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FOR  
FINANCE AND PLANNING COMMITTEE**

**Committee Meeting: 2/24/2021**

**Board Meeting: 2/25/2021**  
Austin, Texas

*R. Steven Hicks, Chairman*  
*David J. Beck*  
*Jodie Lee Jiles*  
*Janiece Longoria*  
*Kelcy L. Warren*  
*Rad Weaver*

	<b>Committee Meeting</b>	<b>Board Meeting</b>	<b>Page</b>
<b>A. CONVENE JOINT MEETING WITH AUDIT, COMPLIANCE, AND RISK MANAGEMENT COMMITTEE</b>	<i>9:00 a.m.</i> <i>Chairman Hicks</i>		
1. <b>U. T. System: Fiscal Year 2020 Consolidated Annual Financial Report, including the Independent Auditors' Report, and audits of the financial statements of U. T. Austin, U. T. M. D. Anderson Cancer Center, U. T. Southwestern Medical Center, and U. T. Medical Branch - Galveston and for funds managed by The University of Texas/Texas A&amp;M Investment Management Company (UTIMCO)</b>	<b>Report/Discussion</b> <i>Ms. Hinojosa Segura</i> <i>Mr. Peppers</i> <i>Ms. Tracey Cooley</i> <i>Mr. Blake Rodgers,</i> <i>Deloitte &amp; Touche</i>	Not on Agenda	<b>62</b>
<b>B. ADJOURN JOINT MEETING AND CONVENE FINANCE AND PLANNING COMMITTEE IN OPEN SESSION</b>	<i>9:15 a.m.</i>		
2. <b>U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, assigned for Committee consideration</b>	<b>Discussion</b>	<b>Action</b>	<b>91</b>
3. <b>U. T. System: Financial Status Presentation and Monthly Financial Report</b>	<b>Report/Discussion</b> <i>Dr. Kelley</i>	Not on Agenda	<b>92</b>
4. <b>U. T. System: Report on the Analysis of Financial Condition for Fiscal Year 2020</b>	<b>Report/Discussion</b> <i>Ms. Hinojosa Segura</i>	Not on Agenda	<b>118</b>

	<b>Committee Meeting</b>	<b>Board Meeting</b>	<b>Page</b>
5. <b>U. T. System Board of Regents: The University of Texas/Texas A&amp;M Investment Management Company (UTIMCO) Update</b>	<b>Report/Discussion</b> <i>Mr. Britt Harris</i>	Not on Agenda	<b>193</b>
<b>C. ADJOURN</b>	<i>9:45 a.m.</i>		

1. **U. T. System: Fiscal Year 2020 Consolidated Annual Financial Report, including the Independent Auditors' Report, and audits of the financial statements of U. T. Austin, U. T. M. D. Anderson Cancer Center, U. T. Southwestern Medical Center, and U. T. Medical Branch - Galveston and for funds managed by The University of Texas/Texas A&M Investment Management Company (UTIMCO)**

Ms. Veronica Hinojosa Segura, Associate Vice Chancellor and Controller, will discuss the Fiscal Year 2020 Consolidated Annual Financial Report (AFR) highlights. Ms. Hinojosa Segura's PowerPoint presentation is included on the following pages for additional detail. The [AFR](#) is available online.

Ms. Tracey Cooley and Mr. Blake Rodgers, Deloitte & Touche LLP, will report on the results of the audit of the U. T. System AFR and audits of the financial statements of U. T. Austin, U. T. M. D. Anderson Cancer Center, U. T. Southwestern Medical Center, and U. T. Medical Branch - Galveston and for the funds managed by The University of Texas/Texas A&M Investment Management Company (UTIMCO) for Fiscal Year 2020. Deloitte's PowerPoint presentation with required communications to the Audit, Compliance, and Risk Management Committee is set forth following the AFR highlights presentation.

**BACKGROUND INFORMATION**

The AFR is prepared in compliance with Governmental Accounting Standards Board pronouncements and State Comptroller of Public Accounts directives and filed with the oversight agencies on November 20 of each year as required by *Texas Government Code*, Section 2101.011. Deloitte & Touche LLP issued an unqualified opinion on the U. T. System Consolidated Financial Statements on December 11, 2020.

# Annual Financial Report & Highlights Fiscal Year 2020

Veronica Hinojosa Segura  
Associate Vice Chancellor, Controller

U. T. System Board of Regents Meeting  
February 2021



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# Agenda

- Controller Framework and FY 2020 Look Back
- Annual Financial Report Results
- Highlights
- FY 2021 Look Forward



# Strategic Framework

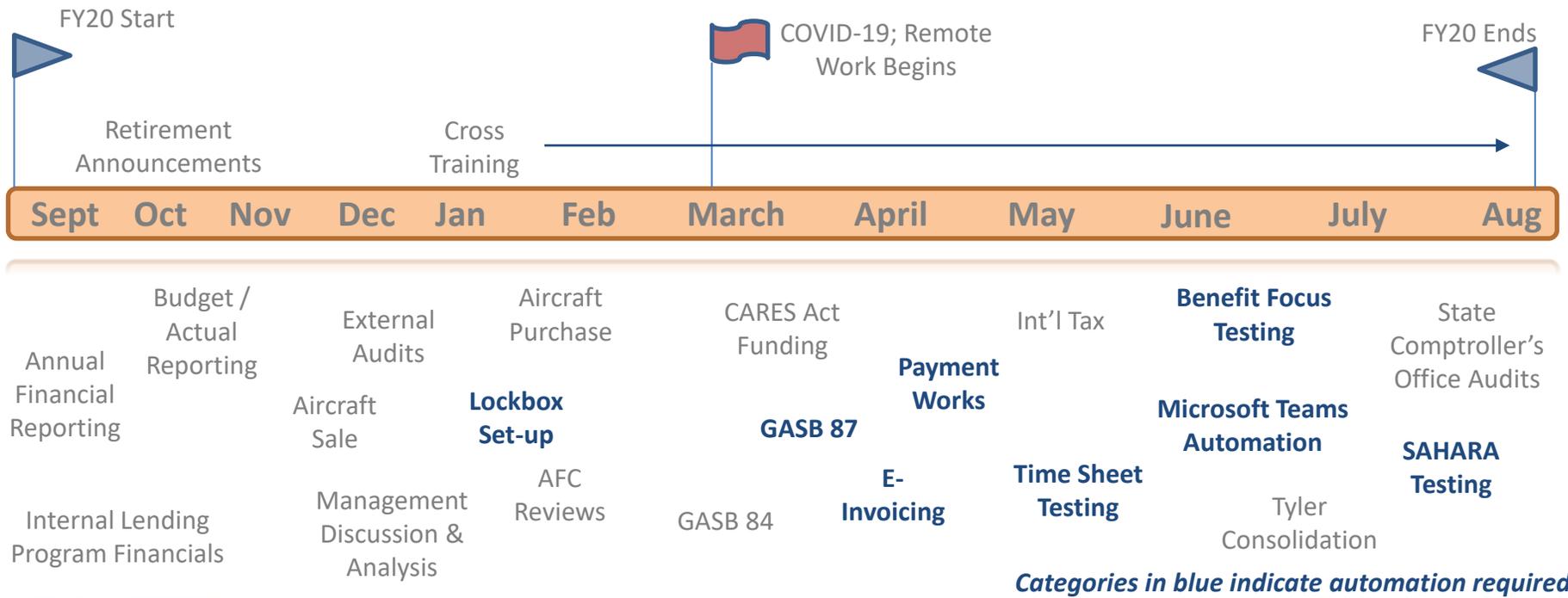


## Vision

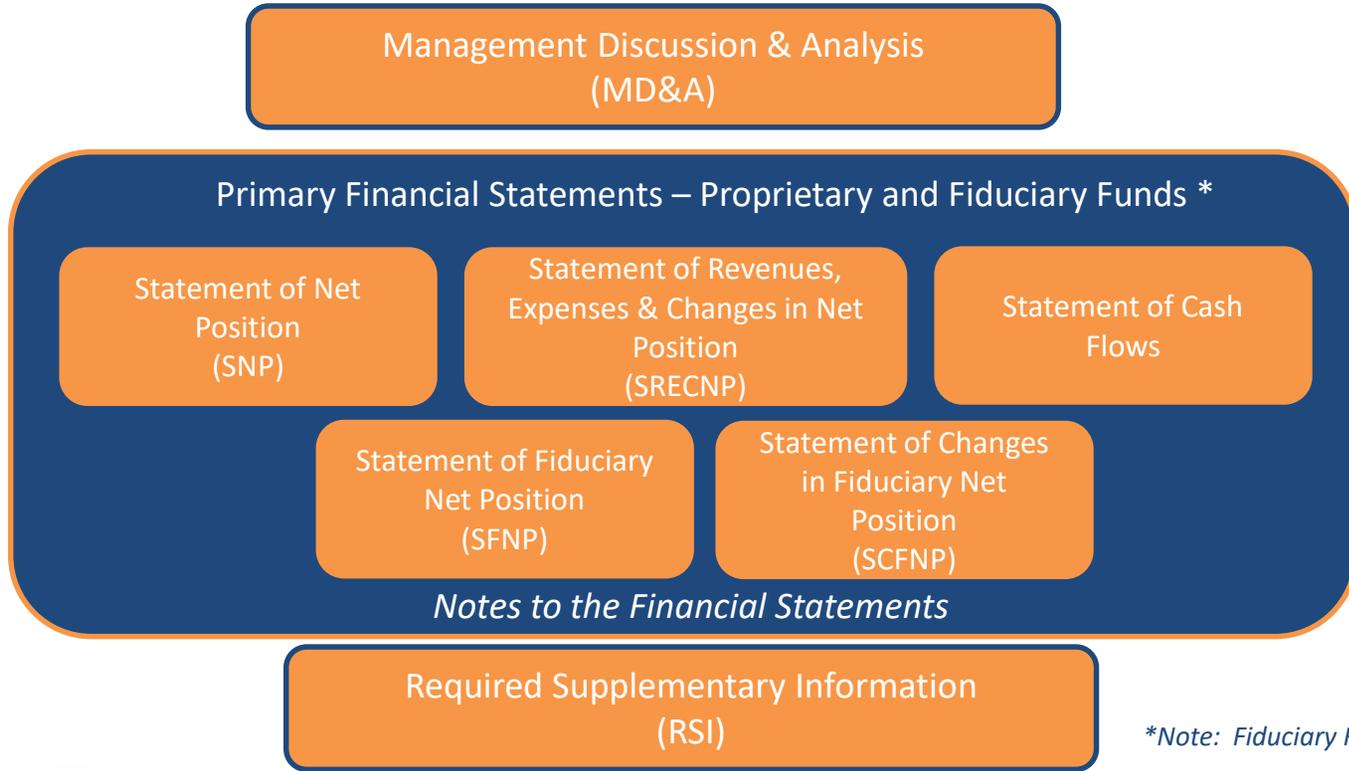
*To recruit, retain, and develop employees who provide exceptional service through innovation in support of the Controller's and UT System's mission.*



# FY 2020 Look Back



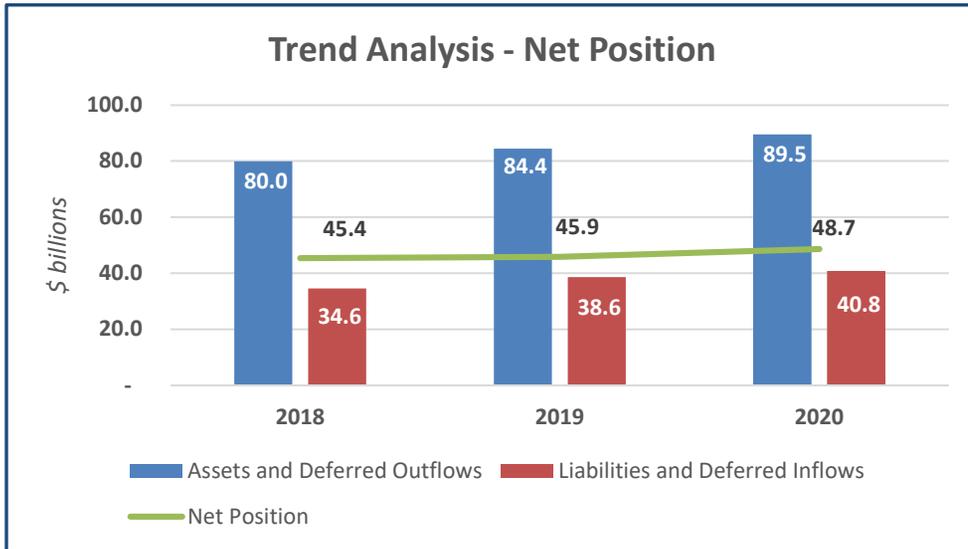
# Components of Annual Financial Report



\*Note: Fiduciary Funds new due to GASB 84



# Consolidated Performance Dashboard

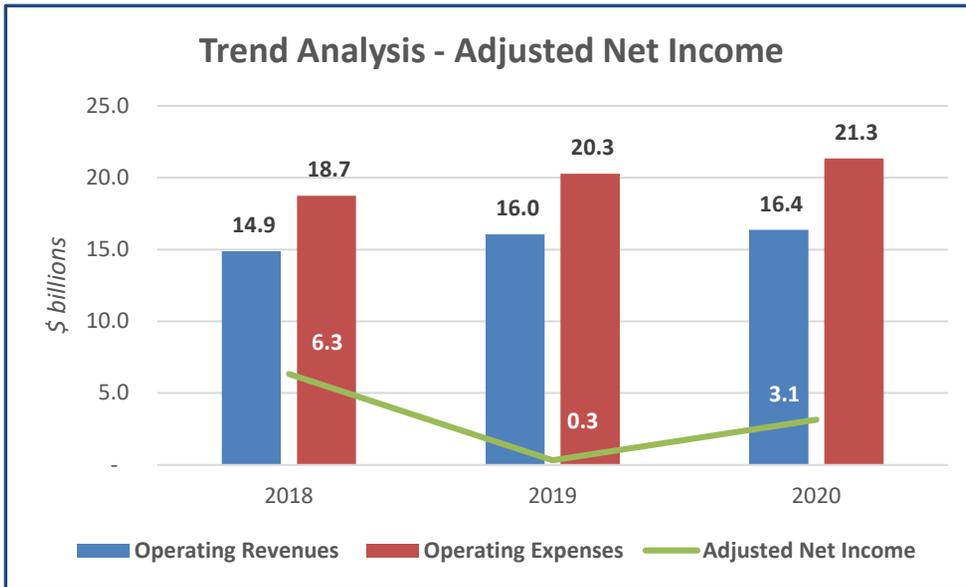


### Key Metrics

	2018	2019	2020
	(\$ in millions)		
Cash & Cash Equivalents	\$ 3,203.5	4,047.4	3,996.8
Investments	54,007.2	54,209.5	58,531.5
Net Capital Assets	16,889.3	17,540.6	17,813.0
Debt Related Liabilities	10,710.2	11,167.8	11,443.9



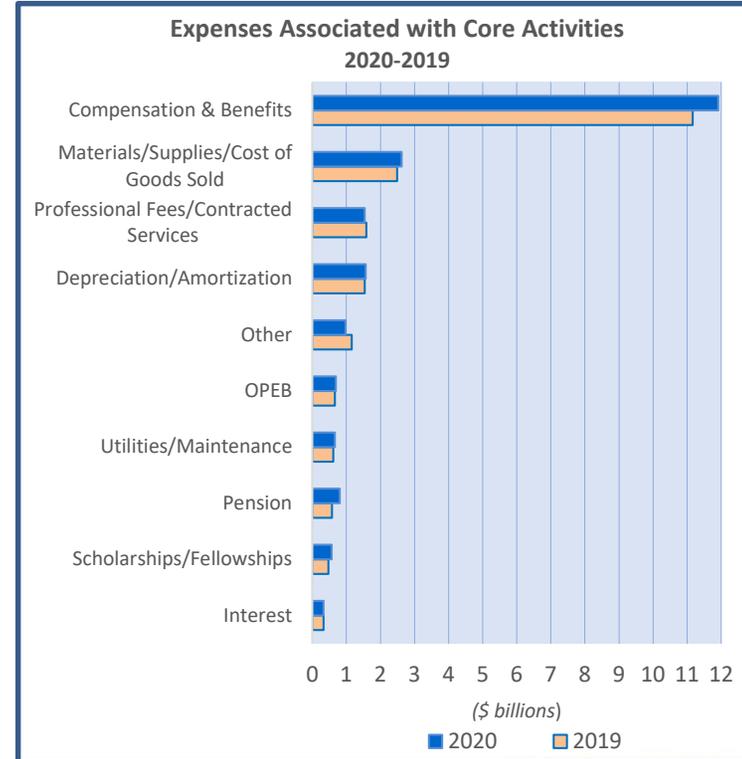
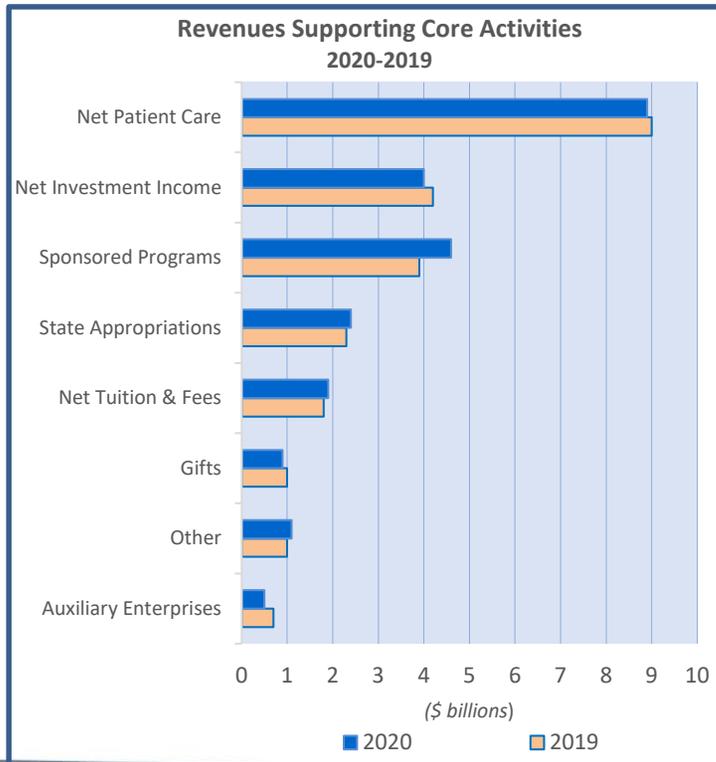
# Consolidated Performance Dashboard



	2018	2019	2020
	<i>(\$ in millions)</i>		
Operating Revenues	\$ 14,884.8	16,043.6	16,359.5
Operating Expenses	(18,741.8)	(20,285.1)	(21,341.2)
<b>Operating Loss</b>	<b>(3,857.0)</b>	<b>(4,241.5)</b>	<b>(4,981.7)</b>
State Appropriations	2,268.1	2,283.2	2,429.3
Gifts & Nonexchange Grants	872.4	879.2	1,351.4
Net Investment Income	4,279.3	4,240.6	3,996.4
Net Incr./ (Decr.) in FV of Invest.	3,105.6	(2,521.9)	680.4
Interest Expense	(281.7)	(334.8)	(334.8)
Net Other Nonop. Revenue (Expense)	(61.4)	23.2	0.3
<b>Adjusted Net Income</b>	<b>\$ 6,325.3</b>	<b>328.0</b>	<b>3,141.3</b>



# Revenue / Expense Year over Year Comparison



# Center of Excellence Highlights

	 Quality	 Customer Focus	 Innovation	 Accountability
Accounting / Reporting	Cross Training	Internal Lending Program Financial Statements	GASB 84 GASB 87	Financial Reporting
Business Administration	Budget/Actual Reporting	Aircraft Operations	Reconciliation Implementation (SAHARA)	Systemwide Audits
Financial Shared Services	Inventory Controls	Payroll Services	PaymentWorks Implementation	State Comptroller's Audits



# FY 2021 Look Forward

- Continued Cross Training and Succession Planning
- Domestic and International Tax Compliance
- GASB Restatements and Implementations
- Dashboards and Benchmarking
- Electronic Invoicing
- Review use of Robotic Process Automation



**Deloitte.**



**Report to The University of Texas System Board of Regents  
Audit, Compliance, and Risk Management Committee**

February 24, 2021

# Agenda

Deloitte Team

FY20 Audit Scope

GASB Standards Implemented in FY20

Spotlight on Certain Upcoming GASB Standards

Summary of Uncorrected Misstatements

Control-related Matters

Appendix A: Auditing Management's Estimates

Appendix B: Detailed Summary of Uncorrected Misstatements

# Deloitte Team

Meeting with You Today



# FY20 Audit Scope

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## Financial Statement Audits:

U. T. System – Consolidated

UTIMCO Funds

U. T. M. D. Anderson Cancer Center

U. T. Southwestern Medical Center

U. T. Medical Branch Galveston

U. T. Austin

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## Student Financial Aid Compliance Audits:

U. T. Health Science Center – Houston

U. T. M. D. Anderson Cancer Center

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## Review Engagements:

U. T. Health Science Center – Houston

## GASB Standards Implemented in FY20

**GASB Statement No. 84, *Fiduciary Activities***, effective 2020, established criteria for identifying fiduciary activities which should be reported in a fiduciary fund in the financial statements.

Activities requiring fiduciary fund reporting were moved out of U. T. System's internal agency-like funds into fiduciary funds, and therefore, those activities are now reported within separate fiduciary fund financial statement.

All of U. T. System's fiduciary funds are reported as custodial funds. Almost all of U. T. System's custodial funds relate to the portion of U. T. System investment funds held for external organizations and are reported as custodial funds-external investment pool. All other custodial funds are reported as custodial funds-other and include activities such as student organizations and funds held for associations.

## Spotlight on Certain Upcoming GASB Standards

**GASB Statement No. 87, *Leases***, effective 2022, establishes a single model for lease accounting. The U. T. System is evaluating the effect that Statement 87 will have on its financial statements.

**GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements***, effective 2023, improves financial reporting by addressing issues related to public-private and public-public partnership arrangements and provides guidance for availability payment arrangements. The U. T. System is evaluating the effect that Statement 94 will have on its financial statements.

**GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)***, effective 2023, defines a SBITA; establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA. The U. T. System is evaluating the effect that Statement 96 will have on its financial statements.

## Summary of Uncorrected Misstatements for the Year Ended August 31, 2020 *(in thousands)*

	<u>Total Assets and Deferred Outflows</u>	<u>Total Liabilities and Deferred Inflows</u>	<u>Beginning Net Position</u>	<u>Operating Revenues</u>	<u>Operating Expenses</u>	<u>Nonoperating Revenues &amp; Expenses, and Other Changes</u>	<u>Ending Net Position</u>
<b>Effect of Uncorrected Misstatements (including prior year rollover)</b>	\$7,466	\$1,589	\$68,676	\$111,370	\$37,870	\$1,053	\$5,877
<b>Amounts Reported</b>	89,495,450	40,831,723	45,858,265	16,359,524	21,341,225	8,123,032	48,663,728
<b>Amounts Reported, if adjusted</b>	89,502,916	40,833,312	45,926,941	16,470,894	21,379,095	8,124,085	48,669,604
<b>% Change</b>	0.01%	0.00%	0.15%	0.68%	0.18%	0.01%	0.01%

## Control-Related Matters

- A *deficiency in internal control* over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.
- A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.
- A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

# Appendix A: Auditing Management's Estimates

## Accounting Estimates—Patient Accounts Receivable—Valuation

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### Management’s Methodology

- During FY 2020 and FY 2019, management at U. T. health institutions applied a consistent approach to estimating the allowance for doubtful accounts and contractual allowances.
- Management develops an estimate of historical and expected net collections, business and economic conditions, and other collection indicators.
- Management performs reviews of historical collections and write-offs. Adverse changes in business office operations, payor mix, and economic conditions could affect the collection of accounts receivable, cash flows, and results of operations.

### Audit Procedures

- Tested the adequacy of certain U. T. institutions’ methodologies and procedures used to establish the valuation reserves for patient accounts receivable and evaluation key assumptions used by management.
  - For institutions with significant receivable balances, we computed an independent estimate of the allowance for contractals and bad debt for each significant financial class of patient receivable after independently testing the collection percentages.
  - Performed testing of the adequacy of doubtful accounts allowances through the review of collections and aging statistics and a look-back analysis.
  - Tested for compliance with GASB guidance on the presentation in the financial statements of allowance for doubtful accounts.
-

## Accounting Estimates—Fair Value of PUF Lands

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### Management’s Methodology

- Management has a consistent methodology from FY 2019 to FY 2020 as it relates to the reserve analysis. Management engages a third-party specialist to develop the reserves for the three categories of reserves (1) proved; (2) possible and (3) probable. Management and the specialists determine reasonable assumptions related to discount rates/factors, reserve adjustment factors, and overall valuation methodology.
- Management with University Lands compiles data from producers related to production and royalty percentages for submission to the third-party specialist.
- Management ensures the proper disclosures are in the Annual Financial Reports as it relates to the fair value of the PUF lands.

### Audit Procedures

- Read the reserve study with the assistance of Deloitte fair value and oil and gas specialists, and tested various assumptions as it relates to discount rates, reserve adjustment factors and valuation techniques.
  - Performed testing on the accuracy and completeness of the data submitted to the third-party specialists.
  - Performed a lookback analysis on current year production estimates used in the reserve methodology.
-

## Accounting Estimates—Teachers’ Retirement System Plan

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### Management’s Methodology

- The Teacher Retirement System of Texas (“TRS”) pension plan is a state-wide, multi-employer cost sharing plan. Using external actuaries, TRS calculates the total plan liability for the plan. Participating employers record their proportionate share of the NPL, pension expense, and related deferred inflows and outflows of resources.
- The State Auditor’s Office (“SAO”) audits the TRS plan and the proportionate share, and related net pension liability, of each employer. The SAO also audits retiree and active census data.
- U. T. System is responsible for tracking and accurately reporting census data on active participants to TRS and also for contributing the appropriate amounts to TRS.
- Management ensures the proper disclosures are in the Annual Financial Reports as it relates to the plan and the required supplementary information.

### Audit Procedures

- Read the TRS actuarial study with the assistance of Deloitte actuaries.
  - Recalculated the proportionate share of U. T. System’s and the stand-alone entities as it relates to net pension liability, deferred inflows, outflows, annual amortization and pension expense.
  - Read the disclosures and required supplementary information in the Annual Financial Reports to determine compliance with generally accepted accounting principles.
-

## Accounting Estimates—Other Postemployment Benefit Plan

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### Management’s Methodology

- U. T. System’s other postemployment benefit (“OPEB”) plan is a single-employer plan. Management engages an external actuary to determine the liability related to the OPEB plan.
- Management within the Office of Employee Benefits (“OEB”) is responsible for tracking and accurately reporting census data of participants to the actuary. This data is submitted by the individual U. T. institutions to the OEB.
- Management ensures the proper disclosures and required supplementary information for the plan are in the Annual Financial Report.

### Audit Procedures

- Obtained the actuarial study with the assistance of Deloitte actuaries and tested various assumptions as it related to discount rates, investment returns, and mortality assumptions.
  - Evaluated the disclosures and required supplementary information in the Annual Financial Reports to determine compliance with generally accepted accounting principles.
-

# Appendix B: Detailed Summary of Uncorrected Misstatements

## Summary of Uncorrected Misstatements

Our audit of the consolidated financial statements was designed to obtain reasonable, rather than absolute, assurance about whether the consolidated financial statements are free of material misstatement, whether caused by error or fraud. There were no material misstatements that were brought to the attention of management as a result of our audit procedures. However, we included herein uncorrected misstatements that we presented to management during the current year audit engagement that were determined by management to be immaterial, both individually and in the aggregate, to the consolidated financial statements taken as a whole.

### U. T. System Administration

- We proposed an extrapolated error of \$18.4 million related to a factual error of \$974K identified during testing of the fair value of endowment land for U.T. Dallas Tract 9.

### U. T. Austin

- We proposed an adjustment to book an accrual for non-payroll grant operating expenses incurred in fiscal year 2020 but paid for in fiscal year 2021. Our estimate of this cutoff error, based on an average of these monthly expenses, was approximately \$20.8 million for fiscal year 2020.
- We proposed an adjustment to remove gift revenue and receivables in the amount of \$12.99 million due to an error in the reconciliation.
- We proposed an adjustment to reclass \$121.4 million in cash to restricted cash related to cash received upfront for construction contracts with the Department of Human Health Services Commission (HHSC).

## Summary of Uncorrected Misstatements (continued)

### U. T. M. D. Anderson Cancer Center

- We proposed a reclassification of the Physicians Referral Service Supplemental Retirement / Retirement Benefit Deferred Compensation Plan ("PRS") from a long-term asset and liability to short-term asset and liability in the amount of approximately \$59 million. A portion of the liability will be paid in the next fiscal year. There was a similar passed adjustment in the prior year.
- We proposed an entry to recognize revenue associated with a third party licensing agreement in the amount of \$88.3 million and also to recognize associated expenses and liability in the amount of \$53.1 million for payments to be made to third parties.
- Additionally, misstatements were identified in the current year relating to misstatement in the prior year.
  - Understatement of technology stock investments in FY19 (\$11.9 million)
  - Understatement of state and private grant revenue in FY19 and prior (\$44.6 million)

## Summary of Uncorrected Misstatements (continued)

### U. T. Health Science Center – Houston

- We proposed an adjustment to reverse a contingent liability of \$23.9 million for 10% of the revenues received from the Delivery System Reform Incentive Payment program over the last 5 years. The liability did not meet the “probable” threshold for recording a contingent liability.

### U. T. Health Science Center – San Antonio

- We proposed an adjustment to reclassify capital assets booked net within other assets into gross capital assets and accumulated depreciation in the amount of \$12.7 million.

### U. T. Arlington

- We proposed an adjustment to reclassify \$19.9 million of negative restricted cash to other current liabilities.



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36 USC 220506

**2. 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 2 - 6](#).

**3. U. T. System: Financial Status Presentation and Monthly Financial Report**

Dr. Scott C. Kelley, Executive Vice Chancellor for Business Affairs, will discuss the Financial Status Presentation, the highlights of which are set forth in the PowerPoint on the following pages and the November Monthly Financial Report, which follows the PowerPoint. The monthly financial report represents the consolidated and individual operating detail of the U. T. institutions.

# U. T. System

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

Dr. Scott Kelley  
Executive Vice Chancellor for Business Affairs

U. T. System Board of Regents Meeting  
Finance and Planning Committee  
February 2021

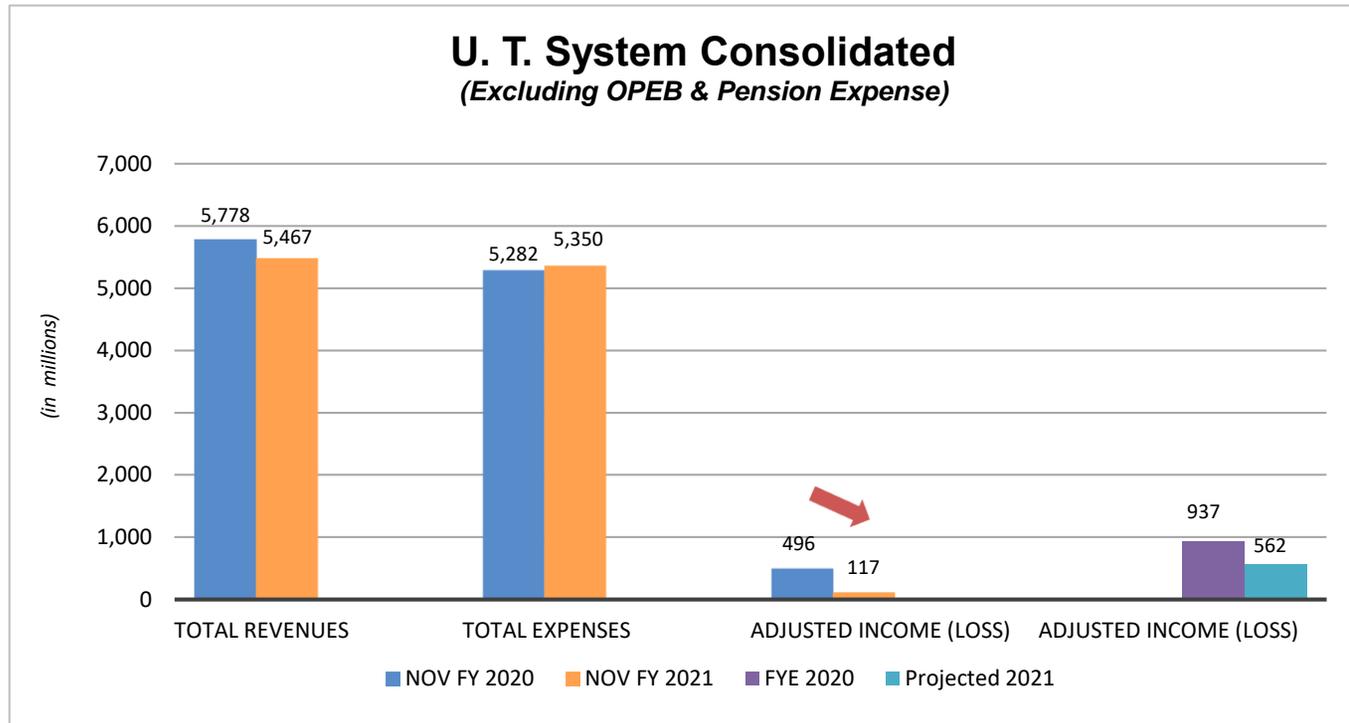


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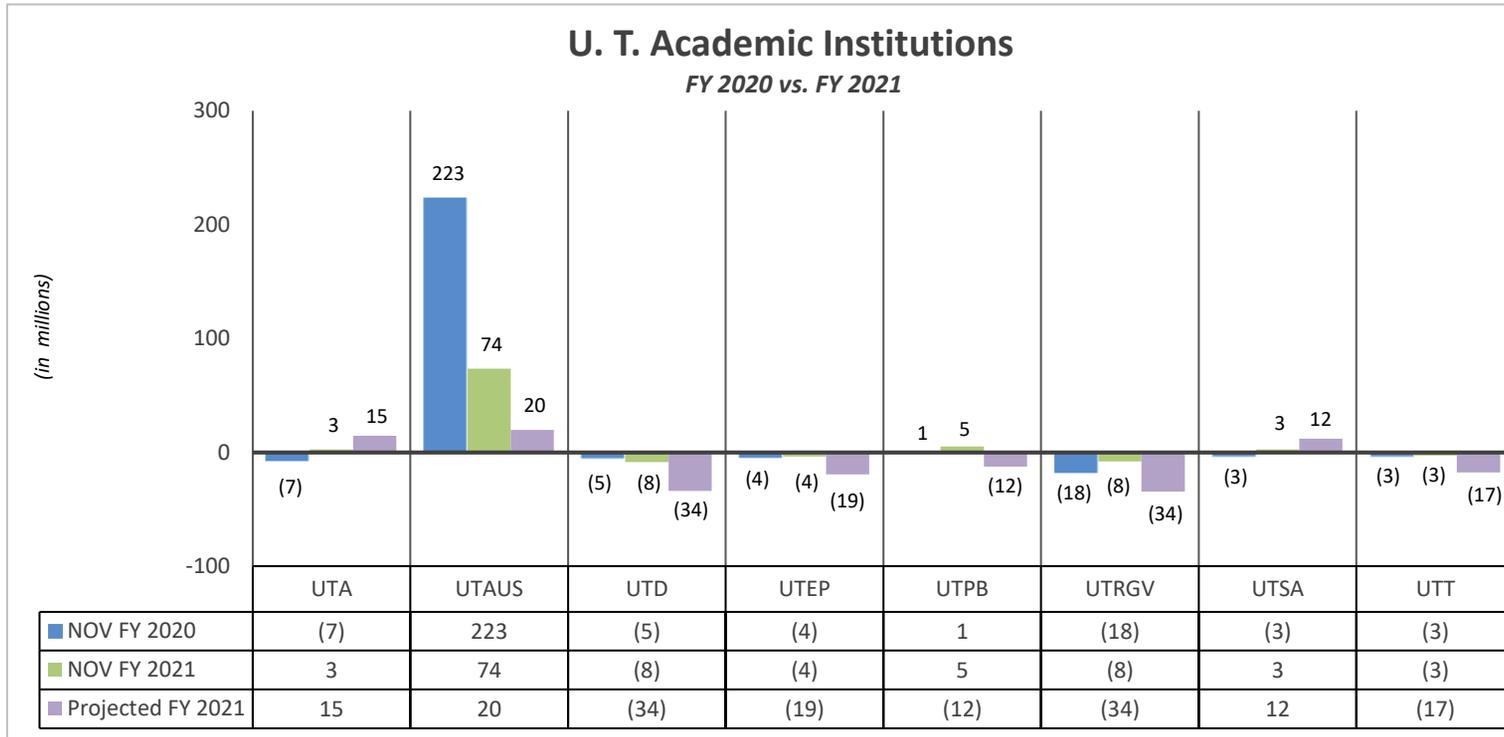
# U. T. System Consolidated Landscape

For the Period Ending November 30, 2020 and Projected Fiscal Year-End



## Academic Adjusted Income (Loss) Comparison

*For the Period Ending November 30, 2020 and Projected Fiscal Year-End*

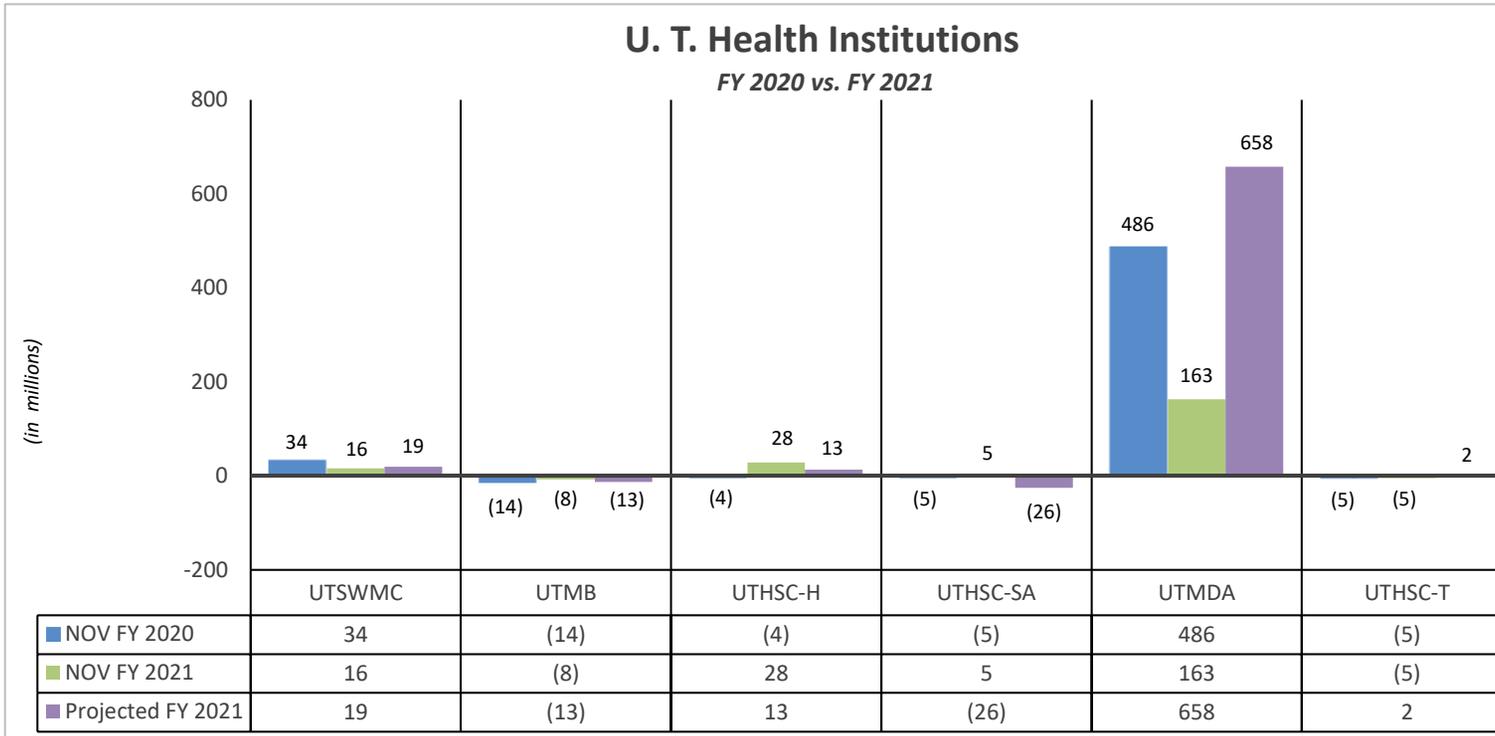


Source: November 2020 Monthly Financial Report



## Health Adjusted Income (Loss) Comparison

*For the Period Ending November 30, 2020 and Projected Fiscal Year-End*



Source: November 2020 Monthly Financial Report



## Systemwide Operations Financial Summary

	FY 2021 Budget	FYTD Actual (November 2020)	% of Budget
U. T. System Administration (AUF)	\$ 50,540,434	\$ 13,368,960	26%
Direct Campus Support (AUF)	41,459,566	4,754,577	11%
Other Operations Funded with AUF Reserves	300,000	(305,313)	-102%
Service Departments and Other Non-AUF*	59,903,708	13,965,709	23%
<b>Total – U. T. System Administration and Campus Support</b>	<b>\$ 152,203,708</b>	<b>\$ 31,783,933</b>	<b>21%</b>

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



**THE UNIVERSITY OF TEXAS SYSTEM  
OFFICE OF THE CONTROLLER**

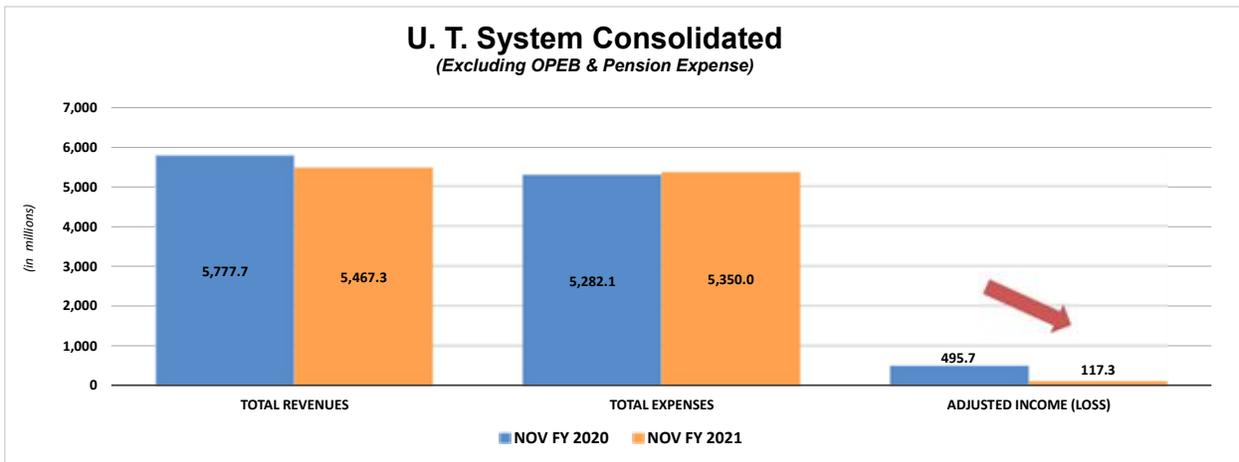
**MONTHLY FINANCIAL REPORT**  
*(unaudited)*

**NOVEMBER 2020**



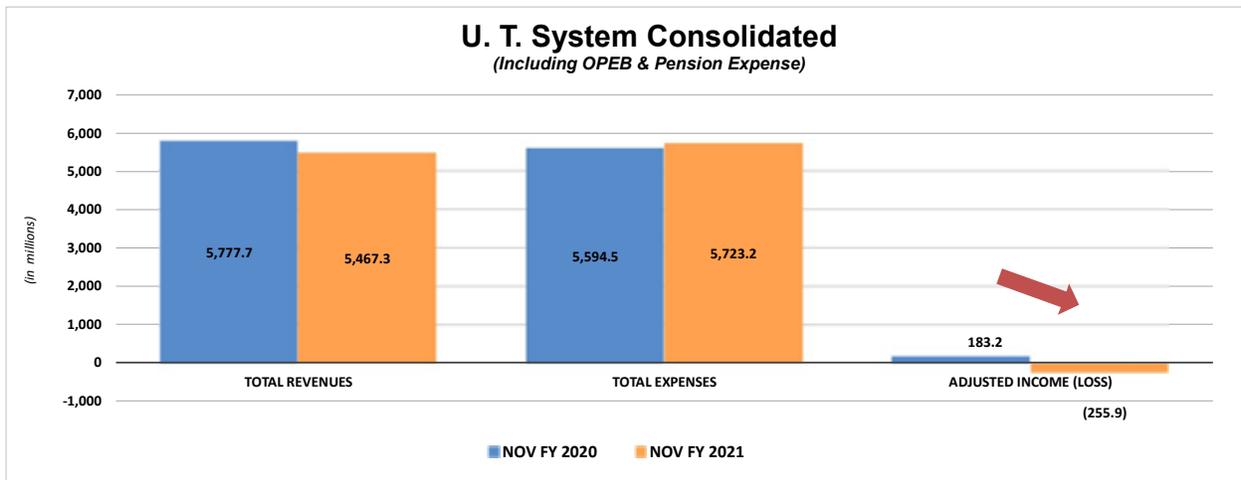
210 West Seventh Street  
Austin, Texas 78701  
512.499.4527  
[www.utsystem.edu/cont](http://www.utsystem.edu/cont)

## Monthly Financial Report Comparison of Operating Results, Margin and Projected Year-End For the Period Ending November 30, 2020

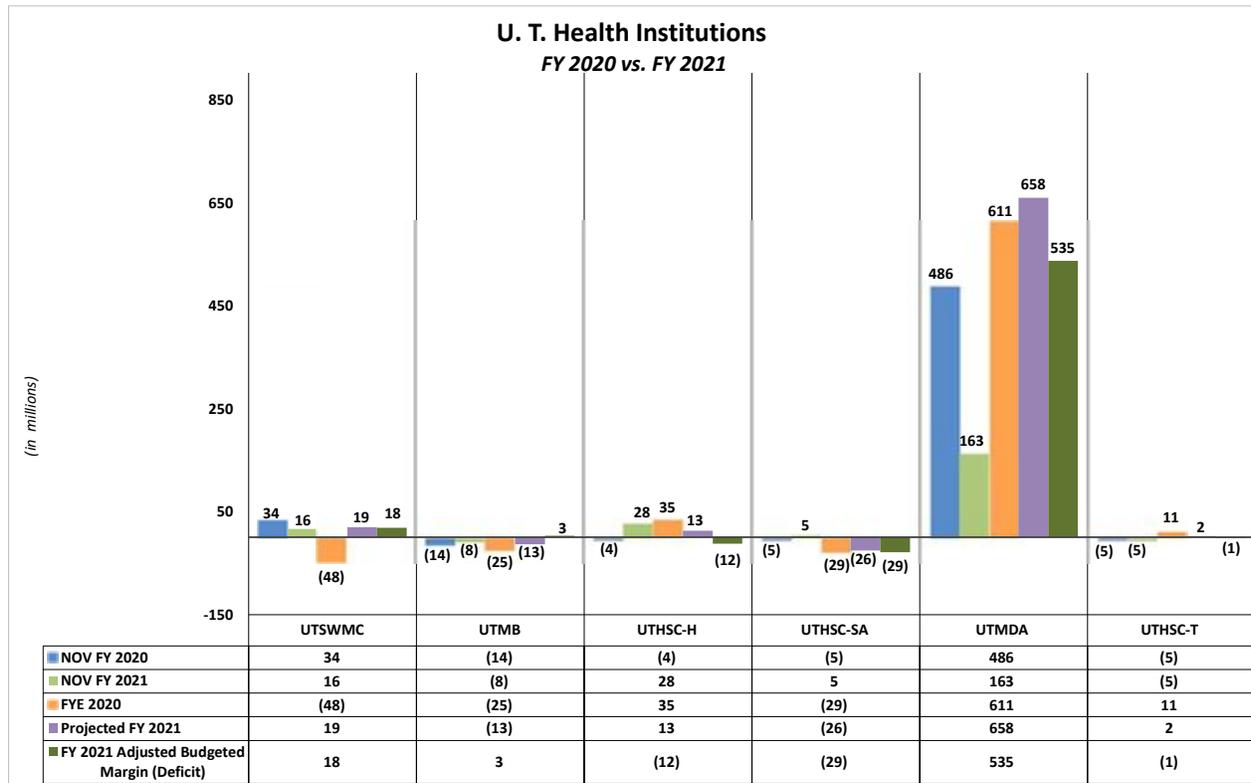
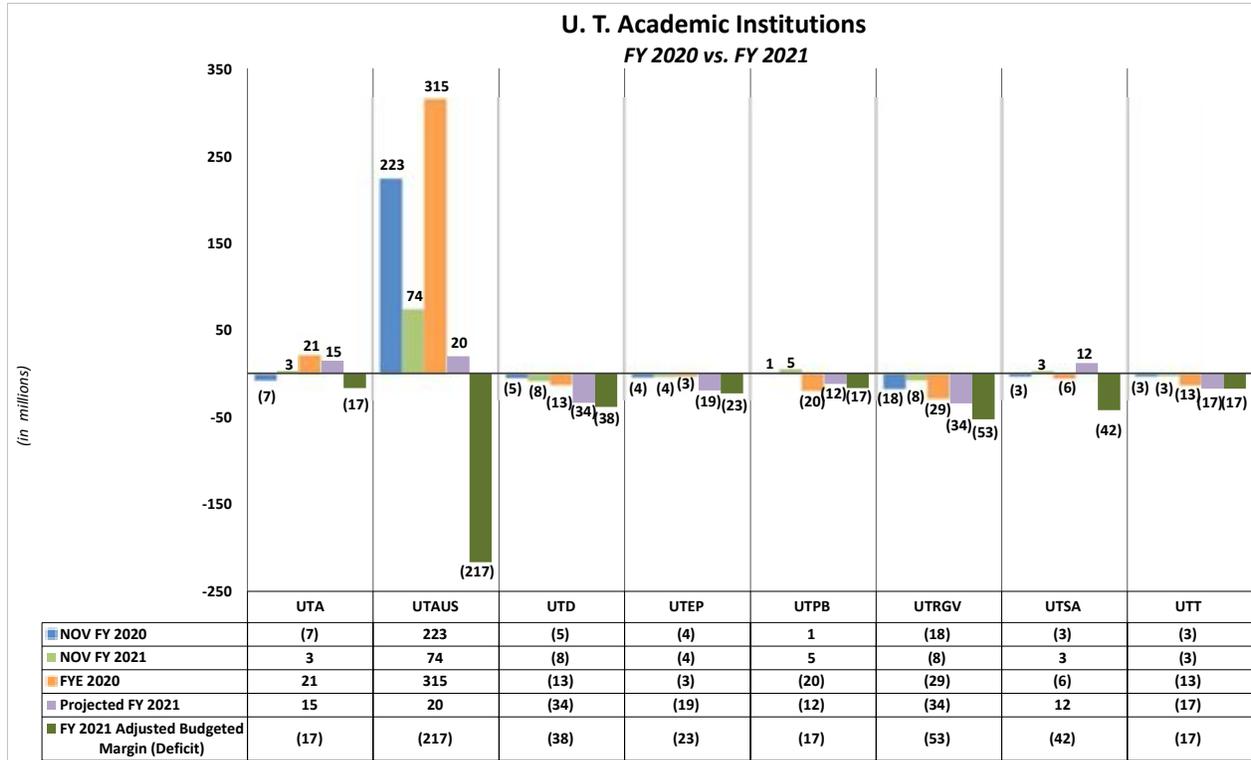


Excluding other postemployment benefits (OPEB) and pension expense, *U. T. System Consolidated* shows year-to-date adjusted income of \$117.3 million, a decrease of \$378.4 million (76%) from the prior year. The decrease was primarily due to the following: a decrease in net investment income for *U. T. M. D. Anderson Cancer Center*; a decrease in other operating revenues and gift contributions for operations for *U. T. Austin*; and a decrease in auxiliary revenues, and sales and services of educational activities as a result of COVID-19.

