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FOR
FINANCE AND PLANNING COMMITTEE

Committee Meeting: 8/12/2026

Board Meeting: 8/13/2026
Austin, Texas

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

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 144.

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 May 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
August 2026

The University of Texas System

U.T. System Consolidated Summary

Fiscal Year Summary

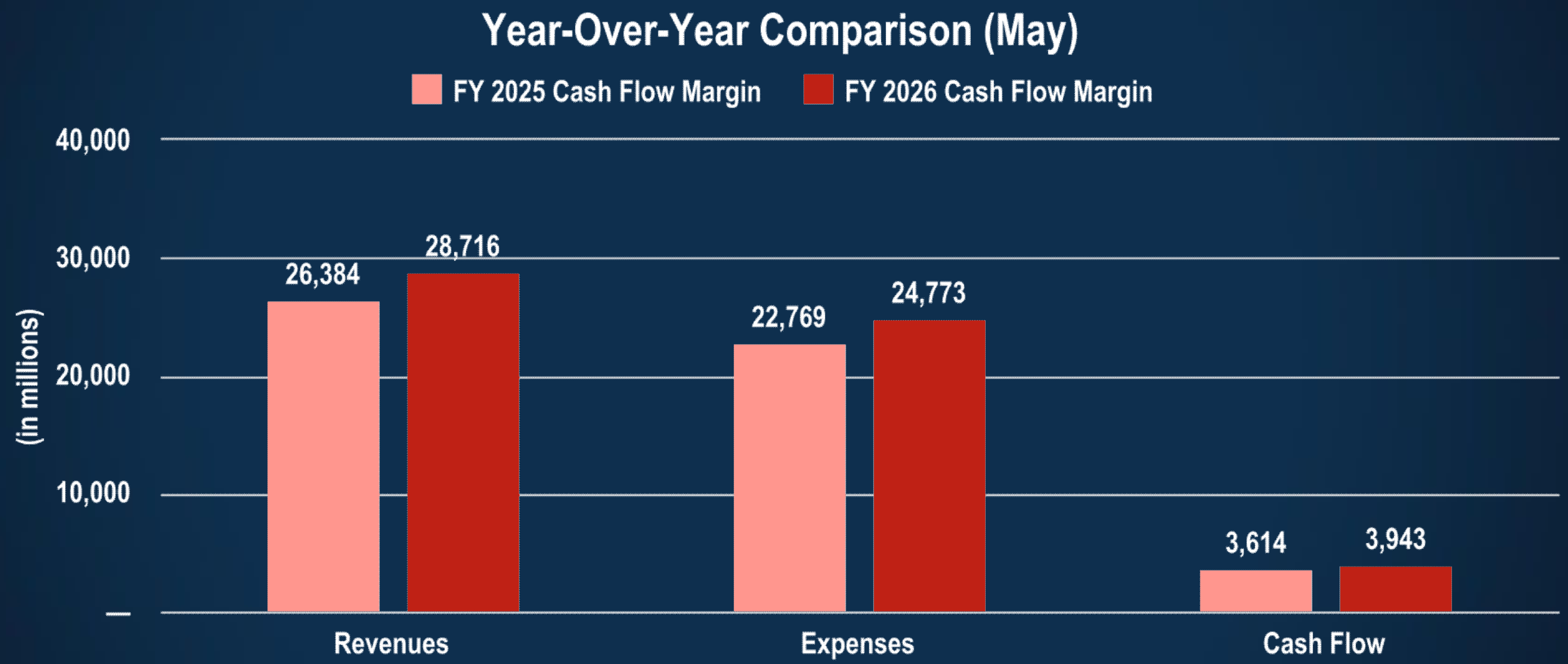
Period Ending May 31, 2026

Revenues	Expenses	Cash Flow Margin	FYE Projected Cash Flow
$28,715.6M	$24,772.8M	$3,942.8M	4,103.2M

The University of Texas System

Excludes Other Postemployment Benefits, Pension & Depreciation Expenses

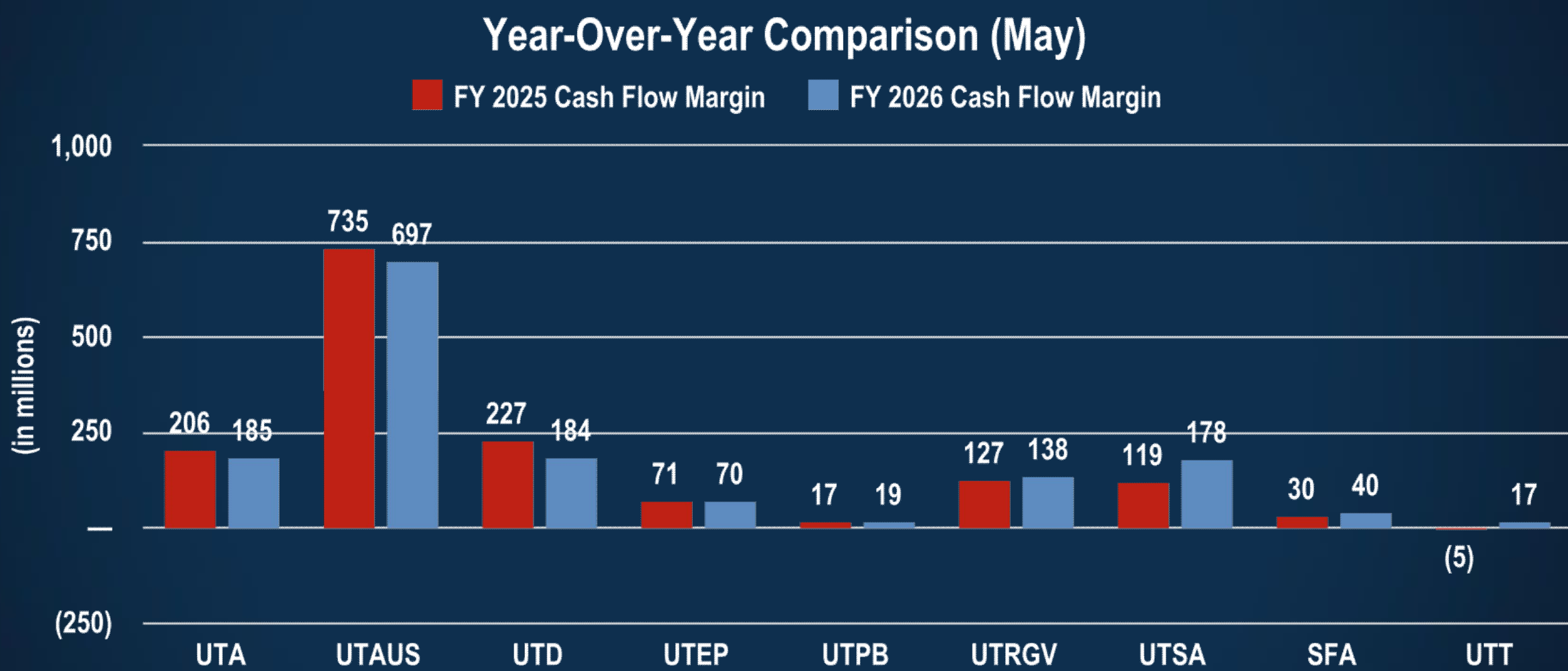
U.T. System Consolidated Revenue & Expenses



The University of Texas System

Excludes Other Postemployment Benefits, Pension & Depreciation Expenses

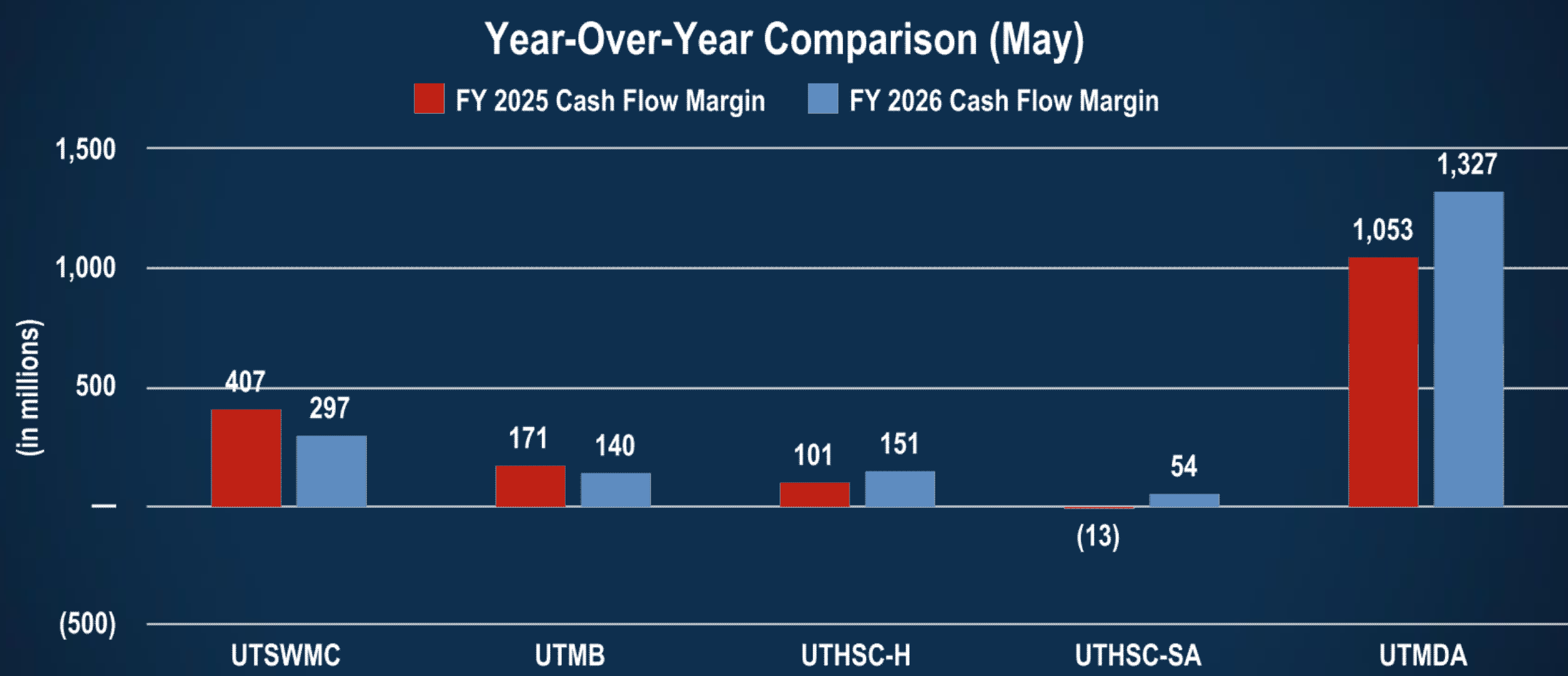
Cash Flow Margin – Academic Institutions



The University of Texas System

Excludes Depreciation Expense

Cash Flow Margin – Health Institutions



Excludes Depreciation Expense

The University of Texas System

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%	$1,026.0	$895.9	$130.1	12.7%	▲
U.T. Austin	$4,568.6	$4,114.9	$453.7	9.9%	$4,837.0	$4,359.1	$477.8	9.9%	▲
U.T. Dallas	$907.0	$814.1	$92.9	10.2%	$907.9	$812.1	$95.8	10.5%	▲
U.T. El Paso	$563.8	$540.5	$23.3	4.1%	$575.6	$526.7	$48.9	8.5%	▲
U.T. Permian Basin	$109.6	$104.4	$5.2	4.8%	$112.7	$105.4	$7.3	6.4%	▲
U.T. Rio Grande Valley	$747.3	$727.0	$20.2	2.7%	$761.3	$733.9	$27.4	3.6%	▲
U.T. San Antonio	$816.5	$793.5	$23.1	2.8%	$873.9	$788.0	$85.9	9.8%	▲
Stephen F. Austin	$226.9	$220.9	$6.0	2.6%	$232.6	$227.7	$4.9	2.1%	▼
U.T. Tyler	$711.2	$676.2	$35.0	4.9%	$739.5	$715.5	$24.0	3.3%	▼
Total	**$9,527.5**	**$8,831.8**	**$695.7**	**7.3%**	**$10,066.3**	**$9,164.3**	**$902.0**	**9.0%**	▲

The University of Texas System

Excludes Depreciation Expense

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%	$6,751.8	$6,360.4	$391.4	5.8%	▼
U.T. Medical Branch - Galveston	$3,703.2	$3,486.4	$216.8	5.9%	$3,764.0	$3,547.1	$216.8	5.8%	▼
U.T. Health Science Center - Houston	$2,824.5	$2,730.3	$94.1	3.3%	$2,890.9	$2,743.8	$147.1	5.1%	▲
Health Science Center at U.T. San Antonio	$1,869.3	$1,765.5	$103.8	5.6%	$1,867.0	$1,772.2	$94.8	5.1%	▼
U.T.M.D. Anderson Cancer Center	$9,375.2	$7,932.0	$1,443.1	15.4%	$9,680.8	$8,037.6	$1,643.2	17.0%	▲
Total	**$24,163.2**	**$21,888.5**	**$2,274.7**	**9.4%**	**$24,954.5**	**$22,461.1**	**$2,493.4**	**10.0%**	▲

The University of Texas System

Excludes Depreciation Expense

Financial Summary

U.T. System Administration

May 2026

U.T. System Administration	Adjusted Budget	Actuals	% of Budget
U.T. System Administration Operations (AUF)	$118,587,806	$44,365,605	37%
U.T. System Administration – University Lands (PUF)	$49,086,292	$29,599,105	60%
U.T. System Administration Service Departments & Other (Non-AUF)	$67,505,461	$35,287,772	52%
Total U.T. System Administration	**$235,179,559**	**$109,252,482**	**46%**

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

- *State General Revenue Funded programs for Lone Star Stroke, Texas Child Mental Health Care Consortium, U.T. System Multi-Institution Center in Laredo, and UT-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

The University of Texas System

OFFICE OF THE CHIEF FINANCIAL OFFICER

Budget and Planning

MONTHLY FINANCIAL REPORT

(unaudited)

MAY 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 M. D. Anderson Cancer Center The University of Texas System Administration

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

Monthly Financial Report
Comparison of Adjusted Cash Flow Margin
For the Period Ending May 31, 2026

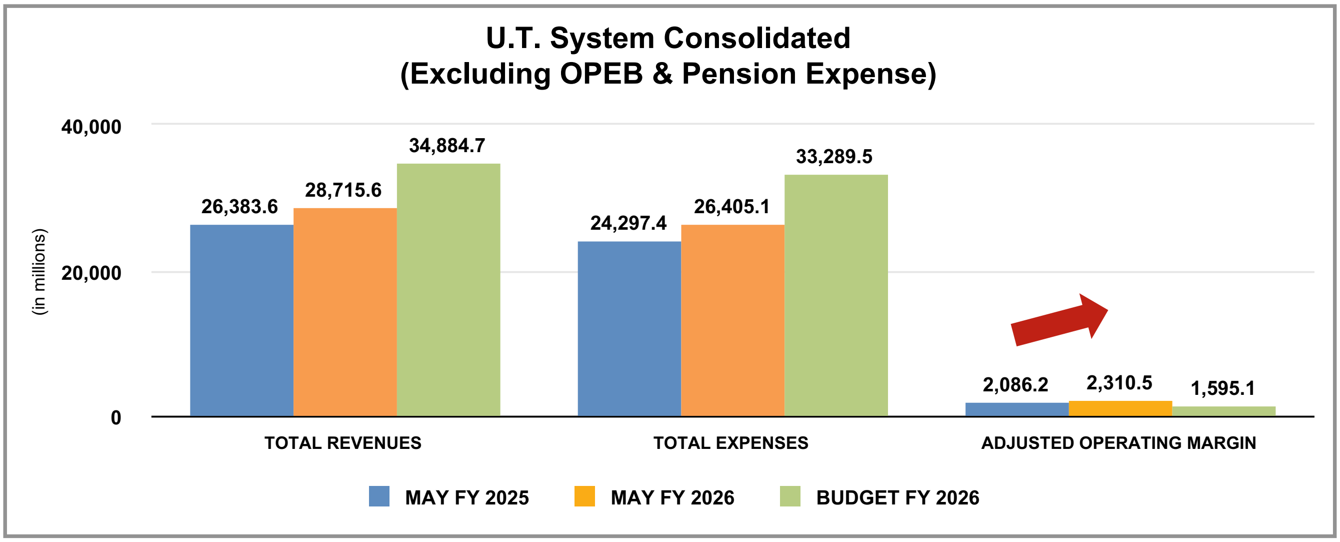
Executive Summary of Adjusted Cash Flow Margin (Loss)*

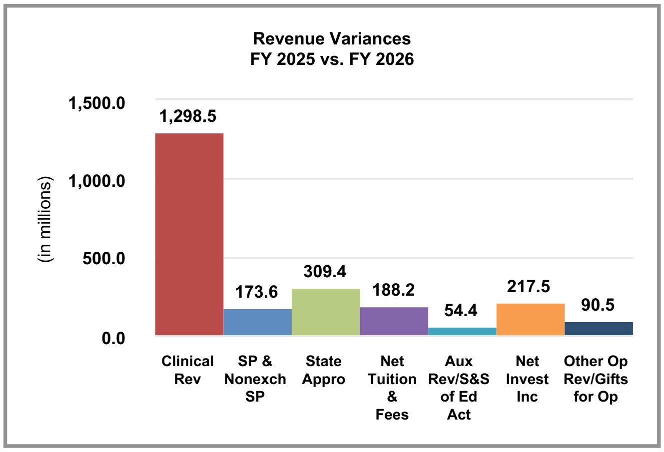
(Excludes OPEB, Pension, Depreciation and Amortization Expense)

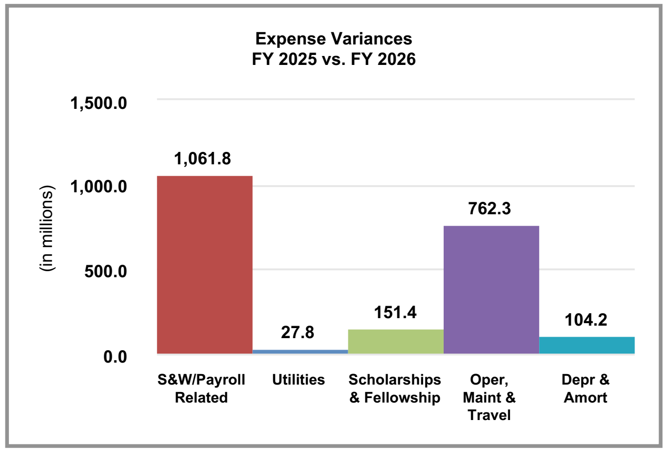
(in millions)	May YTD FY 2025	May YTD FY 2026	FY 2026 Budget	Annual Projected FY 2026	Variance %	Comments on Budget to Projection Variance
U.T. Arlington	205.8	185.3	36.2	130.1	260%	Decrease in Operations, Maintenance and Travel due to cost-saving measures implemented after budget development; Increase in Sponsored Programs due to actuals trending higher than budget.
U.T. Austin	735.2	697.3	453.7	477.8	5%	Increase in Net Investment Income as a result of improved market conditions.
U.T. Dallas	226.9	184.5	92.9	95.8	3%	Increase in Net Investment Income due to conservative budget assumptions.
U.T. El Paso	70.9	70.0	23.3	48.9	110%	Decrease in Operations, Maintenance and Travel due to budgeted Mining Engineering program expenses incurred over the biennium; Increase in Sponsored Programs due to updated budget assumptions.
U.T. Permian Basin	16.5	19.2	5.2	7.3	38%	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	127.4	137.5	20.2	27.4	35%	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	119.3	177.7	23.1	85.9	273%	Decrease in Operations, Maintenance and Travel due to unutilized Health Campus integration costs; Increase in Net Investment Income from improved market conditions; Increase in Net Student Tuition and Fees due to higher enrollment.
Stephen F. Austin State University	29.9	39.7	6.0	4.9	-19%	Decrease in Transfers In being adjusted downward from original budget assumptions.
U.T. Tyler	(5.1)	16.8	35.0	24.0	-31%	Decrease in Net Tuition and Fees due to student credit hours tracking below budget assumptions; Decrease in Auxiliary Revenues due to leased dorm units no longer in use.
U.T. Southwestern Medical Center	407.4	296.7	416.8	391.4	-6%	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	170.7	139.9	216.8	216.8	0%	No significant variances in revenues or expenses; Institution remains on target to meet budget.
U.T. Health Science Center - Houston	101.0	150.5	94.1	147.1	56%	Increase in Sponsored Programs due to higher indirect cost rate; Increase in Gift Contributions for Operations due to a significant gift received.
Health Science Center at U.T. San Antonio	(12.5)	54.2	103.8	94.8	-9%	Decrease in State Appropriations due to deferring a portion of the TRC4 funding for use next year.
U.T.M.D. Anderson Cancer Center	1,052.7	1,327.4	1,443.1	1,643.2	14%	Increase in Clinical Revenues driven by higher patient volumes, clinical expansion, and productivity improvements; Decrease in Operations, Maintenance and Travel due to disciplined expense management.
U.T. System Administration (excluding OPEB & Pension Expense)	368.1	446.2	681.1	707.8	4%	Increase in Net Investment Income attributable to favorable market conditions.
Total Adjusted Cash Flow Margin	**$3,614.2**	**3,942.8**	**3,651.5**	**4,103.2**	**12%**	

* 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 May 31, 2026





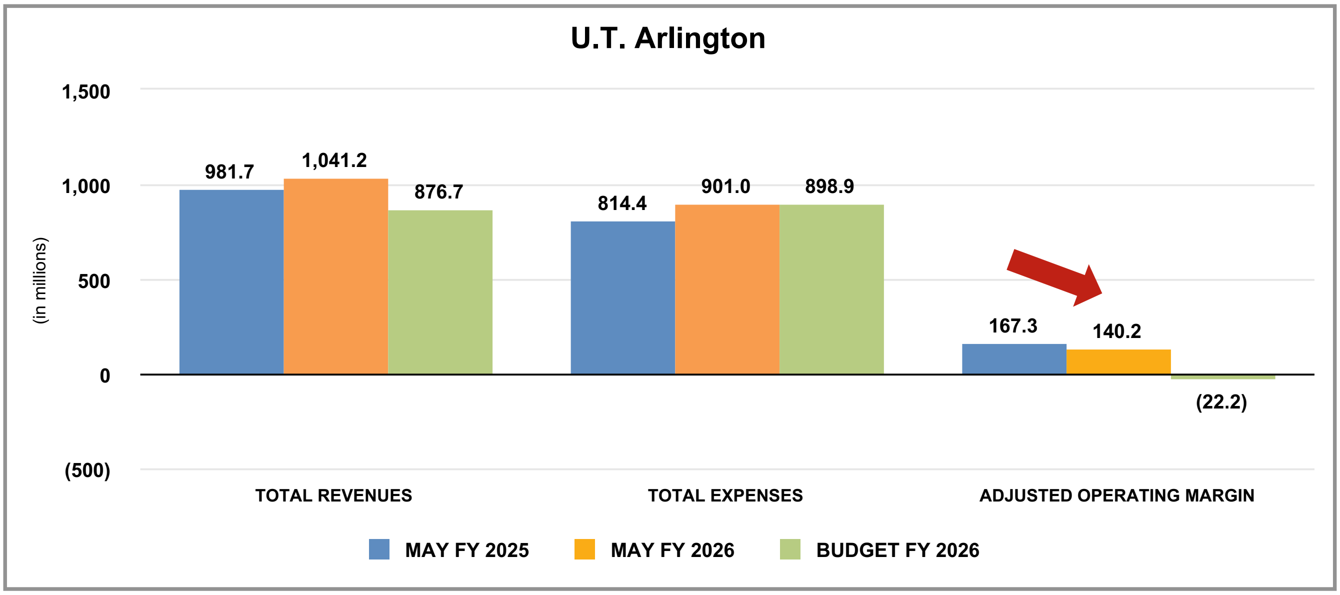


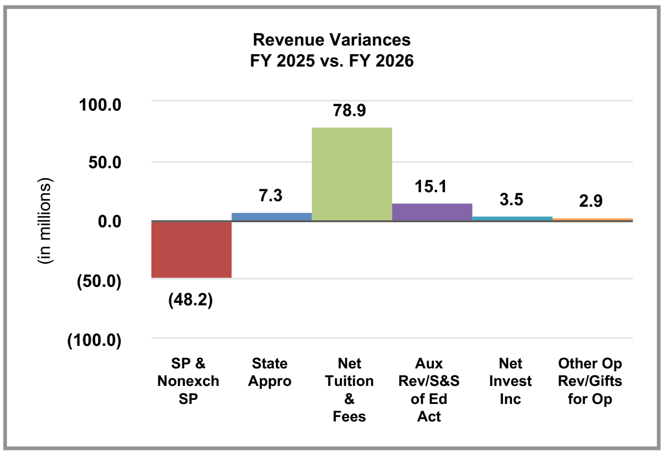
(in millions)	May YTD FY 2025	May YTD FY 2026	Variance	FY 2026 Budget	Annual Projected FY 2026	Variance
Clinical Revenues	$ 11,179.9	$ 12,478.4	$ 1,298.5	$ 16,447.6	$ 16,910.5	$ 462.9
Sponsored Programs/Nonexchange Sponsored Programs	5,007.5	5,181.1	173.6	6,797.9	7,322.0	524.1
State Appropriations	2,322.2	2,631.5	309.4	3,194.6 *	3,192.9	(1.7)
Net Tuition and Fees	2,911.2	3,099.4	188.2	2,088.8	1,990.1	(98.8)
Auxiliary Revenues/Sales & Services of Educational Activities	1,166.9	1,221.2	54.4	1,582.6	1,640.3	57.7
Net Investment Income	2,554.4	2,771.9	217.5	3,263.6	3,508.7	245.1
Other Operating Revenues/Gift Contributions for Operations	1,241.6	1,332.1	90.5	1,509.6	1,752.5	242.9
Total Revenues	$ 26,383.6	$ 28,715.6	$ 2,331.9	$ 34,884.7	$ 36,316.9	$ 1,432.3
Salaries and Wages/Payroll Related Costs	$ 14,158.0	$ 15,219.8	$ 1,061.8	$ 19,504.9	$ 20,292.0	$ 787.1
Utilities	221.6	249.4	27.8	369.9	357.4	(12.4)
Scholarships and Fellowships	1,291.9	1,443.4	151.4	584.9	446.0	(138.9)
Operations, Maintenance and Travel	7,097.9	7,860.2	762.3	10,773.5 *	11,118.3	344.8
Depreciation and Amortization	1,528.1	1,632.3	104.2	2,056.4	2,093.7	37.3
Total Expenses (Excluding OPEB & Pension)	$ 24,297.4	$ 26,405.1	$ 2,107.6	$ 33,289.5	$ 34,307.4	$ 1,017.9
Adj Operating Margin (Excl OPEB & Pension)	$ 2,086.2	$ 2,310.5	$ 224.3	$ 1,595.1	$ 2,009.5	$ 414.4
Adj Cash Flow Margin (Excl OPEB, Pension, Depr & Amort)	$ 3,614.2	$ 3,942.8	$ 328.6	$ 3,651.5	$ 4,103.2	$ 451.7

