



TABLE OF CONTENTS FOR FINANCE AND PLANNING COMMITTEE

Committee Meeting: 5/7/2025

Board Meeting: 5/8/2025
Austin, Texas

Janiece Longoria, Chairman
Robert P. Gauntt
Jodie Lee Jiles
Stuart W. Stedman
Kelcy L. Warren
Rad Weaver

	Committee Meeting	Board Meeting	Page
Convene	1:45 p.m. <i>Chairman Longoria</i>		
1. U.T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, assigned for Committee consideration	Discussion	Action	42
2. U.T. System: Financial Status Presentation and Monthly Financial Report	Report/Discussion <i>Mr. Hull</i>	Not on Agenda	43
3. U.T. System Board of Regents: Approval of annual distributions from the Permanent University Fund, the Permanent Health Fund, the Long Term Fund, and the Intermediate Term Fund	Action <i>Mr. Pruitt</i>	Action	70
Adjourn	2:15 p.m.		

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

RECOMMENDATION

The Board will be asked to approve the Consent Agenda beginning on [Page 176](#).

2. U.T. System: Financial Status Presentation and Monthly Financial Report

Mr. Terry Hull, Associate Vice Chancellor and Chief Financial Officer, will discuss the Financial Status Presentation, the highlights of which are set forth in the PowerPoint on the following pages and the February Monthly Financial Report, which follows the PowerPoint. The monthly financial report represents the consolidated and individual operating detail of the U.T. institutions.

U.T. System

Fiscal Year-to-Date Actuals and Projected Fiscal Year-End

Terry Hull

Associate Vice Chancellor and Chief Financial Officer

U.T. System Board of Regents Meeting

Finance and Planning Committee

May 2025



U.T. System Consolidated Summary

Fiscal Year Summary
Period Ending February 28, 2025



Revenues
\$16,103.1 M



Expenses
\$14,586.3 M



Cash Flow Margin
\$1,516.8 M



FYE Projected Cash Flow
\$3,241.5 M

U.T. System Consolidated Revenue & Expenses

Year-Over-Year Comparison (February)

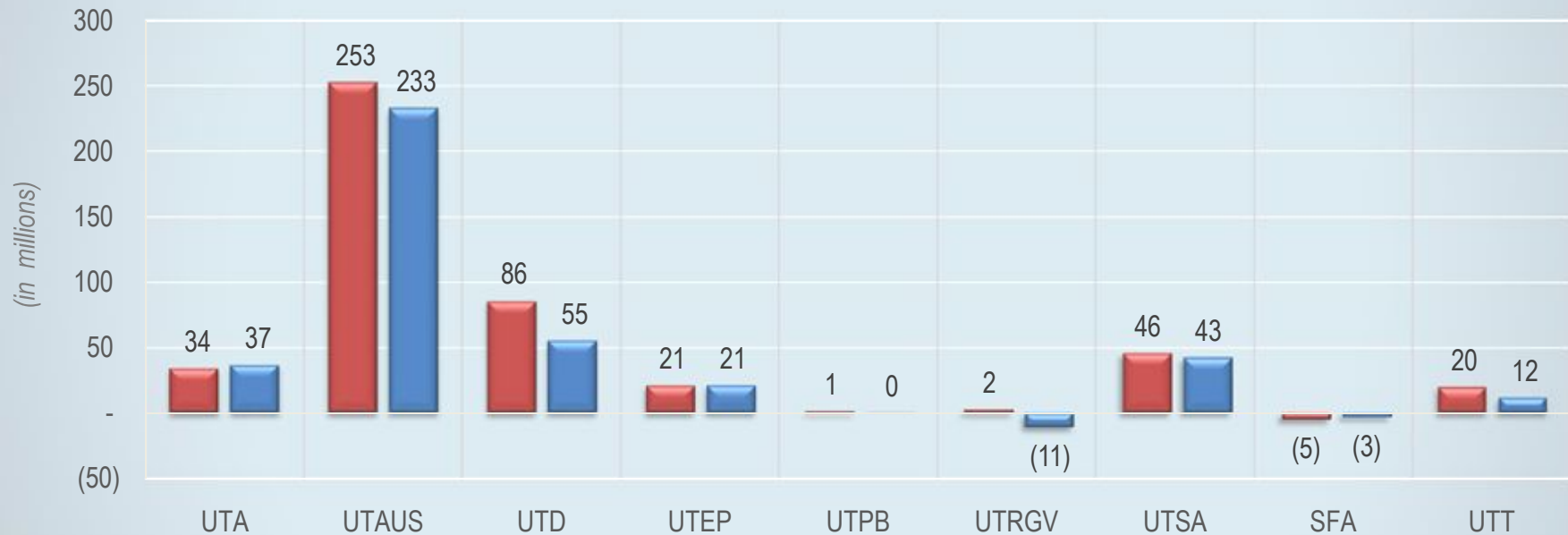
■ FYE 2024 Cash Flow Margin ■ FYE 2025 Cash Flow Margin



Cash Flow Margin – Academic Institutions

Year-Over-Year Comparison (February)

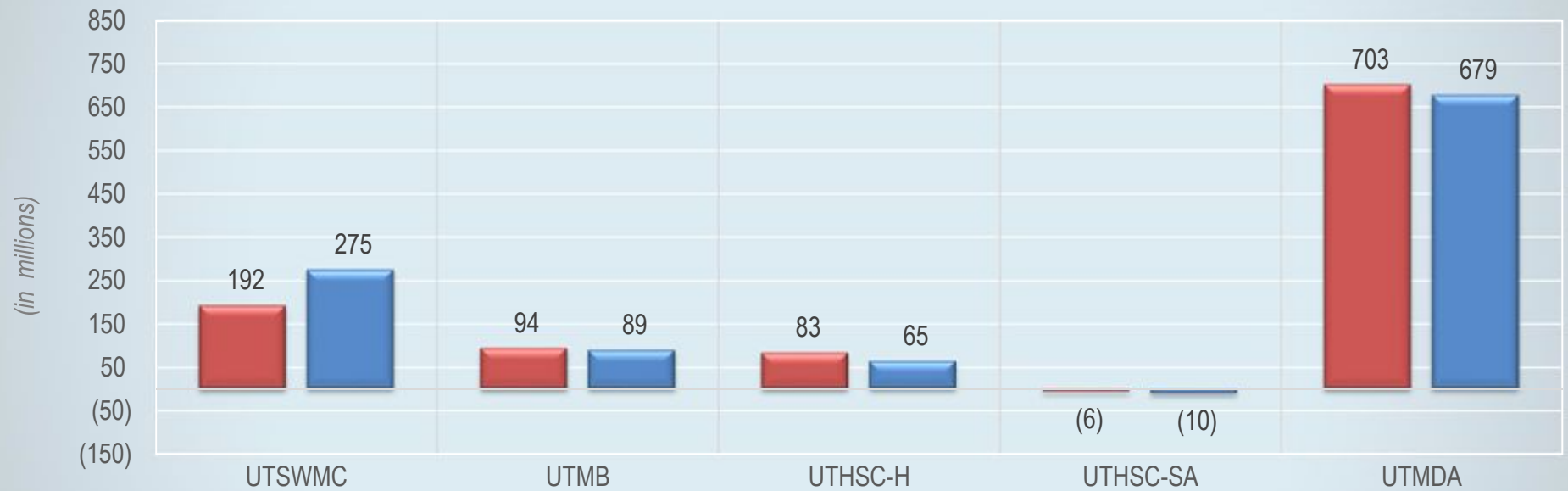
■ FY 2024 Cash Flow ■ FY 2025 Cash Flow



Cash Flow Margin – Health Institutions

Year-Over-Year Comparison (February)

■ FY 2024 Cash Flow ■ FY 2025 Cash Flow



The University of
Texas System

Excludes Depreciation Expense

5

Budget to Projected – Academic Institutions

Projected FY 2025									
	Budget (\$ Millions)				Projected (\$ Millions)				
	Revenues	Expenses	Cash Flow	Cash Flow Ratio	Revenues	Expenses	Cash Flow	Cash Flow Ratio	
U.T. Arlington	\$920.8	\$870.8	\$50.0	5.4%	\$974.1	\$822.7	\$151.4	15.5%	▲
U.T. Austin	\$4,272.5	\$3,942.8	\$329.7	7.7%	\$4,561.2	\$4,113.3	\$447.9	9.8%	▲
U.T. Dallas	\$938.7	\$845.9	\$92.8	9.9%	\$906.7	\$795.9	\$110.8	12.2%	▲
U.T. El Paso	\$621.2	\$589.6	\$31.6	5.1%	\$621.9	\$577.4	\$44.5	7.2%	▲
U.T. Permian Basin	\$104.5	\$100.3	\$4.2	4.0%	\$114.7	\$112.3	\$2.4	2.1%	▲
U.T. Rio Grande Valley	\$680.4	\$666.7	\$13.7	2.0%	\$694.5	\$690.0	\$4.5	0.6%	▲
U.T. San Antonio	\$792.2	\$694.0	\$98.2	12.4%	\$823.4	\$739.2	\$84.3	10.2%	▲
Stephen F. Austin	\$218.4	\$211.0	\$7.3	3.4%	\$219.0	\$219.7	(\$0.6)	-0.3%	▼
U.T. Tyler	\$632.2	\$596.5	\$35.7	5.6%	\$653.5	\$641.2	\$12.3	1.9%	▲
Total	\$9,180.9	\$8,517.6	\$663.3	7.2%	\$9,569.0	\$8,711.6	\$857.4	9.0%	▲

Budget to Projected – Health Institutions

Projected FY 2025

	Budget (\$ Millions)				Projected (\$ Millions)				
	Revenues	Expenses	Cash Flow	Cash Flow Ratio	Revenues	Expenses	Cash Flow	Cash Flow Ratio	
U.T. Southwestern Medical Center	\$5,534.2	\$5,192.0	\$342.2	6.2%	\$5,976.2	\$5,606.5	\$369.8	6.2%	▲
U.T. Medical Branch - Galveston	\$3,330.1	\$3,142.3	\$187.9	5.6%	\$3,478.6	\$3,286.8	\$191.7	5.5%	▲
U.T. Health Science Center - Houston	\$2,702.9	\$2,572.5	\$130.4	4.8%	\$2,720.9	\$2,598.7	\$122.2	4.5%	▲
U.T. Health Science Center - San Antonio	\$1,671.6	\$1,625.3	\$46.3	2.8%	\$1,687.9	\$1,637.5	\$50.5	3.0%	▲
U.T.M.D. Anderson Cancer Center	\$8,647.9	\$7,356.7	\$1,291.2	14.9%	\$8,723.6	\$7,362.4	\$1,361.2	15.6%	▲
Total	\$21,886.7	\$19,888.7	\$1,998.0	9.1%	\$22,587.2	\$20,491.9	\$2,095.3	9.3%	▲

Financial Summary

Systemwide Operations February 2025

	Budget	Actuals	% of Budget
U.T. System Administration (AUF)	\$61,100,200	\$34,163,801	56%
Direct Campus Support (AUF)	\$76,396,700	\$38,036,933	50%
Service Departments & Other Non-AUF*	\$84,461,261	\$40,425,995	48%
Total**	\$221,958,161	\$112,626,729	51%

*The Board of Regents has approved the budget related to University Lands; 2/3 of the overall University Lands budget and February YTD actuals are represented in the above amounts. The Board of Regents has also approved the portion (1/3 of the overall University Lands budget) that supports Texas A&M University.

**Budget does not include PUF Debt or Capital Construction Assistance Projects (CCAP) Interest (All Institutions) or Depreciation. Also excluded are self-insurance funds, federal Medicare-related reimbursements, U.T. System Building debt service, and certain Systemwide software licenses centrally negotiated and reimbursed by the institutions.

THE UNIVERSITY OF TEXAS SYSTEM OFFICE OF BUDGET AND PLANNING

MONTHLY FINANCIAL REPORT (*unaudited*)

FEBRUARY 2025
FY 2025



210 West Seventh Street
Austin, Texas 78701
512.499.4792
www.utsystem.edu/offices/budget-and-planning

Monthly Financial Report
Comparison of Cash Flow Margin
For the Period Ending February 28, 2025

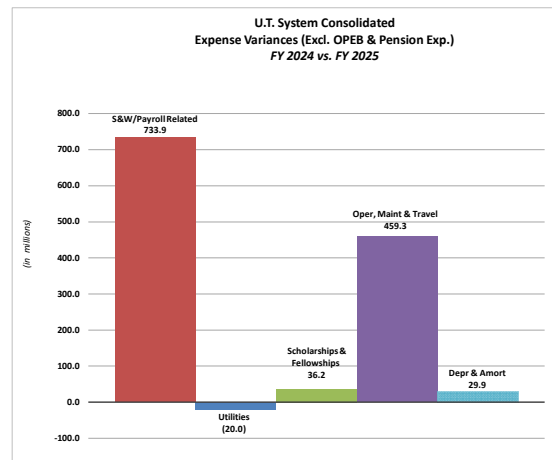
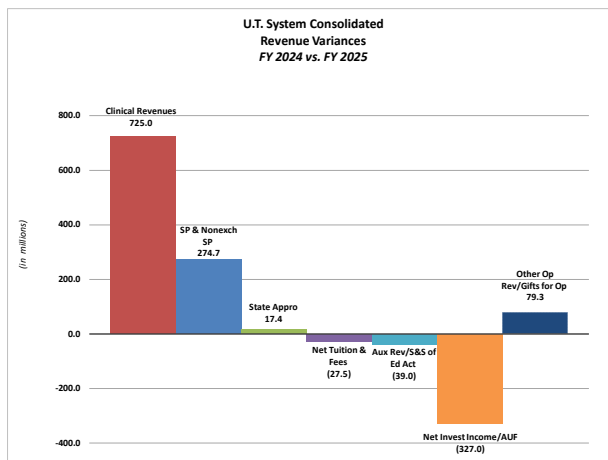
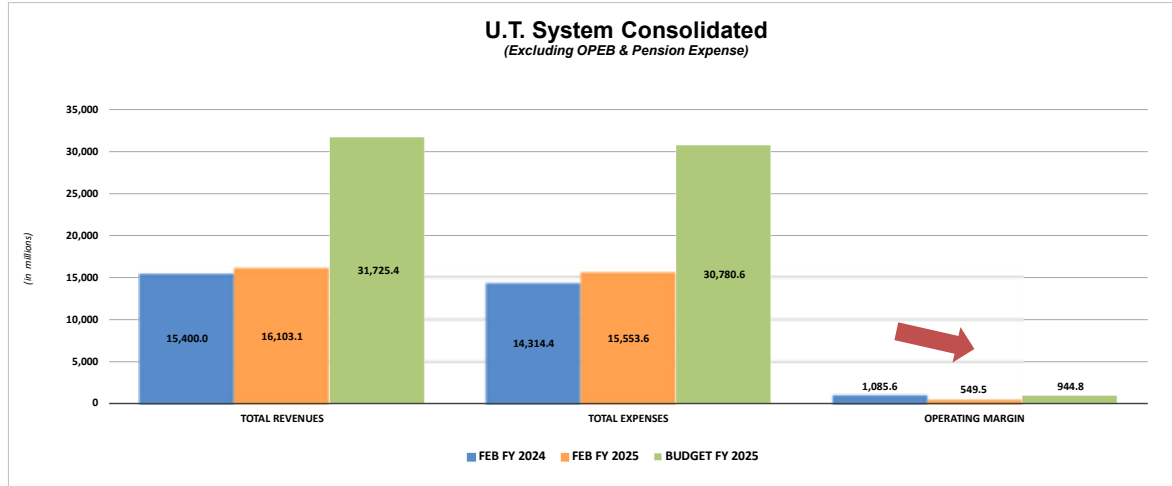
Executive Summary of Cash Flow Margin (Loss)*

