



**SCHEDULE OF EVENTS
FOR
BOARD OF REGENTS' MEETING**

April 30-May 1, 2018

Houston, Texas

U. T. Health Science Center - Houston, 7440 Cambridge Street, Houston, TX 77054

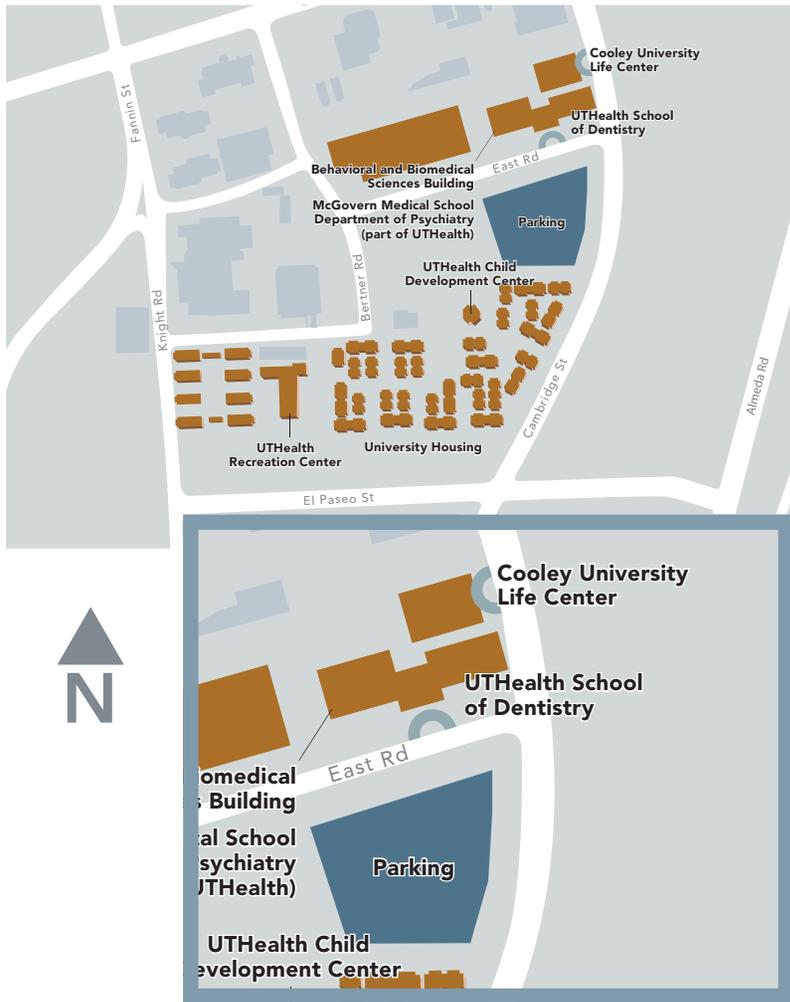
- *Denton A. Cooley, M.D. and Ralph C. Cooley, D.D.S. University Life Center*
 - *Room A (Executive Sessions)*
 - *Rooms D-F (Open Sessions)*
- *Main Telephone: (713) 500-8400*

Monday, April 30, 2018

Facilities Planning and Construction Committee	10:00 a.m.
Finance and Planning Committee	10:30 a.m.
Audit, Compliance, and Risk Management Committee	11:30 a.m.
<i>(working lunch during Executive Session)</i>	
Academic Affairs Committee	1:00 p.m.
Health Affairs Committee	1:30 p.m.
Meeting of the Board - Open Session	2:15 p.m.
Meeting of the Board - Executive Session	3:00 p.m.
Recess	5:30 p.m.

Tuesday, May 1, 2018

Meeting of the Board - Open Session	8:00 a.m.
Meeting of the Board - Executive Session (Working Lunch)	10:00 a.m.
Meeting of the Board - Open Session	2:00 p.m.
	<i>approximately</i>
Adjourn	2:15 p.m.
	<i>approximately</i>



DIRECTIONS

The Denton A. Cooley, MD and Ralph C. Cooley, DDS University Life Center
 7440 Cambridge Street | Houston, Texas 77054

The Cooley Center is located in the Texas Medical Center in UTHealth’s South Campus Research Park Complex, adjacent to the Behavioral and Biomedical Sciences Building and the UTHealth School of Dentistry.

FROM SOUTH MAIN STREET

Head north on south Main Street and merge right onto Old Spanish Trail. Continue traveling on Old Spanish Trail until you reach Cambridge Street. Turn right onto Cambridge street to head south. **Turn right onto East road and park in the lot on your left and in front of the UTHealth School of Dentistry.**

FROM TEXAS STATE HIGHWAY 288

Head south on Texas Highway 288. Take the Holcombe Boulevard exit. You will pass Holcombe Boulevard and make a right onto Old Spanish Trail. Head west on Old Spanish Trail until you reach Cambridge Street. Make a left onto Cambridge Street and head south. **Turn right onto East Road and park in the lot on your left and in front of the UTHealth School of Dentistry.**

DIRECTIONS TO COOLEY UNIVERSITY LIFE CENTER

Once you’ve parked, walk toward the UTHealth School of Dentistry’s main entrance. Make your way through the lobby past the French Corner Café and through the double doors leading to The Cooley Center. Follow the walkway, which leads towards the back of the Cooley Center. There will be volunteers stationed along the way and plenty of signage to help guide you.



**AGENDA
FOR MEETING OF
THE UNIVERSITY OF TEXAS SYSTEM
BOARD OF REGENTS**

April 30 – May 1, 2018
Houston, Texas

Page

Monday, April 30, 2018

COMMITTEE MEETINGS (Working lunch at noon)	10:00 a.m. - 2:15 p.m.	
CONVENE THE BOARD IN OPEN SESSION TO CONSIDER AGENDA ITEMS	2:15 p.m.	
1. U. T. System: Annual Meeting with Officers of the U. T. System Student Advisory Council	2:15 p.m. Report/Discussion Ms. Jodie Gray, Chair	7
2. U. T. System Board of Regents: Award of Regents' Outstanding Student Awards in Arts and Humanities -- musical arts winners	2:50 p.m. Presentation Dr. Leslie	11
RECESS TO EXECUTIVE SESSION PURSUANT TO TEXAS GOVERNMENT CODE, CHAPTER 551	3:00 p.m.	
1. Consultation with Attorney Regarding Legal Matters or Pending and/or Contemplated Litigation or Settlement Offers – Section 551.071		
a. U. T. System Board of Regents: Discussion with Counsel on pending legal issues		
b. U. T. System Board of Regents: Discussion and appropriate action regarding legal issues concerning pending legal claims by and against U. T. System		
2. Individual Personnel Matters Relating to Officers or Employees – Section 551.074		
a. U. T. Health Science Center - San Antonio: Discussion and appropriate action regarding proposed compensation for John H. Calhoon, M.D., Professor and Chair, Department of Cardiothoracic Surgery, Director of the Heart and Vascular Institute, and Interim Director of the Pediatric Heart Center (Regents' Rules and Regulations, Rule 20204, regarding compensation for highly compensated employees)		
b. U. T. Southwestern Medical Center: Discussion and appropriate action regarding proposed new hire with tenure and compensation for Herbert John Zeh, III, M.D., Professor and Chair, Department of Surgery (Regents' Rules and Regulations, Rule 20204, regarding compensation for highly compensated employees)		

- c. **U. T. Health Science Center - Houston: Discussion and appropriate action regarding proposed new hire and compensation for Ali Dodge-Khatami, M.D., Ph.D., Professor, Department of Pediatric Surgery, Division of Pediatric Cardiovascular Surgery (Regents' *Rules and Regulations*, Rule 20204, regarding compensation for highly compensated employees)**
- d. **U. T. San Antonio: Discussion and appropriate action regarding approval of amendments to terms of Employment Agreement with Head Men's Basketball Coach**
- e. **U. T. System: Discussion and appropriate action regarding individual personnel matters relating to assignment and duties of the Chancellor, including responsibilities associated with the admissions procedures set forth in Regents' *Rules and Regulations*, Rule 40303**
- f. **U. T. System: Discussion with Vice Chancellor for Strategic Initiatives regarding assignment and duties, including responsibilities associated with providing information and data to the Board and U. T. System leadership**
- g. **U. T. Health Science Center - Tyler: Discussion with president regarding assignment and duties, including individual responsibilities associated with outlining a vision and plans for the future of the institution**
- h. **U. T. Medical Branch - Galveston: Discussion with president regarding assignment and duties, including individual responsibilities associated with outlining a vision and plans for the future of the institution**
- i. **U. T. System: Discussion and appropriate action regarding individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of presidents (academic and health institutions); U. T. System Administration officers (Deputy Chancellor, Executive Vice Chancellors, and Vice Chancellors); other officers reporting directly to the Board (Chancellor, General Counsel to the Board, and Chief Audit Executive); Board members, task force members, and advisory council members; and U. T. System and institutional employees**

RECONVENE THE BOARD IN OPEN SESSION TO CONSIDER ACTION,
IF ANY, ON EXECUTIVE SESSION ITEMS AND TO RECESS

5:30 p.m.
approximately

	Board Meeting	Page
<u>Tuesday, May 1, 2018</u>		
RECONVENE THE BOARD IN OPEN SESSION TO CONSIDER AGENDA ITEMS	<i>8:00 a.m.</i>	
3. U. T. System Board of Regents: Approval of Consent Agenda items and consideration of any items referred to the full Board	<i>8:05 a.m.</i> Action	12
4. U. T. System Board of Regents: Discussion and possible action regarding appointments to the University Lands Advisory Board	<i>8:10 a.m.</i> Action	13
5. U. T. System: Discussion and appropriate action regarding a budget reallocation of \$1,672,680 of Available University Funds (AUF) to expedite completion of enhancement projects in the UTShare PeopleSoft environments; and finding that the expenditure of AUF for this purpose is appropriate	<i>8:15 a.m.</i> Action <i>Mr. David Crain</i>	14
6. U. T. System: 86th Texas Legislative Session Preview	<i>8:20 a.m.</i> Report <i>Mr. McBee</i>	30
7. U. T. System Board of Regents: Progress reports from task forces	<i>8:35 a.m.</i> Report <i>Vice Chairman Hildebrand Regent Eltife</i>	31
8. U. T. System Board of Regents: Recognition of U. T. academic and health institution and U. T. System Administration recipients of the 2018 Regents' Outstanding Employee Awards	<i>8:55 a.m.</i> Presentation	32
9. U. T. System Board of Regents: Presentation of Certificate of Appreciation to Student Regent Jaciel Castro and Comments	<i>9:10 a.m.</i> Presentation	35
10. U. T. System Board of Regents: Presentation of Certificate of Appreciation to Chancellor McRaven and Comments	<i>9:25 a.m.</i> Presentation	36
STANDING COMMITTEE RECOMMENDATIONS AND REPORTS TO THE BOARD	<i>9:40 a.m.</i>	
RECESS TO EXECUTIVE SESSION PURSUANT TO TEXAS GOVERNMENT CODE, CHAPTER 551 (Working lunch at noon)	<i>10:00 a.m.</i>	
1. Deliberation Regarding Security Devices or Security Audits – Sections 551.076 and 551.089		
U. T. System Board of Regents: Discussion and appropriate action regarding update on safety and security issues, including security audits and the deployment of security personnel and devices		
2. Deliberations Regarding the Purchase, Exchange, Lease, Sale, or Value of Real Property – Section 551.072		
U. T. Austin: Discussion regarding the lease, uses, or value of property related to the Brackenridge Tract, including Lions Municipal Golf Course, Austin, Travis County, Texas		

3. Negotiated Contracts for Prospective Gifts or Donations –
Section 551.073
 - a. **U. T. System Academic Institutions: Discussion and appropriate action regarding proposed negotiated gifts with potential naming features**
 - b. **U. T. System Health Institutions: Discussion and appropriate action regarding proposed negotiated gifts with potential naming features**
4. Consultation with Attorney Regarding Legal Matters or Pending and/or Contemplated Litigation or Settlement Offers – Section 551.071
 - a. **U. T. System Board of Regents: Discussion with Counsel on pending legal issues**
 - b. **U. T. Austin: Discussion regarding legal issues related to the utilization of the Brackenridge Tract, including Lions Municipal Golf Course, Austin, Travis County, Texas**
5. Individual Personnel Matters Relating to Officers or Employees –
Section 551.074
 - a. **U. T. System: Discussion and appropriate action regarding individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of presidents (academic and health institutions); U. T. System Administration officers (Deputy Chancellor, Executive Vice Chancellors, and Vice Chancellors); other officers reporting directly to the Board (Chancellor, General Counsel to the Board, and Chief Audit Executive); Board members, task force members, and advisory council members; and U. T. System and institutional employees**
 - b. **U. T. System: Discussion with Vice Chancellor for Strategic Initiatives regarding assignment and duties, including responsibilities associated with providing information and data to the Board and U. T. System leadership**
 - c. **U. T. El Paso: Discussion with president regarding assignment and duties, including individual responsibilities associated with outlining a vision and plans for the future of the institution**
 - d. **U. T. Tyler: Discussion with president regarding assignment and duties, including individual responsibilities associated with outlining a vision and plans for the future of the institution**
 - e. **U. T. System: Discussion of individual personnel matters relating to Chancellor search**

RECONVENE THE BOARD IN OPEN SESSION TO CONSIDER ACTION,
IF ANY, ON EXECUTIVE SESSION ITEMS

*2:00 p.m.
approximately*

ADJOURN

*2:15 p.m.
approximately*

1. **U. T. System: Annual Meeting with Officers of the U. T. System Student Advisory Council**

INTRODUCTION

The U. T. System Student Advisory Council will meet with the Board of Regents to discuss recommendations of the Council and plans for the future. The Council's recommendations are set forth on the following pages.

Council members scheduled to attend are:

Chair: Ms. Jodie Gray, U. T. Health Science Center - San Antonio, Graduate School of Biomedical Science, Ph.D. candidate, Radiological Sciences

Undergraduate Student Success Working Group: Mr. J.W. Van Der Schans, U. T. Dallas, International Political Economy

Campus Life Working Group: Mr. Peter Averack, U. T. Rio Grande Valley, Communications Studies

Graduate and Health Education Working Group: Mr. Juan Herrejon, U. T. Southwestern Medical Center, Medical Student

Diversity and Inclusion Working Group: Mr. Johnathan Cereceres, U. T. El Paso, Political Science and Chicano Studies

2018-2019 Chair: Mr. Matthew Mendoza, Ph.D. candidate, U. T. Southwestern Medical Center, Neuroscience Graduate Program

BACKGROUND INFORMATION

The U. T. System Student Advisory Council was established in 1989 to provide input to the U. T. System Board of Regents working through and with the Chancellor and U. T. System Administration on issues of student concern. The operating guidelines of the Council require that recommendations have a multi-institutional focus and that the Council explore individual campus issues with institutional administrators prior to any consideration thereof. The Student Advisory Council consists of two student representatives from each U. T. System institution in addition to four elected officers and meets three times a year in Austin.



THE UNIVERSITY of TEXAS SYSTEM
FOURTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.



Student Advisory Council
sac@utsystem.edu
WWW.UTSYSTEM.EDU

TO: Chancellor William H. McRaven, UT System
FROM: The 2017 - 2018 UT System Student Advisory Council
DATE: March 27, 2018
RE: Update of Work of the 2017 – 2018 Student Advisory Council

We are honored to present the work and recommendations of the 2017-2018 Student Advisory Council. Our student representatives from all fourteen U. T. System institutions united to conduct extensive research to identify Systemwide issues of student interest and provide feedback on current policy issues from a solutions-driven perspective. We thank you for the privilege to represent the 214,000 students that comprise our collective student body. As students continue to claim more active roles in all aspects of their educational experience, our opportunity to speak for them at the System level becomes more and more invaluable.

We applaud the framework that The University of Texas System provides us to officially represent the student voice as System continually examines ways to adapt and improve in tandem with the ever-changing climate of higher education. We wholeheartedly believe that systematic review of our successes and areas in need of improvement directly benefits our students and highlights U. T. System's dedication to all facets of student success.

The recommendations of this year's Student Advisory Council have taken the form of memoranda that are geared towards key members of the U. T. System Administration and have been distributed throughout our entire working year. These memoranda are solutions-oriented recommendations that have been extensively researched and drafted by Student Advisory Council members representing diverse student populations from all U. T. institutions. Through our process of the research and writing, we enjoyed the opportunity to collaborate with numerous U. T. System representatives such as administrators and the Faculty Advisory Council to assist in identifying and implementing workable solutions. Attached is a list of completed and in-progress projects as they fall within each of our four key areas of interest: Campus Life, Diversity and Inclusion, Graduate and Health Education, and Student Success.

We thank you for the opportunity to serve the student body of the U. T. System this past year. We are grateful for the dedication you have demonstrated to our students and continue to be grateful for the time you invest in our Council's work. We look forward to our invitation to discuss our recommendations in more detail with the Board in April/May.

Jodie P. Gray
Chair, Student Advisory Council 2017-2018

Working Group	Leadership	Purpose	Policy Issues	Status
Campus Life	Peter Averack, U. T. Rio Grande Valley (Chair) Austin Blane Reynolds, U. T. Austin (Vice-Chair)	To consider various policy issues that impact the student experience and impact overall health, safety, and well-being	Student Engagement for Graduate Students	Research was conducted, and the issue is referred to future Student Advisory Council members for possible action.
			Increasing Healthy Food Options for Students	Research was conducted, and the issue is referred to future Student Advisory Council members for possible action.
			Student Mental Health and Wellness	A letter of support was provided to U. T. System leadership in February 2018. U. T. System Board of Regents voted unanimously to approve initiatives presented by Dr. Mercer (U. T. System) and Dr. Brownson (U. T. Austin).
			Emergency Disaster Preparation	In the wake of Hurricane Harvey, the working group spoke with institutional leadership and U. T. System experts about infrastructure, support, and response to Hurricane Harvey and decided to raise awareness that there is a great deal of assets in place that are focused on both people and resources. A memorandum was shared with U. T. System experts in disaster preparedness in April 2018.
Diversity and Inclusion	Johnathan Cereceres, U. T. El Paso (Chair) Marcus Thomas, U. T. San Antonio (Vice-Chair)	To address policy issues that enhance campus inclusion for a variety of stakeholder groups and to create a more open, inclusive campus environment	Use of Inclusive Gender Pronouns	A memorandum outlining models for gender pronoun inclusion was shared in April 2018 with U. T. System leadership. It encourages collaboration with U. T. System Registrars and the Texas Higher Education Coordinating Board Common Application Committee.
			Advising Best Practices for First-Generation Students	Recommendations were shared with the Student Success Working Group for inclusion in their advising-related recommendations and memorandum.
			Enhanced Community Resources for Deferred Action for Childhood	A memorandum outlining models for campus community resources was shared with other

			Arrivals (DACA) Students	student government leadership Systemwide and statewide in April 2018.
Health and Graduate Education	Lane Warmbrod, U. T. Medical Branch – Galveston (Former Chair, September 2017 through February 2018) Juan Herrejon, U. T. Southwestern Medical Center (Acting Chair)	To address academic policy issues facing graduate students and students at U. T. System health institutions	Communication Mechanisms for Curriculum Updates	A memorandum was shared with Executive Vice Chancellor Greenberg that encourages enhanced two-way communication between faculty/administrators and students at health institutions who provide feedback on curriculum committee decisions.
			Letter of Support for Parental Leave Effort with the Faculty Advisory Council	Research was conducted and the working group collaborated with the Faculty Advisory Council on possible recommendations. The group defers this issue to future Student Advisory Council members to continue collaborative work with the Faculty Advisory Council.
			Faculty Training Opportunities	A memorandum was shared with Executive Vice Chancellor Greenberg and Associate Vice Chancellor Francis that encourages that U. T. System Health Institutions offer “Active Learning Workshops” for faculty members.
Student Success (Academic)	John W. (JW) Van Der Schans, U. T. Dallas (Chair) Montana Meeker, U. T. San Antonio (Vice-Chair)	To address policy issues that enhance student success, retention, and graduation at U. T. System academic institutions	Support for Ongoing Initiatives in Student Advising	A memorandum outlining support for current U. T. System advising initiatives was sent to Associate Vice Chancellor Karoff in April 2018.
			Support for Open Educational Resources and Textbook Affordability/Access	A memorandum encouraging a Systemwide initiative to enhance Open Educational Resources for students was shared with Associate Vice Chancellors Karoff and Francis in April 2018.
			U. T. System Coordinated Admissions Program	A memorandum was provided to Associate Vice Chancellor Mercer and Executive Vice Chancellor Leslie, U. T. System Office of Academic Affairs in December 2017 asking for the discontinuation of the program in its current form.

In addition to the work represented in the table above, the 2017–2018 Student Advisory Council provided feedback about changes to U. T. System Board of Regents’ *Rules and Regulations*, provided feedback related to leadership qualities that students value, and collaborated with the Faculty Advisory Council.

2. **U. T. System Board of Regents: Award of Regents' Outstanding Student Awards in Arts and Humanities -- musical arts winners**

REPORT

Executive Vice Chancellor Leslie will report on the results of the Regents' Outstanding Student Awards in Arts and Humanities.

BACKGROUND INFORMATION

In recognition of its support of the arts and humanities, the Board of Regents authorized the Office of Academic Affairs to establish the Regents' Outstanding Student Awards in Arts and Humanities on February 9, 2012. The awards program is designed to foster excellence in student performance, reward outstanding students, stimulate the arts and humanities, and promote continuous quality in education. This year's awards are for the musical arts.

The nominees were evaluated on tone production, technique, rhythm, intonation, interpretation, overall quality of performance, and diction (for vocalists), with the following recognitions:

- **Mr. Henry Johnston**, guitar, U. T. Austin (solo/duet performance)
- "The Prophets" Trumpet Ensemble: **Mr. Jacob Aun, Mr. Elijah Ontiveros, Mr. Juan Pablo Palacios, Mr. Isaac Ponce, and Mr. Paul Reid**, U. T. El Paso (outstanding instrumental performance by a group)

3. **U. T. System Board of Regents: Approval of Consent Agenda items and consideration of any items referred to the full Board**

RECOMMENDATION

The Board will be asked to approve the [Consent Agenda](#) items and will discuss any items referred for consideration by the full Board.

4. **U. T. System Board of Regents: Discussion and possible action regarding appointments to the University Lands Advisory Board**

RECOMMENDATION

Chairman Tucker and Vice Chairman Hildebrand may recommend appointments to the University Lands Advisory Board.

BACKGROUND INFORMATION

On March 19, 2018, the Board of Regents approved changes to the membership structure for the University Lands Advisory Board (ULAB), effective immediately, as follows:

- five members appointed by The University of Texas System Board of Regents;
- three members appointed by The Texas A&M University System Board of Regents; and
- the Commissioner of the General Land Office.

Further, at least two of the members appointed by the U. T. System Board and at least one of the members appointed by the A&M System Board must be current Regents, with the ULAB Chairman to be named by the U. T. System Board. In addition, at least three of the members appointed by the U. T. System Board and at least two of the members appointed by the A&M System Board must have industry experience.

5. U. T. System: Discussion and appropriate action regarding a budget reallocation of \$1,672,680 of Available University Funds (AUF) to expedite completion of enhancement projects in the UTShare PeopleSoft environments; and finding that the expenditure of AUF for this purpose is appropriate

RECOMMENDATION

The Chancellor concurs with the recommendation of the Deputy Chancellor and the Executive Vice Chancellor for Business Affairs that the U. T. System Board of Regents approve a budget reallocation request of \$1,672,680 of Available University Funds (AUF) to expedite completion of the following enhancement projects in the UTShare PeopleSoft environments:

1. Salary Encumbrance Enhancement: This project is to create a custom Salary Encumbrance process for PeopleSoft that would provide the following enhancements: a validation tool, encumbrance-related reports, campus specific scheduling, and reference and training materials. This enhancement will be accomplished in the following three phases:
 - PHASE I: Development of a custom salary encumbrance program and validation tool as a replacement for current salary encumbrance application;
 - PHASE II: Add fringe to the custom salary encumbrance process; enhance and develop salary encumbrance reports; and
 - PHASE III: Automate salary encumbrance processing.
2. Payroll Retro Funding Enhancement: This project is a compilation of change requests to provide either additional function or stabilization to the retro funding processes. There are five areas included in this project enhancement as follows:
 - Year End Processing;
 - Guidelines for Year End Processing;
 - Fringe Redistribution;
 - Work Study Modification; and
 - Pre/Post Distribution Reports.
3. Time and Labor Stabilization: This project is intended to stabilize the PeopleSoft Human Capital Management (HCM) Absence Management and Time and Labor modules. This project will address the following:
 - Address deficiencies in the current system's programming and configuration;
 - Deploy unused delivered features supporting time and leave processing;
 - Allow institutions to retire their interim time reporting solutions; and
 - Address problems to improve employee leave balance reporting.
4. Travel and Expense Stabilization: This project is a compilation of various change requests that will enhance and/or apply a compliance change to the PeopleSoft Travel and Expense module. The purpose of the project is to provide additional functionality, simplify current processes, and/or meet necessary regulatory requirements.

5. Finance Encumbrance Liquidation: This project will address a compilation of various campus incidents that range from calculation errors, Oracle bugs, business process issues, and side effects from Financial Management System (FMS) modifications. The goal is to identify each issue, determine root cause, and provide the institution with a resolution to better manage finance encumbrances. The secondary portion of this effort is to coordinate data cleanup for each of the issues at the option of each institution.

The Board is also asked to find that the expenditure of AUF for this purpose is appropriate under the responsibilities of U. T. System Administration to provide technical assistance and services to the institutions and to coordinate activities of the U. T. System institutions using these information systems.

Mr. David Crain, Associate Vice Chancellor for Shared Information Services and Interim Chief Information Officer, will present an overview of U. T. Shared Information Services using the PowerPoint on the following pages.

BACKGROUND INFORMATION

On August 9, 2006, a study by BearingPoint, which defined "shared services" as the name given to a specific model for consolidating redundant information technology and business services in large organizations with multiple, geographically distributed units, was presented to the Board. Shared services is a proven organizational strategy for achieving cost savings realized through economies of scale; process improvements attained through standardization; and universal application of institutionally preferred practices. On October 4, 2006, the Board approved three shared services initiative projects, formalizing the U. T. System Shared Services Initiative with clear definition and objectives, utilization of best practices, and direct U. T. investment. One of the three shared services projects approved by the Board was the North Texas Student Information System (SIS) Pilot Project, which included U. T. Arlington, U. T. Dallas, and U. T. Tyler, and was later named TexSIS.

On August 12, 2010, the Board approved the initial funding for the shared services initiative project to implement a single instance of PeopleSoft HCM/FIN, which was later named UTShare. Implementation of UTShare began in 2011.

The U. T. Share Executive Committee, comprised of representatives from participating institutions, provides governance for the shared services initiative projects. The U. T. Share Operating Committee recommends and the U. T. Share Executive Committee approves changes to project management that will provide more efficiency and greater cost savings. For example, in 2016, a change was recommended and approved to shift from a costly consulting and hosting services partner to in-house staffing and services at a much lower cost. In-house staffing and services are provided by U. T. System Administration Shared Information Services. The five enhancement projects listed above were recommended by the U. T. Share Operating Committee, and approved by the U. T. Share Executive Committee as the highest priorities for expedited completion. The funding will primarily be used for staff augmentation services to implement the proposed enhancement projects. U. T. System will utilize staff augmentation services from existing contracts, including the contract with Precision Task Group (PTG), for which an amendment to increase the cap will be presented to the Board for consideration later this year.

These needed projects cannot be completed in the expedited timeline recommended by the institutions without the additional resources being requested because available U. T. System Administration Shared Information Services resources are currently being utilized to implement PeopleSoft HCM/FMS at U. T. Rio Grande Valley by September 1, 2018.

The current shared services implementation of PeopleSoft is estimated to save between \$12-\$15 million annually compared to each institution running a stand-alone Enterprise Resource Planning (ERP) system. These savings are expected to grow to \$15-\$18 million per year once implementation at U. T. Rio Grande Valley is complete.

The very high-level roadmap for The University of Texas System PeopleSoft shared services initiative as agreed to by the U. T. Share Executive Committee is to

- finish the U. T. Rio Grande Valley implementation;
- upgrade all PeopleSoft instances to the newest release;
- migrate all HCM/FMS instances to a single environment; and
- deploy the Oracle Business Intelligence Applications (OBIA).

U. T. System Shared Information Services (UT SIS) Overview

Mr. David Crain, Associate Vice Chancellor for Shared Information Services and Interim Chief Information Officer

U. T. System Board of Regents' Meeting
April/May 2018



THE UNIVERSITY of TEXAS SYSTEM
FOURTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

www.UTSYSTEM.EDU

Who is UT SIS?

- UT SIS is a department within the Deputy Chancellor's Office in support of the U. T. System Shared Services Initiative.
- UT SIS is engaged in the development and management of shared U. T. Systemwide information technology solutions supporting The University of Texas academic institutions and System Administration.



What is Shared Services?

"Shared services" is the name given to a specific model for consolidating redundant information technology and business services in large organizations with multiple, geographically distributed units.



How does Shared Services Apply to UT SIS?

The basic premise is that efficiency and effectiveness are best obtained by U. T. System and its institutions sharing responsibility and resources. This strategy is accomplished through the use of:

- shared governance;
- collaboration and commonality;
- one version of software;
- shared hardware and data centers;
- configuration and development; and
- shared resources.



History of UT SIS?

- Following a study by BearingPoint presented to the U. T. System Board of Regents in August 2006, the Board formalized the U. T. System Shared Services Initiative.
- In October 2006, the Board approved three shared services initiative projects, one being North Texas Student Information System Pilot Project, which included U. T. Arlington, U. T. Dallas, and U. T. Tyler.
- In August 2010, the Board approved the initial funding to implement a single instance of PeopleSoft Human Resources and Financial Management systems.
- In January 2015, UT SIS staff officially moved from U. T. Arlington to U. T. System Administration's payroll.
- In 2016, significant changes were made including a shift from costly consulting and hosting services to in-house staffing and services at a much lower cost.



What does UT SIS Provide?

UT SIS provides the PeopleSoft Enterprise Resource Planning System (ERP) and related applications to the following:

- U. T. Arlington
- U. T. Dallas
- U. T. El Paso
- U. T. Permian Basin
- U. T. Rio Grande Valley (not yet implemented)
- U. T. San Antonio
- U. T. Tyler
- U. T. System Administration



UT SIS Customer Details

Institution	Student Information System (SIS)	Human Capital Management (HCM)	Financial Management System (FMS)
U. T. Arlington	✓	✓	✓
U. T. Dallas	✓	✓	✓
U. T. El Paso		✓	✓
U. T. Permian Basin	✓	✓	✓
U. T. Rio Grande Valley	In Progress	In Progress	In Progress
U. T. San Antonio		✓	✓
U. T. Tyler	✓	✓	✓
U. T. System Administration		✓	✓

UT Share institutions have a combined operating budget of \$3,757,582,833 (including AUF funds).

Source: 2017 U. T. System Operating Budget Summaries



Why bother with Shared Services?

- Shared Services for ERP applications typically save between 20% and 45% of total ERP cost.

Source: The Shared Service Roundtable, March 2015

- ERP Shared Services reduce costs through economies of scale. Through sharing, an institution uses fewer overall resources: fewer managers, developers, infrastructure, etc.
- ERP Shared Services also help create improved ways of working through standardization, simplification, and common reporting that result in both decreased costs and quality improvements.



What does an ERP (like PeopleSoft) normally cost?

- Average ERP implementation costs are 6.5% of an organizations annual revenue (would equate to \$244,242,884 for UT SIS customers)
Source: 2016 Panorama Annual ERP Report
- 2 - 4% of annual revenue is the normal range of cost to maintain an ERP system once implemented (would be between \$75,151,657 and \$150,303,313 for UT SIS Customers)
Source: Gene Hammons, Practice Director, Software Selection and Implementation, Vaco Resources



What do ERP systems cost Higher Education?

- Institutions with a Carnegie classification of “Very High Research” spend an average of \$343 per student full-time equivalent (FTE).

(The average spend of 74 institutions reported on the 2015 Core Data Survey).

- This average amount of \$343.10 per student FTE for UT Share institutions’ 127,372 students would be \$43,701,333 in annual spending for current UT SIS customer institutions.

(The seven academic institutions working with UT SIS have a student FTE count of 127,372 according to 2015 IPEDS reports)



What does U. T. System spend on UT SIS?

- The FY 2017 operating budget for UT SIS was \$23,575,022
 - did not include \$5,000,000 capital replacement costs for the hardware and infrastructure on which the applications run (Board Approval August 25, 2016)
 - did not include Year One \$3,300,464 to upgrade to the latest PeopleSoft version while implementing U. T. Rio Grande Valley (Board Approval April 10, 2017)
- The FY 2018 operating budget for UT SIS is \$21,331,615 (\$22,820,415 originally approved)
 - does not include Year Two \$7,670,536 to upgrade to the latest PeopleSoft version while also implementing U. T. Rio Grande Valley (Board Approval August 24, 2017)
- The FY 2019 operating budget request for UT SIS will include an increase to support additional applications and U. T. Rio Grande Valley
 - will not include Year Three \$2,629,000 to upgrade to the latest PeopleSoft version while also implementing U. T. Rio Grande Valley (Board Approval August 24, 2017)



UT SIS Cost Analysis and Summary

- U. T. System is experiencing significant savings by having implemented the ERP systems as a shared service. These savings can be seen by comparing the average Higher Education ERP cost to the UT SIS budget.
- An exact comparison to other entities is not possible for a number of reasons:
 - Some UT Share institutions still have separate Campus Solution Systems
 - U. T. Dallas is not in the shared instance (UT SIS runs their system separately)
 - U. T. System Administration ERP system cost is not included in this direct cost comparison because there are no student FTE counts (prorating the comparative cost based on operating budgets would make the average Higher Education ERP benchmark approximately \$50 million)
- U. T. System is saving at least 33% (approximately \$12-18 million per year) by running a shared service when compared to peers. This falls right in line with the average savings of 20-45% reported by the Shared Service Roundtable.
- When compared to cross industry ERP costs of \$75 to \$150 million to maintain ERP systems for an organization the size of U. T. System, U. T. System is saving between 60 and 80%.



UT Share Staffing Analysis

Evidence that efficiency and savings is being achieved can be seen by looking at the average number of central IT FTE at UT Share institutions compared to peers. In other words, UT Share institutions have fewer IT staff than other institutions at least in part because they do not need to provide stand-alone ERP applications: Source: Educause Core Data Survey 2016

- US Higher Education institutions have an average of 7.9 central IT FTE per 1000 Institutional FTE
- UT Share institutions central IT FTE per 1000 Institutional FTE
 - U. T. Arlington= 6.12
 - U. T. Dallas= 7.78 (not in the shared instance so require more ERP staff)
 - U. T. El Paso= 4.73
 - U. T. San Antonio= 6.41
 - U. T. Permian Basin= 2.68
 - U. T. Rio Grande Valley= 10 (currently running stand-alone ERP systems)
 - U. T. Tyler= 3.6



6. U. T. System: 86th Texas Legislative Session Preview

REPORT

Mr. Barry McBee, Vice Chancellor and Chief Governmental Relations Officer, will present a preview of the 86th Texas Legislative Session, including a summary of the institutions' budget and legislative priorities based on recent visits with all institutions, System Administration budget and legislative priorities, issues affecting all of Texas higher education, and the general budgetary and legislative climate for the 86th Session.

7. **U. T. System Board of Regents: Progress reports from task forces**

REPORTS

Vice Chairman Hildebrand may report on the work of the Houston Land Task Force, and Regent Eltife may report on the work of the System Review and Structure Task Force.

8. U. T. System Board of Regents: Recognition of U. T. academic and health institution and U. T. System Administration recipients of the 2018 Regents' Outstanding Employee Awards

INTRODUCTION

Chairman Tucker and Chancellor McRaven will recognize the recipients of the inaugural 2018 Regents' Outstanding Employee Awards. Award recipients are listed on the following pages.

BACKGROUND INFORMATION

On November 9, 2016, the U. T. System Employee Advisory Council recommended to the Board the establishment of the Regents' Outstanding Employee Award program, and funding from the Internal Lending Program was approved on August 24, 2017, as part of the FY 2018 U. T. System operating budget. This award program was created to recognize full-time, benefits eligible, nonfaculty employees who have shown outstanding performance, innovation, enthusiasm, and dedication in their job.

Thirty awards will be made each year across the 14 U. T. institutions and U. T. System Administration. The winners will receive a certificate, a \$10,000 monetary award, and an invitation for the awardee and a guest to a luncheon ceremony in Austin. First-year winners will also receive a Chancellor's challenge coin.

Nomination Process

The candidate selection is a rigorous campus-based process followed by evaluations at the Employee Advisory Council and System Administration levels to determine the finalists. Equal consideration is made to employees across all job categories, and selection is based on the impact the employee has made on their individual job and how this impact has helped improve their institution. Selection criteria is based on superior performance, outstanding customer service, acts that enhance the image of the institution and/or community outreach, and teamwork.

Award nominees must have been employed by their local institution for at least the past two consecutive years, must be employed at the nominating U. T. institution as of the date of the distribution of the awards, must be in good standing from their most recent performance evaluation, and must have clearly demonstrated high levels of proficiency in the areas outlined in the Nomination Process.

Selection Process

Upon receiving the nominations from each campus, the U. T. System Employee Advisory Council reviews and recommends applications to a selection committee comprised of U. T. System Administration staff members who are appointed by the Deputy Chancellor and Executive Vice Chancellors. The Office of the Chancellor administers the program on behalf of the U. T. System Board of Regents and candidates will be notified of award decisions by the end of April each year.

2018 Regents' Outstanding Employee Award Recipients

The University of Texas at Arlington

- Jeff Johnson, Director, Facilities Management Administration
- Molly Albart, Director of Planning, Assessment and Student Success, Student Affairs

The University of Texas at Austin

- Armando Blanco, Supervisor, Production Management and Construction Services
- Mark-Anthony Zuniga, Academic Advisor, Department of Theatre and Dance
- Athena Reynolds, Associate Director, Budget Office

The University of Texas at Dallas

- Nora Hernandez, Academic Advisor III, School of Economic Political and Policy Sciences
- David Taylor, Laboratory Manager, Physics Department

The University of Texas at El Paso

- Alberto "Beto" Lopez, Assistant VP - Institutional Advancement, Events and University Relations
- Azuri Gonzalez, Director, Center for Civic Engagement

The University of Texas of the Permian Basin

- Joe Sanders, University Registrar, Registrar's Office

The University of Texas Rio Grande Valley

- Dalyn Ruiz, Campus Affairs Coordinator, University Events
- Barbara Garza, Director of P-16 Initiatives, P-16 Outreach Office

The University of Texas at San Antonio

- John Shaffer, Associate Director, Student Success and Professional Development, The Graduate School
- Brent Tyroff, Senior Electrician III, Operations and Maintenance

The University of Texas at Tyler

- Jason DiStefano, Laboratory/Technical Services Supervisor, Lecturer, Chemistry and Biochemistry

The University of Texas Southwestern Medical Center

- Tomas Armendariz, Manager Nursing, AS Neurosciences
- Wendy Bishop, Department Administrator, Clinical Sciences
- Julia Rand, Certified Medical Office Assistant, DS Imaging

The University of Texas Medical Branch at Galveston

- Scott Woodby, Nurse Clinician V, Medical Intensive Care Unit (MICU) and Cardiac Care Unit (CCU)
- Chad Connally, Program Manager, Biocontainment and Emergency Management
- Mike Mastrangelo, Program Director, Institutional Preparedness, Facilities Risk Management

The University of Texas Health Science Center at Houston

- Misty Ottman, Program Manager - Research, Emergency Medicine
- Arthur Lupkowski, Human Resources Assistant III, Human Resources

The University of Texas Health Science Center at San Antonio

- Gloria Matthews, Business Administrator, Pediatrics-Endocrinology
- JoAnn Lieberman, Academic Programs Coordinator, Pediatrics – Housestaff

The University of Texas M. D. Anderson Cancer Center

- Carol Wildrick, Clinical Nurse, Outpatient
- Laura Wiedemann, Child Life Specialist, Division of Pediatrics
- Pamela (Sat-Siri) Sumler, Massage Therapist, Integrative Medicine Center

The University of Texas Health Science Center at Tyler

- Christiana Guthrie, Respiratory Clinic Education Coordinator, Pulmonary Clinic

The University of Texas System Administration

- Herman "Hank" Wilke, Senior Construction Inspector, Office of Facilities Planning and Construction

9. **U. T. System Board of Regents: Presentation of Certificate of Appreciation to Student Regent Jaciel Castro and Comments**

10. **U. T. System Board of Regents: Presentation of Certificate of Appreciation to Chancellor McRaven and Comments**



**TABLE OF CONTENTS
FOR
AUDIT, COMPLIANCE, AND RISK MANAGEMENT
COMMITTEE**

Committee Meeting: 4/30/2018

**Board Meeting: 5/1/2018
Houston, Texas**

*David J. Beck, Chairman
Ernest Aliseda
Kevin P. Eltife
R. Steven Hicks
Janiece Longoria
Rad Weaver*

	Committee Meeting	Board Meeting	Page
A. CONVENE	<i>11:30 a.m. Chairman Beck</i>		
B. RECESS TO EXECUTIVE SESSION PURSUANT TO TEXAS GOVERNMENT CODE, CHAPTER 551 (working lunch at noon)			
<p>Deliberation Regarding Security Devices or Security Audits – Sections 551.076 and 551.089</p> <p>U. T. System Board of Regents: Discussion and appropriate action regarding safety and security issues, including security audits and the deployment of security personnel and devices</p>			
C. RECONVENE IN OPEN SESSION			
1. U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, assigned for Committee consideration	<i>12:15 p.m. Discussion</i>	Action	39
2. U. T. System: Report on U. T. Systemwide Intrusion Detection System	<i>12:16 p.m. Report/Discussion Ms. Mohrmann Mr. Cam Beasley, U. T. Austin</i>	Not on Agenda	40
3. U. T. System: Discussion and appropriate action regarding request for additional funding of \$7,000,000 from Available University Funds (AUF) to refresh and enhance data loss and intrusion detection capabilities in U. T. System networks, and finding that expenditure of AUF for this purpose is appropriate	<i>12:26 p.m. Action Mr. Dendy Ms. Mohrmann</i>	Action	49

	Committee Meeting	Board Meeting	Page
4. U. T. System: Report on the Risk Finance and Risk Control Programs administered by the Office of Risk Management	12:33 p.m. Report/Discussion <i>Mr. Dendy</i>	Not on Agenda	50
5. U. T. System: Discussion and appropriate action regarding transfer of \$24,000,000 to rebate to institutions surplus premium contributions paid in Phase V of the Rolling Owner Controlled Insurance Program (ROCIP)	12:43 p.m. Action <i>Mr. Dendy</i>	Action	63
6. U. T. System: Report on the State Auditor's Office Statewide Single Audit for Fiscal Year 2017	12:49 p.m. Report/Discussion <i>Mr. Peppers</i>	Not on Agenda	64
7. U. T. System: Report on the Systemwide internal audit activities and audit administrative items, including Priority Findings, Annual Audit Plan status, and Chief Audit Executive Annual Statements; and consideration and approval of Institutional Audit Committee chair changes	12:54 p.m. Report/Action <i>Mr. Peppers</i>	Not on Agenda	67
D. ADJOURN	1:00 p.m.		

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

RECOMMENDATION

No [Consent Agenda](#) items assigned for review by this Committee.

2. U. T. System: Report on U. T. Systemwide Intrusion Detection System

REPORT

The U. T. Systemwide Intrusion Detection System (IDS) has been in place since 2009 (funded by U. T. System and managed by U. T. Austin). The service has reliably served U. T. institutions in detecting and reporting system compromises, high-risk vulnerabilities, and data exfiltration events.

Chief Information Security Officer Mohrmann and Mr. Cam Beasley, Chief Information Security Officer at U. T. Austin, will highlight the attack surface observed by this service, note gaps in visibility, and elaborate on threats to U. T. System intellectual property and confidential data from dedicated attackers and nation-state actors. A PowerPoint presentation is set forth on the following pages.