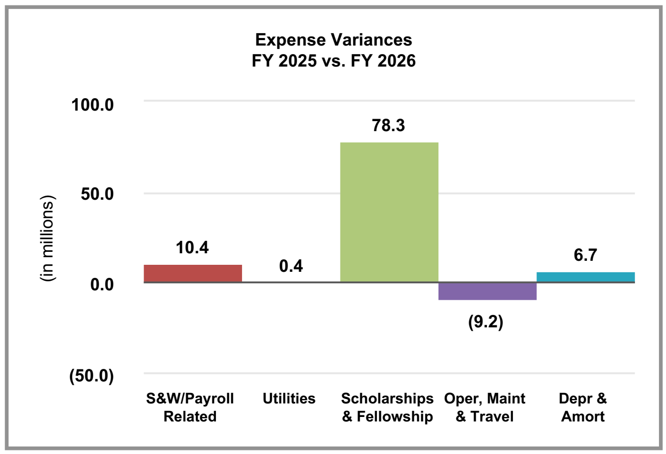
**State appropriations and corresponding expense for TRB/CCAP for all U.T. institutions have been excluded.*

Excluding other postemployment benefits (OPEB), pension, and depreciation expense, U.T. System Consolidated anticipates ending the year with an adjusted cash flow margin of $4,103.2 million, which represents an increase of $451.7 million (12%) 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 May 31, 2026



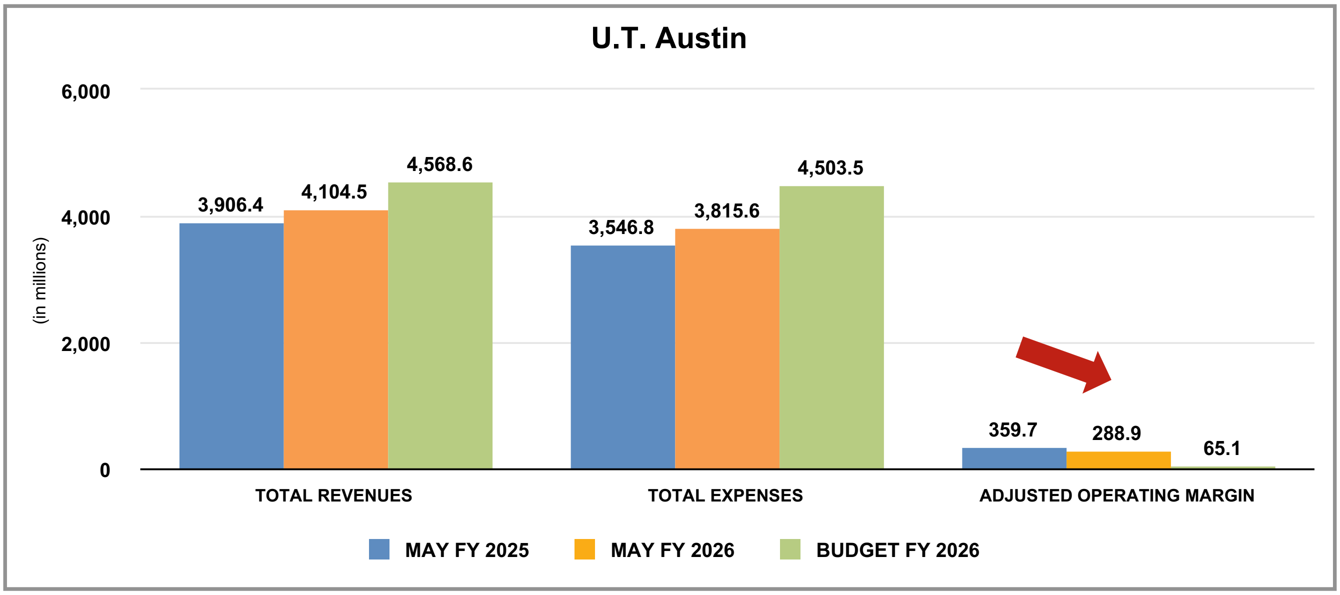


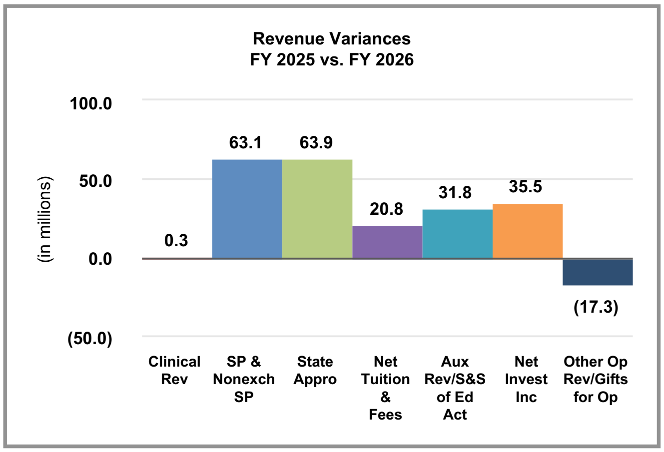


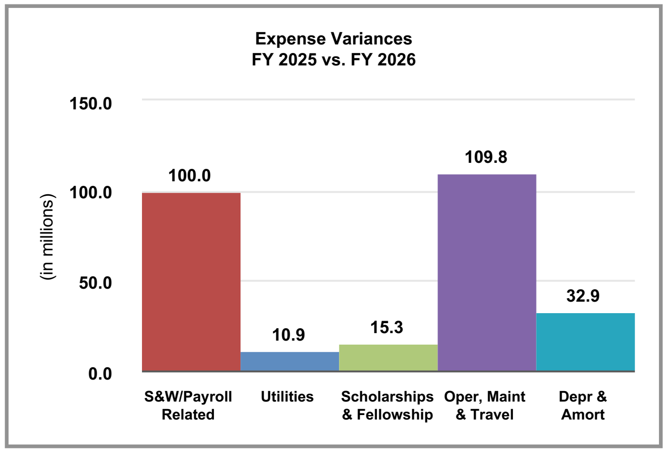
(in millions)	May YTD FY 2025	May YTD FY 2026	Variance	FY 2026 Budget	Annual Projected FY 2026	Variance
Sponsored Programs/Nonexchange Sponsored Programs	$ 218.9	$ 170.7	$ (48.2)	$ 220.0	$ 263.0	$ 43.0
State Appropriations	164.3	171.6	7.3	182.4	182.4	0.0
Net Tuition and Fees	474.2	553.1	78.9	324.0	402.2	78.2
Auxiliary Revenues/Sales & Services of Educational Activities	71.8	86.9	15.1	93.0	107.6	14.6
Net Investment Income	38.2	41.7	3.5	32.1	45.6	13.5
Other Operating Revenues/Gift Contributions for Operations	14.2	17.1	2.9	25.1	25.1	0.0
Total Revenues	$ 981.7	$ 1,041.2	$ 59.5	$ 876.7	$ 1,026.0	$ 149.3
Salaries and Wages/Payroll Related Costs	$ 416.8	$ 427.3	$ 10.4	$ 537.9	$ 561.9	$ 24.0
Utilities	8.0	8.4	0.4	11.1	11.1	0.0
Scholarships and Fellowships	183.9	262.2	78.3	21.8	100.1	78.2
Operations, Maintenance and Travel	167.1	157.9	(9.2)	269.6	222.8	(46.8)
Depreciation and Amortization	38.5	45.2	6.7	58.4	58.4	0.0
Total Expenses	$ 814.4	$ 901.0	$ 86.7	$ 898.9	$ 954.3	$ 55.4
Adj Operating Margin	167.3	140.2	(27.2)	(22.2)	71.7	93.9
Adj Cash Flow Margin (Excludes Depr & Amort)	205.8	185.3	(20.5)	36.2	130.1	93.9

U.T. Arlington anticipates ending the year with an adjusted cash flow margin of $130.1 million, which represents an increase of $93.9 million (260%) as compared to the budgeted level. The projected increase is primarily attributable to the following: a decrease in operations, maintenance and travel expenses due to cost-saving measures implemented after budget development; and 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 May 31, 2026



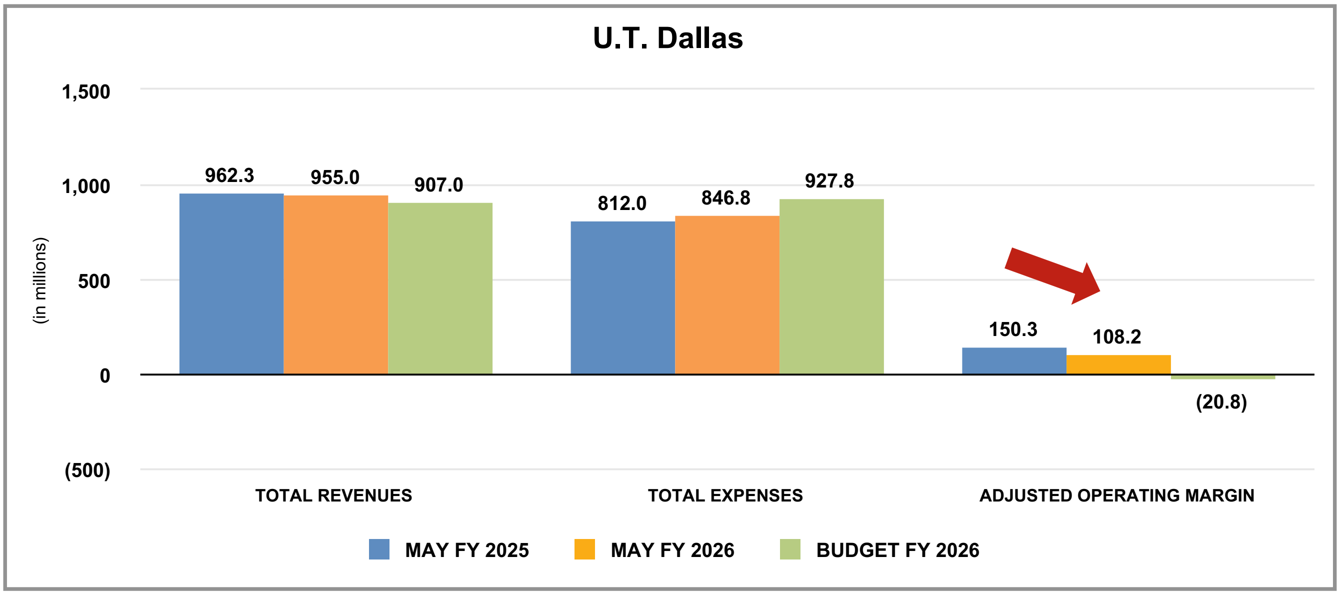


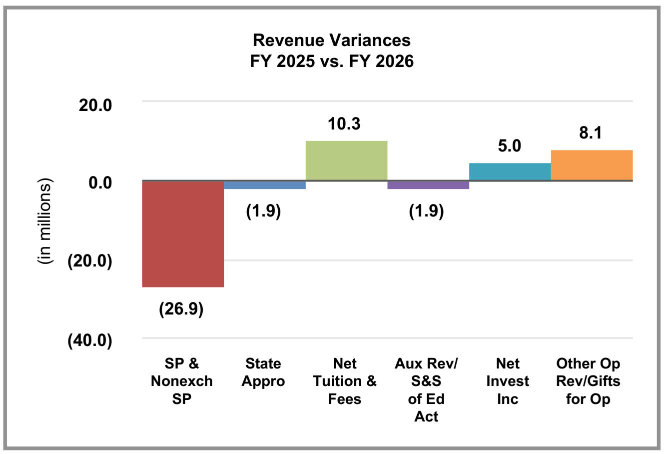


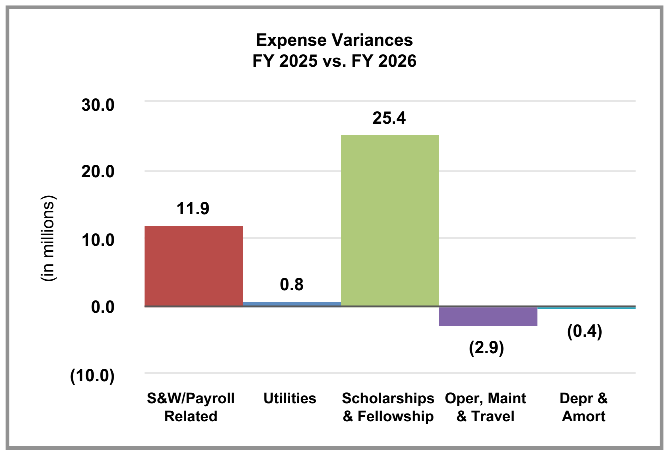
(in millions)	May YTD FY 2025	May YTD FY 2026	Variance	FY 2026 Budget	Annual Projected FY 2026	Variance
Clinical Revenues	$ 18.7	$ 19.0	$ 0.3	$ 23.7	$ 27.8	$ 4.1
Sponsored Programs/Nonexchange Sponsored Programs	957.7	1,020.9	63.1	1,247.8	1,597.1	349.2
State Appropriations	390.0	453.9	63.9	523.0	523.0	0.0
Net Tuition and Fees	757.2	778.0	20.8	573.9	398.4	(175.6)
Auxiliary Revenues/Sales & Services of Educational Activities	580.7	612.5	31.8	831.9	858.9	27.0
Net Investment Income/Available University Fund (AUF)	876.6	912.1	35.5	966.4	1,009.7	43.3
Other Operating Revenues/Gift Contributions for Operations	325.5	308.2	(17.3)	401.8	422.0	20.2
Total Revenues	$ 3,906.4	$ 4,104.5	$ 198.1	$ 4,568.6	$ 4,837.0	$ 268.4
Salaries and Wages/Payroll Related Costs	$ 1,854.6	$ 1,954.6	$ 100.0	$ 2,515.6	$ 2,655.4	$ 139.8
Utilities	57.2	68.1	10.9	98.7	96.4	(2.3)
Scholarships and Fellowships	424.8	440.1	15.3	278.0	76.4	(201.7)
Operations, Maintenance and Travel	834.6	944.4	109.8	1,222.6	1,531.0	308.4
Depreciation and Amortization	375.5	408.4	32.9	388.7	418.3	29.6
Total Expenses	$ 3,546.8	$ 3,815.6	$ 268.8	$ 4,503.5	$ 4,777.4	$ 273.9
Adj Operating Margin	359.7	288.9	(70.7)	65.1	59.6	(5.5)
Adj Cash Flow Margin (Excludes Depr & Amort)	735.2	697.3	(37.9)	453.7	477.8	24.1

U.T. Austin anticipates ending the year with an adjusted cash flow margin of $477.8 million, which represents an increase of $24.1 million (5%) as compared to the budgeted level. The projected increase is primarily due to an increase in net investment income attributable to improved market conditions. 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 May 31, 2026



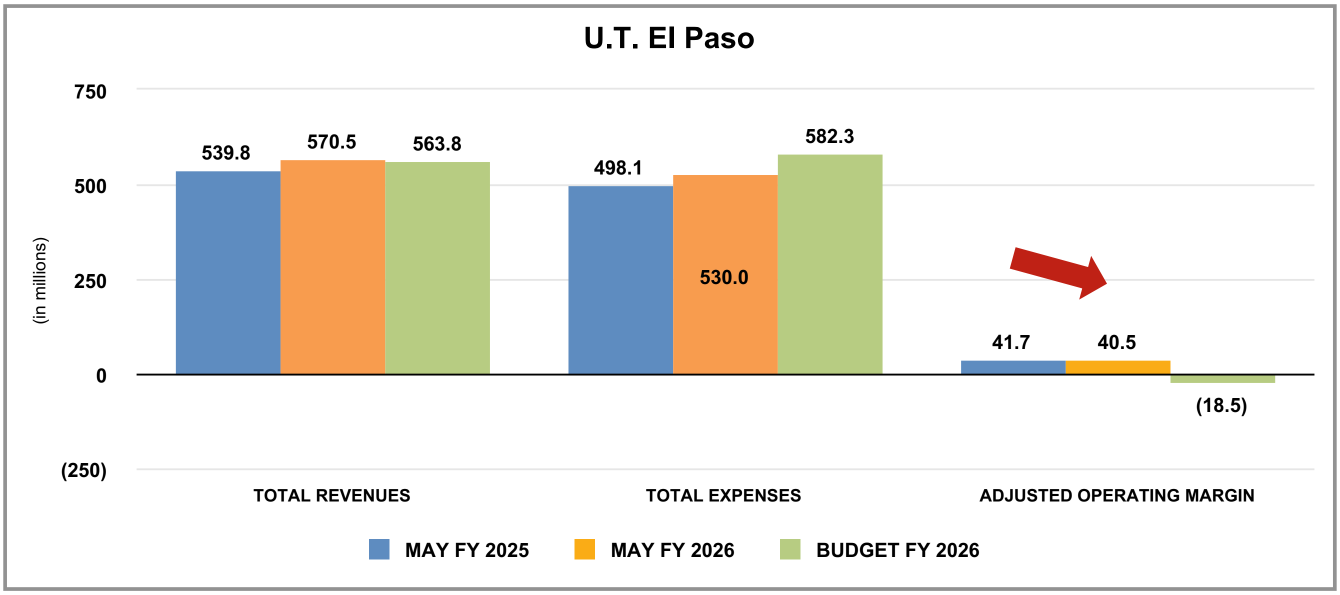


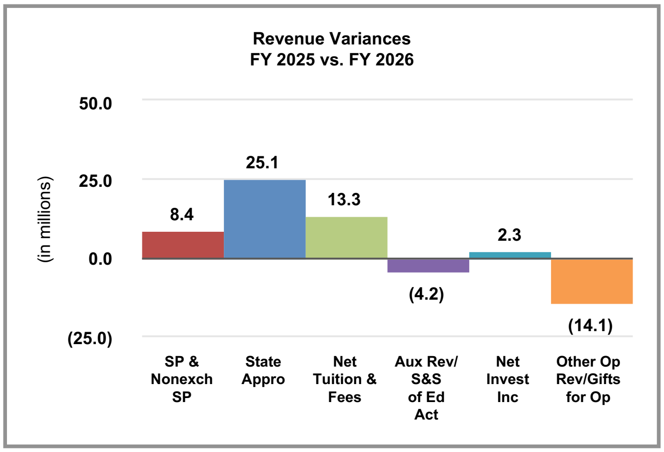


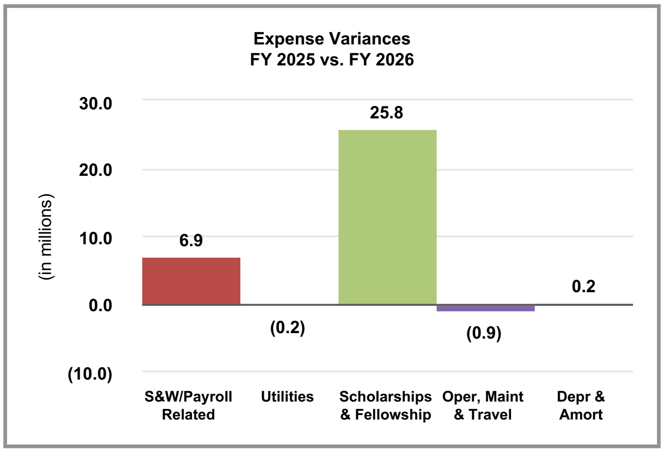
(in millions)	May YTD FY 2025	May YTD FY 2026	Variance	FY 2026 Budget	Annual Projected FY 2026	Variance
Sponsored Programs/Nonexchange Sponsored Programs	$ 129.7	$ 102.8	$ (26.9)	$ 171.2	$ 178.2	$ 7.0
State Appropriations	170.8	168.9	(1.9)	180.0	180.4	0.4
Net Tuition and Fees	480.3	490.6	10.3	339.5	319.1	(20.3)
Auxiliary Revenues/Sales & Services of Educational Activities	93.9	92.0	(1.9)	103.6	105.3	1.7
Net Investment Income	64.1	69.2	5.0	80.8	88.4	7.6
Other Operating Revenues/Gift Contributions for Operations	23.4	31.5	8.1	31.9	36.6	4.7
Total Revenues	$ 962.3	$ 955.0	$ (7.2)	$ 907.0	$ 907.9	$ 0.9
Salaries and Wages/Payroll Related Costs	$ 426.5	$ 438.4	$ 11.9	$ 542.1	$ 564.2	$ 22.1
Utilities	9.7	10.5	0.8	16.8	16.8	0.1
Scholarships and Fellowships	179.6	204.9	25.4	59.5	44.0	(15.5)
Operations, Maintenance and Travel	119.6	116.7	(2.9)	195.8	187.2	(8.6)
Depreciation and Amortization	76.7	76.3	(0.4)	113.7	108.8	(5.0)
Total Expenses	$ 812.0	$ 846.8	$ 34.8	$ 927.8	$ 920.9	$ (6.9)
Adj Operating Margin	150.3	108.2	(42.0)	(20.8)	(13.0)	7.8
Adj Cash Flow Margin (Excludes Depr & Amort)	226.9	184.5	(42.4)	92.9	95.8	2.9

U.T. Dallas anticipates ending the year with an adjusted cash flow margin of $95.8 million, which represents an increase of $2.9 million (3%) as compared to the budgeted level. The projected increase is primarily attributable to an increase in net investment income resulting from conservative budget assumptions.

