



Office of the Board of Regents  
THE UNIVERSITY OF TEXAS SYSTEM

MEMORANDUM

REFERRED TO W.O. Shultz

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| <input type="checkbox"/> PER OUR CONVERSATION            | <input type="checkbox"/> PLEASE RETURN     |
| <input checked="" type="checkbox"/> FOR YOUR INFORMATION | <input type="checkbox"/> PER YOUR REQUEST  |
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| <input type="checkbox"/> FOR YOUR COMMENTS               | <input type="checkbox"/> NO NEED TO RETURN |
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REMARKS:

*Given the recent problems with this — is there a need to edit # 15.1?*

SIGNATURE *Art* DATE 6/2/88

*MB*  
*See edit @ 15.1*  
*change made by LP 6/20/88*  
*a*  
*6/17*

- 12.23 The U. C. Fund shall at all times operate under principles agreed upon by the System and the U. S. Department of Health and Human Services.
- 12.24 Assessment rates shall be calculated to maintain the U. C. Fund balance within a range of \$1,215,000 to \$1,755,000 and to provide minimum balance fluctuations and maximum rate stability.
- 12.25 Expenditures from the U. C. Fund shall be limited to direct costs in accordance with Federal Management Circular 73-8, Section J.7.

- 12.3 The System Personnel Office, working in coordination with appropriate System and component institution offices, shall administer the U. C. Program and represent the System and component institutions in appeals to the Texas Employment Commission (T.E.C.).
- 12.4 The Office of General Counsel shall be responsible for a determination on appeals of T.E.C. decisions.
- 12.5 The System Personnel Office shall prepare an annual report for the U. T. Board of Regents on the status of the U. C. Fund.

Sec. 13. Social Security (Old Age and Survivors Insurance).

Pursuant to 42 U.S.C. §410, all employees must participate in the Social Security Program.

Sec. 14. Deferred Compensation Plan.

As authorized by Article 6252-3b, Vernon's Texas Civil Statutes, any employee may participate in the Deferred Compensation Plan.

Sec. 15. Premium Sharing.

- 15.1 A person employed at least one-half time is eligible to receive the full amount of premium sharing specified by state law.

*to [unclear] [unclear] [unclear]*  
~~Article 6252-3b~~  
~~Statutes~~

*and who is eligible to participate in the Teachers' Retirement System*

Final draft with edits,  
6/14/88

RULES AND REGULATIONS  
OF THE  
BOARD OF REGENTS  
OF  
THE UNIVERSITY OF TEXAS SYSTEM  
FOR THE GOVERNMENT OF  
THE UNIVERSITY OF TEXAS SYSTEM

PART TWO

Reissued as of June 1, 1988

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*No list as such is sufficient. yes*

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## CHAPTER I

### GENERAL

#### Sec. 1. Gifts to The University of Texas System.

- 1.1 The authority to accept gifts to the System or to any of the component institutions is vested in the Board.
- 1.2 Recommendations to the Board for the acceptance of gifts showing details as to value, form, stipulations regarding use, and provisions for custody and disbursement of funds shall be transmitted by the chief administrative officer through the appropriate Executive Vice Chancellor to the Chancellor.
- 1.3 Gifts to Permanent Endowments.
  - 1.31 All gifts to establish permanent endowments of any nature shall be accepted by the Board via the Agenda after review and recommendation by the appropriate Executive Vice Chancellor and the Chancellor, including the Office of Asset Management, of the terms of the endowment and the nature of the donated assets. Gifts to a permanent endowment previously established by the Board may be accepted by the chief administrative officer of a component institution after review and approval by the Office of Asset Management of the nature of the donated asset.
  - 1.32 Permanent endowments will be established at a minimum funding level of \$10,000. Endowments may be established to fund scholarship programs and other educational activities as well as the endowed academic positions specified in Section 3 below.
  - 1.33 All endowment gifts are subject to the ensuing provisions:
    - 1.331 Should the Board determine at any time that the fund is not of sufficient size, and has no

foreseeable prospects of growing to sufficient size to justify the continuing costs of maintenance of such fund as a separate fund, then in the Board's discretion the principal of such fund may be expended for or otherwise devoted to the accomplishment, as near as may be possible, of the purposes for which the fund was established.

1.332 A permanent register of Memorial Gifts shall be maintained at each component institution to record gifts, or where the gift or donation is not specifically directed to a component, the register shall be maintained by System Administration.

✓  
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title  
Small  
letter

1.4 Except as provided in other subsections of this Section, the authority to accept gifts to a component institution is delegated to the chief administrative officer when the gift is to a fund, foundation, or enterprise already approved by the Board or is a continuation of a series which has been previously approved by the Board. Each chief administrative officer, or a designee specified in writing, is empowered to accept cash gifts (except endowments) to a component institution of the System in the amount of \$25,000 or less and gifts in kind having a value of \$25,000 or less, within the policies of the Board and Legislature governing the acceptability of gifts, and to deposit such gifts to the appropriate accounts. All gifts (except those described in Subsection 1.5 below) shall be reported by the dockets of each component institution as prescribed by the Board.

1.5 A quarterly report of all such gifts of \$25,000 or less showing name and address of donor, amount of cash gift or value of gift in kind, purpose, and date of the gift shall be filed with the Board within

thirty (30) days after August 31, November 30, February 28, and May 31 of each year. Such reports will summarize gifts of \$2,500 or less showing only total dollars and number of gifts.

- 1.6 Except as provided in this Section and the preceding Sections, no member of the staff of any institution has the authority to accept gifts to the System or to any of its component institutions. Gifts to the component institutions of books or other objects of very small value and very obvious propriety, without conditions attached, may be accepted by individual members of the staffs provided these gifts are reported to the Board as specified in Subsections 1.4 or 1.5 as appropriate.
- 1.7 Due to the inefficiencies and high costs associated with separately tailoring investment management programs for gifts that are investment-restricted, notwithstanding any other provision of this Chapter, a gift subject to investment restrictions shall be referred to the System Director of Development who shall review the terms of the gift instrument with the Office of Asset Management and the Office of General Counsel prior to acceptance of the gift and/or prior to its recommendation for acceptance by the U. T. Board of Regents.
- 1.8 Neither the System nor any of its component institutions will accept a gift for the benefit of any designated student unless the donor is exempt from Federal Income Taxes as defined by the Commissioner of Internal Revenue.
- 1.9 The acceptance of gifts of real property is prohibited without prior express approval of the Legislature except for establishing scholarships, professorships, or other trusts for educational purposes, provided that such property will not thereafter require legislative appropriations for operation, maintenance, repair, or construction of buildings (Current Appropriations Bill). Acceptance of all gifts of real estate shall be subject to the U. T. System Trust Fund Real Estate Policy Statement. ✓

Sec. 2. Fellowships, Scholarships, and Loan Funds.

- 2.1 After gifts for fellowships, scholarships, and loan funds have been accepted by the Board, as indicated previously, they are administered jointly by designated committees and the business office of each component institution.
- 2.2 In the case of scholarships and fellowships, the appropriate committee, or designated individual, receives applications, makes the necessary inquiries, and determines the award. The committee advises the institutional head of the award who, in turn, approves and forwards the notice of award to the business office. Payments on scholarships and fellowships are made through the business office of the component institution.
- 2.3 In the case of loan funds, the appropriate committee or designated person receives applications for loans, makes the necessary inquiries, and approves or declines the original loan as well as all renewals and extensions. The chairman notifies the business office of the granting of loans, and all records including notes, cash, accounts and collections are thereafter handled by that office. The principal of loan funds is kept intact insofar as possible. The chairman of the awarding committee may be requested by the business office to assist in collection of past due interest or principal.

Sec. 3. Endowment of Academic Positions.

- 3.1 No endowment will be established or announced without prior approval of the Board, and no initial appointment will be made to an endowed chair or professorship without prior approval by the Board via the Agenda. Subsequent new or continuing appointments to the endowed chair or professorship may be approved as a part of the annual operating budget or via the Chancellor's Docket. Appointments to endowed fellowships may be approved via the Chancellor's Docket, unless included as part of the annual budget approval process.

- 3.2 No negotiations or commitments implying the establishment of the endowment of an academic position will be undertaken by any faculty member or officer of the component institution until the proposal has been formally approved by the chief administrative officer.
- 3.3 Recommendations to the Board concerning acceptance of gifts for endowment of academic positions will be made through the Chancellor to the Board. Before the final action of the Board, such recommendations will be referred to the Land and Investment Committee as to fiscal arrangements and to the Academic or Health Affairs Committee as to policy.
- 3.4 The six categories of endowed and named academic positions and the minimum funding levels to establish the positions are: Distinguished University Chairs (\$2,000,000), Distinguished Chairs (\$1,000,000), Chairs (\$500,000), Distinguished Professorships (\$250,000), Professorships (\$100,000), and Fellowships (\$50,000). All agreements related to endowed academic positions made prior to April 14, 1988, will remain in effect unless a specific request for change is made by the donor and the institution and approved by the Board.
- 3.41 Distinguished University Chairs, Distinguished Chairs, Chairs, Distinguished Professorships, and Professorships will be established with the minimum funding levels authorized by the Board of Regents or the equivalent in annual contributions arranged according to agreements recommended by the appropriate Executive Vice Chancellor and the Chancellor and approved by the Board. The component institution will pay from its funds such amounts as are necessary to set the salary of the holder at a level commensurate with his or her record, experience, and position in the faculty. The endowment income will be used both for salary supplementation and for other professional support of the holder of

the endowed position, including assistance in the holder's research. The endowment income also may be used to pay an appropriate part of the salary of the holder of the endowed position commensurate with an authorized reduced faculty work load when required by other duties of the position or when the holder is on part-time or full-time research leave which is otherwise unfunded. It is provided specifically, however, that, in no event, will endowment income be used to supplant any other source of funds used to pay the base salary of the holder of the position when the holder is performing his or her regular duties.

3.42 Endowed Fellowships. The endowed fellowship will be established with a minimum of \$50,000 or the equivalent in annual contributions arranged according to agreements recommended by the appropriate Executive Vice Chancellor and the Chancellor and approved by the Board of Regents. Income from the endowment may be used to supplement the salary of the holder of the fellowship, who may be a qualified person of any academic rank irrespective of tenure status, and will also be available for other professional support of the holder. The endowed fellowship will be used to provide temporary support (not to exceed one academic year) of distinguished scholars who are in temporary residence at the component while participating in planned academic programs; visiting scholars who are in temporary residence at the institution for special academic programs or purposes; component faculty who have made unique contributions to academic life or to knowledge in their academic discipline; and component faculty of any

academic rank, irrespective of tenure status, who have been selected for teaching excellence through procedures established by the component institution. Grants for endowed visiting professorships and endowed teaching fellowships of at least \$50,000 already under contractual agreement for the future, bequests included in wills made prior to April 14, 1988, and other prior bona fide arrangements for endowed teaching fellowships and endowed visiting professorships are excepted in this regulation. Grants for endowed lectureships of at least \$20,000 already under contractual agreement for the future, bequests in wills made prior to April 14, 1988, and other prior bona fide arrangements for endowed lectureships are excepted from the minimum amount restriction in this regulation.

3.43

Individual component institutions are not required to utilize all categories of endowed academic positions and may, with advance administrative approval and inclusion in the institutional Handbook of Operating Procedures, limit institutional endowment activity to those position categories which best fit the component goals and mission.

- Sec. 4. Tuition and Other Fees.--Tuition fees and other charges will be fixed as prescribed or as authorized by statute and will be set out in the institutional catalogue. ✓
- Sec. 5. Fiscal Year.--The fiscal year of the System shall be September 1 through August 31.
- Sec. 6. Policy Against Discrimination.--To the extent provided by applicable law, no person shall be excluded from participation in, denied the benefits of, or be subject to discrimination under, any program or activity sponsored or conducted by the System or any of its component institutions, on the basis of race, color, national origin, religion, sex, age, veteran status, or handicap.

Sec. 7. General Admission Policy.

The System will make maximum use of its resources, subject to the limited enrollment policy of the Board, to admit and educate as many qualified students as possible, consistent with accreditation standards and consistent with maintaining a high quality of education. Neither the faculty nor students of any component institution will solicit or recruit for admission to that institution any person who cannot meet the usual academic requirements for admission to that institution. Other than for the exceptions set forth in the General Appropriation Act, no funds appropriated by the Legislature, including local institutional funds, may be expended for the recruitment of students, whether qualified or unqualified. However, this provision does not prohibit the distribution of informational literature about an institution or a particular program in appropriate schools or among economic or social groups which might have a special interest in a particular institution or educational program. Such information might focus upon, but need not be limited to, programs for which there is a statewide need for graduates. Nor does it prohibit visits by students, faculty members, or administrators, upon request, with groups of high school or college students or other groups interested in information on higher education, a particular institution, or particular programs when such visits are supported by funds from gifts and bequests. ✓

Sec. 8. Admission of Nonresident Students.--No nonresident of the State of Texas shall be enrolled as a new or transfer student in any school, college, or degree-granting program at any component institution of the System when all of the three following conditions occur: (1) when there is a limitation on the number of students who will be enrolled in the class of which such nonresident would be a member if he or she were enrolled; (2) when the result of enrolling such nonresident would be to increase to greater than 10% the percentage of nonresidents enrolled in the class of which such nonresident would be a member if he or she were enrolled; and (3) when at the time of the proposed enrollment of such nonresident, admission to the school, college, or degree-granting program is being denied to one or more Texas residents who have applied for admission and who reasonably demonstrate that they are probably capable of doing the quality of work that is necessary



to obtain the usual degree awarded by the school, college, or degree-granting program. It is provided, however, that the nonresident enrollment at the School of Law, The University of Texas at Austin, may be equal to 15% of each class of which nonresidents are a part provided that the admission of such nonresidents is on the basis of academic merit alone.

Sec. 9. Official Seal, Colors, Flag, and Mascot.

9.1 The official seal of the System shall be the seal held in the custody of the Executive Secretary to the Board on which shall be inscribed "Seal of The University of Texas." The official seal of each component institution shall consist of the System seal with such heraldic variations as may be approved by the Board upon recommendation of the ~~head~~ of the component institution, the appropriate Executive Vice Chancellor and the Chancellor. This official seal shall be used for the purpose of certifying diplomas, official transcripts for students and for such other official purposes as may be approved by the Board, by System Administration, or by the chief administrative officer of a component institution. Provided, however, that if any component institution has previously adopted and presently uses an institutional seal, such component institution may continue to use such seal in lieu of the seal hereby provided for. Provided further, however, no component institution shall use as its official seal that seal approved herein as the official seal of the System, unless the full title of the institution as designated in the Rules and Regulations of the Board, Part One, Chapter VIII, Section 4, is also used as an integral part of the seal.

9.2 The official colors for the System shall be orange and white; provided, however, that a component institution may adopt other colors to be used only in connection with athletic activities of the institution when approved by the Board upon recommendation of the chief administrative officer of the component institution, the appropriate Executive Vice Chancellor and the Chancellor.

*chief administrative officer ?*  
*Yes*

9.3 The Texas State Flag shall be designated as the official flag of the System, and the official flag of each component institution shall be the Texas State Flag with a streamer with the official name of the component institution in white letters on an orange field. No component institution shall have or display as its official flag or as a flag representative or symbolic of the institution any other flag.

9.4 Each component institution may adopt a theme and a mascot to be used in connection with athletic activities, provided same is approved by the Board upon recommendation of the chief administrative officer of the component institution, the appropriate Executive Vice Chancellor and the Chancellor.

Sec. 10. Appropriation Act Riders.--The System will comply with the provisions of the current General Appropriation Act insofar as applicable. ✓✓

## CHAPTER II

### ACCOUNTING, AUDITING, REPORTING, AND BUDGETARY CONTROL

#### Sec. 1. Types of Funds.

##### 1.1 Current Funds.

- 1.11 General.--General Funds are those unrestricted operating funds which are available for any purpose. Such funds are expended in accordance with the budgets and appropriations approved by the Board. General Funds balances shall not be reappropriated from one fiscal year to another unless specific approval is given by the appropriate Executive Vice Chancellor, ~~and~~ the Chancellor and the Board. ? ✓
- 1.12 Auxiliary Enterprises.--Auxiliary Enterprises Funds are those funds set aside for operating entities which exist to furnish specified services to students, faculty, or staff, and which charge fees that are directly related to the cost of the service.
- 1.13 Designated.--Designated Current Funds are those funds designated for special activities by the System. The income and expenditures are ordinarily related to a particular department. Expenditures follow the same programs as are found in the General and Restricted Current Funds. Such funds are subject to the same budgetary restrictions as General Funds although balances are automatically reappropriated at the end of each fiscal year.
- 1.14 Restricted.--Restricted Current Funds are those received from federal and local governments, state agencies, individuals,

foundations, corporations, etc., or income derived from endowments, to be used only for a particular purpose or project, specified by the donor, such as research, conferences, scholarships, fellowships, etc. The period of use is usually designated in the agreement approved by the Board. The accounting for the funds will be on the accrual basis; however, in financial reporting, the amounts reported as revenues are limited to the expenditures. Unless otherwise specified, balances are automatically reappropriated at the end of each fiscal year.

*omit one space*

- 1.2 Loan Funds.--Those funds that have been set aside for loans to be granted to students, faculty, or staff, including interest earned thereon.
- 1.3 Endowment and Similar Funds.
  - 1.31 Endowment Funds.--Those funds that donors have stipulated, as a condition of gift, that the principal is to be maintained inviolate in perpetuity, or in the case of "term" endowments to be maintained inviolate for a specified term. All endowment funds are administered by the Office of Asset Management of System Administration as provided in Part Two, Chapter IX of these Rules and Regulations.
  - 1.32 Quasi-endowment Funds.--Funds functioning as endowment as a result of determination by the Board that they are to be retained and invested. All quasi-endowment funds are administered by the Office of Asset Management of System Administration as provided in Part Two, Chapter IX of these Rules and Regulations.

- 1.4 Annuity and Life Income Funds.--Those funds acquired by the System subject to annuity contracts, living trust agreements, or gifts and bequests reserving life income to one or more beneficiaries. Such funds shall be administered by the Office of Asset Management of System Administration.
- 1.5 Plant Funds.
- 1.51 Unexpended Plant Funds.--Funds specified by the Board or by external sources for the acquisition, construction, or improvement of physical properties to be used for institutional purposes.
- 1.52 Renewals and Replacement Funds.--Funds specified by the Board or by external sources to be used for the renewal and replacement of plant fund assets. A regular source for such funds shall be the portion of indirect cost allowances represented by use charges on buildings, other improvements and equipment allocated to sponsored programs. (See also Part Two, Chapter XI, Section 7.)
- 1.53 Retirement of Indebtedness Funds.--Funds specified by the Board or by external sources to be set aside to meet debt service charges and the retirement of indebtedness on institutional plant assets. All such funds shall be administered by the Office of Asset Management of System Administration.
- 1.54 Investment in Plant Funds.--Funds invested in physical properties to be used for institutional purposes.
- 1.6 Agency Funds.--Those funds received and held by the System as custodian or fiscal agent for others. Agency funds shall be expended in accordance with the limitations of the agency agreement.

Sec. 2. Accounting.

- 2.1 The financial records of the System shall be kept as nearly as practicable in accordance with the recommendations set forth in "College and University Business Administration, Third Edition," (1974) published by the National Association of College and University Business Officers. Where those recommendations conflict with statutes or with regulations of the Texas Higher Education Coordinating Board, the latter shall be controlling.
- 2.2 All accounting records and procedures shall be subject to the approval of the chief business officer and the Vice Chancellor for Business Affairs or his or her delegate.
- 2.3 The business office of each component institution shall be the central office for accounting control for all financial transactions of the institutions. The chief business officer shall confer with departmental and administrative officials and instruct them concerning the records of financial transactions to be kept by the departments, as indicated in the next subsection.
- 2.4 Each person directly responsible for a department or other administrative unit (hereinafter called "department head") shall keep an account of funds and property for which he or she is responsible, as detailed as necessary to supplement the business office records.
- 2.5 All expenditures must be in accordance with the approved institutional operating budget.
- 2.6 Statements of department or other administrative unit accounts shall be prepared monthly by the business office and shall be sent periodically to the department heads who will compare their records with those of the business office and report any differences promptly to the business office.
- 2.7 A person in each department or other administrative unit may be designated by the department head, with the approval of the chief business officer, to sign

vouchers, requisitions, etc., in the absence of the department head. These designations shall expire upon receipt of notification by the accounting office in writing from the department head or upon termination or transfer of the designee from the department.

Sec. 3. Auditing.

- 3.1 The chief business officer is initially responsible for the preaudit of all business transactions as a part of the regular accounting procedures of the business office and consistent with the system of internal control.
- 3.2 Postauditing shall be regularly performed with formalized audit programs developed by the chief business officer and the System Comptroller. Each institution is expected to maintain an internal audit staff to perform the basic postaudit functions and to augment the work of the System Comptroller's staff and the State Auditor, unless otherwise exempt from this requirement by the Vice Chancellor for Business Affairs.
- 3.3 The audit staff of the System Comptroller shall review and/or conduct postaudits of business activities at the component institutions. Such audits shall be conducted in accordance with accepted auditing standards, including necessary tests of the records. Written reports will be prepared for all such audits, calling attention to transactions which may not be in accord with legal requirements, System and institutional accounting principles, policies and regulations. The audit staff shall recommend corrective measures and procedures when appropriate.
- 3.4 The audit staff of the System Comptroller, in addition to the above duties, shall review the internal audit programs of the component institutions, and shall conduct procedural studies and make recommendations for effective, and insofar as practical, uniform systems of accounting and reporting for all component institutions of the System.

3.5 The State Auditor, under State law, is responsible for the external audits of the books of the System.

*Capital ok  
no more applied on laws case "15"*

Sec. 4. Reporting.

4.1 All financial reports shall be prepared in accordance with the provisions of the statutes, official directives of the Texas Higher Education Coordinating Board, and directives of the Board, and in conformity with the manual, "College and University Business Administration, Third Edition," (1974) referred to ~~above~~. The reports shall be prepared by the chief business officer and approved by the System Comptroller.

*IN PARAGRAPH  
SubSECTION 2.1 of the chapter*

4.2 Two reports, both of which shall be prepared under the direction of the chief business officer and the System Comptroller, shall be prepared annually:

4.21 Annual Financial Report.--As required by law, printed financial reports, in the format recommended in "College and University Business Administration, Third Edition," (1974), or its successor publication, shall be filed with the Texas Higher Education Coordinating Board and other State offices as specified by law.

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4.22 Salary Payment Report.--On or before December 31, each year, an itemized report in format prescribed by System Administration shall be prepared of salaries and wages paid all employees for services during the preceding fiscal year out of any funds from any source or character under the control and/or custody of the Board, listing for each employee the total amount paid from each source during the twelve months of the fiscal year, the title of the position held or kind of service rendered. Copies of this report shall be furnished The Executive Secretary to the Board, the System Budget Director, and the System Comptroller.

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- 4.3 Monthly financial reports, in the form prescribed by the System Comptroller, shall be prepared by each institutional chief business officer and distributed to the chief administrative officer, the Executive Secretary to the Board, the System Budget Director, and the System Comptroller. Copies of such monthly reports, verified under oath, shall be furnished semiannually to the Governor.

Sec. 5. Operating Budgets.

- 5.1 Operating Budgets for all the component institutions shall be approved annually by the Board within the budget estimates of income prepared by the chief business officer and the chief administrative officer and approved by the appropriate Executive Vice Chancellor and the Chancellor.
- 5.2 General policies for the budget preparation shall be recommended by the Chancellor to the Board and shall be followed in preparing the budgets. Instructions for details of budget preparation shall be furnished to the chief administrative officers by the System Administration.
- 5.3 The institutional chief administrative officer shall issue local instructions and shall furnish forms to the budget-recommending officials. Their recommendations for salaries, maintenance and operation, equipment, travel, and other pertinent items shall be reviewed by the chief administrative officer. The budget as finally recommended by the chief administrative officer shall be forwarded to the appropriate Executive Vice Chancellor and the Chancellor for further review and recommendation to the Board.
- 5.4 Rules and procedures for budget administration shall be prepared by the Chancellor, with assistance of the appropriate Executive Vice Chancellor, approved by the Board, and shall be included in the completed budgets.

- 5.5 A copy of each budget, and any subsequent amendment thereto, shall be filed by the Executive Secretary to the Board with the Legislative Reference Library to be available for public inspection, and also with such other state offices as required by law. ✓✓

Sec. 6. Legislative Budget Requests.

- 6.1 Legislative budget requests, biennial or otherwise, as may be required shall be submitted to the Texas Higher Education Coordinating Board, to the Legislative Budget Board, and to the Governor's Budget and Planning Office in the form and at the time prescribed.
- 6.2 These legislative budget requests shall be prepared in conformity with the same general procedures, as outlined above in Section 5, for the annual budgets in the following sequence:
- 6.21 Approval of budget request writing policies by the Board upon recommendation of the Chancellor.
- 6.22 Preparation of a recommended budget request of expenditures by the chief administrative officer in conformity with these policies.
- 6.23 Approval of the completed budget request by the appropriate Executive Vice Chancellor, the Chancellor and the Board.

## CHAPTER III

### RECEIPT, CUSTODY, AND DISBURSEMENT OF MONEYS; ABSENCE FROM USUAL AND REGULAR DUTIES INCLUDING TRAVEL

#### Sec. 1. Receipts, Admission Tickets, and Charges.

- 1.1 No department, division, or individual staff member is authorized to receive money in the name of a component institution of the System unless authorized by the chief business officer and chief administrative officer.
- 1.2 An official receipt in the form prescribed by the chief business officer shall be issued to payors for all moneys received unless the chief business officer has specifically authorized exceptions for certain types of collections.
- 1.3 All moneys received shall be recorded and handled under appropriate internal accounting controls.
- 1.4 Admission tickets, including complimentary tickets, shall have the price of admission indicated thereon, and all such tickets shall be prenumbered, except for certain events where the section, row, and seat number are shown. Admission tickets and coupon books shall be purchased for delivery to the institutional business office and issued to the department concerned. Unused tickets or books shall be returned along with a prescribed ticket report to the business office within 30 days from the date of the event, and a list showing the names of all persons receiving complimentary tickets shall be a part of the prescribed ticket report. The chief business officer may authorize an exception to the 30-day time limit for submitting ticket reports for a specified event or series of events, provided that the exception must be in writing, and must specify both the reason for the exception and the alternate due date for those ticket reports.

- 1.5 All unpaid (including complimentary, free, or discounted) charges for sales or service of auxiliary enterprises, organized activities, or service departments or similar activities shall be reported to and recorded by the chief business officer or his or her delegate under appropriate internal accounting controls. A list or other documentation showing the authorization and names of all persons receiving complimentary, free, or discounted goods or services and the values thereof shall be furnished to the business office within 30 days from the date such goods were issued or such services were rendered by any auxiliary enterprise, organized activity, or service department or similar activity.

Sec. 2. Deposits with Institutional Business Office.

- 2.1 Money received by all departments from all sources shall be deposited, using an official form, in the institutional business office, unless depositing directly to a special bank account has been specifically authorized by the System Comptroller. The deposits shall be daily if the receipts are \$200 or more, and weekly even if the accumulation is less than \$200. Except for mail deposits authorized under Subdivisions 2.11 and 2.12, the deposit shall be made in person by a departmental representative to whom an official receipt is issued.
- 2.11 Mail deposits by on-campus departments are authorized if the amount of each deposit is less than \$100 and does not contain cash (currency).
- 2.12 Mail deposits by off-campus activities are authorized if such deposit does not contain cash (currency).
- 2.2 Departments or activities mailing deposits shall maintain adequate record of such deposits, including detailed description of negotiable instruments.
- 2.3 Cash overages or shortages shall be reported to the business office with each deposit. Cash overages shall be deposited in the business office.

2.4 Petty cash funds shall be provided only on approval of, and by arrangement of, the department with the chief business officer. Special petty cash fund bank accounts may be established only with the approval of the System Comptroller.

Sec. 3. Deposits with the State Treasurer.

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3.1 The statutes and the current Appropriations Act require that all cash receipts of the general academic teaching institutions be deposited in the State Treasury with the exception of those from auxiliary enterprises, noninstructional services, matriculation fees collected in lieu of student activity fees, agency and restricted funds, endowment funds, student loan funds, and Constitutional College Building Amendment Funds.

3.2 Institutional receipts required to be deposited in the State Treasury shall be so deposited in the manner prescribed in the statutes and the current Appropriations Act.

3.3 Component institutions of the System are authorized by the current Appropriations Act to establish Revolving Funds under certain prescribed procedures to facilitate the payment of nominal expenses and to pay bills within cash discount periods, as well as for regular monthly payrolls, weekly, and special payrolls. Such Revolving Funds are authorized, subject to approval of the System Comptroller.

Sec. 4. Local Institutional Funds.

4.1 All local income not required to be deposited in the State Treasury must by law be deposited in official depository banks for safekeeping.

4.11 Depository agreements with official depository banks shall be negotiated, as necessary, by the System Comptroller with those banks approved by the Board and in accordance with the then current policies of the Board. Such depository agreements shall be executed by the Chairman of the Board.

- 4.12 Requests for authorized signatures, or changes thereto, for bank accounts maintained in all depository banks, shall be forwarded to the System Comptroller, who, after review and approval, shall refer such requests to the Vice Chancellor for Business Affairs for notification of the banks concerned.
- 4.2 Depository banks selected shall furnish adequate surety bonds or securities to assure safety of these funds. Local Funds shall be deposited in the depository banks as soon as possible, but in no event later than seven days from the date of collection. Demand deposits and time deposits will be maintained in accordance with the current policies of the Board.
- 4.3 The Board and the chief administrative officers may not, by law, borrow money from any person, firm, or corporation to be repaid from Local Funds except as specifically authorized by the Legislature.
- 4.4 Interest on Time Deposits.--As permitted by statute, interest received from depository banks for funds on time deposit shall be credited to appropriate accounts in either general funds or trust funds in relationship to the sources of balances on time deposit, provided that disposition of such earning was not specified by the grantor. Interest received from Current Restricted Funds (Trust Funds) time deposits shall be subject to further appropriation or transfer by the Board for any lawful purpose.

Sec. 5. Vouchers for Expenditures.

- 5.1 Properly approved and fully supported vouchers are the authorization for cash disbursements. The Chairman of the Board or his or her delegate or the chief administrative officer or his or her delegate must approve all vouchers. One of these delegates shall be the chief business officer who shall select the other delegates from his or her staff. Such approval is based upon satisfactory supporting documentation

evidencing that goods or services were properly ordered, that the vendor has submitted invoice and certification, and that the goods or services have been received by the institution and are acceptable to the requisitioning department.

5.2 Appropriate internal accounting controls shall be exercised over the vouchering and disbursement procedures.

5.21 To the extent that centralized receiving facilities are available, delivery of all purchased supplies, materials, and equipment should be received at a centralized location under the direction of the chief business officer.