(in millions)	November YTD FY 2020	November YTD FY 2021	Variance	Annual Projected FY 2021
Clinical Revenues	\$ 2,378.6	2,367.0	(11.6)	9,548.6
Sponsored Programs/Nonexchange Sponsored Programs	1,011.2	1,127.7	116.5	4,505.0
State Appropriations	555.7	547.5	(8.3)	2,180.8
Net Tuition and Fees	493.5	502.7	9.1	1,958.5
Auxiliary Revenues/Sales & Services of Educational Activities	380.6	280.6	(100.0)	877.6
Net Investment Income	608.1	400.4	(207.6)	1,608.5
Other Operating Revenues/Gift Contributions for Operations	350.0	241.4	(108.6)	1,100.6
<b>Total Revenues</b>	<b>5,777.7</b>	<b>5,467.3</b>	<b>(310.4)</b>	<b>21,779.5</b>
Salaries and Wages/Payroll Related Costs	3,136.0	3,226.0	90.0	12,696.5
Materials and Supplies/Cost of Goods Sold	702.5	724.4	21.9	2,661.2
Depreciation and Amortization	387.3	404.9	17.6	1,626.9
Other Contracted Services/Professional Fees & Services	361.5	339.9	(21.5)	1,482.1
All Other Operating Expenses	694.8	654.8	(40.0)	2,750.7
<b>Total Expenses (Excluding OPEB &amp; Pension Exp)</b>	<b>\$ 5,282.1</b>	<b>5,350.0</b>	<b>68.0</b>	<b>21,217.4</b>
<b>Adjusted Income (Loss) Excluding OPEB &amp; Pension Exp</b>	<b>495.7</b>	<b>117.3</b>	<b>(378.4)</b>	<b>562.2</b>
OPEB Expense	166.2	171.6	5.4	686.4
Pension Expense	146.2	201.6	55.4	806.3
<b>Adjusted Income (Loss)</b>	<b>183.2</b>	<b>(255.9)</b>	<b>(439.2)</b>	<b>(930.6)</b>
<b>Adjusted Income (Loss) Excluding Depr &amp; Amort Exp</b>	<b>570.5</b>	<b>148.9</b>	<b>(421.6)</b>	<b>696.3</b>



**Monthly Financial Report  
Comparison of Adjusted Income (Loss)  
For the Period Ending November 30, 2020**



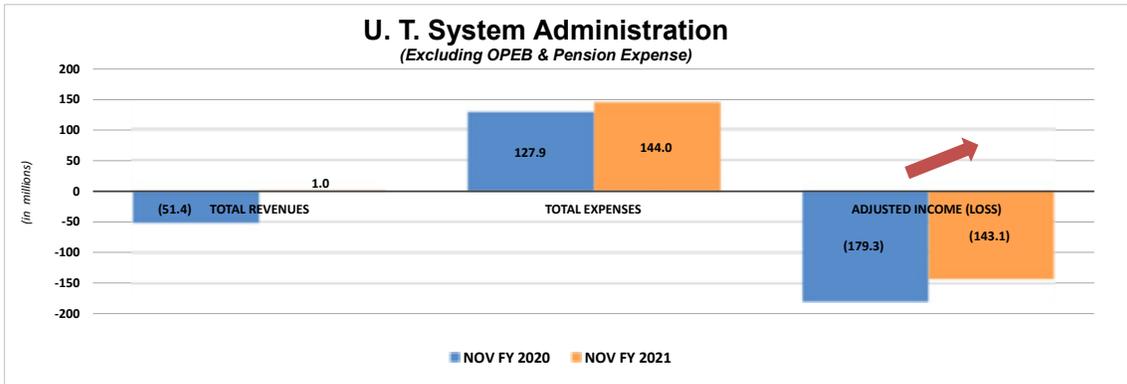
**Monthly Financial Report**  
**Comparison of Adjusted Income (Loss)**  
**For the Period Ending November 30, 2020**

**Executive Summary of Adjusted Income (Loss)**

	November FYTD 2020 (millions)	November FYTD 2021 (millions)	Variance %	Comments
U. T. System Administration (excluding OPEB & Pension Expense)	\$ (179.3)	(143.1)	20%	Increase in Net Investment Income <b>Projected loss of (\$20.0) million for the FY</b>
U. T. Arlington	(7.3)	2.7	137%	Decrease in Other Contracted Services, Travel, Repairs & Maintenance, Professional Fees & Services Increase in Net Tuition & Fees, Gifts for Operations <b>Projected income of \$14.8 million for the FY</b>
U. T. Austin	223.4	73.6	-67%	Decrease in Gifts for Operations, Auxiliary and Sales & Services Revenues <b>Projected income of \$19.8 million for the FY</b>
U. T. Dallas	(5.1)	(8.4)	-66%	Decrease in Auxiliary and Sales & Services Revenues, State Appropriations, Net Tuition & Fees <b>Projected loss of (\$33.7) million for the FY</b>
U. T. El Paso	(4.5)	(3.6)	20%	Increase in Gifts for Operations <b>Projected loss of (\$19.4) million for the FY</b>
U. T. Permian Basin	0.5	5.2	907%	Decrease in Scholarships & Fellowships Increase in Gifts for Operations <b>Projected loss of (\$12.3) million for the FY</b>
U. T. Rio Grande Valley	(17.7)	(7.8)	56%	Increase in Sponsored Programs, State Appropriations, Clinical Revenues <b>Projected loss of (\$34.4) million for the FY</b>
U. T. San Antonio	(3.3)	2.8	183%	Increase in Net Tuition & Fees <b>Projected income of \$12.0 million for the FY</b>
U. T. Tyler	(3.2)	(2.7)	16%	Increase in Net Tuition & Fees <b>Projected loss of (\$17.5) million for the FY</b>
Southwestern	34.4	15.9	-54%	Increase in Salaries & Wages, Payroll Related, Materials & Supplies <b>Projected income of \$19.4 million for the FY</b>
UTMB	(14.3)	(7.7)	46%	Increase in Clinical Revenues, Sponsored Programs, Contract & Retail Pharmacy Revenues, DSRIP <b>Projected loss of (\$13.4) million for the FY</b>
UTHSC-Houston	(4.5)	28.1	730%	Increase in Sponsored Programs, Net Investment Income <b>Projected income of \$12.7 million for the FY</b>
UTHSC-San Antonio	(4.6)	4.7	203%	Increase in Clinical Revenues, Sponsored Programs, Net Investment Income <b>Projected loss of (\$25.7) million for the FY</b>
M. D. Anderson	485.7	162.8	-66%	Decrease in Net Investment Income, Clinical Revenues, and Auxiliary and Sales & Services Revenues <b>Projected income of \$657.7 million for the FY</b>
UTHSC-Tyler	(4.6)	(5.1)	-11%	Increase in Salaries & Wages, Payroll Related <b>Projected income of \$2.2 million for the FY</b>
<b>Total Adjusted Income (Loss)</b>	<b>\$ 495.7</b>	<b>117.3</b>	<b>-76%</b>	

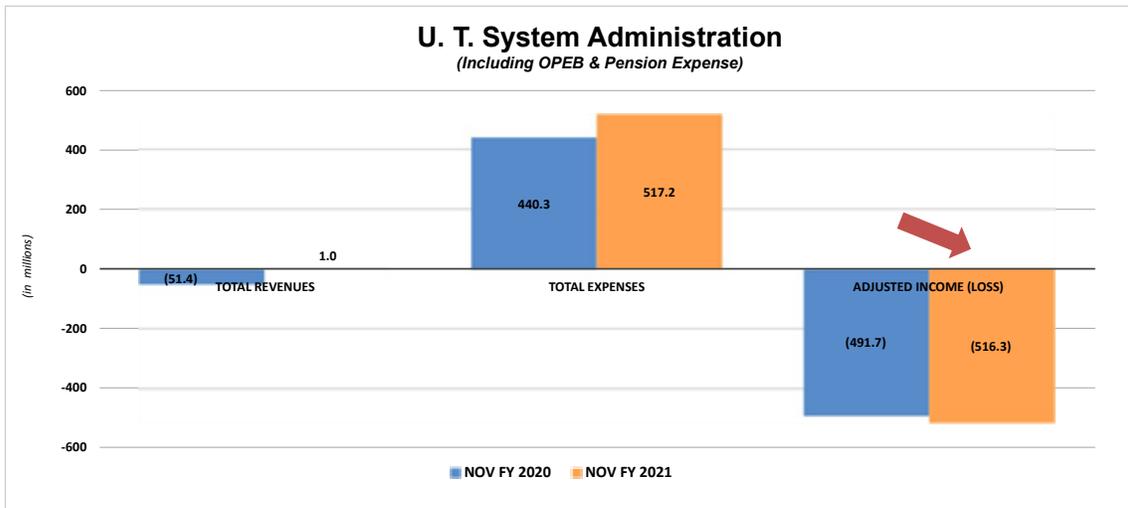
\* For additional details on the variances, please see pages 4 through 19.

**Monthly Financial Report  
Comparison of Operating Results, Margin and Projected Year-End  
For the Period Ending November 30, 2020**



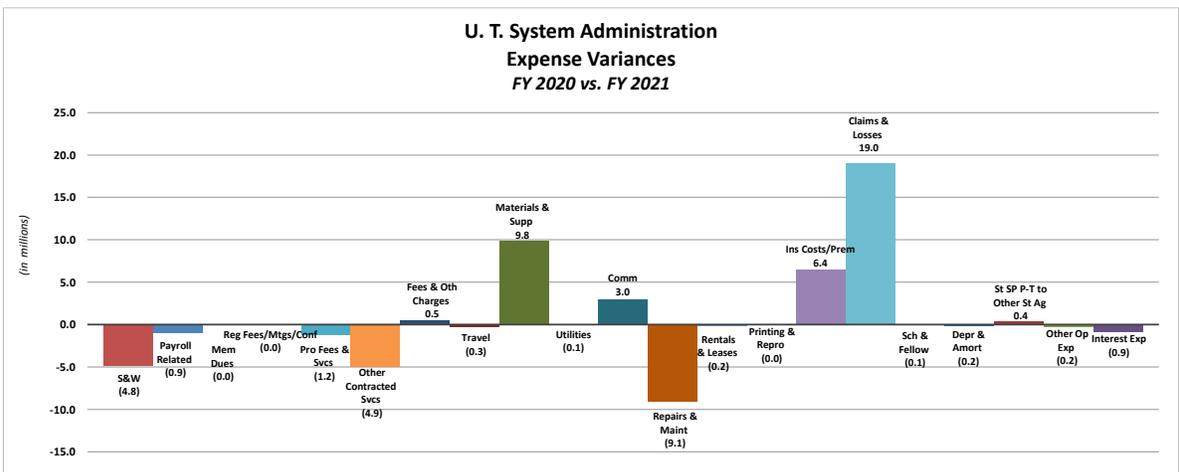
Excluding OPEB and pension expense, *U. T. System Administration* incurred a year-to-date adjusted loss of \$143.1 million, a decrease in adjusted loss of \$36.2 million (20%) from the prior year. The decrease was primarily due to an increase in net investment income as a result of increases in the Permanent University Fund (PUF) and Long Term Fund (LTF) investment income, and PUF oil and gas royalties, combined with a decrease in PUF investment expenses. The most current projection, excluding OPEB and pension expense, reflects a loss of \$20.0 million for the year.

(in millions)	November YTD FY 2020	November YTD FY 2021	Variance	Annual Projected FY 2021
Sponsored Programs/Nonexchange Sponsored Programs	\$ 13.9	8.4	(5.5)	35.8
State Appropriations	1.0	1.0	-	3.9
Auxiliary Revenues/Sales & Services of Educational Activities	2.0	5.1	3.1	20.5
Net Investment Income/Available University Fund (AUF)	(74.6)	(21.2)	53.4	47.8
Other Operating Revenues/Gift Contributions for Operations	6.4	7.7	1.3	30.3
<b>Total Revenues</b>	<b>(51.4)</b>	<b>1.0</b>	<b>52.3</b>	<b>138.4</b>
Salaries and Wages/Payroll Related Costs	19.1	13.3	(5.7)	(315.5)
Materials and Supplies/Cost of Goods Sold	4.9	14.8	9.8	12.0
Depreciation and Amortization	4.1	3.9	(0.2)	15.7
Other Contracted Services/Professional Fees & Services	14.4	8.3	(6.1)	41.6
All Other Operating Expenses	85.4	103.7	18.3	404.5
<b>Total Expenses (Excluding OPEB &amp; Pension Exp)</b>	<b>\$ 127.9</b>	<b>144.0</b>	<b>16.1</b>	<b>158.3</b>
<b>Adjusted Income (Loss) Excluding OPEB &amp; Pension Exp</b>	<b>(179.3)</b>	<b>(143.1)</b>	<b>36.2</b>	<b>(20.0)</b>
OPEB Expense	166.2	171.6	5.4	686.4
Pension Expense	146.2	201.6	55.4	806.3
<b>Adjusted Income (Loss)</b>	<b>(491.7)</b>	<b>(516.3)</b>	<b>(24.6)</b>	<b>(1,512.7)</b>
<b>Adjusted Income (Loss) Excluding Depr &amp; Amort Exp</b>	<b>(487.6)</b>	<b>(512.3)</b>	<b>(24.8)</b>	<b>(1,497.0)</b>



## Monthly Financial Report Detailed Expense Break-out for U. T. System Administration For the Period Ending November 30, 2020

(in millions)	November YTD FY 2020	November YTD FY 2021	Actual Year-End FY 2020	Annual Projected FY 2021
Salaries and Wages	\$ 15.3	10.5	51.8	41.5
Payroll Related Costs	3.8	2.8	(355.0)	(357.0) *
Membership Dues	0.2	0.1	0.4	0.6
Registration Fees, Meetings, Conferences	0.1	0.0	0.4	0.2
Professional Fees and Services	2.5	1.3	11.5	5.2
Other Contracted Services	12.0	7.0	28.4	36.4
Fees and Other Charges	0.0	0.5	0.1	2.1
Travel	0.4	0.0	0.7	0.1
Materials and Supplies	4.9	14.8	11.9	12.0
Utilities	0.1	0.1	0.3	0.3
Communications	0.1	3.1	3.4	3.4
Repairs and Maintenance	13.0	3.9	6.3	15.6
Rentals and Leases	0.8	0.6	2.6	2.6
Printing and Reproduction	0.1	0.0	0.1	0.1
Insurance Costs/Premiums	21.6	28.0	7.7	112.1
Claims and Losses	40.9	59.9	32.3	239.5
Scholarships and Fellowships	0.1	0.0	1.0	0.0
Depreciation and Amortization	4.1	3.9	16.9	15.7
State Sponsored Program Pass-Through to Other State Agencies	1.1	1.4	4.5	4.3
Other Operating Expenses	0.3	0.1	1.2	0.3
Interest Expense	6.7	5.9	36.6	23.4
<b>Total Expenses (Excluding OPEB &amp; Pension Expense)</b>	<b>127.9</b>	<b>144.0</b>	<b>(136.8)</b>	<b>158.3</b>
OPEB Expense	166.2	171.6	686.4	686.4
Pension Expense	146.2	201.6	806.3	806.3
<b>Total Expenses (Including OPEB &amp; Pension Expense)</b>	<b>\$ 440.3</b>	<b>517.2</b>	<b>1,356.0</b>	<b>1,651.1</b>



Brief explanations for U. T. System Administration's largest expense variances are provided below:

**Salaries & Wages** – decrease of \$4.8 million due to decreases in Shared Information Services and the Office of Facilities Planning and Construction.

\***Payroll Related Costs** - the negative payroll related costs at year-end relate to the pension entry to defer pension contributions made after the measurement date for the entire System.

**Other Contracted Services** - decrease of \$4.9 million due to the timing of the AUF Digital Library Support payment to U. T. Austin, and a decrease in Clinical Data Network expenses. An increase in Hosting Software partially offset the decrease.

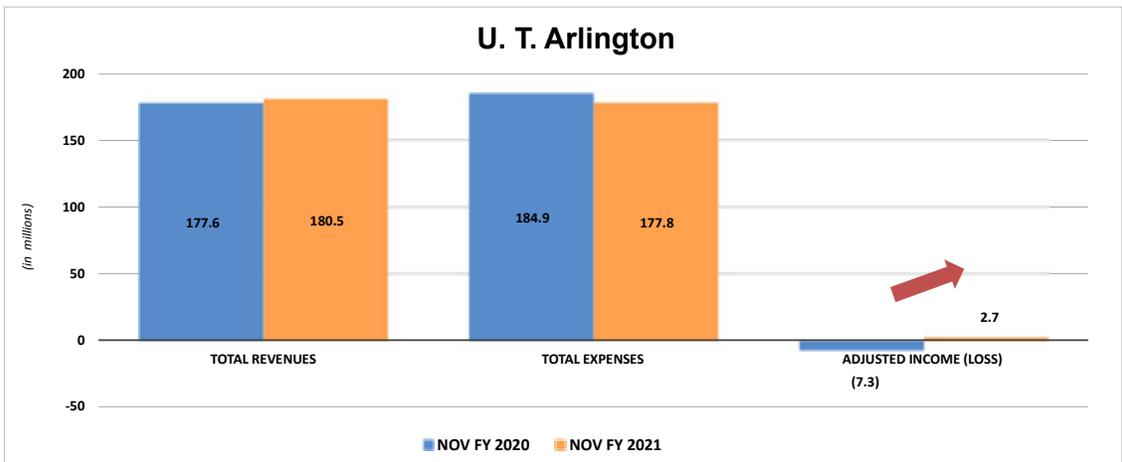
**Materials and Supplies** – increase of \$9.8 million as a result of an offsetting difference between materials and supplies and repairs and maintenance related to an Oracle Maintenance Agreement correction fixed in January 2020.

**Repairs and Maintenance** – decrease of \$9.1 million due to an offsetting difference between materials and supplies and repairs and maintenance related to an Oracle Maintenance Agreement correction fixed in January 2020.

**Insurance Costs/Premiums** – increase of \$6.4 million attributable to an increase in ROCIP insurance costs compared to the prior year, as well as an increase in CPPP Wind & Flood and CPPP Fire and All Other Perils (AOP) insurance costs.

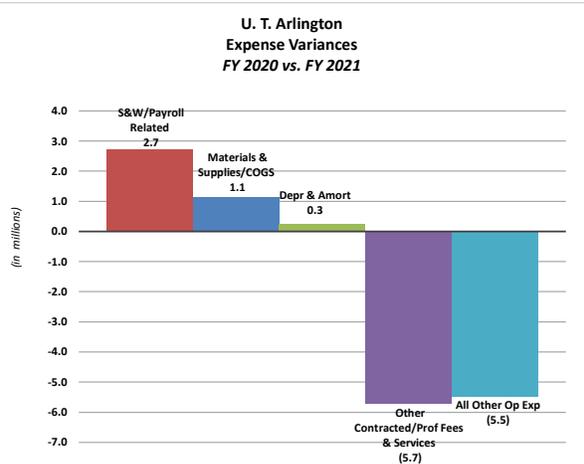
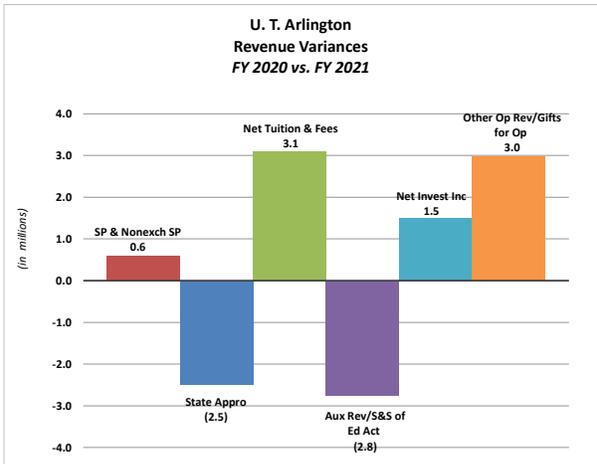
**Claims and Losses** – increase of \$19.0 million due to the service department elimination and an increase in CPPP Fire and AOP claims.

## Monthly Financial Report Comparison of Operating Results, Margin and Projected Year-End For the Period Ending November 30, 2020

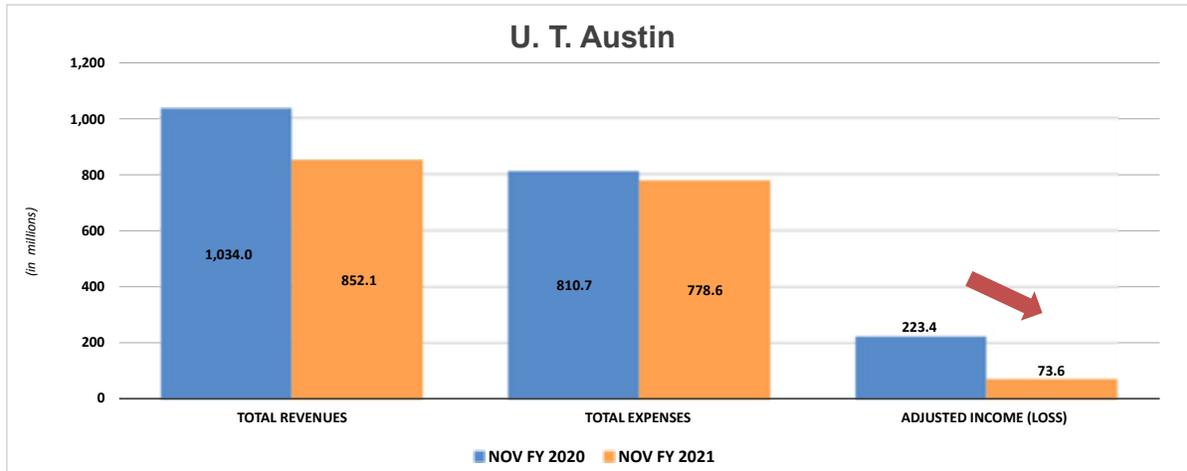


*U. T. Arlington* reported year-to-date adjusted income of \$2.7 million, an increase of \$10.0 million (137%) from the prior year. The increase was primarily attributable to the following: a decrease in other contracted services due to a decrease in IT expenditures; an increase in net student tuition and fees as a result of an increase in fall enrollment; a decrease in other operating expenses primarily due to a reduction in travel expenses attributable to COVID-19 and a decrease in repairs and maintenance; an increase in gift contributions for operations; and a decrease in professional fees and services due to a decrease in Huron consulting expenses. The most current projection received from *U. T. Arlington* reflects income of \$14.8 million for the year.

(in millions)	November YTD FY 2020	November YTD FY 2021	Variance	Annual Projected FY 2021
Sponsored Programs/Nonexchange Sponsored Programs	\$ 35.5	36.1	0.6	148.4
State Appropriations	34.5	32.0	(2.5)	140.8
Net Tuition and Fees	81.9	85.0	3.1	340.7
Auxiliary Revenues/Sales & Services of Educational Activities	18.0	15.2	(2.8)	62.7
Net Investment Income	5.7	7.2	1.5	26.2
Other Operating Revenues/Gift Contributions for Operations	2.0	5.0	3.0	16.3
<b>Total Revenues</b>	<b>177.6</b>	<b>180.5</b>	<b>2.9</b>	<b>735.0</b>
Salaries and Wages/Payroll Related Costs	100.2	102.9	2.7	405.7
Materials and Supplies/Cost of Goods Sold	10.6	11.7	1.1	36.6
Depreciation and Amortization	14.3	14.6	0.3	58.3
Other Contracted Services/Professional Fees & Services	27.7	22.0	(5.7)	93.1
All Other Operating Expenses	32.1	26.6	(5.5)	126.6
<b>Total Expenses</b>	<b>\$ 184.9</b>	<b>177.8</b>	<b>(7.1)</b>	<b>720.2</b>
<b>Adjusted Income (Loss)</b>	<b>(7.3)</b>	<b>2.7</b>	<b>10.0</b>	<b>14.8</b>
<b>Adjusted Income (Loss) Excluding Depr &amp; Amort Exp</b>	<b>7.0</b>	<b>17.3</b>	<b>10.3</b>	<b>73.0</b>

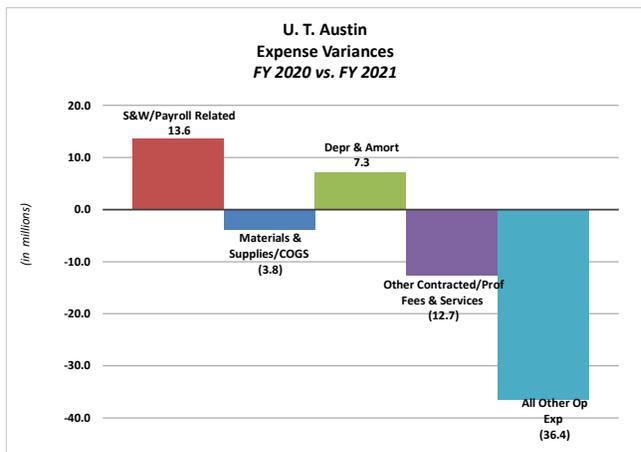
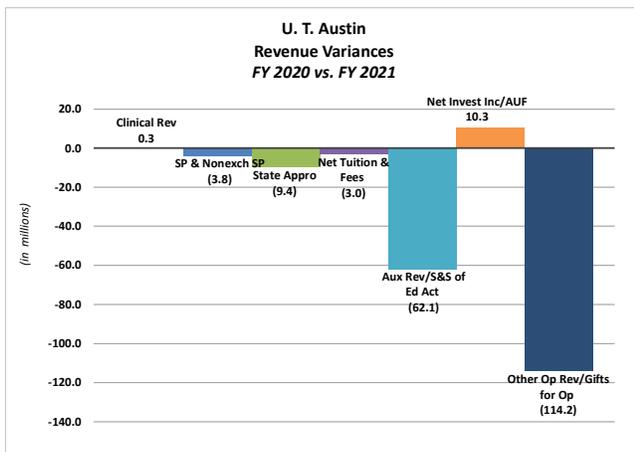


## Monthly Financial Report Comparison of Operating Results, Margin and Projected Year-End For the Period Ending November 30, 2020

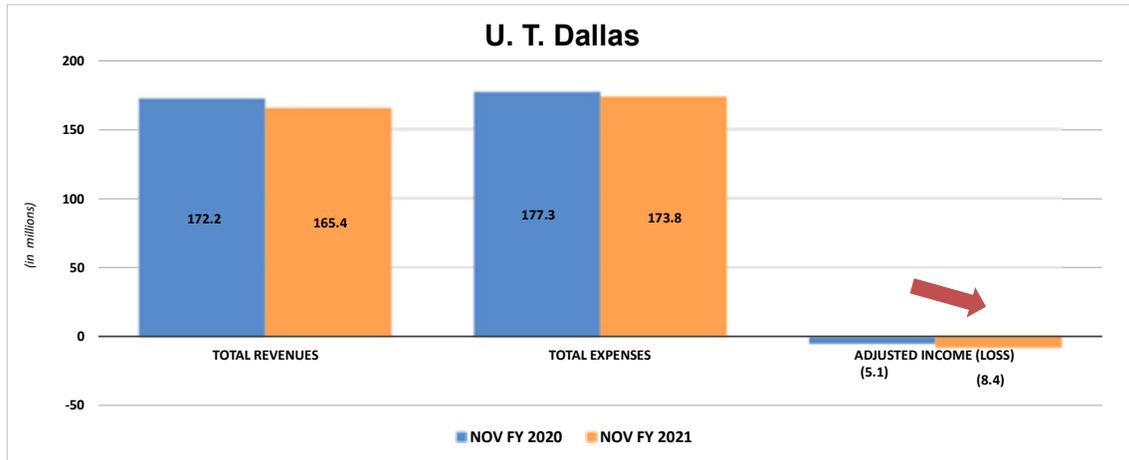


*U. T. Austin* reported year-to-date adjusted income of \$73.6 million, a decrease of \$149.8 million (67%) from the prior year. The decrease was primarily due to the following: a decrease in gift contributions for operations; and a decrease in auxiliary revenues and sales and services of educational activities due to the continued impact of COVID-19. The most current projection received from *U. T. Austin* reflects income of \$19.8 million for the year.

(in millions)	November YTD FY 2020	November YTD FY 2021	Variance	Annual Projected FY 2021
Clinical Revenues	\$ 2.0	2.3	0.3	9.1
Sponsored Programs/Nonexchange Sponsored Programs	203.2	199.4	(3.8)	837.2
State Appropriations	88.7	79.3	(9.4)	317.1
Net Tuition and Fees	132.5	129.5	(3.0)	518.0
Auxiliary Revenues/Sales & Services of Educational Activities	232.9	170.8	(62.1)	431.8
Net Investment Income/Available University Fund (AUF)	199.0	209.2	10.3	747.5
Other Operating Revenues/Gift Contributions for Operations	175.8	61.6	(114.2)	197.4
<b>Total Revenues</b>	<b>1,034.0</b>	<b>852.1</b>	<b>(181.9)</b>	<b>3,058.1</b>
Salaries and Wages/Payroll Related Costs	464.3	477.9	13.6	1,867.2
Materials and Supplies/Cost of Goods Sold	42.3	38.5	(3.8)	118.6
Depreciation and Amortization	84.5	91.8	7.3	367.0
Other Contracted Services/Professional Fees & Services	53.8	41.1	(12.7)	142.1
All Other Operating Expenses	165.7	129.3	(36.4)	543.4
<b>Total Expenses</b>	<b>\$ 810.7</b>	<b>778.6</b>	<b>(32.1)</b>	<b>3,038.3</b>
<b>Adjusted Income (Loss)</b>	<b>223.4</b>	<b>73.6</b>	<b>(149.8)</b>	<b>19.8</b>
<b>Adjusted Income (Loss) Excluding Depr &amp; Amort Exp</b>	<b>307.9</b>	<b>165.3</b>	<b>(142.5)</b>	<b>386.8</b>

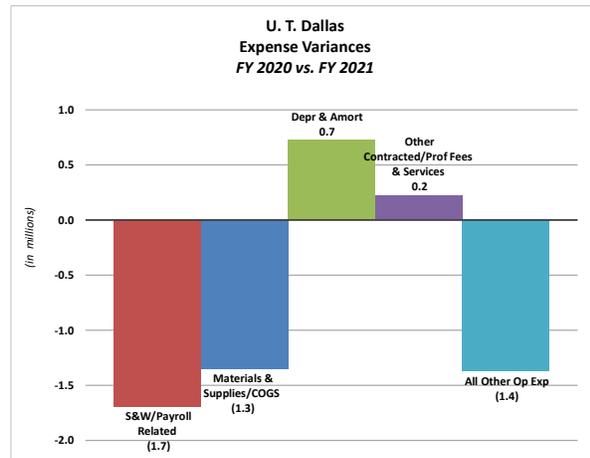
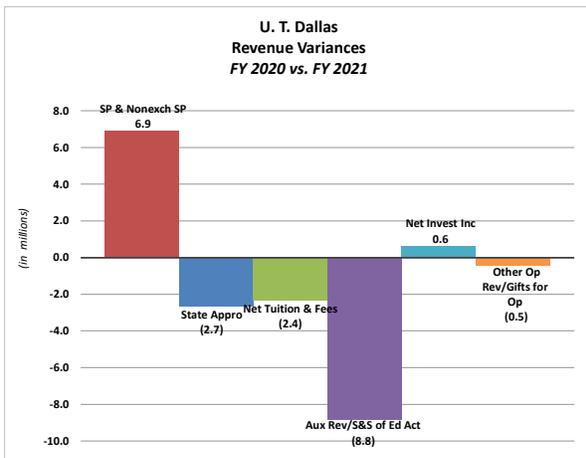


## Monthly Financial Report Comparison of Operating Results, Margin and Projected Year-End For the Period Ending November 30, 2020

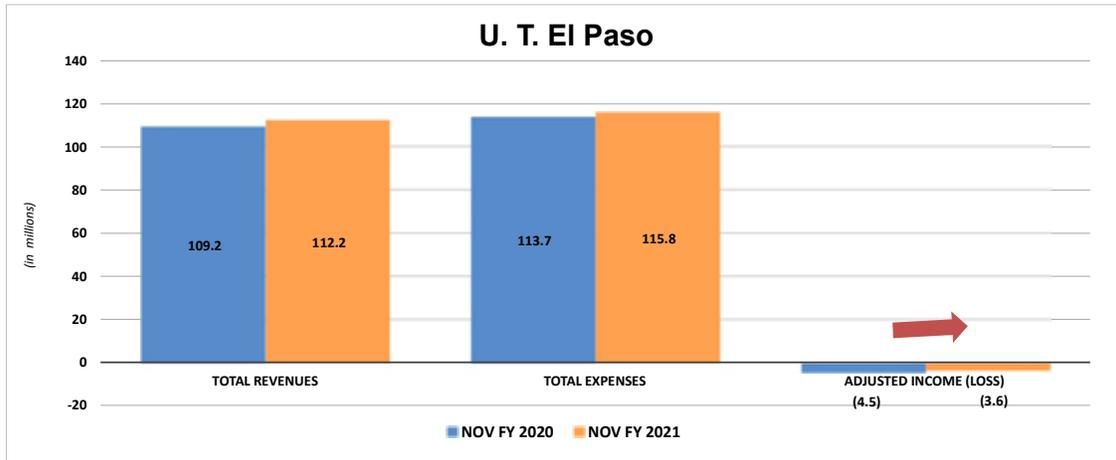


*U. T. Dallas* incurred a year-to-date adjusted loss of \$8.4 million, an increase in adjusted loss of \$3.4 million (66%) from the prior year. The increase was primarily attributable to the following: a decrease in auxiliary revenues and sales and services of educational activities due to the continued impact of COVID-19; a decrease in state appropriations attributable to a reduction in General Revenue as directed by the Office of the Governor; and a decrease in net student tuition and fees due to a decrease in enrollment. The most current projection received from *U. T. Dallas* reflects a loss of \$33.7 million for the year.

(in millions)	November YTD FY 2020	November YTD FY 2021	Variance	Annual Projected FY 2021
Sponsored Programs/Nonexchange Sponsored Programs	\$ 28.4	35.3	6.9	141.3
State Appropriations	31.0	28.3	(2.7)	113.3
Net Tuition and Fees	76.3	73.9	(2.4)	295.6
Auxiliary Revenues/Sales & Services of Educational Activities	23.1	14.3	(8.8)	57.0
Net Investment Income	8.6	9.2	0.6	36.8
Other Operating Revenues/Gift Contributions for Operations	4.8	4.4	(0.5)	17.5
<b>Total Revenues</b>	<b>172.2</b>	<b>165.4</b>	<b>(6.8)</b>	<b>661.5</b>
Salaries and Wages/Payroll Related Costs	103.6	101.9	(1.7)	407.6
Materials and Supplies/Cost of Goods Sold	8.9	7.5	(1.3)	30.0
Depreciation and Amortization	21.0	21.7	0.7	86.8
Other Contracted Services/Professional Fees & Services	8.5	8.8	0.2	35.1
All Other Operating Expenses	35.3	33.9	(1.4)	135.6
<b>Total Expenses</b>	<b>\$ 177.3</b>	<b>173.8</b>	<b>(3.5)</b>	<b>695.2</b>
<b>Adjusted Income (Loss)</b>	<b>(5.1)</b>	<b>(8.4)</b>	<b>(3.4)</b>	<b>(33.7)</b>
<b>Adjusted Income (Loss) Excluding Depr &amp; Amort Exp</b>	<b>15.9</b>	<b>13.3</b>	<b>(2.6)</b>	<b>53.1</b>

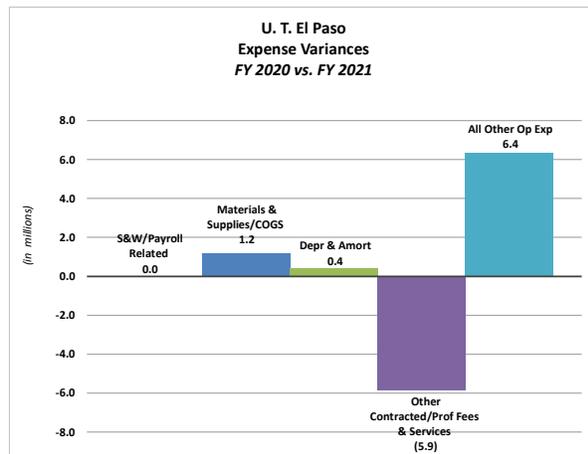
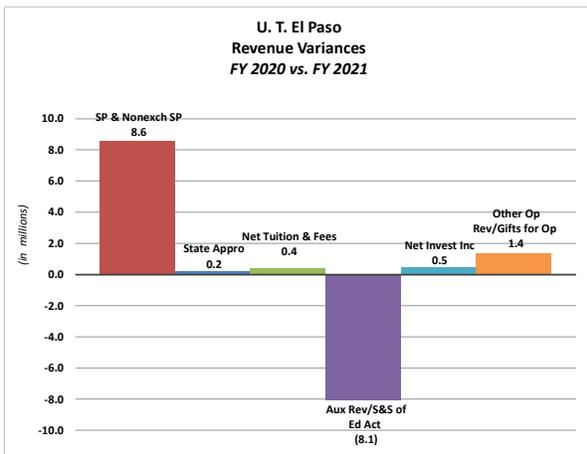


## Monthly Financial Report Comparison of Operating Results, Margin and Projected Year-End For the Period Ending November 30, 2020

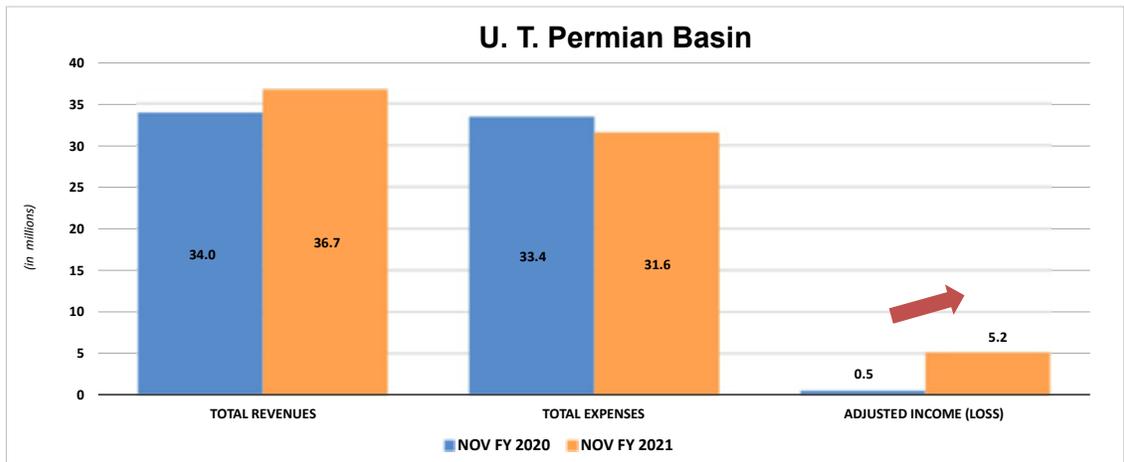


U. T. El Paso incurred a year-to-date adjusted loss of \$3.6 million, a decrease in adjusted loss of \$0.9 million (20%) from the prior year. The decrease was primarily due to an increase in gifts for operations. The most current projection received from U. T. El Paso reflects a loss of \$19.4 million for the year.

(in millions)	November YTD FY 2020	November YTD FY 2021	Variance	Annual Projected FY 2021
Sponsored Programs/Nonexchange Sponsored Programs	\$ 24.8	33.4	8.6	162.4
State Appropriations	26.6	26.8	0.2	95.2
Net Tuition and Fees	38.9	39.3	0.4	147.2
Auxiliary Revenues/Sales & Services of Educational Activities	13.1	5.1	(8.1)	30.7
Net Investment Income	4.9	5.4	0.5	17.1
Other Operating Revenues/Gift Contributions for Operations	0.9	2.3	1.4	5.1
<b>Total Revenues</b>	<b>109.2</b>	<b>112.2</b>	<b>3.0</b>	<b>457.7</b>
Salaries and Wages/Payroll Related Costs	68.0	68.0	0.0	264.8
Materials and Supplies/Cost of Goods Sold	5.6	6.7	1.2	21.2
Depreciation and Amortization	7.7	8.1	0.4	32.4
Other Contracted Services/Professional Fees & Services	10.2	4.3	(5.9)	27.7
All Other Operating Expenses	22.2	28.6	6.4	130.9
<b>Total Expenses</b>	<b>\$ 113.7</b>	<b>115.8</b>	<b>2.1</b>	<b>477.1</b>
<b>Adjusted Income (Loss)</b>	<b>(4.5)</b>	<b>(3.6)</b>	<b>0.9</b>	<b>(19.4)</b>
<b>Adjusted Income (Loss) Excluding Depr &amp; Amort Exp</b>	<b>3.2</b>	<b>4.5</b>	<b>1.3</b>	<b>13.1</b>

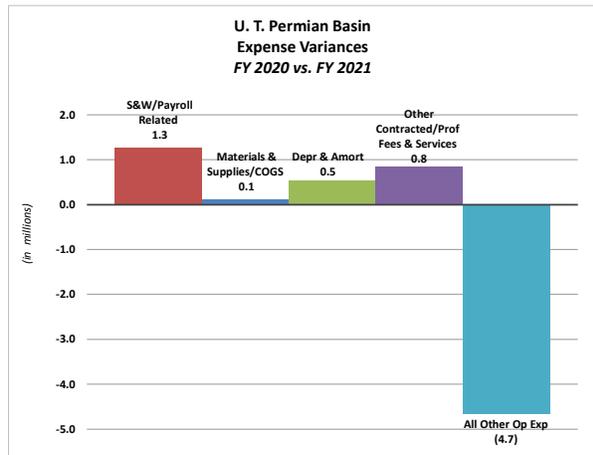
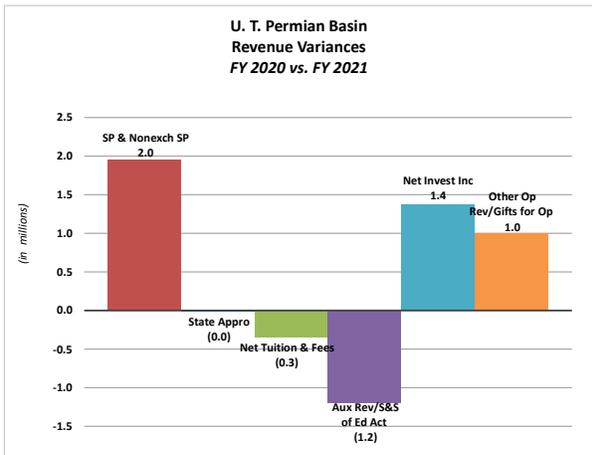


## Monthly Financial Report Comparison of Operating Results, Margin and Projected Year-End For the Period Ending November 30, 2020

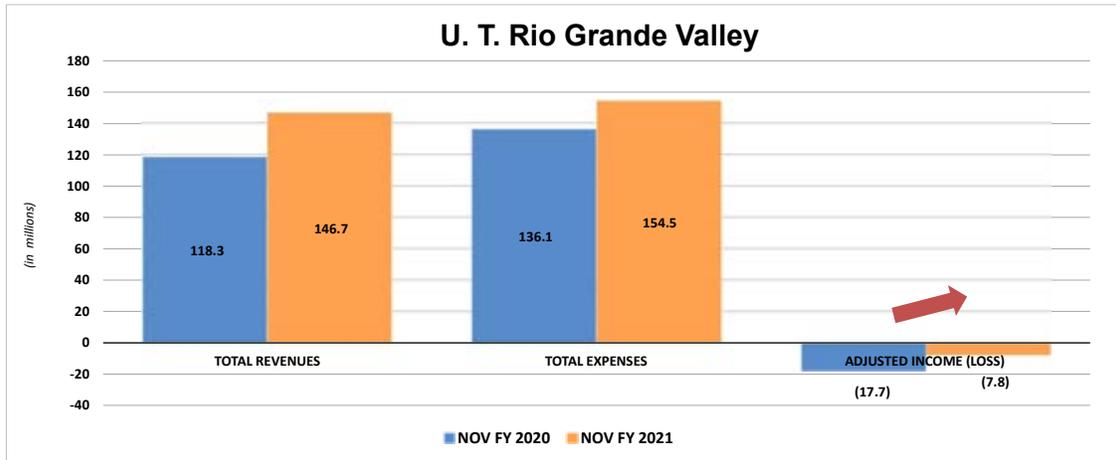


U. T. Permian Basin reported year-to-date adjusted income of \$5.2 million, an increase in adjusted income of \$4.7 million (907%) from the prior year. The increase was primarily attributable to a decrease in other operating expenses as a result of a reduction in scholarships and fellowships expense due to a change in methodology to more accurately estimate tuition discounting; and an increase in gifts for operations. The most current projection received from U. T. Permian Basin reflects a loss of \$12.3 million due to anticipated decreases in revenues as a result of COVID-19, as well as projected increases in salaries and wages costs and depreciation and amortization expense.

