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Committee Meeting: 5/20/2026

Board Meeting: 5/21/2026
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 | <i>2:45 p.m.</i> <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 | 85 |
| 2. U.T. System: Financial Status Presentation and Monthly Financial Report | Report/Discussion <i>Dr. Horton</i> | Not on Agenda | 86 |
| 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 | 113 |
| Adjourn | <i>3:15 p.m.</i> | | |

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 175](#).

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

Dr. Derek Horton, Associate Vice Chancellor and Deputy 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

Derek Horton, Ed.D.

Associate Vice Chancellor and Deputy Chief Financial Officer

U.T. System Board of Regents Meeting

Finance and Planning Committee

May 2026



U.T. System Consolidated Summary

Fiscal Year Summary
Period Ending February 28, 2026



Revenues
\$20,198.5 M



Expenses
\$16,642.2 M



Cash Flow Margin
\$3,556.3 M



FYE Projected Cash Flow
\$4,017.1 M

U.T. System Consolidated Revenue & Expenses

Year-Over-Year Comparison (February)

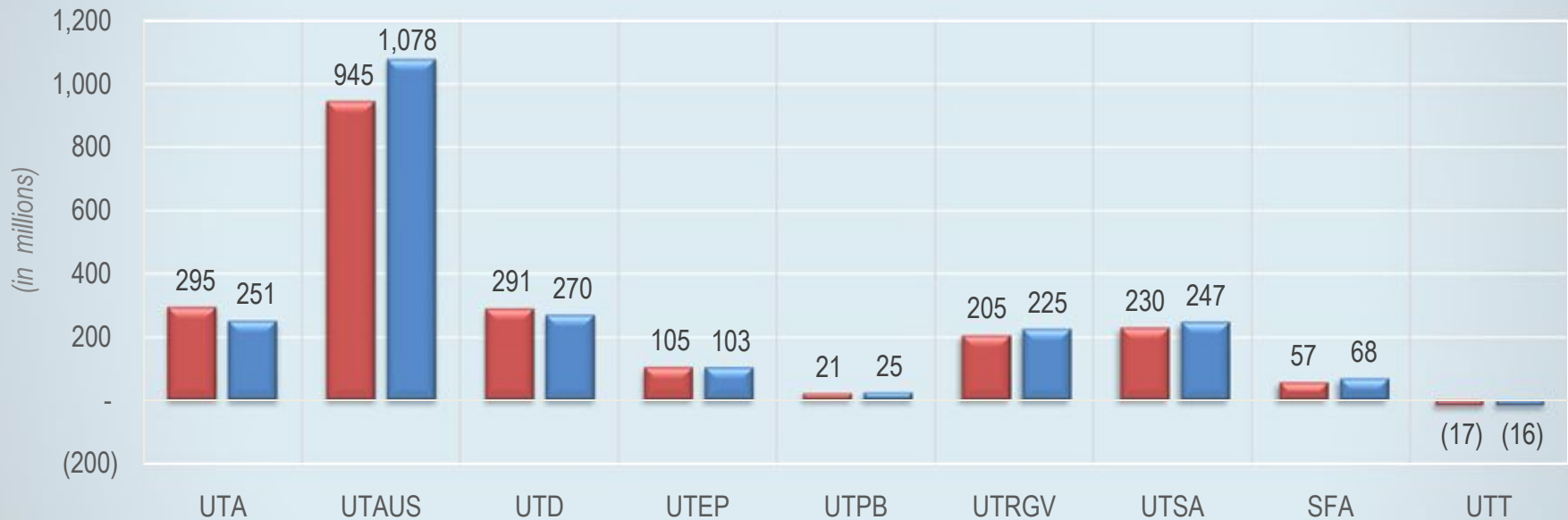
■ FY 2025 Cash Flow Margin ■ FY 2026 Cash Flow Margin



Cash Flow Margin – Academic Institutions

Year-Over-Year Comparison (February)

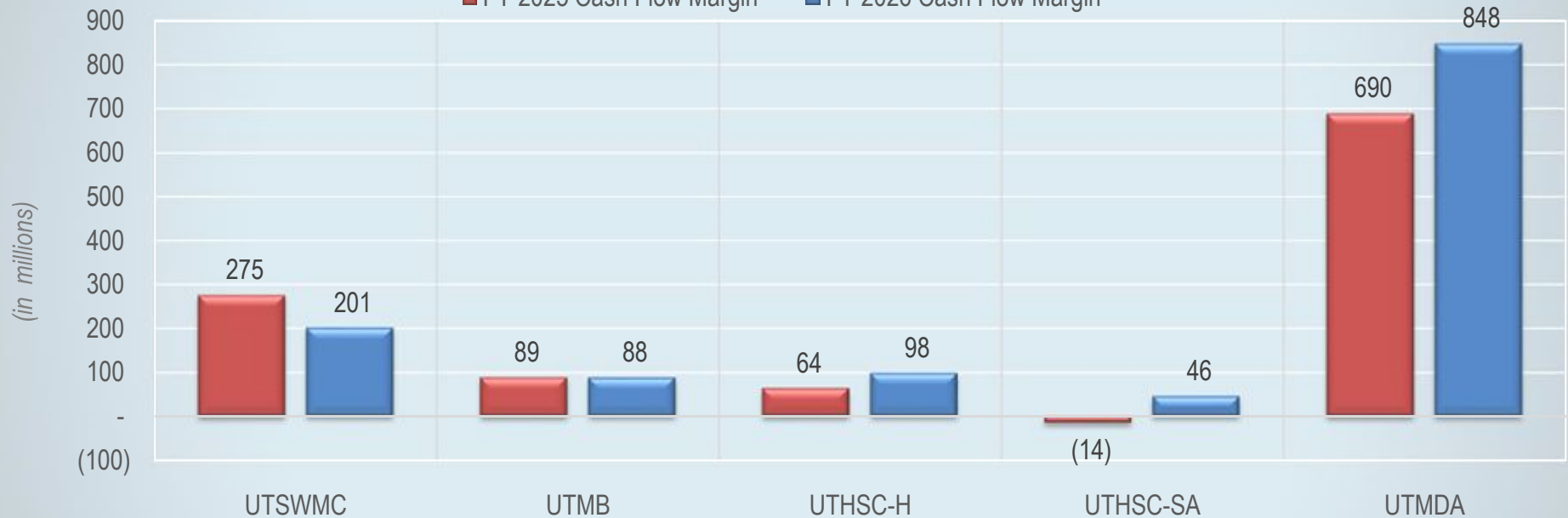
■ FY 2025 Cash Flow Margin ■ FY 2026 Cash Flow Margin



Cash Flow Margin – Health Institutions

Year-Over-Year Comparison (February)

■ FY 2025 Cash Flow Margin ■ FY 2026 Cash Flow Margin



Budget to Projected – Academic Institutions

Projected FY 2026

| | Budget (\$ Millions) | | | | Projected (\$ Millions) | | | | |
|------------------------|----------------------|------------------|----------------|-----------------|-------------------------|------------------|----------------|-----------------|----------|
| | Revenues | Expenses | Cash Flow | Cash Flow Ratio | Revenues | Expenses | Cash Flow | Cash Flow Ratio | |
| U.T. Arlington | \$876.7 | \$840.5 | \$36.2 | 4.1% | \$997.9 | \$942.7 | \$55.2 | 5.5% | ▲ |
| U.T. Austin | \$4,568.6 | \$4,114.9 | \$453.7 | 9.9% | \$4,927.4 | \$4,372.7 | \$554.7 | 11.3% | ▲ |
| U.T. Dallas | \$907.0 | \$814.1 | \$92.9 | 10.2% | \$913.6 | \$807.0 | \$106.7 | 11.7% | ▲ |
| U.T. El Paso | \$563.8 | \$540.5 | \$23.3 | 4.1% | \$582.1 | \$540.1 | \$42.0 | 7.2% | ▲ |
| U.T. Permian Basin | \$109.6 | \$104.4 | \$5.2 | 4.8% | \$109.6 | \$102.8 | \$6.8 | 6.2% | ▲ |
| U.T. Rio Grande Valley | \$747.3 | \$727.0 | \$20.2 | 2.7% | \$751.4 | \$729.3 | \$22.2 | 2.9% | ▲ |
| U.T. San Antonio | \$816.5 | \$793.5 | \$23.1 | 2.8% | \$867.1 | \$774.4 | \$92.6 | 10.7% | ▲ |
| Stephen F. Austin | \$226.9 | \$220.9 | \$6.0 | 2.6% | \$226.0 | \$223.0 | \$3.0 | 1.3% | ▼ |
| U.T. Tyler | \$711.2 | \$676.2 | \$35.0 | 4.9% | \$750.8 | \$715.6 | \$35.2 | 4.7% | ▼ |
| Total | \$9,527.5 | \$8,831.8 | \$695.7 | 7.3% | \$10,125.8 | \$9,207.5 | \$918.3 | 9.1% | ▲ |

Budget to Projected – Health Institutions

Projected FY 2026

| | Budget (\$ Millions) | | | | Projected (\$ Millions) | | | | |
|---|----------------------|-------------------|------------------|-----------------|-------------------------|-------------------|------------------|-----------------|----------|
| | Revenues | Expenses | Cash Flow | Cash Flow Ratio | Revenues | Expenses | Cash Flow | Cash Flow Ratio | |
| U.T. Southwestern Medical Center | \$6,391.1 | \$5,974.3 | \$416.8 | 6.5% | \$6,715.2 | \$6,327.3 | \$387.9 | 5.8% | ▼ |
| U.T. Medical Branch - Galveston | \$3,703.2 | \$3,486.4 | \$216.8 | 5.9% | \$3,735.6 | \$3,521.7 | \$213.9 | 5.7% | ▼ |
| U.T. Health Science Center - Houston | \$2,824.5 | \$2,730.3 | \$94.1 | 3.3% | \$2,889.4 | \$2,744.2 | \$145.2 | 5.0% | ▲ |
| Health Science Center at U.T. San Antonio | \$1,869.3 | \$1,765.5 | \$103.8 | 5.6% | \$1,862.6 | \$1,758.0 | \$104.6 | 5.6% | — |
| U.T.M.D. Anderson Cancer Center | \$9,375.2 | \$7,932.0 | \$1,443.1 | 15.4% | \$9,629.9 | \$8,050.1 | \$1,579.7 | 16.4% | ▲ |
| Total | \$24,163.2 | \$21,888.5 | \$2,274.7 | 9.4% | \$24,832.6 | \$22,401.2 | \$2,431.4 | 9.8% | ▲ |

Financial Summary

U.T. System Administration February 2026

| U.T. System Administration | Adjusted Budget | Actuals | % of Budget |
|--|----------------------|---------------------|-------------|
| U.T. System Administration Operations (AUF) | \$73,193,883 | \$29,816,114 | 41% |
| U.T. System Administration - University Lands (PUF) | \$44,381,536 | \$15,471,561 | 35% |
| U.T. System Administration Service Departments & Other (Non-AUF) | \$54,050,215 | \$24,909,250 | 46% |
| Total U.T. System Administration | \$171,625,634 | \$70,196,925 | 41% |

Excludes the following components of the U.T. Systemwide Annual Operating Budget:

- *State General Revenue Funded programs for Lone Star Stroke Research Consortium, Texas Child Mental Health Care Consortium, U.T. System Multi-Institution Center in Laredo, and U.T. REAL Health AI*
- *Sponsored programs from grants and federal support through the Employee Group Waiver Program for Medicare Part D retiree prescription drug coverage*
- *Capital Construction Assistance Projects and PUF Debt Service*
- *Depreciation and capitalized lease amortization*
- *Self-insurance claims activity and certain systemwide software licenses centrally negotiated and reimbursed by U.T. institutions*



The University of Texas System

OFFICE OF THE CHIEF FINANCIAL OFFICER

Budget and Planning

MONTHLY FINANCIAL REPORT

(unaudited)

FEBRUARY 2026 • FY 2026

The University of Texas at Arlington ♦ The University of Texas at Austin ♦ The University of Texas at Dallas ♦ The University of Texas at El Paso ♦ The University of Texas Permian Basin ♦ The University of Texas Rio Grande Valley ♦ The University of Texas at San Antonio ♦ Stephen F. Austin State University ♦ The University of Texas at Tyler ♦ The University of Texas Southwestern Medical Center ♦ The University of Texas Medical Branch at Galveston ♦ The University of Texas Health Science Center at Houston ♦ The University of Texas Health Science Center at San Antonio ♦ The University of Texas M. D. Anderson Cancer Center ♦ The University of Texas System Administration

210 West Seventh Street | Austin, Texas 78701 | 512.499.4792

www.utsystem.edu/offices/budget-and-planning

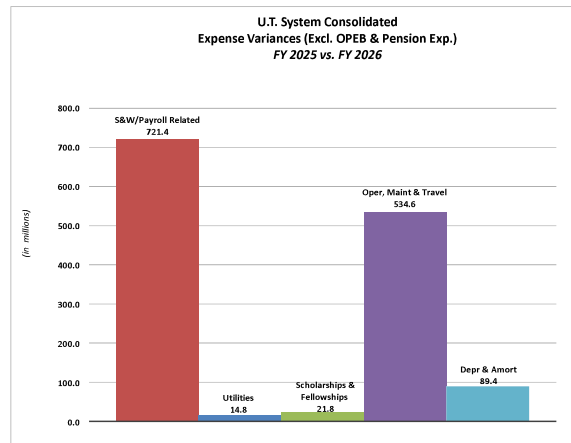
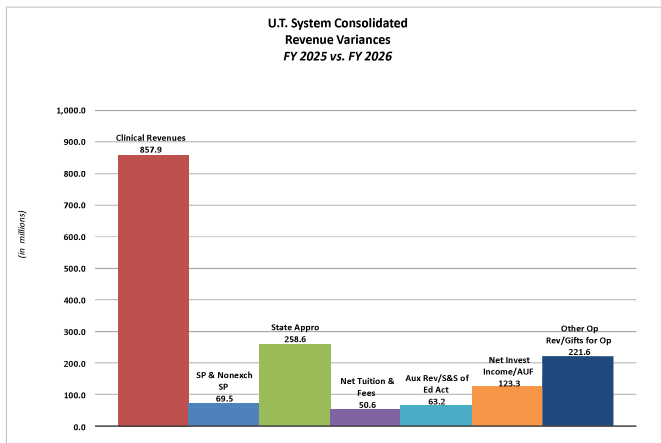
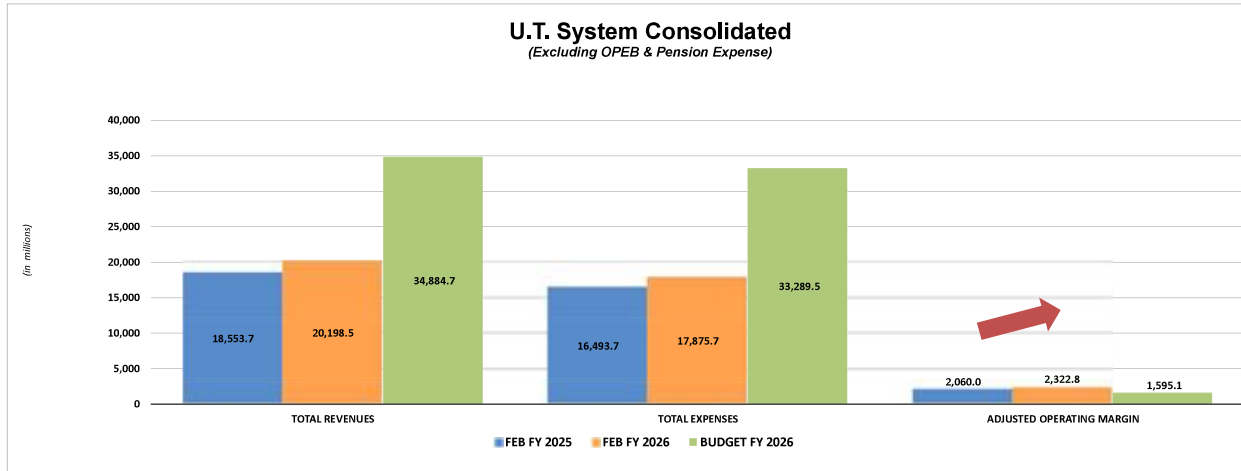
Monthly Financial Report
Comparison of Adjusted Cash Flow Margin
For the Period Ending February 28, 2026