5.22 Vouchers should be prepared centrally in the business offices of those component institutions having centralized receiving operations.

5.3 Vouchers are to be coded in the business offices within the approved expenditure codes, and if payable by warrant drawn by the State Treasurer, with the proper expenditure classifications furnished by the State Comptroller, as well as complying with other current requirements of the State Comptroller and the State Purchasing and General Services Commission.

Sec. 6. Cash Discounts.--The accounting procedures should be designed to assure realization of advantageous cash discounts allowed by vendors.

Sec. 7. Outstanding Checks.--Outstanding checks shall be carried on the official accounting records for one year from the end of the month of issuance.

Sec. 8. Institutional Membership Dues.--General Funds of the System may be used to pay membership fees only in educational, scientific, or other associations, in which the System, or a component institution thereof, is an institutional member, with memberships approved by the chief administrative officers. Such other approvals as may be required by law shall also be secured.

Sec. 9. Payrolls.

- 9.1 There are three general types of payrolls, those for (1) regular monthly salaried employees; (2) weekly salaried employees; and (3) hourly salaried employees.
- 9.2 All payrolls shall be prepared or verified in the business office from regular budgets, appointment documents, authorizations, time cards, or other documentation, and approved by the chief business officer or a person designated by him or her.
- 9.3 If payment for regular salaried employees is for less than a month, the salary calculated shall be figured proportionately on the basis of the actual number of working hours in such month.
- 9.4 Deductions for income tax, retirement, social security, and programs authorized by the Board, such as group insurance, are made where applicable on all payrolls.
- 9.5 Dates for distribution of salary checks vary at the component institutions and will be announced by the respective business offices.

Sec. 10. Absence from Usual and Regular Duties, Authorization for Absence, Including Travel, and Travel Expense Reimbursement.

- 10.1 Approvals of travel shall not be routine or perfunctory, but shall be made only after the chief administrative officer or his or her authorized representative have carefully examined the purpose and need for each trip with a view to the economic and effective utilization of all travel funds.
- 10.2 Approvals of travel by the chief administrative officer or his or her authorized representative shall be made only:
  - 10.21 When such travel is on State business, which shall include among other purposes, the formal presentation of



original research by an employee before a national, international, regional, or state learned society; and


10.22 When appropriate provisions are made to carry on the duties of the absent person without additional expense to the institution.

10.3 Authorization for Absence for Staff Members Whose Regular Duties Do Not Require Travel.--Authorization for absence from usual and regular duties, including travel from the city or town where the officer or employee is regularly stationed, will be granted by the Board, or by the administrative officer as hereinafter delegated by the Board, only in advance, as follows:

10.31 Requests for authorization to be absent for a period not in excess of two weeks (fourteen calendar days) shall be transmitted through proper administrative channels to the chief administrative officer of the component institution for approval.

10.32 Requests for authorization to be absent for a period in excess of two weeks, but not in excess of twenty-nine days, including travel on official business, shall be transmitted through proper administrative channels to the appropriate Executive Vice Chancellor for approval prior to such absence.

10.33 Requests for authorization to be absent for a period in excess of twenty-nine days, (excluding holidays approved by the Board), including travel on official business, shall be transmitted through proper administrative channels to the appropriate Executive Vice Chancellor for approval prior to such absence. Such approvals are to be reported in the regular Dockets of the institutions affected.

- 10.34 Requests for authorization to be absent by the administrative officers and staff of System Administration shall be approved by the Chancellor, the Executive Vice Chancellor for Academic Affairs or the Executive Vice Chancellor for Health Affairs as appropriate.
- 10.35 Any travel that contemplates reimbursement from funds appropriated by the Legislature for travel expenses incurred must have the advance written approval of the Governor, with the exception of travel to, in, and from the several states, United States possessions, Mexico, and Canada.
- 10.36 In lieu of any of the delegations of authority to approve absence from usual and regular duties, including official travel, specified in the above subsections, the appropriate Executive Vice Chancellor may exercise such authority.
- 10.37 The chief administrative officers of the component institutions shall keep records of all approved absences which shall be available for review by the appropriate Executive Vice Chancellor, the Chancellor, the Board, or their delegate.
- 10.4 Travel Expense Reimbursements.
- 10.41 Travel expenses shall be reimbursed only from funds appropriated or authorized for travel. The chief administrative officers shall plan the travel of all employees under their authority to achieve maximum economy and efficiency.
- 10.411 Each travel voucher submitted for reimbursement shall include such a description as to identify persons or places contacted and/or the nature of the official business of the State performed within the legal responsibilities of the
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- institution. When recruiting of faculty and staff is involved, names of persons contacted are required.
- 10.412 In submitting travel vouchers for payment from funds in the State Treasury, component institutions should recognize the regulations of the State Comptroller with respect to such claims.
- 10.42 Travel vouchers for reimbursement of all official travel authorized pursuant to the foregoing provisions shall be approved and signed as follows:
- 10.421 System Administration.-- Reimbursement for all travel by employees of the System Administration shall be approved by the Chancellor, the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Asset Management, the Executive Vice Chancellor for Health Affairs or their delegates, or the Director of Accounting or Assistant Director of Accounting of The University of Texas at Austin.
- 10.422 Component Institutions.--Reimbursement for all travel by employees of the component institutions shall be approved by the Chancellor, the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Health Affairs, or by the institutional administrative officers designated below:  
chief administrative officer or chief business officer or other senior administrative or fiscal

officers as may be delegated in writing by the chief administrative officer and the chief business officer. Such delegations shall be approved by the appropriate Executive Vice Chancellor or the Chancellor and filed with the Executive Secretary to the Board and the State Comptroller of Public Accounts, together with the names of the individuals occupying the positions named.

10.43 Allowances for Meals and Lodging (including Per Diem), Transportation and Related Expenses.--Provisions of the applicable current Appropriations Act and the Travel Regulations Act of 1959 (Article 6823a VTCS), as amended, shall govern such allowances.

10.431 Exceptions to Per Diem Allowance.--

10.4311 Chief administrative officers shall be reimbursed for their actual meals, lodging, and incidental expenses (exclusive of expenses related to motor vehicles for which transportation is paid) when traveling on official business either in or out of state.

10.4312 Partial Per Diem Allowance for Meals and Lodging.--An employee who is traveling on official University business for a continuous period of a minimum of six (6) hours but less than twenty-four (24) hours which

does not involve over-  
night stay will be  
reimbursed a partial  
per diem for meals in  
lieu of actual  
expenses, for both  
in-state and out-of-  
state travel. The  
Chancellor shall pre-  
scribe such reimburse-  
ment within the  
limitations estab-  
lished by the current  
Appropriations Act.



10.4313 In addition to employ-  
ees, these provisions  
apply to reimbursement  
of travel expenses for  
prospective employees  
as provided in the  
statutes.

10.432 Reimbursement for Dues or Member-  
ship Fees.--Reimbursement will  
not be allowed for dues or mem-  
bership fees incurred in joining  
or attending any type of organi-  
zation or association unless the  
membership is in the name of the  
State of Texas and/or the System  
or a component institution  
thereof. Such dues or member-  
ship fees will not normally be  
included for reimbursement on a  
travel claim, but will be sepa-  
rately approved and paid. (See  
Section 8.)

10.44 Special Exceptions to Foregoing Travel Pro-  
visions.--The foregoing provisions apply to  
all employees and all funds but employees  
may elect to take advantage of the specific  
exceptions authorized below:

10.441 Contracts.--Travel allowances  
under research or other con-  
tracts, which are 100 percent  
reimbursable, will follow the

terms of the contract, and in the absence of specifications the travel rules and regulations covering payments from gifts, grants, and designated funds will apply.

10.442

Gifts, Grants, Designated and Auxiliary Enterprise Funds.-- Reimbursement of travel expenses paid from gifts, grants, designated and auxiliary enterprise funds will be as follows:

- (a) For grants from or derived from federal or state agencies, travel allowances shall be paid as specified in the foregoing provisions.
- (b) For other gifts, grants, designated, or auxiliary enterprise funds, travel allowances may be for actual expenses for meals and lodging not to exceed \$180 per day. The transportation allowances will be as specified in the foregoing provisions.

The provisions of both (a) and (b) above are subject to the terms, provisions and conditions of the particular gifts, grants, or funds involved. Further exceptions of these provisions may be in accordance with specific authorization by the Board with certain designated funds. Likewise, when anticipated living costs are unusually low for those engaged in travel, the person authorizing the travel may

reduce the allowance for all or any part of the travel, provided that the employee shall be notified of such reduced allowance before being allowed to incur any expense. When not otherwise prohibited by the terms of the gift or grant, employees may also be reimbursed for required registration fees or similar expenses incurred in attending meetings of organizations or associations. Receipts for lodging, registration fees, or similar expenses shall be obtained and attached to the expense voucher. Project Directors, Principal Investigators, Departmental Chairpersons, or other authorized personnel under a gift or grant who travel in their personally owned airplanes on necessary official business may be reimbursed therefor as provided in the current Appropriations Act.

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10.443 Intercollegiate Athletics.-- Actual expenses will be paid at no per diem limit, provided such expenditures in the amount of \$4.00 or more are supported by signed receipts.

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10.45 Travel Advances.--As provided by statute, the System, including component institutions, may establish procedures for making advances for travel expenses incurred by employees in the exercise of their official duties. Any such procedures established shall be in accordance with the statute, based on guidelines provided by the State Comptroller, and provide for prompt recovery of any such advances.

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10.46 Institutional Travel Regulations.--Component institutions shall issue institutional travel regulations to implement the provision of this Section 10.4 for guidance of all personnel concerned. Copies of all such regulations shall be filed with the System Comptroller, who shall also issue clarifying instructions as appropriate.

Sec. 11. Insurance on Money and Securities; Fidelity Bonds.

11.1 Insurance on Money and Securities.--As approved by the Board, the System carries a blanket System-wide policy insuring against loss of money or securities at any of the component institutions. The premium paid by each institution is separately computed and is based on the coverage applicable at each institution. At the time any loss occurs at any institution, the Vice Chancellor for Business Affairs shall be notified by the appropriate chief business officer and shall approve all loss claims and settlements. Any settlement over \$2,000 and under \$10,000 shall be reported to the Board for ratification. Settlements in the amount of \$10,000 or more must have the approval of the Board. Money and securities coverage may be combined with the blanket position fidelity bond.

11.2 Fidelity Bonds.

11.21 As approved by the Board, the System shall carry a blanket position (fidelity) bond that shall cover employees of all component institutions. All employees shall be covered in the amount of not less than \$5,000 each. For total coverage in excess of \$10,000, approval of the State Auditor is necessary.

11.22 The Secretary of State and the State Comptroller of Public Accounts shall be each furnished with an original of the bond.



- 11.23 The premium for the bond is prorated to the component institutions on the basis of the number of employees covered for which a premium charge is made and the excess coverage thereon.
- 11.24 At the time a loss occurs, the Vice Chancellor for Business Affairs shall be notified by the chief business officer and shall approve all loss claims and settlements. Any settlement over \$2,000 and under \$10,000 shall be reported to the Board for ratification. Settlements in the amount of \$10,000 or more must have the approval of the Board.
- 11.25 The blanket position fidelity bond coverage may be combined with money and securities coverage.

## CHAPTER IV

### PURCHASING

- Sec. 1. Authority to Obligate Institutional Funds.--The official purchasing agents of the component institutions shall have sole authority to obligate institutional funds for purchases of supplies, materials, services, and equipment unless otherwise provided in these regulations or otherwise specifically approved by the component chief administrative officer, the appropriate Executive Vice Chancellor and the Chancellor or by the Board. No liability can be assumed for payment of obligations except those incurred in accordance with authority thus granted.
- Sec. 2. Purchasing Ethics.
- 2.1 First consideration shall be given to the objectives and policies of the System and its component institutions.
  - 2.2 Every effort shall be made to obtain the maximum ultimate value for each dollar of expenditure.
  - 2.3 Honesty in sales representation shall be demanded, whether offered through the medium of oral or written statement, an advertisement, or a sample of the product.
  - 2.4 Purchasing agents and their staffs and others authorized by or under these regulations to make purchases shall not accept personal gifts or gratuities that might in any way result in an obligation to individuals or firms seeking business.
  - 2.5 All qualified, reputable bidders shall be given equal opportunity to submit bids on a uniform basis when competition is possible.


- 2.6 No bidder shall receive special consideration or be allowed to revise a bid after the time set for opening bids.
- 2.7 Any violations of these purchasing ethics shall be reported promptly by the chief business officer to the Vice Chancellor for Business Affairs.

Sec. 3. Contacts with the State Purchasing and General Services Commission.--All contact, whether oral or written, with the State Purchasing and General Services Commission and with vendors are handled through the official purchasing agents and the divisions, departments, or offices to whom the purchasing function has been specifically delegated, unless advance written authorization is obtained from the purchasing agent or the chief business officer for other persons to do so.

Sec. 4. Purchases of Supplies and Equipment.

- 4.1 Unless otherwise provided in these Rules and Regulations or specifically approved by the Board, the State Purchasing and General Services Act of 1979 shall govern the purchasing policies of the System.
- 4.2 Under the provisions of the State Purchasing and General Services Act of 1979, purchases of the following items may be made without approval of the State Purchasing and General Services Commission:
- (a) Supplies, materials, services, and equipment for resale.
  - (b) Supplies, materials, services, and equipment for Auxiliary Enterprises.
  - (c) Supplies, materials, services, and equipment for Organized Activities Relating to Educational Departments.
  - (d) Supplies, materials, services, and equipment purchased with gift and grant funds, including contract funds.

Sec. 5. Purchasing Procedures.

- 5.1 The official purchasing agent of each component institution shall promulgate procedures to facilitate and expedite the purchasing function. Such procedures shall be developed in accordance with sound business practices and applicable state law. Purchasing procedures shall be implemented only after review and approval of the chief business officer. 
- 5.2 Closed or noncompetitive specifications shall not be used except in unusual instances clearly justified as being essential to efficient operating performance. Reports of all such exceptions shall be maintained by the chief business officer.

Sec. 6. Space Leases.

- 6.1 Space leases involving buildings paid from all fund sources must, by law, be approved by the State Purchasing and General Services Commission and may not extend beyond a ten-year period.
- 6.2 Proposals to the State Purchasing and General Services Commission for space leases require the advance approval of the Vice Chancellor for Business Affairs. The proposal must show type of space and purpose of its use, approximate number of square feet, location, whether janitor service and/or utilities will be furnished by the lessor, period of lease, and any other requirements set out by the Vice Chancellor for Business Affairs or the State Purchasing and General Services Commission.
- 6.3 A proposal shall be approved and the lease completed prior to occupancy of any space for office, storage, or other purposes. Lease documents are to be submitted to the Board through the institutional docket procedures.

Sec. 7. Purchases from Employees.--Purchases are not permitted from any officer or employee of the System unless the cost is less than that from any other known source and until approved by the component chief administrative officer, the appropriate Executive Vice Chancellor, the Chancellor, and the Board. Details of such transactions shall be reported in the Dockets or Minutes of the Board.

CHAPTER V

PERSONNEL

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Sec. 1. Classified Personnel.--The Policy of the Board on the Development and Coordination of the Classified Personnel Programs is and includes:

1.1 System Personnel Director.

The System Personnel Director serves as an administrative officer advising the Vice Chancellor for Business Affairs.

1.2 The development and coordination of the System-wide Classified Personnel Program.

1.21 The Classification Plan.

1.211 Coverage.--The Classified Plan of the System shall include all positions which do not entail significant instructional responsibilities or responsibilities for the administration of instructional or research organizations. The chief administrative officer (or his or her delegate) of each component institution shall determine the inclusiveness of the Classification Plan within this general definition.

1.212 Type of Plan.--Uniform use shall be made of the job grading procedure method of job evaluation. Job descriptions shall be prepared according to the Procedure for Writing Job Specifications provided by the System Personnel Office.

1.213 Job Titles.--Standardized job titles shall be used for similar job classes common to two or more

of the component institutions in order that a particular job title shall describe similar work to the extent possible. Classes unique to a component institution shall have suitable descriptive titles.

1.214 Job Code.--A uniform job code shall be used to designate job classes.

1.215 Job Descriptions.--Standardized job descriptions shall be used for similar job titles common to two or more component institutions when practicable.

1.22 The Pay Plan.

1.221 A uniform system of salary steps providing for an increase of approximately 3.4 percent, to the nearest dollar, above each preceding step shall be used for all pay plans. All salaries shall be on salary steps, or a fractional part thereof.

1.222 A System-wide Personnel Pay Plan setting forth the salary ranges for each job classification shall be utilized encompassing the salary ranges reflected in the component unit pay plans.

1.223 A classified employee appointed to a part-time paid teaching rank shall be paid at the rate applicable to each position.

1.224 Salary ranges for each job classification shall be dependent upon the competitive labor market situation for each institution.

1.23 The Policies and Rules.

1.231 Each institution shall operate its Classified Personnel Program under a policy statement covering the appointment, compensation, and working conditions of classified employees.

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- 1.232 Formal approval of the policies and rules developed by each institution was obtained from the Board at the time each program was formally adopted.
- 1.233 Changes in the policies and rules require the approval of the chief administrative officer or his or her delegate, the System Personnel Director, and the Vice Chancellor for Business Affairs.
- 1.234 Uniform policies shall be followed in providing vacation, sick leave, etc., within the limitations imposed by local operating conditions.
- 1.24 Approval of additions to and changes in the Classified Personnel Program.
  - 1.241 Formal approval of the Classification Plan and System-wide Personnel Pay Plan, including annual revision thereto, is obtained annually from the Board. Such approval shall be secured prior to the effective date of the plan.
  - 1.242 Changes in the Classification Plan and System-wide Personnel Pay Plan involving the following require only the approval of the chief administrative officer or his or her delegate, the System Personnel Director, and the Vice Chancellor for Business Affairs.
    - (a) Type A. Adjustment of a salary range in a component unit plan within the established System-wide salary range, which when approved, will not change the System-wide Personnel Pay Plan in any way.
    - (b) Type B. Adjustments to the component unit personnel pay plan, which when



approved, will change the System-wide Personnel Pay Plan in some way.

- (1) Deletion of title
- (2) Change in title only
- (3) Change in code number only
- (4) Addition of a title to a component unit pay plan that is in the System-wide Plan and the salary range requested is within the established System-wide salary range.

1.243 Changes in the Classification Plan and System-wide Personnel Pay Plan involving the following must have approval of the chief administrative officer or his or her delegate, the System Personnel Director, and the Vice Chancellor for Business Affairs. In addition, such changes require ratification of the Board through the docket procedure.

- (a) The addition of a title to a component unit pay plan which is not included in the System-wide Plan.
- (b) The addition of a title to a component unit pay plan which is included in the System-wide Plan, but the salary range being proposed is not within the established System-wide salary range.
- (c) Adjustment of a salary range in a component unit pay plan that would change the established System-wide salary range.

- 1.25 Institutional Personnel Officer.
  - 1.251 The chief business officer of each institution shall designate an institutional personnel officer to be responsible for the development and operation of the Classified Personnel Program.
  - 1.252 Functional direction and help on technical personnel matters shall be provided each institutional personnel officer by the System Personnel Director.

Sec. 2. General Personnel.

- 2.1 Leave for Military Duty.
  - 2.11 A leave of absence not to exceed fifteen working days in any one calendar year is granted faculty or staff members who, as members of the National Guard or Official Militia of Texas or members of any of the Reserve Components of the Armed Forces, shall be engaged in authorized training or duty, ordered or authorized by proper authority. During such periods, the employee is absent without loss of efficiency rating, vacation time or salary; and when relieved from military duty, the employee is restored to the position and status he or she previously held.
  - 2.12 A leave of absence with full pay shall be provided any employee who is called to active duty with the National Guard by the Governor of Texas. Such leave shall in no way be charged against the employee's vacation or sick leave privileges.
  - 2.13 The chief business officer of each institution may prescribe forms and procedures for such leaves.

2.2 Medical Disability Leave.

2.21 Temporary disabilities caused or contributed to by pregnancy, childbirth, or related medical conditions shall be treated in the same manner as other temporary medical disabilities. Except as provided under Subsection 2.220 of this Section, any employee, whether faculty, classified, or administrative, who expects to be, or who becomes temporarily disabled as a result of injury, illness or pregnancy, may request and receive a leave of absence without pay for a "reasonable period" of time, provided the request is made under the following terms and conditions:

2.211 The employee shall provide the department head with a physician's certification establishing the medical disability and the anticipated period of absence.

2.212 The employee and the department head will submit a request to the chief administrative officer through proper channels. The request will include a statement from the department head detailing the manner in which the responsibilities of the employee will be assumed. A statement encompassing the details of the medical disability leave shall be entered in the remarks section of the appropriate personnel action form.

2.213 "Reasonable period," as used in this Section, is defined as the length of the leave as determined by the employee's medical disability. The period shall normally not

exceed six (6) weeks, following incapacitation or after delivery in the case of maternity. Leave without pay shall be authorized only after the employee has exhausted all accumulated paid leave entitlements (sick leave and then vacation leave). Following a six week absence, the chief administrative officer may authorize an additional reasonable period of time for medical disability leave without pay on an individual basis after review of the merits of each particular case, and subject to the requirement of exhaustion of accumulated paid leave. Total leave without pay for medical disability shall not exceed twelve months.

- 2.214 Vacation leave and sick leave do not accrue while on medical disability leave without pay.
- 2.215 Subject to fiscal constraints, approval of medical disability leave shall constitute a guarantee of employment for the period of the medical disability leave.
- 2.216 The employee returning from medical disability leave will furnish a statement from a duly licensed physician certifying that the employee is medically capable of resuming normal working duties.
- 2.217 In the case of faculty on medical disability leave, the date for return to work will coincide with the beginning of the next semester, following

the period of absence, if the chief administrative officer, or his or her delegate, determines that such beginning date is necessary in order to obtain a temporary replacement or to maintain the integrity of the academic program of the institution.

2.218 A replacement may be provided on a temporary basis during the absence of an employee on medical disability leave.

2.219 An employee on medical disability leave without pay is entitled to continue optional group insurance coverages at the employee's own expense.

2.220 If an employee is unable to return to work because of an on-the-job injury covered by Workers' Compensation Insurance, the employee may remain on the payroll until vacation and sick leave are exhausted, or may designate in writing that a portion of such leave may be used for this purpose.

## 2.3 Overtime.

2.31 The schedule of activities shall be so organized that employees are not required to work in excess of established work periods except when operating necessities demand it. Any overtime services actually required must have the advance written approval of the chief administrative officer or the chief business officer, or both.

- 2.32 With the exception of professional medical personnel and bona fide executive, administrative, and professional positions, all employees required or permitted to work in excess of forty hours per week shall be compensated for such overtime either:
- 2.321 By receiving compensatory time off at the rate of one and one-half (1½) hours off for each hour of overtime, subject to the accrual limitation of 480 hours in the case of personnel engaged in public safety or emergency response activities; or 240 hours for other categories of employees. Such compensatory time off shall be granted at a mutually convenient date anytime during the twelve month period following the end of the workweek in which such compensatory time is accrued, or during a shorter time period as specified by the component institution; or
- 2.322 In cases where granting compensatory time is impracticable, by receiving pay equivalent to one and one-half times the regular rate of pay.
- 2.33 Compensatory time for those employees excepted from this provision shall be determined by the chief administrative officer of the institution involved.
- 2.34 Institutions paying overtime shall maintain a monthly record of overtime paid indicating the number of employees so compensated and the total amount paid.

2.4

Intellectual Property Policy.

- 2.41 Statement of Basic Philosophy and Objectives.--While the discovery of patentable processes or inventions and the creation of other intellectual property is not the primary objective of the System, for any

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such discoveries or creations, it is the objective of the Board to provide an intellectual property policy which will encourage the development of inventions and other intellectual creations for the best interest of the public, the creator, and the research sponsor, if any, and that will permit the timely protection and disclosure of such intellectual property whether by development and commercialization after securing available protection for the creation, by publication or both. The policy is further intended to protect the respective interest of all concerned by ensuring that the benefits of such property accrue to the public, to the inventor, to the System and to sponsors of specific research in varying degrees of protection, monetary return and recognition, as circumstances justify or require.

2.411 Each component institution may develop in its Handbook of Operating Procedures additional policies and rules covering the subject matter of this section not inconsistent with this section or other policies or procedures adopted by the Board.



2.42

General Policy.

2.421 The intellectual property policy as adopted shall apply to all persons employed by the component institutions of the System, to anyone using System facilities under the supervision of System personnel, and to postdoctoral and predoctoral fellows.

2.422 This policy shall apply to intellectual property of all types (including any invention, discovery, trade secret, technology, scientific or technological development, or computer software) regardless of

whether subject to protection under the patent, trademark or copyright laws. This policy shall not apply to faculty authored written or visual work, except computer software, produced in the author's professional field, which property shall be owned by the creator; nor shall the policy apply to intellectual property produced as a work for hire in the performance of a contract with the System or as a part of an employee's assigned work responsibilities, which property shall be owned by the Board.

- 2.423 It is the intent of this policy to permit the creator of intellectual property maximum freedom in respect to their creations, consistent with their obligations to the System. Any person affected by this policy who as a result of his or her activities creates intellectual property other than on certain government or other sponsored research projects, where individual grant agreements provide otherwise, should have a major role in the ultimate determination of how it is to be made public -- by publication, by development and commercialization after securing available protection for the creation, or both.
- 2.424 Property rights in intellectual property will be based on the degree of System support, as hereinafter specified.
- 2.425 The System, with the cooperation of the component institution, will provide review and management services for patentable inventions as well as other intellectual property either by its own staff, through a related foundation, or by other means.



- 2.426 It is a basic policy of the System that intellectual property be developed primarily to serve the public interest. This objective usually will require development and commercialization by nonexclusive licensing but the public interest may best be promoted by the granting of a limited exclusive license or even an exclusive license for the period of the patent. These determinations will be recommended and made in accordance with the administrative procedures hereinafter set out and with the approval of the Board.
- 2.43 Institutional Patent Committees and System Intellectual Property Office.
- 2.431 Patent Committees: To help administer the intellectual property policy at each component institution and to make recommendations to chief administrative officers for further referral to the System Administration and the Board (in those cases when action by the System Administration and/or the Board is required), Institutional Patent Committees shall be established as directed by the Chancellor. Each institution at its option may use the term "Intellectual Property Committee" in lieu of "Patent Committee."
- 2.432 System Intellectual Property Office: To assist the Institutional Patent Committees to provide advice to individual faculty and staff members in intellectual property matters and to coordinate details in

respect to procedures for protecting and marketing intellectual property, a System Intellectual Property Office shall be established.

2.44 Classification of Discoveries by Source of Research Support.

2.441 Intellectual property that is unrelated to the individual's employment responsibility, has been developed as a result of the individual's efforts on his or her own time, with no System support or use of System's facilities.

2.442 Intellectual property that is related to the individual's employment responsibility, or has resulted either from activities performed by the individual on System time, or with support by state funds, or from using System facilities.

2.443 Intellectual property that has resulted from research supported by a grant or contract with the Federal Government or an agency thereof, a nonprofit or for profit nongovernmental entity or by a private gift to the System.

2.45 Property Rights and Obligations.

2.451 Intellectual property unrelated to the individual's employment responsibility that is developed on an individual's own time and without System support or use of System facilities (see 2.441) is the exclusive property of the creator, and the System has no interest in any such property

and no claim to any profits resulting therefrom. Should the creator choose to offer the creation to the System, the Institutional Patent Committee shall recommend as to whether the System should support and finance a patent application or other available protective measures and manage the development and commercialization of the property. If the creator makes the offer after obtaining a patent or other protection, the Institutional Patent Committee shall recommend as to whether the System should reimburse the creator for expenses in obtaining such protection. If the Patent Committee recommends and the creation is accepted for management by the System, the procedures to be followed and the rights of the parties shall be those set out in Subsection 2.4523 following.

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2.452 Intellectual property either related to the individual's employment responsibility, or resulting from activities performed on System time, or with support by state funds, or from using System facilities shall be subject to ownership by the Board. (See 2.442.)

2.4521 Before intellectual property covered by Section 2.422 is disclosed either to the public or for commercial purposes, and before publishing same, the creator shall submit such intellectual property

to the Institutional Patent Committee for determination of the System's interest. A component institution may establish guidelines in its Handbook of Operating Procedures for submitting different categories of intellectual property to its Institutional Patent Committee, and procedures to be followed by the Institutional Patent Committee in reviewing and evaluating such submissions. Such guidelines and procedures shall be consistent with this policy and shall be subject to approval as a part of the institutional Handbook. In those instances, however, where delay would jeopardize obtaining the appropriate protection for the property, the creator may, with the approval of the Chairman of the Institutional Patent Committee and the chief administrative officer, file a patent application or take other steps to obtain available protection prior to the Committee and administrative review provided in the following two subsections. If

the request is granted, the creator may proceed with the filing of a patent application or other available protective measures pending the determination of the System's interest; provided, however, that the creator shall be reimbursed for expenses in filing the patent application or taking other steps to obtain protection if the decision of the System is to assert and exploit its interests. The Chairman of the Institutional Patent Committee shall notify the System Intellectual Property Office of any such application.

2.4522

If the Institutional Patent Committee recommends that the System not assert and exploit its interest, and that recommendation is approved by the System Intellectual Property Office and the appropriate Executive Vice Chancellor, the creator shall be notified within ninety (90) days of the date of submission that he or she is free to obtain and exploit a patent or other intellectual property in his or her own right and the System shall not have any further rights,

obligations or duties thereto. (In some instances, the Committee may elect to impose certain limitations or obligations, dependent upon the degree of System support.)

2.4523

If the System decides to patent or seek other available protection for intellectual property in which it decides to assert and exploit its interest, it shall proceed either through its own efforts or those of an appropriate private firm or attorney to obtain protection and manage the intellectual property. Under appropriate circumstances, and with the consent of the General Counsel and the approval of the Attorney General, component institutions may arrange to have services to obtain protection for intellectual property performed by a local outside attorney on a case-by-case basis. It shall be mandatory for all employees, academic and nonacademic, to assign the rights to intellectual property and patents to the Board when such creations fall within Paragraph 2.452. In those instances where the System licenses rights in intellectual property to

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third parties, the costs of licensing and obtaining a patent or other protection for the property on behalf of the Board shall first be recaptured from any royalties received by the System, and the remainder of such royalty income (including license fees, prepaid royalties and minimum royalties) shall be divided as follows:

50% to creator

50% to System.

With the prior approval of the Board as an agenda item, a component institution may include provisions in its Handbook of Operating Procedures to adjust the allocation of royalties set forth herein, but in no event shall the creator receive more than 50% or less than 25% of such proceeds. The division of royalties from patents or other intellectual property managed by an intellectual property management concern will be controlled by the terms of the System's agreement with such concern, as approved by the Board. Any other deviation from this rule requires the prior approval of the Board.

