



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

**February 24-25, 2021**  
Austin, Texas

**Wednesday, February 24, 2021**

Audit, Compliance, and Risk Management Committee .....	8:30 a.m.
Joint Audit and Finance Committees.....	9:00 a.m.
Finance and Planning Committee .....	9:15 a.m.
Break.....	9:45 a.m.
Academic Affairs Committee .....	9:50 a.m.
Health Affairs Committee .....	10:20 a.m.
Facilities Planning and Construction Committee .....	11:05 a.m.
Recess .....	11:20 a.m.

**Thursday, February 25, 2021**

Meeting of the Board - Open Session .....	9:00 a.m.
Recess to Executive Session .....	9:45 a.m.
Meeting of the Board - Open Session .....	11:30 a.m.
Adjourn .....	11:45 a.m.



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

**February 24-25, 2021  
Austin, Texas**

**Wednesday, February 24, 2021**

**Page**

COMMITTEE MEETINGS	8:30 a.m. – 9:45 a.m.	
BREAK	9:45 a.m. – 9:50 a.m.	
COMMITTEE MEETINGS	9:50 a.m. – 11:20 a.m.	
RECESS	11:20 a.m.	

**Thursday, February 25, 2021**

CONVENE THE BOARD IN OPEN SESSION TO CONSIDER AGENDA ITEMS	9:00 a.m.	
STANDING COMMITTEE RECOMMENDATIONS AND REPORTS TO THE BOARD	9:05 a.m.	
1. <b>U. T. System Board of Regents: Approval of Consent Agenda and consideration of any item referred to the full Board</b>	9:15 a.m.	<b>4</b>
2. <b>U. T. System: Report on Fiscal Year 2020 Philanthropic Performance and Outcomes across U. T. Institutions</b>		<b>5</b>
3. <b>U. T. System: Update on the Systemwide student mental health, student safety, and alcohol-related programs</b>		<b>16</b>
4. <b>U. T. System: Update and possible appropriate action related to implementation of the Higher Education Emergency Relief Fund II (HEERF II) as authorized by the Coronavirus Response and Relief Supplemental Appropriations Act</b>		<b>20</b>
RECESS TO EXECUTIVE SESSION PURSUANT TO TEXAS GOVERNMENT CODE, CHAPTER 551	9:45 a.m.	
BREAK, as needed		
1. Individual Personnel Matters Relating to Officers or Employees – Section 551.074		
a. <b>U. T. System: Discussion and appropriate action regarding individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of presidents (academic and health institutions including interim presidents); U. T. System Administration officers (Executive Vice Chancellors and Vice Chancellors); other officers reporting directly to the Board (Chancellor, General Counsel to the Board, and Chief Audit Executive); Board members; and U. T. System and institutional employees</b>		

**Thursday, February 25, 2021 (cont.)**

- b. U. T. M. D. Anderson Cancer Center: Discussion and appropriate action regarding proposed compensation for Welela Tereffe, M.D., M.P.H., Chief Medical Executive and Professor, Clinical Faculty in the Department of Radiation Oncology, Division of Radiation (Regents' *Rules and Regulations*, Rule 20204, regarding compensation for highly compensated employees)**
  - c. U. T. Southwestern Medical Center: Discussion and appropriate action regarding proposed compensation for Nader Pouratian, M.D., Ph.D., Professor and Chairman of the Department of Neurological Surgery (Regents' *Rules and Regulations*, Rule 20204, regarding compensation for highly compensated employees)**
2. Negotiated Contracts for Prospective Gifts or Donations – Section 551.073
- a. U. T. System Academic Institutions: Discussion and appropriate action regarding proposed negotiated gifts, including potential naming features**
  - b. U. T. System Health Institutions: Discussion and appropriate action regarding proposed negotiated gifts, including potential naming features**
3. Consultation with Attorney Regarding Legal Matters or Pending and/or Contemplated Litigation or Settlement Offers – Section 551.071
- a. U. T. System Board of Regents: Discussion with Counsel on pending legal issues**
  - b. U. T. System Board of Regents: Discussion and appropriate action regarding legal issues concerning pending legal claims by and against U. T. System**
4. Deliberation Regarding Security Devices or Security Audits - Sections 551.076 and 551.089
- U. T. System Board of Regents: Discussion and appropriate action regarding safety and security issues, including security audits and the deployment of security personnel and devices**
5. Deliberations Regarding the Purchase, Exchange, Lease, Sale, or Value of Real Property – Section 551.072
- RECONVENE THE BOARD IN OPEN SESSION TO CONSIDER ACTION, IF ANY, ON EXECUTIVE SESSION ITEMS *11:30 a.m.*
- ADJOURN *11:45 a.m.  
approximately*

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

RECOMMENDATION

The Board will be asked to approve the Consent Agenda beginning on [Page 277](#).

2. **U. T. System: Report on Fiscal Year 2020 Philanthropic Performance and Outcomes across U. T. Institutions**

Vice Chancellor Safady has provided a summary report on development performance of U. T. institutions for Fiscal Year 2020, as set out on the following pages.

# Philanthropic Performance and Outcomes Across U. T. Institutions, FY2020

*Dr. Randa Safady, Vice Chancellor for External Relations, Communications and Advancement Services*

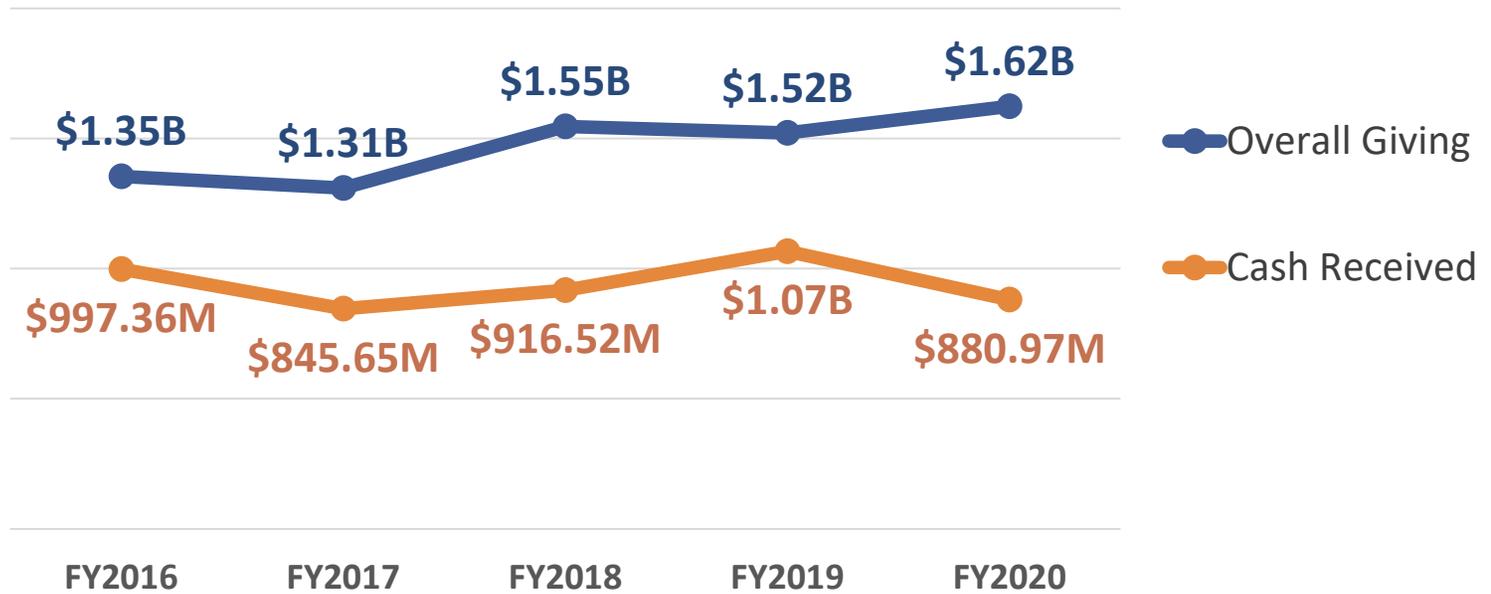
U. T. System Board of Regents Meeting  
February 2021



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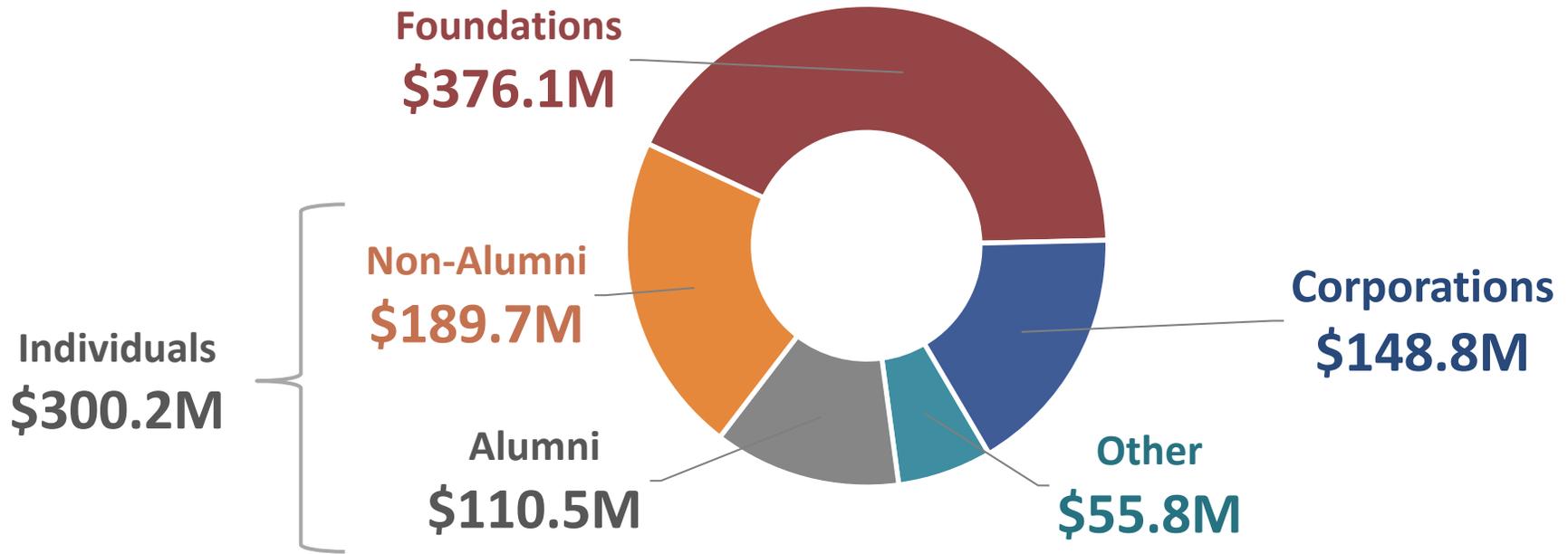
# Overall Giving and Cash Received FY2016-FY2020



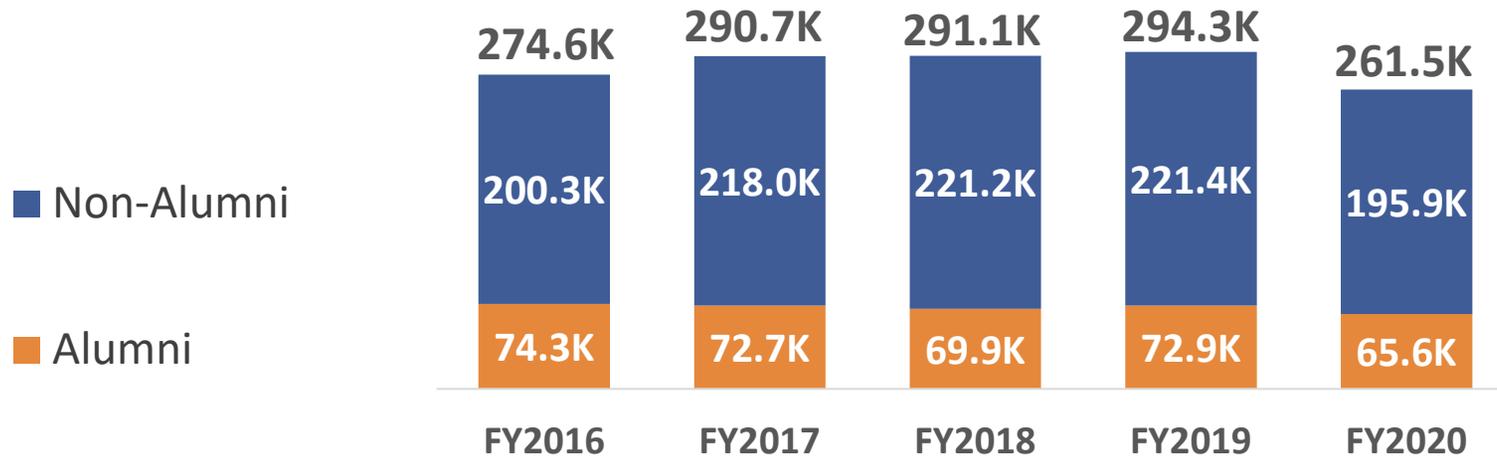
*\*Overall Giving = cash, pledges, and new testamentary commitments at present value*



## Sources of Gifts in FY2020



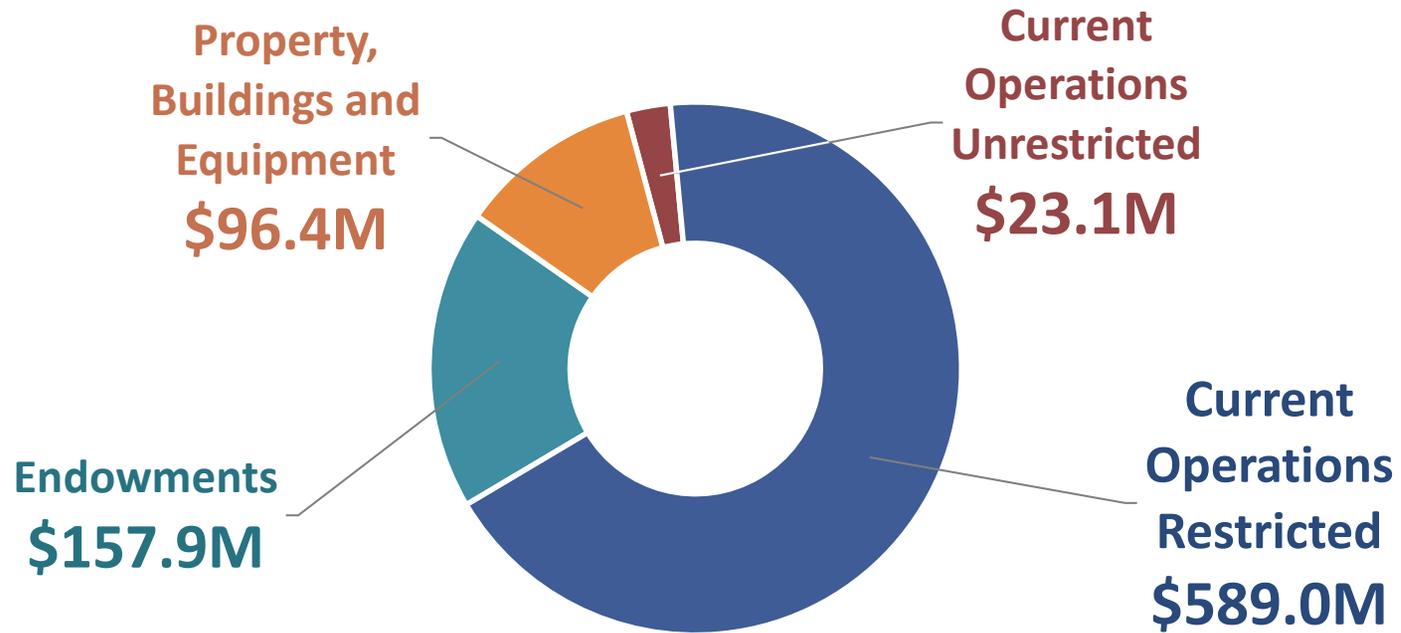
## Individual Donor Count FY2016-FY2020: **Total**



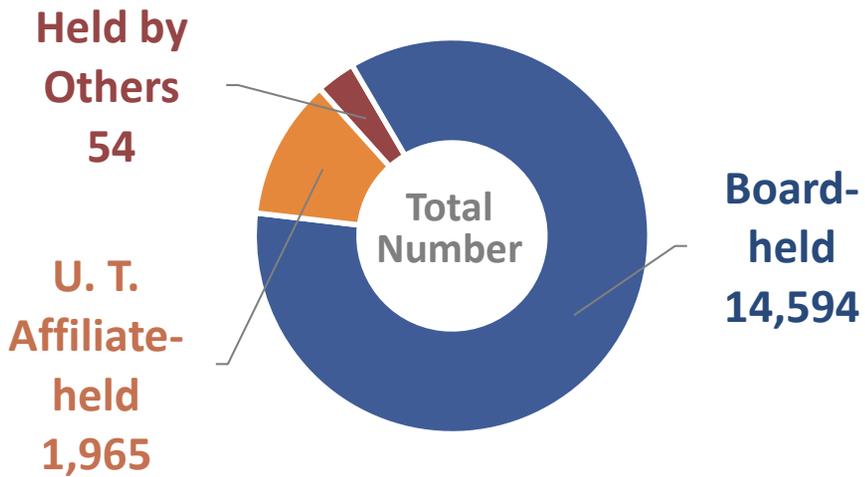
<b>Alumni of Record:</b>	1,226,058	1,278,090	1,394,619	1,457,555	1,514,106
<b>Participation Rate:</b>	7.1%	6.1%	5.7%	5.0%	4.3%