Executive Summary of Adjusted Cash Flow Margin (Loss)*
 (Excludes OPEB, Pension, Depreciation and Amortization Expense)

| <i>(in millions)</i> | February FYTD 2025 | February FYTD 2026 | FY 2026 Budget | Annual Projected FY 2026 | Variance % | Comments on Budget to Projection Variance |
|--|--------------------------|--------------------------|-------------------|--------------------------------|---------------|---|
| U.T. Arlington | 295.1 | 251.4 | 36.2 | 55.2 | 53% | Increase in Sponsored Programs due to actuals trending higher than budget. |
| U.T. Austin | 945.2 | 1,078.3 | 453.7 | 554.7 | 22% | Increase in Gift Contributions for Operations due to higher pledged donations; Increase in Net Investment Income as a result of improved market conditions; Increase in Sponsored Programs due to awards received after budget established. |
| U.T. Dallas | 290.6 | 269.8 | 92.9 | 106.7 | 15% | Decrease in Operations, Maintenance and Travel due to planned reductions in operating expenses to build reserves for future needs; Increase in Net Investment Income due to favorable market conditions. |
| U.T. El Paso | 104.6 | 103.2 | 23.3 | 42.0 | 80% | Decrease in Operations, Maintenance and Travel due to budgeted Mining Engineering program expenses incurred over the biennium; Increase in Net Tuition and Fees due to increased enrollment. |
| U.T. Permian Basin | 21.4 | 24.7 | 5.2 | 6.8 | 29% | Decrease in Salaries & Wages/Payroll Related Costs as a result of savings from faculty and staff vacancies combined with planned reorganizations. |
| U.T. Rio Grande Valley | 205.5 | 225.1 | 20.2 | 22.2 | 9% | Increase in Net Tuition and Fees due to increased enrollment; Decrease in Salaries & Wages/Payroll Related Costs from anticipated salary savings. |
| U.T. San Antonio | 230.4 | 247.3 | 23.1 | 92.6 | 302% | Decrease in Operations, Maintenance and Travel due to increased inflation assumptions at time of budget development, and cost savings from in-sourcing integration activities; Increase in Auxiliary Revenues driven by increased enrollment. |
| Stephen F. Austin State University | 57.0 | 68.3 | 6.0 | 3.0 | -50% | Decrease in Transfers In being adjusted downward from original budget assumptions. |
| U.T. Tyler | (17.3) | (15.7) | 35.0 | 35.2 | 0% | Increase in Clinical Revenues from increased patient volume and clinical activities. |
| U.T. Southwestern Medical Center | 275.3 | 201.2 | 416.8 | 387.9 | -7% | Increases in Salaries & Wages/Payroll Related Costs and Operations, Maintenance and Travel from growth in both the hospital and physician practice plan. |
| U.T. Medical Branch - Galveston | 88.9 | 88.3 | 216.8 | 213.9 | -1% | Increase in Salaries & Wages/Payroll Related Costs due to increased patient volume and incentive program expenses. |
| U.T. Health Science Center - Houston | 64.1 | 98.4 | 94.1 | 145.2 | 54% | Increase in Sponsored Programs due to higher indirect cost rate; Increase in Net Investment Income from shifting investments. |
| U.T. Health Science Center - San Antonio | (14.4) | 46.0 | 103.8 | 104.6 | 1% | Increase in Clinical Revenues due to increased F&A revenue trending above conservative budget assumptions. |
| U.T.M.D. Anderson Cancer Center | 689.6 | 848.4 | 1,443.1 | 1,579.7 | 9% | Increase in Clinical Revenues from increased patient volume and clinical expansion efforts; Increase in Net Investment Income due to market outperforming conservative budget assumptions. |
| U.T. System Administration (excluding OPEB & Pension Expense) | (31.8) | 21.7 | 681.1 | 667.4 | -2% | Increase in Operations, Maintenance and Travel due to use of prior year balances and increased interest expense. |
| Total Adjusted Cash Flow Margin | \$ 3,204.1 | 3,556.3 | 3,651.5 | 4,017.1 | 10% | |

* 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, 2026

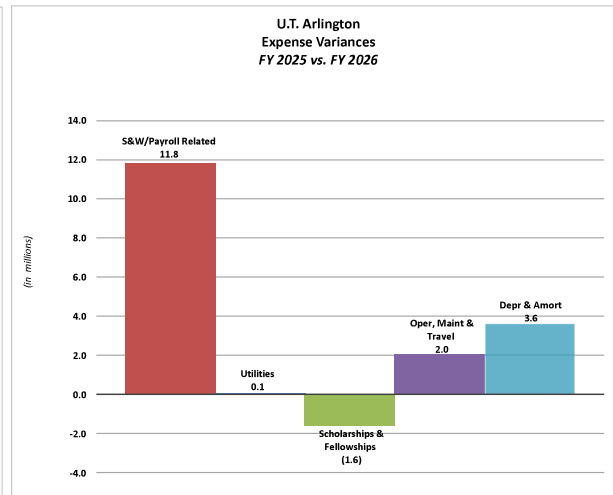
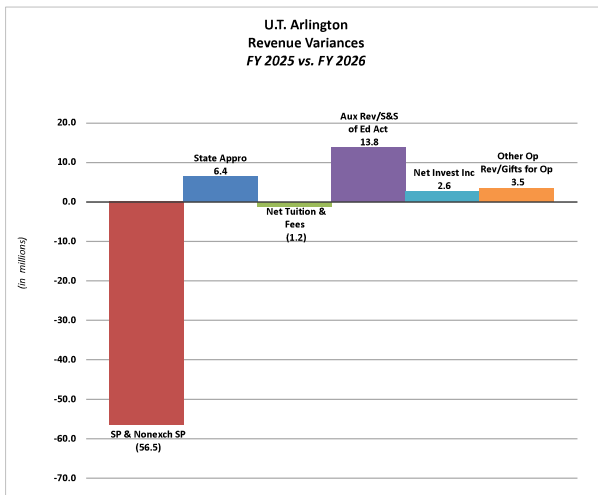
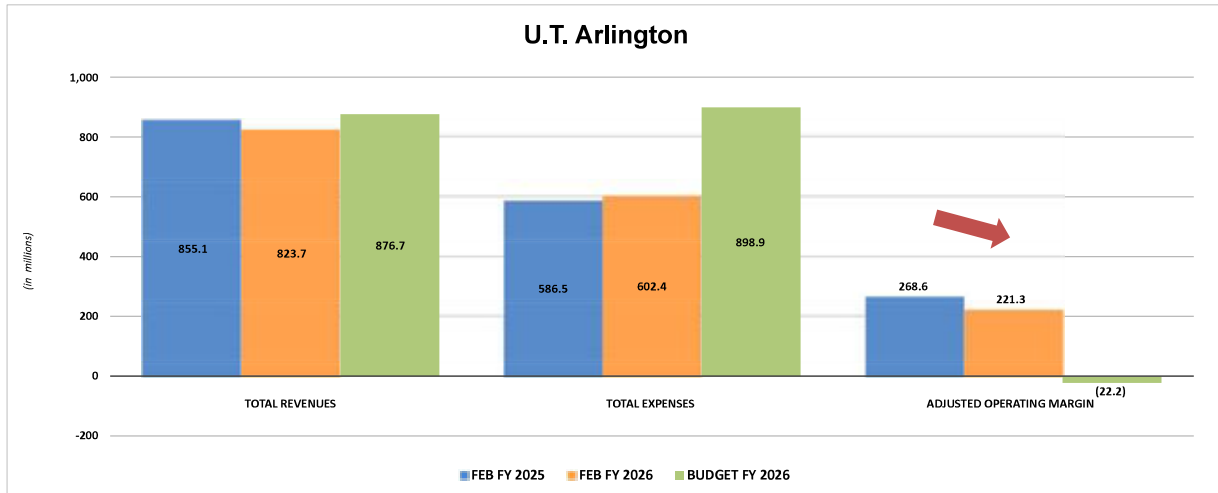


| (in millions) | February YTD FY 2025 | February YTD FY 2026 | Variance | FY 2026 Budget | Annual Projected FY 2026 | Variance |
|--|----------------------|----------------------|----------------|-----------------|--------------------------|----------------|
| Clinical Revenues | \$ 7,283.6 | 8,141.5 | 857.9 | 16,447.6 | 16,842.3 | 394.7 |
| Sponsored Programs/Nonexchange Sponsored Programs | 3,403.4 | 3,472.9 | 69.5 | 6,797.9 | 7,278.7 | 480.7 |
| State Appropriations | 1,906.8 | 2,165.3 | 258.6 | 3,194.6 * | 3,197.8 | 3.2 |
| Net Tuition and Fees | 2,586.5 | 2,637.1 | 50.6 | 2,088.8 | 1,989.3 | (99.6) |
| Auxiliary Revenues/Sales & Services of Educational Activities | 903.4 | 966.6 | 63.2 | 1,582.6 | 1,653.4 | 70.8 |
| Net Investment Income | 1,746.4 | 1,869.7 | 123.3 | 3,263.6 | 3,409.1 | 145.5 |
| Other Operating Revenues/Gift Contributions for Operations | 723.8 | 945.4 | 221.6 | 1,509.6 | 1,790.3 | 280.7 |
| Total Revenues | 18,553.7 | 20,198.5 | 1,644.7 | 34,884.7 | 36,160.7 | 1,276.1 |
| Salaries and Wages/Payroll Related Costs | 9,335.4 | 10,056.8 | 721.4 | 19,504.9 | 20,273.9 | 769.0 |
| Utilities | 143.5 | 158.3 | 14.8 | 369.9 | 350.3 | (19.5) |
| Scholarships and Fellowships | 1,182.0 | 1,203.8 | 21.8 | 584.9 | 463.1 | (121.7) |
| Operations, Maintenance and Travel | 4,688.7 | 5,223.3 | 534.6 | 10,773.5 * | 11,056.2 | 282.7 |
| Depreciation and Amortization | 1,144.1 | 1,233.6 | 89.4 | 2,056.4 | 2,094.4 | 38.0 |
| Total Expenses (Excluding OPEB & Pension Exp) | \$ 16,493.7 | 17,875.7 | 1,382.0 | 33,289.5 | 34,238.0 | 948.5 |
| Adjusted Operating Margin (Excluding OPEB & Pension Exp) | 2,060.0 | 2,322.8 | 262.8 | 1,595.1 | 1,922.7 | 327.6 |
| Adjusted Cash Flow Margin (Excluding OPEB, Pension, Depr & Amort Exp) | 3,204.1 | 3,556.3 | 352.2 | 3,651.5 | 4,017.1 | 365.6 |

*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 anticipates ending the year with an adjusted cash flow margin of \$4,017.1 million, which represents an increase of \$365.6 million (10%) as compared to the budgeted level. The projected increase is primarily due to an increase in clinical revenues and other operating revenues associated with increased patient volumes and rates; and an increase in net investment income as a result of improved market conditions.

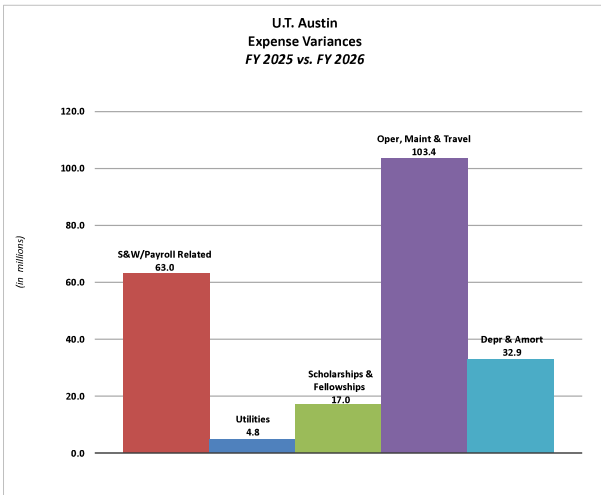
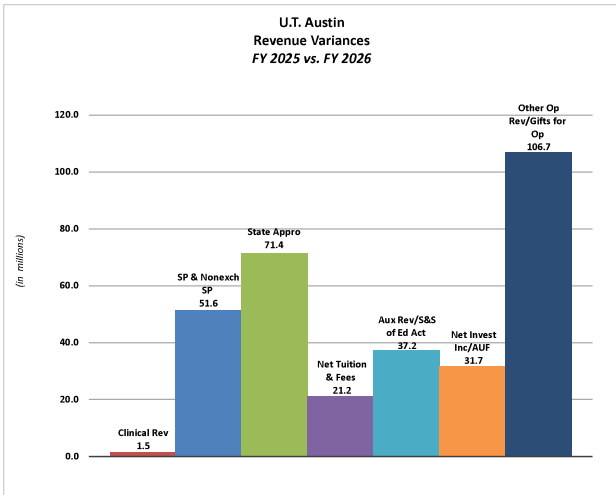
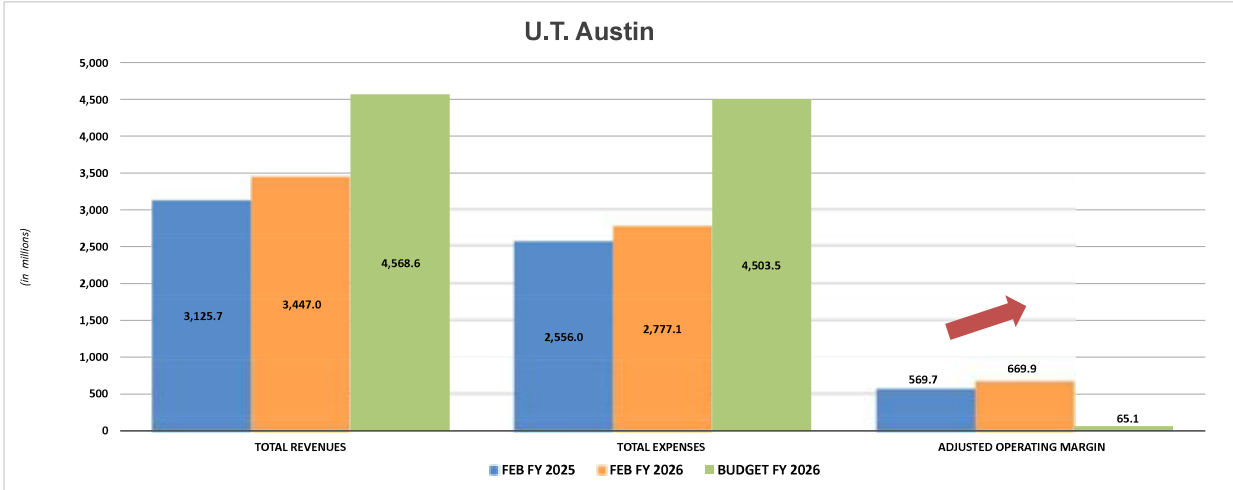
Monthly Financial Report
Comparison of Operating Results, Margin, Budget and Projected Year-End
For the Period Ending February 28, 2026



| (in millions) | February YTD FY 2025 | February YTD FY 2026 | Variance | FY 2026 Budget | Annual Projected FY 2026 | Variance |
|--|----------------------|----------------------|---------------|----------------|--------------------------|--------------|
| Sponsored Programs/Nonexchange Sponsored Programs | \$ 188.3 | 131.8 | (56.5) | 220.0 | 263.0 | 43.0 |
| State Appropriations | 156.3 | 162.7 | 6.4 | 182.4 | 182.4 | 0.0 |
| Net Tuition and Fees | 419.0 | 417.8 | (1.2) | 324.0 | 402.2 | 78.2 |
| Auxiliary Revenues/Sales & Services of Educational Activities | 56.1 | 69.9 | 13.8 | 93.0 | 93.0 | 0.0 |
| Net Investment Income | 24.9 | 27.6 | 2.6 | 32.1 | 32.1 | 0.0 |
| Other Operating Revenues/Gift Contributions for Operations | 10.5 | 13.9 | 3.5 | 25.1 | 25.1 | 0.0 |
| Total Revenues | 855.1 | 823.7 | (31.4) | 876.7 | 997.9 | 121.2 |
| Salaries and Wages/Payroll Related Costs | 274.9 | 286.7 | 11.8 | 537.9 | 561.9 | 24.0 |
| Utilities | 4.9 | 5.0 | 0.1 | 11.1 | 11.1 | 0.0 |
| Scholarships and Fellowships | 174.2 | 172.6 | (1.6) | 21.8 | 100.1 | 78.2 |
| Operations, Maintenance and Travel | 106.0 | 108.1 | 2.0 | 269.6 | 269.6 | 0.0 |
| Depreciation and Amortization | 26.5 | 30.1 | 3.6 | 58.4 | 58.4 | 0.0 |
| Total Expenses | \$ 586.5 | 602.4 | 15.9 | 898.9 | 1,001.1 | 102.2 |
| Adjusted Operating Margin | 268.6 | 221.3 | (47.3) | (22.2) | (3.2) | 19.0 |
| Adjusted Cash Flow Margin (Excludes Depr & Amort Exp) | 295.1 | 251.4 | (43.7) | 36.2 | 55.2 | 19.0 |