U. T. System Network Protection

Mr. Cam Beasley, Chief Information Security Officer, U. T. Austin

Ms. Helen Mohrmann, Chief Information Security Officer, U. T. System

U. T. System Board of Regents' Meeting

Audit, Compliance, and Risk Management Committee

April/May 2018



THE UNIVERSITY of TEXAS SYSTEM
FOURTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

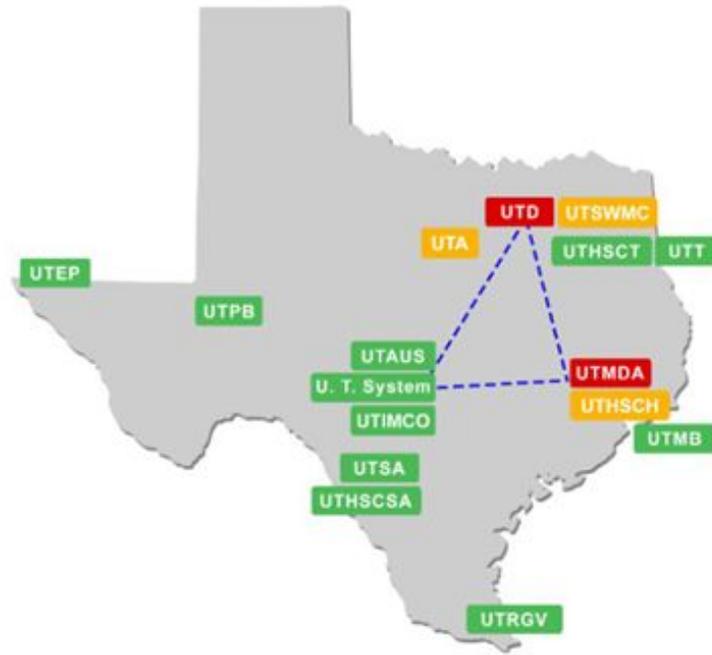
WWW.UTSYSTEM.EDU

Modern Information Security Architectures

- Assume you are compromised
- Use layered, defense-in-depth strategies
- Strengthen detection and remediation capabilities



The Intrusion Detection System (IDS) Scans Internet Traffic



Cyber Criminals Continually Perform Reconnaissance



15M external attacks occur daily, most of which originate from China and Russia

Agenda Book - 44

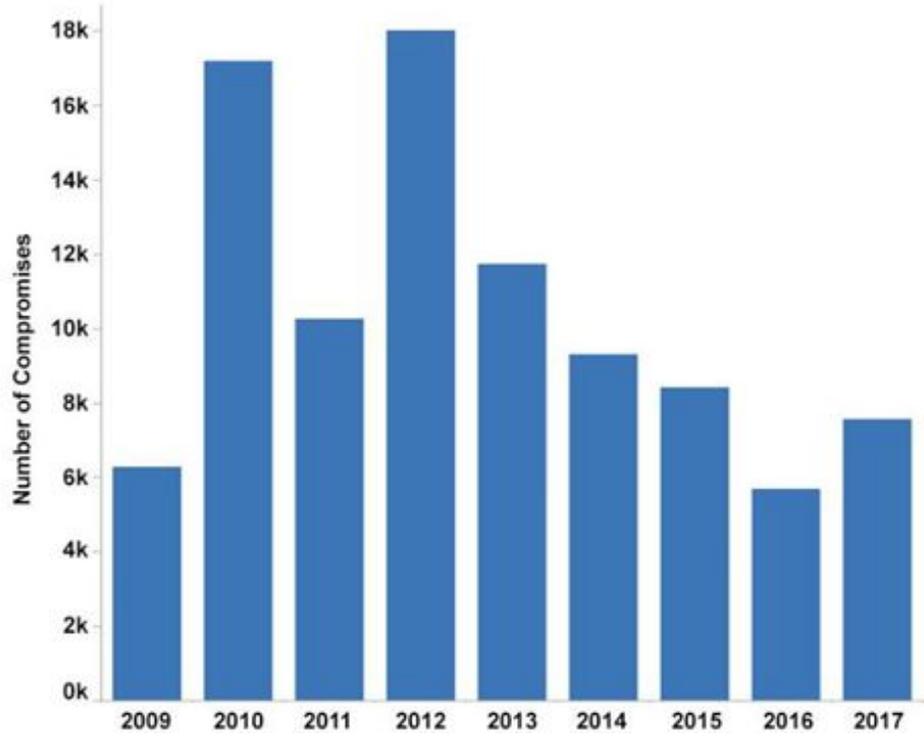


Events Detected by the IDS

- Malware signals from infected machines
- Unencrypted transfers of confidential data
- Vulnerabilities



Volume of Events Per Year



Major Malicious Code Variants Detected



- Since 2016, over 60 malicious code variants have been detected in the UT System environment.
- In total, these malware have compromised over 13,000 information systems.
- The top three are:
 - **Zeus/Wsnpoem**
2,337 compromises
 - **Cryptocurrency miner**
1,627 compromises
 - **Ransomware**
993 compromises



Institutions Receive Real-time Alerts

THE FOLLOWING ALERT IS THE PRODUCT OF A DISTRIBUTED IDS SERVICE SPONSORED BY U. T. SYSTEM.

The Information Security Office at the University of Texas at Austin has found the following machine to be infected with an unknown variant of an IRCbot, HTTPBot, or worm and is currently being remotely controlled:

HOST:
PORT:
DATE: 2018-03-26 14:33:32 CDT/CST

REMOTE HOST: 91.243.81.13 [vadimsha12i5.example.com]
REMOTE PORT: 443 (TCP)

****This system is infected with a variant of Zeus/Wsnpoem****

LIKELY ATTACK VECTOR: Falling victim to a recent phishing e-mail.

ADDITIONAL DETAILS: <http://www.threatexpert.com/report.aspx?md=1489>

We strongly recommend reformatting your hard drive and reinstalling the operating system as the only method to completely ensure that the malicious code is removed from this system.



THE UNIVERSITY of TEXAS SYSTEM
FOURTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

WWW.UTSYSTEM.EDU

3. **U. T. System: Discussion and appropriate action regarding request for additional funding of \$7,000,000 from Available University Funds (AUF) to refresh and enhance data loss and intrusion detection capabilities in U. T. System networks, and finding that expenditure of AUF for this purpose is appropriate**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Deputy Chancellor and the Chief Compliance and Risk Officer that the U. T. System Board of Regents approve additional funding in the amount of \$7,000,000 from Available University Funds (AUF) to upgrade the capacity of the intrusion detection system for the wide area network and add new data loss detection capabilities to institution networks.

In addition, the Board is asked to find that expenditure of AUF for this purpose is appropriate under the U. T. System's responsibilities to oversee and coordinate the activities and operations of the U. T. institutions, with the intent that the expenditure will benefit a broad number of U. T. institutions, including all academic and health institutions.

BACKGROUND INFORMATION

Information security is a significant high risk compliance area within the U. T. System. As discussed under Item 2 on [Page 40](#), the Systemwide Intrusion Detection System (IDS) has reliably served U. T. institutions in detecting and reporting system compromises, high-risk vulnerabilities, and data exfiltration events. The requested \$7,000,000 will be used to upgrade existing IDS information security capabilities provided by U. T. System and managed by U. T. Austin and to add additional enhancements to institutional security operations as needed.

4. U. T. System: Report on the Risk Finance and Risk Control Programs administered by the Office of Risk Management

REPORT

Chief Compliance and Risk Officer Dendy will report on the property and casualty Risk Finance and Risk Control Programs administered or coordinated by the Office of Risk Management (ORM), including property conservation, environmental health and safety, and emergency management. A PowerPoint presentation is set forth on the following pages.

BACKGROUND INFORMATION

The mission of ORM is to provide high quality risk management services, resources, and leadership that create value and support U. T. System's mission of excellence in education, research, health care, and public service. The framework of the U. T. System risk management program consists of assessment, control, finance, communication, and monitoring. The program is governed by executive leadership and direction from the Risk Management Executive Committee.

This report will provide a summary of the following self-insured and commercial insurance programs:

- Comprehensive Property Protection Plan
- Rolling Owner Controlled Insurance Program
- Cyber Liability Plan
- Directors and Officers Liability Plan
- Workers' Compensation Insurance
- Unemployment Compensation Insurance
- International Risk Management

The report will also provide an overview of the Risk Control Programs, including Environmental Health and Safety, Emergency Management, and Property Conservation.

Office of Risk Management Risk Finance and Risk Control Programs

Mr. Phillip Dendy, Chief Compliance and Risk Officer

U. T. System Board of Regents' Meeting
Audit, Compliance, and Risk Management Committee
April/May 2018



THE UNIVERSITY of TEXAS SYSTEM
FOURTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.
WWW.UTSYSTEM.EDU

Operational Exposures (FY 2017)

- Employee headcount - 121,647
- Enrollment - 228,343
- Outpatient visits - 7.3 million
- Hospital stays - 1.5 million
- Total Insured Values - \$36.2 billion
- Gross square feet - 106 million
- Construction values in progress - \$2 billion
- Faculty/staff/student international trips - 17,000



Risk Finance Programs

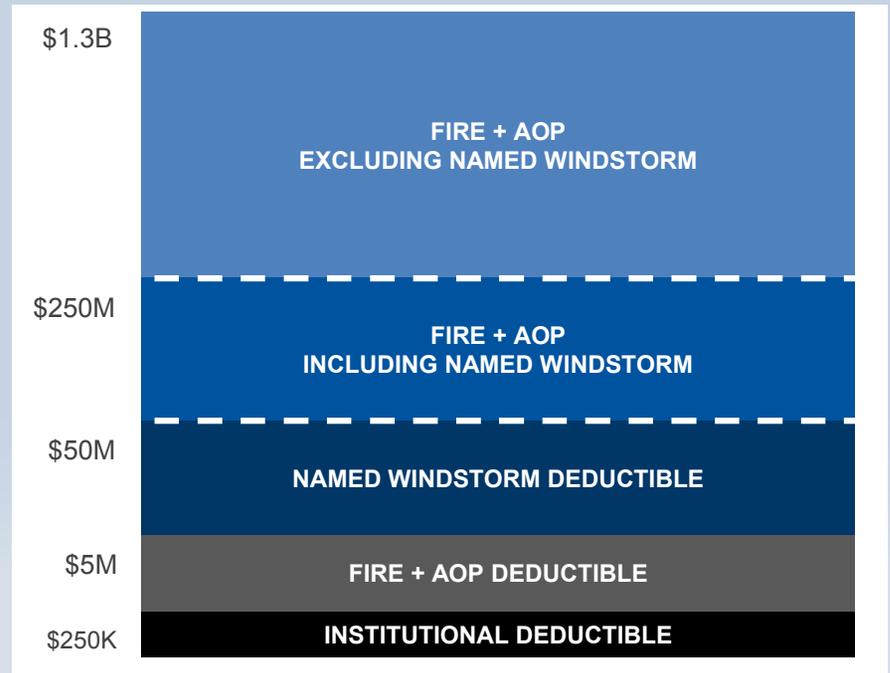
- Administration of Risk Financing Programs
 - Automobile, Property, and Liability (APL)
 - Comprehensive Property Protection Plan (CPPP)
 - Rolling Owner Controlled Insurance Program (ROCIP)
 - Builder's Risk (BR)
 - Director's and Officer's/Employment Practices Liability (D&O/EPL)
 - Cyber Liability Program (CLP)
 - Unemployment Compensation Insurance (UCI)
 - Workers' Compensation Insurance (WCI)



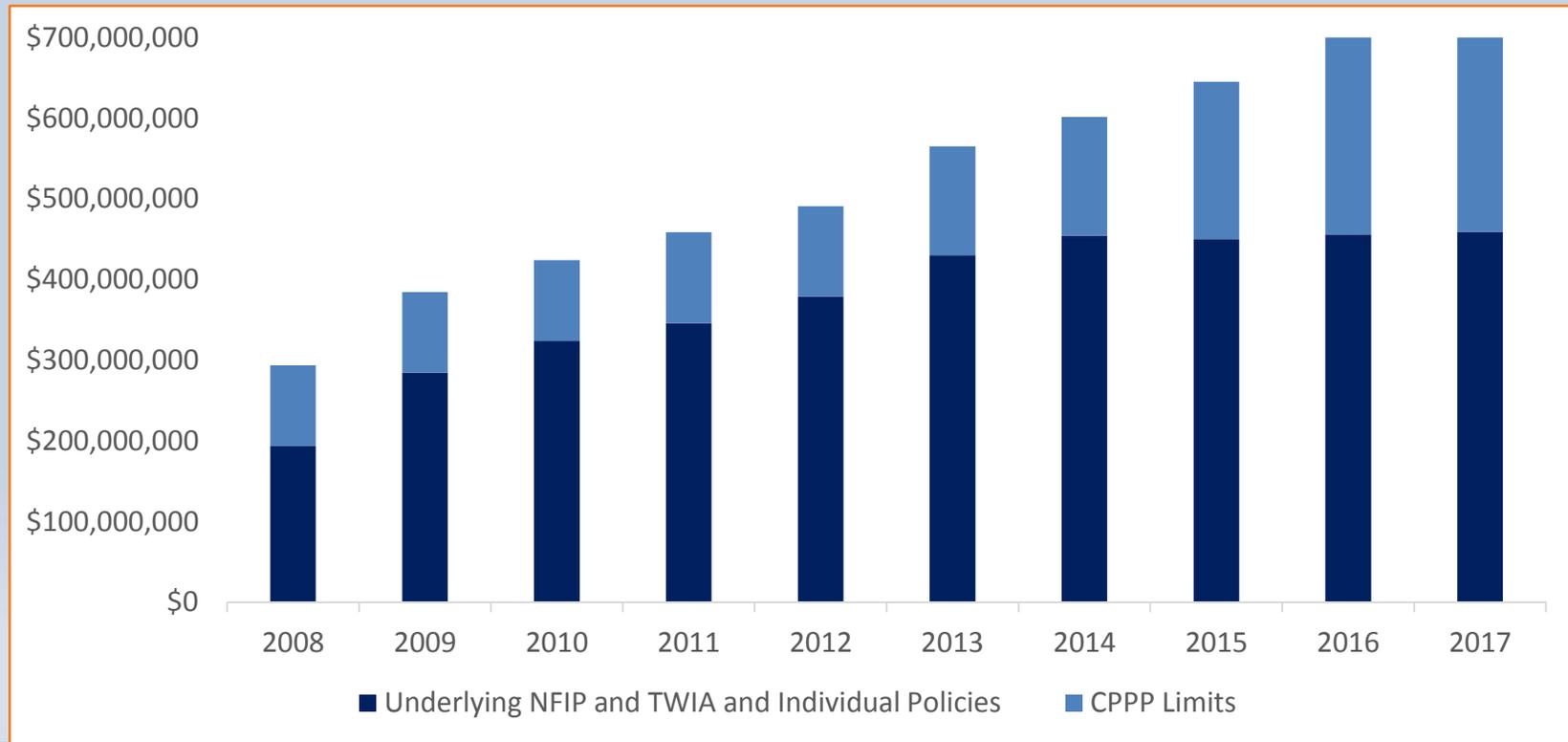
CPPP: How It Works

- Fire and All Other Perils (AOP)
 - \$1.3 billion limit
 - \$5 million deductible
- Named Windstorm
 - \$250 million limit
 - \$50 million or 5% deductible
 - Texas Windstorm Insurance Association (TWIA) and National Flood Insurance Program (NFIP) losses erode CPPP deductible

2017 – 2018 CPPP Master Program



Named Windstorm & Resulting Flood Limits



CPPP: Significant Claims in FY 2017

- January 2017
 - U. T. Medical Branch - Galveston Fire ~ \$16 million
- June 2017
 - U. T. Permian Basin Hail ~ \$5 million
- August 2017
 - Hurricane Harvey
 - Multiple Institutions ~ \$100 million



ROCIP and BR

- ROCIP provides Workers' Compensation, General Liability, and Excess Liability insurance coverage for designated U. T. System construction projects.
- Builder's Risk provides a type of property insurance for physical loss to U. T. System buildings while they are under construction.



ROCIP and BR (cont.)

Construction values in recent phases

- ROCIP IV: 2004 - 2011, \$2.1 billion
- ROCIP V: 2008 - 2016, \$4.2 billion
- ROCIP VI: 2013 - 2019, \$3.1 billion
- ROCIP VII 2018 - 2024, Est \$3 billion
- BR I: 2013 - 2016, \$2.1 billion
- BR II: 2016 - 2019, \$1 billion+



ROCIP V – Financial Performance

Construction Value	\$4,227,314,252
Contractor's Ins. Cost*	\$100,610,079
Contributions to ROCIP Fund**	\$82,432,628
Total ROCIP Cost***	\$43,459,018
Cost Avoided by Project	\$18,177,451
Gain to the ROCIP Fund	\$38,973,610
Total Program Savings	\$57,151,062

*Used CCIP market rate of 2.38% of construction value

**Contribution Rate - \$1.95

***Includes Incurred But Not Reported (IBNR) of \$1.6 million and credit for interest earned



Unemployment Compensation Insurance

UCI is a self-insurance plan that assists workers who become unemployed through no fault of their own.

- Lowest fiscal year expenditures since FY 2008
- 6% decrease in claims from FY 2015
- Average U. T. System cost per employee is \$45 compared to experience-rated Texas employers at \$136 per employee



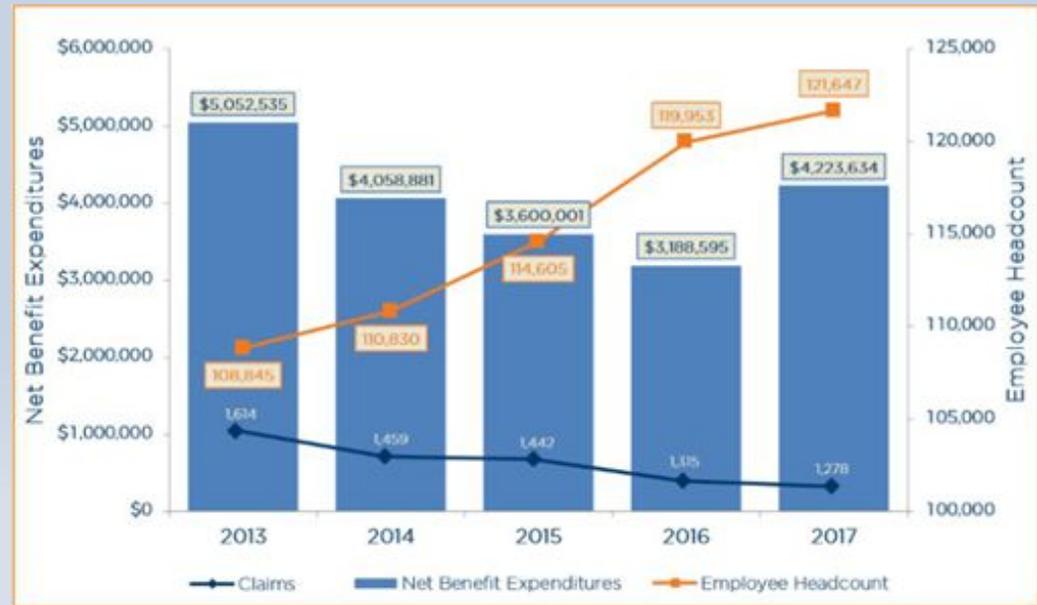
* Based on Texas Workforce Commission average for experience rated Texas Employers



Workers' Compensation Insurance

WCI is a self-insurance plan that provides medical coverage and income benefits to U. T. System employees injured on the job.

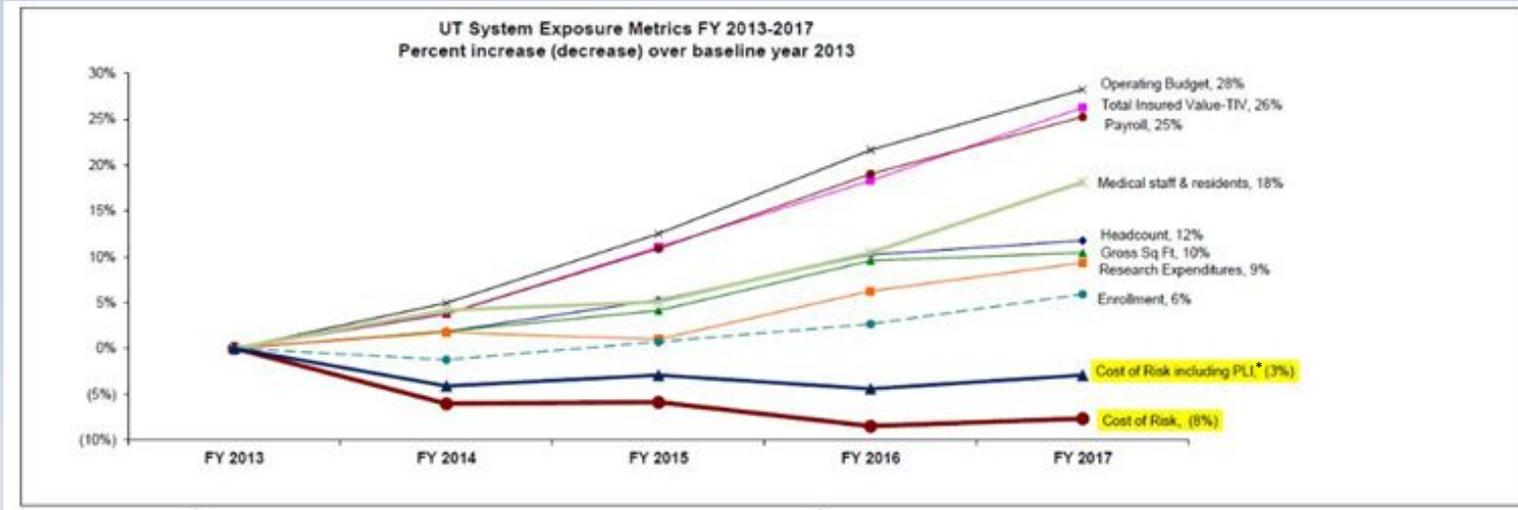
- Average cost per employee \$74
- Program includes third-party administrator and certified WCI health care network
- Collaboration with loss control
- Favorable rate comparison to peers



Cost of Risk

Cost of risk is a method of representing the financial performance of risk management programs.

- Includes fixed costs such as commercial and self-insurance premiums
- The cost of risk in FY 2017 was approximately \$34 million, an 8% decrease from 2013



* Professional Liability Insurance



5. U. T. System: Discussion and appropriate action regarding transfer of \$24,000,000 to rebate to institutions surplus premium contributions paid in Phase V of the Rolling Owner Controlled Insurance Program (ROCIP)

RECOMMENDATION

The Chancellor concurs in the recommendation of the Chief Compliance and Risk Officer and the Risk Management Executive Committee chaired by the Executive Vice Chancellor for Business Affairs and comprised of the Deputy Chancellor, the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Academic Affairs, and the Vice Chancellor and General Counsel to rebate to the U. T. institutions the surplus premium contributions paid in Phase V of the U. T. System Rolling Owner Controlled Insurance Program (ROCIP) as set forth below.

<u>Institution</u>	<u>Rebate Amount</u>
U. T. Arlington	\$ 1,286,643
U. T. Austin	5,377,053
U. T. Dallas	1,535,445
U. T. El Paso	808,691
U. T. Permian Basin	664,975
U. T. Rio Grande Valley	322,825
U. T. San Antonio	761,935
U. T. Tyler	97,167
U. T. Southwestern Medical Center	3,058,042
U. T. Medical Branch - Galveston	4,166,775
U. T. Health Science Center - Houston	894,432
U. T. Health Science Center - San Antonio	879,536
U. T. M. D. Anderson Cancer Center	3,948,976
U. T. Health Science Center - Tyler	<u>197,505</u>
Total	\$24,000,000

BACKGROUND INFORMATION

The ROCIP provides workers' compensation, general liability, and excess liability coverage for contractors working on designated U. T. System construction projects, under one master program. The program not only ensures better, more consistent coverage, but also creates economies of scale by purchasing insurance in bulk rather than in the bids of individual contractors.

The surplus amount was actuarially determined and reflects better than expected claim experience. The allocation to each institution was agreed to by a task force of institutional representatives and considers premiums paid into the fund as well as the individual institution's losses in the phase.

6. **U. T. System: Report on the State Auditor's Office Statewide Single Audit for Fiscal Year 2017**

REPORT

Chief Audit Executive Peppers will report on the State Auditor's Office State of Texas Federal and Financial Portions of the Statewide Single Audit for Fiscal Year 2017. A summary is set forth on the following pages.

BACKGROUND INFORMATION

The Texas State Auditor's Office performs the Statewide Single Audit annually in accordance with the Title 2, U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The Statewide Single Audit includes a federal portion, which is an audit of compliance and controls over the State's federal awards, and a financial portion, which includes an audit of the basic financial statements for the State of Texas. These reports are submitted to the federal government to fulfill Single Audit reporting requirements.

The University of Texas System
State Auditor's Office FY 2017 Statewide Single Audit
Summary of Results

State of Texas Compliance with Federal Requirements for Federal Programs

As a condition of receiving federal funding, the Title 2, U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires non-federal entities that expend at least \$750,000 in federal awards in a fiscal year to obtain annual Single Audits. To supplement the audit procedures performed by KPMG for the annual Single Audit of federal expenditures for the State of Texas for Fiscal Year (FY) 2017, the State Auditor's Office (SAO) audited student financial aid at U. T. Arlington, U. T. Austin, U. T. El Paso, U. T. Rio Grande Valley, U. T. San Antonio, U. T. Health Science Center at Houston, and U. T. Health Science Center at San Antonio. The SAO performs this audit every year, and institutions are chosen on a rotational basis with the size of their programs factored into the selection process. Procedures included assessing compliance with regulatory requirements and internal controls over federal funds. The SAO classifies findings identified in the samples as a significant deficiency/non-compliance or material weakness/non-compliance, the latter of which indicates a more serious reportable issue.

Compliance with Federal Requirements for the Student Financial Assistance Cluster of Federal Programs for the Fiscal Year Ended August 31, 2017¹ (February 28, 2018)

The Student Financial Assistance (SFA) Cluster audits test compliance with federal requirements in up to 12 areas, such as eligibility, cash management, and reporting. Overall, the State of Texas complied in all material respects with the federal requirements for the SFA Cluster of federal programs in FY 2017. The audit resulted in a total of 25 findings/recommendations at seven U. T. System institutions for a total questioned cost of \$0, as outlined below (including institutions with questioned costs that are unknown).

- U. T. Arlington (5 findings with questioned cost: \$0/Unknown)
- U. T. Austin (2 findings with questioned cost: \$0)
- U. T. El Paso (5 findings questioned cost: \$0/Unknown)
- U. T. Rio Grande Valley (5 findings with questioned cost: \$0/Unknown)
- U. T. San Antonio (1 finding with questioned cost: \$0)
- U. T. Health Science Center at Houston (5 findings with questioned cost: \$0/Unknown)
- U. T. Health Science Center at San Antonio (2 findings with questioned cost: \$0)

All twenty-five of the findings were primarily categorized as significant deficiencies/non-compliance and institutional management has taken action to correct errors, as needed, and responded appropriately to the recommendations with several institutions having taken steps towards implementation. There were no material weaknesses.

In addition, corrective actions were taken for several findings from the SAO's previous SFA Cluster audits, and management provided updated corrective action plans for the remaining open recommendations. Some of the open recommendations were reissued as new findings in the FY 2017 audit report.

¹ <http://www.sao.texas.gov/reports/main/18-019.pdf>

**The University of Texas System
State Auditor's Office FY 2017 Statewide Single Audit
Summary of Results**

Compliance with Federal Requirements for the Research and Development Cluster of Federal Programs for the Fiscal Year Ended August 31, 2018

The SAO did not audit the Research and Development (R&D) Clusters for the federal portion of the statewide Single Audit for FY 2017, but it did perform work to follow up on unresolved R&D Cluster findings issued in prior year audits. Corrective actions were taken for several findings from the SAO's previous R&D Cluster audits, and management provided updated corrective action plans for the recommendations that remained open.

Compliance with Federal Requirements for Selected Major Programs for the Fiscal Year Ended August 31, 2017² (February 28, 2018)

U. T. Medical Branch - Galveston (UTMB) received funds from the Disaster Grants – Public Assistance (Presidentially Declared Disasters) Program. In FY 2016, UTMB had one finding (significant deficiency, questioned cost: \$0) related to various general IT controls. This finding was partially implemented and was reissued in the FY 2017 audit with greater emphasis placed on segregation of duties.

State of Texas Financial Portion of the Statewide Single Audit Report for the Year Ended August 31, 2017³ (February 28, 2018)

The SAO did not conduct audit procedures on the U. T. System institutions' financial statements as part of the audit of the State of Texas *Comprehensive Annual Financial Report* for the Fiscal Year Ended August 31, 2017, as they relied on the external audit of the U. T. System FY 2017 financial statements, which was performed by Deloitte. However, as part of the State of Texas financial portion of the statewide Single Audit report, the SAO made recommendations related to strengthening processes to ensure the completeness, accuracy, and review of the FY 2017 Schedules of Expenditures of Federal Awards (SEFAs) to U. T. Arlington, U. T. El Paso, and U. T. San Antonio.

Additionally, while corrective actions were taken for several findings from the SAO's previous financial portion of the Statewide Single Audit, some of the open recommendations were reissued as new findings in the FY 2017 audit report related to the SEFAs.

² <http://www.sao.texas.gov/reports/main/18-314.pdf>

³ <http://www.sao.texas.gov/reports/main/18-555.pdf>

7. **U. T. System: Report on the Systemwide internal audit activities and audit administrative items, including Priority Findings, Annual Audit Plan status, and Chief Audit Executive Annual Statements; and consideration and approval of Institutional Audit Committee chair changes**

REPORT/RECOMMENDATION

Chief Audit Executive Peppers will report on

- a. the status of Systemwide Priority Findings (see the PowerPoint on the following pages);
- b. the Fiscal Year 2018 Annual Audit Plan status as of February 28, 2018 [provided to the Audit, Compliance, and Risk Management Committee (ACRMC) members prior to the meeting]; and
- c. the Chief Audit Executive Annual Statements.

Mr. Peppers, on behalf of U. T. System Administration and the Presidents at U. T. Dallas, U. T. Tyler, and U. T. Southwestern Medical Center, recommends formal approval by the ACRMC of the appointment of the following individuals to serve as Chairs of the Institutional Audit Committees:

- Ms. Lisa Choate, Co-Founder and Partner at Ultimate Health Matters, at U. T. Dallas (reappointment);
- Mr. Wayne Barton, Partner at Squyers, Johnson, Squyers & Co, LLP, at U. T. Tyler;
- Mr. Robert Estrada, Chairman of Estrada Hinojosa & Co., Inc., at U. T. Southwestern Medical Center (reappointment); and
- Mr. Ken Sample, Credit Risk Director at JPMorgan Chase Bank, at U. T. System Administration.

Details on the qualifications of the new candidates were provided to the ACRMC members prior to the meeting.

BACKGROUND INFORMATION

A Priority Finding is defined as "an issue identified by an audit that, if not addressed timely, could directly impact achievement of a strategic or important operational objective of a U. T. System institution or the U. T. System as a whole." A Priority Findings Matrix is used by the chief audit executives to aid in the determination of a Priority Finding. The matrix provides three categories of standard factors to consider, each alone with the potential to result in a Priority Finding. They are: Qualitative Risk Factors (evaluates the probability and consequences across seven high risks), Operational Control Risk Factors (evaluates operational vulnerability to risks by considering the existence of management oversight and effective alignment of operations), and Quantitative Risk Factors (evaluates the level of financial exposure or lost revenue).

The Chief Audit Executive Annual Statement process is a way to routinely and consistently obtain assurance that the chief audit executives are receiving adequate support to conduct the necessary audit services and that there are institutional internal audit departmental processes for certifying compliance with the Institute of Internal Auditors' International Professional Practices Framework and internal auditor independence and objectivity. Each of the chief audit executives responded positively to the statement, noting no exceptions or requests to attend an ACRMC executive session meeting.

At the May 14, 2014 Committee meeting, the ACRMC reviewed and approved nominations from all the institutional presidents for external member chairs of their institutional audit committees. Any subsequent changes in the external member chairs are presented to the ACRMC annually for review and approval. Delegated approval was provided by the ACRMC Chairman and the Chancellor for those candidates who began terms between May ACRMC meetings.

U. T. Systemwide Priority Findings

Mr. J. Michael Peppers, U. T. System Chief Audit Executive

U. T. System Board of Regents' Meeting
Audit, Compliance, and Risk Management Committee
April/May 2018



THE UNIVERSITY of TEXAS SYSTEM
FOURTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

WWW.UTSYSTEM.EDU

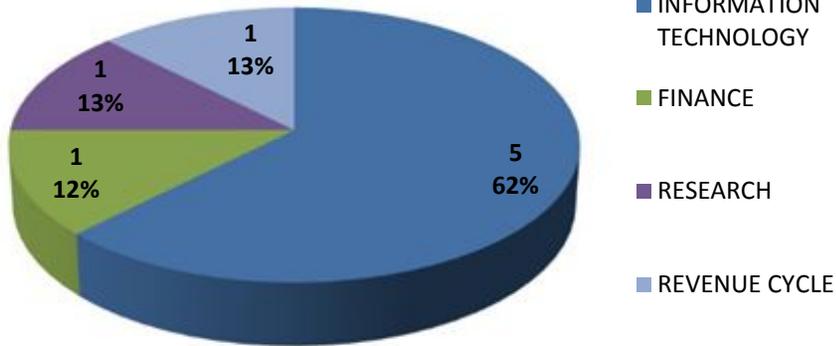
Priority Findings Status – Changes Since Last Report

	Feb 2018	Implemented	New	May 2018	Past Due
U. T. Arlington	1	(1)	0	0	-
U. T. Austin	3	(2)	0	1	-
U. T. Permian Basin	1	0	0	1	1
U. T. Rio Grande Valley	1	(1)	0	0	-
U. T. San Antonio	2	(2)	0	0	-
U. T. Health Science Center at San Antonio	1	0	0	1	-
U. T. M. D. Anderson Cancer Center	7	(2)	0	5	-
Totals	16	(8)	0	8	1



Priority Findings

Operational Area



Risk Factors

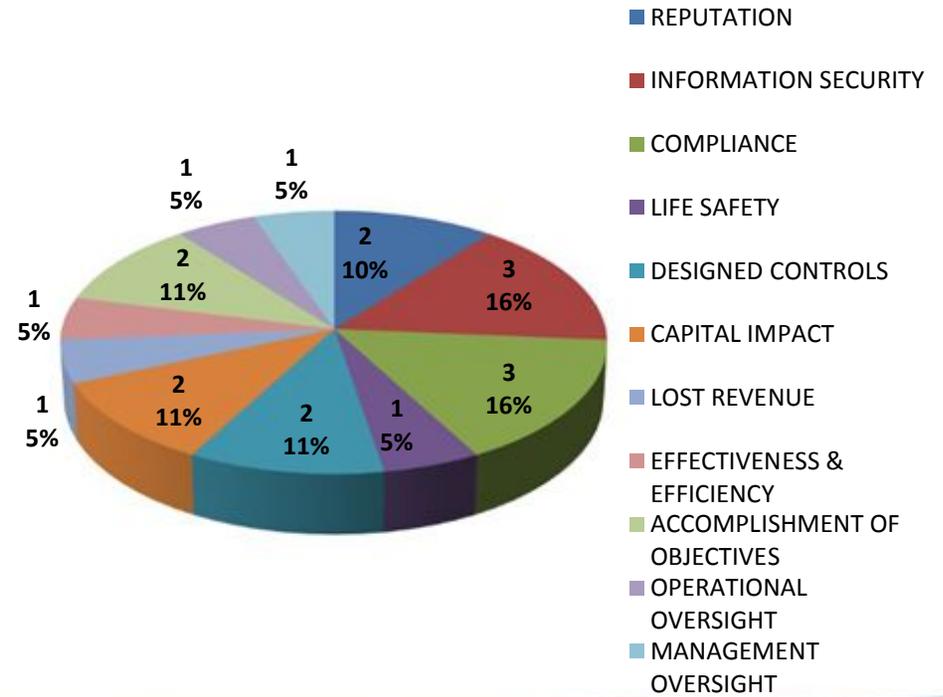




TABLE OF CONTENTS FOR FINANCE AND PLANNING COMMITTEE

Committee Meeting: 4/30/2018

Board Meeting: 5/1/2018
Houston, Texas

Jeffery D. Hildebrand, Chairman
David J. Beck
Kevin P. Eltife
Paul L. Foster
Janiece Longoria
Rad Weaver

	Committee Meeting	Board Meeting	Page
Convene	10:30 a.m. <i>Chairman Hildebrand</i>		
1. U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, assigned for Committee consideration	10:30 a.m. Discussion	Action	73
2. U. T. System: Key Financial Indicators Report and Monthly Financial Report	10:35 a.m. Report/Discussion <i>Dr. Kelley</i>	Not on Agenda	74
3. U. T. System Board of Regents: The University of Texas/Texas A&M Investment Management Company (UTIMCO) Update	10:50 a.m. Report/Discussion <i>Mr. Harris</i>	Not on Agenda	107
4. U. T. System Board of Regents: Discussion and appropriate action regarding amendments to The University of Texas/ Texas A&M Investment Management Company (UTIMCO) Bylaws related to the terms of the Chairman and Vice Chairman of the UTIMCO Board of Directors	11:10 a.m. Action <i>Dr. Kelley</i>	Action	118
5. U. T. System Board of Regents: Approval of annual distributions from the Permanent Health Fund, the Long Term Fund, and the Intermediate Term Fund	11:15 a.m. Action <i>Dr. Kelley</i>	Action	119
Adjourn	11:30 a.m.		

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

RECOMMENDATION

The proposed Consent Agenda items assigned to this Committee are [Items 3 - 6](#).

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

REPORT

Dr. Scott C. Kelley, Executive Vice Chancellor for Business Affairs, will discuss the Key Financial Indicators Report as set forth on [Pages 75 - 82](#) and the March Monthly Financial Report on [Pages 83 - 106](#). The reports represent the consolidated and individual operating detail of the U. T. System institutions.

THE UNIVERSITY OF TEXAS SYSTEM

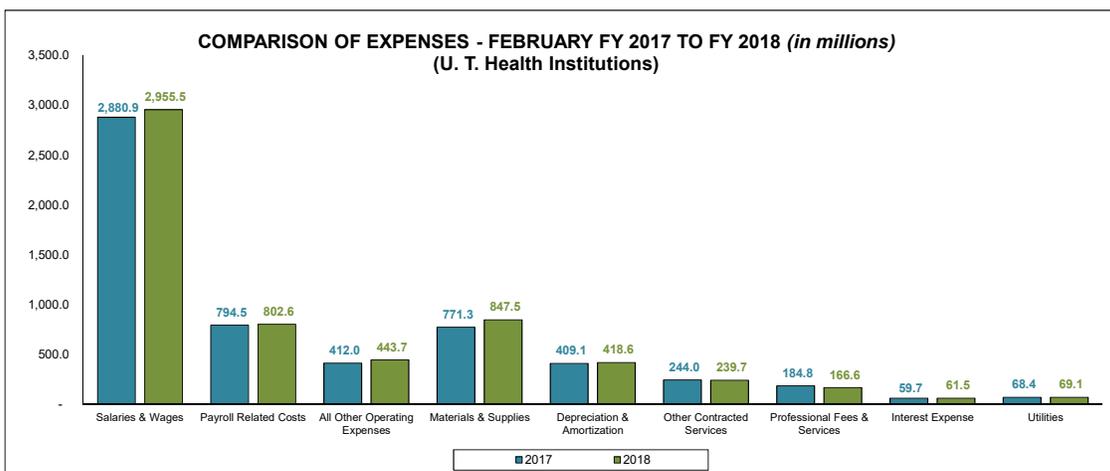
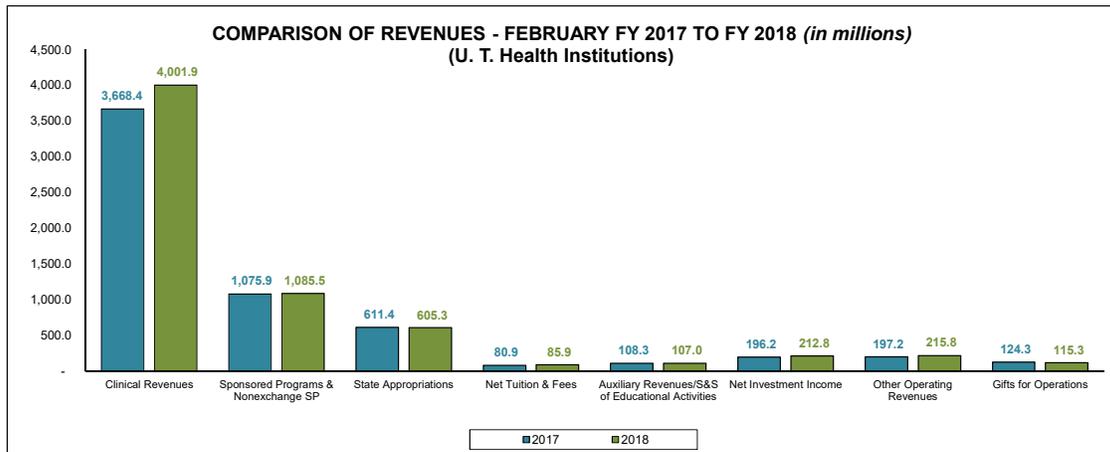


KEY FINANCIAL INDICATORS REPORT

U. T. SYSTEM BOARD OF REGENTS' MEETING FINANCE AND PLANNING COMMITTEE MAY 2018

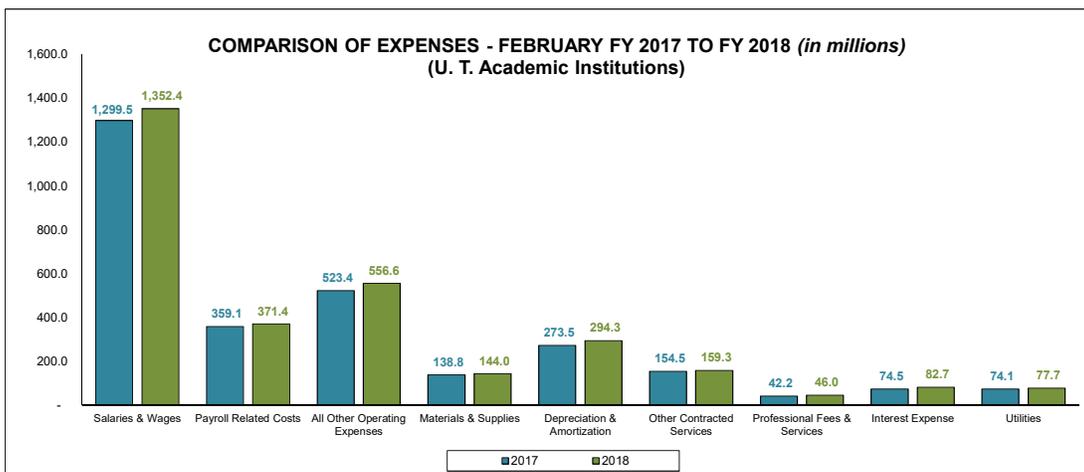
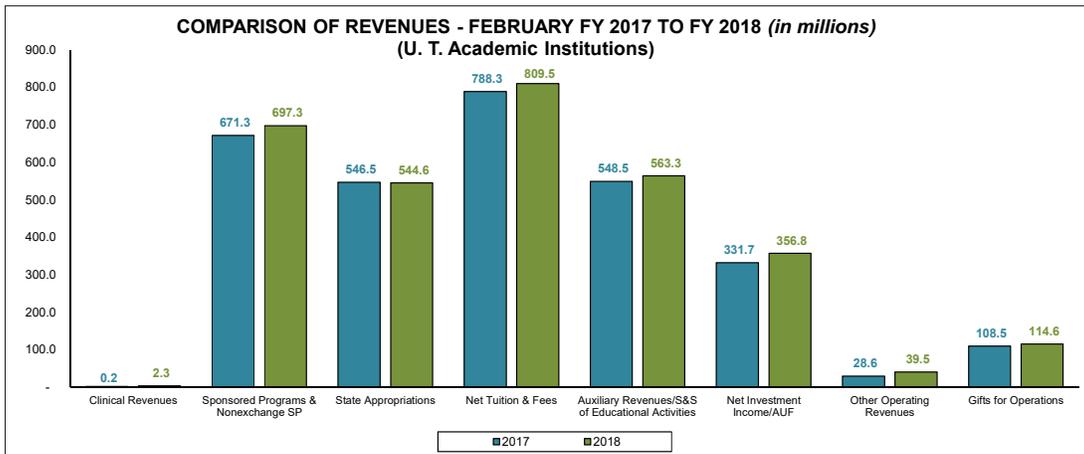
KEY INDICATORS OF FINANCIAL RESULTS YEAR-TO-DATE 2017 AND 2018 FROM FEBRUARY MONTHLY FINANCIAL REPORT AND PROJECTED 2018 YEAR-END