(Excludes OPEB, Pension, Depreciation and Amortization Expense)

	February FYTD 2024 (millions)	February FYTD 2025 (millions)	Variance %	Comments
U.T. Arlington	34.2	36.6	7%	Increase in Sales & Services of Educational Activities Projected cash flow margin of \$151.4 million for the FY
U.T. Austin	253.0	233.2	-8%	Decrease in Sales & Services of Educational Activities Increase in Salaries & Wages/Payroll Related Costs Projected cash flow margin of \$447.9 million for the FY
U.T. Dallas	85.9	55.4	-36%	Decrease in Net Tuition and Fees Projected cash flow margin of \$110.8 million for the FY
U.T. El Paso	20.9	21.1	1%	Increase in Gift Contributions for Operations Projected cash flow margin of \$44.5 million for the FY
U.T. Permian Basin	1.5	0.1	-96%	Decreases in Net Tuition and Fees, Gift Contributions for Operations Projected cash flow margin of \$2.4 million for the FY
U.T. Rio Grande Valley	2.4	(10.8)	-545%	Increases in Salaries & Wages/Payroll Related Costs, Oper., Maint. & Travel (Professional Fees & Services, Materials & Supplies) Projected cash flow margin of \$4.5 million for the FY
U.T. San Antonio	46.1	42.5	-8%	Increases in Salaries & Wages/Payroll Related Costs, Oper., Maint. & Travel (Professional Fees & Services) Projected cash flow margin of \$84.3 million for the FY
Stephen F. Austin State University	(5.1)	(3.3)	35%	Increase in Net Investment Income Projected cash flow margin loss of (\$0.6) million for the FY
U.T. Tyler	19.8	11.8	-41%	Increases in Salaries & Wages/Payroll Related Costs, Oper., Maint. & Travel (Materials & Supplies) Projected cash flow margin of \$12.3 million for the FY
Southwestern	192.5	275.3	43%	Increase in Clinical Revenues Projected cash flow margin of \$369.8 million for the FY
UTMB	94.1	89.4	-5%	Increases in Salaries & Wages/Payroll Related Costs, Oper., Maint. & Travel (Materials & Supplies) Projected cash flow margin of \$191.7 million for the FY
UTHSC-Houston	83.4	64.6	-23%	Increase in Salaries & Wages/Payroll Related Costs Projected cash flow margin of \$122.2 million for the FY
UTHSC-San Antonio	(5.8)	(10.2)	-77%	Increases Salaries & Wages/Payroll Related Costs, Oper., Maint. & Travel (Materials & Supplies) Projected cash flow margin of \$50.5 million for the FY
M.D. Anderson	703.1	678.9	-3%	Increases in Salaries & Wages/Payroll Related Costs, Oper., Maint. & Travel (Materials & Supplies) Projected cash flow margin of \$1,361.2 million for the FY
U.T. System Administration (excluding OPEB & Pension Expense)	497.1	32.5	-93%	Decrease in Net Investment Income Increase in Oper., Maint. & Travel (Interest Expense) Projected cash flow margin of \$288.8 million for the FY
Total Cash Flow Margin	\$ 2,023.1	1,516.8	-25%	

* For additional details on the variances, please see pages 3 through 17 of the MFR.

Monthly Financial Report Comparison of Operating Results, Margin, Budget and Projected Year-End For the Period Ending February 28, 2025



(in millions)	February YTD FY 2024	February YTD FY 2025	Variance	FY 2025 Budget	Annual Projected FY 2025	Variance
Clinical Revenues	\$ 6,558.6	7,283.6	725.0	14,533.5	15,027.9	494.4
Sponsored Programs/Nonexchange Sponsored Programs	3,097.1	3,371.9	274.7	6,684.3	6,935.5	251.2
State Appropriations	1,369.8	1,387.2	17.4	2,807.0 *	2,786.1	(20.9)
Net Tuition and Fees	1,141.5	1,114.0	(27.5)	2,261.3	2,197.3	(63.9)
Auxiliary Revenues/Sales & Services of Educational Activities	826.5	787.5	(39.0)	1,396.1	1,550.4	154.2
Net Investment Income	1,761.0	1,434.1	(327.0)	2,631.6	2,914.9	283.3
Other Operating Revenues/Gift Contributions for Operations	645.5	724.9	79.3	1,411.7	1,446.6	34.9
Total Revenues	15,400.0	16,103.1	703.1	31,725.4	32,858.6	1,133.2
Salaries and Wages/Payroll Related Costs	8,674.0	9,407.9	733.9	18,289.1	18,795.2	506.1
Utilities	172.0	152.0	(20.0)	348.5	323.1	(25.5)
Scholarships and Fellowships	364.5	400.7	36.2	696.6	683.8	(12.8)
Operations, Maintenance and Travel	4,166.4	4,625.7	459.3	9,485.4 *	9,815.1	329.7
Depreciation and Amortization	937.5	967.3	29.9	1,960.9	1,968.1	7.1
Total Expenses (Excluding OPEB & Pension Exp)	\$ 14,314.4	15,553.6	1,239.2	30,780.6	31,585.2	804.6
Operating Margin (Excluding OPEB & Pension Exp)	1,085.6	549.5	(536.1)	944.8	1,273.4	328.6
Cash Flow Margin (Excluding OPEB, Pension, Depr & Amort Exp)	2,023.1	1,516.8	(506.3)	2,905.8	3,241.5	335.7

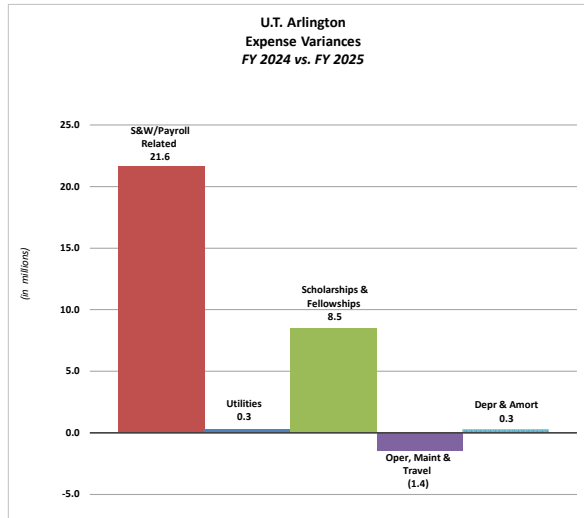
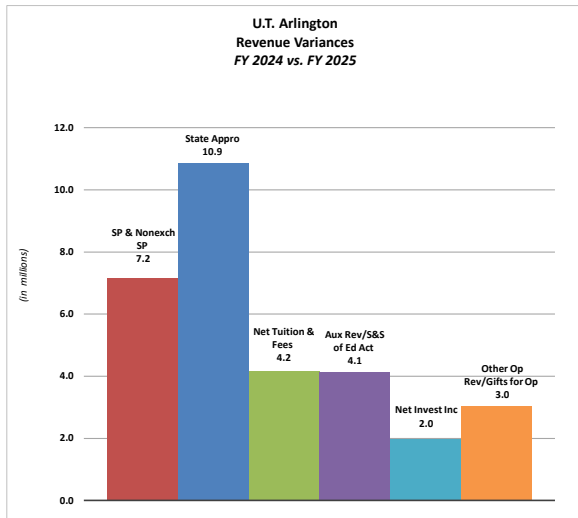
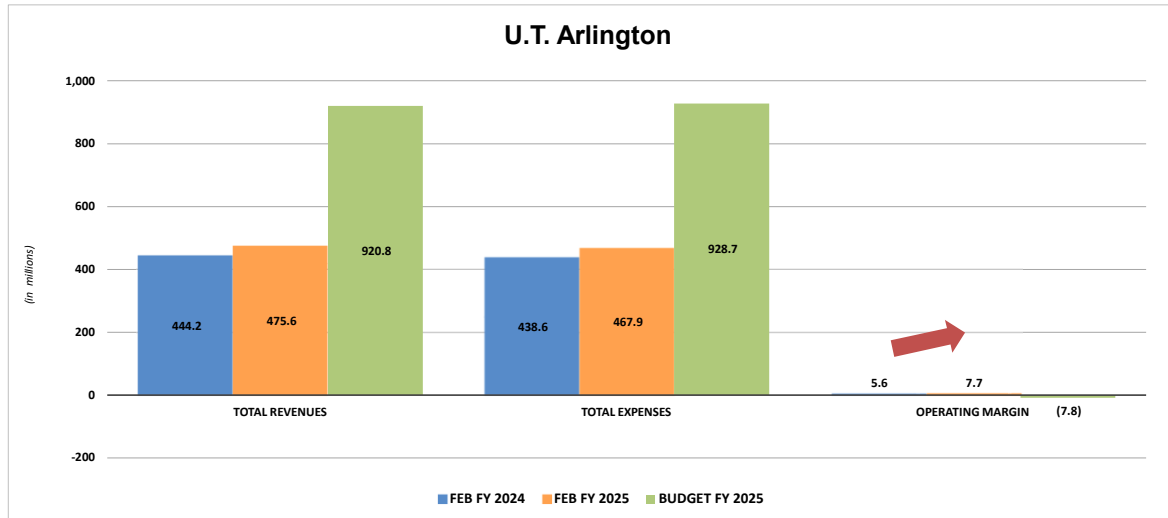
*State appropriations and corresponding expense for TRB/CCAP for all U.T. institutions have been excluded.

Excluding other postemployment benefits (OPEB), pension, and depreciation expense, *U.T. System Consolidated* shows a year-to-date positive cash flow margin of \$1,516.8 million, a decrease of \$506.3 million (25%) from the prior year. The decrease was primarily due to the following: an increase in salaries and wages and payroll related costs across most of the institutions as a result of increases in faculty and staff positions; and an increase in materials and supplies mostly attributable to increased clinical activities.

Monthly Financial Report

Comparison of Operating Results, Margin, Budget and Projected Year-End

For the Period Ending February 28, 2025



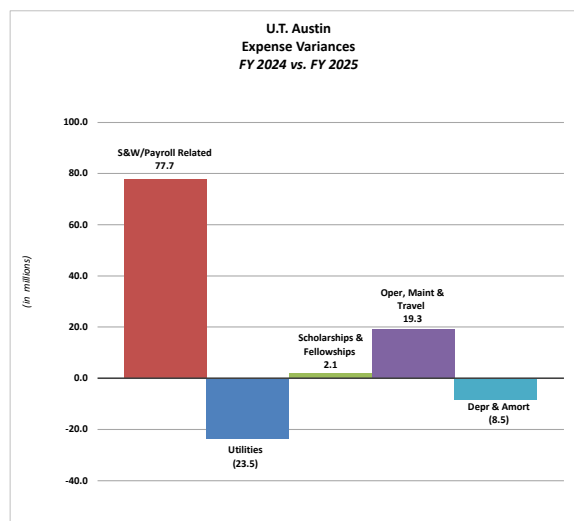
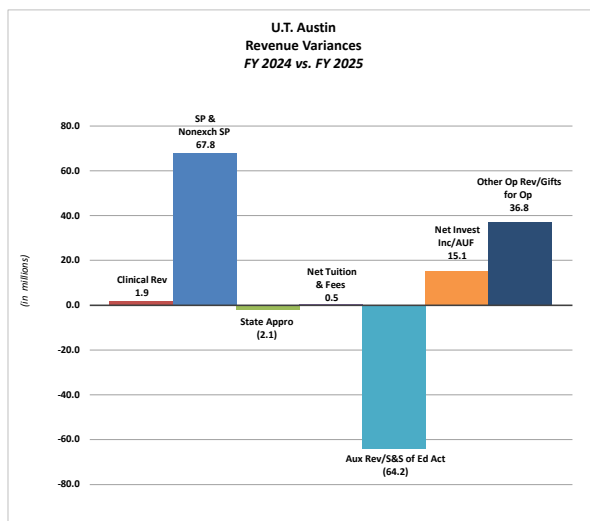
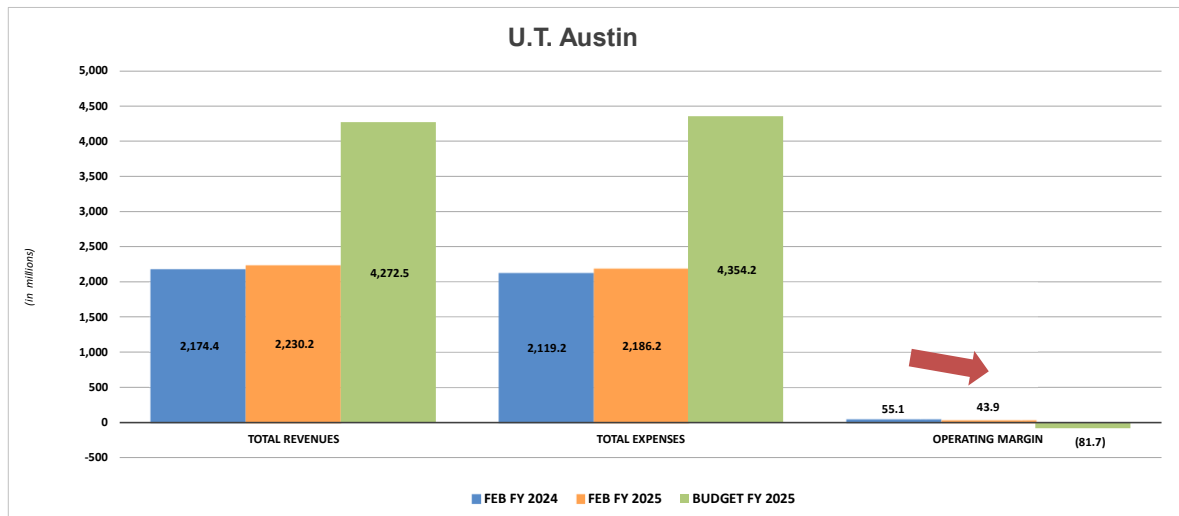
(in millions)	February YTD FY 2024	February YTD FY 2025	Variance	FY 2025 Budget	Annual Projected FY 2025	Variance
Sponsored Programs/Nonexchange Sponsored Programs	\$ 106.9	114.0	7.2	232.1	253.7	21.6
State Appropriations	75.9	86.8	10.9	173.6	173.6	0.0
Net Tuition and Fees	189.3	193.5	4.2	387.0	387.0	0.0
Auxiliary Revenues/Sales & Services of Educational Activities	41.6	45.7	4.1	77.4	77.4	0.0
Net Investment Income	23.0	25.0	2.0	37.1	58.4	21.3
Other Operating Revenues/Gift Contributions for Operations	7.5	10.5	3.0	13.6	24.0	10.4
Total Revenues	444.2	475.6	31.4	920.8	974.1	53.3
Salaries and Wages/Payroll Related Costs	253.3	274.9	21.6	529.1	508.0	(21.1)
Utilities	5.2	5.6	0.3	11.1	11.1	0.0
Scholarships and Fellowships	39.0	47.5	8.5	79.9	95.0	15.2
Operations, Maintenance and Travel	112.4	111.0	(1.4)	250.7	208.6	(42.1)
Depreciation and Amortization	28.6	28.9	0.3	57.8	57.8	0.0
Total Expenses	\$ 438.6	467.9	29.3	928.7	880.6	(48.1)
Operating Margin	5.6	7.7	2.1	(7.8)	93.6	101.4
Cash Flow Margin (Excludes Depr & Amort Exp)	34.2	36.6	2.3	50.0	151.4	101.4

U.T. Arlington reported a year-to-date positive cash flow margin of \$36.6 million, an increase of \$2.3 million (7%) from the prior year. The increase was primarily attributable to an increase in sales and services of educational activities as a result of an increase in the Center for Global Academic Initiatives program. The most current projection received from U.T. Arlington reflects a cash flow margin of \$151.4 million for the year.