(in millions)	November YTD FY 2020	November YTD FY 2021	Variance	Annual Projected FY 2021
Sponsored Programs/Nonexchange Sponsored Programs	\$ 6.3	8.3	2.0	33.1
State Appropriations	5.5	5.5	(0.0)	21.9
Net Tuition and Fees	16.4	16.0	(0.3)	35.7
Auxiliary Revenues/Sales & Services of Educational Activities	4.2	3.0	(1.2)	7.4
Net Investment Income	0.6	2.0	1.4	3.4
Other Operating Revenues/Gift Contributions for Operations	0.9	1.9	1.0	3.8
<b>Total Revenues</b>	<b>34.0</b>	<b>36.7</b>	<b>2.8</b>	<b>105.2</b>
Salaries and Wages/Payroll Related Costs	13.9	15.2	1.3	59.2
Materials and Supplies/Cost of Goods Sold	1.3	1.4	0.1	5.7
Depreciation and Amortization	4.6	5.2	0.5	20.7
Other Contracted Services/Professional Fees & Services	2.9	3.7	0.8	14.1
All Other Operating Expenses	10.7	6.0	(4.7)	17.8
<b>Total Expenses</b>	<b>\$ 33.4</b>	<b>31.6</b>	<b>(1.9)</b>	<b>117.5</b>
<b>Adjusted Income (Loss)</b>	<b>0.5</b>	<b>5.2</b>	<b>4.7</b>	<b>(12.3)</b>
<b>Adjusted Income (Loss) Excluding Depr &amp; Amort Exp</b>	<b>5.2</b>	<b>10.3</b>	<b>5.2</b>	<b>8.4</b>

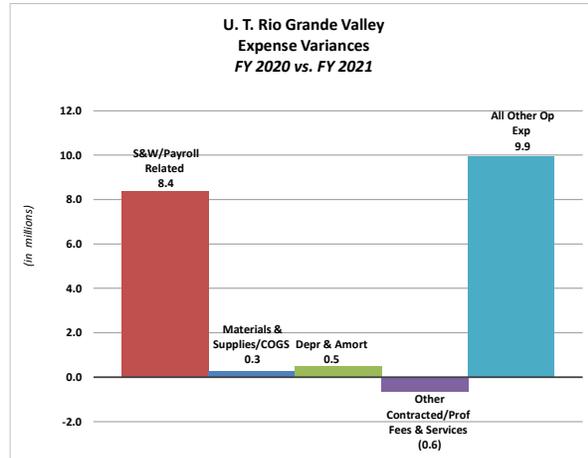
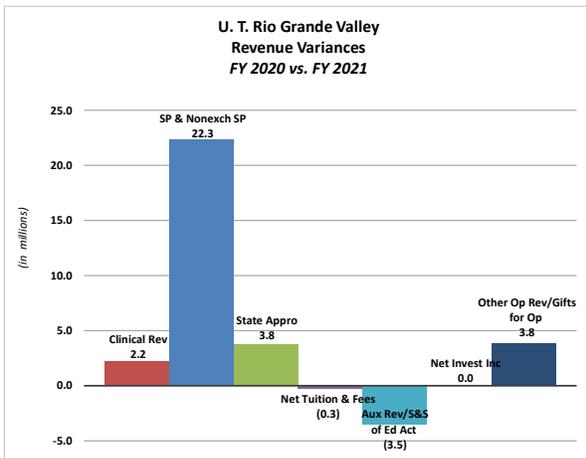


## Monthly Financial Report Comparison of Operating Results, Margin and Projected Year-End For the Period Ending November 30, 2020

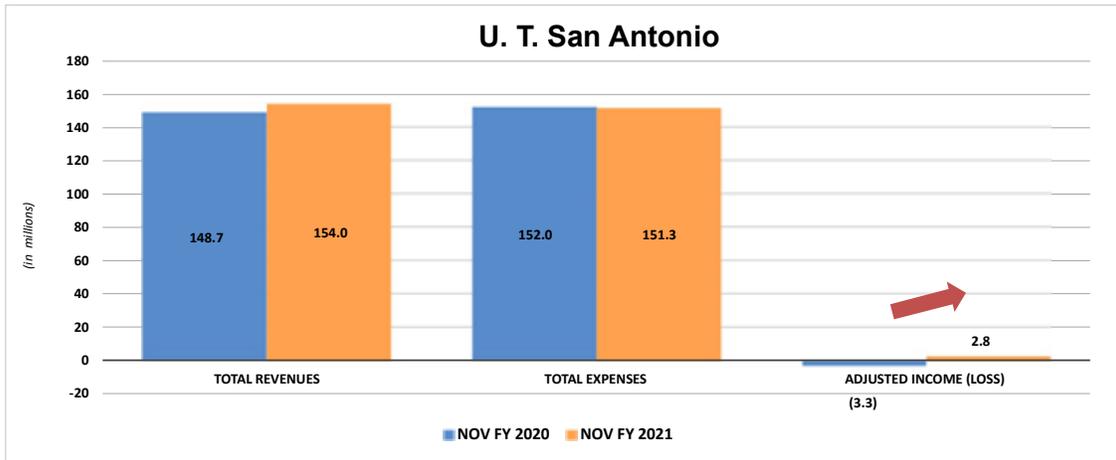


U. T. Rio Grande Valley incurred a year-to-date adjusted loss of \$7.8 million, a decrease in adjusted loss of \$9.9 million (56%) from the prior year. The decrease was primarily due to an increase in sponsored programs as a result of the Governor's Emergency Education Relief Fund (GEERF) and an increase in hospital contract revenue; an increase in state appropriations due to additional allocations for Texas Child Mental Health Care Consortium, Tobacco Funds, and Hazelwood funding; and an increase in other operating revenues attributable to an increase in physician practice plan and clinical revenues for the School of Medicine. The most current projection received from U. T. Rio Grande Valley reflects a loss of \$34.4 million for the year.

(in millions)	November YTD FY 2020	November YTD FY 2021	Variance	Annual Projected FY 2021
Clinical Revenues	\$ 2.8	5.0	2.2	21.4
Sponsored Programs/Nonexchange Sponsored Programs	39.7	62.1	22.3	251.6
State Appropriations	33.9	37.7	3.8	136.0
Net Tuition and Fees	28.9	28.7	(0.3)	114.7
Auxiliary Revenues/Sales & Services of Educational Activities	6.2	2.7	(3.5)	9.0
Net Investment Income	2.5	2.5	0.0	8.9
Other Operating Revenues/Gift Contributions for Operations	4.2	8.0	3.8	24.4
<b>Total Revenues</b>	<b>118.3</b>	<b>146.7</b>	<b>28.3</b>	<b>566.1</b>
Salaries and Wages/Payroll Related Costs	87.4	95.8	8.4	371.8
Materials and Supplies/Cost of Goods Sold	5.8	6.1	0.3	23.7
Depreciation and Amortization	12.7	13.2	0.5	55.3
Other Contracted Services/Professional Fees & Services	5.0	4.4	(0.6)	18.9
All Other Operating Expenses	25.1	35.0	9.9	130.8
<b>Total Expenses</b>	<b>\$ 136.1</b>	<b>154.5</b>	<b>18.4</b>	<b>600.5</b>
<b>Adjusted Income (Loss)</b>	<b>(17.7)</b>	<b>(7.8)</b>	<b>9.9</b>	<b>(34.4)</b>
<b>Adjusted Income (Loss) Excluding Depr &amp; Amort Exp</b>	<b>(5.0)</b>	<b>5.4</b>	<b>10.4</b>	<b>20.9</b>

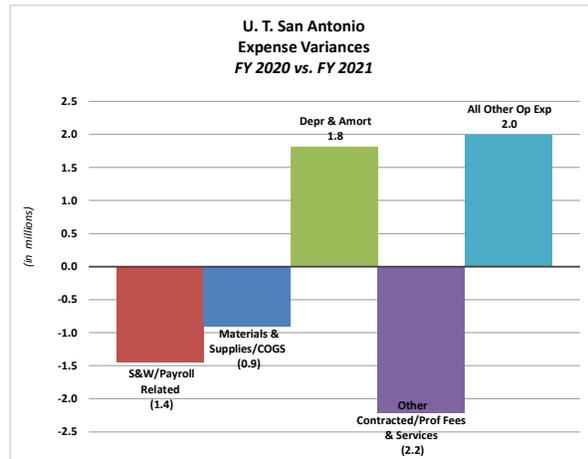
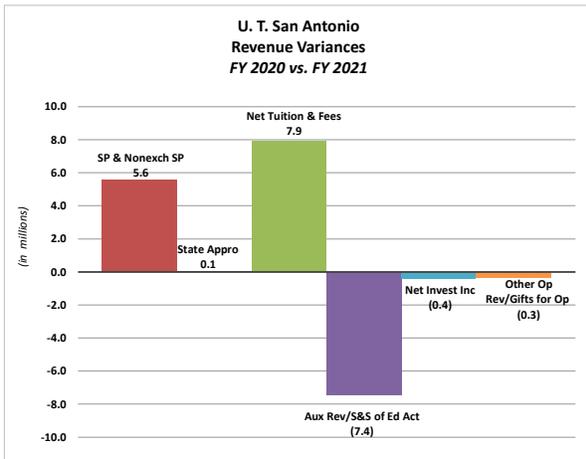


## Monthly Financial Report Comparison of Operating Results, Margin and Projected Year-End For the Period Ending November 30, 2020

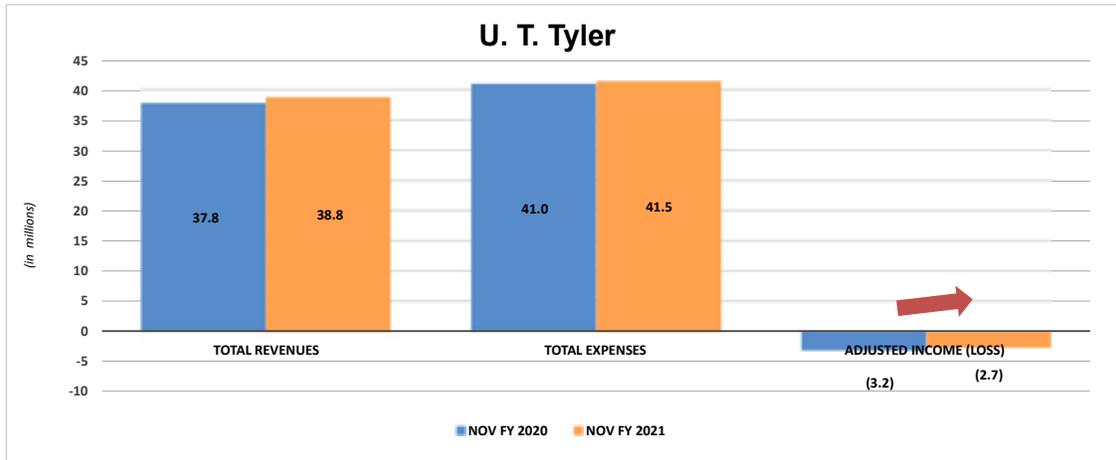


U. T. San Antonio reported year-to-date adjusted income of \$2.8 million, an increase of \$6.1 million (183%) from the prior year. The increase was primarily attributable to an increase in net student tuition and fees due to increased enrollment. The most current projection received from U. T. San Antonio reflects income of \$12.0 million for the year.

(in millions)	November YTD FY 2020	November YTD FY 2021	Variance	Annual Projected FY 2021
Sponsored Programs/Nonexchange Sponsored Programs	\$ 37.4	43.0	5.6	171.9
State Appropriations	32.0	32.1	0.1	128.3
Net Tuition and Fees	54.4	62.3	7.9	249.2
Auxiliary Revenues/Sales & Services of Educational Activities	16.5	9.1	(7.4)	36.3
Net Investment Income	5.7	5.3	(0.4)	21.4
Other Operating Revenues/Gift Contributions for Operations	2.6	2.3	(0.3)	9.1
<b>Total Revenues</b>	<b>148.7</b>	<b>154.0</b>	<b>5.4</b>	<b>616.1</b>
Salaries and Wages/Payroll Related Costs	88.0	86.5	(1.4)	346.2
Materials and Supplies/Cost of Goods Sold	7.3	6.4	(0.9)	25.8
Depreciation and Amortization	12.3	14.1	1.8	56.4
Other Contracted Services/Professional Fees & Services	9.1	6.9	(2.2)	27.7
All Other Operating Expenses	35.2	37.2	2.0	148.1
<b>Total Expenses</b>	<b>\$ 152.0</b>	<b>151.3</b>	<b>(0.8)</b>	<b>604.2</b>
<b>Adjusted Income (Loss)</b>	<b>(3.3)</b>	<b>2.8</b>	<b>6.1</b>	<b>12.0</b>
<b>Adjusted Income (Loss) Excluding Depr &amp; Amort Exp</b>	<b>8.9</b>	<b>16.9</b>	<b>7.9</b>	<b>68.4</b>

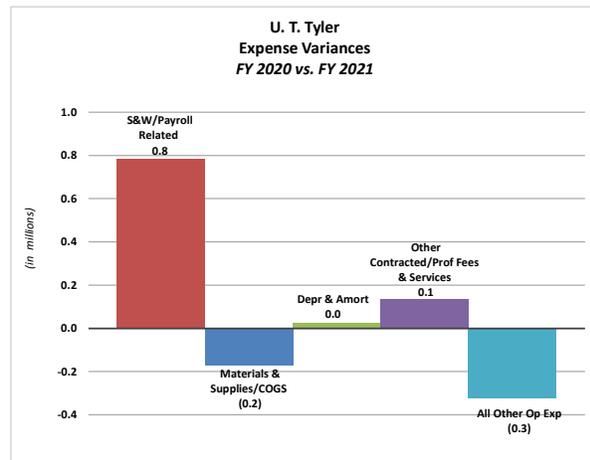
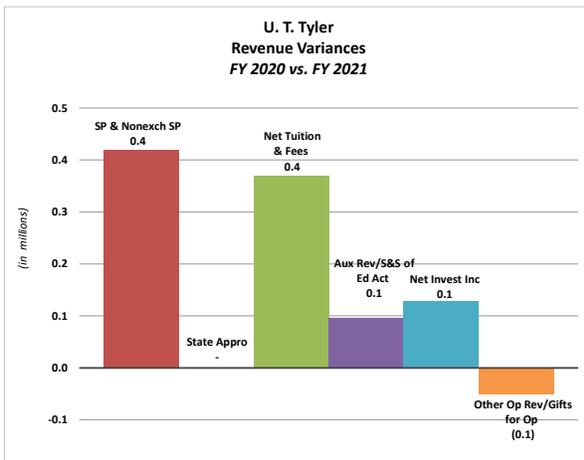


## Monthly Financial Report Comparison of Operating Results, Margin and Projected Year-End For the Period Ending November 30, 2020

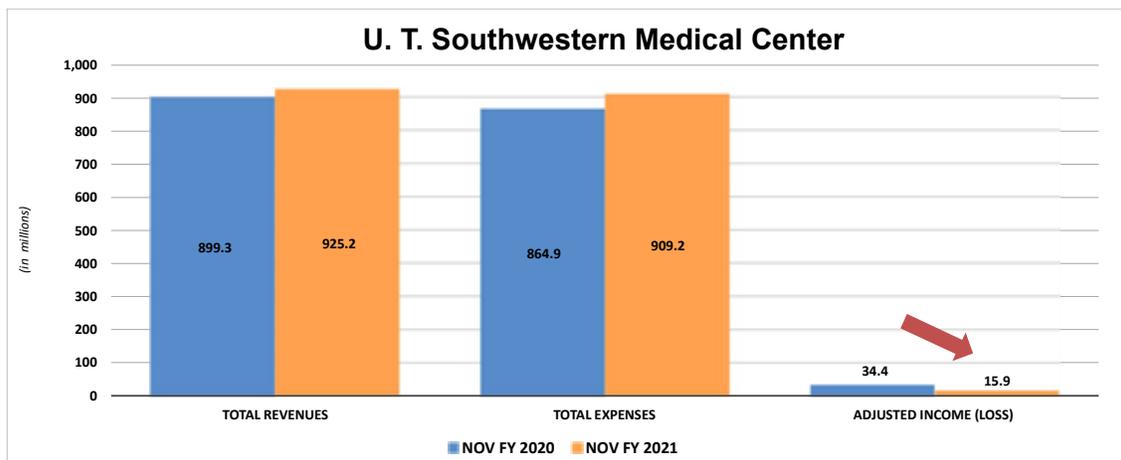


U. T. Tyler incurred a year-to-date adjusted loss of \$2.7 million, a decrease in adjusted loss of \$0.5 million (16%) from the prior year. The decrease was primarily due to an increase in net student tuition and fees attributable to an increase in designated tuition rates. The most current projection received from U. T. Tyler reflects a loss of \$17.5 million for the year.

(in millions)	November YTD FY 2020	November YTD FY 2021	Variance	Annual Projected FY 2021
Sponsored Programs/Nonexchange Sponsored Programs	\$ 5.9	6.3	0.4	27.7
State Appropriations	8.3	8.3	-	30.6
Net Tuition and Fees	14.5	14.9	0.4	59.9
Auxiliary Revenues/Sales & Services of Educational Activities	6.9	7.0	0.1	19.8
Net Investment Income	1.8	2.0	0.1	6.5
Other Operating Revenues/Gift Contributions for Operations	0.3	0.3	(0.1)	5.1
<b>Total Revenues</b>	<b>37.8</b>	<b>38.8</b>	<b>1.0</b>	<b>149.6</b>
Salaries and Wages/Payroll Related Costs	24.1	24.9	0.8	94.3
Materials and Supplies/Cost of Goods Sold	3.1	2.9	(0.2)	10.4
Depreciation and Amortization	4.3	4.3	0.0	17.1
Other Contracted Services/Professional Fees & Services	2.3	2.4	0.1	13.6
All Other Operating Expenses	7.3	7.0	(0.3)	31.7
<b>Total Expenses</b>	<b>\$ 41.0</b>	<b>41.5</b>	<b>0.5</b>	<b>167.1</b>
<b>Adjusted Income (Loss)</b>	<b>(3.2)</b>	<b>(2.7)</b>	<b>0.5</b>	<b>(17.5)</b>
<b>Adjusted Income (Loss) Excluding Depr &amp; Amort Exp</b>	<b>1.1</b>	<b>1.6</b>	<b>0.5</b>	<b>(0.3)</b>

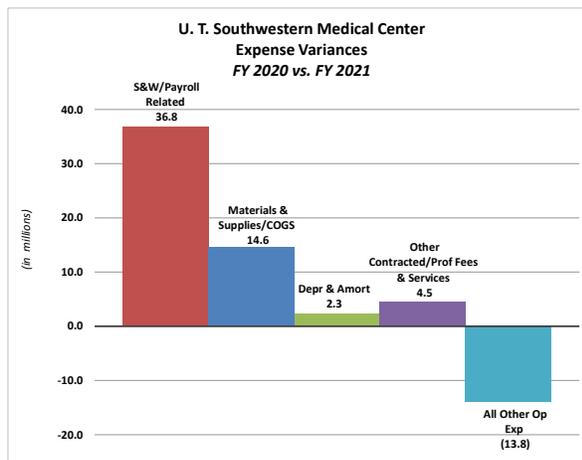
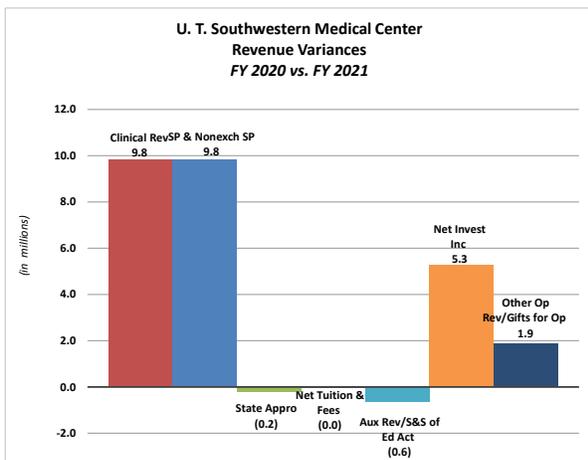


## Monthly Financial Report Comparison of Operating Results, Margin and Projected Year-End For the Period Ending November 30, 2020

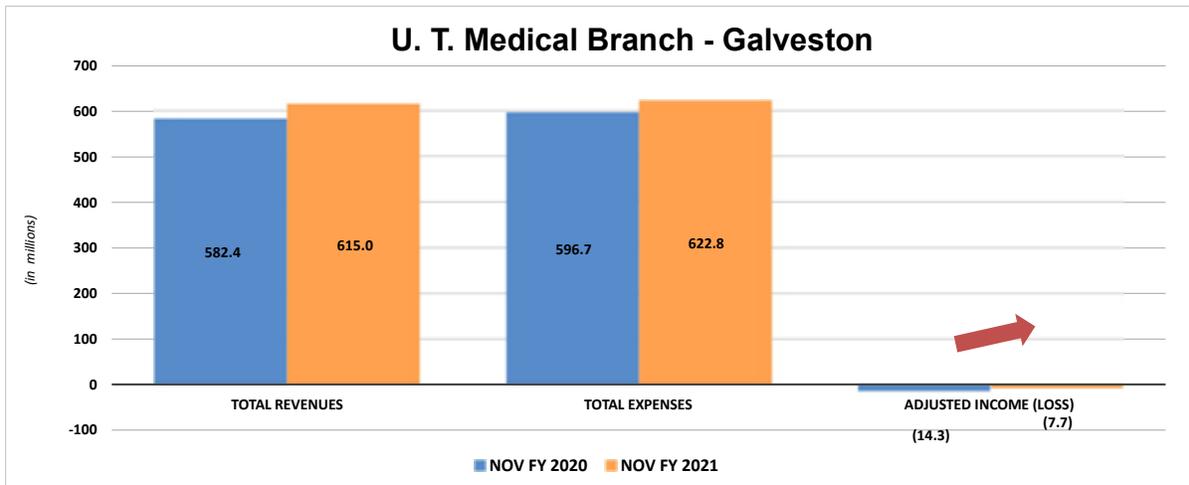


U. T. Southwestern Medical Center reported year-to-date adjusted income of \$15.9 million, a decrease in adjusted income of \$18.5 million (54%) from the prior year. The decrease was primarily attributable to the following: an increase in salaries and wages and payroll related costs as a result of growth in both the hospitals and clinical operations; and an increase in materials and supplies primarily due to increased drugs and medical supplies driven by patient volumes and patient acuity. The most current projection received from U. T. Southwestern Medical Center reflects income of \$19.4 million for the year.

(in millions)	November YTD FY 2020	November YTD FY 2021	Variance	Annual Projected FY 2021
Clinical Revenues	\$ 582.2	592.0	9.8	2,453.1
Sponsored Programs/Nonexchange Sponsored Programs	170.0	179.8	9.8	689.7
State Appropriations	45.0	44.8	(0.2)	186.2
Net Tuition and Fees	6.5	6.5	(0.0)	29.3
Auxiliary Revenues/Sales & Services of Educational Activities	9.2	8.6	(0.6)	44.3
Net Investment Income	39.1	44.3	5.3	138.9
Other Operating Revenues/Gift Contributions for Operations	47.2	49.0	1.9	199.9
<b>Total Revenues</b>	<b>899.3</b>	<b>925.2</b>	<b>25.9</b>	<b>3,741.5</b>
Salaries and Wages/Payroll Related Costs	553.3	590.1	36.8	2,436.5
Materials and Supplies/Cost of Goods Sold	164.6	179.2	14.6	678.6
Depreciation and Amortization	44.7	47.1	2.3	194.5
Other Contracted Services/Professional Fees & Services	39.1	43.6	4.5	157.7
All Other Operating Expenses	63.1	49.3	(13.8)	254.7
<b>Total Expenses</b>	<b>864.9</b>	<b>909.2</b>	<b>44.4</b>	<b>3,722.1</b>
<b>Adjusted Income (Loss)</b>	<b>34.4</b>	<b>15.9</b>	<b>(18.5)</b>	<b>19.4</b>
<b>Adjusted Income (Loss) Excluding Depr &amp; Amort Exp</b>	<b>79.2</b>	<b>63.0</b>	<b>(16.1)</b>	<b>213.9</b>

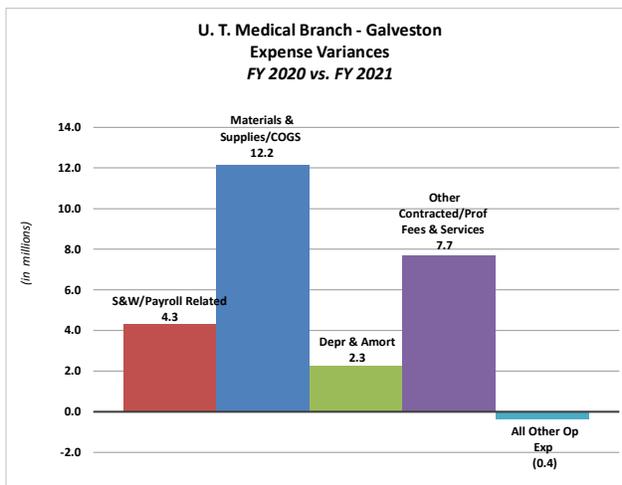
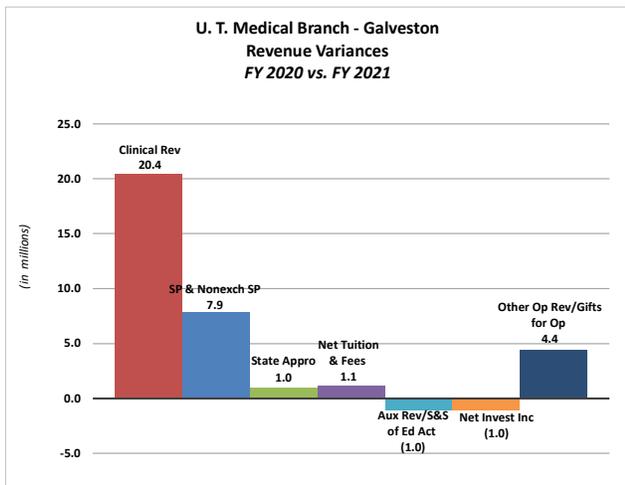


## Monthly Financial Report Comparison of Operating Results, Margin and Projected Year-End For the Period Ending November 30, 2020

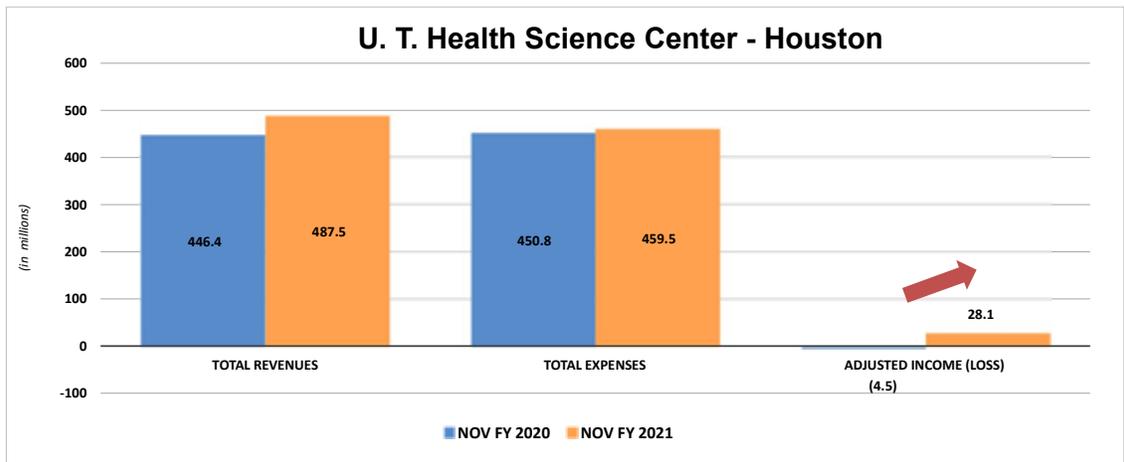


U. T. Medical Branch - Galveston incurred a year-to-date adjusted loss of \$7.7 million, a decrease in adjusted loss of \$6.6 million (46%) from the prior year. The decrease was primarily due to the following: an increase in clinical revenues attributable to increased patient volume at the Clear Lake and League City campuses; an increase in sponsored programs revenues due to an increase in COVID-19 related research and clinical trials; and an increase in other operating revenues as a result of an increase in contract pharmacy and retail pharmacy revenues, as well as Delivery System Reform Incentive Payment (DSRIP) revenues. The most current projection received from U. T. Medical Branch - Galveston reflects a loss of \$13.4 million for the year.

(in millions)	November YTD FY 2020	November YTD FY 2021	Variance	Annual Projected FY 2021
Clinical Revenues	\$ 393.8	414.2	20.4	1,534.0
Sponsored Programs/Nonexchange Sponsored Programs	45.3	53.2	7.9	205.2
State Appropriations	89.8	90.7	1.0	361.4
Net Tuition and Fees	12.0	13.1	1.1	51.0
Auxiliary Revenues/Sales & Services of Educational Activities	7.8	6.7	(1.0)	29.0
Net Investment Income	17.9	16.9	(1.0)	58.4
Other Operating Revenues/Gift Contributions for Operations	15.9	20.2	4.4	233.2
<b>Total Revenues</b>	<b>582.4</b>	<b>615.0</b>	<b>32.7</b>	<b>2,472.2</b>
Salaries and Wages/Payroll Related Costs	361.4	365.7	4.3	1,449.3
Materials and Supplies/Cost of Goods Sold	76.1	88.2	12.2	347.5
Depreciation and Amortization	47.6	49.8	2.3	199.1
Other Contracted Services/Professional Fees & Services	52.3	59.9	7.7	244.2
All Other Operating Expenses	59.4	59.1	(0.4)	245.7
<b>Total Expenses</b>	<b>596.7</b>	<b>622.8</b>	<b>26.1</b>	<b>2,485.7</b>
<b>Adjusted Income (Loss)</b>	<b>(14.3)</b>	<b>(7.7)</b>	<b>6.6</b>	<b>(13.4)</b>
<b>Adjusted Income (Loss) Excluding Depr &amp; Amort Exp</b>	<b>33.2</b>	<b>42.1</b>	<b>8.8</b>	<b>185.7</b>

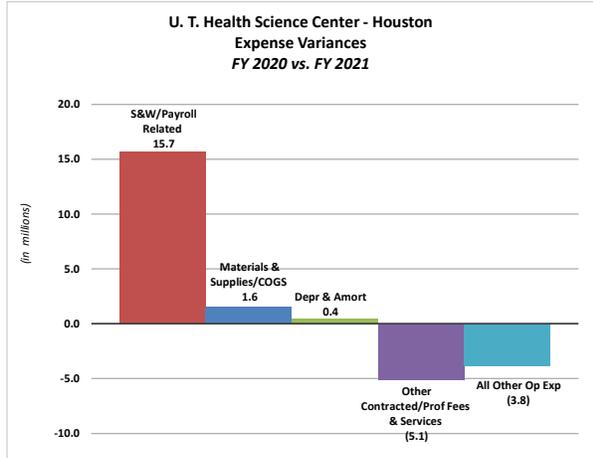
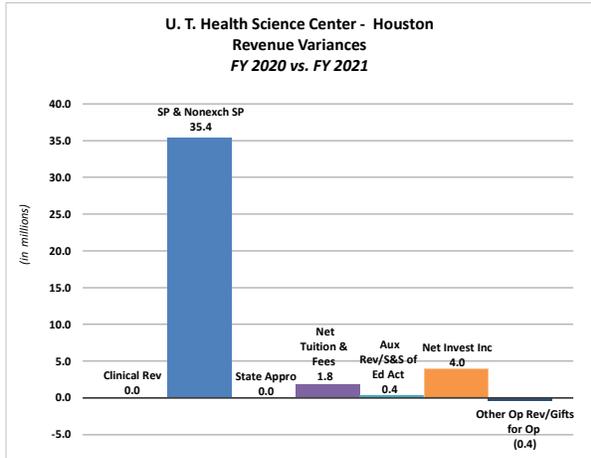


## Monthly Financial Report Comparison of Operating Results, Margin and Projected Year-End For the Period Ending November 30, 2020

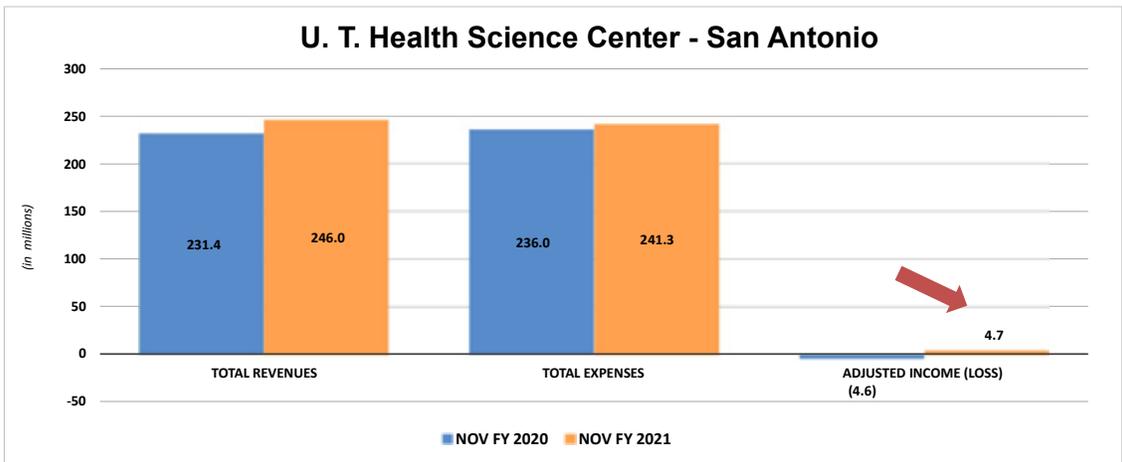


U. T. Health Science Center - Houston reported year-to-date adjusted income of \$28.1 million, an increase of \$32.5 million (730%) from the prior year. The increase was primarily attributable to the following: an increase in sponsored programs due to an increase in contractual revenues from Memorial Hermann Hospital as a result of expanded contracted services and support, as well as contract restructuring; and an increase in net investment income attributable to an increase in the Long Term Fund (LTF) distribution. The most current projection received from U. T. Health Science Center - Houston reflects income of \$12.7 million for the year.

(in millions)	November YTD FY 2020	November YTD FY 2021	Variance	Annual Projected FY 2021
Clinical Revenues	\$ 126.6	126.7	0.0	506.0
Sponsored Programs/Nonexchange Sponsored Programs	205.4	240.8	35.4	952.0
State Appropriations	53.6	53.7	0.0	216.2
Net Tuition and Fees	18.2	20.0	1.8	63.8
Auxiliary Revenues/Sales & Services of Educational Activities	17.2	17.6	0.4	61.7
Net Investment Income	17.7	21.7	4.0	75.1
Other Operating Revenues/Gift Contributions for Operations	7.5	7.1	(0.4)	68.7
<b>Total Revenues</b>	<b>446.4</b>	<b>487.5</b>	<b>41.2</b>	<b>1,943.5</b>
Salaries and Wages/Payroll Related Costs	332.8	348.5	15.7	1,473.9
Materials and Supplies/Cost of Goods Sold	25.9	27.4	1.6	99.9
Depreciation and Amortization	16.8	17.2	0.4	70.8
Other Contracted Services/Professional Fees & Services	32.3	27.2	(5.1)	137.3
All Other Operating Expenses	43.0	39.2	(3.8)	148.9
<b>Total Expenses</b>	<b>450.8</b>	<b>459.5</b>	<b>8.7</b>	<b>1,930.8</b>
<b>Adjusted Income (Loss)</b>	<b>(4.5)</b>	<b>28.1</b>	<b>32.5</b>	<b>12.7</b>
<b>Adjusted Income (Loss) Excluding Depr &amp; Amort Exp</b>	<b>12.4</b>	<b>45.3</b>	<b>32.9</b>	<b>83.5</b>

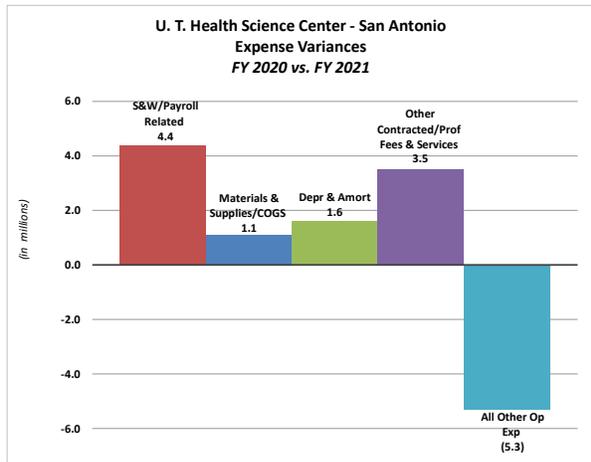
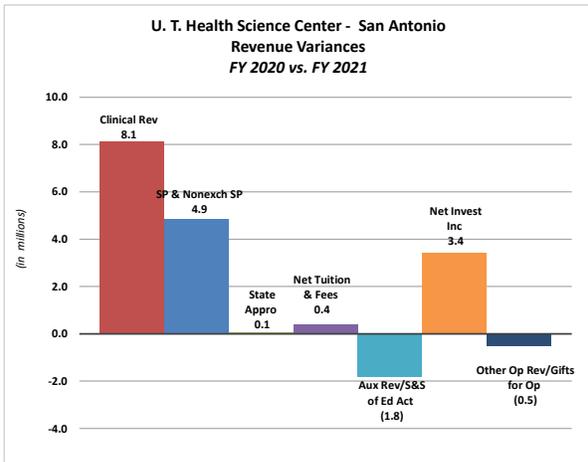


## Monthly Financial Report Comparison of Operating Results, Margin and Projected Year-End For the Period Ending November 30, 2020

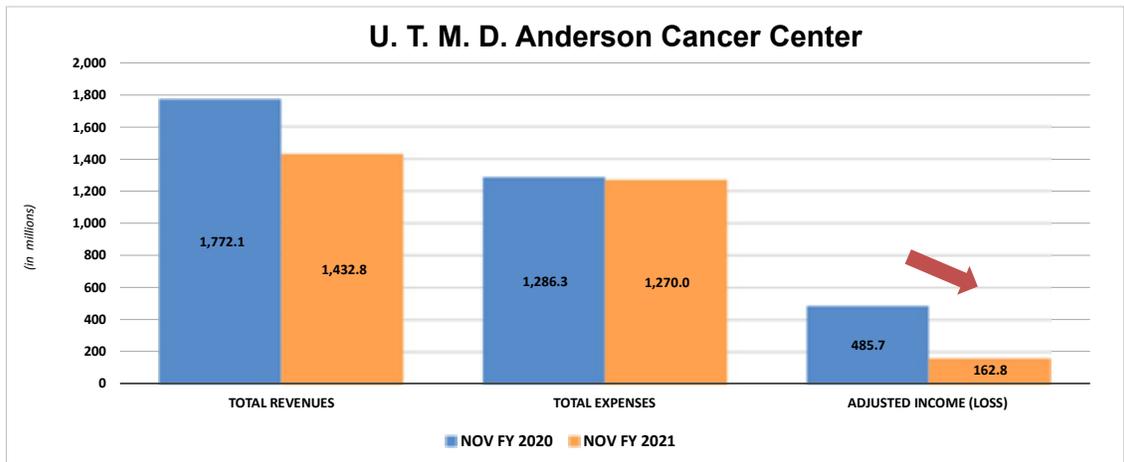


U. T. Health Science Center - San Antonio reported year-to-date adjusted income of \$4.7 million, an increase of \$9.3 million (203%) from the prior year. The increase was primarily due to the following: an increase in clinical revenues as a result of increased volume and clinical productivity at all UT Health Physicians sites and clinical expansion efforts; an increase in sponsored programs revenue due to an increase in grants; and an increase in net investment income as a result of increases in patent income and interest income on endowments. The most current projection received from U. T. Health Science Center – San Antonio reflects a loss of \$25.7 million for the year due to anticipated year-end COVID-19 recovery costs.

(in millions)	November YTD FY 2020	November YTD FY 2021	Variance	Annual Projected FY 2021
Clinical Revenues	\$ 61.2	69.3	8.1	270.7
Sponsored Programs/Nonexchange Sponsored Programs	88.5	93.3	4.9	379.8
State Appropriations	42.3	42.4	0.1	169.6
Net Tuition and Fees	12.1	12.5	0.4	50.7
Auxiliary Revenues/Sales & Services of Educational Activities	9.9	8.1	(1.8)	29.5
Net Investment Income	14.0	17.4	3.4	46.0
Other Operating Revenues/Gift Contributions for Operations	3.5	2.9	(0.5)	32.4
<b>Total Revenues</b>	<b>231.4</b>	<b>246.0</b>	<b>14.5</b>	<b>978.7</b>
Salaries and Wages/Payroll Related Costs	157.4	161.8	4.4	682.7
Materials and Supplies/Cost of Goods Sold	24.8	25.9	1.1	106.0
Depreciation and Amortization	15.3	16.9	1.6	67.5
Other Contracted Services/Professional Fees & Services	12.7	16.2	3.5	54.0
All Other Operating Expenses	25.8	20.5	(5.3)	94.2
<b>Total Expenses</b>	<b>\$ 236.0</b>	<b>241.3</b>	<b>5.3</b>	<b>1,004.4</b>
<b>Adjusted Income (Loss)</b>	<b>(4.6)</b>	<b>4.7</b>	<b>9.3</b>	<b>(25.7)</b>
<b>Adjusted Income (Loss) Excluding Depr &amp; Amort Exp</b>	<b>10.7</b>	<b>21.6</b>	<b>10.9</b>	<b>41.8</b>

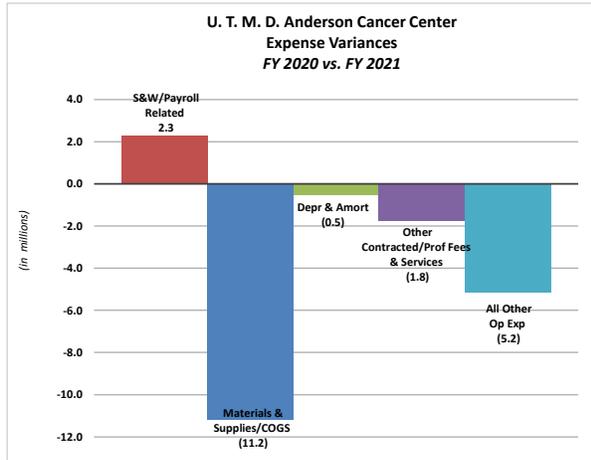
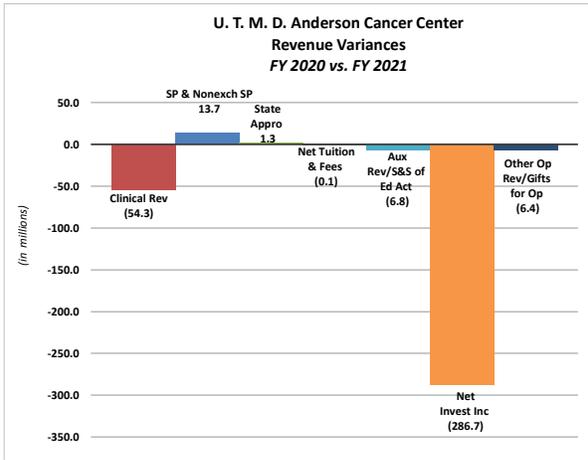


## Monthly Financial Report Comparison of Operating Results, Margin and Projected Year-End For the Period Ending November 30, 2020

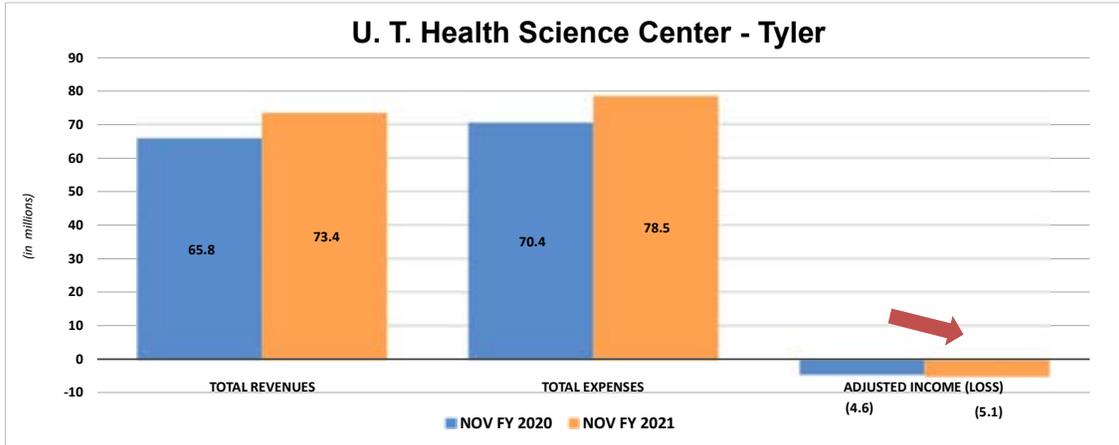


U. T. M. D. Anderson Cancer Center reported year-to-date adjusted income of \$162.8 million, a decrease of \$323.0 million (66%) from the prior year. The decrease was primarily attributable to the following: a decrease in net investment income; and decreases in clinical and auxiliary revenues due to COVID-19 restrictions on patient admissions and visits, as well as a reduction in employee parking rates. The most current projection received from U. T. M. D. Anderson Cancer Center reflects income of \$657.7 million for the year.

(in millions)	November YTD FY 2020	November YTD FY 2021	Variance	Annual Projected FY 2021
Clinical Revenues	\$ 1,171.9	1,117.6	(54.3)	4,590.8
Sponsored Programs/Nonexchange Sponsored Programs	100.6	114.3	13.7	411.2
State Appropriations	50.5	51.8	1.3	207.6
Net Tuition and Fees	0.8	0.7	(0.1)	1.9
Auxiliary Revenues/Sales & Services of Educational Activities	12.6	5.8	(6.8)	32.2
Net Investment Income	364.1	77.3	(286.7)	370.3
Other Operating Revenues/Gift Contributions for Operations	71.6	65.2	(6.4)	232.8
<b>Total Revenues</b>	<b>1,772.1</b>	<b>1,432.8</b>	<b>(339.3)</b>	<b>5,846.6</b>
Salaries and Wages/Payroll Related Costs	726.1	728.4	2.3	2,972.2
Materials and Supplies/Cost of Goods Sold	302.2	291.0	(11.2)	1,083.8
Depreciation and Amortization	93.2	92.7	(0.5)	367.6
Other Contracted Services/Professional Fees & Services	84.4	82.6	(1.8)	443.9
All Other Operating Expenses	80.4	75.3	(5.2)	321.4
<b>Total Expenses</b>	<b>\$ 1,286.3</b>	<b>1,270.0</b>	<b>(16.3)</b>	<b>5,188.9</b>
<b>Adjusted Income (Loss)</b>	<b>485.7</b>	<b>162.8</b>	<b>(323.0)</b>	<b>657.7</b>
<b>Adjusted Income (Loss) Excluding Depr &amp; Amort Exp</b>	<b>579.0</b>	<b>255.5</b>	<b>(323.5)</b>	<b>1,025.3</b>

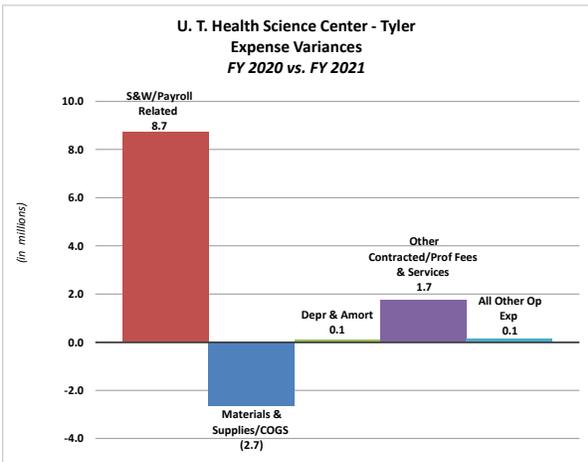
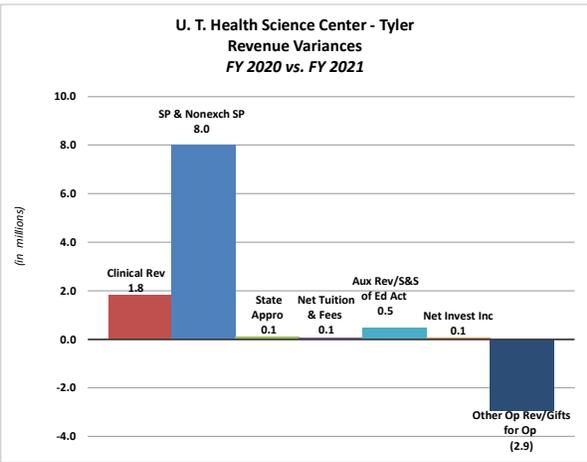


## Monthly Financial Report Comparison of Operating Results, Margin and Projected Year-End For the Period Ending November 30, 2020



U. T. Health Science Center - Tyler incurred a year-to-date adjusted loss of \$5.1 million, an increase in adjusted loss of \$0.5 million (11%) from the prior year. The increase was primarily a result of an increase in salaries and wages and payroll related costs attributable to the addition of clinical faculty related to growth in the physician management services agreement with UT Health East Texas (UTHET), as well as an increase in both faculty and staff positions as a result of additions to the behavioral health service line. The most current projection received from U. T. Health Science Center - Tyler reflects income of \$2.2 million for the year.

(in millions)	November YTD FY 2020	November YTD FY 2021	Variance	Annual Projected FY 2021
Clinical Revenues	\$ 38.0	39.8	1.8	163.6
Sponsored Programs/Nonexchange Sponsored Programs	6.2	14.2	8.0	57.6
State Appropriations	13.1	13.2	0.1	52.8
Net Tuition and Fees	0.1	0.2	0.1	0.8
Auxiliary Revenues/Sales & Services of Educational Activities	0.9	1.4	0.5	5.5
Net Investment Income	1.0	1.1	0.1	4.3
Other Operating Revenues/Gift Contributions for Operations	6.5	3.6 *	(2.9)	24.7 *
<b>Total Revenues</b>	<b>65.8</b>	<b>73.4</b>	<b>7.6</b>	<b>309.3</b>
Salaries and Wages/Payroll Related Costs	36.4	45.1	8.7	180.6
Materials and Supplies/Cost of Goods Sold	19.2	16.5	(2.7)	61.4
Depreciation and Amortization	4.3	4.4	0.1	17.5
Other Contracted Services/Professional Fees & Services	6.7	8.4	1.7	31.3
All Other Operating Expenses	4.0	4.1	0.1	16.3
<b>Total Expenses</b>	<b>\$ 70.4</b>	<b>78.5</b>	<b>8.1</b>	<b>307.1</b>
<b>Adjusted Income (Loss)</b>	<b>(4.6)</b>	<b>(5.1)</b>	<b>(0.5)</b>	<b>2.2</b>
<b>Adjusted Income (Loss) Excluding Depr &amp; Amort Exp</b>	<b>(0.4)</b>	<b>(0.8)</b>	<b>(0.4)</b>	<b>19.7</b>



\*Other Operating Income includes 30% of UTHET's net adjusted loss which was \$2.9 million through November. The projected income of \$2.2 million includes \$4.1 million of UTHET's net adjusted income for the year.

