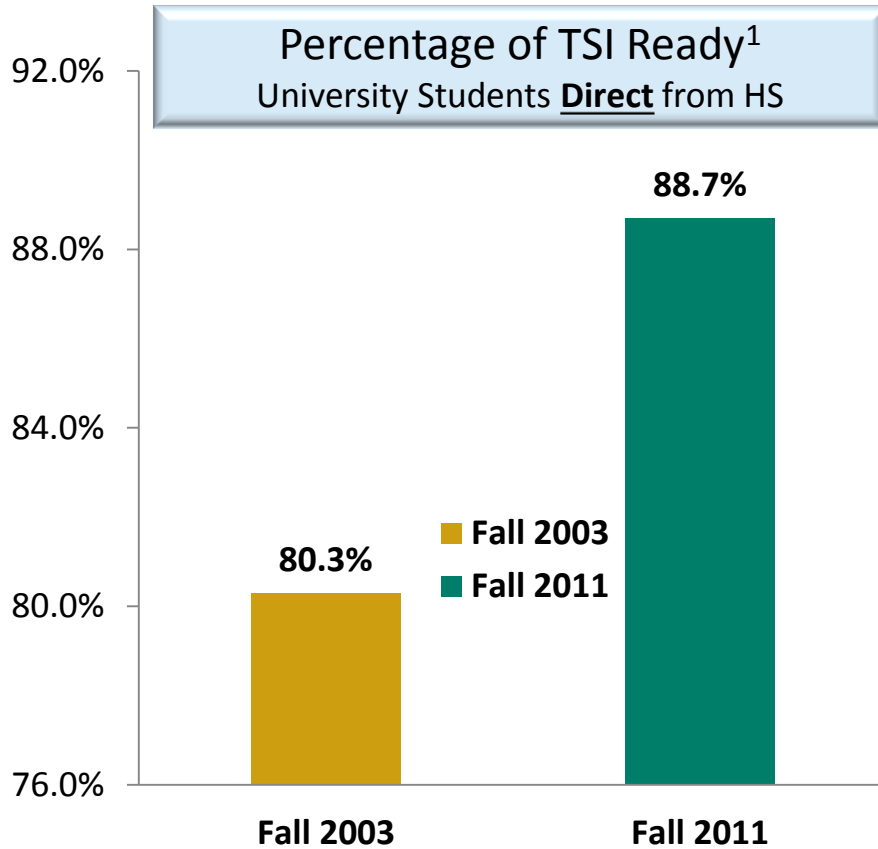


Percentage of students not college ready at Texas universities

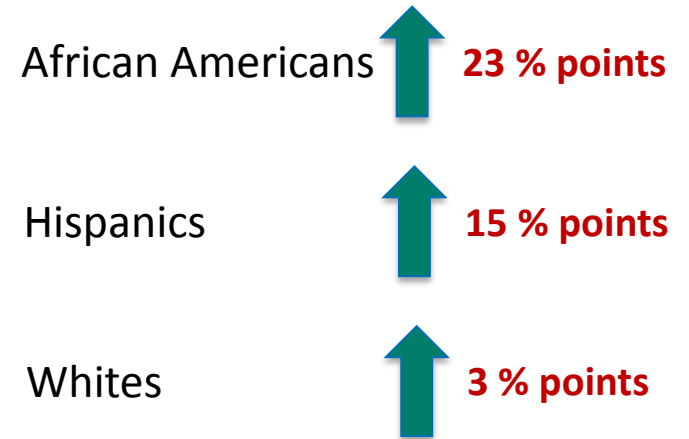


More than **8 in 10** students requiring developmental education attended a two-year institution.

College readiness at Texas universities **has improved** across the board



College readiness² has increased among all racial and ethnic groups:

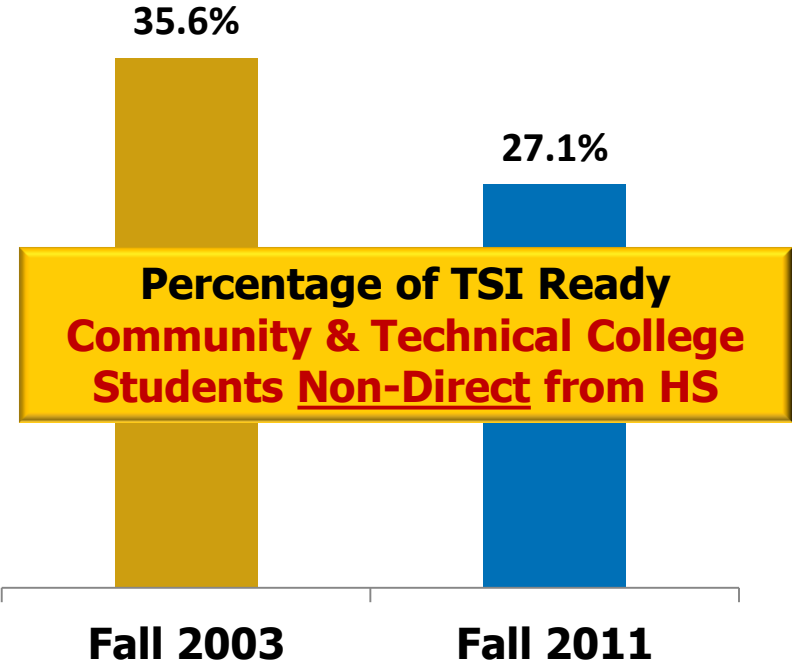
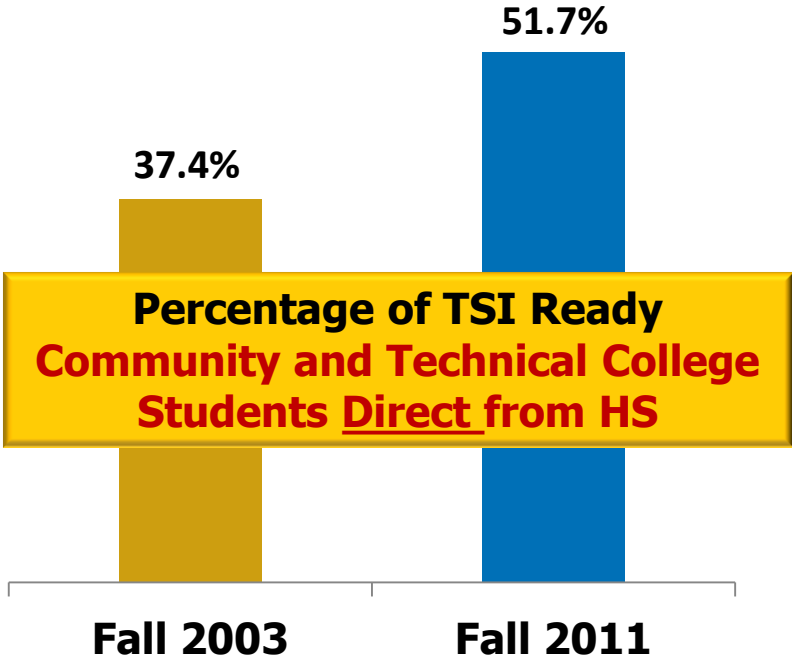


Source: Texas Higher Education Coordinating Board

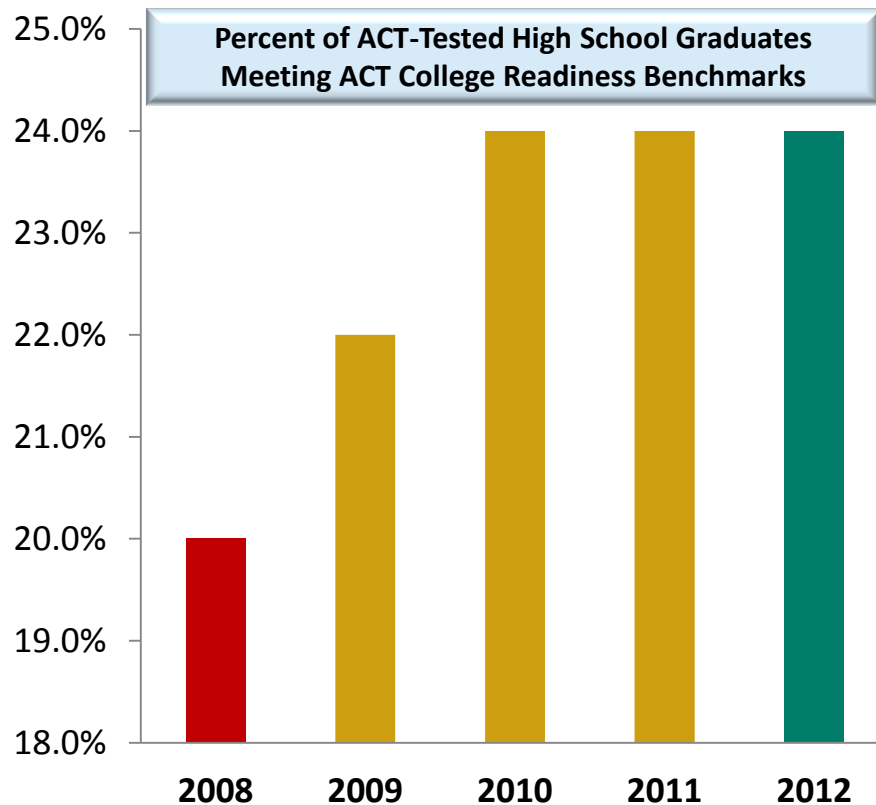
1. Percentage of TSI ready reflects % of first-time-in-college students who met college readiness standards (or were exempt) in all three areas measured.
2. TSI ready in all three areas among first-time-in-college students enrolling in university directly from HS

Students enrolling in colleges directly from high school are meeting TSI standards at higher rates while others experience a decline in readiness

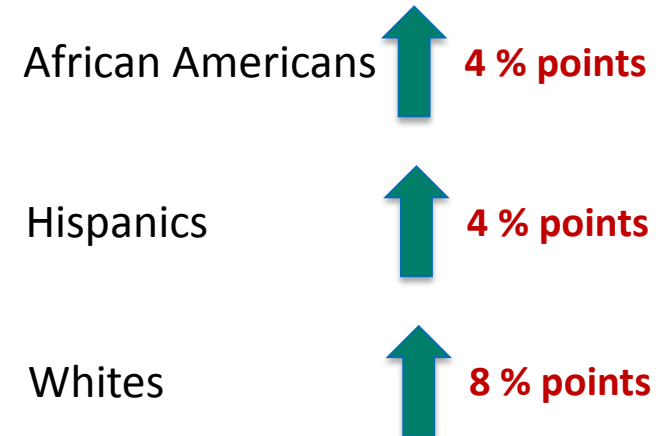
14



Texas has improved scores on the ACT national college readiness assessment



ACT College readiness has increased among all racial and ethnic groups since 2008:

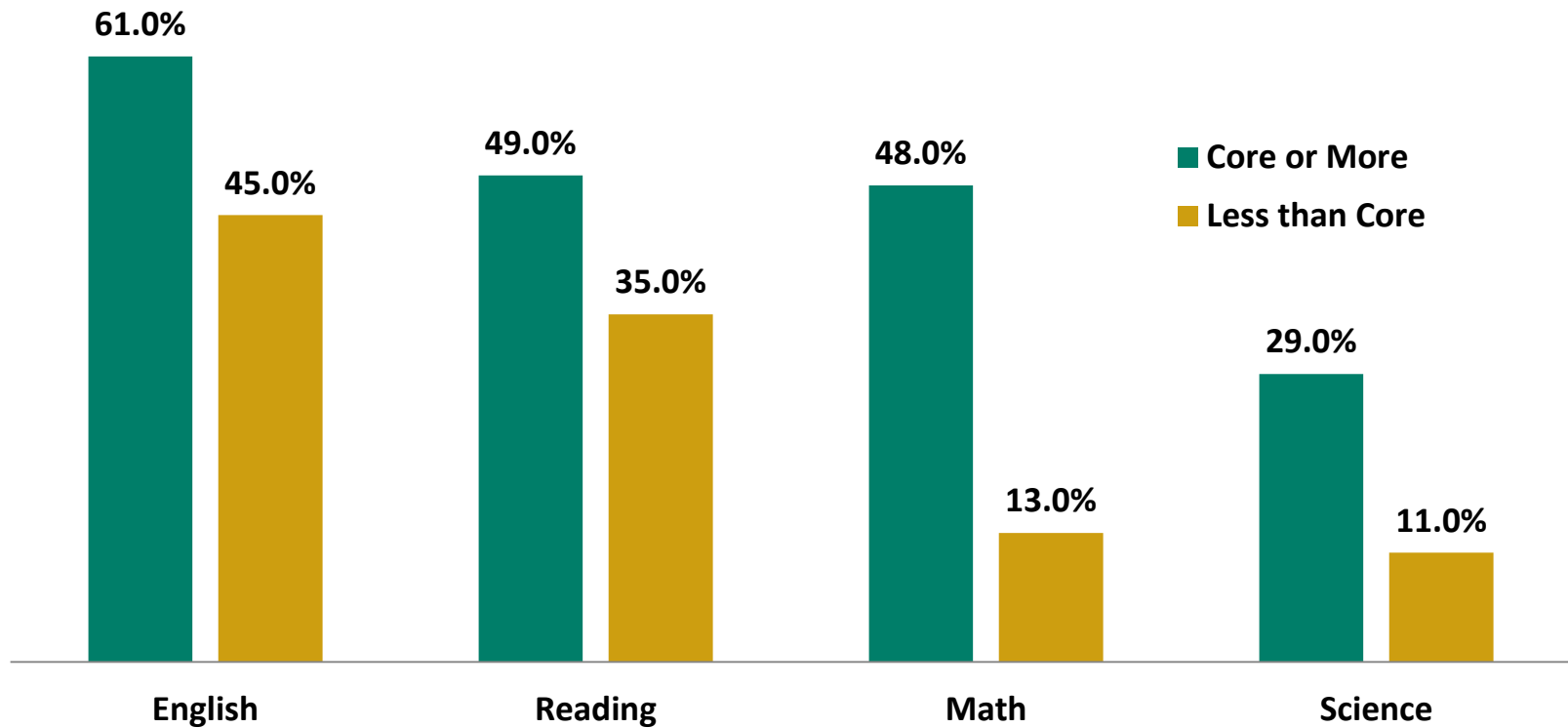


FACT: The total number of ACT test-takers has increased 39% in 5 years.

Source: ACT, The Condition of College & Career Readiness, 2012

The recommended curriculum matters when it comes to meeting ACT College Readiness Benchmarks

Percent of 2012 ACT-Tested High School Graduates Meeting ACT College Readiness Benchmarks



Source: ACT, The Condition of College & Career Readiness, 2012

Developmental education students struggle to complete credit bearing courses in the areas they are weakest

Developmental Education Pipeline at Public Four-Year Universities

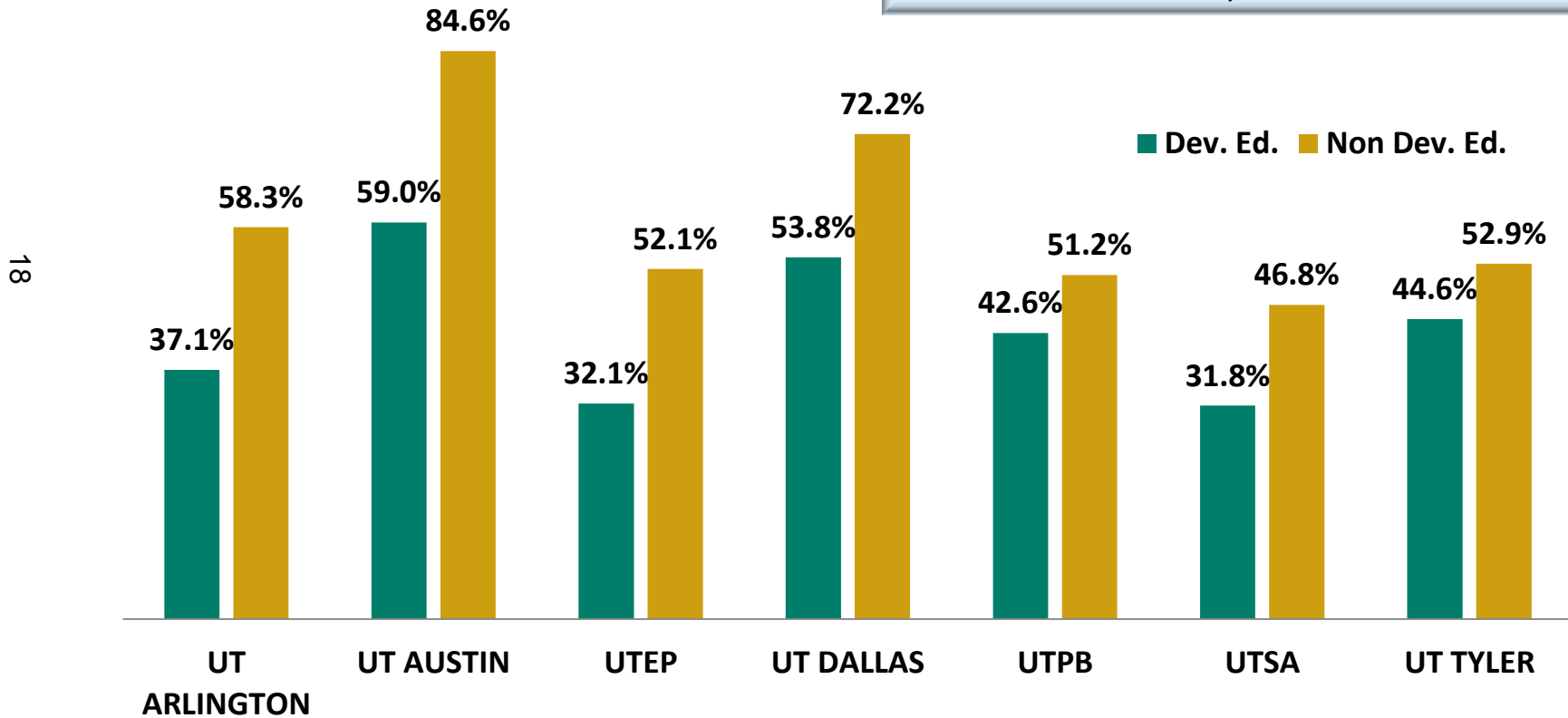
Fall 2008 Cohort
Cohort total: 63,946

Of 100 students below state standard* in reading	... in writing	... in math
Achieved college readiness	79	77	60
Attempted first college-level course	81	78	56
Successfully completed first college-level course	64	60	38

*2008 entering cohort tracked 2 years for readiness measure and 3 years for college-level course.

Students requiring developmental education are **less likely** to complete a degree overall

Six Year Graduation Rates
Dev. Ed. vs. Non Dev. Ed. Students
Fall 2006 Cohort, Graduate in FY 2012



Source: THECB Accountability System

Texas Innovations in Developmental Education

- Pre-assessment Activities
 - In fall 2013, students will be required to engage in pre-assessment activities prior to taking the TSI assessment
- TSI Assessment and Placement
 - In fall 2013, the new TSI assessment will provide one uniform standard of college readiness and include a diagnostic component to identify specific student weaknesses in order to place students in the appropriate developmental education programs
- Professional Development for Integrated Courses
 - By spring 2015, all institutions will be required to offer integrated reading and writing for all upper level developmental education; developmental education faculty will require professional development to implement this
- Non-Course Competency Based Options
 - By fall 2013, all institutions must provide at least one non-course competency-based option in all developmental education disciplinary areas
- Mainstreaming Models
 - Students determined to be near college-ready should be simultaneously enrolled in credit-bearing and developmental coursework

MINUTES
U. T. System Board of Regents
Health Affairs Committee
February 13, 2013

The members of the Health Affairs Committee of the Board of Regents of The University of Texas System convened at 2:15 p.m. on Wednesday, February 13, 2013, in the Board Meeting Room on the 9th Floor of Ashbel Smith Hall, The University of Texas System, 201 West Seventh Street, Austin, Texas, with the following participation:

Attendance

Regent Stillwell, presiding
Vice Chairman Dannenbaum
Vice Chairman Foster
Regent Gary
Regent Hall

Also present were Chairman Powell, Vice Chairman Hicks, Regent Cranberg, Regent Pejovich, and General Counsel to the Board Frederick.

In accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Committee Chairman Stillwell called the meeting to order.

Executive Vice Chancellor Shine recognized U. T. Health Science Center - San Antonio President Henrich, who has been on medical leave, but was in attendance at the meeting. Dr. Henrich will resume the presidency from Interim President Kalkwarf on February 18, 2013.

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

Committee Meeting Information

Presenter(s): Committee Chairman Stillwell
Status: Reported

There were no items referred from the Consent Agenda.

2. **U. T. System: Approval to amend The University of Texas System Professional Medical Liability Benefit Plan**

Committee Meeting Information

Presenter(s): Kenneth I. Shine, M.D., Executive Vice Chancellor for Health Affairs
Status: Approved
Motion: Made by Vice Chairman Foster, seconded by Regent Hall, and carried unanimously

3. U. T. Health Science Center - San Antonio: Report on nursing workforce issues, shortages, needs, future education, and pathways

Committee Meeting Information

Presenter(s): Dean Eileen Breslin, Ph.D., U. T. Health Science Center - San Antonio

Status: Reported/Discussed

Discussion at meeting:

Dr. Shine introduced Dean Breslin, and, noting there are nine nursing schools in the U. T. System, he recognized the Deans of Nursing Schools at U. T. Permian Basin, U. T. Austin, and U. T. Medical Branch - Galveston who were in attendance at the meeting.

Dr. Breslin spoke about the qualifications of Doctors of Nursing Practice (DNP) and Ph.D.s in response to a question from Regent Stillwell.

In reply to a question from Vice Chairman Dannenbaum about working hours for nurses in hospitals, Dean Breslin said nurses are working longer hours for shorter periods of time. She said continuity of care is an issue in that doctors do not necessarily know who is taking care of their patients on a daily basis.

Vice Chairman Dannenbaum also asked if nurses in physician office practices educate patients on smoking cessation and other issues, and Dean Breslin spoke about efforts to reinvent the health care delivery system. U. T. M. D. Anderson Cancer Center President DePinho said a skilled workforce is driving new standards of care, and U. T. Medical Branch - Galveston President Callender spoke about the challenges of nursing, including the need to leverage resources to produce more nurses.

4. U. T. System: Progress report and request for approval of \$4 million in additional funding from the Available University Fund for the Transformation in Medical Education (TIME) initiative

Committee Meeting Information

Presenter(s): Kenneth I. Shine, M.D., Executive Vice Chancellor for Health Affairs; Steven Lieberman, M.D., Professor, Department of Internal Medicine and Vice Dean for Academic Affairs, U. T. Medical Branch - Galveston; Dr. Pedro Reyes, Executive Vice Chancellor for Academic Affairs

Status: Approved

Motion: Made by Vice Chairman Dannenbaum, seconded by Vice Chairman Foster, and carried unanimously

Discussion at meeting:

Regent Hall asked if the Texas Higher Education Coordinating Board knows what is needed in terms of approving new measurements of competency-based medical education, and Dr. Lieberman said discussions are in an early phase, but the

Coordinating Board is working on it. He commented on the need to learn from experiences of the other few universities around the country also working on competency-based education to find how they are working through some issues with regulatory bodies and adapting to transformations in medical education. Dr. Shine noted that Commissioner of Higher Education Paredes is supportive of the program.

Regent Stillwell asked if medical liability insurance companies are involved in the discussion, and Dr. Lieberman said the outcome of evaluations will be that students are competent even if the medical education program will take less time. Dr. Lieberman added that students will be supervised for one year following graduation before treating patients on their own.

In reply to a question from Vice Chairman Dannenbaum about opportunities for students to pick up more specialized education, Dr. Lieberman described the approach of the streamlined program that frees students in terms of time and cost and facilitates additional studies that a student may desire.

5. U. T. System: Discussion on graduate medical education - issues and opportunities

Committee Meeting Information

Presenter(s): *Kenneth I. Shine, M.D., Executive Vice Chancellor for Health Affairs; Daniel K. Podolsky, President, U. T. Southwestern Medical Center*

Status: *Reported/Discussed*

Discussion at meeting:

Dr. Podolsky commented on the following points:

- *The graduate medical education (GME) program at U. T. Southwestern Medical Center, with 1,600 residents, is the fourth largest program in the U.S.*
- *The Legislature has a good understanding of the complexity of GME: balancing undergraduate medical education and residencies.*
- *There are teaching costs borne by the institution, as well as the cost of the stipend and indirect medical expenses borne by the hospitals.*
- *Historically, creating support for these slots involved payments tied to Medicare, and about 10 years ago, those were frozen and the state has been left without that support.*
- *Advocacy for additional residency slots to be created in the Medicare program is encouraged.*

Dr. Shine concluded that the key is to find Texans who want to practice primary care medicine and stay in the state.