Monthly Financial Report

Comparison of Operating Results, Margin, Budget and Projected Year-End

For the Period Ending February 28, 2025



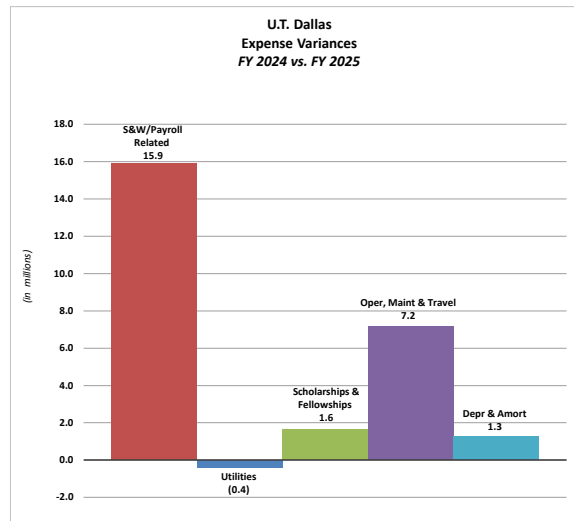
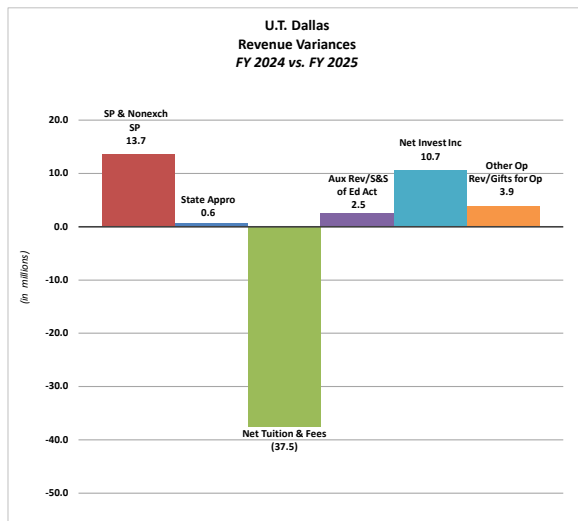
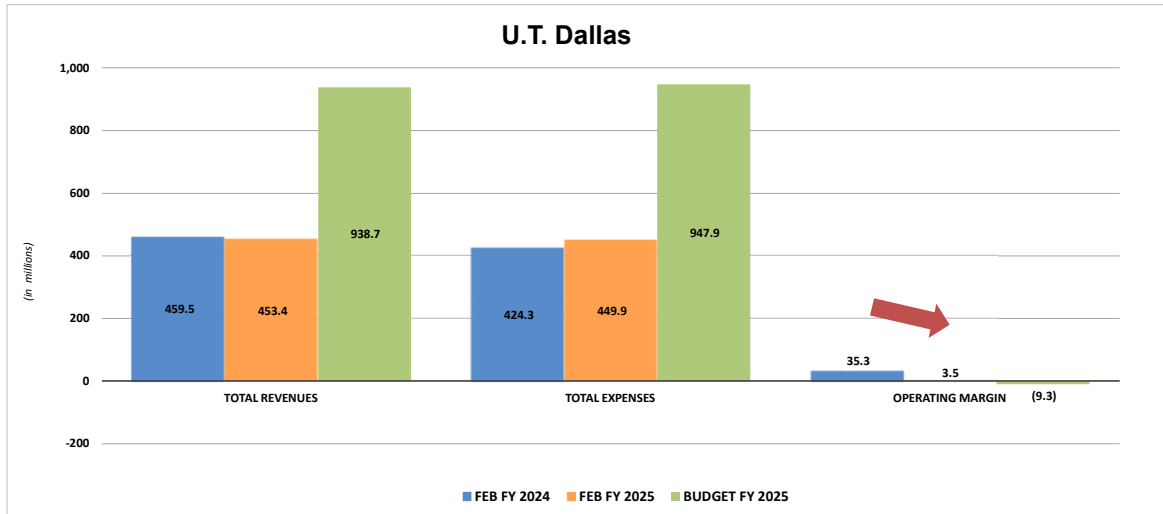
(in millions)	February YTD FY 2024	February YTD FY 2025	Variance	FY 2025 Budget	Annual Projected FY 2025	Variance
Clinical Revenues	\$ 10.3	12.2	1.9	27.1	24.5	(2.6)
Sponsored Programs/Nonexchange Sponsored Programs	563.9	631.6	67.8	1,297.6	1,373.8	76.2
State Appropriations	206.2	204.0	(2.1)	413.8	406.9	(6.9)
Net Tuition and Fees	285.0	285.5	0.5	574.0	571.0	(3.0)
Auxiliary Revenues/Sales & Services of Educational Activities	484.8	420.6	(64.2)	721.4	821.5	100.1
Net Investment Income/Available University Fund (AUF)	497.7	512.9	15.1	918.6	1,022.7	104.1
Other Operating Revenues/Gift Contributions for Operations	126.5	163.3	36.8	320.0	340.8	20.8
Total Revenues	2,174.4	2,230.2	55.8	4,272.5	4,561.2	288.7
Salaries and Wages/Payroll Related Costs	1,224.2	1,301.9	77.7	2,344.9	2,558.2	213.3
Utilities	60.0	36.5	(23.5)	91.7	79.8	(11.9)
Scholarships and Fellowships	118.9	120.9	2.1	268.5	241.8	(26.7)
Operations, Maintenance and Travel	518.4	537.7	19.3	1,237.7	1,233.5	(4.2)
Depreciation and Amortization	197.8	189.3	(8.5)	411.4	378.5	(32.9)
Total Expenses	\$ 2,119.2	2,186.2	67.0	4,354.2	4,491.8	137.6
Operating Margin	55.1	43.9	(11.2)	(81.7)	69.4	151.0
Cash Flow Margin (Excludes Depr & Amort Exp)	253.0	233.2	(19.8)	329.7	447.9	118.2

U.T. Austin reported a year-to-date positive cash flow margin of \$233.2 million, a decrease of \$19.8 million (8%) from the prior year. The decrease was primarily due to the following: an increase in salaries and wages and payroll related costs attributable to a change in faculty appointment dates; and a decrease in sales and services of educational activities due to a change in methodology related to the exclusion of service department revenue and expense to align with the annual operating budget, which is net of service department activity. The most current projection received from U.T. Austin reflects a cash flow margin of \$447.9 million for the year.

Monthly Financial Report

Comparison of Operating Results, Margin, Budget and Projected Year-End

For the Period Ending February 28, 2025



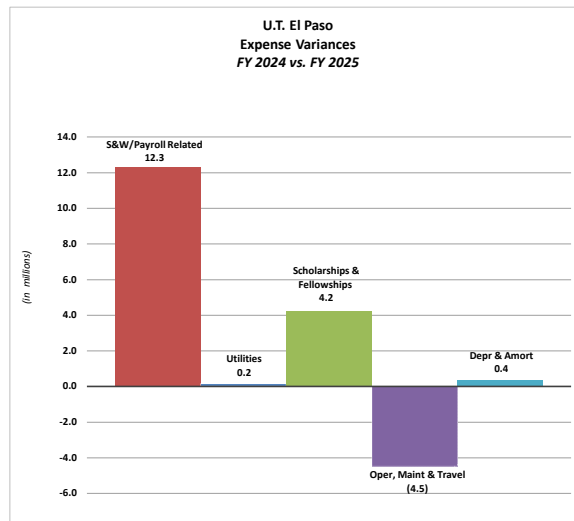
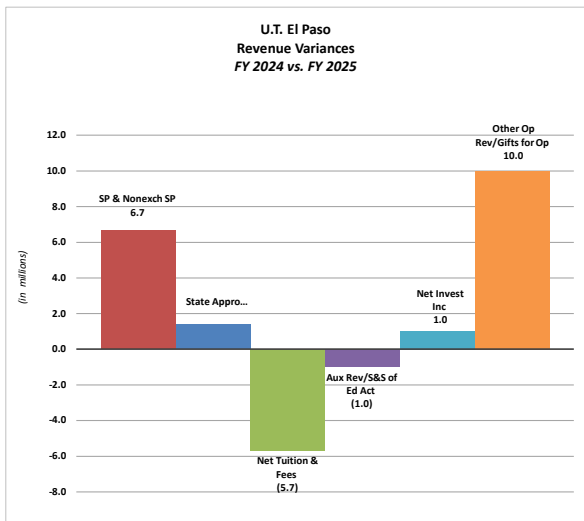
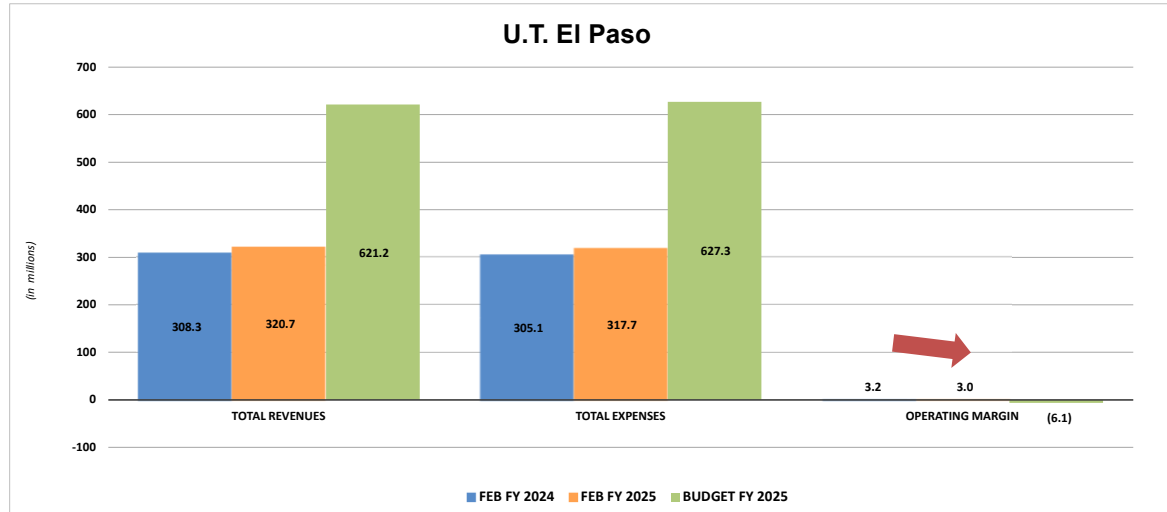
(in millions)	February YTD FY 2024	February YTD FY 2025	Variance	FY 2025 Budget	Annual Projected FY 2025	Variance
Sponsored Programs/Nonexchange Sponsored Programs	\$ 72.0	85.7	13.7	170.6	171.5	0.9
State Appropriations	90.0	90.6	0.6	187.0	181.1	(5.9)
Net Tuition and Fees	202.1	164.6	(37.5)	374.8	329.2	(45.6)
Auxiliary Revenues/Sales & Services of Educational Activities	49.5	52.0	2.5	99.3	104.1	4.8
Net Investment Income	34.2	44.9	10.7	78.3	89.8	11.5
Other Operating Revenues/Gift Contributions for Operations	11.7	15.5	3.9	28.7	31.1	2.4
Total Revenues	459.5	453.4	(6.2)	938.7	906.7	(31.9)
Salaries and Wages/Payroll Related Costs	259.2	275.2	15.9	562.4	550.4	(12.1)
Utilities	8.0	7.6	(0.4)	17.3	15.2	(2.1)
Scholarships and Fellowships	22.8	24.5	1.6	50.6	48.9	(1.6)
Operations, Maintenance and Travel	83.5	90.7	7.2	215.5	181.4	(34.1)
Depreciation and Amortization	50.7	52.0	1.3	102.1	103.9	1.9
Total Expenses	\$ 424.3	449.9	25.6	947.9	899.8	(48.1)
Operating Margin	35.3	3.5	(31.8)	(9.3)	6.9	16.2
Cash Flow Margin (Excludes Depr & Amort Exp)	85.9	55.4	(30.5)	92.8	110.8	18.0

U.T. Dallas reported a year-to-date positive cash flow margin of \$55.4 million, a decrease of \$30.5 million (36%) from the prior year. The decrease was primarily attributable to a decrease in net student tuition and fees as a result of a decrease in graduate enrollment hours. The most current projection received from *U.T. Dallas* reflects a cash flow margin of \$110.8 million for the year.