**4. U. T. System: Report on the Analysis of Financial Condition for Fiscal Year 2020**

Ms. Veronica Hinojosa Segura, Associate Vice Chancellor and Controller, will discuss highlights of the 2020 Analysis of Financial Condition using the PowerPoint on the following pages. The 2020 Analysis of Financial Condition, which follows the PowerPoint and includes an Executive Summary, is a broad annual financial evaluation that rates U. T. System institutions based on factors analyzed as either "Satisfactory," "Watch," or "Unsatisfactory."

There is strength in most institutions' financials and all but one were rated "Satisfactory" for Fiscal Year 2020. U. T. Permian Basin's rating was maintained as "Watch" for Fiscal Year 2020.

**BACKGROUND INFORMATION**

Financial analysis is performed from each institution's Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position. The ratios presented in this report are ratios commonly used by bond rating agencies, public accounting firms, and consulting firms. The following ratios were analyzed: Scorecard Rating, Operating Revenue, Annual Operating Margin, Spendable Cash to Operating Expenses and Spendable Cash to Total Debt (academic institutions only), and Unrestricted Cash and Investments to Total Debt (health institutions only).

The Analysis of Financial Condition has been prepared since 1995 to track financial ratios to determine if the financial condition of the institutions is improving or declining. This analysis compares trends for Fiscal Year 2016 through Fiscal Year 2020.

# Analysis of Financial Condition Fiscal Year 2020

Veronica Hinojosa Segura  
Associate Vice Chancellor and Controller

U. T. System Board of Regents Meeting  
Finance and Planning Committee  
February 2021



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## Analysis of Financial Condition (AFC)

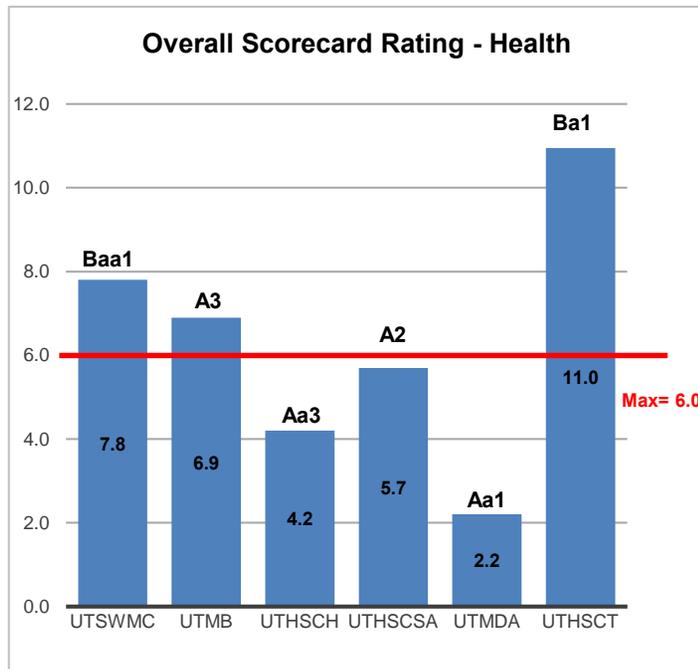
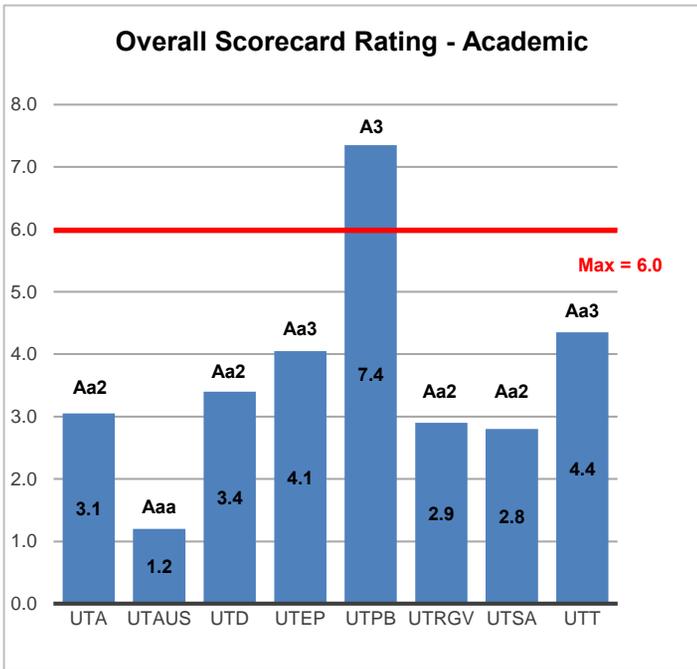
- Analyze & Compare five years of Financial Data
  - ❑ Balance sheet
  - ❑ Statement of revenues, expenses, and changes in net position
  
- Rating Methodology
  1. Overall Scorecard
  2. Five-year Historical Trends

Academics	Healths
Market Profile	Market Position
Operating Performance	Operating Performance & Liquidity
Wealth and Liquidity	Leverage
Leverage	

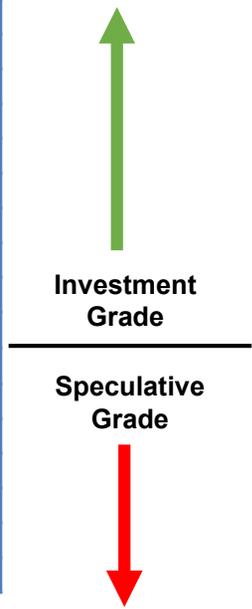
Academics	Healths
Operating Revenue	Operating Revenue
Operating Margin	Operating Margin
Spendable Cash & Investments to Operating Expenses	Unrestricted Cash & Investments to Total Debt
Spendable Cash & Investments to Total Debt	



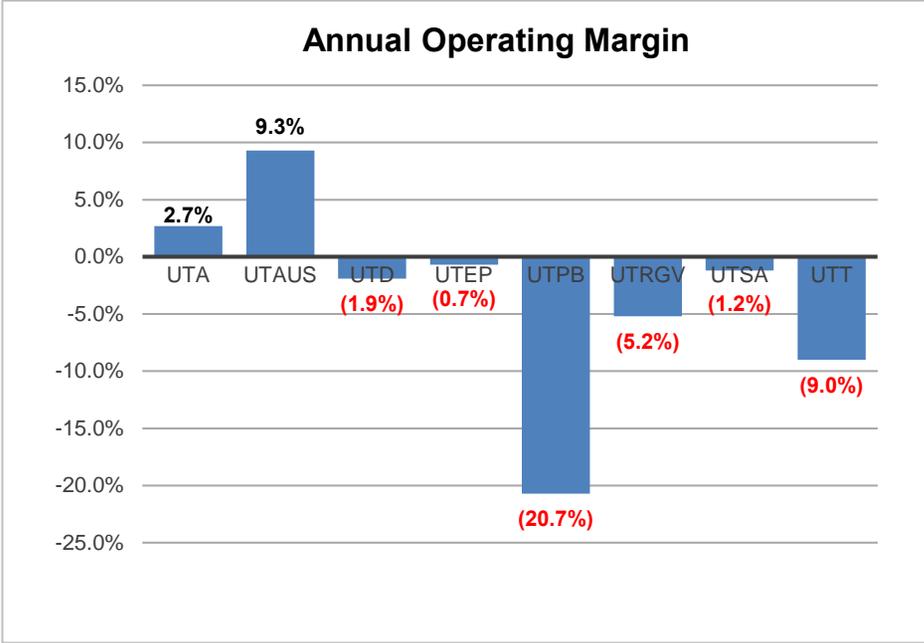
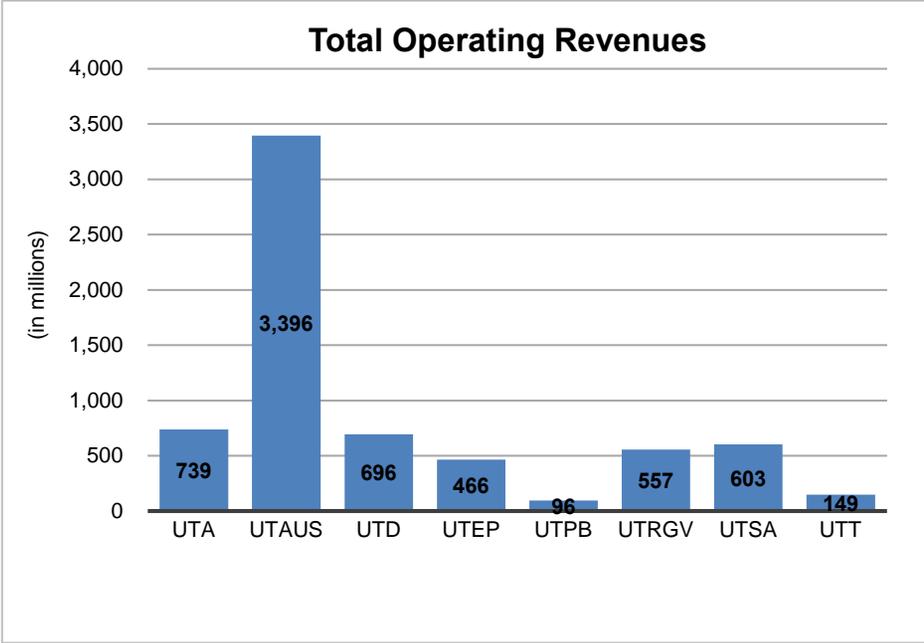
# Overall Scorecard Results - FY 2020



Scorecard Outcome
Aaa
Aa1
Aa2
Aa3
A1
A2
A3
Baa1
Baa2
Baa3
Ba1
Ba2
Ba3
B1
B2
B3
Caa1 & below

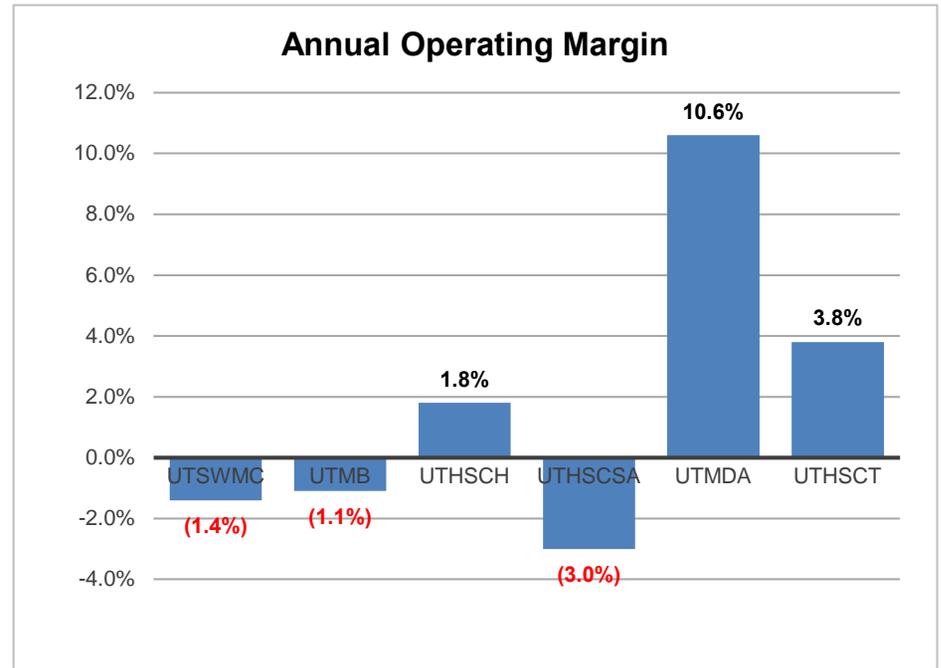
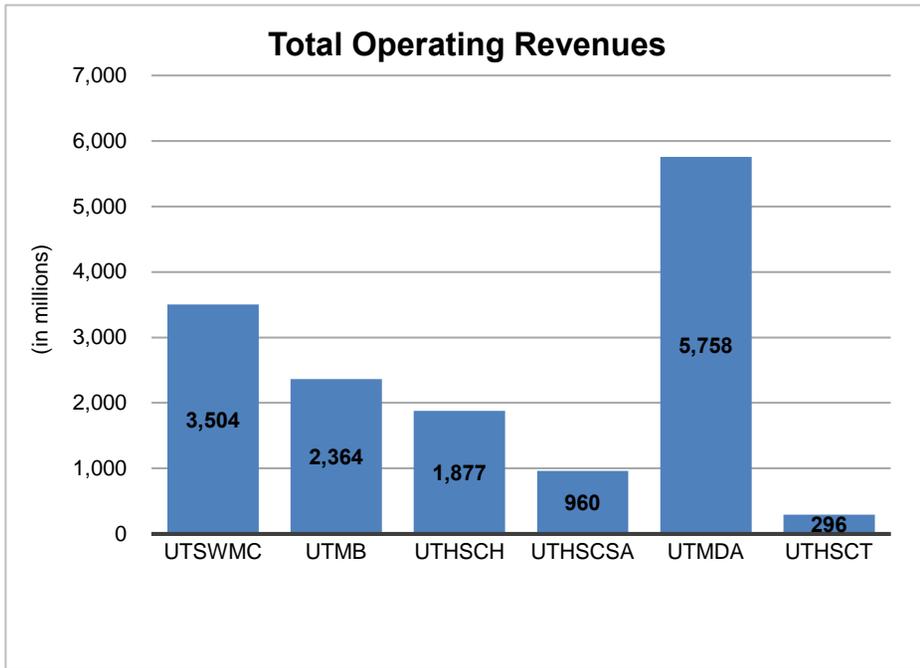


# Academic Operating Results - FY 2020



# Health Operating Results - FY 2020

Agenda Book - 123



## Summary – FY 2020

Institution	Satisfactory	Watch	Unsatisfactory
The University of Texas at Arlington	X		
The University of Texas at Austin	X		
The University of Texas at Dallas	X		
The University of Texas at El Paso	X		
The University of Texas Permian Basin		X	
The University of Texas Rio Grande Valley	X		
The University of Texas at San Antonio	X		
The University of Texas at Tyler	X		
The University of Texas Southwestern Medical Center	X		
The University of Texas Medical Branch at Galveston	X		
The University of Texas Health Science Center at Houston	X		
The University of Texas Health Science Center at San Antonio	X		
The University of Texas M. D. Anderson Cancer Center	X		
The University of Texas Health Science Center at Tyler	X		



## UTPB Action Plan

- UTPB is making meaningful progress on the new strategic plan:
  - Summer 2020, Fall 2020, Spring 2021 all providing enrollment increases in spite of the pandemic;
  - 40% increase in degree production over past 4 years;
  - Implementing a new comprehensive student success plan aimed at increasing retention and decreasing time to degree
- UTPB's financial position will continue to benefit from completion of an intensive two-year effort to clean up prior year's data and make necessary adjustments
- All recommendations resulting from the Deloitte & Touche SACSCOC Standard Review have been implemented
- Positive trends in several of the ratios including operating revenue
- FY 2021 YTD revenues are exceeding budgeted revenues due to increased enrollment
- FY 2021 budgeted expenditures reduced by 4.7%, further enhancing the outlook for 2021
- A comprehensive enrollment management strategy in full implementation
- All financial indicators for 2021 and beyond are trending positive



# 2020 Analysis of Financial Condition

## February 2021



***The University of Texas System  
Office of the Controller***



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# Analysis of Financial Condition 2020

## EXECUTIVE SUMMARY

The Analysis of Financial Condition (AFC) was performed by using financial information found in the Statement of Net Position and the Statement of Revenue, Expenses, and Changes in Net Position. In addition, debt and interest expense are allocated to the individual institutions. In fiscal year 2019, the rating methodology was revised to align elements that are pertinent to Academic institutions independent of the factors used to analyze Not-For-Profit Healthcare institutions. All ratios calculated are commonly used by bond rating agencies, public accounting, and consulting firms.

The analysis includes a scorecard that uses broad factors with sub-categories of quantitative and qualitative characteristics as demonstrated in the grid below. A five-year historical view is provided for each sub-category for all institutions.

Broad Factors for Academic Institutions	Broad Factors for Healthcare Institutions
<b>Market Profile</b> <ul style="list-style-type: none"> <li>• Operating Revenue</li> <li>• Annual Change in Operating Revenues</li> <li>• Strategic Positioning</li> </ul>	<b>Market Position</b> <ul style="list-style-type: none"> <li>• Operating Revenue</li> <li>• 3-year Operating Revenue</li> <li>• Market Landscape</li> </ul>
<b>Operating Performance</b> <ul style="list-style-type: none"> <li>• Operating Cash Flow Margin</li> <li>• Maximum Single Revenue Contribution</li> </ul>	<b>Operating Performance &amp; Liquidity</b> <ul style="list-style-type: none"> <li>• 3-year Average Operating Cash Flow Margin</li> <li>• Gross Revenue of Payor Mix</li> <li>• Cash on Hand</li> <li>• Financial Management &amp; Reinvestment</li> </ul>
<b>Wealth &amp; Liquidity</b> <ul style="list-style-type: none"> <li>• Total Cash &amp; Investments</li> <li>• Spendable Cash &amp; Investments to Operating Expenses</li> <li>• Cash on Hand</li> </ul>	<b>Leverage</b> <ul style="list-style-type: none"> <li>• Unrestricted Cash &amp; Investments to Total Debt</li> <li>• Total Debt to Cash Flow</li> </ul>
<b>Leverage</b> <ul style="list-style-type: none"> <li>• Spendable Cash &amp; Investments to Total Debt</li> <li>• Total Debt to Cash Flow</li> </ul>	

In addition to the scorecard factors, a five-year historical analysis is provided for all institutions on the following ratios:

- Operating Revenue
- Annual Operating Margin
- Spendable Cash to Operating Expenses for Academic Institutions
- Spendable Cash & Investments to Total Debt for Academic Institutions
- Unrestricted Cash & Investments to Total Debt for Healthcare Institutions

The results of all calculations, the strategic positioning for academic institutions, and market landscape for health institutions, was collectively reviewed and discussed with executive vice chancellors and chief business officers at each institution to determine an annual financial evaluation.

The table on the following page provides a summary of the overall scorecard rating for all institutions.



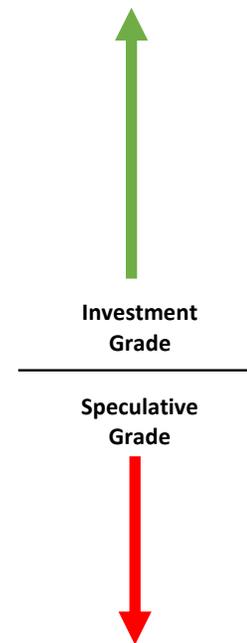
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# Analysis of Financial Condition

2020

Institution	FY 20 Overall Scorecard Rating
<b>Academics</b>	
The University of Texas at Arlington	Aa2
The University of Texas at Austin	Aaa
The University of Texas at Dallas	Aa2
The University of Texas at El Paso	Aa3
The University of Texas Permian Basin	A3
The University of Texas Rio Grande Valley	Aa2
The University of Texas San Antonio	Aa2
The University of Texas at Tyler	Aa3
<b>Healths</b>	
The University of Texas Southwestern Medical Center	Baa1
The University of Texas Medical Branch at Galveston	A3
The University of Texas Health Science Center at Houston	Aa3
The University of Texas Health Science Center at San Antonio	A2
The University of Texas M. D. Anderson Cancer Center	Aa1
The University of Texas Health Science Center Tyler	Ba1

Scorecard Outcome	Aggregate Weighted Factor Score
Aaa	1.5
Aa1	1.5 - 2.5
Aa2	2.5 - 3.5
Aa3	3.5 - 4.5
A1	4.5 - 5.5
A2	5.5 - 6.5
A3	6.5 - 7.5
Baa1	7.5 - 8.5
Baa2	8.5 - 9.5
Baa3	9.5 - 10.5
Ba1	10.5 - 11.5
Ba2	11.5 - 12.5
Ba3	12.5 - 13.5
B1	13.5 - 14.5
B2	14.5 - 15.5
B3	15.5 - 16.5
Caa1 and below	> 16.5



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# Analysis of Financial Condition

# 2020

## EXHIBIT 1

### ACADEMIC INSTITUTIONS SCORECARD

<i><b>Broad Factors</b></i>	<i><b>Factor Weighting</b></i>	<i><b>Sub-Factors</b></i>	<i><b>Sub-Factor Weighting</b></i>
<i><b>Market Profile</b></i>	20%	Operating Revenue	15%
		Annual Change in Op. Revenue	5%
<i><b>Operating Performance</b></i>	30%	Operating Cash Flow Margin	20%
		Max Single Revenue Contribution	10%
<i><b>Wealth &amp; Liquidity</b></i>	30%	Total Cash & Investments	15%
		Spendable C&I to Op. Expenses	10%
		Cash on Hand (days)	5%
<i><b>Leverage</b></i>	20%	Spendable C&I to Total Debt	10%
		Total Debt to Cash Flow	10%

After calculating each sub-factor, the outcomes are mapped to a broad rating typically used by bond rating agencies.



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# Analysis of Financial Condition

# 2020

## EXHIBIT 2

### HEALTHCARE INSTITUTIONS SCORECARD

<i>Broad Factors</i>	<i>Factor Weighting</i>	<i>Sub-Factors</i>	<i>Sub-Factor Weighting</i>
<b>Market Profile</b>	35%	Operating Revenue	25%
		3-year Operating Revenue (CAGR)	10%
<b>Operating Performance &amp; Liquidity</b>	35%	3-year Avg Operating Cash Flow Margin	15%
		Gross Rev of Payor Mix (%)	10%
		Cash on Hand (days)	10%
<b>Leverage</b>	30%	Unrestricted Cash & Inv to Total Debt	15%
		Total Debt to Cash Flow	15%

After calculating each sub-factor, the outcomes are mapped to a broad rating typically used by bond rating agencies.



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# Analysis of Financial Condition

# 2020

## The University of Texas at Arlington 2020 Summary of Financial Condition

*Financial Condition: Satisfactory*

### EXECUTIVE SUMMARY

#### Highlights

##### General Overview

As a Carnegie R-1 “Very High Research,” The University of Texas at Arlington (U. T. Arlington) is committed to access and excellence and is expected to be Texas’ next National Research University Fund (NRUF) Tier One institution. U. T. Arlington strives to maintain a very high level of affordability while ensuring transformative educational experiences for our students.

U. T. Arlington’s Strategic Plan “Bold Solutions|Global Impact” charts an ambitious agenda with the goal of ensuring the university will be one of the “best of the best,” a thought leader, and an institution that sets standards for others to follow. With a focus on enabling a sustainable megacity and developed around four themes of (1) Health and the Human Condition, (2) Sustainable Urban Communities, (3) Global Environmental Impact, and (4) Data-Driven Discovery, the plan fosters the collaborative and cross-disciplinary thinking that the future demands and will help U. T. Arlington address the epic challenges that face the community – an urgent calling as the Dallas-Fort Worth-Arlington Metropolitan area with over seven million people today rapidly approaches megacity status.

U. T. Arlington developed the fiscal year 2020 budget with a focus on meeting the objectives of the strategic plan and continuing progress toward Tier 1 status while simultaneously meeting aggressive student success and student support goals, increased access through additional investment in student testing, tutoring and disability services, a commitment to faculty and staff recruitment and retention, increased advising opportunities along with retention and graduation support, additional dollars for renovation of critical campus spaces, security projects and expenses due to enrollment growth. The fiscal year 2020 budget also set the stage for U. T. Arlington to achieve critical NRUF Tier One metrics and manage continued growth in full-time equivalent student enrollment of 33,986 in Fall 2020, down from 34,678 in Fall 2019.

##### Observations

*Overall Scorecard Rating* – U. T. Arlington’s overall scorecard rating is Aa2 with an overall score of 3.1. The rating is comprised of four factors: Market Profile, Operating Performance, Wealth and Liquidity, and Leverage. The Market Profile score is driven by growth in operating revenue of 0.44%, or \$3.1 million, over fiscal year 2019 contributing to a continued strong strategic position for U. T. Arlington. The operating cash flow margin has consistently been over the current margin of 13.65%, resulting in a 1.20 Total Operating Performance each year for the last five years. Total Wealth and Liquidity is 0.60 and includes the spendable cash and investments to operating expense ratio, as well as reflects that U. T. Arlington has cash on hand to cover over 13 months of operating expenses. Total Leverage ratio is 0.20 which is attributable to 3.06 times spendable cash and investments to total debt and total debt to cash flow of 2.68. Overall, U. T. Arlington is financially strong and well positioned for strategic opportunities in academic excellence and global research.



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# Analysis of Financial Condition

# 2020

## *The University of Texas at Arlington (continued)*

**Operating Revenue** – U. T. Arlington’s operating revenue increased \$15.2 million in 2020. The increase is primarily attributable in large part to the following increases: a \$16 million dollar increase in State Appropriations Formula Funding; a \$0.5 million increase for a rider to support Center Entrepreneurship & Economic Innovation; an increase in sponsored nonexchange revenue of \$15.9 million due to Coronavirus Aid, Relief, and Economic Security (CARES) Act funding; and an increase in net tuition and fees of \$12.4 million driven by a 2.4% increase in tuition and fee rates and semester credit hour generation. Additionally, investment income increased \$2.5 million due to market uptick and the investment of \$50 million into the Long-Term Fund, which earns at a higher rate. Decreases in revenue attributable to COVID-19 were noted in sales and services in the areas of: Enterprise Development specialized delivered training of \$2.3 million; \$0.7 million in Honors College Advanced Placement due to Summer Institute not being held; and \$3 million in Global Academic Initiatives. Other revenue decreases totaling \$5.3 million occurred in rental income and miscellaneous revenues across multiple departments due to COVID-19, and the reclassification of Organized Research Center for Excellence to a project in fiscal year 2020. Auxiliary enterprises revenue decreased \$16.8 million due to COVID-19 for refunds issued to students for housing, parking and dining charges when students were sent home in mid-March. Finally, the university experienced a decrease in gifts in fiscal year 2020 of \$3.8 million.

**Annual Operating Margin Ratio** – U. T. Arlington’s annual operating margin ratio decreased from 5.6% in 2019 to 2.7% in 2020. Contributing to this decline was the increase in operating revenue of \$15.2 million, as discussed above, netted against increased expenses in the following: an increase of \$14.4 million in scholarships and fellowships largely due to an influx of CARES Act funding resulting from the pandemic; an increase of \$22.1 million in salaries, wages, and payroll related cost attributable to merit increases in the amount of \$10 million, as well as salary adjustments and faculty research hires, plus associated benefits; COVID-19 related spending of \$3 million; and \$1 million paid to auxiliary vendors for contractual revenue minimums resulting from shortfalls in guaranteed sales for dining and housing operations due to COVID-19. Conversely, expenses decreased in fiscal year 2020 due to COVID-19 in the areas of travel by \$3.6 million, printing and reproduction by \$1.7 million, utilities by \$0.5 million, and conference registrations by \$0.4 million.

**Spendable Cash & Investments to Operating Expenses Ratio** – U. T. Arlington’s spendable cash and investments to operating expenses remained comparable at 1.2 for 2020 and 1.0 for 2019. Cash and investments (net of nonexpendable net position) was \$787 million compared to operating expenses of \$676 million in 2020. Cash and investments (net of nonexpendable net position) was \$682 million compared to operating expenses of \$652 million in 2019. Cash and investments increased \$109 million, offset by an increase of \$4 million in nonexpendable net position for a net change in \$105 million.

**Spendable Cash & Investments to Total Debt Ratio** – U. T. Arlington’s spendable cash and investments to total debt ratio remained strong at 3.1 times in 2020 compared to 2.6 times in 2019. The stability of this ratio is attributable to the growth in total cash and cash equivalents and investments (net of total nonexpendable net position) of \$105 million and reduction of debt of \$10 million. This ratio has consistently exceeded the minimum threshold provided by the Office of Finance of 0.75 times.



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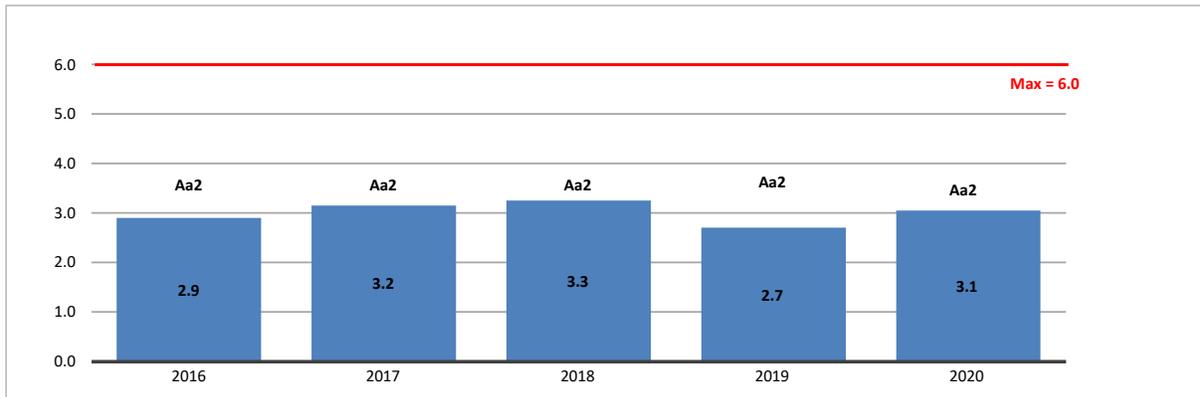
# Analysis of Financial Condition

2020

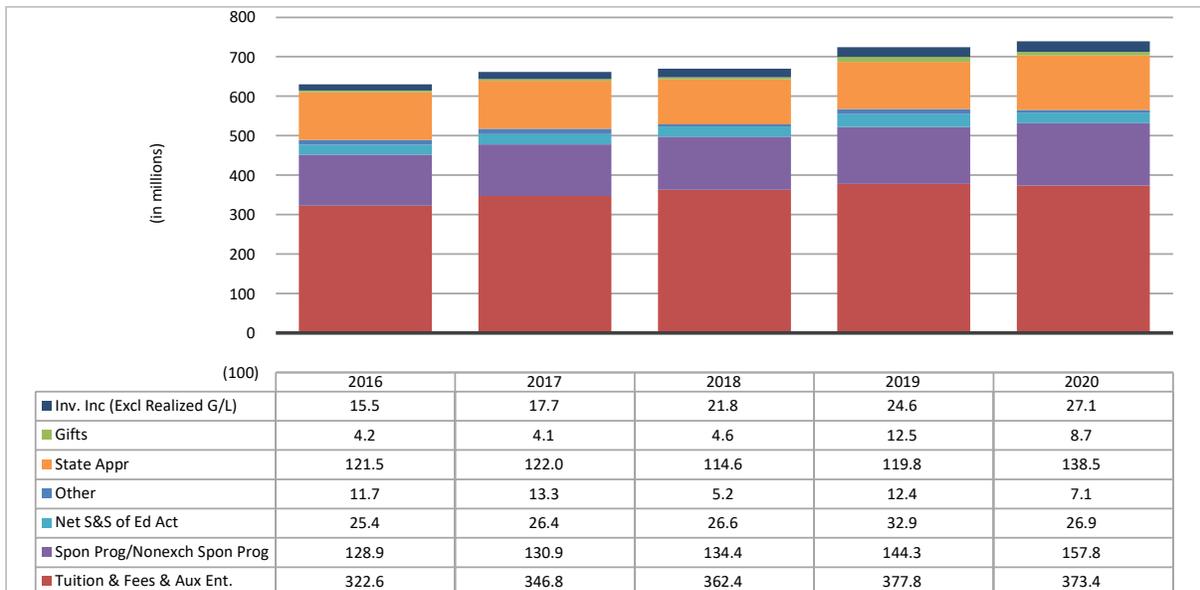
The University of Texas at Arlington (continued)

## ANALYSIS OVERVIEW

### 1. Overall Scorecard Rating



### 2. Operating Revenues



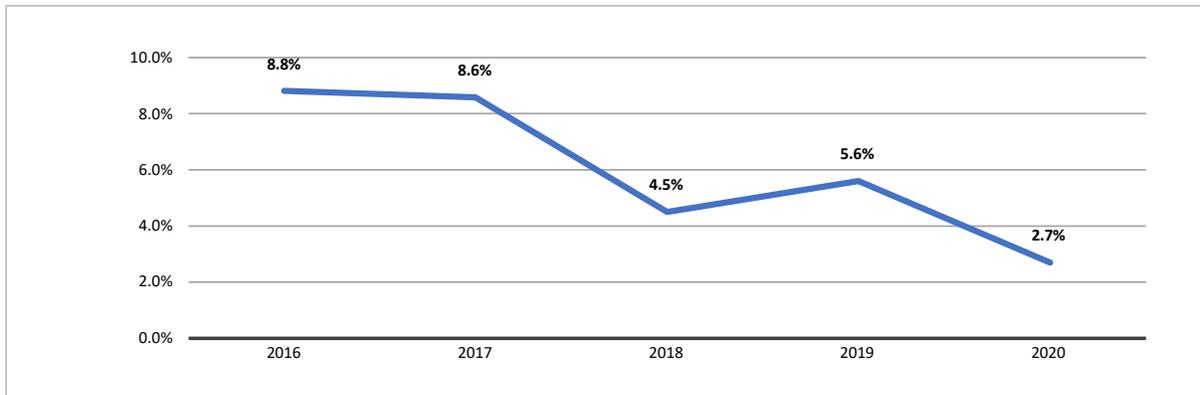
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# Analysis of Financial Condition

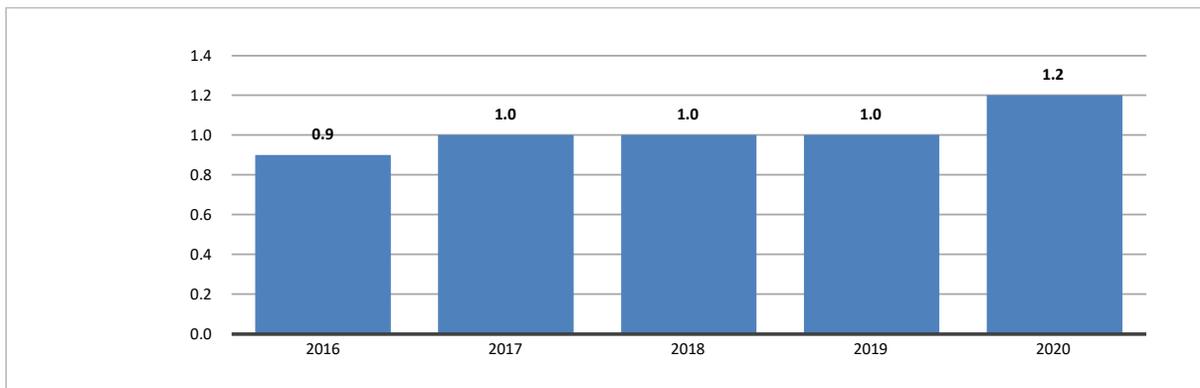
# 2020

The University of Texas at Arlington (continued)

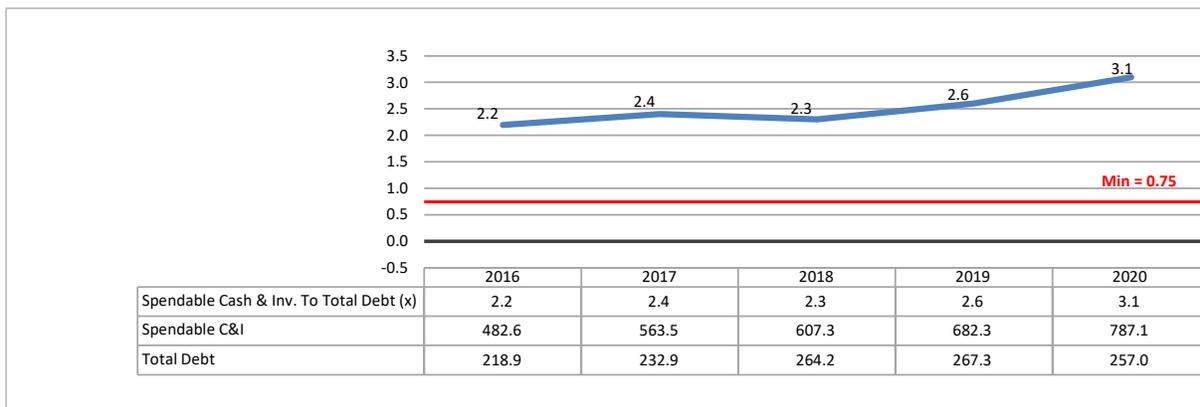
### 3. Annual Operating Margin



### 4. Spendable Cash & Investments to Operating Expenses



### 5. Spendable Cash & Investments to Total Debt



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# Analysis of Financial Condition

# 2020

## The University of Texas at Austin 2020 Summary of Financial Condition

*Financial Condition: Satisfactory*

### EXECUTIVE SUMMARY

#### Highlights

##### General Overview

The University of Texas at Austin (U. T. Austin), founded in 1883, ranks among the 40 best universities in the world, with top national programs across 18 colleges and schools. The university is dedicated to attracting highly qualified students, faculty, and staff with a wide range of backgrounds, ideas, and viewpoints. During the summer of 2020, then-interim university President Jay Hartzell announced steps to promote diversity and equity and to recruit, attract, retain and support more Black students, faculty, and staff on campus. These actions include expanding programs that provide opportunities for future Black leaders, changing the names of campus buildings, and establishing historical context about the university's history.

Student success continues to be a key university focus. In January 2020, the Michael & Susan Dell Foundation and U. T. Austin formed a historic new partnership to close the gap in college graduation rates across income levels. The two organizations partnered to dramatically expand individualized support services for all Pell Grant-eligible students at the university through the UT for Me – Powered by Dell Scholars program. With new financial aid programs that cover tuition and provide additional support for low-income students, the university enrolled one of its largest ever classes of Pell Grant students in academic year 2020-2021 while increasing the overall percentage of Pell Grant students enrolled as undergraduates. The increase comes at a crucial time for Texas families struggling with the economic consequences of the COVID-19 pandemic. It also runs counter to a national trend of declining college enrollment among low-income students.

U. T. Austin's Dell Medical School graduated its inaugural class of physicians in 2020. U. T. Health Austin, the faculty clinical practice for Dell Medical School, helped lead U. T. Austin's response to the COVID-19 pandemic as the university transitioned the majority of instruction to distance learning in spring 2020. Additionally, scientists from U. T. Austin co-designed the coronavirus spike protein used in the COVID-19 vaccine being released by multiple manufacturers in late 2020.

##### Observations

Amidst COVID-19 revenue losses, U. T. Austin's overall operating revenues, operating margin, and spendable cash ratios all increased in the last year. Strategic investing and desirable market returns over the last several years, including moving funds from short term funds and the intermediate term fund to the long term fund, have had a positive effect on U. T. Austin's overall financial position and have allowed revenues to keep pace with increasing operating expenses, as evidenced by an increase of \$24 million in LTF distributions. There were, however, some significant funding factors including a \$130 million Moody Foundation gift, federal funding of \$55 million to purchase a new supercomputer at Texas Advance Computing Center, and \$15 million in Coronavirus Aid, Relief and Economic Security Act/Higher Education Emergency Relief Funds received and distributed that are non-recurring revenues. We expect the financial condition effects of these increases to normalize in the coming year.



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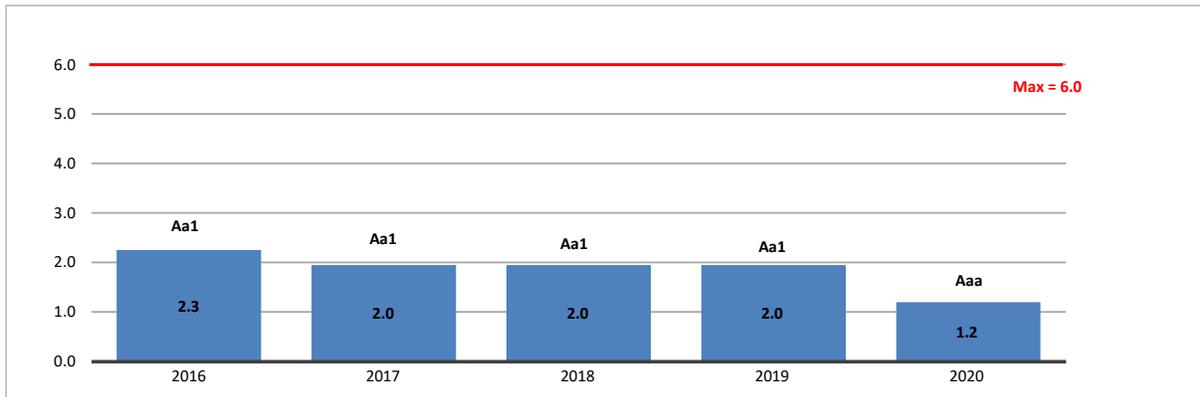
# Analysis of Financial Condition

# 2020

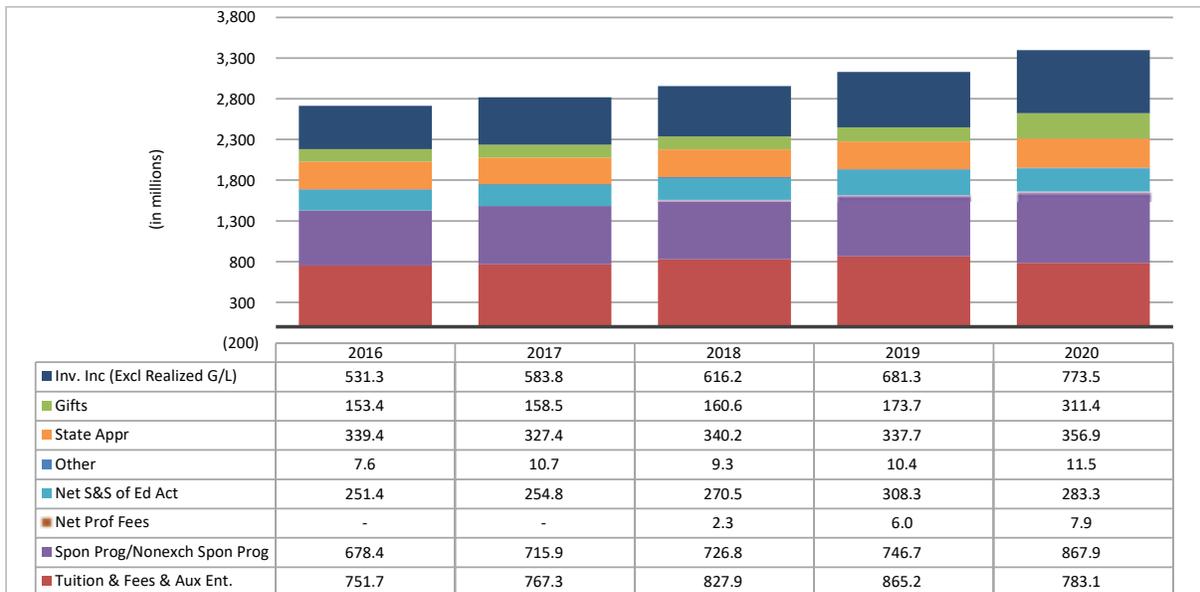
The University of Texas at Austin (continued)

## ANALYSIS OVERVIEW

### 1. Overall Scorecard Rating



### 2. Operating Revenues



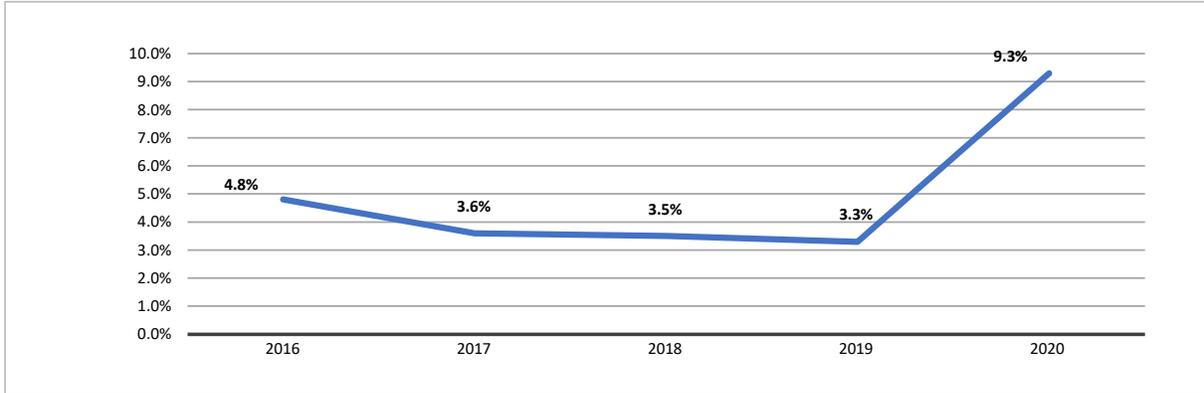
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# Analysis of Financial Condition

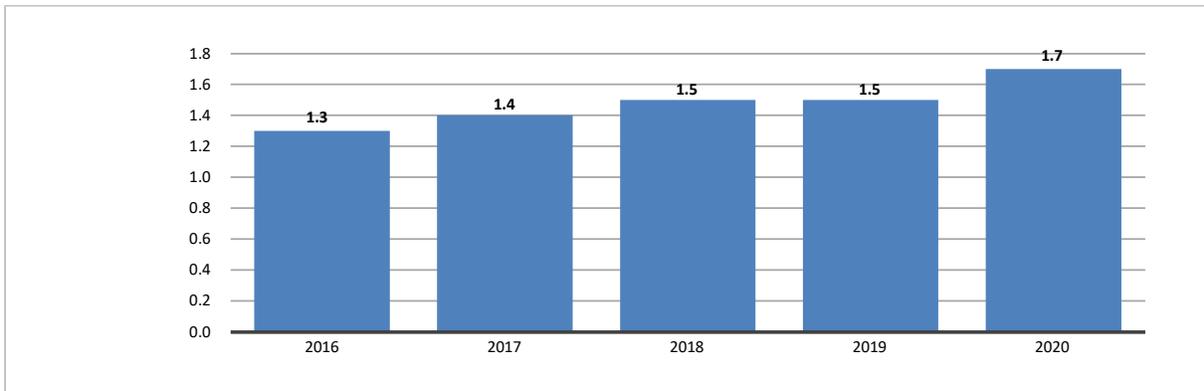
# 2020

The University of Texas at Austin (continued)

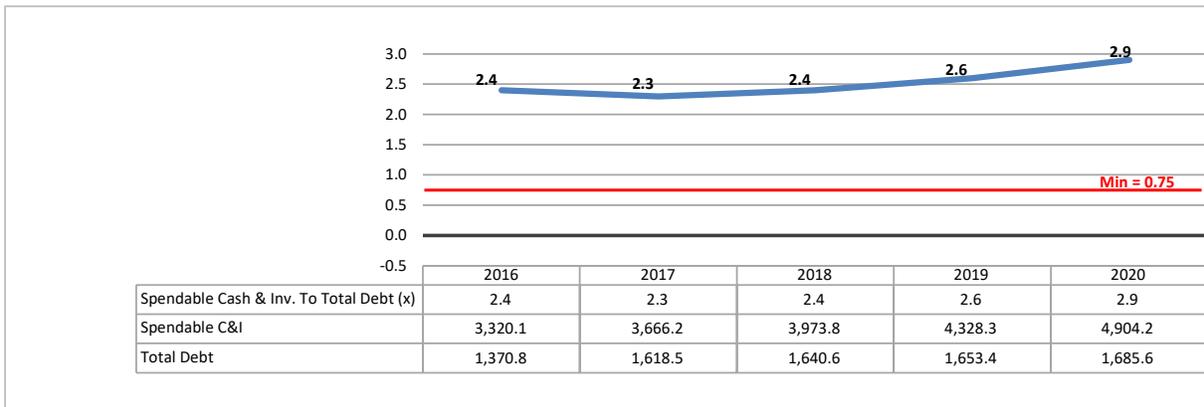
### 3. Annual Operating Margin



### 4. Spendable Cash & Investments to Operating Expenses



### 5. Spendable Cash & Investments to Total Debt



THE UNIVERSITY of TEXAS SYSTEM  
FOURTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

# Analysis of Financial Condition

# 2020

## The University of Texas at Dallas 2020 Summary of Financial Condition

*Financial Condition: Satisfactory*

### EXECUTIVE SUMMARY

#### Highlights

##### General Overview

The University of Texas at Dallas (U. T. Dallas) is strategically positioned within one of the nations' largest and most dynamic metropolitan areas. U. T. Dallas is recognized as one of the fastest growing universities in the country and its national reputation for academic and research excellence continues to grow.

