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Committee Meeting: 5/14/2014

Board Meeting: 5/15/2014
Austin, Texas

Jeffery D. Hildebrand, *Chairman*
Alex M. Cranberg
Wallace L. Hall, Jr.
Brenda Pejovich
Wm. Eugene Powell

	Committee Meeting	Board Meeting	Page
Convene	<i>10:30 a.m.</i> <i>Chairman Hildebrand</i>		
1. U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, referred for Committee consideration	<i>10:30 a.m.</i> Action	Action	84
2. U. T. System: Key Financial Indicators Report and Monthly Financial Report	<i>10:35 a.m.</i> Report/Discussion <i>Dr. Kelley</i>	Not on Agenda	85
3. U. T. System Board of Regents: The University of Texas Investment Management Company (UTIMCO) Performance Summary Report and Investment Reports for the quarter ended February 28, 2014	<i>10:50 a.m.</i> Report/Discussion <i>Mr. Zimmerman</i>	Report	119
4. U. T. System Board of Regents: Approval of revisions to the amended and restated University of Texas Investment Management Company (UTIMCO) Compensation Program	<i>11:05 a.m.</i> Action <i>Dr. Kelley</i>	Action	125
5. U. T. System Board of Regents: Approval of amendments to the Investment Policy Statements for the Permanent University Fund, the General Endowment Fund, the Permanent Health Fund, and the Long Term Fund	<i>11:20 a.m.</i> Action <i>Dr. Kelley</i>	Action	137
Adjourn	<i>11:30 a.m.</i>		

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

RECOMMENDATION

The proposed Consent Agenda is located at the back of the book.

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

REPORT

Dr. Scott C. Kelley, Executive Vice Chancellor for Business Affairs, will discuss the Key Financial Indicators Report, as set forth on Pages 86 - 93 and the March Monthly Financial Report on Pages 94 - 118. The reports represent the consolidated and individual operating detail of the U. T. System institutions.

The Key Financial Indicators Report compares the Systemwide quarterly results of operations, key revenues and expenses, reserves, and key financial ratios in a graphical presentation from Fiscal Year 2010 through February 2014. Ratios requiring balance sheet data are provided for Fiscal Year 2009 through Fiscal Year 2013.


















THE UNIVERSITY OF TEXAS SYSTEM



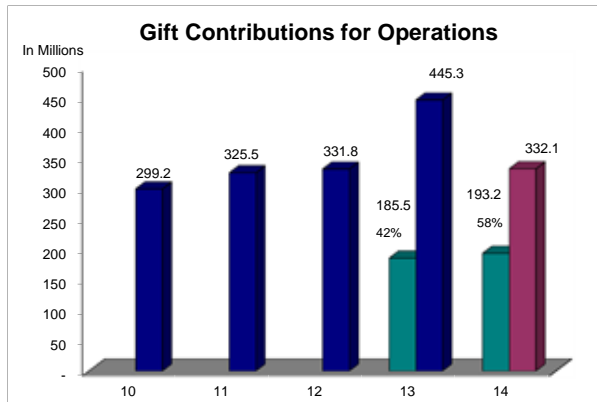
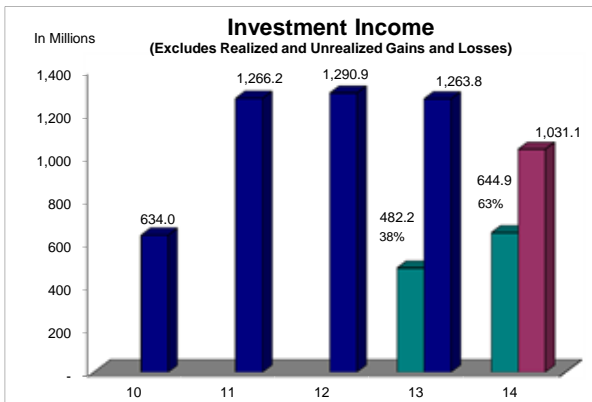
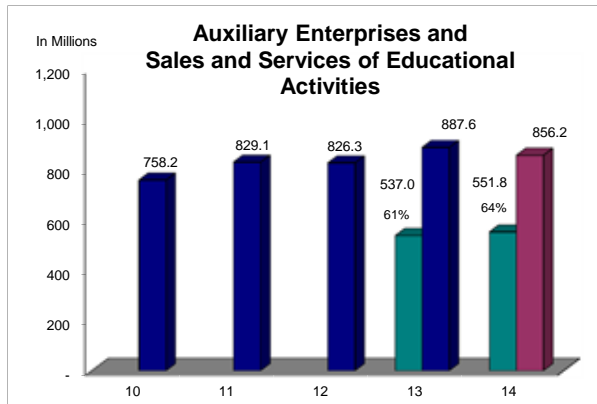
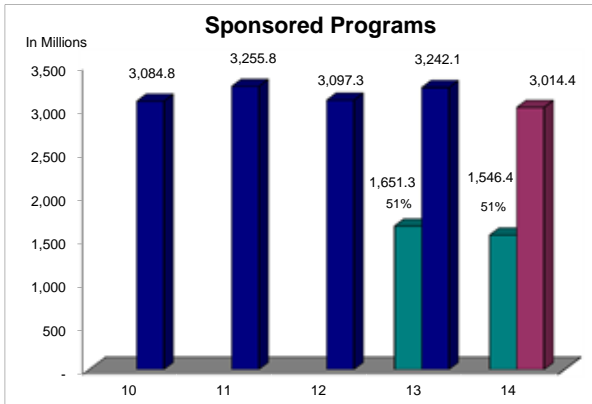
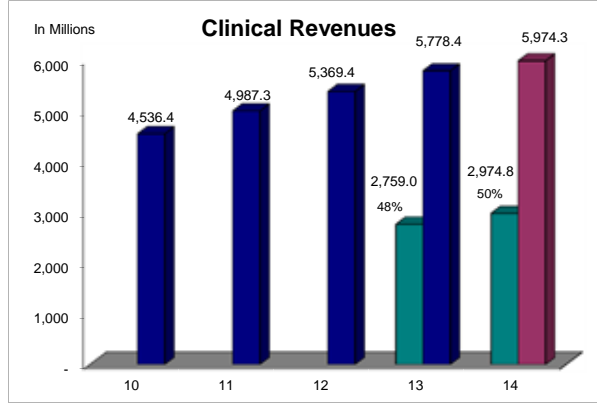
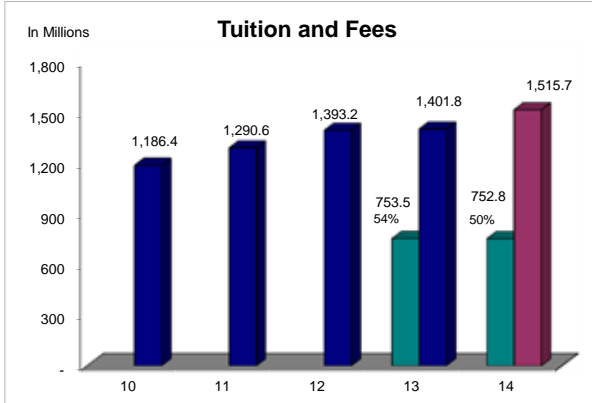
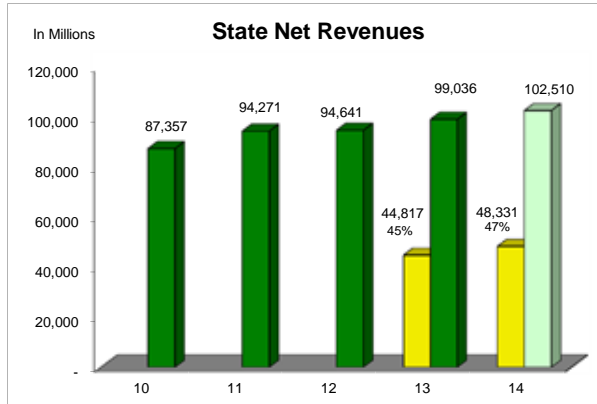
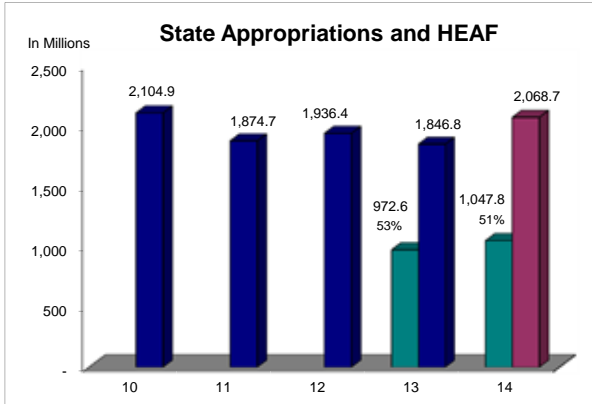
KEY FINANCIAL INDICATORS REPORT

2ND QUARTER FY 2014

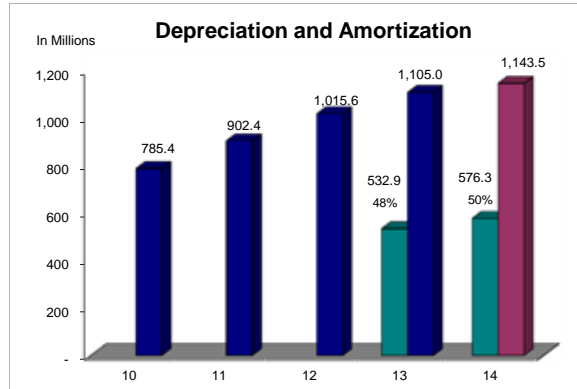
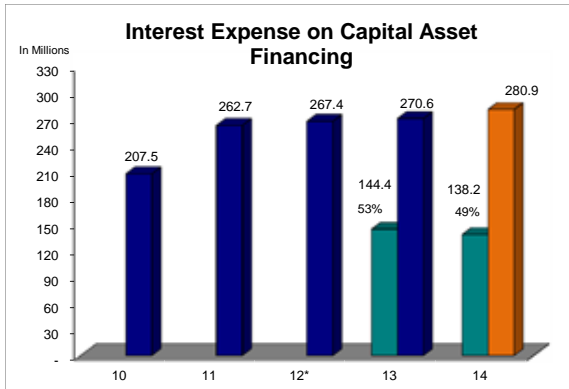
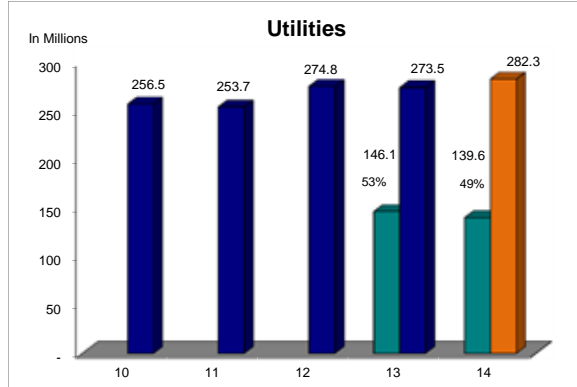
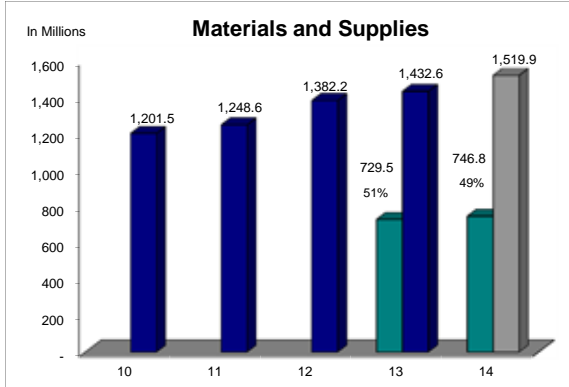
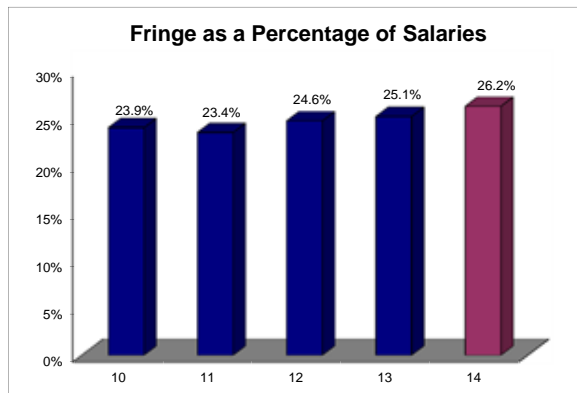
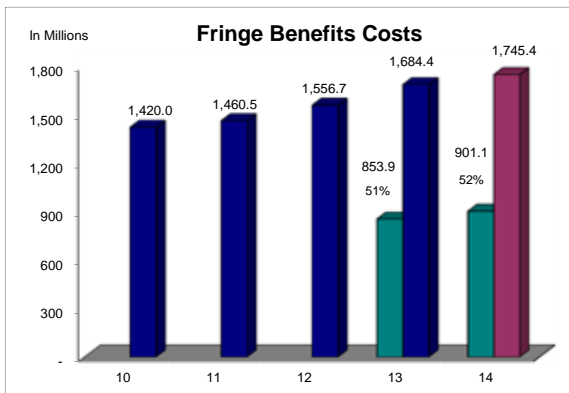
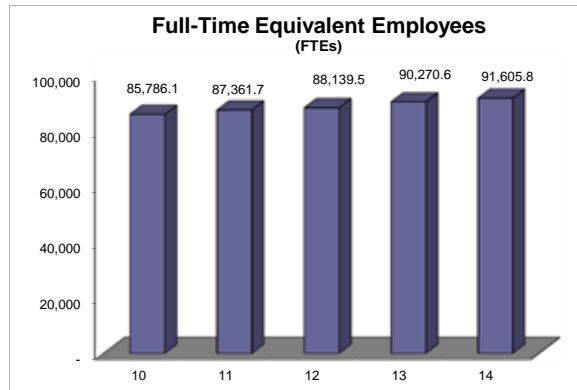
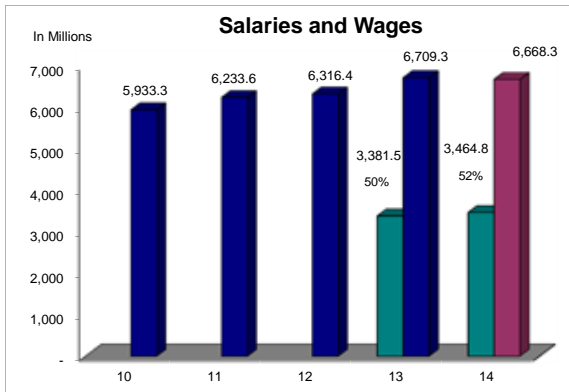
KEY

-  **Actual Annual Amounts**
(SOURCE: Annual Financial Reports)
-  **Adjustment to Actual Annual Amounts to exclude the Increase in Net OPEB Obligation**
(SOURCE: Annual Financial Reports)
-  **Budget amounts**
(SOURCE: Operating Budget Summary)
-  **Projected Amounts based on the average change of the previous three years of data**
-  **Monthly Financial Report Year-to-Date Amounts**
-  **Annual State Net Revenue Collections**
(SOURCE: Texas Revenue History by Source and Texas Net Revenue by Source, State Comptroller's Office)
-  **Year-to-Date State Net Revenue Collections**
(SOURCE: State Comptroller's Office)
-  **Estimated State Revenue Collections**
(SOURCE: Biennial Revenue Estimate, State Comptroller's Office)
-  **Annual and Quarterly Average of FTEs**
(SOURCE: State Auditor's Office Quarterly FTE Report)
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(SOURCE: Monthly Financial Report)
-  **Projected Amounts based on Monthly Financial Report**
-  **Year-to-Date Margin**
(SOURCE: Monthly Financial Report)
-  **Target Normalized Rates**
-  **Aaa Median**
(SOURCE: Moody's)
-  **A2 Median**
(SOURCE: Moody's)
-  **Good Facilities Condition Index (Below 5%)**
-  **Fair Facilities Condition Index (5% - 10%)**

**KEY INDICATORS OF REVENUES
ACTUAL 2010 THROUGH 2013
PROJECTED 2014
YEAR-TO-DATE 2013 AND 2014 FROM FEBRUARY MONTHLY FINANCIAL REPORT**

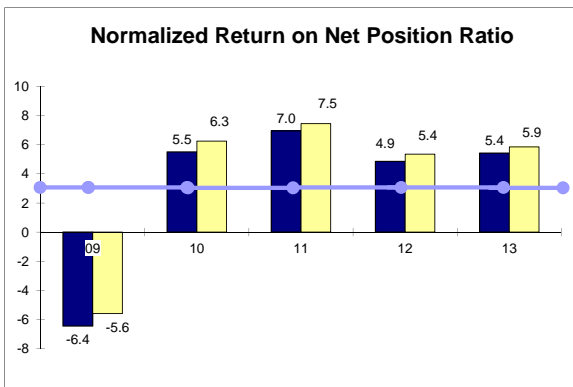
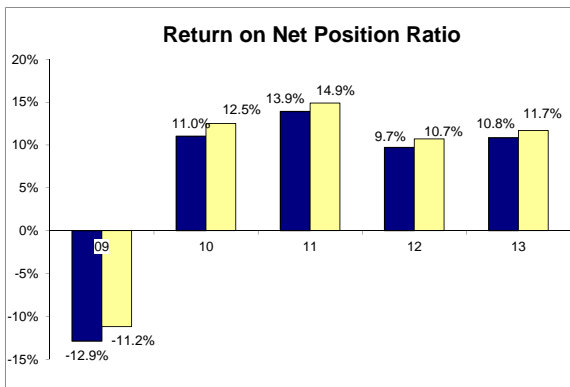
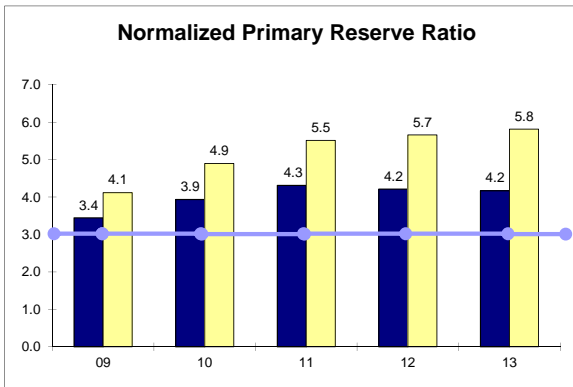
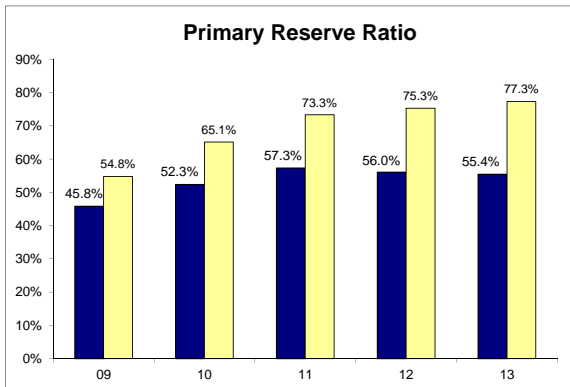
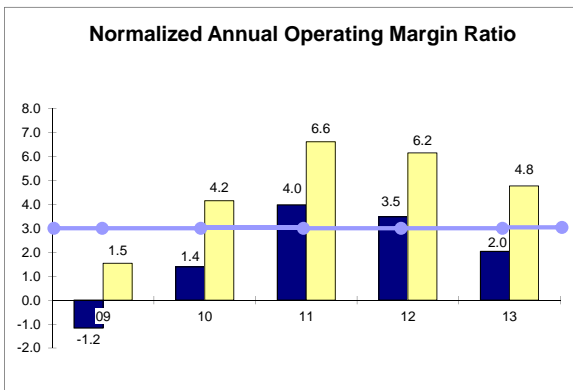
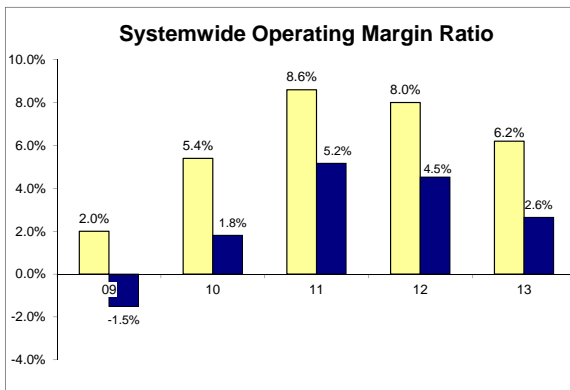
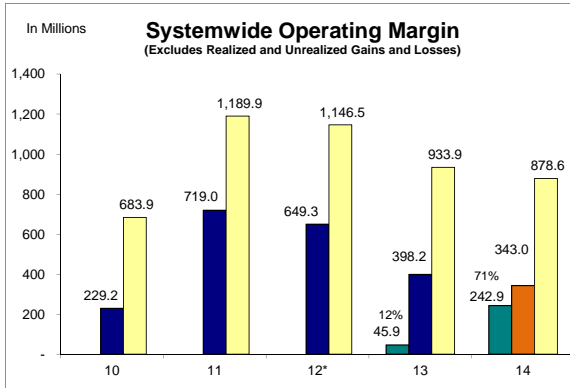


KEY INDICATORS OF EXPENSES
ACTUAL 2010 THROUGH 2013
PROJECTED 2014
YEAR-TO-DATE 2013 AND 2014 FROM FEBRUARY MONTHLY FINANCIAL REPORT