Monthly Financial Report

Comparison of Operating Results, Margin, Budget and Projected Year-End

For the Period Ending February 28, 2025



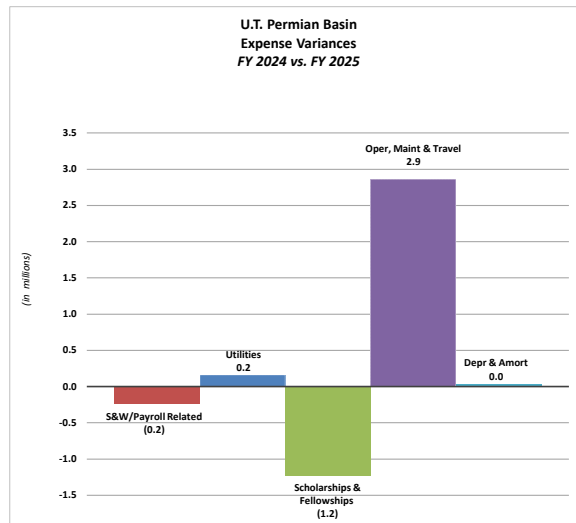
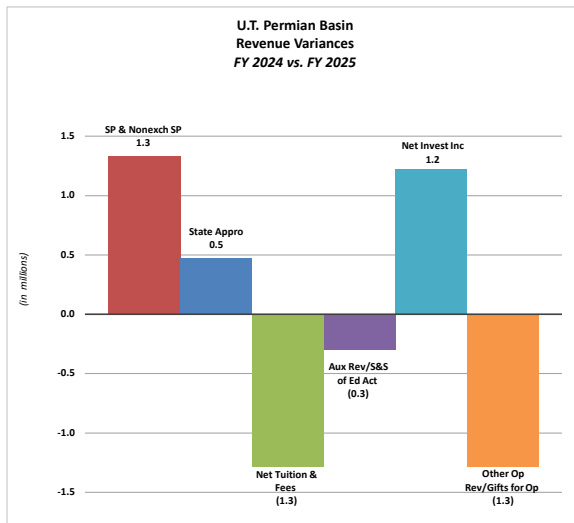
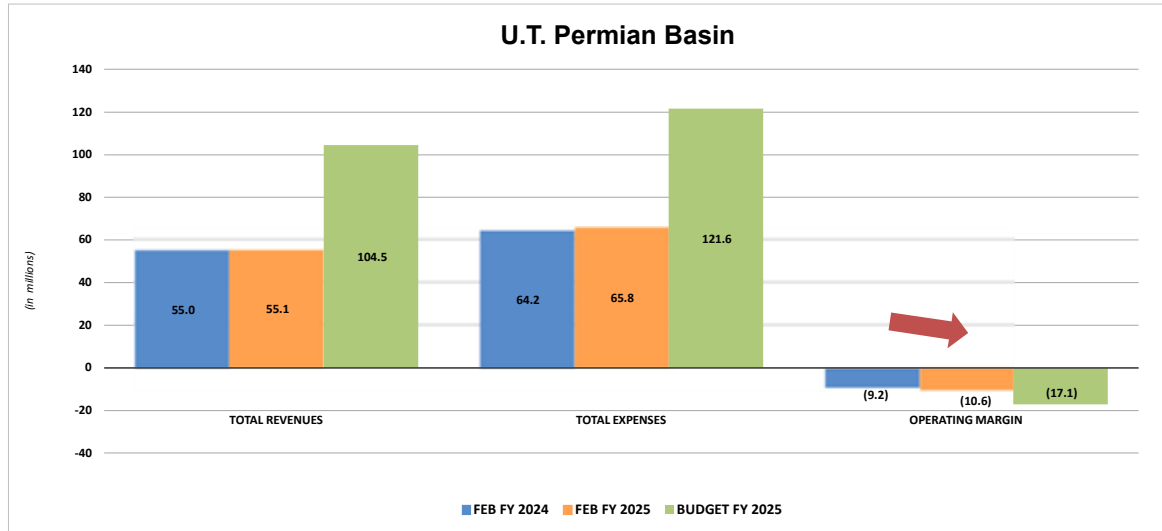
(in millions)	February YTD FY 2024	February YTD FY 2025	Variance	FY 2025 Budget	Annual Projected FY 2025	Variance
Sponsored Programs/Nonexchange Sponsored Programs	\$ 111.9	118.5	6.7	221.4	231.8	10.4
State Appropriations	65.3	66.7	1.4	135.5	126.8	(8.7)
Net Tuition and Fees	81.6	75.9	(5.7)	151.1	137.7	(13.4)
Auxiliary Revenues/Sales & Services of Educational Activities	26.9	25.9	(1.0)	71.2	71.2	0.0
Net Investment Income	14.9	15.9	1.0	32.0	35.7	3.7
Other Operating Revenues/Gift Contributions for Operations	7.7	17.7	10.0	10.1	18.7	8.6
Total Revenues	308.3	320.7	12.4	621.2	621.9	0.7
Salaries and Wages/Payroll Related Costs	161.3	173.6	12.3	339.9	338.0	(1.9)
Utilities	4.0	4.2	0.2	9.9	9.5	(0.4)
Scholarships and Fellowships	56.4	60.7	4.2	84.1	84.7	0.6
Operations, Maintenance and Travel	65.7	61.2	(4.5)	155.7	145.1	(10.5)
Depreciation and Amortization	17.7	18.1	0.4	37.7	37.8	0.1
Total Expenses	\$ 305.1	317.7	12.6	627.3	615.3	(12.1)
Operating Margin	3.2	3.0	(0.2)	(6.1)	6.6	12.7
Cash Flow Margin (Excludes Depr & Amort Exp)	20.9	21.1	0.2	31.6	44.5	12.9

U.T. El Paso reported a year-to-date positive cash flow margin of \$21.1 million, an increase of \$0.2 million (1%) from the prior year. The increase was primarily due to an increase in gift contributions for operations attributable to increased gifts and pledge commitments. The most current projection received from U.T. El Paso reflects a cash flow margin of \$44.5 million for the year.

Monthly Financial Report

Comparison of Operating Results, Margin, Budget and Projected Year-End

For the Period Ending February 28, 2025



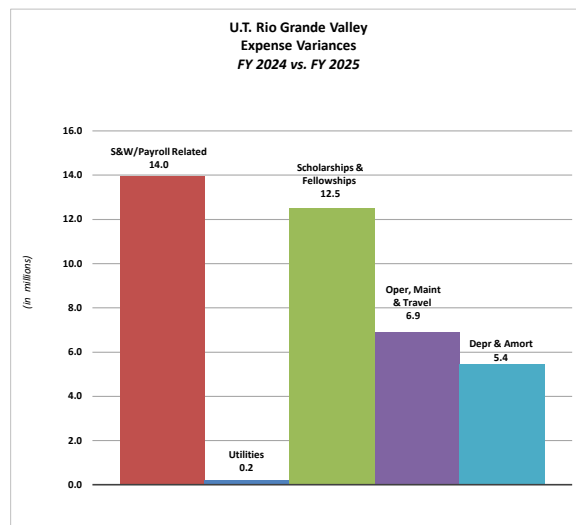
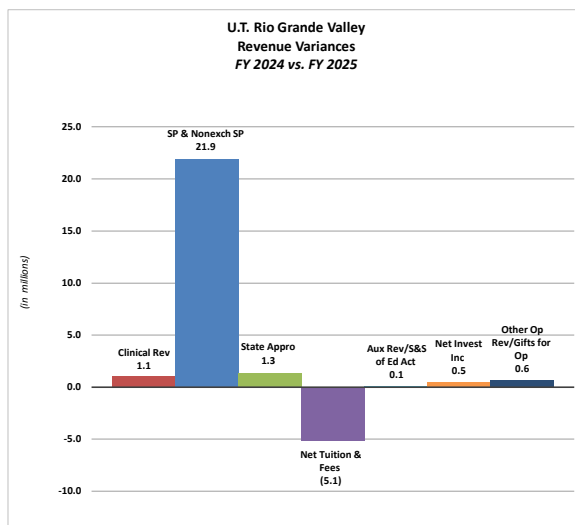
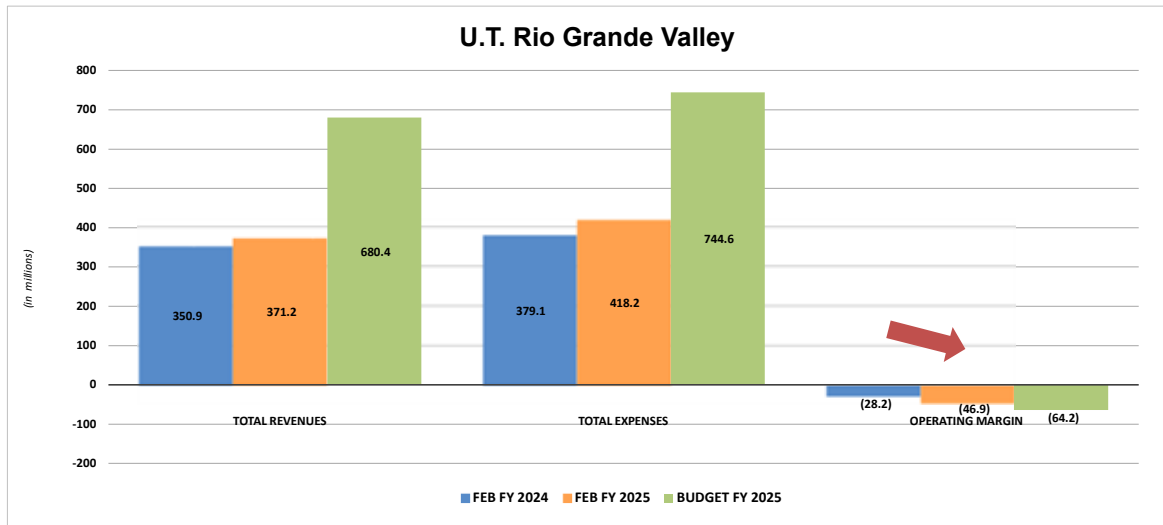
(in millions)	February YTD FY 2024	February YTD FY 2025	Variance	FY 2025 Budget	Annual Projected FY 2025	Variance
Sponsored Programs/Nonexchange Sponsored Programs	\$ 12.2	13.6	1.3	22.3	25.4	3.1
State Appropriations	14.7	15.2	0.5	31.0	30.4	(0.6)
Net Tuition and Fees	15.6	14.3	(1.3)	30.4	28.7	(1.8)
Auxiliary Revenues/Sales & Services of Educational Activities	4.4	4.1	(0.3)	8.4	7.8	(0.6)
Net Investment Income	2.5	3.7	1.2	4.2	5.2	1.0
Other Operating Revenues/Gift Contributions for Operations	5.5	4.3	(1.3)	8.2	17.2	9.1
Total Revenues	55.0	55.1	0.2	104.5	114.7	10.2
Salaries and Wages/Payroll Related Costs	30.5	30.2	(0.2)	62.6	60.4	(2.1)
Utilities	0.9	1.1	0.2	3.2	2.6	(0.6)
Scholarships and Fellowships	6.4	5.2	(1.2)	9.7	10.4	0.8
Operations, Maintenance and Travel	15.7	18.6	2.9	24.8	38.8	14.0
Depreciation and Amortization	10.7	10.7	0.0	21.3	21.4	0.1
Total Expenses	\$ 64.2	65.8	1.6	121.6	133.7	12.1
Operating Margin	(9.2)	(10.6)	(1.4)	(17.1)	(19.0)	(1.9)
Cash Flow Margin (Excludes Depr & Amort Exp)	1.5	0.1	(1.4)	4.2	2.4	(1.9)

U.T. Permian Basin reported a year-to-date positive cash flow margin of \$0.1 million, a decrease of \$1.4 million (96%) from the prior year. The decrease was primarily attributable to the following: a decrease in net student tuition and fees as a result of a decrease in enrollment and semester credit hours; and a decrease in gift contributions for operations due to a decrease in gifts received as compared to the prior year. The most current projection received from U.T. Permian Basin reflects a cash flow margin of \$2.4 million for the year.

Monthly Financial Report

Comparison of Operating Results, Margin, Budget and Projected Year-End

For the Period Ending February 28, 2025



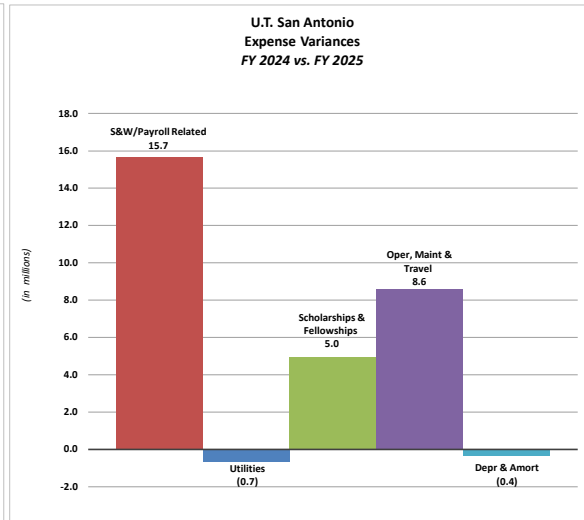
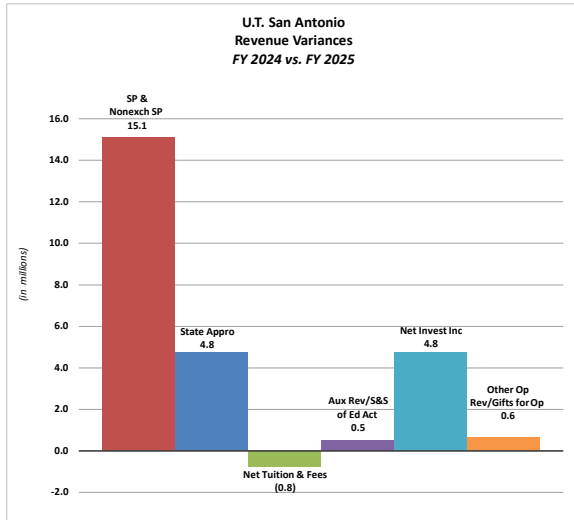
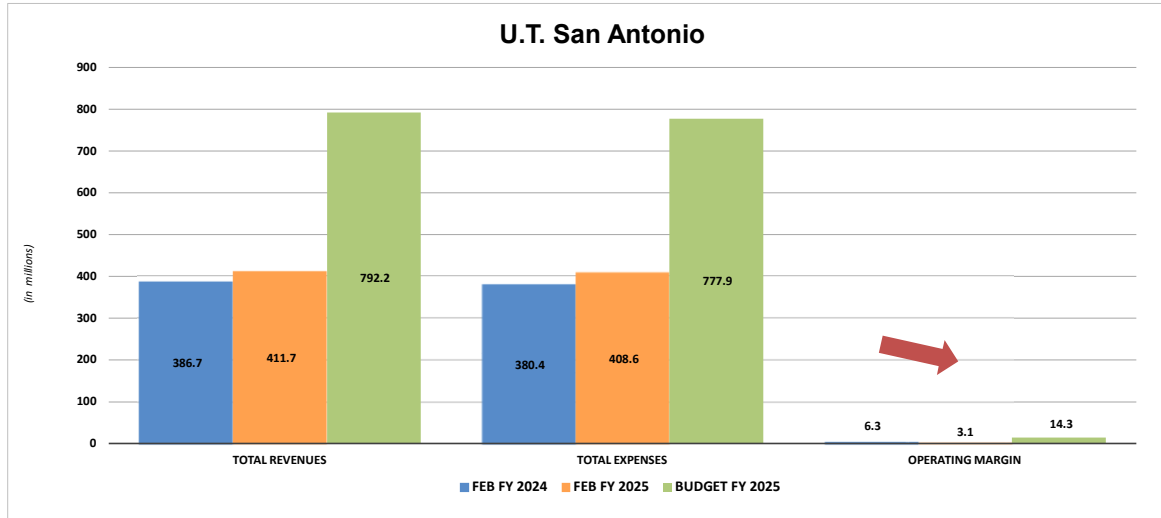
(in millions)	February YTD FY 2024	February YTD FY 2025	Variance	FY 2025 Budget	Annual Projected FY 2025	Variance
Clinical Revenues	\$ 8.1	9.2	1.1	19.5	15.6	(3.9)
Sponsored Programs/Nonexchange Sponsored Programs	143.8	165.7	21.9	265.2	293.3	28.1
State Appropriations	92.9	94.2	1.3	187.3	188.4	1.1
Net Tuition and Fees	65.4	60.3	(5.1)	147.1	120.6	(26.6)
Auxiliary Revenues/Sales & Services of Educational Activities	13.8	13.9	0.1	22.5	23.1	0.6
Net Investment Income	12.5	13.0	0.5	22.7	22.7	0.1
Other Operating Revenues/Gift Contributions for Operations	14.4	15.0	0.6	16.1	30.8	14.7
Total Revenues	350.9	371.2	20.3	680.4	694.5	14.1
Salaries and Wages/Payroll Related Costs	232.3	246.3	14.0	477.1	486.6	9.5
Utilities	4.7	4.9	0.2	12.9	12.3	(0.5)
Scholarships and Fellowships	58.2	70.7	12.5	66.3	60.1	(6.1)
Operations, Maintenance and Travel	53.3	60.2	6.9	110.4	130.9	20.5
Depreciation and Amortization	30.7	36.1	5.4	77.9	78.6	0.7
Total Expenses	\$ 379.1	418.2	39.0	744.6	768.5	23.9
Operating Margin	(28.2)	(46.9)	(18.7)	(64.2)	(74.1)	(9.9)
Cash Flow Margin (Excludes Depr & Amort Exp)	2.4	(10.8)	(13.3)	13.7	4.5	(9.2)