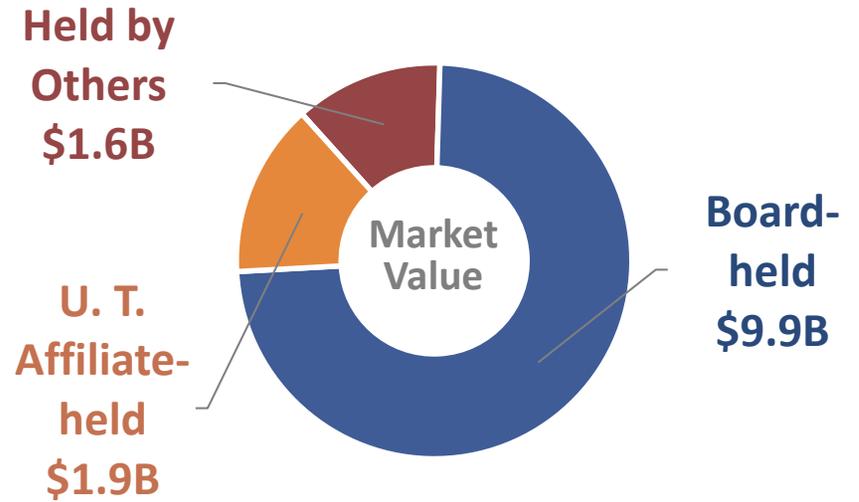
# Designation of Cash Gifts in FY2020



# Endowment Status FY2020



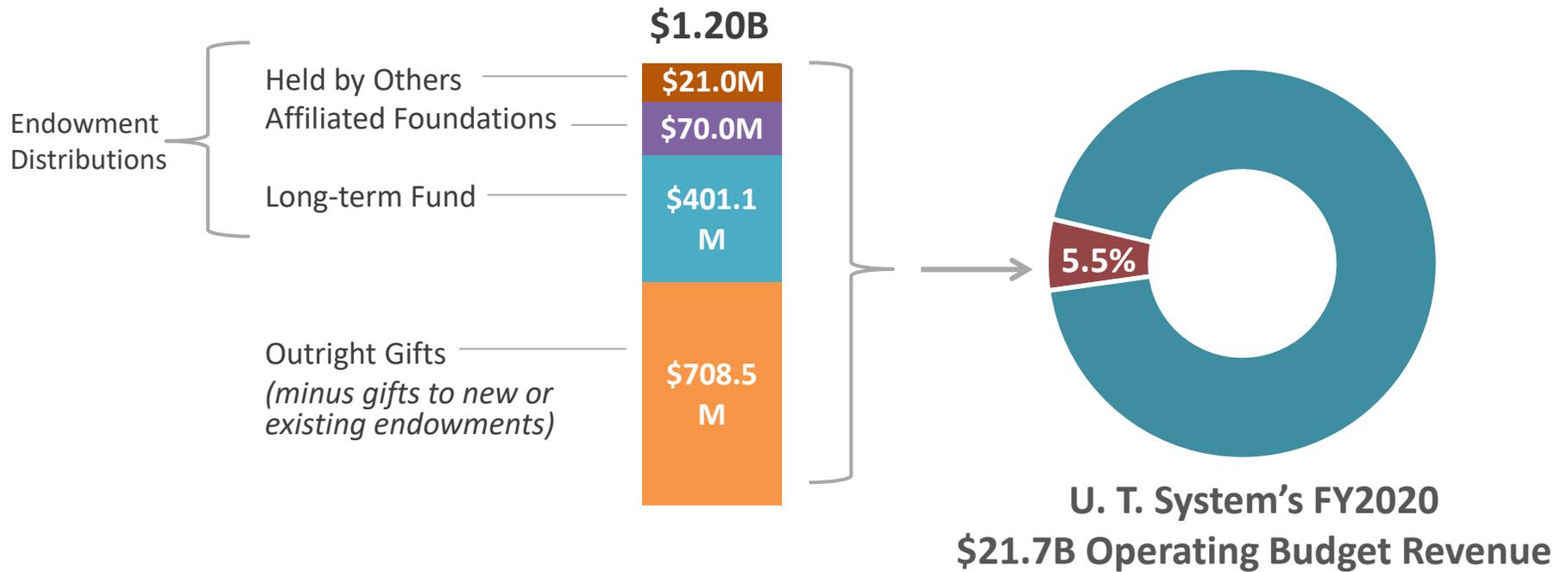
16,613 total endowments held by Board and external entities



\$13.5 billion in total market value

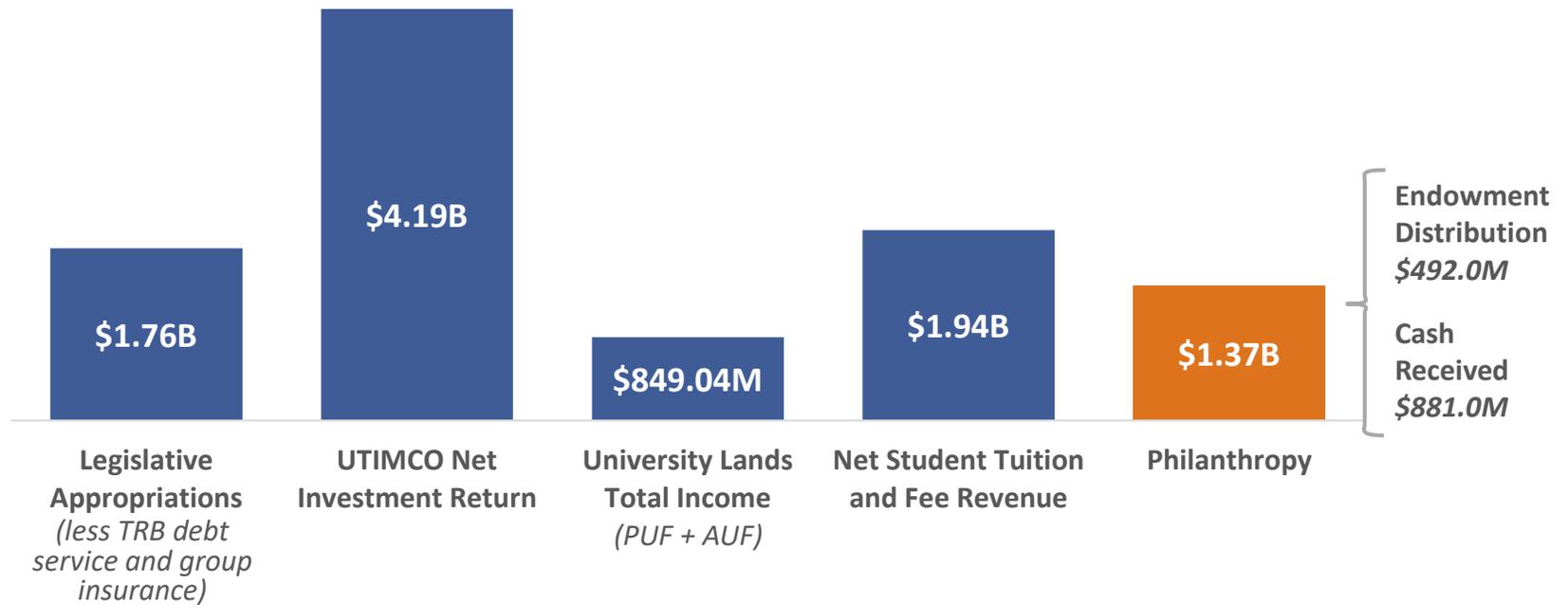


# Impact of Philanthropy in FY2020



# Select Revenue Sources in FY2020

*Philanthropy is a major revenue source for U. T. institutions*



## What We Have Learned

- Like many other services and programs, the pandemic has and will reveal new philanthropic opportunities and strategies.
- Donors remained committed to the missions of U. T. institutions and initiatives and programs of long-term interest to them even during challenging times.
- We are beginning to see the power of virtual engagement and technology to expand engagement and philanthropic support.



## Going Forward in the Near Term

- Large gifts for capital needs may experience challenges.
- Fundraising initiatives underway emphasize student financial aid and student health and wellness.
- With the rise of online learning, fundraising for technology to enhance digital learning experiences is emerging.
- A greater interest for giving to STEM and medical and scientific programs is emerging.
- Growing partnerships with tech industries are anticipated.



3. **U. T. System: Update on the Systemwide student mental health, student safety, and alcohol-related programs**

Dr. Wanda Mercer, Associate Vice Chancellor for Student Affairs in the U. T. System Office of Academic Affairs, and Dr. Christopher Brownson, Associate Vice President for Student Affairs at U. T. Austin, will provide an update on the Systemwide student mental health, student safety, and alcohol-related programs as set forth on the following pages.

**Update on Systemwide  
Mental Health, Student Safety, and Alcohol-Related Programs  
The University of Texas System, Office of Academic Affairs  
Cost for 3 Years: \$5,995,237  
Academic Years (AY) 2018-19 through 2020-21**

On February 27, 2018, the U. T. System Board of Regents approved funding for the projects detailed below, with six slated to expire at the end of the 2020-2021 academic year. Three projects (the first three below) were slated for future discussion with the Board of Regents.

The funding for these programs was allocated to and managed by U. T. Austin, and the programs were carried out across the U. T. System institutions under the leadership of U. T. Austin. Every institution in the U. T. System now has an after-hours crisis line available for all students in the U. T. System; a robust selection of relevant compliance and education modules about sexual assault/harassment, alcohol and other substance use, diversity, COVID-19 safety, mental health, and an app on student well-being developed by U. T. Austin and customized for each U. T. System institution. At the academic institutions, this funding allocation has seeded and launched branded bystander intervention programs, health education campaigns about the intersection of alcohol use and consent, collegiate recovery programs, and Brief Alcohol Screening Intervention for College Student (BASICS) programs that will continue into the foreseeable future for most campuses beyond the end of this funding cycle.

Through good financial stewardship of the Board's investment and leveraging the collective buying power of the U. T. System for better pricing, we are able to continue the After-Hours Crisis Line (ProtoCall), Web-based education (EverFi), the Thrive@UT app, and the National Collegiate Health Assessment through the AY 2022-2023.

More detailed information is presented below on each of the programs.

**(1) ProtoCall: An After-Hours Crisis Counseling Service** (Funds used from previous allocation and unspent funds from other initiatives)

This program provides 24/7/365 mental health crisis-support for students at all academic and health institutions in the U. T. System.

- This was one of three programs that was earmarked for future consideration of continued U. T. System funding after 2020-2021 because of the significant savings from doing this as a system. Due to negotiating better pricing and realizing savings from the other programs, this service is now solvent through 2022-2023, so additional funding is not needed at this time.
- Over the past five years of this program we have had 19,000 total calls, 3,798 of which were urgent and 241 emergent, many of those emergent calls resulting in imminent interventions stopping suicide attempts in progress.

**(2) EverFi: Web-based Alcohol Education (Alcohol Edu) and Sexual Assault/Harassment Prevention for Students; Harassment, Diversity, and Other Training for Faculty/Staff** (\$800,000 over two years)

This training is a critical part of Title IX compliance and satisfies NCAA training

requirements for athletes and coaches. In addition to sexual assault prevention and alcohol education for all students, campuses have used the vendor's training modules on mental health and well-being, diversity and inclusion, and COVID-19 safety and education.

- This was one of three programs that was earmarked for future consideration of continued U. T. System funding after 2020-2021 because of the significant savings from doing this as a system. Due to negotiating better pricing and realizing savings from the other programs, this program is now solvent through 2022-2023 so additional funding is not needed at this time.
- Over the past three years there have been 442,565 courses completed across the U. T. System.
- In a multisite randomized control study, Alcohol Edu significantly reduced heavy episodic (“binge”) drinking and alcohol-related problems during the fall semester after students took the course—a time that is known to be the riskiest period for new college students to drink heavily.
- Users of the Sexual Assault Prevention for Undergraduates program showed statistically significant increases in self-reported ability and intention to intervene to prevent sexual assault and relationship violence.

**(3) TAO: Telehealth Video Platform for Mental Health Services and Web-based/App-based Video Self-Help Modules (\$570,000 over three years)**

This technology has two parts: (1) an intervention component that consists of mental health modules on anxiety, depression, stress, substances abuse, and (2) a HIPAA compliant tele-counseling platform for clinicians to use.

- In 2018, the vendor was chosen because they were the only company to have both online mental health modules combined with a telecounseling platform. Since that time, and partially due to COVID-19, there are now a proliferation of telecounseling platforms available.
- Some U. T. institutions pulled out of this vendor contract, which yielded additional savings. This contract expires at the end of 2020-2021.
- This was one of three programs that was earmarked for future consideration of continued U. T. System funding after 2020-2021 because of the significant savings from doing this as a system. There is significant interest from campuses to continue the mental health module component with a new vendor bid process.

**(4) Thrive@UT: An App to Enhance Student Well-Being (\$151,000 over three years)**

Thrive@UT is an app created by U. T. Austin that has engaging videos, guided exercises, interactive assignments, and text notifications designed to help students integrate new well-being concepts into their daily lives. This funding allowed us to create a content management system, expand the iPhone app to Android, customize it for each U. T. System campus, and maintain a vendor contract for hosting and updating the app. Twelve of 14 academic and health campuses use the app.

- Due to realizing savings from this and the other programs, this project is now solvent through 2022-2023.
- 96% of users agreed that the app helped them improve their well-being.

**(5) National Collegiate Health Assessment (NCHA) (\$81,133 over three years)**

The NCHA is a national survey for college students about health, mental health, and well-being. It provides critical data and trends used for planning services, assessment,

interventions, and prevention programs in health, counseling, and wellness centers across the country. Each campus receives their own data, and we have system-level data as well.

- Due to realizing savings from the other programs, this project is now solvent through 2022-2023.

**(6) Bystander Intervention Program** (\$815,000 over three years)

This program aims to reduce sexual assault, relationship violence, drug overdose, suicide, incidents of bias, hazing, and academic dishonesty through bystander intervention. The program emphasizes the critical expectation that we watch out for one another and intervene, when necessary. There have been multiple reports of participants intervening to help others, and in some instances actually saving lives after campus trainings. Bystander Intervention is currently being applied to encourage reporting problematic behavior related to COVID-19 on some campuses.

- All academic campuses have active and named bystander intervention programs.
- This will cease as a U. T. System-funded program at the end of 2020-2021, although all academic campuses intend to continue their programs.

**(7) Collegiate Recovery Programs (CRPs)** (\$1,595,500 over three years)

This program enables academic institutions to maintain their CRPs, which allow students in recovery or seeking recovery to have a drug- and alcohol-free college experience, with peers and staff who provide support, education, community, and outreach.

- All academic campuses have active and named collegiate recovery programs.
- This will cease as a U. T. System-funded program at the end of 2020-2021, although seven of eight academic institutions intend to continue their programs.

**(8) Prevention/Early Intervention for High-Risk Drinking (BASICS)** (\$537,404 over three years)

BASICS is an evidenced-based program designed for students at academic institutions who drink heavily and have experienced negative consequences. It is aimed at revealing the discrepancy between a student's risky drinking behavior and their goals and values.

- All academic campuses have utilized BASICS.
- This will cease as a U. T. System-funded program at the end of 2020-2021, although many academic institutions intend to continue their programs.

**(9) Health Communication Campaign About Alcohol and Consent** (\$227,000 over three years)

This campaign addresses the intersection of alcohol use and consent among college students. U. T. Austin contracted with the Center for Health Communication at the Moody College of Communication and the Dell Medical School to lead the creation of messaging. This campaign was piloted at U. T. El Paso and U. T. Austin and a toolkit was shared with the other academic campuses in January 2021 as the final step of this campaign.

The Board of Regents' investment in the programs listed above has had a tremendous impact on the students in the U. T. System and the faculty and staff who are invested in their academic success and well-being. We are proud of the accomplishments of these programs, indebted to the hard work and expertise of the staff who implemented these programs at each of the campuses, pleased that we have been able to stretch the initial investment to continue supporting the well-being of our students, and grateful to the Board of Regents for their support in these programs that have life-changing and, at times, life-saving impacts on our students.

4. **U. T. System: Update and possible appropriate action related to implementation of the Higher Education Emergency Relief Fund II (HEERF II) as authorized by the Coronavirus Response and Relief Supplemental Appropriations Act**

**RECOMMENDATION**

The Chancellor, the Executive Vice Chancellor for Academic Affairs, and the Executive Vice Chancellor for Health Affairs will update the U. T. System Board of Regents on this topic and may make recommendations for the approval of plans submitted by the U. T. institutions to expend funds received.

**BACKGROUND INFORMATION**

The Higher Education Emergency Relief Fund II (HEERF II) is authorized by the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSAA), Public Law 116-260, signed on December 27, 2020. This new law gives the U.S. Department of Education funds to distribute to institutions of higher education for direct support to students and to respond to the coronavirus.



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FOR  
AUDIT, COMPLIANCE, AND RISK MANAGEMENT  
COMMITTEE**

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

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

*David J. Beck, Chairman  
Christina Melton Crain  
Jodie Lee Jiles  
Janiece Longoria  
Nolan Perez  
Rad Weaver*

	<b>Committee Meeting</b>	<b>Board Meeting</b>	<b>Page</b>
<b>A. CONVENE</b>	<i>8:30 a.m. Chairman Beck</i>		
<b>1. U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, assigned for Committee consideration</b>	<b>Discussion</b>	<b>Action</b>	<b>23</b>
<b>2. U. T. System: Authorization to settle property insurance claim for Hurricane Harvey, delegation of authority to Chief Compliance and Risk Officer, and resolution regarding parity debt related to Hurricane Harvey and Hurricane Hanna</b>	<b>Action</b> <i>Mr. Dendy</i>	<b>Action</b>	<b>24</b>
<b>3. U. T. System: Discussion and appropriate action regarding request for additional funding of \$6,500,000 from Available University Funds (AUF) to continue the licensing of information security related products for Fiscal Year 2022 and Fiscal Year 2023</b>	<b>Action</b> <i>Mr. Dendy Ms. Mohrmann</i>	<b>Action</b>	<b>36</b>
<b>4. U. T. System: Report on the results of the triennial Systemwide Quality Assessment Review of internal audit activities</b>	<b>Report/Discussion</b> <i>Ms. Raina Rose Tagle Ms. Ashley Deihl, Baker Tilly</i>	Not on Agenda	<b>37</b>
<b>5. U. T. System: Report and discussion on the Systemwide internal audit activities, including trends and status of the FY 2021 institutional work plans</b>	<b>Report/Discussion</b> <i>Mr. Peppers</i>	Not on Agenda	<b>51</b>

	<b>Committee Meeting</b>	<b>Board Meeting</b>	<b>Page</b>
<b>B. CONVENE JOINT MEETING WITH FINANCE AND PLANNING COMMITTEE</b>	<i>9:00 a.m.</i>		
<b>6. U. T. System: Fiscal Year 2020 Consolidated Annual Financial Report, including the Independent Auditors' Report, and audits of the financial statements of U. T. Austin, U. T. M. D. Anderson Cancer Center, U. T. Southwestern Medical Center, and U. T. Medical Branch - Galveston and for funds managed by The University of Texas/Texas A&amp;M Investment Management Company (UTIMCO)</b>	<b>Report/Discussion</b> <i>Ms. Hinojosa Segura</i> <i>Mr. Peppers</i> <i>Ms. Tracey Cooley</i> <i>Mr. Blake Rodgers,</i> <i>Deloitte &amp; Touche</i>	Not on Agenda	<b>59</b>
<b>C. ADJOURN</b>	<i>9:15 a.m.</i>		

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

RECOMMENDATION

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

**2. U. T. System: Authorization to settle property insurance claims for Hurricane Harvey, delegation of authority to Chief Compliance and Risk Officer, and resolution regarding parity debt related to Hurricane Harvey and Hurricane Hanna**

**RECOMMENDATION**

The Chancellor concurs in the recommendation of the Chief Compliance and Risk Officer and Executive Vice Chancellor for Business Affairs that the U. T. System Board of Regents:

- a. approve, in accordance with Regents' Rule 80601, final settlement of the property insurance claims for Hurricane Harvey covered under the Comprehensive Property Protection Plan (CPPP) in the amount of \$99,212,284.66, under the Texas Wind Insurance Association (TWIA) in the amount of \$14,332,508.65, and under the National Flood Insurance Program (NFIP) in the amount of \$1,032,896.14;
- b. delegate authority to Chief Compliance and Risk Officer to execute all related Proofs of Loss and other settlement documents; and
- c. approve an aggregate amount of \$13,000,000 of Revenue Financing System (RFS) debt to finance capital costs related to property losses from Hurricane Harvey in 2017 (\$8.25 million) and Hurricane Hanna in 2020 (\$4.75 million).
  - Parity debt shall be issued to fund all or a portion of the projects, including any costs prior to the issuance of such parity debt;
  - Sufficient funds will be available to meet the financial obligations of the U. T. System including sufficient Pledged Revenues as defined in the Master Resolution to satisfy Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and
  - the U. T. System institutions, which are “Members” as such term is used in the RFS Master Resolution, possesses the financial capacity to satisfy their direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of parity debt in an aggregate amount of \$13,000,000.

**BACKGROUND INFORMATION**

The Comprehensive Property Protection Plan (CPPP) provides coverage to U. T. institutions for named windstorms, fire, and all other perils through a combination of commercial insurance and interim financing. The CPPP commercial insurance coverage is subject to a large deductible that varies by type of loss and loss location. The deductible is funded with a combination of interim financing provided by the CPPP Fund and underlying National Flood Insurance Program (NFIP) and Texas Windstorm Insurance Association (TWIA) policies purchased by institutions.

In August 2017, Hurricane Harvey caused widespread wind and flooding damage at U. T. institutions. The U. T. Austin Marine Science Institute in Port Aransas suffered the largest physical damage loss. U. T. M. D. Anderson Cancer Center, U. T. Medical Branch - Galveston and U. T. Health Science Center - Houston all sustained some property damage from the storm, but the majority of their insured loss stems from business interruption during and following the storm.