Monthly Financial Report
Comparison of Operating Results, Margin, Budget and Projected Year-End
For the Period Ending May 31, 2026



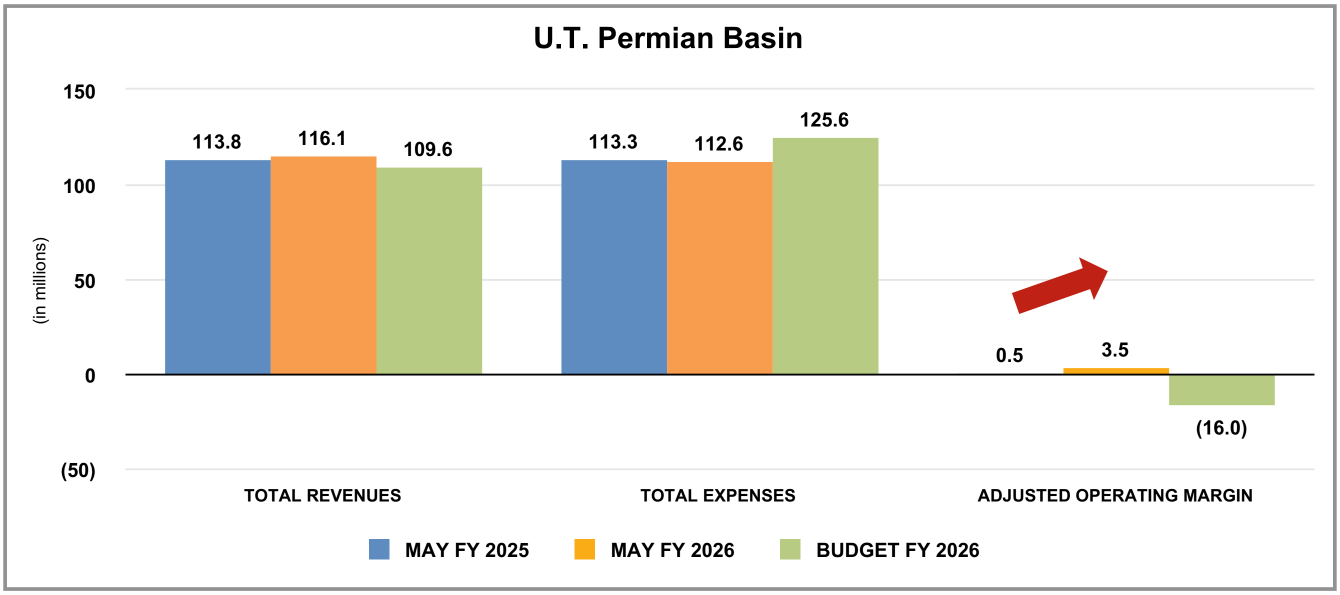


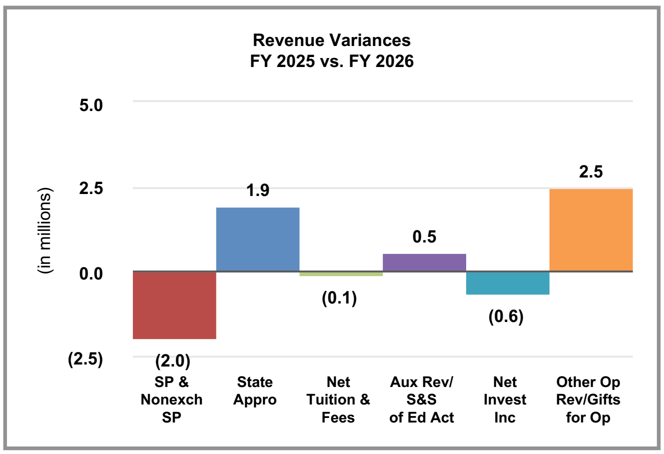


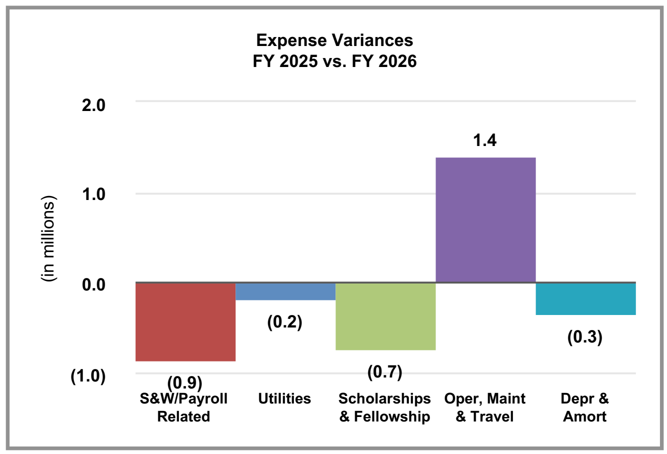
(in millions)	May YTD FY 2025	May YTD FY 2026	Variance	FY 2026 Budget	Annual Projected FY 2026	Variance
Sponsored Programs/Nonexchange Sponsored Programs	$ 111.9	$ 120.3	$ 8.4	$ 190.0	$ 197.5	$ 7.4
State Appropriations	114.6	139.7	25.1	155.0	155.0	0.0
Net Tuition and Fees	217.4	230.8	13.3	93.4	90.3	(3.1)
Auxiliary Revenues/Sales & Services of Educational Activities	34.7	30.6	(4.2)	68.7	77.2	8.5
Net Investment Income	25.5	27.8	2.3	32.5	33.3	0.8
Other Operating Revenues/Gift Contributions for Operations	35.6	21.5	(14.1)	24.2	22.3	(1.9)
Total Revenues	$ 539.8	$ 570.5	$ 30.8	$ 563.8	$ 575.6	$ 11.8
Salaries and Wages/Payroll Related Costs	$ 264.9	$ 271.8	$ 6.9	$ 326.1	$ 344.9	$ 18.8
Utilities	6.1	5.9	(0.2)	10.0	10.0	0.0
Scholarships and Fellowships	113.8	139.5	25.8	36.9	29.5	(7.3)
Operations, Maintenance and Travel	84.2	83.3	(0.9)	167.5	142.3	(25.2)
Depreciation and Amortization	29.2	29.4	0.2	41.8	40.3	(1.5)
Total Expenses	$ 498.1	$ 530.0	$ 31.9	$ 582.3	$ 567.0	$ (15.3)
Adj Operating Margin	41.7	40.5	(1.1)	(18.5)	8.6	27.1
Adj Cash Flow Margin (Excludes Depr & Amort)	70.9	70.0	(0.9)	23.3	48.9	25.6

U.T. El Paso anticipates ending the year with an adjusted cash flow margin of $48.9 million, which represents an increase of $25.6 million (110%) as compared to the budgeted level. The projected increase is primarily due 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 sponsored programs due to updated budget assumptions related to federally sponsored funding.

Monthly Financial Report
Comparison of Operating Results, Margin, Budget and Projected Year-End
For the Period Ending May 31, 2026







(in millions)	May YTD FY 2025	May YTD FY 2026	Variance	FY 2026 Budget	Annual Projected FY 2026	Variance
Sponsored Programs/Nonexchange Sponsored Programs	$ 16.3	$ 14.3	$ (2.0)	$ 26.4	$ 24.0	$ (2.4)
State Appropriations	29.0	30.9	1.9	33.4	33.4	0.0
Net Tuition and Fees	43.6	43.5	(0.1)	25.1	27.3	2.2
Auxiliary Revenues/Sales & Services of Educational Activities	7.8	8.3	0.5	8.7	6.8	(1.9)
Net Investment Income	5.3	4.6	(0.6)	4.5	4.9	0.4
Other Operating Revenues/Gift Contributions for Operations	11.9	14.4	2.5	11.5	16.3	4.8
Total Revenues	$ 113.8	$ 116.1	$ 2.3	$ 109.6	$ 112.7	$ 3.0
Salaries and Wages/Payroll Related Costs	$ 45.1	$ 44.2	$ (0.9)	$ 60.0	$ 58.2	$ (1.9)
Utilities	1.9	1.8	(0.2)	3.3	2.7	(0.6)
Scholarships and Fellowships	27.6	26.9	(0.7)	12.8	11.3	(1.5)
Operations, Maintenance and Travel	22.7	24.1	1.4	28.3	33.3	5.0
Depreciation and Amortization	16.0	15.6	(0.3)	21.2	20.8	(0.4)
Total Expenses	$ 113.3	$ 112.6	$ (0.7)	$ 125.6	$ 126.3	$ 0.7
Adj Operating Margin	0.5	3.5	3.0	(16.0)	(13.6)	2.4
Adj Cash Flow Margin (Excludes Depr & Amort)	16.5	19.2	2.6	5.2	7.3	2.0

U.T. Permian Basin anticipates ending the year with an adjusted cash flow margin of $7.3 million, which represents an increase of $2.0 million (38%) as compared to the budgeted level. The projected increase is primarily attributable to a decrease in salaries and wages and payroll related costs due to anticipated savings as a result of faculty and staff vacancies, as well as planned reorganizations to enhance business needs.

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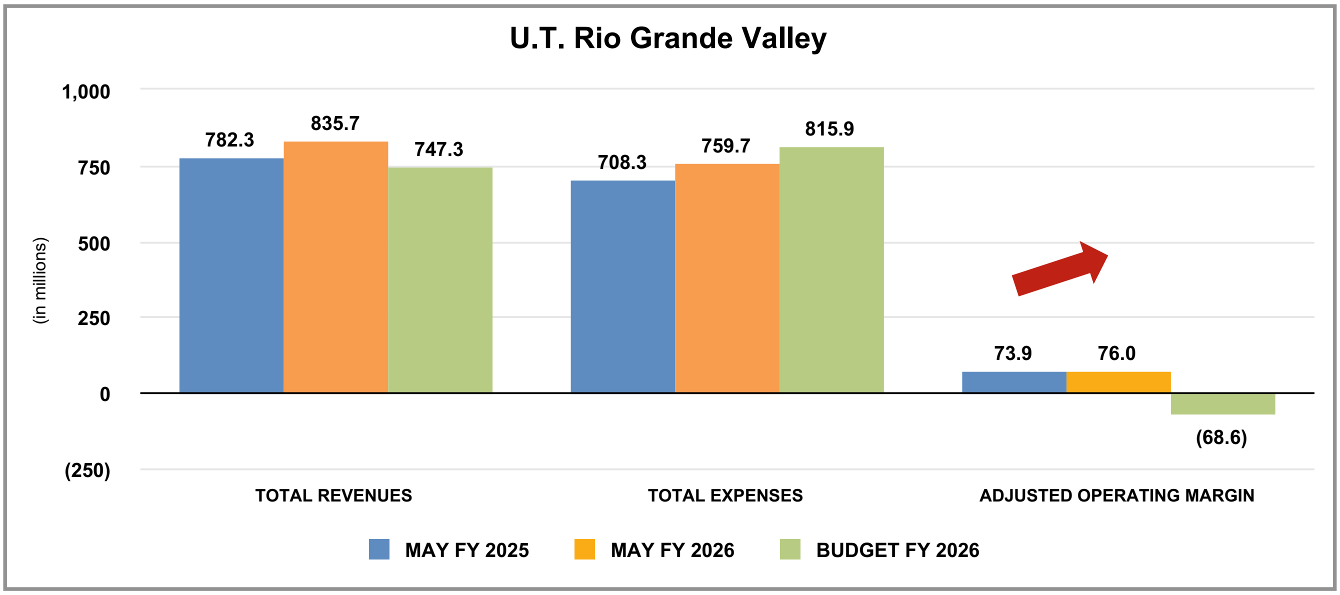
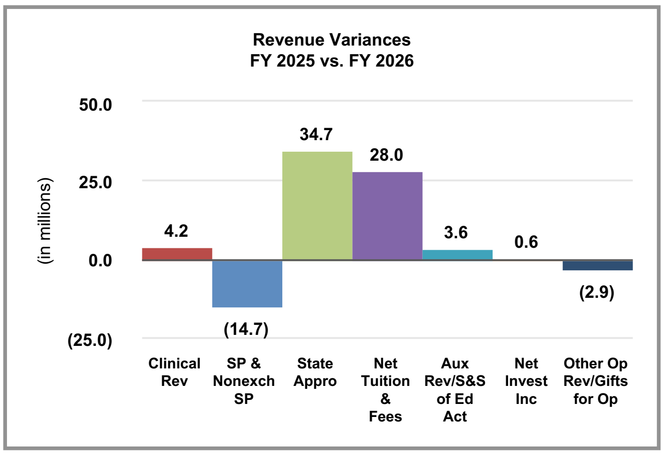
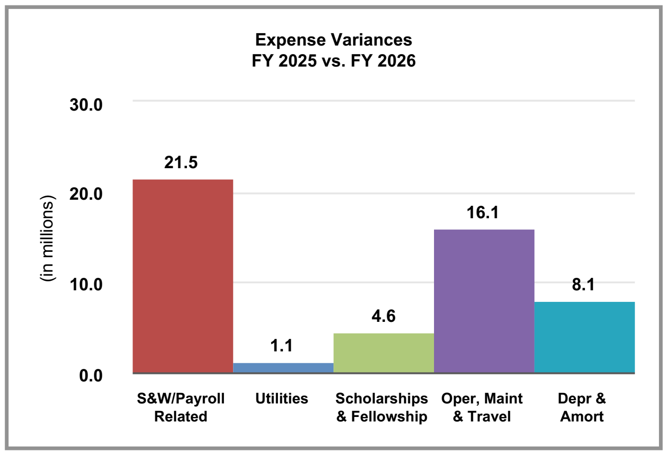
For the Period Ending May 31, 2026







(in millions)	May YTD FY 2025	May YTD FY 2026	Variance	FY 2026 Budget	Annual Projected FY 2026	Variance
Clinical Revenues	$ 15.2	$ 19.4	$ 4.2	$ 32.7	$ 23.6	$ (9.1)
Sponsored Programs/Nonexchange Sponsored Programs	210.6	195.9	(14.7)	292.9	304.3	11.4
State Appropriations	185.7	220.4	34.7	221.7	221.3	(0.4)
Net Tuition and Fees	311.1	339.1	28.0	117.4	135.4	18.0
Auxiliary Revenues/Sales & Services of Educational Activities	17.8	21.4	3.6	26.7	28.9	2.2
Net Investment Income	18.6	19.2	0.6	24.8	24.3	(0.5)
Other Operating Revenues/Gift Contributions for Operations	23.3	20.4	(2.9)	31.2	23.5	(7.7)
Total Revenues	$ 782.3	$ 835.7	$ 53.4	$ 747.3	$ 761.3	$ 14.0
Salaries and Wages/Payroll Related Costs	$ 370.6	$ 392.1	$ 21.5	$ 519.0	$ 508.5	$ (10.5)
Utilities	6.5	7.6	1.1	13.6	12.7	(0.9)
Scholarships and Fellowships	192.9	197.5	4.6	44.1	57.1	13.0
Operations, Maintenance and Travel	84.8	100.9	16.1	150.3	155.5	5.2
Depreciation and Amortization	53.5	61.6	8.1	88.9	86.8	(2.1)
Total Expenses	$ 708.3	$ 759.7	$ 51.4	$ 815.9	$ 820.7	$ 4.8
Adj Operating Margin	73.9	76.0	2.0	(68.6)	(59.4)	9.2
Adj Cash Flow Margin (Excludes Depr & Amort)	127.4	137.5	10.1	20.2	27.4	7.1

U.T. Rio Grande Valley anticipates ending the year with an adjusted cash flow margin of $27.4 million, which represents an increase of $7.1 million (35%) as compared to the budgeted level. The projected increase is primarily due to the following: an increase in net student tuition and fees attributable to increased enrollment; and a decrease in salaries and wages and payroll related costs resulting from anticipated salary savings.

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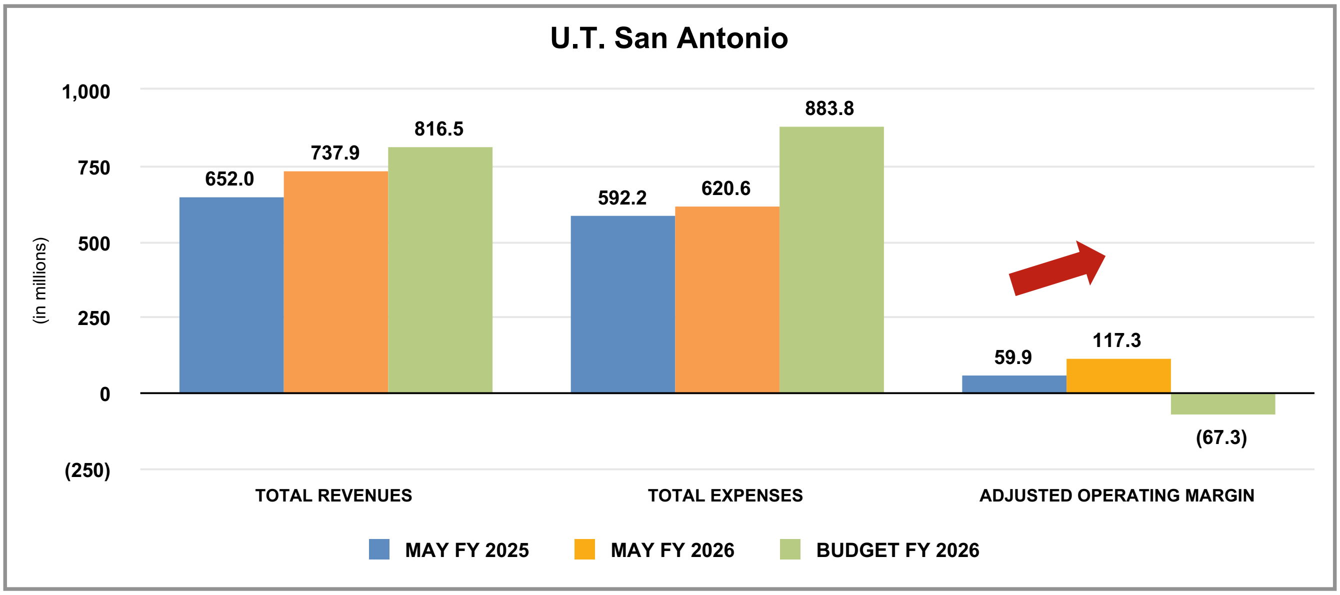

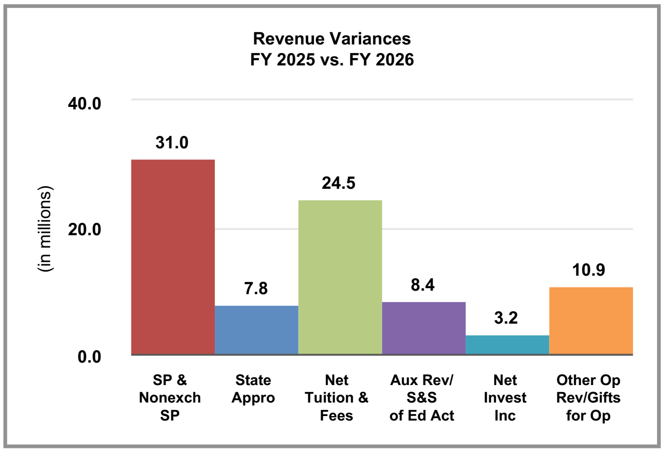

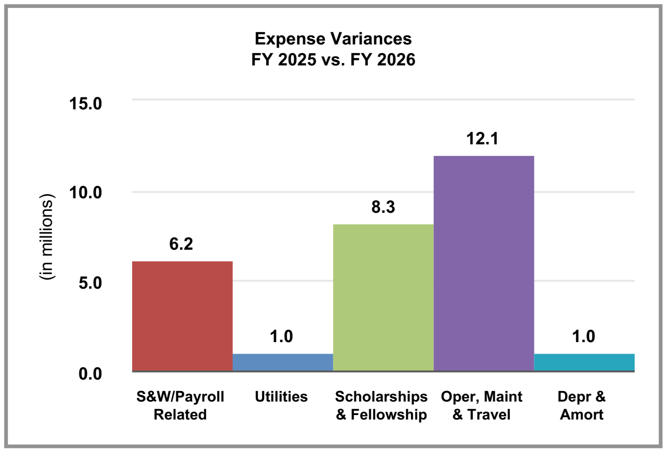

(in millions)	May YTD FY 2025	May YTD FY 2026	Variance	FY 2026 Budget	Annual Projected FY 2026	Variance
Sponsored Programs/Nonexchange Sponsored Programs	$ 127.3	$ 158.3	$ 31.0	$ 234.2	$ 234.4	$ 0.1
State Appropriations	160.9	168.7	7.8	186.0	186.0	(0.0)
Net Tuition and Fees	245.9	270.4	24.5	248.4	272.6	24.3
Auxiliary Revenues/Sales & Services of Educational Activities	69.9	78.4	8.4	85.8	100.6	14.8
Net Investment Income	31.2	34.4	3.2	32.3	45.4	13.1
Other Operating Revenues/Gift Contributions for Operations	16.9	27.8	10.9	29.8	34.9	5.1
Total Revenues	$ 652.0	$ 737.9	$ 85.9	$ 816.5	$ 873.9	$ 57.4
Salaries and Wages/Payroll Related Costs	$ 363.7	$ 369.9	$ 6.2	$ 455.3	$ 483.0	$ 27.7
Utilities	11.2	12.1	1.0	20.7	18.5	(2.2)
Scholarships and Fellowships	34.1	42.4	8.3	67.5	85.5	18.0
Operations, Maintenance and Travel	123.7	135.8	12.1	250.0	201.0	(49.0)
Depreciation and Amortization	59.4	60.4	1.0	90.3	80.5	(9.8)
Total Expenses	$ 592.2	$ 620.6	$ 28.5	$ 883.8	$ 868.5	$ (15.3)
Adj Operating Margin	59.9	117.3	57.4	(67.3)	5.4	72.7
Adj Cash Flow Margin (Excludes Depr & Amort)	119.3	177.7	58.4	23.1	85.9	62.9

U.T. San Antonio anticipates ending the year with an adjusted cash flow margin of $85.9 million, which represents an increase of $62.9 million (273%) 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 Health Campus integration costs that will not be utilized; an increase in net investment income as a result of strong market performance; and an increase in net student tuition and fees due to increased enrollment.

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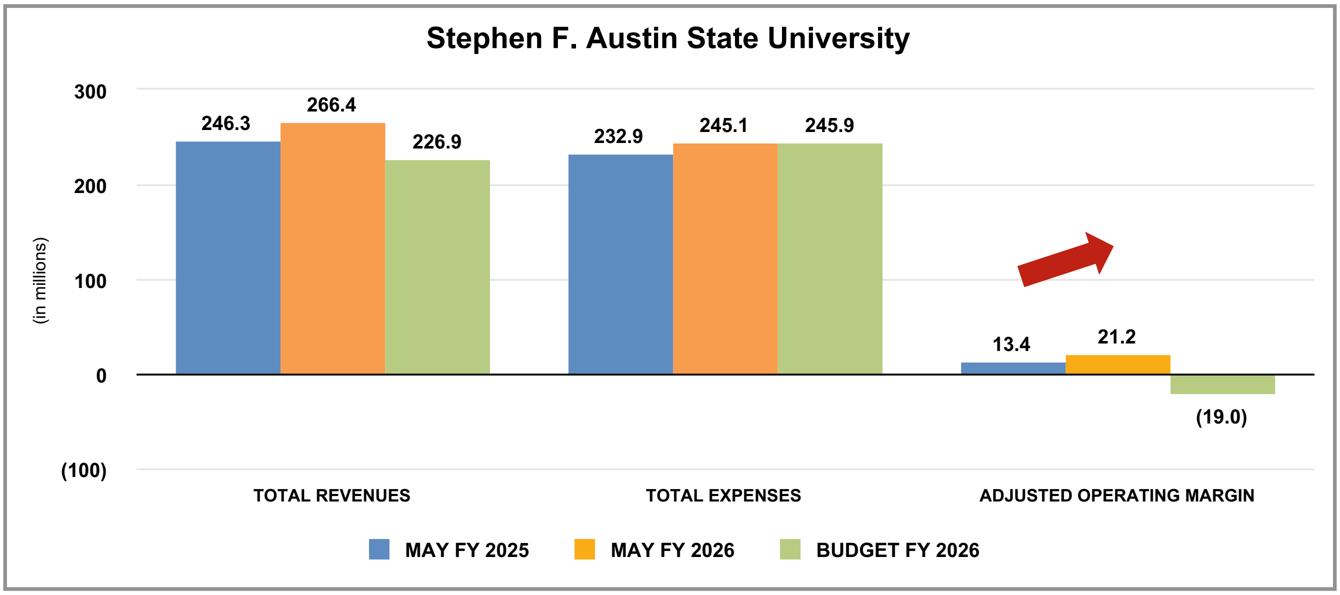

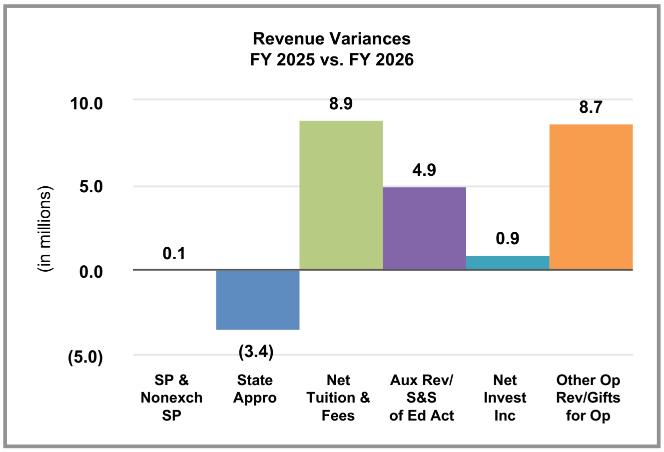

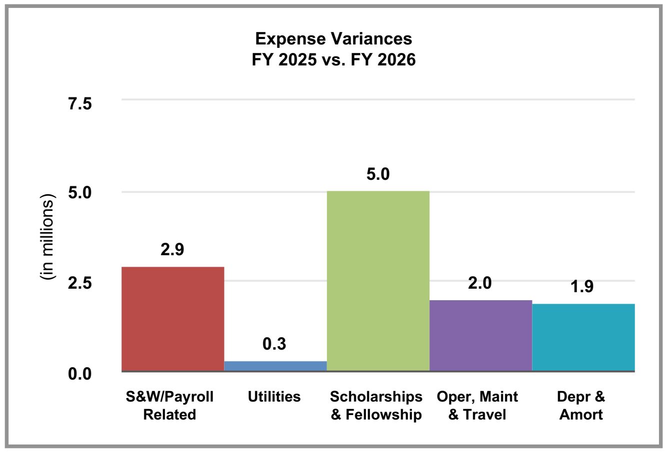

(in millions)	May YTD FY 2025	May YTD FY 2026	Variance	FY 2026 Budget	Annual Projected FY 2026	Variance
Sponsored Programs/Nonexchange Sponsored Programs	$ 29.7	$ 29.8	$ 0.1	$ 46.8	$ 42.8	$ (4.1)
State Appropriations	52.0	48.5	(3.4)	51.7	51.7	0.0
Net Tuition and Fees	99.8	108.7	8.9	57.9	58.0	0.1
Auxiliary Revenues/Sales & Services of Educational Activities	47.7	52.6	4.9	41.5	43.6	2.1
Net Investment Income	9.9	10.8	0.9	23.8	20.6	(3.2)
Other Operating Revenues/Gift Contributions for Operations	7.3	16.0	8.7	5.2	16.0	10.8
Total Revenues	$ 246.3	$ 266.4	$ 20.0	$ 226.9	$ 232.6	$ 5.7
Salaries and Wages/Payroll Related Costs	$ 120.1	$ 123.0	$ 2.9	$ 154.7	$ 155.2	$ 0.5
Utilities	4.6	4.9	0.3	6.5	7.5	1.0
Scholarships and Fellowships	51.6	56.6	5.0	6.7	7.2	0.5
Operations, Maintenance and Travel	40.1	42.1	2.0	53.0	57.8	4.8
Depreciation and Amortization	16.6	18.5	1.9	25.0	25.0	0.0
Total Expenses	$ 232.9	$ 245.1	$ 12.2	$ 245.9	$ 252.7	$ 6.8
Adj Operating Margin	13.4	21.2	7.9	(19.0)	(20.1)	(1.1)
Adj Cash Flow Margin (Excludes Depr & Amort)	29.9	39.7	9.8	6.0	4.9	(1.1)

Stephen F. Austin State University anticipates ending the year with an adjusted cash flow margin of $4.9 million, which represents a decrease of $1.1 million (19%) as compared to the budgeted level. The projected decrease is primarily due to transfers in projections being adjusted downward from original budget assumptions.