U.T. Rio Grande Valley incurred a year-to-date cash flow margin loss of \$10.8 million, a decrease of \$13.3 million (545%) from the prior year. The decrease was primarily due to the following: an increase in salaries and wages and payroll related costs attributable to an increase in staff and faculty positions; and an increase in operations, maintenance and travel as a result of an increase in professional fees and services due to increases in School of Podiatric Medicine consultants and transportation services, as well as an increase in materials and supplies attributable to EPIC software implementation costs. The most current projection received from U.T. Rio Grande Valley reflects a cash flow margin of \$4.5 million for the year.

Monthly Financial Report

Comparison of Operating Results, Margin, Budget and Projected Year-End

For the Period Ending February 28, 2025



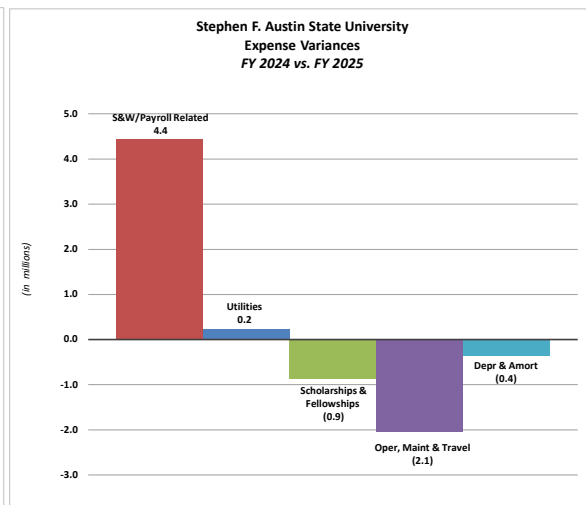
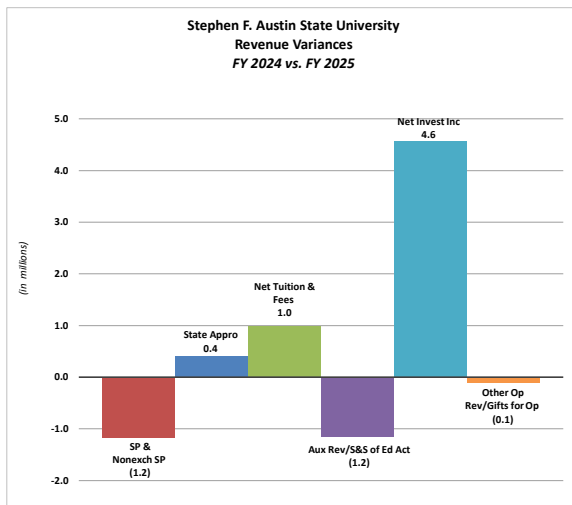
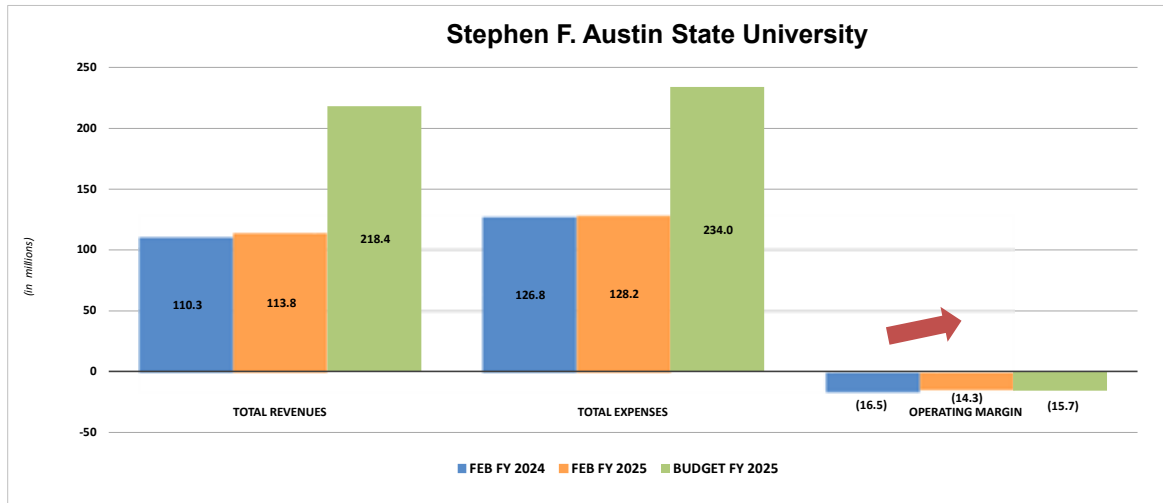
(in millions)	February YTD FY 2024	February YTD FY 2025	Variance	FY 2025 Budget	Annual Projected FY 2025	Variance
Sponsored Programs/Nonexchange Sponsored Programs	\$ 100.4	115.5	15.1	233.8	231.0	(2.7)
State Appropriations	91.2	96.0	4.8	176.3	192.0	15.7
Net Tuition and Fees	131.8	131.0	(0.8)	249.2	262.0	12.8
Auxiliary Revenues/Sales & Services of Educational Activities	41.7	42.2	0.5	79.6	84.4	4.8
Net Investment Income	16.0	20.7	4.8	35.9	41.4	5.5
Other Operating Revenues/Gift Contributions for Operations	5.6	6.3	0.6	17.4	12.6	(4.8)
Total Revenues	386.7	411.7	25.0	792.2	823.4	31.2
Salaries and Wages/Payroll Related Costs	216.3	231.9	15.7	448.7	463.9	15.2
Utilities	9.7	9.0	(0.7)	19.0	18.0	(1.0)
Scholarships and Fellowships	31.0	35.9	5.0	79.6	71.8	(7.8)
Operations, Maintenance and Travel	83.7	92.3	8.6	146.7	185.4	38.8
Depreciation and Amortization	39.7	39.4	(0.4)	83.9	78.8	(5.1)
Total Expenses	\$ 380.4	408.6	28.2	777.9	817.9	40.1
Operating Margin	6.3	3.1	(3.2)	14.3	5.5	(8.8)
Cash Flow Margin (Excludes Depr & Amort Exp)	46.1	42.5	(3.6)	98.2	84.3	(14.0)

U.T. San Antonio reported a year-to-date positive cash flow margin of \$42.5 million, a decrease of \$3.6 million (8%) from the prior year. The decrease was primarily attributable to the following: an increase in salaries and wages and payroll related costs due to the University implementing its strategic compensation plan; and an increase in operations, maintenance and travel as a result of an increase in professional fees and services attributable to an increase in consulting services related to the integration with U.T. Health Science Center - San Antonio, as well as the University's compensation study. The most current projection received from U.T. San Antonio reflects a cash flow margin of \$84.3 million for the year.

Monthly Financial Report

Comparison of Operating Results, Margin, Budget and Projected Year-End

For the Period Ending February 28, 2025



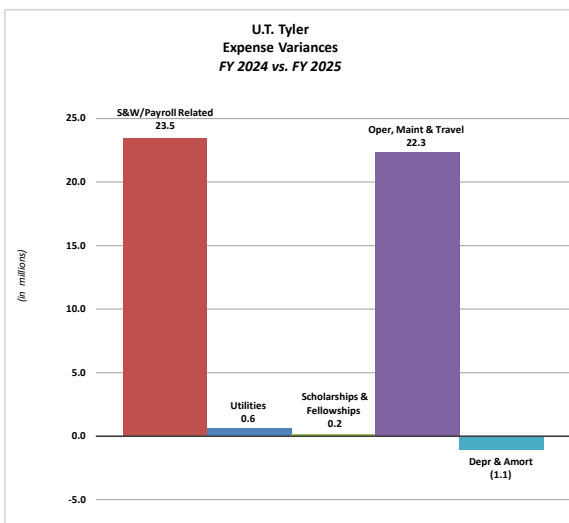
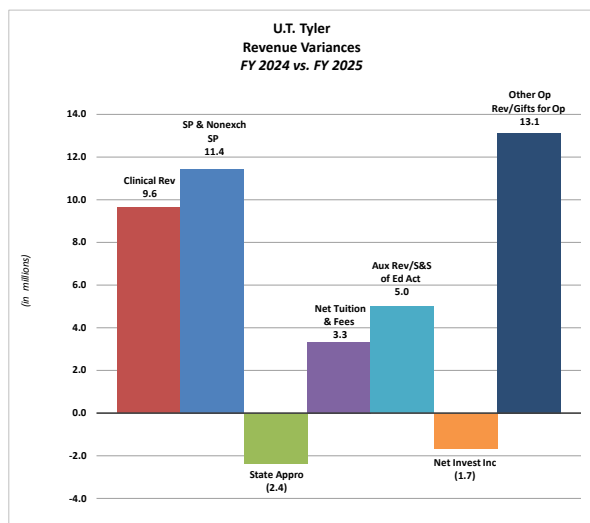
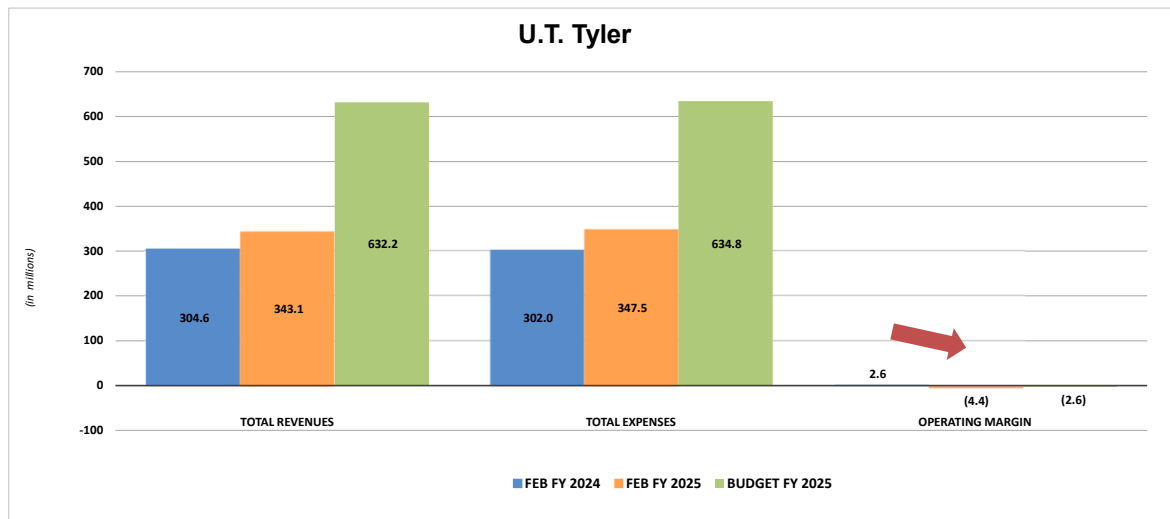
(in millions)	February YTD FY 2024	February YTD FY 2025	Variance	FY 2025 Budget	Annual Projected FY 2025	Variance
Sponsored Programs/Nonexchange Sponsored Programs	\$ 23.8	22.6	(1.2)	41.3	40.3	(1.0)
State Appropriations	26.3	26.7	0.4	53.5	53.5	0.0
Net Tuition and Fees	27.8	28.8	1.0	56.7	56.6	(0.1)
Auxiliary Revenues/Sales & Services of Educational Activities	21.9	20.8	(1.2)	43.9	44.7	0.8
Net Investment Income	7.2	11.8	4.6	10.7	13.4	2.8
Other Operating Revenues/Gift Contributions for Operations	3.3	3.1	(0.1)	12.3	10.5	(1.8)
Total Revenues	110.3	113.8	3.5	218.4	219.0	0.7
Salaries and Wages/Payroll Related Costs	75.3	79.7	4.4	143.8	149.6	5.8
Utilities	3.3	3.5	0.2	5.1	5.6	0.5
Scholarships and Fellowships	4.4	3.5	(0.9)	3.5	7.0	3.4
Operations, Maintenance and Travel	32.5	30.5	(2.1)	58.6	57.5	(1.1)
Depreciation and Amortization	11.4	11.0	(0.4)	23.0	23.0	0.0
Total Expenses	\$ 126.8	128.2	1.4	234.0	242.7	8.6
Operating Margin	(16.5)	(14.3)	2.1	(15.7)	(23.6)	(7.9)
Cash Flow Margin (Excludes Depr & Amort Exp)	(5.1)	(3.3)	1.8	7.3	(0.6)	(7.9)

Stephen F. Austin State University incurred a year-to-date cash flow margin loss of \$3.3 million, a decrease in loss of \$1.8 million (35%) from the prior year. The decrease in loss was primarily attributable to an increase in net investment income due to the liquidation of the Stephen F. Austin State University Foundation. The most current projection received from Stephen F. Austin State University reflects a cash flow margin loss of \$0.6 million for the year.