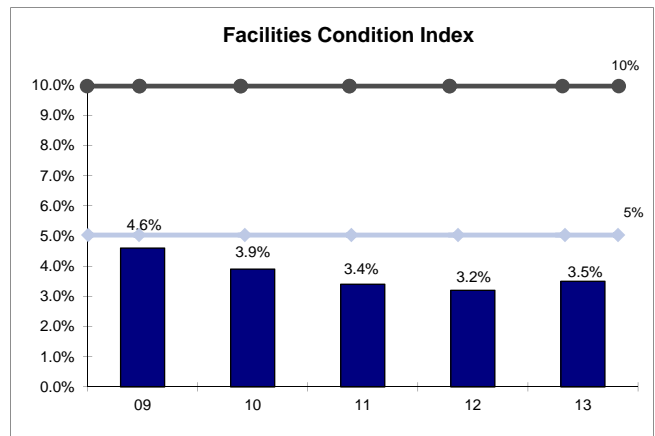
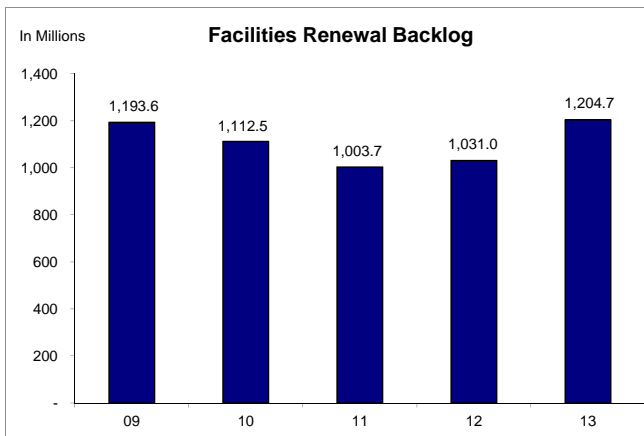
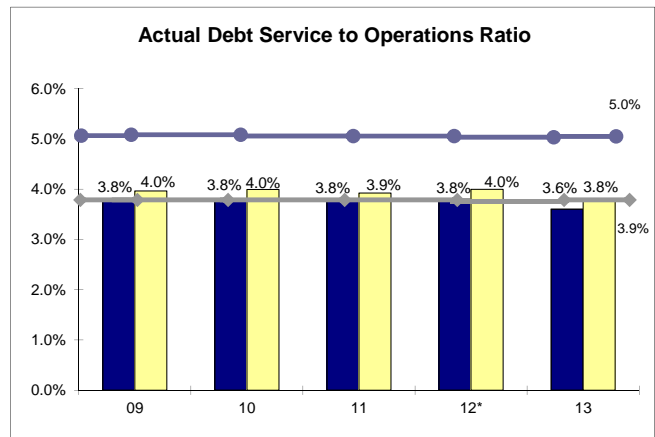
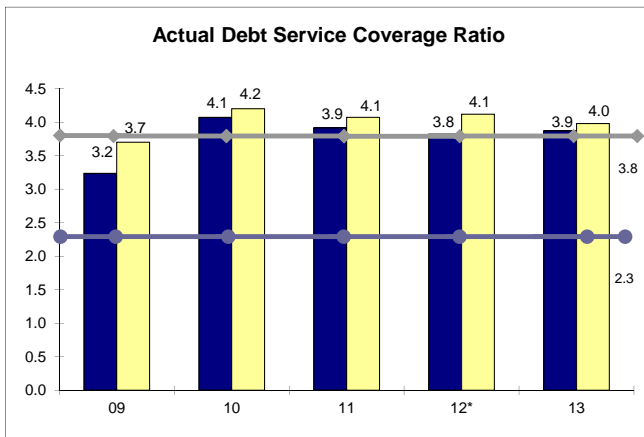
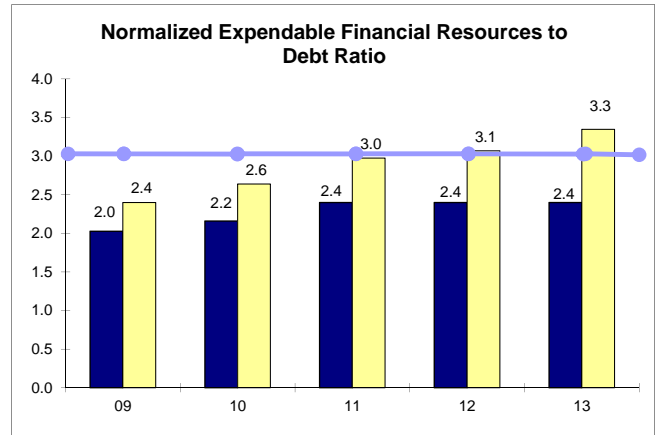
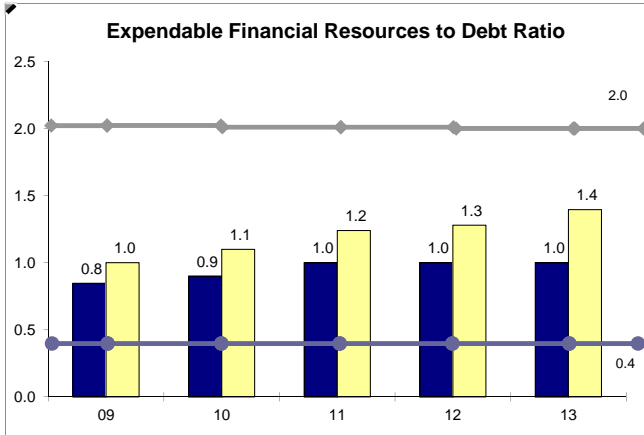
*Restated from prior year reports.

KEY INDICATORS OF RESERVES
ACTUAL 2009 THROUGH 2013
PROJECTED 2014
YEAR-TO-DATE 2013 AND 2014 FROM FEBRUARY MONTHLY FINANCIAL REPORT



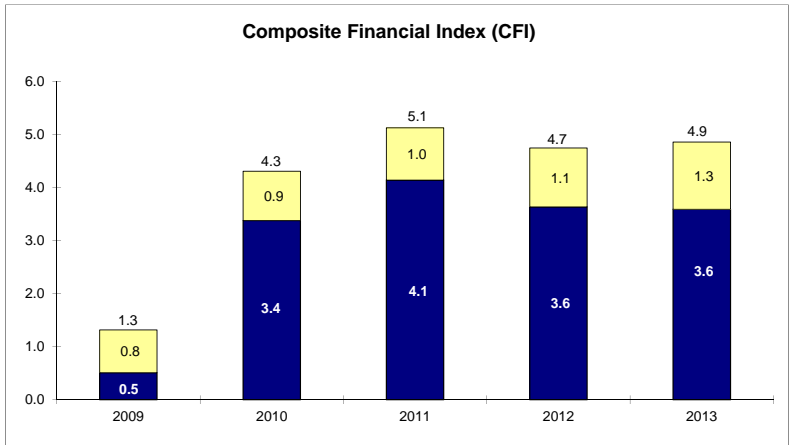
*Restated from prior year reports.

KEY INDICATORS OF CAPITAL NEEDS AND CAPACITY 2009 THROUGH 2013

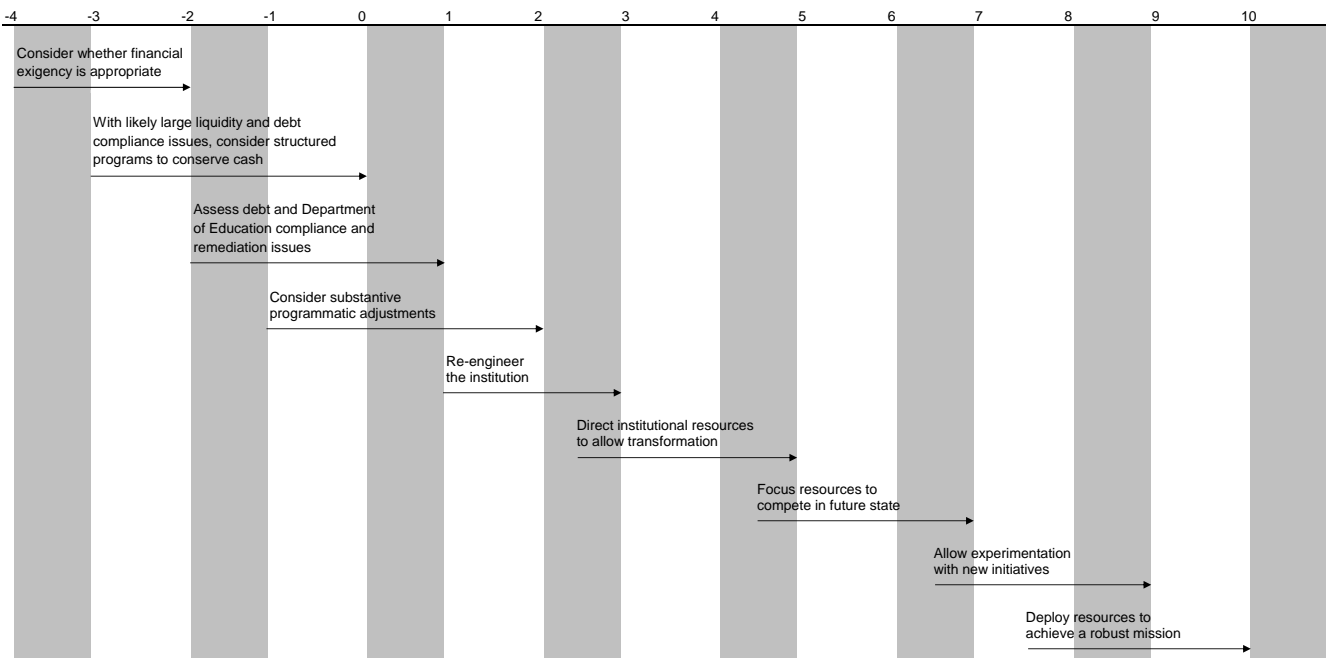


*Restated from prior year reports.

**KEY INDICATORS OF FINANCIAL HEALTH
2009 THROUGH 2013**

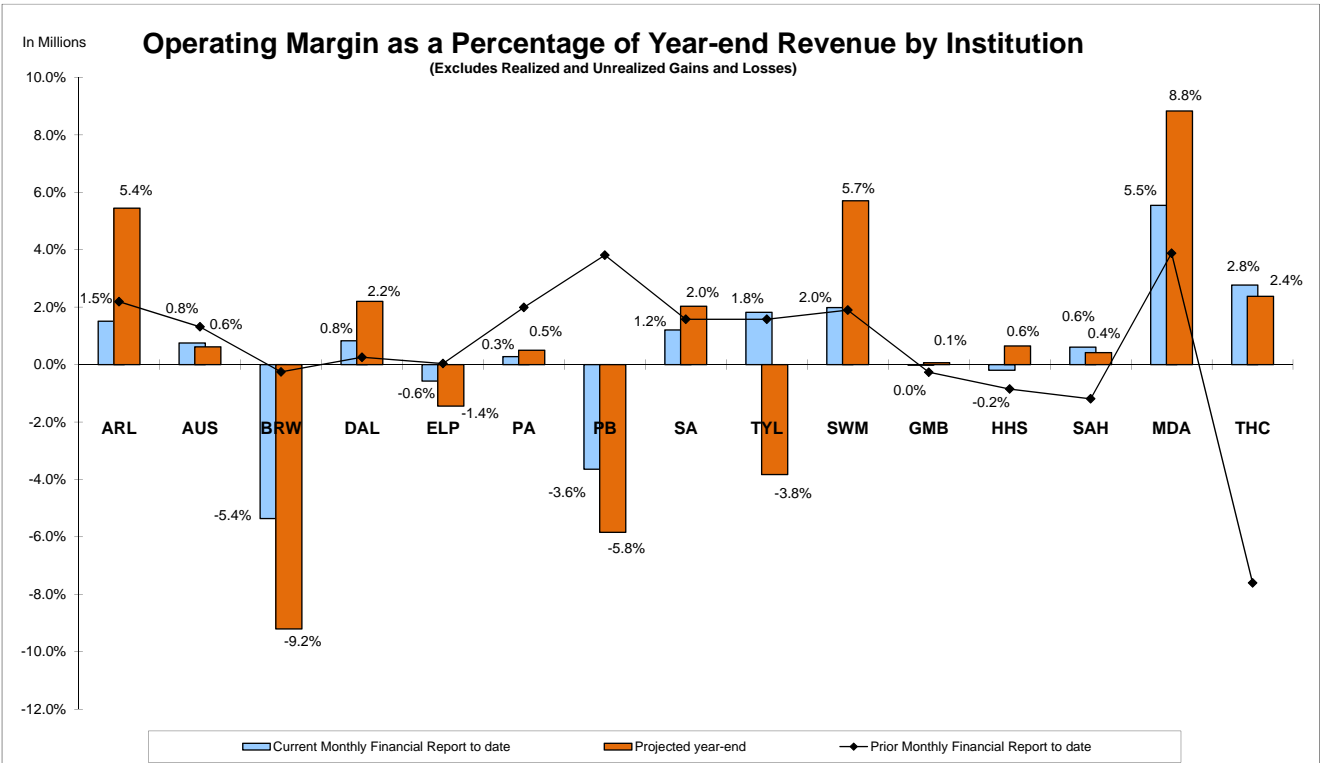
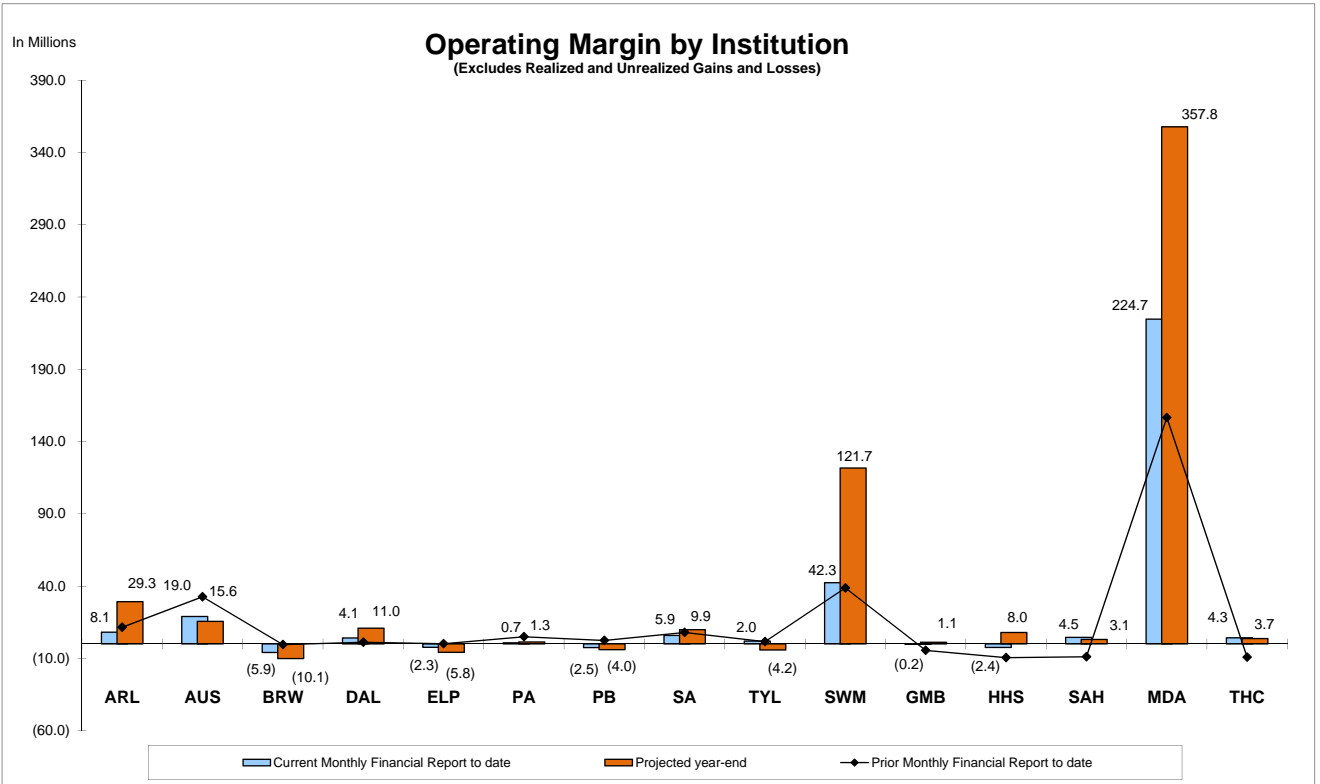


Scale for Charting CFI Performance



Source: Strategic Financial Analysis for Higher Education, Seventh Edition

**KEY INDICATORS OF RESERVES
YEAR-TO-DATE 2013 AND 2014 FROM FEBRUARY MONTHLY FINANCIAL REPORT
PROJECTED 2014 YEAR-END MARGIN**



THE UNIVERSITY OF TEXAS SYSTEM
OFFICE OF THE CONTROLLER

MONTHLY FINANCIAL REPORT
(unaudited)

MARCH 2014



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**THE UNIVERSITY OF TEXAS SYSTEM
MONTHLY FINANCIAL REPORT
(Unaudited)
FOR THE SEVEN MONTHS ENDING
MARCH 31, 2014**

**The University of Texas System
Monthly Financial Report**

Foreword

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

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

UNAUDITED

The University of Texas System Consolidated
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2014

	March Year-to-Date FY 2014	March Year-to-Date FY 2013	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition	877,557,883.46	873,544,815.43	4,013,068.03	0.5%
Sponsored Programs	1,608,609,259.26	1,609,002,097.62	(392,838.36)	-
Net Sales and Services of Educational Activities	321,220,758.95	315,289,820.69	5,930,938.26	1.9%
Net Sales and Services of Hospitals	2,722,655,884.81	2,504,953,834.18	217,702,050.63	8.7%
Net Professional Fees	772,704,044.71	734,498,135.15	38,205,909.56	5.2%
Net Auxiliary Enterprises	311,928,640.12	296,840,297.34	15,088,342.78	5.1%
Other Operating Revenues	196,749,156.40	147,297,001.52	49,452,154.88	33.6%
Total Operating Revenues	6,811,425,627.71	6,481,426,001.93	329,999,625.78	5.1%
Operating Expenses				
Salaries and Wages	4,050,877,593.76	3,936,074,187.89	114,803,405.87	2.9%
Payroll Related Costs	1,056,389,105.23	1,002,607,266.83	53,781,838.40	5.4%
Cost of Goods Sold	67,453,942.01	64,565,354.62	2,888,587.39	4.5%
Professional Fees and Services	208,994,208.42	212,260,220.99	(3,266,012.57)	-1.5%
Other Contracted Services	416,521,970.12	357,934,787.68	58,587,182.44	16.4%
Travel	75,163,282.26	76,524,538.24	(1,361,255.98)	-1.8%
Materials and Supplies	874,524,195.86	847,775,309.69	26,748,886.17	3.2%
Utilities	163,179,384.05	169,123,562.29	(5,944,178.24)	-3.5%
Communications	73,809,663.85	75,288,886.82	(1,479,222.97)	-2.0%
Repairs and Maintenance	152,906,847.92	144,081,448.07	8,825,399.85	6.1%
Rentals and Leases	86,046,447.19	82,252,991.61	3,793,455.58	4.6%
Printing and Reproduction	19,161,136.20	17,899,611.20	1,261,525.00	7.0%
Bad Debt Expense	1,499,507.21	380,936.73	1,118,570.48	293.6%
Claims and Losses	7,645,740.02	5,572,995.59	2,072,744.43	37.2%
Increase in Net OPEB Obligation	312,439,800.75	290,041,823.75	22,397,977.00	7.7%
Scholarships and Fellowships	277,135,017.45	329,938,402.47	(52,803,385.02)	-16.0%
Depreciation and Amortization	671,996,310.69	620,149,019.02	51,847,291.67	8.4%
Federal Sponsored Program Pass-Through to Other State Agencies	19,757,266.83	12,651,442.74	7,105,824.09	56.2%
State Sponsored Program Pass-Through to Other State Agencies	4,098,141.74	873,933.29	3,224,208.45	368.9%
Other Operating Expenses	212,774,104.25	203,716,480.35	9,057,623.90	4.4%
Total Operating Expenses	8,752,373,665.81	8,449,713,199.87	302,660,465.94	3.6%
Operating Loss	(1,940,948,038.10)	(1,968,287,197.94)	27,339,159.84	1.4%
Other Nonoperating Adjustments				
State Appropriations	1,219,942,890.37	1,134,437,035.00	85,505,855.37	7.5%
Nonexchange Sponsored Programs	186,037,317.18	282,826,616.10	(96,789,298.92)	-34.2%
Gift Contributions for Operations	232,150,655.42	216,219,225.11	15,931,430.31	7.4%
Net Investment Income	807,108,023.73	574,864,948.97	232,243,074.76	40.4%
Interest Expense on Capital Asset Financings	(155,298,366.13)	(164,307,918.65)	9,009,552.52	5.5%
Net Other Nonoperating Adjustments	2,289,940,520.57	2,044,039,906.53	245,900,614.04	12.0%
Adjusted Income (Loss) including Depreciation & Amortization	348,992,482.47	75,752,708.59	273,239,773.88	360.7%
Adjusted Margin % including Depreciation & Amortization	3.8%	0.9%		
Investment Gain (Losses)	2,195,895,661.62	1,617,808,884.24	578,086,777.38	35.7%
Adj. Inc. (Loss) with Investment Gains (Losses)	2,544,888,144.09	1,693,561,592.83	851,326,551.26	50.3%
Adj. Margin % with Investment Gains (Losses)	22.2%	16.4%		
Adjusted Income (Loss) excluding Depreciation & Amortization	1,020,988,793.16	695,901,727.61	325,087,065.55	46.7%
Adjusted Margin % excluding Depreciation & Amortization	11.0%	8.0%		

The University of Texas System
Comparison of Adjusted Income (Loss)
For the Seven Months Ending March 31, 2014