6. U. T. System: Discussion on the economic impact medical schools have in Texas

Committee Meeting Information

Presenter(s): *Kenneth I. Shine, M.D., Executive Vice Chancellor for Health Affairs; institutional health presidents*

Status: *Reported/Discussed*

Discussion at meeting:

Dr. Shine said the materials in the Agenda Book show that Texas ranked fifth in the U.S. in terms of the overall economic impact of medical schools and teaching hospitals in 2011. He said the budget for the U. T. System health institutions in 2011, exclusive of approximately \$1 billion in tax money, was \$7.2 billion. If a multiplier of 2.3 is applied, as in the study included in the agenda materials, that would be worth approximately \$16.5 billion to the state. If revenues from teaching and affiliated U. T. System hospitals were included, the economic impact would be higher.

7. U. T. System: Update on academic developments for the South Texas Medical School

Committee Meeting Information

Presenter(s): *Kenneth I. Shine, M.D., Executive Vice Chancellor for Health Affairs; Dean Francisco González-Scarano, M.D., U. T. Health Science Center - San Antonio*

Status: *Reported/Discussed*

Discussion at meeting:

Dr. Shine reported on the status of the Regional Academic Health Center (RAHC), operated by U. T. Health Science Center - San Antonio, saying the goal is to have a freestanding university in South Texas in 2016. He introduced a proposal to create a South Texas track for students who could begin at U. T. Health Science Center - San Antonio.

Dean González-Scarano spoke about the following points:

- *The number of health officers and residents in the region is increasing; the first step is to hire residency program directors.*
- *A firm has been engaged to search for a founding Dean for the new medical school; that person will then define a team.*
- *A South Texas track has been developed whereby U. T. Health Science Center - San Antonio medical students travel to the region; beginning with the Class of 2018, a new track will be identified that will program students for 20 months in San Antonio and 20 months in South Texas. Approximately 15 students are expected in the track.*

Dean González-Scarano also commented on recruiting a head of the Diabetes Institute. Dr. Shine said there would be six to eight physicians to jump-start the activities in South Texas. He said it will be a regional medical school with opportunities for distance learning and small classes.

Regent Cranberg asked if there is an opportunity to cut the cost by making this available through the Transformation in Medical Education (TIME) initiative, and Dr. González-Scarano said yes, in the TIME initiative with San Antonio, students could finish in seven years (three years at U. T. San Antonio and four years at the medical school).

Dr. Shine explained there would be an option for students to participate in the TIME program in San Antonio or in the Valley. Chancellor Cigarroa added that the synergies between U. T. Brownsville, U. T. Pan American, and the medical school would only enhance these initiatives.

8. U. T. System: Quarterly report on health matters of interest to the U. T. System, including recognition of the group contracting activities of the U. T. System Supply Chain Alliance

Committee Meeting Information

Presenter(s): *Kenneth I. Shine, M.D., Executive Vice Chancellor for Health Affairs*

Status: *Reported/Discussed*

Discussion at meeting:

Dr. Shine reported on the following points:

- *The Supply Chain Alliance*
- *The Innovations in Health Science Education conference is scheduled for next week. Regent Stillwell asked Dr. Shine to present best innovations from the conference at a later meeting.*

ADJOURNMENT

Committee Chairman Stillwell adjourned the meeting at 3:35 p.m.

MINUTES
U. T. System Board of Regents
Facilities Planning and Construction Committee
February 13, 2013

The members of the Facilities Planning and Construction Committee of the Board of Regents of The University of Texas System convened at 12:15 p.m. on Wednesday, February 13, 2013, in the Board Meeting Room on the 9th Floor of Ashbel Smith Hall, The University of Texas System, 201 West Seventh Street, Austin, Texas, with the following participation:

Attendance

Regent Gary, presiding
Vice Chairman Dannenbaum
Vice Chairman Hicks
Regent Cranberg
Regent Stillwell

Also present were Chairman Powell, Vice Chairman Foster, Regent Pejovich (for Items 3 - 8), and Associate General Counsel Orr.

In accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Committee Chairman Gary called the meeting to order. The PowerPoint presentation concerning all items is set forth on Pages 7 - 59.

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

Committee Meeting Information

Presenter(s): Committee Chairman Gary
Status: Reported

There were no items referred from the Consent Agenda.

2. **U. T. System: Update on progress of Space Utilization Efficiency Report**

Committee Meeting Information

Presenter(s): Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction, and Mr. Chris Macon, Manager of Project Control Systems, Office of Facilities Planning and Construction
Status: Reported/Discussed

Discussion at meeting:

Slides 2 - 25 on Pages 8 - 31 are a report on Space Utilization Efficiency.

Regent Cranberg said the metrics provided will be helpful when capital projects are up for approval. He asked about converting space instead of building new space to respond to current needs by, for example, taking oversized office space and converting it into student collaboration space. Mr. Macon responded this is being reviewed by the Board's Task Force on Academic and Facility Planning for the 21st Century.

In reply to a question from Vice Chairman Dannenbaum about the types of uses of office space, Mr. O'Donnell said this will require study and additional metrics that could be reviewed by the Task Force.

3. **U. T. Dallas: Brain Performance Institute - Amendment of the FY 2013-2018 Capital Improvement Program to include project (Preliminary Board approval)**

Committee Meeting Information

Presenter(s): President David E. Daniel, U. T. Dallas

Status: Approved

Motion: Made, seconded by Regent Stillwell, and carried unanimously

Follow-up action: Board Chairman Powell said he will provide a copy of Dr. Sandra Chapman's business plan to Regent Cranberg.

Discussion at meeting:

Regent Cranberg asked about opportunities to leverage the fee-for-service concept of the Institute to private partners outside the public institution. Dr. Daniel said Dr. Sandra Chapman, Founder and Chief Director of the Center for BrainHealth, has leveraged this with a private sector spinout, and there are commercialization opportunities in taking these discoveries to scale.

Board Chairman Powell said he asked for, and has a copy of, a business plan by Dr. Chapman that he will provide to Regent Cranberg.

In reply to a question from Regent Gary, Dr. Daniel and his staff provided assurance that parking will be available on the nearby U. T. Southwestern Medical Center campus.

4. **U. T. Dallas: Callier Richardson Expansion - Amendment of the FY 2013-2018 Capital Improvement Program to include project (Preliminary Board approval)**

Committee Meeting Information

Presenter(s): President David E. Daniel, U. T. Dallas

Status: Approved

Motion: Made, seconded by Regent Stillwell, and carried unanimously

5. **U. T. Dallas: Campus Landscape Enhancement Project Phase II - Amendment of the FY 2013-2018 Capital Improvement Program to include project; approval of total project cost; and appropriation of funds (Final Board approval)**

Committee Meeting Information

Presenter(s): President David E. Daniel, U. T. Dallas

Status: Approved

Motion: Made, seconded by Regent Stillwell, and carried unanimously

6. **U. T. Permian Basin: Student Housing Phase VI - Amendment of the FY 2013-2018 Capital Improvement Program to include project; approval of design development; appropriation of funds and authorization of expenditure; and resolution regarding parity debt (Final Board approval)**

Committee Meeting Information

Presenter(s): President David Watts, U. T. Permian Basin

Status: Approved

Motion: Made, seconded by Regent Stillwell, and carried unanimously

Follow-up action: Consider the scope of building more student apartments and perhaps leasing any extra space.

Discussion at meeting:

In reply to a question from Committee Chairman Gary about safeguards against cost overruns, Mr. O'Donnell said extra contingencies are included in the project budget due to the overheated oil and gas market. Mr. O'Donnell and Dr. Kelley clarified efforts that have been made to mitigate risks.

Regent Cranberg asked if overbuilding and perhaps leasing to nonstudents is an option, and President Watts said both points are valid; he had planned to submit another housing project to the Board in the fall, and they have been working with partners to lease space. Chairman Powell clarified it could be cheaper to build now rather than later and suggested the options be reviewed as a successful business model.

7. **U. T. Medical Branch - Galveston: John Sealy Hospital Facade Replacement - Amendment of the FY 2013-2018 Capital Improvement Program to include project; approval of total project cost; appropriation of funds; and authorization of institutional management (Final Board approval)**

Committee Meeting Information

Presenter(s): Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction

Status: Approved

Motion: Made, seconded by Regent Stillwell, and carried unanimously

Discussion at meeting:

Mr. O'Donnell noted that this project was revised from Design/Build to Competitive Sealed Proposals with a revised substantial completion date of May 2017 and to correct the status of the Gift funding. The institution anticipates that the Gift funding will be fully collected or committed prior to design development approval, and the institution possesses sufficient local funds to cover any shortfall. A revised agenda item is attached on Pages 5 - 6.

8. **U. T. El Paso: Campus Transformation Project - Approval of design development; appropriation of funds and authorization of expenditure; and resolution regarding parity debt (Final Board approval)**

Committee Meeting Information

Presenter(s): Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction

Status: Approved

Motion: Made by Vice Chairman Hicks, seconded by Regent Stillwell, and carried unanimously

Discussion at meeting:

In response to a question from Vice Chairman Dannenbaum, Mr. O'Donnell said the architect has integrated native plant species and will use gray water for irrigation.

ADJOURNMENT

Committee Chairman Gary adjourned the meeting at 1:17 p.m.

SUBSTITUTE AGENDA ITEM
FACILITIES PLANNING AND CONSTRUCTION COMMITTEE
FEBRUARY 13-14, 2013

7. **U. T. Medical Branch - Galveston: John Sealy Hospital Facade Replacement - Amendment of the FY 2013-2018 Capital Improvement Program to include project; approval of total project cost; appropriation of funds; and authorization of institutional management (Final Board approval)**

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and President Callender that the U. T. System Board of Regents amend the FY 2013-2018 Capital Improvement Program (CIP) to include the John Sealy Hospital Facade Replacement project at U. T. Medical Branch – Galveston (UTMB) as follows:

Project No.:	601-767	
Institutionally Managed:	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	
Project Delivery Method:	Competitive Sealed Proposals	
Substantial Completion Date:	May 2017	
Total Project Cost:	<u>Source</u> Gifts	<u>Proposed</u> \$ 25,000,000

- a. approve a total project cost of \$25,000,000 with funding from Gifts;
- b. appropriate funds; and
- c. authorize UTMB to manage the project budgets, appoint architects, approve facility programs, prepare final plans, and award contracts.

BACKGROUND INFORMATION

Upon discovery of visible issues with the masonry envelope of the John Sealy Hospital building, a structural engineering firm made recommendations for temporary stabilization measures, which have been completed. This proposed project will provide a permanent solution with a complete facade replacement for the problematic brick veneer. The problems were caused by the deterioration of the hardware and steel shelf angles that hold the brick in place.

The recladding will consist of removal of the existing brick facade, repairs to the substrate, a new waterproofing system, and recladding with new brick veneer and potentially other facade materials that will visually connect the John Sealy Hospital to the adjacent structures such as the new Clinical Services Wing and the Jennie Sealy Hospital.

This proposed repair and rehabilitation project has been approved by U. T. System staff and meets the criteria for inclusion in the CIP. The institution anticipates that the gift funding will be fully collected or committed prior to design development approval and the institution possesses sufficient local funds to cover any shortfall. Design development plans and authorization of expenditure of funding will be presented to the President for approval at a later date. It has been determined that this project would best be managed by UTMB Facility Management personnel who have the experience and capability to manage all aspects of the work, especially as it requires extensive coordination with the building occupants.

Agenda Items

7 Mr. Michael O'Donnell, Associate Vice Chancellor
for Facilities Planning and Construction

Facilities Planning and Construction Committee
U. T. System Board of Regents' Meeting
February 2013



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

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Space Utilization Efficiency

Key Performance Indicators and Strategies for Success

∞

Presented by Michael O'Donnell
Associate Vice Chancellor for Facilities Planning and Construction

Chris Macon
Manager of Program Control Systems



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Framework Action Plan

Section 4.D.1: Develop criteria to assess and improve academic, research, and administrative space utilization and strategies, including productivity indices, and review of space utilization policies.

Responsible Parties	Goals/Metrics (Best Estimates)*	Timeline (Best Estimates)*
<ul style="list-style-type: none"> • EVC for Business Affairs • EVC for Academic Affairs • EVC for Health Affairs • Institution Presidents 	A. Criteria developed and instituted by each campus	Fall 2012
	B. Better space utilization (indices and criteria established), expanded classroom access, research success, and clinical capacity	February 2013 (Progress report to Regents)

*Upon adoption of the Framework Action Plan by the Board of Regents, the goals, metrics, and timelines will be further developed, enhanced and modified.