<i>(in millions)</i>	U. T. Health Institutions		
	February FY 2017	February FY 2018	Projected FY 2018
Clinical Revenues	\$ 3,668.4	4,001.9	8,219.5
Sponsored Programs	1,075.9	1,085.5	2,164.7
State Appropriations	611.4	605.3	1,210.2
Net Tuition and Fees	80.9	85.9	164.3
Auxiliary Revenues/Sales & Services of Educational Activities	108.3	107.0	214.8
Net Investment Income	196.2	212.8	430.8
Other Operating Revenues	197.2	215.8	457.6
Gift Contributions for Operations	124.3	115.3	206.3
Total Revenues	<u>6,062.6</u>	<u>6,429.5</u>	<u>13,068.2</u>
Salaries and Wages	2,880.9	2,955.5	6,018.5
Payroll Related Costs	794.5	802.6	1,636.1
All Other Operating Expenses	412.0	443.7	900.7
Materials and Supplies	771.3	847.5	1,784.5
Depreciation and Amortization	409.1	418.6	847.9
Other Contracted Services	244.0	239.7	565.2
Professional Fees and Services	184.8	166.6	308.6
Interest Exp. on Cap. Asset Financing	59.7	61.5	125.5
Utilities	68.4	69.1	146.9
Total Expenses	<u>\$ 5,824.8</u>	<u>6,004.8</u>	<u>12,333.9</u>
Adjusted Income (Loss)	237.8	424.7	734.3



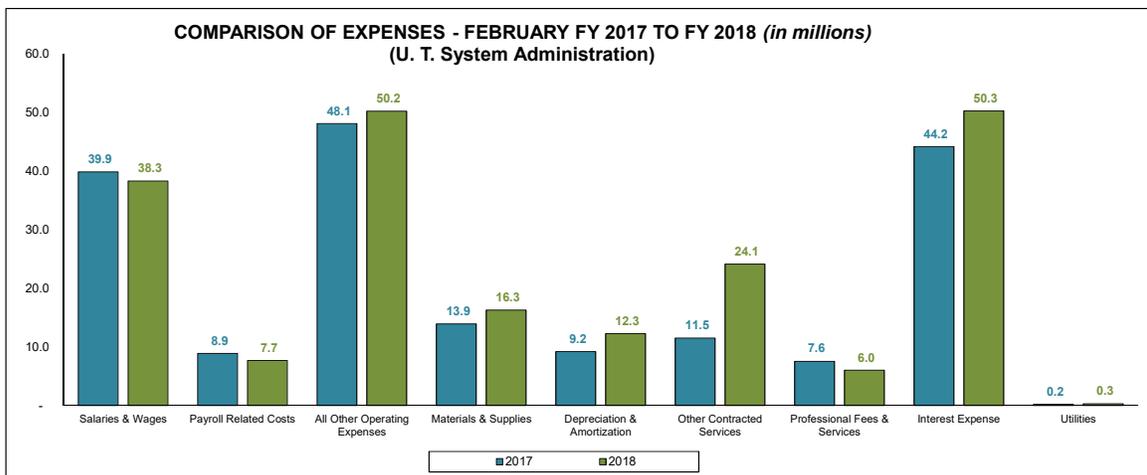
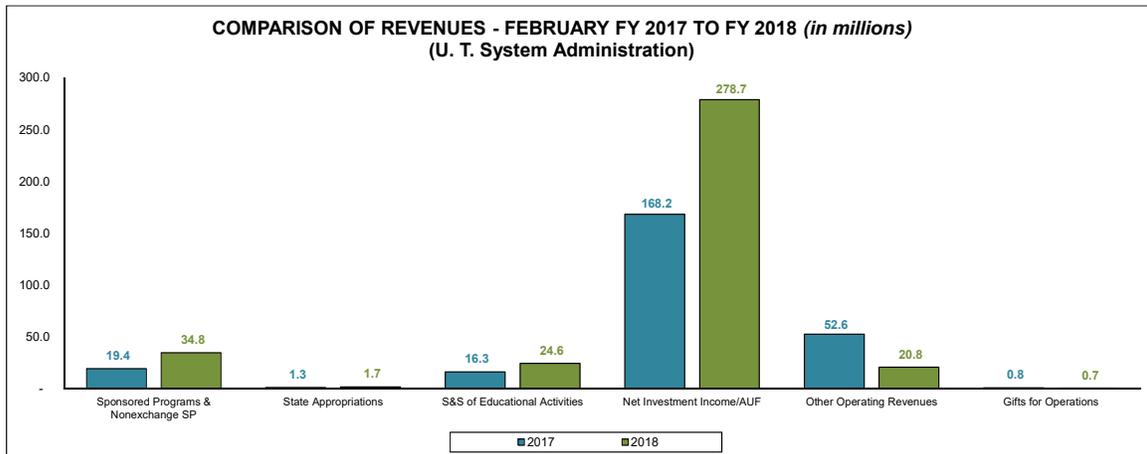
KEY INDICATORS OF FINANCIAL RESULTS YEAR-TO-DATE 2017 AND 2018 FROM FEBRUARY MONTHLY FINANCIAL REPORT AND PROJECTED 2018 YEAR-END

	U. T. Academic Institutions		
	February FY 2017	February FY 2018	Projected FY 2018
<i>(in millions)</i>			
Clinical Revenues	\$ 0.2	2.3	5.5
Sponsored Programs	671.3	697.3	1,459.2
State Appropriations	546.5	544.6	1,086.5
Net Tuition and Fees	788.3	809.5	1,618.8
Auxiliary Revenues/Sales & Services of Educational Activities	548.5	563.3	833.3
Net Investment Income/Available University Fund (AUF)	331.7	356.8	704.0
Other Operating Revenues	28.6	39.5	61.7
Gift Contributions for Operations	108.5	114.6	214.5
Total Revenues	3,023.6	3,128.0	5,983.4
Salaries and Wages	1,299.5	1,352.4	2,613.8
Payroll Related Costs	359.1	371.4	736.1
All Other Operating Expenses	523.4	556.6	1,018.8
Materials and Supplies	138.8	144.0	292.1
Depreciation and Amortization	273.5	294.3	594.9
Other Contracted Services	154.5	159.3	318.9
Professional Fees and Services	42.2	46.0	97.0
Interest Exp. on Cap. Asset Financing	74.5	82.7	21.1
Utilities	74.1	77.7	138.2
Total Expenses	\$ 2,939.8	3,084.2	5,831.0
Adjusted Income (Loss)	83.8	43.7	152.4



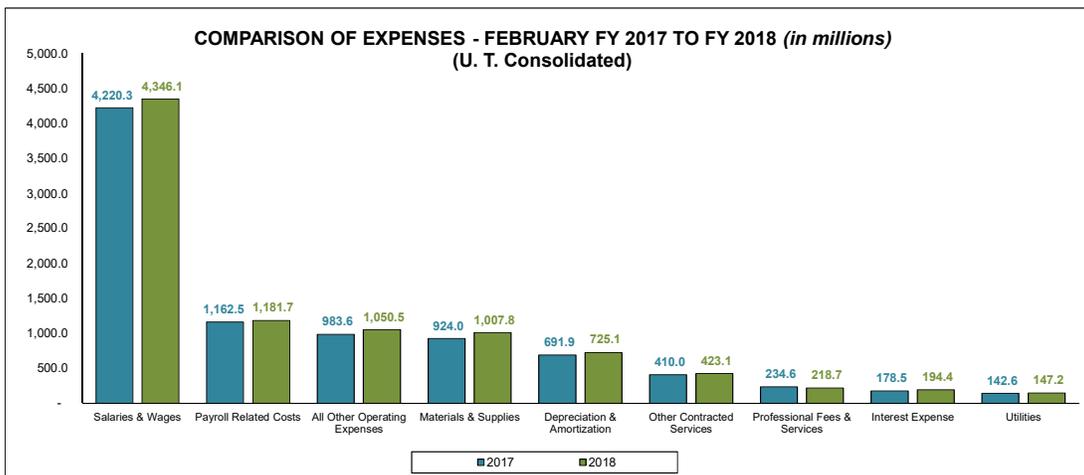
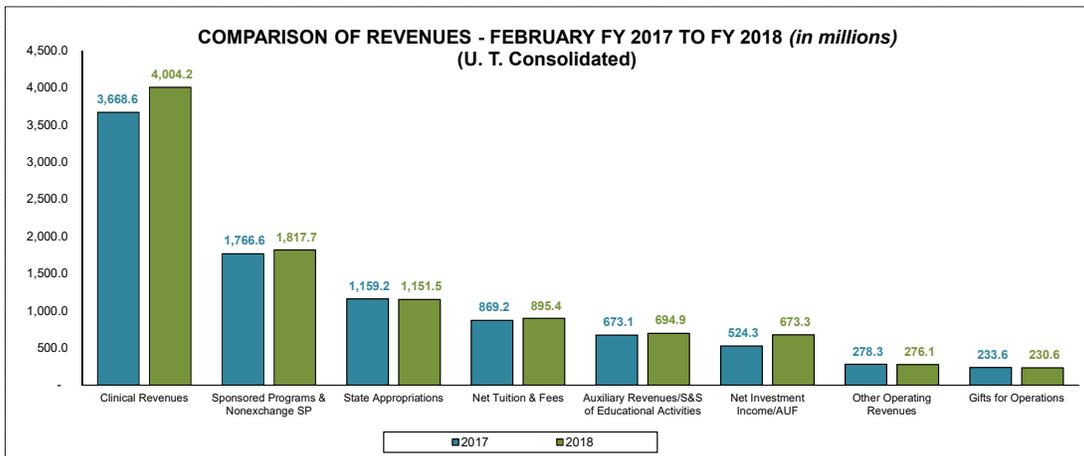
KEY INDICATORS OF FINANCIAL RESULTS YEAR-TO-DATE 2017 AND 2018 FROM FEBRUARY MONTHLY FINANCIAL REPORT AND PROJECTED 2018 YEAR-END

(in millions)	U. T. System Administration		
	February FY 2017	February FY 2018	Projected FY 2018
Sponsored Programs	\$ 19.4	34.8	59.5
State Appropriations	1.3	1.7	3.3
Sales & Services of Educational Activities	16.3	24.6	49.2
Net Investment Income/AUF	168.2	278.7	328.9
Other Operating Revenues	52.6	20.8	41.6
Gift Contributions for Operations	0.8	0.7	0.7
Total Revenues	258.6	361.3	483.2
Salaries and Wages	39.9	38.3	76.6
Payroll Related Costs	8.9	7.7	15.4
All Other Operating Expenses	48.1	50.2	100.5
Materials and Supplies	13.9	16.3	32.6
Depreciation and Amortization	9.2	12.3	24.5
Other Contracted Services	11.5	24.1	48.2
Professional Fees and Services	7.6	6.0	12.1
Interest Exp. on Cap. Asset Financing	44.2	50.3	100.5
Utilities	0.2	0.3	0.6
Total Expenses	\$ 183.4	205.5	411.1
Adjusted Income (Loss) - Excluding Other Postemployment Benefits (OPEB), Pension Expense, & Elimination of AUF Transfer to U. T. Austin	75.2	155.8	72.1
OPEB Expense	353.5	526.0	1,052.0
Pension Expense	125.2	183.9	367.7
Elimination of AUF Transfer to U. T. Austin	171.8	175.0	350.0
Adjusted Income (Loss)	(575.3)	(729.1)	(1,697.6)

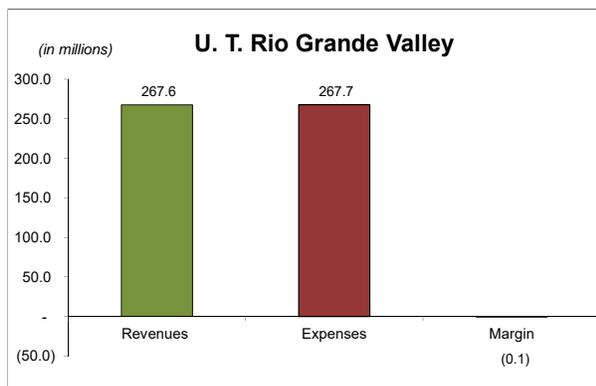
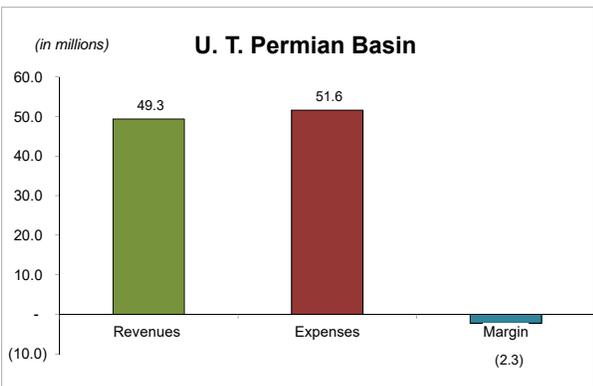
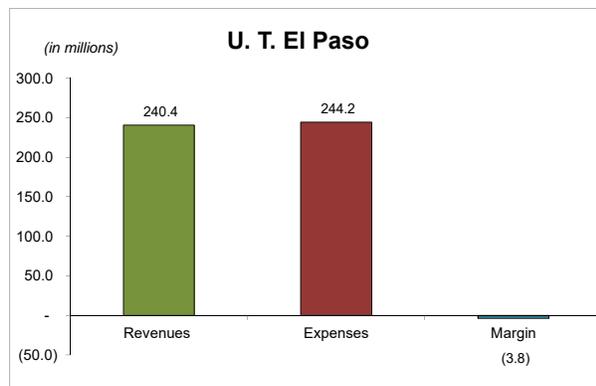
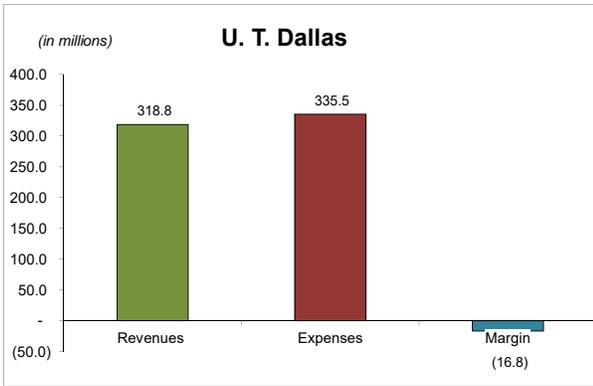
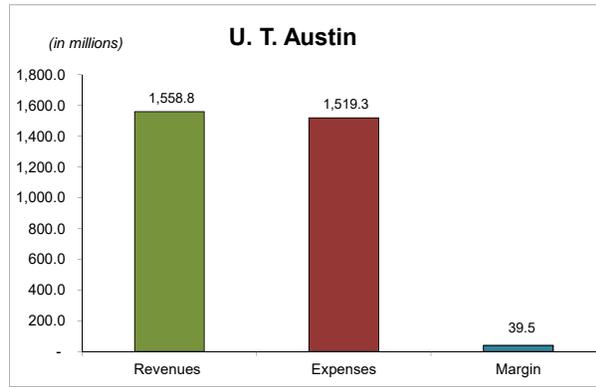
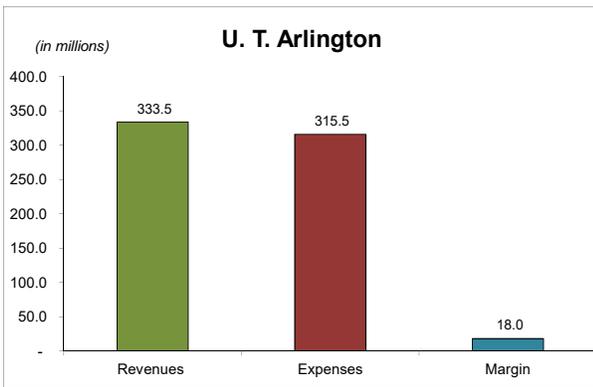
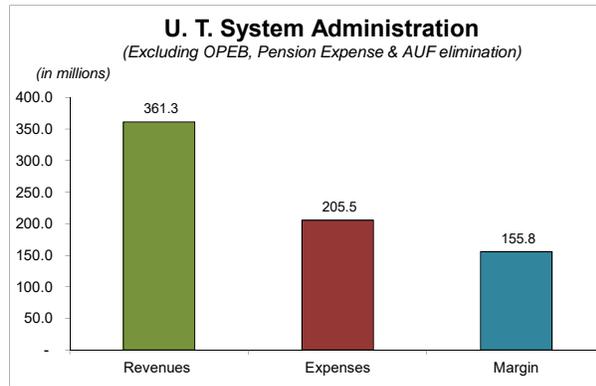
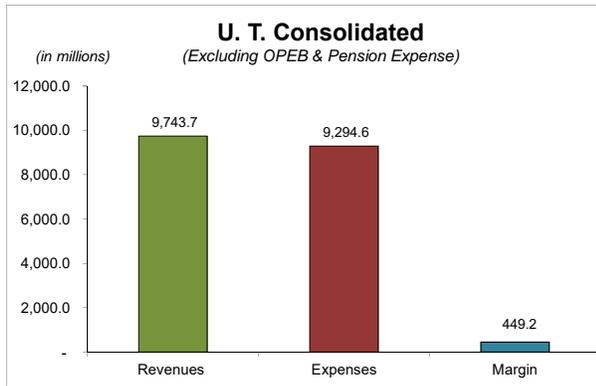


KEY INDICATORS OF FINANCIAL RESULTS YEAR-TO-DATE 2017 AND 2018 FROM FEBRUARY MONTHLY FINANCIAL REPORT AND PROJECTED 2018 YEAR-END

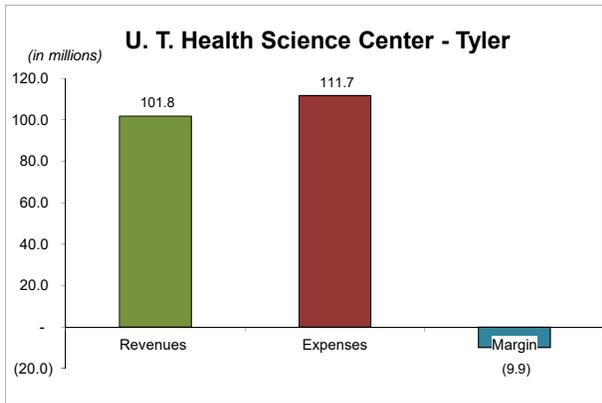
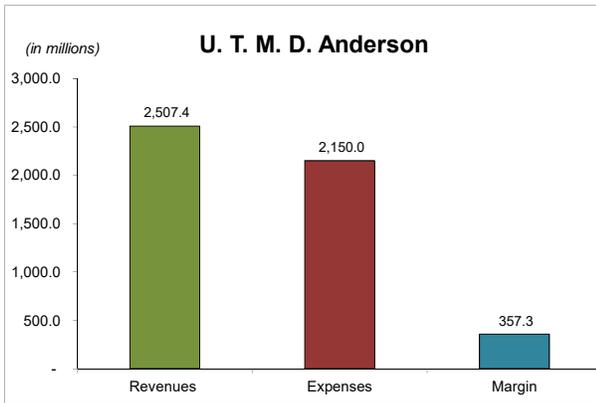
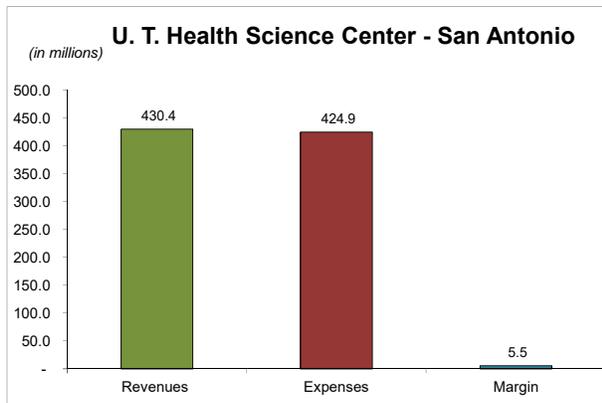
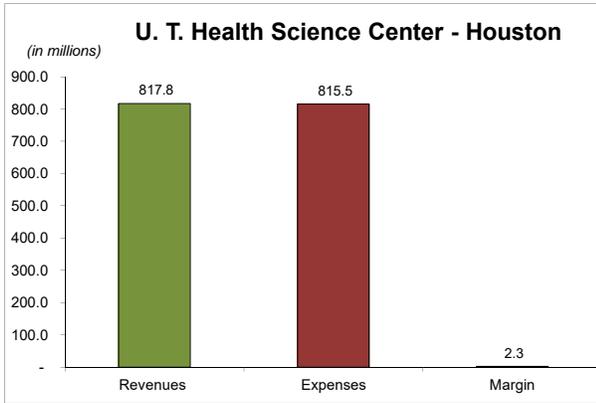
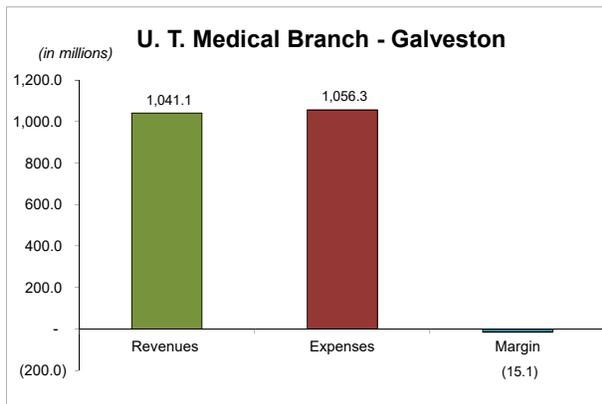
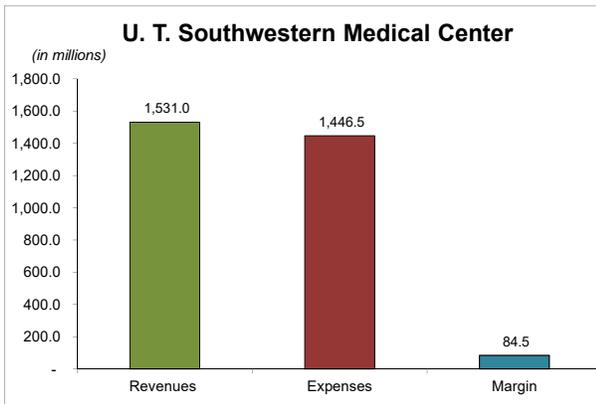
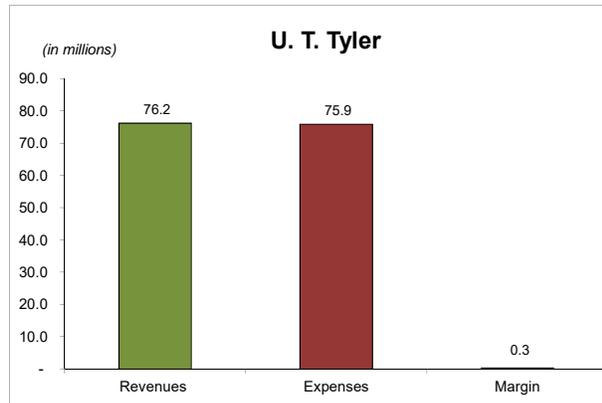
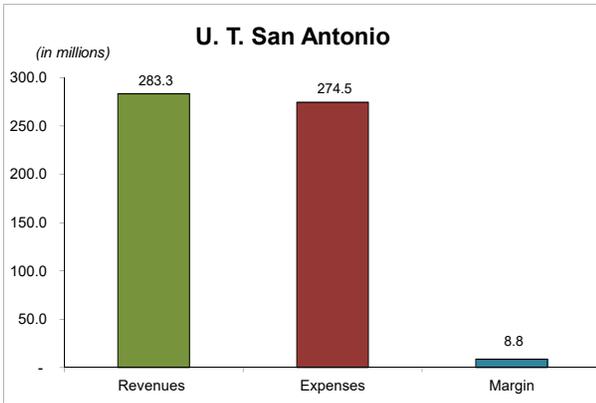
(in millions)	U. T. Consolidated		
	February FY 2017	February FY 2018	Projected FY 2018
Clinical Revenues	\$ 3,668.6	4,004.2	8,225.0
Sponsored Programs	1,766.6	1,817.7	3,683.4
State Appropriations	1,159.2	1,151.5	2,300.0
Net Tuition and Fees	869.2	895.4	1,783.0
Auxiliary Revenues/Sales & Services of Educational Activities	673.1	694.9	1,097.4
Net Investment Income/AUF	524.3	673.3	1,113.7
Other Operating Revenues	278.3	276.1	560.9
Gift Contributions for Operations	233.6	230.6	421.4
Total Revenues	9,173.0	9,743.7	19,184.8
Salaries and Wages	4,220.3	4,346.1	8,708.9
Payroll Related Costs	1,162.5	1,181.7	2,387.6
All Other Operating Expenses	983.6	1,050.5	2,020.0
Materials and Supplies	924.0	1,007.8	2,109.3
Depreciation and Amortization	691.9	725.1	1,467.2
Other Contracted Services	410.0	423.1	932.4
Professional Fees and Services	234.6	218.7	417.8
Interest Exp. on Cap. Asset Financing	178.5	194.4	247.1
Utilities	142.6	147.2	285.8
Total Expenses	\$ 8,948.1	9,294.6	18,576.0
Adjusted Income (Loss) - Excluding OPEB & Pension Exp.	224.9	449.2	608.8
OPEB Expense	353.5	526.0	1,052.0
Pension Expense	125.2	183.9	367.7
Adjusted Income (Loss)	(253.8)	(260.7)	(810.9)



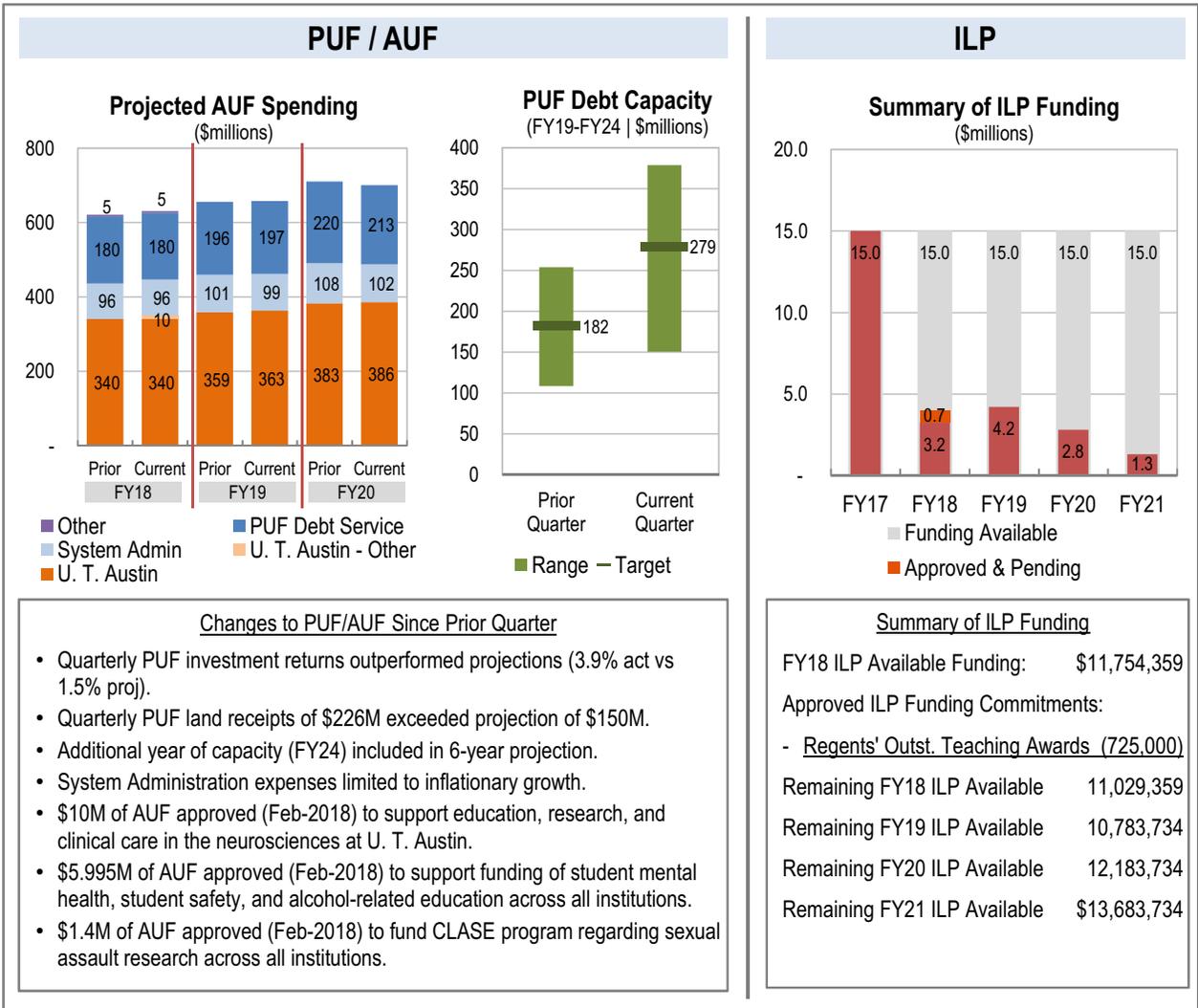
**KEY INDICATORS OF FINANCIAL RESULTS
YEAR-TO-DATE 2018 FROM FEBRUARY MONTHLY FINANCIAL REPORT**



**KEY INDICATORS OF FINANCIAL RESULTS
YEAR-TO-DATE 2018 FROM FEBRUARY MONTHLY FINANCIAL REPORT**



PUF / AUF / ILP Update For Quarter Ending February 28, 2018



PUF - Permanent University Fund
AUF - Available University Fund
ILP - Internal Lending Program

THE UNIVERSITY OF TEXAS SYSTEM
OFFICE OF THE CONTROLLER

MONTHLY FINANCIAL REPORT
(unaudited)

MARCH 2018



210 West Seventh Street
Austin, Texas 78701
512.499.4527
www.utsystem.edu/cont

**THE UNIVERSITY OF TEXAS SYSTEM
MONTHLY FINANCIAL REPORT
(Unaudited)
FOR THE SEVEN MONTHS ENDING
March 31, 2018**

The University of Texas System Monthly Financial Report

Foreword

The Monthly Financial Report (MFR) compares the results of operations between the current year-to-date cumulative amounts and the prior year-to-date cumulative amounts. Explanations are provided for institutions having the largest variances in Adjusted Income (Loss) year-to-date as compared to the prior year, both in terms of dollars and percentages. In addition, although no significant variance may exist, institutions with losses may be discussed.

The data is reported in three sections: (1) Operating Revenues, (2) Operating Expenses, and (3) Other Nonoperating Adjustments. Presentation of state appropriation revenues are required under GASB 35 to be reflected as nonoperating revenues, so all institutions will report an Operating Loss prior to this adjustment. The MFR provides an Adjusted Income (Loss), which takes into account the nonoperating adjustments associated with core operating activities. An Adjusted Margin (as a percentage of operating and nonoperating revenue adjustments) is calculated for each period and is intended to reflect relative operating contributions to financial health.

UNAUDITED

The University of Texas System Consolidated
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2018

	March Year-to-Date FY 2018	March Year-to-Date FY 2017	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition and Fees	1,044,266,247.02	1,013,951,598.82	30,314,648.20	3.0%
Sponsored Programs	1,901,905,124.91	1,852,348,483.01	49,556,641.90	2.7%
Net Sales and Services of Educational Activities	405,367,560.69	378,052,712.31	27,314,848.38	7.2%
Net Sales and Services of Hospitals	3,618,773,922.43	3,310,364,615.02	308,409,307.41	9.3%
Net Professional Fees	1,095,226,292.99	1,038,101,078.77	57,125,214.22	5.5%
Net Auxiliary Enterprises	411,572,914.96	406,698,768.16	4,874,146.80	1.2%
Other Operating Revenues	321,288,328.76	300,895,164.26	20,393,164.50	6.8%
Total Operating Revenues	8,798,400,391.76	8,300,412,420.35	497,987,971.41	6.0%
Operating Expenses				
Salaries and Wages	5,088,356,306.77	4,929,702,868.86	158,653,437.91	3.2%
Payroll Related Costs	1,388,623,211.95	1,360,568,245.18	28,054,966.77	2.1%
Membership Dues	20,182,703.47	17,677,098.71	2,505,604.76	14.2%
Registration Fees, Meetings, Conferences	37,979,679.95	35,813,803.26	2,165,876.69	6.0%
Cost of Goods Sold	93,735,830.39	89,715,632.58	4,020,197.81	4.5%
Professional Fees and Services	263,907,301.99	284,720,344.21	(20,813,042.22)	-7.3%
Other Contracted Services	484,781,133.60	494,168,751.35	(9,387,617.75)	-1.9%
Fees and Other Charges	41,413,765.79	36,787,628.73	4,626,137.06	12.6%
Travel	86,577,377.87	85,397,715.21	1,179,662.66	1.4%
Materials and Supplies	1,185,133,494.57	1,093,584,829.62	91,548,664.95	8.4%
Utilities	170,649,056.65	164,893,204.68	5,755,851.97	3.5%
Communications	57,172,050.20	64,987,945.09	(7,815,894.89)	-12.0%
Repairs and Maintenance	199,733,100.60	196,144,923.01	3,588,177.59	1.8%
Rentals and Leases	100,802,853.83	102,005,600.11	(1,202,746.28)	-1.2%
Printing and Reproduction	20,361,363.54	21,811,697.99	(1,450,334.45)	-6.6%
Royalty Payments	8,211,333.66	8,881,148.12	(669,814.46)	-7.5%
Bad Debt Expense	1,743,181.84	641,467.70	1,101,714.14	171.7%
Insurance Costs/Premiums	58,365,599.07	45,449,664.87	12,915,934.20	28.4%
Claims and Losses	13,527,972.68	11,542,081.31	1,985,891.37	17.2%
OPEB Expense	613,666,666.67	412,434,268.17	201,232,398.50	48.8%
Pension Expense	214,511,701.83	146,023,729.25	68,487,972.58	46.9%
Scholarships and Fellowships	287,172,763.54	274,050,875.47	13,121,888.07	4.8%
Depreciation and Amortization	842,622,223.72	804,190,718.99	38,431,504.73	4.8%
Federal Sponsored Program Pass-Through to Other State Agencies	11,954,213.11	13,960,199.43	(2,005,986.32)	-14.4%
State Sponsored Program Pass-Through to Other State Agencies	11,470,937.36	3,221,057.48	8,249,879.88	256.1%
Other Operating Expenses	150,972,237.42	118,353,365.68	32,618,871.74	27.6%
Total Operating Expenses	11,453,628,062.07	10,816,728,865.06	636,899,197.01	5.9%
Operating Loss	(2,655,227,670.31)	(2,516,316,444.71)	(138,911,225.60)	-5.5%
Other Nonoperating Adjustments				
State Appropriations	1,342,888,280.79	1,348,193,530.47	(5,305,249.68)	-0.4%
Nonexchange Sponsored Programs	207,344,694.56	194,799,219.70	12,545,474.86	6.4%
Gift Contributions for Operations	258,762,085.85	262,943,742.04	(4,181,656.19)	-1.6%
Net Investment Income	951,141,759.14	618,463,206.76	332,678,552.38	53.8%
Interest Expense on Capital Asset Financings	(218,152,767.04)	(200,439,593.90)	(17,713,173.14)	-8.8%
Net Other Nonoperating Adjustments	2,541,984,053.30	2,223,960,105.07	318,023,948.23	14.3%
Adjusted Income (Loss) including Depreciation & Amortization	(113,243,617.01)	(292,356,339.64)	179,112,722.63	61.3%
Adjusted Margin % including Depreciation & Amortization	-1.0%	-2.7%		
Investment Gain (Losses)	2,323,128,115.34	1,888,724,653.12	434,403,462.22	23.0%
Adj. Inc. (Loss) with Investment Gains (Losses)	2,209,884,498.33	1,596,368,313.48	613,516,184.85	38.4%
Adj. Margin % with Investment Gains (Losses)	15.9%	12.7%		
Adjusted Income (Loss) excluding Depreciation & Amortization	729,378,606.71	511,834,379.35	217,544,227.36	42.5%
Adjusted Margin % excluding Depreciation & Amortization	6.3%	4.8%		

**The University of Texas System
Comparison of Adjusted Income (Loss)
For the Seven Months Ending March 31, 2018**

	Including Depreciation and Amortization Expense				
	March		March		
	Year-to-Date FY 2018		Year-to-Date FY 2017	Variance	
				Fluctuation Percentage	
U. T. System Administration	\$ (455,929,588.27) (1)		\$ (473,813,385.08)	17,883,796.81	3.8%
U. T. Arlington	21,290,310.71		12,598,463.70	8,691,847.01 (2)	69.0%
U. T. Austin	59,379,457.18		106,127,849.98	(46,748,392.80) (3)	-44.0%
U. T. Dallas	(20,739,882.21)		(7,372,252.50)	(13,367,629.71) (4)	-181.3%
U. T. El Paso	(4,447,373.70)		(12,530,536.58)	8,083,162.88 (5)	64.5%
U. T. Permian Basin	(5,547,584.33)		1,562,814.94	(7,110,399.27) (6)	-455.0%
U. T. Rio Grande Valley	1,444,770.52		577,813.60	866,956.92 (7)	150.0%
U. T. San Antonio	8,910,324.79		(8,990,974.12)	17,901,298.91 (8)	199.1%
U. T. Tyler	1,085,887.45		(2,045,885.93)	3,131,773.38 (9)	153.1%
U. T. Southwestern Medical Center	89,578,793.00		68,596,093.87	20,982,699.13 (10)	30.6%
U. T. Medical Branch - Galveston	(10,660,859.16) (11)		(9,266,459.72)	(1,394,399.44)	-15.0%
U. T. Health Science Center - Houston	6,031,254.73		19,484,442.70	(13,453,187.97) (12)	-69.0%
U. T. Health Science Center - San Antonio	1,707,309.34		8,054,179.63	(6,346,870.29) (13)	-78.8%
U. T. M. D. Anderson Cancer Center	424,327,161.13		216,398,795.91	207,928,365.22 (14)	96.1%
U. T. Health Science Center - Tyler	(15,146,711.57)		(10,633,379.30)	(4,513,332.27) (15)	-42.4%
Elimination of AUF Transfer	(214,526,886.62)		(201,103,920.74)	(13,422,965.88)	-6.7%
Total Adjusted Income (Loss)	(113,243,617.01)		(292,356,339.64)	179,112,722.63	61.3%
Investment Gains (Losses)	2,323,128,115.34		1,888,724,653.12	434,403,462.22	23.0%
Total Adjusted Income (Loss) with Investment Gains (Losses) Including Depreciation and Amortization	\$ 2,209,884,498.33		\$ 1,596,368,313.48	\$ 613,516,184.85	38.4%

	Excluding Depreciation and Amortization Expense				
	March		March		
	Year-to-Date FY 2018		Year-to-Date FY 2017	Variance	
				Fluctuation Percentage	
U. T. System Administration	\$ (441,692,723.50)		\$ (463,083,819.25)	21,391,095.75	4.6%
U. T. Arlington	47,293,081.76		41,471,825.71	5,821,256.05	14.0%
U. T. Austin	242,546,123.85		267,711,183.31	(25,165,059.46)	-9.4%
U. T. Dallas	26,828,912.36		35,508,809.47	(8,679,897.11)	-24.4%
U. T. El Paso	13,390,447.09		5,466,048.83	7,924,398.26	145.0%
U. T. Permian Basin	3,694,468.42		9,712,118.77	(6,017,650.35)	-62.0%
U. T. Rio Grande Valley	24,301,948.12		23,271,717.86	1,030,230.26	4.4%
U. T. San Antonio	37,494,349.51		19,063,931.48	18,430,418.03	96.7%
U. T. Tyler	10,084,331.45		6,712,976.07	3,371,355.38	50.2%
U. T. Southwestern Medical Center	189,333,476.23		163,363,464.62	25,970,011.61	15.9%
U. T. Medical Branch - Galveston	79,419,194.29		77,705,230.89	1,713,963.40	2.2%
U. T. Health Science Center - Houston	42,877,456.97		55,344,658.60	(12,467,201.63)	-22.5%
U. T. Health Science Center - San Antonio	34,082,309.34		38,387,512.96	(4,305,203.62)	-11.2%
U. T. M. D. Anderson Cancer Center	641,337,699.19		436,007,811.31	205,329,887.88	47.1%
U. T. Health Science Center - Tyler	(7,085,581.75)		(3,705,170.54)	(3,380,411.21)	-91.2%
Elimination of AUF Transfer	(214,526,886.62)		(201,103,920.74)	(13,422,965.88)	-6.7%
Total Adjusted Income (Loss)	729,378,606.71		511,834,379.35	217,544,227.36	42.5%
Total Adjusted Income (Loss) Excluding Depreciation and Amortization	\$ 729,378,606.71		\$ 511,834,379.35	\$ 217,544,227.36	42.5%

THE UNIVERSITY OF TEXAS SYSTEM
EXPLANATION OF VARIANCES ON THE MONTHLY FINANCIAL REPORT
For the Seven Months Ending March 31, 2018

Explanations are provided for institutions having the largest variances in adjusted income (loss) year-to-date as compared to the prior year, both in terms of dollars and percentages. Explanations are also provided for institutions with a current year-to-date adjusted loss and/or a projected year-to-date loss.

- (1) *U. T. System Administration* incurred a year-to-date loss of \$455.9 million primarily as a result of an accrual of \$613.7 million for other postemployment benefits (OPEB) expense and an accrual of \$214.5 million for pension expense for the entire *U. T. System* for the first seven months of 2018. *U. T. System Administration* anticipates ending the year with a \$1.1 billion loss, -152.5% of projected revenues, which includes a \$1.1 billion accrual for OPEB expense under GASB 75 effective in 2018 and a \$367.7 million accrual for pension expense.
- (2) *U. T. Arlington* - The \$8.7 million (69.0%) increase in adjusted income over the same period last year was primarily attributable to an increase in net student tuition and fees due to the understatement of net tuition and fees in the prior year and an increase in nonexchange sponsored programs due to an increase in Pell funding. Excluding depreciation and amortization expense, *U. T. Arlington's* adjusted income was \$47.3 million or 12.2% of revenues.
- (3) *U. T. Austin* - The \$46.7 million (44.0%) decrease in adjusted income over the same period last year was primarily attributable to an increase in salaries and wages and payroll related costs due to continued growth of the Dell Medical School, facility recruitment and merit increases, as well as the transition of personnel from the Office of Facilities, Planning and Construction from *U.T. System Administration* to *U. T. Austin*. Depreciation and amortization also increased as a result of the addition of new buildings including the Dell Medical School. Excluding depreciation and amortization expense, *U. T. Austin's* adjusted income was \$242.5 million or 13.3% of revenues.
- (4) *U. T. Dallas* - The \$13.4 million (181.3%) increase in adjusted loss over the same period last year was primarily attributable to the following: an increase in salaries and wages and payroll related costs as a result of increased faculty and staff and annual merit increases; an increase in depreciation and amortization expense as a result of the addition of new buildings and infrastructure; a decrease in nonexchange sponsored programs as a result of a reduction in the Texas Research Incentive Program (TRIP) funds received in 2018; and an increase in interest expense on capital asset financings due to debt issued for new buildings and infrastructure. As a result of these factors, *U. T. Dallas* incurred a year-to-date loss of \$20.7 million. Excluding depreciation and amortization expense, *U. T. Dallas'* adjusted income was \$26.8 million or 7.2% of revenues. *U. T. Dallas* anticipates ending the year with a \$35.6 million loss, -5.6% of projected revenues, which includes \$81.5 million of depreciation and amortization expense.
- (5) *U. T. El Paso* - The \$8.1 million (64.5%) decrease in adjusted loss over the same period last year was largely attributable to the following: an increase in net student tuition and fees as a result of increased designated tuition and technology fee rates, increased enrollment and improved student retention; an increase in net investment income; and a decrease in interest expense on capital asset financings. Despite the decrease in adjusted loss, *U. T. El Paso* still incurred a year-to-date loss of \$4.4 million. This loss was largely due to an increase in tuition exemption scholarship expense, primarily related to the Hazelwood and Hazelwood Legacy programs, and an increase in depreciation expense over the last five years due to new buildings and enhanced research infrastructure. Excluding depreciation and amortization expense, *U. T. El Paso's* adjusted income was \$13.4 million or 4.9% of revenues. *U. T. El Paso* anticipates ending the year with a \$9.3 million loss, -2.0% of projected revenues, which includes \$31.8 million of depreciation and amortization expense.
- (6) *U. T. Permian Basin* - The \$7.1 million (455.0%) increase in adjusted loss over the same period last year was primarily attributable to a decrease in state appropriations, which was overstated in the prior year, and an increase in repairs and maintenance due to hail damage sustained in June 2017. As a result of these factors, *U. T. Permian Basin* incurred a year-to-date loss of \$5.5 million. Excluding depreciation and amortization expense, *U. T. Permian Basin's* adjusted income was \$3.7 million or 6.6% of revenues. *U. T. Permian Basin* anticipates ending the year with an \$8.0 million loss, -8.9% of projected revenues, which includes \$15.8 million of depreciation and amortization expense.
- (7) *U. T. Rio Grande Valley* - The \$0.9 million (150.0%) increase in adjusted income over the same period last year was primarily attributable to an increase in other operating revenues as a result of increased revenue from Doctors Hospital at Renaissance, Valley Baptist Medical Center and Knapp Medical Center for the Graduate Medical Education programs and an increase in Delivery System Reform Incentive Payments (DSRIP) revenue. Excluding depreciation and amortization expense, *U. T. Rio Grande Valley's* adjusted income was \$24.3 million or 8.2% of revenues.
- (8) *U. T. San Antonio* - The \$17.9 million (199.1%) increase in adjusted income over the same period last year was primarily attributable to an increase in nonexchange sponsored programs due to increased TRIP funds and Pell funding, an increase in state appropriations, and a

decrease in salaries and wages and payroll related costs as a result of budget cuts and vacant positions. Excluding depreciation and amortization expense, *U. T. San Antonio's* adjusted income was \$37.5 million or 11.3% of revenues.