U.T. Arlington anticipates ending the year with an adjusted cash flow margin of \$55.2 million, which represents an increase of \$19.0 million (53%) as compared to the budgeted level. The projected increase is primarily attributable to an increase in sponsored programs as year-to-date actuals are trending higher than budget. The variance in net tuition and fees, and the offsetting variance in scholarships and fellowships, is related to a change in the accounting methodology for recording scholarships and fellowships implemented after the budget was approved.

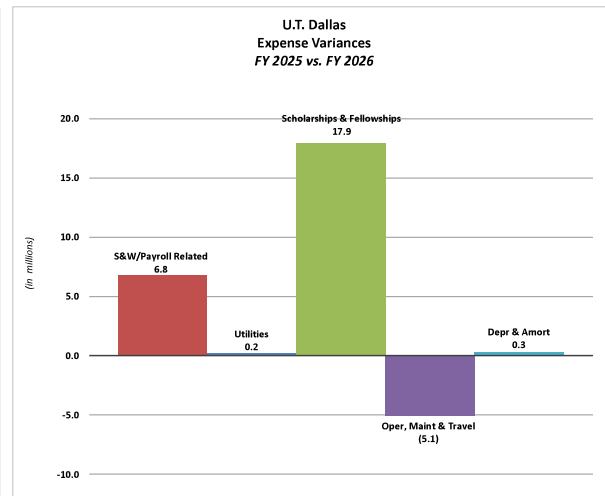
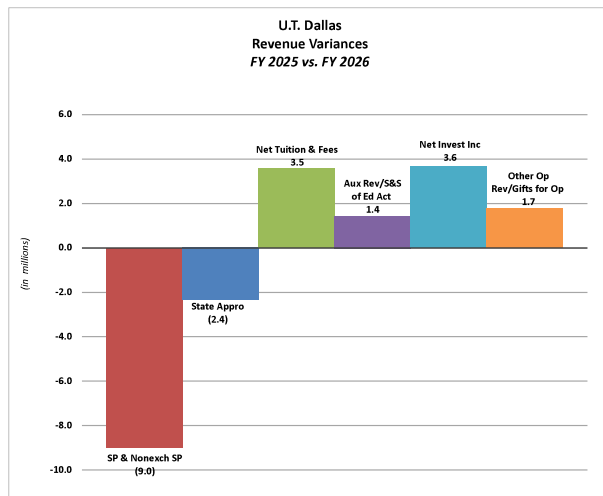
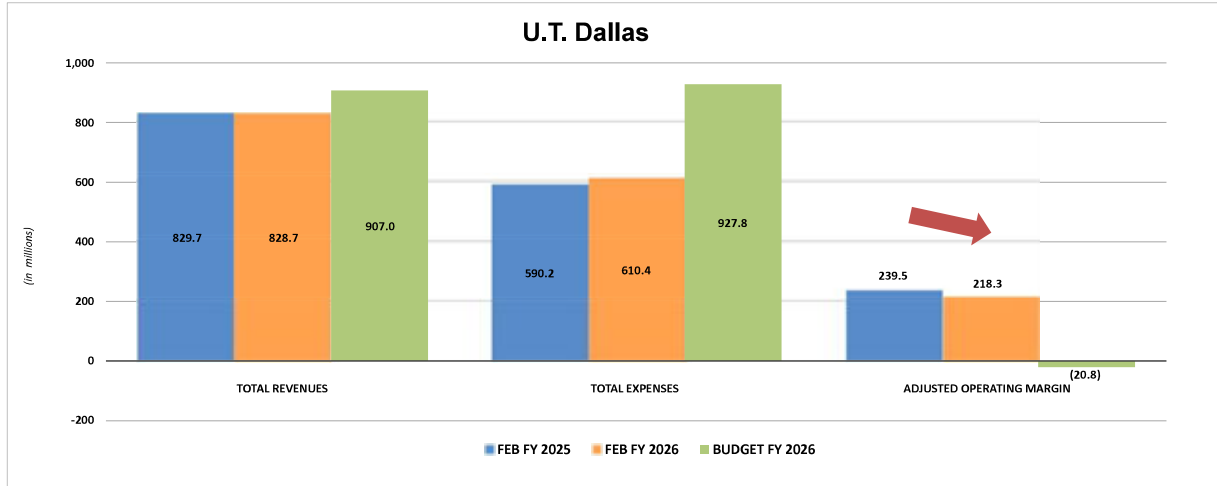
Monthly Financial Report
Comparison of Operating Results, Margin, Budget and Projected Year-End
For the Period Ending February 28, 2026



| (in millions) | February YTD FY 2025 | February YTD FY 2026 | Variance | FY 2026 Budget | Annual Projected FY 2026 | Variance |
|--|----------------------|----------------------|--------------|----------------|--------------------------|--------------|
| Clinical Revenues | \$ 12.2 | 13.7 | 1.5 | 23.7 | 27.5 | 3.8 |
| Sponsored Programs/Nonexchange Sponsored Programs | 639.1 | 690.6 | 51.6 | 1,247.8 | 1,597.1 | 349.2 |
| State Appropriations | 366.7 | 438.1 | 71.4 | 523.0 | 523.0 | 0.0 |
| Net Tuition and Fees | 718.7 | 740.0 | 21.2 | 573.9 | 394.2 | (179.7) |
| Auxiliary Revenues/Sales & Services of Educational Activities | 453.5 | 490.8 | 37.2 | 831.9 | 869.1 | 37.1 |
| Net Investment Income/Available University Fund (AUF) | 773.8 | 805.5 | 31.7 | 966.4 | 1,009.7 | 43.3 |
| Other Operating Revenues/Gift Contributions for Operations | 161.6 | 268.4 | 106.7 | 401.8 | 506.6 | 105.0 |
| Total Revenues | 3,125.7 | 3,447.0 | 321.4 | 4,568.6 | 4,927.4 | 358.8 |
| Salaries and Wages/Payroll Related Costs | 1,213.7 | 1,276.7 | 63.0 | 2,515.6 | 2,655.4 | 139.8 |
| Utilities | 37.1 | 41.9 | 4.8 | 98.7 | 91.4 | (7.3) |
| Scholarships and Fellowships | 396.0 | 413.0 | 17.0 | 278.0 | 76.9 | (201.1) |
| Operations, Maintenance and Travel | 533.7 | 637.1 | 103.4 | 1,222.6 | 1,549.1 | 326.5 |
| Depreciation and Amortization | 375.5 | 408.4 | 32.9 | 388.7 | 408.4 | 19.8 |
| Total Expenses | \$ 2,556.0 | 2,777.1 | 221.1 | 4,503.5 | 4,781.1 | 277.6 |
| Adjusted Operating Margin | 569.7 | 669.9 | 100.3 | 65.1 | 146.3 | 81.2 |
| Adjusted Cash Flow Margin (Excludes Depr & Amort Exp) | 945.2 | 1,078.3 | 133.1 | 453.7 | 554.7 | 101.0 |

U.T. Austin anticipates ending the year with an adjusted cash flow margin of \$554.7million, which represents an increase of \$101.0 million (22%) as compared to the budgeted level. The projected increase is attributable to the following: an increase in gift contributions for operations due to an increase in pledged donations; an increase in net investment income as a result of improved market conditions; and an increase in sponsored programs attributable to various awards received after the budget was established, which is largely offset by corresponding program expenditures. The variance in net tuition and fees, and the corresponding variance in scholarships and fellowships, is related to a change in the accounting methodology for recording scholarships and fellowships implemented after the budget was approved.

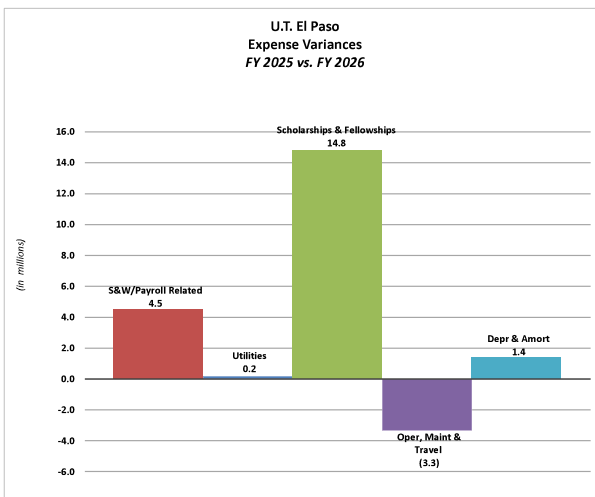
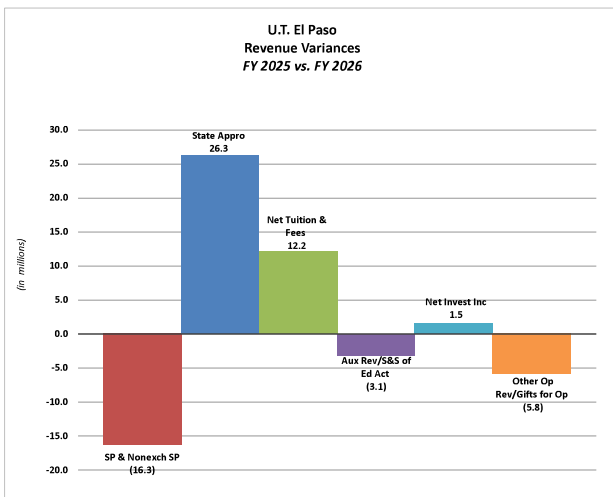
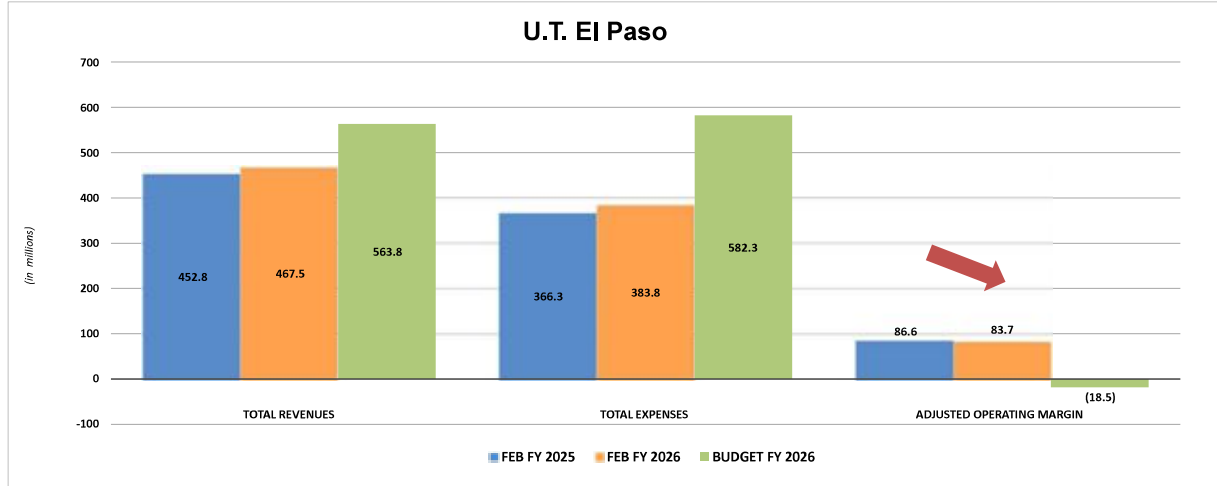
Monthly Financial Report
Comparison of Operating Results, Margin, Budget and Projected Year-End
For the Period Ending February 28, 2026



| (in millions) | February YTD FY 2025 | February YTD FY 2026 | Variance | FY 2026 Budget | Annual Projected FY 2026 | Variance |
|--|----------------------|----------------------|---------------|----------------|--------------------------|---------------|
| Sponsored Programs/Nonexchange Sponsored Programs | \$ 85.0 | 76.0 | (9.0) | 171.2 | 187.8 | 16.6 |
| State Appropriations | 164.5 | 162.2 | (2.4) | 180.0 | 180.4 | 0.4 |
| Net Tuition and Fees | 441.8 | 445.4 | 3.5 | 339.5 | 319.3 | (20.1) |
| Auxiliary Revenues/Sales & Services of Educational Activities | 74.8 | 76.2 | 1.4 | 103.6 | 106.8 | 3.2 |
| Net Investment Income | 45.6 | 49.2 | 3.6 | 80.8 | 88.4 | 7.6 |
| Other Operating Revenues/Gift Contributions for Operations | 18.0 | 19.8 | 1.7 | 31.9 | 30.9 | (1.1) |
| Total Revenues | 829.7 | 828.7 | (1.0) | 907.0 | 913.6 | 6.6 |
| Salaries and Wages/Payroll Related Costs | 284.3 | 291.1 | 6.8 | 542.1 | 563.2 | 21.2 |
| Utilities | 6.3 | 6.6 | 0.2 | 16.8 | 15.8 | (1.0) |
| Scholarships and Fellowships | 167.0 | 184.9 | 17.9 | 59.5 | 43.1 | (16.3) |
| Operations, Maintenance and Travel | 81.4 | 76.3 | (5.1) | 195.8 | 184.8 | (10.9) |
| Depreciation and Amortization | 51.2 | 51.5 | 0.3 | 113.7 | 108.8 | (5.0) |
| Total Expenses | \$ 590.2 | 610.4 | 20.2 | 927.8 | 915.7 | (12.1) |
| Adjusted Operating Margin | 239.5 | 218.3 | (21.2) | (20.8) | (2.1) | 18.7 |
| Adjusted Cash Flow Margin (Excludes Depr & Amort Exp) | 290.6 | 269.8 | (20.9) | 92.9 | 106.7 | 13.7 |

U.T. Dallas anticipates ending the year with an adjusted cash flow margin of \$106.7 million, which represents an increase of \$13.7 million (15%) as compared to the budgeted level. The projected increase is due to the following: a decrease in operations, maintenance and travel expenses as a result of intentional reductions in operating expenses to build reserves for future needs; and an increase in net investment income attributable to favorable market conditions.