Space Utilization Efficiency Working Group

The University of Texas at Arlington

Dale Wasson

Senior Associate Vice President for Student Enrollment Services and Special Assistant to the President

The University of Texas at Austin

Kristi Fisher

Associate Vice Provost - Information Management and Analysis

Dr. Mike Kerker

Associate Vice Provost

Brenda Schumann

Associate Registrar

The University of Texas at Brownsville

Veronica Mendez

Associate Vice President for Facilities and Planning

The University of Texas at Dallas

Dr. Andrew Blanchard

Vice President and Chief Information Officer

The University of Texas at El Paso

Greg McNicol

Associate Vice President of Business Affairs - Facilities Services

The University of Texas Pan American

Marty Baylor

Vice President for Business Affairs

The University of Texas of the Permian Basin

Dr. Denise Watts

Director - Institutional Research, Planning, and Effectiveness



Space Utilization Efficiency Working Group (cont.)

The University of Texas at San Antonio

Julius M. Gribou

Executive Vice Provost and Senior International Officer

The University of Texas at Tyler

Dr. Sherri Whatley

Vice President for Technology and Chief Information Officer

The University of Texas Southwestern Medical Center

Dr. Dwain Louis Thiele

Senior Associate Dean

James Drake

Director - Planning and Institutional Studies

The University of Texas Medical Branch at Galveston

Matt Furlong

Associate Vice President of Financial Planning &
Performance Management

The University of Texas Health Science Center at Houston

Richard L. McDermott

Vice President for Facilities, Planning and Engineering

The University of Texas Health Science Center at San Antonio

Leigh Ann Kensky

Senior Director, Space Planning and Real Estate

The University of Texas M. D. Anderson Cancer Center

John Wright

Director of Facilities Planning Services - Capital Planning and
Management

The University of Texas Health Science Center at Tyler

Tom Brunette

Director of Physical Plant



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Space Utilization Efficiency Working Group (cont.)

The University of Texas System Administration

Chris Macon

Manager of Program Control Systems
Office of Facilities Planning and Construction

Trish Norman

Assistant Director of Strategic Initiatives
Office of Strategic Management

Michael O'Donnell

Associate Vice Chancellor for Facilities Planning &
Construction
Office of Facilities Planning and Construction

Susheela Patwari

Institutional Research Analyst
Office of Strategic Management

12

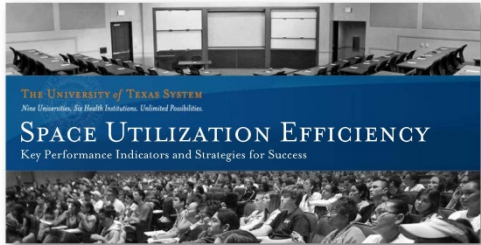


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Space Utilization Efficiency Report



THE UNIVERSITY OF TEXAS SYSTEM
New Universities. Six Health Institutions. Unlimited Possibilities.
SPACE UTILIZATION EFFICIENCY
 Key Performance Indicators and Strategies for Success

DRAFT REPORT: 12/19/2012

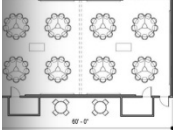
NOTE: Portions of this draft are based on preliminary, uncertified data which will be updated before publication of the final report.

UT System	2010		2011		2012	
	Building	Space	Building	Space	Building	Space
UT Dallas	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
UT Austin	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
UT El Paso	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
UT Health Science Center at Houston	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
UT Health Science Center at San Antonio	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
UT Health Science Center at Tyler	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
UT Permian Basin	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
UT Rio Grande	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
UT San Antonio	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
UT Southwestern	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
UT System Total	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000

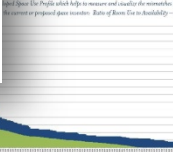
all centers of the system to plan over a wide range of business scenarios between the system to plan and the system to plan ability to fulfill their assistance.

UT System	2010	2011	2012
UT Dallas	100%	100%	100%
UT Austin	100%	100%	100%
UT El Paso	100%	100%	100%
UT Health Science Center at Houston	100%	100%	100%
UT Health Science Center at San Antonio	100%	100%	100%
UT Health Science Center at Tyler	100%	100%	100%
UT Permian Basin	100%	100%	100%
UT Rio Grande	100%	100%	100%
UT San Antonio	100%	100%	100%
UT Southwestern	100%	100%	100%
UT System Total	100%	100%	100%

Core Type Public Room Learning: 88 - 93 sq. ft. per person



Core Type Public Room Learning: 88 - 93 sq. ft. per person



Core Type Public Room Learning: 88 - 93 sq. ft. per person

UT System Space Utilization Efficiency | 3

UT DALLAS

Primary Mission	Students
Class Enrollment	20,000
FTE Available by FTE	1,845,000
Building Envelope	28,000
Undergraduate	10,500
Graduate	7,000
Faculty	4,000
Research Expenditures	\$120
Approved Annual Enrollment Growth	0.25%
Approved Annual Research Growth	2.00%
Available Schedule	24x7
Available Schedule	24x7

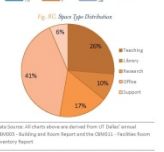
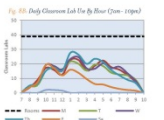
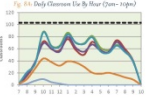
these efficiencies will likely be offset by the need for more research space for new faculty members who are more active in externally funded research. The expansion in student populations will also require a commensurate increase in faculty and staff. Therefore, it is assumed that growth in students, faculty, and staff will require proportional growth in space.

Key Success

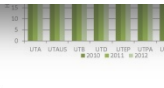
The University physical plant has undergone significant change in the last several years. This process of change brings additional responsibilities to faculty and administrative resources (over and above what faculty are asked to do in teaching, research and service). The Institute has managed an increasing student and faculty population, renovation of older physical resources, and transition into new teaching research facilities, all while providing improved student services, improved course and degree offerings, and increased research productivity. Average process (E) has gone up 4% percentage points in one year as a result of a combination of newly distributed management of scheduling and classroom management. Classroom utilization is more uniformly distributed (over the day and distribution over the week). We have taken a longer-term view in strategically planning utilization of future plant resources.

Key Challenges and Opportunities

UT Dallas is increasingly moving to be a nationally recognized public research university with an enrollment at full maturity of 45,000 to 50,000 students. Additionally, while the University is experiencing a transition from non-traditional to more traditional student populations, the University continues to report that it will provide services across the full range of time (Monday through Sunday, 7:00AM to 10:00PM). This expansion of course and degree offerings at UT Dallas will require new academic buildings, classrooms, and research space. Currently, UT Dallas has about a 20% greater face of academic, classroom, and research space. Although growth may produce increases of size and, hence, lower square feet per student or faculty member.



UT System Space Utilization Efficiency | 2



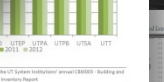
UT System Space Utilization Efficiency | 2



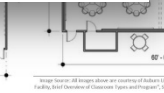
UT System Space Utilization Efficiency | 2



UT System Space Utilization Efficiency | 2



UT System Space Utilization Efficiency | 2



UT System Space Utilization Efficiency | 2



Space Utilization Efficiency Report (cont.)

1. An exploration and application of new techniques and metrics
2. Detailed analysis of each institution
3. A survey of management practices, policies, and systems

14



Space Utilization Efficiency Report (cont.)

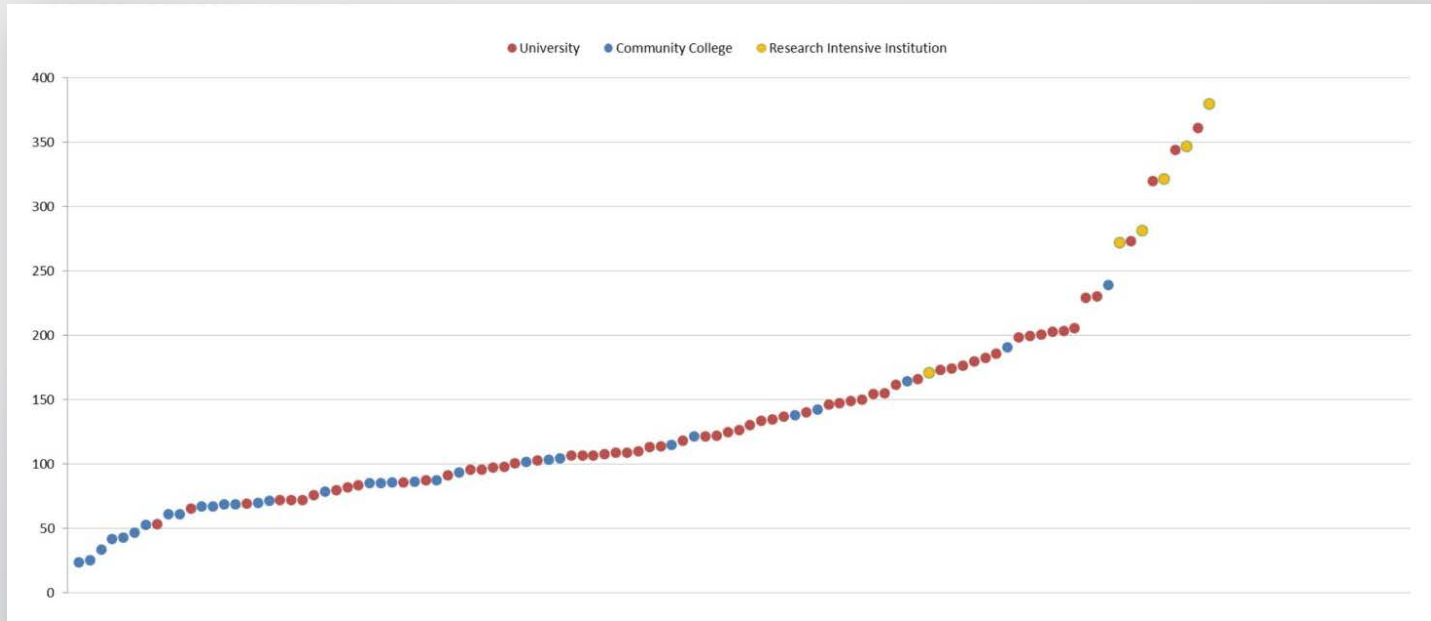
4. A discussion on the impact of emerging 21st century teaching pedagogies
5. Key lessons learned, best practices, and useful resources

15



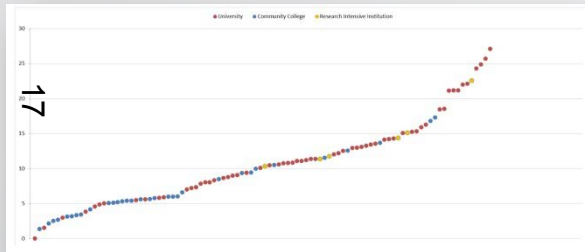
Available Benchmarks

Non-Residential ASF Per Student Full-Time Equivalent (FTE)

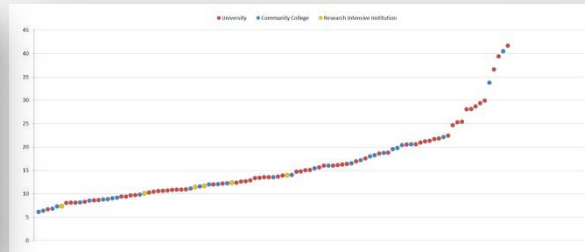


Available Benchmarks (cont.)