The insurance claim for Hurricane Harvey has been adjusted and measured with the assistance of various third parties, and all impacted institutions have agreed to a total adjusted loss amount of \$99,212,284.66. The applicable deductible for the Hurricane Harvey claim is \$50 million, resulting in a CPPP commercial insurance settlement amount of \$49,212,284.66.

TWIA insurance coverage was in effect and applicable to several damaged buildings at U. T. Austin Marine Science Institute. The total adjusted claim loss amount with TWIA is \$14,332,508.65. The applicable deductible for TWIA is \$386,732 resulting in a TWIA insurance payment of \$13,945,776.65.

There were also multiple NFIP policies in place for locations that sustained flood damage. The cumulative insurance payment from the NFIP policies was \$1,032,896.14.

The CPPP Fund will provide interim financing for institutions to fund a portion of the capital costs related to these property losses that are within the CPPP Fund deductible. The Office of Risk Management and the Office of Finance recommend financing these costs with RFS debt.

Hurricane Hanna made landfall in South Texas on July 25, 2020, with up to 18 inches of rain reported in the Rio Grande Valley area. The storm impacted U. T. Rio Grande Valley at the Edinburg campus with flood and wind damages to multiple buildings.

The estimated total adjusted loss for Hurricane Hanna damages is currently \$10 million. The repairs and the insurance claim are still in process. Once the claim is finalized, a separate recommendation for settlement will be submitted to the Board of Regents for approval.

The applicable CPPP deductible for the Hurricane Hanna claim is \$5 million. The CPPP Fund will provide interim financing to U. T. Rio Grande Valley for capital costs resulting from storm damage, and the Office of Risk Management and the Office of Finance recommend financing a portion of these costs with RFS debt.

Financing a portion of the capital losses for both Hurricane Harvey and Hurricane Hanna will allow the CPPP Fund to retain a higher capitalization and spread the replenishment burden on the institutions over the next several years. In accordance with the CPPP guiding documents, institutions that sustained losses will repay 40% and the CPPP Wind and Flood Fund will pay 60% of the annual debt service. Debt incurred by the CPPP is expected to be retired over a ten-year period.

# Hurricane Harvey and Hurricane Hanna Insurance Claims

Phillip Dendy, Chief Compliance and Risk Officer

U. T. System Board of Regents Meeting  
February 2021



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# Hurricane Harvey

- Hurricane Harvey made landfall on August 26, 2017, east of Rockport, Texas as a category 4 hurricane.
- Harvey stalled over south-central Texas for over 36 hours causing significant damage to the U. T. Austin Marine Sciences Institute (MSI) at Port Aransas.
- Harvey reentered the Gulf of Mexico on August 28, 2017, and made a second landfall in East Texas on August 30, 2017.
- Harvey eventually dropped approximately 48 inches of rain resulting in massive flooding in the greater Houston area including the Texas Medical Center.

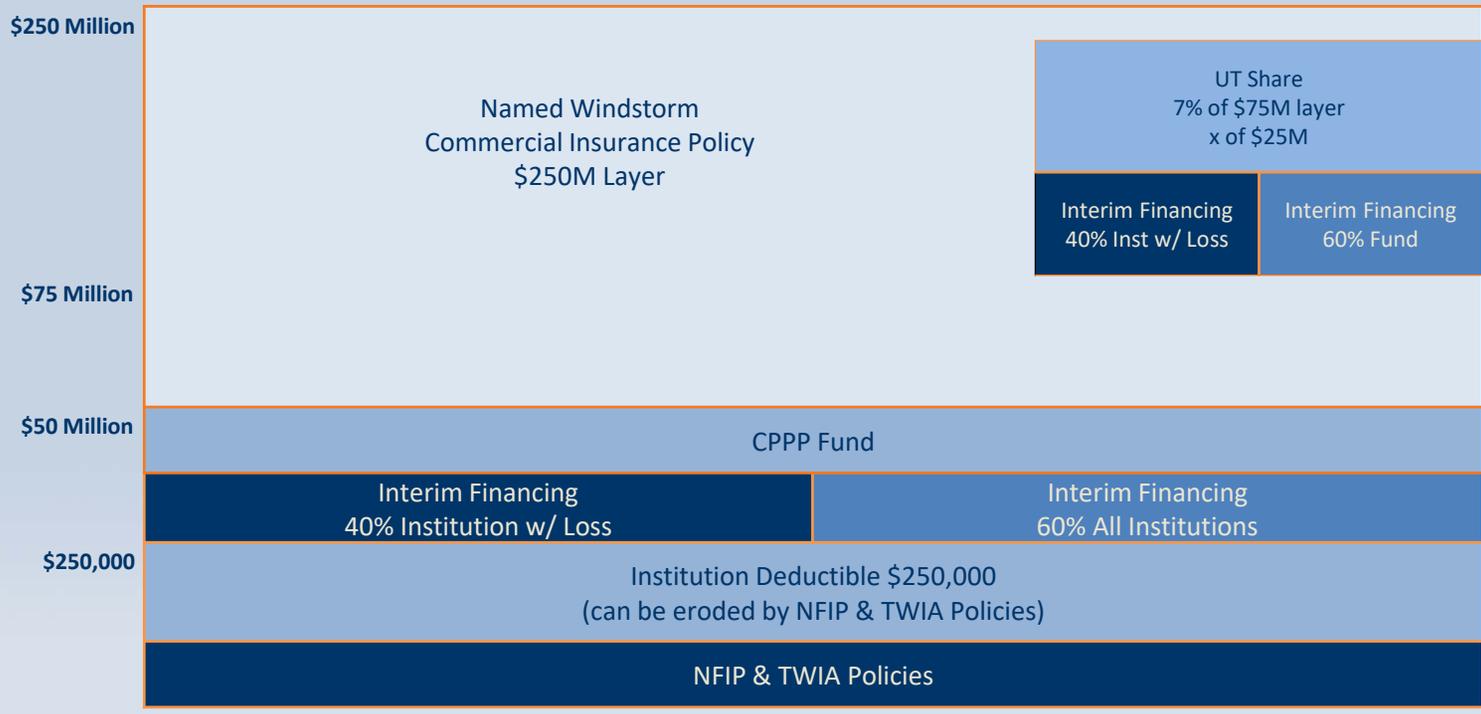


# How The Loss Was Measured

- Business Income (BI) losses and related expense were compiled and submitted with assistance from a third party and using a methodology mutually agreed upon between the institutions and the adjusters.
- Physical damage assessment at U. T. Austin MSI was audited by a third party and the final scope of damages was mutually agreed upon with the campus.



# CPPP Wind and Flood



# Total Adjusted Loss by Institution

Institution	Business Interruption Loss	Property Damage Loss	Total Adjusted Loss
UTAUS-MSI & Other	\$ 151,408.48	\$ 22,434,303.33	\$ 22,585,711.81
UTHSC-Houston	\$ 9,357,110.60	\$ 3,242,795.20	\$ 12,599,905.80
UTMDACC	\$ 53,137,740.44	\$ 4,256,276.71	\$ 57,394,017.15
UTMB-Galveston (Mainland)	\$ 3,783,629.31	\$ 2,062,517.59	\$ 5,846,146.90
Claims Preparation		\$ 786,503.00	\$ 786,503.00
<b>Total</b>	<b>\$ 66,429,888.83</b>	<b>\$ 32,782,395.83</b>	<b>\$ 99,212,284.66</b>



# Total Insurance Recoveries by Institution

Institution	Total Adjusted Loss	Total TWIA Payments	Total NFIP Insurance Payments	Total CPPP Insurance Payments	Total Insurance Recoveries
UTAUS-MSI & Other	\$ 22,585,711.81	\$ 13,945,776.65	\$ -	\$ 8,253,203.16	\$ 22,198,979.81
UTHSC-Houston	\$ 12,599,905.80		\$ 436,520.72	\$ 6,735,007.84	\$ 7,171,528.56
UTMDACC	\$ 57,394,017.15		\$ 596,375.42	\$ 30,678,733.74	\$ 31,275,109.16
UTMB-Galveston (Mainland)	\$ 5,846,146.90			\$ 3,124,931.71	\$ 3,124,931.71
UTS Claim Prep	\$ 786,503.00			\$ 420,408.21	\$ 420,408.21
<b>Total</b>	<b>\$ 99,212,284.66</b>	<b>\$ 13,945,776.65</b>	<b>\$ 1,032,896.14</b>	<b>\$ 49,212,284.66</b>	<b>\$ 64,190,957.45</b>



# Total Financial Recoveries Recap

<b>Total Loss</b>		<b>\$ 99,212,284.66</b>
<i>NFIP</i>	\$ 1,032,896.14	
<i>TWIA</i>	\$ 13,945,776.65	
<i>CPPP Commercial Insurance*</i>	\$ 49,212,284.66	
Total Commercial Insurance Recoveries	<b>\$ 64,190,957.45</b>	
FEMA Category E Recoveries (subject to change)	<b>\$ 2,294,484.87</b>	
CPPP Fund Payments	<b>\$ 6,600,303.28</b>	
<b>Total Recoveries</b>		<b>\$ 73,085,745.60</b>
<b>Total Unrecovered Loss</b>		<b>\$ 26,126,539.06</b>

\* Includes \$1,684,551.13 Quota Share paid by CPPP Fund



# Hurricane Hanna

- Hurricane Hanna made landfall on July 25, 2020, with up to 18 inches of rain reported in the Rio Grande Valley area.
- Hanna moved inland, impacting U. T. Rio Grande Valley in Edinburg with flood, wind, and wind driven rain, resulting in damages to multiple buildings.
- Campus leadership, working with ORM, responded quickly, utilizing Systemwide contracts for disaster response.
- Repairs are underway and should be completed in the next few months; at this time, damages are estimated to be approximately \$10 million.



# Revenue Financing System Debt

Debt Amount:	
Hurricane Harvey	\$ 8,250,000.00
Hurricane Hanna	\$ 4,750,000.00
<b>Total</b>	<b>\$ 13,000,000.00</b>

Anticipated Annual Debt Service: \$900,000
40% Paid the Institutions with the loss
60% Paid by the CPPP Fund (to be recapitalized over time)



# Recommended Action

1. Authorization to settle the Hurricane Harvey Claim
2. Authorization to execute the settlement documents for Hurricane Harvey and Hurricane Hanna
3. Board of Regents authorization to issue \$13 million debt to provide interim financing to cover the liabilities of the CPPP for Hurricanes Harvey and Hanna



3. **U. T. System: Discussion and appropriate action regarding request for additional funding of \$6,500,000 from Available University Funds (AUF) to continue the licensing of information security related products for Fiscal Year 2022 and Fiscal Year 2023**

**RECOMMENDATION**

The Chancellor concurs in the recommendation of the Chief Compliance and Risk Officer, the Executive Vice Chancellor for Business Affairs, and the Vice Chancellor and General Counsel that the U. T. System Board of Regents approve additional funding in the amount of \$6,500,000 from Available University Funds (AUF) for selected information security related products for Fiscal Year 2022 and Fiscal Year 2023.

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

**BACKGROUND INFORMATION**

Information security is a significant high-risk area within the U. T. System. The information security related products covered under the A5 Microsoft license have provided state of the art capabilities to all U. T. institutions. Adoption of the products has been widespread throughout the U. T. System and promoted cross-institution collaboration.

**4. U. T. System: Report on the results of the triennial Systemwide Quality Assessment Review of internal audit activities**

Ms. Raina Rose Tagle, Risk Advisory Partner with Baker Tilly, will report on the independent validations of quality assessment reviews conducted by the internal audit functions across the U. T. System.

The validations performed by Baker Tilly include an assessment of the level of conformance with The Institute of Internal Auditors' (IIA) *International Standards for the Professional Practice of Internal Auditing (Standards)*, the Generally Accepted Government Auditing Standards (GAGAS), and the relevant requirements of the *Texas Government Code*, Chapter 2102, Texas Internal Auditing Act (TIAA). In addition, leading practices and opportunities for enhancement were identified.

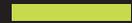
The Baker Tilly reports were distributed to the appropriate institutional chief audit executive, president, internal audit committee members, and the U. T. System Chief Audit Executive.

A summary of the process and results can be found in the PowerPoint presentation set forth on the following pages.

**BACKGROUND INFORMATION**

The internal audit profession is guided by the IIA Standards, within which there is a requirement for all internal audit functions to have external assessments conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organization.

For state agencies within the State of Texas, the TIAA establishes guidelines for state agencies' internal audit functions. The TIAA requires all state agencies to adhere to the U.S. Government Accountability Office Government Auditing Standards, which require a review at least once every three years by reviewers independent of the audit organization.



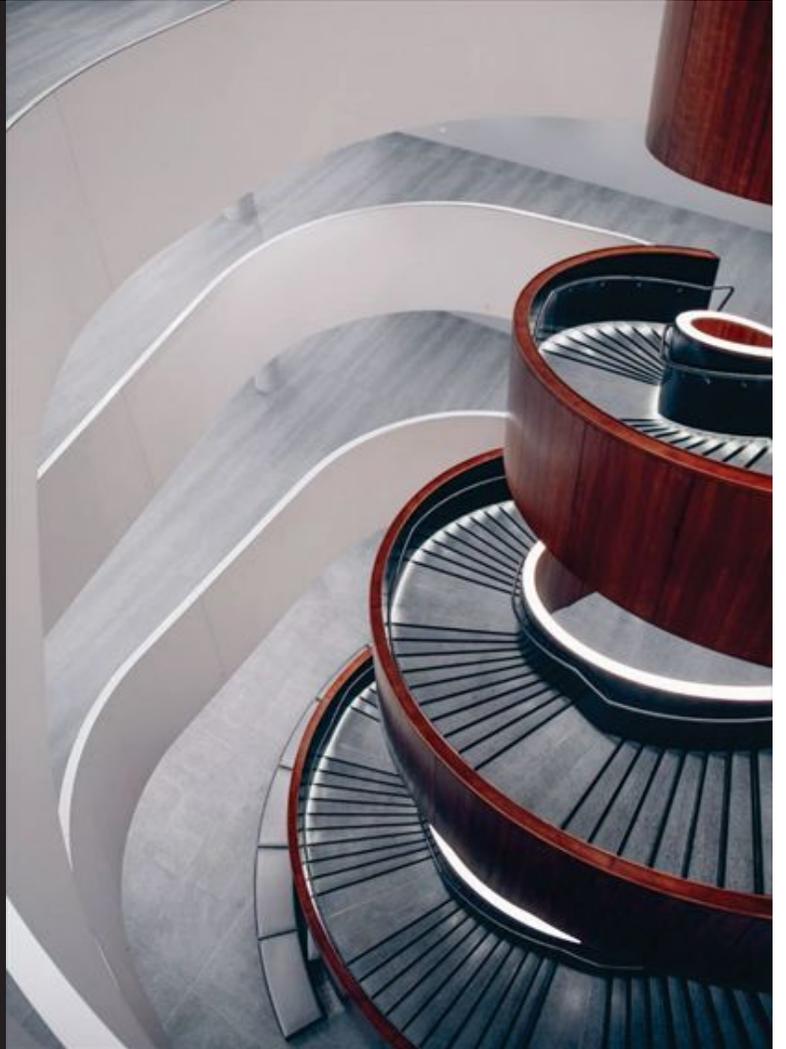
# The University of Texas System

## Report on the Independent Validations of the Internal Audit (IA) Functions' Quality Assessment Reviews (QAR)

The University of Texas System Board of Regents' Meeting  
Audit, Compliance, and Risk Management Committee  
February 2021



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# Background

## Objectives

- Validate the assertions made in the QAR self-assessments concerning conformance with the Institute of Internal Auditors' (IIA) *International Standards for the Professional Practice of Internal Auditing* and Code of Ethics (*Standards*), Generally Accepted Government Auditing Standards, and relevant requirements of the Texas Internal Auditing Act
- Provide a fresh perspective on leading practices and opportunities to improve service delivery

## Scope

- Conduct separate independent validations of the self-assessments for the 15 internal audit functions in The University of Texas (UT) System

## Approach

- Leverage assistance of peer institution IA leaders
- Interview stakeholders and IA functions
- Review the self-assessments and a sample of IA documents

450+

Reports and Workpapers Analyzed

290+

Interviews Conducted

16

Peer Institutions' Perspectives Incorporated

UT System Institution	Interviews
UT Arlington	28
UT Austin	35
UT Dallas	18
UT El Paso	16
UT Permian Basin	10
UT Rio Grande Valley	20
UT San Antonio	16
UT Tyler	13
UT Southwestern Medical Center	28
UT Medical Branch - Galveston	17
UT Health Science Center - Houston	15
UT Health Science Center - San Antonio	15
UT MD Anderson CancerCenter	30
UT Health Science Center - Tyler	14
UT System Administration	20



# Validation Team – Perspectives Incorporated

## Baker Tilly

- Utilized extensive academic and healthcare risk expertise of senior practice leaders
- Leveraged experience in assessing IA functions at prominent higher education and healthcare institutions across the country
- Provided each institution in the UT System with tailored reports to address any conformance considerations and provide opportunities to evolve each function and incorporate leading practices

## Peer Institutions

- Provided additional perspectives for innovative and leading practices for IA functions



## Overall Results

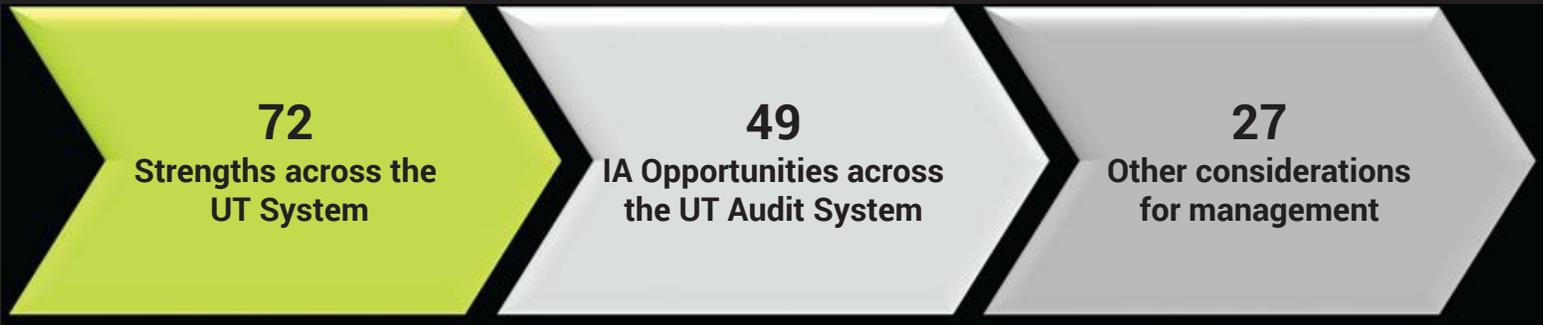
The IIA’s Quality Assessment Manual suggests a scale of three ratings:

- > Generally Conforms (GC) is the top rating and means that an IA activity has a charter, policies, and processes that are judged to be in conformance with the *Standards*.
- > Partially Conforms (PC) means deficiencies in practice are noted that are judged to deviate from the *Standards*, but these deficiencies did not preclude the IA activity from performing its responsibilities in an acceptable manner.
- > Does Not Conform (DNC) means deficiencies are judged to be so significant as to seriously impair or preclude the IA activity from performing adequately in all or in significant areas of its responsibilities.