- (9) *U. T. Tyler* - The \$3.1 million (153.1%) increase in adjusted income over the same period last year was primarily due to an increase in net student tuition and fees as a result of increased enrollment and designated tuition rates and an increase in net sales and services of educational activities as a result of pharmacy revenue now including the third-year student cohort. Excluding depreciation and amortization expense, *U. T. Tyler's* adjusted income was \$10.1 million or 11.3% of revenues. Although *U. T. Tyler* reported adjusted income of \$1.1 million for the seven months ending March 31, 2018, *U. T. Tyler* anticipates ending the year with an adjusted loss of \$6.3 million as a result of an increase in personnel across the campus and Pharmacy start-up costs funded with prior year balances. The projected loss of \$6.3 million represents -4.2% of projected revenues, which includes \$15.4 million of depreciation and amortization expense.
- (10) *U. T. Southwestern Medical Center* - The \$21.0 million (30.6%) increase in adjusted income over the same period last year was primarily attributable to an increase in net sales and services of hospitals due to increased inpatient, outpatient and emergency room visits, as well as increased admissions and surgical volumes. Gift contributions for operations also increased due to a correction to pledged revenues in 2017 that reduced gifts reported in the prior year. Excluding depreciation and amortization expense, *Southwestern's* adjusted income was \$189.3 million or 10.6% of revenues.
- (11) *U. T. Medical Branch - Galveston* incurred a year-to-date loss of \$10.7 million primarily due to an increase in salaries and wages and payroll related costs, some of which related to cost-reimbursable Correctional Managed Care. Excluding depreciation and amortization expense, *UTMB's* adjusted income was \$79.4 million or 6.5% of revenues. *UTMB* anticipates ending the year with a \$37.3 million adjusted loss, -1.8% of projected revenues, due to lower than planned net patient care revenue as a result of the business interruption related to Hurricane *Harvey*. The projected loss includes \$167.8 million of depreciation and amortization expense.
- (12) *U. T. Health Science Center - Houston* - The \$13.5 million (69.0%) decrease in adjusted income as compared to the same period last year was primarily attributable to an increase in salaries and wages and payroll related costs due to the addition of numerous positions to accommodate the planned growth of the physician practice plan. In addition, there was an increase in materials and supplies attributable to noncapital expenses to remediate and restore buildings to pre-Hurricane *Harvey* conditions, as well as an increase for pharmaceutical and medical supplies in the physician practice plan. Excluding depreciation and amortization expense, *UTHSC-Houston's* adjusted income was \$42.9 million or 4.5% of revenues.
- (13) *U. T. Health Science Center - San Antonio* - The \$6.3 million (78.8%) decrease in adjusted income over the same period last year was primarily due to a decrease in gift contributions for operations as a result of a large gift received in 2017 with no such comparable gift in 2018. Excluding depreciation and amortization expense, *UTHSC-San Antonio's* adjusted income was \$34.1 million or 6.8% of revenues.
- (14) *U. T. M. D. Anderson Cancer Center* - The \$207.9 million (96.1%) increase in adjusted income over the same period last year was primarily attributable to an increase in net sales and services of hospitals and net professional fees due to an increase in inpatient and outpatient activity. An overall decrease in total operating expenses, including salaries and wages, payroll related costs, and professional fees and services, also contributed to the favorable variance. Excluding depreciation and amortization expense, *M. D. Anderson's* adjusted income was \$641.3 million or 21.8% of revenues.
- (15) *U. T. Health Science Center - Tyler* - The \$4.5 million (42.4%) increase in adjusted loss over the same period last year was primarily due to the following: increased salaries and wages and payroll related costs as a result of a larger employee base; an increase in materials and supplies primarily attributable to cancer-related pharmaceuticals; an increase in professional fees and services as a result of one-time consulting and legal expenses associated with the new joint venture entered into with Ardent Health Services, known as UT Health East Texas, effective March 1, 2018; and an increase in depreciation and amortization expense due to significant capital construction projects and system implementations completed over the past year. As a result of these factors, *UTHSC-Tyler* incurred a year-to-date loss of \$15.1 million. Excluding depreciation and amortization expense, *UTHSC-Tyler's* adjusted loss was \$7.1 million or -5.9% of revenues. *UTHSC-Tyler* anticipates ending the year with a \$14.6 million loss, -6.8% of projected revenues, which includes \$13.8 million of depreciation and amortization expense. Although additional DSRIP revenue will be recognized once metrics are achieved, and the effect of workforce-related expense reduction initiatives and other cost savings associated with being part of a larger clinical enterprise will begin to be recognized, *UTHSC-Tyler* will experience significant one-time costs related to employee restructuring, as well as additional pre- and post-transaction consulting and legal expenses associated with the UT Health East Texas joint venture. In consultation with professional accounting advisors, *UTHSC-Tyler* will continue to assess the potential effect of this joint venture on the current year's anticipated year-end margin and will progressively refine its forecasts as the health system begins to see financial results and the accounting guidance is finalized.

GLOSSARY OF TERMS

OPERATING REVENUES:

NET STUDENT TUITION - All student tuition and fee revenues earned at the UT institution for educational purposes, net of tuition discounting.

SPONSORED PROGRAMS - Funding received from local, state and federal governments or private agencies, organizations or individuals, excluding Federal Pell Grant Program which is reported as nonoperating. Includes amounts received for services performed on grants, contracts, and agreements from these entities for current operations. This also includes indirect cost recoveries and pass-through federal and state grants.

NET SALES AND SERVICES OF EDUCATIONAL ACTIVITIES - Revenues that are related to the conduct of instruction, research, and public service and revenues from activities that exist to provide an instructional and laboratory experience for students that create goods and services that may be sold.

NET SALES AND SERVICES OF HOSPITALS - Revenues (net of discounts, allowances, and bad debt expense) generated from UT health institution's daily patient care, special or other services, as well as revenues from health clinics that are part of a hospital.

NET PROFESSIONAL FEES - Revenues (net of discounts, allowances, and bad debt expense) derived from the fees charged by the professional staffs at UT health institutions as part of the Medical Practice Plans. These revenues are also identified as Practice Plan income. Examples of such fees include doctor's fees for clinic visits, medical and dental procedures, professional opinions, and anatomical procedures, such as analysis of specimens after a surgical procedure, etc.

NET AUXILIARY ENTERPRISES - Revenues derived from a service to students, faculty, or staff in which a fee is charged that is directly related to, although not necessarily equal to the cost of the service (e.g., bookstores, dormitories, dining halls, snack bars, inter-collegiate athletic programs, etc.).

OTHER OPERATING REVENUES - Other revenues generated from sales or services provided to meet current fiscal year operating expenses, which are not included in the preceding categories (e.g., certified nonprofit healthcare company revenues, donated drugs, interest on student loans, etc.) Other receipts for settlements, judgments and lawsuits are considered nonoperating revenues.

OPERATING EXPENSES:

SALARIES AND WAGES - Expenses for all salaries and wages of individuals employed by the institution including full-time, part-time, longevity, hourly, seasonal, etc. Includes salary augmentation and incentive compensation.

PAYROLL RELATED COSTS - Expenses for all employee benefits paid by the institution or paid by the state on behalf of the institution. Includes supplemental retirement annuities.

MEMBERSHIP DUES - Payments for professional memberships and community organization memberships for employees.

REGISTRATION FEES/MEETINGS/CONFERENCES - Payments made for employees to attend professional conferences and meetings.

COST OF GOODS SOLD - Purchases of goods for resale and raw materials purchased for use in the manufacture of products intended for sale to others.

PROFESSIONAL FEES AND SERVICES - Payments for services rendered on a fee, contract, or other basis by a person, firm, corporation, or company recognized as possessing a high degree of learning and responsibility. Includes such items as services of a consultant, legal counsel, financial or audit fees, medical contracted services, guest lecturers (not employees) and expert witnesses.

OTHER CONTRACTED SERVICES - Payments for services rendered on a contractual basis by a person, firm, corporation or company that possess a lesser degree of learning and responsibility than that required for Professional Fees and Services. Includes such items as temporary employment expenses, janitorial services, dry cleaning services, etc.

FEES AND OTHER CHARGES - Payments for various fees such as estate settlements, court costs, document filing fees, etc.

TRAVEL - Payments for travel costs incurred by employees and board members for meetings and training.

MATERIALS AND SUPPLIES - Payments for consumable items. Includes, but is not limited to: computer consumables, office supplies, paper products, soap, lights, plants, fuels and lubricants, chemicals and gasses, medical supplies and copier supplies. Also includes software licenses not meeting the definition of capital, postal services, and subscriptions and other publications not for permanent retention.

UTILITIES - Payments for the purchase of electricity, natural gas, water, and thermal energy.

COMMUNICATIONS - Electronically transmitted communications services (telephone, internet, computation center services, etc.).

REPAIRS AND MAINTENANCE - Payments for the maintenance and repair of equipment, furnishings, motor vehicles, buildings and other plant facilities, and waste disposal. Includes, but is not limited to repair and maintenance to copy machines, furnishings, equipment - including medical and laboratory equipment, office equipment and aircraft.

RENTALS AND LEASES - Payments for rentals or leases of furnishings and equipment, vehicles, land and office buildings (all rental of space).

PRINTING AND REPRODUCTION - Printing and reproduction costs associated with the printing/copying of the institution's documents and publications.

ROYALTY PAYMENTS - Payments incurred for copyright and patent royalties.

BAD DEBT EXPENSE - Expenses incurred by the university related to nonrevenue receivables such as non-payment of student loans.

INSURANCE COSTS/PREMIUMS - Insurance premiums and fees associated with the various self-insurance programs, including professional medical liability.

CLAIMS AND LOSSES - Payments for claims from self-insurance programs. Other claims for settlements, judgments and lawsuits are considered nonoperating expenses.

OPEB EXPENSE - An estimate of year-end expense from the actuarial valuation of the OPEB plan.

PENSION EXPENSE - An estimate of year-end expense which will be allocated from the Texas Comptroller's Office based upon prior year amounts.

SCHOLARSHIPS AND FELLOWSHIPS - Payments made for scholarship grants to students authorized by law, net of tuition discounting.

DEPRECIATION AND AMORTIZATION - Depreciation on capital assets and amortization expense on intangible assets.

FEDERAL SPONSORED PROGRAM PASS-THROUGHS TO OTHER STATE AGENCIES - Pass-throughs to other Texas state agencies, including other universities, of federal grants and contracts.

STATE SPONSORED PROGRAM PASS-THROUGHS TO OTHER STATE AGENCIES - Pass-throughs to other Texas state agencies, including Texas universities.

OTHER OPERATING EXPENSES - Other operating expenses not identified in other line items above (e.g., certified non-profit healthcare company expenses, property taxes, credit card fees, hazardous waste disposal expenses, etc.). Other claims for settlements, judgments and lawsuits are considered nonoperating expenses.

OPERATING LOSS - Total operating revenues less total operating expenses before other nonoperating adjustments like state appropriations.

OTHER NONOPERATING ADJUSTMENTS:

STATE APPROPRIATIONS - Appropriations from the State General Revenue fund, which supplement the UT institutional revenue in meeting operating expenses, such as faculty salaries, utilities, and institutional support.

NONEXCHANGE SPONSORED PROGRAMS - Funding received for the Federal Pell Grant Program, the portion of "state appropriations" funded by the American Recovery and Reinvestment Act, Texas Research Incentive Program (TRIP) and Enrollment Growth funding.

GIFT CONTRIBUTIONS FOR OPERATIONS - Consist of gifts from donors received for use in current operations, excluding gifts for capital acquisition and endowment gifts. Gifts for capital acquisition which can only be used to build or buy capital assets are excluded because they cannot be used to support current operations. Endowment gifts must be held in perpetuity and cannot be spent. The distributed income from endowment gifts must be spent according to the donor's stipulations.

NET INVESTMENT INCOME (on institutions' sheets) - Interest and dividend income on treasury balances, bank accounts, Short Term Fund, Intermediate Term Fund and Long Term Fund. It also includes distributed earnings from the Permanent Health Fund and patent and royalty income.

NET INVESTMENT INCOME (on the consolidated sheet) - Interest and dividend earnings of the Permanent University Fund, Short Term Fund, Intermediate Term Fund, Long Term Fund and Permanent Health Fund. This line item also includes the Available University Fund surface income, oil and gas royalties, and mineral lease bonus sales.

INTEREST EXPENSE ON CAPITAL ASSET FINANCINGS - Interest expenses associated with bond and note borrowings utilized to finance capital improvement projects by an institution. This consists of the interest portion of mandatory debt service transfers under the Revenue Financing System, Tuition Revenue bond and Permanent University Fund (PUF) bond programs. PUF interest expense is reported on System Administration as the debt legally belongs to the Board of Regents.

ADJUSTED INCOME (LOSS) including Depreciation and Amortization - Total operating revenues less total operating expenses including depreciation and amortization expense plus net other nonoperating adjustments.

ADJUSTED MARGIN % including Depreciation and Amortization - Percentage of Adjusted Income (Loss) including depreciation and amortization expense divided by Total Operating Revenues plus Net Nonoperating Adjustments less Interest Expense on Capital Asset Financings.

AVAILABLE UNIVERSITY FUND TRANSFER - Includes Available University Fund (AUF) transfer to System Administration for Educational and General operations and to UT Austin for Excellence Funding. These transfers are funded by investment earnings from the Permanent University Fund (PUF), which are required by law to be reported in the PUF at System Administration. On the MFR, investment income for System Administration has been reduced for the amount of the System Administration transfer so as not to overstate investment income for System Administration. The AUF transfers are eliminated at the consolidated level to avoid overstating System-wide revenues, as the amounts will be reflected as transfers at year-end.

INVESTMENT GAINS (LOSSES) - Realized and unrealized gains and losses on investments.

ADJUSTED INCOME (LOSS) excluding Depreciation and Amortization - Total operating revenues less total operating expenses excluding depreciation and amortization expense plus net other nonoperating adjustments.

ADJUSTED MARGIN % excluding Depreciation and Amortization - Percentage of Adjusted Income (Loss) excluding depreciation and amortization expense divided by Total Operating Revenues plus Net Nonoperating Adjustments less Interest Expense on Capital Asset Financings.

UNAUDITED

The University of Texas System Administration
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2018

	March Year-to-Date FY 2018	March Year-to-Date FY 2017	Variance	Fluctuation Percentage
Operating Revenues				
Sponsored Programs	22,325,504.24	10,380,608.87	11,944,895.37	115.1%
Net Sales and Services of Educational Activities	29,792,900.72	20,348,799.79	9,444,100.93	46.4%
Other Operating Revenues	39,971,485.91	50,470,688.93	(10,499,203.02)	-20.8%
Total Operating Revenues	92,089,890.87	81,200,097.59	10,889,793.28	13.4%
Operating Expenses				
Salaries and Wages	43,294,569.45	45,944,368.64	(2,649,799.19)	-5.8%
Payroll Related Costs	8,934,974.45	10,330,912.07	(1,395,937.62)	-13.5%
Membership Dues	312,997.63	439,483.99	(126,486.36)	-28.8%
Registration Fees, Meetings, Conferences	233,409.19	316,467.20	(83,058.01)	-26.2%
Professional Fees and Services	7,394,199.00	8,357,731.10	(963,532.10)	-11.5%
Other Contracted Services	25,273,328.29	25,691,311.20	(417,982.91)	-1.6%
Fees and Other Charges	(59,053.02)	55,857.83	(114,910.85)	-205.7%
Travel	919,990.91	984,181.93	(64,191.02)	-6.5%
Materials and Supplies	17,581,373.83	14,818,040.44	2,763,333.39	18.6%
Utilities	377,237.14	291,181.21	86,055.93	29.6%
Communications	4,335,076.64	6,036,933.22	(1,701,856.58)	-28.2%
Repairs and Maintenance	5,990,855.01	9,760,599.52	(3,769,744.51)	-38.6%
Rentals and Leases	2,787,079.69	4,521,113.65	(1,734,033.96)	-38.4%
Printing and Reproduction	254,171.55	190,323.65	63,847.90	33.5%
Insurance Costs/Premiums	28,052,320.90	18,786,993.60	9,265,327.30	49.3%
Claims and Losses	13,527,972.68	11,542,081.31	1,985,891.37	17.2%
OPEB Expense	613,666,666.67	412,434,268.17	201,232,398.50	48.8%
Pension Expense	214,511,701.83	146,023,729.25	68,487,972.58	46.9%
Scholarships and Fellowships	489,750.00	513,177.16	(23,427.16)	-4.6%
Depreciation and Amortization	14,236,864.77	10,729,565.83	3,507,298.94	32.7%
State Sponsored Program Pass-Through to Other State Agencies	891,686.69	1,550,627.43	(658,940.74)	-42.5%
Other Operating Expenses	1,061,288.00	2,494,731.52	(1,433,443.52)	-57.5%
Total Operating Expenses	1,004,068,461.30	731,813,679.92	272,254,781.38	37.2%
Operating Loss	(911,978,570.43)	(650,613,582.33)	(261,364,988.10)	-40.2%
Other Nonoperating Adjustments				
State Appropriations	1,931,208.42	1,473,617.69	457,590.73	31.1%
Nonexchange Sponsored Programs	13,602,131.90	13,631,388.87	(29,256.97)	-0.2%
Gift Contributions for Operations	751,394.12	863,781.97	(112,387.85)	-13.0%
Net Investment Income	438,339,031.34	147,190,234.84	291,148,796.50	197.8%
Interest Expense on Capital Asset Financings	(57,080,200.29)	(51,340,678.37)	(5,739,521.92)	-11.2%
Net Other Nonoperating Adjustments	397,543,565.49	111,818,345.00	285,725,220.49	255.5%
Adjusted Income (Loss) including Depreciation & Amortization	(514,435,004.94)	(538,795,237.33)	24,360,232.39	4.5%
Adjusted Margin % including Depreciation & Amortization	-94.1%	-220.5%		
Available University Fund Transfer	58,505,416.67	64,981,852.25	(6,476,435.58)	-10.0%
Adjusted Income (Loss) with AUF Transfer	(455,929,588.27)	(473,813,385.08)	17,883,796.81	3.8%
Adjusted Margin % with AUF Transfer	-75.3%	-153.2%		
Investment Gain (Losses)	1,788,174,921.47	1,534,971,880.45	253,203,041.02	16.5%
Adj. Inc. (Loss) with AUF Transfer & Invest. Gains (Losses)	\$1,332,245,333.20	\$1,061,158,495.37	\$271,086,837.83	25.5%
Adj. Margin % with AUF Transfer & Invest. Gains (Losses)	55.7%	57.5%		
Adjusted Income (Loss) with AUF Transfer excluding Depreciation & Amortization	(441,692,723.50)	(463,083,819.25)	21,391,095.75	4.6%
Adjusted Margin % with AUF Transfer excluding Depreciation & Amortization	-73.0%	-149.7%		

UNAUDITED

The University of Texas at Arlington
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2018

	March Year-to-Date FY 2018	March Year-to-Date FY 2017	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition and Fees	175,198,974.08	164,704,428.45	10,494,545.63	6.4%
Sponsored Programs	43,513,154.64	41,455,028.07	2,058,126.57	5.0%
Net Sales and Services of Educational Activities	11,930,094.13	10,888,318.25	1,041,775.88	9.6%
Net Auxiliary Enterprises	25,517,792.92	24,226,761.45	1,291,031.47	5.3%
Other Operating Revenues	5,025,522.06	6,553,214.80	(1,527,692.74)	-23.3%
Total Operating Revenues	261,185,537.83	247,827,751.02	13,357,786.81	5.4%
Operating Expenses				
Salaries and Wages	167,804,001.38	163,083,928.40	4,720,072.98	2.9%
Payroll Related Costs	44,093,185.26	40,490,665.69	3,602,519.57	8.9%
Membership Dues	1,150,402.27	704,651.36	445,750.91	63.3%
Registration Fees, Meetings, Conferences	851,223.64	877,591.63	(26,367.99)	-3.0%
Cost of Goods Sold	5,476.40	3,767.88	1,708.52	45.3%
Professional Fees and Services	7,789,156.57	7,446,385.37	342,771.20	4.6%
Other Contracted Services	32,958,825.22	41,461,939.05	(8,503,113.83)	-20.5%
Fees and Other Charges	644,775.13	537,766.64	107,008.49	19.9%
Travel	5,388,063.47	4,446,766.71	941,296.76	21.2%
Materials and Supplies	16,975,339.41	14,029,824.06	2,945,515.35	21.0%
Utilities	5,833,333.33	5,833,333.57	(0.24)	-
Communications	2,632,320.85	4,216,400.95	(1,584,080.10)	-37.6%
Repairs and Maintenance	5,330,762.44	6,184,504.94	(853,742.50)	-13.8%
Rentals and Leases	1,796,938.18	1,881,867.01	(84,928.83)	-4.5%
Printing and Reproduction	1,621,891.61	1,702,548.46	(80,656.85)	-4.7%
Royalty Payments	91,396.68	98,715.69	(7,319.01)	-7.4%
Bad Debt Expense	291,666.67	116,413.41	175,253.26	150.5%
Insurance Costs/Premiums	334,828.40	162,435.84	172,392.56	106.1%
Scholarships and Fellowships	25,728,242.11	20,781,350.09	4,946,892.02	23.8%
Depreciation and Amortization	26,002,771.05	28,873,362.01	(2,870,590.96)	-9.9%
Federal Sponsored Program Pass-Through to Other State Agencies	1,165,989.29	3,560,477.97	(2,394,488.68)	-67.3%
State Sponsored Program Pass-Through to Other State Agencies	18,193.29	97,359.61	(79,166.32)	-81.3%
Other Operating Expenses	9,194,987.62	6,489,613.56	2,705,374.06	41.7%
Total Operating Expenses	357,703,770.27	353,081,669.90	4,622,100.37	1.3%
Operating Loss	(96,518,232.44)	(105,253,918.88)	8,735,686.44	8.3%
Other Nonoperating Adjustments				
State Appropriations	76,738,616.50	80,937,243.92	(4,198,627.42)	-5.2%
Nonexchange Sponsored Programs	37,060,579.86	32,105,665.70	4,954,914.16	15.4%
Gift Contributions for Operations	1,983,191.08	3,173,438.14	(1,190,247.06)	-37.5%
Net Investment Income	9,470,683.29	8,824,215.75	646,467.54	7.3%
Interest Expense on Capital Asset Financings	(7,444,527.58)	(7,188,180.93)	(256,346.65)	-3.6%
Net Other Nonoperating Adjustments	117,808,543.15	117,852,382.58	(43,839.43)	-
Adjusted Income (Loss) including Depreciation & Amortization	21,290,310.71	12,598,463.70	8,691,847.01	69.0%
Adjusted Margin % including Depreciation & Amortization	5.5%	3.4%		
Investment Gain (Losses)	14,021,005.73	4,108,703.97	9,912,301.76	241.3%
Adj. Inc. (Loss) with Investment Gains (Losses)	35,311,316.44	16,707,167.67	18,604,148.77	111.4%
Adj. Margin % with Investment Gains (Losses)	8.8%	4.4%		
Adjusted Income (Loss) excluding Depreciation & Amortization	47,293,081.76	41,471,825.71	5,821,256.05	14.0%
Adjusted Margin % excluding Depreciation & Amortization	12.2%	11.1%		

UNAUDITED

The University of Texas at Austin
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2018

	March Year-to-Date FY 2018	March Year-to-Date FY 2017	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition and Fees	282,916,666.67	285,833,333.33	(2,916,666.66)	-1.0%
Sponsored Programs	336,855,935.47	331,746,294.04	5,109,641.43	1.5%
Net Sales and Services of Educational Activities	267,164,603.69	256,594,158.00	10,570,445.69	4.1%
Net Professional Fees	727,436.76	-	727,436.76	100.0%
Net Auxiliary Enterprises	226,724,579.05	227,508,190.53	(783,611.48)	-0.3%
Other Operating Revenues	5,951,062.26	7,190,665.38	(1,239,603.12)	-17.2%
Total Operating Revenues	1,120,340,283.90	1,108,872,641.28	11,467,642.62	1.0%
Operating Expenses				
Salaries and Wages	770,912,278.31	728,755,968.22	42,156,310.09	5.8%
Payroll Related Costs	219,876,220.14	211,657,466.62	8,218,753.52	3.9%
Membership Dues	2,113,683.63	2,165,346.39	(51,662.76)	-2.4%
Registration Fees, Meetings, Conferences	18,600,360.63	17,608,774.84	991,585.79	5.6%
Cost of Goods Sold	15,582,614.39	14,390,124.43	1,192,489.96	8.3%
Professional Fees and Services	18,804,180.15	19,250,737.99	(446,557.84)	-2.3%
Other Contracted Services	101,508,388.96	103,371,976.41	(1,863,587.45)	-1.8%
Fees and Other Charges	9,697,998.85	8,179,038.64	1,518,960.21	18.6%
Travel	25,820,137.92	25,859,328.31	(39,190.39)	-0.2%
Materials and Supplies	90,193,365.82	83,373,228.86	6,820,136.96	8.2%
Utilities	56,963,171.46	53,313,998.99	3,649,172.47	6.8%
Communications	21,590,806.01	20,797,041.27	793,764.74	3.8%
Repairs and Maintenance	39,196,726.83	40,528,306.50	(1,331,579.67)	-3.3%
Rentals and Leases	13,918,492.48	13,461,491.43	457,001.05	3.4%
Printing and Reproduction	4,978,441.59	4,968,591.53	9,850.06	0.2%
Royalty Payments	2,236,216.27	3,559,411.16	(1,323,194.89)	-37.2%
Bad Debt Expense	421,380.79	316,841.09	104,539.70	33.0%
Insurance Costs/Premiums	583,717.97	881,517.86	(297,799.89)	-33.8%
Scholarships and Fellowships	81,666,666.67	81,666,666.67	-	-
Depreciation and Amortization	183,166,666.67	161,583,333.33	21,583,333.34	13.4%
Federal Sponsored Program Pass-Through to Other State Agencies	2,136,619.35	1,770,645.11	365,974.24	20.7%
State Sponsored Program Pass-Through to Other State Agencies	9,377,821.06	136,301.40	9,241,519.66	6,780.2%
Other Operating Expenses	37,619,383.64	36,122,016.99	1,497,366.65	4.1%
Total Operating Expenses	1,726,965,339.59	1,633,718,154.04	93,247,185.55	5.7%
Operating Loss	(606,625,055.69)	(524,845,512.76)	(81,779,542.93)	-15.6%
Other Nonoperating Adjustments				
State Appropriations	210,354,341.75	202,395,739.33	7,958,602.42	3.9%
Nonexchange Sponsored Programs	25,083,333.33	25,085,577.43	(2,244.10)	-
Gift Contributions for Operations	105,957,435.91	98,986,350.25	6,971,085.66	7.0%
Net Investment Income	151,253,270.62	134,169,379.97	17,083,890.65	12.7%
Interest Expense on Capital Asset Financings	(41,170,755.36)	(30,767,604.98)	(10,403,150.38)	-33.8%
Net Other Nonoperating Adjustments	451,477,626.25	429,869,442.00	21,608,184.25	5.0%
Adjusted Income (Loss) including Depreciation & Amortization	(155,147,429.44)	(94,976,070.76)	(60,171,358.68)	-63.4%
Adjusted Margin % including Depreciation & Amortization	-9.6%	-6.1%		
Available University Fund Transfer	214,526,886.62	201,103,920.74	13,422,965.88	6.7%
Adjusted Income (Loss) with AUF Transfer	59,379,457.18	106,127,849.98	(46,748,392.80)	-44.0%
Adjusted Margin % with AUF Transfer	3.2%	6.0%		
Investment Gain (Losses)	166,892,166.78	122,935,726.44	43,956,440.34	35.8%
Adj. Inc. (Loss) with AUF Transfer & Invest. Gains (Losses)	\$226,271,623.96	\$229,063,576.42	(2,791,952.46)	-1.2%
Adj. Margin % with AUF Transfer & Invest. Gains (Losses)	11.3%	12.1%		
Adjusted Income (Loss) with AUF Transfer excluding Depreciation & Amortization	242,546,123.85	267,711,183.31	(25,165,059.46)	-9.4%
Adjusted Margin % with AUF Transfer excluding Depreciation & Amortization	13.3%	15.1%		

UNAUDITED

The University of Texas at Dallas
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2018

	March Year-to-Date FY 2018	March Year-to-Date FY 2017	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition and Fees	184,666,462.66	178,277,436.29	6,389,026.37	3.6%
Sponsored Programs	35,651,994.28	35,743,977.00	(91,982.72)	-0.3%
Net Sales and Services of Educational Activities	11,979,915.04	11,940,822.90	39,092.14	0.3%
Net Auxiliary Enterprises	21,954,952.82	19,472,506.18	2,482,446.64	12.7%
Other Operating Revenues	3,322,895.52	2,956,385.56	366,509.96	12.4%
Total Operating Revenues	257,576,220.32	248,391,127.93	9,185,092.39	3.7%
Operating Expenses				
Salaries and Wages	185,350,650.28	174,727,142.75	10,623,507.53	6.1%
Payroll Related Costs	43,593,211.90	41,692,221.68	1,900,990.22	4.6%
Membership Dues	559,264.56	662,651.12	(103,386.56)	-15.6%
Registration Fees, Meetings, Conferences	2,467,511.92	1,592,930.14	874,581.78	54.9%
Professional Fees and Services	6,228,246.89	5,438,984.71	789,262.18	14.5%
Other Contracted Services	9,565,686.29	9,421,494.73	144,191.56	1.5%
Fees and Other Charges	855,566.45	683,084.37	172,482.08	25.3%
Travel	5,158,398.68	4,310,764.71	847,633.97	19.7%
Materials and Supplies	19,002,935.15	18,488,688.44	514,246.71	2.8%
Utilities	5,845,277.28	6,177,309.80	(332,032.52)	-5.4%
Communications	1,028,020.32	1,029,135.51	(1,115.19)	-0.1%
Repairs and Maintenance	4,853,689.51	5,259,680.82	(405,991.31)	-7.7%
Rentals and Leases	4,697,011.84	4,299,453.26	397,558.58	9.2%
Printing and Reproduction	996,341.37	1,137,646.67	(141,305.30)	-12.4%
Royalty Payments	906,932.16	679,527.33	227,404.83	33.5%
Bad Debt Expense	37,240.00	37,240.00	-	-
Insurance Costs/Premiums	6,658,004.50	6,491,935.33	166,069.17	2.6%
Scholarships and Fellowships	25,730,642.83	24,228,704.54	1,501,938.29	6.2%
Depreciation and Amortization	47,568,794.57	42,881,061.97	4,687,732.60	10.9%
Federal Sponsored Program Pass-Through to Other State Agencies	155,844.45	58,682.25	97,162.20	165.6%
State Sponsored Program Pass-Through to Other State Agencies	62,216.78	74,132.08	(11,915.30)	-16.1%
Other Operating Expenses	3,898,938.23	3,568,549.01	330,389.22	9.3%
Total Operating Expenses	375,220,425.96	352,941,021.22	22,279,404.74	6.3%
Operating Loss	(117,644,205.64)	(104,549,893.29)	(13,094,312.35)	-12.5%
Other Nonoperating Adjustments				
State Appropriations	72,332,324.17	69,427,638.58	2,904,685.59	4.2%
Nonexchange Sponsored Programs	16,127,117.65	18,846,087.79	(2,718,970.14)	-14.4%
Gift Contributions for Operations	7,462,427.23	8,750,000.00	(1,287,572.77)	-14.7%
Net Investment Income	17,683,411.65	14,795,946.25	2,887,465.40	19.5%
Interest Expense on Capital Asset Financings	(16,700,957.27)	(14,642,031.83)	(2,058,925.44)	-14.1%
Net Other Nonoperating Adjustments	96,904,323.43	97,177,640.79	(273,317.36)	-0.3%
Adjusted Income (Loss) including Depreciation & Amortization	(20,739,882.21)	(7,372,252.50)	(13,367,629.71)	-181.3%
Adjusted Margin % including Depreciation & Amortization	-5.6%	-2.0%		
Investment Gain (Losses)	10,832,067.43	7,997,335.08	2,834,732.35	35.4%
Adj. Inc. (Loss) with Investment Gains (Losses)	(9,907,814.78)	625,082.58	(10,532,897.36)	-1,685.0%
Adj. Margin % with Investment Gains (Losses)	-2.6%	0.2%		
Adjusted Income (Loss) excluding Depreciation & Amortization	26,828,912.36	35,508,809.47	(8,679,897.11)	-24.4%
Adjusted Margin % excluding Depreciation & Amortization	7.2%	9.9%		

UNAUDITED

The University of Texas at El Paso
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2018

	March Year-to-Date FY 2018	March Year-to-Date FY 2017	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition and Fees	77,280,799.00	73,409,565.00	3,871,234.00	5.3%
Sponsored Programs	61,179,064.49	56,548,697.89	4,630,366.60	8.2%
Net Sales and Services of Educational Activities	3,892,733.73	3,507,504.24	385,229.49	11.0%
Net Auxiliary Enterprises	23,582,490.24	19,069,576.51	4,512,913.73	23.7%
Other Operating Revenues	12,603.25	89,310.29	(76,707.04)	-85.9%
Total Operating Revenues	165,947,690.71	152,624,653.93	13,323,036.78	8.7%
Operating Expenses				
Salaries and Wages	117,779,688.13	117,040,053.50	739,634.63	0.6%
Payroll Related Costs	33,274,712.49	32,407,914.74	866,797.75	2.7%
Membership Dues	627,527.84	591,013.67	36,514.17	6.2%
Registration Fees, Meetings, Conferences	423,393.67	453,508.76	(30,115.09)	-6.6%
Professional Fees and Services	9,005,716.21	8,016,420.28	989,295.93	12.3%
Other Contracted Services	10,138,646.97	7,238,591.06	2,900,055.91	40.1%
Fees and Other Charges	1,783,402.62	2,403,354.50	(619,951.88)	-25.8%
Travel	4,769,978.08	5,207,182.17	(437,204.09)	-8.4%
Materials and Supplies	10,236,506.59	11,931,294.01	(1,694,787.42)	-14.2%
Utilities	4,750,332.87	4,983,594.71	(233,261.84)	-4.7%
Communications	1,072,104.78	1,031,259.33	40,845.45	4.0%
Repairs and Maintenance	5,483,803.89	4,862,469.16	621,334.73	12.8%
Rentals and Leases	670,597.89	1,604,809.37	(934,211.48)	-58.2%
Printing and Reproduction	835,600.66	744,886.28	90,714.38	12.2%
Royalty Payments	203.57	-	203.57	100.0%
Insurance Costs/Premiums	580,134.45	687,315.16	(107,180.71)	-15.6%
Scholarships and Fellowships	45,971,114.01	44,016,692.67	1,954,421.34	4.4%
Depreciation and Amortization	17,837,820.79	17,996,585.41	(158,764.62)	-0.9%
Federal Sponsored Program Pass-Through to Other State Agencies	363,518.88	410,243.69	(46,724.81)	-11.4%
Other Operating Expenses	5,909,199.82	5,155,349.72	753,850.10	14.6%
Total Operating Expenses	271,514,004.21	266,782,538.19	4,731,466.02	1.8%
Operating Loss	(105,566,313.50)	(114,157,884.26)	8,591,570.76	7.5%
Other Nonoperating Adjustments				
State Appropriations	64,181,768.00	69,264,167.00	(5,082,399.00)	-7.3%
Nonexchange Sponsored Programs	29,567,369.57	27,061,141.69	2,506,227.88	9.3%
Gift Contributions for Operations	4,239,311.41	4,731,222.84	(491,911.43)	-10.4%
Net Investment Income	9,112,129.70	7,631,883.59	1,480,246.11	19.4%
Interest Expense on Capital Asset Financings	(5,981,638.88)	(7,061,067.44)	1,079,428.56	15.3%
Net Other Nonoperating Adjustments	101,118,939.80	101,627,347.68	(508,407.88)	-0.5%
Adjusted Income (Loss) including Depreciation & Amortization	(4,447,373.70)	(12,530,536.58)	8,083,162.88	64.5%
Adjusted Margin % including Depreciation & Amortization	-1.6%	-4.8%		
Investment Gain (Losses)	10,793,477.81	8,330,600.38	2,462,877.43	29.6%
Adj. Inc. (Loss) with Investment Gains (Losses)	6,346,104.11	(4,199,936.20)	10,546,040.31	251.1%
Adj. Margin % with Investment Gains (Losses)	2.2%	-1.6%		
Adjusted Income (Loss) excluding Depreciation & Amortization	13,390,447.09	5,466,048.83	7,924,398.26	145.0%
Adjusted Margin % excluding Depreciation & Amortization	4.9%	2.1%		

UNAUDITED

The University of Texas of the Permian Basin
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2018

	March Year-to-Date FY 2018	March Year-to-Date FY 2017	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition and Fees	13,616,448.56	8,560,261.27	5,056,187.29	59.1%
Sponsored Programs	4,133,058.56	6,965,562.05	(2,832,503.49)	-40.7%
Net Sales and Services of Educational Activities	770,256.27	958,942.23	(188,685.96)	-19.7%
Net Auxiliary Enterprises	5,867,281.73	6,775,274.97	(907,993.24)	-13.4%
Other Operating Revenues	723,879.42	271,209.61	452,669.81	166.9%
Total Operating Revenues	25,110,924.54	23,531,250.13	1,579,674.41	6.7%
Operating Expenses				
Salaries and Wages	20,249,691.33	20,983,772.58	(734,081.25)	-3.5%
Payroll Related Costs	5,585,053.27	5,623,687.59	(38,634.32)	-0.7%
Membership Dues	187,988.04	130,632.24	57,355.80	43.9%
Registration Fees, Meetings, Conferences	88,117.02	92,554.19	(4,437.17)	-4.8%
Cost of Goods Sold	2,009.10	-	2,009.10	100.0%
Professional Fees and Services	3,106,925.63	1,742,981.60	1,363,944.03	78.3%
Other Contracted Services	2,260,945.45	3,174,851.04	(913,905.59)	-28.8%
Fees and Other Charges	32,880.92	14,876.26	18,004.66	121.0%
Travel	1,285,946.36	1,111,341.24	174,605.12	15.7%
Materials and Supplies	2,635,525.74	3,388,424.41	(752,898.67)	-22.2%
Utilities	1,084,043.20	1,508,077.55	(424,034.35)	-28.1%
Communications	505,921.50	264,134.27	241,787.23	91.5%
Repairs and Maintenance	2,741,322.66	569,461.88	2,171,860.78	381.4%
Rentals and Leases	517,198.06	516,265.91	932.15	0.2%
Printing and Reproduction	30,077.41	72,204.32	(42,126.91)	-58.3%
Royalty Payments	6.00	840.00	(834.00)	-99.3%
Bad Debt Expense	-	1,898.85	(1,898.85)	-100.0%
Insurance Costs/Premiums	113,997.81	163,680.14	(49,682.33)	-30.4%
Scholarships and Fellowships	6,617,128.48	3,198,748.87	3,418,379.61	106.9%
Depreciation and Amortization	9,242,052.75	8,149,303.83	1,092,748.92	13.4%
Federal Sponsored Program Pass-Through to Other State Agencies	-	(45,152.53)	45,152.53	100.0%
Other Operating Expenses	368,884.05	210,055.95	158,828.10	75.6%
Total Operating Expenses	56,655,714.78	50,872,640.19	5,783,074.59	11.4%
Operating Loss	(31,544,790.24)	(27,341,390.06)	(4,203,400.18)	-15.4%
Other Nonoperating Adjustments				
State Appropriations	21,380,647.17	24,508,547.00	(3,127,899.83)	-12.8%
Nonexchange Sponsored Programs	4,395,341.87	6,501,728.00	(2,106,386.13)	-32.4%
Gift Contributions for Operations	3,231,226.83	1,329,286.98	1,901,939.85	143.1%
Net Investment Income	1,465,628.13	1,287,541.97	178,086.16	13.8%
Interest Expense on Capital Asset Financings	(4,475,638.09)	(4,722,898.95)	247,260.86	5.2%
Net Other Nonoperating Adjustments	25,997,205.91	28,904,205.00	(2,906,999.09)	-10.1%
Adjusted Income (Loss) including Depreciation & Amortization	(5,547,584.33)	1,562,814.94	(7,110,399.27)	-455.0%
Adjusted Margin % including Depreciation & Amortization	-10.0%	2.7%		
Investment Gain (Losses)	1,886,096.14	1,407,476.59	478,619.55	34.0%
Adj. Inc. (Loss) with Investment Gains (Losses)	(3,661,488.19)	2,970,291.53	(6,631,779.72)	-223.3%
Adj. Margin % with Investment Gains (Losses)	-6.4%	5.1%		
Adjusted Income (Loss) excluding Depreciation & Amortization	3,694,468.42	9,712,118.77	(6,017,650.35)	-62.0%
Adjusted Margin % excluding Depreciation & Amortization	6.6%	17.0%		

UNAUDITED

The University of Texas Rio Grande Valley
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2018

	March Year-to-Date FY 2018	March Year-to-Date FY 2017	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition and Fees	58,578,796.50	67,606,018.16	(9,027,221.66)	-13.4%
Sponsored Programs	66,045,913.40	61,082,523.15	4,963,390.25	8.1%
Net Sales and Services of Educational Activities	3,241,911.60	3,999,128.83	(757,217.23)	-18.9%
Net Professional Fees	1,902,188.25	(655,807.72)	2,557,995.97	390.1%
Net Auxiliary Enterprises	7,475,547.88	7,425,781.06	49,766.82	0.7%
Other Operating Revenues	28,284,261.16	14,669,489.64	13,614,771.52	92.8%
Total Operating Revenues	165,528,618.79	154,127,133.12	11,401,485.67	7.4%
Operating Expenses				
Salaries and Wages	132,714,631.31	125,827,549.83	6,887,081.48	5.5%
Payroll Related Costs	39,297,382.70	37,199,949.46	2,097,433.24	5.6%
Membership Dues	470,959.74	633,444.18	(162,484.44)	-25.7%
Registration Fees, Meetings, Conferences	705,650.49	453,418.87	252,231.62	55.6%
Cost of Goods Sold	209,754.96	139,260.03	70,494.93	50.6%
Professional Fees and Services	1,404,413.49	1,119,125.77	285,287.72	25.5%
Other Contracted Services	10,240,175.69	10,356,486.36	(116,310.67)	-1.1%
Fees and Other Charges	9,972,549.36	1,653,176.07	8,319,373.29	503.2%
Travel	4,509,834.00	4,486,923.01	22,910.99	0.5%
Materials and Supplies	10,986,320.38	11,891,856.26	(905,535.88)	-7.6%
Utilities	4,531,547.50	4,621,352.47	(89,804.97)	-1.9%
Communications	665,140.75	360,473.28	304,667.47	84.5%
Repairs and Maintenance	4,463,413.08	4,096,189.41	367,223.67	9.0%
Rentals and Leases	2,919,500.10	3,062,015.14	(142,515.04)	-4.7%
Printing and Reproduction	341,954.78	407,498.01	(65,543.23)	-16.1%
Royalty Payments	8,996.35	-	8,996.35	100.0%
Bad Debt Expense	885,753.53	44,349.76	841,403.77	1,897.2%
Insurance Costs/Premiums	717,939.90	207,277.61	510,662.29	246.4%
Scholarships and Fellowships	40,316,801.72	51,234,669.03	(10,917,867.31)	-21.3%
Depreciation and Amortization	22,857,177.60	22,693,904.26	163,273.34	0.7%
Federal Sponsored Program Pass-Through to Other State Agencies	105,636.57	401,000.21	(295,363.64)	-73.7%
Other Operating Expenses	2,133,433.40	3,266,840.39	(1,133,406.99)	-34.7%
Total Operating Expenses	290,458,967.40	284,156,759.41	6,302,207.99	2.2%
Operating Loss	(124,930,348.61)	(130,029,626.29)	5,099,277.68	3.9%
Other Nonoperating Adjustments				
State Appropriations	85,616,648.85	91,961,006.67	(6,344,357.82)	-6.9%
Nonexchange Sponsored Programs	35,698,762.62	33,598,650.38	2,100,112.24	6.3%
Gift Contributions for Operations	3,119,598.00	4,841,729.89	(1,722,131.89)	-35.6%
Net Investment Income	6,812,327.01	5,504,213.59	1,308,113.42	23.8%
Interest Expense on Capital Asset Financings	(4,872,217.35)	(5,298,160.64)	425,943.29	8.0%
Net Other Nonoperating Adjustments	126,375,119.13	130,607,439.89	(4,232,320.76)	-3.2%
Adjusted Income (Loss) including Depreciation & Amortization	1,444,770.52	577,813.60	866,956.92	150.0%
Adjusted Margin % including Depreciation & Amortization	0.5%	0.2%		
Investment Gain (Losses)	3,154,307.05	1,210,610.56	1,943,696.49	160.6%
Adj. Inc. (Loss) with Investment Gains (Losses)	4,599,077.57	1,788,424.16	2,810,653.41	157.2%
Adj. Margin % with Investment Gains (Losses)	1.5%	0.6%		
Adjusted Income (Loss) excluding Depreciation & Amortization	24,301,948.12	23,271,717.86	1,030,230.26	4.4%
Adjusted Margin % excluding Depreciation & Amortization	8.2%	8.0%		