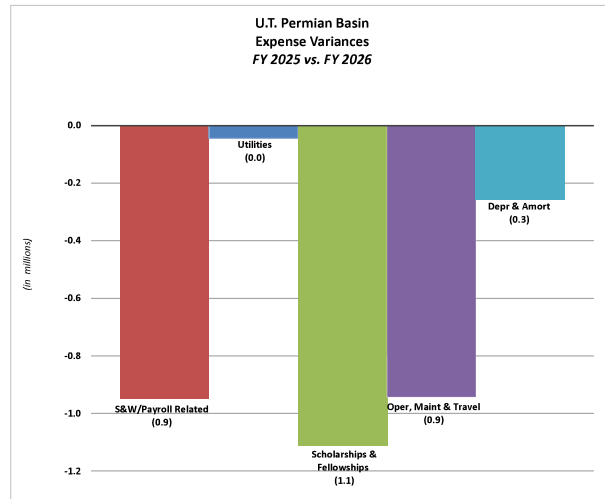
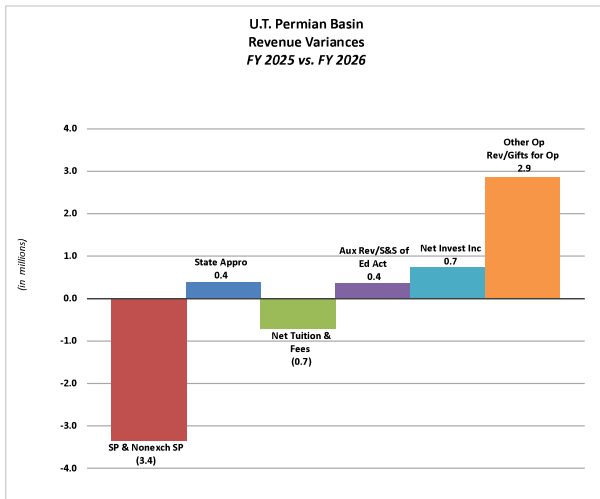
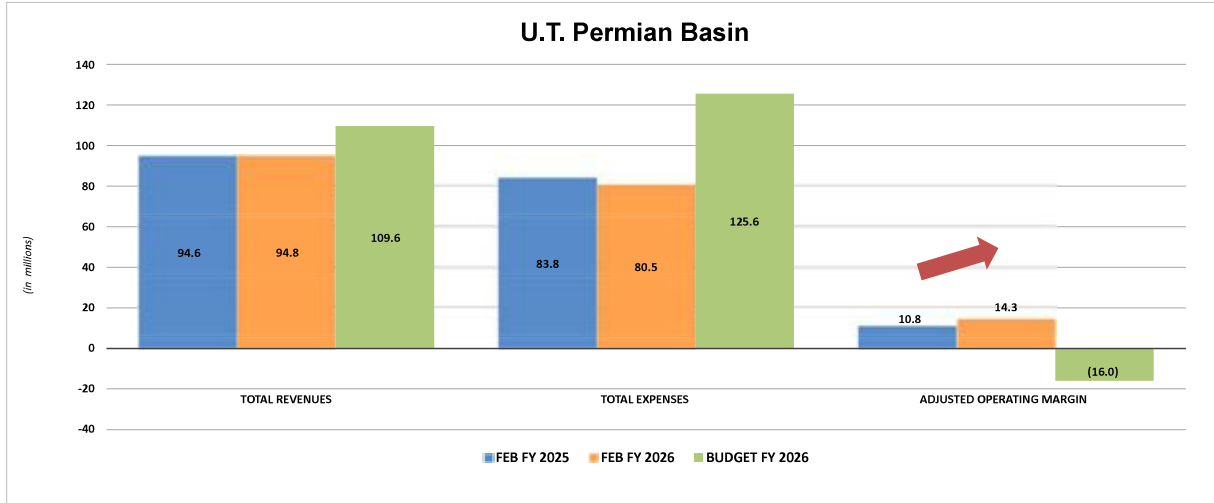
Monthly Financial Report
Comparison of Operating Results, Margin, Budget and Projected Year-End
For the Period Ending February 28, 2026



| (in millions) | February YTD FY 2025 | February YTD FY 2026 | Variance | FY 2026 Budget | Annual Projected FY 2026 | Variance |
|--|----------------------|----------------------|--------------|----------------|--------------------------|--------------|
| Sponsored Programs/Nonexchange Sponsored Programs | \$ 87.7 | 71.4 | (16.3) | 190.0 | 197.5 | 7.5 |
| State Appropriations | 110.7 | 136.9 | 26.3 | 155.0 | 155.0 | 0.0 |
| Net Tuition and Fees | 191.7 | 203.9 | 12.2 | 93.4 | 96.9 | 3.5 |
| Auxiliary Revenues/Sales & Services of Educational Activities | 25.1 | 21.9 | (3.1) | 68.7 | 77.6 | 8.9 |
| Net Investment Income | 18.3 | 19.8 | 1.5 | 32.5 | 32.9 | 0.5 |
| Other Operating Revenues/Gift Contributions for Operations | 19.3 | 13.5 | (5.8) | 24.2 | 22.2 | (2.0) |
| Total Revenues | 452.8 | 467.5 | 14.6 | 563.8 | 582.1 | 18.3 |
| Salaries and Wages/Payroll Related Costs | 176.9 | 181.4 | 4.5 | 326.1 | 349.1 | 23.0 |
| Utilities | 4.2 | 4.3 | 0.2 | 10.0 | 9.6 | (0.4) |
| Scholarships and Fellowships | 107.5 | 122.3 | 14.8 | 36.9 | 40.3 | 3.4 |
| Operations, Maintenance and Travel | 59.5 | 56.2 | (3.3) | 167.5 | 141.1 | (26.4) |
| Depreciation and Amortization | 18.1 | 19.5 | 1.4 | 41.8 | 41.2 | (0.6) |
| Total Expenses | 366.3 | 383.8 | 17.5 | 582.3 | 581.3 | (1.0) |
| Adjusted Operating Margin | 86.6 | 83.7 | (2.8) | (18.5) | 0.8 | 19.3 |
| Adjusted Cash Flow Margin (Excludes Depr & Amort Exp) | 104.6 | 103.2 | (1.4) | 23.3 | 42.0 | 18.7 |

U.T. El Paso anticipates ending the year with an adjusted cash flow margin of \$42.0 million, which represents an increase of \$18.7 million (80%) as compared to the budgeted level. The projected increase is primarily attributable to the following: a decrease in operations, maintenance and travel expenses related to several construction projects for the Mining Engineering program that were budgeted but are expected to be incurred over the course of the biennium; and an increase in net student tuition and fees due to increased enrollment.

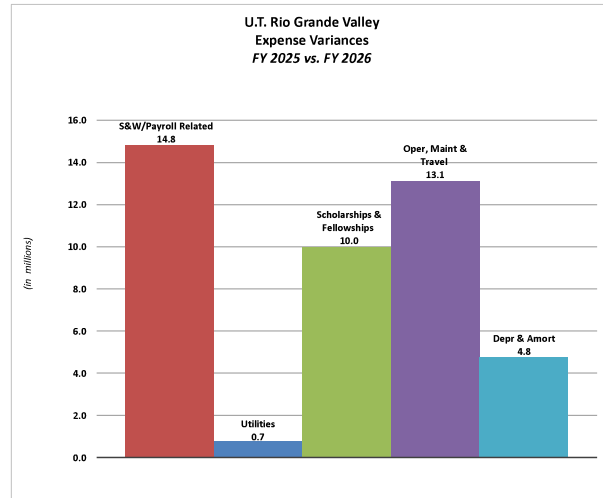
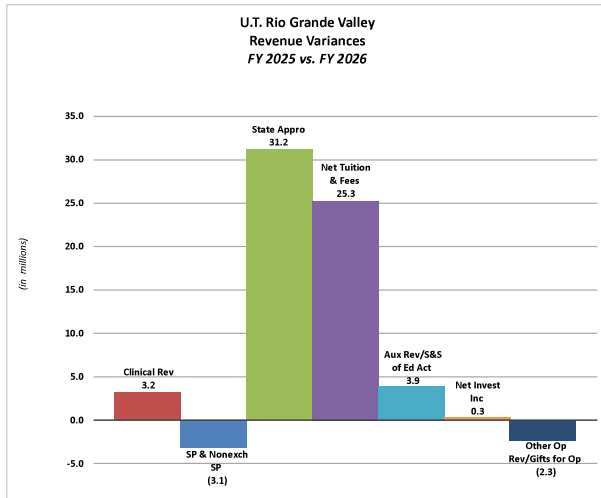
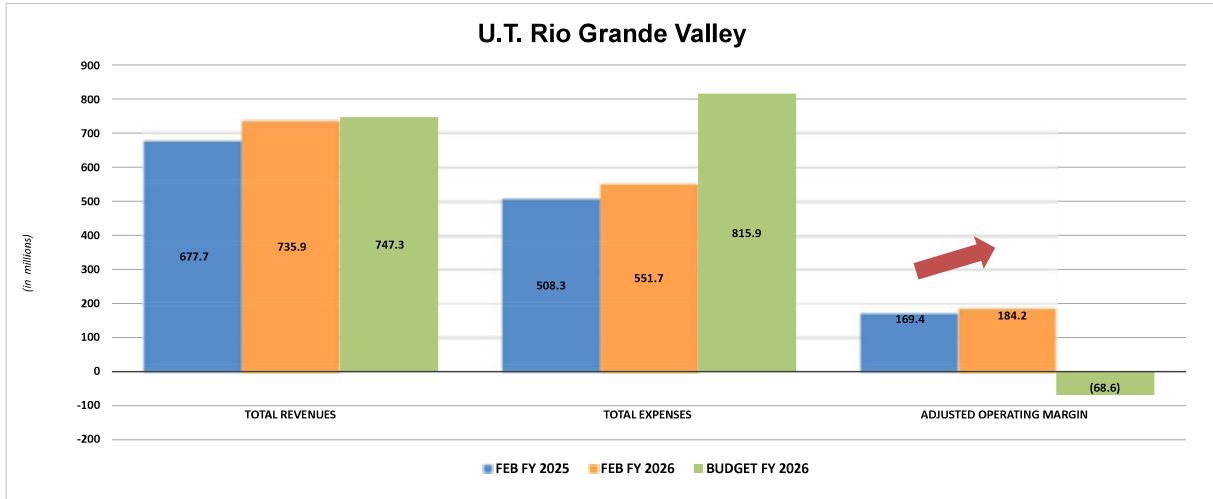
**Monthly Financial Report
Comparison of Operating Results, Margin, Budget and Projected Year-End
For the Period Ending February 28, 2026**



| (in millions) | February YTD FY 2025 | February YTD FY 2026 | Variance | FY 2026 Budget | Annual Projected FY 2026 | Variance |
|--|----------------------|----------------------|--------------|----------------|--------------------------|--------------|
| Sponsored Programs/Nonexchange Sponsored Programs | \$ 13.6 | 10.2 | (3.4) | 26.4 | 24.1 | (2.3) |
| State Appropriations | 29.7 | 30.1 | 0.4 | 33.4 | 33.4 | 0.0 |
| Net Tuition and Fees | 37.6 | 36.8 | (0.7) | 25.1 | 27.1 | 2.0 |
| Auxiliary Revenues/Sales & Services of Educational Activities | 7.2 | 7.5 | 0.4 | 8.7 | 8.7 | 0.0 |
| Net Investment Income | 2.3 | 3.0 | 0.7 | 4.5 | 4.9 | 0.4 |
| Other Operating Revenues/Gift Contributions for Operations | 4.3 | 7.1 | 2.9 | 11.5 | 11.4 | (0.1) |
| Total Revenues | 94.6 | 94.8 | 0.2 | 109.6 | 109.6 | (0.0) |
| Salaries and Wages/Payroll Related Costs | 30.0 | 29.1 | (0.9) | 60.0 | 57.4 | (2.7) |
| Utilities | 1.1 | 1.0 | (0.0) | 3.3 | 2.7 | (0.6) |
| Scholarships and Fellowships | 25.7 | 24.6 | (1.1) | 12.8 | 10.9 | (1.9) |
| Operations, Maintenance and Travel | 16.3 | 15.4 | (0.9) | 28.3 | 31.9 | 3.6 |
| Depreciation and Amortization | 10.7 | 10.4 | (0.3) | 21.2 | 21.2 | 0.0 |
| Total Expenses | \$ 83.8 | 80.5 | (3.3) | 125.6 | 124.0 | (1.6) |
| Adjusted Operating Margin | 10.8 | 14.3 | 3.6 | (16.0) | (14.4) | 1.5 |
| Adjusted Cash Flow Margin (Excludes Depr & Amort Exp) | 21.4 | 24.7 | 3.3 | 5.2 | 6.8 | 1.5 |

U.T. Permian Basin anticipates ending the year with an adjusted cash flow margin of \$6.8 million, which represents an increase of \$1.5 million (29%) as compared to the budgeted level. The projected increase is primarily due to a decrease in salaries and wages and payroll related costs attributable to anticipated savings as a result of faculty and staff vacancies, as well as planned reorganizations to enhance business needs.