Quality Assessment Evaluation Summary	GC	PC	DNC
UT System Administration	✓		
UT Arlington	✓		
UT Austin	✓		
UT Dallas	✓		
UT El Paso	✓		
UT Permian Basin	✓		
UT Rio Grande Valley	✓		
UT San Antonio	✓		
UT Tyler	✓		
UT Southwestern Medical Center	✓		
UT Medical Branch - Galveston	✓		
UT Health Science Center - Houston	✓		
UT Health Science Center - San Antonio	✓		
UT MD Anderson Cancer Center	✓		
UT Health Science Center - Tyler	✓		

# Observations Across UT System

In addition to assessing the IA functions' conformance with the *Standards*, the validation team leveraged their experience to highlight distinct strengths and opportunities related to innovative and leading practices at each institution. We tailored these observations specifically to each entity. During our review, we identified:



## Internal Audit Strengths Across UT System

During our review, we identified common strengths across the UT System and its institutions that are a result of collaborative efforts across all of the IA functions and represent leading practices and enhancements since the last QAR.

### Reputation as a trusted, collaborative partner

IA functions across the System are considered trusted partners with strong reputations. 'Collaborative' was one of the most common words that stakeholders in over 275 interviews used to describe the IA teams.

### Expertise and quality of work

Stakeholders appreciate the experience and expertise that IA demonstrates in its work, and the quality and relevance of IA reports.

### Continuing professional development

IA teams are continuing to evolve and develop their skillsets to focus on key risks, remain involved in industry activities, educate their institutions' communities, and provide advisory insights.

### IA operational effectiveness

Institutions applaud their IA functions' risk assessment processes and their development of the annual IA plans to align with institutional strategies and risks.

### Range of projects and activities

IA's projects and activities are starting to expand to include support of enterprise risk management (ERM) efforts. IA is also increasing strategic consulting and advisory projects to support stakeholder needs.

## Internal Audit Opportunities Across UT System

During our review, we identified opportunities to enhance IA’s work across the UT System. These opportunities are not specific to any one institution, but rather will require the collaborative efforts of all of IA functions within the UT System to effect change.

### Connecting with stakeholders

Further build and maintain relationships with leadership, management, and stakeholders across the institutions. Broaden IA’s engagement through regular connections across the community.

### Evolving risk assessments and IA plans

Continue to evolve the annual IA plans to demonstrate the linkage between risk assessments and the plan, provide institution-wide views of risks, and apply an agile approach to IA’s focus to support strategic changes.

### Enhancing project activities

Further optimize IA processes and expand audit topics, specifically exploring expanded use of data analytics in projects and enhancement of information technology (IT) audit approaches.

### Optimizing IA resources

Enhance team technical expertise in key risk areas to expand IA’s advisory capacity, actively supporting staff learning, professional growth, and career development.

### Reporting

Refine reports to drive focus to critical risk areas, and synthesize and communicate observations that may have broader impacts on the institution and the System.

## Internal Audit Observations for System Audit Office

During our review, we identified the following enhancement opportunities for the System Audit Office.

### System IA Recommendations

Drive Systemwide value by synthesizing IA observations from across the System

Address common risk areas (e.g., research-related risks) across the System

Expand orientation and education on IA and other risk-related roles for the Audit, Compliance, and Risk Management Committee (ACRMC) and institutional audit committees

## Other Considerations for Management

Although our assessment was of IA, IIA *Standards* require validation teams to consider the intersection of IA activities with risk management and compliance activities across the institution. During our review, we identified enhancement opportunities across the UT System for leadership's consideration, such as:

### Institutional Compliance

Support the evolution of the institutional Compliance functions, and continue to increase collaboration between IA and Compliance.

### Enterprise Risk Management

Continue exploring and supporting the implementation of formal ERM programs to present a full, coordinated, institution-wide risk universe.

### Reporting Relationships

Provide ongoing education and support to Institutional Audit Committee (IAC) members. Clarify IA and Chief Audit Executives' reporting relationships to IACs, institutional leadership, and the System IA Office.



# Key Words from Interviews



Note: The relative size of the words correlates to their occurrence/use by interviewees to describe the IA functions.

## Contact Information



**Raina Rose Tagle**  
CPA, CISA, CIA  
Risk Advisory Partner

[raina.rosetagle@bakertilly.com](mailto:raina.rosetagle@bakertilly.com)  
703-923-8251



**Ashley Deihl**  
CPA, CIA, CFE  
Risk Advisory Partner

[ashley.deihl@bakertilly.com](mailto:ashley.deihl@bakertilly.com)  
703-923-8561



**Brynn Tomlinson**  
CPA, CFE  
Risk Advisory Manager

[brynn.tomlinson@bakertilly.com](mailto:brynn.tomlinson@bakertilly.com)  
703-923-8471

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**5. U. T. System: Report and discussion on the Systemwide internal audit activities, including trends and status of the FY 2021 institutional work plans**

Chief Audit Executive Peppers will present trends in the FY 2021 institutional work plans, using a PowerPoint presentation set forth on the following pages. Details on the annual audit plan's budget to actual hours status was provided to the Audit, Compliance, and Risk Management Committee members prior to the meeting.

# Trends in FY 2021 Institutional Work Plans

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

U. T. System Board of Regents Meeting  
Audit, Compliance, and Risk Management Committee  
February 2021



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## FY 2021 Annual Work Plans

- Internal audit work plans across the System:
  - 45% Assurance Engagements
  - 17% Advisory and Consulting Engagements
- Increase in consulting hours from prior years to stay agile and responsive to management needs
- Diverse topics to maximize coverage of risk areas
- Commonality in high-risk area topics



## Most Common Topics



- Assess COVID-19 health safety measures and their effectiveness
- Determine whether business continuity plans exist for critical operations
- Advise on remote working guidelines
- Participate on various task forces related to COVID-19



## Most Common Topics (cont.)



- Review compliance with Coronavirus Aid, Relief, and Economic Security (CARES) Act expenditure and reporting requirements
- Ensure appropriate and allowable costs are claimed to allow for maximum cost recovery



## Most Common Topics (cont.)

### Information Security Operations

- Evaluate information security controls:
  - Application/operating system updates
  - Patching
  - Software security



## Most Common Topics (cont.)

### Identity and Access Management

- Assess controls around account access, authentication, maintenance, and/or assigned roles and permissions



# Other Common Topics



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

See [Item 1](#) of the Finance and Planning Committee.



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FOR  
FINANCE AND PLANNING COMMITTEE**

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

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

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

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

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

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

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

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

**BACKGROUND INFORMATION**

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

# Annual Financial Report & Highlights Fiscal Year 2020

Veronica Hinojosa Segura  
Associate Vice Chancellor, Controller

U. T. System Board of Regents Meeting  
February 2021



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# Agenda

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



# Strategic Framework

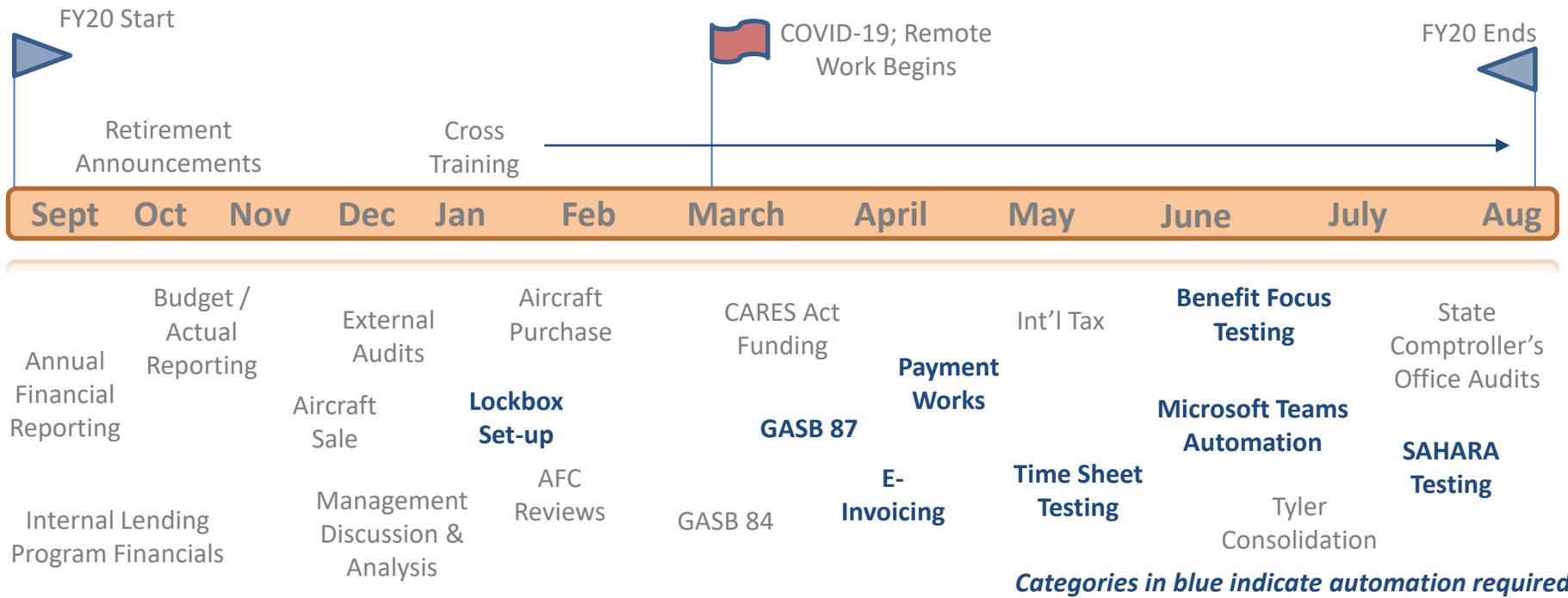


## Vision

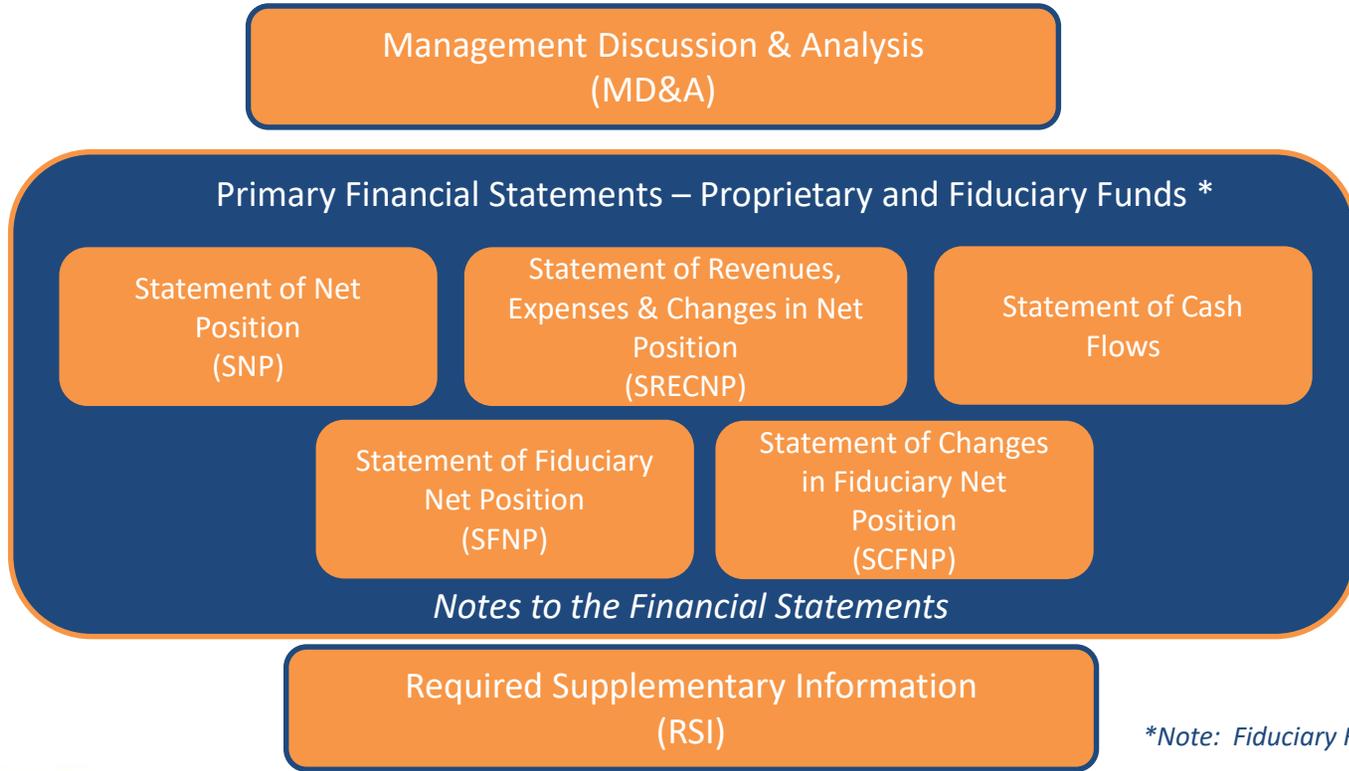
*To recruit, retain, and develop employees who provide exceptional service through innovation in support of the Controller's and UT System's mission.*



# FY 2020 Look Back



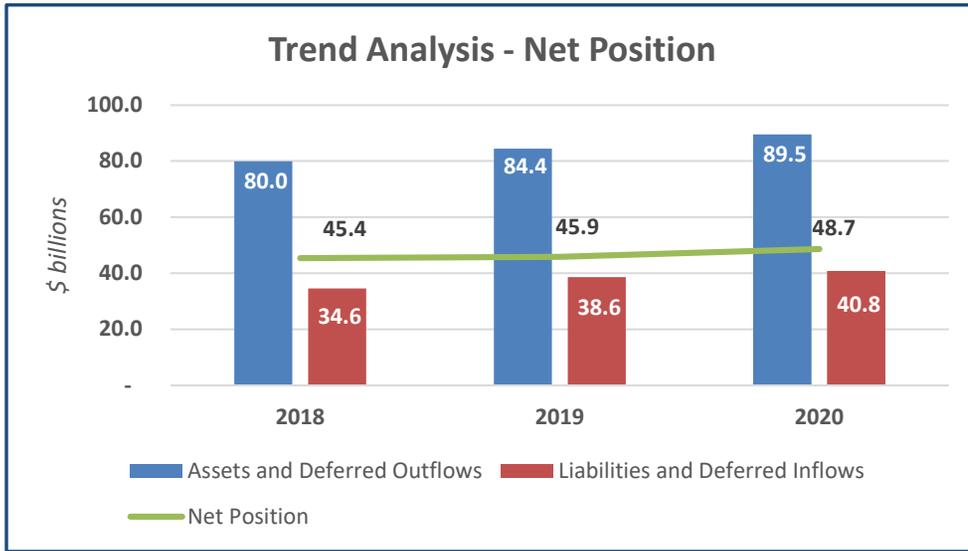
# Components of Annual Financial Report



\*Note: Fiduciary Funds new due to GASB 84



# Consolidated Performance Dashboard

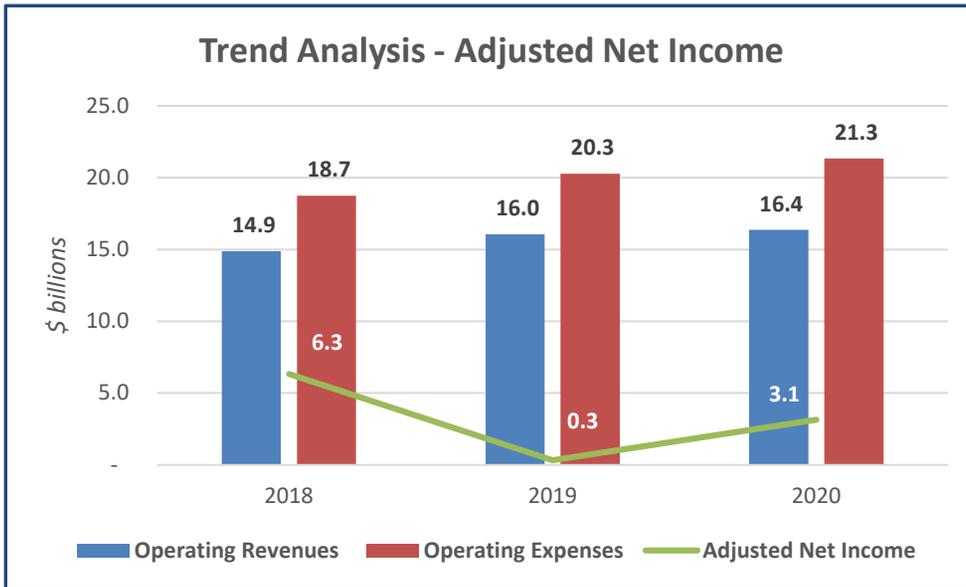


### Key Metrics

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



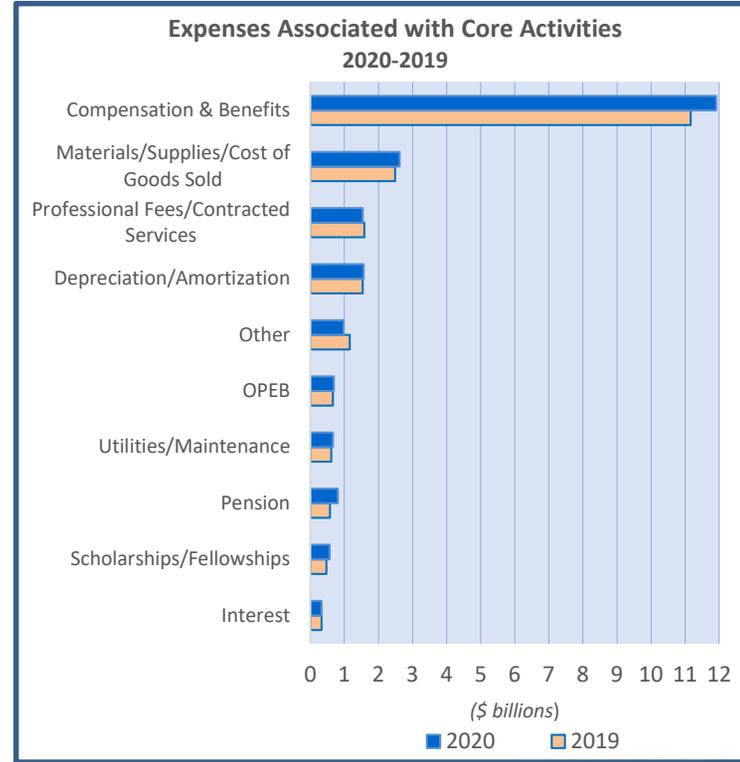
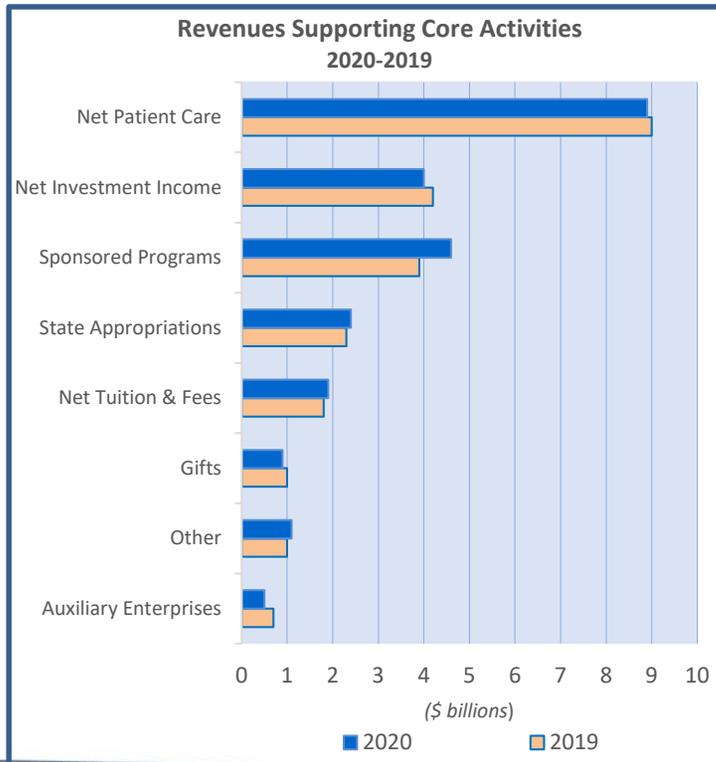
# Consolidated Performance Dashboard