Monthly Financial Report

Comparison of Operating Results, Margin, Budget and Projected Year-End

For the Period Ending February 28, 2025



(in millions)	February YTD FY 2024	February YTD FY 2025	Variance	FY 2025 Budget	Annual Projected FY 2025	Variance
Clinical Revenues	\$ 97.0	106.6	9.6	213.4	211.1	(2.3)
Sponsored Programs/Nonexchange Sponsored Programs	90.4	101.8	11.4	168.3	183.2	14.9
State Appropriations	52.6	50.3	(2.4)	103.0	103.0	0.0
Net Tuition and Fees	33.4	36.7	3.3	71.5	73.3	1.8
Auxiliary Revenues/Sales & Services of Educational Activities	17.5	22.5	5.0	41.1	42.7	1.6
Net Investment Income	8.6	6.9	(1.7)	13.6	13.4	(0.1)
Other Operating Revenues/Gift Contributions for Operations	5.1	18.2 *	13.1	21.3	26.7 *	5.4
Total Revenues	304.6	343.1	38.5	632.2	653.5	21.3
Salaries and Wages/Payroll Related Costs	198.0	221.4	23.5	411.2	432.6	21.4
Utilities	2.8	3.4	0.6	5.9	6.2	0.3
Scholarships and Fellowships	9.0	9.2	0.2	9.7	15.7	6.0
Operations, Maintenance and Travel	75.0	97.3	22.3	169.7	186.7	17.0
Depreciation and Amortization	17.3	16.2	(1.1)	38.3	33.6	(4.7)
Total Expenses	\$ 302.0	347.5	45.5	634.8	674.8	39.9
Operating Margin	2.6	(4.4)	(7.0)	(2.6)	(21.3)	(18.6)
Cash Flow Margin (Excludes Depr & Amort Exp)	19.8	11.8	(8.1)	35.7	12.3	(23.4)

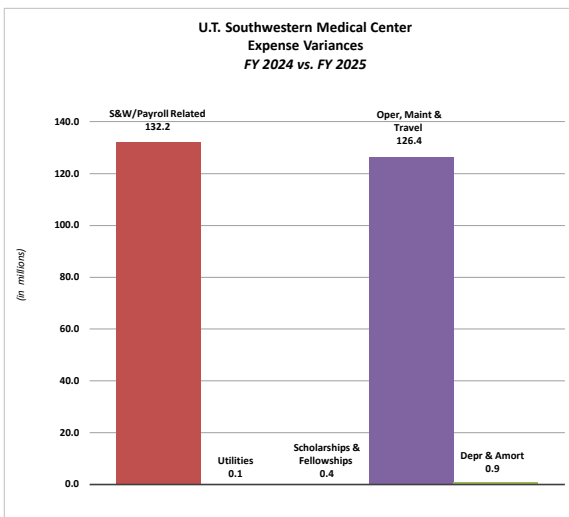
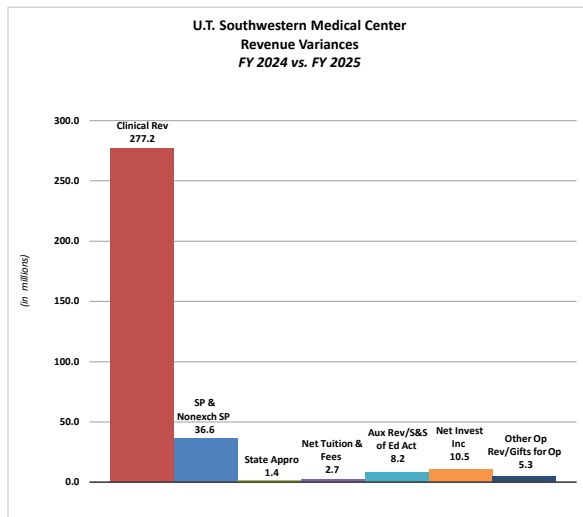
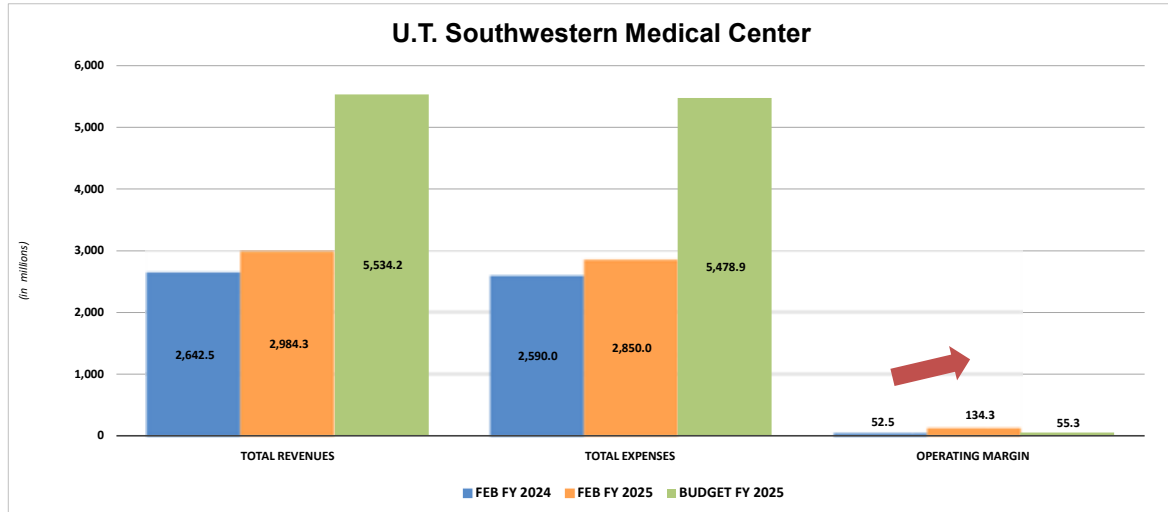
*Other Operating Income includes 30% of UTHET's net adjusted income which was \$0.1 million through February. U.T. Tyler's year-end projection includes \$1.8 million of UTHET's net adjusted income for the year.

U.T. Tyler reported a year-to-date positive cash flow margin of \$11.8 million, a decrease of \$8.1 million (41%) from the prior year. The decrease was primarily due to the following: an increase in salaries and wages and payroll related costs as a result of increases in faculty and staff positions; and an increase in operations, maintenance and travel attributable to an increase in materials and supplies related to increased pharmaceutical expenses. The most current projection received from U.T. Tyler reflects a cash flow margin of \$12.3 million for the year.

Monthly Financial Report

Comparison of Operating Results, Margin, Budget and Projected Year-End

For the Period Ending February 28, 2025



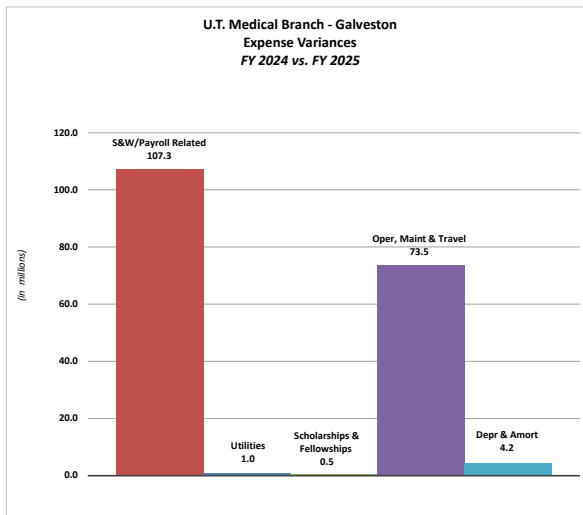
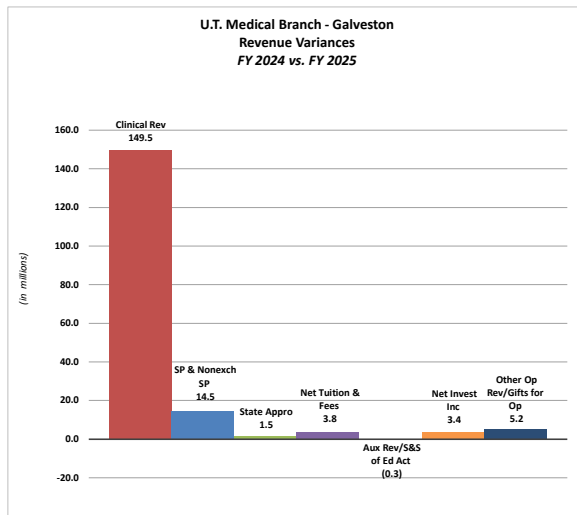
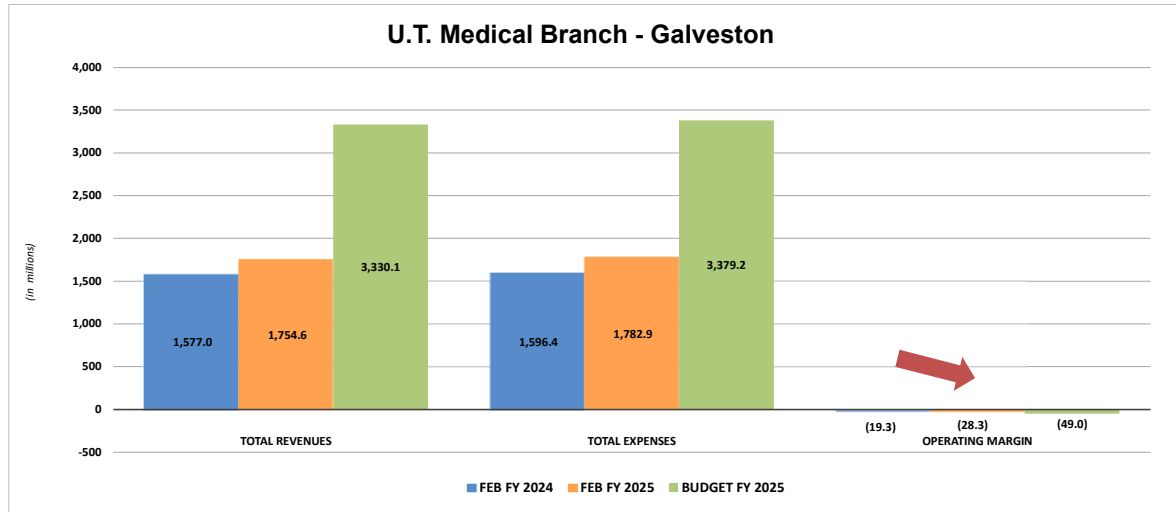
(in millions)	February YTD FY 2024	February YTD FY 2025	Variance	FY 2025 Budget	Annual Projected FY 2025	Variance
Clinical Revenues	\$ 1,720.2	1,997.4	277.2	3,647.0	3,984.1	337.1
Sponsored Programs/Nonexchange Sponsored Programs	474.1	510.7	36.6	1,025.9	1,052.5	26.6
State Appropriations	107.4	108.9	1.4	233.4	225.0	(8.4)
Net Tuition and Fees	14.7	17.4	2.7	29.9	31.7	1.8
Auxiliary Revenues/Sales & Services of Educational Activities	25.8	34.0	8.2	56.4	62.0	5.6
Net Investment Income	111.7	122.1	10.5	188.2	221.2	33.1
Other Operating Revenues/Gift Contributions for Operations	188.5	193.8	5.3	353.4	399.6	46.2
Total Revenues	2,642.5	2,984.3	341.8	5,534.2	5,976.2	442.0
Salaries and Wages/Payroll Related Costs	1,622.1	1,754.3	132.2	3,534.6	3,735.5	200.9
Utilities	15.1	15.2	0.1	32.7	30.8	(2.0)
Scholarships and Fellowships	1.8	2.2	0.4	7.4	4.4	(3.1)
Operations, Maintenance and Travel	811.0	937.3	126.4	1,617.3	1,835.8	218.6
Depreciation and Amortization	140.0	140.9	0.9	286.9	284.6	(2.3)
Total Expenses	\$ 2,590.0	2,850.0	260.0	5,478.9	5,891.0	412.1
Operating Margin	52.5	134.3	81.8	55.3	85.2	29.8
Cash Flow Margin (Excludes Depr & Amort Exp)	192.5	275.3	82.8	342.2	369.8	27.5

U.T. Southwestern Medical Center reported a year-to-date positive cash flow margin of \$275.3 million, an increase of \$82.8 million (43%) from the prior year. The increase was primarily due to an increase in clinical revenues as a result increased outpatient and inpatient visits, as well as increased admissions. The most current projection received from U.T. Southwestern Medical Center reflects a cash flow margin of \$369.8 million for the year.