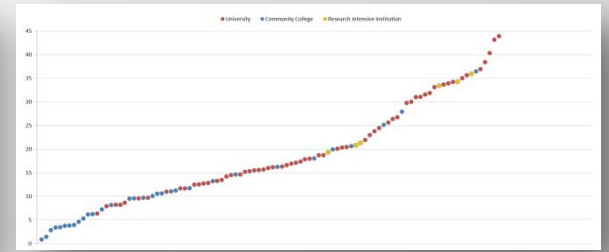
Study ASF per Student FTE



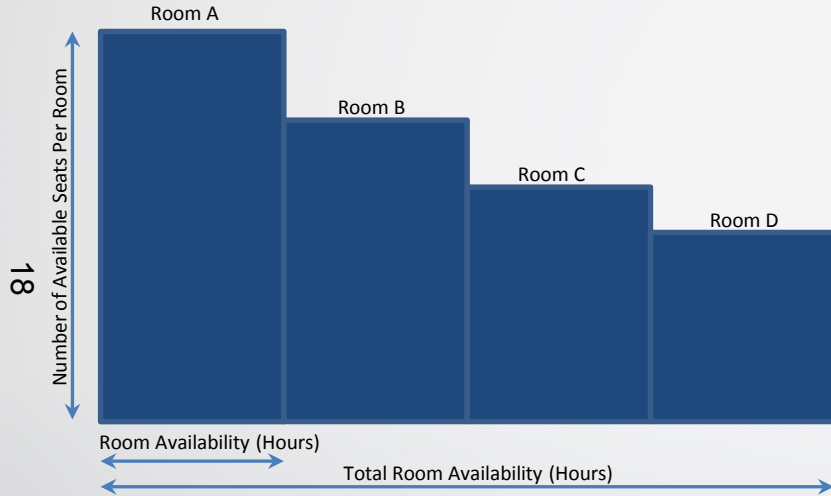
Classroom ASF per Student FTE



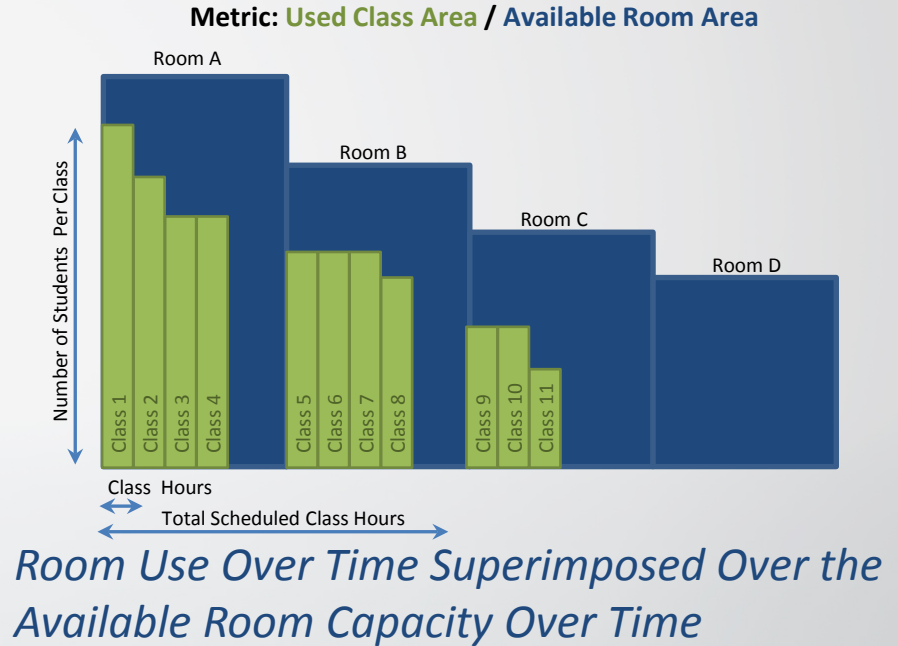
General Use Space per Student FTE



New Metrics



Room Capacity Over Scheduled Time

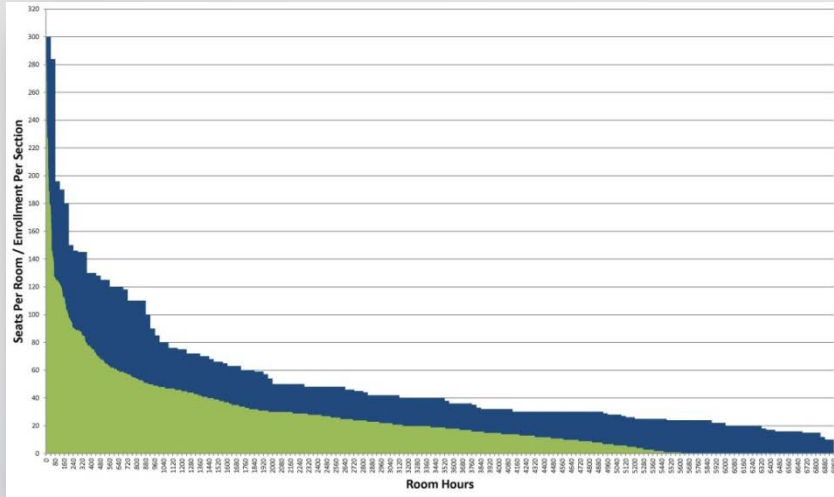


Room Use Over Time Superimposed Over the Available Room Capacity Over Time

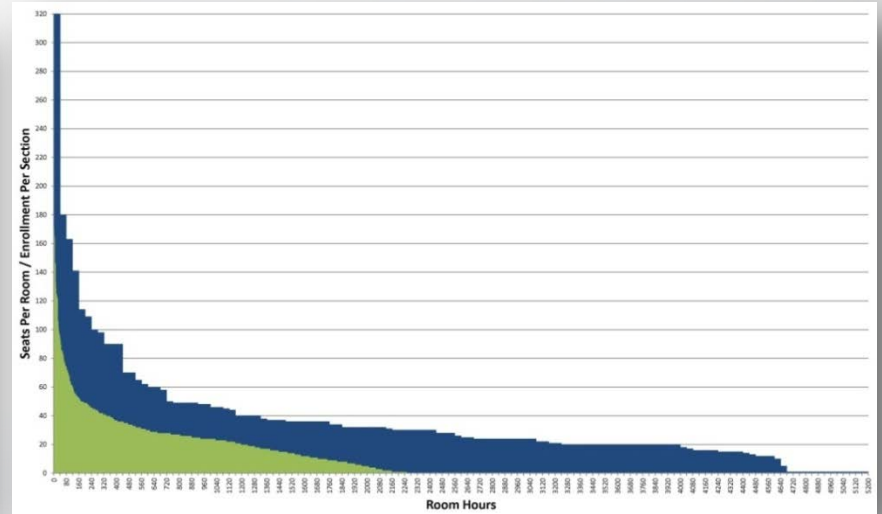


New Metrics (cont.)

19



Institution A: Ratio of Room Use to Availability – 49%

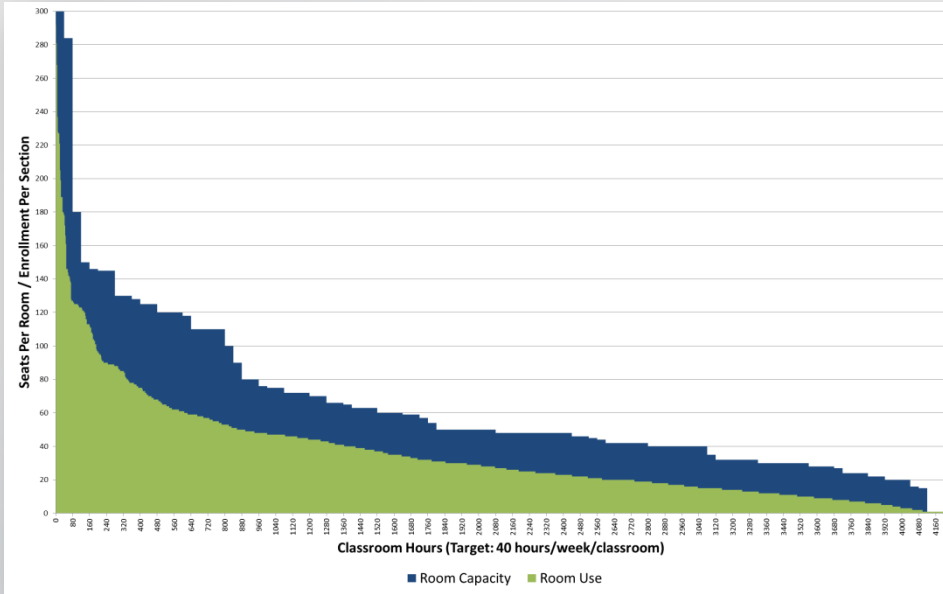


Institution B: Ratio of Room Use to Availability – 30%



New Metrics (cont.)

20



U. T. Dallas:

Classroom Capacity Utilization **55.5%**

Available Timeslot Utilization **100+%**
(based on 40 Hours / Week / Room)

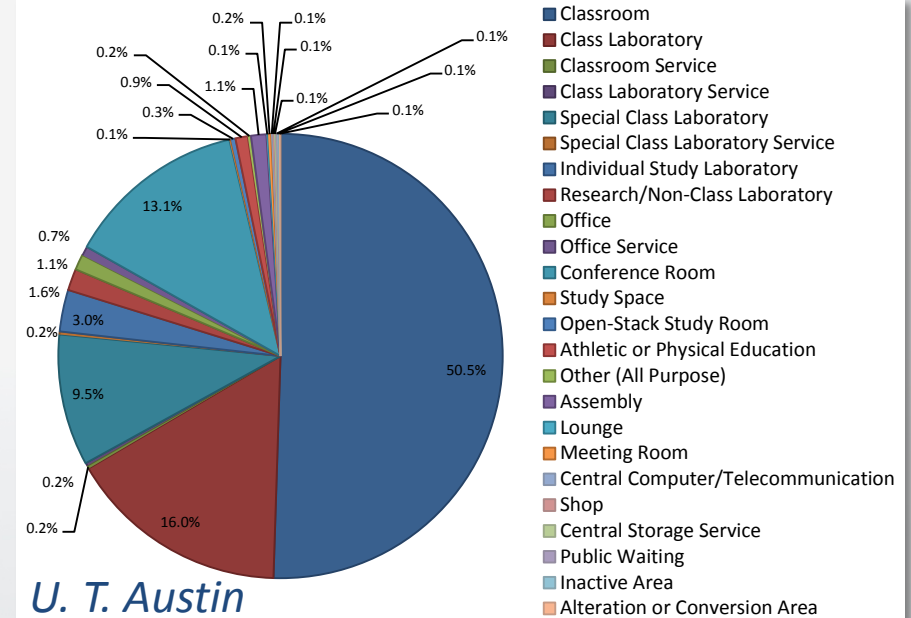
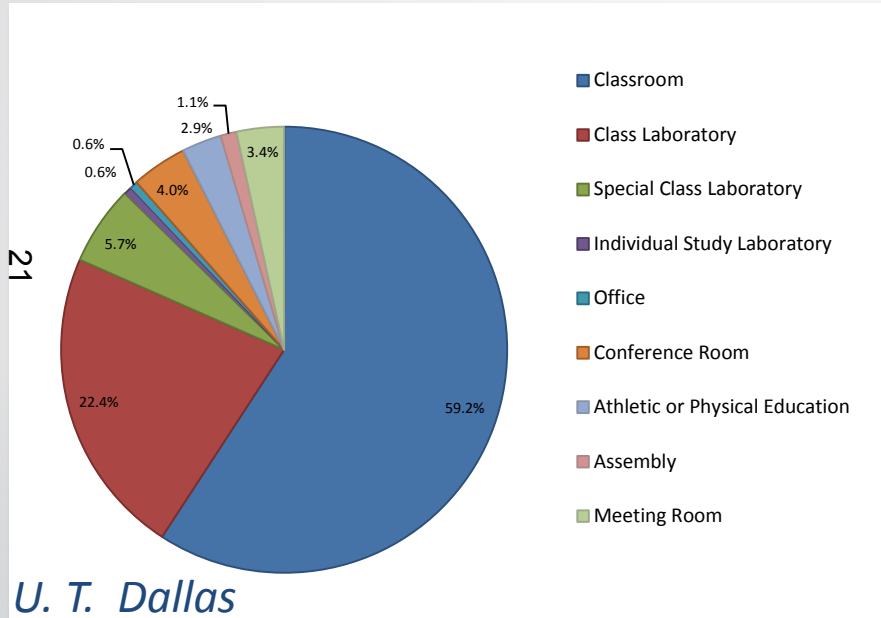