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



# Revenue / Expense Year over Year Comparison



# Center of Excellence Highlights

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

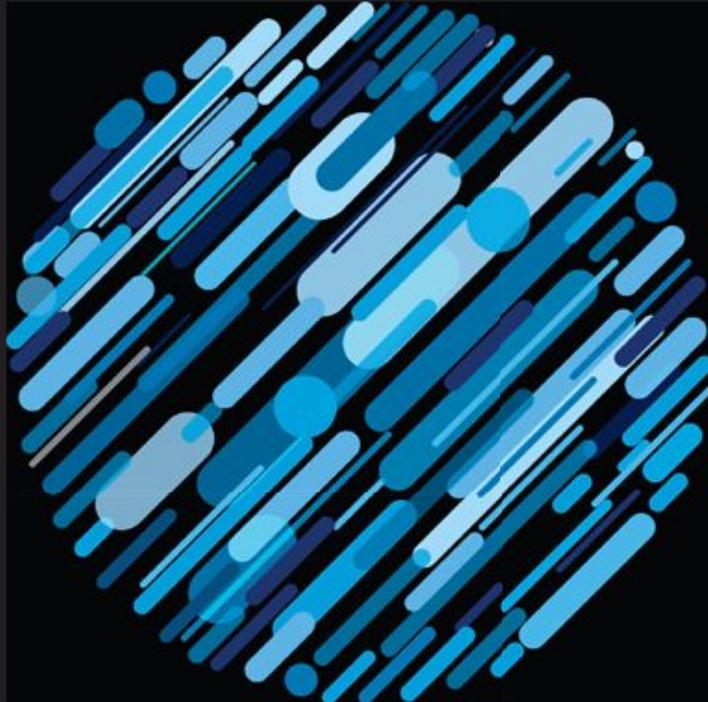


# FY 2021 Look Forward

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



**Deloitte.**



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

February 24, 2021

# Agenda

Deloitte Team

FY20 Audit Scope

GASB Standards Implemented in FY20

Spotlight on Certain Upcoming GASB Standards

Summary of Uncorrected Misstatements

Control-related Matters

Appendix A: Auditing Management's Estimates

Appendix B: Detailed Summary of Uncorrected Misstatements

# Deloitte Team

Meeting with You Today



# FY20 Audit Scope

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## Financial Statement Audits:

U. T. System – Consolidated

UTIMCO Funds

U. T. M. D. Anderson Cancer Center

U. T. Southwestern Medical Center

U. T. Medical Branch Galveston

U. T. Austin

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## Student Financial Aid Compliance Audits:

U. T. Health Science Center –  
Houston

U. T. M. D. Anderson Cancer Center

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## Review Engagements:

U. T. Health Science Center –  
Houston

## GASB Standards Implemented in FY20

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

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

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

## Spotlight on Certain Upcoming GASB Standards

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

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

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

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

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

## Control-Related Matters

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

# Appendix A: Auditing Management's Estimates

## Accounting Estimates—Patient Accounts Receivable—Valuation

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### Management’s Methodology

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

### Audit Procedures

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

## Accounting Estimates—Fair Value of PUF Lands

---

### Management’s Methodology

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

### Audit Procedures

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

## Accounting Estimates—Teachers’ Retirement System Plan

---

### Management’s Methodology

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

### Audit Procedures

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

## Accounting Estimates—Other Postemployment Benefit Plan

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### Management’s Methodology

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

### Audit Procedures

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

# Appendix B: Detailed Summary of Uncorrected Misstatements

## Summary of Uncorrected Misstatements

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

### U. T. System Administration

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

### U. T. Austin

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

## Summary of Uncorrected Misstatements (continued)

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

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

## Summary of Uncorrected Misstatements (continued)

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

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

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

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

### U. T. Arlington

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



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

RECOMMENDATION

The proposed Consent Agenda items assigned to this Committee are [Items 2 - 6](#).

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

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

# U. T. System

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

Dr. Scott Kelley  
Executive Vice Chancellor for Business Affairs

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

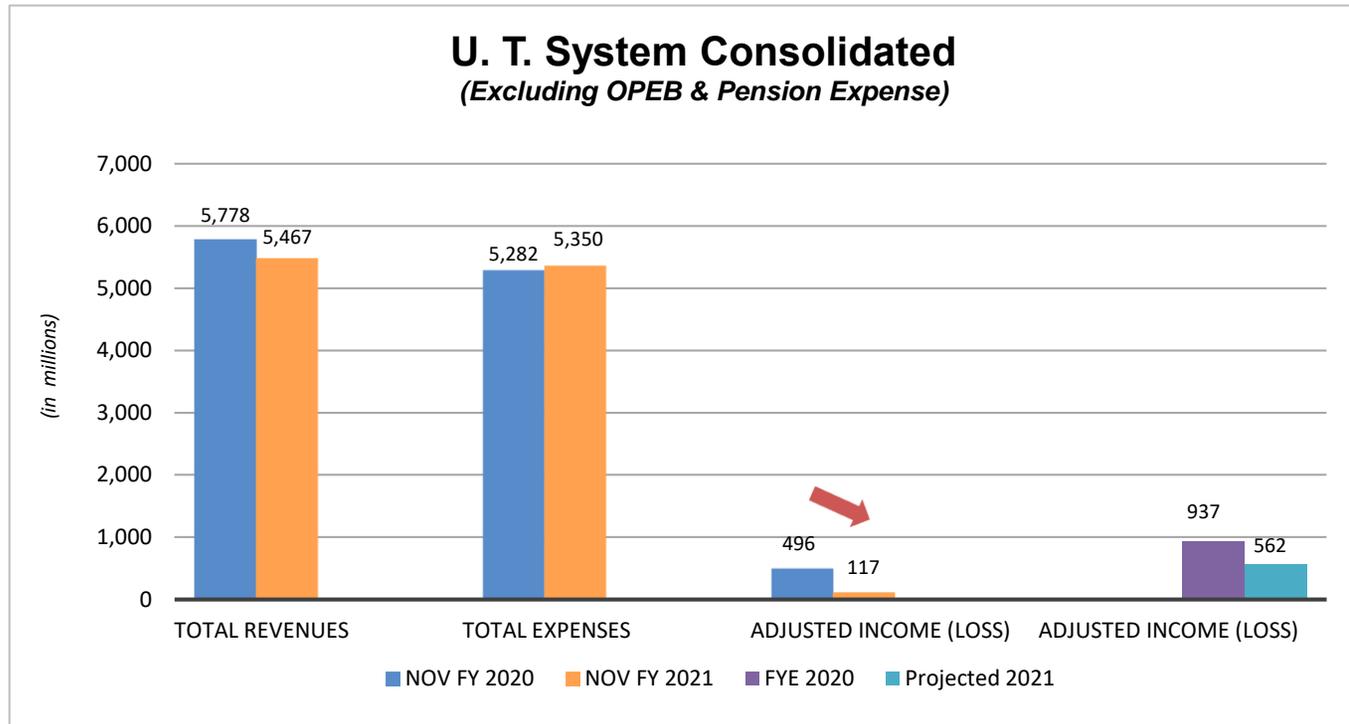


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# U. T. System Consolidated Landscape

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

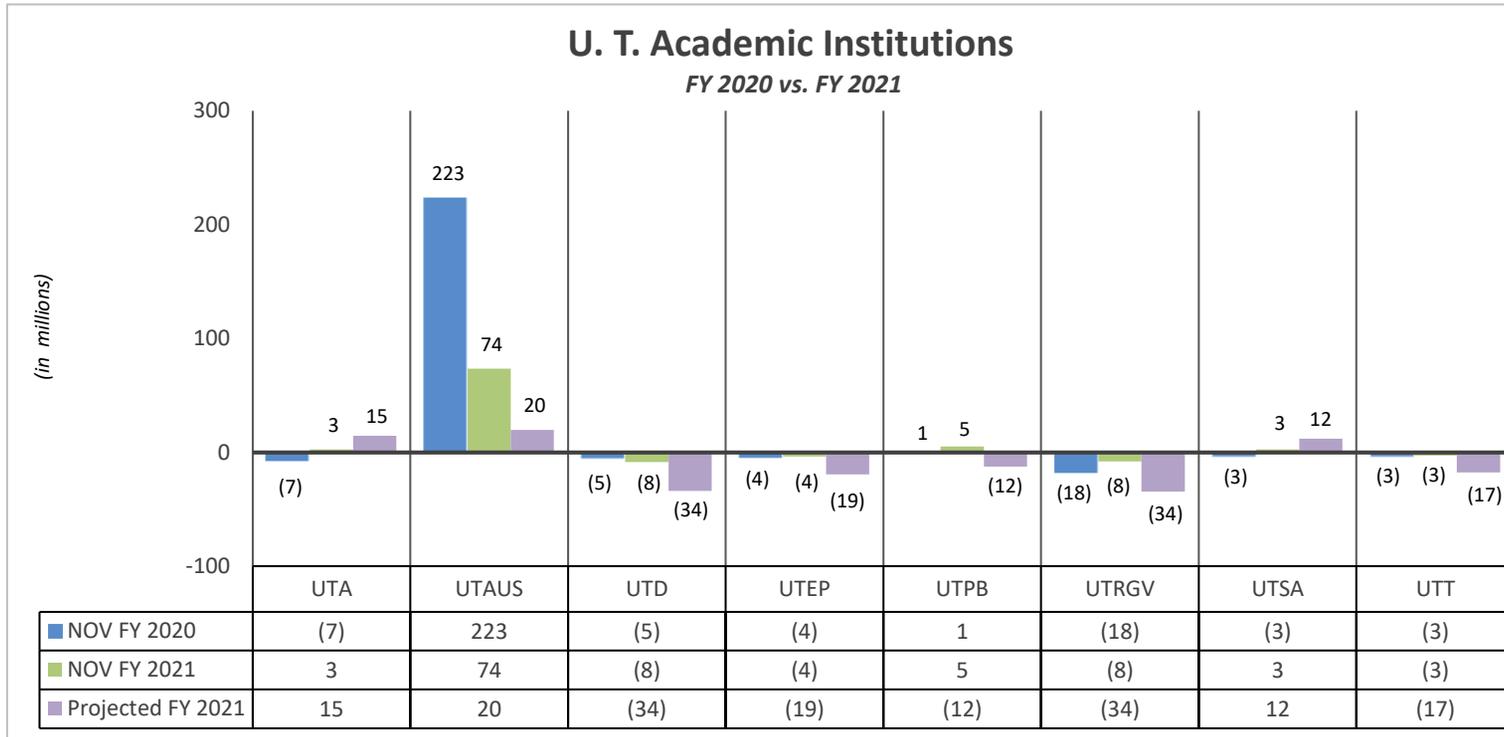


Source: November 2020 Monthly Financial Report



## Academic Adjusted Income (Loss) Comparison

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



Source: November 2020 Monthly Financial Report

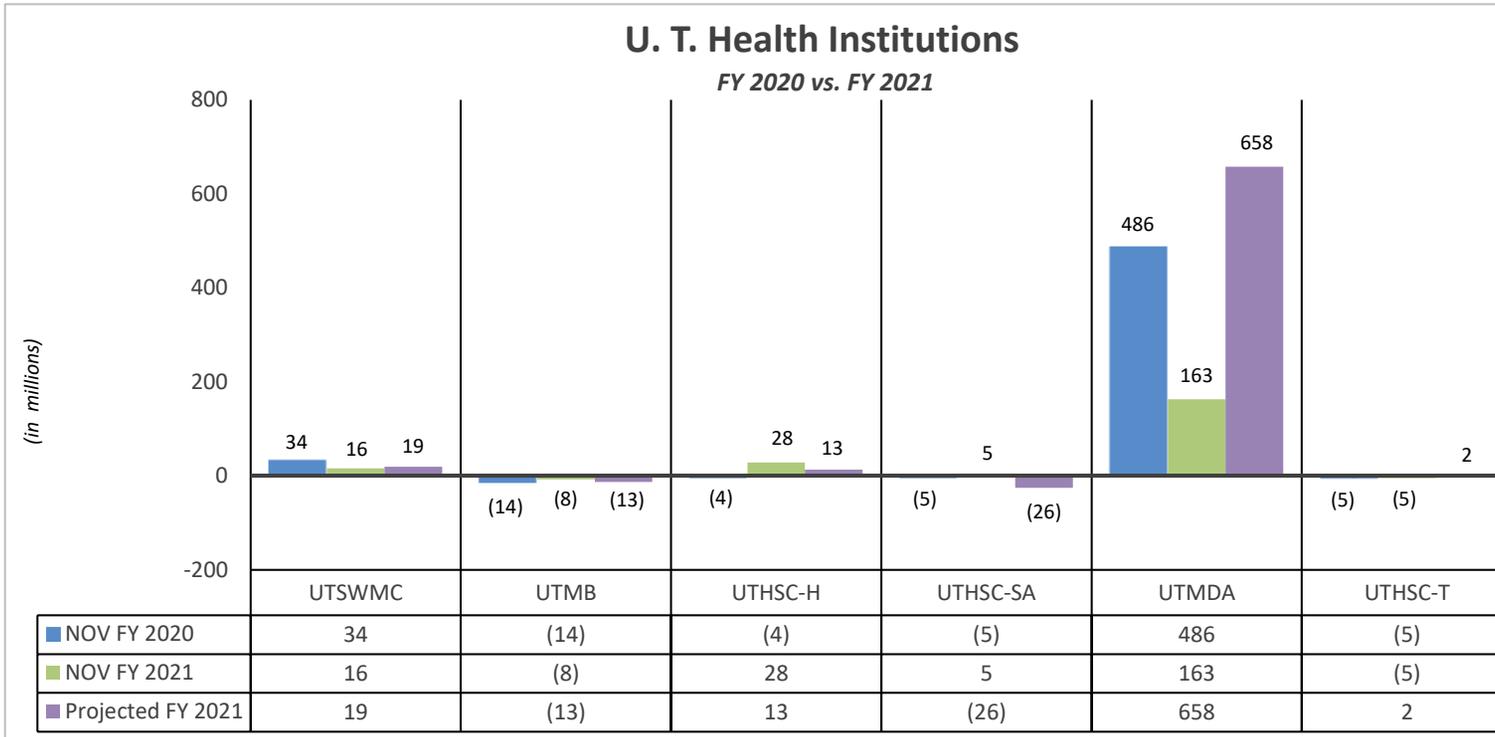


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## Health Adjusted Income (Loss) Comparison

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



Source: November 2020 Monthly Financial Report



## Systemwide Operations Financial Summary

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

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



**THE UNIVERSITY OF TEXAS SYSTEM  
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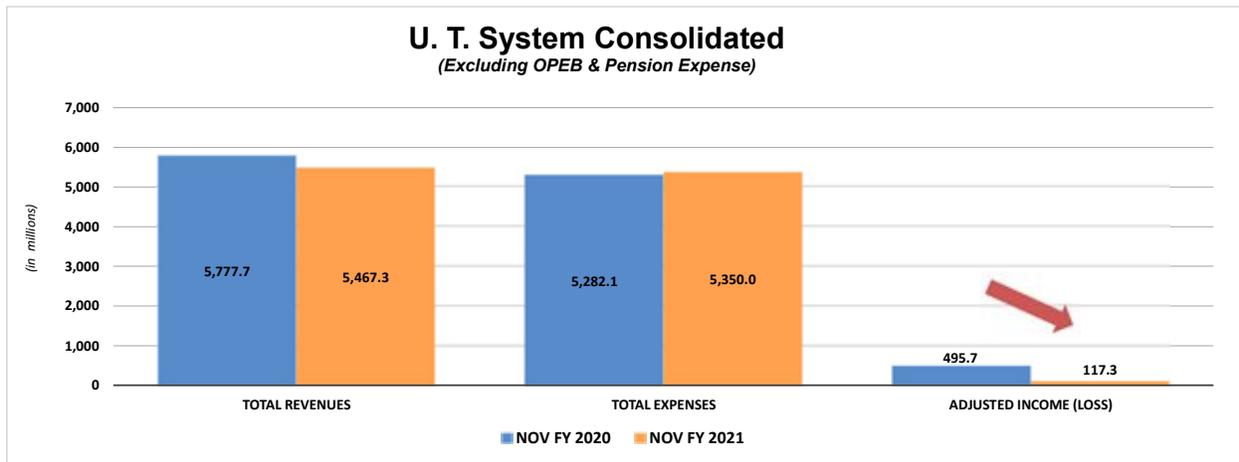
**MONTHLY FINANCIAL REPORT**  
*(unaudited)*

**NOVEMBER 2020**



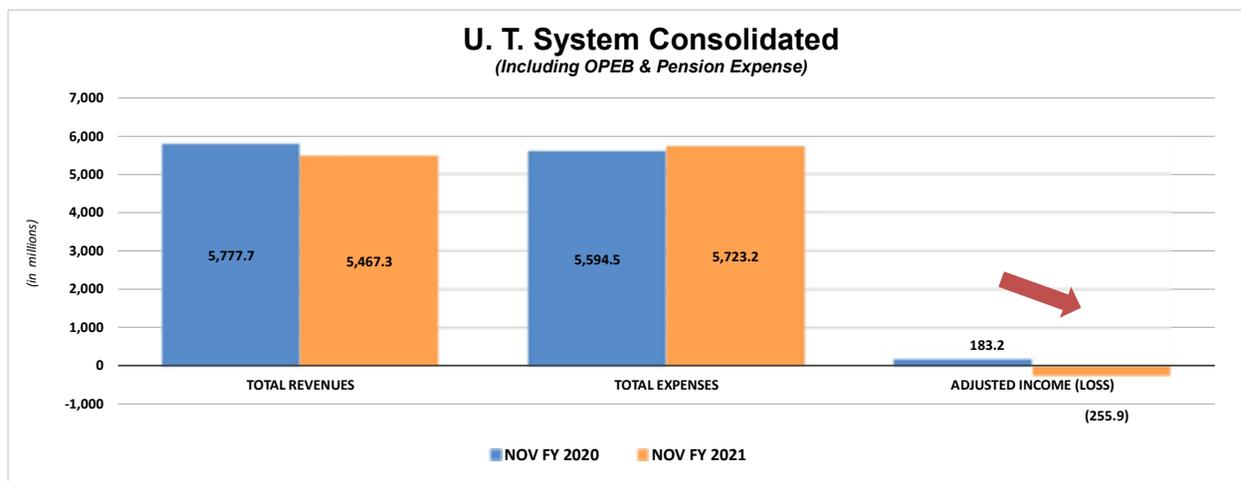
210 West Seventh Street  
Austin, Texas 78701  
512.499.4527  
[www.utsystem.edu/cont](http://www.utsystem.edu/cont)