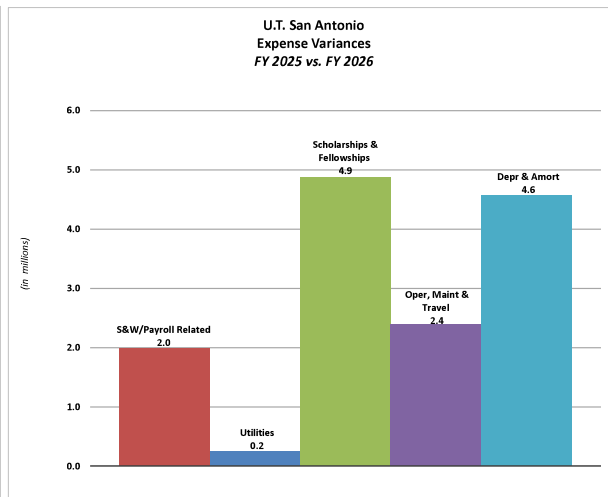
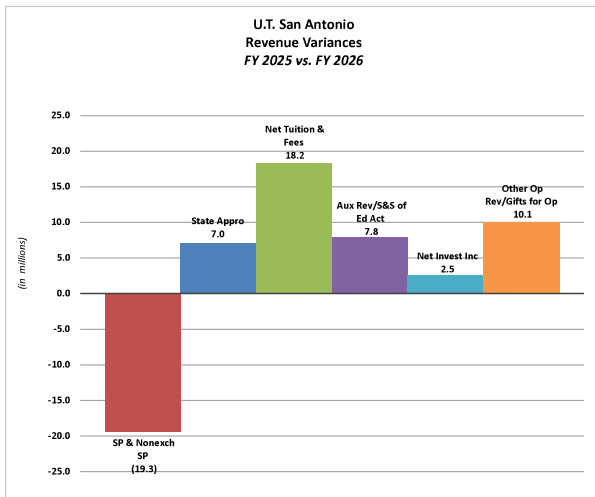
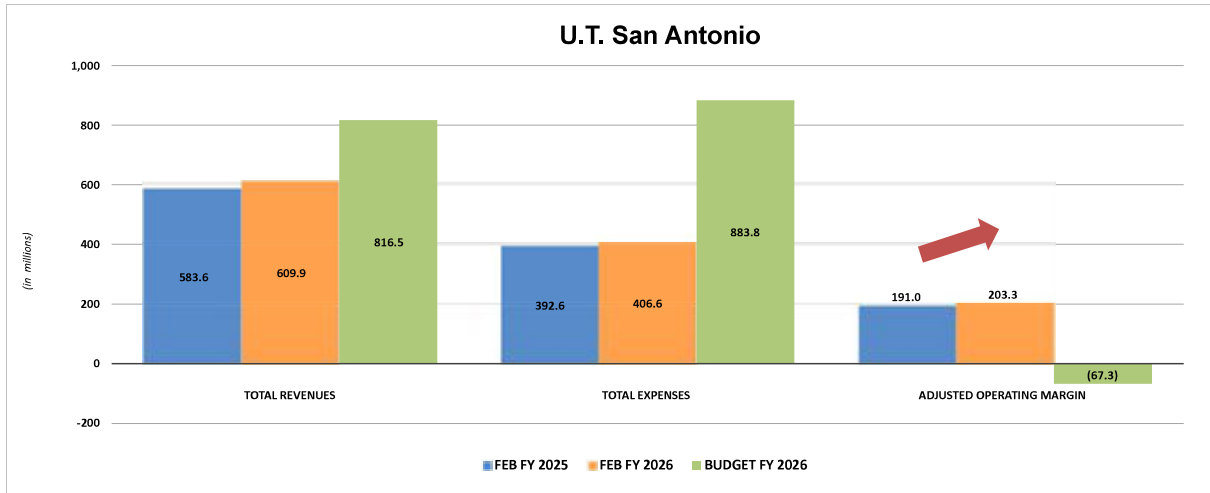
Monthly Financial Report
Comparison of Operating Results, Margin, Budget and Projected Year-End
For the Period Ending February 28, 2026



| (in millions) | February YTD FY 2025 | February YTD FY 2026 | Variance | FY 2026 Budget | Annual Projected FY 2026 | Variance |
|--|----------------------|----------------------|-------------|----------------|--------------------------|------------|
| Clinical Revenues | \$ 9.2 | 12.3 | 3.2 | 32.7 | 22.5 | (10.2) |
| Sponsored Programs/Nonexchange Sponsored Programs | 164.4 | 161.3 | (3.1) | 292.9 | 304.1 | 11.2 |
| State Appropriations | 182.0 | 213.2 | 31.2 | 221.7 | 221.6 | (0.1) |
| Net Tuition and Fees | 278.2 | 303.4 | 25.3 | 117.4 | 130.8 | 13.5 |
| Auxiliary Revenues/Sales & Services of Educational Activities | 13.9 | 17.8 | 3.9 | 26.7 | 28.2 | 1.5 |
| Net Investment Income | 13.7 | 14.0 | 0.3 | 24.8 | 24.1 | (0.6) |
| Other Operating Revenues/Gift Contributions for Operations | 16.3 | 13.9 | (2.3) | 31.2 | 20.1 | (11.1) |
| Total Revenues | 677.7 | 735.9 | 58.3 | 747.3 | 751.4 | 4.1 |
| Salaries and Wages/Payroll Related Costs | 242.1 | 256.9 | 14.8 | 519.0 | 512.6 | (6.4) |
| Utilities | 4.1 | 4.8 | 0.7 | 13.6 | 12.5 | (1.1) |
| Scholarships and Fellowships | 169.9 | 179.9 | 10.0 | 44.1 | 57.2 | 13.1 |
| Operations, Maintenance and Travel | 56.2 | 69.3 | 13.1 | 150.3 | 147.0 | (3.3) |
| Depreciation and Amortization | 36.1 | 40.9 | 4.8 | 88.9 | 87.7 | (1.1) |
| Total Expenses | \$ 508.3 | 551.7 | 43.4 | 815.9 | 817.0 | 1.1 |
| Adjusted Operating Margin | 169.4 | 184.2 | 14.9 | (68.6) | (65.6) | 3.0 |
| Adjusted Cash Flow Margin (Excludes Depr & Amort Exp) | 205.5 | 225.1 | 19.6 | 20.2 | 22.2 | 1.9 |

U.T. Rio Grande Valley anticipates ending the year with an adjusted cash flow margin of \$22.2 million, which represents an increase of \$1.9 million (9%) as compared to the budgeted level. The projected increase is primarily attributable to the following: an increase in net student tuition and fees due to increased enrollment; and a decrease in salaries and wages and payroll related costs resulting from anticipated salary savings.

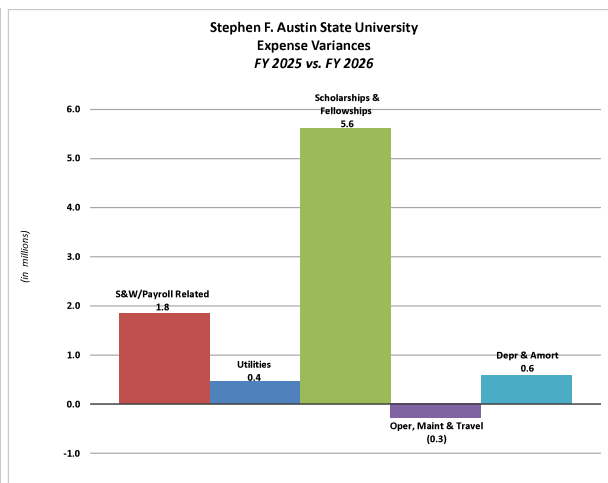
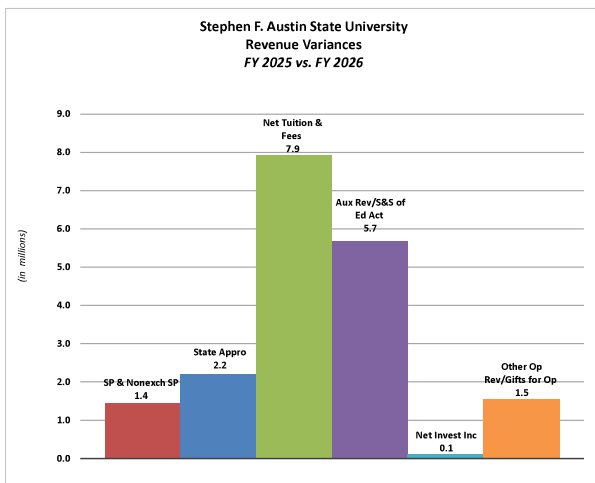
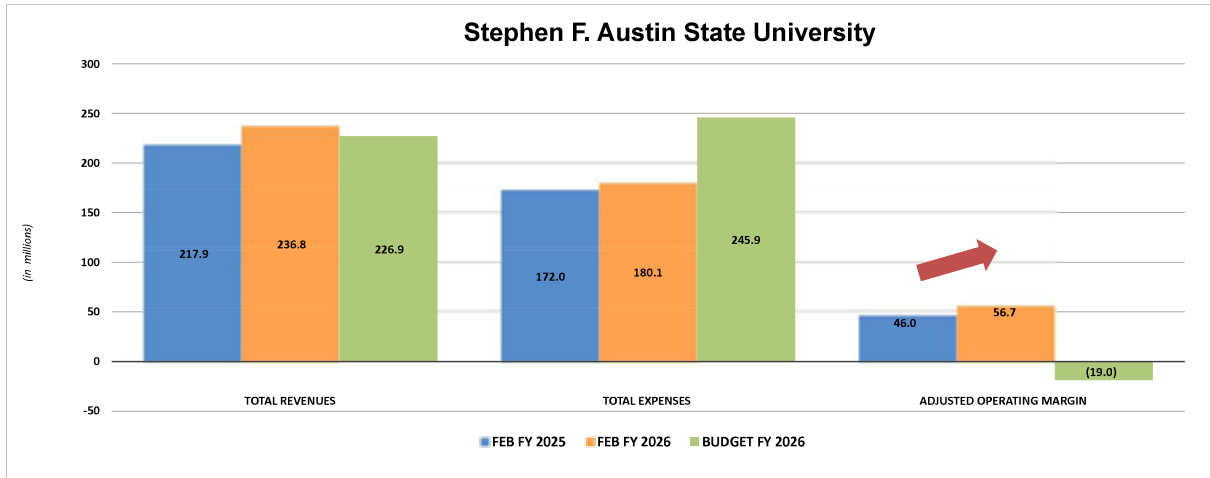
**Monthly Financial Report
Comparison of Operating Results, Margin, Budget and Projected Year-End
For the Period Ending February 28, 2026**



| (in millions) | February YTD FY 2025 | February YTD FY 2026 | Variance | FY 2026 Budget | Annual Projected FY 2026 | Variance |
|--|----------------------|----------------------|-------------|----------------|--------------------------|---------------|
| Sponsored Programs/Nonexchange Sponsored Programs | \$ 132.7 | 113.4 | (19.3) | 234.2 | 236.5 | 2.3 |
| State Appropriations | 154.9 | 161.9 | 7.0 | 186.0 | 186.0 | (0.0) |
| Net Tuition and Fees | 206.7 | 224.9 | 18.2 | 248.4 | 267.2 | 18.8 |
| Auxiliary Revenues/Sales & Services of Educational Activities | 62.6 | 70.4 | 7.8 | 85.8 | 99.8 | 14.1 |
| Net Investment Income | 19.6 | 22.1 | 2.5 | 32.3 | 44.4 | 12.1 |
| Other Operating Revenues/Gift Contributions for Operations | 7.2 | 17.3 | 10.1 | 29.8 | 33.2 | 3.4 |
| Total Revenues | 583.6 | 609.9 | 26.3 | 816.5 | 867.1 | 50.6 |
| Salaries and Wages/Payroll Related Costs | 240.6 | 242.6 | 2.0 | 455.3 | 479.9 | 24.6 |
| Utilities | 7.0 | 7.2 | 0.2 | 20.7 | 18.0 | (2.7) |
| Scholarships and Fellowships | 19.2 | 24.1 | 4.9 | 67.5 | 83.3 | 15.8 |
| Operations, Maintenance and Travel | 86.4 | 88.8 | 2.4 | 250.0 | 193.2 | (56.7) |
| Depreciation and Amortization | 39.4 | 43.9 | 4.6 | 90.3 | 87.9 | (2.4) |
| Total Expenses | \$ 392.6 | 406.6 | 14.0 | 883.8 | 862.3 | (21.4) |
| Adjusted Operating Margin | 191.0 | 203.3 | 12.3 | (67.3) | 4.8 | 72.0 |
| Adjusted Cash Flow Margin (Excludes Depr & Amort Exp) | 230.4 | 247.3 | 16.9 | 23.1 | 92.6 | 69.6 |

U.T. San Antonio anticipates ending the year with an adjusted cash flow margin of \$92.6 million, which represents an increase of \$69.6 million (302%) as compared to the budgeted level. The projected increase is primarily due to the following: a decrease in operations, maintenance and travel attributable to elevated inflation assumptions at the time of budget development, combined with cost reductions achieved through in-sourcing integration activities; and an increase in auxiliary enterprises revenues as a result of increased on-campus activities associated with increased enrollment.

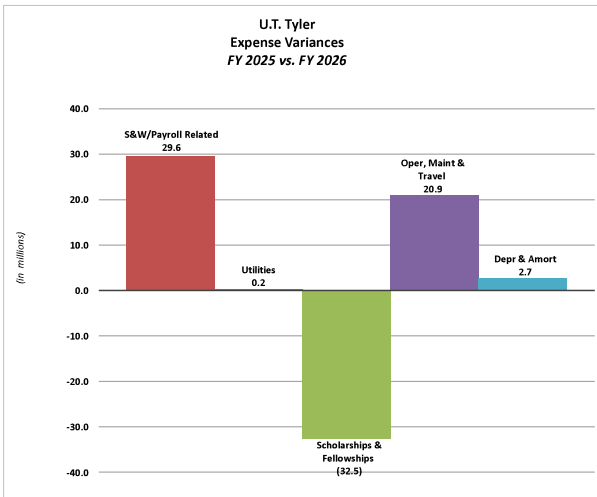
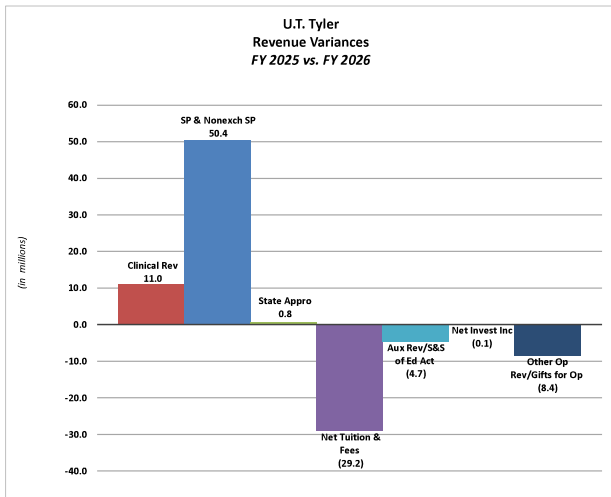
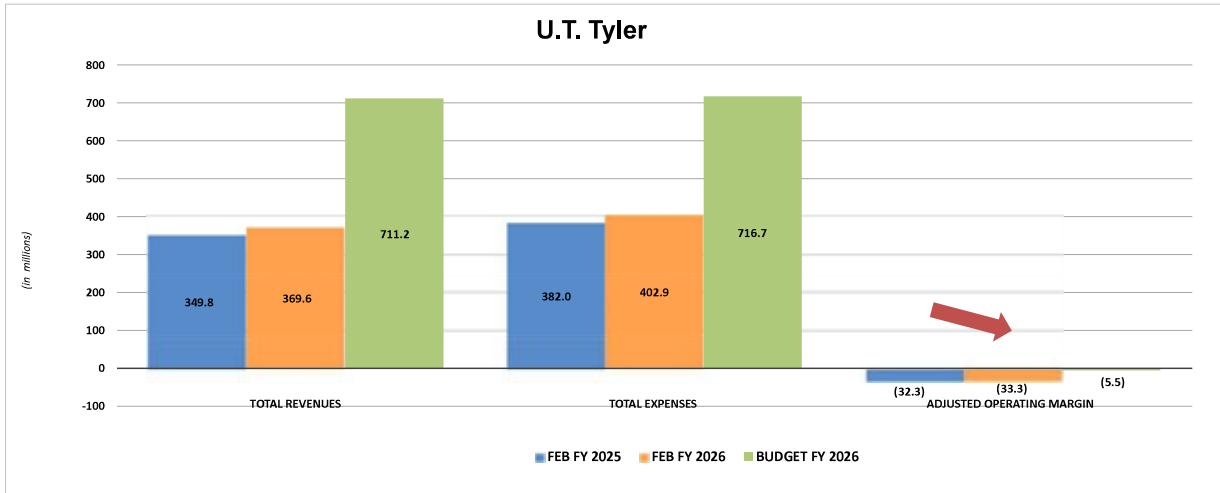
**Monthly Financial Report
Comparison of Operating Results, Margin, Budget and Projected Year-End
For the Period Ending February 28, 2026**



| (in millions) | February YTD FY 2025 | February YTD FY 2026 | Variance | FY 2026 Budget | Annual Projected FY 2026 | Variance |
|--|-------------------------|-------------------------|-------------|-------------------|--------------------------------|--------------|
| Sponsored Programs/Nonexchange Sponsored Programs | \$ 26.4 | 27.9 | 1.4 | 46.8 | 46.8 | 0.0 |
| State Appropriations | 45.6 | 47.8 | 2.2 | 51.7 | 51.7 | 0.0 |
| Net Tuition and Fees | 90.1 | 98.0 | 7.9 | 57.9 | 57.1 | (0.8) |
| Auxiliary Revenues/Sales & Services of Educational Activities | 44.0 | 49.7 | 5.7 | 41.5 | 42.5 | 1.1 |
| Net Investment Income | 8.7 | 8.8 | 0.1 | 23.8 | 20.6 | (3.2) |
| Other Operating Revenues/Gift Contributions for Operations | 3.0 | 4.6 | 1.5 | 5.2 | 7.2 | 2.0 |
| Total Revenues | 217.9 | 236.8 | 18.9 | 226.9 | 226.0 | (0.9) |
| Salaries and Wages/Payroll Related Costs | 79.7 | 81.5 | 1.8 | 154.7 | 154.7 | 0.0 |
| Utilities | 2.9 | 3.4 | 0.4 | 6.5 | 7.5 | 1.0 |
| Scholarships and Fellowships | 48.4 | 54.0 | 5.6 | 6.7 | 7.2 | 0.5 |
| Operations, Maintenance and Travel | 29.9 | 29.6 | (0.3) | 53.0 | 53.6 | 0.6 |
| Depreciation and Amortization | 11.0 | 11.6 | 0.6 | 25.0 | 25.0 | 0.0 |
| Total Expenses | \$ 172.0 | 180.1 | 8.2 | 245.9 | 247.9 | 2.1 |
| Adjusted Operating Margin | 46.0 | 56.7 | 10.7 | (19.0) | (21.9) | (3.0) |
| Adjusted Cash Flow Margin (Excludes Depr & Amort Exp) | 57.0 | 68.3 | 11.3 | 6.0 | 3.0 | (3.0) |

Stephen F. Austin State University anticipates ending the year with an adjusted cash flow margin of \$3.0 million, which represents a decrease of \$3.0 million (50%) as compared to the budgeted level. The projected decrease is primarily attributable to transfers in projections being adjusted downward from original budget assumptions.