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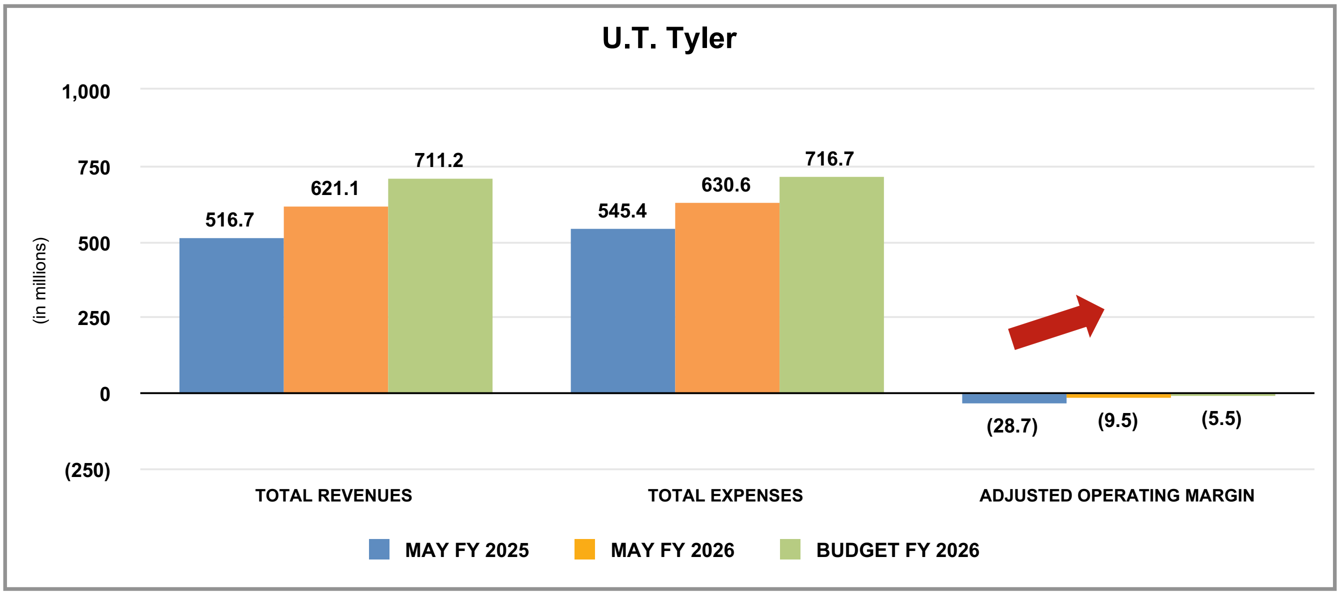

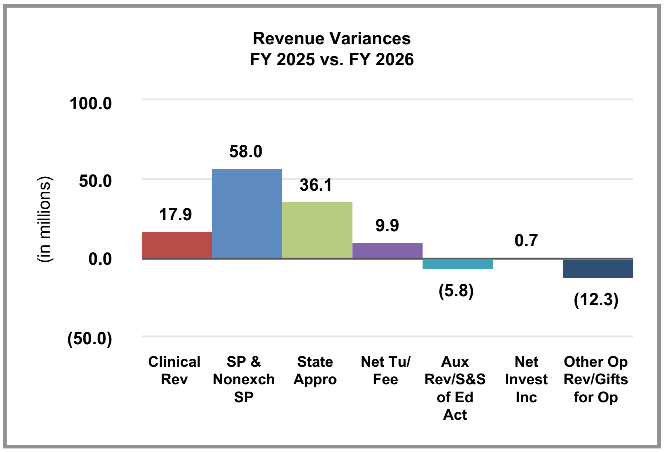

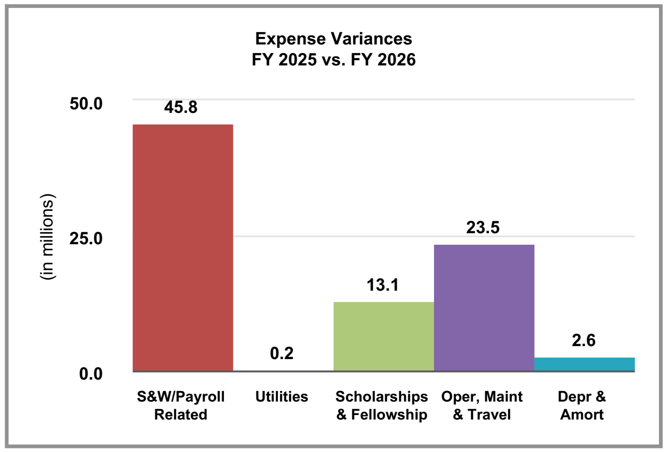

(in millions)	May YTD FY 2025	May YTD FY 2026	Variance	FY 2026 Budget	Annual Projected FY 2026	Variance
Clinical Revenues	$ 162.0	$ 179.9	$ 17.9	$ 223.0	$ 242.9	$ 20.0
Sponsored Programs/Nonexchange Sponsored Programs	129.8	187.8	58.0	205.7	240.7	35.0
State Appropriations	53.1	89.2	36.1	128.1	127.8	(0.3)
Net Tuition and Fees	99.8	109.7	9.9	77.5	64.5	(13.0)
Auxiliary Revenues/Sales & Services of Educational Activities	37.1	31.3	(5.8)	45.7	37.6	(8.1)
Net Investment Income	9.1	9.8	0.7	13.0	15.1	2.1
Other Operating Revenues/Gift Contributions for Operations	25.8	13.5	(12.3)	18.2	10.8	(7.4)
Total Revenues	$ 516.7	$ 621.1	$ 104.4	$ 711.2	$ 739.5	$ 28.3
Salaries and Wages/Payroll Related Costs	$ 329.8	$ 375.6	$ 45.8	$ 466.3	$ 499.0	$ 32.7
Utilities	3.8	4.0	0.2	6.9	6.1	(0.8)
Scholarships and Fellowships	49.7	62.8	13.1	17.7	16.8	(0.9)
Operations, Maintenance and Travel	138.5	162.0	23.5	185.3	193.5	8.2
Depreciation and Amortization	23.6	26.2	2.6	40.5	43.8	3.3
Total Expenses	$ 545.4	$ 630.6	$ 85.2	$ 716.7	$ 759.3	$ 42.6
Adj Operating Margin	(28.7)	(9.5)	19.2	(5.5)	(19.8)	(14.3)
Adj Cash Flow Margin (Excludes Depr & Amort)	(5.1)	16.8	21.8	35.0	24.0	(11.0)

U.T. Tyler anticipates ending the year with an adjusted cash flow margin of $24.0 million, which represents a decrease of $11.0 million (31%) as compared to the budgeted level. The projected decrease is primarily attributable to the following: a decrease in net tuition and fees due to student credit hours projected to be below the levels assumed during budget development; and a decrease in auxiliary enterprises revenues related to leased dormitory units that were included in the budget but are no longer in use.

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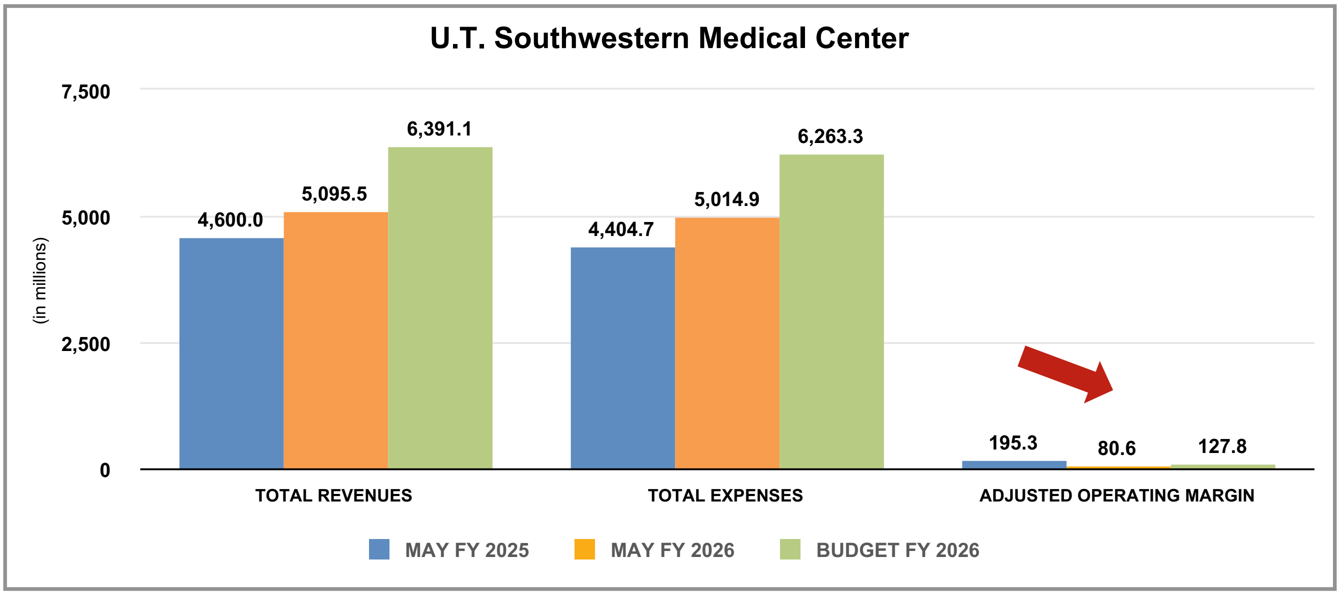

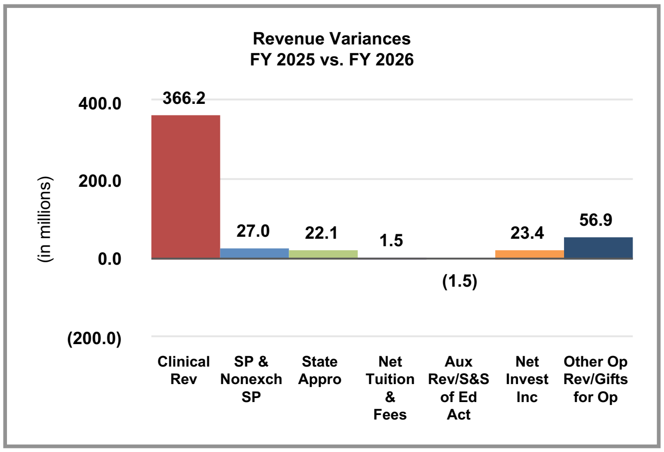

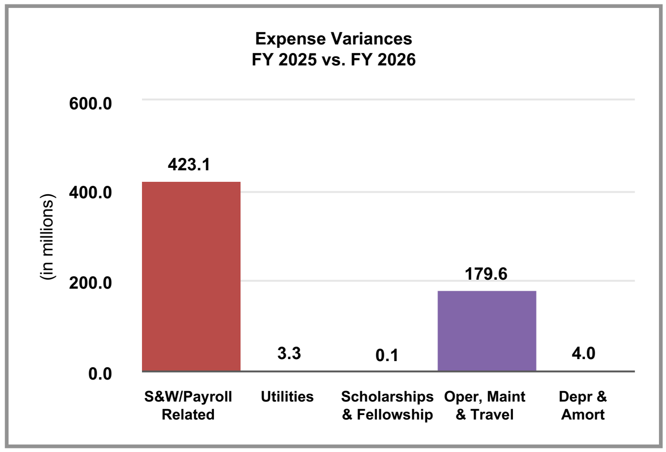

(in millions)	May YTD FY 2025	May YTD FY 2026	Variance	FY 2026 Budget	Annual Projected FY 2026	Variance
Clinical Revenues	$ 3,045.2	$ 3,411.4	$ 366.2	$ 4,403.9	$ 4,546.6	$ 142.7
Sponsored Programs/Nonexchange Sponsored Programs	786.1	813.1	27.0	1,069.0	1,074.1	5.1
State Appropriations	170.6	192.6	22.1	265.7	265.7	0.0
Net Tuition and Fees	26.0	27.5	1.5	31.3	32.2	0.9
Auxiliary Revenues/Sales & Services of Educational Activities	47.9	46.4	(1.5)	59.4	61.8	2.4
Net Investment Income	172.6	196.0	23.4	230.1	251.5	21.4
Other Operating Revenues/Gift Contributions for Operations	351.7	408.5	56.9	331.7	519.9	188.2
Total Revenues	$ 4,600.0	$ 5,095.5	$ 495.5	$ 6,391.1	$ 6,751.8	$ 360.7
Salaries and Wages/Payroll Related Costs	$ 2,687.1	$ 3,110.2	$ 423.1	$ 3,796.0	$ 4,096.1	$ 300.1
Utilities	23.3	26.6	3.3	34.3	36.1	1.8
Scholarships and Fellowships	3.3	3.4	0.1	4.9	6.3	1.5
Operations, Maintenance and Travel	1,479.0	1,658.6	179.6	2,139.2	2,221.9	82.7
Depreciation and Amortization	212.1	216.1	4.0	289.0	289.6	0.7
Total Expenses	$ 4,404.7	$ 5,014.9	$ 610.2	$ 6,263.3	$ 6,650.0	$ 386.7
Adj Operating Margin	195.3	80.6	(114.7)	127.8	101.7	(26.1)
Adj Cash Flow Margin (Excludes Depr & Amort)	407.4	296.7	(110.7)	416.8	391.4	(25.4)

U.T. Southwestern Medical Center anticipates ending the year with an adjusted cash flow margin of $391.4 million, which represents a decrease of $25.4 million (6%) as compared to the budgeted level. The projected decrease is primarily due 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 expenses attributable to an increase in materials and supplies driven by patient volumes.

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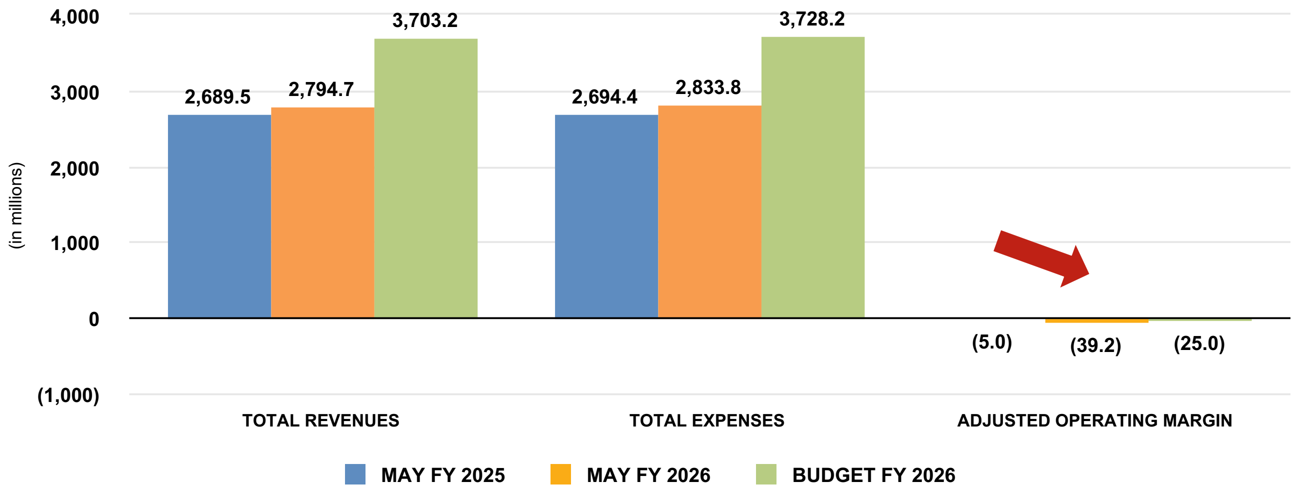
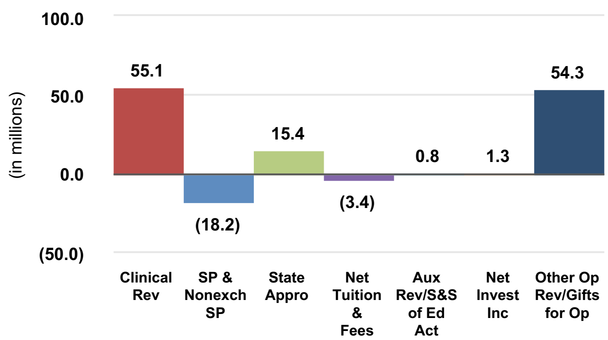
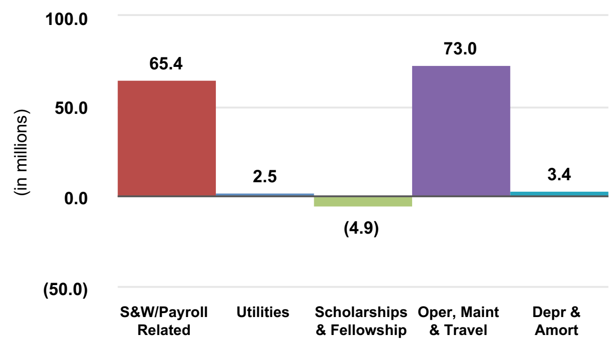
U.T. Medical Branch - Galveston



Revenue Variances
FY 2025 vs. FY 2026



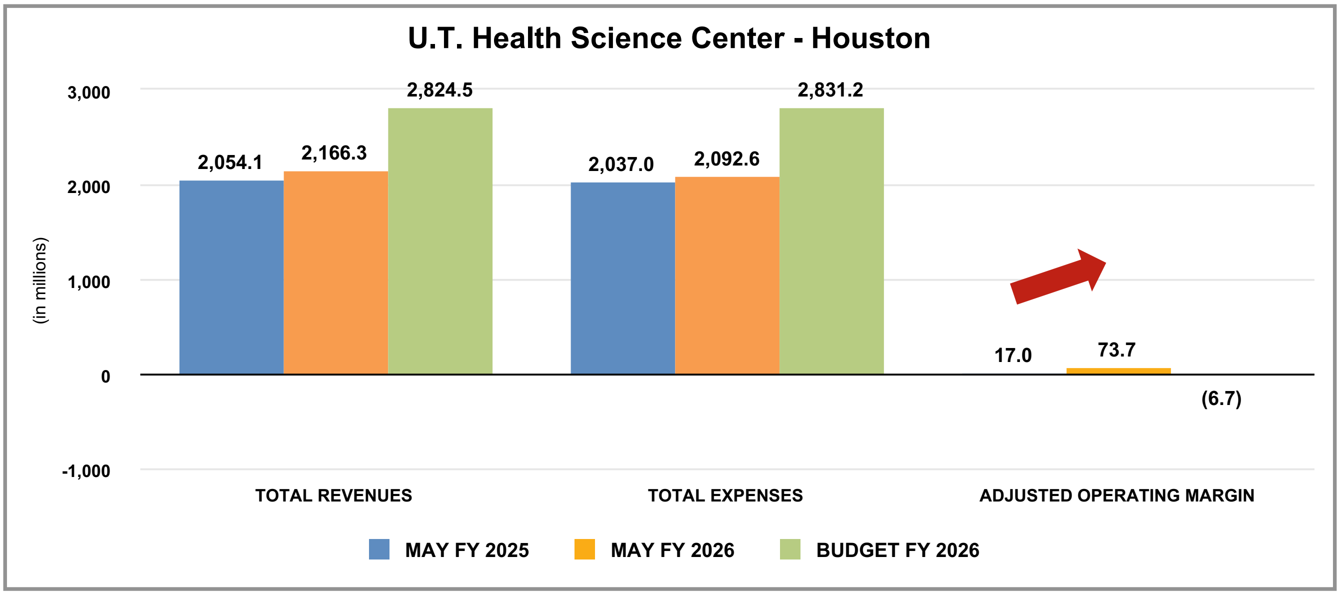
Expense Variances
FY 2025 vs. FY 2026

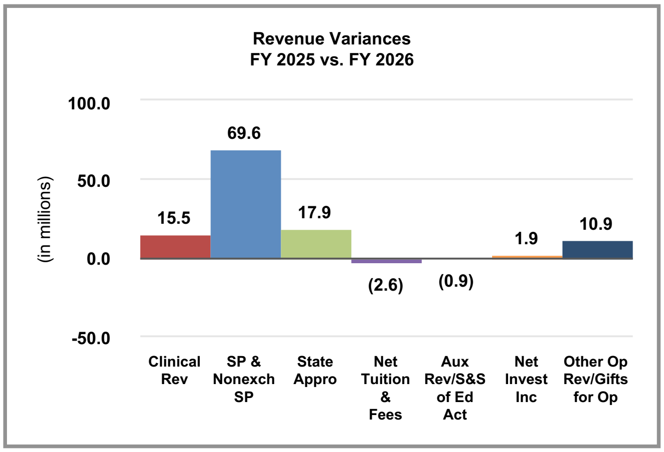


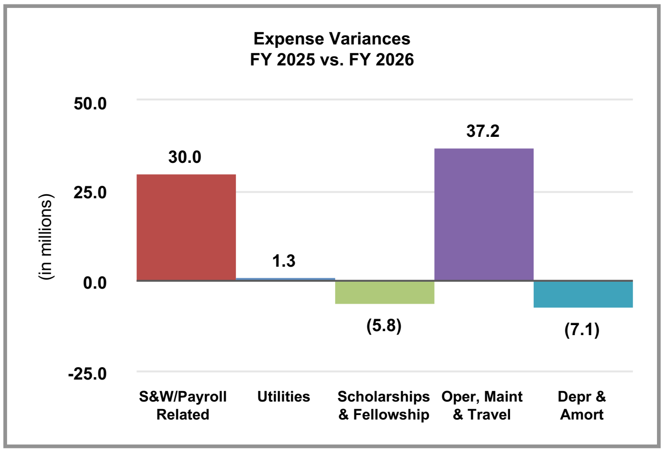
(in millions)	May YTD FY 2025	May YTD FY 2026	Variance	FY 2026 Budget	Annual Projected FY 2026	Variance
Clinical Revenues	$ 1,881.2	$ 1,936.3	$ 55.1	$ 2,602.9	$ 2,632.3	$ 29.4
Sponsored Programs/Nonexchange Sponsored Programs	251.8	233.6	(18.2)	306.6	324.5	17.9
State Appropriations	294.9	310.3	15.4	411.5	415.1	3.5
Net Tuition and Fees	43.1	39.7	(3.4)	54.4	49.0	(5.4)
Auxiliary Revenues/Sales & Services of Educational Activities	22.1	22.8	0.8	32.8	30.3	(2.5)
Net Investment Income	67.3	68.5	1.3	85.1	89.3	4.2
Other Operating Revenues/Gift Contributions for Operations	129.1	183.4	54.3	209.9	223.5	13.6
Total Revenues	$ 2,689.5	$ 2,794.7	$ 105.2	$ 3,703.2	$ 3,764.0	$ 60.7
Salaries and Wages/Payroll Related Costs	$ 1,613.9	$ 1,679.4	$ 65.4	$ 2,210.2	$ 2,277.1	$ 67.0
Utilities	25.1	27.6	2.5	48.7	37.8	(10.9)
Scholarships and Fellowships	7.9	3.0	(4.9)	13.8	1.9	(11.9)
Operations, Maintenance and Travel	871.8	944.8	73.0	1,213.7	1,230.3	16.5
Depreciation and Amortization	175.7	179.1	3.4	241.8	237.6	(4.3)
Total Expenses	$ 2,694.4	$ 2,833.8	$ 139.4	$ 3,728.2	$ 3,784.7	$ 56.4
Adj Operating Margin	(5.0)	(39.2)	(34.2)	(25.0)	(20.7)	4.3
Adj Cash Flow Margin (Excludes Depr & Amort)	170.7	139.9	(30.8)	216.8	216.8	0.0

U.T. Medical Branch - Galveston anticipates ending the year with an adjusted cash flow margin of $216.8 million, in line with the budgeted level (0% variance). The projection reflects no significant changes to total revenues or expenses, with U.T. Medical Branch - Galveston remaining on track to meet budget expectations.