2020 was a year of challenges. Although those challenges continue to evolve, they have demonstrated the resilience of U. T. Dallas' electronic resources, the strategic plan, and campus community which have performed admirably in the face of unprecedented adversity. In response to the coronavirus pandemic, U. T. Dallas rapidly transitioned to online instruction along with most other higher education institutions. The creation of multiple instructional modalities allowed both students and faculty to choose the instruction model that worked best for their safety and learning needs. The flexibility provided by this model played a significant role in U. T. Dallas' ability to maintain continuity of operations throughout the pandemic.

Increasing the number of tenured and tenure track faculty, enrollment growth, and effective retention and student success programs, continue to be top priorities. U. T. Dallas will continue to implement innovative strategies to achieve these outcomes in conjunction with managing the coronavirus response and maintaining the university's financial position.

U. T. Dallas' five-year financial plan was tested in 2020 as lost revenue and rising expenditures resulting from the coronavirus pandemic significantly limited the availability of short-term resources. Prudent and routine tuition increases, coupled with enrollment growth and planned internal reallocations, will continue to provide crucial resources to support U. T. Dallas' expansion.

##### Observations

U. T. Dallas continues to operate within a narrow, consistent range and maintains a healthy ranking for the Overall Scorecard Rating. Necessary safeguards implemented in response to the coronavirus pandemic impacted operating revenue in certain categories, nevertheless overall revenue increased in 2020.

The Net Margin is regularly monitored to ensure that U. T. Dallas' objectives can be met while simultaneously returning this measure to equilibrium. In 2020, the coronavirus pandemic halted several campus activities such as conference and training related fees and travel. In addition, U. T. Dallas took swift action to preserve resources by implementing strategic budget reductions and freezes. These actions contained operating expense growth and led to modest improvements in the Net Margin and Spendable Cash and Investments to Operations measures. Similarly, deliberate and concerted efforts to limit issuances of new debt led to improvement in the Spendable Cash and Investments to Total Debt ratio. U. T. Dallas realized a decrease in debt service and a decrease in total outstanding debt in 2020.

U. T. Dallas' leadership continues to focus on balancing the need to maintain a strong financial position while pursuing aspirational goals and ensuring the safety of students, faculty, staff, and the broader community.



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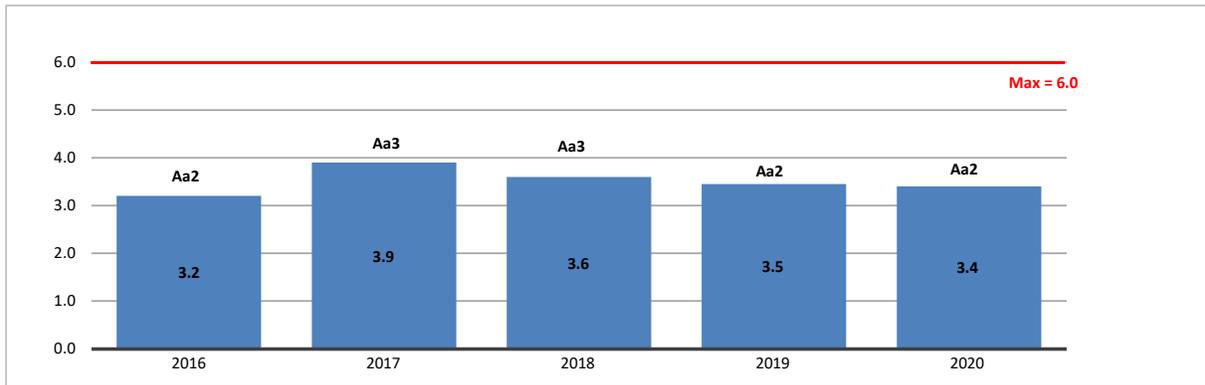
# Analysis of Financial Condition

2020

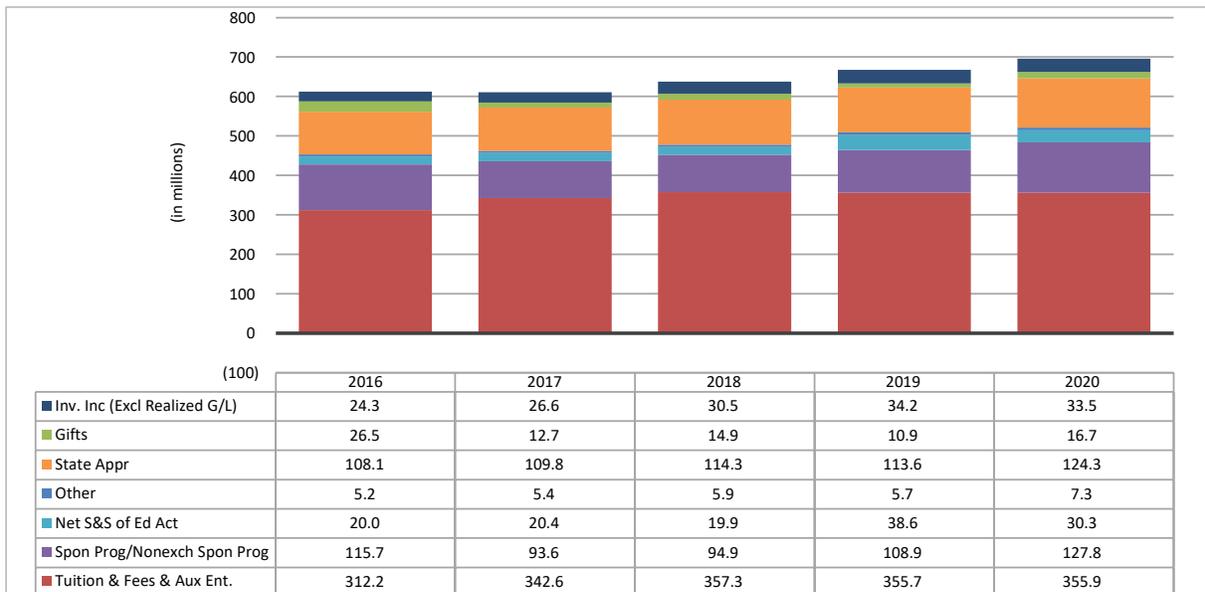
The University of Texas at Dallas (continued)

## ANALYSIS OVERVIEW

### 1. Overall Scorecard Rating



### 2. Operating Revenues



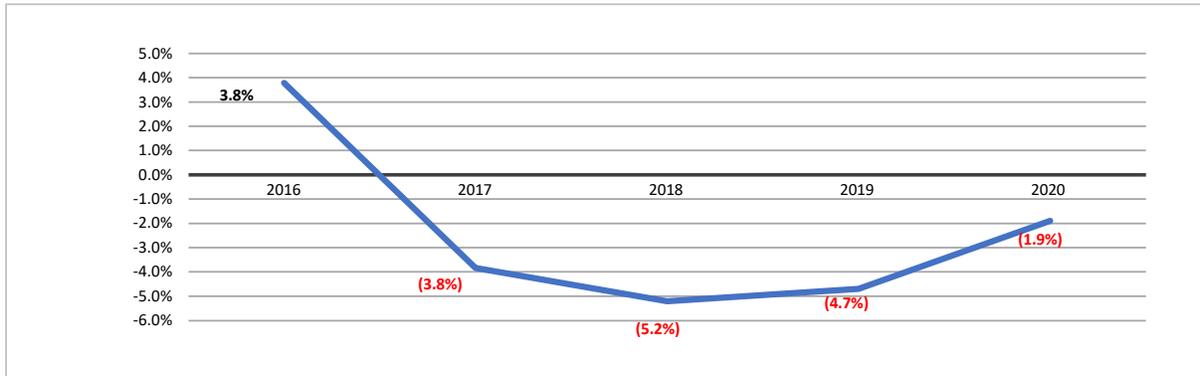
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# Analysis of Financial Condition

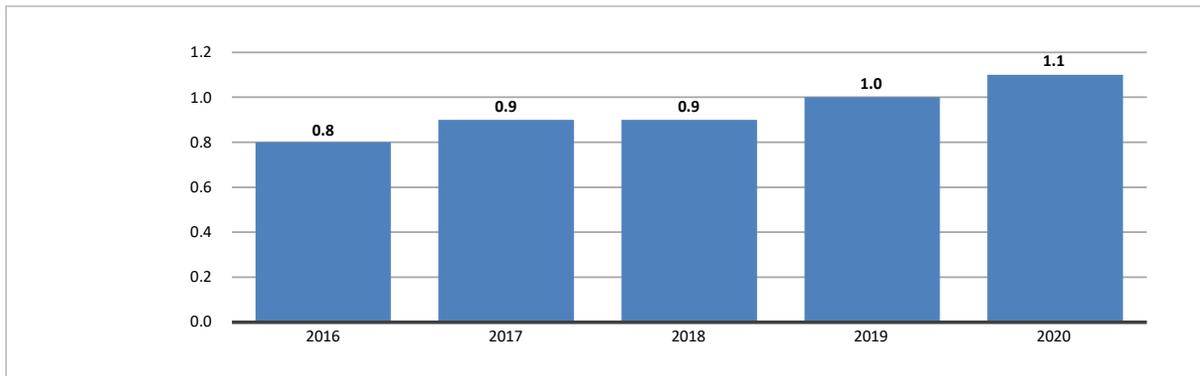
2020

The University of Texas at Dallas (continued)

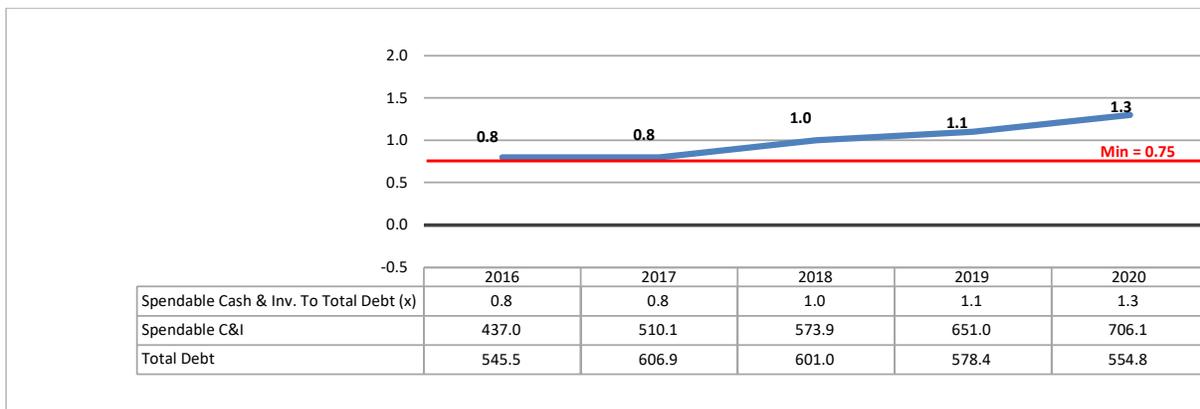
### 3. Annual Operating Margin



### 4. Spendable Cash & Investments to Operating Expenses



### 5. Spendable Cash & Investments to Total Debt



THE UNIVERSITY of TEXAS SYSTEM  
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# Analysis of Financial Condition

# 2020

## The University of Texas at El Paso 2020 Summary of Financial Condition

*Financial Condition: Satisfactory*

### EXECUTIVE SUMMARY

#### Highlights

##### General Overview

The University of Texas at El Paso (U. T. El Paso) is a comprehensive public research university serving a binational, bicultural population on the U. S.-Mexico border. U. T. El Paso is increasing access to excellent higher education, advancing discovery of public health, and positively impacting the health, culture, education, and economy of the community we serve. U. T. El Paso is a national model for Hispanic-serving institutions and is among the top 5% of research institutions in the country, and one of only ten top tier research universities in the State of Texas.

Enrollment has remained steady at U. T. El Paso with 21 consecutive years of enrollment growth, peaking at slightly over 25,000 students enrolled in Fall 2019. Enrollment has leveled in Fall 2020 as a result of the COVID-19 pandemic.

U. T. El Paso conferred a record 5,103 degrees this past academic year, with 42% of graduating seniors participating in on-campus research, scholarly or creative art projects with faculty.

U. T. El Paso provides competitive research and academic opportunities at one of the most reasonable prices for a top-tier university in America. Sustaining this successful model is paramount to the growth and prosperity of the region, and U. T. El Paso is engaged in opportunities to increase access pathways and secure our place as a leading 21<sup>st</sup> century university through several strategic initiatives that include:

- doubling our more than \$100 million in research expenditures for long-term retention of our status as an exceptional comprehensive public research university,
- capitalizing on innovation and new clusters of research cohorts that can foster business development and enhance the region's entrepreneurial culture,
- creating innovative partnerships that spur economic growth,
- broadening our engagement with the community to create deeper ties with our alumni, our prospective student population, our civic leaders, and area industry, and
- building a strong culture of philanthropy to ensure sustained private support of scholarships and programming.

UTEP remains committed, as we have been throughout our more than 100-year history, to working closely with the community we serve in an effort to better understand, meet and support its educational and economic needs, and to create pathways for economic and social mobility for people throughout the El Paso region.



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# Analysis of Financial Condition

2020

*The University of Texas at El Paso (continued)*

## Observations

Overall, U. T. El Paso continues to see improvement of its yearly metrics.

- At 4.1, the overall scorecard maintains U. T. El Paso's Aa3 rating. U. T. El Paso has consistently maintained an Investment Grade rating in the upper tier of the scale, signaling the overall strength of its financial position.
- Operating revenues were maintained at last year's level, in spite of the negative effects of COVID-19. Revenues remained strong through a combination of increase in summer semester enrollment, an increase of 2.6% in tuition and fees approved by the University of Texas System Board of Regents, and increases in college differential tuition. These increases offset revenue decreases in sales and services of educational activities and auxiliary enterprises revenues.
- Annual operating margin keeps trending towards a positive margin and shows a favorable improvement over the previous three fiscal years. The growth of total revenues, combined with stricter expense control and permanent campus-wide budget reductions, resulted in a year-to-year improvement of 61% over fiscal year 2019.
- Spendable cash and investments to operating expenses reflects a slight improvement to 0.8, after holding steady for the previous three fiscal years.
- Spendable cash and investments to total debt ratio remains steady for this year, after experiencing a four-year improvement trend. Currently at 1.9, the ratio exceeds the 0.75 threshold. U. T. El Paso has improved its spendable cash position, while paying off older debt used for campus expansion and by limiting additional debt.



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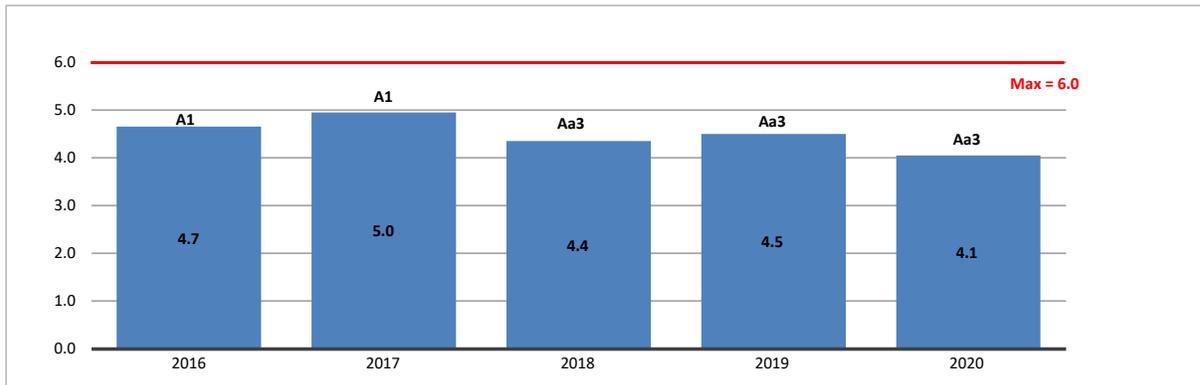
# Analysis of Financial Condition

2020

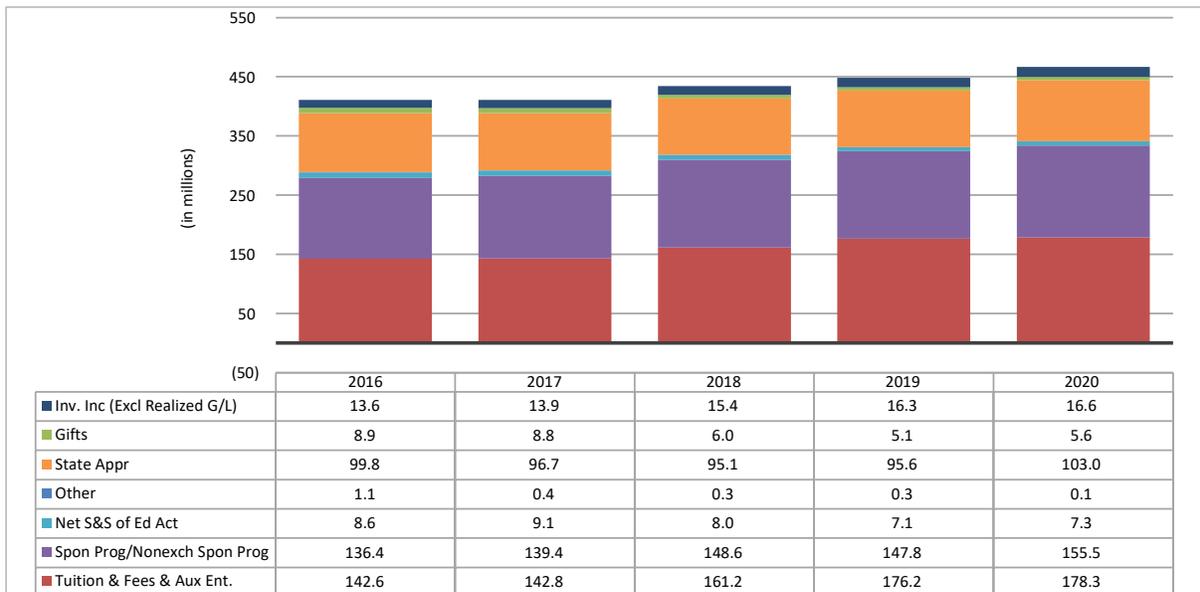
The University of Texas at El Paso (continued)

## ANALYSIS OVERVIEW

### 1. Overall Scorecard Rating



### 2. Operating Revenues



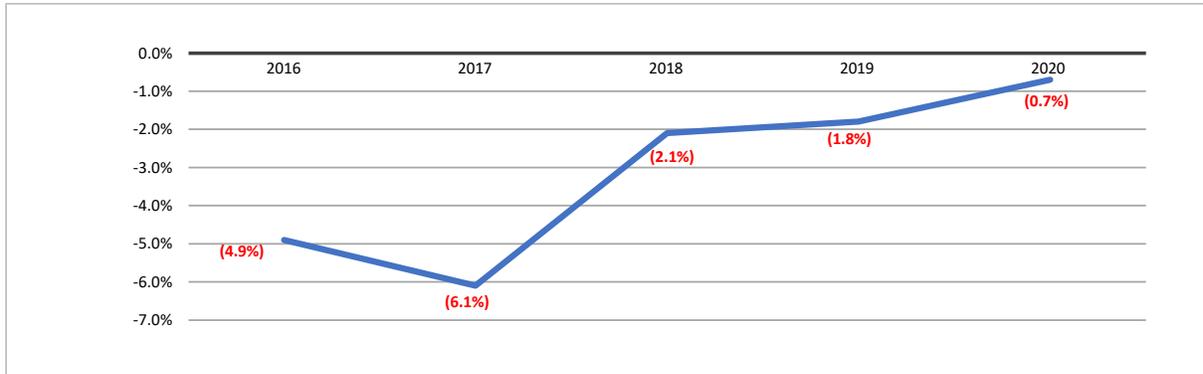
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# Analysis of Financial Condition

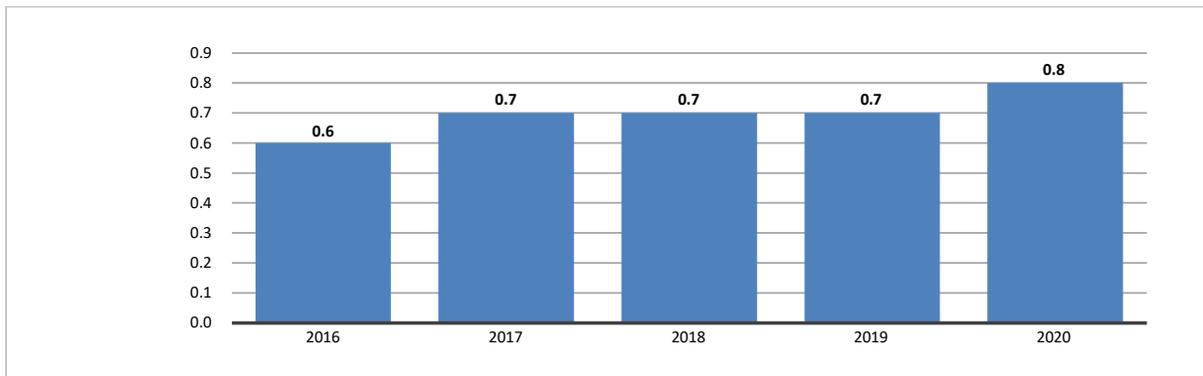
# 2020

The University of Texas at El Paso (continued)

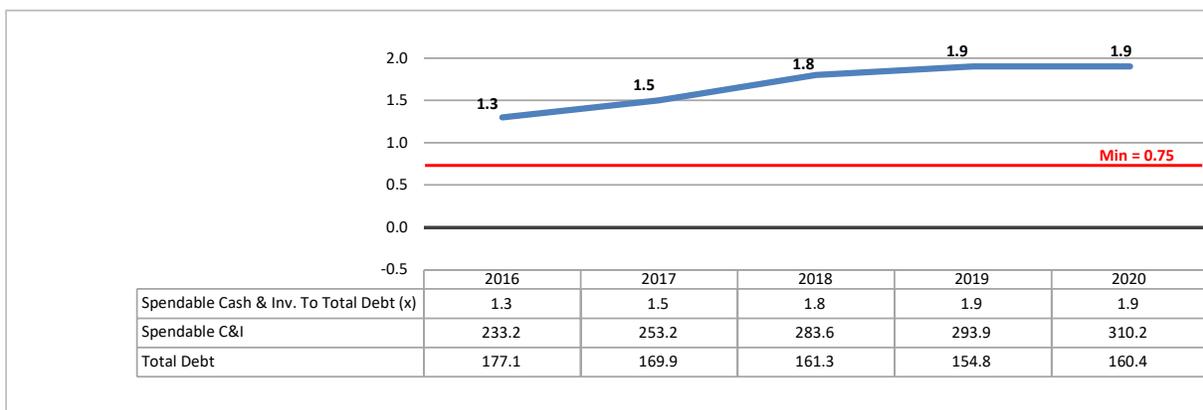
### 3. Annual Operating Margin



### 4. Spendable Cash & Investments to Operating Expenses



### 5. Spendable Cash & Investments to Total Debt



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# Analysis of Financial Condition

2020

## The University of Texas Permian Basin 2020 Summary of Financial Condition

*Financial Condition: Watch*

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### EXECUTIVE SUMMARY

#### Highlights

##### General Overview of Strategic Plan

The University of Texas Permian Basin (U. T. Permian Basin) is making meaningful progress on the new strategic plan as follows:

- Summer 2019 and Fall 2020 provided much needed enrollment increases, including the largest incoming freshman class in history; preliminary Spring 2021 enrollment up 8.2%
- 40% increase in degree production over past 4 years
- Steady increases in private donations, surpassing historical numbers
- Economic development projects underway as funded by local development agencies to start a business incubator to help diversify the local economy
- New workforce credentials that will be stackable towards academic credit/degrees are ramping up to address workforce challenges in the Permian Basin
- Three new applied research centers are gearing up to bring in grants/contracts related to solving local problems in the region
- Implementing a new comprehensive student success plan aimed at increasing retention and decreasing time to degree

U. T. Permian Basin's mission is to provide greater access to higher education for Texans, particularly west Texans; to award degrees of value; to conduct meaningful applied research; to improve the overall quality of life of the west Texas region; and, to do so while being a good steward of resources entrusted to it. To advance efforts to achieve these goals, U. T. Permian Basin has four strategic pillars in the new strategic plan: 1) Student Success, 2) Serve the Region, 3) Advance creativity and knowledge, and 4) Responsible stewardship.

U. T. Permian Basin along with the rest of the nation experienced an extremely unusual second half of 2020. The COVID-19 pandemic forced U. T. Permian Basin to adjust operations abruptly on March 16, 2020, when all instruction went online and remained so until the fall 2020 semester. As a result, all on campus student housing and dining services operations were discontinued except for those students with no other alternative but to remain on campus. In addition, most administrative functions were converted to remote processing. During this time, U. T. Permian Basin faculty and staff were able to adjust efficiently and effectively.



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# Analysis of Financial Condition

# 2020

## *The University of Texas Permian Basin (continued)*

The dramatic effects of adjusting to COVID-19 combined with the severe decline in the oil industry in west Texas have created financial challenges for U. T. Permian Basin. While not completely ceased, the current Permian Basin economy has resulted in a significant slowdown in private support for U. T. Permian Basin. U. T. Permian Basin took immediate steps in the spring of 2020 to prepare for potential losses in revenue expected to result from the economic slowdown in the Permian Basin and statewide. Actions taken included a hiring freeze, travel freeze, M&O budget reductions, a reduction in force, and other personnel actions. Uncertain as to the impact on future enrollments, the action plan also included the potential of lost revenue from enrollment declines beginning in the summer of 2020 and continuing through the 2021 academic year. This was in addition to lost revenue from the fall 2019 and spring 2020 semesters including \$1.1 million in housing, meal plan, and parking fee refunds.

In the FY 2021 budget, estimated general revenue reductions of 15% (\$2.97 million), tuition and fee revenue losses due to enrollment decreases (\$1.56 million), and housing revenue losses (\$1.14 million) were used to target budgeted expenditure reductions. The total targeted reductions were \$5.65 million. Among the budget strategies utilized to address this lost revenue included travel and M&O reductions of \$1.49 million, hiring freeze of \$1.2 million, reduction in force and other personnel actions totaling \$2.16 million, and use of FY 2020 savings of \$0.8 million.

### **Initiatives to overcome challenges:**

- COVID-19 provided opportunities to reach out to potential students who might otherwise not have considered higher education were it not for the economic downturn.
- A comprehensive enrollment management strategy continues to be implemented with the hiring of a new permanent Vice President for Enrollment Management.
- Improvements to business processes critical to student engagement were implemented in the areas of admissions, financial aid, and student accounts.
- A new Financial Aid Director was hired in early summer to continue the work begun in the spring to revamp our financial aid strategy to maximize financial aid as a means to recruit and retain students.
- Intensified marketing efforts continue to increase brand recognition and more effectively target student populations, including reaching out to surrounding communities.
- The successful completion of the SACSCOC accreditation review provided an opportunity to identify areas for improvement including academic functions and programs. Low performing programs are being evaluated for closure or substantial improvements and an intensive effort is underway to innovate new programs that will be more aligned with regional workforce demands.
- Budgeted expenditures for 2021 have been reduced 4.7% from 2020 levels.



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# Analysis of Financial Condition

# 2020

*The University of Texas Permian Basin (continued)*

## Observations

The SACSCOC accreditation standards require U. T. Permian Basin to submit a standard review report conducted by an independent auditor. U. T. Permian Basin engaged Deloitte & Touche to conduct the standard review which began late fall 2019 and was successfully completed in March of 2020. This review incorporated and built upon the intensive efforts undertaken in 2019 to correct accounting and reporting errors from multiple previous years in an effort to define a more accurate baseline financial position. U. T. Permian Basin was found to be in compliance with all SACSCOC financial and related standards with no follow-up necessary.

All accounting entries required by the standard review as well as additional correcting entries identified after the review were included in the 2020 Annual Financial Report. No additional correcting entries are anticipated in 2021.

The net effect of prior period corrections posted in 2020 resulted in an increase to overall revenues of \$22.4 million. To ensure a consistent AFC presentation with 2019, these entries were removed from the AFC for 2020. This two-year clean-up effort has been an intensive and necessary step toward establishing an accurate baseline of the financial position of U. T. Permian Basin.

Findings and corrections posted in 2020 that were identified and included in the standard review by Deloitte & Touche as well as the additional 2020 corrections included:

- -\$10.4 million– to correct 2019 allowance for doubtful accounts related to corrections made to student accounts receivable
- +\$17.9 million – to correct 2019 tuition discount and scholarships expense
- +\$17.8 million – increase in student tuition and fees and auxiliary enterprises revenue to correct 2020 student accounts receivable
- -\$2.9 million – miscellaneous adjustments to tuition and fee revenue after posting 2019 entries
- +\$7,179 – to correct 2019 negative payables



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# Analysis of Financial Condition

# 2020

## *The University of Texas Permian Basin (continued)*

U. T. Permian Basin is pleased that the correction process is now complete with positive trends in several of the ratios. Positive trends and observations include:

- Operating revenues for 2020 as presented net of the adjustments are \$95.7 million, a 3.6% increase over 2019 and up 16.8% from 2017.
- Although enrollment decreased in the fall and spring last year, revenues were up due to the 7.9% increase in total academic cost to students approved by the Board for 2020 and a rebalancing of the student mix in the enrollment numbers. For 2021, the comparable approved increase is 6.9%.
- Enrollment breakthrough in the summer of 2020 - a downward trend was reversed with an increase in semester credit hour production by 7.9% over the previous summer.
- Continuing positive enrollment trends which will show up in the 2021 financial report,
  - Fall 2020 semester credit hour production increased by 7.7%
  - Preliminary spring 2021 enrollment is up 8.2%.
- These enrollment increases combined with the approved rate increases should result in increased revenues for 2021.
- Annual operating margin is (20.7%), compared to (23.2%) in 2018 but below 2019 and 2017.
  - Contributing factors include: lower revenues due to FY 2020 enrollment declines and increased expenses related to COVID-19; an increase of \$2.9 million in depreciation expense as a result of the newly completed Kinesiology and Engineering buildings; an increase in salaries and benefits of \$7.2M; and an increase of \$5.6M in scholarship expenses. Some of this was offset by reductions in travel, M&O, and other expenses.
- The overall scorecard rating is improved from 2018 but below 2019 and 2017. The A3 rating is consistent with 2018.
- Spendable cash remained consistent with 2019 and improved from 2018.
- The addition of RFS bonds completes the financing of the new Kinesiology building. No other debt is anticipated so a decrease in overall debt outstanding is expected for 2021.

U. T. Permian Basin anticipates a continued improvement in the financial condition next year, barring additional budget cuts from the legislature. U. T. Permian Basin is aggressively continuing its efforts to improve financial processes and has already implemented the recommendations by Deloitte & Touche in their management letter following the standard review engagement. For 2021, U. T. Permian Basin has implemented a budget reduction plan to address potential legislative budget cuts and potential enrollment declines; however, the current financial outlook is more positive than expected. Enrollment is trending up and expenses will be down. If the legislative session does not result in significant budget cuts, U. T. Permian Basin will continue to improve the operating margin beyond 2021.



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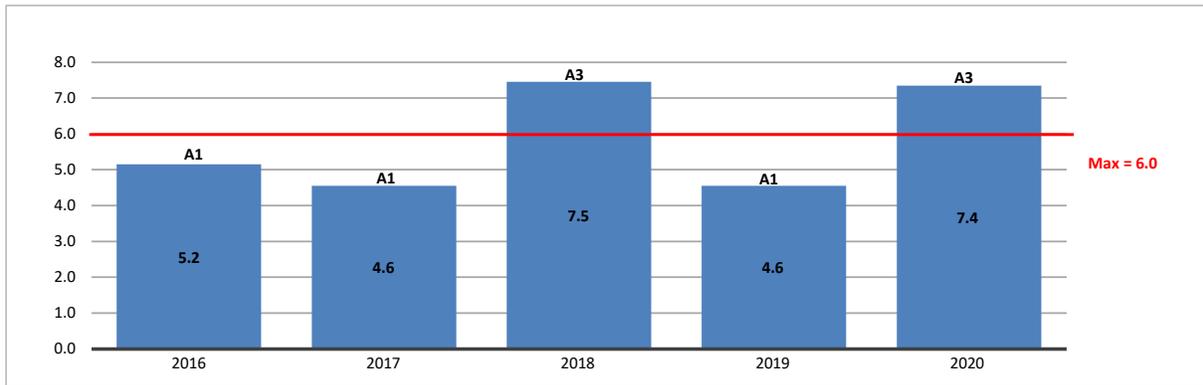
# Analysis of Financial Condition

2020

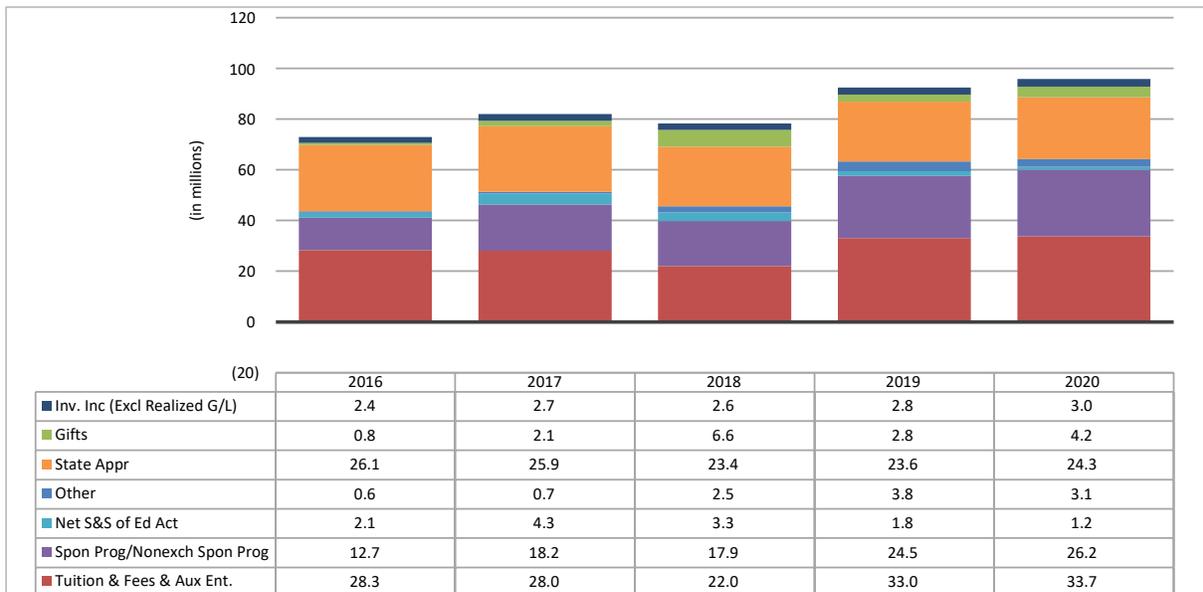
The University of Texas Permian Basin (continued)

## ANALYSIS OVERVIEW

### 1. Overall Scorecard Rating



### 2. Operating Revenues



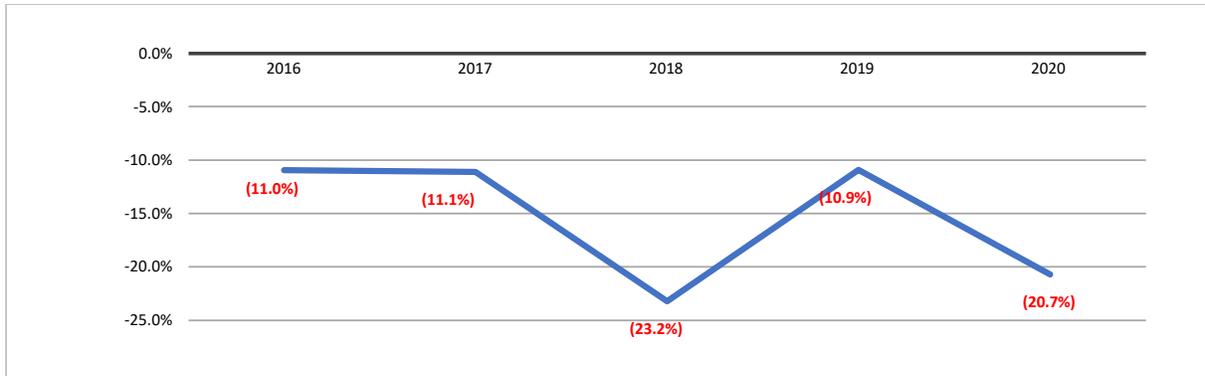
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# Analysis of Financial Condition

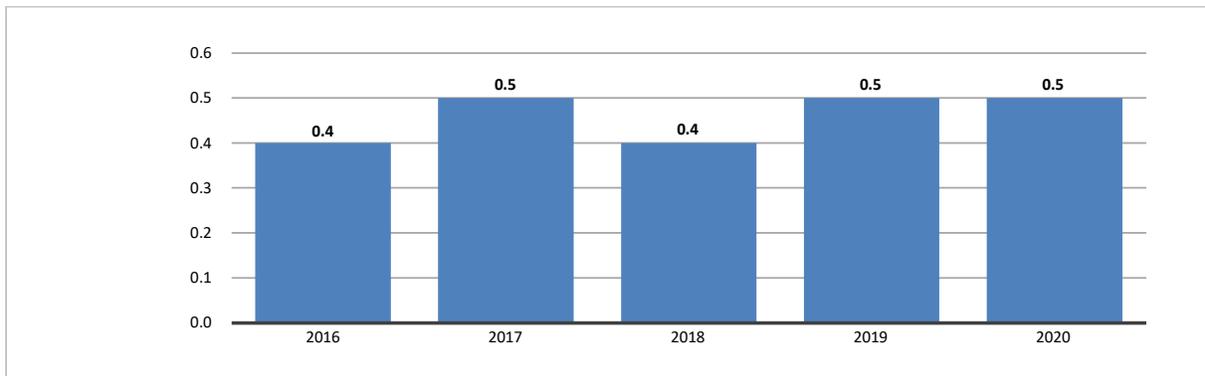
# 2020

The University of Texas Permian Basin (continued)

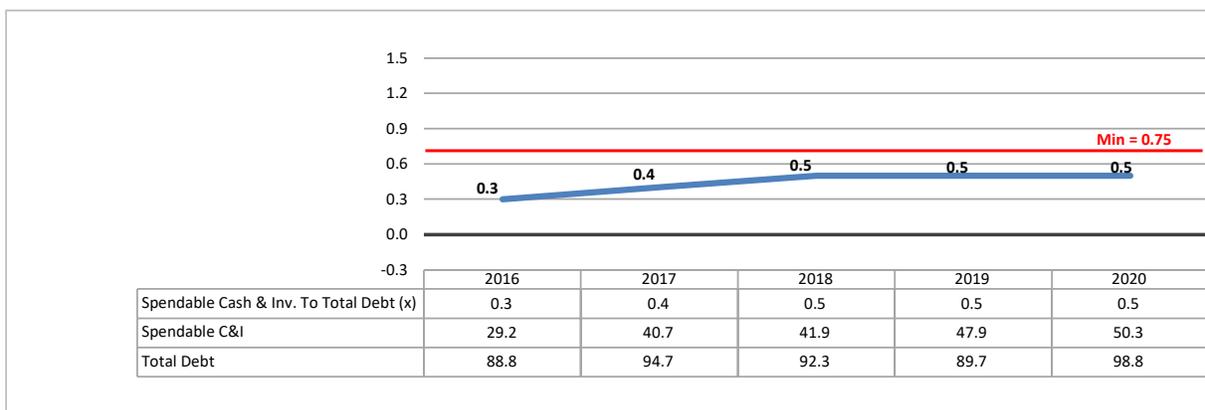
### 3. Annual Operating Margin



### 4. Spendable Cash & Investments to Operating Expenses



### 5. Spendable Cash & Investments to Total Debt



	2016	2017	2018	2019	2020
Spendable Cash & Inv. To Total Debt (x)	0.3	0.4	0.5	0.5	0.5
Spendable C&I	29.2	40.7	41.9	47.9	50.3
Total Debt	88.8	94.7	92.3	89.7	98.8



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# Analysis of Financial Condition

# 2020

## The University of Texas Rio Grande Valley 2020 Summary of Financial Condition

*Financial Condition: Satisfactory*

### EXECUTIVE SUMMARY

#### Highlights

##### General Overview

The University of Texas Rio Grande Valley (U. T. Rio Grande Valley) is committed to student success as demonstrated in the Strategic Plan's Core Priorities. The goal, "Support our students in achieving their academic goals in a timely manner and reaching their professional aspirations through excellent integrated learning experiences both in and out of the classroom," is evidence of U. T. Rio Grande Valley's commitment. U. T. Rio Grande Valley is focused on increasing fall to fall retention and timely progress to degree completion through proven high impact strategies such as differentiated advising, peer-led team learning, and student employment. Furthermore, U. T. Rio Grande Valley is increasing its commitment to provide merit scholarships to attract and retain the best students.

In addition, U. T. Rio Grande Valley is augmenting its low-income tuition program. Starting Fall 2020, the income threshold for U. T. Rio Grande Valley Tuition Advantage grant was increased to guarantee that Texas resident undergraduates with need and family incomes of \$95,000 or less would not face out-of-pocket expenses for tuition and mandatory fees. This affordability is indicated by U. T. Rio Grande Valley's ranking of 1<sup>st</sup> nationally among public universities in least student debt (*U. S. News & World Report*).

Furthermore, one of the keys to recruiting and retaining students is offering the programs that fit their needs. Growth in program offerings, including online programs, not only support student access and success but help extend U. T. Rio Grande Valley's reach well beyond the Rio Grande Valley. This fusion of local, national, and international perspectives both enrich the educational experience and prepare the university for emerging research status. New programs are evaluated based on return on investment, projected impacts on enrollment and retention, and alignment with core competencies.

U. T. Rio Grande Valley is steadily transforming higher education along with growing access to health services by making strategic investments in the School of Medicine's clinical operations and developing a robust research presence. The investments being made will improve the standard of living for this traditionally economically, disadvantaged region and provide opportunities that will help attract and retain talent. U. T. Rio Grande Valley's ranking of 2<sup>nd</sup> in Texas and 36<sup>th</sup> nationally for social mobility (*U. S. News & World Report*) is indicative both of early success and of enormous potential. U. T. Rio Grande Valley is one of America's Best Value Colleges 2019 (*Forbes*), and the investments outlined in this proposal will support and sustain this distinction.



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# Analysis of Financial Condition

# 2020

*The University of Texas Rio Grande Valley (continued)*

## Observations

In its sixth year of operation, U. T. Rio Grande Valley continued to seek opportunities to achieve operational efficiencies and cost reductions. These efforts are critical to functioning effectively on a total academic cost that remains among the lowest in the state. This effort contributed to a reduction in the administrative cost ratio from 7.44% for fiscal year 2019 to 6.95% for fiscal year 2020, the fourth consecutive year with a decrease in this measure. In addition, a hiring freeze first put in place in fiscal year 2018 produced savings to enable the institution to navigate through the challenges of the pandemic and help produce the positive ratio trends presented.

The improvement in U. T. Rio Grande Valley's annual operating margin ratio resulted from additional revenues of \$665 million combined with additional expenses of \$48.5 million. In addition to \$21.8 million in federal relief funding from the Coronavirus Aid, Relief, and Economic Security Act and an increase of \$4.9 million from other federal grants, revenue increases include \$14 million in state appropriations, \$7.2 million in tuition and fees due to enrollment growth and tuition rate increases, \$10.6 million in professional fees due to continued expansion of the School of Medicine's clinical services, and \$8.3 million from the UT Health RGV Lab startup conducting COVID-19 testing and new hospital contracts. Expense increases include \$32.7 million in labor costs mostly attributed to the ongoing development of the School of Medicine, \$13 million in scholarships and fellowships, and \$3 million in depreciation expense. The improved operating margin, along with a reduction in outstanding debt, contributed to improvements in spendable cash and investments balances and related ratios.



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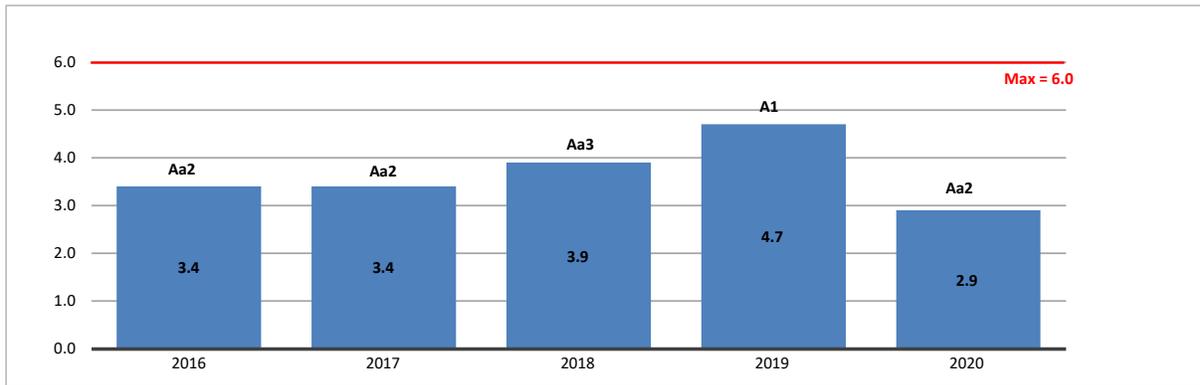
# Analysis of Financial Condition

# 2020

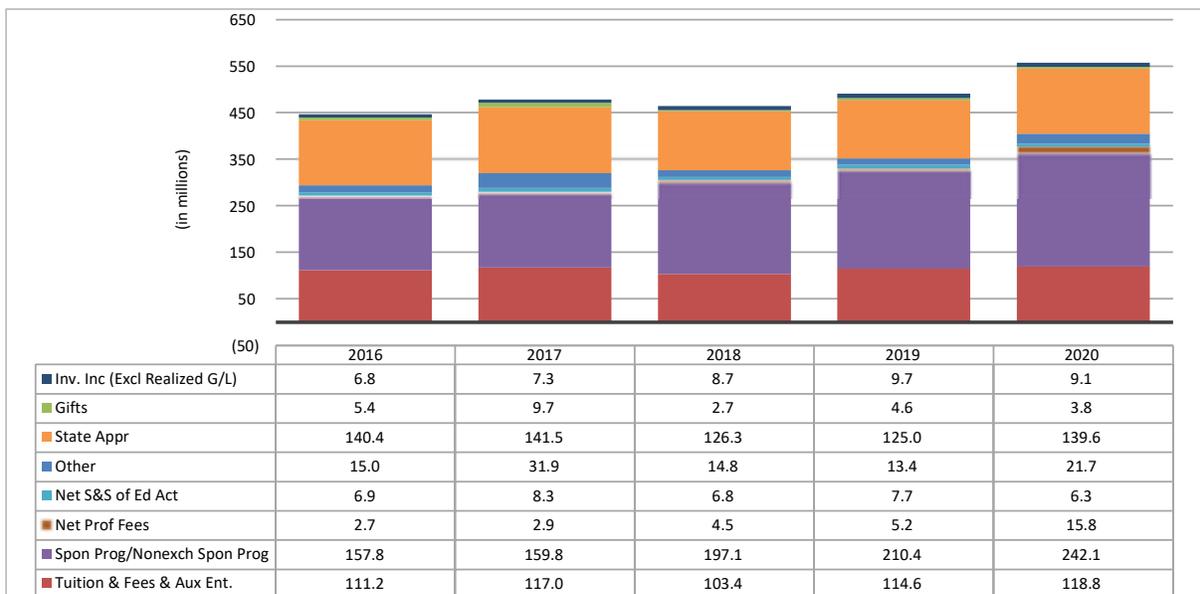
The University of Texas Rio Grande Valley (continued)

## ANALYSIS OVERVIEW

### 1. Overall Scorecard Rating



### 2. Operating Revenues



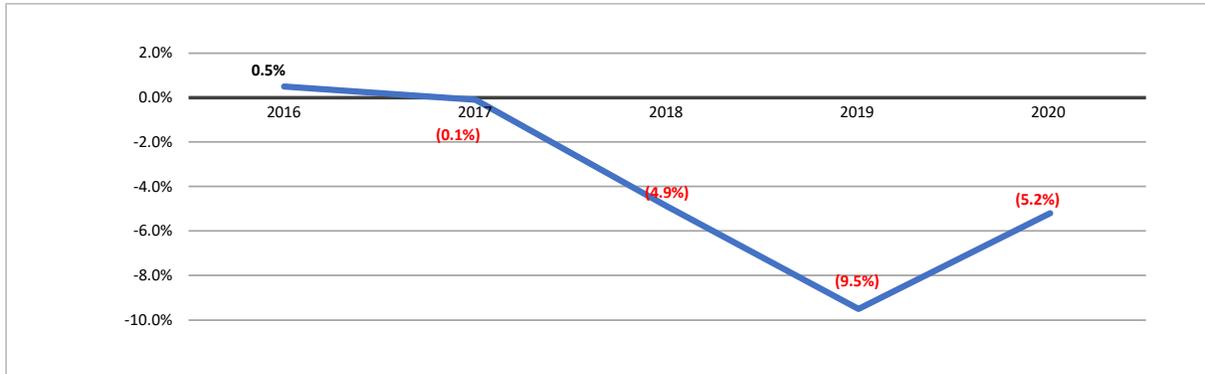
THE UNIVERSITY of TEXAS SYSTEM  
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# Analysis of Financial Condition

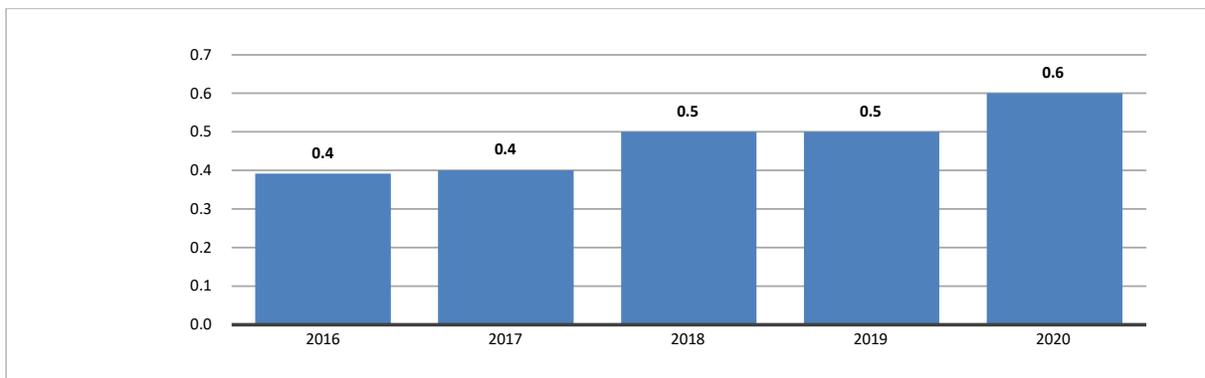
2020

The University of Texas Rio Grande Valley (continued)

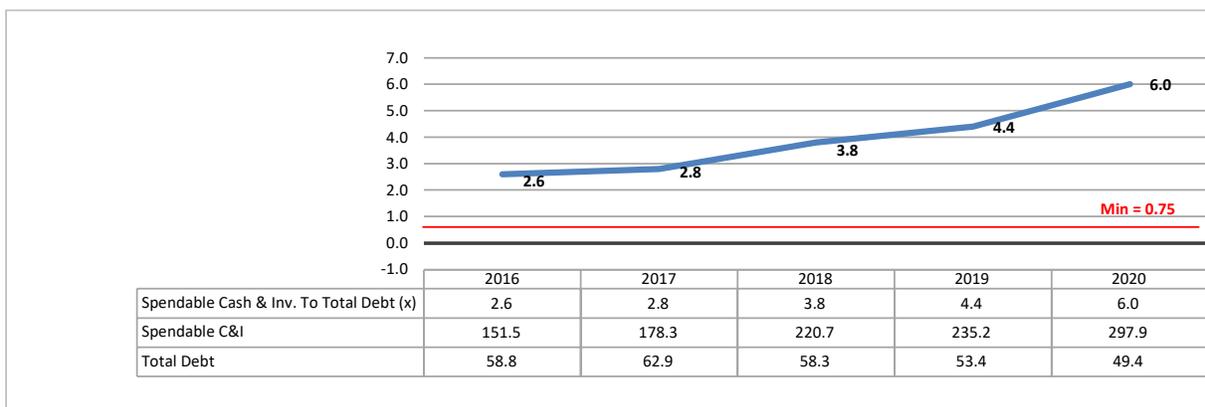
### 3. Annual Operating Margin



### 4. Spendable Cash & Investments to Operating Expenses



### 5. Spendable Cash & Investments to Total Debt



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# Analysis of Financial Condition

# 2020

## The University of Texas at San Antonio 2020 Summary of Financial Condition

*Financial Condition: Satisfactory*

### EXECUTIVE SUMMARY

#### Highlights

##### General Overview

The University of Texas at San Antonio's (U. T. San Antonio) Incentivized Resource Management budget model guides university investment towards its future destinations of being a model for student success, a great public research university and an exemplar for strategic growth and innovative excellence. Like the rest of the academic environment, COVID-19 began to impact U. T. San Antonio in February 2020. While U. T. San Antonio enacted spending reductions and additional controls in spring 2020 that partially cushioned the negative impacts of COVID-19, fiscal year 2020 financial activity included the following measurable COVID-19 impacts:

- \$10.7 decreased revenue from housing, meals, and parking, including \$7.3 million credited to students for prorated spring services,
- \$2.0 million payment to an outside housing services provider in order for the students living there to receive prorated rent,
- \$2.0 million lower revenue from events, sales and services,
- \$2.0 million mandatory student fees for transportation and international education credited back to students for the summer semester,
- \$1.1 million additional costs for remote instruction delivery, and
- \$1.3 million COVID-19 related expenses.