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

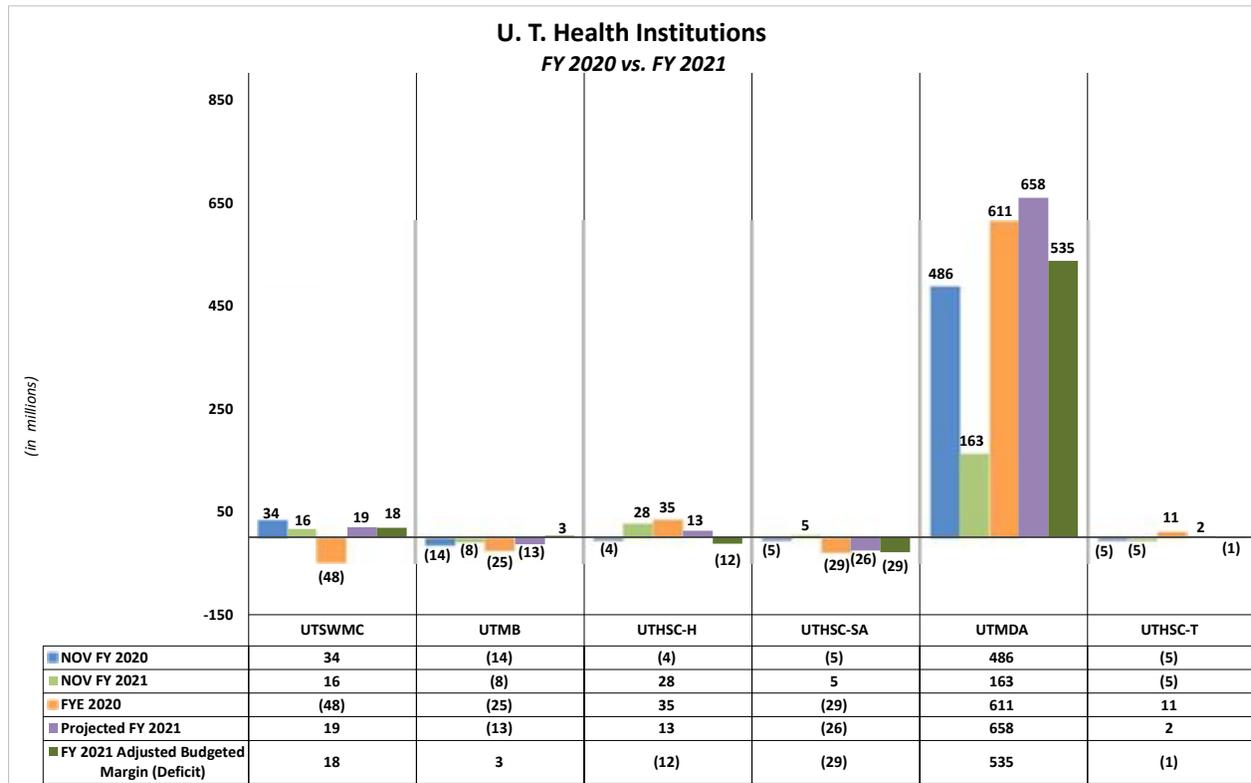
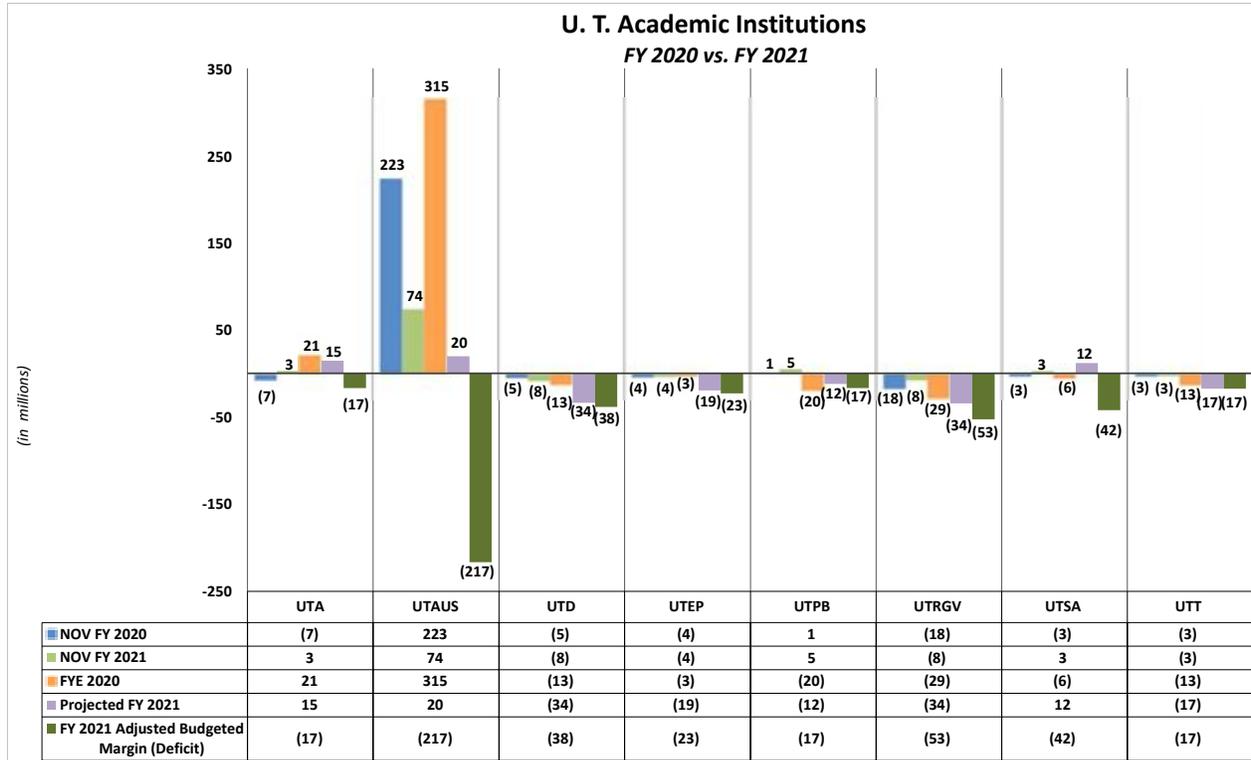


Excluding other postemployment benefits (OPEB) and pension expense, *U. T. System Consolidated* shows year-to-date adjusted income of \$117.3 million, a decrease of \$378.4 million (76%) from the prior year. The decrease was primarily due to the following: a decrease in net investment income for *U.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

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



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



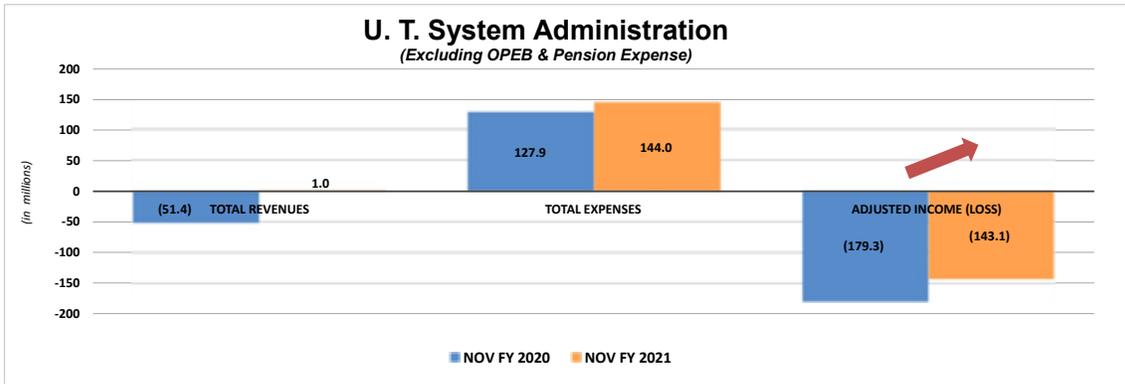
**Monthly Financial Report**  
**Comparison of Adjusted Income (Loss)**  
**For the Period Ending November 30, 2020**

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

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

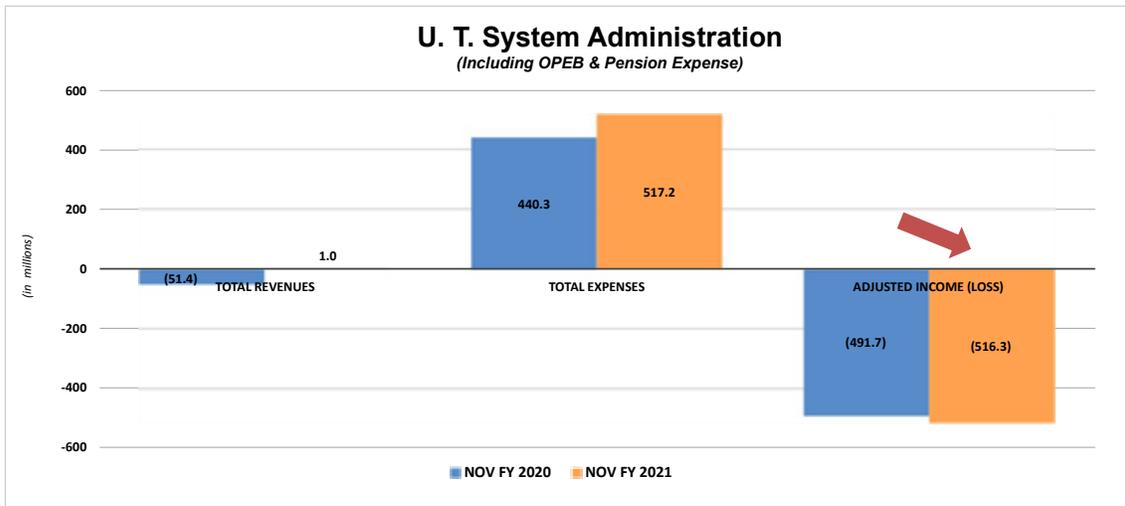
\* For additional details on the variances, please see pages 4 through 19.

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



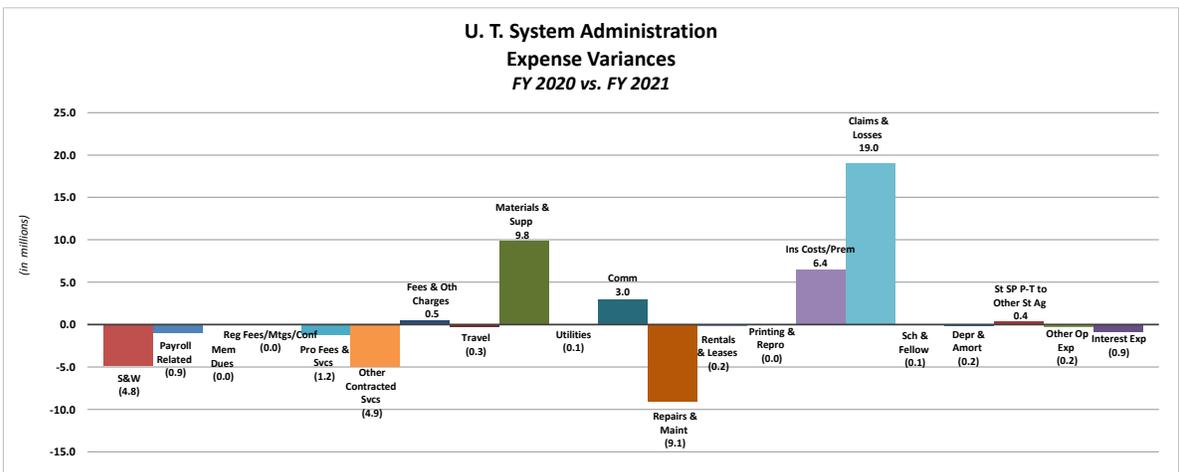
Excluding OPEB and pension expense, *U. T. System Administration* incurred a year-to-date adjusted loss of \$143.1 million, a decrease in adjusted loss of \$36.2 million (20%) from the prior year. The decrease was primarily due to an increase in net investment income as a result of increases in the Permanent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

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



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

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



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

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

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

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

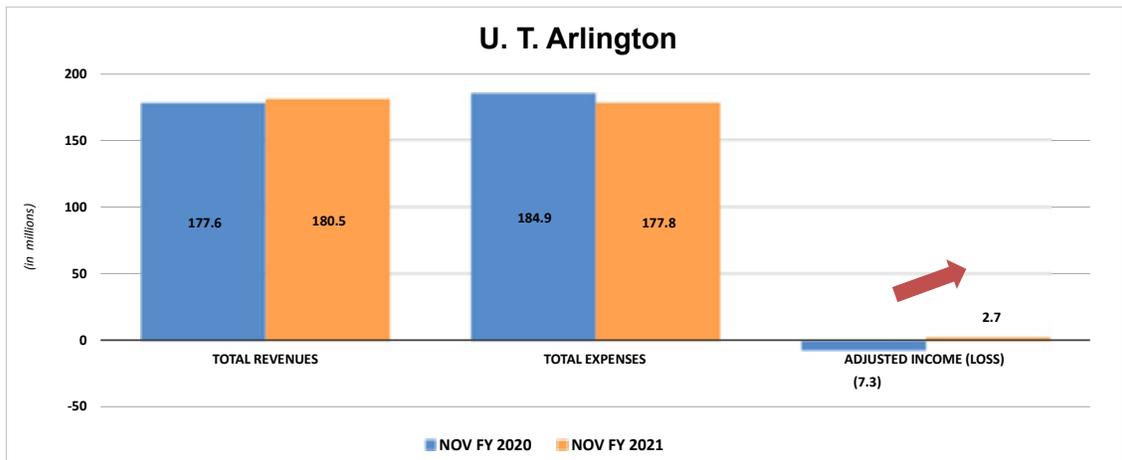
**Materials and Supplies** – increase of \$9.8 million as a result of an offsetting difference between materials and supplies and repairs and maintenance related to an Oracle Maintenance Agreement correction fixed in January 2020.

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

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

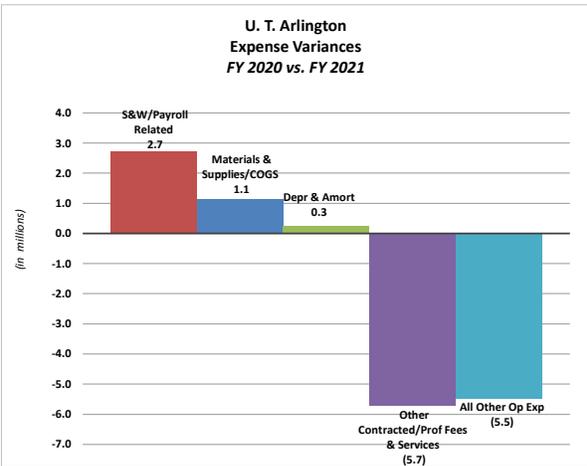
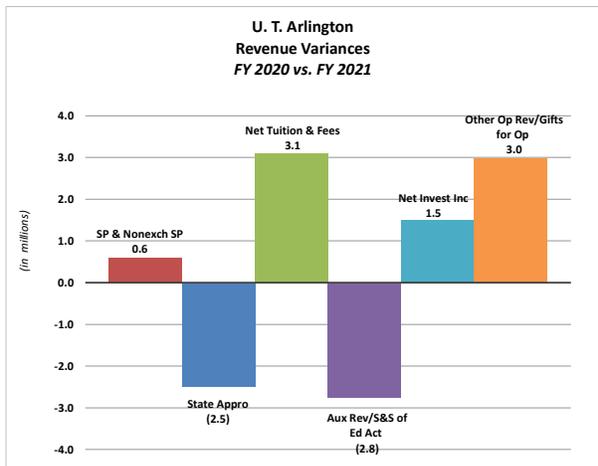
**Claims and Losses** – increase of \$19.0 million due to the service department elimination and an increase in CPPP Fire and AOP claims.

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

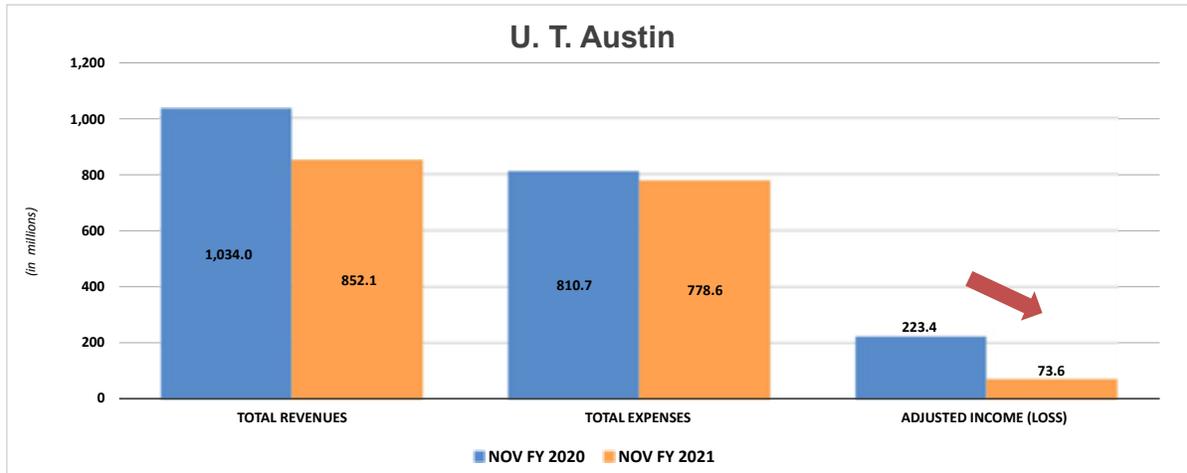


*U. T. Arlington* reported year-to-date adjusted income of \$2.7 million, an increase of \$10.0 million (137%) from the prior year. The increase was primarily attributable to the following: a decrease in other contracted services due to a decrease in IT expenditures; an increase in net student tuition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

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

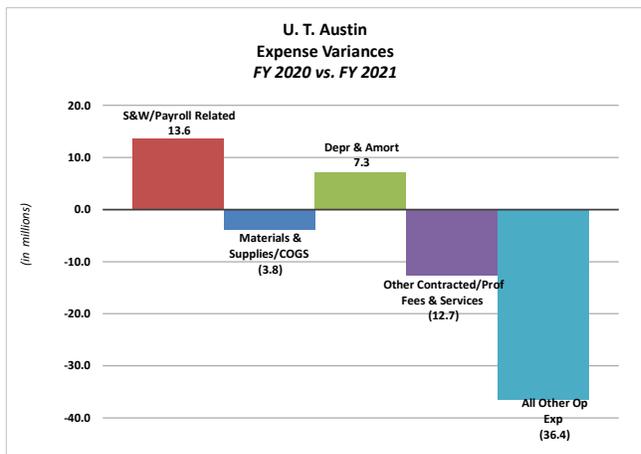
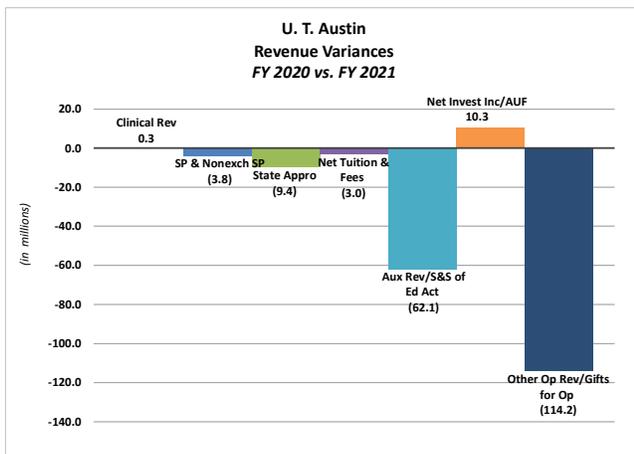