2.453 Intellectual property resulting from research supported by a grant or contract with the Federal Government, or an agency thereof, with a non-profit or for profit nongovernmental entity, or by a private gift or grant to the System shall be subject to ownership by the Board. (See 2.443.)

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2.4531 *omit line* Administrative approval of application requests to, and acceptance of grants or contracts with, the Federal Government, or any agency thereof, with a nonprofit or for profit nongovernmental entity, or a private donor that contain provisions that are not consistent with this policy, or other policies and guidelines adopted by the Board from time to time implies a definite decision that the value to the System of receiving the grant or performing the contract outweighs the impact of any non-conforming provisions of the grant or contract on the basic intellectual property policies and guidelines of the System.

2.4532 The intellectual property policies and guidelines of the System are subject to, and thus amended and superseded by, the specific terms pertaining to intellectual property rights included in Federal

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2.4533 grants and contracts, or grants and contracts with nonprofit and for profit nongovernmental entities or private donors, to the extent of any conflict. In those instances where it is possible to negotiate System-wide intellectual property agreements with the Federal agencies or nonprofit and for profit nongovernmental entities, or private donors and thereby obtain more favorable treatment for the creator and the System, every effort will be made to do so with the cooperation and concurrence of the Office of Asset Management and the Intellectual Property Office after consultation with the Institutional Patent Committee and the chief administrative officer.

2.4534 Employees of the System whose intellectual property creations result from a grant or contract with the Federal Government, or any agency thereof, with a nonprofit or for profit nongovernmental entity, or by private gift to the System shall make such assignment of such creations as is necessary in each case in order that the System may discharge its obligation, expressed or implied, under the particular agreement.

- 2.46 Equity Interests.
- 2.461 In agreements with business entities relating to rights in intellectual property owned by the Board, the System may receive equity interests as partial or total compensation for the rights conveyed.
- 2.462 Consistent with Section 51.92, Texas Education Code, and subject to review and approval by the chief administrative officer of the component institution, the appropriate Executive Vice Chancellor, the Chancellor and the Board, employees of the System who conceive, create, discover, invent or develop intellectual property may hold an equity interest in a business entity that has an agreement with the System relating to the research, development, licensing or exploitation of that intellectual property.
- 2.463 The System may negotiate, but shall not be obligated to negotiate, an equity interest on behalf of any employee as a part of an agreement between the System and a business entity relating to intellectual property conceived, created, discovered, invented or developed by the employee and owned by the Board.
- 2.464 Dividend income and income from the sale or disposition of equity interests held by the Board pursuant to agreements relating to intellectual property shall belong to the System and shall be distributed in accordance with the provisions of Section 2.50 below.
- 2.465 Dividend income and income from the sale or disposition of an equity interest held by a System employee pursuant to an agreement between the

System and a business entity relating to rights in intellectual property conceived, created, discovered, invented or developed by such employee shall belong to the employee.

2.47 Business Participation.

2.471 Any System employee who conceives, creates, discovers, invents or develops intellectual property shall not serve as a member of the board of directors or other governing board or as an officer or an employee (other than as a consultant) of a business entity that has an agreement with the System relating to the research, development, licensing, or exploitation of that intellectual property without prior review and approval by the chief administrative officer of the component institution, the Chancellor and the Board as an agenda item.

2.472 When requested and authorized by the Board, an employee may serve on behalf of the Board as a member of the board of directors or other governing board of a business entity that has an agreement with the System relating to the research, development, licensing or exploitation of intellectual property.

2.48 Reporting.

2.481 Any employee covered by Section 2.462, 2.471, or 2.472 shall report in writing to the chief administrative officer of the component institution, or to such other person as may be designated by the chief administrative officer, the name of any business entity as referred to therein in which the

person has an interest or for which the person serves as a director, officer or employee and shall be responsible for submitting a revised written report upon any change in the interest or position held by such person in such business entity. These reports shall be accumulated in the office of the chief administrative officer or designee and then forwarded to the appropriate Executive Vice Chancellor by September 1 of each year so that the Chancellor may file a report with the Board at its October meeting. After the report has been approved by the Board, the Chancellor shall prepare the report to the Governor and the Legislature required by Section 51.912(c), Texas Education Code.

2.49 Approval of Agreements Relating to Rights in Intellectual Property.

2.491 Agreements relating to rights in intellectual property shall ordinarily be approved by the Board on the institutional docket following review by the Office of General Counsel and approval by the ~~administration of the component institution~~, the appropriate Executive Vice Chancellor and the Chancellor.

2.492 Any agreement altering substantially the basic intellectual property policy of the System as set out in the preceding sections and other policies and guidelines that may be adopted by the Board shall have the advance approval of the chief administrative officer, the appropriate Executive Vice Chancellor, the Chancellor, and the Board as an agenda item.

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2.50 Income from Intellectual Property. The portion of the net income the System retains from royalties and any other intellectual property-related income shall be used first to defray the expenses, if any, of the System Intellectual Property Office and thereafter, as approved by the Board, for research purposes at the component institutions where the income providing creation originated. At the option of a component institution, such income may be accumulated in an endowment fund administered by the Office of Asset Management with the income to be distributed to the component institution for such purposes as may be approved by the Board.

~~2.51~~ <sup>DIS</sup> Implementation of Intellectual Property Policy. The Office of Asset Management and the Office of General Counsel through the System Intellectual Property Office shall prepare and distribute to the component institutions such Model Agreements and recommended procedures as may be considered appropriate for the implementation of the provisions of this policy as well as other policies and guidelines adopted by the Board.


2.52 <sup>DIS</sup> Unless otherwise required by law or the Regents' Rules and Regulations, each intellectual property agreement approved hereunder shall be construed in accordance with the Intellectual Property Policy in existence as of its approval date.

Sec. 3. Certain Provisions in Current Appropriation Act. -- The Rules and Regulations of the Board are subject to and shall comply with the provisions appearing in the current Appropriations Act, including the following pertaining to personnel:

3.1 Use of Alcoholic Beverages. -- "None of the moneys appropriated under this Act shall be used for the payment of salaries to any employee who uses alcoholic beverages while on active duty. None of the funds appropriated under this Act for travel expenses may be expended for alcoholic beverages."

- 3.2 Advocating Overthrow of the Government.--"None of the funds appropriated to the agencies and institutions of higher education enumerated in this Act shall be expended in payment of salary or other compensation of any faculty member or employee who advocates the overthrow of the Government of the United States of America, or of any State, by force, violence or any other unlawful means."

Sec. 4. Employee Training, Education, and Development.

- 4.1 The Texas State Employees Training Act of 1969, Chapter 283, Acts of the 61st Legislature, Regular Session, 1969 (Article 6252-11a, Vernon's Texas Civil Statutes), recognizes that the ~~state~~ departments and other state institutions, including the System, must develop a more comprehensive Training Program as an integral part of a successful personnel program. The System Personnel Director, as delegated by the Vice Chancellor for Business Affairs, is responsible for promulgating the necessary policies and procedures for implementation of the State Employees Training Act, consistent with the guidelines already approved by the Governor of the State of Texas and the Regents' Rules and Regulations.
- 4.2 Through implementation of the State Employees Training Act, the System will provide programs that will greatly benefit most employees. In addition, the use of various types of training programs will also encourage the initiative of young, talented employees and stimulate and motivate less productive employees. Organized training programs will, moreover, help identify those employees who are willing to exercise their initiative and prove their performance and also find the areas where employees are resisting change and improved procedures and programs.
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- 4.3 The following general objectives of the overall training effort will lead to the System's gaining more efficiency and economy in its overall personnel program:
- 4.31 Developing well trained staffs, both professional and supportive;
  - 4.32 Assisting all employees toward achieving their highest potential usefulness;
  - 4.33 Motivating employees and stimulating a sense of participation and involvement;
  - 4.34 Insuring that the System receives a fair return on its investment in training and education.
- 4.4 The program elements for this general training program are:
- 4.41 Identifying staff members who need staff development in order to determine the exact kind and scope of program needed;
  - 4.42 Training individuals for current assignments and developing them for future assignments, as a means of improving the quality and quantity of work done;
  - 4.43 Developing all supervisors to enable them to assume and discharge their primary responsibility for the maximum utilization of personnel, the training of their staff members, and the maintenance of sound employee relations;
  - 4.44 Advising and assisting employees with respect to continuing education, and means by which they can improve their usefulness;
  - 4.45 Evaluating all training and education activities to determine whether they have effectively met the needs of the System.
- 4.5 With these objectives and general program elements as a background, four specific training programs are established. The administration and implementation of the following training programs at each component is to be primarily the task and responsibility of the institutional personnel officer, with approval of the chief administrative officer. The System

Personnel Director shall have the responsibility of coordinating all training programs through review and approval of training policies promulgated by the component institution.

- 4.6 College or University Degree Program.
- 4.61 Definition: This program will provide graduate or undergraduate level training leading to a degree. Basically, it provides for full-time student enrollment and is to be for selected, qualified employees of the System. This program will be provided by the System on the basis of need of the System and to the extent funds are available.
- 4.62 Objectives: To provide a college or university education for qualified System employees specifically required in their area of employment.
- 4.63 Program Elements: This training is essentially of only one type: to provide full-time student enrollment in a graduate or undergraduate program leading to a degree.
- 4.64 Administration: Eligibility Requirements.
- 4.641 Selected employees must have necessary academic qualifications to meet all entrance requirements of the college or university where training is provided.
- 4.642 Degree training must be directly related to an existing job or job series used by the System.
- 4.643 Selected employees must be scheduled for appointment to a job requiring the degree training on completion of schooling.
- 4.644 Selected employees must have been successfully evaluated as to competence and aptitude for training granted and



recommended through the chief administrative officer and approved by the System Personnel Director.

4.645 Selected employees on educational stipend shall be considered as employees on official leave of absence while in student status. Vacation, sick leave, group insurances, and other benefits will be governed under appropriate rules regarding such official leaves of absence.

4.65 Administration: Obligations. Employees who receive financial assistance under this program from the System, in completion of either undergraduate or advanced degrees, will be obligated to fulfill the following terms and conditions:

4.651 An agreement to be bound by the rules and regulations contained herein and such other policies, rules, and procedures as may be promulgated by the System Personnel Director applicable to the college degree training program.

4.652 An agreement to return to the System as an employee upon graduation and attainment of the degree and to remain in the employment of the System for a period of time subsequent to graduation that is proportionate either to the period of time the employee has received financial assistance to attend college or university or to the amount of financial assistance received.

4.653 An agreement to execute, as required by the System Personnel Director, a formal obligatory document between the System and the recipient of assistance under this program, to repay in a lump

sum or such alternate arrangement as the System Personnel Director may prescribe, the amount of money expended by the System for the cost of such college education if the individual for any reason, except circumstances beyond the individual's control, fails to complete the training or otherwise defaults in any provision of the agreement between the System and the individual.

4.7 In-Service Training and Education Program.

4.71 Definition: This training and education is job-oriented training that is provided essentially within the System. It may include on-the-job training, training in preparation for job assignment, and continuing training programs that are basically job oriented. This program is for selected individual staff members and will be provided on the basis of need and to the extent funds are available.

4.72 Objectives: To equip an individual to perform a particular task within a particular situation and/or to equip the employee to deal with new technological and legal developments, to develop additional work capabilities, or increase the employee's level of competence.

4.73 Program Elements: In-service training and education programs are divided into the following three principal categories:

4.731 Orientation serves the purpose of acquainting the employee to a new job situation. It does not include the development of skills for that particular job situation.

4.732 Basic Training for a Specific Task includes pre-employment and recruit type training involving job knowledge and/or the development of skills required for a specific task. It also includes training in supervisory and managerial skills.

- 4.733 Advanced In-Service Training includes the development of a higher level of skill, an increase in job knowledge, and instruction in new concepts and changing aspects of job responsibility.
- 4.74 Administration: Eligibility Requirements. It is a basic responsibility of the System to provide training as the individual situation may require. It is recognized that the need for some of these programs will vary according to skills required and the availability of pre-employment training. Manpower needs and the availability of skilled applicants may also be a determining factor. With this general background as reference, employees will be identified, selected, trained, and evaluated according to the needs of the System.
- 4.75 Administration: Obligations. The employee has an obligation to successfully complete the training program and should recognize that the System will use this type of training as a continuation of the selection process.
- 4.8 Out-of-Agency Staff Development Program.
- 4.81 Definition: This program is to provide training through workshops, seminars, institutes, training sessions, extension courses, college or university courses (with or without academic credit), and other special programs or activities offered either within or outside the state. Such programs must be of concentrated, precise content and designed to improve the individual's professional or technical knowledge in the performance of the individual's present or prospective duties and responsibilities. This program is for selected individual staff members and will be provided on the basis of need of the System and to the extent funds are available.

- 4.82 Objectives: To improve and enhance the individual's professional and technical knowledge and ability in the performance of the individual's present or prospective duties and responsibilities.
  - 4.83 Program Elements: This program is generally the type that meets the following criteria: relatively short term; specific in content; and presented outside the employing agency.
  - 4.84 Administration: Eligibility Requirements.
    - 4.841 Out-of-Agency Staff Development education and training authorized by the System will be conducted primarily for the benefit of the System.
    - 4.842 The training and education must be related to the employee's current or prospective duty assignment during the period of his or her participation.
    - 4.843 Such training and education must be approved by the chief administrative officer or his or her delegate on recommendation of the head of the employing department or unit.
  - 4.85 Administration: Obligations. Employees receiving Out-of-Agency Staff Development authorized by the System will be obligated to fulfill such terms and conditions as the chief administrative officer may prescribe, compatible with the nature and extent of the training or education.
- 4.9 Internship Training Program.
- 4.91 Definition: Internship training is intended to provide the type of learning experience that can be obtained only through actual work experience. Internship programs will normally be of a longer duration than training mentioned under the heading of Out-of-Agency Staff Development and In-Service Training and Education. This training will be provided to those individuals selected

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under the standards listed below in 4.95, Eligibility Requirements. This training will be provided on the basis of need of the System and to the extent funds are available.

4.92 Objectives: This type of training and education has a broader objective than other types of training in that it serves not only the System but also the State of Texas in the following ways:

- 4.921 It allows the System and/or the State of Texas to screen potential employees while simultaneously enjoying an advantageous recruiting position.
- 4.922 It facilitates the infusion of new people and new ideas into the information interchange which is continually taking place between state government and the System.
- 4.923 It will allow the System and/or the State to gain trained personnel who can carry a heavier workload in a relatively short period of time.
- 4.924 Internship programs produce a work product, although this is not the justification for any internship program.

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4.93 Program Elements: Type I Internships are those that are within the System for non-employees of the State.

- 4.931 Type I Internships are held with the System by persons who are not employed by the State or the System.
- 4.932 Such internships relate to the educational program of the person serving the internship, which suggests that there will be a constant interchange and evaluation between both the System and the sponsor of the person's educational program.

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- 4.933 These internships should be initiated only to the extent that the System can provide a meaningful working role and learning experience.
- 4.934 Type I Internships are not designed primarily to produce a work product. (Example: The employee of a private data processing equipment firm observing and being trained in the Data Processing Department of a component institution which serves as the training ground.)
- 4.94 Program Elements: Type II Internship Programs are for the State of Texas and/or System employees.
- 4.941 Type II(a) Internships provide for the State of Texas to be the trainee represented by a person in the employ of a state agency other than the System. [Example: An employee of another state agency (State Auditor's Office) serving as an intern trainee with the System.]
- 4.942 Type II(b) Internships provide for the State of Texas to be the trainee represented by a person in the employ of the System. A Type II(b) Internship may be served either within the System or with another state agency. Employees on Type II(b) Internship status should be considered as employees of the System as they would if they were physically present on the job. (Example: An employee of a System component serving as an intern trainee at another System component or with another state agency, i.e., an accountant from a component business office serving as a trainee in the business office of another component or in the State Auditor's office.)

- 4.943 The primary objective sought by both of the Type II Internship programs is for the trainee to gain skills from the training agency and to promote the ability of persons to work with broader situations and more competently in the multi-levels of administration of the State or the System. ✓
- 4.944 A "No Proselyting" agreement should be secured in both of the Type II Internship programs.
- 4.95 Administration: Eligibility Requirements.
  - 4.951 Internship education and training authorized by the System will be conducted primarily for the benefit of the System.
  - 4.952 Internship training and education must be approved by the chief administrative officer or his or her delegate on recommendation of the head of the employing department or unit.
- 4.96 Administration: Obligations.
  - 4.961 Type I - No obligatory arrangement is required.
  - 4.962 Type II - The following standards should be observed:
    - 4.9621 The need for these programs will vary according to skills required and the availability of pre-employment training within the State of Texas and/or the System.
    - 4.9622 The employee has an obligation to successfully complete the training program and should recognize that the State of Texas and the System will use this type of training as a continuation of the selection process.

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Employees receiving internship training authorized by the System will be obligated to fulfill such terms and conditions as the System Personnel Director may prescribe, compatible with the nature and extent of the training or education.

Sec. 5. Other Regulations Concerning Personnel are Reported in Part One, Chapter III of the Rules and Regulations of the Board of Regents.



## CHAPTER VI

### STAFF BENEFITS

(Staff benefits may be subject to change by ~~State~~ and ~~Federal~~ Laws.  
Application in specific instances should be verified.)

#### Sec. 1. Teacher Retirement System.

Pursuant to Title 110B, Subtitle D, Chapters 31-35, Vernon's Texas Civil Statutes (to be included in the Texas Government Code), a person, unless eligible to participate and participating in the Optional Retirement Program (Section 2 below), employed by the System at least one-half time for a cumulative period of four and one-half months within one fiscal year must participate in the Teacher Retirement System of Texas.

#### Sec. 2. Optional Retirement Program.

- 2.1 Pursuant to Sections 31.001 and 36.101 et seq., Title 110B, Vernon's Texas Civil Statutes (to be included in the Texas Government Code) and subject to eligibility rules adopted by the Texas Higher Education Coordinating Board, the following employees are eligible to participate in the Optional Retirement Program (O.R.P.):
- 2.11 Full-time faculty members appointed at least four and one-half months.
  - 2.12 Full-time administrative personnel responsible for teaching and research faculty appointed for at least four and one-half months.
  - 2.13 The Chancellor and individuals employed full-time as Executive Vice Chancellors, Vice Chancellors, chief administrative officers, vice presidents, and professional librarians, or other full-time professional staff persons whose

national mobility requirements are similar to those of faculty members and who fill positions that are the subject of nationwide searches in the academic community.

- 2.2 In accordance with conditions approved by the U. T. Board of Regents and in consultation with the Office of the Vice Chancellor for Business Affairs, the System Personnel Director will review and approve the companies authorized to provide annuity contracts, custodial accounts or investment contracts under the O.R.P.
- 2.3 In consultation with the Office of the Vice Chancellor for Business Affairs and in accordance with federal and state laws and regulations, The University of Texas System Personnel Director is authorized to issue "Guidelines for Administration" for evaluation of organizations authorized to provide annuity contracts, custodial accounts or investment contracts under the Optional Retirement Program.
- 2.4 One change of O.R.P. companies is allowed per year. The change may be made only on the first day of a month.

Sec. 3. Tax Sheltered Annuities.

- 3.1 Pursuant to Article 6228a-5, Vernon's Texas Civil Statutes, an employee may purchase Tax Sheltered Annuities (T.S.A.) through an approved company.
- 3.2 In accordance with conditions approved by The University of Texas System Board of Regents and in consultation with the Office of the Vice Chancellor for Business Affairs, the System Personnel Director will review and approve companies authorized to offer annuities or other investments under the Tax Sheltered Annuity Program.
- 3.3 In consultation with the Office of the Vice Chancellor for Business Affairs and in accordance with state and federal laws and regulations, The University of

Texas System Personnel Director is authorized to issue "Guidelines for Administration" for evaluation of organizations seeking to write tax sheltered annuities or other investments for employees of The University of Texas System.

Sec. 4. Group Hospitalization and Medical Benefit Plan.

- 4.1 A person employed at least one-half time may elect optional group hospitalization and medical insurance coverage under a System-wide contract approved by the U. T. Board of Regents.
- 4.2 Employees who do not enroll within 60 days of eligibility may do so only in the annual enrollment period during the month of September.
- 4.3 The anniversary date of the contract is September 1 of each year.
- 4.4 An employee enrolled for group hospitalization and medical coverage is automatically enrolled for group dental coverage. (Section 5 below.)

Sec. 5. Group Dental Insurance.

- 5.1 An employee covered by group hospitalization and medical insurance is also covered by group dental insurance under a System-wide contract approved by the U. T. Board of Regents.
- 5.2 Dependents' dental coverage is available but may be discontinued only if dependents' group hospitalization and medical coverage is discontinued.
- 5.3 Reinstatement of discontinued dependents' dental coverage shall require evidence of insurability.
- 5.4 Effective September 1, 1983, and thereafter, Subsections 5.1 through 5.3 shall also apply to employees and dependents covered as health maintenance organization participants.

Sec. 6. Health Maintenance Organizations.

- 6.1 In accordance with PROCEDURES FOR INCLUSION OF HEALTH MAINTENANCE ORGANIZATIONS adopted by the U. T. Board of Regents, the Office of the Vice Chancellor for Business Affairs, with the concurrence of the Executive Vice Chancellor for Health Affairs, may approve the inclusion of qualified organizations to provide services as a health maintenance organization.
- 6.2 In consultation with the Vice Chancellor for Business Affairs and the Executive Vice Chancellor for Health Affairs and in accordance with state and federal laws and regulations, The University of Texas System Personnel Director is authorized to issue "Guidelines for Administration" of the health maintenance organization option and to promulgate a "Request for Inclusion" form, which will include criteria against which HMO's will be evaluated.
- 6.3 A person eligible to enroll in the group hospitalization and medical benefit plan may, as an option, elect to enroll in a health maintenance organization under a contract approved by the Vice Chancellor for Business Affairs pursuant to conditions approved by the U. T. Board of Regents.
- 6.4 Employees who do not enroll within 60 days of eligibility may do so only in the annual enrollment period during the month of September.
- 6.5 The anniversary date of the contract is September 1 of each year.
- 6.6 An employee enrolled in a health maintenance organization is automatically enrolled for group dental coverage.

Sec. 7. Group Term Life Insurance.


- 7.1 A person employed at least one-half time is eligible to purchase group term life insurance and dependents' group term life insurance under a System-wide "One Year Term" plan approved by the U. T. Board of Regents.

7.2 The amount of insurance available may not exceed four times annual earnings.

Sec. 8. Group Cash Value Paid-Up at Age 65 Life Insurance Plan.

A person employed at least one-half time is eligible to purchase group cash value paid-up at age 65 life insurance under a policy approved by the U. T. Board of Regents.

Sec. 9. Group Long-Term Disability Income Insurance.

*Long Term*  
*AS* 

A person employed at least one-half time may purchase group long-term disability income insurance under a policy approved by the U. T. Board of Regents.

Sec. 10. Group Accident Insurance.

A person under age 70 and employed at least one-half time may purchase group accident insurance under a policy approved by the U. T. Board of Regents.

Sec. 11. Workers' Compensation Insurance.

11.1 Pursuant to Article 8309d of Vernon's Texas Civil Statutes, a System-wide Workers' Compensation Insurance (W.C.I.) Program will provide certain benefits for injuries sustained in the course and scope of employment.

11.2 The System Personnel Office, with the assistance of other appropriate System and component institution offices, shall investigate injuries and publish and enforce safety regulations.

11.3 The System Personnel Office shall be responsible for reporting all covered injuries to the Industrial Accident Board (I.A.B.).

11.4 The System Personnel Office shall coordinate occupational safety and health activities and enforce occupational safety and health standards.

11.5 The Office of General Counsel shall be responsible for a determination on appeal of I.A.B. decisions.

11.6 A percentage of annual payroll, as approved by the U. T. Board of Regents, shall be set aside to fund the Workers' Compensation Insurance Fund (W.C.I. Fund).

11.61 The System Personnel Office shall be responsible for deposit in the W.C.I. Fund of amounts to be forwarded monthly by each institutional chief business officer for salaries paid from other than state funds.

11.62 The System Personnel Office shall request the State Comptroller to transfer amounts due on payrolls from state funds to the W.C.I. Fund.

11.7 The System Personnel Office shall process all W.C.I. claims for medical care and compensation.

11.8 The System Personnel Office shall prepare an annual report for the U. T. Board of Regents on the status of the W.C.I. Fund.

Sec. 12. Unemployment Compensation Program.

12.1 The System-wide Unemployment Compensation (U. C.) Program will provide weekly benefits as specified in Article 5221b et seq., Vernon's Texas Civil Statutes.

12.2 The Unemployment Compensation Fund (U. C. Fund) is established by the U. T. Board of Regents to be maintained in one or more regular depositories approved by the U. T. Board of Regents. The System Personnel Office shall administer funding by assessment on all salary sources other than State General Revenue Funds as provided in Section 12.24 below.

12.21 The System will reimburse the State General Revenue Fund from the U. C. Fund for claims charge-backs paid by the State Comptroller for former employees paid from other funds.

12.22 Claims charge-backs for former employees paid from State General Revenue Funds shall be referred to the State Comptroller for payment.

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- 12.23 The U. C. Fund shall at all times operate under principles agreed upon by the System and the U. S. Department of Health and Human Services.
- 12.24 Assessment rates shall be calculated to maintain the U. C. Fund balance within a range of \$1,215,000 to \$1,755,000 and to provide minimum balance fluctuations and maximum rate stability.
- 12.25 Expenditures from the U. C. Fund shall be limited to direct costs in accordance with Federal Management Circular 73-8, Section J.7.

12.3 The System Personnel Office, working in coordination with appropriate System and component institution offices, shall administer the U. C. Program and represent the System and component institutions in appeals to the Texas Employment Commission (T.E.C.).

12.4 The Office of General Counsel shall be responsible for a determination on appeals of T.E.C. decisions.

12.5 The System Personnel Office shall prepare an annual report for the U. T. Board of Regents on the status of the U. C. Fund.

Sec. 13. Social Security (Old Age and Survivors Insurance).

Pursuant to 42 U.S.C. §410, all employees must participate in the Social Security Program.

Sec. 14. Deferred Compensation Plan.

As authorized by Article 6252-3b, Vernon's Texas Civil Statutes, any employee may participate in the Deferred Compensation Plan.

Sec. 15. Premium Sharing.

15.1 A person employed at least one-half time is eligible to receive the full amount of premium sharing specified by state law.

15.2 A person employed at least one-half time will receive a basic insurance coverage. Each eligible employee may elect other optional coverage within 60 days of employment or waive coverage at any time.

15.3 The total premium for basic coverage shall not exceed the amount of employer contribution.

Sec. 16. U. S. Savings Bonds.

All employees shall be provided the opportunity to participate in the purchase of U. S. Savings Bonds by payroll deduction.

Sec. 17. Availability of Complete Benefit Descriptions.

The Chancellor shall insure that up-to-date accurate descriptions of the participation and eligibility requirements for all employee benefits and programs are conveniently available to all prospective and current employees at System Administration offices and at all component institutions.



## CHAPTER VII


### PHYSICAL PROPERTIES

Sec. 1. Except as otherwise specifically authorized, property of the System shall be used only for official business. Only library books and other items of similar nature of well-established use may be used for the personal benefit or pleasure of employees. The chief administrative officer of each component institution shall designate a property manager.

Sec. 2. Inventories.

- 2.1 An actual physical inventory of property of the System shall be made each fiscal year in accordance with the State Purchasing and General Services Act, as amended (Article 601b, Vernon's Texas Civil Statutes), and in compliance with appropriate regulations issued thereunder. The chief business officer of each component institution shall issue the necessary implementing instructions.
- 2.2 Department heads are responsible for all System property in their care and for the taking of the inventory on the prescribed record forms.
- 2.3 Inventories as of August 31 include all equipment on hand as defined by the State Purchasing and General Services Commission under the State Purchasing and General Services Act. Items that are worn out or discarded shall be deleted in accordance with the regulations of the State Purchasing and General Services Commission.

Sec. 3. Motor Vehicles.

- 3.1 Any motor vehicles permitted under state law to be owned and operated by the System shall be used only on official business. Each vehicle shall carry an inscription on both sides as prescribed by law. 

- 3.2 As required by statutes, a daily report shall be prepared by the person using the vehicle on the forms approved by the State Auditor and shall be filed within ten days in a central location designated by the chief business officer.
- 3.3 The operators of System-owned vehicles must hold, at their expense, an appropriate operator's license for the type of vehicle operated.
- 3.4 System-owned vehicles are subject to the compulsory inspection required by law.
- 3.5 It shall be the obligation of the chief business officer of each of the component institutions to see that all employees who are required to drive System-owned vehicles are fully informed of their personal responsibility and liability for their negligent operation.
- 3.6 Each component institution shall be cognizant of and render reports on operation of motor vehicles as required by the current Appropriations Bill. A

Sec. 4. Insurance on Property of the System.

- 4.1 The following types of insurance coverage shall be maintained on a System-wide basis:
  - Fire and Extended Coverage Insurance
  - Boiler and Machinery Insurance
  - Blanket Position (Fidelity) Bond] may be one
  - Money and Securities Insurance ] policy
  - Motor Vehicle Liability Insurance
  - on State Owned Vehicles
- 4.2 The terms of the policies covering the risks indicated above are negotiated by the Vice Chancellor for Business Affairs in accordance with procedures approved by the Chancellor and the Board.
- 4.3 When it is necessary or advisable to insure risks on a basis other than System-wide, insurance policies covering such risks shall be approved by the Vice

Chancellor for Business Affairs on an individual basis upon recommendation by the chief business officer of the component institution affected.

4.4 At the time a loss occurs applicable to either System-wide or individual insurance policies, the Vice Chancellor for Business Affairs shall be notified by the chief business officer, and shall approve all loss claims and settlements. Any settlement over \$2,000 and under \$10,000 shall be reported to the Board for ratification. Settlements in the amount of \$10,000 or more must have the approval of the Board.

Sec. 5. Safe and Vault Combinations.--The combinations to all vaults and safes used by component institutions shall be filed under seal with the chief business officer.

Sec. 6. Police and Security Officers.

6.1 Police and other security officers are employed at the component institutions to protect and safeguard the property of the institution.

6.2 Employees shall cooperate in the security program by exercising caution to safeguard the equipment and supplies in their offices.

Sec. 7. Telephones.--The director of physical plant, or the chief business officer, shall be responsible for the installation of telephones and the administration of all telephone facilities. Personal toll calls shall not be charged to institutional telephones. Charges for telephones and toll calls shall be under the supervision of the persons named above.

Sec. 8. Disposal of Property of the System.