	Including Depreciation and Amortization Expense			
	March	March	Variance	Fluctuation Percentage
	Year-to-Date FY 2014	Year-to-Date FY 2013		
U. T. System Administration	\$ 130,203,066.51	\$ (73,430,456.11)	203,633,522.62 (1)	277.3%
U. T. Arlington	15,749,467.80	11,427,994.75	4,321,473.05 (2)	37.8%
U. T. Austin	14,526,532.00	33,794,208.32	(19,267,676.32) (3)	-57.0%
U. T. Brownsville	(7,285,776.02)	(417,970.71)	(6,867,805.31) (4)	-1,643.1%
U. T. Dallas	5,936,474.78	2,879,661.20	3,056,813.58 (5)	106.2%
U. T. El Paso	(2,953,357.80)	238,354.29	(3,191,712.09) (6)	-1,339.1%
U. T. Pan American	2,977,102.03	7,407,054.05	(4,429,952.02) (7)	-59.8%
U. T. Permian Basin	(3,004,455.19)	715,119.86	(3,719,575.05) (8)	-520.1%
U. T. San Antonio	6,632,495.14	7,779,993.82	(1,147,498.68)	-14.7%
U. T. Tyler	589,694.32	1,334,815.88	(745,121.56) (9)	-55.8%
U. T. Southwestern Medical Center	66,373,854.92	51,916,849.69	14,457,005.23 (10)	27.8%
U. T. Medical Branch - Galveston	(3,546,815.05) (11)	(3,988,542.27)	441,727.22	11.1%
U. T. Health Science Center - Houston	(2,879,696.04)	(8,745,799.55)	5,866,103.51 (12)	67.1%
U. T. Health Science Center - San Antonio	6,195,726.16	(9,160,222.31)	15,355,948.47 (13)	167.6%
U. T. M. D. Anderson Cancer Center	254,935,915.50	186,958,423.52	67,977,491.98 (14)	36.4%
U. T. Health Science Center - Tyler	2,731,775.74	(10,581,025.84)	13,312,801.58 (15)	125.8%
Elimination of AUF Transfer	(138,189,522.33)	(122,375,750.00)	(15,813,772.33)	-12.9%
Total Adjusted Income (Loss)	<u>348,992,482.47</u>	<u>75,752,708.59</u>	<u>273,239,773.88</u>	<u>360.7%</u>
Investment Gains (Losses)	<u>2,195,895,661.62</u>	<u>1,617,808,884.24</u>	<u>578,086,777.38</u>	<u>35.7%</u>
Total Adjusted Income (Loss) with Investment Gains (Losses) Including Depreciation and Amortization	<u>\$ 2,544,888,144.09</u>	<u>\$ 1,693,561,592.83</u>	<u>\$ 851,326,551.26</u>	<u>50.3%</u>

	Excluding Depreciation and Amortization Expense			
	March	March	Variance	Fluctuation Percentage
	Year-to-Date FY 2014	Year-to-Date FY 2013		
U. T. System Administration	\$ 134,510,871.06	\$ (69,122,040.39)	203,632,911.45	294.6%
U. T. Arlington	41,768,480.19	32,993,705.15	8,774,775.04	26.6%
U. T. Austin	190,693,198.67	188,377,541.65	2,315,657.02	1.2%
U. T. Brownsville	(2,401,270.28)	4,300,017.79	(6,701,288.07)	-155.8%
U. T. Dallas	36,532,530.12	26,971,107.58	9,561,422.54	35.5%
U. T. El Paso	13,426,580.38	15,592,348.65	(2,165,768.27)	-13.9%
U. T. Pan American	12,276,227.87	16,190,494.35	(3,914,266.48)	-24.2%
U. T. Permian Basin	4,987,211.48	7,540,119.86	(2,552,908.38)	-33.9%
U. T. San Antonio	33,850,066.09	32,645,976.82	1,204,089.27	3.7%
U. T. Tyler	7,268,836.67	7,822,581.39	(553,744.72)	-7.1%
U. T. Southwestern Medical Center	134,767,961.84	114,792,167.68	19,975,794.16	17.4%
U. T. Medical Branch - Galveston	57,277,251.92	51,180,339.67	6,096,912.25	11.9%
U. T. Health Science Center - Houston	30,495,655.19	24,137,430.73	6,358,224.46	26.3%
U. T. Health Science Center - San Antonio	35,362,392.83	19,423,111.02	15,939,281.81	82.1%
U. T. M. D. Anderson Cancer Center	419,944,318.98	350,816,347.14	69,127,971.84	19.7%
U. T. Health Science Center - Tyler	8,418,002.48	(5,383,771.48)	13,801,773.96	256.4%
Elimination of AUF Transfer	(138,189,522.33)	(122,375,750.00)	(15,813,772.33)	-12.9%
Total Adjusted Income (Loss)	<u>1,020,988,793.16</u>	<u>695,901,727.61</u>	<u>325,087,065.55</u>	<u>46.7%</u>
Total Adjusted Income (Loss) Excluding Depreciation and Amortization	<u>\$ 1,020,988,793.16</u>	<u>\$ 695,901,727.61</u>	<u>\$ 325,087,065.55</u>	<u>46.7%</u>

THE UNIVERSITY OF TEXAS SYSTEM
EXPLANATION OF VARIANCES ON THE MONTHLY FINANCIAL REPORT
For the Seven Months Ending March 31, 2014

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

- (1) U. T. System Administration - The \$203.6 million (277.3%) increase in adjusted income as compared to adjusted loss for the same period last year was primarily due to increases in oil royalties and oil and gas lease bonus sales, which are a component of net investment income. Also contributing to the variance were increases in sponsored program revenue received for the 2014-2015 biennium for the Joint Admission Medical Program. Excluding depreciation and amortization expense, U. T. System Administration's adjusted income was \$134.5 million or 23.4%.

to an increase in tuition exemption scholarship expense, primarily related to the Hazelwood and Hazelwood Legacy programs. As a result, U. T. El Paso incurred a year-to-date loss of \$3.0 million. Excluding depreciation and amortization expense, U. T. El Paso's adjusted income was \$13.4 million or 5.9%. U. T. El Paso anticipates ending the year with a \$6.2 million loss which represents -1.6% of projected revenues and includes \$28.3 million of depreciation and amortization expense.
- (2) U. T. Arlington - The \$4.3 million (37.8%) increase in adjusted income over the same period last year was primarily attributable to an increase in state appropriations, an increase in gift contributions for operations primarily due to a \$2.0 million gift from Carrizo Oil and Gas Inc., and an increase in net investment income. Excluding depreciation and amortization expense, U. T. Arlington's adjusted income was \$41.8 million or 13.3%.
- (3) U. T. Austin - The \$19.3 million (57.0%) decrease in adjusted income over the same period last year was primarily attributable to an increase in depreciation and amortization expense. Excluding depreciation and amortization expense, U. T. Austin's adjusted income was \$190.7 million or 12.4%.
- (4) U. T. Brownsville - The \$6.9 million (1,643.1%) increase in adjusted loss over the same period last year was primarily attributable to state appropriations being held in trust by the Texas Higher Education Coordinating Board until the fall 2013 semester enrollment is certified as a result of the termination of the Texas Southmost College (TSC) partnership. As a result, U. T. Brownsville incurred a year-to-date loss of \$7.3 million. Excluding depreciation and amortization expense, U. T. Brownsville's adjusted loss was \$2.4 million or -3.7%. U. T. Brownsville anticipates ending the year with a \$10.5 million loss which represents -9.6% of projected revenues and includes \$8.5 million of depreciation and amortization expense. The projected loss will diminish once the additional state appropriations are available.
- (5) U. T. Dallas - The \$3.1 million (106.2%) increase in adjusted income over the same period last year was primarily attributable to an increase in state appropriations. Excluding depreciation and amortization expense, U. T. Dallas' adjusted income was \$36.5 million or 12.2%.
- (6) U. T. El Paso - The \$3.2 million (1,339.1%) increase in adjusted loss as compared to adjusted income for the same period last year was primarily attributable to increased depreciation and amortization expense due to growth of buildings and research infrastructure, and due

(7) U. T. Pan American - The \$4.4 million (59.8%) decrease in adjusted income over the same period last year was primarily due to increases in salaries and wages and payroll related costs which includes a new methodology of accounting for retiree insurance. Excluding depreciation and amortization expense, U. T. Pan American's adjusted income was \$12.3 million or 7.7%.

(8) U. T. Permian Basin - The \$3.7 million (520.1%) increase in adjusted loss as compared to adjusted income for the same period last year was primarily due to increases in salaries and wages, payroll related costs, and depreciation and amortization expense. The booming oil economy in Midland and Odessa has resulted in U. T. Permian Basin raising salaries to attract and retain personnel. As a result, U. T. Permian Basin incurred a year-to-date loss of \$3.0 million. Excluding depreciation and amortization expense, U. T. Permian Basin's adjusted income was \$5.0 million or 12.5%. U. T. Permian Basin anticipates ending the year with a \$4.0 million loss which represents -5.9% of projected revenues and includes \$13.0 million of depreciation and amortization expense.

(9) U. T. Tyler - The \$0.7 million (55.8%) decrease in adjusted income over the same period last year was primarily attributable to increases in salaries and wages and payroll related costs due to Innovation Academy, as well as an overall increase in faculty and staff. Excluding depreciation and amortization expense, U. T. Tyler's adjusted income was \$7.3 million or 11.3%. Although U. T. Tyler is currently reporting a positive margin, they anticipate ending the year with a \$3.8 million loss, which represents -3.6% of projected revenues and includes \$11.7 million of depreciation and amortization expense. The projected loss is the result of an increase in personnel and renovation projects across the campus. U. T. Tyler's use of prior year balances was approved by U. T. System Administration for 2014 for one-time nonrecurring expenses.

(10) U. T. Southwestern Medical Center - The 14.5 million (27.8%) increase in adjusted income over the same period last year was primarily attributable to an increase in state appropriations and an increase in gift contributions for operations due to a large anonymous gift for Infection and Inflammation Research. Excluding

depreciation and amortization expense, *Southwestern's* adjusted income was \$134.8 million or 10.8%.

- (11) *U. T. Medical Branch - Galveston* - *UTMB* incurred a year-to-date loss of \$3.5 million which was primarily attributable to less indirect costs generated from cost reimbursable sponsored programs, and the spending down of excess endowment operating balances. Excluding depreciation and amortization expense, *UTMB's* adjusted income was \$57.2 million or 6.0%. *UTMB* is currently projecting a positive margin of \$1.1 million for 2014, which represents 0.1% of projected revenues and includes depreciation and amortization expense of \$106.8 million.
- (12) *U. T. Health Science Center - Houston* - The \$5.9 million (67.1%) decrease in adjusted loss over the same period last year was primarily due to an increase in state appropriations and the recognition of \$9.5 million of Delivery System Reform Incentive Payment (DSRIP) revenue received with no corresponding revenue in 2013. Direct DSRIP related expenses associated with that revenue were only \$5.1 million; however, there are indirect costs also associated with DSRIP. The DSRIP revenue recognized through March represents only a portion of revenue expected from the Medicaid Section 1115 Demonstration program as the milestones have not been met for recognition; however, expenses relating to the program have been incurred. As a result of these factors, *UTHSC-Houston* incurred a year-to-date loss of \$2.9 million. Excluding depreciation and amortization expense, *UTHSC-Houston's* adjusted income was \$30.5 million or 4.4%. *UTHSC-Houston* anticipates ending the year with a positive margin of \$7.8 million, which represents 0.6% of projected revenues and includes \$58.0 million of depreciation and amortization expense.
- (13) *U. T. Health Science Center - San Antonio* - The \$15.4 million (167.6%) increase in adjusted income as compared to adjusted loss over the same period last year was primarily due to \$5.2 million in DSRIP incentives plus \$9.1 million in associated clinical contracts from DSRIP projects in 2014 with no corresponding DSRIP revenue in 2013. Partially offsetting these DSRIP revenues were DSRIP related expenses of \$6.2 million. Additionally, net investment income increased due to a \$2.3 million surrender of Vidacare stock associated with patent ventures, and state appropriations increased \$5.8 million. Excluding depreciation and amortization expense, *UTHSC-San Antonio's* adjusted income was \$35.4 million or 8.1%. *UTHSC-San Antonio* anticipates ending the year with \$3.3 million in adjusted income, which represents 0.4% of projected revenues and includes \$50.0 million of depreciation and amortization expense.
- (14) *U. T. M. D. Anderson Cancer Center* - The \$68.0 million (36.4%) increase in adjusted income over the same period last year was primarily attributable to an increase in net sales and services of hospitals as a result of increases in hospital admissions, patient and observation days, and outpatient visits. Excluding depreciation and amortization expense, *M. D. Anderson's* adjusted income was \$419.9 million or 17.4%.
- (15) *U. T. Health Science Center - Tyler* - The \$13.3 million (125.8%) increase in adjusted income as compared to adjusted loss for the same period last year was primarily attributable to \$18.8 million of DSRIP revenue received in 2014 with no corresponding revenue in 2013. DSRIP related expenses associated with that revenue were only \$6.8 million. Without DSRIP, *UTHSC-Tyler* would have incurred a loss of \$9.3 million. Excluding depreciation and amortization expense, *UTHSC-Tyler* had adjusted income of \$8.4 million or 9.0%. *UTHSC-Tyler* is currently projecting a positive margin of \$3.7 million for 2014, which represents 2.4% of projected revenues and includes \$9.5 million of depreciation and amortization expense.

GLOSSARY OF TERMS

OPERATING REVENUES:

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

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

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

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

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

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

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

OPERATING EXPENSES:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

INCREASE IN NET OPEB OBLIGATION - The change in the actuarially estimated liability of the cost of providing healthcare benefits to UT System's employees after they separate from employment (retire).

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

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

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

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

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

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

OTHER NONOPERATING ADJUSTMENTS:

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

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

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

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

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

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

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

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

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

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

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

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

UNAUDITED

The University of Texas System Administration
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2014

	March Year-to-Date FY 2014	March Year-to-Date FY 2013	Variance	Fluctuation Percentage
Operating Revenues				
Sponsored Programs	16,067,474.83	3,541,120.65	12,526,354.18	353.7%
Net Sales and Services of Educational Activities	16,634,432.24	13,165,145.67	3,469,286.57	26.4%
Other Operating Revenues	35,260,203.27	43,468,279.20	(8,208,075.93)	-18.9%
Total Operating Revenues	67,962,110.34	60,174,545.52	7,787,564.82	12.9%
Operating Expenses				
Salaries and Wages	25,938,832.93	22,120,271.24	3,818,561.69	17.3%
Payroll Related Costs	7,031,048.47	5,645,433.09	1,385,615.38	24.5%
Professional Fees and Services	2,539,356.85	7,965,622.65	(5,426,265.80)	-68.1%
Other Contracted Services	18,425,594.33	12,631,600.58	5,793,993.75	45.9%
Travel	728,361.55	854,405.22	(126,043.67)	-14.8%
Materials and Supplies	6,041,578.31	5,190,721.81	850,856.50	16.4%
Utilities	318,838.51	338,584.82	(19,746.31)	-5.8%
Communications	3,318,546.32	3,087,038.63	231,507.69	7.5%
Repairs and Maintenance	3,942,519.74	2,460,091.46	1,482,428.28	60.3%
Rentals and Leases	550,729.07	526,540.59	24,188.48	4.6%
Printing and Reproduction	109,013.41	153,378.82	(44,365.41)	-28.9%
Claims and Losses	7,645,740.02	5,572,995.59	2,072,744.43	37.2%
Increase in Net OPEB Obligation	312,439,800.75	290,041,823.75	22,397,977.00	7.7%
Scholarships and Fellowships	424,200.00	307,100.00	117,100.00	38.1%
Depreciation and Amortization	4,307,804.55	4,308,415.72	(611.17)	-
State Sponsored Program Pass-Through to Other State Agencies	938,493.26	839,589.98	98,903.28	11.8%
Other Operating Expenses	15,084,073.44	11,106,896.18	3,977,177.26	35.8%
Total Operating Expenses	409,784,531.51	373,150,510.13	36,634,021.38	9.8%
Operating Loss	(341,822,421.17)	(312,975,964.61)	(28,846,456.56)	-9.2%
Other Nonoperating Adjustments				
State Appropriations	9,957,053.93	910,187.78	9,046,866.15	994.0%
Nonexchange Sponsored Programs	13,756,907.73	14,861,940.30	(1,105,032.57)	-7.4%
Gift Contributions for Operations	630,381.82	596,931.74	33,450.08	5.6%
Net Investment Income	454,858,713.34	236,234,397.32	218,624,316.02	92.5%
Interest Expense on Capital Asset Financings	(35,530,996.22)	(35,853,989.39)	322,993.17	0.9%
Net Other Nonoperating Adjustments	443,672,060.60	216,749,467.75	226,922,592.85	104.7%
Adjusted Income (Loss) including Depreciation & Amortization	101,849,639.43	(96,226,496.86)	198,076,136.29	205.8%
Adjusted Margin % including Depreciation & Amortization	18.6%	-30.8%		
Available University Fund Transfer	28,353,427.08	22,796,040.75	5,557,386.33	24.4%
Adjusted Income (Loss) with AUF Transfer	130,203,066.51	(73,430,456.11)	203,633,522.62	277.3%
Adjusted Margin % with AUF Transfer	22.6%	-21.9%		
Investment Gain (Losses)	1,463,754,997.23	1,212,459,579.55	251,295,417.68	20.7%
Adj. Inc. (Loss) with AUF Transfer & Invest. Gains (Losses)	\$1,593,958,063.74	\$1,139,029,123.44	\$454,928,940.30	39.9%
Adj. Margin % with AUF Transfer & Invest. Gains (Losses)	78.2%	73.6%		
Adjusted Income (Loss) with AUF Transfer excluding Depreciation & Amortization	134,510,871.06	(69,122,040.39)	203,632,911.45	294.6%
Adjusted Margin % with AUF Transfer excluding Depreciation & Amortization	23.4%	-20.6%		

UNAUDITED

The University of Texas at Arlington
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2014

	March Year-to-Date FY 2014	March Year-to-Date FY 2013	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition	129,280,320.35	124,097,762.61	5,182,557.74	4.2%
Sponsored Programs	41,292,143.60	41,653,757.75	(361,614.15)	-0.9%
Net Sales and Services of Educational Activities	11,681,392.08	10,533,346.60	1,148,045.48	10.9%
Net Auxiliary Enterprises	20,901,565.38	21,183,717.67	(282,152.29)	-1.3%
Other Operating Revenues	2,721,822.78	3,208,338.97	(486,516.19)	-15.2%
Total Operating Revenues	205,877,244.19	200,676,923.60	5,200,320.59	2.6%
Operating Expenses				
Salaries and Wages	136,885,053.66	134,777,775.92	2,107,277.74	1.6%
Payroll Related Costs	34,027,791.33	32,856,818.80	1,170,972.53	3.6%
Cost of Goods Sold	2,389.05	1,598.54	790.51	49.5%
Professional Fees and Services	3,777,941.38	2,806,822.18	971,119.20	34.6%
Other Contracted Services	27,723,300.20	26,104,522.49	1,618,777.71	6.2%
Travel	3,915,954.93	3,863,492.94	52,461.99	1.4%
Materials and Supplies	11,700,441.46	14,910,543.93	(3,210,102.47)	-21.5%
Utilities	5,716,362.98	5,182,143.16	534,219.82	10.3%
Communications	5,070,587.30	5,182,592.28	(112,004.98)	-2.2%
Repairs and Maintenance	6,802,587.25	8,697,985.33	(1,895,398.08)	-21.8%
Rentals and Leases	2,314,020.33	2,535,139.17	(221,118.84)	-8.7%
Printing and Reproduction	1,506,991.20	1,172,704.92	334,286.28	28.5%
Bad Debt Expense	583,333.33	268,729.52	314,603.81	117.1%
Scholarships and Fellowships	18,260,458.08	18,467,164.17	(206,706.09)	-1.1%
Depreciation and Amortization	26,019,012.39	21,565,710.40	4,453,301.99	20.6%
Federal Sponsored Program Pass-Through to Other State Agencies	832,240.13	1,014,089.68	(181,849.55)	-17.9%
State Sponsored Program Pass-Through to Other State Agencies	54,186.99	34,343.31	19,843.68	57.8%
Other Operating Expenses	5,392,084.38	4,398,024.81	994,059.57	22.6%
Total Operating Expenses	290,584,736.37	283,840,201.55	6,744,534.82	2.4%
Operating Loss	(84,707,492.18)	(83,163,277.95)	(1,544,214.23)	-1.9%
Other Nonoperating Adjustments				
State Appropriations	68,975,306.75	66,732,395.92	2,242,910.83	3.4%
Nonexchange Sponsored Programs	26,250,000.00	26,250,000.00	-	-
Gift Contributions for Operations	4,872,544.81	2,712,863.99	2,159,680.82	79.6%
Net Investment Income	8,142,082.01	7,116,037.61	1,026,044.40	14.4%
Interest Expense on Capital Asset Financings	(7,782,973.59)	(8,220,024.82)	437,051.23	5.3%
Net Other Nonoperating Adjustments	100,456,959.98	94,591,272.70	5,865,687.28	6.2%
Adjusted Income (Loss) including Depreciation & Amortization	15,749,467.80	11,427,994.75	4,321,473.05	37.8%
Adjusted Margin % including Depreciation & Amortization	5.0%	3.8%		
Investment Gain (Losses)	17,339,614.18	9,417,887.84	7,921,726.34	84.1%
Adj. Inc. (Loss) with Investment Gains (Losses)	33,089,081.98	20,845,882.59	12,243,199.39	58.7%
Adj. Margin % with Investment Gains (Losses)	10.0%	6.7%		
Adjusted Income (Loss) excluding Depreciation & Amortization	41,768,480.19	32,993,705.15	8,774,775.04	26.6%
Adjusted Margin % excluding Depreciation & Amortization	13.3%	10.9%		

UNAUDITED

The University of Texas at Austin
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2014