UNAUDITED

The University of Texas at San Antonio
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2018

	March Year-to-Date FY 2018	March Year-to-Date FY 2017	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition and Fees	122,250,086.34	113,957,325.19	8,292,761.15	7.3%
Sponsored Programs	42,499,917.25	45,118,120.02	(2,618,202.77)	-5.8%
Net Sales and Services of Educational Activities	10,054,766.90	7,239,723.55	2,815,043.35	38.9%
Net Auxiliary Enterprises	25,887,499.75	25,447,438.18	440,061.57	1.7%
Other Operating Revenues	2,440,511.08	2,523,100.20	(82,589.12)	-3.3%
Total Operating Revenues	203,132,781.32	194,285,707.14	8,847,074.18	4.6%
Operating Expenses				
Salaries and Wages	143,093,626.75	147,824,978.42	(4,731,351.67)	-3.2%
Payroll Related Costs	38,778,372.85	39,912,744.17	(1,134,371.32)	-2.8%
Membership Dues	783,796.88	871,063.07	(87,266.19)	-10.0%
Registration Fees, Meetings, Conferences	550,864.85	726,586.99	(175,722.14)	-24.2%
Cost of Goods Sold	196,338.05	255,300.40	(58,962.35)	-23.1%
Professional Fees and Services	6,184,218.36	5,291,615.43	892,602.93	16.9%
Other Contracted Services	9,286,795.02	7,476,342.49	1,810,452.53	24.2%
Fees and Other Charges	524,242.53	613,514.07	(89,271.54)	-14.6%
Travel	6,790,335.88	6,574,837.17	215,498.71	3.3%
Materials and Supplies	14,371,955.70	14,585,808.23	(213,852.53)	-1.5%
Utilities	8,400,466.67	7,467,883.50	932,583.17	12.5%
Communications	1,922,046.67	2,105,036.75	(182,990.08)	-8.7%
Repairs and Maintenance	6,283,475.01	6,211,249.15	72,225.86	1.2%
Rentals and Leases	1,082,052.70	1,118,310.16	(36,257.46)	-3.2%
Printing and Reproduction	914,744.94	896,970.24	17,774.70	2.0%
Royalty Payments	16,916.67	3,500.00	13,416.67	383.3%
Bad Debt Expense	105,890.75	124,724.59	(18,833.84)	-15.1%
Insurance Costs/Premiums	353,008.00	95,477.34	257,530.66	269.7%
Scholarships and Fellowships	35,409,260.30	28,720,757.92	6,688,502.38	23.3%
Depreciation and Amortization	28,584,024.72	28,054,905.60	529,119.12	1.9%
Federal Sponsored Program Pass-Through to Other State Agencies	1,024,916.67	1,033,743.18	(8,826.51)	-0.9%
Other Operating Expenses	9,625,020.05	7,102,569.69	2,522,450.36	35.5%
Total Operating Expenses	314,282,370.02	307,067,918.56	7,214,451.46	2.3%
Operating Loss	(111,149,588.70)	(112,782,211.42)	1,632,622.72	1.4%
Other Nonoperating Adjustments				
State Appropriations	78,477,624.75	72,609,884.67	5,867,740.08	8.1%
Nonexchange Sponsored Programs	36,298,263.87	28,567,875.00	7,730,388.87	27.1%
Gift Contributions for Operations	4,666,666.67	4,666,666.67	-	-
Net Investment Income	9,286,195.72	8,009,138.97	1,277,056.75	15.9%
Interest Expense on Capital Asset Financings	(8,668,837.52)	(10,062,328.01)	1,393,490.49	13.8%
Net Other Nonoperating Adjustments	120,059,913.49	103,791,237.30	16,268,676.19	15.7%
Adjusted Income (Loss) including Depreciation & Amortization	8,910,324.79	(8,990,974.12)	17,901,298.91	199.1%
Adjusted Margin % including Depreciation & Amortization	2.7%	-2.9%		
Investment Gain (Losses)	10,771,214.86	19,975,394.70	(9,204,179.84)	-46.1%
Adj. Inc. (Loss) with Investment Gains (Losses)	19,681,539.65	10,984,420.58	8,697,119.07	79.2%
Adj. Margin % with Investment Gains (Losses)	5.7%	3.3%		
Adjusted Income (Loss) excluding Depreciation & Amortization	37,494,349.51	19,063,931.48	18,430,418.03	96.7%
Adjusted Margin % excluding Depreciation & Amortization	11.3%	6.2%		

UNAUDITED

The University of Texas at Tyler
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2018

	March Year-to-Date FY 2018	March Year-to-Date FY 2017	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition and Fees	30,123,185.75	27,208,714.75	2,914,471.00	10.7%
Sponsored Programs	7,991,044.95	8,830,513.26	(839,468.31)	-9.5%
Net Sales and Services of Educational Activities	9,324,716.30	7,657,414.46	1,667,301.84	21.8%
Net Auxiliary Enterprises	5,579,392.00	5,239,297.00	340,095.00	6.5%
Other Operating Revenues	168,060.19	126,909.78	41,150.41	32.4%
Total Operating Revenues	53,186,399.19	49,062,849.25	4,123,549.94	8.4%
Operating Expenses				
Salaries and Wages	43,147,573.47	42,089,625.46	1,057,948.01	2.5%
Payroll Related Costs	11,690,942.37	11,235,606.12	455,336.25	4.1%
Membership Dues	221,976.35	143,715.93	78,260.42	54.5%
Registration Fees, Meetings, Conferences	199,038.51	231,665.40	(32,626.89)	-14.1%
Cost of Goods Sold	15,477.11	20,297.08	(4,819.97)	-23.7%
Professional Fees and Services	2,416,526.54	1,403,547.57	1,012,978.97	72.2%
Other Contracted Services	3,718,930.81	3,982,607.10	(263,676.29)	-6.6%
Fees and Other Charges	117,457.25	118,150.15	(692.90)	-0.6%
Travel	1,028,775.30	1,218,290.58	(189,515.28)	-15.6%
Materials and Supplies	3,389,755.13	4,588,086.55	(1,198,331.42)	-26.1%
Utilities	1,649,296.52	1,437,438.05	211,858.47	14.7%
Communications	570,282.04	390,826.72	179,455.32	45.9%
Repairs and Maintenance	1,180,827.60	1,617,891.58	(437,063.98)	-27.0%
Rentals and Leases	373,350.17	294,871.08	78,479.09	26.6%
Printing and Reproduction	475,402.60	634,006.47	(158,603.87)	-25.0%
Royalty Payments	9,740.30	6,482.68	3,257.62	50.3%
Bad Debt Expense	1,250.10	-	1,250.10	100.0%
Insurance Costs/Premiums	18,986.60	48,092.70	(29,106.10)	-60.5%
Scholarships and Fellowships	4,814,684.00	3,593,814.00	1,220,870.00	34.0%
Depreciation and Amortization	8,998,444.00	8,758,862.00	239,582.00	2.7%
Federal Sponsored Program Pass-Through to Other State Agencies	(47,477.07)	-	(47,477.07)	100.0%
Other Operating Expenses	1,195,280.51	1,538,518.18	(343,237.67)	-22.3%
Total Operating Expenses	85,186,520.21	83,352,395.40	1,834,124.81	2.2%
Operating Loss	(32,000,121.02)	(34,289,546.15)	2,289,425.13	6.7%
Other Nonoperating Adjustments				
State Appropriations	25,644,885.00	25,961,054.00	(316,169.00)	-1.2%
Nonexchange Sponsored Programs	6,747,650.00	6,495,580.00	252,070.00	3.9%
Gift Contributions for Operations	779,587.52	620,014.11	159,573.41	25.7%
Net Investment Income	3,164,035.23	2,744,974.33	419,060.90	15.3%
Interest Expense on Capital Asset Financings	(3,250,149.28)	(3,577,962.22)	327,812.94	9.2%
Net Other Nonoperating Adjustments	33,086,008.47	32,243,660.22	842,348.25	2.6%
Adjusted Income (Loss) including Depreciation & Amortization	1,085,887.45	(2,045,885.93)	3,131,773.38	153.1%
Adjusted Margin % including Depreciation & Amortization	1.2%	-2.4%		
Investment Gain (Losses)	3,893,237.86	2,914,330.04	978,907.82	33.6%
Adj. Inc. (Loss) with Investment Gains (Losses)	4,979,125.31	868,444.11	4,110,681.20	473.3%
Adj. Margin % with Investment Gains (Losses)	5.3%	1.0%		
Adjusted Income (Loss) excluding Depreciation & Amortization	10,084,331.45	6,712,976.07	3,371,355.38	50.2%
Adjusted Margin % excluding Depreciation & Amortization	11.3%	7.9%		

UNAUDITED

The University of Texas Southwestern Medical Center
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2018

	March Year-to-Date FY 2018	March Year-to-Date FY 2017	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition and Fees	14,478,195.52	13,765,320.10	712,875.42	5.2%
Sponsored Programs	341,219,870.56	336,084,913.19	5,134,957.37	1.5%
Net Sales and Services of Educational Activities	8,859,663.93	6,572,189.88	2,287,474.05	34.8%
Net Sales and Services of Hospitals	752,035,655.72	651,758,263.84	100,277,391.88	15.4%
Net Professional Fees	385,381,057.67	365,326,090.70	20,054,966.97	5.5%
Net Auxiliary Enterprises	15,773,046.06	17,478,287.76	(1,705,241.70)	-9.8%
Other Operating Revenues	63,253,345.30	60,107,961.13	3,145,384.17	5.2%
Total Operating Revenues	1,581,000,834.76	1,451,093,026.60	129,907,808.16	9.0%
Operating Expenses				
Salaries and Wages	846,245,320.24	804,218,067.75	42,027,252.49	5.2%
Payroll Related Costs	218,134,698.75	215,717,230.78	2,417,467.97	1.1%
Membership Dues	4,867,886.22	2,187,761.64	2,680,124.58	122.5%
Registration Fees, Meetings, Conferences	3,280,276.44	3,686,511.64	(406,235.20)	-11.0%
Cost of Goods Sold	3,909,964.15	3,771,131.74	138,832.41	3.7%
Professional Fees and Services	40,680,839.23	37,610,448.34	3,070,390.89	8.2%
Other Contracted Services	82,626,415.57	74,954,798.39	7,671,617.18	10.2%
Fees and Other Charges	1,045,436.59	2,836,032.58	(1,790,595.99)	-63.1%
Travel	7,970,210.95	7,423,100.37	547,110.58	7.4%
Materials and Supplies	275,597,092.34	252,188,505.14	23,408,587.20	9.3%
Utilities	13,772,640.47	13,306,937.72	465,702.75	3.5%
Communications	4,700,112.60	7,136,389.03	(2,436,276.43)	-34.1%
Repairs and Maintenance	12,518,541.09	10,567,415.85	1,951,125.24	18.5%
Rentals and Leases	6,907,100.11	5,555,693.95	1,351,406.16	24.3%
Printing and Reproduction	1,680,378.28	1,596,367.27	84,011.01	5.3%
Royalty Payments	1,064,599.91	1,558,323.53	(493,723.62)	-31.7%
Insurance Costs/Premiums	1,433,267.23	1,575,995.11	(142,727.88)	-9.1%
Scholarships and Fellowships	975,413.89	1,079,417.63	(104,003.74)	-9.6%
Depreciation and Amortization	99,754,683.23	94,767,370.75	4,987,312.48	5.3%
Federal Sponsored Program Pass-Through to Other State Agencies	1,975,072.70	1,231,661.09	743,411.61	60.4%
Other Operating Expenses	44,083,796.35	10,180,389.94	33,903,406.41	333.0%
Total Operating Expenses	1,673,223,746.34	1,553,149,550.24	120,074,196.10	7.7%
Operating Loss	(92,222,911.58)	(102,056,523.64)	9,833,612.06	9.6%
Other Nonoperating Adjustments				
State Appropriations	112,763,189.00	109,393,605.00	3,369,584.00	3.1%
Gift Contributions for Operations	21,250,536.95	8,187,187.56	13,063,349.39	159.6%
Net Investment Income	69,193,356.40	71,857,419.68	(2,664,063.28)	-3.7%
Interest Expense on Capital Asset Financings	(21,405,377.77)	(18,785,594.73)	(2,619,783.04)	-13.9%
Net Other Nonoperating Adjustments	181,801,704.58	170,652,617.51	11,149,087.07	6.5%
Adjusted Income (Loss) including Depreciation & Amortization	89,578,793.00	68,596,093.87	20,982,699.13	30.6%
Adjusted Margin % including Depreciation & Amortization	5.0%	4.2%		
Investment Gain (Losses)	67,580,474.42	47,788,343.33	19,792,131.09	41.4%
Adj. Inc. (Loss) with Investment Gains (Losses)	157,159,267.42	116,384,437.20	40,774,830.22	35.0%
Adj. Margin % with Investment Gains (Losses)	8.5%	6.9%		
Adjusted Income (Loss) excluding Depreciation & Amortization	189,333,476.23	163,363,464.62	25,970,011.61	15.9%
Adjusted Margin % excluding Depreciation & Amortization	10.6%	10.0%		

UNAUDITED

The University of Texas Medical Branch at Galveston
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2018

	March Year-to-Date FY 2018	March Year-to-Date FY 2017	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition and Fees	24,194,117.15	22,673,642.90	1,520,474.25	6.7%
Sponsored Programs	114,599,977.29	113,133,153.89	1,466,823.40	1.3%
Net Sales and Services of Educational Activities	8,362,415.97	11,336,047.68	(2,973,631.71)	-26.2%
Net Sales and Services of Hospitals	669,430,762.63	645,844,330.62	23,586,432.01	3.7%
Net Professional Fees	113,889,439.83	115,646,076.01	(1,756,636.18)	-1.5%
Net Auxiliary Enterprises	7,349,025.95	6,692,254.82	656,771.13	9.8%
Other Operating Revenues	30,241,141.89	31,081,995.63	(840,853.74)	-2.7%
Total Operating Revenues	968,066,880.71	946,407,501.55	21,659,379.16	2.3%
Operating Expenses				
Salaries and Wages	615,249,149.62	599,520,203.05	15,728,946.57	2.6%
Payroll Related Costs	168,930,233.54	164,697,984.51	4,232,249.03	2.6%
Membership Dues	1,317,773.46	1,360,545.65	(42,772.19)	-3.1%
Registration Fees, Meetings, Conferences	1,460,904.64	1,730,565.25	(269,660.61)	-15.6%
Cost of Goods Sold	59,745,991.41	58,061,908.59	1,684,082.82	2.9%
Professional Fees and Services	19,411,754.33	24,189,439.21	(4,777,684.88)	-19.8%
Other Contracted Services	67,615,603.14	68,158,784.80	(543,181.66)	-0.8%
Fees and Other Charges	835,585.96	923,540.19	(87,954.23)	-9.5%
Travel	3,777,284.32	4,349,674.02	(572,389.70)	-13.2%
Materials and Supplies	97,459,665.91	92,462,611.66	4,997,054.25	5.4%
Utilities	18,713,429.36	19,106,621.03	(393,191.67)	-2.1%
Communications	5,647,516.20	5,949,576.14	(302,059.94)	-5.1%
Repairs and Maintenance	29,435,715.01	26,859,435.67	2,576,279.34	9.6%
Rentals and Leases	14,990,248.15	15,167,250.35	(177,002.20)	-1.2%
Printing and Reproduction	848,932.38	866,437.17	(17,504.79)	-2.0%
Royalty Payments	1,990,513.94	1,405,955.83	584,558.11	41.6%
Insurance Costs/Premiums	6,282,466.52	6,106,048.68	176,417.84	2.9%
Scholarships and Fellowships	4,365,994.55	4,818,175.62	(452,181.07)	-9.4%
Depreciation and Amortization	90,080,053.45	86,971,690.61	3,108,362.84	3.6%
Federal Sponsored Program Pass-Through to Other State Agencies	677,923.77	409,168.23	268,755.54	65.7%
Other Operating Expenses	10,497,232.88	10,169,434.24	327,798.64	3.2%
Total Operating Expenses	1,219,333,972.54	1,193,285,050.50	26,048,922.04	2.2%
Operating Loss	(251,267,091.83)	(246,877,548.95)	(4,389,542.88)	-1.8%
Other Nonoperating Adjustments				
State Appropriations	215,664,434.82	218,604,976.30	(2,940,541.48)	-1.3%
Nonexchange Sponsored Programs	688,286.00	664,420.00	23,866.00	3.6%
Gift Contributions for Operations	5,862,902.20	4,699,160.63	1,163,741.57	24.8%
Net Investment Income	31,142,814.23	27,133,010.22	4,009,804.01	14.8%
Interest Expense on Capital Asset Financings	(12,752,204.58)	(13,490,477.92)	738,273.34	5.5%
Net Other Nonoperating Adjustments	240,606,232.67	237,611,089.23	2,995,143.44	1.3%
Adjusted Income (Loss) including Depreciation & Amortization	(10,660,859.16)	(9,266,459.72)	(1,394,399.44)	-15.0%
Adjusted Margin % including Depreciation & Amortization	-0.9%	-0.8%		
Investment Gain (Losses)	30,373,886.57	21,034,641.22	9,339,245.35	44.4%
Adj. Inc. (Loss) with Investment Gains (Losses)	19,713,027.41	11,768,181.50	7,944,845.91	67.5%
Adj. Margin % with Investment Gains (Losses)	1.6%	1.0%		
Adjusted Income (Loss) excluding Depreciation & Amortization	79,419,194.29	77,705,230.89	1,713,963.40	2.2%
Adjusted Margin % excluding Depreciation & Amortization	6.5%	6.5%		

UNAUDITED

The University of Texas Health Science Center at Houston
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2018

	March Year-to-Date FY 2018	March Year-to-Date FY 2017	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition and Fees	34,345,380.24	32,769,143.55	1,576,236.69	4.8%
Sponsored Programs	429,313,098.92	417,365,245.89	11,947,853.03	2.9%
Net Sales and Services of Educational Activities	22,268,556.79	21,430,734.11	837,822.68	3.9%
Net Sales and Services of Hospitals	41,451,491.08	40,483,571.95	967,919.13	2.4%
Net Professional Fees	209,924,641.38	201,809,177.17	8,115,464.21	4.0%
Net Auxiliary Enterprises	18,204,134.51	17,803,570.37	400,564.14	2.2%
Other Operating Revenues	38,946,013.92	29,738,532.89	9,207,481.03	31.0%
Total Operating Revenues	794,453,316.84	761,399,975.93	33,053,340.91	4.3%
Operating Expenses				
Salaries and Wages	567,977,951.91	532,268,878.28	35,709,073.63	6.7%
Payroll Related Costs	127,603,666.20	116,709,232.78	10,894,433.42	9.3%
Membership Dues	1,242,004.62	1,214,827.29	27,177.33	2.2%
Registration Fees, Meetings, Conferences	1,689,709.73	1,711,337.91	(21,628.18)	-1.3%
Cost of Goods Sold	12,544,163.93	11,602,114.98	942,048.95	8.1%
Professional Fees and Services	33,696,430.01	36,558,486.28	(2,862,056.27)	-7.8%
Other Contracted Services	44,140,750.37	45,652,169.24	(1,511,418.87)	-3.3%
Fees and Other Charges	7,354,448.93	7,490,071.52	(135,622.59)	-1.8%
Travel	5,771,614.50	6,094,211.60	(322,597.10)	-5.3%
Materials and Supplies	38,952,338.16	34,499,568.23	4,452,769.93	12.9%
Utilities	9,530,664.66	9,423,816.37	106,848.29	1.1%
Communications	1,644,927.19	3,793,507.18	(2,148,579.99)	-56.6%
Repairs and Maintenance	11,297,802.06	8,335,766.50	2,962,035.56	35.5%
Rentals and Leases	21,524,418.77	20,865,736.36	658,682.41	3.2%
Printing and Reproduction	3,204,491.12	3,803,675.66	(599,184.54)	-15.8%
Royalty Payments	1,541,151.08	995,451.28	545,699.80	54.8%
Insurance Costs/Premiums	7,264,361.54	4,346,088.00	2,918,273.54	67.1%
Scholarships and Fellowships	3,883,063.55	2,988,359.30	894,704.25	29.9%
Depreciation and Amortization	36,846,202.24	35,860,215.90	985,986.34	2.7%
Federal Sponsored Program Pass-Through to Other State Agencies	2,530,370.50	3,633,981.34	(1,103,610.84)	-30.4%
Other Operating Expenses	7,384,570.42	10,033,946.70	(2,649,376.28)	-26.4%
Total Operating Expenses	947,625,101.49	897,881,442.70	49,743,658.79	5.5%
Operating Loss	(153,171,784.65)	(136,481,466.77)	(16,690,317.88)	-12.2%
Other Nonoperating Adjustments				
State Appropriations	125,424,781.99	126,602,722.20	(1,177,940.21)	-0.9%
Nonexchange Sponsored Programs	912,002.34	300,438.29	611,564.05	203.6%
Gift Contributions for Operations	13,669,101.10	14,335,469.37	(666,368.27)	-4.6%
Net Investment Income	26,024,552.22	21,741,704.51	4,282,847.71	19.7%
Interest Expense on Capital Asset Financings	(6,827,398.27)	(7,014,424.90)	187,026.63	2.7%
Net Other Nonoperating Adjustments	159,203,039.38	155,965,909.47	3,237,129.91	2.1%
Adjusted Income (Loss) including Depreciation & Amortization	6,031,254.73	19,484,442.70	(13,453,187.97)	-69.0%
Adjusted Margin % including Depreciation & Amortization	0.6%	2.1%		
Investment Gain (Losses)	28,378,139.36	17,989,287.41	10,388,851.95	57.8%
Adj. Inc. (Loss) with Investment Gains (Losses)	34,409,394.09	37,473,730.11	(3,064,336.02)	-8.2%
Adj. Margin % with Investment Gains (Losses)	3.5%	4.0%		
Adjusted Income (Loss) excluding Depreciation & Amortization	42,877,456.97	55,344,658.60	(12,467,201.63)	-22.5%
Adjusted Margin % excluding Depreciation & Amortization	4.5%	6.0%		

UNAUDITED

The University of Texas Health Science Center at San Antonio
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2018

	March Year-to-Date FY 2018	March Year-to-Date FY 2017	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition and Fees	25,572,097.25	23,580,653.83	1,991,443.42	8.4%
Sponsored Programs	178,930,070.90	174,276,046.91	4,654,023.99	2.7%
Net Sales and Services of Educational Activities	14,062,335.55	12,658,027.47	1,404,308.08	11.1%
Net Professional Fees	120,288,287.67	110,153,639.26	10,134,648.41	9.2%
Net Auxiliary Enterprises	2,605,075.26	3,470,164.40	(865,089.14)	-24.9%
Other Operating Revenues	23,578,108.20	23,120,206.08	457,902.12	2.0%
Total Operating Revenues	365,035,974.83	347,258,737.95	17,777,236.88	5.1%
Operating Expenses				
Salaries and Wages	265,721,353.18	255,988,687.70	9,732,665.48	3.8%
Payroll Related Costs	74,931,375.66	71,888,089.95	3,043,285.71	4.2%
Membership Dues	1,985,683.99	2,232,293.56	(246,609.57)	-11.0%
Registration Fees, Meetings, Conferences	4,571,802.82	4,067,490.76	504,312.06	12.4%
Professional Fees and Services	15,415,244.38	14,099,486.59	1,315,757.79	9.3%
Other Contracted Services	10,256,936.21	17,424,081.29	(7,167,145.08)	-41.1%
Fees and Other Charges	1,409,903.49	1,237,745.85	172,157.64	13.9%
Travel	2,920,113.15	2,783,515.77	136,597.38	4.9%
Materials and Supplies	36,253,403.47	32,749,608.93	3,503,794.54	10.7%
Utilities	10,295,833.33	10,836,402.50	(540,569.17)	-5.0%
Communications	3,287,526.83	3,786,660.53	(499,133.70)	-13.2%
Repairs and Maintenance	9,434,228.08	4,699,972.94	4,734,255.14	100.7%
Rentals and Leases	2,631,101.98	2,663,424.93	(32,322.95)	-1.2%
Printing and Reproduction	1,139,963.68	1,396,619.34	(256,655.66)	-18.4%
Royalty Payments	69,706.78	58,362.50	11,344.28	19.4%
Insurance Costs/Premiums	844,250.71	715,460.56	128,790.15	18.0%
Scholarships and Fellowships	8,270,513.35	4,945,316.21	3,325,197.14	67.2%
Depreciation and Amortization	32,375,000.00	30,333,333.33	2,041,666.67	6.7%
Federal Sponsored Program Pass-Through to Other State Agencies	1,020,833.33	1,020,833.33	-	-
Other Operating Expenses	11,815,194.22	15,724,333.21	(3,909,138.99)	-24.9%
Total Operating Expenses	494,649,968.64	478,651,719.78	15,998,248.86	3.3%
Operating Loss	(129,613,993.81)	(131,392,981.83)	1,778,988.02	1.4%
Other Nonoperating Adjustments				
State Appropriations	100,732,327.50	101,264,779.00	(532,451.50)	-0.5%
Nonexchange Sponsored Programs	729,166.67	729,166.67	-	-
Gift Contributions for Operations	10,056,689.14	20,581,861.16	(10,525,172.02)	-51.1%
Net Investment Income	25,698,322.86	22,658,657.41	3,039,665.45	13.4%
Interest Expense on Capital Asset Financings	(5,895,203.02)	(5,787,302.78)	(107,900.24)	-1.9%
Net Other Nonoperating Adjustments	131,321,303.15	139,447,161.46	(8,125,858.31)	-5.8%
Adjusted Income (Loss) including Depreciation & Amortization	1,707,309.34	8,054,179.63	(6,346,870.29)	-78.8%
Adjusted Margin % including Depreciation & Amortization	0.3%	1.6%		
Investment Gain (Losses)	31,881,814.54	21,710,546.39	10,171,268.15	46.8%
Adj. Inc. (Loss) with Investment Gains (Losses)	33,589,123.88	29,764,726.02	3,824,397.86	12.8%
Adj. Margin % with Investment Gains (Losses)	6.3%	5.8%		
Adjusted Income (Loss) excluding Depreciation & Amortization	34,082,309.34	38,387,512.96	(4,305,203.62)	-11.2%
Adjusted Margin % excluding Depreciation & Amortization	6.8%	7.8%		

UNAUDITED

The University of Texas M. D. Anderson Cancer Center
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2018

	March Year-to-Date FY 2018	March Year-to-Date FY 2017	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition and Fees	903,685.50	1,515,358.76	(611,673.26)	-40.4%
Sponsored Programs	197,894,067.06	194,590,098.88	3,303,968.18	1.7%
Net Sales and Services of Educational Activities	1,550,875.17	1,444,410.64	106,464.53	7.4%
Net Sales and Services of Hospitals	2,116,887,965.87	1,937,891,227.21	178,996,738.66	9.2%
Net Professional Fees	252,778,701.43	234,824,456.51	17,954,244.92	7.6%
Net Auxiliary Enterprises	24,952,236.48	25,970,578.12	(1,018,341.64)	-3.9%
Other Operating Revenues	63,778,730.51	61,379,019.73	2,399,710.78	3.9%
Total Operating Revenues	2,658,746,262.02	2,457,615,149.85	201,131,112.17	8.2%
Operating Expenses				
Salaries and Wages	1,106,955,276.76	1,113,824,507.73	(6,869,230.97)	-0.6%
Payroll Related Costs	334,497,408.88	342,278,738.69	(7,781,329.81)	-2.3%
Membership Dues	4,208,607.55	4,161,482.01	47,125.54	1.1%
Registration Fees, Meetings, Conferences	2,734,674.38	2,071,130.14	663,544.24	32.0%
Cost of Goods Sold	1,456,754.98	1,398,447.52	58,307.46	4.2%
Professional Fees and Services	81,567,615.41	106,331,622.43	(24,764,007.02)	-23.3%
Other Contracted Services	68,692,193.06	69,637,947.12	(945,754.06)	-1.4%
Fees and Other Charges	6,332,395.29	9,432,861.78	(3,100,466.49)	-32.9%
Travel	10,014,315.13	10,099,884.29	(85,569.16)	-0.8%
Materials and Supplies	534,019,535.08	490,274,575.02	43,744,960.06	8.9%
Utilities	27,612,267.17	25,281,285.31	2,330,981.86	9.2%
Communications	6,898,897.97	7,400,450.09	(501,552.12)	-6.8%
Repairs and Maintenance	58,114,634.75	62,962,300.36	(4,847,665.61)	-7.7%
Rentals and Leases	25,128,607.10	25,973,623.53	(845,016.43)	-3.3%
Printing and Reproduction	3,001,626.53	3,347,881.74	(346,255.21)	-10.3%
Royalty Payments	274,953.95	514,578.12	(239,624.17)	-46.6%
Insurance Costs/Premiums	4,975,565.54	5,058,571.94	(83,006.40)	-1.6%
Scholarships and Fellowships	2,906,025.68	2,186,475.20	719,550.48	32.9%
Depreciation and Amortization	217,010,538.06	219,609,015.40	(2,598,477.34)	-1.2%
Federal Sponsored Program Pass-Through to Other State Agencies	564,553.24	87,435.30	477,117.94	545.7%
State Sponsored Program Pass-Through to Other State Agencies	1,121,019.54	1,362,636.96	(241,617.42)	-17.7%
Other Operating Expenses	5,328,731.91	5,128,585.34	200,146.57	3.9%
Total Operating Expenses	2,503,416,197.96	2,508,424,036.02	(5,007,838.06)	-0.2%
Operating Loss	155,330,064.06	(50,808,886.17)	206,138,950.23	405.7%
Other Nonoperating Adjustments				
State Appropriations	121,836,911.76	121,440,784.42	396,127.34	0.3%
Nonexchange Sponsored Programs	434,688.88	1,211,499.88	(776,811.00)	-64.1%
Gift Contributions for Operations	75,523,084.31	86,836,742.64	(11,313,658.33)	-13.0%
Net Investment Income	91,618,194.22	77,514,135.95	14,104,058.27	18.2%
Interest Expense on Capital Asset Financings	(20,415,782.10)	(19,795,480.81)	(620,301.29)	-3.1%
Net Other Nonoperating Adjustments	268,997,097.07	267,207,682.08	1,789,414.99	0.7%
Adjusted Income (Loss) including Depreciation & Amortization	424,327,161.13	216,398,795.91	207,928,365.22	96.1%
Adjusted Margin % including Depreciation & Amortization	14.4%	7.9%		
Investment Gain (Losses)	152,119,846.88	74,519,596.31	77,600,250.57	104.1%
Adj. Inc. (Loss) with Investment Gains (Losses)	576,447,008.01	290,918,392.22	285,528,615.79	98.1%
Adj. Margin % with Investment Gains (Losses)	18.6%	10.3%		
Adjusted Income (Loss) excluding Depreciation & Amortization	641,337,699.19	436,007,811.31	205,329,887.88	47.1%
Adjusted Margin % excluding Depreciation & Amortization	21.8%	15.9%		

UNAUDITED

The University of Texas Health Science Center at Tyler
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2018

	March Year-to-Date FY 2018	March Year-to-Date FY 2017	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition and Fees	141,351.80	90,397.24	50,954.56	56.4%
Sponsored Programs	19,752,452.90	19,027,699.90	724,753.00	3.8%
Net Sales and Services of Educational Activities	2,111,814.90	1,476,490.28	635,324.62	43.0%
Net Sales and Services of Hospitals	38,968,047.13	34,387,221.40	4,580,825.73	13.3%
Net Professional Fees	10,334,540.00	10,997,446.84	(662,906.84)	-6.0%
Net Auxiliary Enterprises	99,860.31	119,086.81	(19,226.50)	-16.1%
Other Operating Revenues	15,590,708.09	10,616,474.61	4,974,233.48	46.9%
Total Operating Revenues	86,998,775.13	76,714,817.08	10,283,958.05	13.4%
Operating Expenses				
Salaries and Wages	61,860,544.65	57,605,136.55	4,255,408.10	7.4%
Payroll Related Costs	19,401,773.49	18,725,800.33	675,973.16	3.6%
Membership Dues	132,150.69	178,186.61	(46,035.92)	-25.8%
Registration Fees, Meetings, Conferences	122,742.02	193,269.54	(70,527.52)	-36.5%
Cost of Goods Sold	67,285.91	73,279.93	(5,994.02)	-8.2%
Professional Fees and Services	10,801,835.79	7,863,331.54	2,938,504.25	37.4%
Other Contracted Services	6,497,512.55	6,165,371.07	332,141.48	5.4%
Fees and Other Charges	866,175.44	608,558.28	257,617.16	42.3%
Travel	452,379.22	447,713.33	4,665.89	1.0%
Materials and Supplies	17,478,381.86	14,314,709.38	3,163,672.48	22.1%
Utilities	1,289,515.69	1,303,971.90	(14,456.21)	-1.1%
Communications	671,349.85	690,120.82	(18,770.97)	-2.7%
Repairs and Maintenance	3,407,303.58	3,629,678.73	(222,375.15)	-6.1%
Rentals and Leases	859,156.61	1,019,673.98	(160,517.37)	-15.7%
Printing and Reproduction	37,345.04	46,041.18	(8,696.14)	-18.9%
Insurance Costs/Premiums	152,749.00	122,775.00	29,974.00	24.4%
Scholarships and Fellowships	27,462.40	78,550.56	(51,088.16)	-65.0%
Depreciation and Amortization	8,061,129.82	6,928,208.76	1,132,921.06	16.4%
Federal Sponsored Program Pass-Through to Other State Agencies	280,411.43	387,480.26	(107,068.83)	-27.6%
Other Operating Expenses	856,296.32	1,168,431.24	(312,134.92)	-26.7%
Total Operating Expenses	133,323,501.36	121,550,288.99	11,773,212.37	9.7%
Operating Loss	(46,324,726.23)	(44,835,471.91)	(1,489,254.32)	-3.3%
Other Nonoperating Adjustments				
State Appropriations	29,808,571.11	32,347,764.69	(2,539,193.58)	-7.8%
Gift Contributions for Operations	208,933.38	340,829.83	(131,896.45)	-38.7%
Net Investment Income	2,372,389.85	2,418,897.48	(46,507.63)	-1.9%
Interest Expense on Capital Asset Financings	(1,211,879.68)	(905,399.39)	(306,480.29)	-33.9%
Net Other Nonoperating Adjustments	31,178,014.66	34,202,092.61	(3,024,077.95)	-8.8%
Adjusted Income (Loss) including Depreciation & Amortization	(15,146,711.57)	(10,633,379.30)	(4,513,332.27)	-42.4%
Adjusted Margin % including Depreciation & Amortization	-12.7%	-9.5%		
Investment Gain (Losses)	2,375,458.44	1,830,180.25	545,278.19	29.8%
Adj. Inc. (Loss) with Investment Gains (Losses)	(12,771,253.13)	(8,803,199.05)	(3,968,054.08)	-45.1%
Adj. Margin % with Investment Gains (Losses)	-10.5%	-7.7%		
Adjusted Income (Loss) excluding Depreciation & Amortization	(7,085,581.75)	(3,705,170.54)	(3,380,411.21)	-91.2%
Adjusted Margin % excluding Depreciation & Amortization	-5.9%	-3.3%		

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

REPORT

Mr. Britt Harris, President, Chief Executive Officer, and Chief Investment Officer, will present an update on The University of Texas/Texas A&M Investment Management Company (UTIMCO) using the PowerPoint presentation on the following pages.



The University of Texas/ Texas A&M Investment Management Company

UTIMCO Update

Mr. Britt Harris

President, CEO and Chief Investment Officer

U. T. System Board of Regents' Meeting

Finance and Planning Committee

April/May 2018



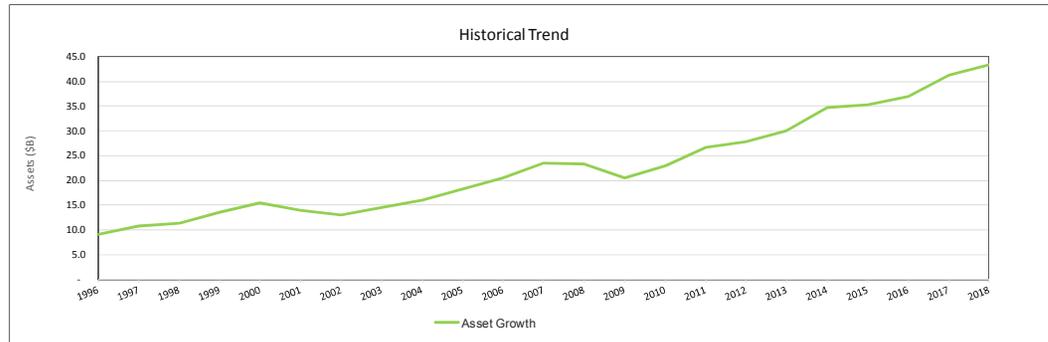
Overview of Funds

Periods Ending December 31, 2017

Endowment Funds	\$B	Returns							Alpha						Fiscal YTD		
		1 Mth	QTR	YTD	1Y	3Y	5Y	10Y	1 Mth	QTR	YTD	1Y	3Y	5Y	10Y	4 mth	Alpha
PUF	\$ 21.0	1.11	3.28	14.15	14.15	7.18	7.96	5.14	0.42	(0.06)	0.60	0.60	0.87	1.09	1.67	3.71	(0.09)
PHF	\$ 1.2	1.23	3.52	14.50	14.50	7.32	8.09	5.17	0.54	0.18	0.95	0.95	1.01	1.22	1.70	4.04	0.24
LTF	\$ 8.6	1.23	3.52	14.51	14.51	7.33	8.09	5.17	0.54	0.18	0.96	0.96	1.02	1.22	1.70	4.04	0.24
Other	\$ 0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	\$ 30.9																

Operating Funds	\$	1 Mth	QTR	YTD	1Y	3Y	5Y	10Y	1 Mth	QTR	YTD	1Y	3Y	5Y	10Y	4 mth	Alpha
ITF	\$ 9.5	1.15	2.11	11.27	11.27	4.02	4.53	3.78	0.18	(0.54)	(0.09)	(0.09)	0.31	0.98	1.68	2.37	(0.47)
Debt Proceeds	\$ 0.7	0.11	0.32	1.13	1.13	0.62	0.41	N/A	0.00	0.04	0.27	0.27	0.21	0.14	N/A	0.42	0.05
STF	\$ 2.1	0.11	0.31	1.02	1.02	0.50	0.33	0.57	0.00	0.03	0.16	0.16	0.09	0.06	0.18	0.40	0.03
TOTAL	\$ 12.3																

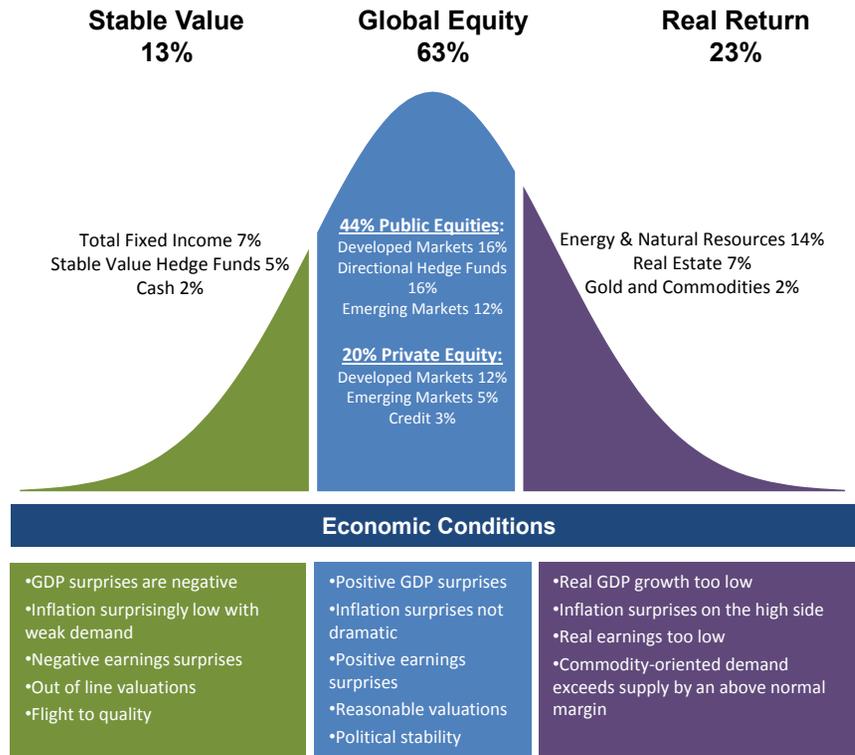
All Assets	\$	Increase	Projected	8/31/2017	8/30/2016	
September 2017	\$ 41.4	\$ 1.0	PUF Land Contributions	\$692	\$665	\$512
June 2017	\$ 40.4	\$ 0.7	PUF Distribution	(\$887)	(\$839)	(\$773)
March 2017	\$ 39.7	\$ 2.0	Net Payout (\$M)	(\$195)	(\$174)	(\$261)
December 2016	\$ 37.7					





Review of Current Environment

As of December 31, 2017



Benchmark Returns ¹			
Time Horizon	Stable Value	Global Equity	Real Return
1 Year	1.2%	15.2%	9.7%
3 Year	1.4%	6.9%	0.6%
5 Year	1.6%	8.5%	3.8%
7 Year	1.9%	7.7%	6.3%
10 Year	2.2%	4.2%	4.3%

Correlations ¹			
Environment	Stable Value	Global Equity	Real Return
Stable Value	1.00	0.65	0.48
Global Equity		1.00	0.66
Real Return			1.00

¹ Returns and Correlations reflect quarterly benchmark returns and not actual UTIMCO returns (return data from 2007 – 2017)
 * Percentages may not add up to 100% due to rounding