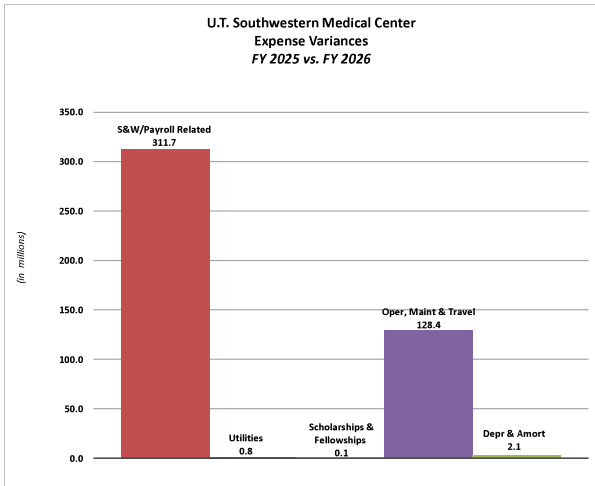
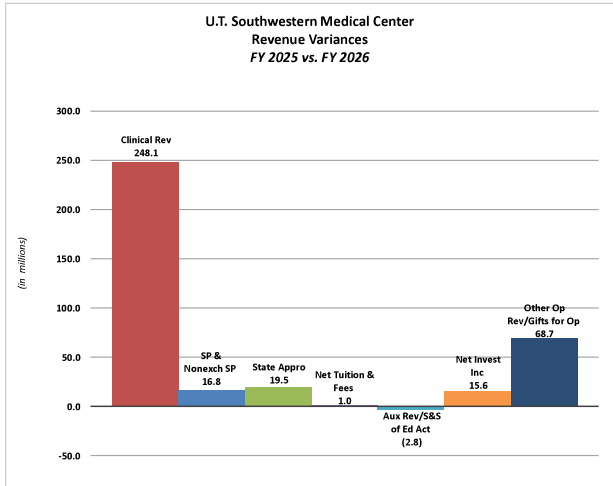
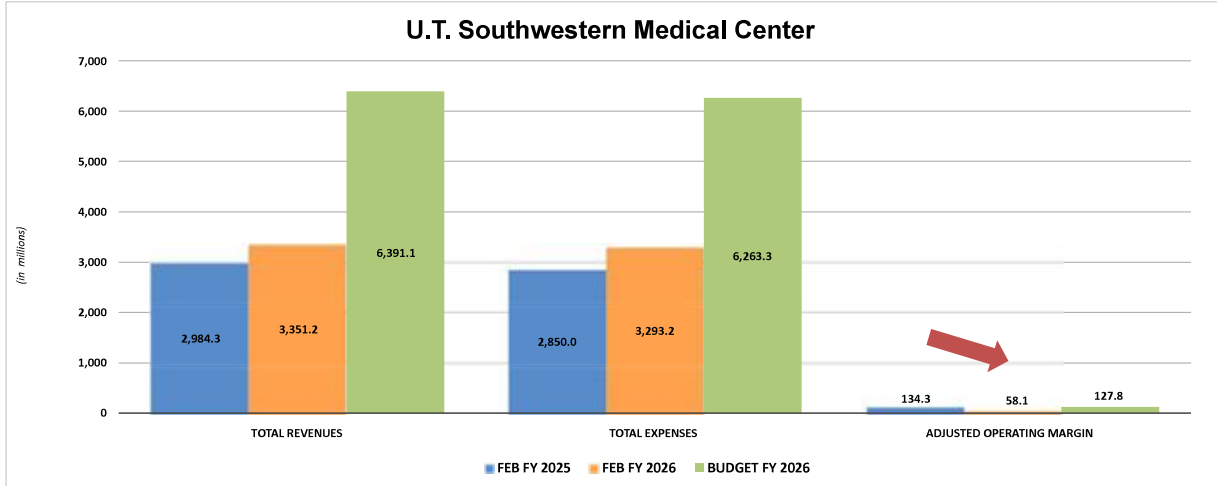
Monthly Financial Report
Comparison of Operating Results, Margin, Budget and Projected Year-End
For the Period Ending February 28, 2026



| (in millions) | February YTD FY 2025 | February YTD FY 2026 | Variance | FY 2026 Budget | Annual Projected FY 2026 | Variance |
|--|-------------------------|-------------------------|--------------|-------------------|--------------------------------|--------------|
| Clinical Revenues | \$ 106.6 | 117.6 | 11.0 | 223.0 | 247.6 | 24.6 |
| Sponsored Programs/Nonexchange Sponsored Programs | 71.7 | 122.1 | 50.4 | 205.7 | 215.7 | 10.0 |
| State Appropriations | 38.6 | 39.4 | 0.8 | 128.1 | 131.0 | 2.9 |
| Net Tuition and Fees | 79.4 | 50.3 | (29.2) | 77.5 | 74.9 | (2.6) |
| Auxiliary Revenues/Sales & Services of Educational Activities | 28.9 | 24.1 | (4.7) | 45.7 | 52.0 | 6.3 |
| Net Investment Income | 6.4 | 6.3 | (0.1) | 13.0 | 14.6 | 1.6 |
| Other Operating Revenues/Gift Contributions for Operations | 18.2 | 9.7 | (8.4) | 18.2 | 15.0 | (3.2) |
| Total Revenues | 349.8 | 369.6 | 19.8 | 711.2 | 750.8 | 39.6 |
| Salaries and Wages/Payroll Related Costs | 221.3 | 250.9 | 29.6 | 466.3 | 493.6 | 27.2 |
| Utilities | 2.4 | 2.7 | 0.2 | 6.9 | 6.5 | (0.4) |
| Scholarships and Fellowships | 49.5 | 16.9 | (32.5) | 17.7 | 19.8 | 2.1 |
| Operations, Maintenance and Travel | 93.9 | 114.8 | 20.9 | 185.3 | 195.7 | 10.4 |
| Depreciation and Amortization | 14.9 | 17.6 | 2.7 | 40.5 | 43.8 | 3.3 |
| Total Expenses | \$ 382.0 | 402.9 | 20.9 | 716.7 | 759.4 | 42.7 |
| Adjusted Operating Margin | (32.3) | (33.3) | (1.1) | (5.5) | (8.6) | (3.1) |
| Adjusted Cash Flow Margin (Excludes Depr & Amort Exp) | (17.3) | (15.7) | 1.7 | 35.0 | 35.2 | 0.2 |

U.T. Tyler anticipates ending the year with an adjusted cash flow margin of \$35.2 million, which represents an increase of \$0.2 million (0%) as compared to the budgeted level. The projected increase is primarily due to an increase in clinical revenues related to an increase in patient volumes and clinical activities.

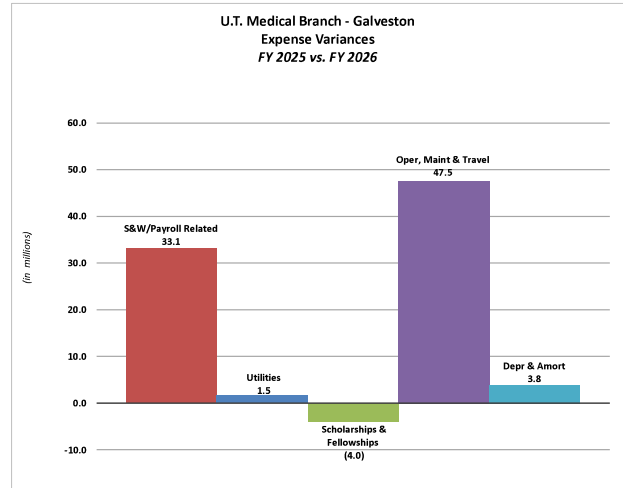
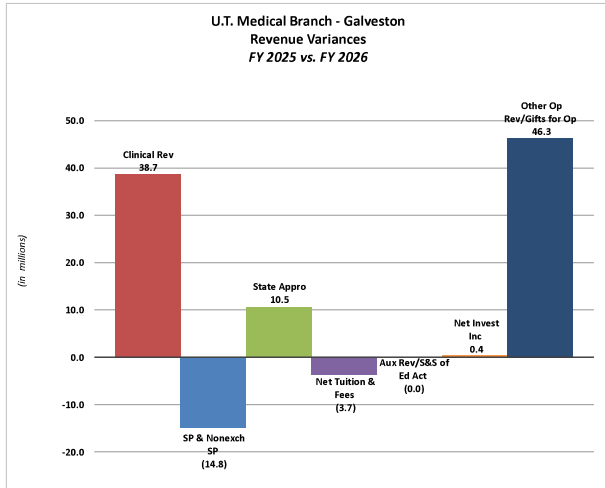
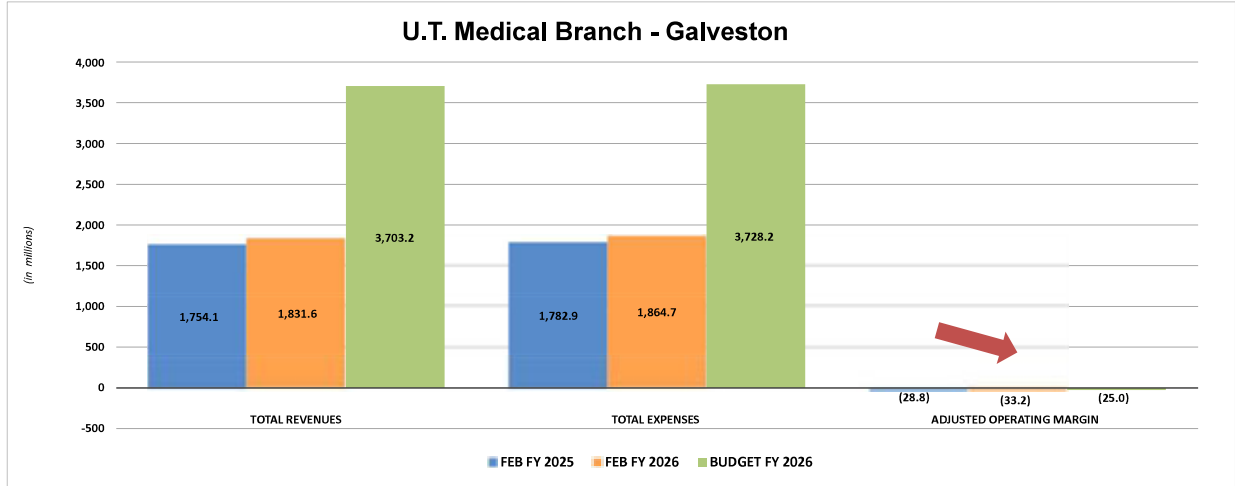
Monthly Financial Report
Comparison of Operating Results, Margin, Budget and Projected Year-End
For the Period Ending February 28, 2026



| (in millions) | February YTD FY 2025 | February YTD FY 2026 | Variance | FY 2026 Budget | Annual Projected FY 2026 | Variance |
|--|----------------------|----------------------|---------------|----------------|--------------------------|---------------|
| Clinical Revenues | \$ 1,997.4 | 2,245.6 | 248.1 | 4,403.9 | 4,538.0 | 134.1 |
| Sponsored Programs/Nonexchange Sponsored Programs | 510.7 | 527.5 | 16.8 | 1,069.0 | 1,068.6 | (0.4) |
| State Appropriations | 108.9 | 128.4 | 19.5 | 265.7 | 265.7 | 0.0 |
| Net Tuition and Fees | 17.4 | 18.3 | 1.0 | 31.3 | 32.2 | 0.9 |
| Auxiliary Revenues/Sales & Services of Educational Activities | 34.0 | 31.2 | (2.8) | 59.4 | 61.8 | 2.4 |
| Net Investment Income | 122.1 | 137.7 | 15.6 | 230.1 | 247.0 | 16.9 |
| Other Operating Revenues/Gift Contributions for Operations | 193.8 | 262.6 | 68.7 | 331.7 | 501.9 | 170.2 |
| Total Revenues | 2,984.3 | 3,351.2 | 367.0 | 6,391.1 | 6,715.2 | 324.1 |
| Salaries and Wages/Payroll Related Costs | 1,754.3 | 2,066.0 | 311.7 | 3,796.0 | 4,098.0 | 302.0 |
| Utilities | 15.2 | 16.1 | 0.8 | 34.3 | 35.7 | 1.4 |
| Scholarships and Fellowships | 2.2 | 2.3 | 0.1 | 4.9 | 4.5 | (0.3) |
| Operations, Maintenance and Travel | 937.3 | 1,065.8 | 128.4 | 2,139.2 | 2,189.1 | 49.9 |
| Depreciation and Amortization | 140.9 | 143.1 | 2.1 | 289.0 | 288.7 | (0.2) |
| Total Expenses | \$ 2,850.0 | 3,293.2 | 443.2 | 6,263.3 | 6,616.0 | 352.7 |
| Adjusted Operating Margin | 134.3 | 58.1 | (76.3) | 127.8 | 99.2 | (28.7) |
| Adjusted Cash Flow Margin (Excludes Depr & Amort Exp) | 275.3 | 201.2 | (74.1) | 416.8 | 387.9 | (28.9) |

U.T. Southwestern Medical Center anticipates ending the year with an adjusted cash flow margin of \$387.9 million, which represents a decrease of \$28.9 million (7%) as compared to the budgeted level. The projected decrease is primarily attributable to the following: an increase in salaries and wages and payroll related costs as a result of growth in both the hospital and the physician practice plan; and an increase in operations, maintenance and travel due to an increase in materials and supplies driven by patient volumes.