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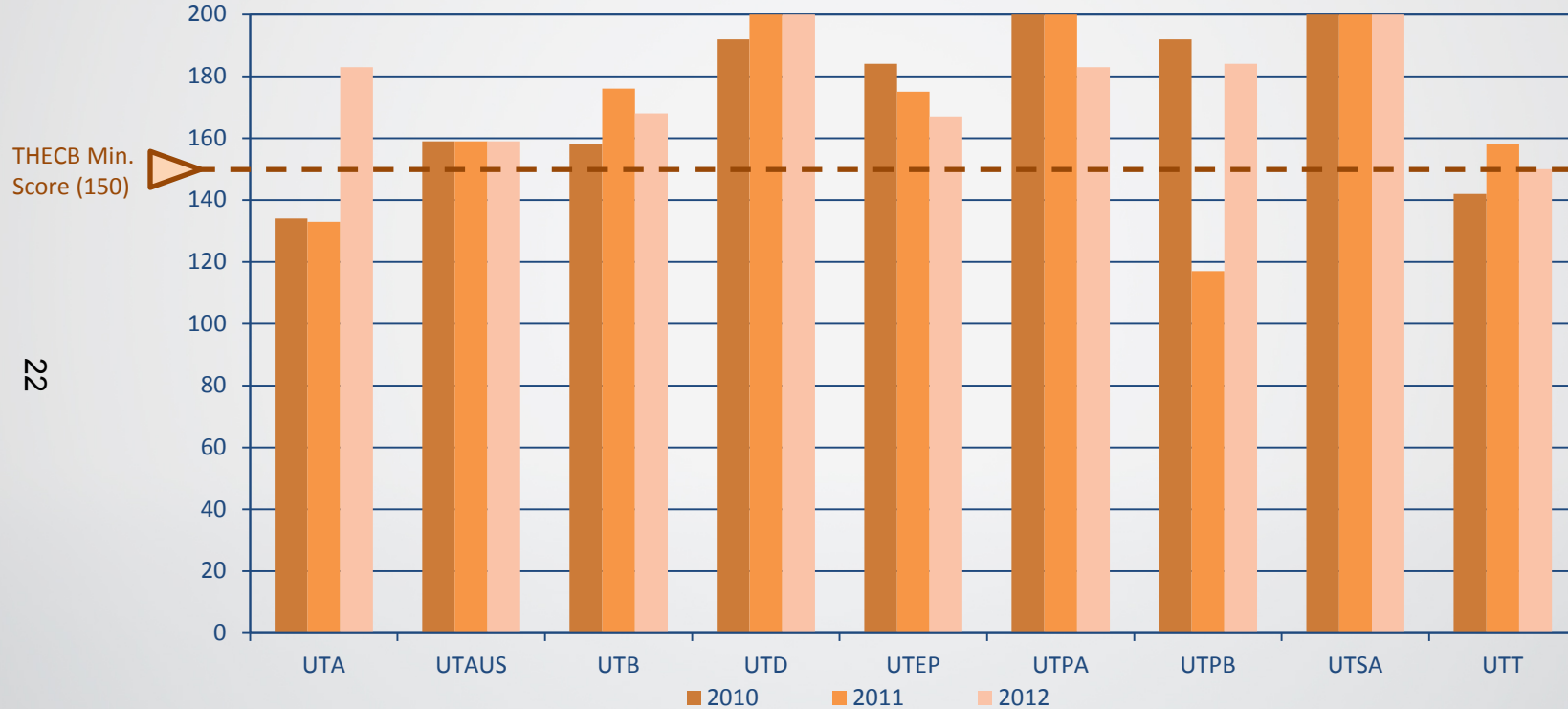
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New Metrics (cont.)

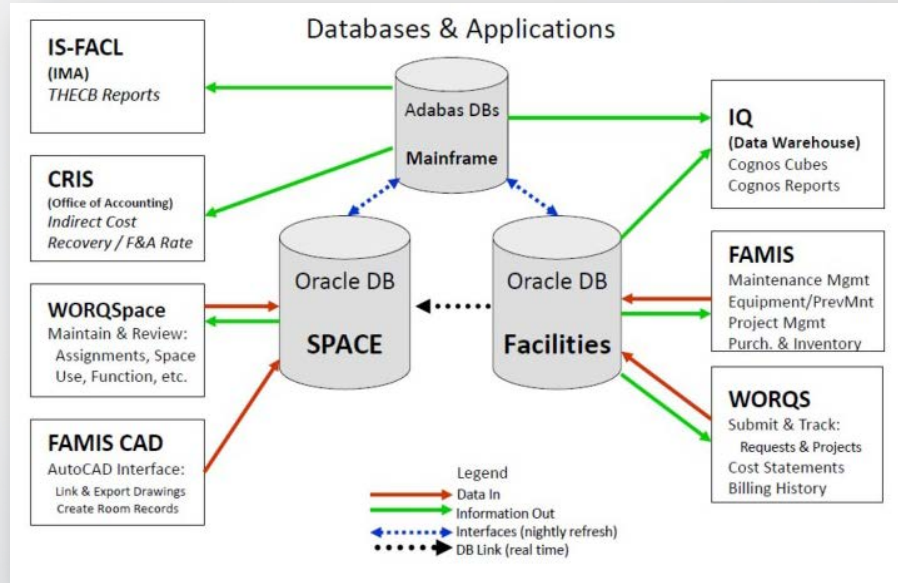
Percent of All Scheduled Classes by Assigned Space Type



THECB Metrics and Scoring



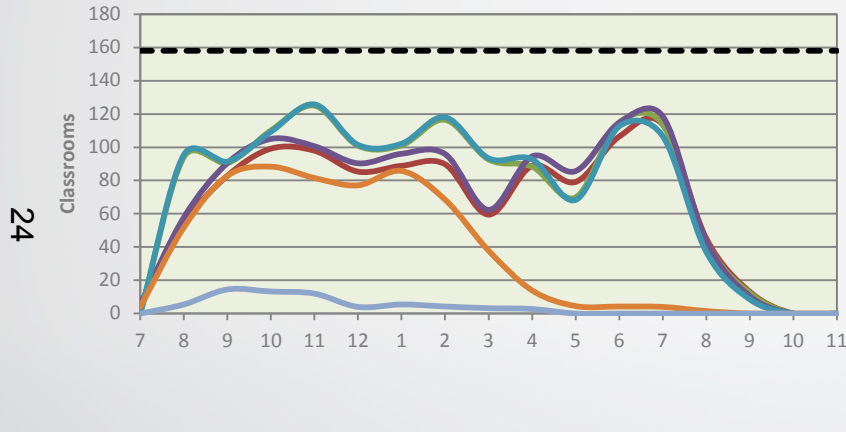
Institutional Data Sources



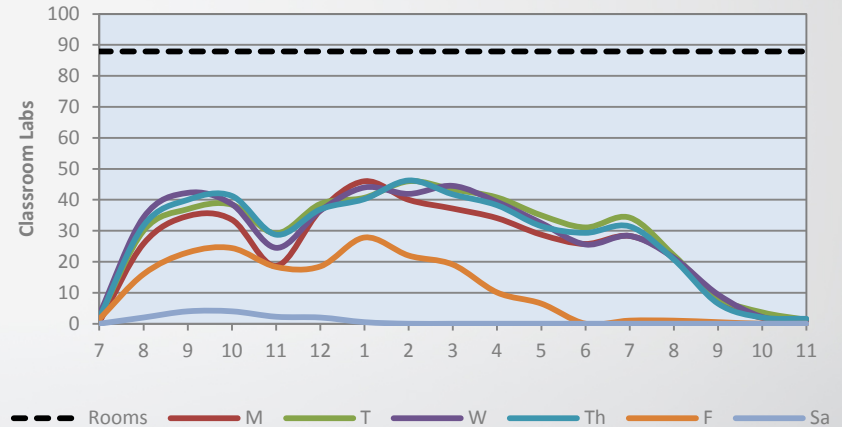
U. T. Austin's Space Management Initiative



Application of Existing Data



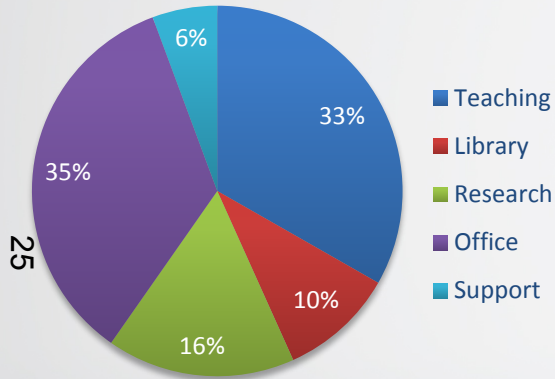
Daily Classroom Use By Hour (7am - 10pm)



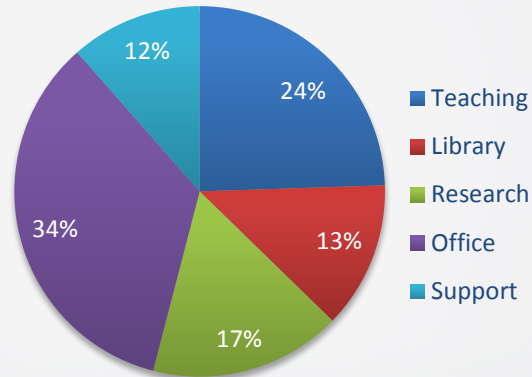
Daily Classroom Lab Use By Hour (7am - 10pm)



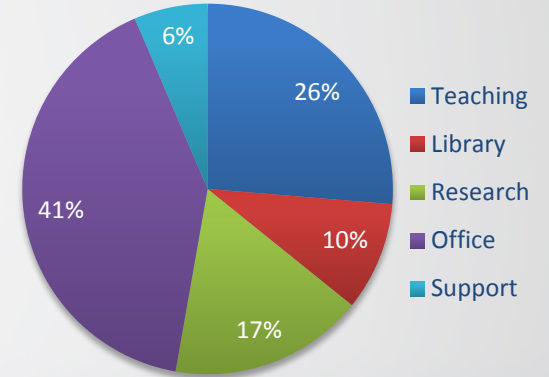
Application of Existing Data (cont.)



U. T. Arlington



U. T. Austin

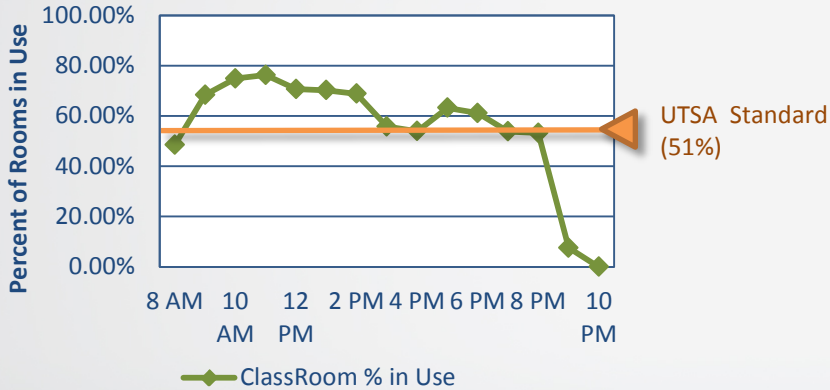


U. T. Dallas

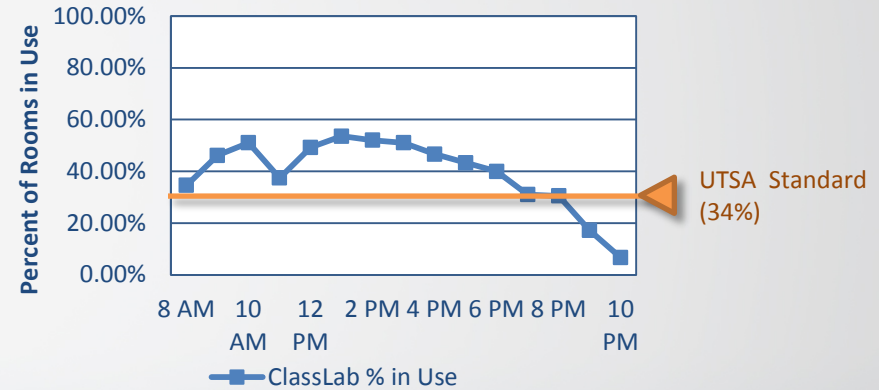


Application of Existing Data (cont.)