Monthly Financial Report
Comparison of Operating Results, Margin, Budget and Projected Year-End
For the Period Ending May 31, 2026







(in millions)		May YTD FY 2025	May YTD FY 2026	Variance	FY 2026 Budget	Annual Projected FY 2026	Variance
Clinical Revenues	$	564.8	580.3	15.5	774.9	777.6	2.7
Sponsored Programs/Nonexchange Sponsored Programs		1,004.0	1,073.5	69.6	1,390.6	1,437.4	46.8
State Appropriations		197.9	215.8	17.9	282.7	283.0	0.4
Net Tuition and Fees		59.5	56.9	(2.6)	69.6	70.4	0.8
Auxiliary Revenues/Sales & Services of Educational Activities		70.5	69.6	(0.9)	87.8	87.9	0.1
Net Investment Income		94.9	96.8	1.9	122.7	129.2	6.5
Other Operating Revenues/Gift Contributions for Operations		62.5	73.4	10.9	96.1	105.3	9.3
Total Revenues		2,054.1	2,166.3	112.2	2,824.5	2,890.9	66.5
Salaries and Wages/Payroll Related Costs		1,602.8	1,632.7	30.0	2,259.9	2,201.0	(58.8)
Utilities		11.2	12.6	1.3	17.4	19.2	1.9
Scholarships and Fellowships		8.1	2.3	(5.8)	6.5	3.5	(3.0)
Operations, Maintenance and Travel		331.1	368.3	37.2	446.6	520.0	73.4
Depreciation and Amortization		83.9	76.8	(7.1)	100.8	110.2	9.4
Total Expenses	$	2,037.0	2,092.6	55.5	2,831.2	2,854.0	22.9
Adj Operating Margin		17.0	73.7	56.7	(6.7)	36.9	43.6
Adj Cash Flow Margin (Excludes Depr & Amort)		101.0	150.5	49.6	94.1	147.1	53.0

U.T. Health Science Center - Houston anticipates ending the year with an adjusted cash flow margin of $147.1 million, which represents an increase of $53.0 million (56%) as compared to the budgeted level. The projected increase is primarily due to the following: an increase in sponsored programs driven by the indirect cost rate trending above the budgeted rate; and an increase in gift contributions for operations as a result of a significant gift received during the fiscal year.

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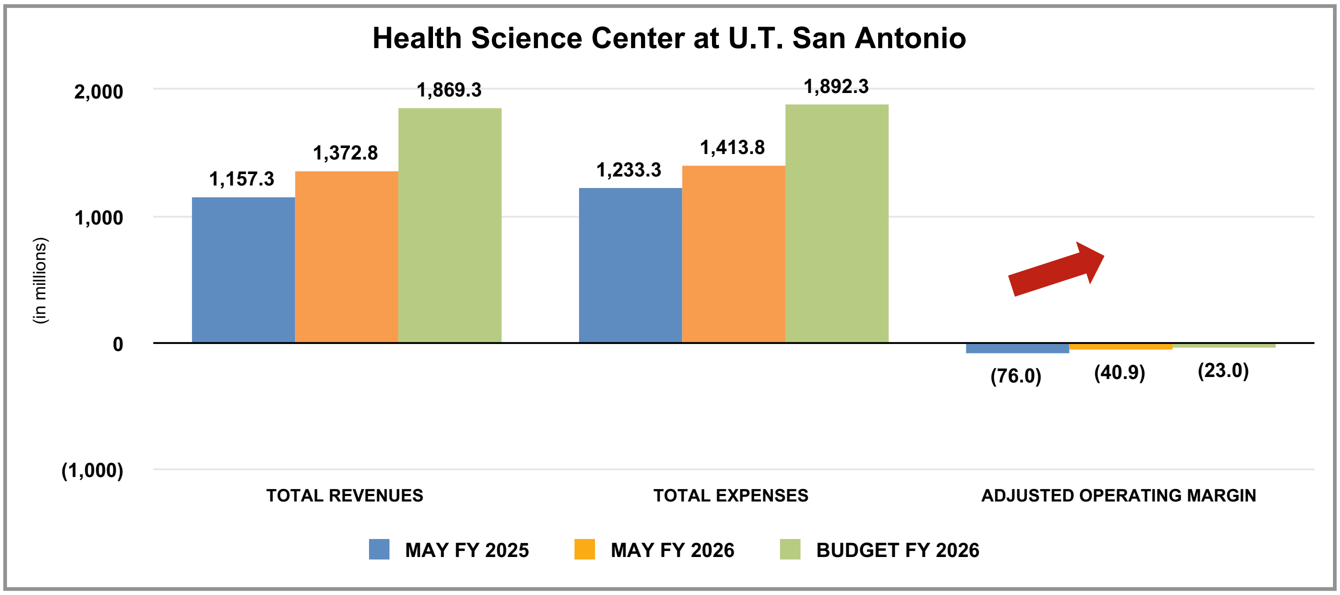
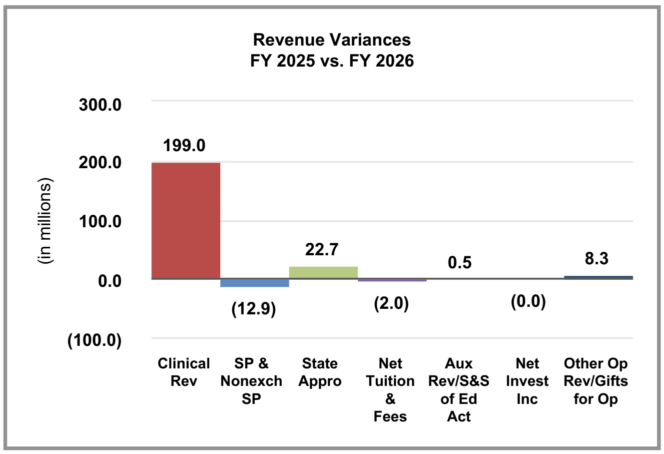
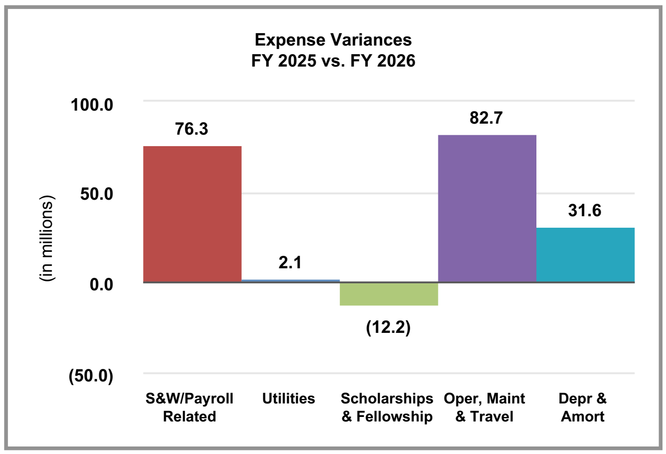
For the Period Ending May 31, 2026







(in millions)	May YTD FY 2025	May YTD FY 2026	Variance	FY 2026 Budget	Annual Projected FY 2026	Variance
Clinical Revenues	$ 365.9	$ 564.8	$ 199.0	$ 771.6	$ 779.2	$ 7.6
Sponsored Programs/Nonexchange Sponsored Programs	481.6	468.8	(12.9)	626.6	627.1	0.5
State Appropriations	162.6	185.3	22.7	261.7	251.7	(10.0)
Net Tuition and Fees	51.4	49.4	(2.0)	74.5	68.7	(5.8)
Auxiliary Revenues/Sales & Services of Educational Activities	26.0	26.4	0.5	36.9	33.4	(3.5)
Net Investment Income	49.4	49.3	(0.0)	67.5	65.9	(1.6)
Other Operating Revenues/Gift Contributions for Operations	20.5	28.8	8.3	30.5	41.0	10.5
Total Revenues	$ 1,157.3	$ 1,372.8	$ 215.6	$ 1,869.3	$ 1,867.0	$ (2.3)
Salaries and Wages/Payroll Related Costs	$ 781.9	$ 858.1	$ 76.3	$ 1,176.9	$ 1,163.9	$ (13.0)
Utilities	16.2	18.3	2.1	26.4	28.7	2.4
Scholarships and Fellowships	12.4	0.2	(12.2)	9.7	3.3	(6.4)
Operations, Maintenance and Travel	359.4	442.0	82.7	552.5	576.2	23.7
Depreciation and Amortization	63.5	95.1	31.6	126.8	132.8	6.0
Total Expenses	$ 1,233.3	$ 1,413.8	$ 180.5	$ 1,892.3	$ 1,905.0	$ 12.7
Adj Operating Margin	(76.0)	(40.9)	35.1	(23.0)	(38.0)	(15.0)
Adj Cash Flow Margin (Excludes Depr & Amort)	(12.5)	54.2	66.7	103.8	94.8	(9.0)

Health Science Center at U.T. San Antonio anticipates ending the year with an adjusted cash flow margin of $94.8 million, which represents a decrease of $9.0 million (9%) as compared to the budgeted level. The projected decrease is primarily attributable to a decrease in state appropriations due to the timing of revenue recognition for Trauma Research and Combat Casualty Care Collaborative (TRC4) funds, as the budget reflects the full $20 million allocation from U.T. System in fiscal year 2026, while half of the allocation will be deferred to fiscal year 2027.

Monthly Financial Report
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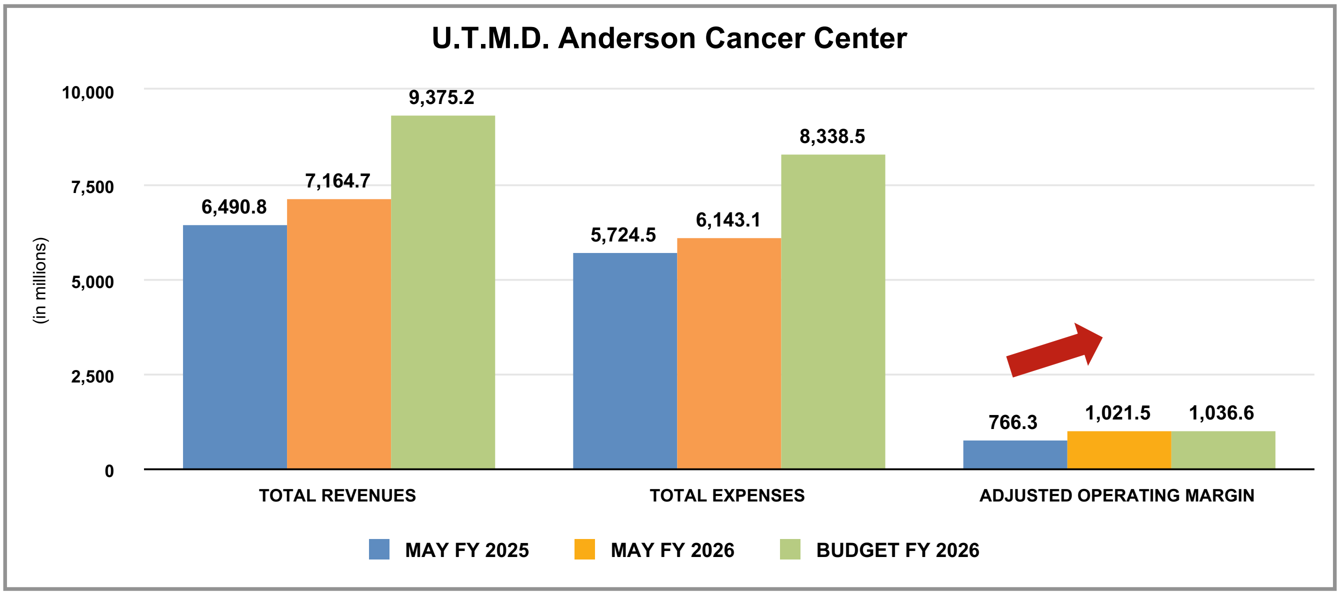
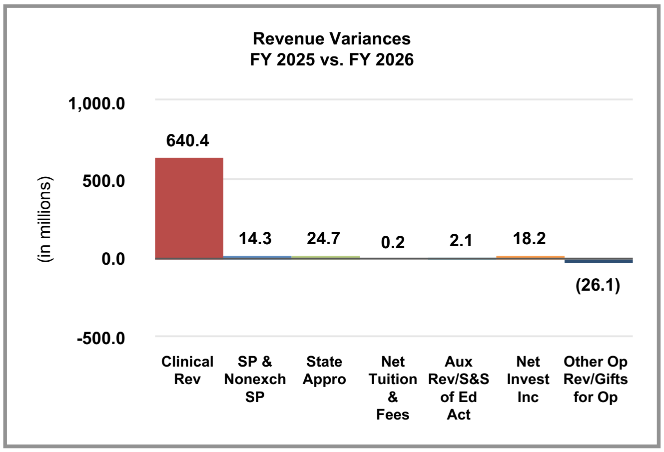
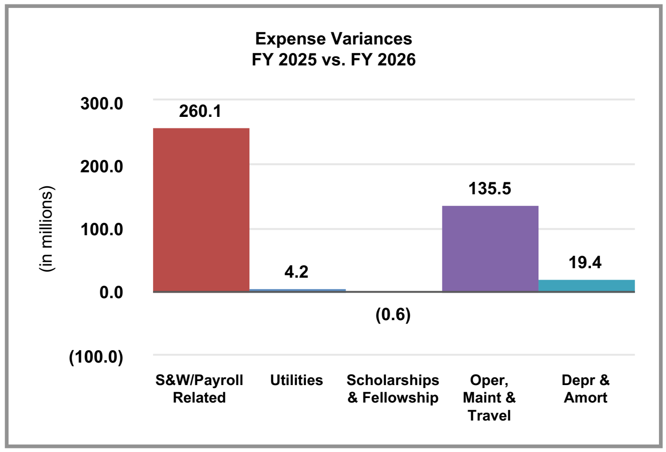
For the Period Ending May 31, 2026





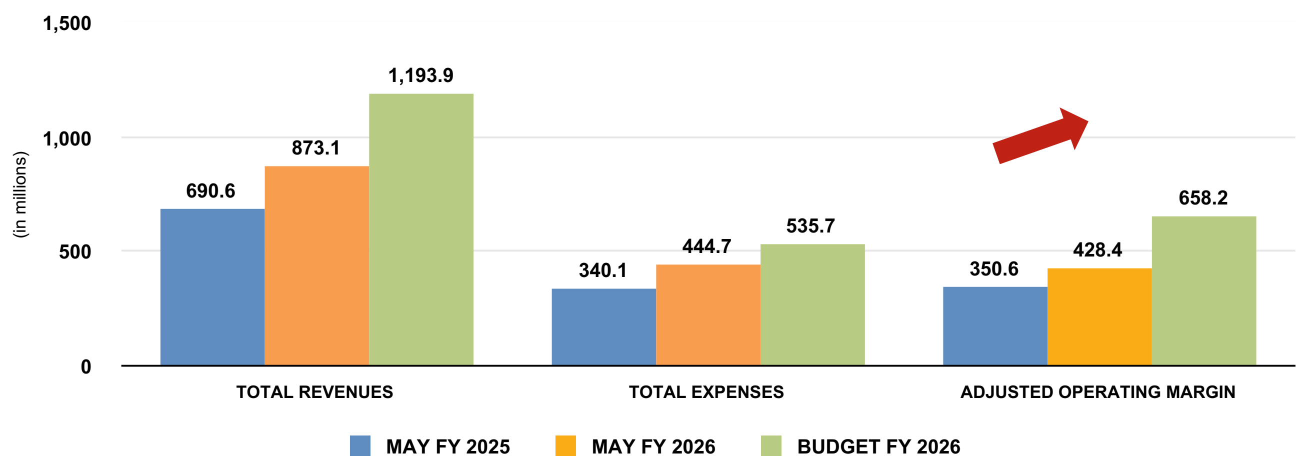


(in millions)	May YTD FY 2025	May YTD FY 2026	Variance	FY 2026 Budget	Annual Projected FY 2026	Variance
Clinical Revenues	$ 5,126.9	5,767.3	640.4	7,615.0	7,880.6	265.6
Sponsored Programs/Nonexchange Sponsored Programs	514.9	529.3	14.3	698.3	704.4	6.1
State Appropriations	164.8	189.6	24.7	258.0	258.0	0.0
Net Tuition and Fees	1.9	2.1	0.2	1.9	1.9	(0.0)
Auxiliary Revenues/Sales & Services of Educational Activities	37.2	39.3	2.1	52.0	52.3	0.4
Net Investment Income	454.8	473.0	18.2	490.0	531.8	41.8
Other Operating Revenues/Gift Contributions for Operations	190.2	164.1	(26.1)	260.0	251.9	(8.1)
Total Revenues	6,490.8	7,164.7	673.8	9,375.2	9,680.8	305.7
Salaries and Wages/Payroll Related Costs	3,238.1	3,498.2	260.1	4,418.0	4,662.2	244.2
Utilities	36.6	40.8	4.2	55.5	53.7	(1.8)
Scholarships and Fellowships	1.8	1.1	(0.6)	2.7	2.7	(0.0)
Operations, Maintenance and Travel	2,161.6	2,297.1	135.5	3,455.8	3,319.0	(136.8)
Depreciation and Amortization	286.4	305.8	19.4	406.5	417.9	11.4
Total Expenses	$ 5,724.5	6,143.1	418.6	8,338.5	8,455.5	117.0
Adj Operating Margin	766.3	1,021.5	255.2	1,036.6	1,225.3	188.7
Adj Cash Flow Margin (Excludes Depr & Amort)	1,052.7	1,327.4	274.6	1,443.1	1,643.2	200.1

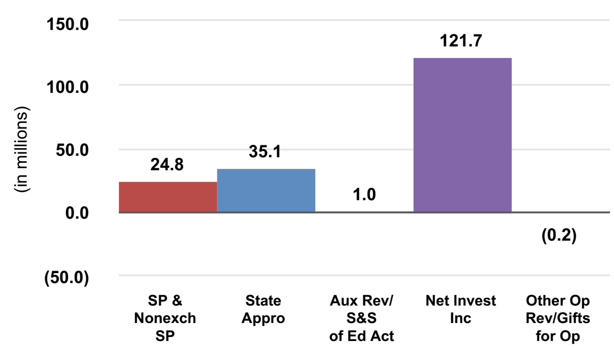
U.T.M.D. Anderson Cancer Center anticipates ending the year with an adjusted cash flow margin of $1,643.2 million, which represents an increase of $200.1 million (14%) as compared to the budgeted level. The projected increase is due to the following: an increase in clinical revenues as a result of increased patient volume, clinical expansion efforts, and productivity improvements; and a decrease in operations, maintenance and travel expenses attributable to disciplined expense management and continued efforts to align operating costs with patient care activity and operational needs.

Monthly Financial Report
Comparison of Operating Results, Margin, Budget and Projected Year-End
For the Period Ending May 31, 2026

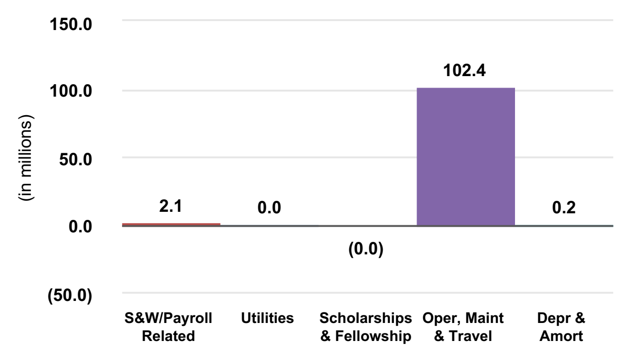
U.T. System Administration (Excluding OPEB & Pension Expense)



Revenue Variances FY 2025 vs. FY 2026



Expense Variances FY 2025 vs. FY 2026



(in millions)	May YTD FY 2025	May YTD FY 2026	Variance	FY 2026 Budget	Annual Projected FY 2026	Variance
Sponsored Programs/Nonexchange Sponsored Programs	$ 37.2	$ 62.0	$ 24.8	$ 71.8	$ 72.7	$ 0.9
State Appropriations	11.0	46.1	35.1	53.7 *	58.4	4.7
Auxiliary Revenues/Sales & Services of Educational Activities	1.9	2.9	1.0	7.9	7.9	0.0
Net Investment Income/Available University Fund (AUF)	637.0	758.7	121.7	1,057.9	1,153.7	95.8
Other Operating Revenues/Gift Contributions for Operations	3.6	3.4	(0.2)	2.5	3.4	0.9
Total Revenues	$ 690.6	$ 873.1	$ 182.5	$ 1,193.9	$ 1,296.1	$ 102.3
Salaries and Wages/Payroll Related Costs	$ 42.1	$ 44.2	$ 2.1	$ 67.2	$ 61.3	$ (5.8)
Utilities	0.1	0.1	0.0	0.0	0.0	0.0
Scholarships and Fellowships	0.5	0.5	(0.0)	2.3	0.5	(1.8)
Operations, Maintenance and Travel	279.8	382.2	102.4	443.3 *	526.5	83.2
Depreciation and Amortization	17.6	17.8	0.2	22.9	22.9	0.0
Total Expenses (Excluding OPEB & Pension)	$ 340.1	$ 444.7	$ 104.6	$ 535.7	$ 611.3	$ 75.6
Adj Operating Margin (Excl OPEB & Pension)	350.6	428.4	77.8	658.2	684.9	26.7
Adj Cash Flow Margin (Excl OPEB, Pension, Depr & Amort)	368.1	446.2	78.1	681.1	707.8	26.7

*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 $707.8 million, which represents an increase of $26.7 million (4%) as compared to the budgeted level. The projected increase is primarily attributable to an increase in net investment income due to market conditions exceeding budget expectations.

3. U.T. System Board of Regents: Approval of the Annual Budget for Fiscal Year 2027, including the capital expenditures budget and other external direct charges to the Funds, and the Annual Fee and Allocation Schedule for The University of Texas/Texas A&M Investment Management Company (UTIMCO)

RECOMMENDATION

The Chancellor and the Executive Vice Chancellor and Chief Operating Officer concur in the recommendation of The University of Texas/Texas A&M Investment Management Company (UTIMCO) Board of Directors that the U.T. System Board of Regents approve the proposed Annual Budget for the year ending August 31, 2027, as set forth below, which includes the capital expenditures budget and other external direct charges to the Funds, and the Annual Fee and Allocation Schedule as set forth following the proposed budget.

BACKGROUND INFORMATION

The proposed Total Budgeted Costs consist of $97.7 million (12.3% increase over FY 2026 budget) for UTIMCO Services and $10.4 million (5.9% increase from FY 2026 budget) for Fund Direct Costs (external non-investment manager services such as custodial, legal, audit, and consulting services). These Total Budgeted Costs represent only a portion of total investment costs as they exclude external manager fees. The proposed Total Budgeted Costs were approved by the UTIMCO Board on June 18, 2026.

The increase in UTIMCO Services is due primarily to increased personnel expenses (fixed costs such as salaries and benefits as well as variable performance compensation), as well as higher costs for information technology systems, services, data, and security.

The proposed capital expenditures budget is $275,000.

The proposed Annual Fee and Allocation Schedule shows the allocation of the proposed budgeted expenses among U.T. System funds. The fees are to be paid quarterly.

UTIMCO recommends no rebate to the Investment Funds (PUF, GEF, ITF) given required cash reserves.

The U.T. System Office of Business Affairs has prepared a memorandum for the purpose of reviewing budgeted expenses, which is included as a part of this Agenda Item following the proposed Budget and the Fee and Allocation Schedule.

AUGUST 2026

UTIMCO FY 2027 Budget

U.T. System Board of Regents Meeting
Finance and Planning Committee

Mr. Richard Hall, *President, Chief Executive Officer and Chief Investment Officer*

FY27 Summary Budget

	FY 2026	FY 2027			FY 2027 Proposed Budget v FY 2026 Budget		FY 2027 Proposed Budget v FY 2027 Budget Projected in 2025 Strategic Plan	
	Budget	Proposed Budget	% of Total Budget	Projected in 2025 Strategic Plan	$	%	$	%
UTIMCO Personnel Costs:								
Salaries	30,035,756	32,359,448	**30%**	32,399,406	2,323,692	7.7%	(39,958)	-0.1%
Performance Compensation	28,945,287	33,127,180	**30%**	33,820,582	4,181,893	14.4%	(693,402)	-2.1%
Benefits & Taxes	8,453,082	9,553,745	**9%**	9,843,341	1,100,663	13.0%	(289,596)	-2.9%
Total UTIMCO Personnel Costs **(1)**	**$ 67,434,125**	**$ 75,040,373**	**69%**	**$ 76,063,329**	**$ 7,606,248**	11.3%	**$ (1,022,956)**	**-1.3%**
Other UTIMCO Costs:								
Data & Subscriptions	7,905,672	9,689,147	**9%**	9,061,695	1,783,475	22.6%	627,452	6.9%
Travel	1,586,650	1,655,800	**2%**	1,815,000	69,150	4.4%	(159,200)	-8.8%
Lease Expense & Lease Asset Amortization	3,436,960	3,548,189	**3%**	3,476,637	111,229	3.2%	71,552	2.1%
Depreciation	1,575,000	1,500,000	**1%**	1,825,000	(75,000)	-4.8%	(325,000)	-17.8%
Other Costs	5,044,709	6,225,786	**6%**	3,850,130	1,181,077	23.4%	2,375,656	61.7%
Total Other UTIMCO Costs: (2)	**$ 19,548,991**	**$ 22,618,922**	**21%**	**$ 20,028,462**	**$ 3,069,931**	**15.7%**	**$ 2,590,460**	**12.9%**
Total UTIMCO Services Costs:	**$ 86,983,116**	**$ 97,659,295**	**90%**	**$ 96,091,791**	**$ 10,676,179**	**12.3%**	**$ 1,567,504**	**1.6%**
Bps of AUM	**10.36**	**9.97**		**10.82**				
Direct Fund Costs:								
Custodian Fees	6,216,250	6,500,000	**6%**	5,963,422	283,750	4.6%	536,578	9.0%
Other **(3)**	3,648,267	3,948,168	**4%**	4,056,698	299,901	8.2%	(108,530)	-2.7%
Total Direct Fund Costs	**$ 9,864,517**	**$ 10,448,168**	**10%**	**$ 10,020,120**	**$ 583,651**	**5.9%**	**$ 428,048**	**4.3%**
Bps of AUM	1.17	1.07		1.13				
Grand Total UTIMCO Budget:	**$ 96,847,633**	**$ 108,107,463**		**$ 106,111,911**	**$ 11,259,830**	**11.6%**	**$ 1,995,552**	**1.9%**
Bps of AUM	**11.53**	**11.03**		**11.95**				
AUM projected ($ billion)	$84	$98		$89				
UTIMCO Headcount	140	144		143				

1) **FY27 Budgeted Total Personnel Costs** increased by $7.6M (11.3%) from the FY26 Budget, reflecting increased headcount (4 FTEs), merit increases, market adjustments, and promotions, but remain $1.0M (1.3%) below the levels projected in the 2025 Strategic Plan.