	March Year-to-Date FY 2014	March Year-to-Date FY 2013	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition	271,250,000.00	280,291,666.67	(9,041,666.67)	-3.2%
Sponsored Programs	318,541,713.16	315,438,093.92	3,103,619.24	1.0%
Net Sales and Services of Educational Activities	220,134,633.66	220,847,957.64	(713,323.98)	-0.3%
Net Auxiliary Enterprises	170,634,377.71	163,811,691.19	6,822,686.52	4.2%
Other Operating Revenues	4,160,131.09	3,113,899.89	1,046,231.20	33.6%
Total Operating Revenues	984,720,855.62	983,503,309.31	1,217,546.31	0.1%
Operating Expenses				
Salaries and Wages	647,199,055.85	666,715,433.84	(19,516,377.99)	-2.9%
Payroll Related Costs	175,084,966.18	166,516,771.34	8,568,194.84	5.1%
Cost of Goods Sold	14,808,900.36	14,343,448.03	465,452.33	3.2%
Professional Fees and Services	19,374,786.46	19,441,407.89	(66,621.43)	-0.3%
Other Contracted Services	84,743,049.24	81,296,823.36	3,446,225.88	4.2%
Travel	24,198,080.04	26,810,529.75	(2,612,449.71)	-9.7%
Materials and Supplies	69,023,014.24	76,002,255.39	(6,979,241.15)	-9.2%
Utilities	50,589,680.66	52,231,381.67	(1,641,701.01)	-3.1%
Communications	34,716,113.31	34,149,968.03	566,145.28	1.7%
Repairs and Maintenance	31,667,908.90	29,136,607.31	2,531,301.59	8.7%
Rentals and Leases	10,376,058.30	10,727,016.79	(350,958.49)	-3.3%
Printing and Reproduction	5,382,074.01	4,416,224.41	965,849.60	21.9%
Bad Debt Expense	632,973.46	(275.12)	633,248.58	230,171.8%
Scholarships and Fellowships	92,166,666.67	67,666,666.67	24,500,000.00	36.2%
Depreciation and Amortization	176,166,666.67	154,583,333.33	21,583,333.34	14.0%
Federal Sponsored Program Pass-Through to Other State Agencies	2,011,552.77	2,122,868.97	(111,316.20)	-5.2%
Other Operating Expenses	56,338,596.71	53,835,736.83	2,502,859.88	4.6%
Total Operating Expenses	1,494,480,143.83	1,459,996,198.49	34,483,945.34	2.4%
Operating Loss	(509,759,288.21)	(476,492,889.18)	(33,266,399.03)	-7.0%
Other Nonoperating Adjustments				
State Appropriations	192,709,921.65	180,502,922.68	12,206,998.97	6.8%
Nonexchange Sponsored Programs	27,416,666.67	46,639,621.85	(19,222,955.18)	-41.2%
Gift Contributions for Operations	70,054,532.15	72,595,323.26	(2,540,791.11)	-3.5%
Net Investment Income	123,715,807.19	116,502,043.54	7,213,763.65	6.2%
Interest Expense on Capital Asset Financings	(27,800,629.78)	(28,328,563.83)	527,934.05	1.9%
Net Other Nonoperating Adjustments	386,096,297.88	387,911,347.50	(1,815,049.62)	-0.5%
Adjusted Income (Loss) including Depreciation & Amortization	(123,662,990.33)	(88,581,541.68)	(35,081,448.65)	-39.6%
Adjusted Margin % including Depreciation & Amortization	-8.8%	-6.3%		
Available University Fund Transfer	138,189,522.33	122,375,750.00	15,813,772.33	12.9%
Adjusted Income (Loss) with AUF Transfer	14,526,532.00	33,794,208.32	(19,267,676.32)	-57.0%
Adjusted Margin % with AUF Transfer	0.9%	2.2%		
Investment Gain (Losses)	212,998,873.78	128,282,420.06	84,716,453.72	66.0%
Adj. Inc. (Loss) with AUF Transfer & Invest. Gains (Losses)	\$227,525,405.78	\$162,076,628.38	\$65,448,777.40	40.4%
Adj. Margin % with AUF Transfer & Invest. Gains (Losses)	13.0%	9.8%		
Adjusted Income (Loss) with AUF Transfer excluding Depreciation & Amortization	190,693,198.67	188,377,541.65	2,315,657.02	1.2%
Adjusted Margin % with AUF Transfer excluding Depreciation & Amortization	12.4%	12.4%		

UNAUDITED

The University of Texas at Brownsville
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2014

	March Year-to-Date FY 2014	March Year-to-Date FY 2013	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition	18,436,364.19	22,413,624.16	(3,977,259.97)	-17.7%
Sponsored Programs	13,533,549.86	34,147,448.47	(20,613,898.61)	-60.4%
Net Sales and Services of Educational Activities	1,456,015.15	1,771,195.00	(315,179.85)	-17.8%
Net Auxiliary Enterprises	1,130,135.44	1,283,769.94	(153,634.50)	-12.0%
Other Operating Revenues	3,967.75	509.47	3,458.28	678.8%
Total Operating Revenues	34,560,032.39	59,616,547.04	(25,056,514.65)	-42.0%
Operating Expenses				
Salaries and Wages	28,689,089.39	39,789,734.32	(11,100,644.93)	-27.9%
Payroll Related Costs	8,544,776.65	11,061,475.98	(2,516,699.33)	-22.8%
Professional Fees and Services	901,336.13	768,543.17	132,792.96	17.3%
Other Contracted Services	296,126.13	526,154.66	(230,028.53)	-43.7%
Travel	539,093.82	628,618.23	(89,524.41)	-14.2%
Materials and Supplies	2,197,540.40	1,190,956.60	1,006,583.80	84.5%
Utilities	1,062,134.95	2,133,997.57	(1,071,862.62)	-50.2%
Communications	547,178.66	702,214.20	(155,035.54)	-22.1%
Repairs and Maintenance	1,631,026.74	1,043,474.99	587,551.75	56.3%
Rentals and Leases	2,122,367.45	1,218,809.20	903,558.25	74.1%
Printing and Reproduction	104,725.87	135,569.36	(30,843.49)	-22.8%
Scholarships and Fellowships	15,789,241.47	42,412,403.52	(26,623,162.05)	-62.8%
Depreciation and Amortization	4,884,505.74	4,717,988.50	166,517.24	3.5%
Federal Sponsored Program Pass-Through to Other State Agencies	53,885.04	24,386.14	29,498.90	121.0%
Other Operating Expenses	3,837,589.18	3,585,562.12	252,027.06	7.0%
Total Operating Expenses	71,200,617.62	109,939,888.56	(38,739,270.94)	-35.2%
Operating Loss	(36,640,585.23)	(50,323,341.52)	13,682,756.29	27.2%
Other Nonoperating Adjustments				
State Appropriations	18,916,642.78	21,510,455.62	(2,593,812.84)	-12.1%
Nonexchange Sponsored Programs	10,885,689.16	28,823,410.27	(17,937,721.11)	-62.2%
Gift Contributions for Operations	189,727.78	341,408.45	(151,680.67)	-44.4%
Net Investment Income	901,401.41	870,176.80	31,224.61	3.6%
Interest Expense on Capital Asset Financings	(1,538,651.92)	(1,640,080.33)	101,428.41	6.2%
Net Other Nonoperating Adjustments	29,354,809.21	49,905,370.81	(20,550,561.60)	-41.2%
Adjusted Income (Loss) including Depreciation & Amortization	(7,285,776.02)	(417,970.71)	(6,867,805.31)	-1,643.1%
Adjusted Margin % including Depreciation & Amortization	-11.1%	-0.4%		
Investment Gain (Losses)	2,020,757.92	1,512,170.05	508,587.87	33.6%
Adj. Inc. (Loss) with Investment Gains (Losses)	(5,265,018.10)	1,094,199.34	(6,359,217.44)	-581.2%
Adj. Margin % with Investment Gains (Losses)	-7.8%	1.0%		
Adjusted Income (Loss) excluding Depreciation & Amortization	(2,401,270.28)	4,300,017.79	(6,701,288.07)	-155.8%
Adjusted Margin % excluding Depreciation & Amortization	-3.7%	3.9%		

UNAUDITED

The University of Texas at Dallas
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2014

	March Year-to-Date FY 2014	March Year-to-Date FY 2013	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition	140,210,734.99	121,234,275.81	18,976,459.18	15.7%
Sponsored Programs	34,096,133.19	30,905,311.96	3,190,821.23	10.3%
Net Sales and Services of Educational Activities	6,804,817.50	6,321,475.75	483,341.75	7.6%
Net Auxiliary Enterprises	14,173,681.97	9,212,508.59	4,961,173.38	53.9%
Other Operating Revenues	1,048,142.34	2,318,999.68	(1,270,857.34)	-54.8%
Total Operating Revenues	196,333,509.99	169,992,571.79	26,340,938.20	15.5%
Operating Expenses				
Salaries and Wages	143,872,468.09	132,673,304.20	11,199,163.89	8.4%
Payroll Related Costs	33,134,122.60	29,405,528.26	3,728,594.34	12.7%
Professional Fees and Services	6,830,105.68	5,971,664.01	858,441.67	14.4%
Other Contracted Services	6,720,186.68	5,704,264.74	1,015,921.94	17.8%
Travel	3,059,746.17	3,201,444.73	(141,698.56)	-4.4%
Materials and Supplies	14,137,691.94	12,802,679.42	1,335,012.52	10.4%
Utilities	5,765,216.21	5,049,851.14	715,365.07	14.2%
Communications	369,132.36	455,469.88	(86,337.52)	-19.0%
Repairs and Maintenance	2,307,178.14	2,601,936.88	(294,758.74)	-11.3%
Rentals and Leases	2,543,719.50	1,855,562.80	688,156.70	37.1%
Printing and Reproduction	1,004,518.92	1,041,141.64	(36,622.72)	-3.5%
Scholarships and Fellowships	27,515,684.30	23,485,177.28	4,030,507.02	17.2%
Depreciation and Amortization	30,596,055.34	24,091,446.38	6,504,608.96	27.0%
Federal Sponsored Program Pass-Through to Other State Agencies	59,245.31	72,669.33	(13,424.02)	-18.5%
Other Operating Expenses	9,373,227.87	9,040,540.04	332,687.83	3.7%
Total Operating Expenses	287,288,299.11	257,452,680.73	29,835,618.38	11.6%
Operating Loss	(90,954,789.12)	(87,460,108.94)	(3,494,680.18)	-4.0%
Other Nonoperating Adjustments				
State Appropriations	68,495,636.88	58,646,057.59	9,849,579.29	16.8%
Nonexchange Sponsored Programs	16,426,071.30	22,239,180.08	(5,813,108.78)	-26.1%
Gift Contributions for Operations	7,823,773.19	6,784,392.48	1,039,380.71	15.3%
Net Investment Income	11,213,517.05	9,992,392.34	1,221,124.71	12.2%
Interest Expense on Capital Asset Financings	(7,067,734.52)	(7,322,252.35)	254,517.83	3.5%
Net Other Nonoperating Adjustments	96,891,263.90	90,339,770.14	6,551,493.76	7.3%
Adjusted Income (Loss) including Depreciation & Amortization	5,936,474.78	2,879,661.20	3,056,813.58	106.2%
Adjusted Margin % including Depreciation & Amortization	2.0%	1.1%		
Investment Gain (Losses)	23,393,913.75	14,709,209.08	8,684,704.67	59.0%
Adj. Inc. (Loss) with Investment Gains (Losses)	29,330,388.53	17,588,870.28	11,741,518.25	66.8%
Adj. Margin % with Investment Gains (Losses)	9.1%	6.2%		
Adjusted Income (Loss) excluding Depreciation & Amortization	36,532,530.12	26,971,107.58	9,561,422.54	35.5%
Adjusted Margin % excluding Depreciation & Amortization	12.2%	10.1%		

UNAUDITED

The University of Texas at El Paso
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2014

	March Year-to-Date FY 2014	March Year-to-Date FY 2013	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition	65,443,168.00	64,385,073.08	1,058,094.92	1.6%
Sponsored Programs	47,408,663.15	46,310,707.69	1,097,955.46	2.4%
Net Sales and Services of Educational Activities	3,325,818.38	3,410,239.14	(84,420.76)	-2.5%
Net Auxiliary Enterprises	15,670,079.30	17,617,311.82	(1,947,232.52)	-11.1%
Other Operating Revenues	55,428.34	72,267.28	(16,838.94)	-23.3%
Total Operating Revenues	131,903,157.17	131,795,599.01	107,558.16	0.1%
Operating Expenses				
Salaries and Wages	97,785,852.78	96,297,639.94	1,488,212.84	1.5%
Payroll Related Costs	25,818,018.10	24,204,541.09	1,613,477.01	6.7%
Professional Fees and Services	1,365,941.68	1,476,993.85	(111,052.17)	-7.5%
Other Contracted Services	11,598,602.20	12,912,483.66	(1,313,881.46)	-10.2%
Travel	4,670,131.09	4,604,202.60	65,928.49	1.4%
Materials and Supplies	13,569,243.94	12,596,111.98	973,131.96	7.7%
Utilities	4,001,759.06	3,895,753.84	106,005.22	2.7%
Communications	344,400.37	371,503.02	(27,102.65)	-7.3%
Repairs and Maintenance	3,252,152.56	3,039,230.34	212,922.22	7.0%
Rentals and Leases	2,570,958.15	2,406,171.41	164,786.74	6.8%
Printing and Reproduction	767,672.36	824,742.76	(57,070.40)	-6.9%
Scholarships and Fellowships	40,408,057.69	56,558,042.48	(16,149,984.79)	-28.6%
Depreciation and Amortization	16,379,938.18	15,353,994.36	1,025,943.82	6.7%
Federal Sponsored Program Pass-Through to Other State Agencies	551,883.06	756,906.43	(205,023.37)	-27.1%
Other Operating Expenses	4,265,640.27	3,918,778.68	346,861.59	8.9%
Total Operating Expenses	227,350,251.49	239,217,096.44	(11,866,844.95)	-5.0%
Operating Loss	(95,447,094.32)	(107,421,497.43)	11,974,403.11	11.1%
Other Nonoperating Adjustments				
State Appropriations	58,495,584.00	55,038,662.00	3,456,922.00	6.3%
Nonexchange Sponsored Programs	27,724,496.48	45,664,482.79	(17,939,986.31)	-39.3%
Gift Contributions for Operations	3,190,781.38	4,490,978.20	(1,300,196.82)	-29.0%
Net Investment Income	7,827,792.11	7,450,245.82	377,546.29	5.1%
Interest Expense on Capital Asset Financings	(4,744,917.45)	(4,984,517.09)	239,599.64	4.8%
Net Other Nonoperating Adjustments	92,493,736.52	107,659,851.72	(15,166,115.20)	-14.1%
Adjusted Income (Loss) including Depreciation & Amortization	(2,953,357.80)	238,354.29	(3,191,712.09)	-1,339.1%
Adjusted Margin % including Depreciation & Amortization	-1.3%	0.1%		
Investment Gain (Losses)	16,281,183.58	9,369,575.63	6,911,607.95	73.8%
Adj. Inc. (Loss) with Investment Gains (Losses)	13,327,825.78	9,607,929.92	3,719,895.86	38.7%
Adj. Margin % with Investment Gains (Losses)	5.4%	3.8%		
Adjusted Income (Loss) excluding Depreciation & Amortization	13,426,580.38	15,592,348.65	(2,165,768.27)	-13.9%
Adjusted Margin % excluding Depreciation & Amortization	5.9%	6.4%		

UNAUDITED

The University of Texas-Pan American
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2014

	March Year-to-Date FY 2014	March Year-to-Date FY 2013	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition	41,773,448.39	40,168,202.66	1,605,245.73	4.0%
Sponsored Programs	34,347,401.75	37,670,609.84	(3,323,208.09)	-8.8%
Net Sales and Services of Educational Activities	3,161,907.24	3,660,404.88	(498,497.64)	-13.6%
Net Auxiliary Enterprises	4,950,952.71	4,811,212.35	139,740.36	2.9%
Other Operating Revenues	858,702.06	1,395,323.92	(536,621.86)	-38.5%
Total Operating Revenues	85,092,412.15	87,705,753.65	(2,613,341.50)	-3.0%
Operating Expenses				
Salaries and Wages	65,708,166.04	63,248,807.67	2,459,358.37	3.9%
Payroll Related Costs	18,959,634.54	16,860,173.50	2,099,461.04	12.5%
Cost of Goods Sold	164,074.23	192,539.76	(28,465.53)	-14.8%
Professional Fees and Services	1,074,188.93	1,054,576.69	19,612.24	1.9%
Other Contracted Services	1,283,865.56	1,524,792.15	(240,926.59)	-15.8%
Travel	2,863,745.41	2,163,192.01	700,553.40	32.4%
Materials and Supplies	6,612,758.67	7,277,704.87	(664,946.20)	-9.1%
Utilities	3,249,238.51	3,098,876.50	150,362.01	4.9%
Communications	412,086.96	631,220.31	(219,133.35)	-34.7%
Repairs and Maintenance	1,379,196.77	1,963,213.40	(584,016.63)	-29.7%
Rentals and Leases	464,600.40	478,094.68	(13,494.28)	-2.8%
Printing and Reproduction	315,519.45	314,520.06	999.39	0.3%
Bad Debt Expense	39,341.31	55,688.69	(16,347.38)	-29.4%
Scholarships and Fellowships	36,735,588.53	55,282,031.18	(18,546,442.65)	-33.5%
Depreciation and Amortization	9,299,125.84	8,783,440.30	515,685.54	5.9%
Federal Sponsored Program Pass-Through to Other State Agencies	40,535.53	74,970.99	(34,435.46)	-45.9%
Other Operating Expenses	6,125,653.95	5,899,165.22	226,488.73	3.8%
Total Operating Expenses	154,727,320.63	168,903,007.98	(14,175,687.35)	-8.4%
Operating Loss	(69,634,908.48)	(81,197,254.33)	11,562,345.85	14.2%
Other Nonoperating Adjustments				
State Appropriations	45,432,607.42	42,628,773.09	2,803,834.33	6.6%
Nonexchange Sponsored Programs	24,571,671.72	43,877,238.34	(19,305,566.62)	-44.0%
Gift Contributions for Operations	2,184,481.05	1,705,350.48	479,130.57	28.1%
Net Investment Income	2,701,511.55	2,822,261.05	(120,749.50)	-4.3%
Interest Expense on Capital Asset Financings	(2,278,261.23)	(2,429,314.58)	151,053.35	6.2%
Net Other Nonoperating Adjustments	72,612,010.51	88,604,308.38	(15,992,297.87)	-18.0%
Adjusted Income (Loss) including Depreciation & Amortization	2,977,102.03	7,407,054.05	(4,429,952.02)	-59.8%
Adjusted Margin % including Depreciation & Amortization	1.9%	4.1%		
Investment Gain (Losses)	4,075,059.89	3,215,965.61	859,094.28	26.7%
Adj. Inc. (Loss) with Investment Gains (Losses)	7,052,161.92	10,623,019.66	(3,570,857.74)	-33.6%
Adj. Margin % with Investment Gains (Losses)	4.3%	5.8%		
Adjusted Income (Loss) excluding Depreciation & Amortization	12,276,227.87	16,190,494.35	(3,914,266.48)	-24.2%
Adjusted Margin % excluding Depreciation & Amortization	7.7%	9.1%		

UNAUDITED

The University of Texas of the Permian Basin
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2014

	March Year-to-Date FY 2014	March Year-to-Date FY 2013	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition	9,996,728.45	7,806,875.69	2,189,852.76	28.1%
Sponsored Programs	1,971,861.29	3,352,482.20	(1,380,620.91)	-41.2%
Net Sales and Services of Educational Activities	563,817.93	234,541.09	329,276.84	140.4%
Net Auxiliary Enterprises	3,339,361.90	3,731,075.81	(391,713.91)	-10.5%
Other Operating Revenues	35,642.94	293,618.21	(257,975.27)	-87.9%
Total Operating Revenues	15,907,412.51	15,418,593.00	488,819.51	3.2%
Operating Expenses				
Salaries and Wages	13,834,778.66	12,413,120.84	1,421,657.82	11.5%
Payroll Related Costs	3,719,755.50	3,365,531.62	354,223.88	10.5%
Professional Fees and Services	1,554,823.24	759,086.58	795,736.66	104.8%
Other Contracted Services	1,519,891.61	1,894,070.33	(374,178.72)	-19.8%
Travel	867,483.27	685,567.96	181,915.31	26.5%
Materials and Supplies	2,315,900.66	1,715,365.48	600,535.18	35.0%
Utilities	1,314,455.26	1,158,028.37	156,426.89	13.5%
Communications	402,080.04	386,365.35	15,714.69	4.1%
Repairs and Maintenance	244,888.78	412,230.12	(167,341.34)	-40.6%
Rentals and Leases	200,805.04	144,923.62	55,881.42	38.6%
Printing and Reproduction	62,984.51	94,478.21	(31,493.70)	-33.3%
Bad Debt Expense	(6,345.00)	-	(6,345.00)	100.0%
Scholarships and Fellowships	5,593,440.78	2,747,149.64	2,846,291.14	103.6%
Depreciation and Amortization	7,991,666.67	6,825,000.00	1,166,666.67	17.1%
Other Operating Expenses	520,620.69	431,369.13	89,251.56	20.7%
Total Operating Expenses	40,137,229.71	33,032,287.25	7,104,942.46	21.5%
Operating Loss	(24,229,817.20)	(17,613,694.25)	(6,616,122.95)	-37.6%
Other Nonoperating Adjustments				
State Appropriations	16,979,799.69	16,200,419.67	779,380.02	4.8%
Nonexchange Sponsored Programs	3,023,279.30	3,217,540.58	(194,261.28)	-6.0%
Gift Contributions for Operations	2,893,263.07	699,075.21	2,194,187.86	313.9%
Net Investment Income	1,234,545.16	1,288,931.82	(54,386.66)	-4.2%
Interest Expense on Capital Asset Financings	(2,905,525.21)	(3,077,153.17)	171,627.96	5.6%
Net Other Nonoperating Adjustments	21,225,362.01	18,328,814.11	2,896,547.90	15.8%
Adjusted Income (Loss) including Depreciation & Amortization	(3,004,455.19)	715,119.86	(3,719,575.05)	-520.1%
Adjusted Margin % including Depreciation & Amortization	-7.5%	1.9%		
Investment Gain (Losses)	2,264,764.42	1,174,840.81	1,089,923.61	92.8%
Adj. Inc. (Loss) with Investment Gains (Losses)	(739,690.77)	1,889,960.67	(2,629,651.44)	-139.1%
Adj. Margin % with Investment Gains (Losses)	-1.7%	5.0%		
Adjusted Income (Loss) excluding Depreciation & Amortization	4,987,211.48	7,540,119.86	(2,552,908.38)	-33.9%
Adjusted Margin % excluding Depreciation & Amortization	12.5%	20.5%		