These impacts were for fiscal year 2020 only and do not include the new costs related to campus activity, such as testing or contact tracing, or the known future impact of the state's budget cut. The spending controls reduced costs by a net \$8 million in areas such as travel and utilities. However, even including those cost reductions, COVID-19's financial impact was still significant to fiscal year 2020 activity and will be greater in fiscal year 2021 with a full academic year of providing primarily online instruction delivery and reduced campus services. In July 2020, U. T. San Antonio had a reduction in force related to permanent budget cuts for fiscal year 2021. The reduction in force impacted 243 personnel and eliminated 137 vacant positions.

U. T. San Antonio was awarded more than \$31 million in Higher Education Emergency Relief/Coronavirus Aid, Relief and Economic Security (CARES) Act funding; however, only \$4 million of that funding was allocated to cover the costs listed above. Instead, U. T. San Antonio prioritized direct payments to students. As of August 31, 2020, U. T. San Antonio spent 69% of its CARES funding on student payments, which is greater than the 50% required. Other expenditures covered include technology purchases and the partial reimbursement for housing refunds.



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# Analysis of Financial Condition

2020

*The University of Texas at San Antonio (continued)*

## Observations

- U. T. San Antonio's operating margin loss was primarily attributed to the negative financial effects of COVID-19.
- Careful monitoring of cash balances, a partial sweep of departmental reserves and spending reductions helped U. T. San Antonio maintain its 0.8 spendable cash and investments to operating expense ratio and protect against future uncertainties.
- Beginning in fiscal year 2020 all faculty were separately budgeted, and expenses aligned into both the instruction and research functions based upon workload expectations. This change caused a decrease in instruction expense and an increase in research expense. Actual instruction and research activity did not change, but this expense allocation more appropriately reflects how the faculty spends their time.
- U. T. San Antonio's net tuition and fees included \$21.6 million of state exemptions, the largest of which was the Hazlewood program. Of that exemption amount, the state reimbursed U. T. San Antonio for \$1.8 million.
- U. T. San Antonio placed two new buildings in service. The Science and Engineering Building provides 140,000 gross square feet of classrooms, faculty offices, and science and engineering research and instructional laboratories, and is part of U. T. San Antonio's strategic plan for providing state-of-the-art space for Science, Technology, Engineering and Mathematics (STEM) education and research. The Student Success Center consolidates Academic Advising into one centrally located area of the Main Campus with 30,000 gross square feet of space.



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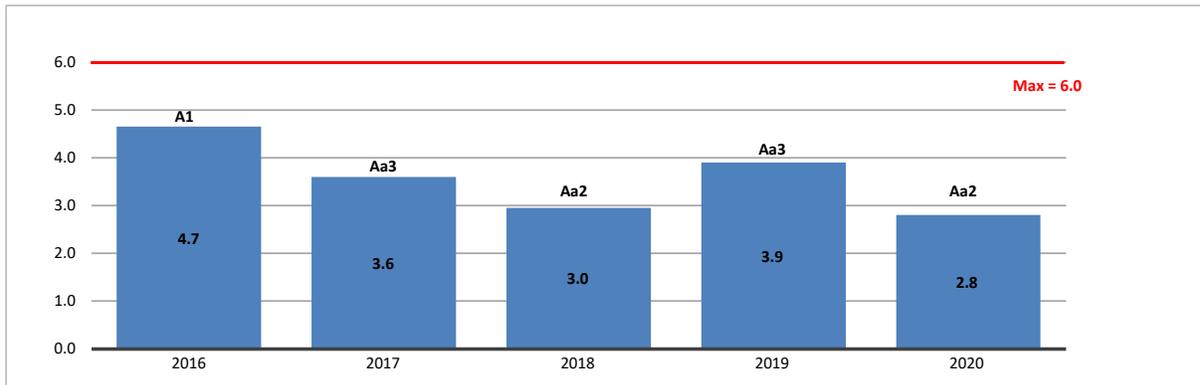
# Analysis of Financial Condition

2020

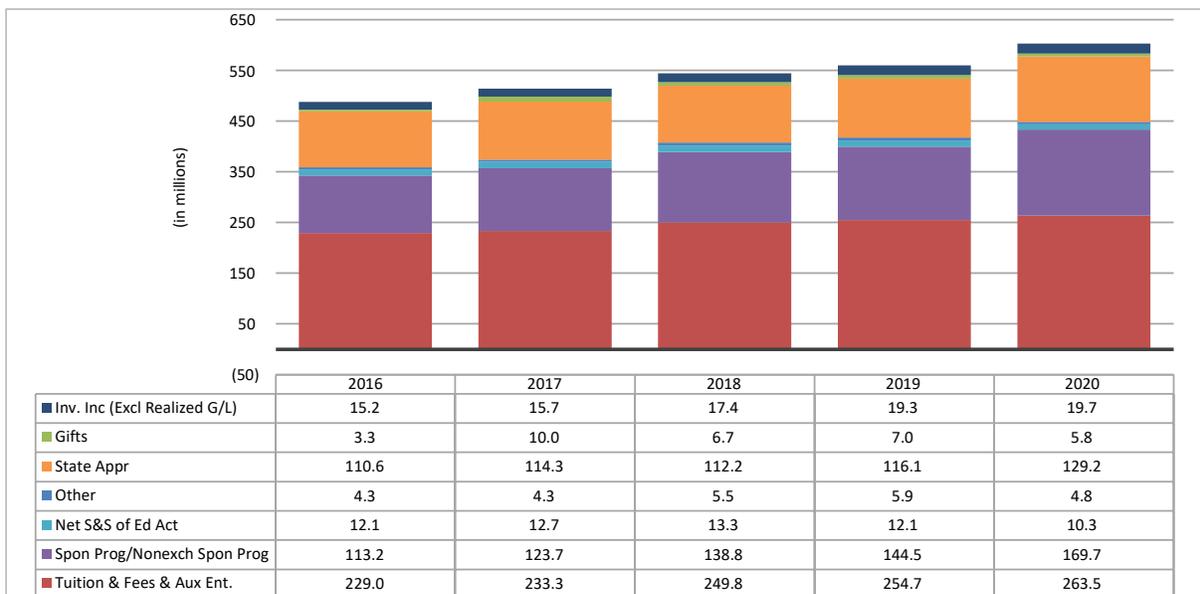
The University of Texas at San Antonio (continued)

## ANALYSIS OVERVIEW

### 1. Overall Scorecard Rating



### 2. Operating Revenues



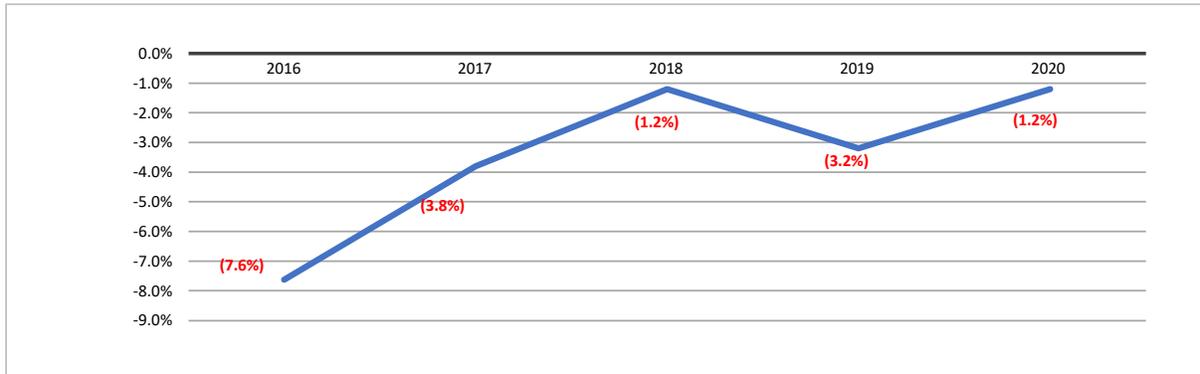
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# Analysis of Financial Condition

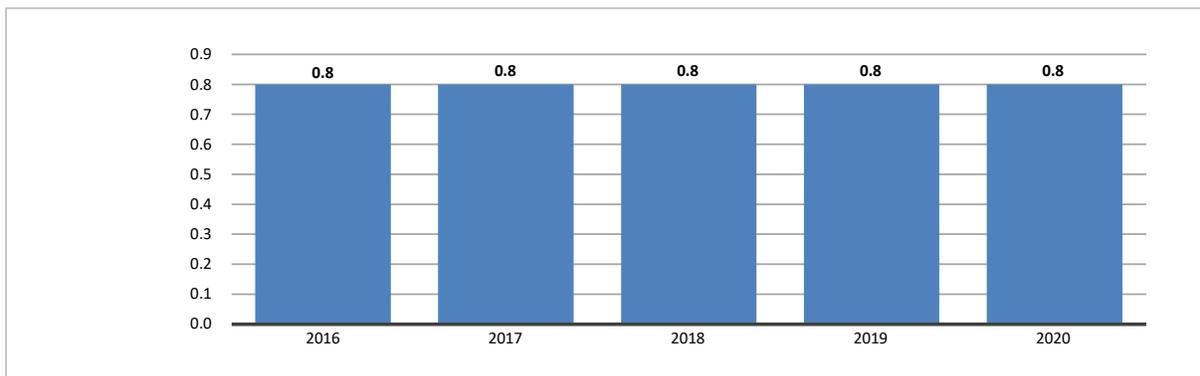
# 2020

The University of Texas at San Antonio (continued)

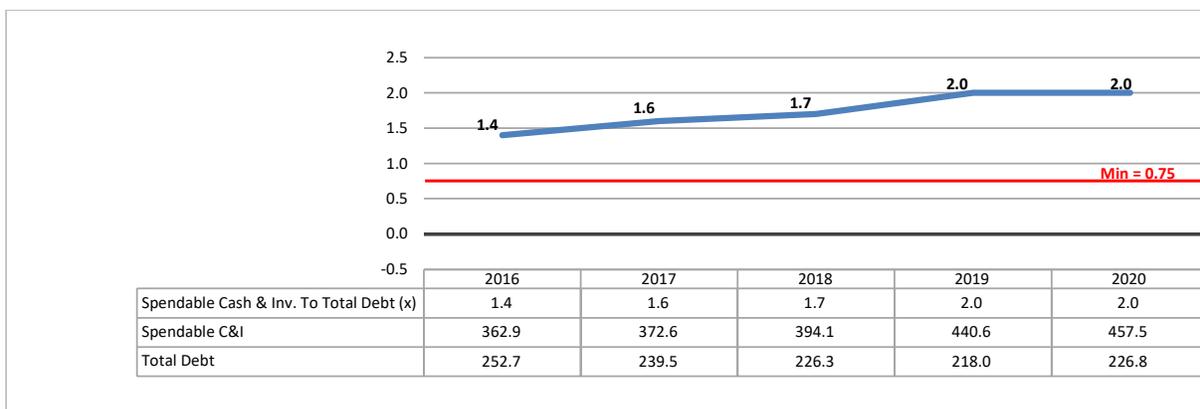
### 3. Annual Operating Margin



### 4. Spendable Cash & Investments to Operating Expenses



### 5. Spendable Cash & Investments to Total Debt



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# Analysis of Financial Condition

2020

## The University of Texas at Tyler 2020 Summary of Financial Condition

*Financial Condition: Satisfactory*

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### EXECUTIVE SUMMARY

#### Highlights

##### General Overview

The University of Texas at Tyler (U. T. Tyler) has programs including arts and sciences, engineering, health sciences, business, education, psychology, and pharmacy. We have one of the lowest tuitions, smallest class sizes, and highest graduation rates in the region. Strategic initiatives include student success, student engagement, research and scholarships, and community engagement. The goals of the initiatives are to catalyze student retention, graduation and career progression; stimulate the growth of traditions and programming that engages students in unique and compelling ways; endorse discovery that expands knowledge and transforms East Texas; and successfully deploy the university's intellectual capital to address regional needs.

##### Observations

Operating revenues for U. T. Tyler have been trending upward mainly due to increases in investment income, and sponsored programs, along with a slight increase in tuition and fees. The Annual Operating Margin remained relatively flat, declining slightly (0.20%) from the prior year. Significant intentional strategic investments were made in 2020 in areas such as student scholarship and fellowship support programs and new faculty lines in support of new academic programs. A relatively flat enrollment yielded slightly lower tuition and fee revenues than expected. Spendable Cash and Investments to Operating Expenses decreased from 2019 to 2020 due to a timing difference between the cash outlay for direct loans and the corresponding receipt of the federal reimbursement. Spendable Cash and Investments to Total Debt decreased slightly due to the temporary decrease in spendable cash.



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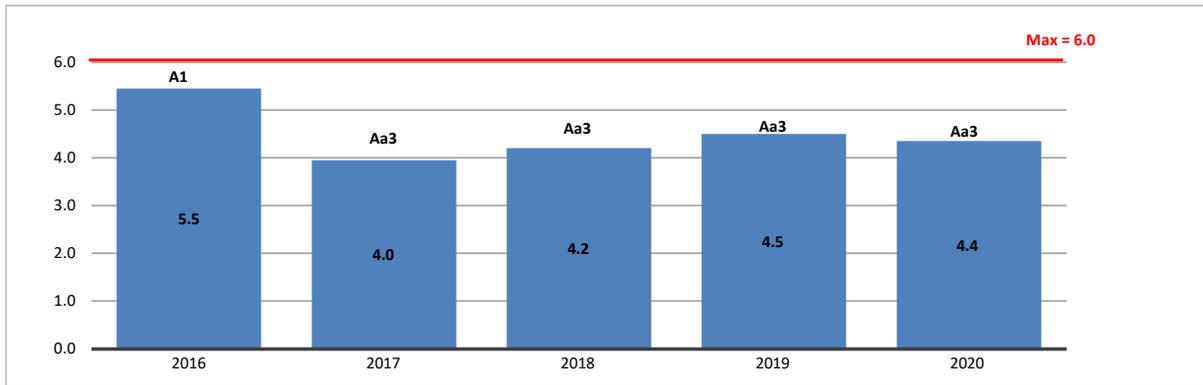
# Analysis of Financial Condition

2020

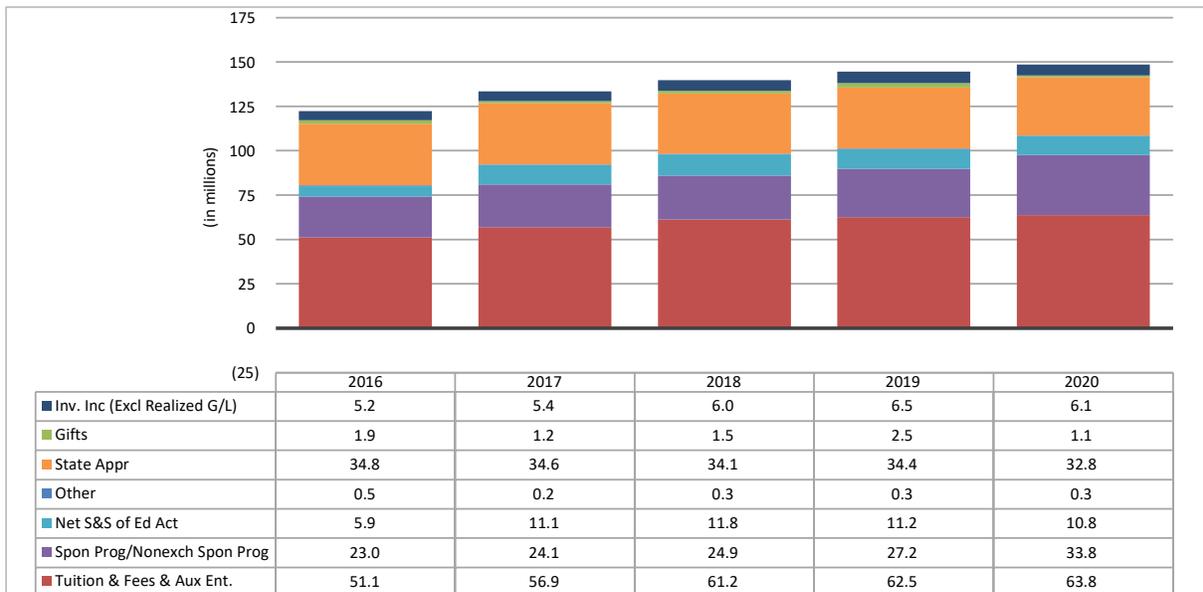
The University of Texas at Tyler (continued)

## ANALYSIS OVERVIEW

### 1. Overall Scorecard Rating



### 2. Operating Revenues



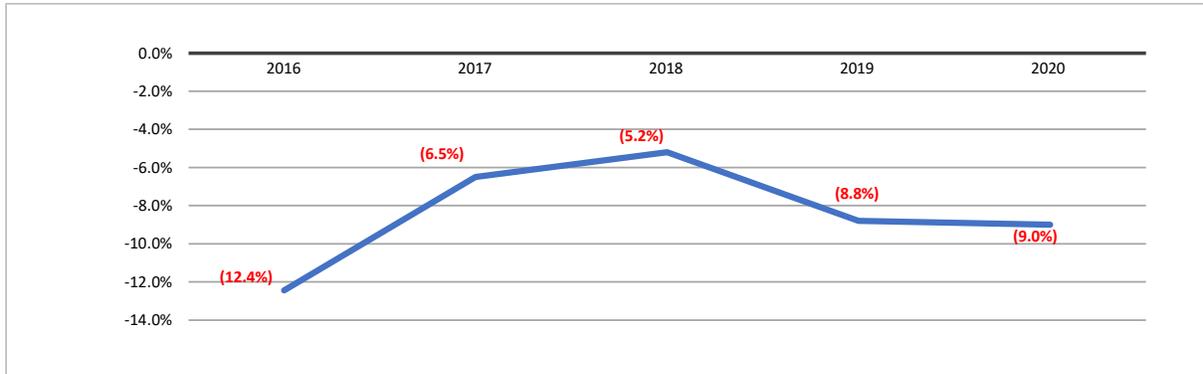
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# Analysis of Financial Condition

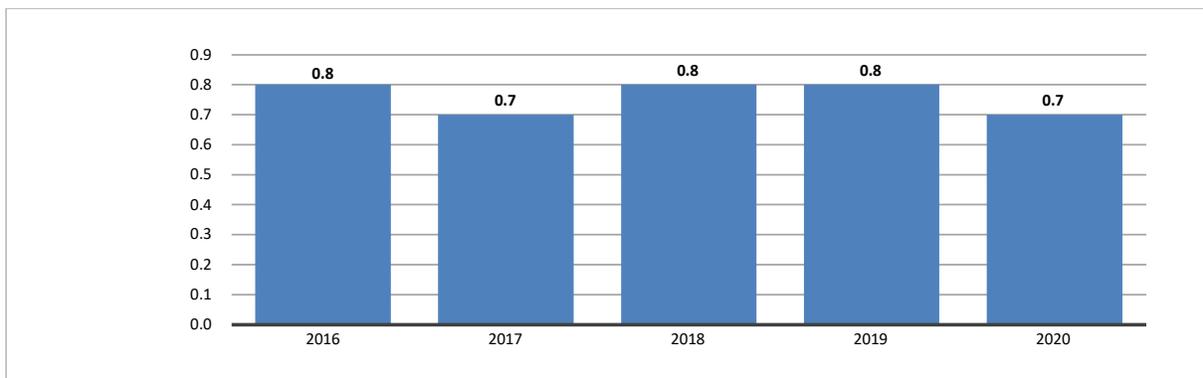
# 2020

The University of Texas at Tyler (continued)

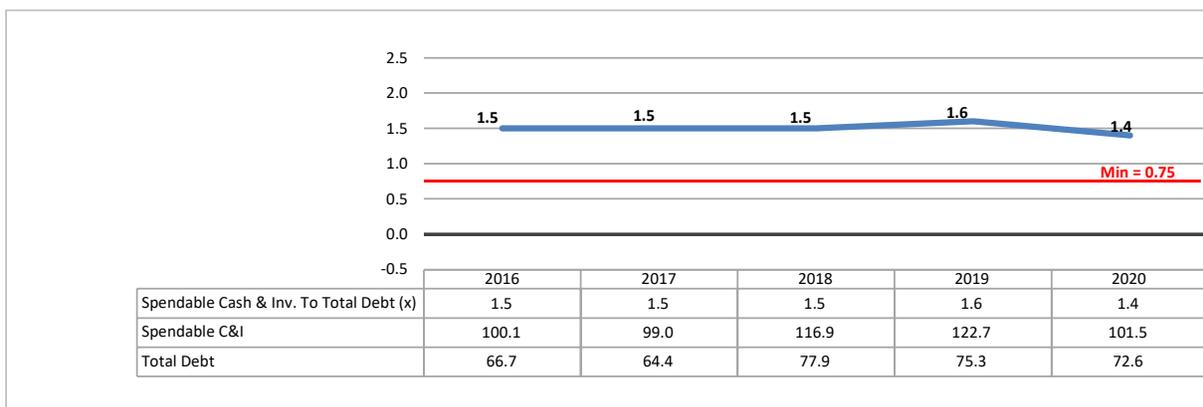
### 3. Annual Operating Margin



### 4. Spendable Cash & Investments to Operating Expenses



### 5. Spendable Cash & Investments to Total Debt



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# Analysis of Financial Condition

# 2020

## The University of Texas Southwestern Medical Center 2020 Summary of Financial Condition

*Financial Condition: Satisfactory*

### EXECUTIVE SUMMARY

#### Highlights

##### General Overview

The University of Texas Southwestern Medical Center (Southwestern), one of the premier academic medical centers in the nation, integrates pioneering biomedical research with exceptional clinical care and education. The mission of Southwestern is to promote health and a healthy society that enables individuals to achieve their full potential in our community, Texas and beyond. This is accomplished through innovation and education, training physicians, scientists and other providers optimally prepared to serve the needs of patients; discovery, conducting high-impact, internationally recognized research that solves for unmet needs by finding better treatments, cures, and prevention with a commitment to ensuring real world application; and healing, delivering the best patient care possible today, with continuous improvement for better care tomorrow. Strategic positioning and programmatic investments are designed to sustain a trajectory of excellence and targeted growth in all these mission areas.

Southwestern is dedicated to groundbreaking medical advances and quickly translating science-driven research to new clinical treatments. A notable example is the Peter O'Donnell Jr. Brain Institute, which encompasses both research and clinical programs, including the state-supported Texas Institute for Brain Injury and Repair, which promotes awareness of concussions and other traumatic brain injuries, and the Center for Alzheimer's and Neurodegenerative Diseases, which is advancing the understanding of the causes of Alzheimer's disease. With investments from the state and local community and high-profile attention to brain health in sports, the military, and an aging patient population, Southwestern is making significant strides toward enhancing public health. To support expanded research and co-locate the medical specialties, Southwestern began construction of a new brain institute and cancer center facility in fiscal year 2019. This expansion also provides the Simmons Comprehensive Cancer Center with the ability to meet increasing patient demands while pursuing the mission of state-of-the-art cancer treatment.

In addition to outstanding education and research programs, Southwestern is committed to leadership in patient care and continues to gain recognition through national and international clinical awards. Steady growth of patient volume continues to exceed projections. On December 7, 2020, Southwestern began a phased in opening of a 292-bed third tower expansion of Clements University Hospital that will provide additional inpatient capacity. Southwestern received approval from The University of Texas System Board of Regents in fiscal year 2019 to expand the Radiation Oncology facility that originally opened in April 2017. A key driver of clinical growth is Southwestern Health Resources, a partnership with Texas Health Resources (THR) that includes a clinically integrated network of over 3,000 physicians, 27 hospitals, and 300 clinics across 16 counties. It leverages the complementary strengths of Southwestern and THR, enhancing joint initiatives, including significant growth of Accountable Care Organization program offerings with demonstrated improvement in patient outcomes and cost reductions. Southwestern has further leveraged the relationship with THR to jointly develop a hospital and medical office building campus that opened in fiscal year 2020 in the rapidly expanding Frisco, Texas market. Additionally, Southwestern's clinical enterprise recently underwent a comprehensive strategic planning process to optimize the clinical network, further develop destination service lines, enhance value, quality, and patient experience, and leverage outstanding research capabilities in the clinical setting.



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# Analysis of Financial Condition

2020

*The University of Texas Southwestern Medical Center (continued)*

## Observations

Southwestern realized a loss of \$48.4 million in fiscal year 2020 as a result of the COVID-19 pandemic. This loss was primarily driven by significant reductions in both inpatient and outpatient volumes as the institution scaled back elective procedures and the incremental COVID-19 related expenditures necessary to ensure a safe environment for both patients and employees. The COVID-19 pandemic, which reduced net income by nearly \$100 million, had a significant negative impact on the ratios. However, liquidity and leverage ratios also declined due to a decision to move \$300 million of unrestricted funds into a new endowment in order to unlock nearly \$25 million in annual distributions.

Factors that helped mitigate the operating loss included the following: cost savings directives, such as delayed replacement of open positions and elimination of non-essential expenditures; Coronavirus Aid, Relief and Economic Security funding that helped offset a portion of lost patient revenue and increased educational expenses; and a rapid transition to providing outpatient TeleHealth visits. While Southwestern experienced improvements in patient volumes in the final quarter of fiscal year 2020, the recovery is expected to be fairly stagnant until pandemic numbers subside.

As we move past the pandemic, management is confident in Southwestern's ability to return to the patient volume and growth we have been experiencing. We have continued to make the strategic investments in employees, facilities, and infrastructure necessary to sustain a trajectory of excellence and growth.



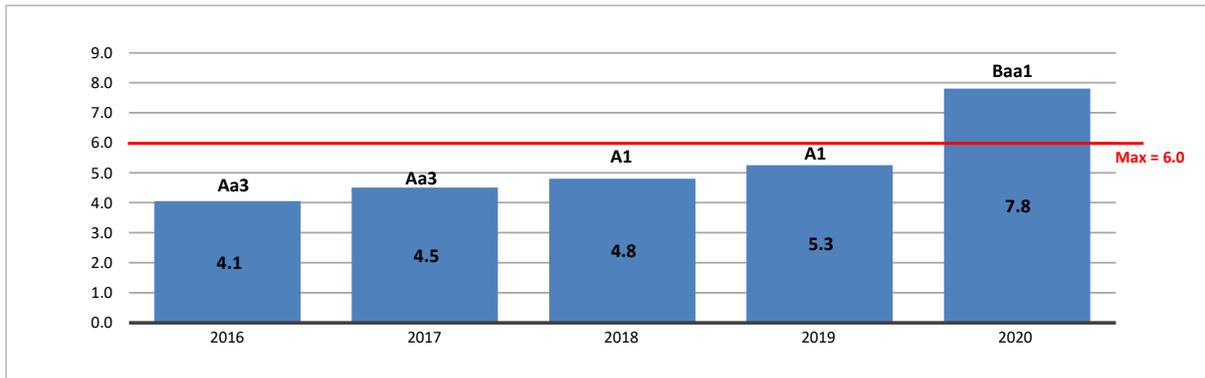
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# Analysis of Financial Condition 2020

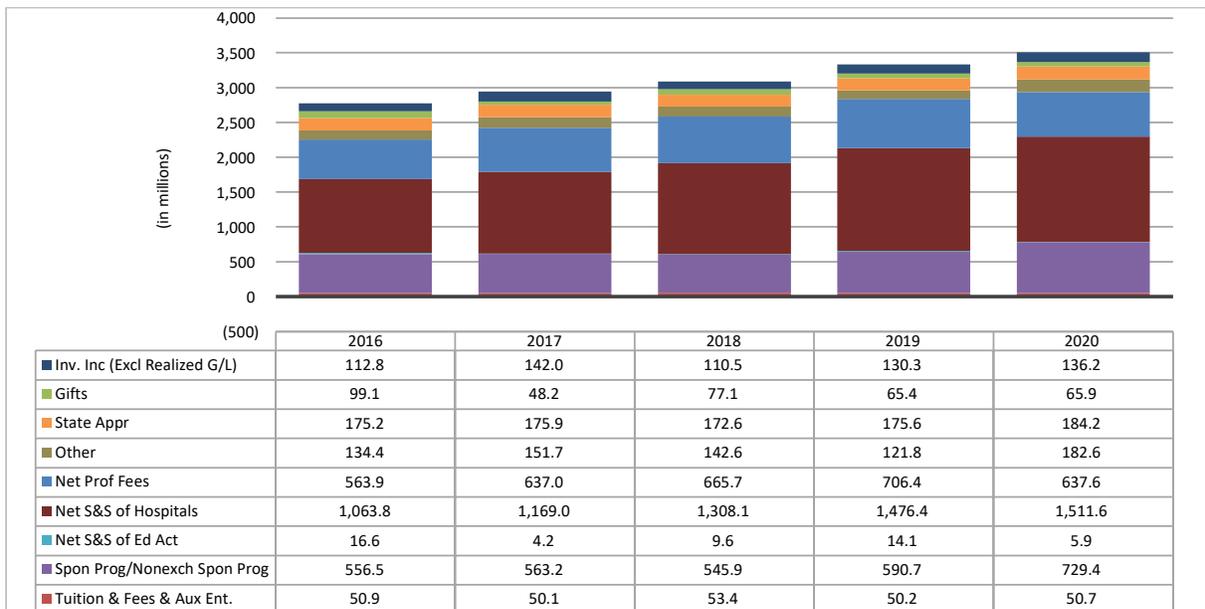
The University of Texas Southwestern Medical Center (continued)

## ANALYSIS OVERVIEW

### 1. Overall Scorecard Rating



### 2. Operating Revenues



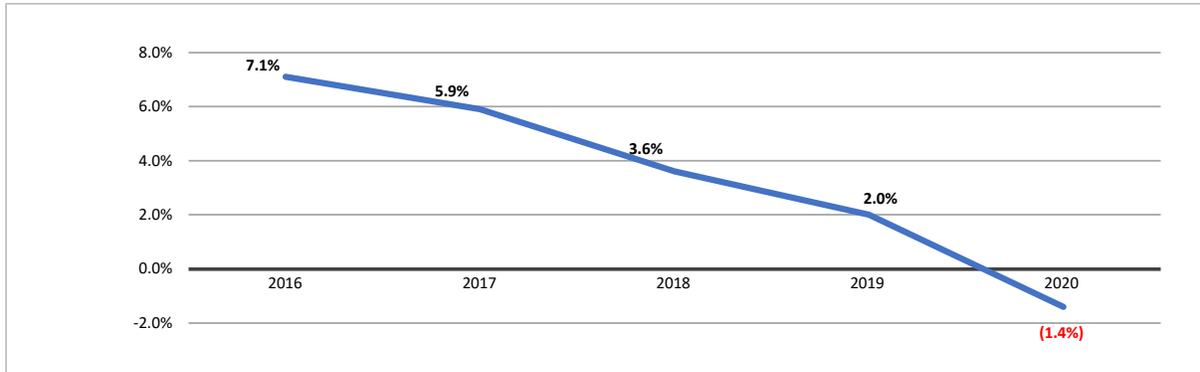
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# Analysis of Financial Condition

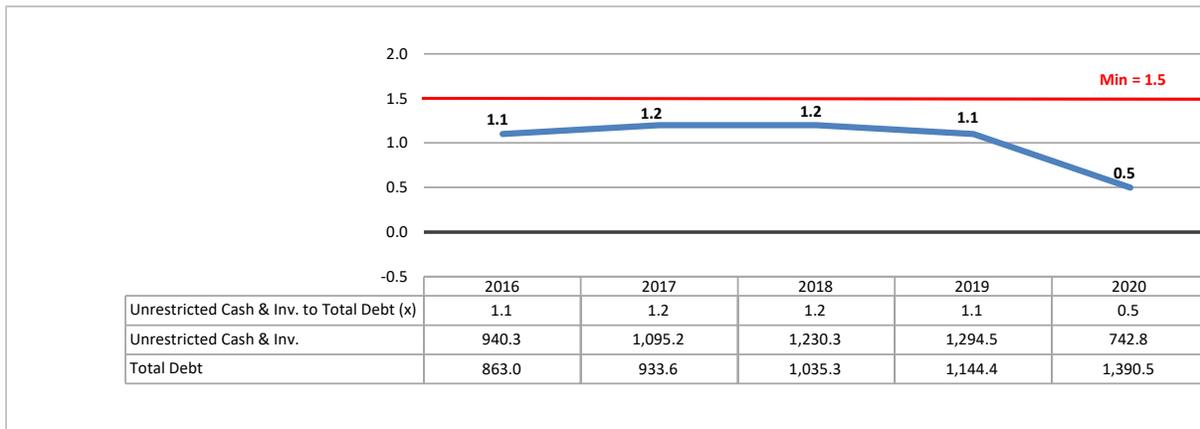
# 2020

The University of Texas Southwestern Medical Center (continued)

### 3. Annual Operating Margin



### 4. Unrestricted Cash & Investments to Total Debt



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# Analysis of Financial Condition

# 2020

## The University of Texas Medical Branch at Galveston 2020 Summary of Financial Condition

*Financial Condition: Satisfactory*

### EXECUTIVE SUMMARY

#### Highlights

##### General Overview

The University of Texas Medical Branch at Galveston (UTMB) is a major academic health sciences center of global influence, with medical, nursing, health professions and graduate biomedical schools; a world-renowned research enterprise; and a comprehensive health system with six hospitals on four campuses and over 80 clinical locations. Operations provide a \$3.3 billion annual statewide economic impact, in terms of business volume, personal income and durable goods purchases. Additionally, more than 46,000 jobs in Texas are directly or indirectly attributed to UTMB.

During the fiscal year, UTMB employed more than 13,000 faculty, staff, residents, and research fellows. Academic operations enrolled 3,458 students for the fall term and faculty earned \$129 million in externally sponsored research. UTMB continued to expand patient care operations at its hospital and clinical locations including new services at the Clear Lake Hospital, increasing inpatient bed capacity at the League City Hospital, and increasing infirmary capacity at Hospital Galveston.

In a year impacted by the COVID-19 pandemic, UTMB delivered on its mission to improve health for the people of Texas and around the world by offering innovative education and training, pursuing cutting-edge research, and providing the highest quality patient care. The Galveston National Lab was among the first in the U. S. to obtain samples of COVID-19. UTMB scientists developed a reverse genetic system to speed vaccine development and evaluation and explore how the virus evolves. Further, UTMB supported and performed COVID-19 testing throughout the state of Texas and created the capacity to process 4,000 tests each day. This was all done while continuing to educate the entire student body by transitioning to remote learning and then graduating 1,179 students.

Even faced with the challenges of COVID-19, UTMB increased research activity over the prior year. This research included over \$26.3 million in awards focused on that disease. UTMB also continued to deliver excellence in patient care. UTMB was named to the IBM Watson Health Top 100 Hospitals List in 2020, ranked in the Top 15 nationwide among major teaching hospitals. The Neonatal Intensive Care Unit achieved Level IV designation — the highest ranking — from the Texas Department of State Health Services, the Clear Lake Campus was designated as a Primary Stroke Center, and UTMB was one of 468 U.S. health care organizations — out of 6,300 nationally — to earn Magnet Recognition for nursing excellence.



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# Analysis of Financial Condition

# 2020

*The University of Texas Medical Branch at Galveston (continued)*

## Observations

UTMB ended fiscal year 2019 well positioned to continue improving its financial condition. In fiscal year 2020, even while responding to the COVID-19 pandemic, UTMB improved its overall AFC rating by improving its operating margin and growing revenue and reserves. This was achieved despite facing lost volumes from a required shutdown for nonessential procedures and increased efforts to respond to the pandemic. This improvement was possible because UTMB leveraged the strategic expansions made over the previous five years.

UTMB was able to respond to the financial strain from COVID-19 by quickly changing clinic operations to telemedicine visits and becoming a primary testing location for the state. There were also steps taken to eliminate or reduce overtime, casual labor, contract labor, incentive payments and compensatory time pay. Also, every employee participated in our “8 in 8” program by taking a minimum of eight days’ vacation over an 8-week period to reduce leave liability. These actions were supplemented by the aggressive pursuit of stimulus funding that resulted in UTMB receiving \$62 million in Coronavirus Aid, Relief, and Economic Security Act funding from general, rural, and high impact distributions. These actions helped improve operating margin by reducing expenses and offsetting revenue losses.

UTMB also took steps to further manage its cash reserves and reduce capital spending. During the fiscal year, UTMB moved resources into the long-term fund with UTIMCO to help mitigate decreases in interest revenue. Further, an extensive five-year capital plan review was performed to ensure that the strategic and financial impact of those investments were warranted at this time. These actions allowed UTMB to increase cash reserves and improve its cash and investments position in relation to total debt.

Entering fiscal year 2021, UTMB continues to help drive advances on the vaccine front, manage expenses as volumes return to pre-COVID-19 levels, and make strategic capital investments that support the continued growth of its operations. UTMB is well positioned to continue improving its overall financial condition scorecard rating and support Texas going into the future.



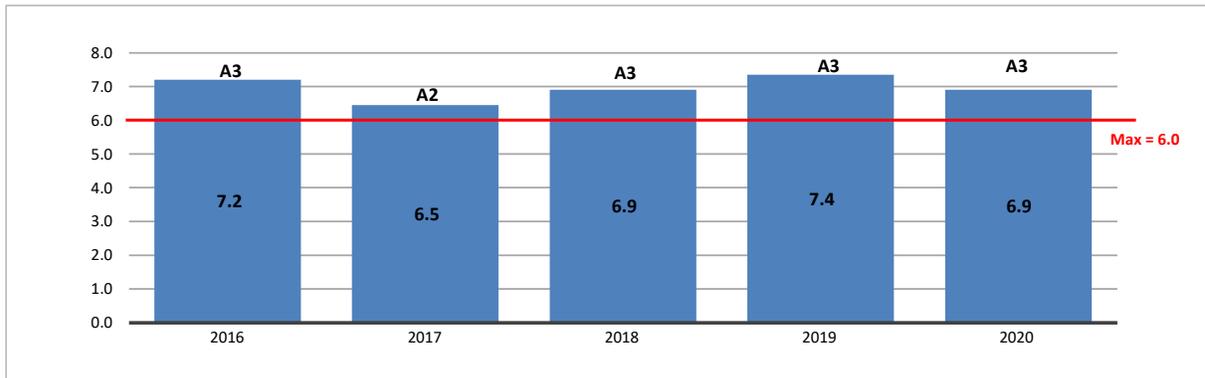
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# Analysis of Financial Condition 2020

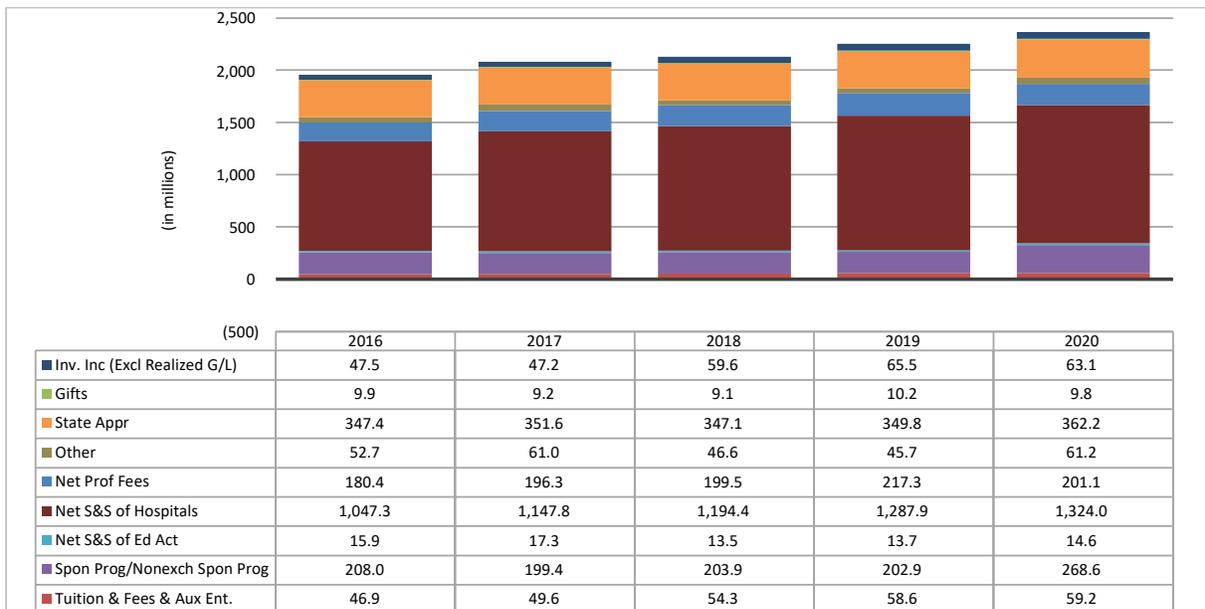
The University of Texas Medical Branch at Galveston (continued)

## ANALYSIS OVERVIEW

### 1. Overall Scorecard Rating



### 2. Operating Revenues



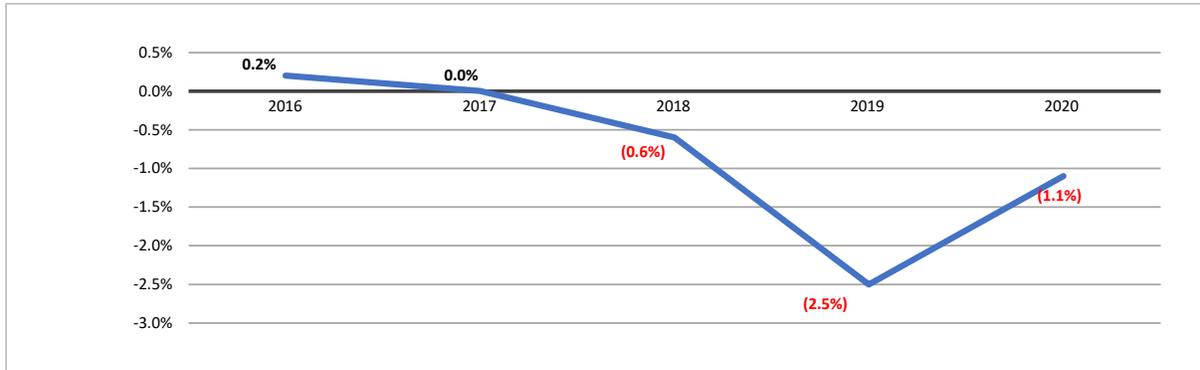
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# Analysis of Financial Condition

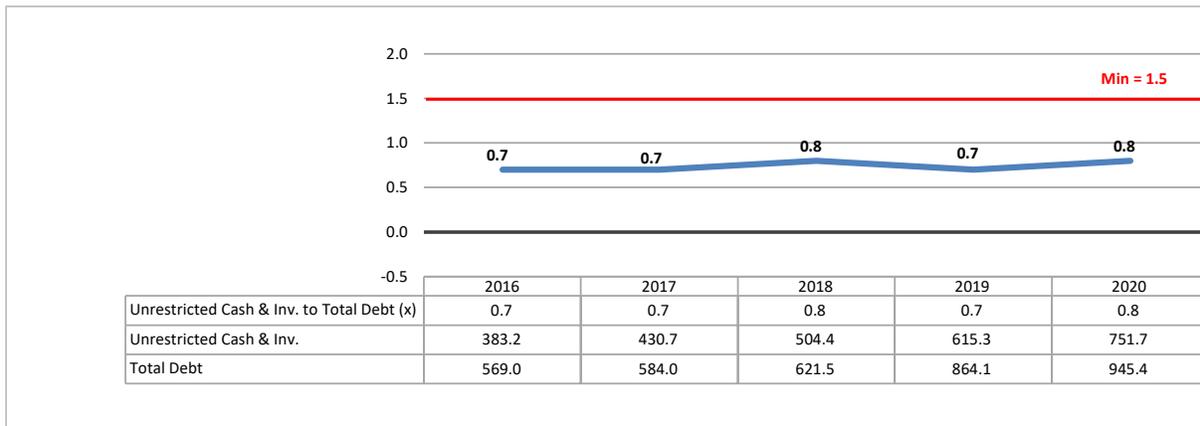
# 2020

The University of Texas Medical Branch at Galveston (continued)

### 3. Annual Operating Margin



### 4. Unrestricted Cash & Investments to Total Debt



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# Analysis of Financial Condition

# 2020

## The University of Texas Health Science Center at Houston 2020 Summary of Financial Condition

*Financial Condition: Satisfactory*

### EXECUTIVE SUMMARY

#### Highlights

##### General Overview

The University of Texas Health Science Center at Houston's (UTHSC-Houston) 2,000 faculty train and educate more than 6,500 health profession students and medical residents through schools of biomedical informatics, biomedical sciences, dentistry, public health, the Jane and Robert Cizik School of Nursing, and the John P. and Kathrine G. McGovern Medical School. Its comprehensive patient care network including UT Physicians, UT Dentists, UT Health Services, and the Harris County Psychiatric Center provide over 1.8 million outpatient encounters annually. Affiliations with primary hospital partners Memorial Hermann Healthcare System and Harris Health, initiatives funded through the 1115 Waiver's Uncompensated Care and Delivery System Reform Incentive Payment program, and the Network Access Improvement Program provide a broad range of quality clinical services.