8.1 Whenever any item of equipment becomes obsolete or useless for the needs and purposes of the department concerned, a written report of such fact shall be made to the chief business officer. Upon receipt of such report, it shall be the responsibility of the chief business officer to determine whether or not


such item of equipment is needed by any other department and, if so, to transfer and assign the equipment to such department.

- 8.2 If the chief business officer shall determine that the equipment is not needed for any department and that it is not practicable to store the equipment for possible future use, he or she shall proceed to sell the item concerned.
- 8.3 For items of little value or limited use where sale on competitive bids is not practicable, the chief business officer shall have the authority to dispose of the property on the basis of negotiated bids in amounts under \$2,000.
- 8.4 Sale of property estimated to bring \$2,000 or more shall be made on a basis of competitive bids.
- 8.5 Sales in amount of \$10,000 or more shall be approved in advance by the Chancellor and ratified by the Board through the institutional docket.
- 8.6 Sealed bid sales of surplus equipment or abandoned property may be made to employees of the System or of any of its component institutions only after authorization by the chief administrative officer and approval of the Chancellor. Such sales shall be reported in the institutional docket. Such approval and reporting are not required for public auction sales of surplus equipment or abandoned property to employees of the System.

Sec. 9. Transfer of Property.--Property may be transferred from one state agency to another when it becomes surplus. Such transfers from one component institution to another, or from a component institution to another state agency shall have the advance approval of the chief business officer concerned and shall be reported to the chief administrative officer. The chief business officer or his or her delegate shall advise departments and administrative offices as to the procedure to be followed in disposing of or acquiring property by this means.

Sec. 10. Disposition of Abandoned and Unclaimed Personal Property.--  
Abandoned and unclaimed personal property of every kind, except vehicles and drugs, which is not being held as evidence to be used in a pending criminal case which shall remain in the custody of any component institution property manager for a period of sixty (60) days will be disposed of in the following manner:

- 10.1 The designated Property Manager shall mail a notice to the last known address of the owner of such property by certified mail, return receipt requested, if the owner is known. If the owner is unknown or, if known, does not respond to notices mailed to his or her last known address, then the Property Manager shall cause to be published once in the campus student newspaper (if any), or once in a paper of general circulation in the county in which the institution is located (if there is no student newspaper), a notice containing a description of the property held, the name of the owner, if known, the name and address of the officer holding the property, and the location where the property can be inspected. The notice shall also state that after the expiration of at least sixty (60) days from the date of the publication, such property, if unclaimed, will be sold, and, if scheduled, the date, time, and place of such sale.
- 10.2 All personal property which remains unclaimed at the expiration of sixty (60) days from the date of publication of the notice required by letter with Certificate of Mailing, if the owner was known, shall be deemed to be abandoned and may be sold.
- 10.3 The designated Property Manager shall sell the property which has been abandoned to the highest bidder at public sale; the Property Manager may decline the highest bid and reoffer such property for sale, if he or she considers such bid insufficient; he or she need not offer any property for sale, if, in his or her opinion, the probable cost of sale is in excess of the value of the property; the designated Property Manager shall deposit all proceeds of the sale into a fund which shall be designated for this purpose.

- 10.4 Any person claiming an interest in any property delivered to the designated Property Manager, which has been presumed abandoned and sold under the provisions of this section, shall be allowed to file a claim to such property with the designated Property Manager on forms and through procedures prescribed by the Property Manager; upon approval of such claim by the designated Property Manager, the owner may recover the proceeds of such sale after deducting the reasonable expense of keeping such property and the cost of the sale. 
- 10.5 Proceeds of the sale, which remain unclaimed, may be used by the institution for student scholarships.
- 10.6 Vehicles, which are abandoned and unclaimed, will be disposed of in accordance with Article 4477-9a of Vernon's Texas Civil Statutes as hereafter amended.
- 10.7 Drugs in the possession of any component institutional police department will be disposed of in the manner prescribed by Article 4476-14, Section 8, of the Texas Dangerous Drugs Act and by Article 4476-15, Section 5.08, of the Texas Controlled Substances Act, or as hereafter amended.

CHAPTER VIII

PHYSICAL PLANT IMPROVEMENTS

Sec. 1. Major New Building Construction Exceeding the Amount of \$300,000 per Project.



- 1.1 After the Board approves the construction of new buildings, the procedures shall be as follows:
  - 1.11 The Institutional Building Advisory Committee shall hold necessary hearings and make proper investigations to translate the approved academic program into priorities for new construction, with suggestions as to total project area and function, and make such recommendations to the chief administrative officer.
  - 1.12 The Institutional Building Advisory Committee shall be relieved of further direct responsibility whenever a building contract is awarded, but shall be available for consultation as the building progresses, as requested by the chief administrative officer, the appropriate Executive Vice Chancellor, the Chancellor or his or her delegate, and the project architect.
  - 1.13 New projects shall be submitted to the Board for approval, including proposed funding, upon recommendation of the chief administrative officer, the appropriate Executive Vice Chancellor, the Chancellor, or his or her delegate.
- 1.2 Project Development.
  - 1.21 The Board will employ a project architect for each new major building project at all component institutions.
  - 1.22 The chief administrative officer may appoint, according to the Institutional Handbook of Operating Procedures, an

Ad Hoc Project Building Committee composed of, but not limited to, representatives of the departments or divisions that will occupy the building. The committee shall work with the Office of Facilities Planning and Construction to prepare a detailed program of the needs for each project.

1.23 The chairperson of the Institutional Building Advisory Committee, or his or her delegate, shall be an ex officio member of each Ad Hoc Project Building Committee.

1.24 The project architect shall be given the detailed program and will work in conjunction with the Office of Facilities Planning and Construction to prepare preliminary plans, exterior design, outline specifications, cost estimates, etc., which shall be submitted to the Board for approval upon the recommendation of the chief administrative officer, the appropriate Executive Vice Chancellor, the Chancellor, or his or her delegate.

1.25 After approval of the preliminary plans, the Board shall authorize the preparation of the working drawings and specifications. In the preparation of the final plans and specifications, the project architect shall work with the Ad Hoc Project Building Committee and the Office of Facilities Planning and Construction.

1.26 The final working drawings and specifications shall be submitted to the Board for approval upon the recommendation of the chief administrative officer, the appropriate Executive Vice Chancellor, the Chancellor, or his or her delegate.

1.3 Bidding and Construction Phase of Project.

1.31 After the Board approves the final plans and specifications, the Board



shall authorize the Office of Facilities Planning and Construction to advertise for bids. Advertisements for bids for buildings shall be in accordance with state law.



1.32 The Chancellor, or his or her delegate, shall receive and open bids, with the project architect and others, tabulate and study such bids, and make recommendations to the Board.

1.33 In accordance with law, the Board will award the contracts for all work in excess of the amount of \$300,000. The contract will be signed by the contractor(s) involved and the Chairman of the Board and approved by the Board.

1.331 In the event the lowest bidder is found to be not responsible, or other facts and circumstances necessitate award of contract to other than the lowest bidder, the bidder(s) submitting proposal(s) lower than the bidder to whom award is proposed shall be notified of the Board's proposed decision for award.

1.332 If the lowest bidder fails to timely file notice of protest, the Board's proposed award will be final.

1.333 If the lowest bidder timely files notice of protest, the Board will hear the protest or will delegate to the Chancellor the authority to appoint a Hearing Officer who shall promptly convene and conduct a hearing and subsequently prepare and submit

a report of his or her findings through the Chancellor to the Board. ~~The~~ Board shall make a final decision based upon the records of the hearing before the Hearing Officer.

1.334 The contract documents will be prepared by the Project Architect and approved by the Chancellor's Office, or his or her delegate, and the General Counsel for the System, or his or her delegate, before submission to the Chairman of the Board.

1.335 At the time contracts are awarded, additional appropriations will be made if required.

1.34 The Chancellor, or his or her delegate, shall approve contractor's estimates, sign change orders, and provide general supervision of all new construction. ~~That office~~ shall advise the Board if developments during construction require additional funds or other decisions of the Board.


1.35 The Chancellor, or his or her delegate, shall inspect the completed building and recommend final acceptance and final payment.

*meaning ✓  
Chancellor's Office ✓  
The Chancellor*

*✓*  
*PR* *(✓)*  
*✓*

Sec. 2. Minor New Building Construction; Minor Repairs and Remodeling; and Construction of Improvements Other Than Buildings Involving the Expenditure of \$300,000 or Less Per Project.-- Minor new building construction, minor repairs and remodeling of the physical plant and construction of improvements other than buildings that involve a total expenditure of \$300,000 or less per project may be handled at the component institution. However, any project involving the addition of space to the building inventory must have advance approval by the appropriate Executive Vice Chancellor and the Chancellor and then be approved by the U. T. Board of Regents via standard

docket procedures. If the proposed construction or renovation is to accommodate program changes requiring approval beyond the campus level, such program approvals must be secured in advance of requests for construction approval or must be included with the construction request. Funds must have been approved through standard U. T. System budgetary procedures and the project must have been approved by the institution's director of physical plant, chief business officer, and chief administrative officer. All contracts for minor new building construction, minor repairs, or remodeling shall be let on a standard form contract approved by the Office of Facilities Planning and Construction and the Office of General Counsel and shall be submitted to the Board of Regents through the institutional docket. Any such contract that involves the expenditure of more than \$25,000 shall be submitted to the Office of General Counsel for approval as to form prior to its execution by the institution.

Sec. 3. Major Repairs and Remodeling and Improvements Other than Buildings. 

3.1 Any repair or remodeling project of the physical plant or construction of improvements other than buildings involving an estimated expenditure that exceeds \$300,000 shall be deemed a construction project and shall be handled under the procedures set out in Section 1. A repair or remodeling project or a project that involves the construction of improvements other than buildings that does not exceed \$300,000 may be handled at the component institution in accordance with the procedures set out in Section 2 of this Chapter.

3.2 Unless otherwise approved by the Board, the procedures and regulations pertaining to new building construction shall apply to major repairs and remodeling projects.

Sec. 4. Professional Services.--Each component institution is authorized to make use of architects, engineers, and other professional services up to a maximum cost of \$25,000 with the approval of the appropriate Executive Vice Chancellor, the Vice Chancellor for Business Affairs and the Chancellor on recommendation of the chief administrative officer and the chief business officer.

Sec. 5. Constitutional and Legislative Restrictions.

5.1 Section 18, Article VII, of the Texas Constitution requires approval by the Legislature, or an agency designated by the Legislature, prior to the construction of physical improvements financed by bonds authorized under this section at the component institutions other than The University of Texas at Austin and at El Paso. ✓

5.2 New construction projects not otherwise authorized by law, in excess of \$300,000 and all major repair and rehabilitation projects in excess of \$300,000, must be approved by the Texas Higher Education Coordinating Board as to purpose and gross dimensions. Format for submission will be as prescribed by the Coordinating Board. Submission will be prepared by the component institution, in consultation with and assisted by the Office of Facilities Planning and Construction, if necessary, and forwarded to System Administration for review, approval and handling of submission. It is the objective to submit the necessary documents to the Coordinating Board when the project scope and estimated cost are sufficiently defined to meet the Texas Higher Education Coordinating Board's requirements for approval. Normally, submission will be made when the Board approves preliminary plans and specifications and the related cost estimate. ↓

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Sec. 6. Modification of Bids.

6.1 No bid shall be changed, amended, or modified by telegram or otherwise after the deadline for bid filing set out in the advertisement for bids in connection with the construction or erection of permanent improvements at any of the component institutions of the System under Section 51.907, Texas Education Code, V.T.C.S.

- 6.2 The substance of this requirement shall be stated in the advertisement for such bids; provided, however, that this requirement shall not be construed to prohibit the submission of filing of more than one separate and independent bid by any bidder.

Sec. 7. Institutional Building Advisory Committees.

- 7.1 At each of the component institutions there shall be an Institutional Building Advisory Committee.
- 7.2 The committee shall be appointed by the chief administrative officer in the same manner as other institution-wide committees are appointed.
- 7.3 The composition of the Institutional Building Advisory Committee shall be set forth in the institutional Handbook of Operating Procedures of each component institution.
- 7.4 A representative appointed by the Chancellor and the chief business officer of the institution shall be ex officio members of such committee.

CHAPTER IX

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MATTERS RELATING TO INVESTMENTS, TRUSTS, AND LANDS

Sec. 1. Authorizations re Sales, Assignments, Conveyances, Receipt of Property, and Proxies.

1.1 Authority to Purchase, Exchange, and Sell Securities for and on Behalf of the Permanent University Fund (hereinafter sometimes referred to as "PUF") and the Board.--The Chancellor, or his or her delegate, the Executive Vice Chancellor for Asset Management, and the Director for Investments are authorized to purchase, exchange, and sell any and all securities for and on behalf of the PUF or the Board, and to execute all related state government documents. In addition, external investment managers appointed by the Board of Regents may purchase, sell, or exchange securities, pursuant to written agreement with the Board of Regents, from funds designated from the PUF, the Com-  
~~mon Trust Fund, the Medical Malpractice Self-Insurance Fund, or any funds held in trust.~~

*is this correct as is in "Liability" ✓*

1.2 Authority to Assign and Transfer Securities Owned by the PUF and the Board.--The Chancellor, or his or her delegate, the Executive Vice Chancellor for Asset Management, the Director for Endowments and Trusts, the Comptroller and Associate Comptroller, and the Trust Officer may each assign and transfer any and all securities of any description whatever and execute any and all documents necessary to the consummation of any sale, assignment, or transfer of any securities registered in the name of the PUF or the Board, or in any other form of registration of such securities held for the account of the PUF or the Board in whatever manner, including all fiduciary capacities and including those registered in

the names of trusts or foundations managed and controlled by said Board. In addition, custodian banks appointed by the Executive Vice Chancellor for Asset Management may assign and transfer securities and execute any and all documents necessary to the consummation of any sale, assignment, or transfer of any security owned by the Board.

- 1.3 Authority to Execute Instruments Relating to Land and Mineral Interests.--The Chairman of the Board, the Vice-Chairmen, the Chancellor, or his or her delegate, and the Executive Vice Chancellor for Asset Management are each authorized to execute conveyances, deeds, surface and/or mineral leases, easements, rights-of-way, oil and gas division orders, and transfer orders, geophysical and material source permits, water contracts, pooling and unitization agreements, and any other instruments as may be necessary or appropriate from time to time, relating to the handling, management, control, and disposition of any real estate or mineral interest held or controlled by the Board as a part of the PUF or as a part of any trust or special fund.
- 1.4 Authority to Receive and Collect Money and/or Property.--The Chancellor, the Executive Vice Chancellor for Asset Management, and the Director for Endowments and Trusts are each authorized and empowered to ask, demand, collect, recover, and receive any and all sums of money, debts, dues, rights, property, effects, or demands, whatever, due, payable, or belonging, or that may become due, payable, or belonging to any of the above funds from investment transactions, from any person or persons, whatever, and to execute any and all necessary or proper receipts, releases, and discharges therefor.
- 1.5 Authority to Execute Proxies and Consent to Modifications in Bond Indentures.--The Chancellor, or his or her delegate, the Executive Vice Chancellor for Asset Management, the Director for Investments, the Director for Endowments and Trusts, and the Investment Officers are each authorized to consent to modifications in bond indentures and to execute proxies within the approved investment policies.

- 1.6 Authority to Deliver and Maintain Securities in Book-Entry Form.--Securities owned by the PUF or the Board may be delivered and maintained by a custodian bank or a member bank of the Federal Reserve System in book-entry form subject to applicable law.

Sec. 2. Policy for Investment and Management of the PUF.

- 2.1 The policies for the investment of funds for the Permanent University Fund shall be those outlined in The Permanent University Fund Investment Policy Statement.
- 2.2 Advice of Investment Advisory Committee.--The Chancellor, the Executive Vice Chancellor for Asset Management, and the Director for Investments shall seek the advice and counsel of the Investment Advisory Committee at its regular quarterly meetings and at other times as appropriate on all of the major matters involving the PUF.
- 2.3 Reports to the Regents' Land and Investment Committee.
  - 2.31 All purchases, sales, and exchanges of investments shall be reported for ratification by the Board through the Regents' Land and Investment Committee.
  - 2.32 The investment performance of the Fund, as measured by an unaffiliated organization, shall be reported to the Regents' Land and Investment Committee at least annually.
  - 2.33 The nature and extent of any investments in or business transacted with any firm with which a member of The University of Texas System investment staff is affiliated will be reported to the Regents' Land and Investment Committee annually.
  - 2.34 The Fund's investment in U. S. companies with substantive investments or operations in South Africa will be reported to the Regents' Land and



- Investment Committee semiannually in combination with the status review of these firms' effective compliance with the spirit of the six key elements of the Sullivan Principles.
- 2.35 All proxy votes on the social issue of investment and corporate conduct in South Africa will be reported to the Regents' Land and Investment Committee.
- 2.4 The Chancellor, the Executive Vice Chancellor for Asset Management, or the Director for Investments are each authorized to take any and all steps as may be considered necessary or advisable to protect the interest of the PUF in event of default or any other significant changes occurring with respect to any investment.
- 2.5 Policies with Respect to Stock Rights, Fractional Shares, and Proxies.
- 2.51 Exercise of or sale of stock rights and warrants is to be made at the discretion of the Chancellor, the Executive Vice Chancellor for Asset Management, the Director for Investments, or the Investment Officers. Stock rights or warrants which arise in connection with funds under control of an unaffiliated investment manager shall be handled by that manager at its discretion.
- 2.52 Fractional shares which arise in connection with funds under control of an unaffiliated investment manager or the System investment staff shall be handled by that manager or the staff at its discretion.
- 2.53 As a general rule, voting stocks held are to be voted by returning proxies to present management. When the Director for Investments or the Director for Endowments and Trusts determines that a vote with management would not be in the shareholder's

best financial interest, or when a proposal under consideration is of a social nature, the matter will be referred to the Chancellor or the Executive Vice Chancellor for Asset Management, or, in the event both of them are absent, to the Chairman of the Land and Investment Committee. Voting on the issue of investments and corporate conduct in South Africa shall correspond to the Regents' Policy Statement on South African Issues adopted by the Board at its February 1986 meeting.

- 2.6 Exchange of Bonds.--The Chancellor, the Executive Vice Chancellor for Asset Management, the Director for Investments, and the Investment Officers are each authorized to exchange bonds owned, from time to time, on a par for par basis (with such cash adjustments as may be required) for other eligible bonds or obligations. In any such exchange the cost of the bonds exchanged out (plus or minus the cash adjustments involved) shall be carried forward as the cost of the bonds or obligations acquired, even though the sale and purchase may be effected through different brokers. Such sales and purchases may be considered as exchanges provided there has been an improvement in book yield.

Sec. 3. Policy for Investment and Management of Trust and Special Funds.

- 3.1 Unless otherwise limited by the terms of the instrument by which the fund was created, trust and special funds under the control of the Board shall be invested and reinvested in such securities and investments as are permitted by the Texas Trust Code (Subtitle B, Title 9, Texas Property Code) as legal investments for funds held by trustees. The policies for the investment of funds for the Professional Medical Malpractice Self-Insurance Plan shall be those outlined in the Medical Malpractice Self-Insurance Fund Investment Policy Statement.

*Liability*  
*Mr. Roth plans*

- 3.2 The provisions of Sections 2.2, 2.3, 2.4, 2.5 and 2.6, with respect to the investment and management of the PUF, shall likewise apply to trust and special funds except that Subsection 2.32 shall be applied only when appropriate comparisons and significant amounts are involved.
- 3.3 Trust funds will be managed separately and not commingled with the Common Trust Fund if the terms of the instrument by which the fund was created or documents and instructions from the donor preclude investment through the Common Trust Fund. In addition, non~~marketable~~ marketable securities held by a trust fund may be recorded as separately invested. All other endowment funds will be invested through the Common Trust Fund. ✓

Sec. 4. Policy for Investment and Management of the Common Trust Fund.

- 4.1 The policies for the investment of funds for the Common Trust Fund shall be those outlined in The Common Trust Fund Investment Policy Statement.
- 4.2 The provisions of Sections 2.2, 2.3, 2.4, 2.5 and 2.6, with respect to the investment and management of the PUF, shall likewise apply to the Common Trust Fund.

Sec. 5. Investment Advisory Committee.--The Investment Advisory Committee is and has been established in order to assist and advise the Chancellor, the Executive Vice Chancellor for Asset Management, and the Director for Investments with respect to matters relating to the management of investments. The following rules shall apply to such Committee:

- 5.1 Membership.--Six members of the Committee shall be selected because of their particular qualifications and experience in the field of investments, including experience in bond and corporate stock investments.
- 5.2 Selection Procedure.--Appointments to such Committee shall be made by the Board after recommendation by the Chancellor.

- 5.3 Term of Office.--Each member shall serve a three-year term, with the terms of two members expiring each August 31. A member is eligible for reappointment to a consecutive three-year term, but may not be reappointed thereafter without a three-year break in service.
- 5.4 Meetings.--Meetings shall be held quarterly and at such other dates as may be considered advisable by the Chancellor and the Executive Vice Chancellor for Asset Management.

Sec. 6. Investment Transactions.--Sales, purchases, and exchanges shall be effected through investment dealers or brokers in accordance with the Permanent University Fund and the Common Trust Fund Investment Policy Statements.

## CHAPTER X

### AUXILIARY ENTERPRISES

- Sec. 1. Auxiliary Enterprises are those operated primarily for service to students and staff. Such enterprises are expected to be self-supporting. Examples of such enterprises are residence halls, dining halls, student hospitals, student unions, book stores, and any activities supported from fees collected as Student Activities Fees, whether such fees are optional or mandatory.
- Sec. 2. Annual budgets for these activities shall be prepared and submitted through regular administrative channels, and expenditures shall be within budgets approved by administrative officials and the Board. Income of Auxiliary Enterprises is not deposited with the State Treasury, however, and any balances or deficits at the end of a fiscal year may be reappropriated for the succeeding year.
- Sec. 3. With the exception of intercollegiate athletic departments, to which the general and special provisions of the Appropriations Bill do not apply, the same regulations and applicable laws shall govern as apply to the budgeting and expenditure of general funds unless otherwise specifically authorized. The Board, upon recommendation of appropriate administrative officials, approves the regulations for the management and operation of athletic departments.
- Sec. 4. Rentals and related policies and rates for dormitories and housing facilities shall be approved in advance by the chief administrative officer, the appropriate Executive Vice Chancellor, the Chancellor, and the Board.
- Sec. 5. Rules and regulations for the administration of dormitories, other housing facilities, dining halls, and other eating facilities, shall be promulgated by administrative officials and the chief administrative officer at the institution concerned.

- Sec. 6. The money values of meals, lodging, and other services the employees are authorized to receive in lieu of additional wages or salary, are recommended to the chief administrative officer by the chief business officer and approved by the appropriate Executive Vice Chancellor, the Chancellor and the Board.
- Sec. 7. Statutory Provisions Currently in Effect.--Auxiliary Budgets shall comply with statutory provisions and rider provisions of the current Appropriations Bill.
- Sec. 8. Student Publications.--Rules and regulations for the establishment, administration and operation of student publications shall be promulgated by administrative officials and the chief administrative officer at the institution concerned, provided that such rules and regulations shall not be effective until approved by the appropriate Executive Vice Chancellor for inclusion in the institutional Handbook of Operating Procedures.
- Sec. 9. Student Union Facilities.--Rules and regulations for the establishment, administration and operation of student union facilities shall be promulgated by administrative officials and the chief administrative officer at the institution concerned, provided that such rules and regulations shall not be effective until approved by the appropriate Executive Vice Chancellor for inclusion in the institutional Handbook of Operating Procedures.
- Sec. 10. Intercollegiate Athletics Programs.--Rules and regulations governing the establishment, administration and operation of intercollegiate athletics programs shall be promulgated by administrative officials and the chief administrative officer at the institution concerned, provided that such rules and regulations shall not be effective until approved by the appropriate Executive Vice Chancellor for inclusion in the institutional Handbook of Operating Procedures.
- Sec. 11. Employment of a Students' Attorney.
- 11.1 If an attorney is retained in any manner by a component institution or by a Students' Association or other agency of student government at any component institution of the System to serve as a students' attorney, said attorney shall not act as counsel of

record nor represent any student, faculty member, or staff member, or any group or combination of students, faculty members, or staff members, or System Administration or any component institution of the System:

- 11.11 In any matter that requires an administrative decision to be made by any officer, committee, board, or agency of a component institution of the System, the System, or the Board.
- 11.12 At any stage of any criminal proceeding in any federal, state, county, or local court.
- 11.13 At any stage of any civil proceeding in any federal, state, county, or local court where such proceeding is directly or indirectly against or antagonistic to the interests of the System or any component institution thereof, or against or antagonistic to the interests of any person who is sued in his or her official capacity as an officer of the System or any component institution thereof.

11.2 Any contract or agreement for legal services entered into by a Students' Association or other agency of student government or other agency of a component institution with an attorney whose remuneration will be paid from funds under the control and management of the Board, including funds from student fees whether mandatory or optional, is expressly subject to the applicable provisions of the Regents' Rules and Regulations, including, but not limited to, the foregoing provisions of this Section 11 and the following:

Section 8.7 of Chapter I of Part One;  
Section 1.1 of Chapter III of Part One;  
Section 1.3 of Chapter III of Part One;  
Section 11 of Chapter III of Part One;  
Section 5.15 of Chapter VI of Part One; and  
Section 5.21 of Chapter VI of Part One.

*Check 2/8*  
*These references noted below*

8.7 -- Delictual and otherwise Obviously Controversial Matters. --

1.1 + 1.3 -- Appointments

11 -- Communications w/ the Legislature & Other State Agencies or Officials. --

5.15 Salaries Employees (Approved by Regents  
(under the direct supervision of a students' association...))

5.21 ... students' association takes a position w/ reference to issues...

CHAPTER XI

CONTRACTS AND GRANTS FOR RESEARCH, TRAINING, AND  
EDUCATIONAL SERVICES, INCLUDING  
INSTITUTIONAL SUPPORT GRANTS

Sec. 1. Initial contracts, grants, and agreements from or with outside agencies for research, training, and educational services, including institutional support grants (except as provided in Subsection 1.1 below) shall be approved by the chief administrative officer and ratified by the Board via the institutional dockets. Subsequent institutional dockets should include only the changes in these initial contracts, grants, and agreements that involve changes in funds over \$10,000. It is not necessary to report contract extensions, amendments, modifications, changes in investigators or other changes in the institutional dockets unless they increase or decrease the total original contract by more than \$10,000. Although these items will not be reported in the institutional docket, copies of such changes shall be provided to the U. T. System Comptroller.

1.1 Contracts or agreements with foreign governments, agencies thereof, and with institutions, enterprises or individuals subject to the jurisdiction of foreign governments, shall be submitted through the appropriate Executive Vice Chancellor for prior review sufficiently in advance of effective date for prior approval of the Board, ~~if such prior approval is deemed appropriate by the General Counsel, the appropriate Executive Vice Chancellor and the Chancellor.~~

1.2 The Chancellor will issue special instructions for those contracts and grants requiring special approvals other than as provided in this section.

1.3 Funds shall not be encumbered or expended under any contract or grant prior to the approval of the contract or grant as indicated above.

*include*  
*VC and*  
*perhaps not here*



- 1.4 Institutional support grants include NSF Institutional Grants for Science, NIH General Research Support Grants, Health Professions Education Improvement and/or Capitation Grant Programs, and other such grants awarded on a formula basis rather than a budgeted project basis.
- Sec. 2. Proposals for such contracts, grants and agreements, whether with government agencies, industry, foundations, or other private granting agencies, shall be initiated by the faculty member (or other appropriate official who will direct the work) and shall be approved by designated administrative officials, including the chief administrative officer. These proposals will receive such review and approval as directed by the Chancellor. The chief business officer at each component institution is responsible for the business aspects of the proposals.
- Sec. 3. Copies of contracts, grants, and agreements specified in Section 1 of this chapter shall be filed with the Executive Secretary to the Board, together with a copy of the proposal or application, if any, that resulted in the contract, grant, or agreement. ✓
- Sec. 4. Detailed budgets are generally included in the proposals that result in a contract or grant for a specific research, training, or educational project, and expenditures should conform to such budgets, unless amended by authorized procedures. For those institutional or "formula" type grants identified in Subsection 1.3 of Section 1 of this chapter, a proposed budget must be submitted to the appropriate Executive Vice Chancellor and the Chancellor for review, approval, and submission to the Board. ✓
- Sec. 5. Proposals as to overhead rates and specialized rates for fringe benefits, computers, and other facilities chargeable to cost-reimbursement contracts and other government contracts and grants shall be worked out in preliminary form by the chief business officer concerned and shall be reviewed and approved by the System Comptroller before being submitted. Subject to approval of the Vice Chancellor for Business Affairs, the System Comptroller shall negotiate all such rates for the component institutions of the System.

- Sec. 6. Information as to overhead and specialized rates applicable to the type of contract, grant or agreement to be entered into shall be secured from the System Comptroller via the business officers and/or the appropriate research administration officer.
- Sec. 7. To the extent that indirect cost recoveries from the application of overhead rates are derived from use charges for buildings, other improvements, or equipment, the funds so derived shall be designated for renewals and replacements of plant fund assets or for other purposes specified and approved in the budgetary processes as related to the indirect cost recoveries.

*Draft as edited by  
Orr Wiley & Hans Mack  
5/20/88*

RULES AND REGULATIONS  
OF THE  
BOARD OF REGENTS  
OF  
THE UNIVERSITY OF TEXAS SYSTEM  
FOR THE GOVERNMENT OF  
THE UNIVERSITY OF TEXAS SYSTEM

PART TWO

*REISSUED AS OF JUNE 1, 1988*

*Reissued as of September 1, 1982  
(with Amendments to February 11, 1988)*

*Explanatory  
Statement*

*Fellowships, Scholarships, and Loan Funds*  
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*AMENDED APRIL 1988*

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CHAPTER I  
GENERAL

Sec. 1. Gifts to The University of Texas System.

1.1 The authority to accept gifts to the System or to any of the component institutions is vested in the Board.

1.2 Recommendations <sup>to the Board</sup> for the acceptance of gifts showing details as to value, form, stipulations regarding use, and provisions for custody and disbursement of funds shall be transmitted by the chief administrative officer <sup>through the appropriate</sup> to the ~~Office of the Chancellor~~ ~~and by that office,~~ with recommendations, ~~to the Board.~~ ✓ ✓

1.3 Gifts to Permanent Endowments.

1.31 All gifts to establish permanent endowments of any nature shall be accepted by the Board via the Agenda after review and recommendation by the ~~Office of the Chancellor~~, including the Office of Asset Management, of the terms of the endowment and the nature of the donated assets. Gifts to a permanent endowment previously established by the Board may be accepted by the chief administrative officer of a component institution after review and approval by the Office of Asset Management of the nature of the donated asset. ✓

1.32 Permanent endowments will be established at a minimum funding level of \$10,000. Endowments may be established to fund scholarship programs and other educational activities as well as the endowed academic positions specified in Section 3 below.