UNAUDITED

The University of Texas at San Antonio
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2014

	March Year-to-Date FY 2014	March Year-to-Date FY 2013	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition	105,251,549.57	121,929,858.78	(16,678,309.21)	-13.7%
Sponsored Programs	37,076,653.83	42,834,724.47	(5,758,070.64)	-13.4%
Net Sales and Services of Educational Activities	5,966,365.64	6,364,190.66	(397,825.02)	-6.3%
Net Auxiliary Enterprises	23,081,645.29	19,692,354.96	3,389,290.33	17.2%
Other Operating Revenues	2,034,930.74	3,061,442.57	(1,026,511.83)	-33.5%
Total Operating Revenues	173,411,145.07	193,882,571.44	(20,471,426.37)	-10.6%
Operating Expenses				
Salaries and Wages	131,629,270.47	131,477,253.73	152,016.74	0.1%
Payroll Related Costs	34,337,358.95	33,341,673.24	995,685.71	3.0%
Cost of Goods Sold	408,333.33	379,166.67	29,166.66	7.7%
Professional Fees and Services	2,701,877.01	3,234,921.63	(533,044.62)	-16.5%
Other Contracted Services	7,830,200.34	7,373,244.00	456,956.34	6.2%
Travel	6,335,534.04	6,328,183.71	7,350.33	0.1%
Materials and Supplies	14,819,186.05	16,894,562.40	(2,075,376.35)	-12.3%
Utilities	7,408,333.33	7,177,916.67	230,416.66	3.2%
Communications	1,519,688.06	1,756,892.63	(237,204.57)	-13.5%
Repairs and Maintenance	4,796,660.86	5,968,200.30	(1,171,539.44)	-19.6%
Rentals and Leases	2,891,523.11	2,427,669.61	463,853.50	19.1%
Printing and Reproduction	641,237.65	667,229.75	(25,992.10)	-3.9%
Bad Debt Expense	250,109.76	56,793.64	193,316.12	340.4%
Scholarships and Fellowships	20,990,218.11	45,333,590.03	(24,343,371.92)	-53.7%
Depreciation and Amortization	27,217,570.95	24,865,983.00	2,351,587.95	9.5%
Federal Sponsored Program Pass-Through to Other State Agencies	1,488,531.08	2,000,427.72	(511,896.64)	-25.6%
Other Operating Expenses	5,544,206.87	7,211,657.87	(1,667,451.00)	-23.1%
Total Operating Expenses	270,809,839.97	296,495,366.60	(25,685,526.63)	-8.7%
Operating Loss	(97,398,694.90)	(102,612,795.16)	5,214,100.26	5.1%
Other Nonoperating Adjustments				
State Appropriations	71,416,450.89	65,403,765.59	6,012,685.30	9.2%
Nonexchange Sponsored Programs	28,350,000.00	41,269,572.17	(12,919,572.17)	-31.3%
Gift Contributions for Operations	5,541,666.67	4,083,333.33	1,458,333.34	35.7%
Net Investment Income	8,375,271.54	9,223,079.96	(847,808.42)	-9.2%
Interest Expense on Capital Asset Financings	(9,652,199.06)	(9,586,962.07)	(65,236.99)	-0.7%
Net Other Nonoperating Adjustments	104,031,190.04	110,392,788.98	(6,361,598.94)	-5.8%
Adjusted Income (Loss) including Depreciation & Amortization	6,632,495.14	7,779,993.82	(1,147,498.68)	-14.7%
Adjusted Margin % including Depreciation & Amortization	2.3%	2.5%		
Investment Gain (Losses)	18,987,589.58	13,260,154.97	5,727,434.61	43.2%
Adj. Inc. (Loss) with Investment Gains (Losses)	25,620,084.72	21,040,148.79	4,579,935.93	21.8%
Adj. Margin % with Investment Gains (Losses)	8.4%	6.4%		
Adjusted Income (Loss) excluding Depreciation & Amortization	33,850,066.09	32,645,976.82	1,204,089.27	3.7%
Adjusted Margin % excluding Depreciation & Amortization	11.8%	10.4%		

UNAUDITED

The University of Texas at Tyler
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2014

	March Year-to-Date FY 2014	March Year-to-Date FY 2013	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition	17,839,166.33	17,092,103.00	747,063.33	4.4%
Sponsored Programs	6,126,226.64	7,609,459.09	(1,483,232.45)	-19.5%
Net Sales and Services of Educational Activities	3,677,631.31	2,583,426.47	1,094,204.84	42.4%
Net Auxiliary Enterprises	2,649,792.96	2,513,312.89	136,480.07	5.4%
Other Operating Revenues	236,309.38	516,095.27	(279,785.89)	-54.2%
Total Operating Revenues	30,529,126.62	30,314,396.72	214,729.90	0.7%
Operating Expenses				
Salaries and Wages	29,549,938.74	27,296,892.89	2,253,045.85	8.3%
Payroll Related Costs	8,465,098.58	7,461,254.13	1,003,844.45	13.5%
Cost of Goods Sold	20,939.41	12,600.22	8,339.19	66.2%
Professional Fees and Services	880,922.49	881,950.71	(1,028.22)	-0.1%
Other Contracted Services	4,506,792.74	3,236,886.26	1,269,906.48	39.2%
Travel	1,165,053.70	1,031,706.28	133,347.42	12.9%
Materials and Supplies	3,056,585.75	3,260,150.03	(203,564.28)	-6.2%
Utilities	1,064,623.76	835,536.76	229,087.00	27.4%
Communications	785,797.72	884,739.52	(98,941.80)	-11.2%
Repairs and Maintenance	1,138,674.64	1,110,684.87	27,989.77	2.5%
Rentals and Leases	152,291.02	152,615.20	(324.18)	-0.2%
Printing and Reproduction	276,506.48	332,660.74	(56,154.26)	-16.9%
Bad Debt Expense	94.35	-	94.35	100.0%
Scholarships and Fellowships	2,683,333.33	3,144,976.72	(461,643.39)	-14.7%
Depreciation and Amortization	6,679,142.35	6,487,765.51	191,376.84	2.9%
Federal Sponsored Program Pass-Through to Other State Agencies	3,339.73	-	3,339.73	100.0%
Other Operating Expenses	1,196,991.97	1,102,850.57	94,141.40	8.5%
Total Operating Expenses	61,626,126.76	57,233,270.41	4,392,856.35	7.7%
Operating Loss	(31,097,000.14)	(26,918,873.69)	(4,178,126.45)	-15.5%
Other Nonoperating Adjustments				
State Appropriations	20,928,980.18	18,412,565.10	2,516,415.08	13.7%
Nonexchange Sponsored Programs	4,660,053.00	8,351,926.00	(3,691,873.00)	-44.2%
Gift Contributions for Operations	5,109,404.37	784,067.49	4,325,336.88	551.7%
Net Investment Income	3,031,465.35	2,869,963.65	161,501.70	5.6%
Interest Expense on Capital Asset Financings	(2,043,208.44)	(2,164,832.67)	121,624.23	5.6%
Net Other Nonoperating Adjustments	31,686,694.46	28,253,689.57	3,433,004.89	12.2%
Adjusted Income (Loss) including Depreciation & Amortization	589,694.32	1,334,815.88	(745,121.56)	-55.8%
Adjusted Margin % including Depreciation & Amortization	0.9%	2.2%		
Investment Gain (Losses)	6,597,316.60	3,847,376.17	2,749,940.43	71.5%
Adj. Inc. (Loss) with Investment Gains (Losses)	7,187,010.92	5,182,192.05	2,004,818.87	38.7%
Adj. Margin % with Investment Gains (Losses)	10.1%	8.0%		
Adjusted Income (Loss) excluding Depreciation & Amortization	7,268,836.67	7,822,581.39	(553,744.72)	-7.1%
Adjusted Margin % excluding Depreciation & Amortization	11.3%	12.9%		

UNAUDITED

The University of Texas Southwestern Medical Center
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2014

	March Year-to-Date FY 2014	March Year-to-Date FY 2013	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition	11,017,319.54	10,272,669.02	744,650.52	7.2%
Sponsored Programs	297,066,400.12	273,854,632.10	23,211,768.02	8.5%
Net Sales and Services of Educational Activities	5,691,282.11	6,652,313.60	(961,031.49)	-14.4%
Net Sales and Services of Hospitals	468,375,132.61	420,532,333.92	47,842,798.69	11.4%
Net Professional Fees	256,287,318.00	243,320,152.86	12,967,165.14	5.3%
Net Auxiliary Enterprises	11,311,269.03	10,363,472.26	947,796.77	9.1%
Other Operating Revenues	22,975,806.13	17,411,127.00	5,564,679.13	32.0%
Total Operating Revenues	1,072,724,527.54	982,406,700.76	90,317,826.78	9.2%
Operating Expenses				
Salaries and Wages	618,863,970.89	579,595,629.99	39,268,340.90	6.8%
Payroll Related Costs	143,486,300.78	130,566,243.74	12,920,057.04	9.9%
Cost of Goods Sold	1,506,316.75	1,570,751.88	(64,435.13)	-4.1%
Professional Fees and Services	26,238,768.87	19,343,276.76	6,895,492.11	35.6%
Other Contracted Services	68,938,774.08	57,981,859.97	10,956,914.11	18.9%
Travel	6,090,595.74	5,276,291.59	814,304.15	15.4%
Materials and Supplies	171,770,756.77	158,673,631.82	13,097,124.95	8.3%
Utilities	15,092,185.29	14,414,919.90	677,265.39	4.7%
Communications	6,141,144.15	6,468,567.81	(327,423.66)	-5.1%
Repairs and Maintenance	7,034,917.74	3,858,131.53	3,176,786.21	82.3%
Rentals and Leases	2,652,075.70	2,724,626.68	(72,550.98)	-2.7%
Printing and Reproduction	1,763,206.76	1,718,384.85	44,821.91	2.6%
Scholarships and Fellowships	437,509.92	423,320.33	14,189.59	3.4%
Depreciation and Amortization	68,394,106.92	62,875,317.99	5,518,788.93	8.8%
Federal Sponsored Program Pass-Through to Other State Agencies	1,223,190.28	1,246,589.75	(23,399.47)	-1.9%
Other Operating Expenses	20,957,683.58	23,019,086.70	(2,061,403.12)	-9.0%
Total Operating Expenses	1,160,591,504.22	1,069,756,631.29	90,834,872.93	8.5%
Operating Loss	(87,866,976.68)	(87,349,930.53)	(517,046.15)	-0.6%
Other Nonoperating Adjustments				
State Appropriations	98,369,091.72	89,047,231.63	9,321,860.09	10.5%
Nonexchange Sponsored Programs	-	10,700.00	(10,700.00)	-100.0%
Gift Contributions for Operations	19,119,076.37	14,406,360.65	4,712,715.72	32.7%
Net Investment Income	51,976,266.45	55,926,292.76	(3,950,026.31)	-7.1%
Interest Expense on Capital Asset Financings	(15,223,602.94)	(20,123,804.82)	4,900,201.88	24.4%
Net Other Nonoperating Adjustments	154,240,831.60	139,266,780.22	14,974,051.38	10.8%
Adjusted Income (Loss) including Depreciation & Amortization	66,373,854.92	51,916,849.69	14,457,005.23	27.8%
Adjusted Margin % including Depreciation & Amortization	5.3%	4.5%		
Investment Gain (Losses)	149,283,028.36	56,481,136.73	92,801,891.63	164.3%
Adj. Inc. (Loss) with Investment Gains (Losses)	215,656,883.28	108,397,986.42	107,258,896.86	98.9%
Adj. Margin % with Investment Gains (Losses)	15.5%	9.0%		
Adjusted Income (Loss) excluding Depreciation & Amortization	134,767,961.84	114,792,167.68	19,975,794.16	17.4%
Adjusted Margin % excluding Depreciation & Amortization	10.8%	10.1%		

UNAUDITED

The University of Texas Medical Branch at Galveston
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2014

	March Year-to-Date FY 2014	March Year-to-Date FY 2013	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition	20,704,270.68	19,103,452.40	1,600,818.28	8.4%
Sponsored Programs	111,725,503.99	116,773,766.56	(5,048,262.57)	-4.3%
Net Sales and Services of Educational Activities	10,072,139.24	11,717,438.38	(1,645,299.14)	-14.0%
Net Sales and Services of Hospitals	487,919,471.00	465,134,188.40	22,785,282.60	4.9%
Net Professional Fees	82,370,097.32	78,901,749.65	3,468,347.67	4.4%
Net Auxiliary Enterprises	3,600,708.19	3,649,967.76	(49,259.57)	-1.3%
Other Operating Revenues	12,774,379.39	13,789,498.97	(1,015,119.58)	-7.4%
Total Operating Revenues	729,166,569.81	709,070,062.12	20,096,507.69	2.8%
Operating Expenses				
Salaries and Wages	482,967,073.99	467,913,130.09	15,053,943.90	3.2%
Payroll Related Costs	129,663,976.79	125,107,178.95	4,556,797.84	3.6%
Cost of Goods Sold	40,911,291.93	36,363,044.31	4,548,247.62	12.5%
Professional Fees and Services	18,251,557.69	20,589,315.69	(2,337,758.00)	-11.4%
Other Contracted Services	50,843,398.02	53,865,724.87	(3,022,326.85)	-5.6%
Travel	3,836,155.06	3,473,081.71	363,073.35	10.5%
Materials and Supplies	76,488,958.30	74,629,618.80	1,859,339.50	2.5%
Utilities	18,195,341.92	24,483,254.40	(6,287,912.48)	-25.7%
Communications	5,108,893.17	4,992,240.10	116,653.07	2.3%
Repairs and Maintenance	24,991,069.66	24,151,352.44	839,717.22	3.5%
Rentals and Leases	14,828,003.82	13,925,483.29	902,520.53	6.5%
Printing and Reproduction	646,534.26	752,377.86	(105,843.60)	-14.1%
Scholarships and Fellowships	4,385,674.01	5,042,971.14	(657,297.13)	-13.0%
Depreciation and Amortization	60,824,066.97	55,168,881.94	5,655,185.03	10.3%
Federal Sponsored Program Pass-Through to Other State Agencies	1,808,094.81	1,874,123.20	(66,028.39)	-3.5%
Other Operating Expenses	20,107,430.84	22,821,855.87	(2,714,425.03)	-11.9%
Total Operating Expenses	953,857,521.24	935,153,634.66	18,703,886.58	2.0%
Operating Loss	(224,690,951.43)	(226,083,572.54)	1,392,621.11	0.6%
Other Nonoperating Adjustments				
State Appropriations	199,596,915.45	203,818,933.87	(4,222,018.42)	-2.1%
Nonexchange Sponsored Programs	416,270.00	319,576.00	96,694.00	30.3%
Gift Contributions for Operations	4,248,297.26	3,120,186.45	1,128,110.81	36.2%
Net Investment Income	21,144,064.85	19,305,653.44	1,838,411.41	9.5%
Interest Expense on Capital Asset Financings	(4,261,411.18)	(4,469,319.49)	207,908.31	4.7%
Net Other Nonoperating Adjustments	221,144,136.38	222,095,030.27	(950,893.89)	-0.4%
Adjusted Income (Loss) including Depreciation & Amortization	(3,546,815.05)	(3,988,542.27)	441,727.22	11.1%
Adjusted Margin % including Depreciation & Amortization	-0.4%	-0.4%		
Investment Gain (Losses)	48,855,238.62	22,440,515.17	26,414,723.45	117.7%
Adj. Inc. (Loss) with Investment Gains (Losses)	45,308,423.57	18,451,972.90	26,856,450.67	145.5%
Adj. Margin % with Investment Gains (Losses)	4.5%	1.9%		
Adjusted Income (Loss) excluding Depreciation & Amortization	57,277,251.92	51,180,339.67	6,096,912.25	11.9%
Adjusted Margin % excluding Depreciation & Amortization	6.0%	5.5%		

UNAUDITED

The University of Texas Health Science Center at Houston
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2014

	March Year-to-Date FY 2014	March Year-to-Date FY 2013	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition	25,164,719.16	24,318,970.05	845,749.11	3.5%
Sponsored Programs	309,483,668.37	284,312,253.41	25,171,414.96	8.9%
Net Sales and Services of Educational Activities	17,330,128.12	13,105,067.95	4,225,060.17	32.2%
Net Sales and Services of Hospitals	34,516,705.64	36,709,679.47	(2,192,973.83)	-6.0%
Net Professional Fees	126,722,466.23	106,946,430.98	19,776,035.25	18.5%
Net Auxiliary Enterprises	14,267,876.52	13,997,958.99	269,917.53	1.9%
Other Operating Revenues	17,003,416.24	7,474,465.31	9,528,950.93	127.5%
Total Operating Revenues	544,488,980.28	486,864,826.16	57,624,154.12	11.8%
Operating Expenses				
Salaries and Wages	386,064,307.87	356,296,287.74	29,768,020.13	8.4%
Payroll Related Costs	84,516,741.82	77,745,473.74	6,771,268.08	8.7%
Cost of Goods Sold	7,052,220.44	8,897,413.47	(1,845,193.03)	-20.7%
Professional Fees and Services	29,363,220.42	24,932,684.00	4,430,536.42	17.8%
Other Contracted Services	46,299,735.30	28,987,337.29	17,312,398.01	59.7%
Travel	5,055,116.11	4,572,449.35	482,666.76	10.6%
Materials and Supplies	28,425,439.32	31,633,571.68	(3,208,132.36)	-10.1%
Utilities	9,657,422.25	9,368,391.64	289,030.61	3.1%
Communications	2,602,653.09	2,491,577.76	111,075.33	4.5%
Repairs and Maintenance	5,631,177.79	4,661,020.95	970,156.84	20.8%
Rentals and Leases	13,712,732.98	12,338,440.37	1,374,292.61	11.1%
Printing and Reproduction	2,869,741.88	2,744,490.66	125,251.22	4.6%
Scholarships and Fellowships	4,102,076.98	3,806,355.90	295,721.08	7.8%
Depreciation and Amortization	33,375,351.23	32,883,230.28	492,120.95	1.5%
Federal Sponsored Program Pass-Through to Other State Agencies	1,779,944.83	2,010,317.86	(230,373.03)	-11.5%
Other Operating Expenses	22,021,570.23	16,920,532.57	5,101,037.66	30.1%
Total Operating Expenses	682,529,452.54	620,289,575.26	62,239,877.28	10.0%
Operating Loss	(138,040,472.26)	(133,424,749.10)	(4,615,723.16)	-3.5%
Other Nonoperating Adjustments				
State Appropriations	115,133,409.59	102,893,672.21	12,239,737.38	11.9%
Nonexchange Sponsored Programs	304,101.82	339,026.72	(34,924.90)	-10.3%
Gift Contributions for Operations	9,528,258.99	11,536,605.38	(2,008,346.39)	-17.4%
Net Investment Income	16,771,861.91	16,884,799.58	(112,937.67)	-0.7%
Interest Expense on Capital Asset Financings	(6,576,856.09)	(6,975,154.34)	398,298.25	5.7%
Net Other Nonoperating Adjustments	135,160,776.22	124,678,949.55	10,481,826.67	8.4%
Adjusted Income (Loss) including Depreciation & Amortization	(2,879,696.04)	(8,745,799.55)	5,866,103.51	67.1%
Adjusted Margin % including Depreciation & Amortization	-0.4%	-1.4%		
Investment Gain (Losses)	32,431,837.80	21,194,405.98	11,237,431.82	53.0%
Adj. Inc. (Loss) with Investment Gains (Losses)	29,552,141.76	12,448,606.43	17,103,535.33	137.4%
Adj. Margin % with Investment Gains (Losses)	4.1%	1.9%		
Adjusted Income (Loss) excluding Depreciation & Amortization	30,495,655.19	24,137,430.73	6,358,224.46	26.3%
Adjusted Margin % excluding Depreciation & Amortization	4.4%	3.9%		

UNAUDITED

The University of Texas Health Science Center at San Antonio
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2014