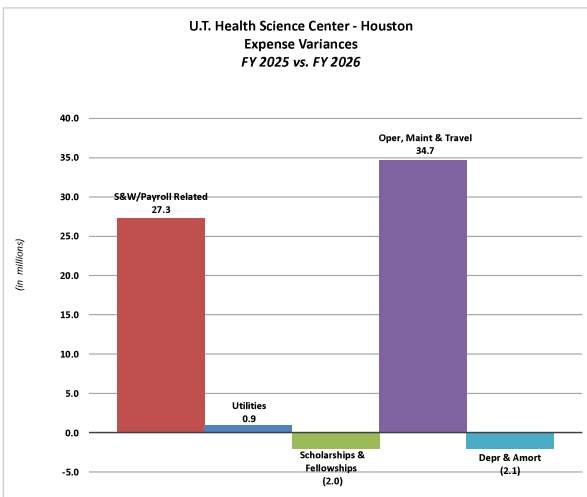
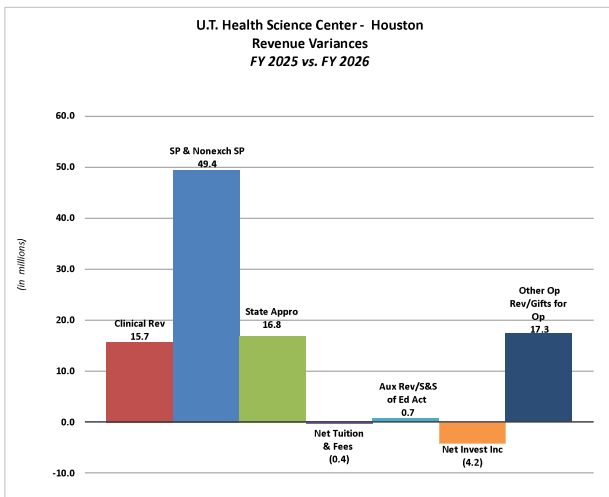
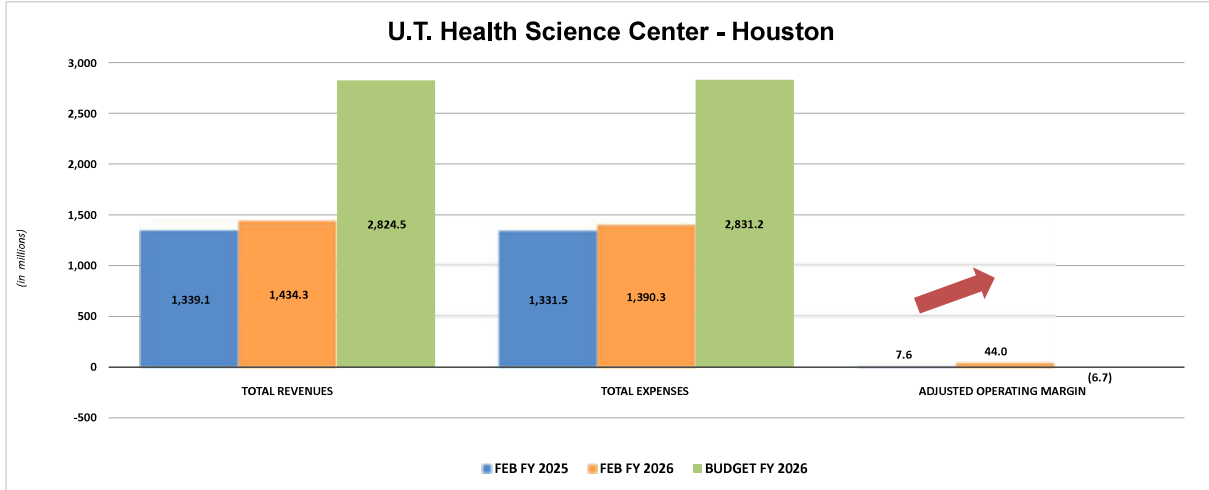
Monthly Financial Report
Comparison of Operating Results, Margin, Budget and Projected Year-End
For the Period Ending February 28, 2026



| (in millions) | February YTD FY 2025 | February YTD FY 2026 | Variance | FY 2026 Budget | Annual Projected FY 2026 | Variance |
|--|----------------------|----------------------|--------------|----------------|--------------------------|--------------|
| Clinical Revenues | \$ 1,231.6 | 1,270.3 | 38.7 | 2,602.9 | 2,631.7 | 28.8 |
| Sponsored Programs/Nonexchange Sponsored Programs | 163.0 | 148.2 | (14.8) | 306.6 | 315.8 | 9.2 |
| State Appropriations | 196.1 | 206.6 | 10.5 | 411.5 | 413.6 | 2.1 |
| Net Tuition and Fees | 29.8 | 26.1 | (3.7) | 54.4 | 48.0 | (6.3) |
| Auxiliary Revenues/Sales & Services of Educational Activities | 15.2 | 15.2 | (0.0) | 32.8 | 33.4 | 0.5 |
| Net Investment Income | 45.8 | 46.2 | 0.4 | 85.1 | 87.7 | 2.6 |
| Other Operating Revenues/Gift Contributions for Operations | 72.6 | 119.0 | 46.3 | 209.9 | 205.3 | (4.5) |
| Total Revenues | 1,754.1 | 1,831.6 | 77.5 | 3,703.2 | 3,735.6 | 32.4 |
| Salaries and Wages/Payroll Related Costs | 1,077.9 | 1,110.9 | 33.1 | 2,210.2 | 2,266.9 | 56.7 |
| Utilities | 17.2 | 18.6 | 1.5 | 48.7 | 37.4 | (11.2) |
| Scholarships and Fellowships | 6.3 | 2.4 | (4.0) | 13.8 | 1.7 | (12.0) |
| Operations, Maintenance and Travel | 563.9 | 611.4 | 47.5 | 1,213.7 | 1,215.6 | 1.8 |
| Depreciation and Amortization | 117.6 | 121.4 | 3.8 | 241.8 | 238.9 | (2.9) |
| Total Expenses | \$ 1,782.9 | 1,864.7 | 81.9 | 3,728.2 | 3,760.6 | 32.4 |
| Adjusted Operating Margin | (28.8) | (33.2) | (4.4) | (25.0) | (25.0) | (0.0) |
| Adjusted Cash Flow Margin (Excludes Depr & Amort Exp) | 88.9 | 88.3 | (0.6) | 216.8 | 213.9 | (2.9) |

U.T. Medical Branch - Galveston anticipates ending the year with an adjusted cash flow margin of \$213.9 million, which represents a decrease of \$2.9 million (1%) as compared to the budgeted level. The projected decrease is primarily due to an increase in salaries and wages and payroll related costs as a result of increased patient volume and incentive program expenses.

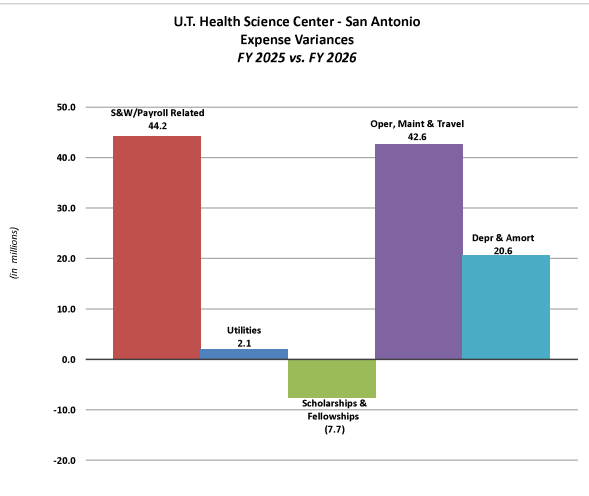
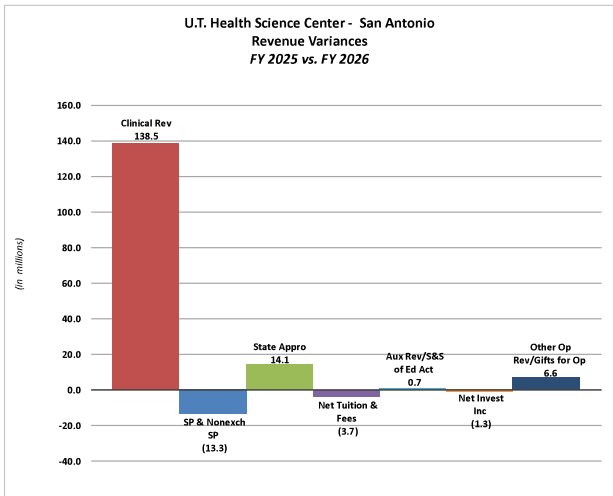
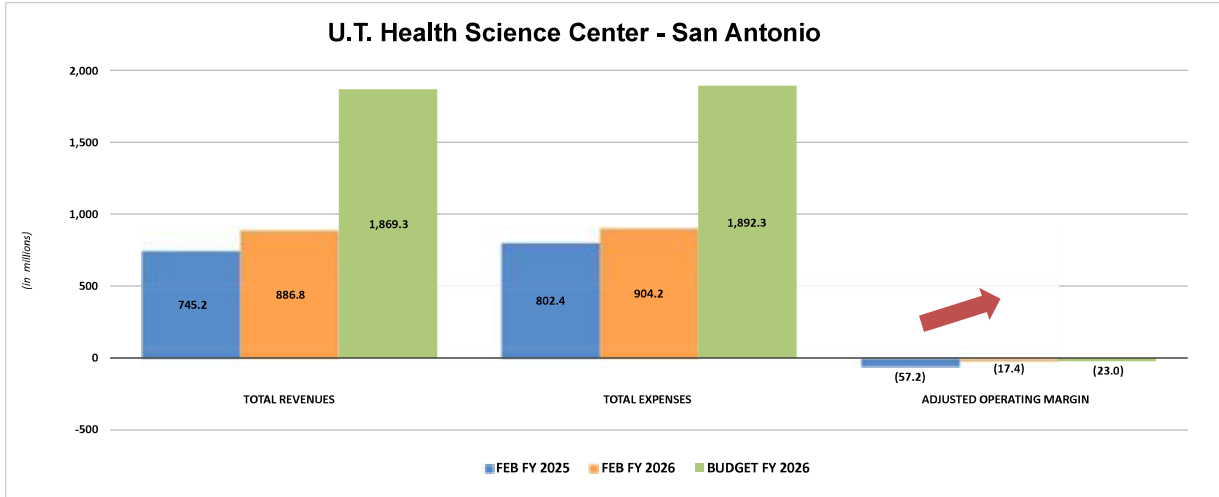
**Monthly Financial Report
Comparison of Operating Results, Margin, Budget and Projected Year-End
For the Period Ending February 28, 2026**



| (in millions) | February YTD FY 2025 | February YTD FY 2026 | Variance | FY 2026 Budget | Annual Projected FY 2026 | Variance |
|--|----------------------|----------------------|-------------|----------------|--------------------------|-------------|
| Clinical Revenues | \$ 370.2 | 385.8 | 15.7 | 774.9 | 786.7 | 11.8 |
| Sponsored Programs/Nonexchange Sponsored Programs | 653.3 | 702.7 | 49.4 | 1,390.6 | 1,423.3 | 32.7 |
| State Appropriations | 126.5 | 143.4 | 16.8 | 282.7 | 283.0 | 0.4 |
| Net Tuition and Fees | 39.9 | 39.5 | (0.4) | 69.6 | 70.4 | 0.8 |
| Auxiliary Revenues/Sales & Services of Educational Activities | 45.6 | 46.3 | 0.7 | 87.8 | 88.1 | 0.3 |
| Net Investment Income | 68.0 | 63.8 | (4.2) | 122.7 | 128.6 | 5.8 |
| Other Operating Revenues/Gift Contributions for Operations | 35.5 | 52.8 | 17.3 | 96.1 | 109.3 | 13.2 |
| Total Revenues | 1,339.1 | 1,434.3 | 95.2 | 2,824.5 | 2,889.4 | 64.9 |
| Salaries and Wages/Payroll Related Costs | 1,054.2 | 1,081.5 | 27.3 | 2,259.9 | 2,231.8 | (28.0) |
| Utilities | 7.6 | 8.6 | 0.9 | 17.4 | 18.2 | 0.8 |
| Scholarships and Fellowships | 6.1 | 4.1 | (2.0) | 6.5 | 8.4 | 1.9 |
| Operations, Maintenance and Travel | 207.1 | 241.8 | 34.7 | 446.6 | 485.8 | 39.2 |
| Depreciation and Amortization | 56.5 | 54.4 | (2.1) | 100.8 | 111.6 | 10.7 |
| Total Expenses | \$ 1,331.5 | 1,390.3 | 58.8 | 2,831.2 | 2,855.8 | 24.6 |
| Adjusted Operating Margin | 7.6 | 44.0 | 36.4 | (6.7) | 33.6 | 40.3 |
| Adjusted Cash Flow Margin (Excludes Depr & Amort Exp) | 64.1 | 98.4 | 34.3 | 94.1 | 145.2 | 51.1 |

U.T. Health Science Center – Houston anticipates ending the year with an adjusted cash flow margin of \$145.2 million, which represents an increase of \$51.1 million (54%) as compared to the budgeted level. The projected increase is primarily attributable to the following: an increase in sponsored programs driven by the indirect cost rate trending above the budgeted rate; and an increase in net investment income due to a shift in investments.