1.33 All endowment gifts are subject to the ensuing provisions:

1.331 Should the Board determine at any time that the fund is not of sufficient size, and has no foreseeable prospects of growing to sufficient size to justify the continuing costs of maintenance of such fund as a separate fund, then in the Board's discretion the principal of such fund may be

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4/14/88  
SECTIONS  
1-4  
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THESE CHANGES WILL BE  
ISSUED PRIOR TO 6/1/88  
BUT CHANGES SHOWN HERE  
ARE "EDITORIAL" FROM  
THOSE ISSUED IN MAY, 1988

the ~~Office of the Chancellor~~



expended for or otherwise devoted to the accomplishment, as near as may be possible, of the purposes for which the fund was established.

1.332 A permanent register of Memorial Gifts shall be maintained at each component institution to record gifts, or where the gift or donation is not specifically directed to a component, the register shall be maintained by System Administration.

1.4 Except as provided in other subsections of this Section, the authority to accept gifts to a component institution is delegated to the chief administrative officer when the gift is to a fund, foundation, or enterprise already approved by the Board or is a continuation of a series which has been previously approved by the Board. Each chief administrative officer, or a designee specified in writing, is empowered to accept cash gifts (except endowments) to a component institution of the System in the amount of \$25,000 or less and gifts in kind having a value of \$25,000 or less, within the policies of the Board and Legislature governing the acceptability of gifts, and to deposit such gifts to the appropriate accounts. All gifts (except those described in Subsection 1.5 below) shall be reported by the dockets of each component institution as prescribed by the Board.

1.5 A quarterly report of all such gifts of \$25,000 or less showing name and address of donor, amount of cash gift or value of gift in kind, purpose, and date of the gift shall be filed with the Board within thirty (30) days after August 31, November 30, February 28, and May 31 of each year. Such reports will summarize gifts of \$2,500 or less showing only total dollars and number of gifts.

- 1.6 Except as provided in this section and the preceding sections, no member of the staff of any institution has the authority to accept gifts to the System or to any of its component institutions. Gifts to the component institutions of books or other objects of very small value and very obvious propriety, without conditions attached, may be accepted by individual members of the staffs provided these gifts are reported to the Board as specified in Subsections 1.4 or 1.5 as appropriate.
- 1.7 Due to the inefficiencies and high costs associated with separately tailoring investment management programs for gifts that are investment-restricted, notwithstanding any other provision of this Chapter, a gift subject to investment restrictions shall be referred to the System Director of Development who shall review the terms of the gift instrument with the Office of Asset Management and the Office of General Counsel prior to acceptance of the gift and/or prior to its recommendation for acceptance by the U. T. Board of Regents.
- 1.8 Neither the System nor any of its component institutions will accept a gift for the benefit of any designated student unless the donor is exempt from Federal Income Taxes as defined by the Commissioner of Internal Revenue.
- 1.9 The acceptance of gifts of real property is prohibited without prior express approval of the Legislature except for establishing scholarships, professorships, or other trusts for educational purposes, provided that such property will not thereafter require legislative appropriations for operation, maintenance, repair, or construction of buildings. (Current Appropriations Bill) Acceptance of all gifts of real estate shall be subject to the U. T. System Trust Fund Real Estate Policy Statement.

Sec. 2 Fellowships, Scholarships, and Loan Funds.

- 2.1 After gifts for fellowships, scholarships, and loan funds have been accepted by the Board, as indicated previously, they are administered jointly by designated committees and the business office of each component institution.

- 2.2 In the case of scholarships and fellowships, the appropriate committee, or designated individual, receives applications, makes the necessary inquiries, and determines the award. The committee advises the institutional head of the award who, in turn, approves and forwards the notice of award to the business office. Payments on scholarships and fellowships are made through the business office of the component institution.
- 2.3 In the case of loan funds, the appropriate committee or designated person receives applications for loans, makes the necessary inquiries, and approves or declines the original loan as well as all renewals and extensions. The chairman notifies the business office of the granting of loans, and all records including notes, cash, accounts and collections are thereafter handled by that office. The principal of loan funds is kept intact insofar as possible. The chairman of the awarding committee may be requested by the business office to assist in collection of past due interest or principal.

Sec. 3. Endowment of Academic Positions.

- 3.1 No endowment will be established or announced without prior approval of the Board, and no initial appointment will be made to an endowed chair or professorship without prior approval by the Board via the Agenda. Subsequent new or continuing appointments to the endowed chair or professorship may be approved as a part of the annual operating budget or via the Docket of the ~~Office of the~~ Chancellor. Appointments to endowed fellowships may be approved via the Docket of the ~~Office of the~~ CHANCELLOR, unless included as a part of the annual budget approval process.
- 3.2 No negotiations or commitments implying the establishment of the endowment of an academic position will be undertaken by any faculty member or officer of the component institution until the proposal has been formally approved by the chief administrative officer.

3.3 Recommendations to the Board concerning acceptance of gifts for endowment of academic positions will be made through the ~~Office of the~~ Chancellor to the Board. Before the final action of the Board, such recommendations will be referred to the Land and Investment Committee as to fiscal arrangements and to the Academic or Health Affairs Committee as to policy.

3.4 The six categories of endowed and named academic positions and the minimum funding levels to establish the positions are:  
Distinguished University Chairs (\$2,000,000),

Distinguished Chairs (\$1,000,000), Chairs (\$500,000), Distinguished Professorships (\$250,000), Professorships (\$100,000), and Fellowships (\$50,000). All agreements related to endowed academic positions made prior to April 14, 1988, will remain in effect unless a specific request for change is made by the donor and the institution and approved by the Board.

3.41 Distinguished University Chairs, Distinguished Chairs, Chairs, Distinguished Professorships, and Professorships will be established with the minimum funding levels authorized by the Board of Regents or the equivalent in annual contributions arranged according to agreements recommended by the *appropriate* ~~Office of the~~ Chancellor and approved by the Board. The component institution will pay from its funds such amounts as are necessary to set the salary of the holder at a level commensurate with his or her record, experience, and position in the faculty. The endowment income will be used both for salary supplementation and for other professional support of the holder of the endowed position, including assistance in the holder's research. The endowment income also may be used to pay an appropriate part of the salary of the holder of the endowed position commensurate with an authorized reduced faculty workload when required by other duties of the position or when the holder is on part-time or full-time research

leave which is otherwise unfunded. It is provided specifically, however, that, in no event, will endowment income be used to supplant any other source of funds used to pay the base salary of the holder of the position when the holder is performing his or her regular duties.

- 3.42 *and the* Endowed Fellowships. The endowed fellowship will be established with a minimum of \$50,000 or the equivalent in annual contributions arranged according to agreements recommended by the ~~officer~~ *and the* Chancellor and approved by the Board of Regents. Income from the endowment may be used to supplement the salary of the holder of the fellowship, who may be a qualified person of any academic rank irrespective of tenure status, and will also be available for other professional support of the holder. The endowed fellowship will be used to provide temporary support (not to exceed one academic year) of distinguished scholars who are in temporary residence at the component

while participating in planned academic programs; visiting scholars who are in temporary residence at the institution for special academic programs or purposes; component faculty who have made unique contributions to academic life or to knowledge in their academic discipline; and component faculty of any academic rank, irrespective of tenure status, who have been selected for teaching excellence through procedures established by the component institution. Grants for endowed visiting professorships and endowed teaching fellowships of at least \$50,000 already under contractual agreement for the future, bequests included in wills made prior to April 14, 1988, and other prior bona fide arrangements for endowed teaching fellowships and endowed visiting professorships are excepted in this regulation. Grants for endowed lectureships of at least \$20,000 already under contractual agreement for the future, bequests

in wills made prior to April 14, 1988, and other prior bona fide arrangements for endowed lectureships are excepted from the minimum amount restriction in this regulation.

3.43 Individual component institutions are not required to utilize all categories of endowed academic positions and may, with advance administrative approval and inclusion in the institutional Handbook of Operating Procedures, limit institutional endowment activity to those position categories which best fit the component goals and mission.

SECTIONS BELOW WERE RENUMBERED BY ACTION OF APRIL, 1988  
BUT NARRATIVE WAS UNCHANGED

- ↓ ↓  
4
- Sec. ~~3~~. Tuition and Other Fees.--Tuition fees and other charges will be fixed as prescribed or as authorized by statute, and will be set out in the institutional catalogue.
- ↓ 5 ↓
- Sec. ~~4~~. Fiscal Year.--The fiscal year of the System shall be September 1 through August 31.
- ↓ 6 ↓
- Sec. ~~5~~. Policy Against Discrimination.--To the extent provided by applicable law, no person shall be excluded from participation in, denied the benefits of, or be subject to discrimination under, any program or activity sponsored or conducted by the System or any of its component institutions, on the basis of race, color, national origin, religion, sex, age, veteran status, or handicap.

I-6A

Sec. 8. <sup>7</sup> ✓

General Admission Policy.

The System will make maximum use of its resources, subject to the limited enrollment policy of the Board, to admit and educate as many qualified students as possible, consistent with accreditation standards and consistent with maintaining a high quality of education. Neither the faculty nor students of any component institution will solicit or recruit for admission to that institution any person who cannot meet the usual academic requirements for admission to that institution. Other than for the exceptions set forth in the General Appropriation Act, no funds appropriated by the Legislature, including local institutional funds, may be expended for the recruitment of students, whether qualified or unqualified. However, this provision does not prohibit the distribution of informational literature about an institution or a particular program in appropriate schools or among economic or social groups which might have a special interest in a particular institution or educational program. Such information might focus upon, but need not be limited to, programs for which there is a statewide need for graduates. Nor does it prohibit visits by students, faculty members, or administrators, upon request, with groups of high school or college students or other groups interested in information on higher education, a particular institution, or particular programs when such visits are supported by funds from gifts and bequests.

~~All Texas resident applicants to medical schools within the System shall be notified of their eligibility to apply to the State Rural Medical Education Board for financial assistance pursuant to Article 4498(c), Vernon's Civil Statutes. Article 4498(c) authorizes the Rural Medical Education Board to make loans, grants or scholarships to medical students who are contractually obligated to practice medicine in rural areas of the State. The notification will also inform applicants that they may seek financial assistance from the State Rural Medical Education Board at any time during medical~~

*I'm not sure this Board is still in existence - I believe it was to check THE CB - Need to check*

school should they subsequently determine that they desire to enter the practice of medicine in a rural area. The fact that an applicant has contracted for a loan, grant or scholarship from the State Rural Medical Education Board will be considered by the admissions committee in the overall consideration of the applicant.

8 ✓  
Sec. 9. Admission of Nonresident Students.--No nonresident of the State of Texas shall be enrolled as a new or transfer student in any school, college, or degree-granting program at any component institution of the System when all of the three following conditions occur: (1) when there is a limitation on the number of students who will be enrolled in the class of which such nonresident would be a member if he were enrolled; (2) when the result of enrolling such nonresident would be to increase to greater than 10% the percentage of nonresidents enrolled in the class of which such nonresident would be a member if he were enrolled; and (3) when at the time of the proposed enrollment of such nonresident, admission to the school, college, or degree-granting program is being denied to one or more Texas residents who have applied for admission and who reasonably demonstrate that they are probably capable of doing the quality of work that is necessary to obtain the usual degree awarded by the school, college, or degree-granting program. It is provided, however, that the nonresident enrollment at the School of Law, The University of Texas at Austin, may be equal to 15% of each class of which nonresidents are a part provided that the admission of such nonresidents is on the basis of academic merit alone.

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Sec. 10. Official Seal, Colors, Flag, and Mascot.

10.1 The official seal of the System shall be the seal held in the custody of the Executive Secretary to the Board on which shall be inscribed "Seal of The University of Texas." The official seal of each component institution shall consist of the System seal with such heraldic variations as may be approved by the Board upon recommendation of the head of the component institution and the ~~Office of the~~ Chancellor. This official seal shall be used for the purpose of certifying diplomas, official transcripts for students and for such other official purposes as may be approved by the Board, by System Administration, or by the chief administrative officer of a component institution. Provided, however, that if any component institution has previously adopted and presently uses an

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institutional seal, such component institution may continue to use such seal in lieu of the seal hereby provided for. Provided further, however, no component institution shall use as its official seal that seal approved herein as the official seal of the System, unless the full title of the institution as designated in the Rules and Regulations of the Board, Part One, Chapter VIII, Section 4, is also used as an integral part of the seal.

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The official colors for the System shall be orange and white; provided, however, that a component institution may adopt other colors to be used only in connection with athletic activities of the institution when approved by the Board upon recommendation of the chief administrative officer of the component institution) and the ~~office of the~~ Chancellor.

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The Texas State Flag shall be designated as the official flag of the System, and the official flag of each component institution shall be the Texas State Flag with a streamer with the official name of the component institution in white letters on an orange field. No component institution shall have or display as its official flag or as a flag representative or symbolic of the institution any other flag.

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Each component institution may adopt a theme and a mascot to be used in connection with athletic activities, provided same is approved by the Board upon recommendation of the chief administrative officer of the component institution, and the ~~office of the~~ Chancellor.

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Appropriation Act Riders.--The System will comply with the provisions of the current General Appropriation Act insofar as applicable.

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CHAPTER II

ACCOUNTING, AUDITING, REPORTING, AND BUDGETARY CONTROL

Sec. 1. Types of Funds.

1.1 Current Funds.

1.11 General.--General Funds are those unrestricted operating funds which are available for any purpose. Such funds are expended in accordance with the budgets and appropriations approved by the Board. General Funds balances shall not be reappropriated from one fiscal year to another unless specific approval is given by the ~~Office of the~~ Chancellor and the Board.

1.12 Auxiliary Enterprises.--Auxiliary Enterprises Funds are those funds set aside for operating entities which exist to furnish specified services to students, faculty, or staff, and which charge fees that are directly related to the cost of the service.

1.13 Designated.--Designated Current Funds are those funds designated for special activities by the System. The income and expenditures are ordinarily related to a particular department. Expenditures follow the same programs as are found in the General and Restricted Current Funds. Such funds are subject to the same budgetary restrictions as General Funds although balances are automatically reappropriated at the end of each fiscal year.

1.14 Restricted.--Restricted Current Funds are those received from federal and local governments, state agencies, individuals, foundations, corporations, etc., or income derived from endowments, to be used only for a particular purpose or project, specified by the donor, such as research, conferences, scholarships, fellowships, etc. The period

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of use is usually designated in the agreement approved by the Board. The accounting for the funds will be on the accrual basis; however, in financial reporting, the amounts reported as revenues are limited to the expenditures. Unless otherwise specified, balances are automatically reappropriated at the end of each fiscal year.

1.2 Loan Funds.--Those funds that have been set aside for loans to be granted to students, faculty, or staff, including interest earned thereon.

1.3 Endowment and Similar Funds.

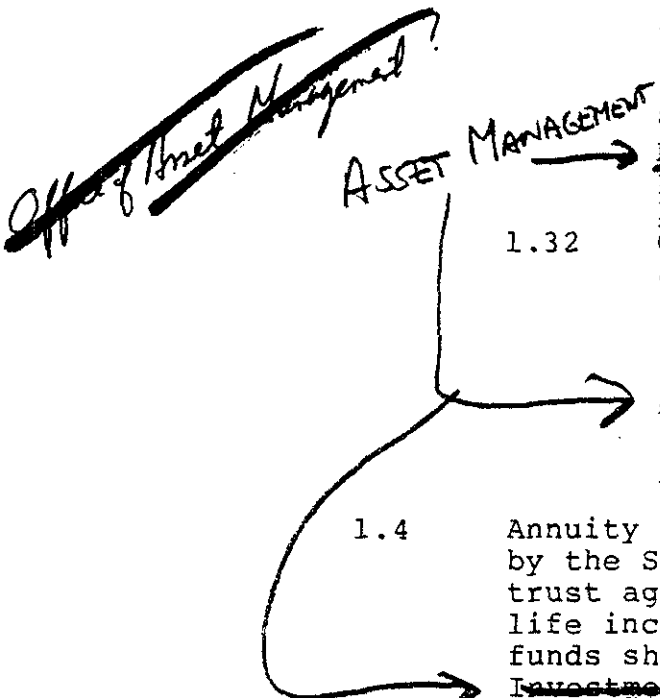
1.31 Endowment Funds.--Those funds that donors have stipulated, as a condition of gift, that the principal is to be maintained inviolate in perpetuity, or in the case of "term" endowments to be maintained inviolate for a specified term. All endowment funds are administered by the Office of Investments and Trusts of System Administration as provided in Part Two, Chapter IX of these Rules and Regulations.

1.32 Quasi-endowment Funds.--Funds functioning as endowment as a result of determination by the Board that they are to be retained and invested. All quasi-endowment funds are administered by the Office of Investments and Trusts of System Administration as provided in Part Two, Chapter IX of these Rules and Regulations.

1.4 Annuity and Life Income Funds.--Those funds acquired by the System subject to annuity contracts, living trust agreements, or gifts and bequests reserving life income to one or more beneficiaries. Such funds shall be administered by the Office of Investments and Trusts of System Administration.

1.5 Plant Funds.

1.51 Unexpended Plant Funds.--Funds specified by the Board or by external sources for the acquisition, construction, or improvement of



physical properties to be used for institutional purposes.

1.52 Renewals and Replacement Funds.--Funds specified by the Board or by external sources to be used for the renewal and replacement of plant fund assets. A regular source for such funds shall be the portion of indirect cost allowances represented by use charges on buildings, other improvements and equipment allocated to sponsored programs. (See also Part Two, Chapter XI, Section 7.)

1.53 Retirement of Indebtedness Funds.--Funds specified by the Board or by external sources to be set aside to meet debt service charges and the retirement of indebtedness on institutional plant assets. All such funds shall be administered by the Office of Investments and Trusts of System Administration.

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1.54 Investment in Plant Funds.--Funds invested in physical properties to be used for institutional purposes.

1.6 Agency Funds.--Those funds received and held by the System as custodian or fiscal agent for others. Agency funds shall be expended in accordance with the limitations of the agency agreement.

Sec. 2. Accounting.

2.1 The financial records of the System shall be kept as nearly as practicable in accordance with the recommendations set forth in "College and University Business Administration, Third Edition," (1974) published by the National Association of College and University Business Officers. Where those recommendations conflict with statutes or with regulations of the Coordinating Board of the College and University System, the latter shall be controlling.

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2.2 All accounting records and procedures shall be subject to the approval of the chief business

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officer and the ~~Executive Director for Finance and Administration~~ or his delegate. ✓  
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- 2.3 The business office of each component institution shall be the central office for accounting control for all financial transactions of the institutions. The chief business officer shall confer with departmental and administrative officials and instruct them concerning the records of financial transactions to be kept by the departments, as indicated in the next subsection.
- 2.4 Each person directly responsible for a department or other administrative unit (hereinafter called "department head") shall keep an account of funds and property for which he is responsible, as detailed as necessary to supplement the business office records. ✓  
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- 2.5 All expenditures must be in accordance with the approved institutional operating budget.
- 2.6 Statements of department or other administrative unit accounts shall be prepared monthly by the business office and shall be sent periodically to the department heads who will compare their records with those of the business office and report any differences promptly to the business office.
- 2.7 A person in each department or other administrative unit may be designated by the department head, with the approval of the chief business officer, to sign vouchers, requisitions, etc., in the absence of the department head. These designations shall expire upon receipt of notification by the accounting office in writing from the department head or upon termination or transfer of the designee from the department.

Sec. 3. Auditing.

- 3.1 The chief business officer is initially responsible for the preaudit of all business transactions as a part of the regular accounting procedures of the

business office and consistent with the system of internal control.

3.2 Postauditing shall be regularly performed with formalized audit programs developed by the chief business officer and the System Comptroller. Each institution is expected to maintain an internal audit staff to perform the basic postaudit functions and to augment the work of the System Comptroller's staff and the State Auditor, unless otherwise exempt from this requirement by the ~~Executive Director for Finance and Administration.~~ VC for B.A

3.3 The audit staff of the System Comptroller shall review and/or conduct postaudits of business activities at the component institutions. Such audits shall be conducted in accordance with accepted auditing standards, including necessary tests of the records. Written reports will be prepared for all such audits, calling attention to transactions which may not be in accord with legal requirements, System and institutional accounting principles, policies and regulations. The audit staff shall recommend corrective measures and procedures when appropriate.

3.4 The audit staff of the System Comptroller, in addition to the above duties, shall review the internal audit programs of the component institutions, and shall conduct procedural studies and make recommendations for effective, and insofar as practical, uniform systems of accounting and reporting for all component institutions of the System.

3.5 The State Auditor, under State law, is responsible for the external audits of the books of the System.

Sec. 4. Reporting.

4.1 All financial reports shall be prepared in accordance with the provisions of the statutes, official directives of the ~~Coordinating Board, Texas College and University System~~, and directives of the Board, and in conformity with the manual, "College

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Texas Higher Education  
Coordinating Board

and University Business Administration, Third Edition," (1974) referred to above. The reports shall be prepared by the chief business officer and approved by the System Comptroller. ✓

4.2 Two reports, both of which shall be prepared under the direction of the chief business officer and the System Comptroller, shall be prepared annually: ✓

4.21 Annual Financial Report.--As required by law, printed financial reports, in the format recommended in "College and University Business Administration, Third Edition," (1974), or its successor publication, shall be filed with the Coordinating Board, Texas College and University System and other State offices as specified by law. ✓

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4.22 Salary Payment Report.--On or before December 31, each year, an itemized report in format prescribed by System Administration shall be prepared of salaries and wages paid all employees for services during the preceding fiscal year out of any funds from any source or character under the control and/or custody of the Board, listing for each employee the total amount paid from each source during the twelve months of the fiscal year, the title of the position held or kind of service rendered. Copies of this report shall be furnished the Executive Secretary to the Board, the System Budget Director, and the System Comptroller.

4.3 Monthly financial reports, in the form prescribed by the System Comptroller, shall be prepared by each institutional chief business officer and distributed to the chief administrative officer, the Executive Secretary to the Board, the System Budget Director, and the System Comptroller. Copies of such monthly reports, verified under oath, shall be furnished semiannually to the Governor.

Sec. 5. Operating Budgets.

*Approved Ex V.C. 2/20*

5.1 Operating Budgets for all the component institutions shall be approved annually by the Board within the budget estimates of income prepared by the chief business officer and the chief administrative officer and approved by the Office of the Chancellor.

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5.2 General policies for the budget preparation shall be recommended by the Office of the Chancellor to the Board and shall be followed in preparing the budgets. Instructions for details of budget preparation shall be furnished to the chief administrative officers by the Office of the Chancellor.

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5.3 The institutional chief administrative officer shall issue local instructions and shall furnish forms to the budget-recommending officials. Their recommendations for salaries, maintenance and operation, equipment, travel, and other pertinent items shall be reviewed by the chief administrative officer. The budget as finally recommended by the chief administrative officer shall be forwarded to the Office of the Chancellor for further review and recommendation to the Board.

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5.4 Rules and procedures for budget administration shall be prepared by the Office of the Chancellor, approved by the Board, and shall be included in the completed budgets.

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5.5 A copy of each budget, and any subsequent amendment thereto, shall be filed by the Executive Secretary to the Board with the Legislative Reference Library to be available for public inspection, and also with such other State offices as required by law.

Sec. 6. Legislative Budget Requests.

6.1 Legislative budget requests, biennial or otherwise, as may be required shall be submitted to the Coordinating Board, Texas College and University System, to the Legislative Budget Board, and to the

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Governor's Budget and Planning Office in the form and at the time prescribed.

6.2 These legislative budget requests shall be prepared in conformity with the same general procedures, as outlined above in Section 5, for the annual budgets in the following sequence:

6.21 Approval of budget request writing policies by the Board upon recommendation of the Office of the Chancellor.

6.22 Preparation of a recommended budget request of expenditures by the chief administrative officer in conformity with these policies.

6.23 Approval of the completed budget request by the Office of the Chancellor and the Board.

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## CHAPTER III

### RECEIPT, CUSTODY, AND DISBURSEMENT OF MONEYS; ABSENCE FROM USUAL AND REGULAR DUTIES INCLUDING TRAVEL

#### Sec. 1. Receipts, Admission Tickets, and Charges.

- 1.1 No department, division, or individual staff member is authorized to receive money in the name of a component institution of the System unless authorized by the chief business officer and chief administrative officer.
- 1.2 An official receipt in the form prescribed by the chief business officer shall be issued to payors for all moneys received unless the chief business officer has specifically authorized exceptions for certain types of collections.
- 1.3 All moneys received shall be recorded and handled under appropriate internal accounting controls.
- 1.4 Admission tickets, including complimentary tickets, shall have the price of admission indicated thereon, and all such tickets shall be prenumbered, except for certain events where the section, row, and seat number are shown. Admission tickets and coupon books shall be purchased for delivery to the institutional business office and issued to the department concerned. Unused tickets or books shall be returned along with a prescribed ticket report to the business office within 30 days from the date of the event, and a list showing the names of all persons receiving complimentary tickets shall be a part of the prescribed ticket report. The chief business officer may authorize an exception to the 30-day time limit for submitting ticket reports for a specified event or series of events, provided that the exception must be in writing, and must specify both the reason for the exception and the alternate due date for those ticket reports.
- 1.5 All unpaid (including complimentary, free, or discounted) charges for sales or service of auxiliary enterprises, organized activities, or service departments or similar activities shall be reported to and recorded by the chief business officer or his delegate under appropriate internal

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accounting controls. A list or other documentation showing the authorization and names of all persons receiving complimentary, free, or discounted goods or services and the values thereof shall be furnished the business office within 30 days from the date such goods were issued or such services were rendered by any auxiliary enterprise, organized activity, or service department or similar activity.

Sec. 2. Deposits with Institutional Business Office.

- 2.1 Money received by all departments from all sources shall be deposited, using an official form, in the institutional business office, unless depositing directly to a special bank account has been specifically authorized by the System Comptroller. The deposits shall be daily if the receipts are \$200 or more, and weekly even if the accumulation is less than \$200. Except for mail deposits authorized under Subdivisions 2.11 and 2.12, the deposit shall be made in person by a departmental representative to whom an official receipt is issued.
  - 2.11 Mail deposits by on-campus departments are authorized if the amount of each deposit is less than \$100 and does not contain cash (currency).
  - 2.12 Mail deposits by off-campus activities are authorized if such deposit does not contain cash (currency).
- 2.2 Departments or activities mailing deposits shall maintain adequate record of such deposits, including detailed description of negotiable instruments.
- 2.3 Cash overages or shortages shall be reported to the business office with each deposit. Cash overages shall be deposited in the business office.
- 2.4 Petty cash funds shall be provided only on approval of, and by arrangement of, the department with the chief business officer. Special petty cash fund bank accounts may be established only with the approval of the System Comptroller.

Sec. 3. Deposits with the State Treasurer.

- 3.1 The statutes and the current appropriations act require that all cash receipts of the general academic teaching institutions be deposited in the State Treasury with the exception of those from auxiliary enterprises, noninstructional services, matriculation fees collected in lieu of student activity fees, agency and restricted funds, endowment funds, student loan funds, and Constitutional College Building Amendment Funds. ✓  
NO
- 3.2 Institutional receipts required to be deposited in the State Treasury shall be so deposited in the manner prescribed in the statutes and the current appropriations act.
- 3.3 Component institutions of the System are authorized by the current appropriations act to establish Revolving Funds under certain prescribed procedures to facilitate the payment of nominal expenses and to pay bills within cash discount periods, as well as for regular monthly payrolls, weekly, and special payrolls. Such Revolving Funds are authorized, subject to approval of the System Comptroller.

Sec. 4. Local Institutional Funds.

- 4.1 All local income not required to be deposited in the State Treasury must by law be deposited in official depository banks for safekeeping.
- 4.11 Depository agreements with official depository banks shall be negotiated, as necessary, by the System Comptroller with those banks approved by the Board and in accordance with the then current policies of the Board. Such depository agreements shall be executed by the Chairman of the Board. ✓
- 4.12 Requests for authorized signatures, or changes thereto, for bank accounts maintained in all depository banks, shall be forwarded to the System Comptroller, who, after review and approval, shall refer such requests to the Executive Director for ✓

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~~Finance and Administration~~ for notification  
of the banks concerned.

LF 4.2 Depository banks selected shall furnish adequate surety bonds or securities to assure safety of these funds. \*Local funds shall be deposited in the depository banks as soon as possible, but in no event, later than seven days from the date of collection. Demand deposits and time deposits will be maintained in accordance with the current policies of the Board.

LF 4.3 The Board and the chief administrative officers may not, by law, borrow money from any person, firm, or corporation to be repaid from local funds except as specifically authorized by the Legislature.

4.4 Interest on Time Deposits.--As permitted by statute, interest received from depository banks for funds on time deposit shall be credited to appropriate accounts in either general funds or trust funds in relationship to the sources of balances on time deposit, provided that disposition of such earning was not specified by the grantor. Interest received from Current Restricted Funds (Trust Funds) time deposits shall be subject to further appropriation or transfer by the Board for any lawful purpose.

Sec. 5. Vouchers for Expenditures.

has a bar 5.1 Properly approved and fully supported vouchers are the authorization for cash disbursements. The Chairman of the Board or his delegate or the chief administrative officer or his delegate must approve all vouchers. One of these delegates shall be the chief business officer who shall select the other delegates from his staff. Such approval is based upon satisfactory supporting documentation evidencing that goods or services were properly ordered, that the vendor has submitted invoice and certification, and that the goods or services have been received by the institution and are acceptable to the requisitioning department.

- 5.2 Appropriate internal accounting controls shall be exercised over the vouchering and disbursement procedures.
- 5.21 To the extent that centralized receiving facilities are available, delivery of all purchased supplies, materials, and equipment should be received at a centralized location under the direction of the chief business officer.
- 5.22 Vouchers should be prepared centrally in the business offices of those component institutions having centralized receiving operations.
- 5.3 Vouchers are to be coded in the business offices within the approved expenditure codes, and if payable by warrant drawn by the State Treasurer, with the proper expenditure classifications furnished by the State Comptroller, as well as complying with other current requirements of the State Comptroller and the State Purchasing and General Services Commission.

Sec. 6. Cash Discounts.--The accounting procedures should be designed to assure realization of advantageous cash discounts allowed by vendors.

Sec. 7. Outstanding Checks.--Outstanding checks shall be carried on the official accounting records for one year from the end of the month of issuance.

Sec. 8. Institutional Membership Dues.--General funds of the System may be used to pay membership fees only in educational, scientific, or other associations, in which the System, or a component institution thereof, is an institutional member, with memberships approved by the chief administrative officers. Such other approvals as may be required by law shall also be secured.

Sec. 9. Payrolls.