Global Markets, Risk Premiums and Diversification

PERIODS ENDING DECEMBER 31, 2017



	Market Returns							Std Dev		Max Drawdown	Corr vs. S&P500	Sharpe Ratio	
	MTD	QTR	YTD	1Y	3Y	5Y	10Y	1	10E			5	10
United States													
CPI	(0.06)	(0.12)	2.11	2.11	1.64	1.43	1.61	0.79	1.39	4.43	0.12	1.15	0.88
Long Treasury (Duration)	1.72	2.37	8.53	8.53	2.80	3.48	6.55	5.10	11.93	15.94	(0.30)	0.32	0.52
Credit (IG)	0.35	1.08	7.39	7.39	2.01	0.79	2.64	2.77	5.72	10.07	0.30	0.11	0.39
High Yield (Default)	0.46	0.87	10.43	10.43	7.08	5.67	8.08	2.28	11.23	33.37	0.75	0.97	0.68
US Dollar Index	(0.99)	(1.02)	(9.87)	(9.87)	0.68	2.92	1.85	5.13	8.70	17.13	(0.51)	0.39	0.17
S&P 500	1.11	6.64	21.83	21.83	11.41	15.79	8.50	3.94	15.04	50.95	1.00	1.63	0.54
U.S. Small Cap	1.00	6.34	21.13	21.13	11.12	15.58	8.60	3.85	15.57	51.20	1.00	1.57	0.53
Private Equity ¹	(0.42)	2.68	9.47	9.47	9.05	11.80	8.79	5.98	9.85	23.84	0.05	2.22	0.85
Size ²	(0.55)	2.11	(2.19)	(2.19)	0.82	(0.07)	2.03	7.18	7.99	15.37	0.28	(0.04)	0.20
Value ²	0.10	3.22	(10.53)	(10.53)	(0.12)	0.08	(0.86)	8.24	9.66	25.02	0.32	(0.02)	(0.13)
Momentum ²	(0.68)	2.51	6.38	6.38	2.56	2.16	(2.30)	6.68	17.42	57.39	(0.37)	0.18	(0.16)
Non-US Equity													
EAFE Developed (USD)	1.61	4.23	25.03	25.03	7.80	7.90	1.94	4.16	18.40	56.68	0.89	0.65	0.08
Emerging Markets (USD)	3.59	7.44	37.28	37.28	9.10	4.35	1.68	6.54	22.75	61.59	0.80	0.28	0.06
Global Equity (USD)	1.61	5.73	23.97	23.97	9.30	10.80	4.65	2.84	16.73	54.92	0.96	1.06	0.25
Europe (USD)	1.51	2.21	25.51	25.51	6.69	7.37	1.34	6.34	20.19	59.29	0.89	0.56	0.05
Europe (Local)	0.96	1.27	13.06	13.06	8.34	10.10	3.52	6.38	15.01	50.09	0.87	0.94	0.21
Japan (USD)	0.72	8.52	24.39	24.39	11.98	11.48	3.39	5.21	15.65	45.42	0.72	0.91	0.19
Diversifiers (Typical)													
Hedge Funds	0.90	2.08	7.68	7.68	2.57	3.98	1.07	1.50	5.10	22.20	0.74	1.14	0.13
Real Estate (Private) ¹	0.17	2.31	14.90	14.90	9.89	12.42	4.88	4.22	16.24	42.48	(0.09)	2.06	0.28
REITS	(0.21)	1.41	5.07	5.07	5.37	9.34	7.44	5.73	25.30	65.48	0.74	0.66	0.28
TIPS	0.92	1.26	3.01	3.01	2.05	0.13	3.53	2.11	6.17	12.22	0.18	(0.03)	0.51
Infrastructure	4.74	(0.95)	(6.52)	(6.52)	(9.33)	(0.06)	6.05	11.11	18.87	48.51	0.53	(0.02)	0.30
Diversifiers (Other)													
Commodities	2.99	4.71	1.70	1.70	(5.03)	(8.45)	(6.83)	5.72	17.58	67.02	0.51	(0.73)	(0.41)
Natural Resources	2.20	1.79	8.08	8.08	(0.52)	(2.54)	(3.25)	7.28	18.16	54.23	0.67	(0.24)	(0.20)
Oil	0.53	1.61	(4.77)	(4.77)	(1.34)	(11.04)	(6.10)	13.29	31.90	75.99	0.46	(0.39)	(0.20)
Energy Equipment & Services ³	9.30	0.50	(16.16)	(16.16)	(6.00)	(4.85)	4.56	22.36	27.12	52.63	0.66	(0.23)	0.15
Mining	10.68	11.13	32.27	32.27	8.69	(4.04)	(3.77)	22.72	32.59	75.11	0.62	(0.15)	(0.13)
Gold	2.18	1.80	13.53	13.53	3.23	(4.91)	4.57	8.72	18.93	41.88	0.03	(0.33)	0.22

¹ Private Market assets are based on independent and/or manager valuations

² As of November 30, 2017

³ 10Y columns are only for 9 years

UTIMCO RISK OVERVIEW

PERIODS ENDING DECEMBER 31, 2017



Current Cycle				Average Bull
Stage	Start Date	End Date	Length (yrs)	Length
Expansion	3/2009	12/2017	8.8	4.6

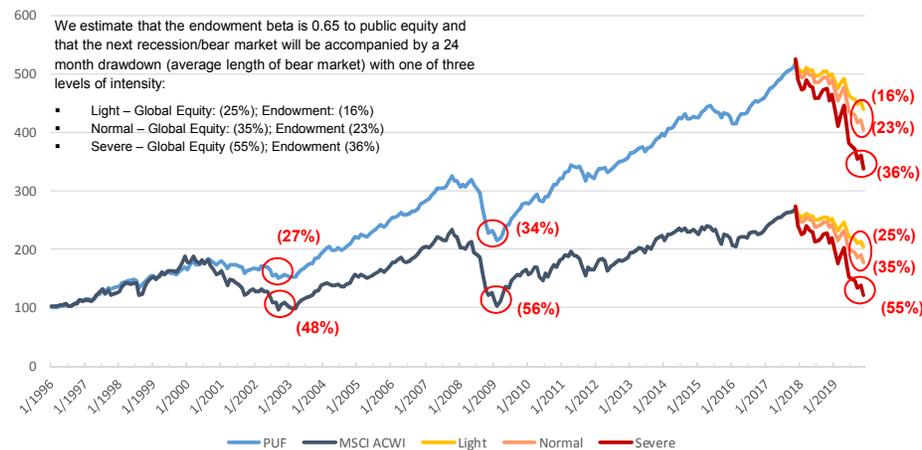
Returns over Current Cycle			
Asset Class	Cumulative	Annualized	1-yr Vol
UTIMCO	142%	10.5%	1.8%
Policy	115%	9.1%	2.1%
S&P 500	338%	18.2%	3.8%
EM (USD)	187%	12.7%	6.3%
Natural Resources	32%	3.2%	7.0%
Long Treasury	68%	6.1%	4.9%
Credit	192%	12.9%	2.2%
Hedge Funds	42%	4.0%	1.4%

Metrics over Expansion			
Metric	3/2009	12/2014	12/2017
S&P P/E (T)	11.1	18.3	22.5
EM P/E (T)	8.1	13.1	15.9
S&P Implied Vol	49.7	19.2	11.0
2-yr UST YTM	1.0	0.7	1.9
10-yr UST YTM	2.9	2.2	2.4
Brent Oil	44.1	57.3	66.9
Natural Gas	3.9	2.9	3.0
Gold	918.0	1,184.1	1,309.3

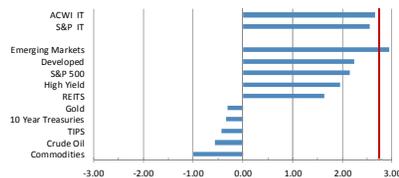
Fed Balance Sheet (\$B)			
	1,902	4,498	4,449
US			
ECB	1,460	1,777	3,725

UTIMCO Metrics	TE	IR	Sharpe
UTIMCO 3-Yr	2.2%	0.46	1.61
UTIMCO 5-Yr	2.0%	0.60	1.79

Historical and Projected PUF Drawdowns



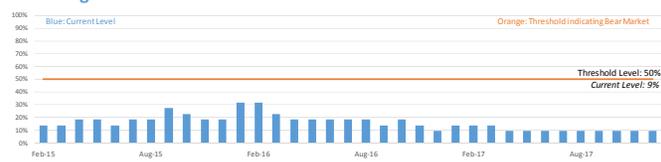
Bubble Level Monitor



Probability of Recession in the Next Year

Country	6/2016	12/2016	6/2017	12/2017
US	20%	20%	20%	15%
UK	18%	25%	25%	20%
Japan	30%	20%	20%	20%
Eurozone	13%	15%	10%	10%

Percentage of Bear Market Indicators On



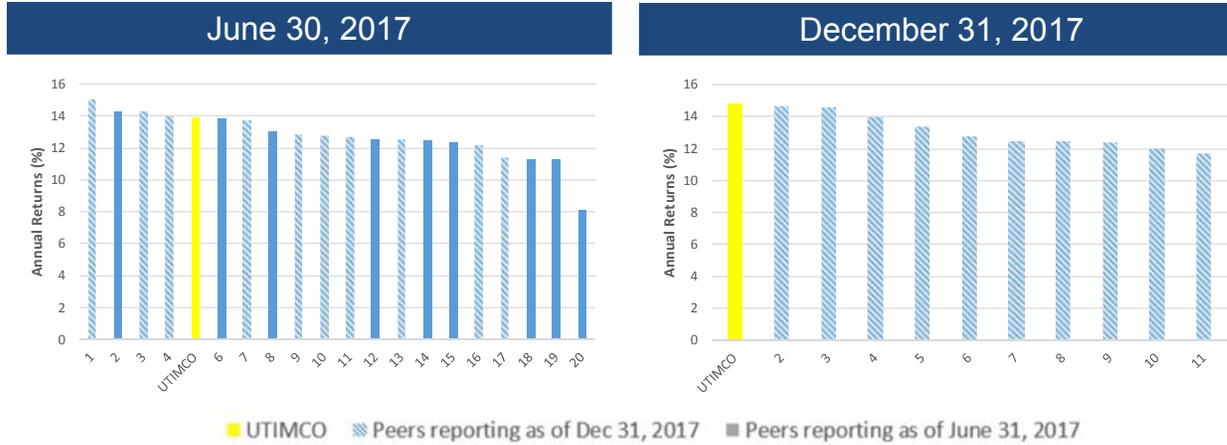
Source: Bridgewater Associates, LP, Bloomberg

Historical Geopolitical Shocks	Date of Shock	Days of Equity	US Equity Prices	Treasury Returns	Gold Price*	Real USD	Oil Price*
Nazis Invade France	5/1940	8	-25%	-1.4%	0.0%	1.7%	-
Pearl Harbor	12/1941	17	-10%	-1.4%	3.0%	0.3%	-
North Korea Invades South Korea	6/1950	14	-13%	-0.4%	7.0%	-0.1%	-
Cuban Missile Crisis	10/1962	1	-3%	-0.2%	-	0.0%	-
Arab Oil Embargo	10/1973	27	-17%	1.4%	-7.9%	6.7%	69%
Iraq Invades Kuwait	8/1990	16	-14%	-3.1%	11.0%	-1.5%	46%
September 11	9/2011	9	-12%	1.2%	7.0%	-0.1%	-6%
Average	-	13	-13%	-0.6%	3.3%	1.0%	36%

* Excludes gold when it was pegged and oil when it was carefully managed



UTIMCO Return Comparison



UTIMCO outperformed large private endowments

Period Ending June 30, 2017	Endowment Size (\$, Bn)	1-Y Return	UTIMCO Outperformance
UTIMCO	29.0	13.4%	
Stanford	24.8	13.1%	+0.3%
Princeton	23.8	12.5%	+0.9%
Yale	27.2	11.3%	+2.1%
Harvard	37.1	8.1%	+5.3%

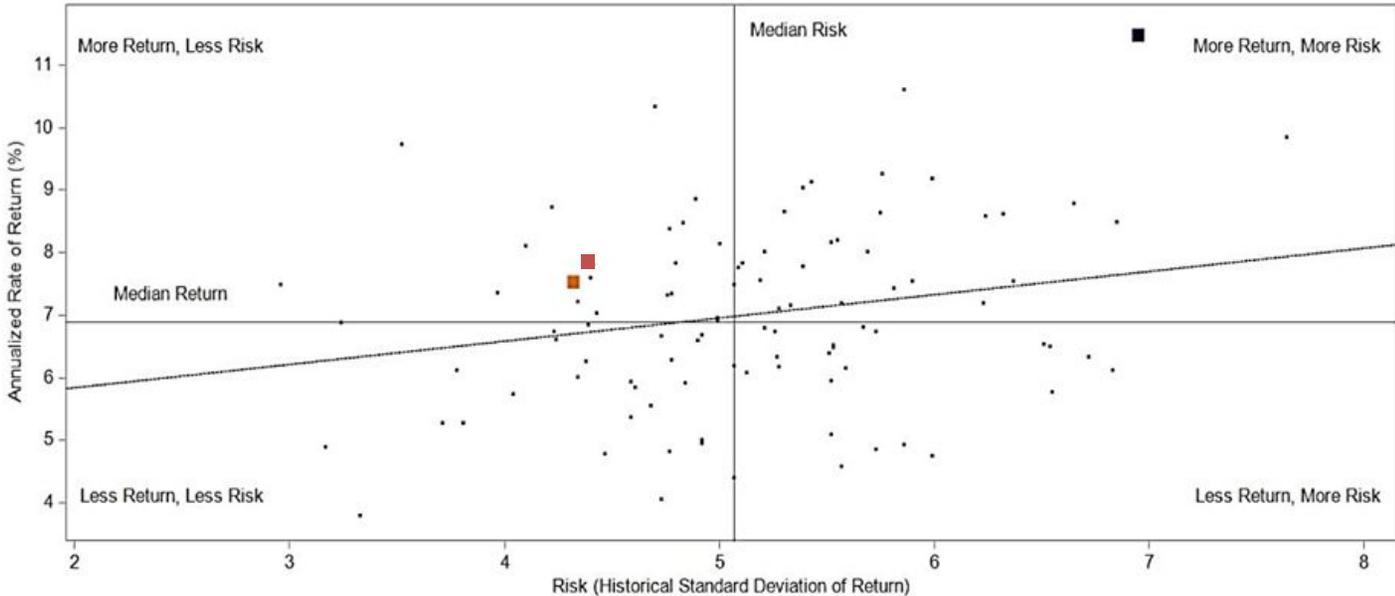
Source: FundFire, as of June 30, 2017



RISK / RETURN

PERIOD ENDING DECEMBER 31, 2017

For past three years, PUF and GEF have generated more returns for less risk



	Risk Value	Risk Rank	Return Value	Return Rank
PUF TOTAL FUND	4.34	84	7.46	37
GEF TOTAL FUND	4.41	77	7.81	27
S&P 500	6.97	1	11.41	1
Median	5.07		6.89	



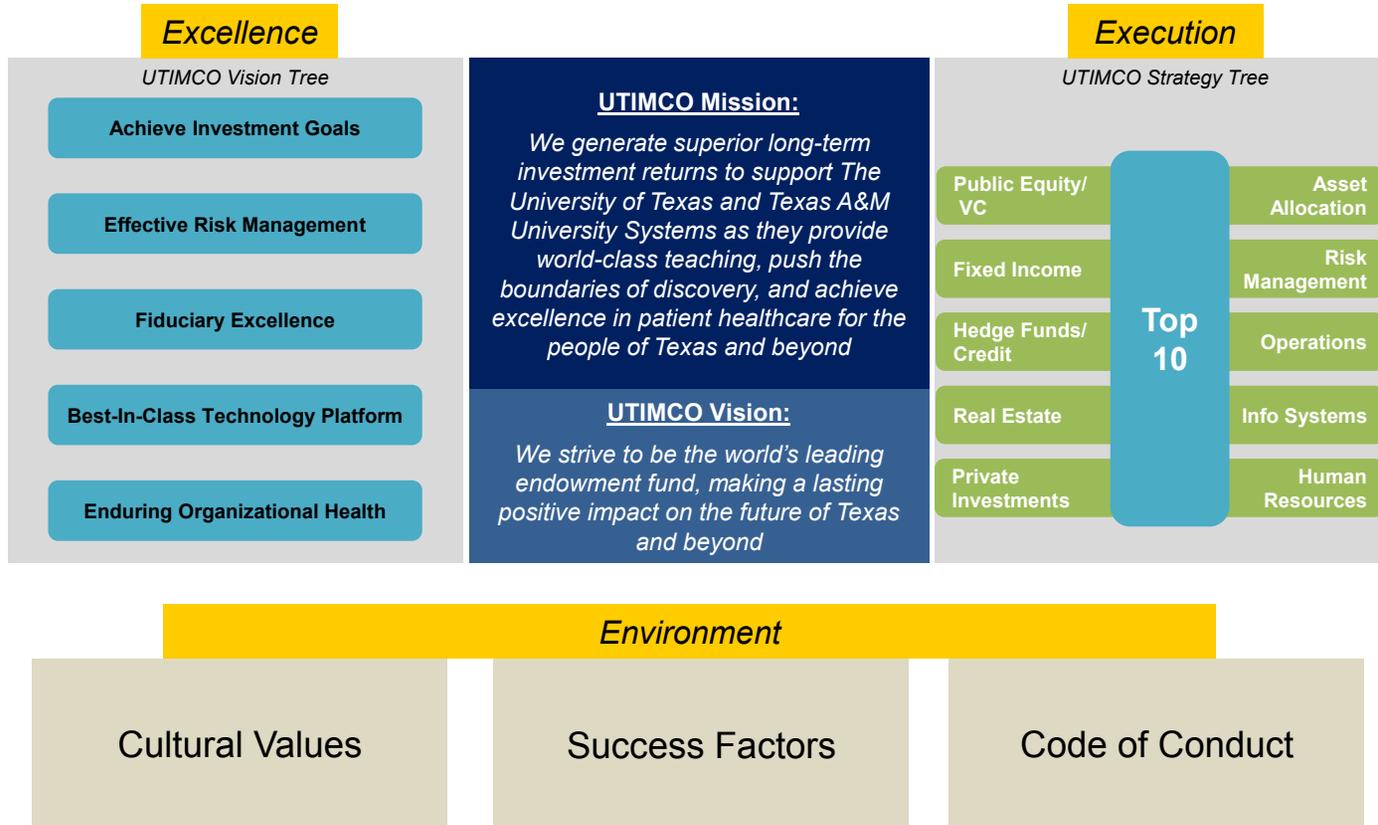
Bull Market in the Dow Jones: 1900 to present

© 2018 The Leuthold Group		
Dates	Gain (%)	Duration (Mos.)
August 24, 1921 - August 30, 1929	495.2 %	96
July 8, 1932 - March 10, 1937	371.6	56
→ March 9, 2009 - January 26, 2018	306.5 ←	107
October 11, 1990 - July 17, 1998	294.8	93
August 12, 1982 - August 25, 1987	250.4	60
June 13, 1949 - April 6, 1956	222.4	82
November 9, 1903 - January 19, 1906	144.3	26
April 28, 1942 - May 29, 1946	128.7	49
July 30, 1914 - November 21, 1916	110.5	28
October 9, 2002 - October 9, 2007	94.4	60
November 15, 1907 - November 19, 1909	89.6	24
June 26, 1962 - February 9, 1966	85.7	44
December 19, 1917 - November 3, 1919	81.4	22
December 6, 1974 - September 21, 1976	75.7	21
October 22, 1957 - December 13, 1961	75.1	52
October 19, 1987 - July 16, 1990	72.5	33
May 26, 1970 - January 11, 1973	66.6	32
March 31, 1938 - November 12, 1938	60.1	7
August 31, 1998 - January 14, 2000	55.5	16
September 24, 1900 - June 17, 1901	47.8	9
February 28, 1978 - April 27, 1981	38.0	38
October 7, 1966 - December 3, 1968	32.4	26
September 25, 1911 - September 30, 1912	29.1	12
AVERAGE	140.4 %	43
MEDIAN	85.7 %	33

Source: Leuthold



Total Alignment Map





Vision Statement

UTIMCO Vision:

We strive to be the world's leading endowment fund, making a lasting positive impact on the future of Texas and beyond

Our Vision is to have an IMPACT

Invest to have
Meaningful
Permanent
Affirmative
Contribution to
Texas and beyond

- Eradicate poverty through education
- Enhance society through research
- Cure and care for cancer patients and others who are suffering from debilitating diseases

4. **U. T. System Board of Regents: Discussion and appropriate action regarding amendments to The University of Texas/Texas A&M Investment Management Company (UTIMCO) Bylaws related to the terms of the Chairman and Vice Chairman of the UTIMCO Board of Directors**

RECOMMENDATION

The Chancellor, the Deputy Chancellor, and the Executive Vice Chancellor for Business Affairs concur in the recommendation of the Board of Directors of The University of Texas/Texas A&M Investment Management Company (UTIMCO) that the U. T. System Board of Regents authorize amendments to the UTIMCO Bylaws related to the terms of the Chairman and Vice Chairman of the UTIMCO Board of Directors as set forth below in congressional style:

ARTICLE V
OFFICERS

...

Section 4. Powers and Duties of the Chairman of the Board. The Chairman of the Board shall preside at all meetings of the Board of Directors and shall have such other powers and duties as may be assigned to such officer in these Bylaws or from time to time by the Board of Directors. The Chairman of the Board shall be appointed by the Board of Directors. No Director shall serve more than ~~three (3)~~ five (5) full one-year terms as Chairman.

Section 5. Powers and Duties of the Vice Chairman of the Board. The Vice Chairman of the Board shall have such powers and duties as may be assigned to such officer in these Bylaws or from time to time by the Board of Directors and shall exercise the powers of the Chairman during that officer's absence or inability to act. Any action taken by the Vice Chairman in the performance of the duties of the Chairman shall be conclusive evidence of the absence or inability to act of the Chairman at the time such action was taken. The Vice Chairman of the Board shall be appointed by the Board of Directors. No Director shall serve more than ~~three (3)~~ five (5) full one-year terms as Vice Chairman.

....

BACKGROUND INFORMATION

On February 28, 2018, the UTIMCO Board of Directors approved the above amendments to the UTIMCO Bylaws to allow a Director to serve up to five full one-year terms as Chairman and Vice Chairman, rather than the current three-year limitation. The proposed changes would be effective May 1, 2018.

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

RECOMMENDATION

The Chancellor concurs with the Deputy Chancellor and the Executive Vice Chancellor for Business Affairs in the recommendation that

- a. the distribution rate for the Permanent Health Fund (PHF) be increased from \$0.0619 per unit to \$0.0628 per unit for Fiscal Year 2019 (effective with November 30, 2018 distribution);
- b. the distribution rate for the U. T. System Long Term Fund (LTF) be increased from \$0.3481 per unit to \$0.3503 per unit for Fiscal Year 2019 (effective with November 30, 2018 distribution); and
- c. the distribution rate for the U. T. System Intermediate Term Fund (ITF) remain at 3.0% per annum (paid monthly) for Fiscal Year 2019.

BACKGROUND INFORMATION

To balance the needs and interests of present beneficiaries with those of future beneficiaries, the spending policy objectives guiding the recommended distribution rates for the LTF and PHF are to:

- A. provide a predictable, stable stream of distributions over time;
- B. ensure that the inflation-adjusted value of distributions is maintained over the long term; and
- C. ensure that the inflation-adjusted value of each endowment's assets after distributions is maintained over the long term.

On February 9, 2017, the Board of Regents authorized a maximum 0.60% allocation (60 basis points) from the market value of the LTF to provide more adequate funding for development operations at U. T. institutions to substantially increase philanthropic revenue.

The proposed LTF distribution rate of \$0.3503 per unit or 4.90% of the market value of the LTF plus the previously approved 0.60% development allocation would result in a total LTF spending rate of 5.50% of the prior 12-quarter average value of the LTF.

The increase in the consumer price index for the prior three years as of November 30, 2017, was 1.46%. The recommended increase in the PHF distribution rate of \$0.0619 to \$0.0628 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 4.7%.

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 2019 is to continue a distribution rate of 3.0%.

Under the Uniform Prudent Management of Institutional Funds Act, Chapter 163, *Texas Property Code*, the Board of Regents may appropriate for expenditure or accumulate so much of an endowment fund as is determined prudent for the uses, benefits, purposes, and duration for which the endowment is established.



TABLE OF CONTENTS FOR ACADEMIC AFFAIRS COMMITTEE

Committee Meeting: 4/30/2018

Board Meeting: 5/1/2018
Houston, Texas

Ernest Aliseda, Chairman
Kevin P. Eltife
Paul L. Foster
R. Steven Hicks
Janiece Longoria
Rad Weaver

	Committee Meeting	Board Meeting	Page
Convene	<i>1:00 p.m.</i> <i>Chairman Aliseda</i>		
1. U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, assigned for Committee consideration	<i>1:00 p.m.</i> Discussion	Action	122
2. U. T. Tyler: Discussion and appropriate action regarding proposed revisions to the Mission Statement	<i>1:02 p.m.</i> Action <i>President Tidwell</i>	Action	123
3. U. T. Rio Grande Valley: Approval of preliminary authority for a Doctor of Pharmacy degree program	<i>1:12 p.m.</i> Action <i>President Bailey</i>	Action	125
4. U. T. Tyler: Approval to establish a Bachelor of Science degree program in Chemical Engineering	<i>1:20 p.m.</i> Action <i>President Tidwell</i>	Action	126
Adjourn	<i>1:30 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 proposed Consent Agenda items assigned to this Committee are [Items 7 - 26](#).

2. U. T. Tyler: Discussion and appropriate action regarding proposed revisions to the Mission Statement

RECOMMENDATION

The Chancellor concurs in the recommendation of the Deputy Chancellor, the Executive Vice Chancellor for Academic Affairs, and the institutional president that proposed changes to the Mission Statement for U. T. Tyler as set forth on the following pages be approved by the U. T. System Board of Regents.

BACKGROUND INFORMATION

Each public institution of higher education is required to have a mission statement under *Texas Education Code* Section 51.359. Section 51.352 of the Code, regarding the Responsibility of Governing Boards, requires governing boards to "insist on clarity of focus and mission of each institution under its governance." Regents' *Rules and Regulations*, Rule 10402, states that the Academic Affairs Committee or the Health Affairs Committee, as appropriate, must review proposed changes to institutional mission statements.

Approval of this item will also help to ensure compliance with the Southern Association of Colleges and Schools (SACS) requirements regarding the periodic review and approval of each institution's mission statement by its governing board.

The U. T. Tyler Mission Statement was last approved on November 10, 2011.

Current Mission Statement

The University of Texas at Tyler is a comprehensive institution of higher education offering undergraduate and graduate degree programs as an institution of the renowned University of Texas System. The University of Texas at Tyler's vision is to be nationally recognized for its high quality education in the professions and in the humanities, arts and sciences, and for its distinctive core curriculum. Guided by an outstanding and supportive faculty, its graduates will understand and appreciate human diversity and the global nature of the new millennium. They will think critically, act with honesty and integrity, and demonstrate proficiency in leadership, communication skills, and the use of technology.

The University is committed to providing a setting for free inquiry and expects excellence in the teaching, research, artistic performances and professional public service provided by its faculty, staff, and students. As a community of scholars, the University develops the individual's critical thinking skills, appreciation of the arts, humanities and sciences, international understanding for participation in the global society, professional knowledge and skills to enhance economic productivity, and commitment to lifelong learning.

Within an environment of academic freedom, students learn from faculty scholars who have nationally recognized expertise in the arts and sciences, and in such professions as engineering, public administration, education, business, health sciences, and technology. The faculty engages in research and creative activity, both to develop and maintain their own scholarly expertise and to extend human knowledge. The results of that research and other creative efforts are made available to students in the classroom and to the general public through publication, commercialization, and public service activities. The institution also seeks to serve individuals who desire to enhance their professional development, broaden their perspectives, or enrich their lives.

Proposed Mission Statement

U. T. Tyler is committed to student success by providing a uniquely balanced student experience in an environment of innovative teaching and research shaped to serve and advance the educational, economic, technological, and public interests of East Texas and beyond.

3. **U. T. Rio Grande Valley: Approval of preliminary authority for a Doctor of Pharmacy degree program**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Deputy Chancellor, the Executive Vice Chancellor for Academic Affairs, and the institutional president that the U. T. System Board of Regents approve

- a. preliminary authority for U. T. Rio Grande Valley to create a Doctor of Pharmacy degree program; and
- b. notification of the proposal to the Texas Higher Education Coordinating Board.

BACKGROUND INFORMATION

U. T. Rio Grande Valley requests preliminary authority to offer a Doctor of Pharmacy (PharmD) and to amass the resources needed for the program. The proposed PharmD at U. T. Rio Grande Valley would prepare students for state licensure and entry into the profession as licensed pharmacists. The institution anticipates enrollment of a cohort of 40 new students per year at full maturity of the program. The program will seek accreditation by the Accreditation Council for Pharmacy Education, the nationally recognized accrediting agency. A cooperative program is currently housed in the College of Health Affairs.

In 2001, U. T. Pan American established a cooperative program with the U. T. Austin College of Pharmacy. For 16 years, the cooperative has provided for up to 13 students per year to secure interviews at U. T. Austin's College of Pharmacy. The program allows these students the opportunity to complete the pre-pharmacy program and part of the pharmacy curriculum at U. T. Rio Grande Valley. Since the cooperative program was established, there have been 105 graduates, with more than 80 graduates continuing to practice in the Rio Grande Valley.

Once preliminary authority has been approved, U. T. Rio Grande Valley will submit the full degree program proposal for approval by the Board of Regents and the Texas Higher Education Coordinating Board.

4. U. T. Tyler: Approval to establish a Bachelor of Science degree program in Chemical Engineering

RECOMMENDATION

The Chancellor concurs in the recommendation of the Deputy Chancellor, the Executive Vice Chancellor for Academic Affairs, and the institutional president that authorization, pursuant to the Regents' *Rules and Regulations*, Rule 40307, related to academic program approval standards, be granted to

- a. establish a Bachelor of Science degree program in Chemical Engineering at U. T. Tyler; and
- b. submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action.

BACKGROUND INFORMATION

Program Description

The four focus areas in U. T. Tyler's proposed Chemical Engineering Program are in: (a) energy, including petroleum and natural gas production and processing; (b) biochemical engineering manufacturing and production processes; (c) environmental contamination and remediation; and (d) materials manufacturing and process design. Chemical engineers have a strong foundation in chemistry, physics, mathematics, and basic engineering. Chemical engineering courses include thermodynamics, transport phenomena, mass transfer operations, materials engineering, process dynamics and control, kinetics, and plant design. Many of these courses or subjects are already being taught in the other engineering disciplines presently at U. T. Tyler. The degree program will be 128 semester credit hours including 42 hours of general core, 80 hours of required courses, and 6 hours of technical electives. The program will include 15 hours of advanced Mathematics, 20 hours of chemistry, 8 hours of university (or calculus-based) physics, 15 hours of general engineering, and 36 hours of chemical engineering.

Need and Student Demand

The demand for chemical engineers in emerging areas such as nanotechnology, alternative energy, biotechnology, and sustainability will increase substantially in the coming decade. Texas has the highest demand for and employment of chemical engineers in the country. Additionally, a substantial portion of the workforce in chemical engineering and related fields is at the age of 55 or older and will be nearing retirement within the next 10 years.

The U.S. Bureau of Labor Statistics (BLS) estimates that chemical engineering jobs will experience an 8% growth from 2016 to 2026, with many industry officials predicting significantly stronger growth. The growth prospects for chemical industries in Texas remains strong of \$166 billion in capital investment made in U.S. projects in 2016, almost one third came from Texas, with 40% of that figure accounted for in chemical manufacturing facilities. Salaries for chemical engineers rank near the top of all engineering professions, with a 2016 mean salary of \$98,340. Furthermore, Texas has the highest employment level of chemical engineers in the

United States. According to the BLS, of the top 10 metropolitan areas in the United States with the highest employment levels in chemical engineering (as of May 2016), three are located in Texas, including: (1) the Greater Houston area, (4) the Dallas-Plano-Irving area, and (7) the Beaumont-Port Arthur area. Three of the top 10 metropolitan areas with the highest concentration of jobs and location quotients are: (1) Lake Charles, Louisiana; (2) Beaumont-Port Arthur, Texas; and (6) Houston-The Woodlands-Sugar Land, Texas, which all border East Texas. In terms of general geographic areas, metropolitan or otherwise, amongst the top 10 is the Dallas-Plano-Irving area and also the Dallas-Fort Worth-Arlington area, which is considered separately. This is particularly noteworthy considering there is no chemical engineering program within a 175-mile radius of the Dallas-Fort Worth Metroplex. If the closely related fields of environmental and petroleum engineering are considered, Texas ranks fourth and first, respectively, in employment of engineers in these fields, with more than six times the number of petroleum engineering jobs than the second-ranked State of Oklahoma.

According to the BLS, nationwide, the related fields of biomedical engineering, environmental engineering, and petroleum engineering, which are expected to be amongst those engineering fields with the highest demand, have anticipated job market growths of 23.1%, 12.4%, and 9.8%, respectively, over the next 10 years. According to the Texas Workforce Commission Texas Labor Analysis, the job market for biomedical engineers, chemical engineers, and petroleum engineers will grow in Texas by 37.1%, 18.4%, and 25.6%, respectively, over the same period.

Chemical Engineering enrollment in the State of Texas has been steadily increasing in recent years. Based on enrollments reported to the Texas Higher Education Coordinating Board (THECB), the total number of undergraduate chemical engineering majors increased by 27% from Fall 2012 to Fall 2016, and the number of degrees awarded increased by 23% from Academic Year 2013 (i.e., 2012-2013) to the most recently completed Academic Year (i.e., 2016-2017).

Presently, there are nine undergraduate chemical engineering programs at public institutions in the State of Texas and one program at Rice University. The most recently launched program is at U. T. San Antonio, which began in Fall 2017 and has yet to have graduates. The most recently approved program is at U. T. Permian Basin, which will begin in Fall 2018. The fall enrollment numbers for the seven other public university programs, located at Lamar University, Prairie View A&M University, Texas A&M University-Kingsville, Texas A&M University, Texas Tech University, U. T. Austin, and the University of Houston, are illustrated in Table 1. Fall 2012 to Fall 2016 are the most recent fall semesters available through the THECB Profiles Reports Electronically Produced website. From Fall 2012 to Fall 2016, the total enrollment increased 27% statewide and the degrees awarded during the respective academic years increased by 23%.

Table 1: THECB declared chemical engineering majors from Fall 2011 to Fall 2015.

Institution	2012	2013	2014	2015	2016
LAMAR UNIVERSITY	243	344	386	453	417
PRAIRIE VIEW A&M UNIVERSITY	222	260	301	319	307
TEXAS A&M UNIV-KINGSVILLE	135	157	174	218	235
TEXAS A&M UNIVERSITY	644	710	519	601	709
TEXAS TECH UNIVERSITY	258	211	218	257	281
U. T. AUSTIN	702	704	738	742	759
UNIVERSITY OF HOUSTON	411	423	488	587	620
TOTALS	2,615	2,809	2,824	3,177	3328

The table below projects enrollment as full-time student equivalent (FTSE) over the first five years of the proposed Chemical Engineering program and is based on the enrollment trends experienced by U. T. Tyler's Civil Engineering Program, which was established in 2006.

YEAR	1	2	3	4	5
Headcount/FTSE	22	43	67	98	120
Attrition	4	6	8	10	12
Graduates	0	10	11	15	20

Program Quality

Four new faculty members with doctoral degrees in chemical engineering or closely related areas will be hired, including a department chair, an associate professor, and two assistant professors. Existing faculty members in chemistry, civil engineering, and mechanical engineering will serve as support faculty teaching related courses. These existing faculty members have advanced degrees in chemical engineering or closely related areas, including chemistry, civil engineering (with an environmental engineering focus), and mechanical engineering (with a focus in thermodynamic and fluid mechanic systems). They include three professors in the Department of Chemistry, two in the Department of Mechanical Engineering, and two in the Department of Civil Engineering (or seven total existing faculty).

Revenue and Expenses

The table below includes the projected enrollments and expenditures for the first five years.

Projected Enrollment	5-Year Total
Number of Students Used for Formula Funding Calculation	285
Total Number of Students	350
Expenses	5-Year Total
<i>Faculty</i>	
Salaries	\$1,677,846
Benefits	\$420,337
<i>Graduate Students</i>	
TA Salaries	\$0
TA Benefits	\$0
GRA Salaries	\$0
GRA Benefits	\$0
<i>Staff & Administration</i>	
Graduate Coordinator Salary	\$0
Administrative Staff Salaries	\$144,256
Staff Benefits	\$36,064
SCC Operating Benefits	\$0
<i>Other Expenses</i>	
M&O	\$77,000
Travel	\$14,000
Laboratory Start-up	\$1,698,000
Laboratory Consumables	\$35,000
Total Expenses	\$4,102,503
Revenue	5-Year Total
<i>From Student Enrollment</i>	
Formula Funding	\$1,000,229
Tuition and Fees	\$1,974,924
<i>From Institutional Funds</i>	
Reallocated Operating Expenses	\$632,350
<i>From Grant Funds</i>	
	\$0
<i>From Other Revenue Sources</i>	
Donor Funds Directed to Capital	\$500,000
Total Revenue	\$4,107,503

Coordinating Board Criteria

The proposed program meets all applicable Coordinating Board criteria for new Bachelor of Science degree programs.



**TABLE OF CONTENTS
FOR
HEALTH AFFAIRS COMMITTEE**

Committee Meeting: 4/30/2018

Board Meeting: 5/1/2018
Houston, Texas

*Paul L. Foster, Chairman
Ernest Aliseda
David J. Beck
R. Steven Hicks
Jeffery D. Hildebrand
Janiece Longoria*

	Committee Meeting	Board Meeting	Page
Convene	<i>1:30 p.m. Chairman Foster</i>		
1. U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, assigned for Committee consideration	<i>1:31 p.m. Discussion</i>	Action	131
2. U. T. Southwestern Medical Center: Approval of preliminary authority for a Doctor of Philosophy in Applied Clinical Research degree program in the School of Health Professions, Department of Health Care Sciences	<i>1:35 p.m. Action Dwain Thiele, M.D.</i>	Action	132
3. U. T. Southwestern Medical Center: Discussion and appropriate action regarding proposed revisions to Mission Statement	<i>1:40 p.m. Action Dwain Thiele, M.D.</i>	Action	133
4. U. T. Health Science Center - San Antonio: Report on the Glenn Biggs Institute for Alzheimer's and Neurodegenerative Diseases	<i>1:45 p.m. Report/Discussion President Henrich Sudha Seshadri, M.D.</i>	Not on Agenda	135
Adjourn	<i>2:15 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 proposed Consent Agenda items assigned to this Committee are [Items 27 - 41](#).

2. **U. T. Southwestern Medical Center: Approval of preliminary authority for a Doctor of Philosophy in Applied Clinical Research degree program in the School of Health Professions, Department of Health Care Sciences**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Deputy Chancellor, the Executive Vice Chancellor for Health Affairs, and the institutional president that the U. T. System Board of Regents approve

- a. preliminary authority for U. T. Southwestern Medical Center to create a Doctor of Philosophy in Applied Clinical Research degree program in the School of Health Professions, Department of Health Care Sciences; and
- b. notification of the proposal to the Texas Higher Education Coordinating Board.

BACKGROUND INFORMATION

The proposed Doctor of Philosophy (Ph.D.) in Applied Clinical Research degree program is designed to provide research training in patient-oriented research and clinically relevant basic/translational science research for graduate-level health care professionals holding a master's-level degree and having discipline-specific clinical skills. The proposed degree program is analogous to the M.D./Ph.D. program model, combining clinical and research training, but is designed to enhance the research skills and marketability of allied health care professionals. By providing rigorous research training to these allied health clinicians, they will have the potential to expand their career options from the clinical practice setting to include research and teaching opportunities in academic institutions and government agencies, as well as the private sector.

While there is no current employment data related specifically to Ph.D.-trained health care professionals, the Bureau of Labor Statistics, U.S. Department of Labor, and the Occupational Outlook Handbook projects employment of medical scientists to grow 13% from 2016 to 2026, faster than the average for all occupations.

U. T. Southwestern Medical Center anticipates an initial enrollment of approximately five students and targeted recruitment of approximately 10 students each year thereafter. The goal is to have approximately 20-30 enrolled students in the program continually with 10 students graduating each year.

Once preliminary authority has been approved, U. T. Southwestern Medical Center will submit the full degree program proposal for approval by the U. T. System Board of Regents and the Texas Higher Education Coordinating Board.

3. **U. T. Southwestern Medical Center: Discussion and appropriate action regarding proposed revisions to Mission Statement**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Deputy Chancellor, the Executive Vice Chancellor for Health Affairs, and the institutional president that the U. T. System Board of Regents approve the proposed changes to the Mission Statement for U. T. Southwestern Medical Center as set forth on the following page.

BACKGROUND INFORMATION

Each public institution of higher education is required to have a mission statement under *Texas Education Code* Section 51.359. Section 51.352 of the Code, regarding the Responsibility of Governing Boards, requires governing boards to "insist on clarity of focus and mission of each institution under its governance." Regents' *Rules and Regulations*, Rule 10402, states that the Academic Affairs Committee or the Health Affairs Committee, as appropriate, must review proposed changes to institutional mission statements.

Approval of this item will also help to ensure compliance with the Southern Association of Colleges and Schools (SACS) requirements regarding the periodic review and approval of each institution's mission statement by its governing board.

The U. T. Southwestern Medical Center Mission Statement was last approved by the Board of Regents on February 8, 2007. The proposed changes are not substantive and provide a more current and accurate statement of the University's mission.

Proposed Mission Statement

Mission of U. T. Southwestern Medical Center

Promoting health and a healthy society that enables achievement of full human potential

We:

EDUCATE

Physicians, scientists, and caregivers optimally prepared to serve the needs of patients and society

DISCOVER

Research that solves for unmet needs by finding better treatments, cures, and prevention with a commitment to ensuring real world application

HEAL

Best care possible today, with continuous improvement and innovation for better care tomorrow

Current Mission Statement

The mission of U. T. Southwestern Medical Center is to improve the health care in our community, Texas, our nation, and the world through innovation and education. We will educate the next generation of leaders in patient care, biomedical science, and disease prevention; conduct high-impact, internationally recognized biomedical research; and deliver patient care that brings U. T. Southwestern's scientific advances to the bedside – focusing on quality, safety, and service.

4. **U. T. Health Science Center - San Antonio: Report on the Glenn Biggs Institute for Alzheimer's and Neurodegenerative Diseases**

INTRODUCTION

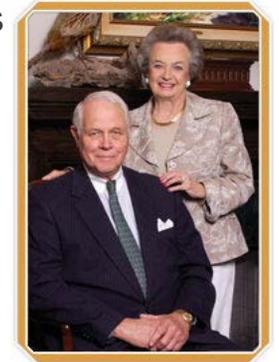
President Henrich will introduce Sudha Seshadri, M.D., Professor of Neurology and Founding Director of the Glenn Biggs Institute for Alzheimer's and Neurodegenerative Diseases at U. T. Health Science Center - San Antonio. A PowerPoint presentation is set forth on the following pages.

BACKGROUND INFORMATION

The Glenn Biggs Institute for Alzheimer's and Neurodegenerative Diseases (Biggs Institute) was established in September 2015. The late Mr. Biggs was a San Antonio philanthropist who was the Founding Chairman of the Health Science Center Development Board and had a diagnosis of Alzheimer's disease. Philanthropic gifts from the Greehey Foundation, Valero Energy Foundation, Kronkosky Charitable Foundation, Baptist Health Foundation of San Antonio, J.M.R. Barker Foundation, John L. Santikos Charitable Foundation, and other generous donors will further cutting-edge research, support care for patients and services for family members who are caregivers, fund facilities and equipment, fund faculty recruitment, and endow a prestigious distinguished chair for the Institute.

The Biggs Institute is the first comprehensive center of its kind in San Antonio and South Texas dedicated to clinical research on Alzheimer's and other neurodegenerative diseases and features expert diagnostics; physician specialists in Alzheimer's, Parkinson's, and other diseases; support programs for caregivers; and access to clinical trials of new therapies.

Responding to the Alzheimer Tsunami: The Glenn Biggs Institute for Alzheimer's and Neurodegenerative Diseases



Sudha Seshadri, M.D.

Founding Director, Glenn Biggs Institute for Alzheimer's and Neurodegenerative Diseases
Robert R. Barker Distinguished University Chair
Professor of Neurology, Psychiatry and Cellular and Integrative Physiology

U. T. System Board of Regents' Meeting
Health Affairs Committee
April/May 2018



THE UNIVERSITY of TEXAS SYSTEM
FOURTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

WWW.UTSYSTEM.EDU

The Problem / Challenge

- **5.7 Million** with Alzheimer's Disease (AD) in the U.S.
- **1 in 3** die with AD or another dementia
Only leading cause of death trending UP ↗, not down
- **16.1 Million** care partners are affected
1 in 6 caregivers is under 35
- Costs the U.S. **\$277 Billion**/year
- 32-84% of household wealth dissipated in care

Every
65
seconds
someone in the United States
develops Alzheimer's disease.

If unchecked, expect

TRIPLING (3X) of these numbers by 2050!

The Crisis in Texas

- Texas has **3rd largest** number of persons with AD
- 2nd in deaths due to AD
- **2 of every 5** Texans is Hispanic
- Hispanics have **30-50% higher risk**

Among **Hispanics**, expect
6X increase in numbers by 2050!