2) **FY27 Budgeted Other UTIMCO Costs** increased by 15.7% from the FY26 Budget, primarily reflecting increases in Data & Subscriptions, Consultant Fees, and Audit Fees, partially offset by a reduction in Depreciation Expense, and are 12.9% above the 2025 Strategic Plan projection.

3) **Other Direct Fund Costs** include Fund Auditor and Accounting Fees: $1.1M, Legal Fees: $1.8M, Foreign Tax Consultants and Tax Compliance & Consulting: $501K, Background Searches: $226K, and Consultant Fees: $316K.

Annual Fee and Allocation Schedule

UTIMCO Management Fee and Direct Budgeted Investment Expenses
Annual Fee and Allocation Schedule
For the fiscal year ending August 31, 2027

Proposed Budget	PUF	PHF	LTF	GEF	ITF	STF	Separate Funds	Debt Proceeds	Total
	Fund Name								
Market Value 4/30/26 ($ millions)	**43,601**			**29,487**	**10,723**	**6,064**	**268**	**1,081**	**91,224**
UTIMCO Management Fee									
Dollars	50,805,299			34,359,209	12,494,787				**97,659,295**
Basis Points	11.7			11.7	11.7				**10.7**
Direct Expenses to the Fund, Excluding UT System Direct Expenses to the Fund									
Dollars	5,259,591	31,922	34,922	3,702,475	1,419,258				**10,448,168**
Basis Points	1.2	0.2	0.0	1.3	1.3				**1.1**

Appendix

5-Year Strategic Plan Starting FY25

	5-Year Strategic Plan					
	Projected Budget (to be approved annually by Board)					CAGR
	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	2025-29
UTIMCO Personnel Costs:						
Base Salary	27,248,025	29,951,987	32,399,406	34,184,439	34,753,216	*6%*
Performance Comp	25,942,695	31,210,892	33,820,582	35,284,583	36,294,946	*9%*
Benefits and Taxes	8,387,046	9,238,906	9,843,341	10,241,394	10,573,443	*6%*
Total UTIMCO Personnel Costs	**$ 61,577,766**	**$ 70,401,786**	**$ 76,063,329**	**$ 79,710,416**	**$ 81,621,606**	*7%*
Other UTIMCO Costs:						
Data & Subscriptions	7,493,040	8,331,529	9,061,695	9,867,531	10,764,006	*9%*
Travel & Meetings	1,661,940	1,819,622	1,992,707	2,182,720	2,391,336	*10%*
Lease & Lease Asset Amortization	3,403,990	3,451,239	3,476,637	3,412,327	3,532,467	*1%*
Depreciation	1,825,000	1,825,000	1,825,000	1,825,000	1,825,000	*0%*
Other Costs	4,327,664	3,744,094	3,672,422	4,266,153	4,148,935	*-1%*
- Contract Svcs & Maint	2,626,128	2,086,874	2,026,162	2,066,178	1,950,196	*-7%*
- Hiring, Relo, Mercer Comp	634,524	592,088	530,372	1,029,387	969,162	*11%*
- Legal	405,000	370,000	385,000	401,000	418,000	*1%*
- Other / Miscellaneous	662,012	695,131	730,889	769,588	811,577	*5%*
Total Other UTIMCO Costs	18,711,634	19,171,483	20,028,462	21,553,732	22,661,745	*5%*
Y-O-Y Increase (%)	*9%*	*2%*	*4%*	*8%*	*5%*	
Total UTIMCO Costs	**$ 80,289,400**	**$ 89,573,269**	**$ 96,091,791**	**$ 101,264,148**	**$ 104,283,350**	*7%*
Y-O-Y Increase (%)	*12%*	*12%*	*7%*	*5%*	*3%*	
Bps of AUM	10.12	10.67	10.82	10.77	10.48	
Direct Fund Costs						
Custodian Fees	5,409,000	5,679,450	5,963,423	6,261,594	6,574,673	*5%*
Other	3,623,234	3,833,363	4,056,698	4,294,366	4,547,500	*6%*
Total Fund Costs	**$ 9,032,234**	**$ 9,512,813**	**$ 10,020,120**	**$ 10,555,959**	**$ 11,122,174**	*5%*
Y-O-Y Increase (%)	*9%*	*5%*	*5%*	*5%*	*5%*	
Bps of AUM	1.14	1.13	1.13	1.12	1.12	
Grand Total UTIMCO Budget	**$ 89,321,634**	**$ 99,086,082**	**$ 106,111,911**	**$ 111,820,107**	**$ 115,405,524**	*7%*
Y-O-Y Increase (%)	*12%*	*11%*	*7%*	*5%*	*3%*	
Bps of AUM	11.26	11.81	11.95	11.90	11.60	
Projected AUM ($B)	**$79**	**$84**	**$89**	**$94**	**$100**	

Cash Reserves

UTIMCO maintains a cash reserve of 25% of the annual operating budget and any excess amounts are returned to the Investment Funds. Conclusion: No Rebate to the Investment Funds is recommended.

Projected Cash Reserves at August 31, 2026:			
Cash		$	52,700,000
Prepaid Expenses			1,500,000
Less: Accounts Payable, Accrued Liabilities			(30,650,000)
Expected Cash Reserves at August 31, 2026		**$**	**23,550,000**
2027 Proposed Operating Budget	97,659,295		
Applicable Percentage	25%		24,414,824
Capital Budget Expenditures			275,000
Depreciation Expense			(1,500,000)
Required Cash Reserves at August 31, 2026		**$**	**23,189,824**
Balance Available for Rebate		**$**	**360,176**

Conclusion: No Rebate to the Investment Funds (PUF, GEF, ITF)

FY27 Capital Budget

($ in thousands)	FY 2026		FY 2027	FY 2027 Budget v FY 2026 Budget		
	Budget	Forecast	Budget	$	%	Description
Server Room/Telecom/AV & Other Equipment	$ 25	$ 24	$ 145	$ 120	480.0%	Conference Rooms; Router LCM
Computer Equipment	125	111	130	5	4.0%	Laptops; Monitors
Leasehold Improvements/Furniture & Fixtures	250	150	-	(250)	-100.0%	Server Room Reconfiguration; Workstations
Total Capital Budget	**$ 400**	**$ 285**	**$ 275**	**$ (125)**	**-31.3%**	

Fiscal Year 2027

Review of UTIMCO Services Budget and Other Direct Costs to Funds Budget

(Excluding External Investment Manager Fees)

The University of Texas System

Office of Finance

Presented by:
Allen Hah – Assistant Vice Chancellor for Finance

June 25, 2026

Based on UTIMCO Board approval on June 18, 2026

Fiscal Year 2027
Review of UTIMCO Services Budget and Other Direct Costs to Funds Budget

(Excluding External Investment Manager Fees)

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Executive Summary

This report reviews the UTIMCO Services Budget and other budgeted investment management expenses (“Direct Costs to Funds”) for fiscal year 2027 that the UTIMCO Board approved on June 18, 2026, and the U. T. System Board of Regents will consider at its August 12-13, 2026 meeting. The “UTIMCO Services Budget” includes corporate expenses paid directly by UTIMCO, and the “Direct Costs to Funds” budget includes costs related to custody, consulting, and legal and audit costs related to funds. The proposed budget for FY27 is:

	FY27 ($ millions)
UTIMCO Services Budget	97.7
Direct Costs to Funds Budget	10.4
Total Budgeted Costs	$ 108.1

The Total Budgeted Costs exclude external manager fees that are paid by the funds and netted from asset values as well as external investment manager fees paid directly by UTIMCO. The total investment costs for UTIMCO managed funds, comprising Investment Manager Fees paid directly and fees netted against asset values, are reviewed in a separate report.

Highlights:

- **Strategic Plan**: Growth in the UTIMCO budget for FY27 reflects the ongoing implementation of the 2024 Strategic Plan, which established a framework and direction for budgeting from 2025 to 2029 and prioritizes long-term success by investing in talent, technology, data, investment design, and liquidity/leverage.
- **Total Forecast Costs for FY26**: Total costs for FY26 are forecast at $94.4 million, which is $2.4 million or 2.5% lower than what was budgeted. The decrease is due primarily to lower salary and benefits costs associated with unfilled vacancies.
- **Total Budgeted Costs for FY27**: The FY27 budget is $108.1 million, an 11.6% increase from the FY26 budget:
    - **The UTIMCO Services Budget**: The FY27 budget includes $97.7 million for the "operating" budget of UTIMCO, a 12.3% increase from the FY26 budget. The increase is due primarily to increases in headcount, merit raises, market catch-up adjustments, promotions, and continued investment in data, technology, and AI-related tools and services.
    - **The Total Direct Costs to Funds Budget**: The FY27 budget of $10.4 million for direct fund costs is 5.9% higher than the FY26 budget, due primarily to the completed transition of master custodian services to Northern Trust and associated increases in accounting/auditing fees. Additionally, legal fees are increasing due to new and more complicated investment deals.
- **UTIMCO Reserves**: No rebate from reserves is recommended for FY27, as cash reserves are expected to be near the required cash reserve calculation.
- **UTIMCO Costs Compared to Peers**: UTIMCO's total costs as a percentage of AUM are forecast to remain below the Plan's ~11.6 bps target for both FY26 and FY27 and continue to compare favorably with peers.

Budget Analysis and Trends

UTIMCO proposes Total Budgeted Costs for FY27 of $108.1 million. Table 1 shows the Total Budgeted Costs (UTIMCO Services Budget and Direct Costs to Funds) as a percent of average AUM for FY27 and the Total Actual and Forecast Costs as a percent of average AUM from FY22 to FY26.

Table 1: Total Actual Costs Trend FY22-FY26 and Total Budgeted Costs FY27

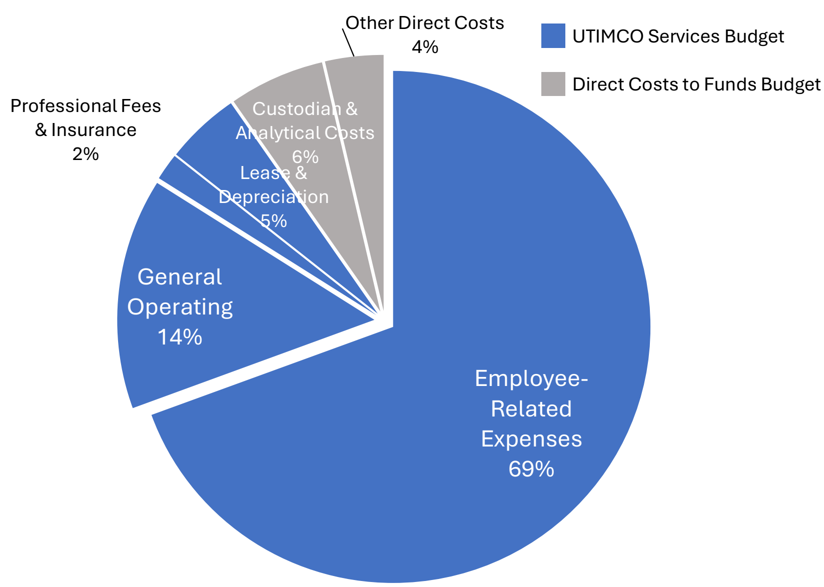
($ millions)

	FY22	FY23	FY24	FY25	Forecast FY26	Budget FY27
Average Total AUM[1]	66,392	67,693	73,409	80,933	89,592	96,050
% Change in AUM	11%	2%	8%	10%	11%	7%
UTIMCO Services	52.7	69.0	61.4	76.4	84.8	97.7
% Change in UTIMCO Services	-5.4%	30.8%	-11.0%	24.4%	10.9%	15.2%
UTIMCO Services % of AUM	0.08%	0.10%	0.08%	0.09%	0.09%	0.10%
Direct Costs to Funds	8.4	8.5	8.7	9.3	9.7	10.4
% Change in Direct Costs to Funds	9.6%	1.1%	2.7%	7.2%	3.7%	8.3%
Direct Costs to Funds % of AUM	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%
Total Costs	61.1	77.4	70.1	85.7	94.4	108.1
% Change in Total Costs	-3.6%	26.8%	-9.5%	22.3%	10.1%	14.5%
Total Costs % of AUM	0.09%	0.11%	0.10%	0.11%	0.11%	0.11%

[1] FY26 and FY27 Average Total AUM assumes projected balances based on moderate returns, projected West Texas Land and gift income, and projected distributions.

FY27 Total Budgeted Costs

$108.1 million



The UTIMCO Services Budget (blue shade in the pie chart above) represents 90% of the total budget, with employee-related expenses being the largest component at 77% of the Services Budget. Direct Costs to Funds include Custodian & Analytical Costs (6%) and Other Direct Costs (5%).

Management fees and performance fees paid to external investment managers, which are either paid directly by UTIMCO or netted against asset values by the external managers, are not included in these amounts. UTIMCO retains external managers for approximately 96% of the AUM, with UTIMCO staff directly managing approximately 4% of assets as well as an internal derivatives portfolio.

Table 2 compares the Total Budgeted Costs for FY26 and FY27. Refer to Exhibits A and B at the end of this memo for a detailed budget comparison for FY26-FY27 and actual trend history for FY22-FY26.

Table 2: FY26 Forecast and FY27 Budget Overview

($ millions)

	FY26 Forecast				FY27 Budget			
	$ Budget	$ Projected	$ Change vs FY26 Budget	% Change vs FY26 Budget	$ Budget	$ Change vs FY26 Projected	% Change vs FY26 Projected	% Change vs FY26 Budget
UTIMCO Services	87.0	84.8	-2.2	-2.6%	97.7	12.9	15.2%	12.3%
Direct Costs to Funds	9.9	9.7	-0.2	-2.2%	10.4	0.8	8.3%	5.9%
Total Budgeted Costs	96.8	94.4	-2.4	-2.5%	108.1	13.7	14.5%	11.6%

UTIMCO Services Budget

Strategic Plan: Growth in the UTIMCO budget for FY27 reflects the ongoing implementation of the 2024 Strategic Plan that established a framework and direction for budgeting from 2025 to 2029. The Plan prioritizes long-term success by investing in talent, technology, data, investment design, and liquidity/leverage. The Plan aims to keep UTIMCO's costs at around 11.6bps of the AUM. The 2024 Strategic Plan calls for the addition of ~10 new FTEs and takes into account key operations retirements likely in the next few years. This growth reflects the tapering of personnel growth needs compared to the prior 2019 Strategic Plan that added ~33 FTEs over the 2019-2024 time period.

Compensation: FY27 Budgeted Total Personnel Costs, including payroll taxes and benefits, increased by $7.6M or 11.3% from the FY26 Budget. Salaries increased by $2.3M or 7.7% and performance compensation increased by $4.2M or 14.4% primarily related to an increase in headcount (4 FTE), merit raises, market catch-up adjustments, and promotions. Even with these planned staffing and compensation increases, FY27 budgeted total personnel costs remain 1.3% below the Strategic Plan projection.

Total personnel-related expenses, including employee benefits, account for 77% of UTIMCO's FY27 Services Budget (or 69% of Total Budgeted Costs). Trends in staffing and total compensation in relation to assets under management are shown in Table 3. Highlights from these tables include:

- Total Compensation has increased 14.6% annually over the last five years as a result of hiring additional employees, promotions, and base salary raises, in line with the 2019 and 2024 Strategic Plans.
- Total Compensation per employee has increased 11.0% (annualized) from $270k in FY22 to $455k budgeted in FY27. The annualized increase is influenced by lower-than-normal performance compensation expense in FY22 resulting from extraordinary deferrals. The 4-year (FY23-FY27) and 6-year (FY21-FY27) average annual increase is 3.5% and 5.4%, respectively. These increases are in line with market trends among endowment investment management peers as reported by Mercer, an independent compensation consultant, which provides annual guidance to the UTIMCO Board and its Compensation Committee.
- AUM has steadily increased since FY22 due to positive returns and historic levels of PUF lands income, which continues a longer-term trend of increasing average AUM per Employee.

Table 3: UTIMCO Compensation and Headcount FY22-FY27

(excluding benefits)

	FY22	FY23	FY24	FY25	Forecast FY26	% Change Since FY22 (annual)	Budget FY27	% Change From FY26	% Change Since FY22 (annual)
Employees (as of year end)	123	122	122	128	128	1.0%	144	12.5%	3.2%
Average Total AUM ($ millions)	66,392	67,693	73,409	80,933	88,592	7.5%	92,000	3.8%	6.7%
Average AUM/Employee ($ millions)	540	555	602	632	692	6.4%	639	-7.7%	3.4%
Salaries ($ millions)	20.3	22.3	23.5	26.7	28.6	8.9%	32.4	13.3%	9.8%
Performance Comp. ($ millions)	12.9	26.0	15.3	24.8	28.9	22.5%	33.1	14.4%	20.8%
Total Comp. ($ millions)	33.2	48.3	38.8	51.5	57.5	14.8%	65.5	13.9%	14.6%
Total Comp. per Employee ($)	269,622	395,881	318,051	402,327	449,298	13.6%	454,768	1.2%	11.0%
Perf. Comp. as % of Salaries	63%	116%	65%	93%	101%		102%		
Perf. Comp. as % of Total Comp.	39%	54%	39%	48%	50%		51%		

<u>On-Line Data & Subscriptions</u>: FY27 Budgeted Data & Subscriptions are higher than the FY26 Budget by $1.8M. This is due to the addition of new AI tools, Microsoft Azure services, and other technology and market data solutions increasing $1.9M, increased costs for existing services of $307K, and service reclassifications of $158K, net of service removals of $595K. FY27 Budgeted Data & Subscriptions are $627K above the FY27 projection included in the 2025 Strategic Plans, primarily reflecting investment in AI-related tools and services.

For UTIMCO there has been a shift in recent years to more subscription-based information technology ("SBIT"), which results in higher operating expenses but reduces both capital expenditures and maintenance costs related to IT hardware and software. Increases in SBIT costs include additional data storage cloud capacity, cybersecurity, data tooling, and adoption of new AI tools.

<u>Hiring, Recruiting, Relocation & Compensation Expenses</u>: FY27 Budgeted Hiring, Recruiting, Relocation and Compensation Expenses are increasing by $1.0M due to the initiation of the search for higher level positions that are retiring in the next few years, the increase in recruiting efforts to fill open vacancies, and the biennial Mercer compensation study that is typically performed in odd-number years.

Lease and Depreciation Expenses: FY27 Budgeted Lease and Lease Asset Amortization costs of $3.5M is 3.2% higher than FY26 Budget levels. FY27 Budgeted Depreciation Expense decreased by $75k from FY26 Budget because furniture from the 2018 office move will be fully depreciated, and the capital purchases budget is decreasing. Table 4 shows the lease expense trends from FY22-FY27:

Table 4: UTIMCO Lease Expenses FY22- FY27

($ thousands)

	Actual				Forecast	Budget
	FY22	FY23	FY24	FY25	FY26	FY27
Property Lease and Interest Expense	$2,373	$2,351	$2,328	$2,306	$2,298	$2,255
Operating Lease	663	750	809	877	903	916
Parking Expenses	236	263	257	264	368	378
Total Lease Expenses (net)	$3,272	$3,363	$3,395	$3,447	$3,569	$3,548

There are currently no further plans for significant capital improvements.

Other General Operating Expenses, Professional Fees, and Insurance (non-employee): Office expenses, insurance, travel, and professional fees fall in this category and are forecast to be $2.7 million in FY26, which is 11% less than what was budgeted due primarily to less travel activity than expected. Accounting fees are budgeted $200k higher due to the expected independent review of controls and processes within the accounting functions. This increase is largely offset by reductions in office expenses and lower than expected insurance fees. The FY27 Budget of $3.2 million is flat to the FY26 Budget.

Direct Costs to Funds

With over 30 years of service from Bank of New York Mellon (BNY), UTIMCO initiated a best-practice review to assess technological advancements, optimize service quality, and explore cost efficiencies. The review covered a wide range of services beyond basic asset safekeeping, including accounting, performance analytics, derivatives support, and compliance. Last year, an Internal Review Committee issued an RFP to four global custodians—BNY, Northern Trust, JP Morgan, and State Street—and conducted extensive due diligence, including site visits and system evaluations. Based on criteria such as technological capabilities, reporting, data management, and fees, the committee recommended transitioning from BNY to Northern Trust as the new Master Custodian. This transition occurred during FY26 with Northern Trust officially taking over custodian services effective June 1, 2026. The Direct Costs to Funds for FY27 are budgeted at $10.4 million, a 5.9% increase from the FY26 Budget due primarily to this transition and the associated costs such as increased accounting/auditing fees. Legal fees are also increasing because of a projected increase in complex investment deals.

UTIMCO Capital Expenditures

The trend for Capital Expenditures for FY21-FY26 is summarized in Table 5 below. There are no significant capital plans for FY27.

Table 5: UTIMCO Capital Expenditures FY22-FY27

	Actual				Forecast	Budget
	FY22	FY23	FY24	FY25	FY26	FY27
Ongoing: Technology and Software Upgrades	$25,000	$266,612	$50,245	$462,836	$24,000	$145,000
Ongoing: Office Equipment and Fixtures	109,000	117,352	128,394	136,920	111,000	130,000
Expansion: Leasehold Buildout (net of TI allowance)	-	-	-	-	150,000	-
Expansion: Furniture and Fixtures	2,730	-	-	-	-	-
Total Capital Expenditures (net)	$136,730	$383,964	$178,639	$599,756	$285,000	$275,000

Cash Reserves

UTIMCO maintains a cash reserve of 25% of the annual operating budget and any excess amounts are returned to the Investment Funds. See Exhibit C for the calculation. No rebate to the Investment Funds is recommended as the cash reserves are expected to be near the required cash reserve calculation.