- 9.1 There are three general types of payrolls, those for (1) regular monthly salaried employees; (2) weekly salaried employees; and (3) hourly salaried employees.

- 9.2 All payrolls shall be prepared or verified in the business office from regular budgets, appointment documents, authorizations, time cards, or other documentation, and approved by the chief business officer or a person designated by him. *aka*
- 9.3 If payment for regular salaried employees is for less than a month, the salary calculated shall be figured proportionately on the basis of the actual number of working hours in such month. *small OK*
- 9.4 Deductions for income tax, retirement, social security, and programs authorized by the Board, such as group insurance, are made where applicable on all payrolls.
- 9.5 Dates for distribution of salary checks vary at the component institutions and will be announced by the respective business offices.

Sec. 10. Absence from Usual and Regular Duties, Authorization for Absence, Including Travel, and Travel Expense Reimbursement.

- 10.1 Approvals of travel shall not be routine or perfunctory, but shall be made only after the chief administrative officer or his authorized representative have carefully examined the purpose and need for each trip with a view to the economic and effective utilization of all travel funds. *aka*
- 10.2 Approvals of travel by the chief administrative officer or his authorized representative shall be made only: *aka*
  - 10.21 When such travel is on state business, which shall include among other purposes, the formal presentation of original research by an employee before a national, international, regional, or state learned society; and
  - 10.22 When appropriate provisions are made to carry on the duties of the absent person without additional expense to the institution.

10.3 Authorization for Absence for Staff Members Whose Regular Duties Do Not Require Travel.--Authorization for absence from usual and regular duties, including travel from the city or town where the officer or employee is regularly stationed, will be granted by the Board, or by the administrative officer as hereinafter delegated by the Board, only in advance, as follows:

10.31 Requests for authorization to be absent for a period not in excess of two weeks (fourteen calendar days) shall be transmitted through proper administrative channels to the chief administrative officer of the component institution for approval.

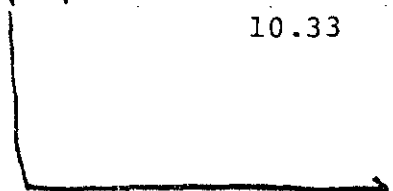
10.32 Requests for authorization to be absent for a period in excess of two weeks, but not in excess of twenty-nine days, including travel on official business, shall be transmitted through proper administrative channels to the ~~Office of the Chancellor~~ for approval prior to such absence. ✓

10.33 Requests for authorization to be absent for a period in excess of twenty-nine days, (excluding holidays approved by the Board), including travel on official business, shall be transmitted through proper administrative channels to the ~~Office of the Chancellor~~ for approval prior to such absence. Such approvals are to be reported in the regular dockets of the institutions affected. ✓

10.34 Requests for authorization to be absent by the administrative officers and staff of System Administration shall be approved by the Chancellor, the Executive Vice Chancellor for Academic Affairs or the Executive Vice Chancellor for Health Affairs as appropriate.

10.35 Any travel that contemplates reimbursement from funds appropriated by the Legislature for travel expenses incurred must have the advance written approval of the Governor, with the exception of travel to, in, and from the several states, United States possessions, Mexico, and Canada.

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- 10.36 In lieu of any of the delegations of authority to approve absence from usual and regular duties, including official travel, specified in the above subsections, the ~~Office of the Chancellor~~ may exercise such authority. *appropriate EVC →* ✓
- 10.37 The chief administrative officers of the component institutions shall keep records of all approved absences which shall be available for review by the ~~Office of the Chancellor~~ and the Board, or their delegate. ✓ *appropriate EVC →*
- 10.4 Travel Expense Reimbursements.
- 10.41 Travel expenses shall be reimbursed only from funds appropriated or authorized for travel. The chief administrative officers shall plan the travel of all employees under their authority to achieve maximum economy and efficiency.
- 10.411 Each travel voucher submitted for reimbursement shall include such a description as to identify persons or places contacted and/or the nature of the official business of the State performed within the legal responsibilities of the institution. When recruiting of faculty and staff is involved, names of persons contacted are required.
- 10.412 In submitting travel vouchers for payment from funds in the State Treasury, component institutions should recognize the regulations of the State Comptroller with respect to such claims.
- 10.42 Travel vouchers for reimbursement of all official travel authorized pursuant to the foregoing provisions shall be approved and signed as follows:
- 10.421 System Administration.--  
Reimbursement for all travel by employees of the System Administration shall be approved by the Chancellor, the Executive Vice

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Chancellor for Academic Affairs, the Executive Vice Chancellor for Health Affairs or their delegates, or the Director of Accounting or Assistant Director of Accounting of The University of Texas at Austin.

10.422 Component Institutions.--Reimbursement for all travel by employees of the component institutions shall be approved by the Chancellor, the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Health Affairs, or by the institutional administrative officers designated below:

chief administrative officer or chief business officer or other senior administrative or fiscal officers as may be delegated in writing by the chief administrative officer and the chief business officer. Such delegations shall be approved by the ~~Office of the Chancellor~~ and filed with the Executive Secretary to the Board and the State Comptroller of Public Accounts, together with the names of the individuals occupying the positions named.

*agreed to by...*

10.43 Allowances for Meals and Lodging (including Per Diem), Transportation and Related Expenses.--Provisions of the applicable current appropriations act and the Travel Regulations Act of 1959 (Article 6823a VTCS), as amended, shall govern such allowances.

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10.431 Exceptions to Per Diem Allowance.--  
10.4311 Chief administrative officers shall be reimbursed for their actual meals, lodging, and incidental expenses (exclusive of expenses related to motor vehicles for which

transportation is paid) when traveling on official business either in or out of state.

10.4312 Partial Per Diem Allowance for Meals and Lodging.--An employee who is traveling on official University business for a continuous period of a minimum of six (6) hours but less than twenty-four (24) hours which does not involve overnight stay will be reimbursed a partial per diem for meals in lieu of actual expenses, for both in-state and out-of-state travel. The ~~Office of the~~ Chancellor shall prescribe such reimbursement within the limitations established by the current appropriations act.

10.4313 In addition to employees, these provisions apply to reimbursement of travel expenses for prospective employees as provided in the statutes.

10.432 Reimbursement for Dues or Membership Fees.--Reimbursement will not be allowed for dues or membership fees incurred in joining or attending any type of organization or association unless the membership is in the name of the State of Texas and/or the System or a component institution thereof. Such dues or membership fees will not normally be included for reimbursement on a travel claim, but will be separately approved and paid. (See Section 8.)

10.44 Special Exceptions to Foregoing Travel Provisions.--~~The~~ The foregoing provisions apply to all employees and all funds but employees

may elect to take advantage of the specific exceptions authorized below:

10.441 Contracts.--Travel allowances under research or other contracts, which are 100 percent reimbursable, will follow the terms of the contract, and in the absence of specifications the travel rules and regulations covering payments from gifts, grants, and designated funds will apply.

10.442 Gifts, Grants, Designated and Auxiliary Enterprise Funds.--Reimbursement of travel expenses paid from gifts, grants, designated and auxiliary enterprise funds will be as follows:

(a) For grants from or derived from Federal or State agencies, travel allowances shall be paid as specified in the foregoing provisions.

(b) For other gifts, grants, designated, or auxiliary enterprise funds, travel allowances may be for actual expenses for meals and lodging not to exceed \$180 per day. The transportation allowances will be as specified in the foregoing provisions.

The provisions of both (a) and (b) above are subject to the terms, provisions and conditions of the particular gifts, grants, or funds involved. Further exceptions of these provisions may be in accordance with specific authorization by the Board with certain designated funds. Likewise, when anticipated living costs are unusually low for those engaged in travel, the person authorizing the travel may reduce the allowance for all or any part of the travel, provided that the employee shall be notified of such reduced allowance before being allowed to incur any expense. When not otherwise prohibited by the terms of the gift or grant, employees may also be reimbursed for

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and ? Auxiliary ? Enterprise  
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required registration fees or similar expenses incurred in attending meetings of organizations or associations. Receipts for lodging, registration fees, or similar expenses shall be obtained and attached to the expense voucher. Project Directors, Principal Investigators, Departmental Chairpersons, or other authorized personnel under a gift or grant who travel in their personally owned airplanes on necessary official business may be reimbursed therefor as provided in the current appropriations act.

10.443 Intercollegiate Athletics.--Actual expenses will be paid at no per diem limit, provided such expenditures in the amount of \$4.00 or more are supported by signed receipts.

10.45 Travel Advances.--As provided by statute, the System, including component institutions may establish procedures for making advances for travel expenses incurred by employees in the exercise of their official duties. Any such procedures established shall be in accordance with the statute, based on guidelines provided by the State Comptroller, and provide for prompt recovery of any such advances.

10.46 Institutional Travel Regulations.--Component institutions shall issue institutional travel regulations to implement the provision of this Section 10.4 for guidance of all personnel concerned. Copies of all such regulations shall be filed with the System Comptroller, who shall also issue clarifying instructions as appropriate.

Sec. 11. Insurance on Money and Securities; Fidelity Bonds.

11.1 Insurance on Money and Securities.--As approved by the Board, the System carries a blanket System-wide policy insuring against loss of money or securities at any of the component institutions. The premium paid by each institution is separately computed and is based on the coverage applicable at each institution. At the time any loss occurs at any institution, the ~~Executive Director for Finance and Administration~~ shall be notified by the appropriate chief business officer and shall approve all loss claims and settlements. Any settlement over \$2,000 and under \$10,000 shall be reported to the Board for ratification. Settlements in the amount of \$10,000 or more must have the approval of the Board. Money and securities coverage may be combined with the blanket position fidelity bond.

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11.2 Fidelity Bonds.

11.21 As approved by the Board, the System shall carry a blanket position (fidelity) bond that shall cover employees of all component institutions. All employees shall be covered in the amount of not less than \$5,000 each. For total coverage in excess of \$10,000, approval of the State Auditor is necessary.

11.22 The Secretary of State and the State Comptroller of Public Accounts shall be each furnished with an original of the bond.

11.23 The premium for the bond is prorated to the component institutions on the basis of the number of employees covered for which a premium charge is made and the excess coverage thereon.

11.24 At the time a loss occurs, the ~~Executive Director for Finance and Administration~~ shall be notified by the chief business officer and shall approve all loss claims and settlements. Any settlement over \$2,000 and under \$10,000 shall be reported to the Board for ratification. Settlements in the amount of \$10,000 or more must have the approval of the Board.

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11.25 The blanket position fidelity bond coverage may be combined with money and securities coverage.

CHAPTER IV

PURCHASING

*Use of system E.V.C.*

Sec. 1. Authority to Obligate Institutional Funds.--The official purchasing agents of the component institutions shall have sole authority to obligate institutional funds for purchases of supplies, materials, services, and equipment unless otherwise provided in these regulations or otherwise specifically approved by the component chief administrative officer, and the ~~Officer of the~~ Chancellor or by the Board. No liability can be assumed for payment of obligations except those incurred in accordance with authority thus granted.

Sec. 2. Purchasing Ethics.

- 2.1 First consideration shall be given to the objectives and policies of the System and its component institutions.
- 2.2 Every effort shall be made to obtain the maximum ultimate value for each dollar of expenditure.
- 2.3 Honesty in sales representation shall be demanded, whether offered through the medium of oral or written statement, an advertisement, or a sample of the product.
- 2.4 Purchasing agents and their staffs and others authorized by or under these regulations to make purchases shall not accept personal gifts or gratuities that might in any way result in an obligation to individuals or firms seeking business.
- 2.5 All qualified, reputable bidders shall be given equal opportunity to submit bids on a uniform basis when competition is possible.

2.6 No bidder shall receive special consideration or be allowed to revise ~~his~~ bid after the time set for opening bids. A

2.7 Any violations of these purchasing ethics shall be reported promptly by the chief business officer to the ~~Office of the Chancellor~~. VC for B.A.

Sec. 3. Contacts with the State Purchasing and General Services Commission.--All contact, whether oral or written, with the State Purchasing and General Services Commission and with vendors are handled through the official purchasing agents and the divisions, departments, or offices to whom the purchasing function has been specifically delegated, unless advance written authorization is obtained from the purchasing agent or the chief business officer for other persons to do so.

Sec. 4. Purchases of Supplies and Equipment.

4.1 Unless otherwise provided in these Rules and Regulations or specifically approved by the Board, the State Purchasing and General Services Act of 1979 shall govern the purchasing policies of the System.

4.2 Under the provisions of the State Purchasing and General Services Act of 1979, purchases of the following items may be made without approval of the State Purchasing and General Services Commission:

- (a) Supplies, materials, services, and equipment for resale.
- (b) Supplies, materials, services, and equipment for Auxiliary Enterprises.
- (c) Supplies, materials, services, and equipment for Organized Activities Relating to Educational Departments.
- (d) Supplies, materials, services, and equipment purchased with gift and grant funds, including contract funds.

Sec. 5. Purchasing Procedures.

5.1 The official purchasing agent of each component institution shall promulgate procedures to facilitate and expedite the purchasing function. Such procedure shall be developed in accordance with



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sound business practices and applicable state law. Purchasing procedures shall be implemented only after review and approval of the chief business officer.

5.2 Closed or noncompetitive specifications shall not be used except in unusual instances clearly justified as being essential to efficient operating performance. Reports of all such exceptions shall be maintained by the chief business officer.

Sec. 6. Space Leases.

6.1 Space leases involving buildings paid from all fund sources must, by law, be approved by the State Purchasing and General Services Commission and may not extend beyond a ten-year period.

6.2 Proposals to the State Purchasing and General Services Commission for space leases require the advance approval of the ~~Executive Director for Finance and Administration~~. The proposal must show type of space and purpose of its use, approximate number of square feet, location, whether janitor service and/or utilities will be furnished by the lessor, period of lease, and any other requirements set out by the ~~Executive Director for Finance and Administration~~ or the State Purchasing and General Services Commission.

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6.3 A proposal shall be approved and the lease completed prior to occupancy of any space for office, storage, or other purposes. Lease documents are to be submitted to the Board through the institutional docket procedures.

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Sec. 7. Purchases from Employees.--Purchases are not permitted from any officer or employee of the System unless the cost is less than that from any other known source and until approved by the component chief administrative officer, the Office of the Chancellor, and the Board. Details of such transactions shall be reported in the dockets or Minutes of the Board.

approved by the component chief administrative officer

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CHAPTER V

PERSONNEL

Sec. 1. Classified Personnel.--The Policy of the Board on the Development and Coordination of the Classified Personnel Programs is and includes:

1.1 System Personnel Director.

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The System Personnel Director serves as an administrative officer advising the ~~Executive Director for Finance and Administration.~~ ✓

1.2 The development and coordination of the System-wide Classified Personnel Program.

1.21 The Classification Plan.

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1.211 Coverage.--The Classified Plan of the System shall include all positions which do not entail significant instructional responsibilities or responsibilities for the administration of instructional or research organizations. The chief administrative officer (or his or her delegate) of each component institution shall determine the inclusiveness of the Classification Plan within this general definition. ✓

1.212 Type of Plan.--Uniform use shall be made of the job grading procedure method of job evaluation. Job descriptions shall be prepared according to the Procedure for Writing Job Specifications provided by the System Personnel Office.

1.213 Job Titles.--Standardized job titles shall be used for similar job

classes common to two or more of the component institutions in order that a particular job title shall describe similar work to the extent possible. Classes unique to a component institution shall have suitable descriptive titles.

1.214 Job Code.--A uniform job code shall be used to designate job classes.

1.215 Job Descriptions.--Standardized job descriptions shall be used for similar job titles common to two or more component institutions when practicable.

1.22 The Pay Plan.

1.221 A uniform system of salary steps providing for an increase of approximately 3.4 percent, to the nearest dollar, above each preceding step shall be used for all pay plans. All salaries shall be on salary steps, or a fractional part thereof.

1.222 A System-wide Personnel Pay Plan setting forth the salary ranges for each job classification shall be utilized encompassing the salary ranges reflected in the component unit pay plans.

1.223 A classified employee appointed to a part-time paid teaching rank shall be paid at the rate applicable to each position.

1.224 Salary ranges for each job classification shall be dependent upon the competitive labor market situation for each institution.

1.23 The Policies and Rules.

1.231 Each institution shall operate its Classified Personnel Program under a policy statement covering the appointment, compensation, and

working conditions of classified employees.

1.232 Formal approval of the policies and rules developed by each institution was obtained from the Board at the time each program was formally adopted.

1.233 Changes in the policies and rules require the approval of the chief administrative officer or his or her delegate, the System Personnel Director, and the ~~Executive Director for Finance and Administration.~~

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1.234 Uniform policies shall be followed in providing vacation, sick leave, etc., within the limitations imposed by local operating conditions.

1.24 Approval of additions to and changes in the Classified Personnel Program.

1.241 Formal approval of the ~~Classification Plan and System-wide Personnel Pay Plan~~, including annual revision thereto, is obtained annually from the Board. Such approval shall be secured prior to the effective date of the plan.

1.242 Changes in the Classification Plan and System-wide Personnel Pay Plan involving the following require only the approval of the chief administrative officer or his or her delegate, the System Personnel Director, and the ~~Executive Director for Finance and Administration.~~

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(a) Type A. Adjustment of a salary range in a component unit plan within the established System-wide salary range, which when approved, will not change the System-wide Personnel Pay Plan in any way.

(b) Type B. Adjustments to the component unit personnel pay plan, which when approved, will change the System-wide Personnel Pay Plan in some way.

- (1) Deletion of title
- (2) Change in title only
- (3) Change in code number only
- (4) Addition of a title to a component unit pay plan that is in the System-wide Plan and the salary range requested is within the established System-wide salary range.

1.243 Changes in the Classification Plan and System-wide Personnel Pay Plan involving the following must have approval of the chief administrative officer or his or her delegate, the System Personnel Director, and the ~~Executive Director for Finance and Administration~~. In addition, such changes require ratification of the Board through the docket procedure.

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- (a) The addition of a title to a component unit pay plan which is not included in the System-wide Plan.
- (b) The addition of a title to a component unit pay plan which is included in the System-wide Plan, but the salary range being proposed is not within the established System-wide salary range.
- (c) Adjustment of a salary range in a component unit pay plan that would change the established System-wide salary range.

1.25 Institutional Personnel Officer.

1.251 The chief business officer of each institution shall designate an institutional personnel officer to be responsible for the development and operation of the Classified Personnel Program.

1.252 Functional direction and help on technical personnel matters shall be provided each institutional personnel officer by the System Personnel Director.

Sec. 2. General Personnel.

2.1 Leave for Military Duty.

- 2.11 A leave of absence not to exceed fifteen working days in any one calendar year is granted faculty or staff members who, as members of the National Guard or Official Militia of Texas or members of any of the Reserve Components of the Armed Forces, shall be engaged in authorized training or duty, ordered or authorized by proper authority. During such periods, the employee is absent without loss of efficiency rating, vacation time or salary; and when relieved from military duty, the employee is restored to the position and status he previously held. *note*
- 2.12 A leave of absence with full pay shall be provided any employee who is called to active duty with the National Guard by the Governor of Texas. Such leave shall in no way be charged against the employee's vacation or sick leave privileges.
- 2.13 The chief business officer of each institution may prescribe forms and procedures for such leaves.

2.2 Medical Disability Leave.

- 2.21 Temporary disabilities caused or contributed to by pregnancy, childbirth, or related medical conditions shall be treated in the same manner as other temporary medical disabilities. Except as provided under Subsection 2.220 of this Section, any employee, whether faculty, classified, or administrative, who expects to be, or who becomes temporarily disabled as a result of injury, illness or pregnancy, may request and receive a leave of absence without pay for a "reasonable period" of time, provided the request is made under the following terms and conditions:
- 2.211 The employee shall provide the department head with a physician's certification establishing the medical disability and the anticipated period of absence.

- 2.212 The employee and the department head will submit a request to the chief administrative officer through proper channels. The request will include a statement from the department head detailing the manner in which the responsibilities of the employee will be assumed. A statement encompassing the details of the medical disability leave shall be entered in the remarks section of the appropriate personnel action form.
- 2.213 "Reasonable period," as used in this Section, is defined as the length of the leave as determined by the employee's medical disability. The period shall normally not exceed six (6) weeks, following incapacitation or after delivery in the case of maternity. Leave without pay shall be authorized only after the employee has exhausted all accumulated paid leave entitlements (sick leave and then vacation leave). Following a six week absence, the chief administrative officer may authorize an additional reasonable period of time for medical disability leave without pay on an individual basis after review of the merits of each particular case, and subject to the requirement of exhaustion of accumulated paid leave. Total leave without pay for medical disability shall not exceed twelve months.
- 2.214 Vacation leave and sick leave do not accrue while on medical disability leave without pay.

- 2.215 Subject to fiscal constraints, approval of medical disability leave shall constitute a guarantee of employment for the period of the medical disability leave.
- 2.216 The employee returning from medical disability leave will furnish a statement from a duly licensed physician certifying that the employee is medically capable of resuming normal working duties.
- 2.217 In the case of faculty on medical disability leave, the date for return to work will coincide with the beginning of the next semester, following the period of absence, if the chief administrative officer, or his or her delegate, determines that such beginning date is necessary in order to obtain a temporary replacement or to maintain the integrity of the academic program of the institution.
- 2.218 A replacement may be provided on a temporary basis during the absence of an employee on medical ~~leave~~ disability leave.
- 2.219 An employee on medical disability leave without pay is entitled to continue optional group insurance coverages at the employee's own expense.
- 2.220 If an employee is unable to return to work because of an on-the-job injury covered by ~~Workers' Compensation~~ Compensation Insurance, the employee may remain on the payroll until vacation and sick leave are exhausted, or may designate in writing that a portion of such leave may be used for this purpose. OK ✓

2.3 Overtime.

- 2.31 The schedule of activities shall be so organized that employees are not required to work in excess of established work periods except when operating necessities demand it. Any overtime services actually required must have the advance written approval of the chief administrative officer or the chief business officer, or both.



- 2.32 With the exception of professional medical personnel and bona fide executive, administrative, and professional positions, all employees required or permitted to work in excess of forty hours per week shall be compensated for such overtime either:
- 2.321 By receiving compensatory time off at the rate of one and one-half (1½) hours off for each hour of overtime, subject to the accrual limitation of 480 hours in the case of personnel engaged in public safety or emergency response activities; or 240 hours for other categories of employees. Such compensatory time off shall be granted at a mutually convenient date anytime during the twelve month period following the end of the workweek in which such compensatory time is accrued, or during a shorter time period as specified by the component institution; or
- 2.322 In cases where granting compensatory time is impracticable, by receiving pay equivalent to one and one-half times the regular rate of pay.
- 2.33 Compensatory time for those employees excepted from this provision shall be determined by the chief administrative officer of the institution involved.
- 2.34 Institutions paying overtime shall maintain a monthly record of overtime paid indicating the number of employees so compensated and the total amount paid.

2.4 Intellectual Property Policy.

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to be  
consistent

- 2.41 Statement of Basic Philosophy and Objectives.-- While the discovery of patentable processes or inventions and the creation of other intellectual property is not the primary objective of the System, for any such discoveries or creations, it is the objective of the Board to provide an intellectual property policy which will encourage the development of inventions and other intellectual creations for the best interest of the public, the creator, and the research sponsor, if any, and that will permit the timely protection and disclosure of such intellectual property whether by development

and commercialization after securing available protection for the creation, by publication or both. The policy is further intended ~~ed~~ to protect the respective interest of all concerned by ensuring that the benefits of such property accrue to the public, to the inventor, to the System and to sponsors of specific research in varying degrees of protection, monetary return and recognition, as circumstances justify or require.

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2.411 Each component institution may develop in its Handbook of Operating Procedures additional policies and rules covering the subject matter of this section not inconsistent with this section or other policies or procedures adopted by the Board.

2.42 General Policy.

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2.421 The intellectual property policy as adopted shall apply to all persons employed by the component institutions of the System, to anyone using System facilities under the supervision of System personnel, and to postdoctoral and predoctoral fellows.

2.422 This policy shall apply to intellectual property of all types (including any invention, discovery, trade secret, technology, scientific or technological development, or computer software) regardless of whether subject to protection under the patent, trademark or copyright laws. This policy shall not apply to faculty authored written or visual work, except computer software, produced in the author's professional field, which property shall be owned by the creator; nor shall the policy apply to intellectual property produced as a work for hire in the performance

of a contract with the System or as a part of an employee's assigned work responsibilities, which property shall be owned by the Board.

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- 2.423 It is the intent of this policy to permit the creator of intellectual property maximum freedom in respect to their creations, consistent with their obligations to the System. Any person affected by this policy who as a result of his or her activities creates intellectual property other than on certain government or other sponsored research projects, where individual grant agreements provide otherwise, should have a major role in the ultimate determination of how it is to be made public -- by publication, by development and commercialization after securing available protection for the creation, or both.
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- 2.424 Property rights in intellectual property will be based on the degree of System support, as hereinafter specified.
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- 2.425 The System, with the cooperation of the component institution, will provide review and management services for patentable inventions as well as other intellectual property either by its own staff, through a related foundation, or by other means.
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- 2.426 It is a basic policy of the System that intellectual property be developed primarily to serve the public interest. This objective usually will require development and commercialization by nonexclusive licensing but the public interest may best be promoted by the granting of a limited exclusive license or even an exclusive license

for the period of the patent. These determinations will be recommended and made in accordance with the administrative procedures hereinafter set out and with the approval of the Board.

2.43 Institutional Patent Committees and System Intellectual Property Office.

*OK/ADD*  
*System Administration*  
*in both cases*

2.431 Patent Committees: To help administer the intellectual property policy at each component institution and to make recommendations to chief administrative officers for further referral to the ~~Office of the Chancellor~~ and the Board (in those cases when action by the ~~Office of the Chancellor~~ and/or the Board is required), Institutional Patent Committees shall be established as directed by the ~~Office of the Chancellor~~. Each institution at its option may use the term "Intellectual Property Committee" in lieu of "Patent Committee."

2.432 System Intellectual Property Office: To assist the Institutional Patent Committees to provide advice to individual faculty and staff members in intellectual property matters and to coordinate details in respect to procedures for protecting and marketing intellectual property, a System Intellectual Property Office shall be established.

2.44 Classification of Discoveries by Source of Research Support.

2.441 Intellectual property that is unrelated to the individual's employment responsibility, has been developed as a result of the individual's efforts on his or her own time, with no System support or use of System's facilities.

2.442 Intellectual property that is related to the individual's employment responsibility, or has resulted either from activities performed by the individual on System time, or with support by State funds, or from using System facilities.

2.443 Intellectual property that has resulted from research supported by a grant or contract with the Federal Government or an agency thereof, a nonprofit or for profit nongovernmental entity or by a private gift to the System.

2.45 Property Rights and Obligations.

2.451 Intellectual property unrelated to the individual's employment responsibility that is developed on an individual's own time and without System support or use of System facilities (see 2.441) is the exclusive property of the creator, and the System has no interest in any such property and no claim to any profits resulting therefrom. Should the creator choose to offer the creation to the System, the Institutional Patent Committee shall recommend as to whether the System should support and finance a patent application or other available protective measures and manage the development and commercialization of the property. If the creator makes the offer after obtaining a patent or other protection, the Institutional Patent Committee shall recommend as to whether the System should reimburse the creator for expenses in obtaining such protection. If the Patent Committee recommends and the creation is accepted for management by the System, the procedures to be followed and the rights of the parties shall be those set out in Subsection 2.4523 following.

- 2.452 Intellectual property either related to the individual's employment responsibility, or resulting from activities performed on System time, or with support by State funds, or from using System facilities shall be subject to ownership by the Board. (See 2.442.)
- 2.4521 Before intellectual property covered by Section 2.422 is disclosed either to the public or for commercial purposes, and before publishing same, the creator shall submit such intellectual property to the Institutional Patent Committee for determination of the System's interest. A component institution may establish guidelines in its Handbook of Operating Procedures for submitting different categories of intellectual property to its Institutional Patent Committee, and procedures to be followed by the Institutional Patent Committee in reviewing and evaluating such submissions. Such guidelines and procedures shall be consistent with this policy and shall be subject to approval as a part of the institutional Handbook. In those instances, however, where delay would jeopardize obtaining the appropriate protection for the property, the creator may, with the approval of the Chairman of the Institutional Patent Committee and the chief administrative officer, file a patent application or take other steps to obtain available protection prior to the Committee and administrative review provided in the following two subsections. If the request is granted, the creator may proceed with the filing of a patent application or other available protective measures pending the determination of the System's interest; provided, however, that the creator shall be reimbursed

for expenses in filing the patent application or taking other steps to obtain protection if the decision of the System is to assert and exploit its interests. The Chairman of the Institutional Patent Committee shall notify the System Intellectual Property Office of any such application.

2.4522 If the Institutional Patent Committee recommends that the System not assert and exploit its interest, and that recommendation is approved by the System Intellectual Property Office, and the ~~Office of the Chairman~~ the creator shall be notified within ninety (90) days of the date of submission that he or she is free to obtain and exploit a patent or other intellectual property in his or her own right and the System shall not have any further rights, obligations or duties thereto. (In some instances, the Committee may elect to impose certain limitations or obligations, dependent upon the degree of System support.)

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2.4523 If the System decides to patent or seek other available protection for intellectual property in which it decides to assert and exploit its interest, it shall proceed either through its own efforts or those of an appropriate private firm or attorney to obtain protection and manage the intellectual property. Under appropriate circumstances, and with the consent of the General Counsel and the approval of the Attorney General, component institutions may arrange to have services to obtain protection for intellectual property performed by a local outside attorney on a case-by-case basis. It shall be mandatory for all employees, academic and nonacademic,

to assign the rights to intellectual property and patents to the Board when such creations fall within Paragraph 2.452. In those instances where the System licenses rights in intellectual property to third parties, the costs of licensing and obtaining a patent or other protection for the property on behalf of the Board shall first be recaptured from any royalties received by the System, and the remainder of such royalty income (including license fees, prepaid royalties and minimum royalties) shall be divided as follows:

50% to creator  
50% to System.

With the prior approval of the Board as an agenda item, a component institution may include provisions in its Handbook of Operating Procedures to adjust the allocation of royalties set forth herein, but in no event shall the creator receive more than 50% or less than 25% of such proceeds. The division of royalties from patents or other intellectual property managed by an intellectual property management concern will be controlled by the terms of the System's agreement with such concern, as approved by the Board. Any other deviation from this rule requires the prior approval of the Board.

2.453 Intellectual property resulting from research supported by a grant or contract with the Federal Government, or an agency thereof, with a nonprofit or for profit nongovernmental entity, or by a private gift or grant to the System shall be subject to ownership by the Board. (See 2.443.)