Monthly Financial Report

Comparison of Operating Results, Margin, Budget and Projected Year-End

For the Period Ending February 28, 2025



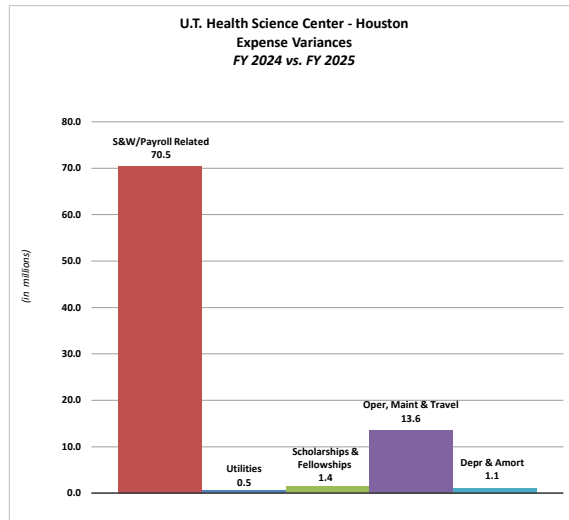
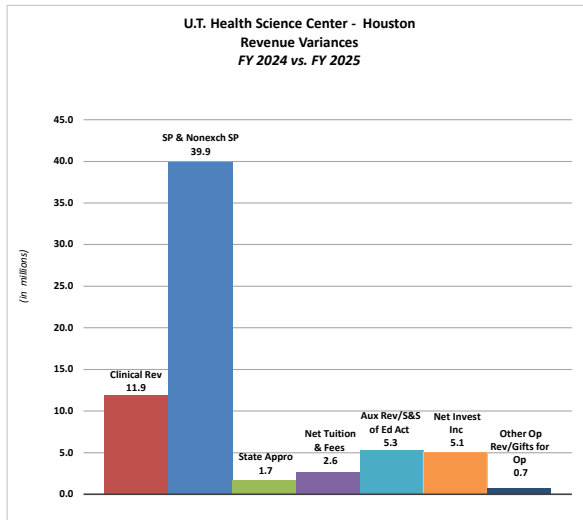
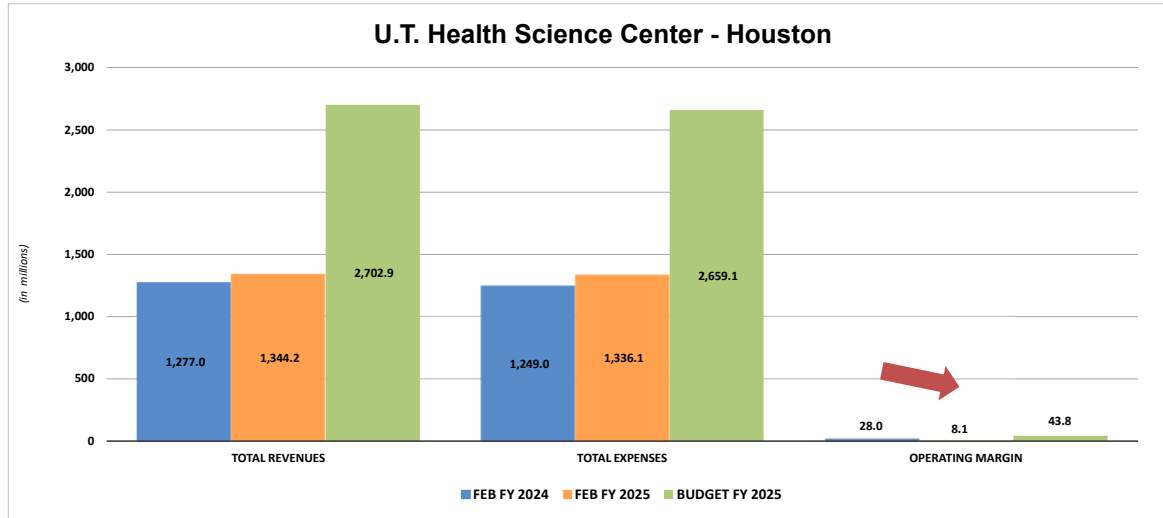
(in millions)	February YTD FY 2024	February YTD FY 2025	Variance	FY 2025 Budget	Annual Projected FY 2025	Variance
Clinical Revenues	\$ 1,082.1	1,231.6	149.5	2,298.7	2,441.0	142.4
Sponsored Programs/Nonexchange Sponsored Programs	148.9	163.5	14.5	286.6	329.4	42.9
State Appropriations	194.6	196.1	1.5	392.4	391.1	(1.4)
Net Tuition and Fees	26.0	29.8	3.8	52.9	54.9	2.1
Auxiliary Revenues/Sales & Services of Educational Activities	15.5	15.2	(0.3)	27.7	30.2	2.5
Net Investment Income	42.4	45.8	3.4	83.4	86.6	3.2
Other Operating Revenues/Gift Contributions for Operations	67.4	72.6	5.2	188.6	145.4	(43.2)
Total Revenues	1,577.0	1,754.6	177.6	3,330.1	3,478.6	148.4
Salaries and Wages/Payroll Related Costs	970.6	1,077.9	107.3	2,076.9	2,104.9	28.0
Utilities	16.2	17.2	1.0	46.4	38.4	(8.0)
Scholarships and Fellowships	5.8	6.3	0.5	12.7	12.6	(0.1)
Operations, Maintenance and Travel	490.4	563.9	73.5	1,006.2	1,130.9	124.6
Depreciation and Amortization	113.4	117.6	4.2	236.9	240.6	3.7
Total Expenses	\$ 1,596.4	1,782.9	186.5	3,379.2	3,527.4	148.2
Operating Margin	(19.3)	(28.3)	(8.9)	(49.0)	(48.9)	0.2
Cash Flow Margin (Excludes Depr & Amort Exp)	94.1	89.4	(4.7)	187.9	191.7	3.9

U.T. Medical Branch - Galveston reported a year-to-date positive cash flow margin of \$89.4 million, a decrease of \$4.7 million (5%) from the prior year. The decrease was primarily attributable to the following: an increase in salaries and wages and payroll related costs due to an increase in clinical staffing, combined with merit and market increases; and an increase in operations, maintenance and travel attributable to an increase in materials and supplies associated with increased clinical activities. The most current projection received from U.T. Medical Branch - Galveston reflects a cash flow margin of \$191.7 million for the year.

Monthly Financial Report

Comparison of Operating Results, Margin, Budget and Projected Year-End

For the Period Ending February 28, 2025



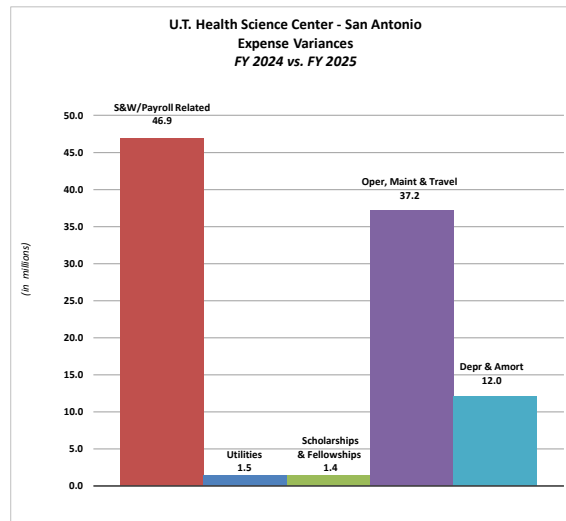
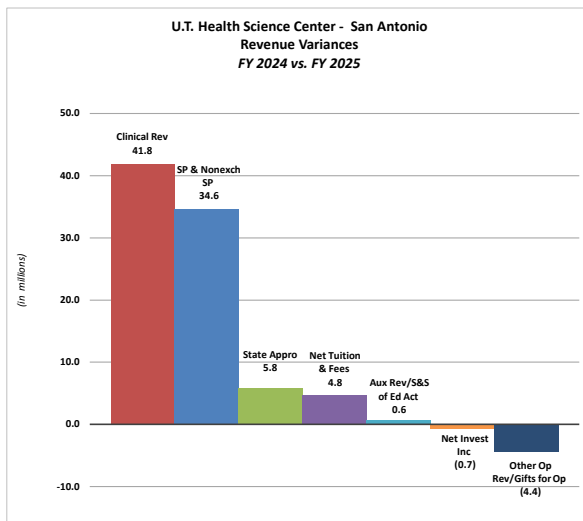
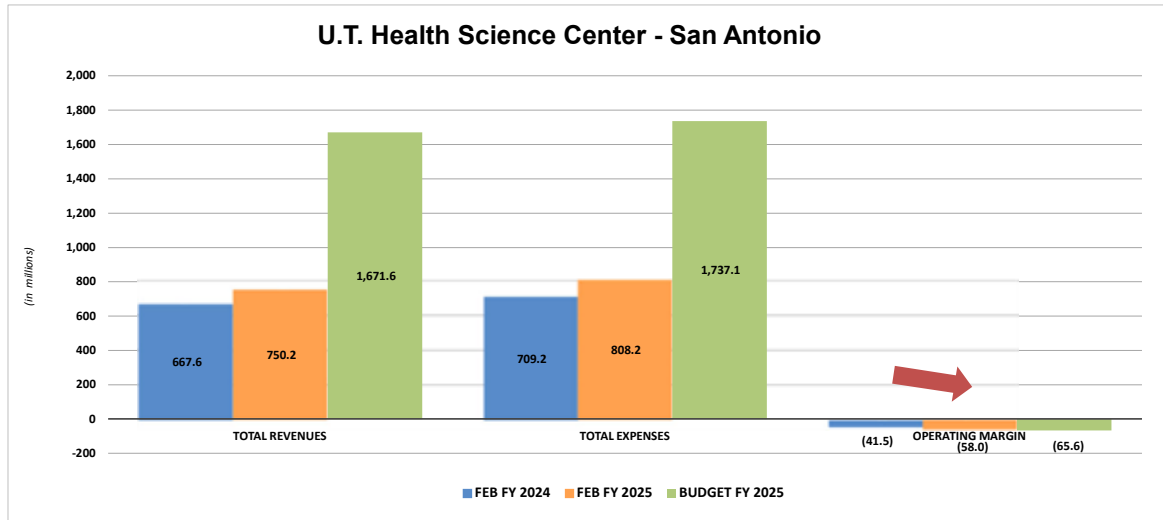
(in millions)	February YTD FY 2024	February YTD FY 2025	Variance	FY 2025 Budget	Annual Projected FY 2025	Variance
Clinical Revenues	\$ 358.3	370.2	11.9	750.8	754.2	3.4
Sponsored Programs/Nonexchange Sponsored Programs	613.6	653.5	39.9	1,338.6	1,335.0	(3.6)
State Appropriations	124.8	126.5	1.7	262.7	249.9	(12.9)
Net Tuition and Fees	37.3	39.9	2.6	64.6	72.1	7.5
Auxiliary Revenues/Sales & Services of Educational Activities	42.7	48.0	5.3	57.4	92.6	35.2
Net Investment Income	63.9	69.0	5.1	106.9	125.2	18.3
Other Operating Revenues/Gift Contributions for Operations	36.4	37.1	0.7	121.9	92.0	(30.0)
Total Revenues	1,277.0	1,344.2	67.2	2,702.9	2,720.9	18.0
Salaries and Wages/Payroll Related Costs	984.6	1,055.1	70.5	2,077.8	2,111.6	33.8
Utilities	7.1	7.6	0.5	16.5	16.5	0.0
Scholarships and Fellowships	4.7	6.1	1.4	5.4	12.0	6.6
Operations, Maintenance and Travel	197.2	210.8	13.6	472.7	458.6	(14.1)
Depreciation and Amortization	55.4	56.5	1.1	86.6	109.8	23.1
Total Expenses	\$ 1,249.0	1,336.1	87.1	2,659.1	2,708.5	49.4
Operating Margin	28.0	8.1	(19.9)	43.8	12.4	(31.4)
Cash Flow Margin (Excludes Depr & Amort Exp)	83.4	64.6	(18.8)	130.4	122.2	(8.2)

U.T. Health Science Center - Houston reported a year-to-date positive cash flow margin of \$64.6 million, a decrease of \$18.8 million (23%) from the prior year. The decrease was primarily due to an increase in salaries and wages and payroll related costs attributable to an increase in staff and faculty positions associated with enhanced clinical activities, as well as market adjustments. The most current projection received from U.T. Health Science Center - Houston reflects a cash flow margin of \$122.2 million for the year.

Monthly Financial Report

Comparison of Operating Results, Margin, Budget and Projected Year-End

For the Period Ending February 28, 2025



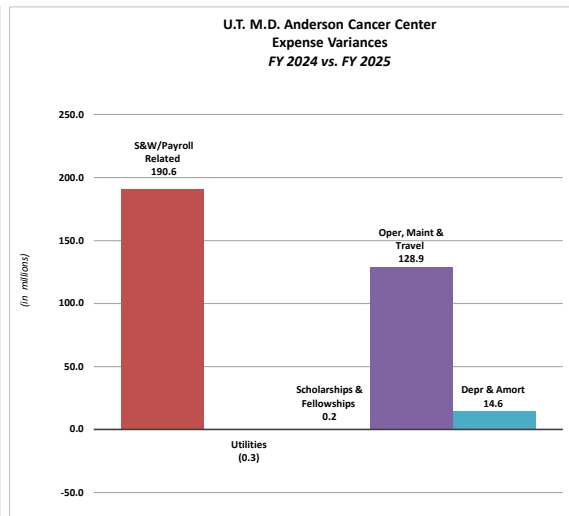
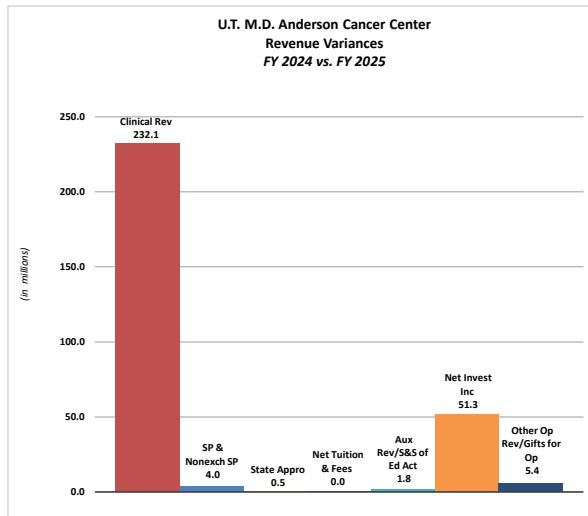
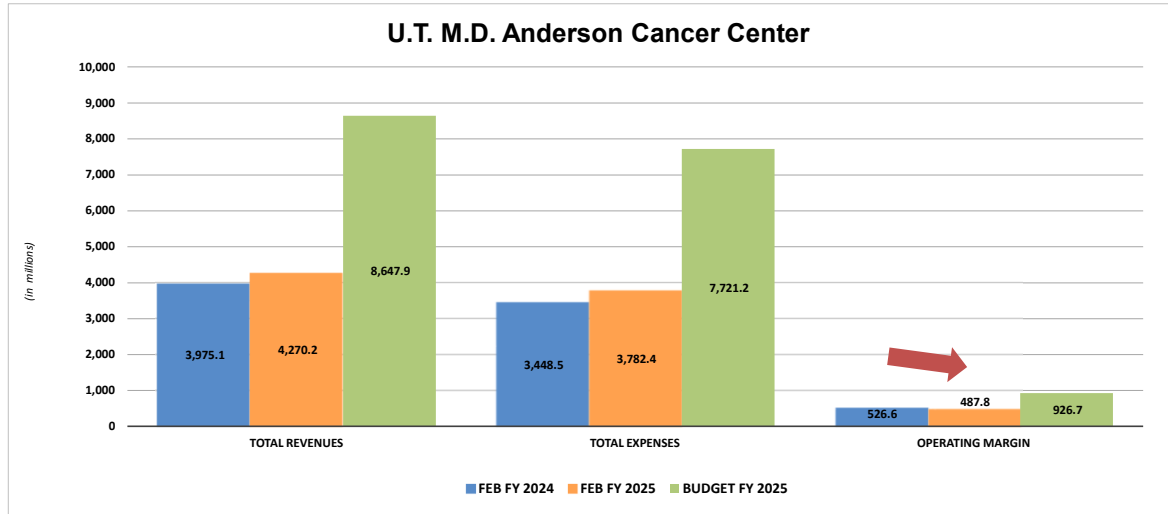
(in millions)	February YTD FY 2024	February YTD FY 2025	Variance	FY 2025 Budget	Annual Projected FY 2025	Variance
Clinical Revenues	\$ 182.1	223.9	41.8	593.3	578.7	(14.7)
Sponsored Programs/Nonexchange Sponsored Programs	282.2	316.8	34.6	650.1	672.6	22.5
State Appropriations	100.4	106.2	5.8	226.4	231.8	5.5
Net Tuition and Fees	29.9	34.7	4.8	70.0	70.6	0.5
Auxiliary Revenues/Sales & Services of Educational Activities	16.6	17.3	0.6	37.7	37.6	(0.1)
Net Investment Income	35.7	35.0	(0.7)	64.1	65.0	0.9
Other Operating Revenues/Gift Contributions for Operations	20.8	16.4	(4.4)	29.9	31.7	1.8
Total Revenues	667.6	750.2	82.5	1,671.6	1,687.9	16.4
Salaries and Wages/Payroll Related Costs	466.7	513.6	46.9	1,091.8	1,109.3	17.5
Utilities	10.8	12.3	1.5	24.5	24.5	0.0
Scholarships and Fellowships	5.7	7.1	1.4	14.2	14.3	0.1
Operations, Maintenance and Travel	190.2	227.3	37.2	494.8	489.4	(5.4)
Depreciation and Amortization	35.8	47.8	12.0	111.8	115.6	3.7
Total Expenses	\$ 709.2	808.2	99.0	1,737.1	1,753.1	15.9
Operating Margin	(41.5)	(58.0)	(16.5)	(65.6)	(65.1)	0.4
Cash Flow Margin (Excludes Depr & Amort Exp)	(5.8)	(10.2)	(4.4)	46.3	50.5	4.2

U.T. Health Science Center - San Antonio incurred a year-to-date cash flow margin loss of \$10.2 million, an increase in loss of \$4.4 million (77%) from the prior year. The increase in loss was primarily attributable to the following: an increase in salaries and wages and payroll related costs as a result of increased personnel costs associated with the new UT Health San Antonio Multi-Specialty Research Hospital; and an increase in operations, maintenance and travel due to an increase in materials and supplies attributable to increased drug supply purchases related to increased clinical activities. The most current projection received from *U.T. Health Science Center - San Antonio* reflects a cash flow margin of \$50.5 million for the year.