	March Year-to-Date FY 2014	March Year-to-Date FY 2013	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition	20,003,397.75	19,413,230.08	590,167.67	3.0%
Sponsored Programs	166,814,544.37	165,483,528.41	1,331,015.96	0.8%
Net Sales and Services of Educational Activities	12,243,500.29	12,494,324.14	(250,823.85)	-2.0%
Net Professional Fees	83,184,861.55	87,405,836.38	(4,220,974.83)	-4.8%
Net Auxiliary Enterprises	3,183,131.55	3,159,431.70	23,699.85	0.8%
Other Operating Revenues	12,058,394.88	5,074,223.30	6,984,171.58	137.6%
Total Operating Revenues	297,487,830.39	293,030,574.01	4,457,256.38	1.5%
Operating Expenses				
Salaries and Wages	234,183,633.79	235,026,297.89	(842,664.10)	-0.4%
Payroll Related Costs	62,256,958.07	60,877,234.47	1,379,723.60	2.3%
Professional Fees and Services	8,879,485.18	9,965,861.54	(1,086,376.36)	-10.9%
Other Contracted Services	14,412,908.26	11,245,708.71	3,167,199.55	28.2%
Travel	2,701,527.10	2,821,113.66	(119,586.56)	-4.2%
Materials and Supplies	21,114,496.62	23,185,541.73	(2,071,045.11)	-8.9%
Utilities	10,347,187.08	9,866,656.33	480,530.75	4.9%
Communications	6,518,699.05	7,169,492.91	(650,793.86)	-9.1%
Repairs and Maintenance	2,797,586.11	2,817,201.80	(19,615.69)	-0.7%
Rentals and Leases	3,013,810.89	3,152,403.61	(138,592.72)	-4.4%
Printing and Reproduction	1,023,029.37	1,236,692.27	(213,662.90)	-17.3%
Scholarships and Fellowships	4,484,824.32	4,277,969.53	206,854.79	4.8%
Depreciation and Amortization	29,166,666.67	28,583,333.33	583,333.34	2.0%
Federal Sponsored Program Pass-Through to Other State Agencies	1,166,666.67	1,035,416.67	131,250.00	12.7%
Other Operating Expenses	21,242,340.04	20,549,120.79	693,219.25	3.4%
Total Operating Expenses	423,309,819.22	421,810,045.24	1,499,773.98	0.4%
Operating Loss	(125,821,988.83)	(128,779,471.23)	2,957,482.40	2.3%
Other Nonoperating Adjustments				
State Appropriations	101,630,912.83	95,810,269.33	5,820,643.50	6.1%
Nonexchange Sponsored Programs	700,000.00	962,500.00	(262,500.00)	-27.3%
Gift Contributions for Operations	12,713,913.20	9,388,803.07	3,325,110.13	35.4%
Net Investment Income	22,419,762.77	19,205,133.90	3,214,628.87	16.7%
Interest Expense on Capital Asset Financings	(5,446,873.81)	(5,747,457.38)	300,583.57	5.2%
Net Other Nonoperating Adjustments	132,017,714.99	119,619,248.92	12,398,466.07	10.4%
Adjusted Income (Loss) including Depreciation & Amortization	6,195,726.16	(9,160,222.31)	15,355,948.47	167.6%
Adjusted Margin % including Depreciation & Amortization	1.4%	-2.2%		
Investment Gain (Losses)	40,013,335.48	25,099,309.18	14,914,026.30	59.4%
Adj. Inc. (Loss) with Investment Gains (Losses)	46,209,061.64	15,939,086.87	30,269,974.77	189.9%
Adj. Margin % with Investment Gains (Losses)	9.7%	3.6%		
Adjusted Income (Loss) excluding Depreciation & Amortization	35,362,392.83	19,423,111.02	15,939,281.81	82.1%
Adjusted Margin % excluding Depreciation & Amortization	8.1%	4.6%		

UNAUDITED

The University of Texas M. D. Anderson Cancer Center
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2014

	March Year-to-Date FY 2014	March Year-to-Date FY 2013	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition	1,117,445.74	993,328.26	124,117.48	12.5%
Sponsored Programs	165,309,455.34	196,875,709.59	(31,566,254.25)	-16.0%
Net Sales and Services of Educational Activities	1,611,229.13	1,639,190.66	(27,961.53)	-1.7%
Net Sales and Services of Hospitals	1,700,267,729.93	1,556,623,042.98	143,644,686.95	9.2%
Net Professional Fees	217,544,848.63	211,952,595.13	5,592,253.50	2.6%
Net Auxiliary Enterprises	22,937,769.30	21,707,894.64	1,229,874.66	5.7%
Other Operating Revenues	66,123,552.46	45,153,852.48	20,969,699.98	46.4%
Total Operating Revenues	2,174,912,030.53	2,034,945,613.74	139,966,416.79	6.9%
Operating Expenses				
Salaries and Wages	967,977,398.32	934,562,804.99	33,414,593.33	3.6%
Payroll Related Costs	275,265,967.59	266,645,790.57	8,620,177.02	3.2%
Cost of Goods Sold	2,526,579.81	2,760,403.11	(233,823.30)	-8.5%
Professional Fees and Services	80,779,303.73	88,082,481.54	(7,303,177.81)	-8.3%
Other Contracted Services	61,890,096.23	48,638,809.60	13,251,286.63	27.2%
Travel	8,822,733.42	9,938,955.19	(1,116,221.77)	-11.2%
Materials and Supplies	422,305,661.36	399,237,409.72	23,068,251.64	5.8%
Utilities	27,597,872.48	28,282,286.77	(684,414.29)	-2.4%
Communications	5,524,560.10	6,176,919.54	(652,359.44)	-10.6%
Repairs and Maintenance	52,435,462.10	49,831,590.11	2,603,871.99	5.2%
Rentals and Leases	26,966,055.00	27,111,112.00	(145,057.00)	-0.5%
Printing and Reproduction	2,662,232.32	2,236,146.51	426,085.81	19.1%
Scholarships and Fellowships	3,107,897.30	941,062.72	2,166,834.58	230.3%
Depreciation and Amortization	165,008,403.48	163,857,923.62	1,150,479.86	0.7%
Federal Sponsored Program Pass-Through to Other State Agencies	8,679,978.79	307,583.62	8,372,395.17	2,722.0%
State Sponsored Program Pass-Through to Other State Agencies	3,105,461.49	-	3,105,461.49	100.0%
Other Operating Expenses	19,178,545.41	18,525,850.56	652,694.85	3.5%
Total Operating Expenses	2,133,834,208.93	2,047,137,130.17	86,697,078.76	4.2%
Operating Loss	41,077,821.60	(12,191,516.43)	53,269,338.03	436.9%
Other Nonoperating Adjustments				
State Appropriations	107,952,745.46	95,154,818.19	12,797,927.27	13.4%
Nonexchange Sponsored Programs	1,552,110.00	(99.00)	1,552,209.00	1,567,887.9%
Gift Contributions for Operations	83,845,221.29	82,525,485.41	1,319,735.88	1.6%
Net Investment Income	42,063,377.90	43,916,253.22	(1,852,875.32)	-4.2%
Interest Expense on Capital Asset Financings	(21,555,360.75)	(22,446,517.87)	891,157.12	4.0%
Net Other Nonoperating Adjustments	213,858,093.90	199,149,939.95	14,708,153.95	7.4%
Adjusted Income (Loss) including Depreciation & Amortization	254,935,915.50	186,958,423.52	67,977,491.98	36.4%
Adjusted Margin % including Depreciation & Amortization	10.6%	8.3%		
Investment Gain (Losses)	153,919,576.37	92,920,172.40	60,999,403.97	65.6%
Adj. Inc. (Loss) with Investment Gains (Losses)	408,855,491.87	279,878,595.92	128,976,895.95	46.1%
Adj. Margin % with Investment Gains (Losses)	15.9%	11.9%		
Adjusted Income (Loss) excluding Depreciation & Amortization	419,944,318.98	350,816,347.14	69,127,971.84	19.7%
Adjusted Margin % excluding Depreciation & Amortization	17.4%	15.5%		

UNAUDITED

The University of Texas Health Science Center at Tyler
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2014

	March Year-to-Date FY 2014	March Year-to-Date FY 2013	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition	69,250.32	23,723.16	45,527.16	191.9%
Sponsored Programs	7,747,865.77	8,238,491.51	(490,625.74)	-6.0%
Net Sales and Services of Educational Activities	865,648.93	789,563.06	76,085.87	9.6%
Net Sales and Services of Hospitals	31,576,845.63	25,954,589.41	5,622,256.22	21.7%
Net Professional Fees	6,594,452.98	5,971,370.15	623,082.83	10.4%
Net Auxiliary Enterprises	96,292.87	104,616.77	(8,323.90)	-8.0%
Other Operating Revenues	19,398,326.61	945,060.00	18,453,266.61	1,952.6%
Total Operating Revenues	66,348,683.11	42,027,414.06	24,321,269.05	57.9%
Operating Expenses				
Salaries and Wages	39,728,702.29	35,869,802.60	3,858,899.69	10.8%
Payroll Related Costs	12,076,589.28	10,946,144.31	1,130,444.97	10.3%
Cost of Goods Sold	52,896.70	44,388.63	8,508.07	19.2%
Professional Fees and Services	4,480,592.68	4,985,012.10	(504,419.42)	-10.1%
Other Contracted Services	9,489,449.20	4,010,505.01	5,478,944.19	136.6%
Travel	313,970.81	271,303.31	42,667.50	15.7%
Materials and Supplies	10,944,942.07	8,574,484.03	2,370,458.04	27.6%
Utilities	1,798,731.80	1,605,982.75	192,749.05	12.0%
Communications	428,103.19	382,084.85	46,018.34	12.0%
Repairs and Maintenance	2,853,840.14	2,328,496.24	525,343.90	22.6%
Rentals and Leases	686,696.43	528,382.59	158,313.84	30.0%
Printing and Reproduction	25,147.75	58,868.38	(33,720.63)	-57.3%
Scholarships and Fellowships	50,145.96	42,421.16	7,724.80	18.2%
Depreciation and Amortization	5,686,226.74	5,197,254.36	488,972.38	9.4%
Federal Sponsored Program Pass-Through to Other State Agencies	58,178.80	111,092.38	(52,913.58)	-47.6%
Other Operating Expenses	1,587,848.82	1,349,452.41	238,396.41	17.7%
Total Operating Expenses	90,262,062.66	76,305,675.11	13,956,387.55	18.3%
Operating Loss	(23,913,379.55)	(34,278,261.05)	10,364,881.50	30.2%
Other Nonoperating Adjustments				
State Appropriations	24,951,831.15	21,725,904.73	3,225,926.42	14.8%
Gift Contributions for Operations	205,332.02	448,059.52	(242,727.50)	-54.2%
Net Investment Income	2,377,156.06	2,461,245.41	(84,089.35)	-3.4%
Interest Expense on Capital Asset Financings	(889,163.94)	(937,974.45)	48,810.51	5.2%
Net Other Nonoperating Adjustments	26,645,155.29	23,697,235.21	2,947,920.08	12.4%
Adjusted Income (Loss) including Depreciation & Amortization	2,731,775.74	(10,581,025.84)	13,312,801.58	125.8%
Adjusted Margin % including Depreciation & Amortization	2.9%	-15.9%		
Investment Gain (Losses)	3,678,574.06	2,424,165.01	1,254,409.05	51.7%
Adj. Inc. (Loss) with Investment Gains (Losses)	6,410,349.80	(8,156,860.83)	14,567,210.63	178.6%
Adj. Margin % with Investment Gains (Losses)	6.6%	-11.8%		
Adjusted Income (Loss) excluding Depreciation & Amortization	8,418,002.48	(5,383,771.48)	13,801,773.96	256.4%
Adjusted Margin % excluding Depreciation & Amortization	9.0%	-8.1%		

3. **U. T. System Board of Regents: The University of Texas Investment Management Company (UTIMCO) Performance Summary Report and Investment Reports for the quarter ended February 28, 2014**

REPORT

The February 28, 2014 UTIMCO Performance Summary Report is attached on Page 120.

The Investment Reports for the quarter ended February 28, 2014, are set forth on Pages 121 - 124.

Item I on Page 121 reports activity for the Permanent University Fund (PUF) investments. The PUF's net investment return for the quarter was 3.59% versus its composite benchmark return of 2.49%. The PUF's net asset value increased by \$660 million since the beginning of the quarter to \$16,285 million. The increase was due to \$243 million PUF Lands receipts, plus a net investment return of \$562 million, less distributions to the Available University Fund (AUF) of \$145 million.

Item II on Page 122 reports activity for the General Endowment Fund (GEF) investments. The GEF's net investment return for the quarter was 3.43% versus its composite benchmark return of 2.49%. The GEF's net asset value increased by \$209 million during the quarter to \$7,910 million.

Item III on Page 123 reports activity for the Intermediate Term Fund (ITF). The ITF's net investment return for the quarter was 2.61% versus its composite benchmark return of 2.02%. The net asset value increased during the quarter to \$6,146 million due to net investment return of \$159 million, plus net contributions of \$87 million, less distributions of \$45 million. All exposures were within their asset class and investment type ranges. Liquidity was within policy.

Item IV on Page 124 presents book and market values of cash, debt, equity, and other securities held in funds outside of internal investment pools. Total cash and equivalents, consisting primarily of institutional operating funds held in the Dreyfus and Fidelity money market funds, increased by \$303 million to \$2,189 million during the three months since the last reporting period. Market values for the remaining asset types were debt securities: \$21 million versus \$21 million at the beginning of the period; equities: \$97 million versus \$80 million at the beginning of the period; and other investments: \$2 million versus \$.4 million at the beginning of the period

UTIMCO Performance Summary

February 28, 2014

	Net Asset Value 2/28/2014 (in Millions)	Periods Ended February 28, 2014 (Returns for Periods Longer Than One Year are Annualized)							
		<u>Short Term</u>		<u>Year to Date</u>		<u>Historic Returns</u>			
		1 Mo	3 Mos	Fiscal	Calendar	1 Yr	3 Yrs	5 Yrs	10 Yrs
ENDOWMENT FUNDS									
Permanent University Fund	\$ 16,285	3.28%	3.59%	8.56%	2.12%	11.11%	7.11%	13.47%	7.23%
General Endowment Fund		3.22	3.43	8.50	1.93	11.12	7.19	13.52	7.30
Permanent Health Fund	1,077	3.22	3.44	8.46	2.00	11.03	7.11	13.41	7.22
Long Term Fund	6,833	3.22	3.44	8.45	2.00	11.03	7.11	13.41	7.22
Separately Invested Funds	197	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total Endowment Funds	24,392								
OPERATING FUNDS									
Intermediate Term Fund	6,146	2.62	2.61	6.77	1.61	7.24	5.01	12.05	N/A
Debt Proceeds Fund	198	0.01	0.02	0.04	0.01	0.10	N/A	N/A	N/A
Short Term Fund	1,913	0.00	0.01	0.03	0.01	0.08	0.13	0.20	1.87
Total Operating Funds	8,257								
Total Investments	\$ 32,649								
VALUE ADDED (1) (Percent)									
Permanent University Fund		0.61%	1.10%	0.71%	0.68%	1.55%	1.20%	1.90%	1.46%
General Endowment Fund		0.55	0.94	0.65	0.49	1.56	1.28	1.95	1.53
Intermediate Term Fund		0.19	0.59	0.37	0.14	1.96	1.97	1.98	N/A
Debt Proceeds Fund		0.01	-	0.01	-	0.02	N/A	N/A	N/A
Short Term Fund		-	(0.01)	-	-	-	0.04	0.08	0.21
VALUE ADDED (1) (\$ IN MILLIONS)									
Permanent University Fund		\$ 97	\$ 172	\$ 107	\$ 108	\$ 226	\$ 525	\$ 1,251	\$ 1,990
General Endowment Fund		42	72	47	38	115	299	704	1,148
Intermediate Term Fund		11	36	22	8	107	312	477	N/A
Total Value Added		\$ 150	\$ 280	\$ 176	\$ 154	\$ 448	\$ 1,136	\$ 2,432	\$ 3,138

Footnote available upon request.

UTIMCO 3/24/2014

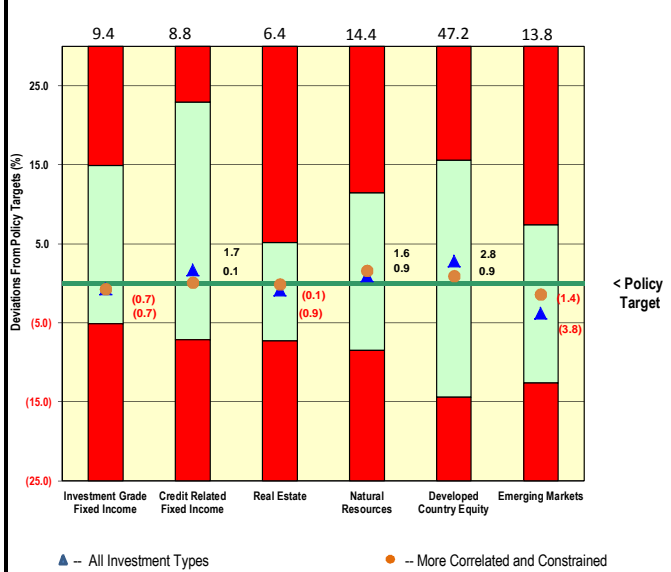
I. PERMANENT UNIVERSITY FUND Investment Reports for Periods Ended February 28, 2014

Prepared in accordance with Texas Education Code Sec. 51.0032

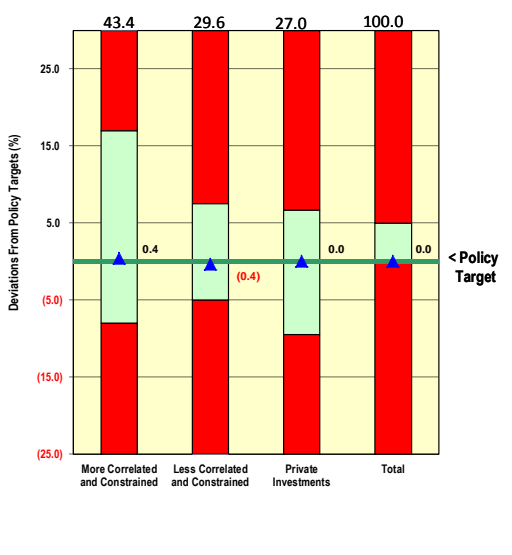
Summary of Capital Flows			
(\$ millions)	Fiscal Year Ended August 31, 2013	Quarter Ended February 28, 2014	Fiscal Year to Date August 31, 2014
Beginning Net Assets	\$ 13,470	\$ 15,625	\$ 14,853
PUF Lands Receipts	857	243	560
Investment Return (Net of Expenses)	1,170	562	1,271
Distributions to AUF	(644)	(145)	(399)
Ending Net Assets	<u>\$ 14,853</u>	<u>\$ 16,285</u>	<u>\$ 16,285</u>

	Fiscal Year to Date				
	Returns		Value Added		
	Portfolio	Policy Benchmark	From Asset Allocation	From Security Selection	Total
More Correlated and Constrained:					
Investment Grade	0.77%	4.12%	-0.04%	-0.27%	-0.31%
Credit-Related	6.77%	8.19%	0.00%	0.00%	0.00%
Real Estate	8.89%	8.96%	0.00%	-0.01%	-0.01%
Natural Resources	1.41%	6.12%	-0.16%	-0.36%	-0.52%
Developed Country	15.84%	14.67%	0.01%	0.17%	0.18%
Emerging Markets	6.80%	4.77%	-0.05%	0.25%	0.20%
Total More Correlated and Constrained	7.60%	8.57%	-0.24%	-0.22%	-0.46%
Less Correlated and Constrained	9.15%	6.22%	0.05%	0.82%	0.87%
Private Investments	9.54%	8.28%	0.00%	0.30%	0.30%
Total	8.56%	7.85%	-0.19%	0.90%	0.71%

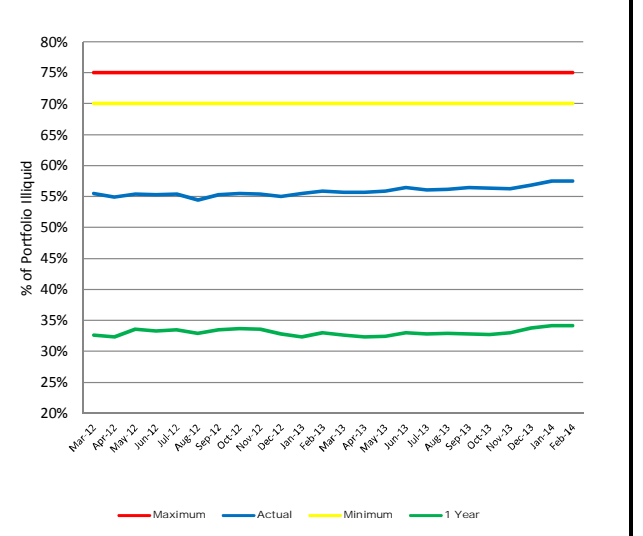
Deviations From Asset Class Policy Targets Within Tactical Policy Ranges for PUF



Deviations From Investment Type Policy Targets Within Tactical Policy Ranges for PUF



Permanent University Fund
Actual Illiquidity vs. Trigger Zones

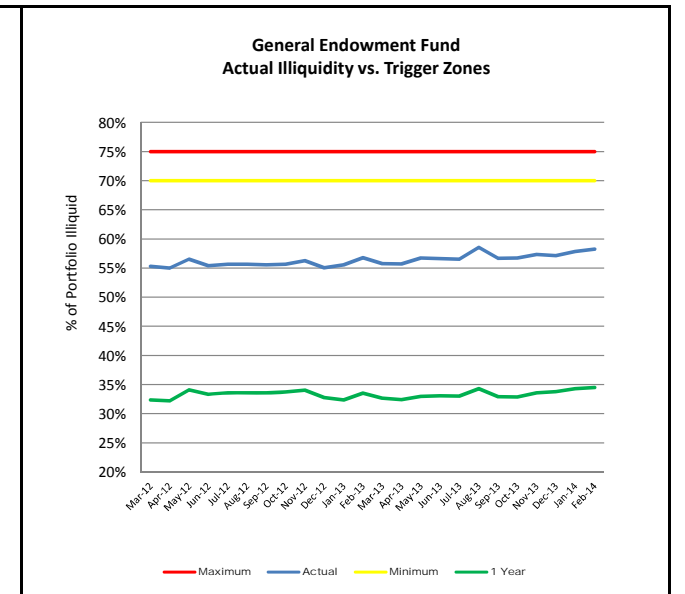
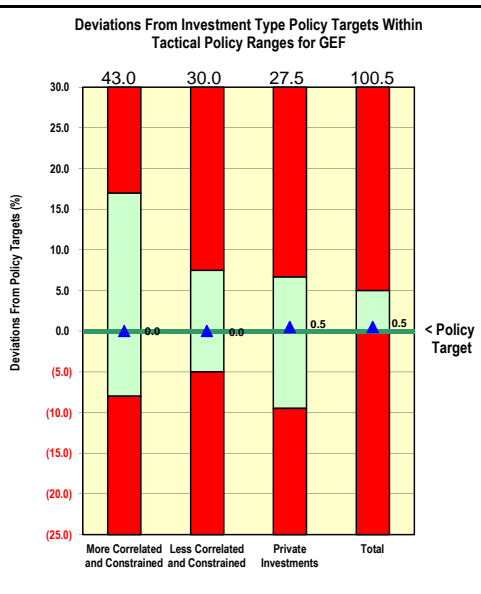
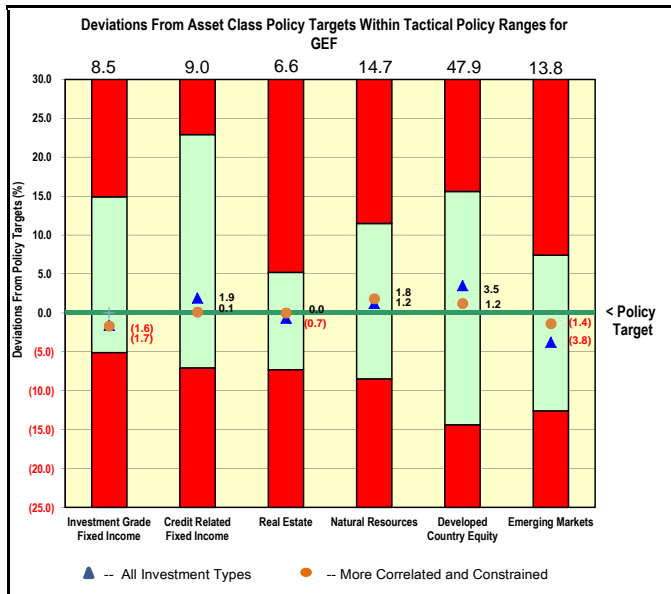