- 2.4531 Administrative approval of application requests to, and acceptance of grants or contracts with, the Federal Government, or any agency thereof, with a nonprofit or for profit nongovernmental entity, or a private donor that contain provisions that are not consistent with this policy, or other policies and guidelines adopted by the Board from time to time implies a definite decision that the value to the System of receiving the grant or performing the contract outweighs the impact of any non-conforming provisions of the grant or contract on the basic intellectual property policies and guidelines of the System.
- 2.4532 The intellectual property policies and guidelines of the System are subject to, and thus amended and superseded by, the specific terms pertaining to intellectual property rights included in Federal grants and contracts, or grants and contracts with nonprofit and for profit nongovernmental entities or private donors, to the extent of any conflict.
- 2.4533 In those instances where it is possible to negotiate System-wide intellectual property agreements with the Federal agencies or nonprofit and for profit nongovernmental entities, or private donors and thereby obtain

more favorable treatment for the creator and the System, every effort will be made to do so with the cooperation and concurrence of the Office of Asset Management and the Intellectual Property Office after consultation with the Institutional Patent Committee and the chief administrative officer.

2.4534 Employees of the System whose intellectual property creations result from a grant or contract with the Federal Government, or any agency thereof, with a non-profit or for profit non-governmental entity, or by private gift to the System shall make such assignment of such creations as is necessary in each case in order that the System may discharge its obligation, expressed or implied, under the particular agreement.

2.46 Equity Interests.

2.461 In agreements with business entities relating to rights in intellectual property owned by the Board, the System may receive equity interests as partial or total compensation for the rights conveyed.

2.462 Consistent with Section 51.92, <sup>1 Texas?</sup> Education Code, and subject to review and approval by the chief administrative officer of the component institution, the ~~Office of~~ <sup>and the</sup> the Chancellor and the Board, employees of the System who conceive, create, discover, invent or develop

intellectual property may hold an equity interest in a business entity that has an agreement with the System relating to the research, development, licensing or exploitation of that intellectual property.

- 2.463 The System may negotiate, but shall not be obligated to negotiate, an equity interest on behalf of any employee as a part of an agreement between the System and a business entity relating to intellectual property conceived, created, discovered, invented or developed by the employee and owned by the Board.
- 2.464 Dividend income and income from the sale or disposition of equity interests held by the Board pursuant to agreements relating to intellectual property shall belong to the System and shall be distributed in accordance with the provisions of Section 2.50 below.
- 2.465 Dividend income and income from the sale or disposition of an equity interest held by a System employee pursuant to an agreement between the System and a business entity relating to rights in intellectual property conceived, created, discovered, invented or developed by such employee shall belong to the employee.

#### 2.47 Business Participation.

- 2.471 Any System employee who conceives, creates, discovers, invents or develops intellectual property shall not serve as a member of the board of directors or other governing board or as an officer or an employee (other than as a consultant) of a business entity that has an agreement with the System relating to the research,

development, licensing, or exploitation of that intellectual property without prior review and approval by the chief administrative officer of the component institution, ~~the office of the Chancellor~~ and the Board as an agenda item. ✓✓

2.472 When requested and authorized by the Board, an employee may serve on behalf of the Board as a member of the board of directors or other governing board of a business entity that has an agreement with the System relating to the research, development, licensing or exploitation of intellectual property. ✓✓

#### 2.48 Reporting.

2.481 Any employee covered by Section 2.462, 2.471, or 2.472 shall report in writing to the chief administrative officer of the component institution, or to such other person as may be designated by the chief administrative officer, the name of any business entity as referred to therein in which the person has an interest or for which the person serves as a director, officer or employee and shall be responsible for submitting a revised written report upon any change in the interest or position held by such person in such business entity. These reports shall be accumulated in the office of the chief administrative officer or designee and then forwarded to the appropriate Executive Vice Chancellor by September 1 of each year so that the ~~Office of the Chancellor~~ may file a report with the Board at its October meeting. After the report has been approved by the Board, the ~~Office of the Chancellor~~ shall prepare the report to the Governor and the Legislature required by Section 51.912(c), Education Code? ✓✓

TEXAS

2.49 Approval of Agreements Relating to Rights in Intellectual Property.

2.491 Agreements relating to rights in intellectual property shall ordinarily be approved by the Board on the institutional docket following review by the Office of General Counsel and approval by the administration of the component institution and the ~~Office of the Chancellor~~. ✓

*the group etc*

2.492 Any agreement altering substantially the basic intellectual property policy of the System as set out in the preceding sections and other policies and guidelines that may be adopted by the Board shall have the advance approval of the chief administrative officer, the ~~Office of the Chancellor~~, and the Board as an agenda item. ✓

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2.50 Income from Intellectual Property. The portion of the net income the System retains from royalties and any other intellectual property-related income shall be used first to defray the expenses, if any, of the System Intellectual Property Office and thereafter, as approved by the Board, for research purposes at the component institutions where the income providing creation originated. At the option of a component institution, such income may be accumulated in an endowment fund administered by the Office of Asset Management with the income to be distributed to the component institution for such purposes as may be approved by the Board. ✓

2.51 Implementation of Intellectual Property Policy. The Office of Asset Management and the Office of General Counsel through the System Intellectual Property Office shall prepare and distribute to the component institutions such Model Agreements and recommended procedures as may be considered appropriate for the implementation of the provisions of this policy as well as other policies and guidelines adopted by the Board.

2.52 Unless otherwise required by law or the Regents' Rules and Regulations, each intellectual property agreement approved hereunder shall be construed in accordance with the Intellectual Property Policy in existence as of its approval date.

Sec. 3. Certain Provisions in Current Appropriation Act.--The Rules and Regulations of the Board are subject to and shall comply with the provisions appearing in the current Appropriation Act, including the following pertaining to personnel:

3.1 Use of Alcoholic Beverages.--"None of the moneys appropriated under this Act shall be used for the payment of salaries to any employee who uses alcoholic beverages while on active duty. None of the funds appropriated under this Act for travel expenses may be expended for alcoholic beverages."

3.2 Advocating Overthrow of the Government.--"None of the funds appropriated to the agencies and institutions of higher education enumerated in this Act shall be expended in payment of salary or other compensation of any faculty member or employee who advocates the overthrow of the Government of the United States of America, or of any State, by force, violence or any other unlawful means."

Sec. 4. Employee Training, Education, and Development.

4.1 The Texas State Employees Training Act of 1969, Chapter 283, Acts of the 61st Legislature, Regular Session, 1969 (Article 6252-11a, Vernon's Texas Civil Statutes), recognizes that the State departments

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and other State institutions, including the System, must develop a more comprehensive Training Program as an integral part of a successful personnel program. The System Personnel Director, as delegated by the ~~Executive Director for Finance and Administration~~, is responsible for promulgating the necessary policies and procedures for implementation of the State Employees Training Act, consistent with the guidelines already approved by the Governor of the State of Texas and the Regents' ~~rules~~.

Rules and Regulations

4.2 Through implementation of the State Employees Training Act, the System will provide programs that will greatly benefit most employees. In addition, the use of various types of training programs will also encourage the initiative of young, talented employees and stimulate and motivate less productive employees. Organized training programs will, moreover, help identify those employees who are willing to exercise their initiative and prove their performance and also find the areas where employees are resisting change and improved procedures and programs.

4.3 The following general objectives of the overall training effort will lead to the System's gaining more efficiency and economy in its overall personnel program:

- 4.31 Developing well trained staffs, both professional and supportive;
- 4.32 Assisting all employees toward achieving their highest potential usefulness;
- 4.33 Motivating employees and stimulating a sense of participation and involvement;
- 4.34 Insuring that the System receives a fair return on its investment in training and education.

4.4 The program elements for this general training program are:

- 4.41 Identifying staff members who need staff development in order to determine the exact kind and scope of program needed;

- 4.42 Training individuals for current assignments and developing them for future assignments, as a means of improving the quality and quantity of work done;
- 4.43 Developing all supervisors to enable them to assume and discharge their primary responsibility for the maximum utilization of personnel, the training of their staff members, and the maintenance of sound employee relations;
- 4.44 Advising and assisting employees with respect to continuing education, and means by which they can improve their usefulness;
- 4.45 Evaluating all training and education activities to determine whether they have effectively met the needs of the System.

4.5 With these objectives and general program elements as a background, four specific training programs are established. The administration and implementation of the following training programs at each component is to be primarily the task and responsibility of the institutional personnel officer, with approval of the chief administrative officer. The System Personnel Director shall have the responsibility of coordinating all training programs through review and approval of training policies promulgated by the component institution.

4.6 College or University Degree Program.

- 4.61 Definition: This program will provide graduate or undergraduate level training leading to a degree. Basically, it provides for full-time student enrollment and is to be for selected, qualified employees of the System. This program will be provided by the System on the basis of need of the System and to the extent funds are available.
- 4.62 Objectives: To provide a college or university education for qualified system employees specifically required in their area of employment.
- 4.63 Program Elements: This training is essentially of only one type: to provide full-time student enrollment in a graduate or undergraduate



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program leading to a degree.

- 4.64 Administration: Eligibility Requirements.
- 4.641 Selected employees must have necessary academic qualifications to meet all entrance requirements of the college or university where training is provided.
  - 4.642 Degree training must be directly related to an existing job or job series used by the System.
  - 4.643 Selected employees must be scheduled for appointment to a job requiring the degree training on completion of schooling.
  - 4.644 Selected employees must have been successfully evaluated as to competence and aptitude for training granted and recommended through the chief administrative officer and approved by the System Personnel Director.
  - 4.645 Selected employees on educational stipend shall be considered as employees on official leave of absence while in student status. Vacation, sick leave, group insurances, and other benefits will be governed under appropriate rules regarding such official leaves of absence.
- 4.65 Administration: Obligations. Employees who receive financial assistance under this program from the System, in completion of either undergraduate or advanced degrees, will be obligated to fulfill the following terms and conditions:
- 4.651 An agreement to be bound by the rules and regulations contained herein and such other policies, rules, and procedures as may be promulgated by the System Personnel Director applicable to the college degree training program.
  - 4.652 An agreement to return to the System as an employee upon graduation and

attainment of the degree and to remain in the employment of the System for a period of time subsequent to graduation that is proportionate either to the period of time the employee has received financial assistance to attend college or university or to the amount of financial assistance received.

4.653 An agreement to execute, as required by the System Personnel Director, a formal obligatory document between the System and the recipient of assistance under this program, to repay in a lump sum or such alternate arrangement as the System Personnel Director may prescribe, the amount of money expended by the System for the cost of such college education if the individual for any reason, except circumstances beyond the individual's control, fails to complete the training or otherwise defaults in any provision of the agreement between the System and the individual.

4.7 In-Service Training and Education Program.

4.71 Definition: This training and education is job-oriented training that is provided essentially within the System. It may include on-the-job training, training in preparation for job assignment, and continuing training programs that are basically job oriented. This program is for selected individual staff members and will be provided on the basis of need and to the extent funds are available.

4.72 Objectives: To equip an individual to perform a particular task within a particular situation and/or to equip the employee to deal with new technological and legal developments, to develop additional work capabilities, or increase the employee's level of competence.

4.73 Program Elements: In-service training and education programs are divided into the following three principal categories:

4.731 Orientation serves the purpose of acquainting the employee to a new job situation. It does not include

the development of skills for that particular job situation.

4.732 Basic Training for a Specific Task includes pre-employment and recruit type training involving job know-  
ledge and/or the development of skills required for a specific task. It also includes training in supervisory and managerial skills.

4.733 Advanced In-Service Training includes the development of a higher level of skill, an increase in job knowledge, and instruction in new concepts and changing aspects of job responsibility.

4.74 Administration: Eligibility Requirements. It is a basic responsibility of the System to provide training as the individual situation may require. It is recognized that the need for some of these programs will vary according to skills required and the availability of pre-employment training. Manpower needs and the availability of skilled applicants may also be a determining factor. With this general background as reference, employees will be identified, selected, trained, and evaluated according to the needs of the System.

4.75 Administration: Obligations. The employee has an obligation to successfully complete the training program and should recognize that the System will use this type of training as a continuation of the selection process.

4.8 Out-of-Agency Staff Development Program.

4.81 Definition: This program is to provide training through workshops, seminars, institutes, training sessions, extension courses, college or university courses (with or without academic credit), and other special programs or activities offered either within or

outside the State. Such programs must be of concentrated, precise content and designed to improve the individual's professional or technical knowledge in the performance of the individual's present or prospective duties and responsibilities. This program is for selected individual staff members and will be provided on the basis of need of the System and to the extent funds are available.

- 4.82 Objectives: To improve and enhance the individual's professional and technical knowledge and ability in the performance of the individual's present or prospective duties and responsibilities.
- 4.83 Program Elements: This program is generally the type that meets the following criteria: relatively short term; specific in content; and presented outside the employing agency.
- 4.84 Administration: Eligibility Requirements.
  - 4.841 Out-of-Agency Staff Development education and training authorized by the System will be conducted primarily for the benefit of the System.
  - 4.842 The training and education must be related to the employee's current or prospective duty assignment during the period of his participation.
  - 4.843 Such training and education must be approved by the chief administrative officer or his or her delegate on recommendation of the head of the employing department or unit.
- 4.85 Administration: Obligations. Employees receiving Out-of-Agency Staff Development authorized by the System will be obligated to fulfill such terms and conditions as the chief administrative officer may prescribe, compatible with the nature and extent of the training or education.

- 4.9 Internship Training Program.
- 4.91 Definition: Internship training is intended to provide the type of learning experience that can be obtained only through actual work experience. Internship programs will normally be of a longer duration than training mentioned under the heading of Out-of-Agency Staff Development and In-Service Training and Education. This training will be provided to those individuals selected under the standards listed below in 4.95, Eligibility Requirements. This training will be provided on the basis of need of the System and to the extent funds are available.
- 4.92 Objectives: This type of training and education has a broader objective than other types of training in that it serves not only the System but also the State of Texas in the following ways:
- 4.921 It allows the System and/or the State of Texas to screen potential employees while simultaneously enjoying an advantageous recruiting position.
- 4.922 It facilitates the infusion of new people and new ideas into the information interchange which is continually taking place between State government and the System.
- 4.923 It will allow the System and/or the State to gain trained personnel who can carry a heavier work load in a relatively short period of time.
- 4.924 Internship programs produce a work product, although this is not the justification for any internship program.
- 4.93 Program Elements: Type I Internships are those that are within the System for nonemployees of the State.
- 4.931 Type I Internships are held with the

- System by persons who are not employed by the State or the System.
- 4.932 Such internships relate to the educational program of the person serving the internship, which suggests that there will be a constant interchange and evaluation between both the System and the sponsor of the person's educational program.
- 4.933 These internships should be initiated only to the extent that the System can provide a meaningful working role and learning experience.
- 4.934 Type I Internships are not designed primarily to produce a work product. (Example: The employee of a private data processing equipment firm observing and being trained in the Data Processing Department of a component institution which serves as the training ground.)
- 4.94 Program Elements: Type II Internship Programs are for the State of Texas and/or System employees.
- 4.941 Type II(a) Internships provide for the State of Texas to be the trainee represented by a person in the employ of a State agency other than the System. [Example: An employee of another state agency (State Auditor's Office) serving as an intern trainee with the System.]
- 4.942 Type II(b) Internships provide for the State of Texas to be the trainee represented by a person in the employ of the System. A Type II(b) Internship may be served either within the System or with another State agency. Employees on

Type II(b) Internship status should be considered as employees of the System as they would if they were physically present on the job. X

(Example: An employee of a System component serving as an intern trainee at another System component or with another State agency, i.e., an accountant from a component business office serving as a trainee in the business office of another component or in the State Auditor's office.)

- 4.943 The primary objective sought by both of the Type II Internship programs is for the trainee to gain skills from the training agency and to promote the ability of persons to work with broader situations and more competently in the multi-levels of administration of the State or the System.
- 4.944 A "No Proselyting" agreement should be secured in both of the Type II Internship programs.
- 4.95 Administration: Eligibility Requirements.
  - 4.951 Internship education and training authorized by the System will be conducted primarily for the benefit of the System.
  - 4.952 Internship training and education must be approved by the chief administrative officer or his or her delegate on recommendation of the head of the employing department or unit. X
- 4.96 Administration: Obligations.
  - 4.961 Type I - No obligatory arrangement is required.
  - 4.962 Type II - The following standards should be observed:
    - 4.9621 The need for these programs

will vary according to skills required and the availability of pre-employment training within the State of Texas and/or the System.

← 4.9622 The employee has an obligation to successfully complete the training program and should recognize that the State of Texas and the System will use this type of training as a continuation of the selection process.

← 4.9623 Employees receiving internship training authorized by the System will be obligated to fulfill such terms and conditions as the System Personnel Director may prescribe, compatible with the nature and extent of the training or education.

Sec. 5. Other Regulations Concerning Personnel are Reported in the Rules and Regulations of the Board,

PART ONE, CHAPTER III OF

OF REGENTS.

Physical Examination - Chapter III, Sec. 1.7

Employment of Aliens - Chapter III, Sec. 3

Indebtedness to the System or the State - Chapter III, Sec. 28

Appointment of Relatives (Nepotism Rule) - Chapter III, Sec. 5

Holidays - Chapter III, Sec. 14

Vacation - Chapter III, Sec. 15

~~Not to delete these~~

OK

Instead of listing just refer to Part One, Chapter III - since that's where all of these are located



*Need to  
check these*

Sick Leave - Chapter III, Sec. 19

Leave for Jury Duty - Chapter III, Sec. 20

Absence from Usual and Regular Duties - Chapter III, Sec. 21

Leaves of Absence Without Pay - Chapter III, Sec. 16

Office Hours - Chapter III, Sec. 12

Outside Employment - Chapter III, Sec. 13

Acceptance of Money from Students - Chapter III, Sec. 26

Textbooks and Other Materials Prescribed for the Use of Students - Chapter III, Sec. 24

Institutional Employees and Students - Chapter III, Sec. 30

Power to Authorize Expenditures out of the System Funds - Chapter III, Sec. 27

Division of Salaries for Staff Engaged in Teaching and Nonteaching Activities - Chapter III, Sec. 18

Compensation for Correspondence and Extension Teaching of Full-time Staff Members - Chapter III, Sec. 28

Classified Personnel Systems - Chapter III, Sec. 2

Code of Ethics - Chapter III, Sec. 4

Tenure, Promotion, and Termination of Employment - Chapter III, Sec. 6

Retirement and Modified Service - Chapter III, Sec. 31

Faculty Development Leaves - Chapter III, Sec. 17

CHAPTER VI

STAFF BENEFITS

(Staff benefits may be subject to change by State and Federal Laws.  
Application in specific instances should be verified.)

Sec. 1. Teacher Retirement System.

Pursuant to Title 110B, Subtitle D, Chapters 31-35, Vernon's Texas Civil Statutes (to be included in the Texas Government Code), a person, unless eligible to participate and participating in the Optional Retirement Program (Section 2 below), employed by the System at least one-half time for a cumulative period of four and one-half months within one fiscal year must participate in the Teacher Retirement System of Texas.

Sec. 2. Optional Retirement Program.

2.1 Pursuant to Sections 31.001 and 36.101 et seq., Title 110B, Vernon's Texas Civil Statutes (to be included in the Texas Government Code) and subject to eligibility rules adopted by the Texas Higher Education Coordinating Board, the following employees are eligible to participate in the Optional Retirement Program (O.R.P.):

- 2.11 Full-time faculty members appointed at least four and one-half months.
- 2.12 Full-time administrative personnel responsible for teaching and research faculty appointed for at least four and one-half months.
- 2.13 The Chancellor and individuals employed full-time as Executive Vice Chancellors, Vice Chancellors, chief administrative officers, vice presidents, and professional librarians, or other full-time professional staff persons whose national mobility requirements are similar to those of faculty members and who fill positions that are the subject of nationwide searches in the academic community.

2.2 In accordance with conditions approved by the U.T. Board of Regents and in consultation with the Office of the ~~Executive Director for Finance and Administration~~, the System Personnel Director will review and approve the companies authorized to provide annuity contracts, custodial accounts or investment contracts under the O.R.P.

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2.3 In consultation with the Office of the ~~Executive Director for Finance and Administration~~ and in accordance with federal and state laws and regulations, The University of Texas System Personnel Director is authorized to issue "Guidelines for

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Administration" for evaluation of organizations authorized to provide annuity contracts, custodial accounts or investment contracts under the Optional Retirement Program.

- 2.4 One change of O.R.P. companies is allowed per year. The change may be made only on the first day of a month.


Sec. 3. Tax Sheltered Annuities.

- 3.1 Pursuant to Article 6228a-5, Vernon's Texas Civil Statutes, an employee may purchase Tax Sheltered Annuities (T.S.A.) through an approved company. ✓

- VCBA 3.2 In accordance with conditions approved by The University of Texas System Board of Regents and in consultation with the Office of the ~~Executive Director for Finance and Administration~~, the System Personnel Director will review and approve companies authorized to offer annuities or other investments under the Tax Sheltered Annuity Program. ✓

- VCBA 3.3 In consultation with the Office of the ~~Executive Director for Finance and Administration~~ and in accordance with state and federal laws and regulations, The University of Texas System Personnel Director is authorized to issue "Guidelines for Administration" for evaluation of organizations seeking to write tax sheltered annuities or other investments for employees of The University of Texas System. ✓

Sec. 4. Group Hospitalization and Medical Benefit Plan.

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- 4.1 A person employed at least one-half time may elect optional group hospitalization and medical insurance coverage under a System-wide contract approved by ~~the Office of the Chancellor and~~ the U.T. Board of Regents. ✓
- 4.2 Employees who do not enroll within 60 days of eligibility may do so only in the annual enrollment period during the month of September.
- 4.3 The anniversary date of the contract is September 1 of each year.
- 4.4 An employee enrolled for group hospitalization and medical coverage is automatically enrolled for group dental coverage. (Section 5 below.)

Sec. 5. Group Dental Insurance.

- 5.1 An employee covered by group hospitalization and medical insurance is also covered by group dental insurance under a System-wide contract approved by ~~the Office of the Chancellor~~ and the U.T. Board of Regents.
- 5.2 Dependents' dental coverage is available but may be discontinued only if dependents' group hospitalization and medical coverage is discontinued.
- 5.3 Reinstatement of discontinued dependents' dental coverage shall require evidence of insurability.
- 5.4 Effective September 1, 1983, and thereafter, Subsections 5.1 through 5.3 shall also apply to employees and dependents covered as health maintenance organization participants.

Sec. 6. Health Maintenance Organizations.

- 6.1 In accordance with PROCEDURES FOR INCLUSION OF HEALTH MAINTENANCE ORGANIZATIONS adopted by the U.T. Board of Regents, the Office of the ~~Executive Director for Finance and Administration~~, with the concurrence of the Executive Vice Chancellor for Health Affairs, may approve the inclusion of qualified organizations to provide services as a health maintenance organization.
- 6.2 In consultation with the ~~Executive Director for Finance and Administration~~ and the Executive Vice Chancellor for Health Affairs and in accordance with state and federal laws and regulations, The University of Texas System Personnel Director is authorized to issue "Guidelines for Administration" of the health maintenance organization option and to promulgate a "Request for Inclusion" form, which will include criteria against which HMO's will be evaluated.
- 6.3 A person eligible to enroll in the group hospitalization and medical benefit plan may, as an option, elect to enroll in a health maintenance organization under a contract approved by the ~~Executive Director for Finance and Administration~~ pursuant to conditions approved by the U. T. Board of Regents.

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- 6.4 Employees who do not enroll within 60 days of eligibility may do so only in the annual enrollment period during the month of September.
- 6.5 The anniversary date of the contract is September 1 of each year.
- 6.6 An employee enrolled in a health maintenance organization is automatically enrolled for group dental coverage.

Sec. 7. Group Term Life Insurance.

- 7.1 A person employed at least one-half time is eligible to purchase group term life insurance and dependents' group term life insurance under a System-wide "One Year Term" plan approved by the ~~Office of the Chancellor and the U.T. Board of Regents.~~ ✓
- 7.2 The amount of insurance available may not exceed four times annual earnings.

Sec. 8. Group Cash Value Paid-Up at Age 65 Life Insurance Plan.

A person employed at least one-half time is eligible to purchase group cash value paid-up at age 65 life insurance under a policy approved by the ~~Office of the Chancellor and the U.T. Board of Regents.~~ ✓

Sec. 9. Group Long Term Disability Income Insurance.

A person employed at least one-half time may purchase group long-term disability income insurance under a policy approved by the ~~Office of the Chancellor and the U.T. Board of Regents.~~ ✓

Sec. 10. Group Accident Insurance.

A person under age 70 and employed at least one-half time may purchase group accident insurance under a policy approved by the ~~Office of the Chancellor and the U.T. Board of Regents.~~ ✓

Sec. 11. Workers' Compensation Insurance. ✓

11.1 Pursuant to Article 8309d of Vernon's Texas Civil Statutes, a System-wide Workers' Compensation Insurance (W.C.I.) Program will provide certain benefits for injuries sustained in the course and scope of employment. ✓

*W.C.I. OK*

*W.C.I. OK as is*

- 11.2 The System Personnel Office, with the assistance of other appropriate System and component institution offices, shall investigate injuries and publish and enforce safety regulations.
- 11.3 The System Personnel Office shall be responsible for reporting all covered injuries to the Industrial Accident Board (I.A.B.).
- 11.4 The System Personnel Office shall coordinate occupational safety and health activities and enforce occupational safety and health standards.
- 11.5 The Office of General Counsel shall be responsible for a determination on appeal of I.A.B. decisions.
- 11.6 A percentage of annual payroll, as approved by the U.T. Board of Regents, shall be set aside to fund the ~~Workers' Compensation Insurance Fund~~ (W.C.I. Fund). *Workers'*
- 11.61 The System Personnel Office shall be responsible for deposit in the W.C.I. Fund of amounts to be forwarded monthly by each institutional chief business officer for salaries paid from other than State funds.
- 11.62 The System Personnel Office shall request the State Comptroller to transfer amounts due on payrolls from State funds to the W.C.I. Fund.
- 11.7 The System Personnel Office shall process all W.C.I. claims for medical care and compensation.
- 11.8 The System Personnel Office shall prepare an annual report for the U.T. Board of Regents on the status of the W.C.I. Fund.

*Insert "workers" is used as "emp. report" OK*

Sec. 12. Unemployment Compensation Program.

- 12.1 The System-wide Unemployment Compensation (U.C.) Program will provide weekly benefits as specified in Article 5221/b et seq., Vernon's Texas Civil Statutes.
- 12.2 The U.C. ~~Fund~~ *SPELLOUT (U.C. FUND)* is established by the U.T. Board of Regents to be maintained in one or more regular depositories approved by the U.T. Board of Regents. The System Personnel Office shall administer funding

*UNEMPLOYMENT COMPENSATION*

by assessment on all salary sources other than State General Revenue Funds as provided in Section 12.24 below.

- 12.21 The System will reimburse the State General Revenue Fund from the U.C. Fund for claims charge-backs paid by the State Comptroller for former employees paid from other funds.
- 12.22 Claims charge-backs for former employees paid from State General Revenue Funds shall be referred to the State Comptroller for payment.
- 12.23 The U.C. Fund shall at all times operate under principles agreed upon by the System and the U.S. Department of Health and Human Services.
- 12.24 Assessment rates shall be calculated to maintain the U.C. Fund balance within a range of \$1,215,000 to \$1,755,000 and to provide minimum balance fluctuations and maximum rate stability.
- 12.25 Expenditures from the U.C. Fund shall be limited to direct costs in accordance with Federal Management Circular 73-8, Section J.7.

12.3 The System Personnel Office, working in coordination with appropriate System and component institution offices, shall administer the U.C. Program and represent the System and component institutions in appeals to the Texas Employment Commission (T.E.C.).

12.4 The Office of General Counsel shall be responsible for a determination on appeals of T.E.C. decisions.

12.5 The System Personnel Office shall prepare an annual report for the U.T. Board of Regents on the status of the U.C. Fund.

Sec. 13. Social Security (Old Age and Survivors Insurance).

*link* → Pursuant to 42 U.S.C. §410, all employees must participate in the Social Security Program.

Sec. 14. Deferred Compensation Plan.

*link* → As authorized by Article 6252-3b, Vernon's Texas Civil Statutes, any employee may participate in the Deferred Compensation Plan.



Sec. 15. Premium Sharing.

15.1 A person employed at least one-half time is eligible to receive the full amount of premium sharing specified by state law.

15.2 A person employed at least one-half time will receive a basic insurance coverage. Each eligible employee may elect other optional coverage within ~~60~~ 60 days of employment or waive coverage at any time.

15.3 The total premium for basic coverage shall not exceed the amount of employer contribution.

Sec. 16. U.S. Savings Bonds.

# All employees shall be provided the opportunity to participate in the purchase of U.S. Savings Bonds by payroll deduction.

Sec. 17. Availability of Complete Benefit Descriptions.

# The ~~Office of the~~ Chancellor shall insure that up-to-date accurate descriptions of the participation and eligibility requirements for all employee benefits and programs are conveniently available to all prospective and current employees at System Administration offices and at all component institutions.

## CHAPTER VII

### PHYSICAL PROPERTIES

- Sec. 1. Except as otherwise specifically authorized, property of the System shall be used only for official business. Only library books and other items of similar nature of well-established use may be used for the personal benefit or pleasure of employees. The chief administrative officer of each component institution shall designate a property manager.
- Sec. 2. Inventories.
- 2.1 An actual physical inventory of property of the System shall be made each fiscal year in accordance with the State Purchasing and General Services Act, as amended (Article 601b, Vernon's Texas Civil Statutes), and in compliance with appropriate regulations issued thereunder. The chief business officer of each component institution shall issue the necessary implementing instructions.
- 2.2 Department heads are responsible for all System property in their care and for the taking of the inventory on the prescribed record forms.
- 2.3 Inventories as of August 31 include all equipment on hand as defined by the State Purchasing and General Services Commission under the State Purchasing and General Services Act. Items that are worn out or discarded shall be deleted in accordance with the regulations of the State Purchasing and General Services Commission.
- Sec. 3. Motor Vehicles.
- 3.1 Any motor vehicles permitted under State law to be owned and operated by the System shall be used only on official business. Each vehicle shall carry an inscription on both sides as prescribed by law.

- 3.2 As required by statutes, a daily report shall be prepared by the person using the vehicle on the forms approved by the State Auditor and shall be filed within ten days in a central location designated by the chief business officer.
- 3.3 The operators of System-owned vehicles must hold, at their expense, an appropriate operator's license for the type of vehicle operated.
- 3.4 System-owned vehicles are subject to the compulsory inspection required by law.
- 3.5 It shall be the obligation of the chief business officer of each of the component institutions to see that all employees who are required to drive System-owned vehicles are fully informed of their personal responsibility and liability for their negligent operation.
- 3.6 Each component institution shall be cognizant of and render reports on operation of motor vehicles as required by the current appropriations bill.

Sec. 4. Insurance on Property of the System.