26



Average Weekly Use of Classrooms (M-F)



Average Weekly Use of Class Laboratories (M-F)

Source: UTSA – Based on 74 hours per week of extended availability



Administration and Management: Survey of Policies, Practices, and Systems

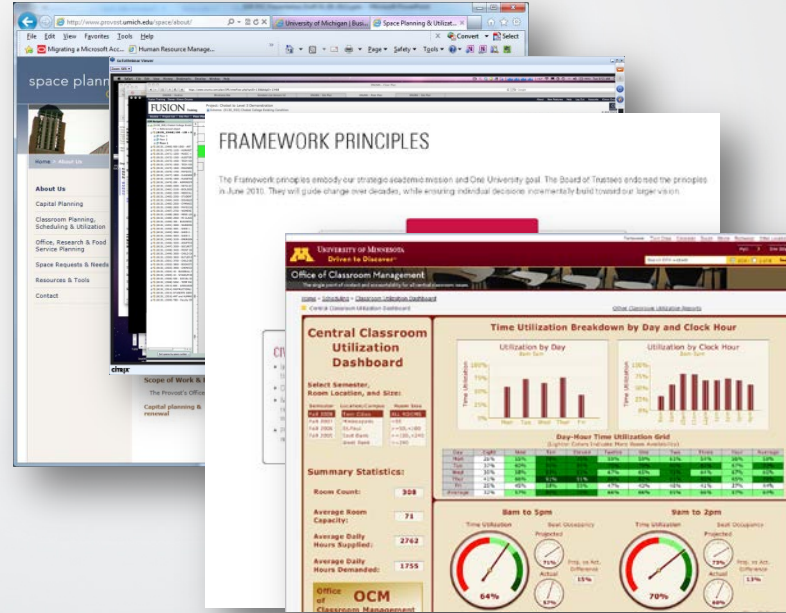
	Academic Institutions								
	UTA	UTAUS	UTB	UTD	UTEP	UTPA	UTPB	UTSA	UTT
Last Update	7/18/2012	7/25/2012	7/20/2012	7/9/2012	10/1/2012	7/13/2012	6/14/2012	6/18/2012	7/1/2012
Guidelines, Standards									
Do you have office space guidelines?	PL	Y	PR	Y	PR	Y	N	Y	PL
Do you have research space guidelines?	PL	Y	N	Y	PR	N	N	Y	PL
Do you have storage space guidelines?	PL	N	N	N	N	Y	N	PL	PL
Do you have scheduling guidelines?	Y	Y	Y	Y	PR	Y	Y	Y	PR
Do you have a space requirements model to determine projected needs?	Y	Y	N	PR	Y	N	N	Y	N
Have you established internal utilization criteria or scoring systems?	PL	N	N	Y	PR	N	N	N	PL
Does your space inventory include qualitative criteria?	Y	N	N	Y	PL	N	Y	N	Y
Policies									
Are space utilization metrics a component of capital planning proposals?	Y	Y	Y	Y	Y	N	Y	Y	Y
Is space allocation tied to utilization?	Y	Y	N	Y	Y	N	Y	Y	Y
Is space allocation tied to funding?	Y	Y	N	Y	PL	N	Y	Y	Y
Do you have a formal space change process?	Y	N	PR	PR	Y	Y	Y	Y	Y
Management Information Systems									
Space Inventory / Maintenance (Archibus, FM Systems, FAMIS, Excel, etc..)	CASIM (FM Systems)	FAMIS	Excel / Datatel's Colleague	LTS (Logistical Tracking System)	Invent: Microsoft Access, Maint.: TMA	Excel based on THECB submission			LTS, School Dude, Lotus Notes
Scheduling / Optimization (AdAstra, Banner, EMS, Excel, etc..)	AdAstra	Custom	Ad Astra / Datatel's Colleague	AdAstra	AdAstra, Banner	AdAstra	AdAstra	Collegenet R-25, S-25 / Crystal Reports	Astra
Are any of these systems integrated with each other?	Yes	Yes	Yes	Partial	No	No	No	Yes	No



Case Studies

- Michigan
- California
- Ohio
- Minnesota

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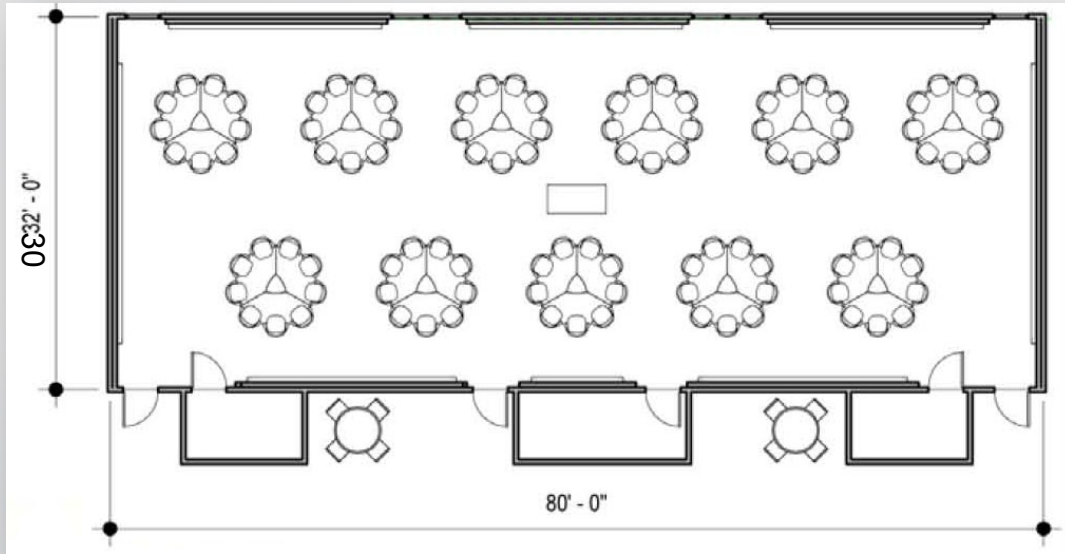
Key Metrics

Academic	Classroom capacity utilization (new) Available timeslot utilization
Research	Research expenditures per square foot Number and quality of grants, research reports, and awards
Clinical	Number of patients served per exam room Inpatient admissions and patient days
Office	Number of offices/workstations vs. demand (under development)

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Challenges



Path Forward

- Further refine the new Classroom/Class Lab metric and track/analyze trends by institution
- Develop other space metrics to complement available data sources and institution specific practices
- Develop space evaluation techniques consistent with new learning environment strategies
- Transition to Task Force on Academic and Facility Planning for the 21st Century



U. T. System FY 2013-2018 Capital Improvement Program

CIP Total prior to today's meeting	\$ 6,102,988,663
CIP New Construction Additions	\$ 72,225,000
CIP R&R Construction Additions	40,000,000
DD Approvals/TPC Modifications	\$ 0
Total Change in CIP	\$ 112,225,000
Projects removed from CIP this quarter	\$ (142,161,120)
CIP Total after today's meeting	\$ 6,073,052,543
CIP Total - February 2011	\$7.8 billion
CIP Total - February 2012	\$6.3 billion

32



Consideration of Project Additions to the FY 2013-2018 Capital Improvement Program

- Four (4) Academic Projects
 - UTD Brain Performance Institute \$33,100,000
 - UTD Callier Richardson Expansion \$20,000,000
 - UTD Campus Landscape Enhancement Project Phase II \$15,000,000
 - UTPB Student Housing Phase VI, including Design Development Approval \$19,125,000
- One (1) Health Project
 - UTMB John Sealy Hospital Facade Replacement \$25,000,000

33



U. T. Dallas

Proposal for the Brain Performance Institute

Presented by David E. Daniel
President



U. T. Dallas Brain Performance Institute

- Design and construct a 67,500 GSF national headquarters building for the Brain Performance Institute
- Importance to overall University strategic plan

35



U. T. Dallas

Brain Performance Institute (cont.)

- Institution's current utilization of space
 - One of the most efficient universities in Texas. THECB scores U. T. Dallas' Space Usage Efficiency (SUE) at 200 out of a possible 200
- Optimal building strategy

36



U. T. Dallas

Brain Performance Institute (cont.)

- \$33,100,000 Total Project Cost
 - \$33,100,000 Gifts
- Competitive cost assumptions
 - Total Project Cost = \$490 per GSF for brain science research and clinical lab space
 - Total Project Cost = \$507 per GSF for average of four other U. T. System health care clinic projects

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U. T. Dallas Brain Performance Institute (cont.)



Existing Center for BrainHealth Site

Proposed site for the Brain Performance Institute



U. T. Dallas

Proposal for the Callier Richardson Expansion

Presented by David E. Daniel
President



U. T. Dallas Callier Richardson Expansion

- Design and construct 77,300 GSF of new and renovated classroom, laboratory, office, and clinical space
- Importance to the overall University strategic plan

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U. T. Dallas

Callier Richardson Expansion (cont.)

- Institution's current utilization of space
 - One of the most efficient universities in Texas. THECB scores U. T. Dallas' Space Usage Efficiency (SUE) at 200 out of a possible 200
- Optimal building strategy

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U. T. Dallas

Callier Richardson Expansion (cont.)

- \$20,000,000 Total Project Cost
 - \$15M RFS
 - \$ 5M Gifts
- Competitive cost assumptions
 - Total Project Cost = \$259 per GSF for brain science research, instructional, and clinical lab space
 - Total Project Cost = \$358 per GSF for average of three other U. T. System Clinical Research and Instructional Lab building projects

42



U. T. Dallas Callier Richardson Expansion (cont.)

43



Proposed site for the Callier Richardson Expansion



Proposed Addition - Callier Richardson Expansion
Expansion Feasibility Study – November 12, 2012



U. T. Dallas

Campus Landscape Enhancements Phase II

- Extensive landscape improvements to area north of the original Mall project
- \$15M Total Project Cost
 - \$10M Gifts
 - \$ 5M Unexpended Plant Funds

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U. T. Permian Basin

Proposal for Student Housing Phase VI

Presented by W. David Watts
President



U. T. Permian Basin Student Housing Phase VI

- 198 Beds – 6 Buildings – Same Plan as Phase V – August 2014 occupancy
- Enrolling students from outside Odessa/Midland is a key growth strategy
- 100% housing occupancy in Fall 2012

46



U. T. Permian Basin Student Housing Phase VI (cont.)

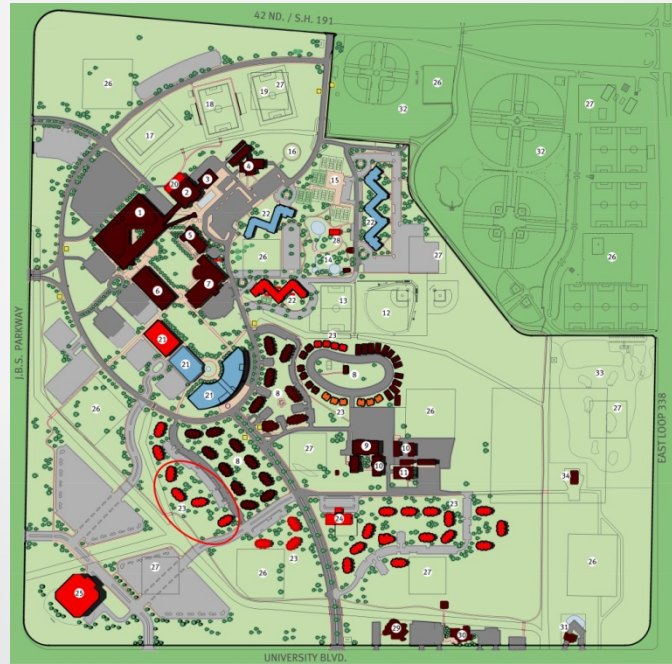
- \$19,125,000 Total Project Cost
 - \$19.125M RFS
- \$96,591 per bed; \$224 GSF – includes kitchens and elevators
- Cost comparison to recent UTPB housing projects
 - Phase V FY13; \$91,400/bed - \$212/ft² – kitchens and elevators
 - Falcon's Nest FY12; \$88,400/bed - \$204/ft² – no kitchens or elevators

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U. T. Permian Basin Student Housing Phase VI (cont.)

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Campus Plan

42

U. T. Permian Basin Student Housing Phase VI (cont.)

49



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Site Plan

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U. T. Permian Basin Student Housing Phase VI (cont.)