In response to the COVID-19 crisis, UTHSC-Houston effectively adapted its clinical and academic missions to accommodate remote engagement, effectively shifting approximately 90,000 patient encounters to its telehealth platform since March 2020, as well as expanding its online instruction capabilities to all six schools. While the institution experienced a significant revenue loss when elective surgeries were prohibited in the spring, UTHSC-Houston was able to overcome the downturn through a number of expense reduction programs and the support provided through the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

##### Observations

Despite the pandemic, UTHSC-Houston experienced a 7% increase in both operating revenues and expenses, primarily due to its continued growth of clinical services. UTHSC-Houston expanded its hospital-based services and completed its neuroscience acquisition, driving increases in professional fees of \$22 million and sponsored program revenues of \$42 million, exclusive of CARES funding. UTHSC-Houston's research mission also benefitted from the new mission-specific formula, which in addition to research sponsored program growth, provided an additional \$28 million of revenue. The associated increase in expenses were almost entirely personnel related, as the institution strived to maintain its workforce as it protected its margin, which increased to \$34.8 million from \$13.7 million in the prior year.

UTHSC-Houston's conservative use of its cash, positive margin, and shift to longer term investments with higher yields were all contributing factors to its growth in unrestricted cash and investments, and increase in days cash on hand from 184 to 209, which was the primary driver of the improvement in the unrestricted cash and investments to total debt ratio.



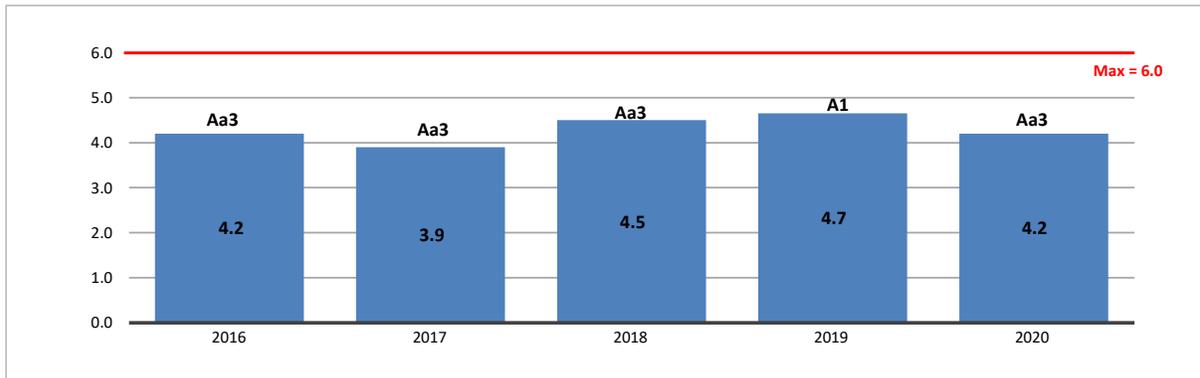
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# Analysis of Financial Condition 2020

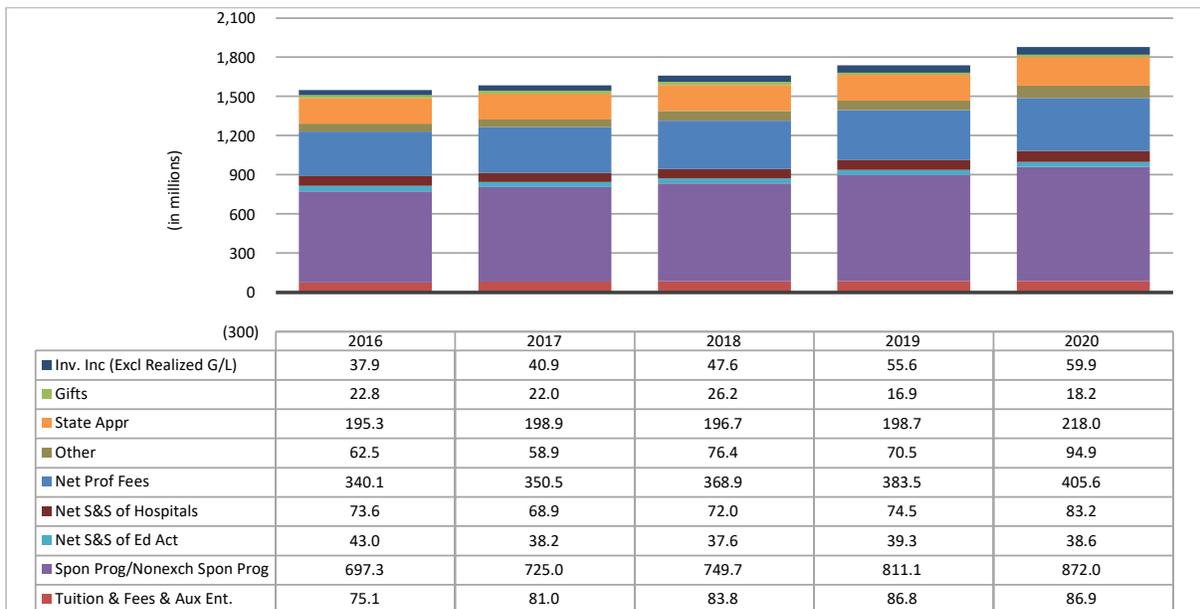
The University of Texas Health Science Center at Houston (continued)

## ANALYSIS OVERVIEW

### 1. Overall Scorecard Rating



### 2. Operating Revenues



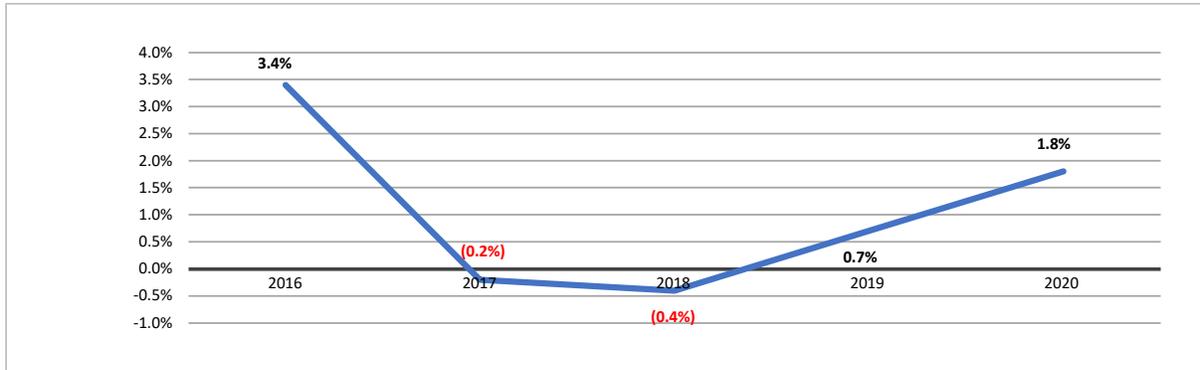
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# Analysis of Financial Condition

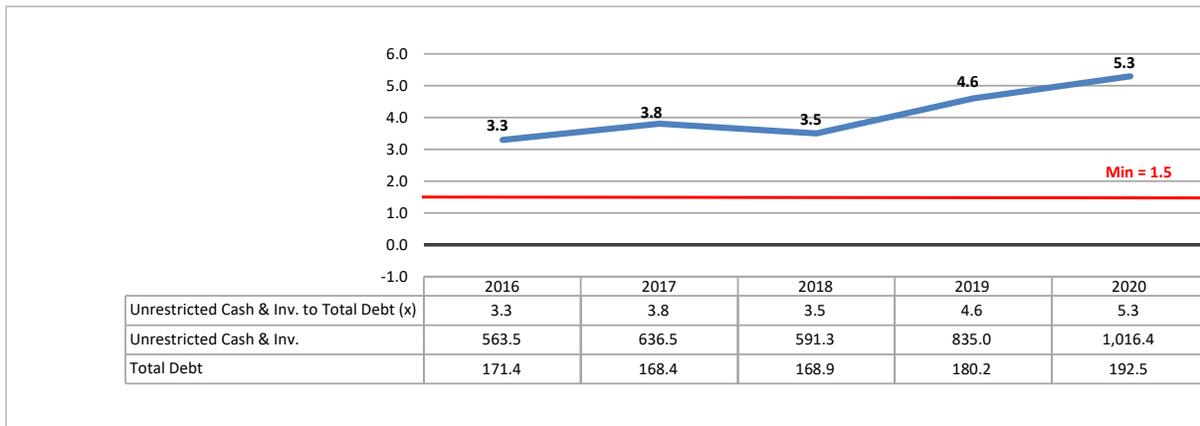
# 2020

The University of Texas Health Science Center at Houston (continued)

### 3. Annual Operating Margin



### 4. Unrestricted Cash & Investments to Total Debt



THE UNIVERSITY of TEXAS SYSTEM  
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# Analysis of Financial Condition

# 2020

## The University of Texas Health Science Center at San Antonio 2020 Summary of Financial Condition

*Financial Condition: Satisfactory*

### EXECUTIVE SUMMARY

#### Highlights

##### General Overview

For the first half of 2020, The University of Texas Health Science Center at San Antonio (UTHSC-San Antonio) was trending toward meeting its budget which included significant investments to continue transforming clinical operations, strengthening the research enterprise, and innovating educational programs. The COVID-19 pandemic adversely impacted financial resources primarily in the institution's clinical practices. Through concerted recovery efforts and the aggressive implementation of telehealth alternatives, clinical volumes rebounded from a low of 31% to 97% of pre-COVID daily averages with actual revenue losses contained at \$45 million compared to initial projections of \$70 million at the onset of the virus. Despite financial challenges, the institution responded to the health crisis by standing up the first community-wide testing site in San Antonio, was selected as a leading clinical trial site for the Remdesivir and Novavax vaccines, and initiated over 80 research projects to study other vaccines and therapeutics to treat the virus which led to a 7% increase in research activity over the prior year. Targeted cost containment measures consisting of a hiring freeze, suspending compensation increases, imposed travel restrictions, deferring capital projects and renovations, and a five-day leave mandate for all employees were enacted and achieved savings of approximately \$30 million. Efforts focused on preserving financial and human resources in support of strategic plans to build a new multi-specialty hospital, which was added to the Capital Improvement Program and approved by The University of Texas System Board of Regents in May 2020. The measures taken in 2020 will continue to stimulate financial strength, preserve financial health, and create opportunities to expand and enhance the research and clinical education missions in the coming years.

##### Observations

UTHSC-San Antonio's annual operating margin ratio fell from (1.9%) in 2019 to (3.0%) in 2020 as a result of expenses outpacing revenues during the COVID-19 pandemic. The institution experienced a \$33.9 million net increase in total operating revenues which was attributable to the following: a \$23.7 million increase in sponsored research activities and enhanced clinical service contracts with University Health System; \$11.9 million from new state appropriations derived from the research performance-based mission specific formula; \$5.7 million from Coronavirus Aid, Relief, and Economic Security funding; and \$6.0 million from incremental Delivery System Reform Incentive Payment revenues. Offsetting these increases was a decrease in clinical fee for service revenues caused by clinical volume declines due to COVID-19.

The \$44.6 million increase in total operating expenses was primarily attributed to the following: a \$35.5 million increase in personnel costs tied to clinical and research investments and a \$9.3 million increase in materials and supplies for increased personal protective equipment and drug supplies related to patient volume growth at the Mays Cancer Center.

Unrestricted cash & investments to total debt, which examines our ability to repay bondholders from unrestricted cash and investments, remains strong at 3.0 times in 2020 compared to 3.2 in 2019. In addition, UTHSC-San Antonio maintained an overall scorecard rating of A2 and has received endorsement by the University of Texas System Office of Finance to proceed with financing plans to construct a new inpatient facility.



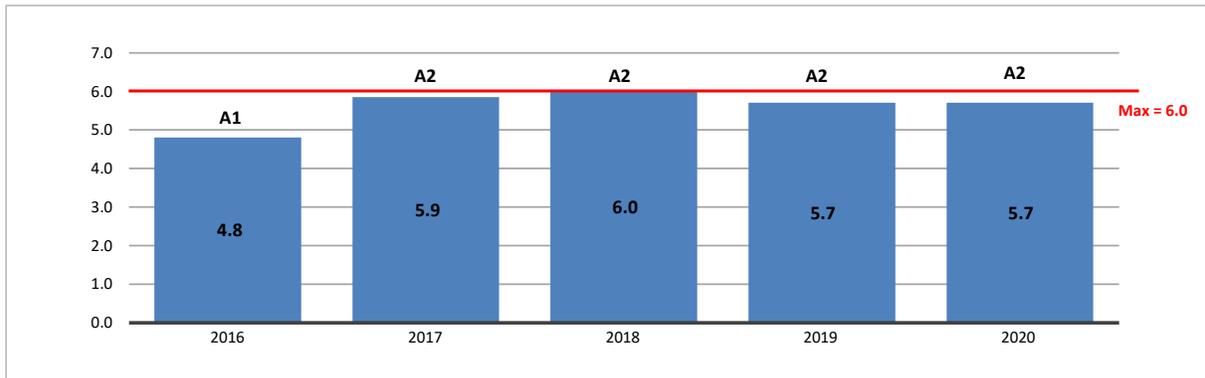
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# Analysis of Financial Condition 2020

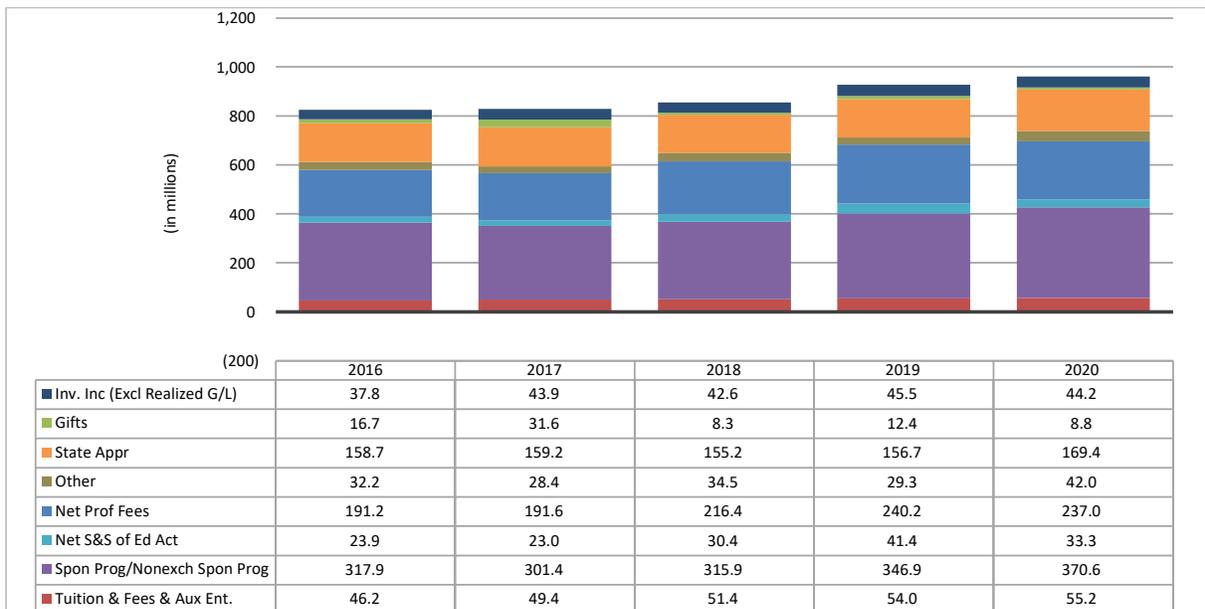
The University of Texas Health Science Center at San Antonio (continued)

## ANALYSIS OVERVIEW

### 1. Overall Scorecard Rating



### 2. Operating Revenues



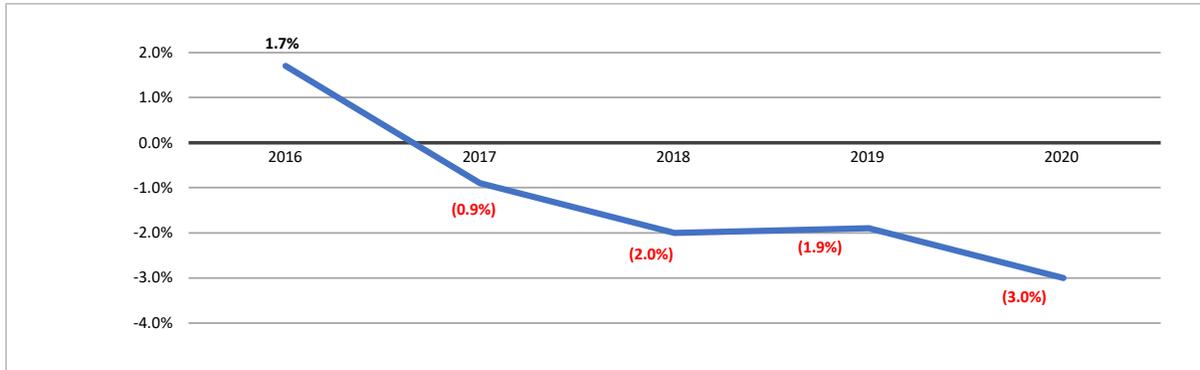
THE UNIVERSITY of TEXAS SYSTEM  
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# Analysis of Financial Condition

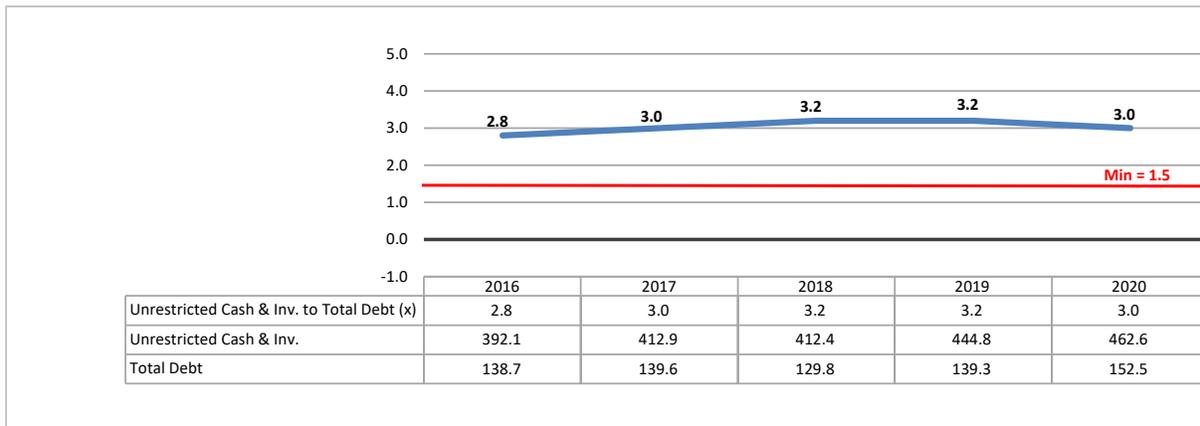
# 2020

The University of Texas Health Science Center at San Antonio (continued)

### 3. Annual Operating Margin



### 4. Unrestricted Cash & Investments to Total Debt



THE UNIVERSITY OF TEXAS SYSTEM  
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# Analysis of Financial Condition

# 2020

## The University of Texas M. D. Anderson Cancer Center 2020 Summary of Financial Condition

*Financial Condition: Satisfactory*

### EXECUTIVE SUMMARY

#### Highlights

##### General Overview

The most significant feature of 2020's general overview is the impact of the COVID-19 pandemic and the resulting resilience demonstrated by our organization. Even though we faced challenges brought on by the pandemic, two hurricanes, and a water main break, The University of Texas M. D. Anderson Cancer Center (M. D. Anderson) has seen bright spots throughout the year. We were, once again, ranked number one by *U.S. News and World Report*. Also, we have successfully responded to our patients' needs by expanding our footprint in telemedicine. But most importantly, we saw our leadership bring the institution together and create a workforce that excelled in working remotely with efficiency and effectiveness. As a result, M. D. Anderson was able to hold the line on expenses and avoid a reduction in force that so often accompanies massive downturns in the economy. The paradigm shift in the viability of working from home is one unforeseen consequence of the pandemic that will likely forever change the way we work, ultimately driving significant cost reductions in the years to come.

##### Observations

While this fiscal year ended with lower patient volumes and a reduction in operating margin, our institution's response has been remarkable, thanks to the hard work and dedication of our clinical, research and administrative employees who came together in support of our financial austerity measures, including a halt to business travel, a freeze on hiring, and a reallocation of employee resources to the highest-need areas of the institution. Fiscal year 2020 saw progress on the construction of our second Proton Therapy Center, the successful completion of our 5<sup>th</sup> Nursing Magnet designation application, and a financial recovery that began in May. We continue to have a solid cash position and strong investment returns that position M. D. Anderson well for our future initiatives, including TMC<sup>3</sup>, a world-class science complex designed to foster collaboration among the best and brightest medical research organizations in the world. M. D. Anderson was successful in maintaining exceptional scorecard metrics with a minor decrease in only one category in the area of market position. With a COVID-19 vaccine on the horizon and an engaged, team-oriented workforce, M. D. Anderson is very optimistic about our fiscal year 2021 financial outlook.



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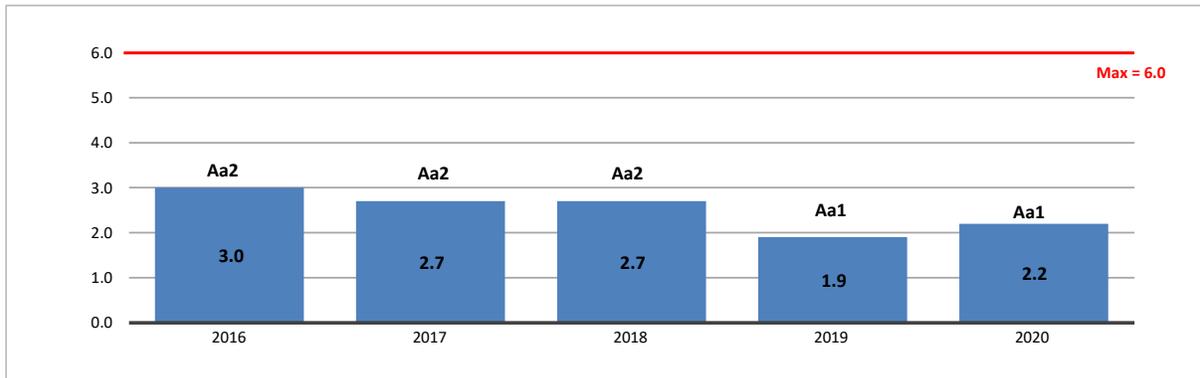
# Analysis of Financial Condition

2020

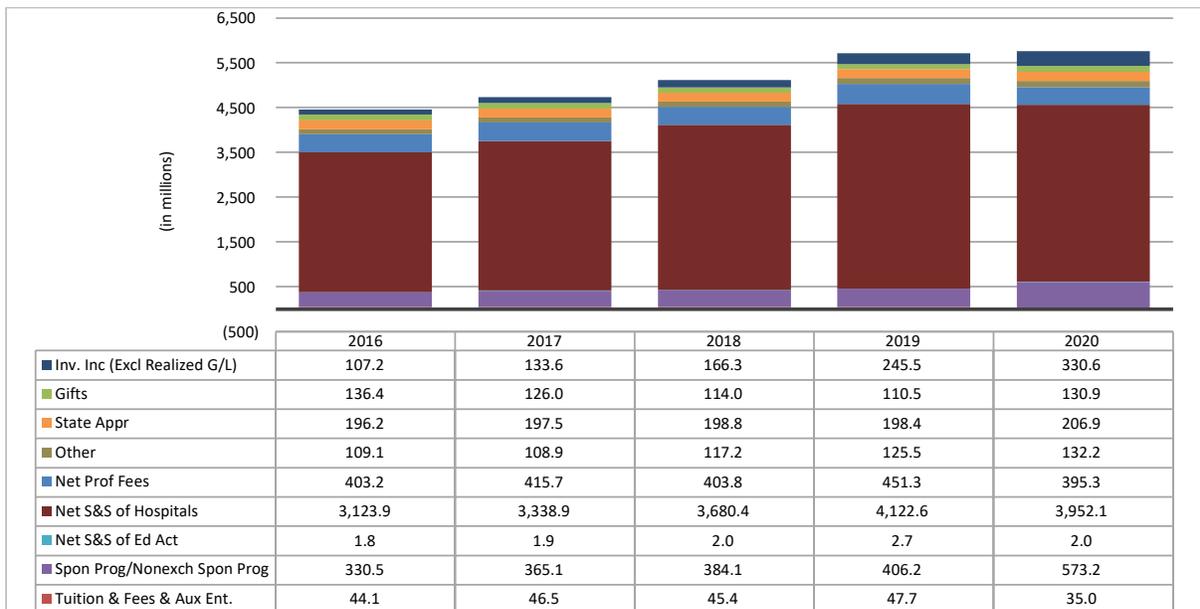
The University of Texas M. D. Anderson Cancer Center (continued)

## ANALYSIS OVERVIEW

### 1. Overall Scorecard Rating



### 2. Operating Revenues

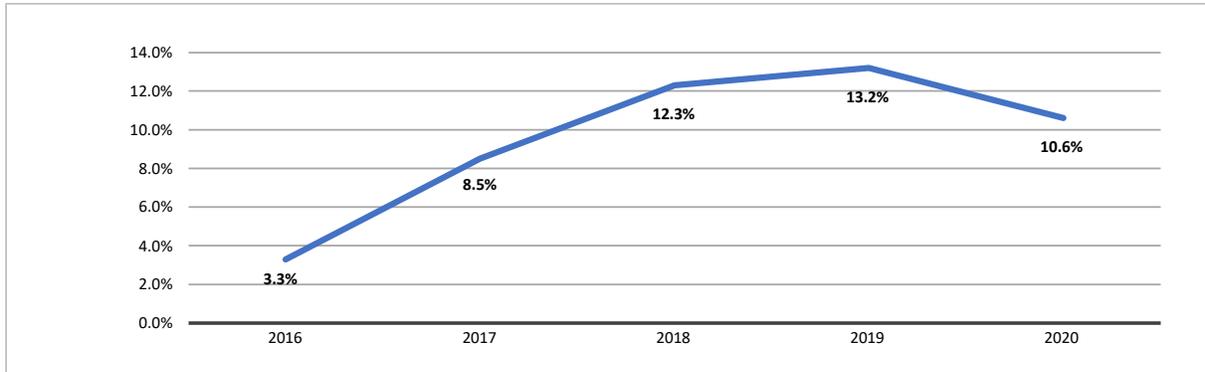


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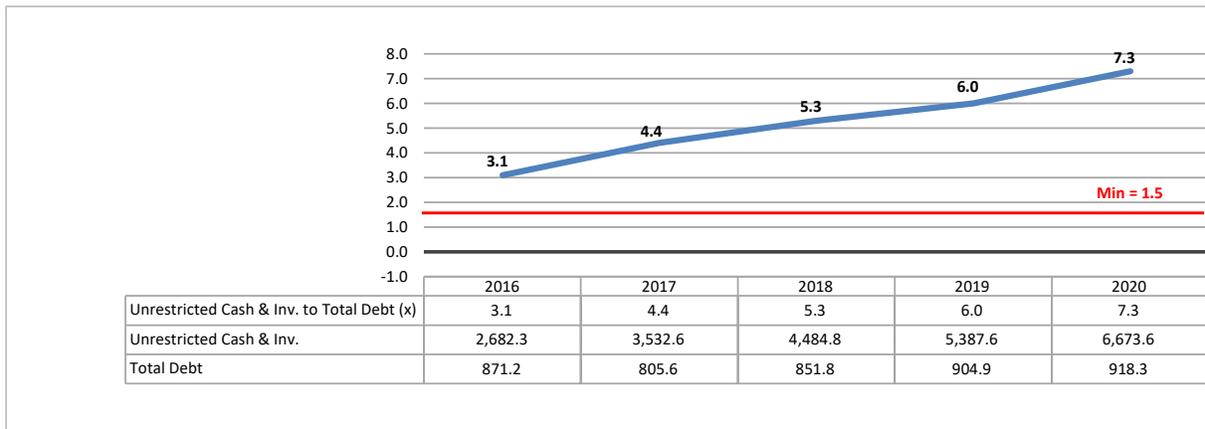
# Analysis of Financial Condition 2020

The University of Texas M. D. Anderson Cancer Center (continued)

### 3. Annual Operating Margin



### 4. Unrestricted Cash & Investments to Total Debt



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# Analysis of Financial Condition

# 2020

## The University of Texas Health Science Center at Tyler 2020 Summary of Financial Condition

*Financial Condition: Satisfactory*

### EXECUTIVE SUMMARY

#### Highlights

##### General Overview

The University of Texas Health Science Center at Tyler (UTHSC-Tyler) had many accomplishments in 2020 as it continues to fulfill its mission of serving East Texas and beyond through excellent patient care and community health, comprehensive education, and innovative research. The year 2020 marked the second year of a comprehensive six-year strategic plan through 2024, with the following priorities:

- Priority 1: Improve the health outcomes of East Texas.
- Priority 2: Educate the next generation of health professionals.
- Priority 3: Develop a large, university-based, clinically integrated faculty practice.
- Priority 4: Creatively seek partnership and collaboration opportunities.
- Priority 5: Identify and secure resources to ensure and enhance institutional success.
- Priority 6: Strengthen core infrastructure, high-quality resources, and foundational capabilities necessary to advance the mission of UTHSC-Tyler.

Acting on these priorities, notable accomplishments in 2020 include:

- Successful completion of a prospectus to combine UTHSC-Tyler and U. T. Tyler for SACSCOC's purposes, resulting in SACSCOC's subsequent approval in December 2020 of the historic combination of the two institutions.
- The largest graduating class in the institution's history.
- Enrollment growth of 32% for the Fall 2020 academic term over the prior fall.
- Receipt of over \$2 million out of an \$8 million total National Institute of Health award to study the use of convalescent plasma in COVID-19 patients who are hospitalized, in collaboration with other study recipients at UTHSC-Houston, as well as in New York and Miami.
- Advancement of education, research, and healthcare with the continued growth and maturation of the UT Health East Texas (UTHET) partnership, a 10-hospital system spanning 11 counties.
- Clinical faculty growth of 30.2% over the prior year, in direct correlation with execution of a physician Master Services Agreement with UTHET during 2020, making UTHSC-Tyler the primary employer of UTHET faculty physicians.
- Received accreditation for a new residency program in rural psychiatry during 2020, with 16 new positions at full complement, and the first residents planned for July 2021.
- Improvement in operating margin of \$22.4 million over the prior year.



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# Analysis of Financial Condition

2020

*The University of Texas Health Science Center at Tyler (continued)*

## Observations

Trends in financial indicators, both in 2020 and beyond, include:

- A critical improvement in the operating margin in 2020 by \$22.4 million over the prior year, from (\$11.0) million to \$11.4 million.
- A positive margin excluding depreciation of \$28.7 million in 2020, in comparison to \$3.9 million in 2019.
- Improvement in the institution's overall AFC scorecard rating from a B2 to a Ba1, which is the second best rating in the past five years.
- A record increase in operating revenues of close to \$106 million over the prior year, a year-over-year increase of approximately 56%.
- Execution of a gift agreement during 2020 for receipt of a \$50 million foundation gift, along with a \$20 million matching gift, as the cornerstone to establish a School of Medicine in Tyler, as well as a \$25 million gift to establish two new endowed clinical chairs and to support trauma, critical care, and nursing initiatives.
- A 14% increase in state general revenue for the 2020-2021 biennium, \$11 million more than the previous biennium. The \$11 million increase in state general revenue included \$5.4 million to improve and expand mental workforce training for providers working with children who have experienced abuse and trauma, an acknowledgement of UTHSC-Tyler's past accomplishments in meeting this critical need in Texas and an additional resource toward fulfillment of UTHSC-Tyler's mission in this important area.
- Acquisition of an oncology practice in late August 2019 that generated \$46.5 million in net patient revenue, \$8.1 million in retail pharmacy revenue, and \$0.9 million in clinical research revenue during 2020.
- Improvement in cash and cash equivalents balance by \$17.9 million over the prior year, ending the year with a positive cash balance in comparison to August 31, 2019, when UTHSC-Tyler had a negative cash balance and an outstanding line of credit. While unrestricted cash is still negative, there was an \$8.5 million improvement over the prior year.



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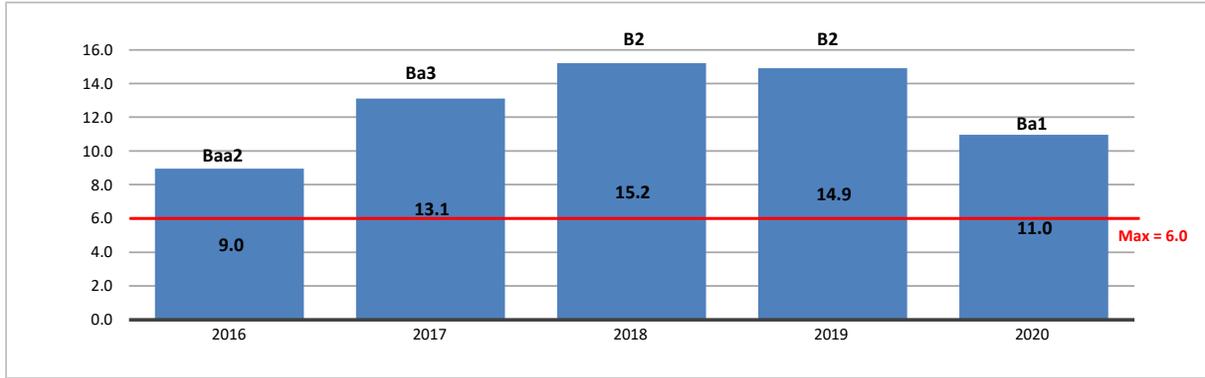
# Analysis of Financial Condition

2020

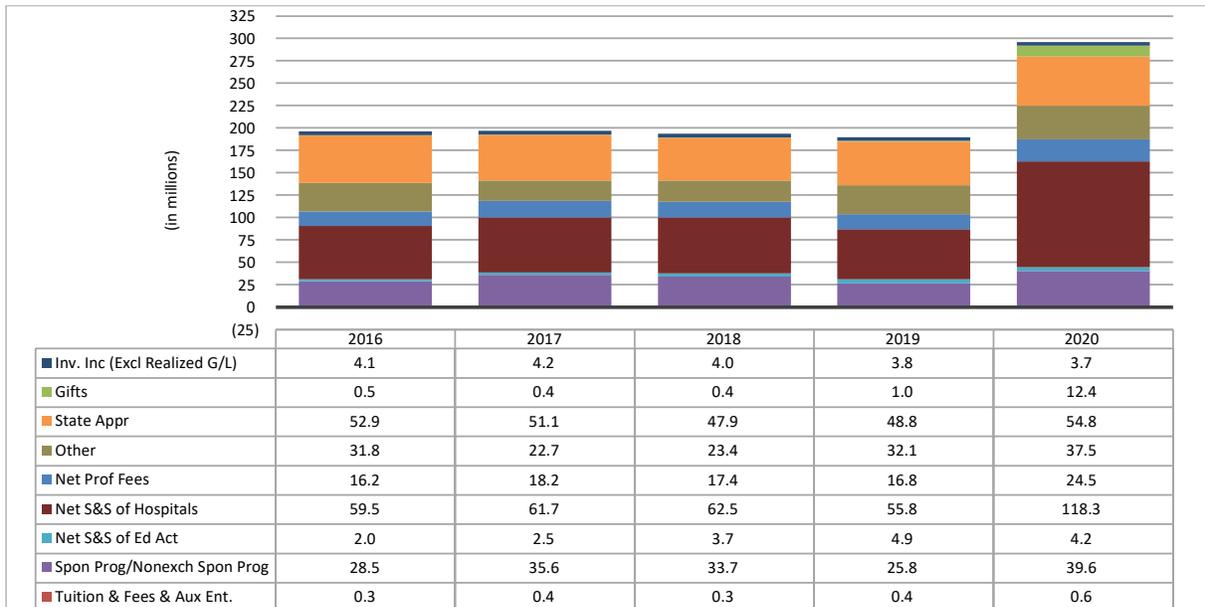
The University of Texas Health Science Center at Tyler (continued)

## ANALYSIS OVERVIEW

### 1. Overall Scorecard Rating



### 2. Operating Revenues



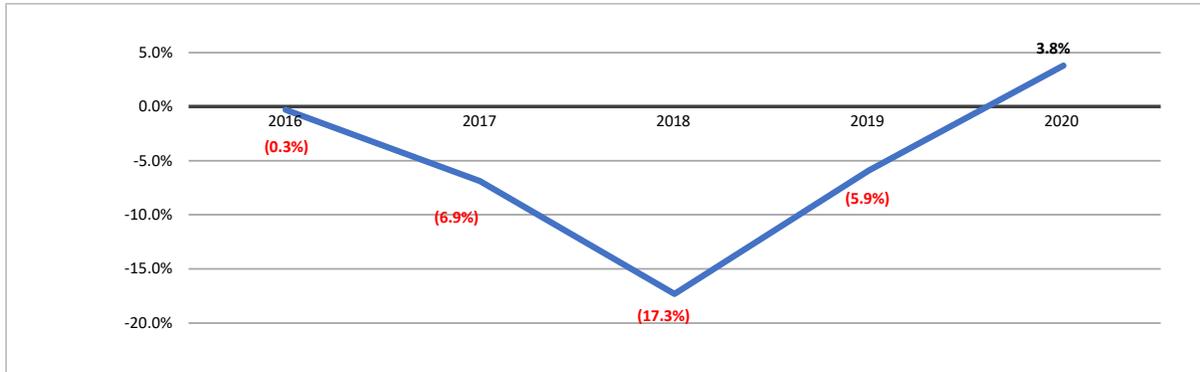
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# Analysis of Financial Condition

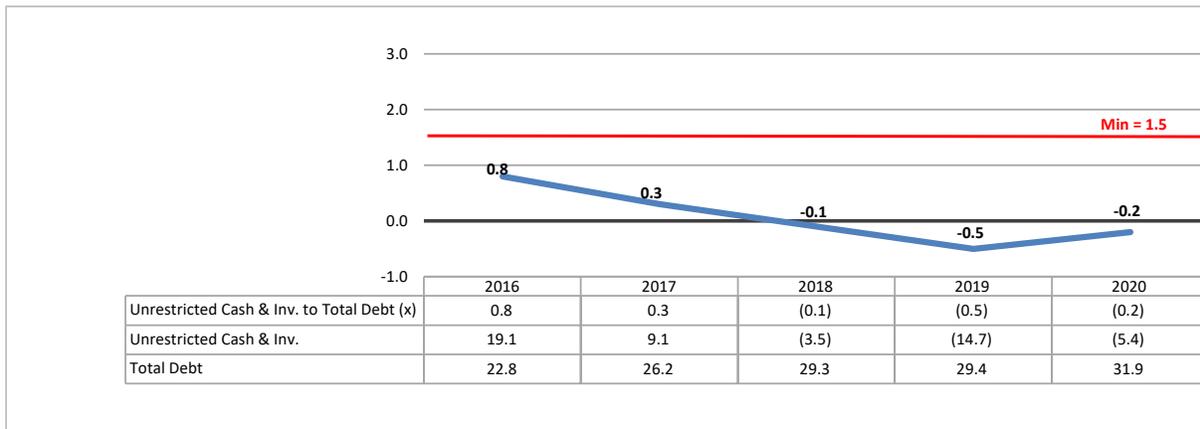
# 2020

The University of Texas Health Science Center at Tyler (continued)

### 3. Annual Operating Margin



### 4. Unrestricted Cash & Investments to Total Debt



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## ***Appendices***

### Appendix A - Definitions of Evaluation Factors

1. **Overall Scorecard Rating** – The Overall Scorecard Rating has four broad factors for academic institutions and three broad factors for healthcare institutions.

➤ Factors for Academic Institutions

- Market Profile
- Operating Performance
- Wealth and Liquidity, and
- Leverage

➤ Factors for Healthcare Institutions

- Market Position
- Operating Performance & Liquidity, and
- Leverage

There are sub-factor calculations under these broad factors and each sub-factor is assigned a weight and a value. After calculating each sub-factor, the results are mapped to a rating category. The sub-factor ratings are then converted to alpha numeric values, which are multiplied by the assigned weights and summed to produce an aggregate weighted score. That aggregate score is then mapped to the appropriate rating. See Appendix B for each institution’s calculation. The maximum scorecard rating is 6.0.

2. **Annual Operating Margin Ratio** – This ratio indicates whether an institution is operating within its available resources. The interest expense used in this calculation excludes interest expense on tuition revenue bonds (TRBs) and the general revenue supporting interest and principal payments is also excluded.

$$\frac{\text{Op Rev+GR+Op Gifts+NonexchSP+Inv Inc+LTF/RAHC/AUF/ILP/OCF Mgmt Trans+NSERB Appr+ Hazelwood/NRUF/TCMHCC Trans}-\text{Op Exp \& Int Exp}}{\text{Op Rev+GR+Op Gifts+NonexchSP+Inv Inc+LTF/RAHC/AUF/ILP/OCF Mgmt Trans+NSERB Approp+ Hazelwood/NRUF/TCMHCC Trans}}$$

3. **Spendable Cash & Investments to Operating Expenses Ratio for Academic Institutions** – This ratio indicates the extent to which an academic institution can rely on wealth that can be accessed over time or for a specific purpose to operate without earning additional revenue. The interest expense used in this calculation excludes interest expense on (TRBs).

$$\frac{\text{Total Cash and Investments less Nonexpendable Net Position}}{\text{Total Operating Exp. (excluding Scholarships Exp.) + Interest Expense}}$$

4. **Spendable Cash & Investments to Total Debt Ratio for Academic Institutions** – This ratio examines the ability of an academic institution to repay bondholders from wealth that can be accessed over time or for a specific purpose. The total debt used in this calculation excludes TRBs. Debt capacity thresholds are provided by the Office of Finance. The minimum spendable cash and investments to total debt ratio is 0.75 times.

$$\frac{\text{Total Cash and Investments less Nonexpendable Net Position}}{\text{Debt not on Institution’s Books (excluding TRBs) + Capital Lease Liabilities}}$$

5. **Unrestricted Cash & Investments to Total Debt Ratio for Healthcare Institutions** – This ratio examines the ability of a healthcare institution to repay bondholders from unrestricted cash and investments. The total debt used in this calculation excludes TRBs. Debt capacity thresholds are provided by the Office of Finance. The minimum spendable cash and investments to total debt ratio is 1.5 times.

$$\frac{\text{Total Unrestricted Cash and Investments}}{\text{Debt not on Institution’s Books (excluding TRBs) + Capital Lease Liabilities}}$$

**Appendix B - Calculation of Overall Scorecard Rating  
Academic Institutions  
As of August 31, 2020**

U. T. Arlington	Weight	Value	Rating	Weighted Scale
<i>Market Profile:</i>				
Operating Revenue (\$ in millions)	15%	702.69	Aa	0.45
Annual Change in Operating Revenues (%)	5%	0.44%	Ba	0.60
<i>Total Weighted Market Profile</i>				1.05
<i>Operating Performance:</i>				
Operating Cash Flow Margin (%)	20%	13.65%	Aa	0.60
Max. Single Revenue Contribution (%)	10%	53.13%	A	0.60
<i>Total Weighted Operating Performance</i>				1.20
<i>Wealth &amp; Liquidity:</i>				
Total Cash & Investments (\$ in millions)	15%	892.21	Aa	0.45
Spendable Cash & Inv. to Operating Exp. (x)	10%	1.17	Aaa	0.10
Cash on Hand (days)	5%	411.38	Aaa	0.05
<i>Total Weighted Wealth &amp; Liquidity</i>				0.60
<i>Leverage:</i>				
Spendable Cash & Inv. to Total Debt (x)	10%	3.06	Aaa	0.10
Total Debt to Cash Flow (x)	10%	2.68	Aaa	0.10
<i>Total Weighted Leverage</i>				0.20
<b>U. T. Arlington - Overall Rating &amp; Numeric Score</b>			<b>Aa2</b>	<b>3.1</b>
<hr/>				
U. T. Austin	Weight	Value	Rating	Weighted Scale
<i>Market Profile:</i>				
Operating Revenue (\$ in millions)	15%	3,261.18	Aaa	0.15
Annual Change in Operating Revenues (%)	5%	8.37%	Aaa	0.05
<i>Total Weighted Market Profile</i>				0.20
<i>Operating Performance:</i>				
Operating Cash Flow Margin (%)	20%	22.52%	Aaa	0.20
Max. Single Revenue Contribution (%)	10%	24.01%	Aaa	0.10
<i>Total Weighted Operating Performance</i>				0.30
<i>Wealth &amp; Liquidity:</i>				
Total Cash & Investments (\$ in millions)	15%	7,149.54	Aaa	0.15
Spendable Cash & Inv. to Operating Exp. (x)	10%	1.66	Aaa	0.10
Cash on Hand (days)	5%	282.38	Aaa	0.05
<i>Total Weighted Wealth &amp; Liquidity</i>				0.30
<i>Leverage:</i>				
Spendable Cash & Inv. to Total Debt (x)	10%	2.91	Aa	0.30
Total Debt to Cash Flow (x)	10%	2.30	Aaa	0.10
<i>Total Weighted Leverage</i>				0.40
<b>U. T. Austin - Overall Rating &amp; Numeric Score</b>			<b>Aaa</b>	<b>1.2</b>

**Appendix B - Calculation of Overall Scorecard Rating  
Academic Institutions  
As of August 31, 2020**

U. T. Dallas	Weight	Value	Rating	Weighted Scale
<i>Market Profile:</i>				
Operating Revenue (\$ in millions)	15%	652.92	Aa	0.45
Annual Change in Operating Revenues (%)	5%	3.66%	Baa	0.45
<i>Total Weighted Market Profile</i>				0.90
<i>Operating Performance:</i>				
Operating Cash Flow Margin (%)	20%	15.93%	Aa	0.60
Max. Single Revenue Contribution (%)	10%	54.51%	A	0.60
<i>Total Weighted Operating Performance</i>				1.20
<i>Wealth &amp; Liquidity:</i>				
Total Cash & Investments (\$ in millions)	15%	1,001.58	Aa	0.45
Spendable Cash & Inv. to Operating Exp. (x)	10%	1.08	Aaa	0.10
Cash on Hand (days)	5%	239.03	Aa	0.15
<i>Total Weighted Wealth &amp; Liquidity</i>				0.70
<i>Leverage:</i>				
Spendable Cash & Inv. to Total Debt (x)	10%	1.27	Aa	0.30
Total Debt to Cash Flow (x)	10%	5.33	Aa	0.30
<i>Total Weighted Leverage</i>				0.60
<b>U. T. Dallas - Overall Rating &amp; Numeric Score</b>			<b>Aa2</b>	<b>3.4</b>
<hr/>				
U. T. El Paso	Weight	Value	Rating	Weighted Scale
<i>Market Profile:</i>				
Operating Revenue (\$ in millions)	15%	403.19	Aa	0.45
Annual Change in Operating Revenues (%)	5%	2.80%	Baa	0.45
<i>Total Weighted Market Profile</i>				0.90
<i>Operating Performance:</i>				
Operating Cash Flow Margin (%)	20%	9.47%	A	1.20
Max. Single Revenue Contribution (%)	10%	44.23%	Aa	0.30
<i>Total Weighted Operating Performance</i>				1.50
<i>Wealth &amp; Liquidity:</i>				
Total Cash & Investments (\$ in millions)	15%	450.39	Aa	0.45
Spendable Cash & Inv. to Operating Exp. (x)	10%	0.77	Aa	0.30
Cash on Hand (days)	5%	124.12	A	0.30
<i>Total Weighted Wealth &amp; Liquidity</i>				1.05
<i>Leverage:</i>				
Spendable Cash & Inv. to Total Debt (x)	10%	1.93	Aa	0.30
Total Debt to Cash Flow (x)	10%	4.20	Aa	0.30
<i>Total Weighted Leverage</i>				0.60
<b>U. T. El Paso - Overall Rating &amp; Numeric Score</b>			<b>Aa3</b>	<b>4.1</b>