- 4.1 The following types of insurance coverage shall be maintained on a System-wide basis:
  - Fire and Extended Coverage Insurance
  - Boiler and Machinery Insurance
  - Blanket Position (Fidelity) Bond] \* may be one
  - Money and Securities Insurance | \*\*\* policy
  - Motor Vehicle Liability Insurance
  - on State Owned Vehicles

- 4.2 The terms of the policies covering the risks indicated above are negotiated by the Executive Director for Finance and Administration in accordance with procedures approved by the Chancellor and the Board.

- 4.3 When it is necessary or advisable to insure risks on a basis other than System-wide, insurance policies covering such risks shall be approved by the

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~~Executive Director for Finance and Administration~~ on an individual basis upon recommendation by the chief business officer of the component institution affected.

4.4

At the time a loss occurs applicable to either System-wide or individual insurance policies, the ~~Executive Director for Finance and Administration~~ shall be notified by the chief business officer, and shall approve all loss claims and settlements. Any settlement over \$2,000 and under \$10,000 shall be reported to the Board for ratification. Settlements in the amount of \$10,000 or more must have the approval of the Board.

*Direct*

Sec. 5. Safe and Vault Combinations.<sup>*inserted here*</sup> --The combinations to all vaults and safes used by component institutions shall be filed under seal with the chief business officer.

Sec. 6. Police and Security Officers.

6.1 Police and other security officers are employed at the component institutions to protect and safeguard the property of the institution.

6.2 Employees shall cooperate in the security program by exercising caution to safeguard the equipment and supplies in their offices.

Sec. 7. Telephones.--The director of physical plant, or the chief business officer, shall be responsible for the installation of telephones and the administration of all telephone facilities. Personal toll calls shall not be charged to institutional telephones. Charges for telephones and toll calls shall be under the supervision of the persons named above.

Sec. 8. Disposal of Property of the System.

8.1 Whenever any item of equipment becomes obsolete or useless for the needs and purposes of the department concerned, a written report of such fact shall be made to the chief business officer. Upon receipt of such report, it shall be the responsibility of the chief business officer to determine whether or not

such item of equipment is needed by any other department and, if so, to transfer and assign the equipment to such department.

- 8.2 If the chief business officer shall determine that the equipment is not needed for any department and that it is not practicable to store the equipment for possible future use, he shall proceed to sell the item concerned. ✓
- 8.3 For items of little value or limited use where sale on competitive bids is not practicable, the chief business officer shall have the authority to dispose of the property on the basis of negotiated bids in amounts under \$2,000.
- 8.4 Sale of property estimated to bring \$2,000 or more shall be made on a basis of competitive bids.
- 8.5 Sales in amount of \$10,000 or more shall be approved ✓ in advance by the Chancellor and ratified by the Board through the institutional docket.
- 8.6 Sealed bid sales of surplus equipment or abandoned property may be made to employees of the System or of any of its component institutions only after authorization by the chief administrative officer ✓ and approval of the Chancellor. Such sales shall be reported in the institutional docket. Such approval and reporting are not required for public auction sales of surplus equipment or abandoned property to employees of the System.

Sec. 9. Transfer of Property.<sup>inconsistent</sup> --Property may be transferred from one State agency to another when it becomes surplus. Such transfers from one component institution to another, or from a component institution to another State agency shall have the advance approval of the chief business officer concerned and shall be reported to the chief administrative officer. The chief business officer or his delegate shall advise departments and administrative offices as to the procedure to be followed in disposing of or acquiring property by this means. ✓

Sec. 10. Disposition of Abandoned and Unclaimed Personal Property.<sup>inconsistent</sup> -- Abandoned and unclaimed personal property of every kind, ✓

except vehicles and drugs, which is not being held as evidence to be used in a pending criminal case which shall remain in the custody of any component institution property manager for a period of sixty (60) days will be disposed of in the following manner:

10.1 The designated Property Manager shall mail a notice to the last known address of the owner of such property by certified mail, return receipt requested, if the owner is known. If the owner is unknown or, if known, does not respond to notices mailed to ~~his~~ last known address, then the Property Manager shall cause to be published once in the campus student newspaper (if any), or once in a paper of general circulation in the county in which the institution is located (if there is no student newspaper), a notice containing a description of the property held, the name of the owner, if known, the name and address of the officer holding the property, and the location where the property can be inspected. The notice shall also state that after the expiration of at least sixty (60) days from the date of the publication, such property, if unclaimed, will be sold, and, if scheduled, the date, time, and place of such sale.

10.2 All personal property which remains unclaimed at the expiration of sixty (60) days from the date of publication of the notice required by letter with Certificate of Mailing, if the owner was known, shall be deemed to be abandoned and may be sold.

10.3 The designated Property Manager shall sell the property which has been abandoned to the highest bidder at public sale; the Property Manager may decline the highest bid and reoffer such property for sale, if ~~he~~ considers such bid insufficient; ~~he~~ need not offer any property for sale, if, in ~~his~~ opinion, the probable cost of sale is in excess of the value of the property; the designated Property Manager shall deposit all proceeds of the sale into a fund which shall be designated for this purpose.

10.4 Any person claiming an interest in any property delivered to the designated Property Manager, which

has been presumed abandoned and sold under the provisions of this section, shall be allowed to file a claim to such property with the designated Property Manager on forms and through procedures prescribed by the Property Manager; upon approval of such claim by the designated Property Manager, the owner may recover the proceeds of such sale after deducting the reasonable expense of keeping such property and the cost of the sale.

- 10.5 Proceeds of the sale, which remain unclaimed, may be used by the institution for student scholarships.
- 10.6 Vehicles, which are abandoned and unclaimed, will be disposed of in accordance with Article 4477-9a of Vernon's Texas Civil Statutes as hereafter amended.
- 10.7 Drugs in the possession of any component institutional police department will be disposed of in the manner prescribed by Article 4476-14, Section 8, of the Texas Dangerous Drugs Act and by Article 4476-15, Section 5.08, of the Texas Controlled Substances Act, or as hereafter amended.

CHAPTER VIII

PHYSICAL PLANT IMPROVEMENTS

Sec. 1. Major New Building Construction Exceeding the Amount of \$300,000 per Project.

1.1 After the Board approves the construction of new buildings, the procedures shall be as follows:

1.11 The Institutional Building Advisory Committee shall hold necessary hearings and make proper investigations to translate the approved academic program into priorities for new construction, with suggestions as to total project area and function, and make such recommendations to the chief administrative officer.

*2. [unclear]*

1.12 The Institutional Building Advisory Committee shall be relieved of further direct responsibility whenever a building contract is awarded, but shall be available for consultation as the building progresses, as requested by the chief administrative officer, the Office of the Chancellor or its delegate, and the project architect.

*the group [unclear]*

1.13 New projects shall be submitted to the Board for approval, including proposed funding, upon recommendation of the chief administrative officer, the Office of the Chancellor, or its delegate.

*[scribble]*

*HK or HER*

1.2 Project Development.

1.21 The Board will employ a project architect for each new major building project at all component institutions.

*[scribble]*

1.22 The chief administrative officer may appoint, according to the Institutional Handbook of Operating Procedures, an Ad Hoc Project Building Committee composed of, but not limited to, representatives of the departments or divisions that will occupy the building. The committee shall work with

*[scribble]*



the Office of Facilities Planning and Construction to prepare a detailed program of the needs for each project.

1.23 The chairperson of the Institutional Building Advisory Committee, or his or her delegate, shall be an ex officio member of each Ad Hoc Project Building Committee.

1.24 The project architect shall be given the detailed program and will work in conjunction with the Office of Facilities Planning and Construction to prepare preliminary plans, exterior design, outline specifications, cost estimates, etc., which shall be submitted to the Board for approval upon the recommendation of the ~~Chief administrative officer, the Office of the Chancellor, or its delegate.~~ *HW in HCR*

1.25 After approval of the preliminary plans, the Board shall authorize the preparation of the working drawings and specifications. In the preparation of the final plans and specifications, the project architect shall work with the Ad Hoc Project Building Committee and the Office of Facilities Planning and Construction.

1.26 The final working drawings and specifications shall be submitted to the Board for approval upon the recommendation of the ~~Chief administrative officer, the Office of the Chancellor, or its delegate.~~ *HW in HCR*

1.3 Bidding and Construction Phase of Project.

1.31 After the Board approves the final plans and specifications, the Board shall authorize the Office of Facilities Planning and Construction to advertise for bids. Advertisements for bids for buildings shall be in accordance with State law. *HW in HCR*

1.32 The ~~Office of the Chancellor, or its delegate~~ shall receive and open bids, with the project architect and others, tabulate and study

such bids, and make recommendations to the Board.

1.33 In accordance with law, the Board will award the contracts for all work in excess of the amount of \$300,000. The contract will be signed by the contractor(s) involved and the Chairman of the Board and approved by the Board.

1.331 In the event the lowest bidder is found to be not responsible, or other facts and circumstances necessitate award of contract to other than the lowest bidder, the bidder(s) submitting proposal(s) lower than the bidder to whom award is proposed shall be notified of the Board's proposed decision for award.

1.332 If the lowest bidder fails to timely file notice of protest, the Board's proposed award will be final.

1.333 If the lowest bidder timely files notice of protest, the Board will hear the protest or will delegate to the ~~Office of the Chancellor~~ the authority to appoint a Hearing Officer who shall promptly convene and conduct a hearing and subsequently prepare and submit a report of his or her findings through the ~~Office of the Chancellor~~ to the Board. The Board shall make a final decision based upon the records of the hearing before the Hearing Officer.

1.334 The contract documents will be prepared by the Project Architect and approved by the Chancellor's Office, or its delegate, and the General Counsel for the System, or his or her delegate, before submission to the Chairman of the Board.

1.335 At the time contracts are awarded, additional appropriations will be made if required.

1.34 The ~~Office of the Chancellor~~, or ~~its~~ <sup>his or her</sup> delegate, shall approve contractor's

estimates, sign change orders, and provide general supervision of all new construction. That office shall advise the Board if developments during construction require additional funds or other decisions of the Board.

1.35

The ~~Office of the Chancellor~~, or <sup>His Honor</sup> ~~its~~ delegate, shall inspect the completed building and recommend final acceptance and final payment.

Sec. 2. Minor New Building Construction; Minor Repairs and Remodeling; and Construction of Improvements Other Than Buildings Involving the Expenditure of \$300,000 or Less Per Project.--

Minor new building construction, minor repairs and remodeling of the physical plant and construction of improvements other than buildings that involve a total expenditure of \$300,000 or less per project may be handled at the component institution. However, any project involving the addition of space to the building inventory must have advance approval by the ~~Office of the Chancellor~~ and then be approved by the U. T. Board of Regents via standard docket procedures. If the proposed construction or renovation is to accommodate program changes requiring approval beyond the campus level, such program approvals must be secured in advance of requests for construction approval or must be included with the construction request. Funds must have been approved through standard U. T. System budgetary procedures and the project must have been approved by the institution's director of physical plant, chief business officer, and chief administrative officer. All contracts for minor new building construction, minor repairs, or remodeling shall be let on a standard form contract approved by the Office of Facilities Planning and Construction and the Office of General Counsel and shall be submitted to the Board of Regents through the institutional docket. Any such contract that involves the expenditure of more than \$25,000 shall be submitted to the Office of General Counsel for approval as to form prior to its execution by the institution.

Sec. 3. Major Repairs and Remodeling and Improvements Other than Buildings.

- 3.1 Any repair or remodeling project of the physical plant or construction of improvements other than buildings involving an estimated expenditure that exceeds \$300,000 shall be deemed a construction project and shall be handled under the procedures set out in Section 1. A repair or remodeling project or a project that involves the construction of improvements other than buildings that does not exceed \$300,000 may be handled at the component institution in accordance with the procedures set out in Section 2 of this Chapter.
- 3.2 Unless otherwise approved by the Board, the procedures and regulations pertaining to new building construction shall apply to major repairs and remodeling projects.

*Approved by the VCBA*

*24  
PRESIDENT  
OR  
VCBA*

Sec. 4. Professional Services. -- Each component institution is authorized to make use of architects, engineers, and other professional services up to a maximum cost of \$25,000 with the approval of the ~~Executive Director for Finance and Administration~~ and the ~~Office of the Chancellor~~ on recommendation of the chief administrative officer and the chief business officer.

Sec. 5. Constitutional and Legislative Restrictions.

5.1 Section 18, Article VII, of the Texas Constitution requires approval by the Legislature, or an agency designated by the Legislature, prior to the construction of physical improvements financed by bonds authorized under this section at the component institutions other than The University of Texas at Austin and at El Paso.

*TEXAS HIGHER EDUCATION*

5.2 New construction projects not otherwise authorized by law, in excess of \$300,000 and all major repair and rehabilitation projects in excess of \$300,000, must be approved by the Coordinating Board, ~~Texas College and University System~~ as to purpose and gross dimensions. Format for submission will be as prescribed by the Coordinating Board. Submission will be prepared by the component institution, in consultation with and assisted by the Office of Facilities Planning and Construction, if necessary, and forwarded to System Administration for review, approval and handling of submission. It is the objective to submit the necessary documents to the Coordinating Board when the project scope and estimated cost are sufficiently defined to meet the Coordinating Board's requirements for approval. Normally, submission will be made when the Board approves preliminary plans and specifications and the related cost estimate.

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Sec. 6. Modification of Bids.

6.1 No bid shall be changed, amended, or modified by telegram or otherwise after the deadline for bid filing set out in the advertisement for bids in connection with the construction or erection of permanent improvements at any of the component

institutions of the System under Section 51.907,  
Texas Education Code, V.T.C.S.

- 6.2 The substance of this requirement shall be stated in the advertisement for such bids; provided, however, that this requirement shall not be construed to prohibit the submission of filing of more than one separate and independent bid by any bidder.

Sec. 7. Institutional Building Advisory Committees.

- 7.1 At each of the component institutions there shall be an Institutional Building Advisory Committee.

*President or*  
~~7.2~~ The committee shall be appointed by the chief administrative officer in the same manner as other institution-wide committees are appointed.

7.3 The composition of the institutional building advisory committee shall be set forth in the institutional handbook of Operating Procedures of each component institution.

7.4 A representative appointed by the ~~office of the~~ Chancellor and the chief business officer of the institution shall be ex officio members of such committee.

## CHAPTER IX

### MATTERS RELATING TO INVESTMENTS, TRUSTS, AND LANDS

- Sec. 1. Authorizations re Sales, Assignments, Conveyances, Receipt of Property, and Proxies.
- 1.1 Authority to Purchase, Exchange, and Sell Securities for and on Behalf of the Permanent University Fund (hereinafter sometimes referred to as "PUF") and the Board.--The Chancellor, or his or her delegate, the Executive Vice Chancellor for Asset Management, and the Director for Investments are authorized to purchase, exchange, and sell any and all securities for and on behalf of the PUF or the Board, and to execute all related state government documents. In addition, external investment managers appointed by the Board of Regents may purchase, sell, or exchange securities, pursuant to written agreement with the Board of Regents, from funds designated from the PUF, the Common Trust Fund, the Medical Malpractice Self-Insurance Fund, or any funds held in trust.
- 1.2 Authority to Assign and Transfer Securities Owned by the PUF and the Board.--The Chancellor, or his or her delegate, the Executive Vice Chancellor for Asset Management, the Director for Endowments and Trusts, the Comptroller and Associate Comptroller, and the Trust Officer may each assign and transfer any and all securities of any description whatever and execute any and all documents necessary to the consummation of any sale, assignment, or transfer of any securities registered in the name of the PUF or the Board, or in any other form of registration of such securities held for the account of the PUF or the Board in whatever manner, including all fiduciary capacities and including those registered in the names of trusts or foundations managed and controlled by said Board. In addition, custodian banks appointed by the Executive Vice Chancellor for Asset Management may assign and transfer securities and execute any and all documents necessary to the consummation of any sale, assignment, or transfer of any security owned by the Board.

- 1.3 Authority to Execute Instruments Relating to Land and Mineral Interests.--The Chairman of the Board, the Vice-Chairmen, the Chancellor, or his or her delegate, and the Executive Vice Chancellor for Asset Management are each authorized to execute conveyances, deeds, surface and/or mineral leases, easements, rights-of-way, oil and gas division orders, and transfer orders, geophysical and material source permits, water contracts, pooling and unitization agreements, and any other instruments as may be necessary or appropriate from time to time, relating to the handling, management, control, and disposition of any real estate or mineral interest held or controlled by the Board as a part of the PUF or as a part of any trust or special fund.
- 1.4 Authority to Receive and Collect Money and/or Property.--The Chancellor, the Executive Vice Chancellor for Asset Management, and the Director for Endowments and Trusts are each authorized and empowered to ask, demand, collect, recover, and receive any and all sums of money, debts, dues, rights, property, effects, or demands, whatever, due, payable, or belonging, or that may become due, payable, or belonging to any of the above funds from investment transactions, from any person or persons, whatever, and to execute any and all necessary or proper receipts, releases, and discharges therefor.
- 1.5 Authority to Execute Proxies and Consent to Modifications in Bond Indentures.--The Chancellor, or his or her delegate, the Executive Vice Chancellor for Asset Management, the Director for Investments, the Director for Endowments and Trusts, and the Investment Officers are each authorized to consent to modifications in bond indentures and to execute proxies within the approved investment policies.
- 1.6 Authority to Deliver and Maintain Securities in Book-Entry Form.--Securities owned by the PUF or the Board may be delivered and maintained by a custodian bank or a member bank of the Federal Reserve System in book-entry form subject to applicable law.



Sec. 2. Policy for Investment and Management of the PUF.

- 2.1 The policies for the investment of funds for the Permanent University Fund shall be those outlined in The Permanent University Fund Investment Policy Statement.
- 2.2 Advice of Investment Advisory Committee.--The Chancellor, the Executive Vice Chancellor for Asset Management, and the Director for Investments shall seek the advice and counsel of the Investment Advisory Committee at its regular quarterly meetings and at other times as appropriate on all of the major matters involving the PUF.
- 2.3 Reports to the Regents' Land and Investment Committee.
- 2.31 All purchases, sales, and exchanges of investments shall be reported for ratification by the Board through the Regents' Land and Investment Committee.
- 2.32 The investment performance of the Fund, as measured by an unaffiliated organization, shall be reported to the Regents' Land and Investment Committee at least annually.
- 2.33 The nature and extent of any investments in or business transacted with any firm with which a member of The University of Texas System investment staff is affiliated will be reported to the Regents' Land and Investment Committee annually.
- 2.34 The Fund's investment in U. S. companies with substantive investments or operations in South Africa will be reported to the Regents' Land and Investment Committee semiannually in combination with the status review of these firms' effective compliance with the spirit of the six key elements of the Sullivan Principles.
- 2.35 All proxy votes on the social issue of investment and corporate conduct in South Africa will be reported to the Regents' Land and Investment Committee.

- 2.4 The Chancellor, the Executive Vice Chancellor for Asset Management, or the Director for Investments are each authorized to take any and all steps as may be considered necessary or advisable to protect the interest of the PUF in event of default or any other significant changes occurring with respect to any investment.
- 2.5 Policies with Respect to Stock Rights, Fractional Shares, and Proxies.
- 2.51 Exercise of or sale of stock rights and warrants is to be made at the discretion of the Chancellor, the Executive Vice Chancellor for Asset Management, the Director for Investments, or the Investment Officers. Stock rights or warrants which arise in connection with funds under control of an unaffiliated investment manager shall be handled by that manager at its discretion.
- 2.52 Fractional shares which arise in connection with funds under control of an unaffiliated investment manager or the System investment staff shall be handled by that manager or the staff at its discretion.
- 2.53 As a general rule, voting stocks held are to be voted by returning proxies to present management. When the Director for Investments or the Director for Endowments and Trusts determines that a vote with management would not be in the shareholder's best financial interest, or when a proposal under consideration is of a social nature, the matter will be referred to the Chancellor or the Executive Vice Chancellor for Asset Management, or, in the event both of them are absent, to the Chairman of the Land and Investment Committee. Voting on the issue of investments and corporate conduct in South Africa shall correspond to the Regents' Policy Statement on South African Issues adopted by the Board at its February 1986 meeting.
- 2.6 Exchange of Bonds.--The Chancellor, the Executive Vice Chancellor for Asset Management, the Director for Investments, and the Investment Officers are each authorized to exchange bonds owned, from time to time, on a par for par basis (with such cash adjustments as may be required) for other eligible bonds or obligations. In any such exchange the cost of the bonds exchanged out (plus or minus the cash adjustments

involved) shall be carried forward as the cost of the bonds or obligations acquired, even though the sale and purchase may be effected through different brokers. Such sales and purchases may be considered as exchanges provided there has been an improvement in book yield.

Sec. 3. Policy for Investment and Management of Trust and Special Funds.

- 3.1 Unless otherwise limited by the terms of the instrument by which the fund was created, trust and special funds under the control of the Board shall be invested and reinvested in such securities and investments as are permitted by the Texas Trust Code (Subtitle B, Title 9, Texas Property Code) as legal investments for funds held by trustees. The policies for the investment of funds for the Professional Medical Malpractice Self-Insurance Plan shall be those outlined in the Medical Malpractice Self-Insurance Fund Investment Policy Statement.
- 3.2 The provisions of Sections 2.2, 2.3, 2.4, 2.5 and 2.6, with respect to the investment and management of the PUF, shall likewise apply to trust and special funds except that Subsection 2.32 shall be applied only when appropriate comparisons and significant amounts are involved.
- 3.3 Trust funds will be managed separately and not commingled with the Common Trust Fund if the terms of the instrument by which the fund was created or documents and instructions from the donor preclude investment through the Common Trust Fund. In addition, non-marketable securities held by a trust fund may be recorded as separately invested. All other endowment funds will be invested through the Common Trust Fund.

Sec. 4. Policy for Investment and Management of the Common Trust Fund.

- 4.1 The policies for the investment of funds for the Common Trust Fund shall be those outlined in The Common Trust Fund Investment Policy Statement.
- 4.2 The provisions of Sections 2.2, 2.3, 2.4, 2.5 and 2.6, with respect to the investment and management of the PUF, shall likewise apply to the Common Trust Fund.

- Sec. 5. Investment Advisory Committee.--The Investment Advisory Committee is and has been established in order to assist and advise the Chancellor, the Executive Vice Chancellor for Asset Management, and the Director for Investments with respect to matters relating to the management of investments. The following rules shall apply to such Committee:
- 5.1 Membership.--Six members of the Committee shall be selected because of their particular qualifications and experience in the field of investments, including experience in bond and corporate stock investments.
  - 5.2 Selection Procedure.--Appointments to such Committee shall be made by the Board after recommendation by the Chancellor.
  - 5.3 Term of Office.--Each member shall serve a three-year term, with the terms of two members expiring each August 31. A member is eligible for reappointment to a consecutive three-year term, but may not be reappointed thereafter without a three-year break in service.
  - 5.4 Meetings.--Meetings shall be held quarterly and at such other dates as may be considered advisable by the Chancellor and the Executive Vice Chancellor for Asset Management.
- Sec. 6. Investment Transactions.--Sales, purchases, and exchanges shall be effected through investment dealers or brokers in accordance with the Permanent University Fund and the Common Trust Fund Investment Policy Statements.

CHAPTER X

AUXILIARY ENTERPRISES

- Sec. 1. Auxiliary Enterprises are those operated primarily for service to students and staff. Such enterprises are expected to be self-supporting. Examples of such enterprises are residence halls, dining halls, student hospitals, student unions, book stores, and any activities supported from fees collected as Student Activities Fees, whether such fees are optional or mandatory.
- Sec. 2. Annual budgets for these activities shall be prepared and submitted through regular administrative channels, and expenditures shall be within budgets approved by administrative officials and the Board. Income of Auxiliary Enterprises is not deposited with the State Treasury, however, and any balances or deficits at the end of a fiscal year may be reappropriated for the succeeding year.
- Sec. 3. With the exception of intercollegiate athletic departments, to which the general and special provisions of the Appropriations Bill do not apply, the same regulations and applicable laws shall govern as apply to the budgeting and expenditure of general funds unless otherwise specifically authorized. The Board, upon recommendation of appropriate administrative officials, approves the regulations for the management and operation of athletic departments.
- President of*  
Sec. 4. ~~Rentals and related policies and rates for dormitories and housing facilities shall be approved in advance by the chief administrative officer, the ~~President of the~~ Chancellor, and the Board.~~ *copy of Bill by the*
- A*  
Sec. 5. ~~Rules and regulations for the administration of dormitories, other housing facilities, dining halls, and other eating facilities, shall be promulgated by administrative officials and the chief administrative officer at the institution concerned.~~
- Sec. 6. The money values of meals, lodging, and other services the employees are authorized to receive in lieu of additional

PRESIDENT FOR

wages or salary, are recommended to the chief administrative officer by the chief business officer and approved by the Office of the Chancellor and the Board.

Sec. 7. Statutory Provisions Currently in Effect.--Auxiliary Budgets shall comply with statutory provisions and rider provisions of current Appropriations Bill.

Sec. 8. Student Publications.--Rules and regulations for the establishment, administration and operation of student publications shall be promulgated by administrative officials and the chief administrative officer at the institution concerned, provided that such rules and regulations shall not be effective until approved by the Office of the Chancellor for inclusion in the institutional Handbook of Operating Procedures.

APPROPRIATE E.V.C

Sec. 9. Student Union Facilities.--Rules and regulations for the establishment, administration and operation of student union facilities shall be promulgated by administrative officials and the chief administrative officer at the institution concerned, provided that such rules and regulations shall not be effective until approved by the Office of the Chancellor for inclusion in the institutional Handbook of Operating Procedures.

APPROPRIATE F.V

Sec. 10. Intercollegiate Athletics Programs.--Rules and regulations governing the establishment, administration and operation of intercollegiate athletics programs shall be promulgated by administrative officials and the chief administrative officer at the institution concerned, provided that such rules and regulations shall not be effective until approved by the Office of the Chancellor for inclusion in the institutional Handbook of Operating Procedures.

APPROPRIATE E.V.C

Sec. 11. Employment of a Students' Attorney.

11.1 If an attorney is retained in any manner by a component institution or by a Students' Association or other agency of student government at any component institution of the System to serve as a students' attorney, said attorney shall not act as counsel of record nor represent any student, faculty member, or staff member, or any group or combination of students, faculty members, or staff members, or

System Administration or any component institution of the System:

- 11.11 In any matter that requires an administrative decision to be made by any officer, committee, board, or agency of a component institution of the System, the System, or the Board.
- 11.12 At any stage of any criminal proceeding in any federal, state, county, or local court.
- 11.13 At any stage of any civil proceeding in any federal, state, county, or local court where such proceeding is directly or indirectly against or antagonistic to the interests of the System or any component institution thereof, or against or antagonistic to the interests of any person who is sued in his official capacity as an officer of the System or any component institution thereof.

11.2 Any contract or agreement for legal services entered into by a Students' Association or other agency of student government or other agency of a component institution with an attorney whose remuneration will be paid from funds under the control and management of the Board, including funds from student fees whether mandatory or optional, is expressly subject to the applicable provisions of the Regents' Rules and Regulations, including, but not limited to, the foregoing provisions of this Section 11 and the following:

Section 8.7 of Chapter I of Part One;  
Section 1.1 of Chapter III of Part One;  
Section 1.3 of Chapter III of Part One;  
Section 11 of Chapter III of Part One;  
Section 5.15 of Chapter VI of Part One; and  
Section 5.21 of Chapter VI of Part One.

CHAPTER XI

CONTRACTS AND GRANTS FOR RESEARCH, TRAINING, AND  
EDUCATIONAL SERVICES, INCLUDING  
INSTITUTIONAL SUPPORT GRANTS

Sec. 1. Initial contracts, grants, and agreements from or with outside agencies for research, training, and educational services, including institutional support grants (except as provided in Subsection 1.1 below) shall be approved by the chief administrative officer and ratified by the Board via the institutional docket. Subsequent institutional dockets should include only the changes in these initial contracts, grants, and agreements that involve changes in funds over \$10,000. It is not necessary to report contract extensions, amendments, modifications, changes in investigators or other changes in the institutional dockets unless they increase or decrease the total original contract by more than \$10,000. Although these items will not be reported in the institutional docket, copies of such changes shall be provided to the U. T. System Comptroller.

1.1 Contracts or agreements with foreign governments, agencies thereof, and with institutions, enterprises or individuals subject to the jurisdiction of foreign governments, shall be submitted to the ~~office of the Chancellor~~ for prior review sufficiently in advance of effective date for prior approval of the Board, if such prior approval is deemed appropriate by the General Counsel and the ~~Office of the Chancellor~~.

1.2 The ~~Office of the Chancellor~~ will issue special instructions for those contracts and grants requiring special approvals other than as provided in this section.

1.3 Funds shall not be encumbered or expended under any contract or grant prior to the approval of the contract or grant as indicated above.



1.4 Institutional support grants include NSF Institutional Grants for Science, NIH General Research Support Grants, Health Professions Education Improvement and/or Capitation Grant Programs, and other such grants awarded on a formula basis rather than a budgeted project basis.

Sec. 2. Proposals for such contracts, grants and agreements, whether with government agencies, industry, foundations, or other private granting agencies, shall be initiated by the faculty member (or other appropriate official who will direct the work) and shall be approved by designated administrative officials, including the chief administrative officer. These proposals will receive such review and approval as directed by the Office of the Chancellor. The chief business officer at each component institution is responsible for the business aspects of the proposals.

Sec. 3. Copies of contracts, grants, and agreements specified in Section 1 of this chapter shall be filed with the Executive Secretary to the Board, together with a copy of the proposal or application, if any, that resulted in the contract, grant, or agreement.

Sec. 4. Detailed budgets are generally included in the proposals that result in a contract or grant for a specific research, training, or educational project, and expenditures should conform to such budgets, unless amended by authorized procedures. For those institutional or "formula" type grants identified in Subsection 1.3 of Section 1 of this chapter, a proposed budget must be submitted to the Office of the Chancellor for review, approval, and submission to the Board.

Sec. 5. Proposals as to overhead rates and specialized rates for fringe benefits, computers, and other facilities chargeable to cost-reimbursement contracts and other government contracts and grants shall be worked out in preliminary form by the chief business officer concerned and shall be reviewed and approved by the System Comptroller before being submitted. Subject to approval of the Executive Director for Finance and Administration, the System Comptroller shall negotiate all such rates for the component institutions of the System.

Sec. 6. Information as to overhead and specialized rates applicable to the type of contract, grant or agreement to be entered into shall be secured from the System Comptroller via the business officers and/or the appropriate research administration officer.

Sec. 7. To the extent that indirect cost recoveries from the application of overhead rates are derived from use charges for buildings, other improvements, or equipment, the funds so derived shall be designated for renewals and replacements of plant fund assets or for other purposes specified and approved in the budgetary processes as related to the indirect cost recoveries.