Monthly Financial Report

Comparison of Operating Results, Margin, Budget and Projected Year-End

For the Period Ending February 28, 2025

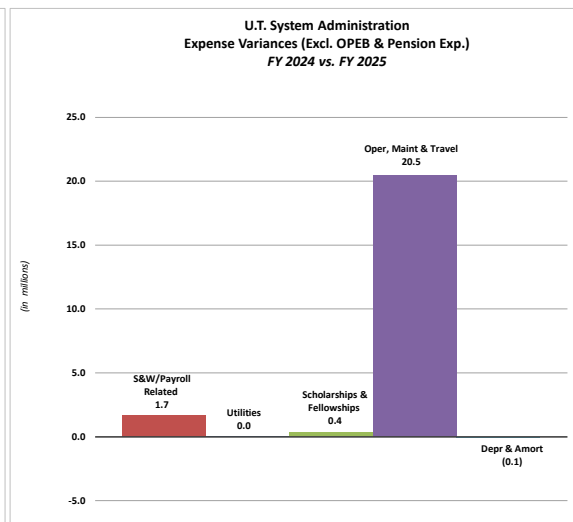
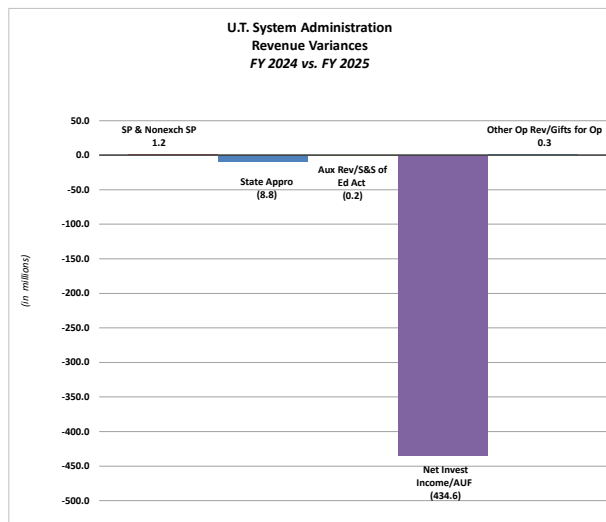
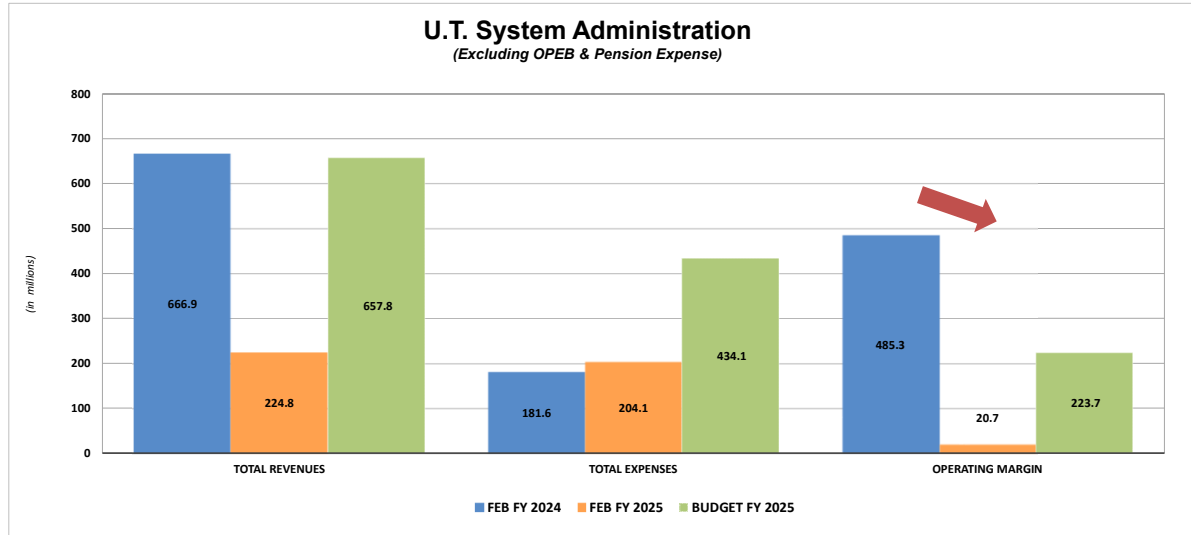


(in millions)	February YTD FY 2024	February YTD FY 2025	Variance	FY 2025 Budget	Annual Projected FY 2025	Variance
Clinical Revenues	\$ 3,100.5	3,332.6	232.1	6,983.7	7,018.8	35.0
Sponsored Programs/Nonexchange Sponsored Programs	324.9	328.9	4.0	689.2	696.3	7.1
State Appropriations	113.7	114.2	0.5	223.0	223.0	0.0
Net Tuition and Fees	1.5	1.5	0.0	2.0	2.0	0.0
Auxiliary Revenues/Sales & Services of Educational Activities	22.3	24.1	1.8	48.6	48.6	0.0
Net Investment Income	268.8	320.1	51.3	437.0	473.5	36.5
Other Operating Revenues/Gift Contributions for Operations	143.3	148.8	5.4	264.4	261.4	(2.9)
Total Revenues	3,975.1	4,270.2	295.1	8,647.9	8,723.6	75.7
Salaries and Wages/Payroll Related Costs	1,953.2	2,143.8	190.6	4,129.9	4,129.9	0.0
Utilities	24.2	23.9	(0.3)	52.2	52.2	0.0
Scholarships and Fellowships	0.2	0.3	0.2	2.6	2.6	0.0
Operations, Maintenance and Travel	1,294.4	1,423.3	128.9	3,171.9	3,177.7	5.8
Depreciation and Amortization	176.5	191.1	14.6	364.5	383.4	18.9
Total Expenses	\$ 3,448.5	3,782.4	333.9	7,721.2	7,745.8	24.6
Operating Margin	526.6	487.8	(38.8)	926.7	977.8	51.1
Cash Flow Margin (Excludes Depr & Amort Exp)	703.1	678.9	(24.2)	1,291.2	1,361.2	69.9

U.T. M.D. Anderson Cancer Center reported a year-to-date positive cash flow margin of \$678.9 million, a decrease of \$24.2 million (3%) from the prior year. The decrease was primarily due to the following: an increase in salaries and wages and payroll related costs attributable to an increase in faculty and staff positions; and an increase in operations, maintenance and travel as a result of an increase in materials and supplies primarily due to increased patient drug charges driven by increased patient volumes. The most current projection received from U.T. M.D. Anderson Cancer Center reflects a cash flow margin of \$1,361.2 million for the year.

Monthly Financial Report

Comparison of Operating Results, Margin, Budget and Projected Year-End For the Period Ending February 28, 2025



(in millions)	February YTD FY 2024	February YTD FY 2025	Variance	FY 2025 Budget	Annual Projected FY 2025	Variance
Sponsored Programs/Nonexchange Sponsored Programs	\$ 28.2	29.4	1.2	41.5	45.8	4.3
State Appropriations	13.6	4.8	(8.8)	8.1 *	9.6	1.5
Auxiliary Revenues/Sales & Services of Educational Activities	1.4	1.2	(0.2)	3.5	2.4	(1.1)
Net Investment Income/Available University Fund (AUF)	621.9	187.2	(434.6)	599.0	640.6	41.6
Other Operating Revenues/Gift Contributions for Operations	1.9	2.2	0.3	5.8	4.0	(1.8)
Total Revenues	666.9	224.8	(442.1)	657.8	702.3	44.5
Salaries and Wages/Payroll Related Costs	26.5	28.1	1.7	58.3	56.3	(2.1)
Utilities	0.1	0.1	0.0	0.0	0.2	0.2
Scholarships and Fellowships	0.1	0.5	0.4	2.3	2.3	0.0
Operations, Maintenance and Travel	143.1	163.6	20.5	352.6 *	354.8	2.1
Depreciation and Amortization	11.8	11.8	(0.1)	20.8	20.8	0.0
Total Expenses (Excluding OPEB & Pension Exp)	\$ 181.6	204.1	22.5	434.1	434.4	0.2
Operating Margin (Excluding OPEB & Pension Exp)	485.3	20.7	(464.6)	223.7	268.0	44.3
Cash Flow Margin (Excluding OPEB, Pension, Depr & Amort Exp)	497.1	32.5	(464.6)	244.5	288.8	44.3

*State appropriations and corresponding expense for TRB/CCAP for all U.T. institutions have been excluded.

Excluding OPEB, pension, and depreciation expense, *U.T. System Administration* reported a year-to-date positive cash flow margin of \$32.5 million, a decrease of \$464.6 million (93%) from the prior year. The decrease was primarily attributable to the following: a change in methodology that aligns the fiscal year-to-date net investment income reported to those budgeted as fiscal year-to-date excludes longer-term investment funds that were not budgeted as part of *U.T. System Administration's* annual operating budget, which if restated, would have reflected a \$85.1 million decrease from the prior year primarily due to a decrease in the Internal Lending Program attributable to a prior year fixed-payer swap termination; and an increase in operations, maintenance and travel as a result of an increase in Permanent University Fund interest expense. The most current projection, excluding OPEB, pension, and depreciation expense, reflects a cash flow margin of \$288.8 million for the year.

3. U.T. System Board of Regents: Approval of annual distributions from the Permanent University Fund, the Permanent Health Fund, the Long Term Fund, and the Intermediate Term Fund

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor and Chief Operating Officer in the recommendation that

- a. the Fiscal Year 2026 distribution from the Permanent University Fund (PUF) to the Available University Fund (AUF) be \$2,229,795,000 effective September 1, 2025;
- b. the distribution rate for the Permanent Health Fund (PHF) be increased from \$0.0765 per unit to \$0.0798 per unit for Fiscal Year 2026 (effective with November 30, 2025 distribution);
- c. the distribution rate for the U.T. System Long Term Fund (LTF) be increased from \$0.4175 per unit to \$0.4332 per unit for Fiscal Year 2026 (effective with November 30, 2025 distribution); and
- d. the distribution rate for the U.T. System Intermediate Term Fund (ITF) remain at 3.0% per annum (paid monthly) for Fiscal Year 2026.

BACKGROUND INFORMATION

Article VII, Section 18 of the *Texas Constitution* requires that the amount of distributions to the AUF be determined by the Board of Regents in a manner intended to provide the AUF with a stable and predictable stream of annual distributions and to maintain over time the purchasing power of PUF investments and annual distributions to the AUF.

The Constitution further limits the Board of Regents' discretion to set annual PUF distributions to the satisfaction of three tests:

1. The amount of PUF distributions to the AUF in a fiscal year must be not less than the amount needed to pay the principal and interest due and owing in that fiscal year on PUF bonds and notes. The proposed distribution of \$2,229,795,000 is substantially greater than PUF bond debt service of \$664,180,000 projected for Fiscal Year 2026.

System	Debt Service
U.T.	\$ 441,880,000
TAMU	222,300,000
Total:	\$ 664,180,000

Sources: U.T. System Office of Finance
Texas A&M University System Office of
Treasury Services

2. The Board of Regents may not increase annual PUF distributions to the AUF (except as necessary to pay PUF debt service) if the purchasing power of PUF investments for any rolling 10-year period has not been preserved. As the schedule below indicates, the average annual increase in the rate of growth of the value of PUF investments (net of expenses, inflation, and distributions) for the trailing 10-year period ended February 28, 2025, was 4.86%, which indicates that the purchasing power test was met.

Average Annual	Percent
Rate of Total Return, Net of Investment Manager Fees	8.01%
Mineral Interest Receipts	4.55%
Expense Rate	(0.19%) ⁽¹⁾
Inflation Rate	(3.12%)
Distribution Rate	(4.39%)
Net Real Return	4.86%

(1) The expense rate as shown is a 10-year annualized average and includes PUF Land Expenses and PUF investment management costs other than investment manager fees. Investment management fees are a reduction to the Rate of Total Return.

3. The annual distribution from the PUF to the AUF during any fiscal year made by the Board of Regents may not exceed an amount equal to 7% of the average net fair market value of PUF investment assets as determined by the Board of Regents (except as necessary to pay PUF bond debt service). The annual distribution rate calculated using the trailing 20-quarter average value of the PUF is at the 7% maximum allowable distribution rate.

Value of PUF Investments ⁽¹⁾	Proposed Distribution	Proposed Distribution as a % of Value of PUF Investments	Maximum Allowed Rate
\$31,854,236,801	\$ 2,229,795,000	7.00%	7.00%

(1) Source: UTIMCO

The spending policy objectives of the PHF and LTF are to:

- provide a predictable stable stream of distributions over time;
- ensure that the inflation-adjusted value of the distributions is maintained over the long term; and
- ensure that the inflation-adjusted value of the assets of the PHF and the LTF, as appropriate after distributions, is maintained over the long term.

The increase in the consumer price index for the prior three years as of November 30, 2024, was 4.31%. The recommended 4.31% increase in the PHF distribution rate of \$0.0765 to \$0.0798 per unit will increase the distributions by the average rate of inflation for the trailing 12 quarters. The PHF's distribution rate calculated using the prior 12-quarter average value of the PHF is 4.40%.

On November 14, 2019, the Board of Regents authorized a maximum 0.80% allocation (80 basis points) from the market value of the LTF to provide additional funding for development operations at U.T. institutions to substantially increase philanthropic revenue. The proposed LTF distribution rate of \$0.4332 per unit or 4.70% of the market value of the LTF plus the 0.80% development allocation will result in a total LTF spending rate of 5.50% of the prior 12-quarter average value of the LTF.

The distribution rate for the ITF was originally set at 3.0% per annum for Fiscal Year 2007 by the U.T. System Board on May 11, 2006, and has continued at that rate for each succeeding fiscal year. The recommendation for Fiscal Year 2026 is to continue a distribution rate of 3.0%.