**Appendix B - Calculation of Overall Scorecard Rating  
Academic Institutions  
As of August 31, 2020**

U. T. Permian Basin	Weight	Value	Rating	Weighted Scale
<i>Market Profile:</i>				
Operating Revenue (\$ in millions)	15%	88.07	A	0.90
Annual Change in Operating Revenues (%)	5%	-0.66%	B	0.75
<i>Total Weighted Market Profile</i>				<u>1.65</u>
<i>Operating Performance:</i>				
Operating Cash Flow Margin (%)	20%	4.49%	Baa	1.80
Max. Single Revenue Contribution (%)	10%	38.31%	Aa	0.30
<i>Total Weighted Operating Performance</i>				<u>2.10</u>
<i>Wealth &amp; Liquidity:</i>				
Total Cash & Investments (\$ in millions)	15%	86.87	A	0.90
Spendable Cash & Inv. to Operating Exp. (x)	10%	0.47	A	0.60
Cash on Hand (days)	5%	53.37	A	0.30
<i>Total Weighted Wealth &amp; Liquidity</i>				<u>1.80</u>
<i>Leverage:</i>				
Spendable Cash & Inv. to Total Debt (x)	10%	0.51	A	0.60
Total Debt to Cash Flow (x)	10%	24.95	Ba	1.20
<i>Total Weighted Leverage</i>				<u>1.80</u>
<b>U. T. Permian Basin - Overall Rating &amp; Numeric Score</b>			<b>A3</b>	<b>7.4</b>
<hr/>				
U. T. Rio Grande Valley	Weight	Value	Rating	Weighted Scale
<i>Market Profile:</i>				
Operating Revenue (\$ in millions)	15%	492.96	Aa	0.45
Annual Change in Operating Revenues (%)	5%	12.54%	Aaa	0.05
<i>Total Weighted Market Profile</i>				<u>0.50</u>
<i>Operating Performance:</i>				
Operating Cash Flow Margin (%)	20%	5.70%	A	1.20
Max. Single Revenue Contribution (%)	10%	27.98%	Aaa	0.10
<i>Total Weighted Operating Performance</i>				<u>1.30</u>
<i>Wealth &amp; Liquidity:</i>				
Total Cash & Investments (\$ in millions)	15%	329.12	Aa	0.45
Spendable Cash & Inv. to Operating Exp. (x)	10%	0.57	Aa	0.30
Cash on Hand (days)	5%	174.62	Aa	0.15
<i>Total Weighted Wealth &amp; Liquidity</i>				<u>0.90</u>
<i>Leverage:</i>				
Spendable Cash & Inv. to Total Debt (x)	10%	6.03	Aaa	0.10
Total Debt to Cash Flow (x)	10%	1.76	Aaa	0.10
<i>Total Weighted Leverage</i>				<u>0.20</u>
<b>U. T. Rio Grande Valley - Overall Rating &amp; Numeric Score</b>			<b>Aa2</b>	<b>2.9</b>

**Appendix B - Calculation of Overall Scorecard Rating  
Academic Institutions  
As of August 31, 2020**

U. T. San Antonio	Weight	Value	Rating	Weighted Scale
<i>Market Profile:</i>				
Operating Revenue (\$ in millions)	15%	544.89	Aa	0.45
Annual Change in Operating Revenues (%)	5%	6.09%	Aa	0.15
<i>Total Weighted Market Profile</i>				0.60
<i>Operating Performance:</i>				
Operating Cash Flow Margin (%)	20%	11.23%	Aa	0.60
Max. Single Revenue Contribution (%)	10%	48.36%	Aa	0.30
<i>Total Weighted Operating Performance</i>				0.90
<i>Wealth &amp; Liquidity:</i>				
Total Cash & Investments (\$ in millions)	15%	579.58	Aa	0.45
Spendable Cash & Inv. to Operating Exp. (x)	10%	0.84	Aa	0.30
Cash on Hand (days)	5%	251.28	Aa	0.15
<i>Total Weighted Wealth &amp; Liquidity</i>				0.90
<i>Leverage:</i>				
Spendable Cash & Inv. to Total Debt (x)	10%	2.02	Aa	0.30
Total Debt to Cash Flow (x)	10%	3.71	Aaa	0.10
<i>Total Weighted Leverage</i>				0.40
<b>U. T. San Antonio - Overall Rating &amp; Numeric Score</b>			<b>Aa2</b>	<b>2.8</b>
<hr/>				
U. T. Tyler	Weight	Value	Rating	Weighted Scale
<i>Market Profile:</i>				
Operating Revenue (\$ in millions)	15%	140.23	A	0.90
Annual Change in Operating Revenues (%)	5%	2.91%	Baa	0.45
<i>Total Weighted Market Profile</i>				1.35
<i>Operating Performance:</i>				
Operating Cash Flow Margin (%)	20%	6.18%	A	1.20
Max. Single Revenue Contribution (%)	10%	45.46%	Aa	0.30
<i>Total Weighted Operating Performance</i>				1.50
<i>Wealth &amp; Liquidity:</i>				
Total Cash & Investments (\$ in millions)	15%	151.79	Aa	0.45
Spendable Cash & Inv. to Operating Exp. (x)	10%	0.67	Aa	0.30
Cash on Hand (days)	5%	185.82	Aa	0.15
<i>Total Weighted Wealth &amp; Liquidity</i>				0.90
<i>Leverage:</i>				
Spendable Cash & Inv. to Total Debt (x)	10%	1.40	Aa	0.30
Total Debt to Cash Flow (x)	10%	8.37	Aa	0.30
<i>Total Weighted Leverage</i>				0.60
<b>U. T. Tyler - Overall Rating &amp; Numeric Score</b>			<b>Aa3</b>	<b>4.4</b>

**Appendix B - Calculation of Overall Scorecard Rating**  
**Health Institutions**  
**As of August 31, 2020**

Southwestern	Weight	Value	Rating	Weighted Scale
<i>Market Position:</i>				
Operating Revenue (\$ in millions)	25%	3,512.49	Aa	0.75
3-year Operating Revenue CAGR (%)	10%	6.33%	A	0.60
<i>Total Weighted Market Position</i>				1.35
<i>Operating Performance &amp; Liquidity:</i>				
3-year Operating Cash Flow Margin (%)	15%	8.34%	A	0.90
Gross Revenue from Combined Medicare & Medicaid (%)	10%	50.51%	A	0.60
Cash on Hand (days)	10%	80.43	Baa	0.90
<i>Total Weighted Operating Performance &amp; Liquidity</i>				2.40
<i>Leverage:</i>				
Unrestricted Cash & Inv. To Total Debt (%)	15%	53.42%	Ba	1.80
Total Debt to Cash Flow (x)	15%	7.53	B	2.25
<i>Total Weighted Leverage</i>				4.05
<b>Southwestern - Overall Rating &amp; Numeric Score</b>			<b>Baa1</b>	<b>7.8</b>
<hr/>				
UTMB	Weight	Value	Rating	Weighted Scale
<i>Market Position:</i>				
Operating Revenue (\$ in millions)	25%	2,348.49	Aa	0.75
3-year Operating Revenue CAGR (%)	10%	4.29%	A	0.60
<i>Total Weighted Market Position</i>				1.35
<i>Operating Performance &amp; Liquidity:</i>				
3-year Operating Cash Flow Margin (%)	15%	7.26%	Baa	1.35
Gross Revenue from Combined Medicare & Medicaid (%)	10%	50.48%	A	0.60
Cash on Hand (days)	10%	125.00	Baa	0.90
<i>Total Weighted Operating Performance &amp; Liquidity</i>				2.85
<i>Leverage:</i>				
Unrestricted Cash & Inv. To Total Debt (%)	15%	79.51%	Baa	1.35
Total Debt to Cash Flow (x)	15%	4.88	Baa	1.35
<i>Total Weighted Leverage</i>				2.70
<b>UTMB - Overall Rating &amp; Numeric Score</b>			<b>A3</b>	<b>6.9</b>
<hr/>				
UTHSC-Houston	Weight	Value	Rating	Weighted Scale
<i>Market Position:</i>				
Operating Revenue (\$ in millions)	25%	1,868.54	Aa	0.75
3-year Operating Revenue CAGR (%)	10%	5.76%	A	0.60
<i>Total Weighted Market Position</i>				1.35
<i>Operating Performance &amp; Liquidity:</i>				
3-year Operating Cash Flow Margin (%)	15%	5.04%	Baa	1.35
Gross Revenue from Combined Medicare & Medicaid (%)	10%	43.32%	Aa	0.30
Cash on Hand (days)	10%	209.20	A	0.60
<i>Total Weighted Operating Performance &amp; Liquidity</i>				2.25
<i>Leverage:</i>				
Unrestricted Cash & Inv. To Total Debt (%)	15%	527.93%	Aaa	0.15
Total Debt to Cash Flow (x)	15%	1.72	Aa	0.45
<i>Total Weighted Leverage</i>				0.60
<b>UTHSC-Houston - Overall Rating &amp; Numeric Score</b>			<b>Aa3</b>	<b>4.2</b>

**Appendix B - Calculation of Overall Scorecard Rating**  
**Health Institutions**  
**As of August 31, 2020**

UTHSC-San Antonio	Weight	Value	Rating	Weighted Scale
<i>Market Position:</i>				
Operating Revenue (\$ in millions)	25%	961.28	A	1.50
3-year Operating Revenue CAGR (%)	10%	5.16%	A	0.60
<i>Total Weighted Market Position</i>				<u>2.10</u>
<i>Operating Performance &amp; Liquidity:</i>				
3-year Operating Cash Flow Margin (%)	15%	5.59%	Baa	1.35
Gross Revenue from Combined Medicare & Medicaid (%)	10%	50.50%	A	0.60
Cash on Hand (days)	10%	181.99	A	0.60
<i>Total Weighted Operating Performance &amp; Liquidity</i>				<u>2.55</u>
<i>Leverage:</i>				
Unrestricted Cash & Inv. To Total Debt (%)	15%	303.43%	Aaa	0.15
Total Debt to Cash Flow (x)	15%	3.07	A	0.90
<i>Total Weighted Leverage</i>				<u>1.05</u>
<b>UTHSC-San Antonio - Overall Rating &amp; Numeric Score</b>			<b>A2</b>	<b>5.7</b>
<hr/>				
M. D. Anderson	Weight	Value	Rating	Weighted Scale
<i>Market Position:</i>				
Operating Revenue (\$ in millions)	25%	5,763.38	Aa	0.75
3-year Operating Revenue CAGR (%)	10%	6.14%	A	0.60
<i>Total Weighted Market Position</i>				<u>1.35</u>
<i>Operating Performance &amp; Liquidity:</i>				
3-year Operating Cash Flow Margin (%)	15%	19.92%	Aaa	0.15
Gross Revenue from Combined Medicare & Medicaid (%)	10%	42.52%	Aa	0.30
Cash on Hand (days)	10%	509.79	Aaa	0.10
<i>Total Weighted Operating Performance &amp; Liquidity</i>				<u>0.55</u>
<i>Leverage:</i>				
Unrestricted Cash & Inv. To Total Debt (%)	15%	726.77%	Aaa	0.15
Total Debt to Cash Flow (x)	15%	0.90	Aaa	0.15
<i>Total Weighted Leverage</i>				<u>0.30</u>
<b>M. D. Anderson - Overall Rating &amp; Numeric Score</b>			<b>Aa1</b>	<b>2.2</b>
<hr/>				
UTHSC-Tyler	Weight	Value	Rating	Weighted Scale
<i>Market Position:</i>				
Operating Revenue (\$ in millions)	25%	294.61	Baa	2.25
3-year Operating Revenue CAGR (%)	10%	14.47%	Aaa	0.10
<i>Total Weighted Market Position</i>				<u>2.35</u>
<i>Operating Performance &amp; Liquidity:</i>				
3-year Operating Cash Flow Margin (%)	15%	0.61%	B	2.25
Gross Revenue from Combined Medicare & Medicaid (%)	10%	64.68%	Baa	0.90
Cash on Hand (days)	10%	(7.36)	Ca & below	2.00
<i>Total Weighted Operating Performance &amp; Liquidity</i>				<u>5.15</u>
<i>Leverage:</i>				
Unrestricted Cash & Inv. To Total Debt (%)	15%	-16.88%	Ca & below	3.00
Total Debt to Cash Flow (x)	15%	1.12	Aa	0.45
<i>Total Weighted Leverage</i>				<u>3.45</u>
<b>UTHSC-Tyler - Overall Rating &amp; Numeric Score</b>			<b>Ba1</b>	<b>11.0</b>

**Appendix C - Calculation of Annual Operating Margin  
Academic Institutions  
As of August 31, 2020  
(In Millions)**

Institution	Income/(Loss) Before Other Rev., Exp., Gains/(Losses) & Transfers	Less: Nonoperating Items				Margin From SRECNP	Other Adjustments							Annual Operating Margin
		Other Nonop. Revenues	Other Nonop. Expenses	Gain/Loss on Sale of Cap. Assets	Net Increase/ (Decrease) in FV of Inv.		Minus:	Minus:	Plus:	Plus:	Plus:	Plus:	Plus:	
							Realized Gains/ (Losses)	TRB Appro.	AUF & RAHC Transfers & NSERB Appro.	LTF Dist. Transfers & Other	ILP Funds Transfers	Hazelwood & NRUF Transfers	Interest Expense	
U. T. Arlington	\$ 82.3	7.0	(2.3)	(0.9)	34.1	44.3	2.3	12.8	-	1.6	-	0.8	(10.4)	21.1
U. T. Austin	157.1	24.7	(0.8)	(27.0)	253.2	(93.0)	2.6	19.7	471.2	25.7	-	1.5	(68.5)	314.6
U. T. Dallas	28.2	0.8	-	(0.2)	12.7	15.0	12.0	8.8	4.9	2.5	-	8.7	(23.5)	(13.1)
U. T. El Paso	25.1	-	(0.6)	(1.6)	10.1	17.2	3.3	12.7	-	1.1	-	0.4	(5.9)	(3.3)
U. T. Permian Basin	0.8	-	-	-	2.8	(2.0)	0.4	12.2	-	(4.2)	2.8	0.1	(3.8)	(19.8)
U. T. Rio Grande Valley	(1.2)	0.7	(1.0)	-	9.6	(10.4)	-	18.0	0.7	1.0	-	0.3	(2.4)	(28.8)
U. T. San Antonio	39.9	-	0.2	-	21.8	17.9	1.8	16.6	-	1.6	1.1	1.8	(9.5)	(5.5)
U. T. Tyler	6.0	-	-	-	4.4	2.2	3.1	9.9	-	0.5	-	0.2	(3.2)	(13.4)

**Appendix C - Calculation of Annual Operating Margin**  
**Health Institutions**  
**As of August 31, 2020**  
**(In Millions)**

Institution	Income/(Loss) Before Other Rev., Exp., Gains/(Losses) & Transfers	Less: Nonoperating Items				Margin From SRECNP	Other Adjustments					Annual Operating Margin
		Other Nonop. Revenues	Other Nonop. Expenses	Gain/Loss on Sale of Cap. Assets	Net Increase/ (Decrease) in FV of Inv.		Minus:	Minus:	Plus:	Plus:	Plus:	
							Realized Gains/ (Losses)	TRB Appro.	LTF Dist. Transfer	Other	Interest Expense	
Southwestern	\$ 172.9	1.7	(2.9)	(0.9)	130.4	44.5	46.1	18.5	8.4	0.6	(37.3)	(48.4)
UTMB	77.0	5.7	(0.5)	(1.0)	54.4	18.3	0.9	22.4	3.0	0.4	(23.6)	(25.2)
UTHSC-Houston	108.3	2.1	(0.9)	(1.2)	38.1	70.3	17.0	18.7	4.2	2.6	(6.6)	34.8
UTHSC-San Antonio	37.3	-	-	(0.4)	42.5	(4.8)	6.1	15.9	1.7	1.6	(5.3)	(28.8)
M. D. Anderson	1,054.9	6.2	(0.5)	(0.1)	372.0	677.3	32.7	11.3	12.4	-	(34.3)	611.5
UTHSC-Tyler	18.6	-	-	-	3.1	15.6	-	3.7	0.1	0.2	(0.8)	11.4

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

Mr. Britt Harris, President, Chief Executive Officer, and Chief Investment Officer, has provided an update on The University of Texas/Texas A&M Investment Management Company (UTIMCO) as set forth on the following pages.



# UTIMCO Update

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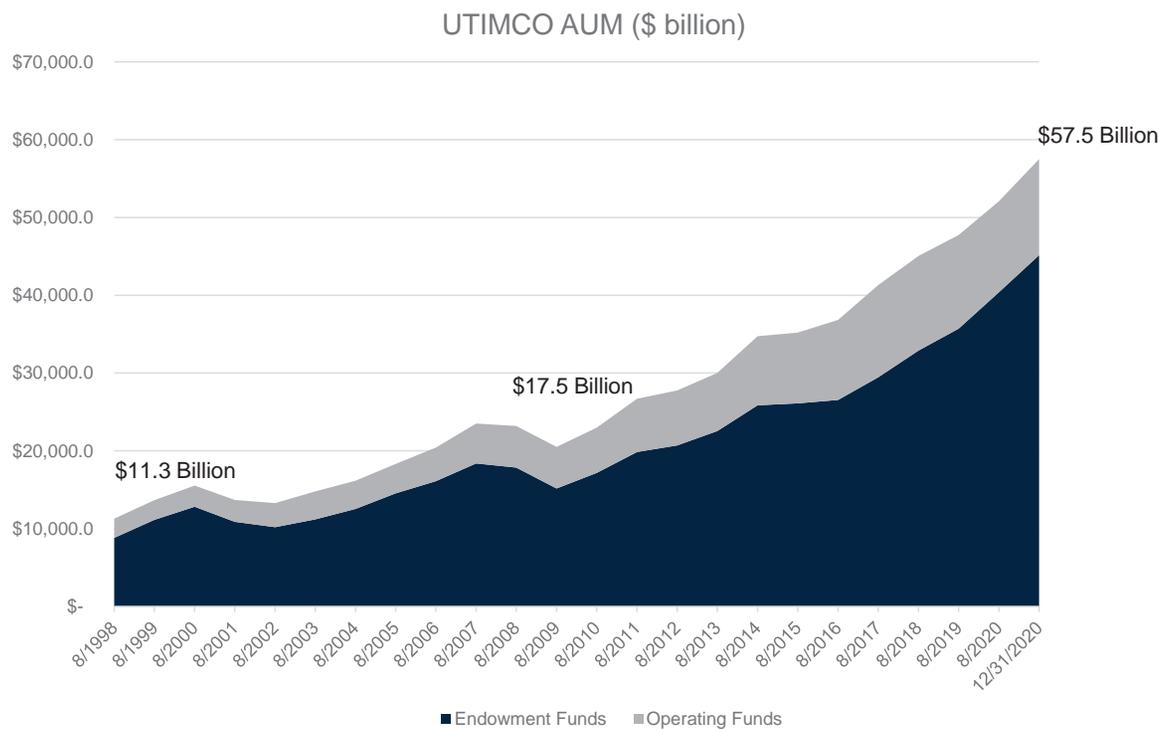
Mr. Britt Harris, CEO, Chief Investment Officer and President  
U.T. System Board of Regents' Meeting Finance and Planning Committee

February 2021



# Growth in Assets Under Management

Total Assets through December 31, 2020



### UTIMCO AUM (\$ millions)

Feb 2009 - Dec 2020	
<b>Endowments</b>	
Beginning NAV	\$ 12,970
Contributions	19,969
Net Investment Return	26,601
Distributions	(14,394)
Ending NAV	45,146
AUM Growth \$	\$ 32,176

<b>Operating Funds</b>	
Beginning NAV	\$ 4,535
Contributions	4,784
Net Investment Return	5,423
Distributions	(2,403)
Ending NAV	12,339
AUM Growth \$	\$ 7,804

<b>Total UTIMCO</b>	
Beginning NAV	\$ 17,505
Ending NAV	\$ 57,485
AUM Growth \$	\$ 39,980



## Market Dashboard: 1998 to 2020

### Rates

	12/31/1998	12/31/2020	Change
Fed Funds	4.75	0.25	-4.50
10-yr Treasury	4.65	0.91	-3.73
Investment Grade Bonds	6.96	1.83	-5.13
High Yield	11.02	4.59	-6.43

### Equities

	12/31/1998	12/31/2020	Change
S&P 500	1,229	3,756	365%
Europe	279	399	43%
Japan	1,087	1,805	66%
China (Onshore)	1,147	3,473	203%
Developed: MSCI World	2,293	8,008	249%
Emerging: MSCI EM	87	624	619%
Global: MSCI ACWI	92	328	256%

### Inflation

	12/31/1998	12/31/2020	Change
10-yr TIPS	3.85	-1.09	-4.94
10-yr TIPS Breakeven	0.8	2.0	1.2

### Commodities

	12/31/1998	12/31/2020	Change
Gold	288	1,898	559%
Oil	12	49	303%
Bloomberg Commodities Index	113	167	48%

# Market Dashboard: Review of 2020



## Rates

	12/31/2019	12/31/2020	Change
Fed Funds	1.75	0.25	-1.50
10-yr Treasury	1.92	0.91	-1.00
Investment Grade Bonds	2.92	1.83	-1.09
High Yield	5.81	4.59	-1.22

## Equities

	12/31/2019	12/31/2020	Change
S&P 500	3,231	3,756	18%
Europe	416	399	-4%
Japan	1,721	1,805	5%
China (Onshore)	3,050	3,473	14%
Developed: MSCI World	6,910	8,008	16%
Emerging: MSCI EM	528	624	18%
Global: MSCI ACWI	282	328	16%

## Inflation

	12/31/2019	12/31/2020	Change
10-yr TIPS	0.13	-1.09	-1.22
10-yr TIPS Breakeven	1.8	2.0	0.2

## Commodities

	12/31/2019	12/31/2020	Change
Gold	1,517	1,898	25%
Oil	61	49	-21%
Bloomberg Commodities Index	172	167	-3%

# Endowment Return and Alpha Detail

As of December 31, 2020



		1-Year		3-Year		Asset Allocation		
		Return	Alpha	Return	Alpha	\$ Invested	% of Fund	Over / (Under)
<b>Public Equity</b>	Public Equity	24.6%	8.2%	13.1%	4.1%	15,128	33.7%	2.6%
	Directional Hedge Funds	11.9%	1.5%	8.0%	3.4%	4,118	9.2%	(1.4%)
	Total Private Equity	18.6%	-1.0%	14.9%	0.2%	9,568	21.3%	-0.8%
	<b>Total Global Equity</b>	<b>20.3%</b>	<b>2.9%</b>	<b>12.7%</b>	<b>2.2%</b>	<b>28,815</b>	<b>64.1%</b>	<b>0.5%</b>
<b>Stable Value</b>	Investment Grade Fixed Income	8.6%	3.0%	5.1%	0.6%	3,513	7.8%	0.7%
	Credit Related Fixed Income	7.2%	0.2%	4.9%	(0.1%)	39	0.1%	0.1%
	Cash	0.5%	(0.1%)	1.6%	(0.0%)	874	1.9%	1.0%
	Stable Value Hedge Funds	9.4%	5.1%	6.7%	3.7%	3,714	8.3%	(1.6%)
	<b>Total Stable Value</b>	<b>7.0%</b>	<b>2.0%</b>	<b>4.4%</b>	<b>0.6%</b>	<b>8,138</b>	<b>18.1%</b>	<b>0.2%</b>
<b>Real Return</b>	Inflation Linked Bonds	6.1%	(4.0%)	N/A	N/A	623	1.4%	(0.0%)
	Natural Resources	(12.0%)	8.1%	(5.7%)	0.8%	2,419	5.4%	(0.3%)
	Infrastructure	37.1%	30.8%	20.2%	10.3%	1,050	2.3%	(0.5%)
	Real Estate - Public	(15.1%)	(6.0%)	1.2%	(0.4%)	20	0.0%	0.0%
	Total Private Real Estate	1.5%	1.4%	9.9%	3.5%	2,561	5.7%	(0.2%)
	<b>Total Real Return</b>	<b>2.9%</b>	<b>8.1%</b>	<b>4.9%</b>	<b>2.8%</b>	<b>6,672</b>	<b>14.9%</b>	<b>-1.0%</b>
<b>Strategic Partnerships</b>	Total Strategic Partnerships	N/A	N/A	N/A	N/A	1,302	2.9%	0.3%
<b>TAA</b>	TAA	0.1%	0.1%	0.0%	(0.0%)	35	0.1%	0.1%
<b>Total Fund</b>	<b>Endowment Total</b>	<b>15.2%</b>	<b>4.1%</b>	<b>10.1%</b>	<b>2.0%</b>	<b>44,962</b>	<b>100.0%</b>	<b>0.1%</b>

# Summary of UTIMCO AUM, Returns and Alpha

As of December 31, 2020



## Endowment Returns

		1-Year		5-Years		10-Years
Investment Return %		15.2		10.4		8.1
Policy Portfolio		11.2		8.7		6.7
<b>Value Add %</b>		<b>+4.1</b>		<b>+1.7</b>		<b>+1.5</b>
Total Investment Return \$	\$	6,026	\$	17,201	\$	23,874
Value Add \$	\$	1,546	\$	3,152	\$	5,445

## Assets Under Management (\$ billions)

		1-Year		5-Years		10-Years
<b>Endowments</b>						
Beginning NAV	\$	38.0	\$	25.7	\$	18.9
Contributions		3.5		10.6		16.1
Net Investment Return		5.8		16.2		22.4
Distributions		-2.1		-7.4		-12.3
Ending NAV		45.1		45.1		45.1
AUM Growth \$	\$	7.1	\$	19.4	\$	26.2
Est. AUM Per Student (\$ thousands)		130		82		67

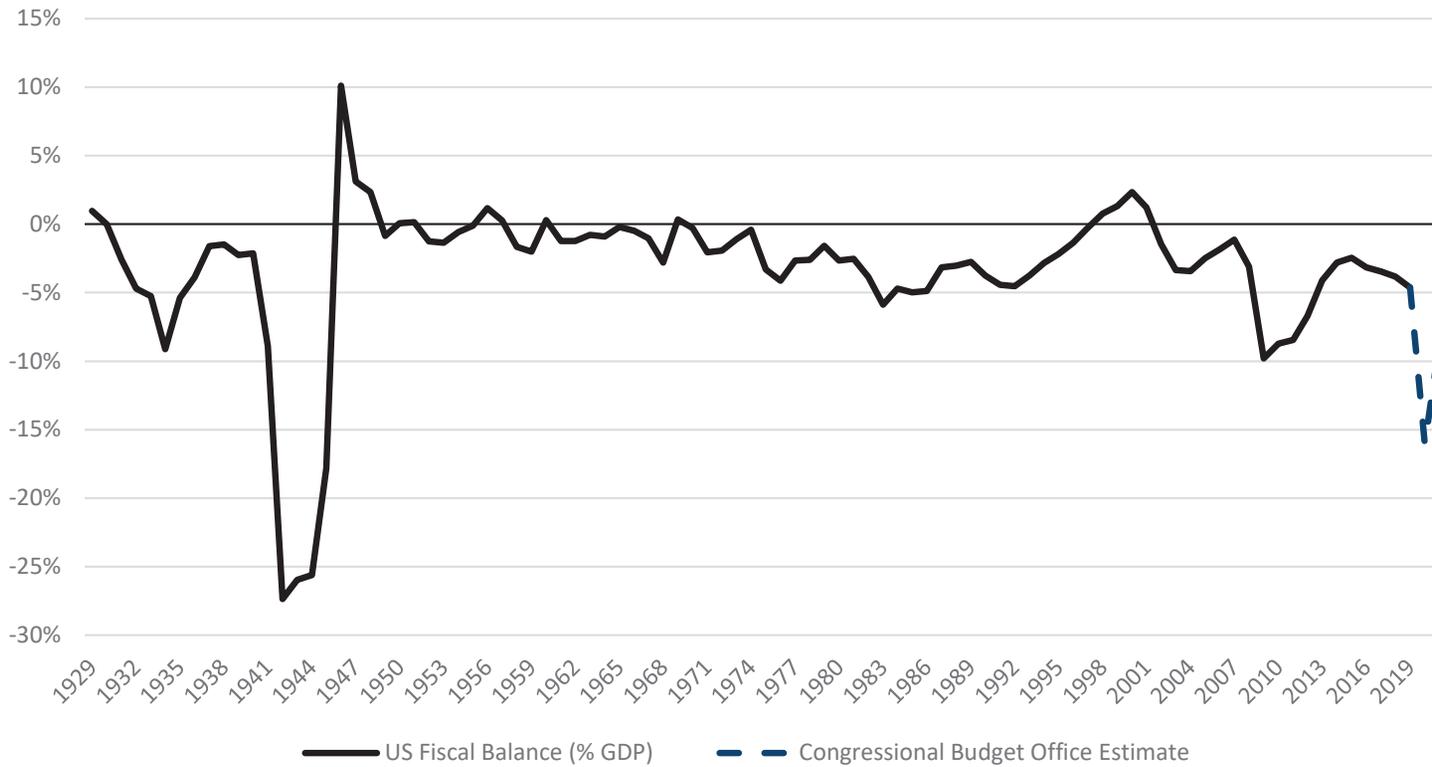
## Operating Funds

Beginning NAV	\$	12.5	\$	9.1	\$	6.8
Contributions		-0.9		1.4		3.8
Net Investment Return		1.0		3.2		3.9
Distributions		-0.3		-1.3		-2.2
Ending NAV		12.3		12.3		12.3
AUM Growth \$	\$	(0.2)	\$	3.3	\$	5.5

## Total UTIMCO

Beginning NAV	\$	50.5	\$	34.8	\$	25.7
Ending NAV	\$	57.5	\$	57.5	\$	57.5
<b>AUM Growth \$</b>	<b>\$</b>	<b>7.0</b>	<b>\$</b>	<b>22.7</b>	<b>\$</b>	<b>31.8</b>

# US Fiscal Deficit Widest Since WW2

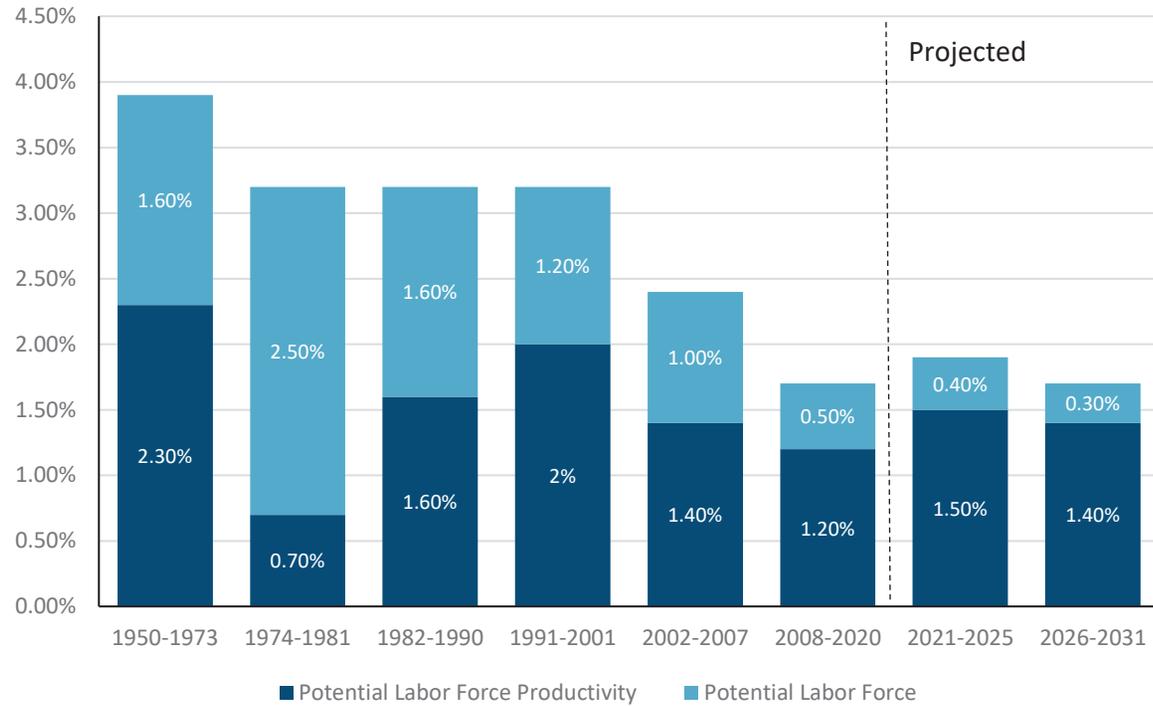


Source: Congressional Budget Office, Bureau of Economic Analysis, and *Historical Statistics of the United States*



# Falling Expected Growth

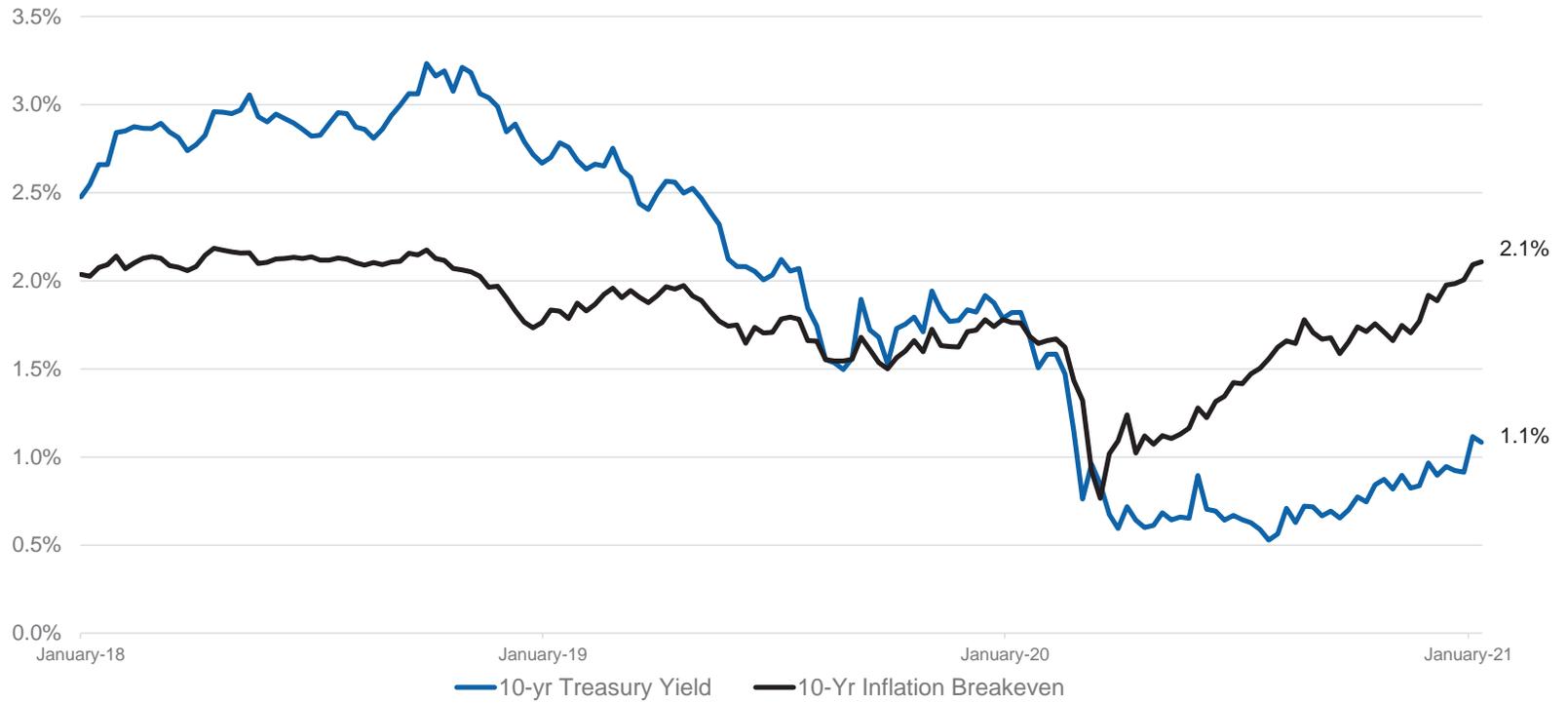
**AVERAGE ANNUAL GROWTH OF REAL GDP**



Source: Congressional Budget Office



# 10 Year Treasury vs. 10-Year Inflation BE



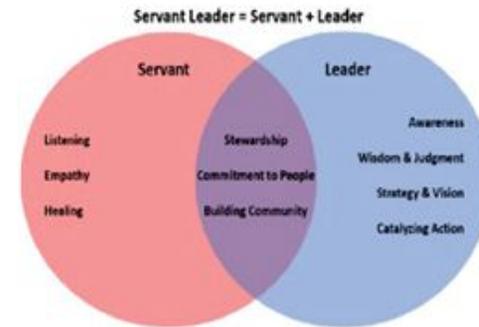
Source: U.S. Treasury



# UTIMCO 2021 Theme & Priorities

## 2021 Theme: **Servant Leadership**

- Focus on Communication
- Streamline Decision Making
- Innovate in All Areas



2021 Priorities	Key Metric
Performance	Outperform Benchmarks
People	“A-Players”
Investment	Strategic Asset Allocation, Internal Risk Committee, Barra
Operations	Excellence in Processes
Technology	Cyber Security, New Technology Implementation

# Summary

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## 1) AUM \$57 billion

- +\$7 billion in last year and +\$40 billion since 2009
- Steady growth last 5 and 10 years

## 2) Above target value-add

- +4.1% 1-year value-add in endowments (vs. target of 1.0%)
- \$1.5 billion in 1-year endowment dollar value-add

## 3) Sound risk management

- Modernization of internal risk systems
- Launch of internal risk committee

## 4) Challenging environment ahead

- Questions around forward returns
- Execution will continue to be essential

## 5) UTIMCO Remains Resilient

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# Appendix

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# Economic Forecasts

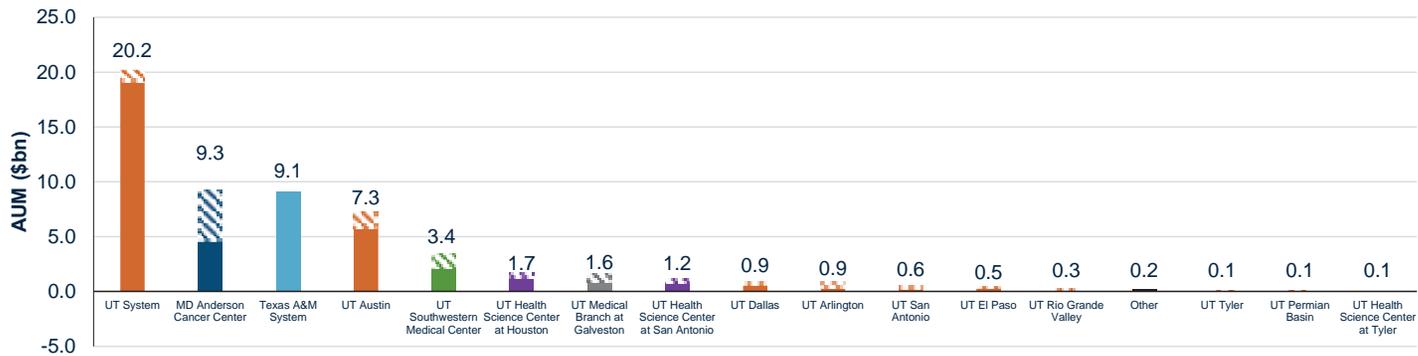
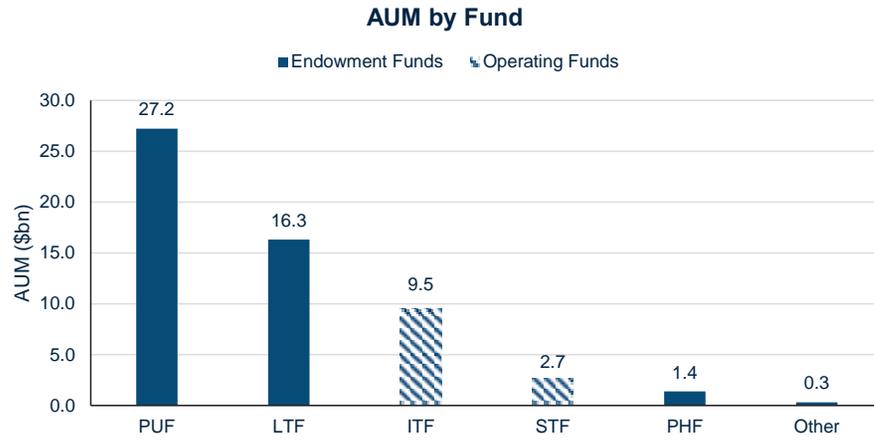
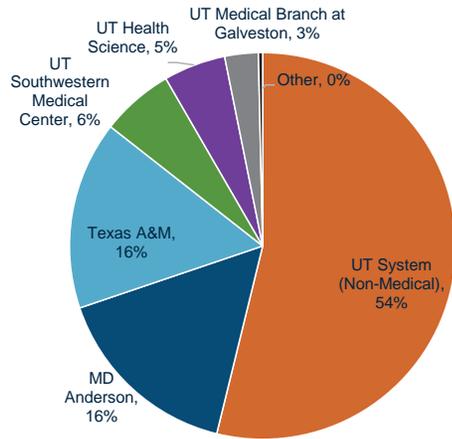


Estimates as of 1/8/21

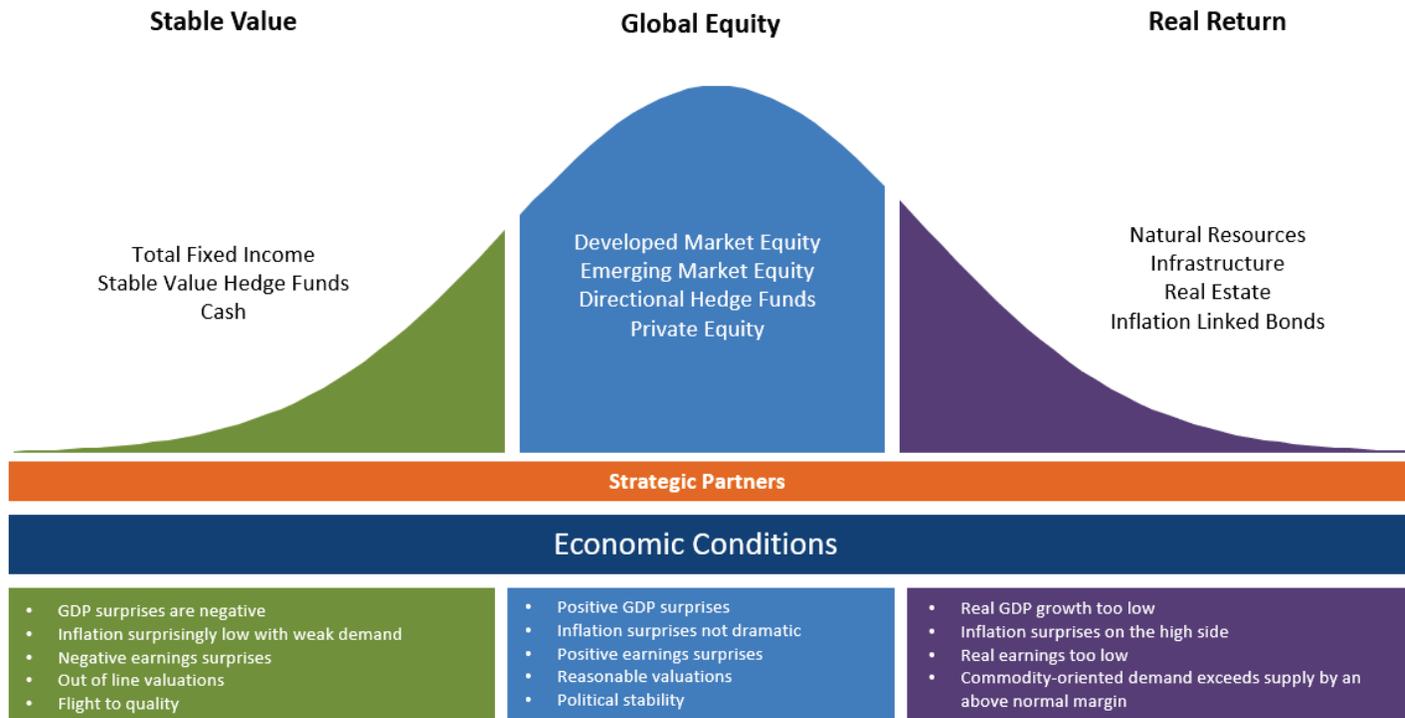
	Quarterly GDP			GDP			S&P 500 EPS			Unemployment			Core PCE		
	Q4	Q1	Q2	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
AGMR	3.3%	4.8%	11.7%	-1.7%	7.1%		\$125	\$177		6.3%	3.9%		1.8%	2.0%	
Barclays	3.3%	2.5%	11.0%	-3.4%	6.3%	3.9%	\$142	\$173		6.7%	4.5%	4.0%	1.4%	1.5%	1.8%
BofA	5.0%	1.0%	7.0%	-3.5%	4.6%	3.0%	\$138	\$165		6.8%	5.3%	4.5%	1.4%	1.6%	1.8%
Citi	6.3%	5.3%	5.1%	-3.4%	5.1%		\$137	\$167		6.8%	5.5%		1.4%	1.9%	
Credit Suisse	2.3%	2.9%	5.8%	-3.6%	4.8%		\$140	\$175	\$200	6.9%	5.5%		1.4%	1.6%	
Goldman	5.0%	5.0%	9.0%	-3.5%	6.4%	4.0%	\$136	\$175	\$195	6.7%	4.8%	4.3%	1.4%	1.8%	1.8%
ISI	8.0%	5.0%	10.0%	-2.5%	6.2%		\$141	\$177							
JP Morgan	5.0%	0.5%	5.0%	-3.4%	4.2%	3.3%	\$136	\$178	\$200	6.8%	5.5%		1.4%	1.6%	
Morgan Stanley	5.0%	4.5%	8.6%	-2.3%	6.0%	2.7%	\$138	\$175	\$193	6.7%	5.1%	4.0%	1.6%	1.9%	2.2%
UBS	4.5%	3.5%	7.1%	-2.3%	4.6%	3.8%	\$139	\$176	\$205	6.8%	4.1%	3.9%	1.3%	1.5%	1.8%
Median	5.0%	4.0%	7.9%	-3.4%	5.6%	3.6%	\$138	\$175	\$200	6.8%	5.1%	4.0%	1.4%	1.6%	1.8%
Average	4.8%	3.5%	8.0%	-3.0%	5.5%	3.5%	\$137	\$174	\$199	6.7%	4.9%	4.1%	1.5%	1.7%	1.9%
Federal Open Market Committee				-2.4%	4.2%	3.2%				6.7%	5.0%	4.2%	1.4%	1.8%	1.9%



# AUM By Institution



# UTIMCO Diversification Framework



# ITF Return and Alpha Detail

As of December 31, 2020



		1-Year		3-Year		Asset Allocation		
		Return	Alpha	Return	Alpha	\$ Invested	% of Fund	Over / (Under)
<b>Public Equity</b>	Public Equity	24.3%	7.6%	12.9%	3.8%	1,224	12.8%	(0.2%)
	Directional Hedge Funds	11.9%	1.5%	8.0%	3.4%	4,146	43.5%	0.5%
	<b>Total Global Equity</b>	<b>14.2%</b>	<b>3.1%</b>	<b>9.0%</b>	<b>3.1%</b>	<b>5,370</b>	<b>56.3%</b>	<b>0.3%</b>
<b>Stable Value</b>	Investment Grade Fixed Income	8.6%	3.0%	5.1%	0.6%	3,245	34.0%	(1.0%)
	Cash	0.5%	(0.1%)	1.6%	(0.0%)	231	2.4%	0.4%
	Stable Value Hedge Funds	10.3%	6.1%	7.1%	4.0%	670	7.0%	0.0%
	<b>Total Stable Value</b>	<b>7.8%</b>	<b>2.9%</b>	<b>4.8%</b>	<b>1.0%</b>	<b>4,147</b>	<b>43.5%</b>	<b>(0.5%)</b>
<b>Real Return</b>	Real Estate - Public	(15.1%)	(6.0%)	1.2%	(0.4%)	9	0.1%	0.1%
	<b>Total Real Return</b>	<b>8.7%</b>	<b>-4.2%</b>	<b>7.0%</b>	<b>0.2%</b>	<b>9</b>	<b>0.1%</b>	<b>0.1%</b>
<b>Tactical Asset Allocation</b>	Tactical Asset Allocation	0.1%	(0.0%)	0.0%	(0.0%)	13	0.1%	0.1%
<b>Total Fund</b>	<b>ITF Total</b>	<b>11.6%</b>	<b>3.1%</b>	<b>7.3%</b>	<b>2.1%</b>	<b>9,538</b>	<b>100.0%</b>	<b>0.0%</b>

# UTIMCO's 2021 Top Priorities



## Performance

- Outperform agreed performance benchmarks
- Honor our purpose and responsibilities to others
- Respond to emerging market conditions professionally
- Enhance and utilize our analytical and reporting capabilities
- Support our people, deepen our culture and collaborate proactively

## People

- Servant Leadership:
  - How can I help you?
  - Customer + Empathy + Development + Agreement = Empowerment
- Target Investment Organization: Distinctives, Development, Coaching/Feedback, Accountability
- Compensation Study and Career Path resolution (OAR/IT)
- Diversity and Inclusion review and initiatives

## Investment Team

- Strategic Asset Allocation
- Seamless and effective Investment Risk Committee (Fund level optimization and related issues)
- Barra Risk Analytics installation: Comprehensive use including Risk Metrics and eFront
- Expand Beta oriented investment capability, toolkit (Exchange Traded Funds) and technology
- Assess Risk Budgeting framework
- Well developed Co-Investment capability

## Operations Team

- Professionally complete all required reporting and all client requests
- Streamline and refine manual processes and modernize the legacy systems
- Proactive care for UTIMCO institutions

## Information Services & Security Team

- Deliver new virtual desktop throughout UTIMCO
- Customer project reviews and prioritization
- Co-lead Barra Risk Analytics implementation project
- Complete Cyber Security E&Y agreed recommendations
- Prioritize software delivery