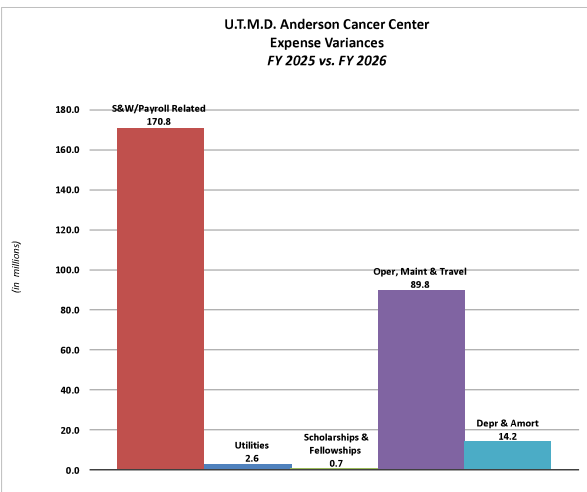
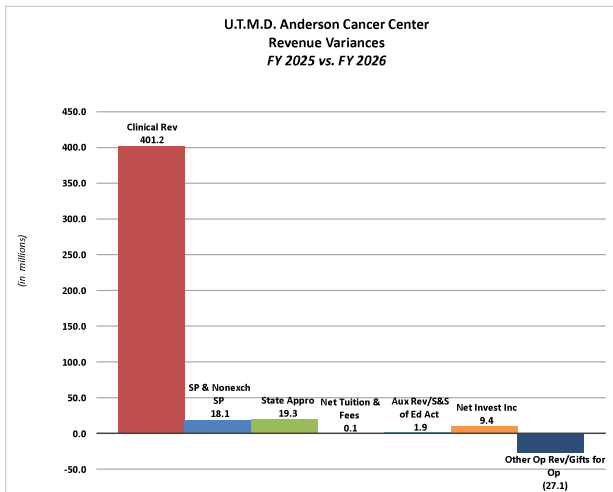
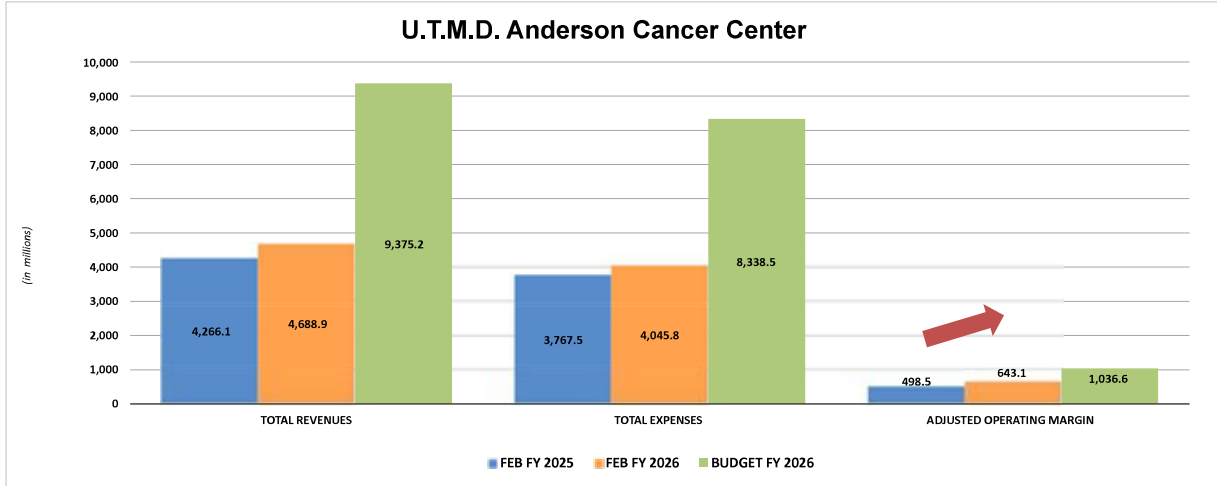
Monthly Financial Report
Comparison of Operating Results, Margin, Budget and Projected Year-End
For the Period Ending February 28, 2026



| (in millions) | February YTD FY 2025 | February YTD FY 2026 | Variance | FY 2026 Budget | Annual Projected FY 2026 | Variance |
|--|----------------------|----------------------|--------------|----------------|--------------------------|--------------|
| Clinical Revenues | \$ 223.9 | 362.4 | 138.5 | 771.6 | 788.3 | 16.7 |
| Sponsored Programs/Nonexchange Sponsored Programs | 316.7 | 303.5 | (13.3) | 626.6 | 619.9 | (6.7) |
| State Appropriations | 105.1 | 119.2 | 14.1 | 261.7 | 251.7 | (10.0) |
| Net Tuition and Fees | 34.7 | 31.0 | (3.7) | 74.5 | 67.0 | (7.5) |
| Auxiliary Revenues/Sales & Services of Educational Activities | 17.3 | 18.0 | 0.7 | 36.9 | 30.7 | (6.2) |
| Net Investment Income | 35.0 | 33.7 | (1.3) | 67.5 | 66.1 | (1.4) |
| Other Operating Revenues/Gift Contributions for Operations | 12.4 | 19.1 | 6.6 | 30.5 | 39.0 | 8.4 |
| Total Revenues | 745.2 | 886.8 | 141.6 | 1,869.3 | 1,862.6 | (6.7) |
| Salaries and Wages/Payroll Related Costs | 513.6 | 557.9 | 44.2 | 1,176.9 | 1,169.3 | (7.7) |
| Utilities | 9.5 | 11.5 | 2.1 | 26.4 | 28.4 | 2.0 |
| Scholarships and Fellowships | 9.1 | 1.4 | (7.7) | 9.7 | 4.7 | (5.0) |
| Operations, Maintenance and Travel | 227.4 | 270.0 | 42.6 | 552.5 | 555.6 | 3.1 |
| Depreciation and Amortization | 42.8 | 63.4 | 20.6 | 126.8 | 132.8 | 6.0 |
| Total Expenses | 802.4 | 904.2 | 101.8 | 1,892.3 | 1,890.8 | (1.5) |
| Adjusted Operating Margin | (57.2) | (17.4) | 39.7 | (23.0) | (28.2) | (5.1) |
| Adjusted Cash Flow Margin (Excludes Depr & Amort Exp) | (14.4) | 46.0 | 60.3 | 103.8 | 104.6 | 0.9 |

U.T. Health Science Center – San Antonio anticipates ending the year with an adjusted cash flow margin of \$104.6 million, which represents an increase of \$0.9 million (1%) as compared to the budgeted level. The projected increase is primarily due to an increase in facilities and administrative (F&A) revenue included in clinical revenues, which was budgeted conservatively due to uncertainty at the federal level and is now trending above the budgeted assumption.

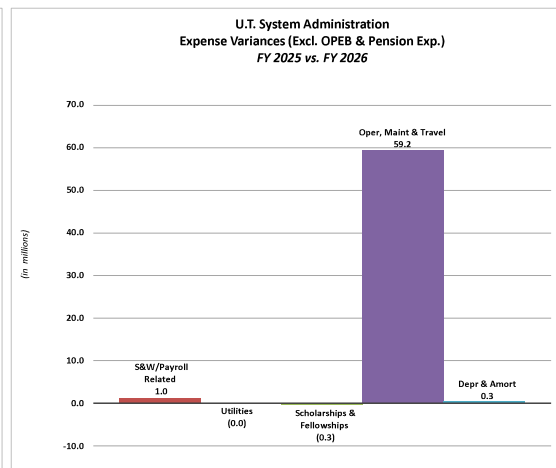
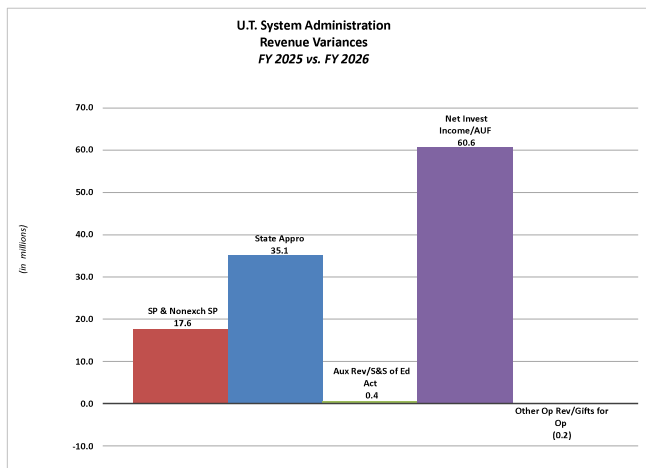
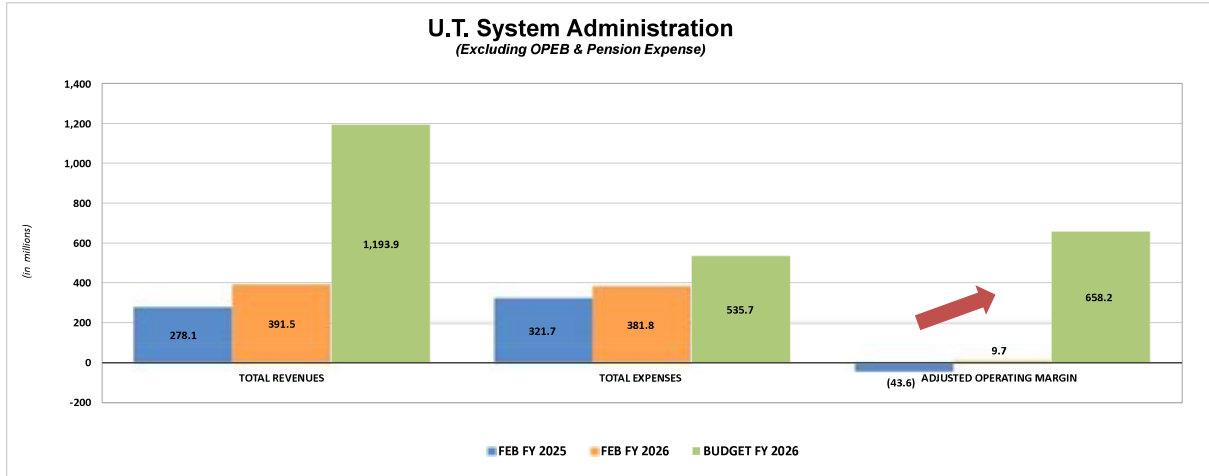
Monthly Financial Report
Comparison of Operating Results, Margin, Budget and Projected Year-End
For the Period Ending February 28, 2026



| (in millions) | February YTD FY 2025 | February YTD FY 2026 | Variance | FY 2026 Budget | Annual Projected FY 2026 | Variance |
|--|----------------------|----------------------|--------------|----------------|--------------------------|--------------|
| Clinical Revenues | \$ 3,332.6 | 3,733.8 | 401.2 | 7,615.0 | 7,800.1 | 185.1 |
| Sponsored Programs/Nonexchange Sponsored Programs | 328.9 | 346.9 | 18.1 | 698.3 | 705.8 | 7.5 |
| State Appropriations | 110.1 | 129.4 | 19.3 | 258.0 | 258.0 | 0.0 |
| Net Tuition and Fees | 1.5 | 1.6 | 0.1 | 1.9 | 1.8 | (0.1) |
| Auxiliary Revenues/Sales & Services of Educational Activities | 24.1 | 26.0 | 1.9 | 52.0 | 53.7 | 1.7 |
| Net Investment Income | 320.1 | 329.5 | 9.4 | 490.0 | 550.0 | 60.0 |
| Other Operating Revenues/Gift Contributions for Operations | 148.8 | 121.7 | (27.1) | 260.0 | 260.5 | 0.5 |
| Total Revenues | 4,266.1 | 4,688.9 | 422.8 | 9,375.2 | 9,629.9 | 254.7 |
| Salaries and Wages/Payroll Related Costs | 2,143.8 | 2,314.6 | 170.8 | 4,418.0 | 4,615.1 | 197.1 |
| Utilities | 23.9 | 26.5 | 2.6 | 55.5 | 55.6 | 0.1 |
| Scholarships and Fellowships | 0.3 | 1.1 | 0.7 | 2.7 | 2.7 | 0.0 |
| Operations, Maintenance and Travel | 1,408.4 | 1,498.3 | 89.8 | 3,455.8 | 3,376.8 | (79.0) |
| Depreciation and Amortization | 191.1 | 205.3 | 14.2 | 406.5 | 417.0 | 10.5 |
| Total Expenses | \$ 3,767.5 | 4,045.8 | 278.3 | 8,338.5 | 8,467.1 | 128.6 |
| Adjusted Operating Margin | 498.5 | 643.1 | 144.6 | 1,036.6 | 1,162.7 | 126.1 |
| Adjusted Cash Flow Margin (Excludes Depr & Amort Exp) | 689.6 | 848.4 | 158.8 | 1,443.1 | 1,579.7 | 136.6 |

U.T.M.D. Anderson Cancer Center anticipates ending the year with an adjusted cash flow margin of \$1,579.7 million, which represents an increase of \$136.6 million (9%) as compared to the budgeted level. The projected increase is attributable to the following: an increase in clinical revenues as a result of increased patient volume and clinical expansion efforts; and an increase in net investment income driven by market performance exceeding conservative budget assumptions.

Monthly Financial Report
Comparison of Operating Results, Margin, Budget and Projected Year-End
For the Period Ending February 28, 2026



| <i>(in millions)</i> | February YTD FY 2025 | February YTD FY 2026 | Variance | FY 2026 Budget | Annual Projected FY 2026 | Variance |
|--|-------------------------|-------------------------|--------------|-------------------|--------------------------------|---------------|
| Sponsored Programs/Nonexchange Sponsored Programs | \$ 21.9 | 39.4 | 17.6 | 71.8 | 72.7 | 0.9 |
| State Appropriations | 11.0 | 46.1 | 35.1 | 53.7 | 61.2 | 7.5 |
| Auxiliary Revenues/Sales & Services of Educational Activities | 1.2 | 1.6 | 0.4 | 7.9 | 7.9 | 0.0 |
| Net Investment Income/Available University Fund (AUF) | 241.8 | 302.4 | 60.6 | 1,057.9 | 1,057.9 | 0.0 |
| Other Operating Revenues/Gift Contributions for Operations | 2.2 | 2.0 | (0.2) | 2.5 | 2.5 | 0.0 |
| Total Revenues | 278.1 | 391.5 | 113.4 | 1,193.9 | 1,202.3 | 8.4 |
| Salaries and Wages/Payroll Related Costs | 28.1 | 29.1 | 1.0 | 67.2 | 65.1 | (2.0) |
| Utilities | 0.1 | 0.1 | (0.0) | 0.0 | 0.0 | 0.0 |
| Scholarships and Fellowships | 0.5 | 0.1 | (0.3) | 2.3 | 2.3 | 0.0 |
| Operations, Maintenance and Travel | 281.2 | 340.5 | 59.2 | 443.3 | 467.4 | 24.1 |
| Depreciation and Amortization | 11.8 | 12.0 | 0.3 | 22.9 | 22.9 | 0.0 |
| Total Expenses (Excluding OPEB & Pension Exp) | \$ 321.7 | 381.8 | 60.1 | 535.7 | 557.8 | 22.1 |
| Adjusted Operating Margin (Excluding OPEB & Pension Exp) | (43.6) | 9.7 | 53.3 | 658.2 | 644.5 | (13.7) |
| Adjusted Cash Flow Margin (Excluding OPEB, Pension, Depr & Amort Exp) | (31.8) | 21.7 | 53.6 | 681.1 | 667.4 | (13.7) |

*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 anticipates ending the year with an adjusted cash flow margin of \$667.4 million, which represents a decrease of \$13.7 million (2%) as compared to the budgeted level. The projected decrease is primarily due to an increase in operations, maintenance and travel expenses related to the use of prior year balances that were approved and budgeted for initiatives and other one-time strategic uses, as well as an increase in interest expense above the budgeted level.

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 2027 distribution from the Permanent University Fund (PUF) to the Available University Fund (AUF) be \$2,450,890,000 effective September 1, 2026;
- b. the distribution rate for the Permanent Health Fund (PHF) be increased from \$0.0798 per unit to \$0.0821 per unit for Fiscal Year 2027 (effective with November 30, 2026 distribution);
- c. the distribution rate for the U.T. System Long Term Fund (LTF) be increased from \$0.4332 per unit to \$0.4402 per unit for Fiscal Year 2027 (effective with November 30, 2026 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 2027.

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 \$2,450,890,000 is substantially greater than PUF bond debt service of \$790,071,000 projected for Fiscal Year 2027.

| System | Debt Service |
|---------------|---------------------|
| U.T. | \$ 490,971,000 |
| TAMU | 299,100,000 |
| Total: | \$ 790,071,000 |

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, 2026, was 6.68%, which indicates that the purchasing power test was met.

| Average Annual | Percent |
|--|------------------------|
| Rate of Total Return, Net of Investment Manager Fees | 9.91% |
| Mineral Interest Receipts | 4.65% |
| Expense Rate | (0.20%) ⁽¹⁾ |
| Inflation Rate | (3.26%) |
| Distribution Rate | (4.42%) |
| Net Real Return | 6.68% |

(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 |
|--|------------------------------|---|-----------------------------|
| \$35,012,743,289 | \$ 2,450,890,000 | 7.00% | 7.00% |

(1) Source: UTIMCO

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

- a. provide a predictable stable stream of distributions over time;
- b. ensure that the inflation-adjusted value of the distributions is maintained over the long term; and
- c. 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, 2025, was 2.87%. The recommended 2.88% increase in the PHF distribution rate of \$0.0798 to \$0.0821 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 \$0.4402 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. Board on May 11, 2006, and has continued at that rate for each succeeding fiscal year. The recommendation for Fiscal Year 2027 is to continue a distribution rate of 3.0%.

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