II. GENERAL ENDOWMENT FUND Investment Reports for Periods Ended February 28, 2014

Prepared in accordance with Texas Education Code Sec. 51.0032

Summary of Capital Flows			
(\$ millions)	Fiscal Year Ended August 31, 2013	Quarter Ended February 28, 2014	Fiscal Year to Date August 31, 2014
Beginning Net Assets	\$ 7,105	\$ 7,701	\$ 7,396
Contributions	166	35	70
Withdrawals	(152)	(1)	(2)
Distributions	(360)	(93)	(184)
Investment Return (Net of Expenses)	637	268	630
Ending Net Assets	<u>\$ 7,396</u>	<u>\$ 7,910</u>	<u>\$ 7,910</u>

	Fiscal Year to Date				
	Returns		Value Added		
	Portfolio	Policy Benchmark	From Asset Allocation	From Security Selection	Total
More Correlated and Constrained:					
Investment Grade	1.21%	4.12%	-0.01%	-0.23%	-0.24%
Credit-Related	6.77%	8.19%	0.00%	0.00%	0.00%
Real Estate	8.95%	8.96%	0.00%	0.00%	0.00%
Natural Resources	1.46%	6.12%	-0.18%	-0.36%	-0.54%
Developed Country	15.84%	14.67%	0.02%	0.18%	0.20%
Emerging Markets	5.23%	4.77%	-0.01%	0.07%	0.06%
Total More Correlated and Constrained	7.44%	8.57%	-0.18%	-0.34%	-0.52%
Less Correlated and Constrained	9.15%	6.22%	0.06%	0.80%	0.86%
Private Investments	9.54%	8.28%	-0.01%	0.32%	0.31%
Total	8.50%	7.85%	-0.13%	0.78%	0.65%

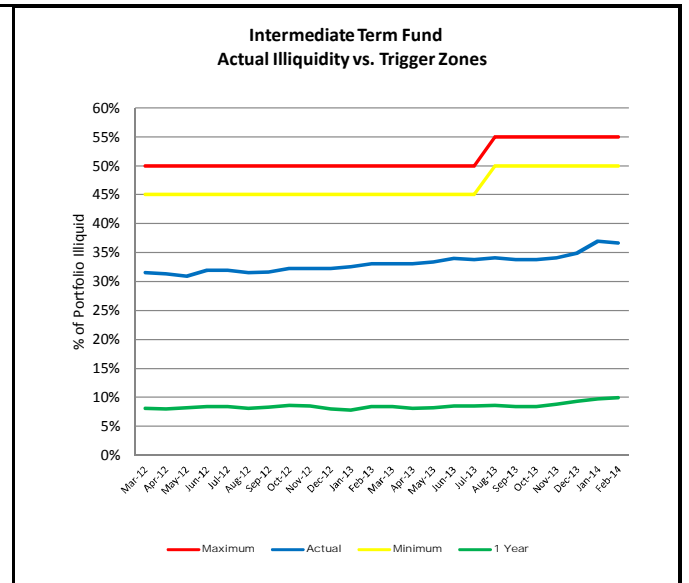
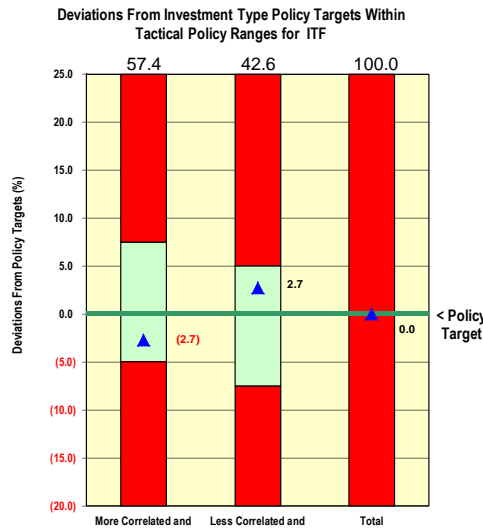
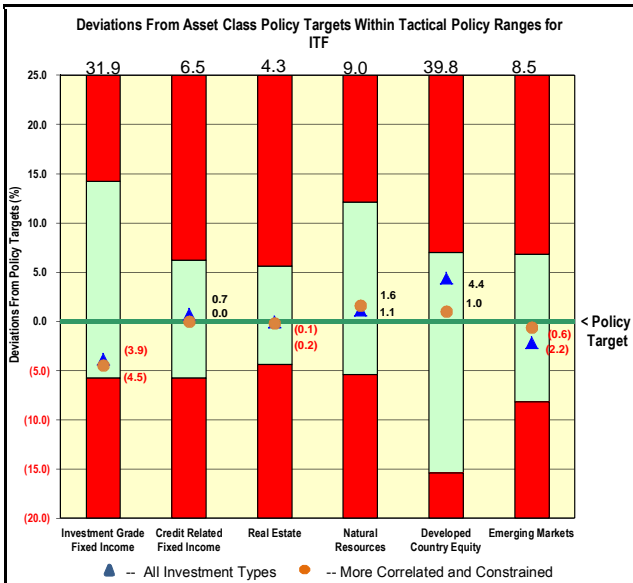


III. INTERMEDIATE TERM FUND Investment Reports for Periods Ended February 28, 2014

Prepared in accordance with *Texas Education Code Sec. 51.0032*

Summary of Capital Flows				
(\$ millions)	Fiscal Year Ended August 31, 2013	Quarter Ended February 28, 2014	Fiscal Year to Date August 31, 2014	
Beginning Net Assets	\$ 4,893	\$ 5,945	\$ 5,520	
Contributions	694	134	398	
Withdrawals	(158)	(47)	(70)	
Distributions	(158)	(45)	(89)	
Investment Return (Net of Expenses)	249	159	387	
Ending Net Assets	<u>\$ 5,520</u>	<u>\$ 6,146</u>	<u>\$ 6,146</u>	

	Fiscal Year to Date				
	Returns		Value Added		
	Portfolio	Policy Benchmark	From Asset Allocation	From Security Selection	Total
More Correlated and Constrained:					
Investment Grade	2.80%	4.12%	0.06%	-0.44%	-0.38%
Credit-Related	0.00%	0.00%	0.00%	0.00%	0.00%
Real Estate	8.96%	8.96%	-0.04%	-0.01%	-0.05%
Natural Resources	1.61%	6.12%	-0.09%	-0.33%	-0.42%
Developed Country	15.86%	14.67%	0.01%	0.12%	0.13%
Emerging Markets	4.46%	4.77%	-0.03%	-0.03%	-0.06%
Total More Correlated and Constrained	5.22%	6.47%	-0.09%	-0.69%	-0.78%
Less Correlated and Constrained	9.15%	6.22%	0.13%	1.02%	1.15%
Private Investments	0.00%	0.00%	0.00%	0.00%	0.00%
Total	6.77%	6.40%	0.04%	0.33%	0.37%



IV. SEPARATELY INVESTED ASSETS
Summary Investment Report at February 28, 2014
 Report prepared in accordance with *Texas Education Code Sec. 51.0032*

ASSET TYPES	(\$ thousands)															
	FUND TYPE															
	CURRENT PURPOSE DESIGNATED		RESTRICTED		ENDOWMENT & SIMILAR FUNDS		ANNUITY & LIFE INCOME FUNDS		AGENCY FUNDS		TOTAL EXCLUDING OPERATING FUNDS		OPERATING FUNDS (DEBT PROCEEDS AND SHORT TERM FUND)		TOTAL	
BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	
Cash & Equivalents:																
Beginning value 11/30/13	-	-	3,694	3,694	36,722	36,722	2,236	2,236	1,537	1,537	44,189	44,189	1,841,347	1,841,347	1,885,536	1,885,536
Increase/(Decrease)	-	-	268	268	34,529	34,529	(292)	(292)	(959)	(959)	33,546	33,546	269,776	269,776	303,322	303,322
Ending value 02/28/14	-	-	3,962	3,962	71,251	71,251	1,944	1,944	578	578	77,735	77,735	2,111,123	2,111,123	2,188,858	2,188,858
Debt Securities:																
Beginning value 11/30/13	-	-	60	60	11,784	12,186	8,739	8,914	-	-	20,583	21,160	-	-	20,583	21,160
Increase/(Decrease)	-	-	(3)	(2)	(514)	(365)	52	33	-	-	(465)	(334)	-	-	(465)	(334)
Ending value 02/28/14	-	-	57	58	11,270	11,821	8,791	8,947	-	-	20,118	20,826	-	-	20,118	20,826
Equity Securities:																
Beginning value 11/30/13	1,160	18,140	273	269	39,365	46,807	12,534	14,715	-	-	53,332	79,931	-	-	53,332	79,931
Increase/(Decrease)	-	14,388	1,591	1,590	401	558	327	224	-	-	2,319	16,760	-	-	2,319	16,760
Ending value 02/28/14	1,160	32,528	1,864	1,859	39,766	47,365	12,861	14,939	-	-	55,651	96,691	-	-	55,651	96,691
Other:																
Beginning value 11/30/13	-	-	272	272	6	6	504	132	-	-	782	410	-	-	782	410
Increase/(Decrease)	-	-	680	680	-	-	12	(21)	503	503	1,195	1,162	-	-	1,195	1,162
Ending value 02/28/14	-	-	952	952	6	6	516	111	503	503	1,977	1,572	-	-	1,977	1,572
Total Assets:																
Beginning value 11/30/13	1,160	18,140	4,299	4,295	87,877	95,721	24,013	25,997	1,537	1,537	118,886	145,690	1,841,347	1,841,347	1,960,233	1,987,037
Increase/(Decrease)	-	14,388	2,536	2,536	34,416	34,722	99	(56)	(456)	(456)	36,595	51,134	269,776	269,776	306,371	320,910
Ending value 02/28/14	1,160	32,528	6,835	6,831	122,293	130,443	24,112	25,941	1,081	1,081	155,481	196,824	2,111,123	2,111,123	2,266,604	2,307,947

Details of individual assets by account furnished upon request.

4. **U. T. System Board of Regents: Approval of revisions to the amended and restated University of Texas Investment Management Company (UTIMCO) Compensation Program**

RECOMMENDATION

The University of Texas Investment Management Company Board of Directors (UTIMCO Board) and the Executive Vice Chancellor for Business Affairs recommend that the U. T. System Board of Regents (U. T. System Board) approve the amended and restated UTIMCO Compensation Program (Plan) effective September 1, 2013. The revisions to the Plan are set forth in congressional style on the following pages.

The Plan was approved by the UTIMCO Board on February 20, 2014, and amends and restates the UTIMCO Compensation Program that was approved by the U. T. System Board on August 23, 2012 (Prior Plan). The Prior Plan Appendices C and D were amended November 14, 2013. The Plan is to be effective for the Plan Year beginning September 1, 2013.

BACKGROUND INFORMATION

The Prior Plan consists of two elements: base salary and an annual incentive plan. The UTIMCO Board has the discretion to interpret the compensation program and may from time to time adopt such rules and regulations that it may deem necessary to carry out the Compensation Program and may also amend the Compensation Program.

The proposed changes are as follows:

Section 5.8(b)(2) of the Plan and Appendix D, Table 2

Contingent on the U. T. System Board's approval, the Custom Cambridge Fund of Funds Benchmark will replace the current Venture Economics Custom Index and the NACRIEF Custom Index benchmarks for all Private Investments Asset Classes.

The Private Investments benchmark was last changed in 2004 when two different methodologies were adopted, one for the Private Investments Asset Class and one for the Total Fund. Since 2004, superior data has become available from Cambridge, including fund of funds data. The recommended change utilizes this fund of funds data with a single benchmark for both the Private Investments Asset Classes and the Total Fund. The recommended change will adopt the rolling three-year period return as is used for the rest of the Plan. The new benchmark will become effective as of September 1, 2013; immediately for the Private Investments Asset Classes and implemented over the next three years at the Total Fund level.

Appendix A

The Performance Incentive Award Methodology has been updated to reflect actual CEO Performance Incentive Award opportunities based on current compensation.

Appendix B

The UTIMCO Peer Group has been updated with four additional endowment funds that have met the required criteria for the UTIMCO Peer Group as described in Appendix B. Therefore, these four endowment funds have been added to the Peer Group: Brown University, Dartmouth College, Johns Hopkins University, and New York University.

Other miscellaneous nonsubstantive and editorial changes have been made.

5.8. *Performance Measurement Standards*

(a) Entity Performance

- (1) Entity Performance for purposes of the Performance Incentive Plan is the performance of the Total Endowment Assets (weighted at 80%) and the Intermediate Term Fund (weighted at 20%).
- (2) The performance of the Total Endowment Assets (“TEA”) is measured based on the TEA’s performance relative to the TEA Policy Portfolio Return (TEA benchmark).
- (3) The performance of the Intermediate Term Fund will be measured based on the performance of the ITF relative to the ITF Policy Portfolio Return (ITF benchmark).
- (4) Performance standards related to the TEA and ITF for each Performance Period beginning after August 31, 2010, will be set forth on a revised table for each such Performance Period and set forth on Appendix D as soon as administratively practicable after such standards are determined. Performance of the TEA and ITF is measured net of fees, meaning performance is measured after factoring in all administrative and other fees incurred for managing the TEA and ITF.
- (5) Except as provided in Section 5.9, performance of the Total Endowment Assets (based on the TEA benchmark) and the Intermediate Fund (based on the ITF benchmark) will be measured based on a three-year rolling historical performance of each such fund.

(b) Asset Class/Investment Type Performance

(+) Asset Class/Investment Type Performance is the performance of specific asset classes and investment types within the Total Endowment Assets and the Intermediate Term Fund (such as developed country, private investments, etc.) based on the standards set forth in this Section 5.8(b). Except as provided in ~~paragraph (2) below and~~ Section 5.9, Asset Class/Investment Type Performance will be measured relative to the appropriate benchmark based on three-year rolling historical performance. Performance standards for each asset class and investment type will vary depending on the ability to outperform the respective benchmark. The benchmarks for each asset class and investment type, as well as threshold, target, and maximum performance standards in effect during the three-year rolling historical period, culminating with the current Performance Period, are set forth on Table 2, which is attached as Appendix D. Table 2 will be revised, as necessary, for subsequent Performance Periods to reflect new benchmarks, as well as threshold, target, and maximum performance standards, in effect during the three-year rolling historical period,

culminating with the subsequent Performance Period, in which event, such revised table will be attached as Appendix D as soon as administratively practicable after the change in such benchmarks and standards necessitating such change are set.

~~(2) Performance for private investments is calculated differently from other asset classes and investment types due to its longer investment horizon and illiquidity of assets. Except for private investments in Real Estate, performance of private investments is determined based on the performance of partnership commitments made since 2001 based on internal rates of return (IRR's) relative to the respective Venture Economics benchmarks. Performance of private investments in Real Estate will be determined based on the performance of partnership commitments made relative to a NACRIEF Custom Index benchmark.~~

(c) Qualitative Performance

- (1) The level of a Participant's Qualitative Performance will be measured by the CEO (in the case of the CCO, jointly by the Audit and Ethics Committee and the CEO), subject to approval by the Compensation Committee, based on the level of attainment (below threshold, threshold, target, or maximum) of the Participant's Qualitative Performance Goals for the Performance Period.
- (2) For purposes of determining the level of attainment of each Participant's Qualitative Performance Goals for the Performance Period, the Participant will have attained below threshold level if he or she fails to successfully complete at least 50% of his or her Qualitative Performance Goals for that Performance Period, threshold level if he or she successfully completes 50% of his or her Qualitative Performance Goals for that Performance Period, target level if he or she successfully completes 75% of his or her Qualitative Performance Goals for that Performance Period, and maximum level if he or she successfully completes 100% of his or her Qualitative Performance Goals for that Performance Period (with interpolation for levels of attainment between threshold, target, and maximum).
- (3) In determining the percentage of successful completion of a Participant's Qualitative Performance Goals, the CEO, and in the case of the CCO, the Audit and Ethics Committee (in the initial determination) and the Compensation Committee (in its review of the attained levels for approval) need not make such determination based solely on the number of Qualitative Performance Goals successfully completed but may take into account the varying degrees of importance of the Qualitative Performance Goals, changes in the Participant's employment duties occurring after the Qualitative Performance Goals are determined for the Performance Period, and any other facts and circumstances determined by the CEO, and in the

Performance Incentive Award Methodology

Appendix A

**Performance Incentive Award Methodology
(for Performance Periods beginning on or after September 1, ~~2012~~2013)**

I. Determine “Incentive Award Opportunities” for Each Participant²

- Step 1. Identify the weights to be allocated to each of the three Performance Goals for each Participant’s Eligible Position. The weights vary for each Eligible Position each Performance Period and are set forth in Table 1 on Appendix C for the applicable Performance Period. The total of the weights ascribed to the three Performance Goals must add up to 100% for each Participant. For example, Table 1 on Appendix C may reflect for a Performance Period for the CEO that the weight allocated to the Entity Performance Goal is 60%, the weight allocated to the Asset Class/Investment Type Performance Goal is 0%, and the weight allocated to the Individual Performance Goal is 40%.
- Step 2. Identify the percentage of base salary for the Participant’s Eligible Position that determines the Performance Incentive Award for achievement of the Threshold, Target, and Maximum levels of the Performance Goals. The percentages vary for each Eligible Position each Performance Period and are set forth in Table 1 on Appendix C for the applicable Performance Period. For example, Table 1 on Appendix C may show that for a Performance Period the applicable percentages for determining the Performance Incentive Award for the CEO are 0% of his or her base salary for achievement of Threshold level performance of all three Performance Goals, ~~100~~125% of his or her base salary for achievement of Target level performance of all three Performance Goals, and ~~320~~340% of his or her base salary for achievement of Maximum level performance of all three Performance Goals.
- Step 3. Calculate the dollar amount of the potential Threshold, Target, and Maximum awards (the “Incentive Award Opportunities”) for each Participant by multiplying the Participant’s base salary for the Performance Period by the applicable percentage (from Step #2 above). For example, assuming the CEO has a base salary of ~~\$600,000~~ \$655,000 for a Performance Period, based on the assumed percentages set forth in Step #2 above, the CEO will be eligible for a total award of \$0 if he or she achieves Threshold level performance of all three Performance Goals, ~~\$600,000~~ \$655,000 (~~100~~125% of his or her base salary) if he or she achieves

² These Incentive Award Opportunities represent amounts that each Participant will be awarded if he or she achieves his or her Performance Goals at varying levels and are calculated at the beginning of each Performance Period or, if later, the date such Participant commences participation in the Performance Incentive Plan.

Target level performance of all three Performance Goals, and ~~\$1,920,000~~\$2,227,000 (~~32~~34%) of his or her base salary) if he or she achieves Maximum level performance of all three Performance Goals.