Less well studied

Harder to reach: 1% of trial subjects

Higher care burden

Lifetime Risk of Dementia: Women – 65 years

Delaying onset of dementia by 5 years could halve population burden

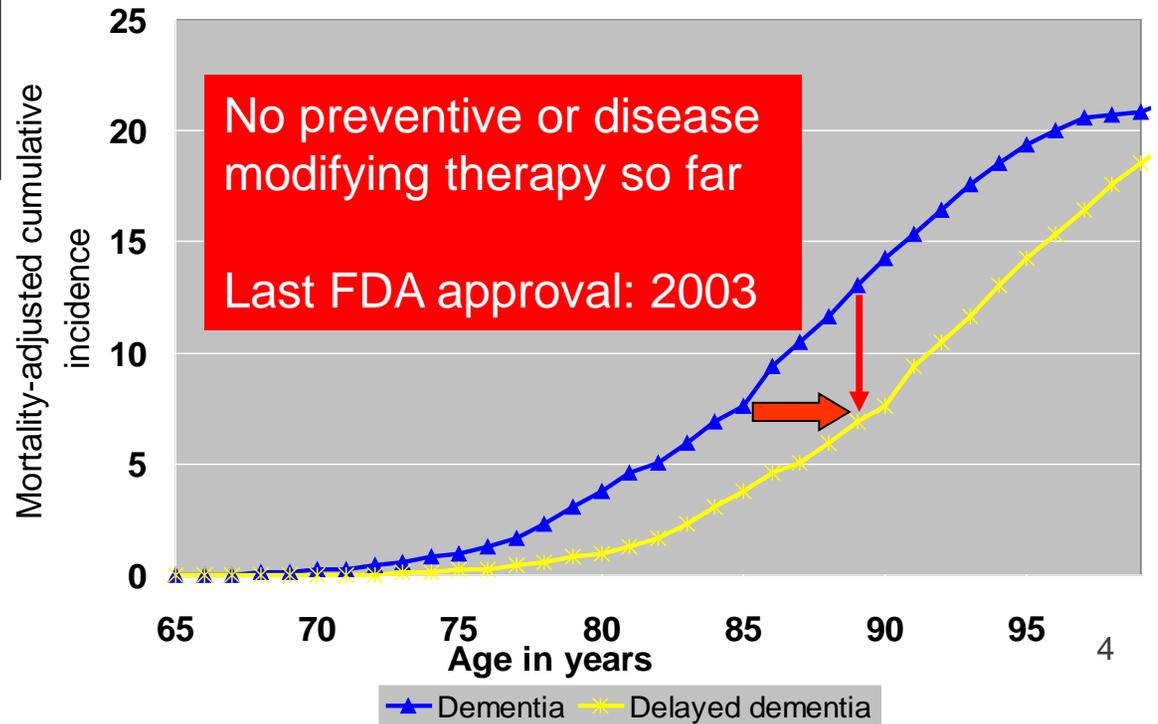
THE NEW ENGLAND JOURNAL OF MEDICINE

ORIGINAL ARTICLE

Incidence of Dementia over Three Decades in the Framingham Heart Study

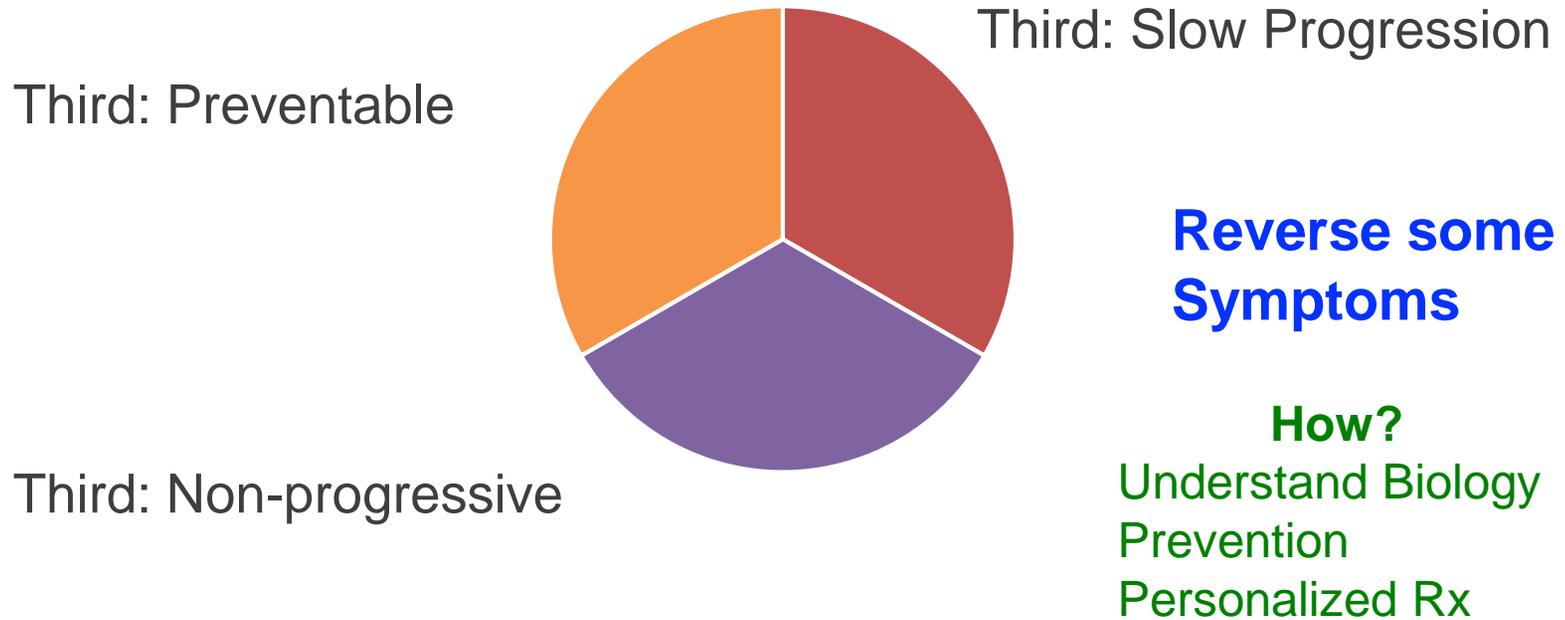
Claudia L. Satizabal, Ph.D., Alexa S. Beiser, Ph.D., Vincent Chouraki, M.D., Ph.D., Geneviève Chêne, M.D., Ph.D., Carole Dufouil, Ph.D., and Sudha Seshadri, M.D.

Seshadri et al., Lifetime Risk of Stroke: The Framingham Study. Stroke 2006; 37: 344-349.



Is there a Solution? Vision: Alzheimer's

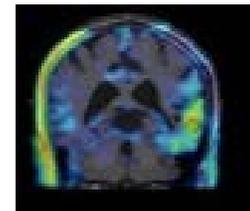
In 10 years



'Big' Ideas In AD Prevention

- **Preclinical phase lasts 20+ years**

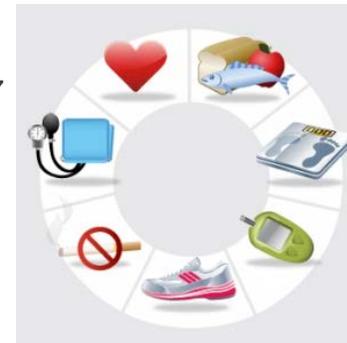
Amyloid and Tau PET in 35-65 year olds show early disease
 Blood and CSF markers
 Genetic, MRI, eye, gait markers



- **Lifestyle matters**

1 point more on American Heart Association's Simple 7
 = 3.5 years less cognitive decline, brain shrinkage

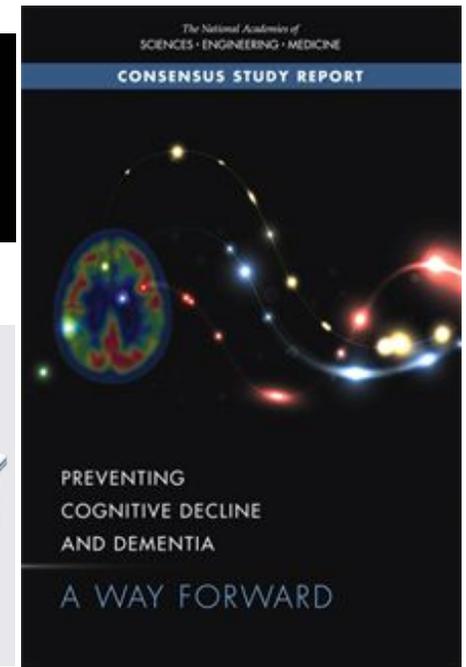
[Pase et al., Stroke 2016](#)



- **Life-course disease**

Impact of being diabetic is 6 years of brain aging at 65
 ~20 years at age 42!

[Weinstein et al., Neurology 2015](#)



'Big' Ideas to Stop or Slow Progression

- 'Alzheimer's Dementia' is not all one disease
 - 40+ genes, different pathways to pathology
- Understand and leverage the differences
 - Analyze trial datasets
 - Characterize each patient

For each a unique cocktail!



- Design targeted trials
- Design 'easy-to-use' markers



Mark
VCID



Glenn Biggs Institute for Alzheimer's and Neurodegenerative Diseases: Our Approach

- **Comprehensive**
 - Clinical care and research
 - Basic science and innovative analyses
 - Public health and population neuroscience
 - Education and training
 - Advocacy and community engagement
- **Collaborative**
 - University, city, state, national, international
 - \$20-30M/year public and private partnership
- **Goal: Solutions for Texas, U.S., the World**



Mission: The Care Family

Goal: Superb Care & Research at one stop

- **Comprehensive**

Philanthropic Support; Advocate to change reimbursements

- Neurologists, Psychiatrists, Neuropsychologists, Mid-level Providers, Counselors, Social Worker, Nurse, Dietician, Occupational-, Physical-, Speech- therapists, Cognitive Rehabilitation
- Geriatric Medicine, Palliative, and 'End-of-Life' Care

Caring for the Caregiver

At UT Health San Antonio, we recognize that care for a person with a chronic illness or disability is not complete without addressing the needs of the caregiver. Focusing on caregivers, this program aims to improve the quality of life for family caregivers and those they care for with hands-on training and open discussions.

[Learn more](#)

Preventing Elder Neglect and Abuse



- **Scientific**

- Registry, detailed core data set
- Medical records linkage
- **Biobank, brain bank**

Clinical Trials



Clinical trials are one of the many ways we advance research to provide tomorrow's treatments, today. Our researchers work to understand the risks, predictors, prevention and possible treatments for Alzheimer's disease, mild cognitive impairment and related conditions.

As a volunteer for a clinical study, you can help put discoveries into practice.

[Learn more](#)

Mission: Education and Training

Students, Residents, Fellowships, Research, Peers, Other Health Professions, and **Public**

Upcoming Events

APR
09

Dialogue on Dementia: "Do Social Engagement and Loneliness Affect Your Risk of Dementia?"

Learn and understand more about the multi facets of dementia including advanced related research and more patient-based discussion on the onset and advancement of dementia, Alzheimer's and other neurodegenerative diseases.

[View event »](#)

APR
12

The Essentials of Caregiving: Planning for Future Care

This class is designed for caregivers and their family members to discuss the importance of planning for the future, including decisions related to care and advance care planning.

[View event »](#)

Event Categories:

[Caregiver Classes and Workshops »](#)

[Dialogue on Dementia: Discussions in Research and Patient Care »](#)

[View all events](#)

Effective education begins with listening and learning

Summary: Biggs Vision

- Comprehensive care, research, education
- Care family for ideal dementia care with integrated research
- Pioneering precision medicine approaches
- Leader in understanding dementia in Latinos





**TABLE OF CONTENTS
FOR
FACILITIES PLANNING AND CONSTRUCTION
COMMITTEE**

Committee Meeting: 4/30/2018

Board Meeting: 5/1/2018
Houston, Texas

R. Steven Hicks, Chairman
Ernest Aliseda
David J. Beck
Kevin P. Eltife
Jeffery D. Hildebrand
Rad Weaver

	Committee Meeting	Board Meeting	Page
Convene	<i>10:00 a.m.</i> <i>Chairman Hicks</i>		
1. U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, assigned for Committee consideration	<i>10:00 a.m.</i> Discussion	Action	148
 <u>Report</u>			
2. U. T. System: Interim Assessment of Hybrid Project Delivery Pilot	<i>10:01 a.m.</i> Report/Discussion <i>Mr. O'Donnell</i> <i>Mr. Rawski</i> <i>Dr. Ekerdt</i>	Not on Agenda	149
 <u>Additions to the CIP</u>			
3. U. T. Austin: Energy Engineering Building - Amendment of the FY 2018-2023 Capital Improvement Program to include project	<i>10:20 a.m.</i> Action <i>President Fenves</i>	Action	150
Adjourn	<i>10:30 a.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 proposed Consent Agenda item assigned to this Committee is [Item 42](#).

2. U. T. System: Interim Assessment of Hybrid Project Delivery Pilot

REPORT

Since 2015, progress has been made in implementing the Hybrid Project Delivery Pilot (formerly the Hybrid Project Delivery Initiative) in the planning and construction of previously designated pilot projects as well as other major projects within the Capital Improvement Program (CIP). The application of private sector capital project delivery best practices to selected pilot projects has resulted in building optimization and cost savings. Associate Vice Chancellor O'Donnell will provide an update on the status of pilot projects, the successes achieved, challenges encountered to date, and recommended next steps.

3. U. T. Austin: Energy Engineering Building - Amendment of the FY 2018-2023 Capital Improvement Program to include project

RECOMMENDATION

The Chancellor concurs in the recommendation of the Deputy Chancellor, the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and the institutional president that the U. T. System Board of Regents amend the Fiscal Year 2018-2023 Capital Improvement Program (CIP) to include the Energy Engineering Building project at The University of Texas at Austin.

BACKGROUND INFORMATION

Previous Actions

On August 1, 2016, the Chancellor approved this project for Definition Phase. On November 10, 2016, the Board approved \$100 million in Permanent University Fund Bond Proceeds for this project.

Project Description

The Energy Engineering Building will provide critically needed education and research space for the Cockrell School of Engineering. The project is central to achieving the Cockrell School of Engineering's vision to be a globally recognized leader in multidisciplinary innovation dedicated to solving the pressing societal problems of the 21st century and beyond, driving future economic progress, and improving the quality of life. Through modular laboratories and integration of undergraduate education, graduate research, and co-location of research and education programs, this project will bring a new paradigm for energy engineering education and research to the university.

This proposed project has been approved by U. T. System staff and meets the criteria for inclusion in the CIP. Approval of design development plans and authorization of expenditure of funding will be presented to the Board for approval at a later date.

**The University of Texas at Austin
Energy Engineering Building**

Project Information

Project Number	102-853
CIP Project Type	New Construction
Facility Type	Laboratory, General
Management Type	Institutionally Managed
Institution's Project Advocate	John Ekerdt, Associate Dean for Research, Cockrell School of Engineering
Project Delivery Method	Construction Manager-at-Risk
Gross Square Feet (GSF)	183,200

Project Funding

	<u>Proposed</u>
Permanent University Fund Bond Proceeds	\$100,000,000
Gifts ¹	\$ 60,000,000
Unexpended Plant Funds	<u>\$ 5,000,000</u>
Total Project Cost	<u>\$165,000,000</u>

¹ In hand \$14,712,778; Pledged \$13,132,620; Not yet raised \$32,154,602

Project Cost Detail

Building Cost	\$ 98,450,000
Fixed Equipment	3,875,000
Site Development	6,220,000
Furniture and Moveable Equipment	4,150,000
Institutionally Managed Work	14,850,000
Architectural/Design Services	16,353,000
Project Management Fees	4,650,000
Insurance	2,616,000
Other Professional Fees	8,879,000
Project Contingency	4,942,000
Other Costs	<u>15,000</u>
Total Project Cost	<u>\$165,000,000</u>

Building Cost per GSF Benchmarks (escalated to midpoint of construction)

Energy Engineering Building	\$537		
Texas Higher Education Coordinating Board Average - Laboratory, General	\$517		
	Low Quartile	Median	High Quartile
Other U. T. System Projects	\$437	\$494	\$548
Other National Projects	\$409	\$622	\$752

The University of Texas at Austin
Energy Engineering Building
(continued)

Investment Metrics

- Facility to provide co-location of education and research programs by 2021
- Address the current unmet space needs for increased faculty and Ph.D. students by 2021

Project Planning

Definition Phase Completed	Yes
Owner's Project Requirements	Yes
Basis of Design	Yes
Schematic Design	Yes
Detailed Cost Estimate	Yes

Project Milestones

Definition Phase Approval	August 2016
Addition to CIP	May 2018
Design Development Approval	November 2018
Construction Notice to Proceed	December 2018
Substantial Completion	May 2021

Basis of Design

The planned building life expectancy includes the following elements:

Enclosure: 50 years
Building Systems: 30 years
Interior Construction: 20 years



**TABLE OF CONTENTS
THE UNIVERSITY OF TEXAS SYSTEM BOARD OF REGENTS
CONSENT AGENDA**

Committee and Board Meetings:
April 30 - May 1, 2018
Houston, Texas

		Page
MEETING OF THE BOARD		
1.	Minutes - U. T. System Board of Regents : Approval of Minutes of the regular meetings held on February 26-27, 2018; and the special called meetings held on February 15, 2018, and March 19, 2018	157
2.	Resolution - U. T. System Board of Regents : Adoption of resolution regarding the list of Key Management Personnel authorized to have access to classified government contracts (Managerial Group) to reflect addition of Michael J. Heidingsfield, Director of Police, The University of Texas System, to the Managerial Group	157
AUDIT, COMPLIANCE, AND RISK MANAGEMENT COMMITTEE		
No items for Consent Agenda		
FINANCE AND PLANNING COMMITTEE		
3.	Contract (funds going out) - U. T. System : Amendment to existing contract with ERP Analysts, Inc. for PeopleSoft break-fix support and enhancement services	159
4.	Contract (funds going out) - U. T. System : Amendment to existing contract with The Burgundy Group, Inc. for PeopleSoft break-fix support and enhancement services	159
5.	Contract (funds going out) - U. T. System : Amendment to existing contract with Everfi, Inc. to provide training courses, including web-based alcohol education and sexual assault prevention services	160
6.	Real Estate Report - U. T. System : Summary Report of Separately Invested Assets Managed by U. T. System	161
ACADEMIC AFFAIRS COMMITTEE		
7.	Report - U. T. System Academic Institutions : Fiscal Year 2017 Post-Tenure Review	162
8.	Foreign Contract (funds coming in) - U. T. Arlington : To provide a training program for engineers from the China National Petroleum Corporation	165

	Page
9. Contract (funds going out) - U. T. Arlington : Instructional Connections, LLC to continue to provide student coaching services for online courses	165
10. Contract (funds going out) - U. T. Arlington : Service Agreement under which Advent, LLC will provide consulting services to assist with on-campus signage for advertising and marketing	166
11. Contract (funds going out) - U. T. Austin : Jacobs Engineering Group Inc. to provide professional engineering/architectural services to campus facilities	166
12. Contract (funds going out) - U. T. Austin : Shah Smith & Associates, Inc. to provide professional engineering/architectural services to campus facilities	167
13. Interagency Agreement (funds coming in) - U. T. Austin : Interagency Cooperation Contract between U. T. Austin on behalf of Dell Medical School and the Texas Health and Human Services Commission concerning Austin State Hospital, and finding of public purpose	168
14. Interagency Agreement (funds coming in) - U. T. Austin : Office of Admissions will maintain the Texas Common Application System for admission into colleges located in Texas on behalf of the Texas Higher Education Coordinating Board	169
15. Request for Budget Change - U. T. Austin : Transfer \$8,000,000 from Vice President Business Affairs – Special Equipment Academic and Research Projects and Operations to Project Management and Construction Services – Bridgeway Building - Strategy and Policy Office Move/Renovation for Space Allocation Phase II move and renovations (RBC No. 9148) -- amendment to the 2017-2018 budget	169
16. Request for Budget Change - U. T. Austin : Transfer \$8,550,478 from Vice President Business Affairs – Special Equipment Academic and Research Projects and Operations to Project Management and Construction Services – Campus Main - Space Allocations Study Moves/Renovation Phase I for Space Allocation Phase I move and renovations (RBC No. 9154) -- amendment to the 2017-2018 budget	169
17. Request for Budget Change - U. T. Austin : Approval of Emeritus Titles	170
18. Lease - U. T. Austin : Authorization to lease approximately 1,612 square feet of space located in U. T. Austin’s Health Transformation Building at 1601 Trinity Street, Austin, Travis County, Texas, to University Federal Credit Union for office and banking use	170
19. License - U. T. Austin : Authorization to license broadcasting tower space located at 5319 Buckman Mountain Road, Austin, Travis County, Texas, from American Towers, LLC, a Delaware limited liability company, for KUT and KUTX broadcasting purposes	171
20. Foreign Contract (funds coming in) - U. T. Dallas : To provide instructional and program support for Center for Research and Innovation in Information and Communication Technologies (INFOTEC) Master’s program	171

	Page
21. Contract (funds going out) - U. T. Rio Grande Valley : Job Order Contracting Agreement with Noble Texas Builders, LLC for building renovations and general construction campuswide	172
22. Contract (funds going out) - U. T. Rio Grande Valley : Job Order Contracting Agreement with J.T. Vaughn Construction, LLC for building renovations and general construction campuswide	172
23. Contract (funds going out) - U. T. Rio Grande Valley : Job Order Contracting Agreement with SpawGlass Contractors, Inc. for building renovations and general construction campuswide	173
24. Request for Budget Change - U. T. Rio Grande Valley : New Hire with Tenure -- amendment to the 2017-2018 budget	173
25. Request for Budget Change - U. T. Rio Grande Valley : Approval of Emeritus Titles	173
26. Gift - U. T. Rio Grande Valley : Authorization to accept a gift of approximately 35 acres of land located near the southwest corner of Haine Drive and VFW Road, Harlingen, Cameron County, Texas, from the South Texas Medical Foundation, for future campus expansion	174
HEALTH AFFAIRS COMMITTEE	
27. Report - U. T. System Health Institutions : Fiscal Year 2017 Post-Tenure Review	174
28. Contract (funds coming in) - U. T. Southwestern Medical Center : Amendment to agreement to provide clinical laboratory and pathology services to patients at Dallas County Hospital District	177
29. Contract (funds going out) - U. T. Southwestern Medical Center : Atos IT Solutions and Services, Inc. will provide managed voice telecom services	177
30. Contract (funds going out) - U. T. Southwestern Medical Center : CMGRP, dba Weber Shandwick, will provide strategic communications support	178
31. Contract (funds going out) - U. T. Southwestern Medical Center : Amendment to existing contract with PricewaterhouseCoopers Advisory Services to provide consulting services	178
32. Request for Budget Change - U. T. Medical Branch - Galveston : Tenure Appointment -- amendment to the 2018-2019 budget	179
33. Request for Budget Change - U. T. Medical Branch - Galveston : Approval of Emeritus Title	179

	Page
34. Contract (funds coming in) - U. T. Health Science Center - Houston: Subaward agreement with The University of Texas Foundation, Inc. to support the implementation of a program to enhance and expand care of patients with unmet post-Hurricane Harvey behavioral health needs	179
35. Request for Budget Change - U. T. Health Science Center - Houston: Approval of Emeritus Titles	180
36. Request for Budget Change - U. T. Health Science Center - San Antonio: Approval of Emeritus Titles	180
37. Contract (funds coming in) - U. T. M. D. Anderson Cancer Center: Hangzhou Cosmos Wisdom Biotech Co. Ltd. agreement to license U. T. M. D. Anderson Cancer Center technology and trademarks for in vitro diagnostic assay development	181
38. Contract (funds going out) - U. T. M. D. Anderson Cancer Center: Amendment to agreement with CapsuleTech, Inc. to provide a medical device information system that will connect patient monitoring and other clinical data acquisition devices to the Electronic Health Record and to integrate with the EPIC electronic health record system	182
39. Request for Budget Change - U. T. M. D. Anderson Cancer Center: Tenure Appointment -- amendment to the 2017-2018 budget	183
40. Request for Budget Change - U. T. M. D. Anderson Cancer Center: Approval of Emeritus Title	183
41. Other Matters - U. T. M. D. Anderson Cancer Center: Review and possible action regarding the U. T. M. D. Anderson Cancer Center campus carry rules, regulations, and provisions	183
FACILITIES PLANNING AND CONSTRUCTION COMMITTEE	
42. Contract (funds going out) - U. T. System: Raba Kistner, Inc. to perform miscellaneous geotechnical engineering and materials testing services	194

MEETING OF THE BOARD

1. Minutes - U. T. System Board of Regents: Approval of Minutes of the regular meetings held on February 26-27, 2018; and the special called meetings held on February 15, 2018, and March 19, 2018

2. Resolution - U. T. System Board of Regents: Adoption of resolution regarding the list of Key Management Personnel authorized to have access to classified government contracts (Managerial Group) to reflect addition of Michael J. Heidingsfield, Director of Police, The University of Texas System, to the Managerial Group

To comply with the Department of Defense National Industrial Security Program Operating Manual (NISPOM) requirements, it is recommended that the Board of Regents approve the revised resolution set forth below regarding the list of Key Management Personnel (KMP) authorized to have access to classified government contracts. The revision reflects the addition of the Director of Police to the Managerial Group.

A Resolution amending the Managerial Group list was last adopted by the Board of Regents on December 15, 2017.

NISPOM defines KMP as "officers, directors, partners, regents, or trustees." The Manual requires that the senior management official and the Facility Security Officer must always be designated as part of the Managerial Group and be cleared at the level of the Facility Clearance. Other officials or KMPs, as determined by the Defense Security Service, must be granted Personal Security Clearances or be formally excluded by name from access to classified material.

RESOLUTION

BE IT RESOLVED

- a. That those persons occupying the following positions at The University of Texas System and The University of Texas at Austin shall be known as the Managerial Group, having the authority and responsibility for the negotiation, execution, and administration of Department of Defense (DoD) or User Agency contracts, as described in DoD 5220.22-M, "National Industrial Security Program Operating Manual" (NISPOM):

William H. McRaven, Chancellor, The University of Texas System
David E. Daniel, Ph.D., Deputy Chancellor, The University of Texas System
Gregory L. Fenves, Ph.D., President, The University of Texas at Austin
Daniel T. Jaffe, Ph.D., Vice President for Research, The University of Texas
at Austin

Francis J. Landry III, Facility Security Officer (FSO), The University of Texas
System/Security Manager, Applied Research Labs, The University of Texas
at Austin

Patrick H. Vetter, Insider Threat Program Senior Official (ITPSO), The University of Texas System/Assistant Security Director, Applied Research Labs, The University of Texas at Austin

James R. (Trey) Atchley III, Chief Inquiry Officer, The University of Texas System

Helen T. Mohrmann, Chief Information Security Officer, The University of Texas System

Michael J. Heidingsfield, Director of Police, The University of Texas System

The Chief Executive Officer (i.e., the Chancellor) and the members of the Managerial Group have been processed, or will be processed, for a personnel security clearance for access to classified information to the level of the facility security clearance granted to this institution, as provided for in the NISPOM.

The Managerial Group is hereby delegated all of the Board's duties and responsibilities pertaining to the protection of classified information under classified contracts of the DoD or User Agencies of the NISPOM awarded to U. T. System, including U. T. Austin.

- b. That the following named members of the U. T. System Board of Regents shall not require, shall not have, and can be effectively excluded from access to all classified information in the possession of U. T. System, including U. T. Austin, and do not occupy positions that would enable them to affect adversely the policies and practices of the U. T. System, including U. T. Austin, in the performance of classified contracts for the Department of Defense or User Agencies of the NISPOM awarded to the U. T. System, including U. T. Austin, and need not be processed for a personnel security clearance:

Members of the U. T. System Board of Regents:

Sara Martinez Tucker, Chairman

Jeffery D. Hildebrand, Vice Chairman

Paul L. Foster, Vice Chairman

Ernest Aliseda

David J. Beck

Kevin P. Eltife

R. Steven Hicks

Janiece Longoria

James Conrad Weaver

Jaciell Castro, Student Regent from June 1, 2017 to May 31, 2018 (nonvoting)

AUDIT, COMPLIANCE, AND RISK MANAGEMENT COMMITTEE

No items for Consent Agenda

FINANCE AND PLANNING COMMITTEE

3. Contract (funds going out) - U. T. System: Amendment to existing contract with ERP Analysts, Inc. for PeopleSoft break-fix support and enhancement services

Agency: ERP Analysts, Inc.

Funds: Amendment to existing contract for addition of up to \$1,000,000 bringing the estimated total to \$2,000,000

Period: Commencing on September 1, 2018, and ending no later than April 1, 2019. U. T. System will have the option to renew the agreement for three additional, one-year terms.

Description: Amendment of existing agreement with ERP Analysts, Inc. to continue providing professional services necessary to support break-fix support and enhancement services in the following PeopleSoft application suites: Finance, Human Capital Management, Campus Solutions and PeopleSoft Interaction Hub (formally PeopleSoft Portal). The initial contract was approved by the Board on May 10, 2017. The initial contract was competitively bid.

4. Contract (funds going out) - U. T. System: Amendment to existing contract with The Burgundy Group, Inc. for PeopleSoft break-fix support and enhancement services

Agency: The Burgundy Group, Inc.

Funds: Amendment to existing contract for an addition of up to \$1,000,000 bringing the estimated total to \$2,000,000

Period: Commencing on September 1, 2018, and ending no later than April 3, 2019. U. T. System will have the option to renew the agreement for three additional, one-year terms.

Description: Amendment of existing agreement with The Burgundy Group, Inc. to continue providing professional services necessary for break-fix support and enhancement services in the following PeopleSoft application suites: Finance, Human Capital Management, Campus Solutions and PeopleSoft Interaction Hub (formally PeopleSoft Portal). The initial contract was approved by the Board on May 10, 2017. The initial contract was competitively bid.

5. Contract (funds going out) - U. T. System: Amendment to existing contract with Everfi, Inc. to provide training courses, including web-based alcohol education and sexual assault prevention services

Agency: Everfi, Inc.

Funds: The total contract amount, as amended, is \$1,203,106

Period: Initial agreement commenced April 1, 2016. Amendment extends term to March 31, 2021.

Description: Everfi, Inc. will provide students, faculty, and staff of U. T. institutions with a variety of training courses, including web-based alcohol education and sexual assault prevention services. The original contract was competitively bid. This is an amendment of the original agreement to include all U. T. health institutions, in addition to all U. T. academic institutions already covered in the original agreement, and to expand the courses available. The amendment also extends the end date of the agreement from June 1, 2019, to March 31, 2021. The agreement was not previously submitted for Board approval because the total contract amount was below the approval threshold.

6. Real Estate Report - U. T. System: Summary Report of Separately Invested Assets Managed by U. T. System

**THE UNIVERSITY OF TEXAS SYSTEM
SEPARATELY INVESTED ASSETS
Managed by U. T. System
Summary Report at February 28, 2018**

	FUND TYPE							
	Current Purpose Restricted		Endowment and Similar Funds		Annuity and Life Income Funds		TOTAL	
	Book	Market	Book	Market	Book	Market	Book	Market
Land and Buildings:								
Ending Value 11/30/2017	\$ 1,666,059	\$ 9,703,165	\$ 97,198,479	\$ 245,188,176	\$ 253,270	\$ 388,286	\$ 99,117,808	\$ 255,279,627
Increase or Decrease	-	-	-	(864,954)	-	-	-	(864,954)
Ending Value 02/28/2018	<u>\$ 1,666,059</u>	<u>\$ 9,703,165</u>	<u>\$ 97,198,479</u>	<u>\$ 244,323,222</u>	<u>\$ 253,270</u>	<u>\$ 388,286</u>	<u>\$ 99,117,808</u>	<u>\$ 254,414,673</u>
Other Real Estate:								
Ending Value 11/30/2017	\$ 4	\$ 4	\$ 6	\$ 6	\$ -	\$ -	\$ 10	\$ 10
Increase or Decrease	-	-	-	-	-	-	-	-
Ending Value 02/28/2018	<u>\$ 4</u>	<u>\$ 4</u>	<u>\$ 6</u>	<u>\$ 6</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10</u>	<u>\$ 10</u>

Report prepared in accordance with Sec. 51.0032 of the *Texas Education Code*. Details of individual assets by account furnished on request.

Note: Surface estates are managed by the U. T. System Real Estate Office. Mineral estates are managed by U. T. System University Lands. The royalty interests received from the Estate of John A. Jackson for the John A. and Katherine G. Jackson Endowed Fund in Geosciences are managed by the U. T. Austin Geology Foundation, with the assistance of the Bureau of Economic Geology.

ACADEMIC AFFAIRS COMMITTEE

7. **Report - U. T. System Academic Institutions: Fiscal Year 2017 Post-Tenure Review**

In accordance with *Texas Education Code* Section 51.942 and Regents' *Rules and Regulations*, Rule 31102, the following report on the Fiscal Year 2017 post-tenure review for the U. T. System academic institutions is provided by the Executive Vice Chancellor for Academic Affairs.

During Fiscal Year 2017, 456 tenured faculty members at the eight academic institutions with tenured faculty were subject to post-tenure review. Of the faculty members reviewed, 436 or 95.6% were evaluated as Meets or Exceeds Expectations; 17 or 3.7% received Does Not Meet Expectations; and three received Unsatisfactory evaluations. Twenty-one faculty members retired or resigned before their post-tenure reviews.

The following summary tables provide additional details of the post-tenure review results for Academic Year 2016-2017.

Summary of Post-Tenure Review Results

	Total Actually Reviewed	Total Exceeding Expectations	Total Meets Expectations	Total Does Not Meet Expectations	Total Unsatisfactory	Decided to Retire or Resign Before Review
UTA	54	32	21	1	0	2
UTAUS	163	55	96	10	2	6
UTD	59	13	45	1	0	1
UTEP	38	17	17	3	1	2
UTPB	9	0	9	0	0	0
UTRGV	66	49	16	1	0	6
UTSA	50	22	27	1	0	4
UTT	17	12	5	0	0	0
Total	456	200	236	17	3	21
		43.9%	51.8%	3.7%	0.7%	

Post-Tenure Review Results by Gender

	Actually Reviewed		Exceeding Expectations		Meets Expectations		Does Not Meet Expectations		Unsatisfactory		Decided to Retire or Resign Before Review	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
UTA	40	14	22	10	17	4	1	0	0	0	1	1
UTAUS	124	39	44	11	71	25	7	3	2	0	5	1
UTD	49	10	10	3	38	7	1	0	0	0	1	0
UTEP	28	10	10	7	14	3	3	0	1	0	0	2
UTPB	8	1	0	0	8	1	0	0	0	0	0	0
UTRGV	40	26	28	21	11	5	1	0	0	0	5	1
UTSA	36	14	18	4	18	9	0	1	0	0	3	1
UTT	12	5	10	2	2	3	0	0	0	0	0	0
Total	337	119	142	58	179	57	13	4	3	0	15	6

Post-Tenure Review Results by Ethnicity

	Total Actually Reviewed					Exceeds Expectations				
	White	Black	Hispanic	Asian	Other	White	Black	Hispanic	Asian	Other
UTA	36	0	2	16	0	22	0	1	9	0
UTAUS	146	9	2	4	2	49	2	1	3	0
UTD	48	0	0	10	1	9	0	0	3	1
UTEP	22	1	12	3	0	11	0	4	2	0
UTPB	7	0	1	1	0	0	0	0	0	0
UTRGV	25	1	19	16	5	23	0	14	8	4
UTSA	31	2	6	9	2	12	0	3	7	0
UTT	15	0	0	2	0	11	0	0	1	0
Total	330	13	42	61	10	137	2	23	33	5

	Meets Expectations					Does Not Meet Expectations				
	White	Black	Hispanic	Asian	Other	White	Black	Hispanic	Asian	Other
UTA	13	0	1	7	0	1	0	0	0	0
UTAUS	87	7	1	0	1	9	0	0	0	1
UTD	38	0	0	7	0	1	0	0	0	0
UTEP	10	0	6	1	0	1	1	1	0	0
UTPB	7	0	1	1	0	0	0	0	0	0
UTRGV	2	1	5	7	1	0	0	0	1	0
UTSA	19	2	3	2	1	0	0	0	0	1
UTT	4	0	0	1	0	0	0	0	0	0
Total	180	10	17	26	3	12	1	1	1	2

	Unsatisfactory					Decided to Retire/Resign Before Review				
	White	Black	Hispanic	Asian	Other	White	Black	Hispanic	Asian	Other
UTA	0	0	0	0	0	2	0	0	0	0
UTAUS	1	0	0	1	0	5	0	1	0	0
UTD	0	0	0	0	0	1	0	0	0	0
UTEP	0	0	1	0	0	1	0	1	0	0
UTPB	0	0	0	0	0	0	0	0	0	0
UTRGV	0	0	0	0	0	2	0	3	0	1
UTSA	0	0	0	0	0	4	0	0	0	0
UTT	0	0	0	0	0	0	0	0	0	0
Total	1	0	1	1	0	15	0	5	0	1

PRESENT STATUS OF EACH PERFORMANCE THAT DOES NOT MEET EXPECTATIONS:

U. T. Arlington: Faculty member is currently contesting the Post-Tenure Evaluation, so the process is ongoing. An improvement plan is not yet in place.

U. T. Austin: Department Chairs and Deans will monitor performance each year and provide feedback through the Annual Review process.

U. T. Dallas: The faculty member is working with the respective Dean to develop a performance improvement plan.

U. T. El Paso: Faculty whose performance have rated as "marginal" have met with their Department Chairs and Deans and have agreed to a performance improvement plan, including specific goals and benchmarks in teaching, research, and/or service deemed below expectation in the evaluation.

U. T. Rio Grande Valley: Significant concerns were raised regarding the quality and impact of the publications presented by the faculty member. A meeting with the Department Chair and Dean was held to establish an action plan with concrete initiatives to address the aforementioned issues.

U. T. San Antonio: The faculty member has been placed on a faculty development plan.

PRESENT STATUS OF EACH UNSATISFACTORY PERFORMANCE:

U. T. Austin: Department Chairs and Deans have established faculty development support plans for the faculty members placed in the unsatisfactory review category. These will be monitored on an annual basis.

U. T. El Paso: The faculty member met with the Department Chair and Dean and has agreed to a performance improvement plan including specific goals and benchmarks in teaching, research, and/or service deemed below expectation in the evaluations.

8. Foreign Contract (funds coming in) - U. T. Arlington: To provide a training program for engineers from the China National Petroleum Corporation

Agency: China National Petroleum Corporation

Funds: \$442,585

Period: April 1, 2018 through July 31, 2018

Description: U. T. Arlington will provide a training program in project management and business management for 30 engineers from China, who have traveled to the United States for the program.

9. Contract (funds going out) - U. T. Arlington: Instructional Connections, LLC to continue to provide student coaching services for online courses

Agency: Instructional Connections, LLC

Funds: \$5,300,000

Period: June 1, 2018 through December 31, 2019

Description: U. T. Arlington will extend its current agreement with Instructional Connections, LLC to provide student coaching services for online courses for a 19-month period, during which time U. T. Arlington will conduct a Request for Proposal process for these services. On February 9, 2012, the Board of Regents approved an agreement between U. T. System and Instructional Connections, for use by U. T. institutions on a job order basis. U. T. Arlington has continued using services provided by Instructional Connections under that agreement and requests approval of this contract extension under an exclusive acquisition justification.

10. Contract (funds going out) - U. T. Arlington: Service Agreement under which Advent, LLC will provide consulting services to assist with on-campus signage for advertising and marketing.

Agency: Advent, LLC

Funds: Not to exceed \$3,300,000

Period: Three-year initial term beginning March 16, 2018 and ending March 15, 2021, with two optional one-year extension terms

Description: This agreement allows U. T. Arlington to license its trademarks and obtain brand signage and additional campus marketing services on an as-needed, project-by-project basis, through a detailed contract addendum that designates the scope of work, schedule, and fees for each project. Addendum #1 covers services for U. T. Arlington's Lockheed Martin Career Development Center project. This agreement was competitively procured.

11. Contract (funds going out) - U. T. Austin: Jacobs Engineering Group Inc. to provide professional engineering/architectural services to campus facilities

Agency: Jacobs Engineering Group Inc.

Funds: Anticipated total costs expected to exceed \$2,500,000 over the maximum six-year contract period

Period: June 1, 2017 through May 31, 2018 (one-year contract with option to renew for up to five additional one-year periods). Contract is being brought forward for Board approval as expenditures are expected to exceed the \$2,500,000 threshold.

Description: Jacobs Engineering Group Inc. to perform professional engineering/architectural services, with projects varying in scope and size. Separate service agreements will be executed for individual projects. Jacobs Engineering Inc. was selected through a publicly advertised competitive request for qualifications process.

12. Contract (funds going out) - U. T. Austin: Shah Smith & Associates, Inc. to provide professional engineering/architectural services to campus facilities

Agency: Shah Smith & Associates, Inc.

Funds: Anticipated total costs expected to exceed \$2,500,000 over the maximum six-year contract period

Period: August 1, 2017 through July 31, 2018 (one-year contract with option to renew for up to five additional one-year periods). Contract is being brought forward for Board approval as expenditures are expected to exceed the \$2,500,000 threshold.

Description: Shah Smith & Associates, Inc. to perform professional engineering/architectural services, with projects varying in scope and size. Separate service agreements will be executed for individual projects. Shah Smith & Associates, Inc. was selected through a publicly advertised competitive request for qualifications process.

13. Interagency Agreement (funds coming in) - U. T. Austin: Interagency Cooperation Contract between U. T. Austin on behalf of Dell Medical School and the Texas Health and Human Services Commission concerning Austin State Hospital, and finding of public purpose

Agency: Texas Health and Human Services Commission (HHSC)

Funds: \$ 2,717,817

Period: February 1, 2018 through December 31, 2018

Description: This agreement provides that U. T. Austin Dell Medical School will provide HHSC with planning and related services focused on the creation of a mental health plan that defines the vision for the replacement of Austin State Hospital (ASH), incorporating a continuum of inpatient and outpatient psychiatric services on the ASH campus to serve the existing ASH catchment area. The total value of the contract is \$2,717,817. HHSC will reimburse expenses to U. T. Austin up to \$2,500,000. The remainder is an in-kind contribution by U. T. Austin personnel.

Finding of Public Purpose: In approving this item, the Board of Regents is also asked to determine that (1) the in-kind contribution of U. T. Austin personnel serves a public purpose appropriate to the function of U. T. Austin; (2) the benefit received by U. T. Austin in return is adequate; and (3) U. T. Austin has adequate safeguards in place to ensure that the public purpose will continue to be met during the term of the agreement.

U. T. Austin has determined that the public purpose will be met through benefits to U. T. Austin resulting from the joint creation of a continuum of care for inpatient and outpatient services for patients who may receive treatment through services provided by the U. T. Austin Dell Medical School on and off the ASH campus, as well as a redesign of community psychiatric services to increase efficiency and reduce costs for Travis County and central Texas. U. T. Austin therefore believes that the agreement serves a public purpose specific to the mission of the institution and that the U. T. Austin personnel providing the planning services will be able to ensure the public purpose is met during the term of the agreement.

14. Interagency Agreement (funds coming in) - U. T. Austin: Office of Admissions will maintain the Texas Common Application System for admission into colleges located in Texas on behalf of the Texas Higher Education Coordinating Board

Agency: Texas Higher Education Coordinating Board

Funds: Approximately \$3,216,000

Period: September 1, 2018 through August 31, 2022

Description: Interagency Cooperation Contract between U. T. Austin and the Texas Higher Education Coordinating Board. U. T. Austin will maintain ApplyTexas, the Texas Common Application System for admission into college (as prescribed in *Texas Education Code*, Section 51.762(g)), on behalf of the Texas Higher Education Coordinating Board and general academic teaching institutions and community colleges in Texas. This is an Interagency Cooperation Agreement entered into pursuant to the Interagency Cooperation Act, *Texas Government Code*, Chapter 771 under which U. T. Austin is providing services.