EXHIBIT A

Total Budgeted Costs FY26-FY27

	FY26	FY26	Change from FY26 Budget		FY27	Change from FY26 Forecast		Change from FY26 Budget
	Budget	Forecast	$	%	Budget	$	%	%
UTIMCO Services								
Salaries	30,035,756	28,564,849	-1,470,906	-4.9%	32,359,448	3,794,599	13.3%	7.7%
Performance Compensation + Earnings	28,945,287	28,945,287	0	0.0%	33,127,180	4,181,893	14.4%	14.4%
Total Compensation	58,981,042	57,510,136	-1,470,906	-2.5%	65,486,629	7,976,492	13.9%	11.0%
Total Payroll taxes	3,034,228	3,107,219	72,990	2.4%	3,426,173	318,955	10.3%	12.9%
403(b) Contributions	2,320,394	2,094,094	-226,300	-9.8%	2,477,703	383,610	18.3%	6.8%
Insurance, Cell Phone, Learning	3,098,460	2,663,600	-434,860	-14.0%	3,649,868	986,268	37.0%	17.8%
Employee Benefits	5,418,854	4,757,693	-661,160	-12.2%	6,127,571	1,369,878	28.8%	13.1%
Total Employee Related Expenses	67,434,125	65,375,048	-2,059,077	-3.1%	75,040,373	9,665,325	14.8%	11.3%
On-Line Data Services	3,959,736	3,793,673	-166,063	-4.2%	4,258,100	464,427	12.2%	7.5%
Subscriptions	3,945,936	3,957,347	11,411	0.3%	5,431,047	1,473,700	37.2%	37.6%
On-Line Data & Subscriptions	7,905,672	7,751,020	-154,652	-2.0%	9,689,147	1,938,127	25.0%	22.6%
Contract Services & Maintenance	2,794,584	2,942,657	148,073	5.3%	2,942,484	-173	-0.0%	5.3%
Travel & Meetings, Including BOD	1,751,446	1,532,722	-218,724	-12.5%	1,800,616	267,894	17.5%	2.8%
Recruiting & Comp. Expenses	799,920	911,755	111,835	14.0%	1,782,744	870,989	95.5%	122.9%
Total Office Expense	393,893	407,526	13,633	3.5%	328,162	-79,364	-19.5%	-16.7%
Total Lease Expense	3,436,960	3,568,747	131,787	3.8%	3,548,189	-20,558	-0.6%	3.2%
Legal Expenses	380,028	379,671	-357	-0.1%	418,052	38,381	10.1%	10.0%
Accounting fees	121,500	103,359	-18,141	-14.9%	308,016	204,657	198.0%	153.5%
Board Advisors	60,000	30,000	-30,000	-50.0%	30,000	0	0.0%	-50.0%
Total Professional Fees	561,528	513,030	-48,498	-8.6%	756,068	243,038	47.4%	34.6%
Total Insurance	329,988	252,449	-77,539	-23.5%	271,512	19,063	7.6%	-17.7%
Depreciation	1,575,000	1,500,000	-75,000	-4.8%	1,500,000	0	0.0%	-4.8%
Total Non-Employee Related Expenses	19,548,991	19,379,905	-169,086	-0.9%	22,618,922	3,239,017	16.7%	15.7%
Total UTIMCO Services	86,983,116	84,754,953	-2,228,163	-2.6%	97,659,295	12,904,342	15.2%	12.3%
Direct Costs to Funds								
Custodian Fees and Other Direct Costs	6,216,250	6,216,250	0	0.0%	6,500,000	283,750	4.6%	4.6%
Consultant Fees	300,983	300,983	0	0.0%	316,031	15,048	5.0%	5.0%
Auditing	972,264	976,667	4,403	0.5%	1,091,960	115,293	11.8%	12.3%
Legal Fees	1,620,000	1,620,000	0	0.0%	1,782,000	162,000	10.0%	10.0%
Background Searches & Other	755,020	537,701	-217,319	-28.8%	758,177	220,476	41.0%	0.4%
Other Direct Costs Total	3,648,267	3,435,351	-212,916	-5.8%	3,948,168	512,817	14.9%	8.2%
Total Direct Costs to Funds	9,864,517	9,651,601	-212,916	-2.2%	10,448,168	796,567	8.3%	5.9%
Total Budgeted Costs	96,847,633	94,406,554	-2,441,079	-2.5%	108,107,463	13,700,909	14.5%	11.6%

EXHIBIT B

Total Actual Costs FY22-FY26 and FY27 Budget

	FY22	FY23	FY24	FY25	FY26	FY27
	Actual	Actual	Actual	Actual	Forecast	Budget
UTIMCO Services						
Salaries	20,289,489	22,331,375	23,518,847	26,694,221	28,564,849	32,359,448
Performance Compensation + Earnings	12,873,958	25,966,115	15,283,366	24,803,657	28,945,287	33,127,180
Total Compensation	33,163,447	48,297,490	38,802,213	51,497,878	57,510,136	65,486,629
Total Payroll taxes	2,561,796	2,553,680	3,208,633	2,422,847	3,107,219	3,426,173
403(b) Contributions	1,470,167	1,659,557	1,774,952	2,070,024	2,094,094	2,477,703
Insurance, Cell Phone, Learning	2,396,713	2,373,648	2,498,105	2,481,971	2,663,600	3,649,868
Employee Benefits	3,866,880	4,033,205	4,273,056	4,551,995	4,757,693	6,127,571
Total Employee Related Expenses	39,592,122	54,884,375	46,283,903	58,472,720	65,375,048	75,040,373
On-Line Data & Subscriptions	4,231,143	4,784,668	5,872,978	7,467,928	7,751,020	9,689,147
Contract Services & Maintenance	1,557,170	1,413,216	1,248,131	1,876,384	2,942,657	2,942,484
Travel & Meetings, Including BOD	585,888	1,212,281	1,192,965	1,236,042	1,532,722	1,800,616
Recruiting & Comp. Expenses	779,723	718,189	892,529	919,060	911,755	1,782,744
Total Office Expense	159,832	181,402	181,800	193,056	407,526	328,162
Total Lease Expense	3,272,032	3,363,351	3,394,635	3,447,280	3,568,747	3,548,189
Legal Expenses	184,607	193,841	154,315	793,685	379,671	418,052
Accounting fees	107,201	106,782	133,720	125,845	103,359	308,016
Board Advisors	30,000	30,000	30,000	30,000	30,000	30,000
Total Professional Fees	321,808	330,623	318,035	949,530	513,030	756,068
Total Insurance	231,430	231,354	227,534	221,747	252,449	271,512
Depreciation	2,001,103	1,871,313	1,820,000	1,654,953	1,500,000	1,500,000
Total Non-Employee Related Expenses	13,140,129	14,106,398	15,148,606	17,965,980	19,379,905	22,618,922
Total UTIMCO Services	52,732,252	68,990,772	61,432,509	76,438,700	84,754,953	97,659,295
Direct Costs to Funds						
Custodian Fees and Other Direct Costs	4,201,672	4,704,620	5,652,937	5,798,199	6,216,250	6,500,000
Risk Measurement	1,079,100	838,276	0	0	0	0
Custodian and Risk Measurement Costs	5,280,772	5,542,896	5,652,937	5,798,199	6,216,250	6,500,000
Consultant Fees	302,167	317,575	275,000	275,000	300,983	316,031
Auditing	980,378	849,799	847,208	907,865	976,667	1,091,960
Legal Fees	544,785	1,050,875	1,401,061	1,518,165	1,620,000	1,782,000
Background Searches & Other	1,253,754	690,869	505,370	807,592	537,701	758,177
Other Direct Costs Total	3,081,084	2,909,118	3,028,639	3,508,622	3,435,351	3,948,168
Total Direct Costs to Funds	8,361,856	8,452,013	8,681,576	9,306,821	9,651,601	10,448,168
Total Budgeted Costs	61,094,107	77,442,785	70,114,085	85,745,521	94,406,554	108,107,463

EXHIBIT C

UTIMCO Reserve Analysis for August 31, 2026

Projected Cash Reserves at August 31, 2026		
Cash		$ 52,700,000
Prepaid Expenses		1,500,000
Less: Accounts Payable (Includes incentive compensation & earnings payable)		(30,650,000)
Projected Cash Reserves at August 31, 2026		$ 23,550,000
FY27 Proposed Operating Budget	$97,659,295	
Applicable Percentage	25%	24,414,824
Capital Budget Expenditures		275,000
Depreciation Expense		(1,500,000)
Required Cash Reserves at August 31, 2026		$ 23,189,824
Balance Available for Distribution		$ 360,176
Recommended Distribution		$ -

4. U.T. System Board of Regents: The University of Texas/Texas A&M Investment Management Company (UTIMCO) Update

Mr. Richard Hall, President, Chief Executive Officer and Chief Investment Officer, will provide an update on The University of Texas/Texas A&M Investment Management Company (UTIMCO) using the PowerPoint set forth on the following pages.

UTIMCO

AUGUST 2026

UTIMCO Update

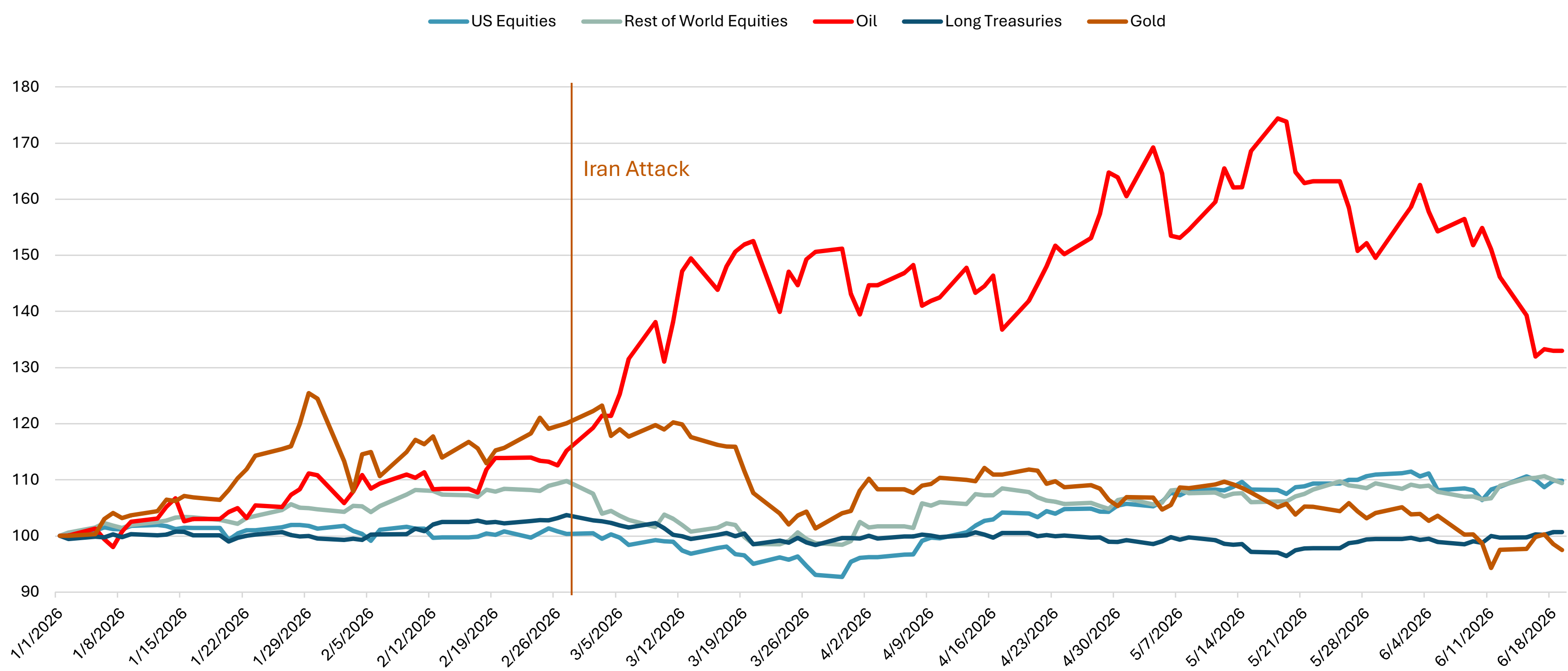
U.T. System Board of Regents Meeting
Finance and Planning Committee

Mr. Richard Hall, *President, Chief Executive Officer and Chief Investment Officer*

Market Update

Year-to-Date Market Performance

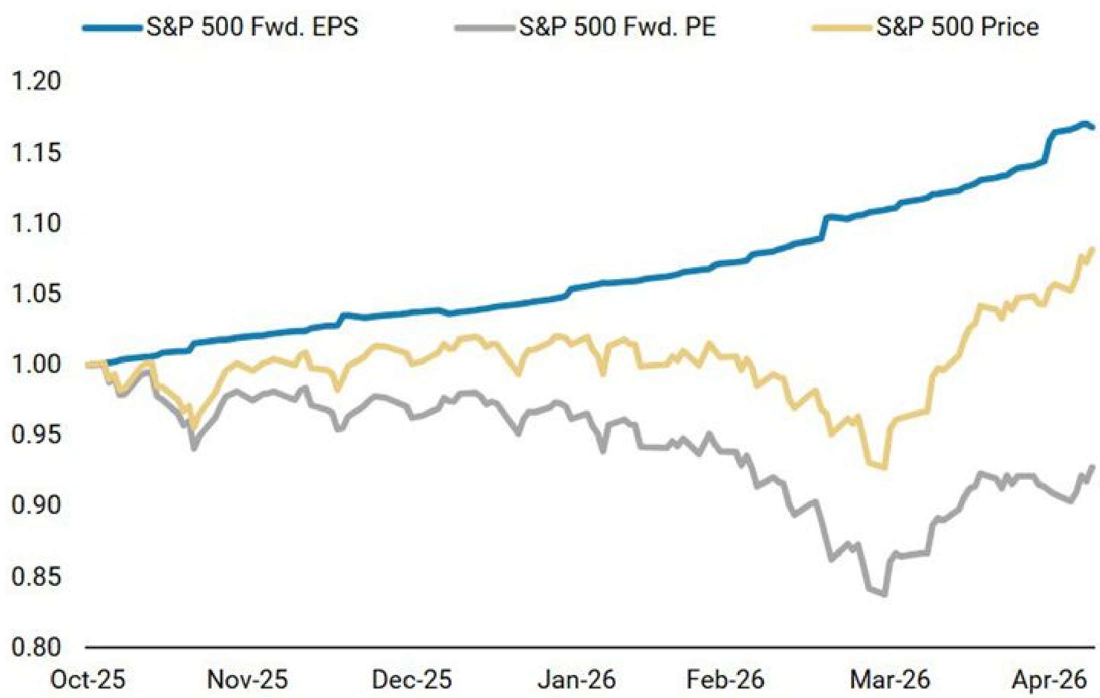
Strong equity performance despite geopolitical stresses



Source: Bloomberg

Strong Earnings Growth

Resilient forward earnings

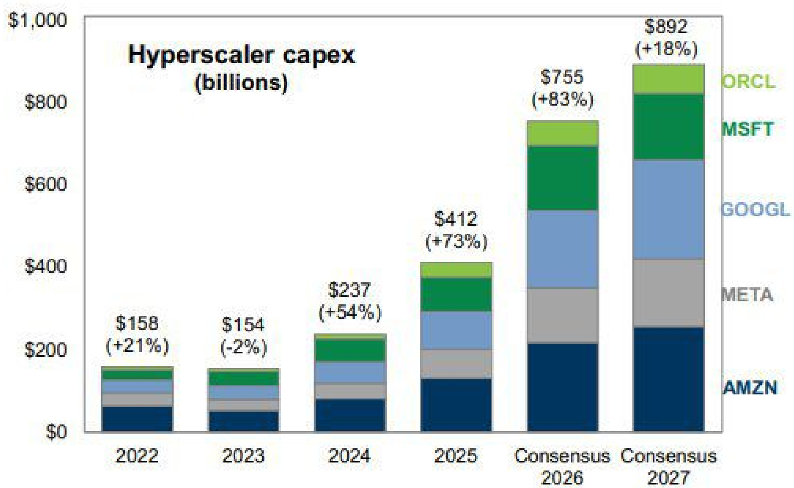


Note: S&P refers to Standard & Poor; Fwd. EPS refers to Forward Earnings Per Share; Fwd. PE refers to Forward Price to Earnings ratio
Source: FactSet, Morgan Stanley

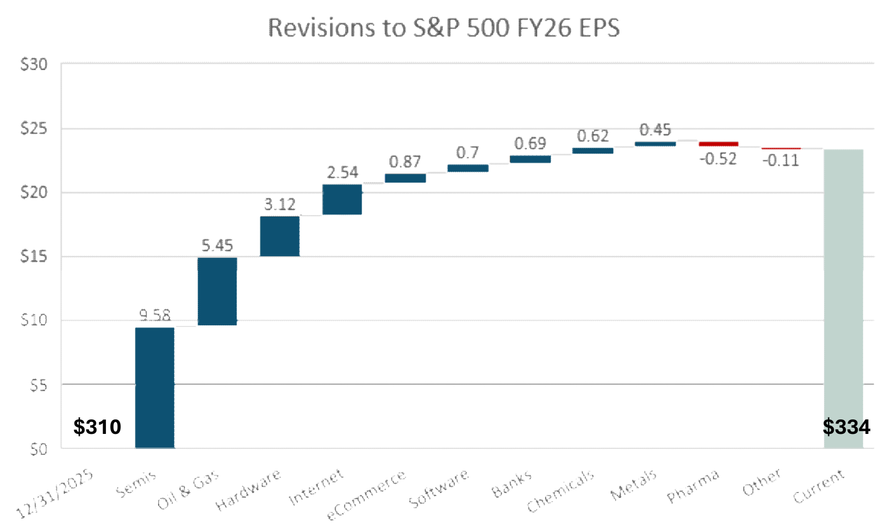
Earnings Revisions Fueled by AI Related Capex

Race to build out compute is financed largely by Hyperscalers

AI Hyperscaler CAPEX growth is accelerating



Semis and O&G account for 63% of year-to-date revision of EPS growth, above 28% index weight

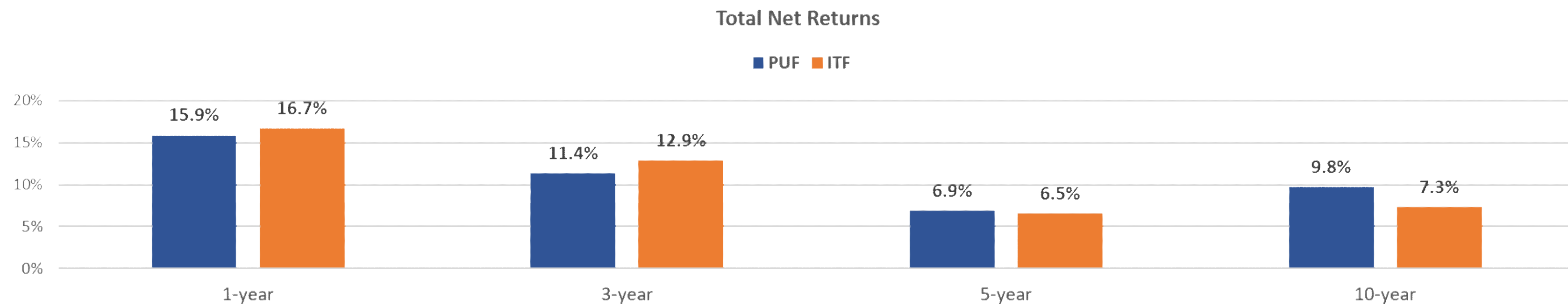


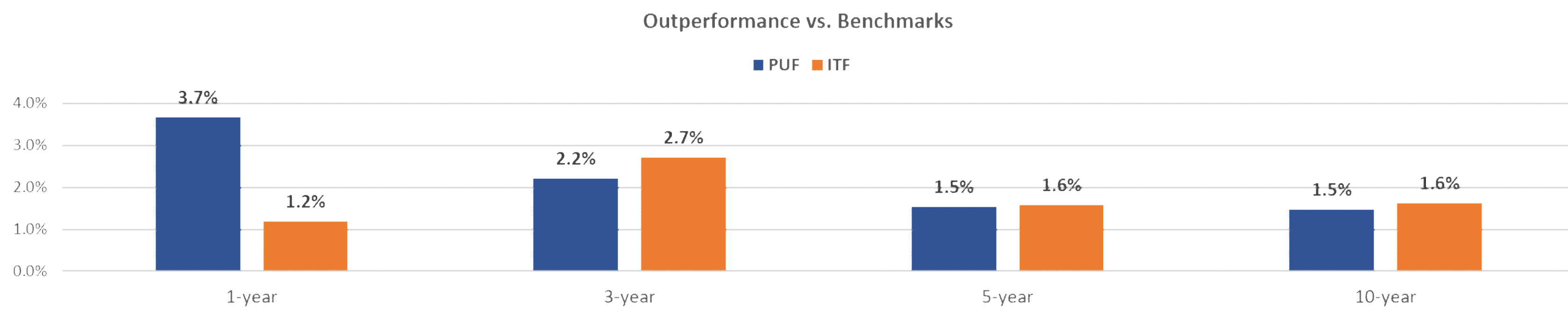
Note: CAPEX refers to Capital Expenditures; S&P refers to Standard & Poor; EPS refers to Earnings Per Share; Semis refers to Semiconductors
Source: Bloomberg, Barclays, Goldman Sachs, FactSet

UTIMCO Performance

Portfolio Performance

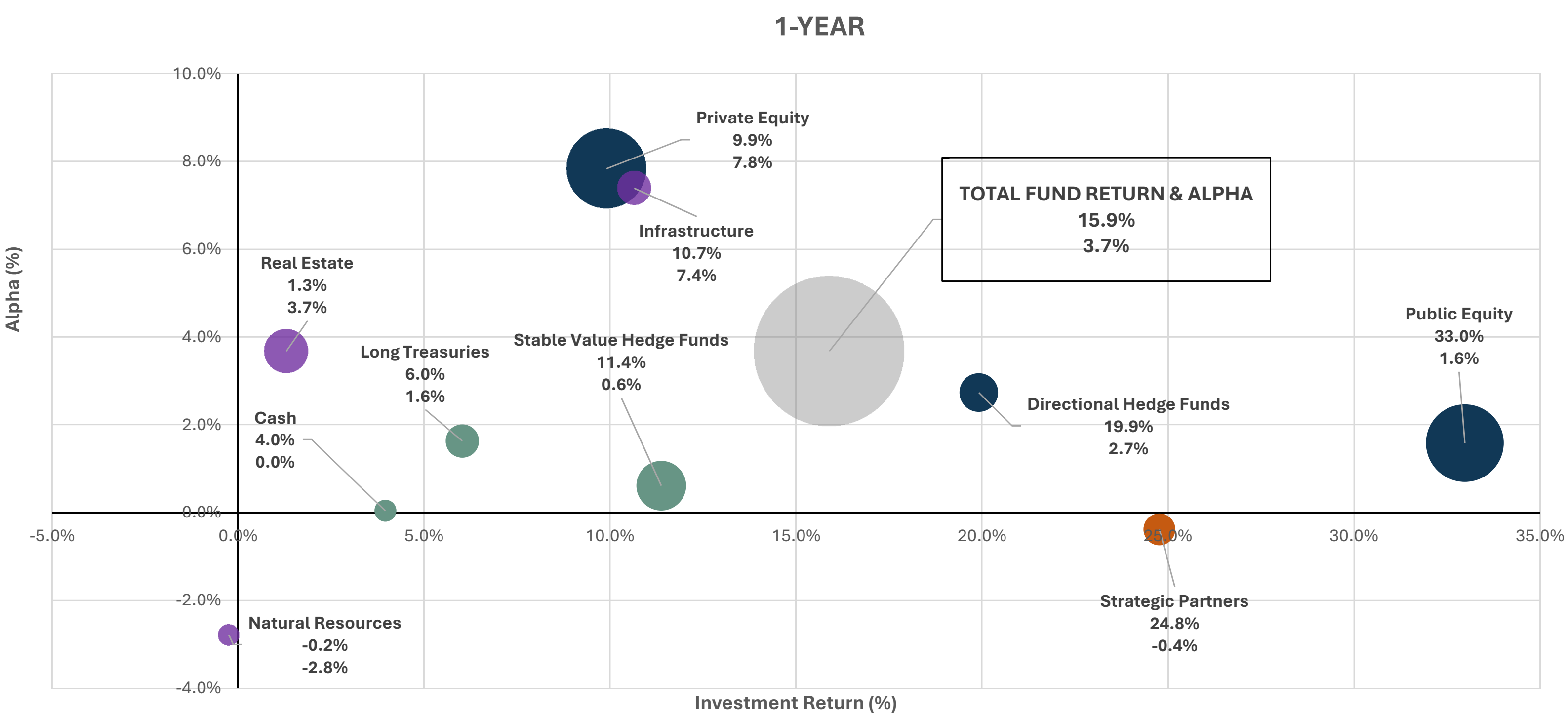
UTIMCO returns and alpha as of May 31, 2026





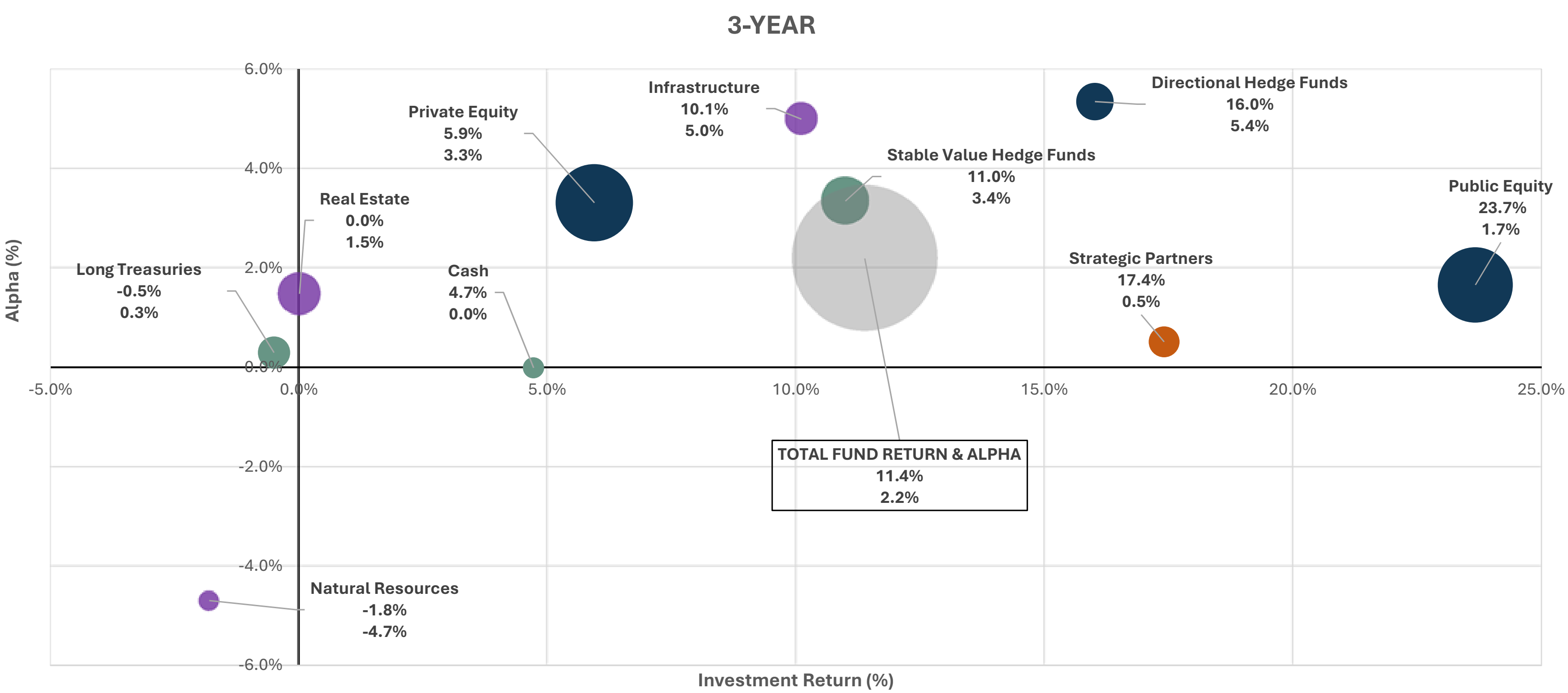
Endowment Performance

Detailed 1-Year Performance as of May 31, 2026



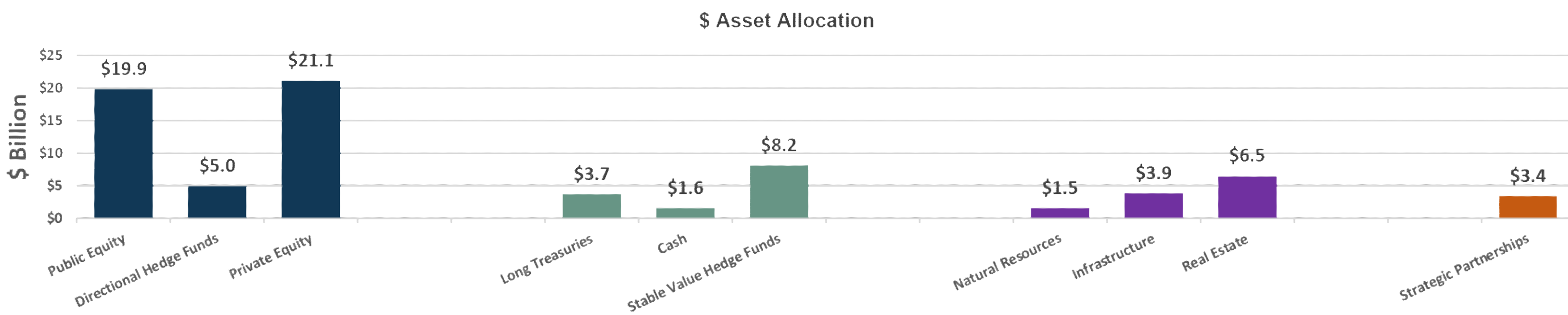
Endowment Performance (cont.)