- Step 4. Because a Participant may achieve different levels of performance in different Performance Goals and be eligible for different levels of awards for that achievement (e.g., he or she may achieve Target performance in the Entity Performance Goal and be eligible to receive a Target award for that goal and achieve Maximum performance in the Qualitative Performance Goal and be eligible to receive a Maximum award for that Performance Goal), it is necessary to determine the Incentive Award Opportunity of the Threshold, Target, and Maximum award for each separate Performance Goal (and, because achievement of the Entity Performance Goal is determined in part by achievement of the Total Endowment Assets and in part by achievement of the Intermediate Term Fund, a Threshold, Target, and Maximum Incentive Award Opportunity separately for the TEA and the ITF must be determined). This is done by multiplying the dollar amount of the Threshold, Target, and Maximum awards for the performance of all three Performance Goals calculated in Step #3 above for the Participant by the weight allocated for that Participant to the particular Performance Goal (and, further, by multiplying the Incentive Award Opportunity for the Entity Performance by the weight ascribed to achievement of the Total Endowment Assets (80%) and by the weight ascribed to achievement of the Intermediate Term Fund (20%)).
- Step 5. After Steps #3 and #4 above are performed for each of the three levels of performance for each of the three Performance Goals, there will be 12 different Incentive Award Opportunities for each Participant. For example, for the CEO (based on an assumed base salary of ~~\$600,000~~\$655,000, the assumed weights for the Performance Goals set forth in Step #1 above, and the assumed percentages of base salary for the awards set forth in Step #2 above), the 12 different Incentive Award Opportunities for achievement of the Performance Goals for the Performance Period are as follows:

Incentive Award Opportunities for CEO
(based on assumed base salary of ~~\$600,000~~\$655,000)

Performance Goal	Weight	Threshold Level Award	Target Level Award	Maximum Level Award
Entity (TEA v. TEA Policy Portfolio Return)	48% (.80 x .60)	\$0	\$288,000 <u>393,000</u>	\$921,600 <u>1,068,960</u>
Entity (ITF v. ITF Policy Portfolio Return)	12% (.20 x .60)	\$0	\$72,000 <u>98,250</u>	\$230,400 <u>267,240</u>
Asset Class/Investment Type	0%	\$0	\$0	\$0
Qualitative	40%	\$0	\$240,000 <u>327,500</u>	\$768,000 <u>890,800</u>
Total	100%	\$0 (0% of salary)	\$600,000 <u>818,750</u> (+100 <u>125</u> % of salary)	\$1,920,000 <u>2,227,000</u> (320 <u>340</u> % of salary)

II. Calculate Performance Incentive Award for Each Participant³

- Step 6. Identify the achievement percentiles or achieved basis points that divide the Threshold, Target, and Maximum levels for each Performance Goal. These divisions for the level of achievement of the Entity and Asset Class/Investment Type Performance Goals are set forth in the table for the applicable Performance Period as set forth on Appendix D. The measurement for the level of achievement (i.e., Threshold, Target, or Maximum) for the Qualitative Performance Goal is initially determined each Performance Period by the Participant's supervisor, if any, (in the case of the CCO, jointly by the Audit and Ethics Committee and the CEO), and then is approved (or adjusted) by the Compensation Committee as it deems appropriate in its discretion. If the Participant has no supervisor, the measurement for the level of achievement for the Qualitative Performance Goal is determined each Performance Period by the Compensation Committee. The Board will determine the CEO's level of achievement relative to the CEO's Performance Goals.
- Step 7. Determine the percentile or basis points achieved for each Performance Goal for each Participant using the standards set forth in Sections 5.5 and 5.8 of the Compensation Program, as modified in Section 5.9. Determine the level of achievement of each Participant's Qualitative Performance Goal.
- Step 8. Calculate the amount of each Participant's award attributable to each Performance Goal by identifying the Incentive Award Opportunity amount for each Performance Goal (e.g., as assumed and set forth for the CEO in the table in Step #5 above) commensurate with the Participant's level of achievement for that Performance Goal (determined in Steps #6 and #7

³ In the event that the Net Returns of the Total Endowment Assets during the Performance Period for which Performance Incentive Awards are being determined are below negative 14.0% at the end of such Performance Period, steps 6 through 14 need not be followed with respect to Affected Participants when calculating Performance Incentive Awards for that Performance Period.

above). An award for achievement percentiles in between the stated Threshold, Target, and Maximum levels is determined by linear interpolation. For example, if +100 bps of the TEA benchmark portion of the Total Endowment Assets portion of the Entity Performance Goal has been achieved, that +100 bps is between the Target (+75bps) and the Maximum (+225bps) levels, so to determine the amount of the award attributable to +100 bps of achievement of the TEA benchmark portion of the Total Endowment Assets portion of the Entity Performance Goal, perform the following steps: (i) subtract the difference between the dollar amounts of the Target and Maximum Incentive Award Opportunities for the Participant (e.g., for the CEO, as illustrated in the table in Step #5, the difference is ~~\$633,600~~675,960 (~~\$921,600 - \$288,000~~\$1,068,960 - \$393,000)); (ii) divide 25 (the bps difference between the Target level of +75 bps and the attained level of +100 bps) by 150 (the bps difference between the Target level and Maximum level) to get the fraction 25/150 to determine the pro rata portion of the difference between Target and Maximum actually achieved; (iii) multiply the amount determined in the preceding Step (i) by the fraction determined in the preceding Step (ii) (~~\$633,600~~675,960 x 25/150 = ~~\$105,600~~112,660); and (iv) add the amount determined in the preceding Step (iii) to the Target Incentive Award Opportunity for the Participant to get the actual award for the Participant attributable to each Performance Goal (~~\$105,600 + \$288,000 = \$393,600~~)(\$112,660 + 393,000 = 505,660).

- Step 9. In determining the Asset Class/Investment Type Performance portion of an award for a Performance Period for each Participant who is responsible for more than one asset class and investment type during that Performance Period, first, the Participant's attained level of achievement (i.e., Below Threshold, Threshold, Target, or Maximum) is determined for each asset class and investment type for which such Participant is responsible by comparing the actual performance to the appropriate benchmark for the asset class and investment type; then, the award is calculated for the determined level of achievement for each such asset class and investment type by multiplying the award commensurate with the level of achievement by the weight assigned to the Asset Class/Investment Type Performance Goal for such Participant; then, the various asset classes and investment types for which the Participant is responsible are assigned a pro rata weight (i.e., the assets in such asset class and investment type relative to the total assets under such Participant's responsibility); then, each determined award for a separate asset class and investment type is multiplied by the weight for that asset class and investment type; and, finally, the weighted awards are totaled to produce the Participant's award attributable to Asset Class/Investment Type Performance.
- Step 10. In determining the award attributable to the Entity Performance Goal, achievement of the Total Endowment Assets portion of the Entity Performance Goal (and the commensurate award) is weighted at 80% (and then multiplied by the weight assigned to the Entity Performance Goal for

the Participant), and achievement of the Intermediate Term Fund portion of the Entity Performance Goal (and commensurate award) is weighted at 20% (and then multiplied by the weight assigned to the Entity Performance Goal for the Participant). For example, assuming a base salary of ~~\$600,000~~655,000, if the CEO achieved the Target level (+75 bps) of the TEA benchmark portion of the Total Endowment Assets portion of the Entity Performance Goal, and achieved the Maximum level (+150 bps) of the Intermediate Term Fund portion of the Entity Performance Goal, he or she would have earned an award of ~~\$518,400~~660,240 for his or her level of achievement of the Entity Performance Goal as follows: ~~\$288,000~~393,000 for Target level of achievement of the TEA benchmark portion of the TEA portion of Entity Performance Goal (.80 x .60 x ~~\$600,000~~655,000) plus ~~\$230,400~~267,240 for Maximum level of achievement of the ITF portion of the Entity Performance Goal (.20 x .60 x ~~\$1,920,000~~2,227,000).

- Step 11. No award is given for an achievement percentile below Threshold, and no award above the Maximum award is given for an achievement percentile above the Maximum level.
- Step 12. Subject to any applicable adjustment in Step #13 below, add the awards determined in Steps #8, #9, and #10 above for each Performance Goal (as modified by Step #11) together to determine the total amount of the Participant's Performance Incentive Award for the Performance Period.
- Step 13. In the case of any Participant who becomes a Participant in the Performance Incentive Plan after the first day of the applicable Performance Period, such Participant's Performance Incentive Award (determined in Step #12) will be prorated to reflect the actual portion of the Performance Period in which he or she was a Participant. In the case of a Participant who ceases to be a Participant prior to the end of a Performance Period, his or her entitlement to any Performance Incentive Award is determined under Section 5.10 and, in the case of such entitlement, such Participant's Performance Incentive Award, if any, will be prorated and adjusted as provided in Section 5.10.
- Step 14. In the case of any Affected Participant, such Affected Participant's Performance Incentive Award calculated pursuant to Steps #1 through #13 above shall be multiplied by the appropriate factor set forth in the following charges:

Appendix B

UTIMCO Peer Group

- [Brown University](#)
- Columbia University
- [Cornell University](#)
- [Dartmouth College](#)
- Duke University
- Emory University
- [Harvard University](#)
- [Johns Hopkins University](#)
- [Massachusetts Institute of Technology](#)
- [New York University](#)
- Northwestern University
- Princeton University
- Rice University
- Stanford University
- UNC Management Company
- University of California
- University of Chicago
- University of Michigan
- University of Notre Dame
- University of Pennsylvania
- University of Southern California
- University of Virginia Investment Management Company
- Vanderbilt University
- Washington University in St. Louis
- Yale University

Source: Cambridge Associates. Represents endowment funds (excluding the Total Endowment Assets) with more than 10 full-time employee positions, allocations to alternative assets in excess of 40%, and with assets greater than \$2.5 billion, all to be determined as of the last day of each fiscal year end June ~~2010~~, 2011, 2012, [and 2013](#).

Appendix D

UPDATED TABLE 2 (09/01/10 through 8/31/11)

Asset Class/Investment Type	Benchmark	Policy Portfolio Weights		Performance Standards		
		Total Endowment	IIF	Threshold	Target	Maximum
		Assets				
		(% of Portfolio)	(% of Portfolio)			
Entity: Benchmark (Total Endowment Funds)	Policy Portfolio	n/a	n/a	+0 bps	+75 bps	+225 bps
Entity: Benchmark (Intermediate Term Fund)	Policy Portfolio	n/a	n/a	+0 bps	+50 bps	+150 bps
Investment Grade Fixed Income	Barclays Capital Global Aggregate Index	7.5%	30.0%	+0 bps	+25 bps	+62.5 bps
Real Estate	FTSE EPRA/NAREIT Developed Index	2.5%	5.0%	+0 bps	+62.5 bps	+150 bps
Natural Resources	50% Dow Jones-UBS Commodity Total Return Index and 50% MSCI World Natural Resources Index	6.5%	7.5%	+0 bps	+62.5 bps	+150 bps
Developed Country Equity	MSCI World Index with net dividends	19.5%	15.0%	+0 bps	+62.5 bps	+150 bps
Emerging Markets Equity	MSCI Emerging Markets with net dividends	12.0%	7.5%	+0 bps	+62.5 bps	+150 bps
Hedge Funds (Less Correlated & Constrained Investments)	Hedge Fund Research Indices Fund of Funds Composite Index*	30.0%	35.0%	+0 bps	+75 bps	+250 bps
Private Investments (excludes Real Estate)	Venture Economics Custom Index	20.0%	0%	+0 bps	+100 bps	+350 bps
Private Investments Real Estate	NACREIF Custom Index	2.0%	0%	+0 bps	+100 bps	+325 bps
Specific asset class benchmarks:						
Credit-Related Fixed Income	Barclays Capital Global High Yield Index			+0 bps	+37.5 bps	+100 bps
Internal Investment Grade Fixed Income	US Barclays Capital Aggregate			+0 bps	+25 bps	+50 bps

* For the Performance Period beginning 7/01/2008 through 12/31/2008, the benchmark is MSCI Investable Hedge Fund Index

UPDATED TABLE 2 (9/1/11 through 08/31/12)

Asset Class/Investment Type	Benchmark	Policy Portfolio Weights		Performance Standards		
		Total Endowment	IIF	Threshold	Target	Maximum
		Assets				
		(% of Portfolio)	(% of Portfolio)			
Entity: Benchmark (Total Endowment Funds)	Policy Portfolio	n/a	n/a	+0 bps	+75 bps	+225 bps
Entity: Benchmark (Intermediate Term Fund)	Policy Portfolio	n/a	n/a	+0 bps	+50 bps	+150 bps
Investment Grade Fixed Income	Barclays Capital Global Aggregate Index	7.5%	35.0%	+0 bps	+25 bps	+62.5 bps
Real Estate	FTSE EPRA/NAREIT Developed Index	2.5%	5.0%	+0 bps	+62.5 bps	+150 bps
Natural Resources	NET TRI USD 50% Dow Jones-UBS Commodity Total Return Index and 50% MSCI World Natural Resources Index	6.5%	7.5%	+0 bps	+62.5 bps	+150 bps
Developed Country Equity	MSCI World Index with net dividends	18.5%	10.0%	+0 bps	+62.5 bps	+150 bps
Emerging Markets Equity	MSCI Emerging Markets with net dividends	12.0%	7.5%	+0 bps	+62.5 bps	+150 bps
Hedge Funds (Less Correlated & Constrained Investments)	Hedge Fund Research Indices Fund of Funds Composite Index	30.0%	35.0%	+0 bps	+75 bps	+250 bps
Private Investments (excludes Real Estate)	Venture Economics Custom Index Custom Cambridge Fund of Funds Benchmark	20.0% 23.0%	0%	+0 bps	+100 +150 bps	+350 +450 bps
Private Investments Real Estate	NACREIF Custom Index	2.0%	0%	+0 bps	+100 bps	+325 bps
Specific asset class benchmarks:						
Credit-Related Fixed Income	Barclays Capital Global High Yield Index			+0 bps	+37.5 bps	+100 bps
Internal Investment Grade Fixed Income	US Barclays Capital Aggregate			+0 bps	+25 bps	+50 bps

UPDATED TABLE 2 (9/1/12 through 08/31/13)

Asset Class/Investment Type	Benchmark	Policy Portfolio Weights		Performance Standards		
		Total Endowment	IIF	Threshold	Target	Maximum
		Assets	(% of Portfolio)			
Entity: Benchmark (Total Endowment Funds)	Policy Portfolio	n/a	n/a	+0 bps	+75 bps	+225 bps
Entity: Benchmark (Intermediate Term Fund)	Policy Portfolio	n/a	n/a	+0 bps	+50 bps	+150 bps
Investment Grade Fixed Income	Barclays Capital Global Aggregate Index	7.5%	35.0%	+0 bps	+25 bps	+62.5 bps
Real Estate	FTSE EPRA/NAREIT Developed Index	2.5%	5.0%	+0 bps	+62.5 bps	+150 bps
	NET TRI USD					
Natural Resources	50% Dow Jones-UBS Commodity Total Return Index and 50% MSCI World Natural Resources Index	7.5%	7.5%	+0 bps	+62.5 bps	+150 bps
Developed Country Equity	MSCI World Index with net dividends	15.0%	10.0%	+0 bps	+62.5 bps	+150 bps
Emerging Markets Equity	MSCI Emerging Markets with net dividends	12.0%	7.5%	+0 bps	+62.5 bps	+150 bps
Hedge Funds (Less Correlated & Constrained Investments)	Hedge Fund Research Indices Fund of Funds Composite Index	30.0%	35.0%	+0 bps	+75 bps	+250 bps
Private Investments (excludes Real Estate)	Venture Economics Custom Index Custom Cambridge Fund of Funds Benchmark	21.5% 25.5%	0%	+0 bps	+100 +150 bps	+350 +450 bps
Private Investments-Real Estate	NACREIF Custom Index	4.0%	0%	+0 bps	+100 bps	+325 bps
Specific asset class benchmarks:						
Credit-Related Fixed Income	Barclays Capital Global High Yield Index			+0 bps	+37.5 bps	+100 bps
Internal Investment Grade Fixed Income	US Barclays Capital Aggregate			+0 bps	+25 bps	+50 bps

UPDATED TABLE 2 (9/1/13 through 08/31/14)

Asset Class/Investment Type	Benchmark	Policy Portfolio Weights		Performance Standards		
		Total Endowment	IIF	Threshold	Target	Maximum
		Assets	(% of Portfolio)			
Entity: Benchmark (Total Endowment Funds)	Policy Portfolio	n/a	n/a	+0 bps	+100 bps	+250 bps
Entity: Benchmark (Intermediate Term Fund)	Policy Portfolio	n/a	n/a	+0 bps	+50 bps	+150 bps
Investment Grade Fixed Income	Barclays Capital Global Aggregate Index	7.5%	30.0%	+0 bps	+25 bps	+62.5 bps
Real Estate	FTSE EPRA/NAREIT Developed Index	2.5%	3.0%	+0 bps	+62.5 bps	+150 bps
	NET TRI USD					
Natural Resources	50% Dow Jones-UBS Commodity Total Return Index and 50% MSCI World Natural Resources Index	7.5%	7.0%	+0 bps	+62.5 bps	+150 bps
Developed Country Equity	MSCI World Index with net dividends	14.0%	9.0%	+0 bps	+62.5 bps	+150 bps
Emerging Markets Equity	MSCI Emerging Markets with net dividends	10.0%	6.0%	+0 bps	+62.5 bps	+150 bps
Hedge Funds (Less Correlated & Constrained Investments)	Hedge Fund Research Indices Fund of Funds Composite Index	30.0%	45.0%	+0 bps	+75 bps	+250 bps
Private Investments (excludes Real Estate)	Venture Economics Custom Index Custom Cambridge Fund of Funds Benchmark	23.3% 28.5%	0%	+0 bps	+150 bps	+450 bps
Private Investments-Real Estate	NACREIF Custom Index	-5.2%	0%	+0 bps	+150 bps	+450 bps
Specific asset class benchmarks:						
Credit-Related Fixed Income	Barclays Capital Global High Yield Index			+0 bps	+37.5 bps	+100 bps
Internal Investment Grade Fixed Income	US Barclays Capital Aggregate			+0 bps	+25 bps	+50 bps

5. **U. T. System Board of Regents: Approval of amendments to the Investment Policy Statements for the Permanent University Fund, the General Endowment Fund, the Permanent Health Fund, and the Long Term Fund**

RECOMMENDATION

The Chancellor and the Executive Vice Chancellor for Business Affairs concur in the recommendation of the Board of Directors of The University of Texas Investment Management Company (UTIMCO) that the U. T. System Board of Regents approve the adoption of a new benchmark for the Private Investments Asset Classes, effective September 1, 2013, which requires amending Exhibit A of the Investment Policy Statements for the Permanent University Fund (PUF) and the General Endowment Fund (GEF) and Exhibit B of the Investment Policy Statements for the Permanent Health Fund (PHF) and the Long Term Fund (LTF).

Proposed amendments to the Exhibits A and B of the Investment Policy Statements are set forth in congressional style on Attachment 1 - Exhibit A and B on the following pages.

BACKGROUND INFORMATION

The U. T. System Board of Regents adopted the current benchmarks for the PUF, GEF, PHF and LTF on August 22, 2013, to be effective September 1, 2013.

The UTIMCO Board is recommending that the Venture Economics Custom Index and the NACREIF Custom Index be replaced by the Custom Cambridge Fund of Funds Benchmark, effective September 1, 2013. Exhibit A to the Investment Policy Statements for the PUF and GEF, and Exhibit B to the Investment Policy Statements for the PHF and LTF (Attachment 1) will be amended to reflect the changes to the Private Investments and Real Estate Private Investments Benchmarks.

All amended Investment Policy Statements will be effective September 1, 2013. The UTIMCO Board approved these amended Investment Policy Statements on February 20, 2014.

ATTACHMENT 1 - EXHIBIT A AND B
ASSET CLASS AND INVESTMENT TYPE TARGETS, RANGES, AND PERFORMANCE OBJECTIVES
EFFECTIVE SEPTEMBER 1, 2013

POLICY PORTFOLIO	FYE 2014		
	Min	Target	Max
<u>Asset Classes</u>			
Investment Grade Fixed Income	5.0%	10.5%	25.0%
Credit-Related Fixed Income	0.0%	8.8%	30.0%
Real Estate	0.0%	8.2%	12.5%
Natural Resources	5.0%	13.3%	25.0%
Developed Country Equity	30.0%	43.8%	60.0%
Emerging Markets Equity	5.0%	15.4%	25.0%
<u>Investment Types</u>			
More Correlated & Constrained	35.0%	41.5%	60.0%
Less Correlated & Constrained	25.0%	30.0%	37.5%
Private Investments	17.5%	28.5%	35.0%

*The total Asset Class & Investment Type exposure, including the amount of derivatives exposure not collateralized by Cash, may not exceed 105% of the Asset Class & Investment Type exposures excluding the amount of derivatives exposure not collateralized by Cash.

POLICY BENCHMARK (reset monthly)	FYE 2014
Barclays Capital Global Aggregate Index	7.5%
FTSE EPRA/NAREIT Developed Index Net TRI USD	2.5%
50% Dow Jones-UBS Commodity Total Return Index and 50% MSCI World Natural Resources Index	7.5%
MSCI World Index with net dividends	14.0%
MSCI Emerging Markets with net dividends	10.0%
Hedge Fund Research Indices Fund of Funds Composite Index	30.0%
Venture Economics Custom Index Custom Cambridge Fund of Funds Benchmark	23.3% 28.5%
NACREIF Custom Index	5.2%

POLICY/TARGET RETURN/RISKS	FYE 2014
Expected Annual Return (Benchmarks) **	7.40%
One Year Downside Deviation	9.30%
Risk Bounds	
Lower: 1 Year Downside Deviation	75%
Upper: 1 Year Downside Deviation	115%

**Equal to nominal return, net of all investment-related expenses and assuming an inflation rate of 2.5%.

ATTACHMENT 1 - EXHIBIT A AND B
(continued)
ASSET CLASS AND INVESTMENT TYPE TARGETS, RANGES AND PERFORMANCE OBJECTIVES
EFFECTIVE DATE SEPTEMBER 1, 2013

POLICY BENCHMARKS BY ASSET CLASS AND INVESTMENT TYPE: FYE 2014

FYE 2014		More Correlated & Constrained	Less Correlated & Constrained	Private Investments	Total
Fixed Income	Investment Grade	Barclays Capital Global Aggregate Index (7.5%)	3.0%	0.0%	10.5%
	Credit-Related	0.00%	5.0%	3.8%	8.8%
Real Assets	Real Estate	FTSE EPRA/NAREIT Developed Index Net TRI USD (2.5%)	0.5%	Custom-NACREIF 5.2%	8.2%
	Natural Resources	50% Dow Jones-UBS Commodity Total Return Index and 50% MSCI World Natural Resources Index (7.5%)	0.0%	5.8%	13.3%
Equity	Developed Country	MSCI World Index with Net Dividends (14.0%)	19.5%	10.3%	43.8%
	Emerging Markets	MSCI EM Index with Net Dividends (10.0%)	2.0%	3.4%	15.4%
Total		41.5%	30.0%	28.5%	100.0%

 Hedge Fund Research Indices Fund of Funds Composite Index
 ~~Venture Economics Custom Index~~
 Custom Cambridge Fund of Funds Benchmark

Investment Policy/Benchmarks are indicated in Black/Bold
Reportable Targets are indicated in Gray