50



U. T. Permian Basin Student Housing Phase VI (cont.)

51



U. T. Medical Branch - Galveston John Sealy Hospital Facade Replacement

- Removal of existing brick facade, repairs to substrate, new waterproofing system, and recladding
- Institutional Management
- \$25,000,000 Total Project Cost
 - \$25M Gifts

52



Consideration of Design Development Approval

- One (1) Academic Project
 - UTEP Campus Transformation Project

53



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U. T. El Paso

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Campus Transformation Project (CTP)



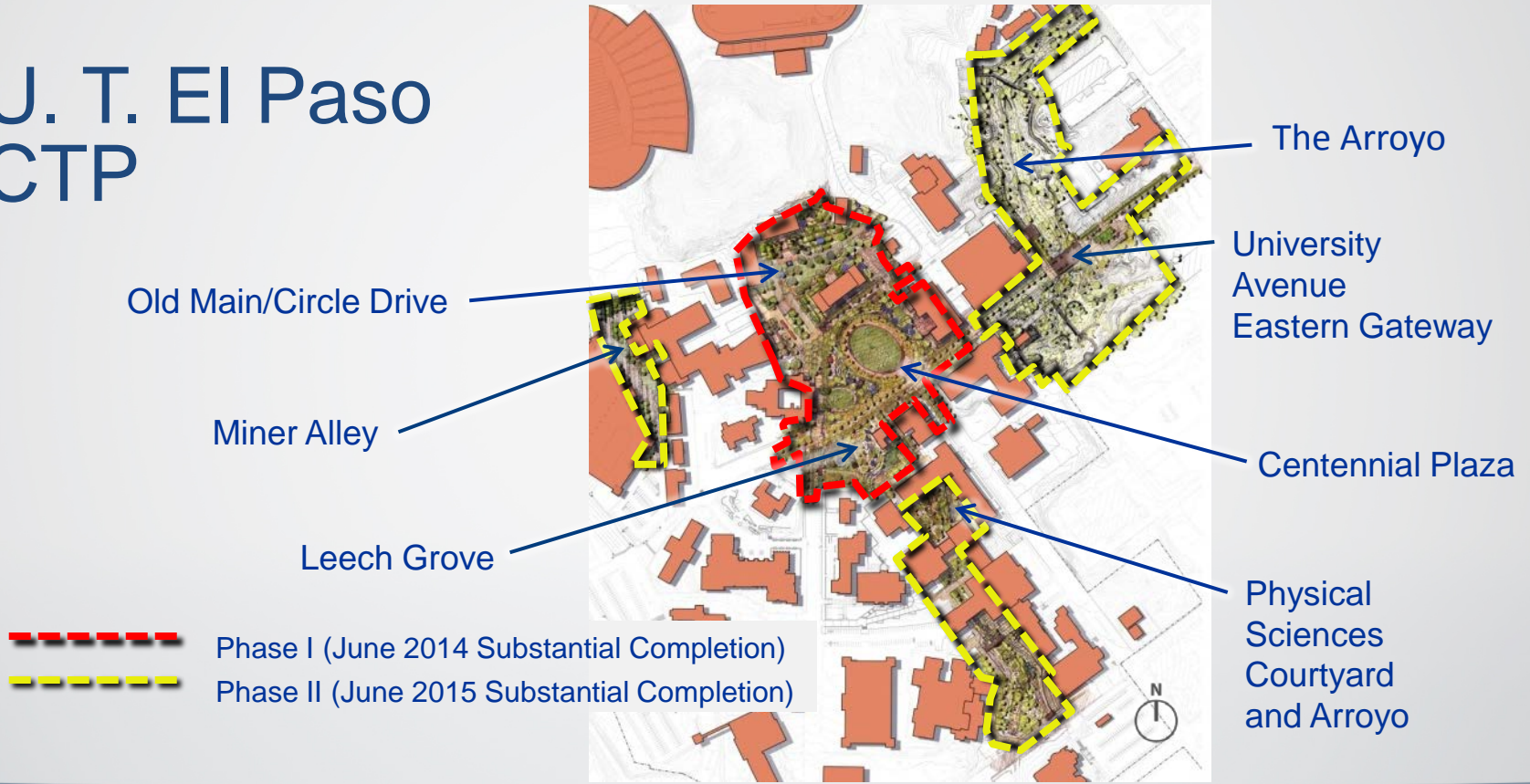
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U. T. El Paso CTP

55



U. T. El Paso Campus Transformation Project (cont.)

56



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Memorial Triangle Today – View From the South

50

U. T. El Paso Campus Transformation Project (cont.)

57



U. T. El Paso Campus Transformation Project (cont.)

58



U. T. El Paso Campus Transformation Project (cont.)

- \$25,000,000 Total Project Cost
 - \$25M RFS

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MINUTES
U. T. System Board of Regents
Technology Transfer and Research Committee
February 13, 2013

The members of the Technology Transfer and Research Committee of the Board of Regents of The University of Texas System convened at 3:50 p.m. on Wednesday, February 13, 2013, in the Board Meeting Room on the 9th Floor of Ashbel Smith Hall, The University of Texas System, 201 West Seventh Street, Austin, Texas, with the following participation:

Attendance

Vice Chairman Dannenbaum, presiding
Vice Chairman Hicks
Regent Cranberg
Regent Gary
Regent Pejovich

Also present were Chairman Powell (for Items 1 - 3), Vice Chairman Foster (for Items 1 - 4), Regent Stillwell (for Items 1 - 2), and Assistant General Counsel Orr.

In accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Committee Chairman Dannenbaum called the meeting to order.

1. U. T. System: Report on a backtesting model for the U. T. Horizon Fund

Committee Meeting Information

Presenter(s): Mr. Barry Burgdorf, Vice Chancellor and General Counsel; Mr. Bryan Allinson, Executive Director of Technology Commercialization
Status: Reported/Discussed

Discussion at meeting:

In reply to questions from Regent Cranberg, Mr. Allinson explained exits of public offerings in the 10-year backtesting model and related assumptions and valuations.

Regent Cranberg cautioned that most of the number of actual deals were done after the respective exit point, thus one cannot count on the hypothetical investments as being truly tested through sales or exits. He said there are smaller numbers of backward-looking investments made pre-2006 largely driven by the medical device, drug, and life sciences IPO boom in 2007-2008 that might not be replicated in the future. Mr. Allinson agreed that markets are cyclical, and he said that investments increased gradually over the 10-year period.

Vice Chairman Foster asked if there could have been more startups if the Horizon Fund had previously existed, and Mr. Allinson provided the example of M87, Inc. (see Item 5 on Page 5) to demonstrate his point that the Fund can act as a catalyst to encourage venture capital firms to make investments in U. T.-led intellectual property.

Regent Gary asked about the internal rate of return, and Mr. Allinson explained the treatment of cash flow for purposes of the backtesting model.

In response to a question from Vice Chairman Hicks, Mr. Allinson described analyzing model investments by stage, by co-investor, or by sector. He said seven out of twelve exits were from traditional venture capital funds, five were not, and he learned that some indicators are more valuable than others. The second phase of the model will look at selection of investments based on criteria that will lead to a more successful exit.

Mr. Allinson spoke further about learning about investment criteria, and Chairman Powell recommended having a sufficiently large statistical sampling to invest in all the choices rather than picking and choosing. Vice Chairman Hicks spoke about picking and choosing deals by category for success, not by company.

Committee Chairman Dannenbaum reminded the Committee of the availability of experts to advise on lessons learned with regard to intellectual property investments, such as members of the Chancellor's Technology Commercialization Advisory Cabinet.

Regent Cranberg recommended that an assessment of the initial investments in the U. T. Horizon Fund be made prior to future investments. He said it appears the policy to date has been to cherry-pick investment opportunities, and he expressed concern about paying more than 5-10% of an offering, since anything more would suggest there may not be as much private sector participation. In response, Mr. Allinson spoke about the levels of equity in license agreements, and said a minimum co-investment level is established and an arbitrary cap of \$1 million is placed on any one investment for portfolio management purposes. He also spoke about investments to help start a company that will bring in entrepreneurial talent.

Regent Stillwell said that due to the proliferation of research activities, research talent, and research dollars, technology commercialization could be the largest source of revenue for the U. T. System in 20 years. Vice Chairman Hicks said U. T. System is capitalizing on its own intellectual capital, and Regent Gary agreed.

2. U. T. System: Allocation of \$12.5 million of Available University Funds for the U. T. Horizon Fund

Committee Meeting Information

Presenter(s): Mr. Barry Burgdorf, Vice Chancellor and General Counsel; Mr. Bryan Allinson, Executive Director of Technology Commercialization

Status: Approved, subject to defining particular terms and guidelines for investment

Motion: Made by Vice Chairman Hicks, seconded by Regent Gary, and carried unanimously

Follow-up action: Review policy on investments in Horizon Fund to minimize discretion per Regent Cranberg

Discussion at meeting:

Committee Chairman Dannenbaum noted the importance of the proposal.

Regent Cranberg is generally supportive of the proposal.

- *He hopes the amount of discretion can be minimized since the U. T. System is not an expert in the different investment areas.*
- *The main justification for this proposal is based on the backtesting model (Item 1 above), which has a number of important risks attached in terms of trying to project that going forward.*
- *He discussed the aspect of self-protection in terms of perceptions of potential conflicts of interest if there is not an attempt to pick one company over another, and if a minimal investment percentage is kept. He suggested that percentages be under the 20% range, and preferably under the 5% range, so that U. T. does not become a control party.*
- *He provided further advice on not getting into wide variations in percentages to prevent biasing against some of the better returns of successful companies.*

Vice Chancellor Burgdorf explained that the U. T. System or the U. T. System institutions do not seek to be a control party for any investment, preferring to be a passive investor. He spoke about the discretion of timing investments and about conducting due diligence.

Regent Cranberg spoke about a policy whereby U. T. would invest \$5 and other parties would invest \$95, and whether U. T. would be better off, from a public perception, not trying to cherry-pick or following a clear policy that does not allow much discretion.

Committee Chairman Dannenbaum requested that specific, detailed guidelines on matters suggested by Regent Cranberg, such as conflict of interest, be written and brought back to the Committee as subsequent briefing materials for the Board.

In reply to a question from Regent Gary, Chancellor Cigarroa explained that the Chancellor's Technology Commercialization Advisory Cabinet is an advisory council. Mr. Allinson said the plan is to reengage the Cabinet for 2013 and submit the requested guidelines to the Cabinet prior to submission to the Technology Transfer and Research Committee.

In response to a further question from Regent Gary, Mr. Burgdorf and Mr. Allinson said they have consulted with Mr. Bruce Zimmerman, Chief Executive Officer and Chief Investment Officer of The University of Texas Investment Management Company (UTIMCO), on these matters.

3. U. T. System: Report on pending federal sequestration and funding following fiscal-cliff deal

Committee Meeting Information

Presenter(s): Mr. William Shute, Vice Chancellor for Federal Relations

Status: Reported/Discussed

Discussion at meeting:

Mr. Shute spoke about the significant impact of possible budget cuts due to federal sequestration effective March 1, 2013. Areas affecting the U. T. System and U. T. System institutions would include federal research programs and certain student financial aid programs, except the Pell Grant Program.

4. U. T. System: Report on federal funding for research

Committee Meeting Information

Presenter(s): Dr. Patricia Hurn, Vice Chancellor for Research and Innovation

Status: Reported/Discussed

Discussion at meeting:

Dr. Hurn addressed a question from Vice Chairman Dannenbaum by saying that the U. T. System institutions have significant funding from the Department of Health and Human Services (HHS) that includes NIH funding. Those institutions that receive the most HHS funding will likely be impacted the most by federal sequestration.

Noting that federally funded researchers spend a significant amount of time (estimated at 42% per the slide on Page 35 of the Agenda Book) in administrative and compliance activities, Regent Cranberg asked if the shift in research funding (Slide 3 on Page 375 of the Agenda Book) might prevent future generations from inheriting large federal deficits and help researchers spend more time on research, and Dr. Hurn remarked that the

issue is being studied and will continue to be presented to this Committee. She said the discussion will include supporting the institutions to keep fueling the research engine when federal and state funding may be decreasing.

Dr. Dale Klein, Associate Vice Chancellor for Research, spoke about the continuous increase in funding from industry and about the impact of sequestration on those activities. Regent Cranberg said he has noticed that U. T. Austin has led some of its peers in funding from industry.

5. U. T. Austin: Report on M87, Inc., a U. T. Austin start-up to improve wireless communications technology

Committee Meeting Information

Presenter(s): *Dr. Robert Metcalfe, Professor of Innovation and Murchison Fellow of Free Enterprise and Director of the Cockrell School of Engineering, U. T. Austin; Mr. Vidur Bhargava, a Ph.D. candidate under Dr. Sriram Vishwanath, Associate Professor, Department of Electrical and Computer Engineering, U. T. Austin; and Dr. David Hampton, CEO of M87, Inc. and U. T. Austin graduate*
Status: *Reported/Discussed*

Discussion at meeting:

Dr. Metcalfe explained that M87, Inc., is the newest member of the U. T. Horizon Fund.

Dr. Hampton answered a question from Vice Chairman Hicks about investors in a seed stage company.

In response to a question from Vice Chairman Hicks, Mr. Allinson explained the potential impact of the company's technology to enhance bandwidth access to help reduce costs for wireless communications technology.

Regent Cranberg asked why it would make more sense, in a commercial way, to do a deal with M87 than to license the technology to, for example, AT&T. Dr. Hampton said the approach is revolutionary, and AT&T probably would not have developed this particular solution. He added it is a small amount of capital for a large market.

ADJOURNMENT

Committee Chairman Dannenbaum adjourned the meeting at 5:16 p.m.