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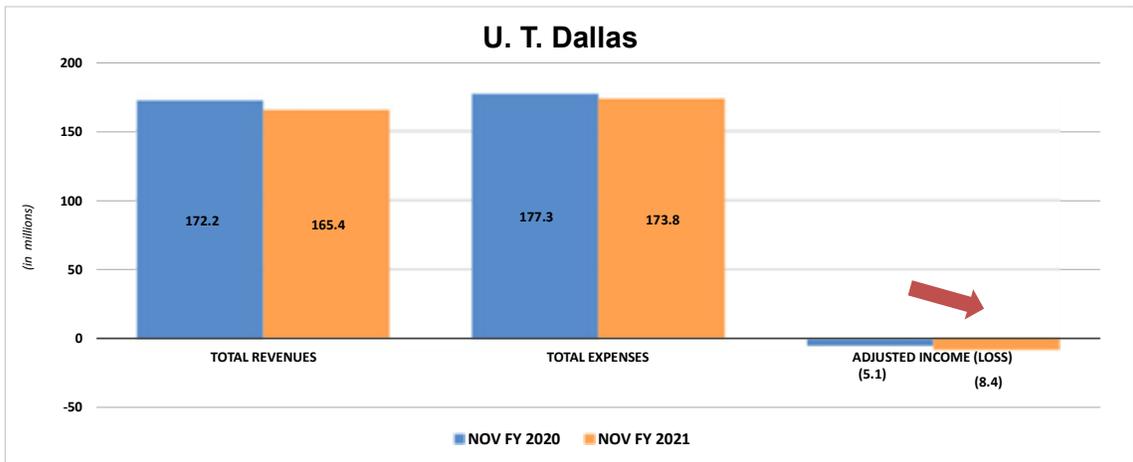


U. T. Austin reported year-to-date adjusted income of \$73.6 million, a decrease of \$149.8 million (67%) from the prior year. The decrease was primarily due to the following: a decrease in gift contributions for operations; and a decrease in auxiliary revenues and sales and services of educational activities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

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

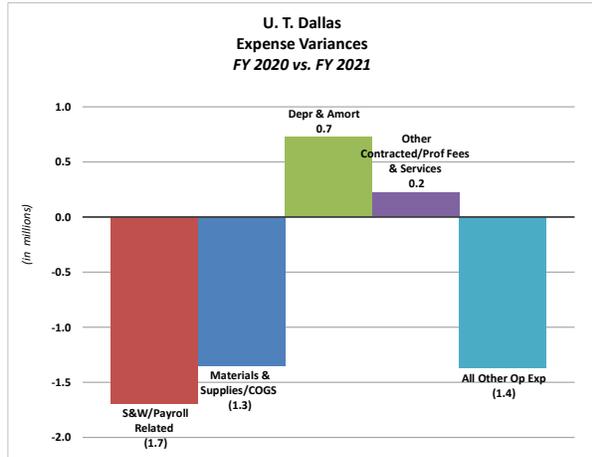
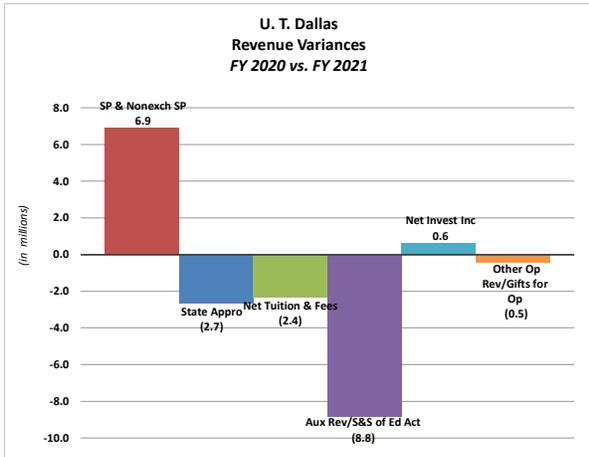


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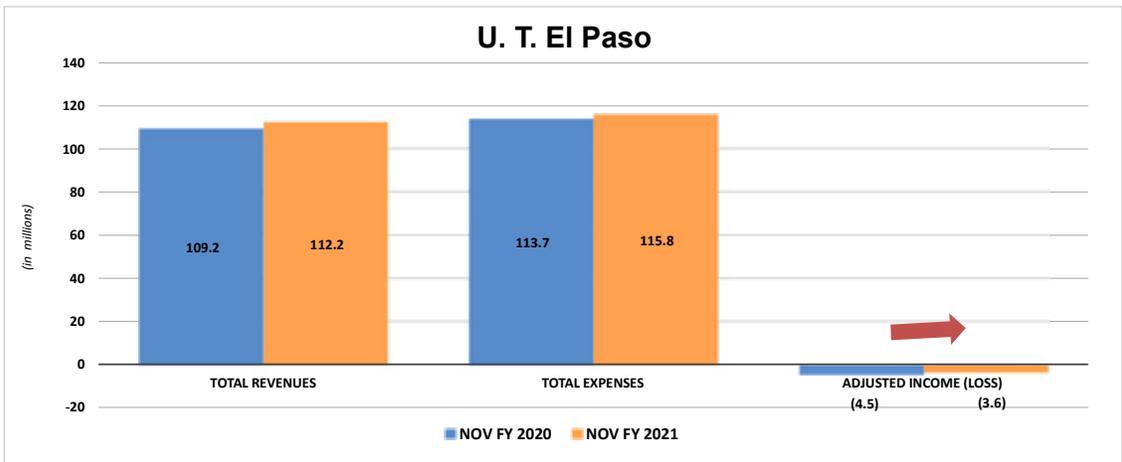


U. T. Dallas incurred a year-to-date adjusted loss of \$8.4 million, an increase in adjusted loss of \$3.4 million (66%) from the prior year. The increase was primarily attributable to the following: a decrease in auxiliary revenues and sales and services of educational activities due to the continued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

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

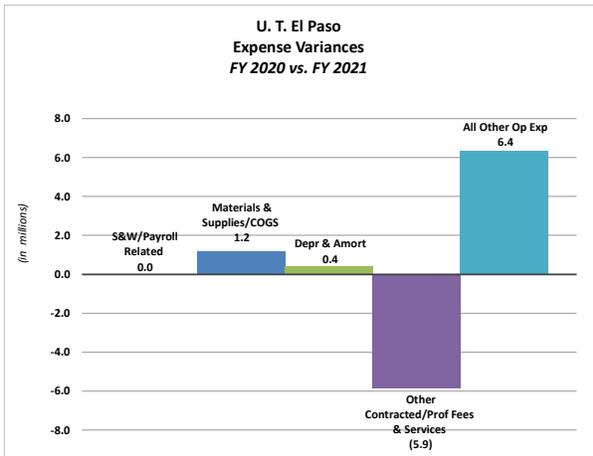
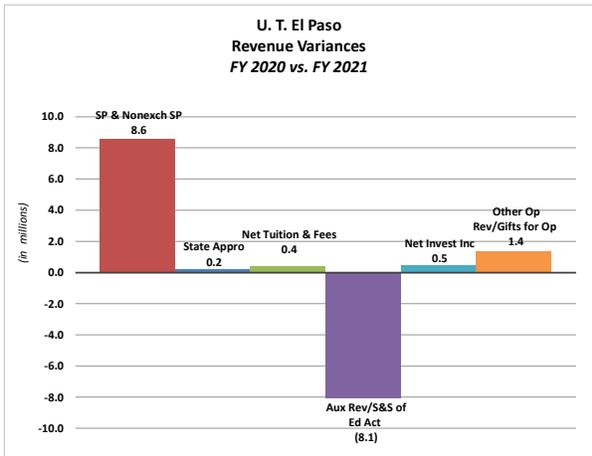


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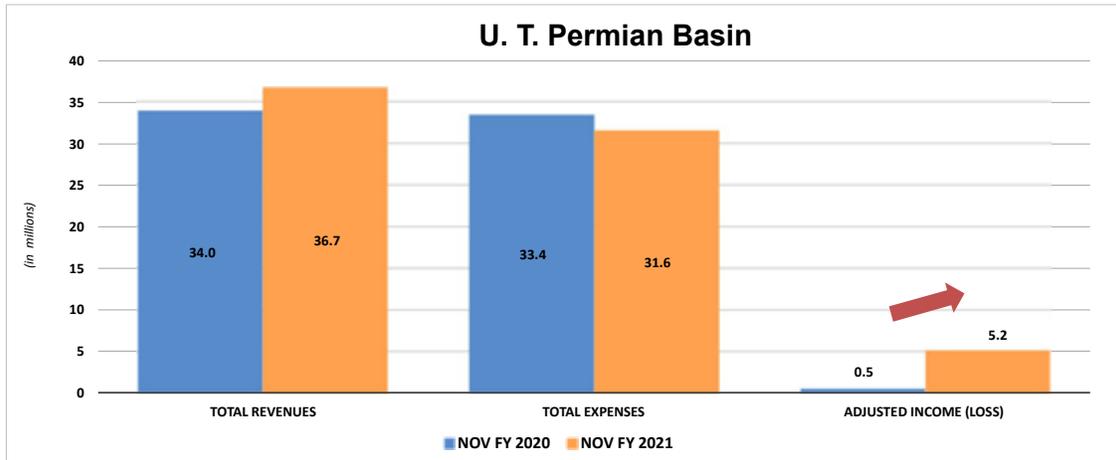


U. T. El Paso incurred a year-to-date adjusted loss of \$3.6 million, a decrease in adjusted loss of \$0.9 million (20%) from the prior year. The decrease was primarily due to an increase in gifts for operations. The most current projection received from U. T. El Paso reflects a loss of \$19.4 million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

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

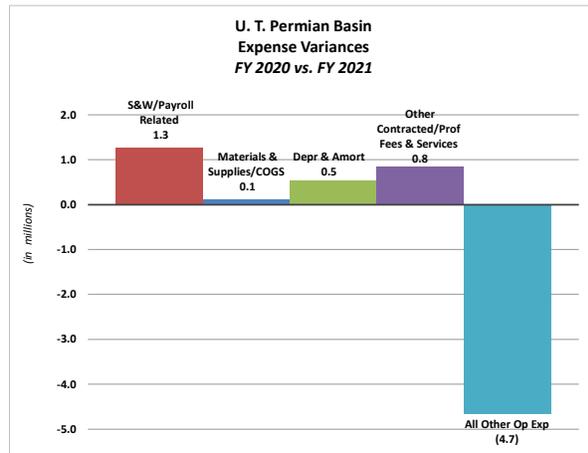
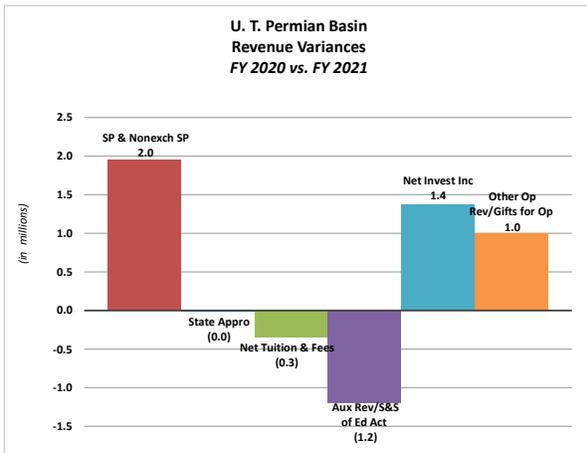


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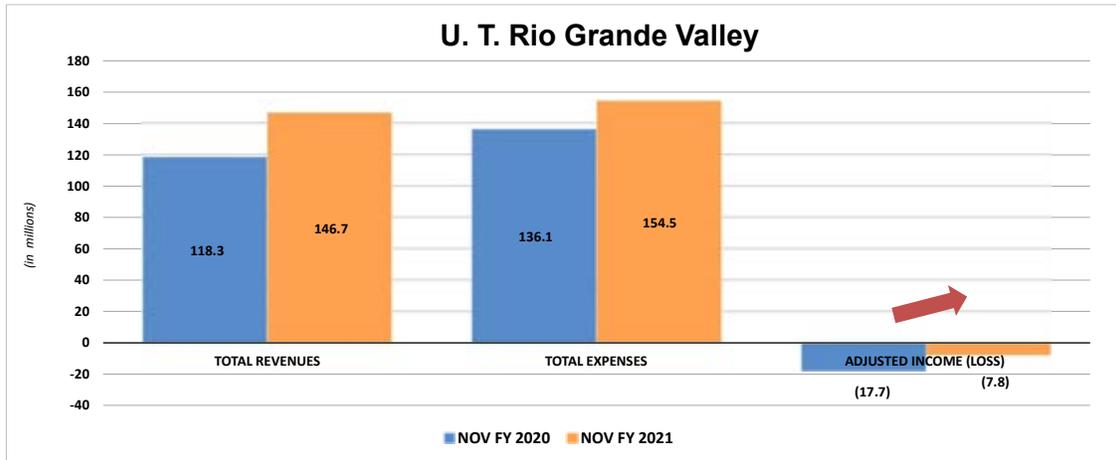


U. T. Permian Basin reported year-to-date adjusted income of \$5.2 million, an increase in adjusted income of \$4.7 million (907%) from the prior year. The increase was primarily attributable to a decrease in other operating expenses as a result of a reduction in scholarships and fellowships expense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

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

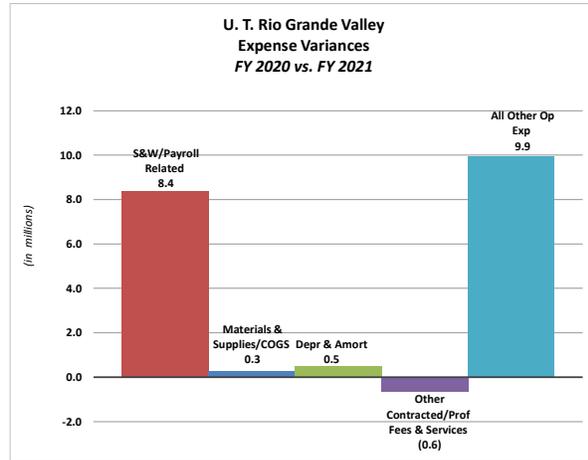
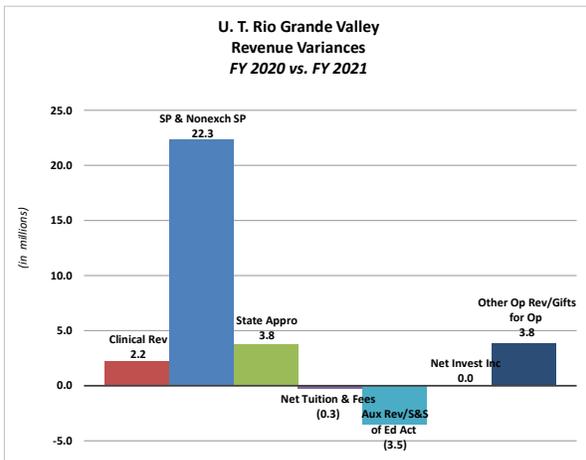


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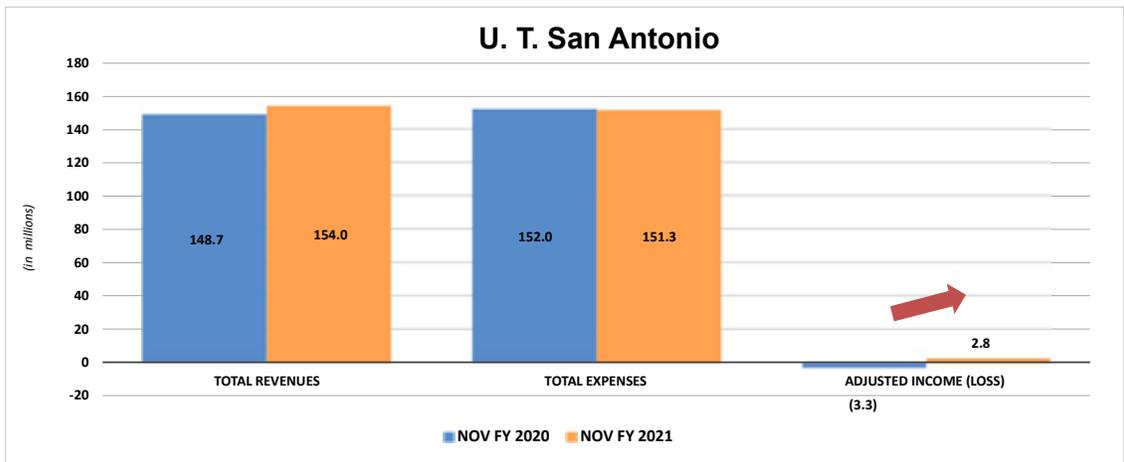


U. T. Rio Grande Valley incurred a year-to-date adjusted loss of \$7.8 million, a decrease in adjusted loss of \$9.9 million (56%) from the prior year. The decrease was primarily due to an increase in sponsored programs as a result of the Governor's Emergency Education Relief Fund (GEERF) and an increase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

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

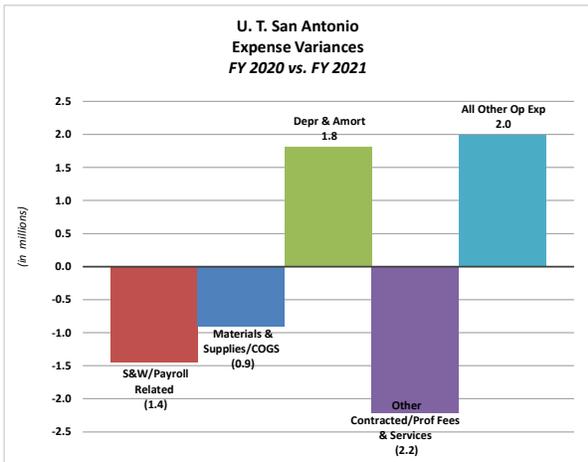
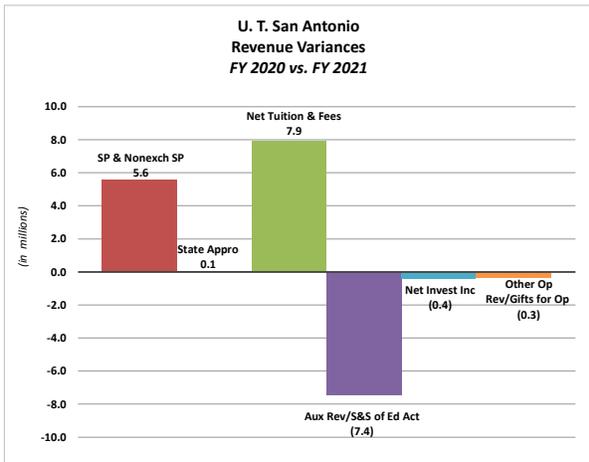


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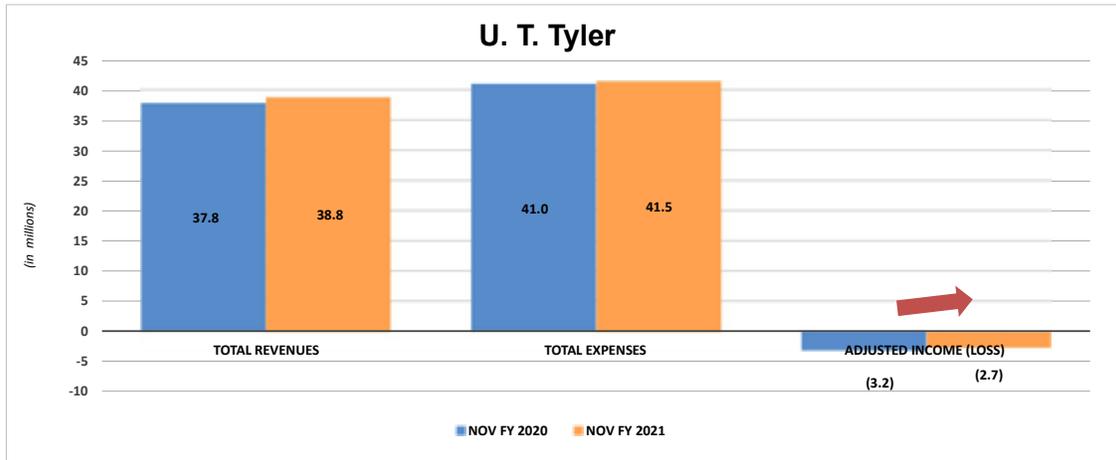