15. Request for Budget Change - U. T. Austin: Transfer \$8,000,000 from Vice President Business Affairs – Special Equipment Academic and Research Projects and Operations to Project Management and Construction Services – Bridgeway Building – Strategy and Policy Office Move/Renovation for Space Allocation Phase II move and renovations (RBC No. 9148) -- amendment to the 2017-2018 budget

16. Request for Budget Change - U. T. Austin: Transfer \$8,550,478 from Vice President Business Affairs – Special Equipment Academic and Research Projects and Operations to Project Management and Construction Services – Campus Main – Space Allocations Study Moves/Renovation Phase I for Space Allocation Phase I move and renovations (RBC No. 9154) -- amendment to the 2017-2018 budget

17. Request for Budget Change - U. T. Austin: Approval of Emeritus Titles

Ivo M. Babuska, from Professor to Robert B. Trull Chair Emeritus in Engineering, Department of Aerospace Engineering and Engineering Mechanics in the Cockrell School of Engineering (RBC No. 9128) -- amendment to the 2017-2018 budget

Simon S. Lam, from Professor to Regents Chair Emeritus in Computer Sciences #1, Department of Computer Science in the College of Natural Sciences (RBC No. 9147) -- amendment to the 2017-2018 budget

William Lawson, from Professor to Professor Emeritus, Department of Psychiatry in the Dell Medical School (RBC No. 9146) -- amendment to the 2017-2018 budget

Robert H. Wilson, from Professor to Mike Hogg Professor Emeritus of Urban Policy, Lyndon B. Johnson School of Public Affairs (RBC No. 9151) -- amendment to the 2017-2018 budget

18. Lease - U. T. Austin: Authorization to lease approximately 1,612 square feet of space located in U. T. Austin's Health Transformation Building at 1601 Trinity Street, Austin, Travis County, Texas, to University Federal Credit Union for office and banking use

Description: Lease of approximately 1,612 square feet of space on the 1st floor of the Health Transformation Building, located at 1601 Trinity Street, Austin, Travis County, Texas, within the institution's campus to University Federal Credit Union for office and banking use

Lessee: University Federal Credit Union

Lease Term: Ten-year initial term with three renewal options of five years each upon mutual agreement

Lease Value: \$3,695,289 estimated rental income for the initial 10-year term and three five-year renewal terms. The initial term will begin with an annual per square foot rate of \$60 and will increase to an \$80 annual per square foot rate by the final five-year renewal term. Lessee will be responsible for their pro-rata portion of operating expenses, initially estimated at \$17 per square foot. Lessor will provide a one-time tenant improvement allowance of \$137,020 for the cost of a mutually agreed build-out of the space.

Intended Use: Banking and office use

19. License - U. T. Austin: Authorization to license broadcasting tower space located at 5319 Buckman Mountain Road, Austin, Travis County, Texas, from American Towers, LLC, a Delaware limited liability company, for KUT and KUTX broadcasting purposes

Description: Two licenses for space on a broadcasting tower located at 5319 Buckman Mountain Road, Austin, Travis County, Texas from American Towers, LLC, a Delaware limited liability company, for KUT and KUTX broadcasting purposes

Licensor: American Towers, LLC, a Delaware limited liability company

License Term: Ten-year initial term, with three mutually approved renewal options of five years each

License Cost: The initial 10-year term will begin with an annual rate of \$174,000 and will increase by 3% per year through the final five-year renewal term. Licensee will be responsible for their own electrical expenses, initially estimated at \$4,000 per year. Licensee's estimated site-preparation and equipment installation cost is \$100,000. The cumulative gross cost of the initial 10-year term and three renewal terms are estimated to be \$6,543,921.

Intended Use: Broadcasting facility for KUT and KUTX

20. Foreign Contract (funds coming in) - U. T. Dallas: To provide instructional and program support for Center for Research and Innovation in Information and Communication Technologies (INFOTEC) Master's program

Agency: INFOTEC, a Mexican Federal Government Public Trust

Funds: Anticipated total revenues expected to be \$183,870 over the maximum 20-month contract period.

Period: May 1, 2018 through December 31, 2019. This is an updated service contract.

Description: U. T. Dallas to perform educational services for INFOTEC primarily in Mexico City, Mexico. U. T. Dallas will invoice INFOTEC for all related instructor, administrative, and travel fees. INFOTEC determined that U. T. Dallas was uniquely qualified to provide these services.

21. Contract (funds going out) - U. T. Rio Grande Valley: Job Order Contracting Agreement with Noble Texas Builders, LLC for building renovations and general construction campuswide

Agency: Noble Texas Builders, LLC

Funds: Anticipated total cost may exceed \$1,000,000 over the agreement term

Period: September 1, 2017 through August 31, 2020, with option to renew for two additional one-year terms

Description: Noble Texas Builders, LLC, will perform building renovations and general construction services on a job order basis. This contract was competitively procured.

22. Contract (funds going out) - U. T. Rio Grande Valley: Job Order Contracting Agreement with J.T. Vaughn Construction, LLC for building renovations and general construction campuswide

Agency: J.T. Vaughn Construction, LLC

Funds: Anticipated total cost may exceed \$1,000,000 over the agreement term

Period: September 1, 2017 through August 31, 2020, with option to renew for two additional one-year terms

Description: J. T. Vaughn Construction, LLC, will perform building renovations and general construction services on a job order basis. This contract was competitively procured.

23. Contract (funds going out) - U. T. Rio Grande Valley: Job Order Contracting Agreement with SpawGlass Contractors, Inc. for building renovations and general construction campuswide

Agency: SpawGlass Contractors, Inc.

Funds: Anticipated total cost may exceed \$1,000,000 over the agreement term

Period: September 1, 2017 through August 31, 2020, with option to renew for two additional one-year terms

Description: SpawGlass Contractors, LLC, will perform building renovations and general construction services on a job order basis. This contract was competitively procured.

24. Request for Budget Change - U. T. Rio Grande Valley: New Hire with Tenure -- amendment to the 2017-2018 budget

The following Request for Budget Change (RBC) has been administratively approved by the Executive Vice Chancellor for Academic Affairs and is recommended for approval by the U. T. System Board of Regents:

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
College of Health Affairs					
School of Nursing					
Professor					
Sharon Radzynski (T)	6/18-8/31	100	12	140,000	9158

25. Request for Budget Change - U. T. Rio Grande Valley: Approval of Emeritus Titles

Robert Edwards, from Professor to Professor Emeritus, Department of Biology in the College of Sciences (RBC No. 9156) -- amendment to the 2017-2018 budget

Angela Scoggin, from Professor to Professor Emeritus, Department of Occupational Therapy in the College of Health Affairs (RBC No. 9157) -- amendment to the 2017-2018 budget

26. Gift - U. T. Rio Grande Valley: Authorization to accept a gift of approximately 35 acres of land located near the southwest corner of Haine Drive and VFW Road, Harlingen, Cameron County, Texas, from the South Texas Medical Foundation, for future campus expansion

Description: Gift of approximately 35 acres of land located near the southwest corner of Haine Drive and VFW Road, Harlingen, Cameron County, Texas; and authorization for the Executive Director of Real Estate to execute all documents, instruments, and other agreements, and to take all further actions deemed necessary or advisable to acquire the property. For not less than 20 years, the Gift shall be used by U. T. Rio Grande Valley (UTRGV) for medical education, research, and for health-related programs, including the construction of a facility for neurosciences. After the expiration of 20 years, UTRGV may use for the same or other purposes, sell, lease or otherwise develop all or any part of the property as UTRGV may deem to be in its best interests. Any proceeds received from such sale, lease or development shall be used by UTRGV to support medical education and research and health-related programs at UTRGV.

Donor: South Texas Medical Foundation, a Texas nonprofit corporation

Estimated Value: \$1,150,000 (Per independent appraisal prepared by Bryan S. Duffy of Robinson, Duffy & Barnard, L.L.P., dated March 12, 2018)

HEALTH AFFAIRS COMMITTEE

27. Report - U. T. System Health Institutions: Fiscal Year 2017 Post-Tenure Review

In accordance with *Texas Education Code* Section 51.942 and Regents' *Rules and Regulations*, Rule 31102, the following report on the Fiscal Year 2017 post-tenure review for the U. T. System health institutions is provided by the Executive Vice Chancellor for Health Affairs.

During Fiscal Year 2017, 202 tenured faculty members at the six health institutions with tenured faculty were subject to post-tenure review. Of the 202 faculty members reviewed, 95 or 47.0% were evaluated as Exceeds Expectations; 103 or 51.0% received Meets Expectations; 1 or 0.5% received Does Not Meet Expectations; and 3 or 1.5% received Unsatisfactory evaluations. Ten faculty members retired or resigned the tenured position before their post-tenure review.

The following summary tables provide additional details of the post-tenure review results for Academic Year 2016-2017.

Summary of Post-Tenure Review Results

	Total Subject to Review	Total Exceeds Expectations	Total Meets Expectations	Total Does Not Meet Expectations	Total Unsatisfactory	Decided to Retire or Resign Before Review
UTSWMC	46	26	19	0	1	1
UTMB	32	17	15	0	0	3
UTHSC-H	44	21	22	1	0	5
UTHSC-SA	36	30	6	0	0	0
UTMDACC	44	1	41	0	2	1
UTHSC-T	0	0	0	0	0	0
Total	202	95	103	1	3	10
		47.0%	51.0%	0.5%	1.5%	

Post-Tenure Review Results by Gender

	Subject to Review		Exceeds Expectations		Meets Expectations		Does Not Meet Expectations		Unsatisfactory		Decided to Retire or Resign Before Review	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
UTSWMC	36	10	23	3	12	7	0	0	1	0	1	0
UTMB	24	8	12	5	12	3	0	0	0	0	2	1
UTHSC-H	24	20	10	11	14	8	0	1	0	0	4	1
UTHSC-SA	27	9	23	7	4	2	0	0	0	0	0	0
UTMDACC	33	11	1	0	31	10	0	0	1	1	1	0
UTHSC-T	0	0	0	0	0	0	0	0	0	0	0	0
Total	144	58	69	26	73	30	0	1	2	1	8	2

Post-Tenure Review Results by Ethnicity

	Total Actually Reviewed					Exceeds Expectations				
	White	Black	Hispanic	Asian	Other	White	Black	Hispanic	Asian	Other
UTSWMC	30	1	2	13	0	17	0	2	7	0
UTMB	20	0	2	10	0	11	0	0	6	0
UTHSC-H	35	1	1	7	0	17	0	0	4	0
UTHSC-SA	27	0	2	6	1	24	0	2	3	1
UTMDACC	27	1	3	13	0	0	0	0	1	0
UTHSC-T	0	0	0	0	0	0	0	0	0	0
Total	139	3	10	49	1	69	0	4	21	1

	Meets Expectations					Does Not Meet Expectations				
	White	Black	Hispanic	Asian	Other	White	Black	Hispanic	Asian	Other
UTSWMC	12	1	0	6	0	0	0	0	0	0
UTMB	9	0	2	4	0	0	0	0	0	0
UTHSC-H	18	1	0	3	0	0	0	1	0	0
UTHSC-SA	3	0	0	3	0	0	0	0	0	0
UTMDACC	26	1	3	11	0	0	0	0	0	0
UTHSC-T	0	0	0	0	0	0	0	0	0	0
Total	68	3	5	27	0	0	0	1	0	0

	Unsatisfactory					Decided to Retire/Resign Before Review				
	White	Black	Hispanic	Asian	Other	White	Black	Hispanic	Asian	Other
UTSWMC	1	0	0	0	0	1	0	0	0	0
UTMB	0	0	0	0	0	1	2	0	0	0
UTHSC-H	0	0	0	0	0	5	0	0	0	0
UTHSC-SA	0	0	0	0	0	0	0	0	0	0
UTMDACC	1	0	0	1	0	1	0	0	0	0
UTHSC-T	0	0	0	0	0	0	0	0	0	0
Total	2	0	0	1	0	8	2	0	0	0

PRESENT STATUS OF EACH PERFORMANCE THAT DOES NOT MEET EXPECTATIONS:

U. T. Health Science Center-Houston: Dean recommended specific expectations. Not complying will result in disciplinary action including salary reduction.

PRESENT STATUS OF EACH UNSATISFACTORY PERFORMANCE:

U. T. Southwestern Medical Center: Faculty member has submitted notification of retirement effective August 31, 2018.

U. T. M. D. Anderson Cancer Center: Positions ended at the end of 7th-year term.

28. Contract (funds coming in) - U. T. Southwestern Medical Center: Amendment to agreement to provide clinical laboratory and pathology services to patients at Dallas County Hospital District

Agency: Dallas County Hospital District, dba Parkland Health and Hospital System

Funds: \$2,200,000 for Third Amendment, with a total contract value of approximately \$9,300,000 for the original agreement and all amendments

Period: January 1, 2018 through December 31, 2019

Description: This is the third amendment to the agreement to provide clinical laboratory and pathology services to patients at Dallas County Hospital District. The initial agreement was not brought to the Board as it was below the institution's delegated contract authority. The first amendment, which increased the contract value by \$3,000,000 to \$4,700,000 was approved by the Board on February 12, 2015. The second amendment increased the value of the contract by \$2,400,000 to \$7,100,000. This third amendment increases the contract value by \$2,200,000 for a total contract value of \$9,300,000 and is being brought to the Board for approval as it exceeds the institution's delegated contract authority.

29. Contract (funds going out) - U. T. Southwestern Medical Center: Atos IT Solutions and Services, Inc. will provide managed voice telecom services

Agency: Atos IT Solutions and Services, Inc.

Funds: Approximately \$8,000,000

Period: March 1, 2018 through February 28, 2021

Description: Atos IT Solutions and Services, Inc. will provide managed voice telecom services to the campus. This agreement was acquired via an Exclusive Acquisition Justification.

30. Contract (funds going out) - U. T. Southwestern Medical Center: CMGRP, dba Weber Shandwick, will provide strategic communications support

Agency: CMGRP, dba Weber Shandwick

Funds: \$5,000,000

Period: March 12, 2018 through March 11, 2021; with the option to renew for two additional one-year terms

Description: CMGRP, dba Weber Shandwick, will provide strategic communications support, including creation of an overarching strategic communications plan that builds upon and extends the reach of current communications, marketing, and public affairs plans and activities. This contract was competitively bid.

31. Contract (funds going out) - U. T. Southwestern Medical Center: Amendment to existing contract with PricewaterhouseCoopers Advisory Services to provide consulting services

Agency: PricewaterhouseCoopers Advisory Services

Funds: The total contract amount, as amended, is \$2,956,995

Period: Initial agreement commenced July 5, 2016. Amendment extends term to October 31, 2018.

Description: This contract is to provide consulting services regarding the design of the Total Professional Effort software reporting system. This contract was competitively bid.

32. Request for Budget Change - U. T. Medical Branch - Galveston: Tenure Appointment -- amendment to the 2018-2019 budget

The following Request for Budget Change (RBC) has been administratively approved by the Executive Vice Chancellor for Health Affairs and is recommended for approval by the U. T. System Board of Regents:

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
School of Health Professions					
Department of Nutrition and Metabolism					
Vice President of Interprofessional Education, Institutional Effectiveness and the Health Education Center					
Janet Southerland (T)	2/1-8/31	100	12	225,000	9102

33. Request for Budget Change - U. T. Medical Branch - Galveston: Approval of Emeritus Title

Don Powell, from Professor to Professor Emeritus, Department of Internal Medicine in the School of Medicine (RBC No. 9101) -- amendment to the 2018-2019 budget

34. Contract (funds coming in) - U. T. Health Science Center - Houston: Subaward agreement with The University of Texas Foundation, Inc. to support the implementation of a program to enhance and expand care of patients with unmet post-Hurricane Harvey behavioral health needs

Agency: The University of Texas Foundation, Inc.

Funds: \$2,600,000

Period: March 19, 2018 through April 1, 2019

Description: U. T. Health Science Center - Houston will implement a scalable, replicable, technology-supported behavioral health program across UT Physicians' integrated care clinics, which will enhance and expand the screening, triage, referral, and care of patients with unmet post-Hurricane Harvey behavioral health needs.

35. Request for Budget Change - U. T. Health Science Center - Houston: Approval of Emeritus Titles

Kenneth F. Jones, from Associate Professor to Associate Professor Emeritus, Department of Pediatric Dentistry, UTHealth School of Dentistry (RBC No. 9190) -- amendment to the 2017-2018 budget

Susan V. Seybold, from Associate Professor to Associate Professor Emeritus, Department of Pediatric Dentistry, UTHealth School of Dentistry (RBC No. 9191) -- amendment to the 2017-2018 budget

Thomas W. Wild, from Associate Professor to Associate Professor Emeritus, Department of Pediatric Dentistry, UTHealth School of Dentistry (RBC No. 9192) -- amendment to the 2017-2018 budget

Janet C. Meininger, from Lee and J.D. Jamail Distinguished Professor to Professor Emeritus, Department of Nursing Systems, Cizik School of Nursing (RBC No. 9194) -- amendment to the 2017-2018 budget

Barbara C. Tilley, from Professor to Professor Emeritus, Department of Biostatistics and Data Science, UTHealth School of Public Health (RBC No. 9193) -- amendment to the 2017-2018 budget

36. Request for Budget Change - U. T. Health Science Center - San Antonio: Approval of Emeritus Titles

Kaye Wilkins, from Professor to Professor Emeritus, Orthopaedics in the School of Medicine (RBC No. 9110) -- amendment to the 2017-2018 budget

Francis Sharkey, from Professor to Professor Emeritus, Pathology in the School of Medicine (RBC No. 9111) -- amendment to the 2017-2018 budget

Jeffrey Kiel, from Professor to Professor Emeritus, Ophthalmology in the School of Medicine (RBC No. 9127) -- amendment to the 2017-2018 budget

37. Contract (funds coming in) - U. T. M. D. Anderson Cancer Center: Hangzhou Cosmos Wisdom Biotech Co. Ltd. agreement to license U. T. M. D. Anderson Cancer Center technology and trademarks for in vitro diagnostic assay development

Agency: Hangzhou Cosmos Wisdom Biotech Co. Ltd.

Funds: Down Payment of \$1.5 million within 15 days after Effective Date; a \$1 million Milestone Payment within 15 days after earlier of Federal Drug Administration (FDA) or China FDA approval of Licensed Products; 1.5% Royalty Payments on Net Sales of Licensed Products; and \$2 million Research Funding paid in eight installments of \$250,000 each

Period: May 1, 2018 through the longer of the Patent Rights term or 20 years

Description: Agreement to license U. T. M. D. Anderson Cancer Center technology and trademarks for in vitro diagnostic assay development.

38. Contract (funds going out) - U. T. M. D. Anderson Cancer Center: Amendment to agreement with CapsuleTech, Inc. to provide a medical device information system that will connect patient monitoring and other clinical data acquisition devices to the Electronic Health Record and to integrate with the EPIC electronic health record system

Agency: CapsuleTech, Inc.

Funds: The total cost of services under this agreement, including all renewals, will not exceed \$7,500,000

Period: The term of the existing agreement is for a period of 36 months, commencing on August 5, 2014, and continuing through August 4, 2017, with two renewal options of 12-months each. Amendment 2 extended the term to August 4, 2018. One renewal option remains.

Description: U. T. M. D. Anderson Cancer Center cares for a significant patient population. CapsuleTech, Inc. provides a medical device information system that captures data and distributes patient clinical data to the Electronic Health Record and integrates with the EPIC electronic health record system and makes data available virtually via mobile devices. The contract was sourced via an Exclusive Acquisition Justification for "Meets Unique Specifications" and it was approved because the vendor met the unique specifications. An Exclusive Acquisition Justification has been obtained for the purchases that will be made through Amendment 4.

Amendment 1 increased the Cap Amount from \$4,200,000 to \$5,000,000. As noted above, Amendment 2 extended the contract term to August 4, 2018. Amendment 3 increased the Cap Amount to \$5,250,000. Amendment 4 increases the Cap Amount to \$7,500,000. This fourth amendment is being brought to the Board as the Cap Amount exceeds the institution's \$5,000,000 delegated contract authority.

39. Request for Budget Change - U. T. M. D. Anderson Cancer Center: Tenure Appointment -- amendment to the 2017-2018 budget

The following Request for Budget Change (RBC) has been administratively approved by the Executive Vice Chancellor for Health Affairs and is recommended for approval by the U. T. System Board of Regents:

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
Medical Staff					
Department of Neurosurgery Frederick Lang, Jr.					9131
From: Professor		100	12	667,922	
To: Chair (T)	2/15-8/31	100	12	750,000	

40. Request for Budget Change - U. T. M. D. Anderson Cancer Center: Approval of Emeritus Title

William H. Klein, from Professor to Professor Emeritus, Department of Systems Biology (RBC No. 9074) -- amendment to the 2017-2018 budget

41. Other Matters - U. T. M. D. Anderson Cancer Center: Review and possible action regarding the U. T. M. D. Anderson Cancer Center campus carry rules, regulations, and provisions

President Pisters submits revisions to U. T. M. D. Anderson Cancer Center campus carry rules, regulations, and provisions regarding the carrying of handguns by license holders on campus. The changes do not alter the exclusion areas nor any other right of license holders or other members of the university community. The changes to the U. T. M. D. Anderson Handbook of Operating Procedures establish a protocol for when a workforce member discovers an unattended handgun on the U. T. M. D. Anderson Cancer Center campus.



POLICY ON CONCEALED HANDGUN CARRIAGE ON MD ANDERSON'S CAMPUS

PURPOSE

The purpose of this policy is to ensure compliance with Section 411.2031 of the Texas Government Code, also known as the "Campus Carry Law", which authorizes the carrying of Concealed Handguns by duly licensed holders on designated portions of the Campus of The University of Texas MD Anderson Cancer Center (MD Anderson), as defined and explained below.

POLICY STATEMENT

It is the policy of The University of Texas MD Anderson Cancer Center (MD Anderson) to respect the Federal and Texas Constitutions, both of which recognize Texas citizens' right to keep and bear arms. MD Anderson also recognizes the Texas Legislature's power to regulate the carriage of Handguns. Finally, MD Anderson recognizes its right under the Campus Carry Law to implement its own reasonable rules, regulations, and other provisions regarding the carriage on MD Anderson's Premises of Concealed Handguns by holders of Concealed Handgun Licenses (prior to January 2016) and Licenses to Carry a Handgun (after January 2016), collectively, "CHL Holders" for purposes of this policy. Accordingly, in seeking to fulfill its obligations under the Campus Carry Law to determine appropriate Exclusion Zones and permitted Concealed Handgun License Zones ("CHL Zones"), MD Anderson has strived to recognize CHL Holders' rights in the context of (1) the nature of MD Anderson's faculty, student, administrator, patient, and patient family populations; (2) specific safety considerations; (3) the uniqueness of MD Anderson's Campus environment; (4) all applicable laws and contractual obligations; (5) issues of practical implementation; and (6) ease of compliance and reasonable administration and enforcement. While reasonable minds can disagree on certain specifics of this policy, MD Anderson believes that this policy respects the rights and interests of all stakeholders and achieves a balanced approach to the carrying of Concealed Handguns by CHL Holders on its Campus.

THIS POLICY DOES NOT AUTHORIZE THE OPEN CARRY OF A HANDGUN ON MD ANDERSON'S CAMPUS, AND THE OPEN CARRYING OF A HANDGUN IS PROHIBITED ON MD ANDERSON'S CAMPUS.

SCOPE

Compliance with this policy is the responsibility of all persons on MD Anderson's Campus.

TARGET AUDIENCE

The target audience for this policy is all persons on MD Anderson's Campus.

DEFINITIONS

All Hazards Risk Leadership Council (AHRLC): An executive-level council charged with assessing enterprise-level risks.

Campus: The sum of all land and buildings leased or owned by the Board of Regents of The University of Texas System for and on behalf of MD Anderson.

Campus Carry Law: Section 411.2031 of the Texas Government Code, permitting the carrying of Concealed Handguns by duly licensed holders on MD Anderson's Campus in accordance with this policy.

Concealed Handgun: A Handgun, the presence of which is not openly discernible to the ordinary observation of a reasonable person. Per the Campus Carry Law and Texas Penal Code Section 46.03, open carriage by Handgun Licensees on MD Anderson's Campus is prohibited.

Concealed Handgun License (CHL): For the purposes of this policy, a Concealed Handgun License (CHL) means any valid handgun license issued pursuant to [Subchapter H, Section 411.171 et seq., of the Texas Government Code](#) (*i.e.*, a Concealed Handgun License (CHL), issued prior to Jan. 1, 2016, or a License to Carry a Handgun (LTC), issued on or after Jan. 1, 2016) when relied upon while on MD Anderson's Campus. Irrespective of handgun license type, Handgun Licensees must keep their Handguns concealed while on the premises of institutions of higher education, including MD Anderson's Campus.

Concealed Handgun License (CHL) Holder: A Handgun Licensee under [Subchapter H, Section 411.171 et seq., of the Texas Government Code](#) appearing on MD Anderson's Campus and carrying a Concealed Handgun.

Concealed Handgun License (CHL) Zones: The areas on MD Anderson's Campus where CHL Holders may carry a Concealed Handgun.

Excluded Activities: Activities that form the bases of Exclusion Zones.

Exclusion Zones: The areas on MD Anderson's Campus where CHL Holders may not carry a Concealed Handgun.

Handgun: Any firearm that is designed, made, or adapted to be fired with one hand (see [Texas Penal Code, Section 46.01\(5\)](#)).

Handgun Licensee: Any person who holds a valid, unexpired license to carry a handgun in a concealed fashion, issued either by the Texas Department of Public Safety, or by another state whose licenses to carry a handgun are recognized as valid by the Texas Department of Public Safety. In Texas, such a license may be called a Concealed Handgun License (CHL), issued prior to Jan. 1, 2016, or a License to Carry a Handgun (LTC), issued on or after Jan. 1, 2016. Notwithstanding that a person may hold a valid, unexpired license to carry a handgun in a concealed fashion issued by another state, Handgun Licensees are expected to know and follow Texas state law and all MD Anderson rules, regulations, and policies as they pertain to carrying Concealed Handguns on Campus.

National Cancer Institute (NCI) Designation Zone: All buildings and physical facilities on MD Anderson's Campus that are physically or programmatically interconnected and interrelated and which are used to fulfill the following activities required of an NCI-designated Comprehensive Cancer Center:

- Undertaking and providing treatment, care, and services to patients, including all buildings in which there are hospital facilities, inpatient and outpatient clinics, laboratories, and pharmacies.

- Undertaking and conducting research in the following three areas:
 - Laboratory research.
 - Population science.
 - Clinical research.
- Undertaking and providing programs in cancer prevention.
- Undertaking and providing health care education to health care professionals and patients.

Premises: Consistent with [Section 46.035\(f\)\(3\) of the Texas Penal Code](#), “Premises” means a building or a particular portion of an MD Anderson Campus building. For purposes of this policy and MD Anderson’s Campus, a Premises comprises all of the contiguous space dedicated to a particular institutional function or activity and extends to the functional or physical boundary of that function or activity. A Premises may be a floor, departmental suite, hallway, walkway, throughway, skybridge, laboratory, cafeteria, or any other space, depending on the circumstance. The All Hazards Risk Leadership Council (AHRLC), in consult with the Vice President and Chief Facilities Officer and the Executive Director and Chief Safety Officer, determines Premises for purposes of this policy.

PROCEDURES

1.0 Policy Permissions and Violations

- 1.1 Subject to a Concealed Handgun License (CHL) Holder’s acceptance of and compliance with this policy and MD Anderson’s rules and regulations, CHL Holders may carry Concealed Handguns in accordance with their CHL in CHL Zones on MD Anderson’s Campus.
- 1.2 CHL Holders are prohibited from carrying, and may not carry, Concealed Handguns in Exclusion Zones on MD Anderson’s Campus. Moreover, neither CHL Holders nor any other persons may carry any other weapon, as described in [Texas Penal Code, Section 46.01](#), on MD Anderson’s Campus.
- 1.3 CHL Holders must abide by and comply with all federal, state, and local law, as well as all MD Anderson rules, regulations, and policies while carrying a properly licensed Concealed Handgun in a CHL Zone.
- 1.4 The mere possession of a properly licensed Concealed Handgun by a CHL Holder in CHL Zones on MD Anderson’s Campus is not a violation of the [Disciplinary Action Policy \(UTMDACC Institutional Policy # ADM0256\)](#) or the [Workplace Violence Prevention Policy \(UTMDACC Institutional Policy # ADM0257\)](#). However, a violation of this policy by a faculty member, trainee/student, or other member of MD Anderson’s workforce may constitute a violation of institutional policies regarding conditions of employment and standards of conduct, including the [Disciplinary Action Policy \(UTMDACC Institutional Policy # ADM0256\)](#) and the [Workplace Violence Prevention Policy \(UTMDACC Institutional Policy # ADM0257\)](#), thereby subjecting the workforce member to disciplinary action, up to and including termination.
- 1.5 CHL Holders are prohibited from engaging in, and may not engage in, Direct, Conditional, or Veiled Threats, as defined in MD Anderson’s [Workplace Violence Prevention Policy \(UTMDACC Institutional Policy # ADM0257\)](#), involving the CHL Holder’s Concealed Handgun. This may include, but is not limited to, overt or implicit references by a CHL Holder to the CHL Holder’s Concealed Handgun in a way so as to intentionally or knowingly incite

fear or concern in any other person. Such conduct may result in immediate termination per Section 8.0 of this policy.

- 1.6 Except for storing a Handgun in a vehicle as permitted by Texas Law, CHL Holders must keep their Concealed Handguns on or about their persons at all times. For purposes of this policy and subject to the requirements of Texas law, "on or about one's person" means close at hand and within such distance of the CHL Holder so that, without materially changing his or her position, the CHL Holder could place his or her hand on it. Except for storing a Handgun in a vehicle as permitted by state law, CHL Holders are prohibited from leaving and must not leave the CHL Holder's Concealed Handgun unattended anywhere on MD Anderson's Campus, regardless of whether stored in a desk drawer, cabinet, purse, handbag, backpack, fanny pack, briefcase, or otherwise.
- 1.7 CHL Holders are responsible for safeguarding their Concealed Handguns at all times and must take all necessary precautions to ensure their Concealed Handguns are secured in a manner that is most likely to prevent theft, loss, damage, or misuse. CHL Holders must have their Concealed Handguns in holders or holsters that completely cover the trigger and the trigger guard area. The holster must have sufficient tension or grip on the Concealed Handgun to retain it in the holster even when subjected to unexpected jostling. CHL Holders are liable for any and all damage, injury, liability, loss, cost, or expense, directly or indirectly resulting from or arising out of an accidental or inadvertent discharge of their Concealed Handgun or their violation of this policy.
- 1.8 MD Anderson does not provide storage (e.g., lockers, gun safes) or holding services for CHL Holders. Moreover, no person is permitted to bring a gun safe or other secured storage area onto MD Anderson's Campus for the purpose of storing handguns.
- 1.9 A CHL Holder whose Concealed Handgun is lost or stolen on MD Anderson's Campus must immediately report the loss or theft to The University of Texas Police Department at Houston (UTP-H) at 713-792-2890.
- 1.10 In accordance with Texas Law, CHL Holders may secure their Concealed Handguns safely in their vehicles. MD Anderson assumes no responsibility for loss or theft of Concealed Handguns from CHL Holders' vehicles on MD Anderson's Campus (see Section 12.2 of the [Parking Policy \(UTMDACC Institutional Policy # ADM0230\)](#)).
- 1.11 Faculty members, trainees/students, other members of MD Anderson's workforce, patients, and visitors who are CHL holders and park their vehicles in parking areas owned and managed by Texas Medical Center Corporation (TMC) are subject to the policies and standards TMC has in place for its parking areas. Review the [TMC Policy Prohibiting Firearms and Weapons on TMC Property](#).

2.0 CHL Zones and Exclusion Zones

- 2.1 In accordance with the Campus Carry Law, the President must designate CHL Zones and Exclusion Zones for MD Anderson's Campus and in doing so must consider:
 - A. The nature of MD Anderson's faculty, student, administrator, patient, and patient family populations.
 - B. Specific safety considerations.
 - C. The uniqueness of MD Anderson's Campus environment.
- 2.2 In addition to considering the factors mandated by the Campus Carry Law, the President should also consider the following factors:

- A. All applicable laws and contractual obligations pertinent to MD Anderson.
 - B. Issues of practical implementation.
 - C. Ease of compliance and reasonableness of administration and enforcement.
- 2.3 The President may not create Exclusion Zones that generally prohibit or have the effect of generally prohibiting CHL Holders from lawfully carrying Concealed Handguns on MD Anderson's Campus.
- 2.4 A CHL Zone may be coterminous with a Premises.
- 2.5 If justified using the criteria in Section 2.1 and Section 2.2, an Exclusion Zone may be coterminous with a Premises.
- 2.6 The President has designated the following areas on MD Anderson's Campus as Exclusion Zones:
- A. Areas for which state or federal law, licensing requirements, or contracts require exclusion exclusively at the discretion of the state or federal government, or in which Handguns are prohibited by an accrediting authority.
 - B. Childcare facilities and pediatric-activity areas.
 - C. Areas analogous to state law requirements that prohibit Concealed Handguns, including:
 - MD Anderson's National Cancer Institute (NCI) Designation Zone.
 - Police and correctional facilities.
 - Chapels, synagogues, prayer rooms, and other areas designated for worship, spiritual reflection, or meditation on MD Anderson's Campus.
 - Pediatric school areas and areas in which sponsored activities are conducted for persons under 18 years of age who are not enrolled at MD Anderson.
 - D. Areas where discharge of a Concealed Handgun might cause widespread harm or catastrophic results, such as laboratories with extremely dangerous chemicals, biologic agents, or explosive agents, or equipment that is incompatible with metallic objects such as magnetic resonance imaging machines.
 - E. Animal care areas and vivaria in which protocols increase the risk of discharge or contamination of a Concealed Handgun, or its unanticipated separation from the CHL Holder. For open-air primate enclosures, the Exclusion Zone extends at least five (5) feet from the enclosure.
- 2.7 Deemed Exclusion Zones:
- A. When, either within a Premises or between two Premises, an Exclusion Zone is adjacent to what otherwise might be a CHL Zone, the President may deem the adjacent CHL Zone also to be an Exclusion Zone for practicability and to ensure ease of compliance, and reasonable administration and enforcement, including those situations in which:
 - Ingress and egress by CHL Holders between the Exclusion Zone and the CHL Zone is impracticable (e.g., the CHL Holder could not reasonably move to a CHL Zone without moving through an Exclusion Zone in violation of this policy and the law); and

- Ingress and egress between the Exclusion Zone and the CHL Zone may not reasonably be clearly demarcated per Section 2.8 of this policy.
 - B. The President or his designee may deem CHL Zones to be Exclusion Zones for the period of time that the CHL Zone hosts Excluded Activities listed in Section 3.0 of this policy. For example, an event in MD Anderson Campus CHL Zones that includes pediatric patients is an Exclusion Zone during the event. During this period, the signage required by Section 2.8 of this policy will be erected in the deemed Exclusion Zone for the duration of the excluded period.
 - C. If a significant fraction of the functional space of a building is excluded for reasons consistent with this policy, the President may exclude the entire building to ensure ease of compliance, reasonable administration, and enforcement.
- 2.8 Exclusion Zones will be demarcated with legally-sufficient signage, per [Texas Penal Code, Section 30.06](#).
- 2.9 The Vice President and Chief Facilities Officer and the Executive Director and Chief Safety Officer each shall maintain a complete and up-to-date listing of CHL Zones and Exclusion Zones.
- A. The listing will include the President's justification(s) for each Exclusion Zone.
 - B. The Vice President and Chief Facilities Officer and the Executive Director and Chief Safety Officer will make the listing available to the public upon reasonable request.

3.0 Excluded Activities (Not Premises-Specific)

Irrespective of where they are on MD Anderson's Campus, CHL Holders may not carry Concealed Handguns while engaged in the following Excluded Activities:

- 3.1 Providing institutional care or services to MD Anderson patients.
- 3.2 Handling extremely dangerous chemicals, biologic agents, flammable or explosive agents, or equipment that is incompatible with metallic objects.
- 3.3 Participating in, donating to, attending, or conducting blood drives.
- 3.4 Handling laboratory animals.
- 3.5 Attending events on MD Anderson's Campus at which alcoholic beverages are served.
- 3.6 Attending any meeting related to proceedings made necessary by or in connection with MD Anderson's [Grievance Policy \(UTMDACC Institutional Policy # ADM0266\)](#), [Classified Employees Appeal Policy \(UTMDACC Institutional Policy # ADM0268\)](#), or any institutional policy related to a formal conflict resolution processes as well as a Hearing Tribunal or related meeting scheduled as part of a formal dispute resolution process.
- 3.7 Attending or participating in a ticketed sporting event on MD Anderson's Campus.
- 3.8 Providing care or services to minor children.

4.0 Institutional Vehicles

- 4.1 Subject to Section 4.2 and Section 4.3 below, vehicles owned or leased by MD Anderson and operated by MD Anderson that are used for passenger transportation are considered CHL Zones.
- 4.2 Vehicles owned or leased by MD Anderson that are being utilized for the following purposes, regardless of who operates the vehicles, are considered Exclusion Zones for the duration of time that the vehicle is being used for such purposes:
 - A. The vehicle is being used to transport extremely dangerous chemicals, biologic agents, flammable or explosive agents, or equipment that is incompatible with metallic objects.
 - B. The vehicle is being used for health care-related activities, such as mobile mammography, blood donations, or to provide health screenings.
 - C. The vehicle is being used for childcare, school, or pediatric activities or purposes.
- 4.3 Vehicles owned and operated by a third-party vendor contracted by MD Anderson for the purpose of providing passenger transportation to MD Anderson are considered the private property of the contracted vendor. Each contracted vendor will determine whether its vehicles are considered CHL Zones or Exclusion Zones, and will communicate such to MD Anderson prior to the provision of passenger transportation services to MD Anderson.

Note: As of July 18, 2016, MD Anderson employee and patient shuttle services are operated by a third-party vendor that has deemed all its shuttles to be CHL Zones.

5.0 MD Anderson Campus Land (External to Buildings)

Areas outside MD Anderson buildings but still on MD Anderson's Campus are deemed Exclusion Zones when the areas are utilized for activities that are Excluded Activities listed in Section 3.0 of this policy. For example, an area on MD Anderson's Campus used for a picnic or event involving pediatric patients is an Exclusion Zone for the duration of the picnic or event.

6.0 Communication

- 6.1 MD Anderson shall widely distribute this policy and all related rules, regulations, and procedures to its faculty, trainees/students, and other members of MD Anderson's workforce, and shall prominently publish this policy and all related rules, regulations, and procedures on MD Anderson's internet and intranet sites.
- 6.2 MD Anderson's Departments of Communications, Human Resources, Patient Advocacy, Patient Care & Prevention Facilities, Patient Education, Patient Experience, Patient Safety, Physicians Referral Service, Academic and Visa Administration, and the Institutional Compliance Office shall be responsible for ensuring communication of this policy and all related rules, regulations, and procedures, as required by the Campus Carry Law.

7.0 Campus Carry Reporting

- 7.1 Incidents Reports to the ~~All Hazards Risk Leadership Council (AHRLC)~~Institutional Safety Committee:

UTP-H will report any incident of an unattended handgun or a handgun discharge on MD Anderson's Campus to the Institutional Safety Committee. Such report by UTP-H will take place as soon as practicable.The Institutional Safety Committee will collect and report to the

AHRLC incidents implicating this policy as soon as practicable, but in no event later than 60 days from the discovery of the date of the incident.

7.2 Institutional Safety Committee Reports to the All Hazards Risk Leadership Council (AHRLC):

The Institutional Safety Committee will collect and report to the AHRLC incidents implicating this policy as soon as practicable, but in no event later than 60 days from the discovery of the date of the incident.

7.27.3 AHRLC Reports to the President:

On or about July 1 of each year, the AHRLC will prepare and deliver to the President a report on MD Anderson's compliance with the Campus Carry Law, the implementation of this policy, and all incidents during the past year involving a Concealed Handgun.

From time to time, and based upon the implementation of this policy or any incidents involving a Concealed Handgun, the AHRLC shall make recommendations to the President in regard to any changes that may be necessary, appropriate, or desirable to this policy, the Exclusion Zones, Excluded Activities, CHL Zones, or the rules and regulations hereunder.

7.37.4 President's Report to the Texas Legislature:

Not later than July 1 of each even-numbered year, the Institutional Compliance Office will prepare for the AHRLC's review and the President's review and approval a report on MD Anderson's compliance with the Campus Carry Law. The report will:

- A. Describe MD Anderson's rules, regulations, and policies regarding the carrying of Concealed Handguns on MD Anderson's Campus; and
- B. Explain the reasons why MD Anderson has established these rules, regulations, and policies.

7.47.5 Once approved by the President, the President shall send the report to The University of Texas System's Office of General Counsel for review not later than August 1 of each even-numbered year.

7.57.6 The President must submit the report to the Texas Legislature not later than September 1 of each even-numbered year.

8.0 Policy Violations and Disciplinary Action

8.1 If any person believes that a CHL Holder has violated this policy, he or she should immediately report the violation by calling 2-STOP (713-792-7867). The caller should provide the following information, as applicable and available:

- A. Description of the perceived violation;
- B. Name(s) of individual(s) involved in the incident;
- C. Name(s) of any witnesses;
- D. Date, time, and location of the incident; and
- E. Factual circumstances surrounding the incident.

8.2 Should a member of MD Anderson's workforce (workforce member) discover an unattended handgun on MD Anderson's Campus, he or she should not attempt to touch or move it. Instead, the workforce member should:

- A. Secure the area as much as reasonably possible, and warn other people away from the unattended handgun.
- B. Promptly report the unattended handgun by calling 2-STOP (713-792-7867). If the workforce member does not have access to a phone, they should ask another workforce member to call 2-STOP (713-792-7867). The caller should be prepared to provide the following information, as applicable and available:
 - The location of the unattended handgun (e.g., building name, floor, and room number);
 - The date and time of the discovery of the unattended handgun; and
 - Names(s) of any additional witnesses.
- C. Remain with the unattended handgun until a UTP-H Officer arrives to address the situation.
- D. If before 2-STOP (713-792-7867) is called or a UTP-H Officer arrives, the owner of the unattended handgun returns to retrieve it, or if another person seeks to take the unattended handgun, the workforce member should not stop them from doing so, nor seek to restrain them from leaving, nor in any way engage in a physical altercation with them. However, if the workforce member feels safe doing so, the workforce member should ask their name.
 - If 2-STOP (713-792-7867) has not yet been called, the workforce member who found the unattended handgun should still call 2-STOP (713-792-7867) to report the incident.
 - If a UTP-H Officer is on their way, the workforce member who found the unattended handgun should remain at the location until the UTP-H Officer arrives.

8-28.3 A violation of this policy by a CHL Holder that involves the CHL Holder's Concealed Handgun may be considered a confirmed incident of a Policy Violation ("a confirmed incident of Violence or Threat of Violence") under the [Workplace Violence Prevention Policy \(UTMDACC Institutional Policy # ADM0257\)](#) and may result in immediate removal from MD Anderson's Campus or referral to The University of Texas Police Department at Houston (UTP-H), as appropriate, and may result in disciplinary action for such person, up to and including termination.

8-38.4 Loss of a CHL Holder's Concealed Handgun on MD Anderson's Campus will be considered a violation of Section 1.6 of this policy, and if the CHL Holder is a faculty member, trainee/student, or other member of MD Anderson's workforce, may result in disciplinary action for such person, up to and including termination.

ATTACHMENTS/LINKS

[Examples of Unacceptable Conduct and Work Performance \(Attachment # ATT1800\).](#)

[Texas Government Code, Chapter 411.](#)

[Texas Penal Code, Section 30.06.](#)

[Texas Penal Code, Section 46.01.](#)

[Texas Medical Center Policy Prohibiting Firearms and Weapons on TMC Property.](#)

RELATED POLICIES

[Classified Employees Appeal Policy \(UTMDACC Institutional Policy # ADM0268\).](#)

[Disciplinary Action Policy \(UTMDACC Institutional Policy # ADM0256\).](#)

[Grievance Policy \(UTMDACC Institutional Policy # ADM0266\).](#)

[Infection Control for Patient Care Areas Policy UTMDACC Institutional Policy # CLN0436\).](#)

[Parking Policy \(UTMDACC Institutional Policy # ADM0230\).](#)

[Termination of Employment of a Faculty Member Policy \(UTMDACC Institutional Policy # ACA0059\).](#)

[Workplace Violence Prevention Policy \(UTMDACC Institutional Policy # ADM0257\).](#)

JOINT COMMISSION STANDARDS / NATIONAL PATIENT SAFETY GOALS

None.

OTHER RELATED ACCREDITATION / REGULATORY STANDARDS

None.

REFERENCES

TEX. GOV'T CODE Title 4, Subtitle B, §411 *et seq.*,
<http://www.statutes.legis.state.tx.us/Docs/GV/htm/GV.411.htm>.

TEX. PEN. CODE Title 7, §30.06 *et seq.*, <http://www.statutes.legis.state.tx.us/Docs/PE/htm/PE.30.htm>.

FACILITIES PLANNING AND CONSTRUCTION COMMITTEE

42. Contract (funds going out) - U. T. System: Raba Kistner, Inc. to perform miscellaneous geotechnical engineering and materials testing services

Agency: Raba Kistner, Inc.

Funds: Anticipated total cost may exceed \$1,000,000 over the life of the contract for services provided on an as-needed basis

Period: September 1, 2017 through August 31, 2023
(Contract is being brought forward for Board approval as it is nearing the \$1,000,000 delegation threshold)

Description: Raba Kistner, Inc., to perform miscellaneous geotechnical engineering and materials testing services on a nonexclusive, indefinite quantity basis. Services were competitively procured.