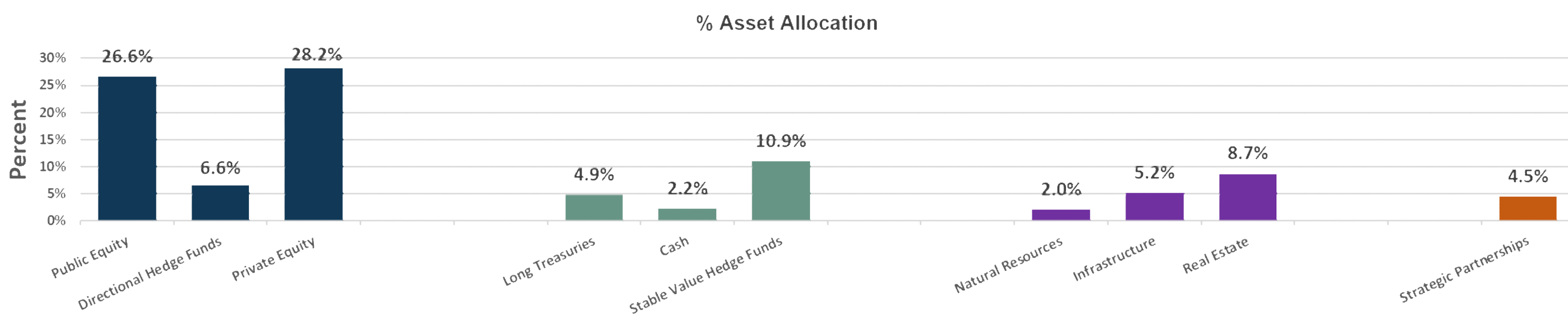
Detailed 3-Year Performance as of May 31, 2026



Endowment Positioning

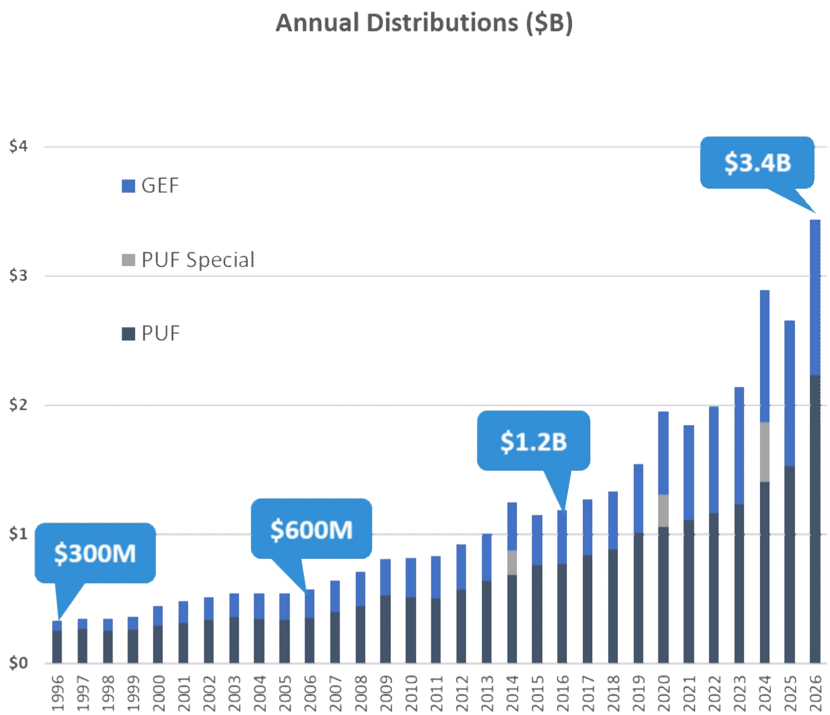
Asset allocation as of May 31, 2026

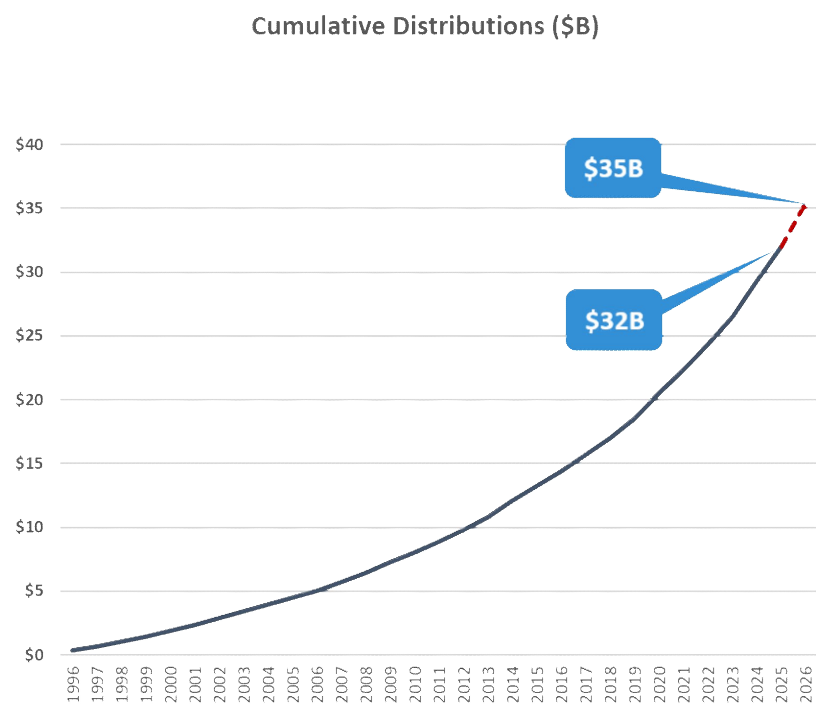




Distributions

Annual and cumulative distributions over the last 30 years



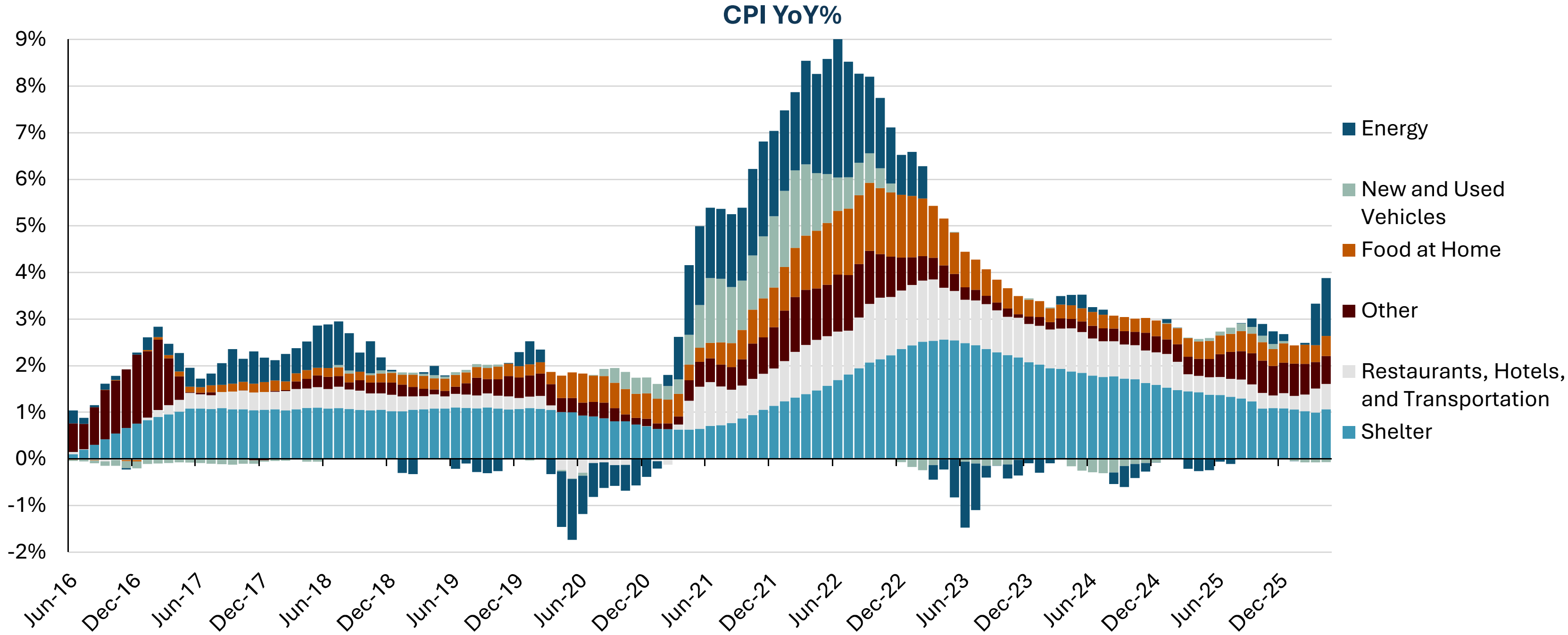


Note: Cumulative and annual distributions are based on Fiscal Years ending August 31

Appendix

Inflation Growth Over Time

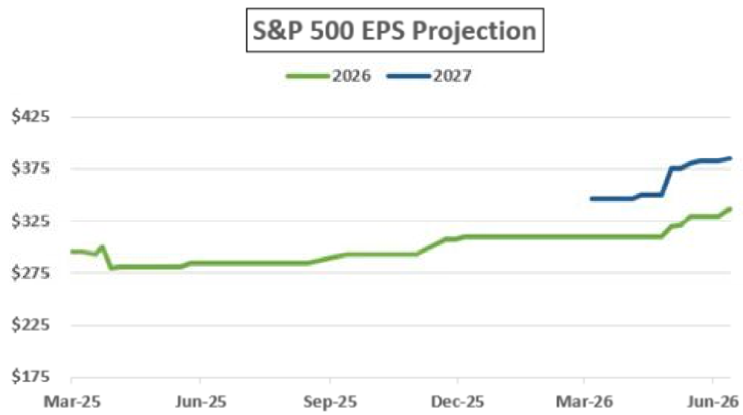
- Year-on-year (YoY) % inflation change has shown second month over 3% due to Iranian Conflict's impact on Energy
- Last 3-month CPI/PCE annualized at 7.3% and 5.6% respectively
- Last 6-month CPI/PCE annualized at 5.1% and 4.3% respectively

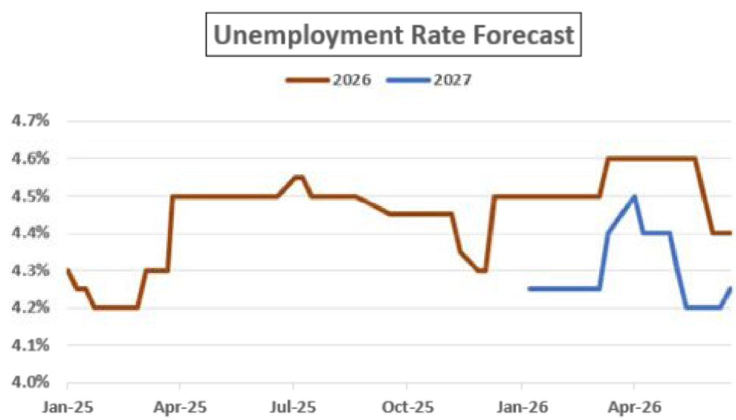


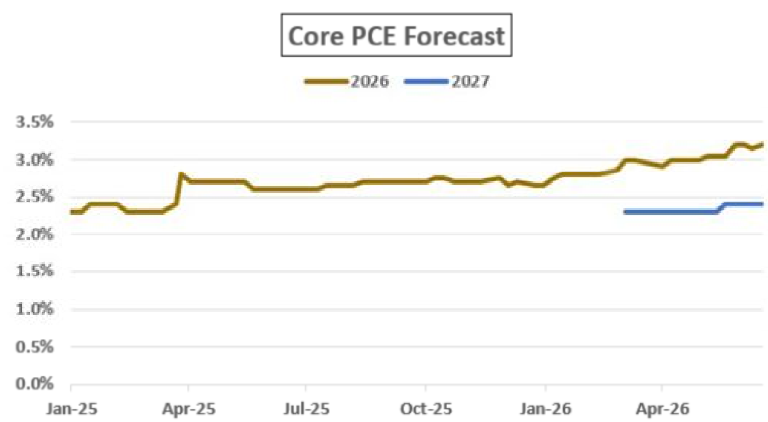
Note: Personal Consumption Expenditure (PCE) as of March 31st, 2026; Consumer Price Index (CPI) as of April 30th, 2026

Market dashboard

Market projections



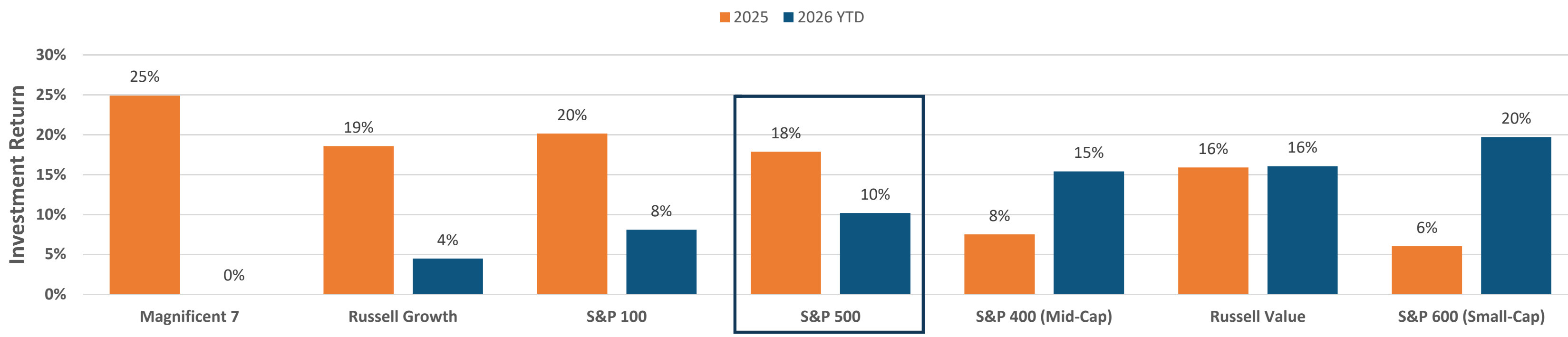


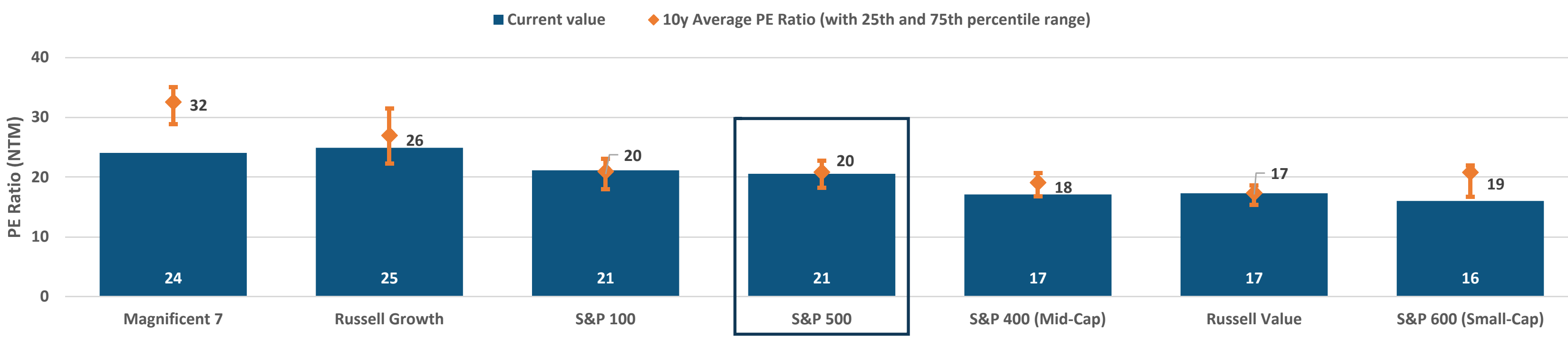


Note: S&P refers to Standard & Poor; EPS refers to Earnings Per Share; PCE refers to Personal Consumption Expenditure (inflation measure)
As of 6/26/2026

Market Recap

Performance and valuation by style and size

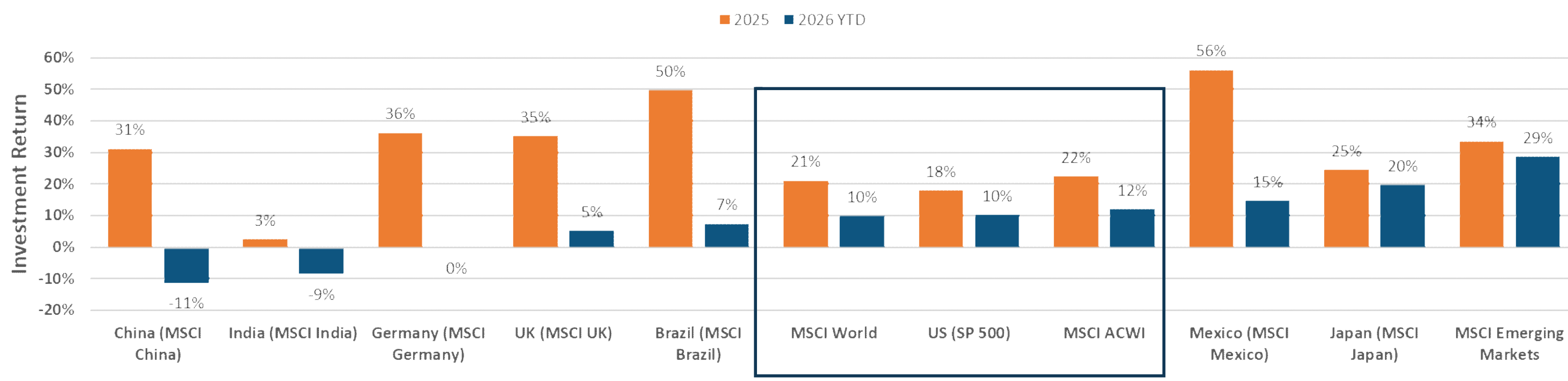


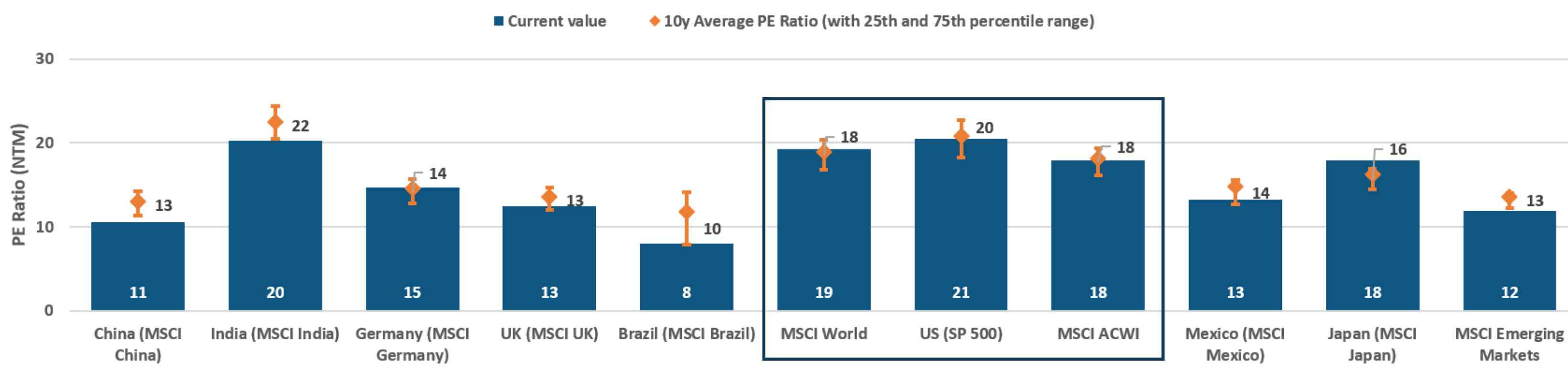


Notes: Magnificent 7 refers to Alphabet, Amazon, Apple, Meta Platforms, Microsoft, Nvidia, and Tesla; PE or P/E refers to Price to Earnings ratio; NTM refers to next twelve months
Source: Bloomberg (as of 6/18/26)

Market Recap

Performance and valuation by country

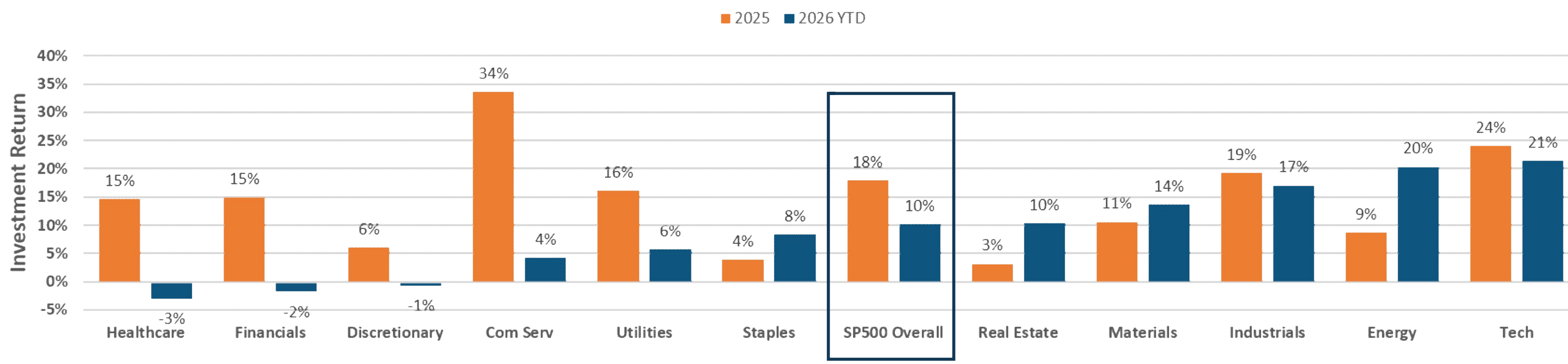


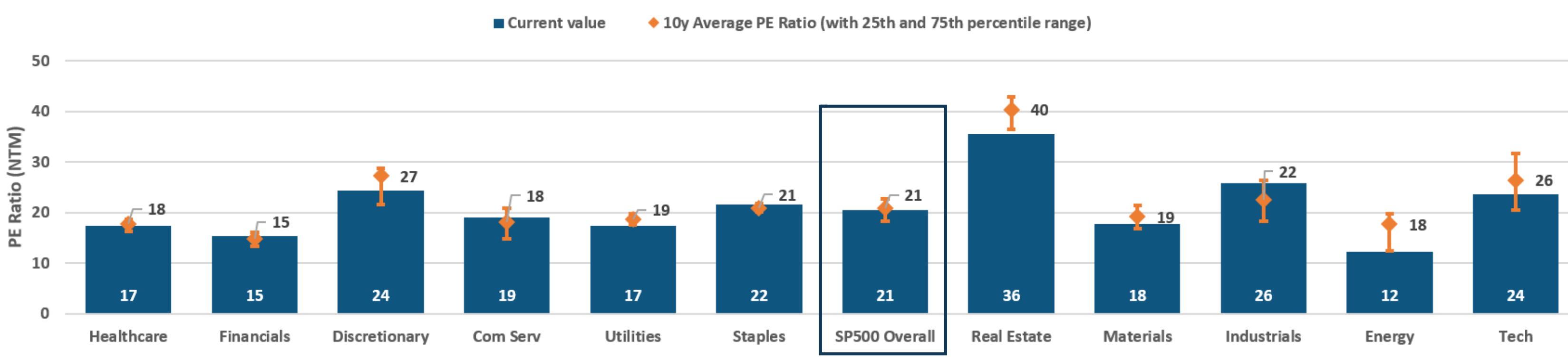


Note: MSCI refers to Morgan Stanley Capital International; ACWI refers to the MSCI All Country World Index; PE refers to Price to Earnings ratio; NTM refers to next twelve months
Source: Bloomberg (as of 6/18/26)

Market Recap

Performance and valuation by sector





Note: PE refers to Price to Earnings ratio; NTM refers to next twelve months
Source: Bloomberg (as of 6/18/26)