U. T. San Antonio reported year-to-date adjusted income of \$2.8 million, an increase of \$6.1 million (183%) from the prior year. The increase was primarily attributable to an increase in net student tuition and fees due to increased enrollment. The most current projection received from U. T. San Antonio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

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

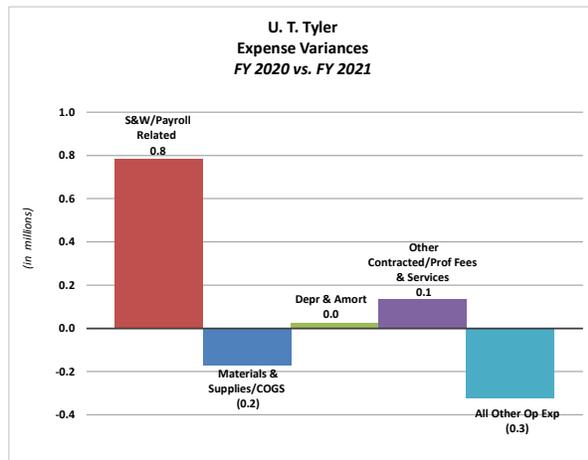
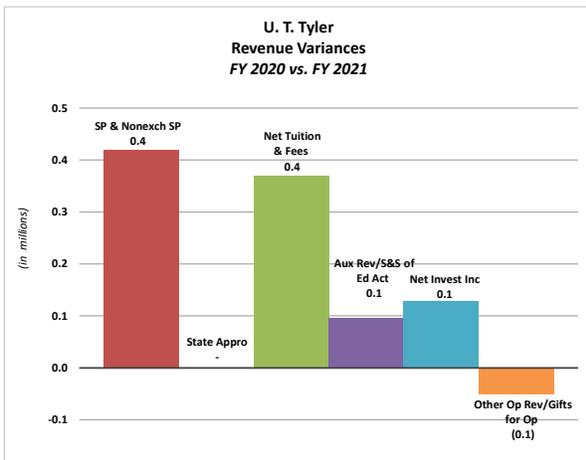


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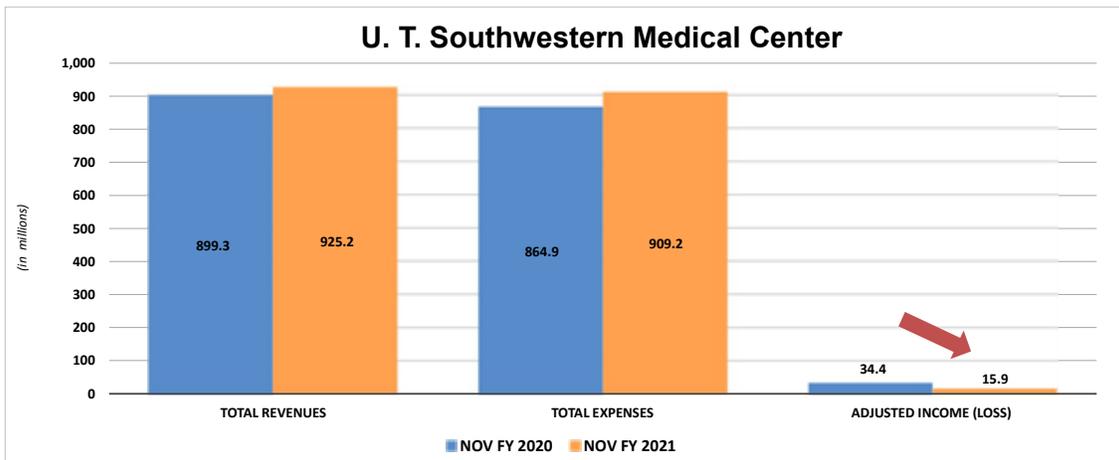


U. T. Tyler incurred a year-to-date adjusted loss of \$2.7 million, a decrease in adjusted loss of \$0.5 million (16%) from the prior year. The decrease was primarily due to an increase in net student tuition and fees attributable to an increase in designated tuition rates. The most current projection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

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

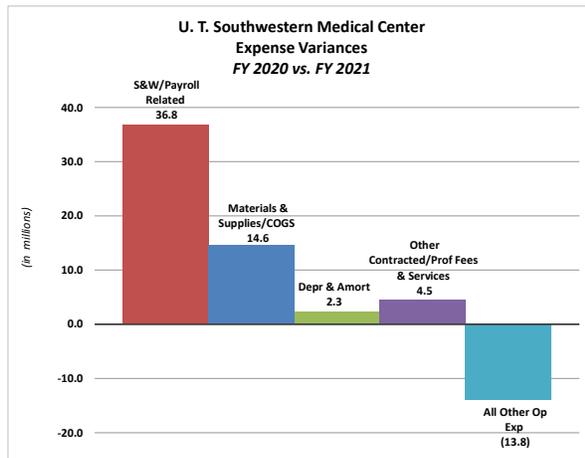
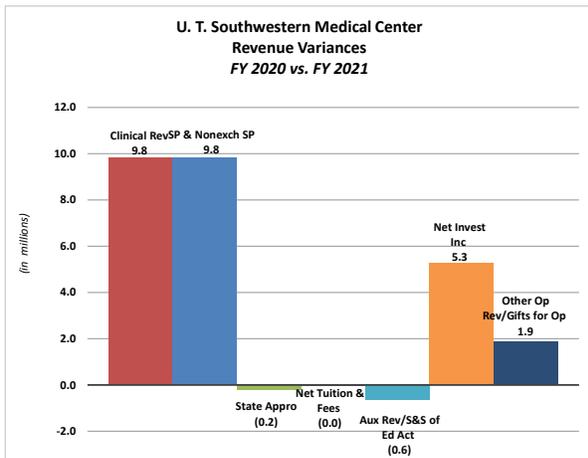


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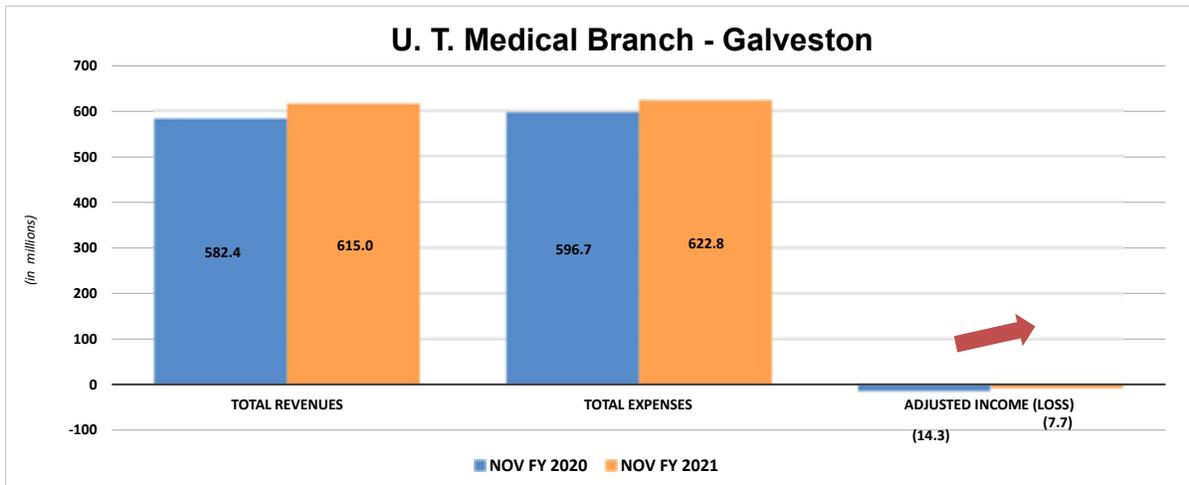


U. T. Southwestern Medical Center reported year-to-date adjusted income of \$15.9 million, a decrease in adjusted income of \$18.5 million (54%) from the prior year. The decrease was primarily attributable to the following: an increase in salaries and wages and payroll related costs as a result of growth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

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

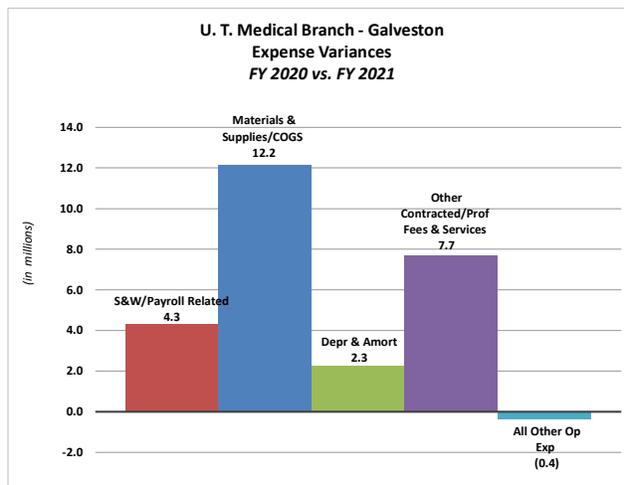
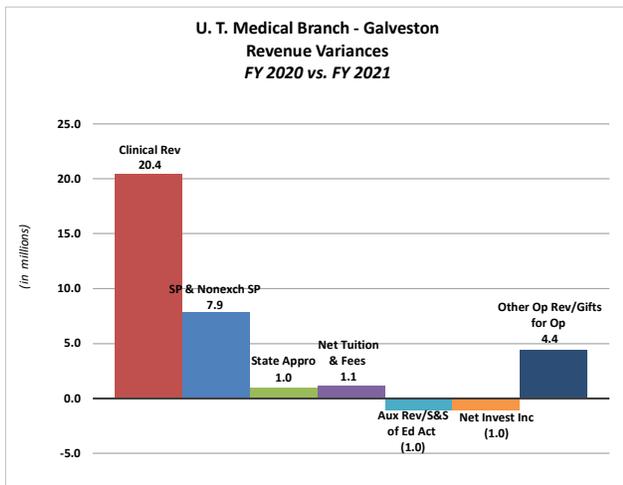


## Monthly Financial Report Comparison of Operating Results, Margin and Projected Year-End For the Period Ending November 30, 2020

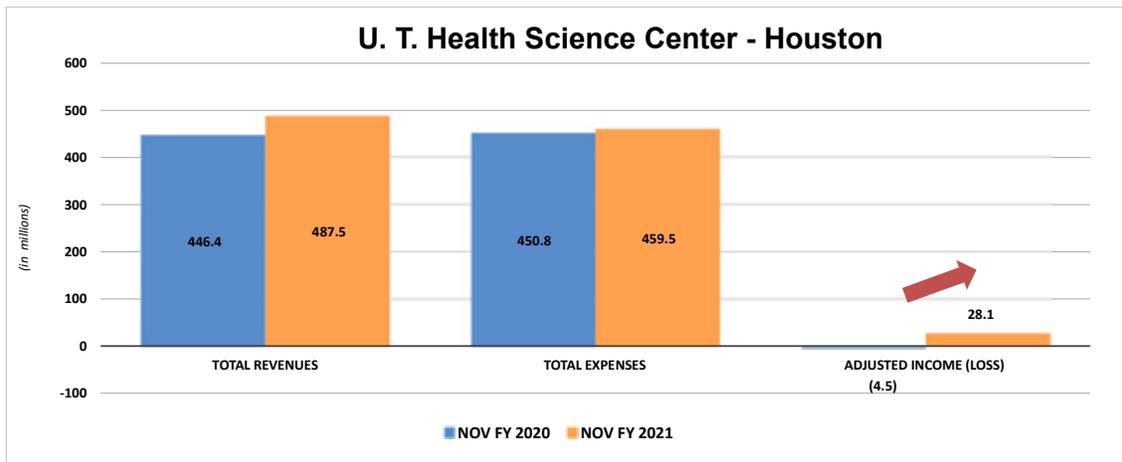


U. T. Medical Branch - Galveston incurred a year-to-date adjusted loss of \$7.7 million, a decrease in adjusted loss of \$6.6 million (46%) from the prior year. The decrease was primarily due to the following: an increase in clinical revenues attributable to increased patient volume at the Clear Lake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

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

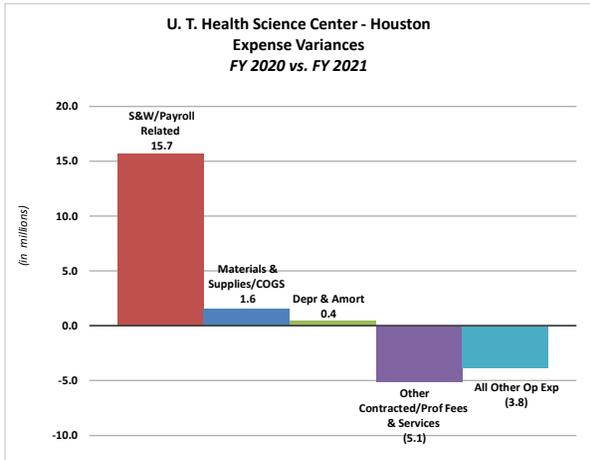
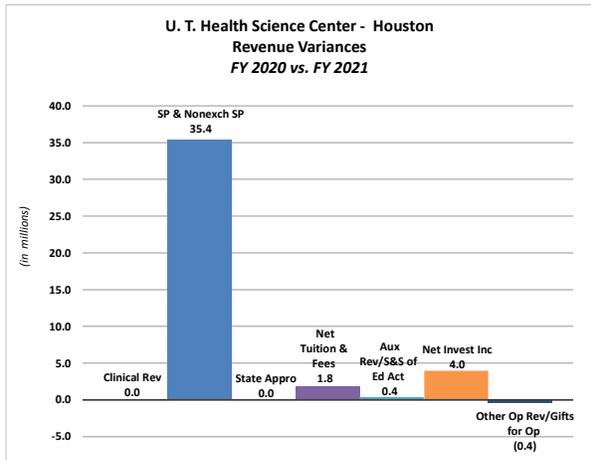


## Monthly Financial Report Comparison of Operating Results, Margin and Projected Year-End For the Period Ending November 30, 2020

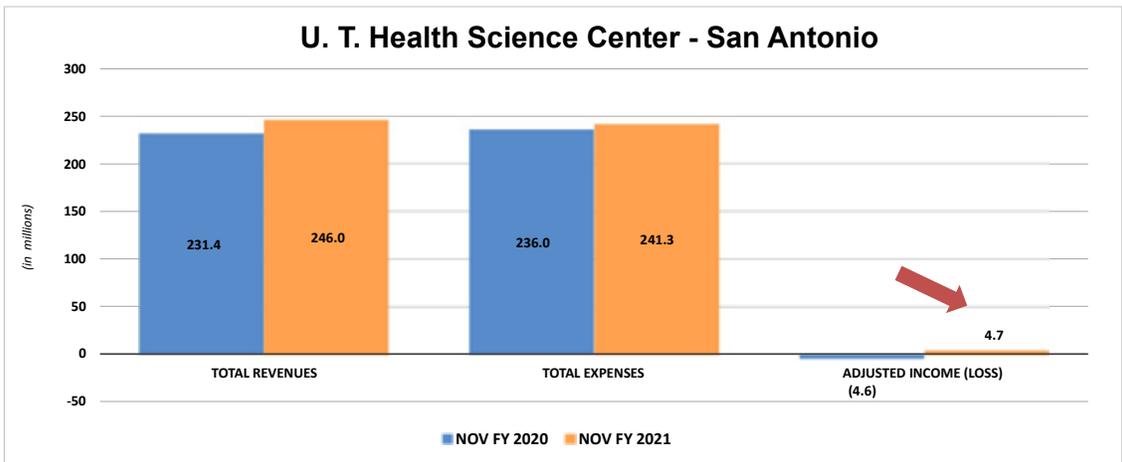


U. T. Health Science Center - Houston reported year-to-date adjusted income of \$28.1 million, an increase of \$32.5 million (730%) from the prior year. The increase was primarily attributable to the following: an increase in sponsored programs due to an increase in contractual revenues from Memorial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

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

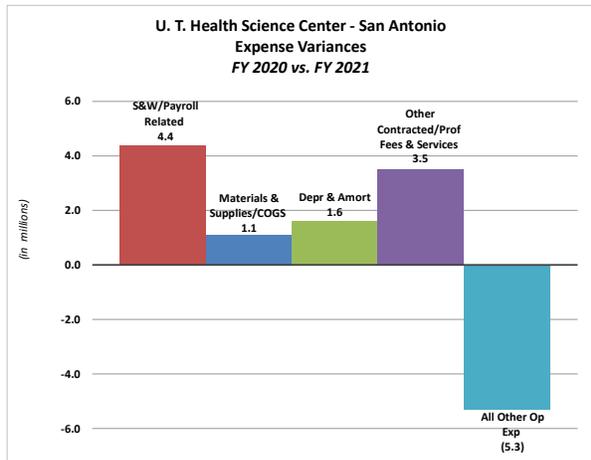
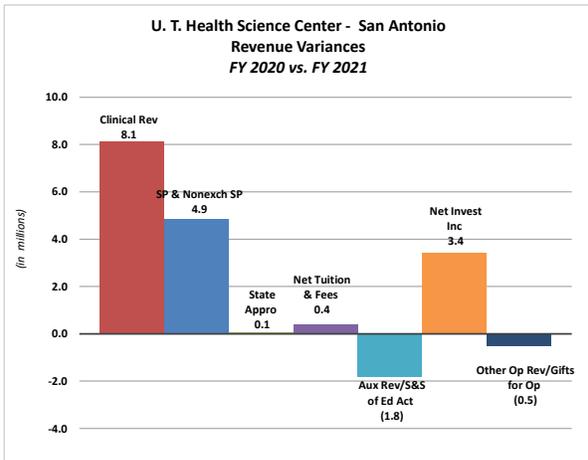


## Monthly Financial Report Comparison of Operating Results, Margin and Projected Year-End For the Period Ending November 30, 2020

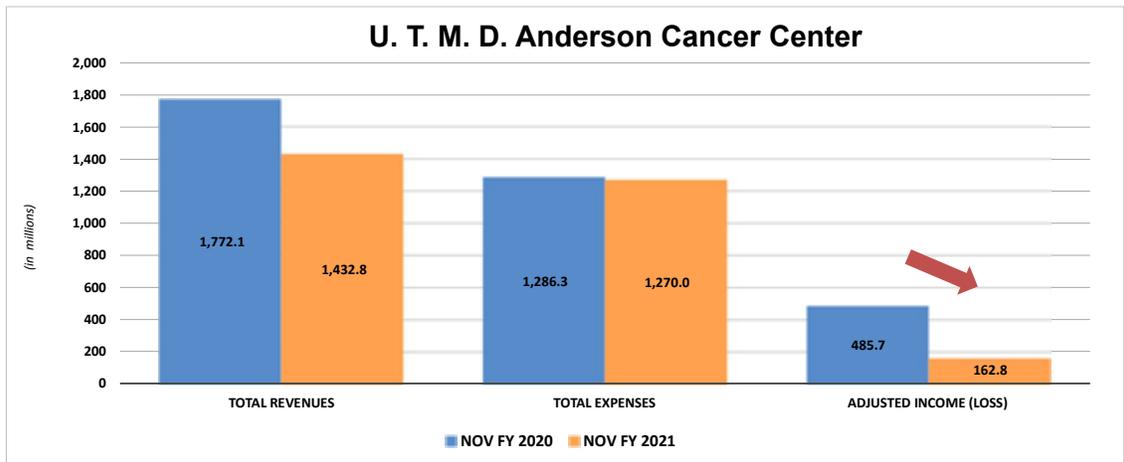


U. T. Health Science Center - San Antonio reported year-to-date adjusted income of \$4.7 million, an increase of \$9.3 million (203%) from the prior year. The increase was primarily due to the following: an increase in clinical revenues as a result of increased volume and clinical productivity at all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

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

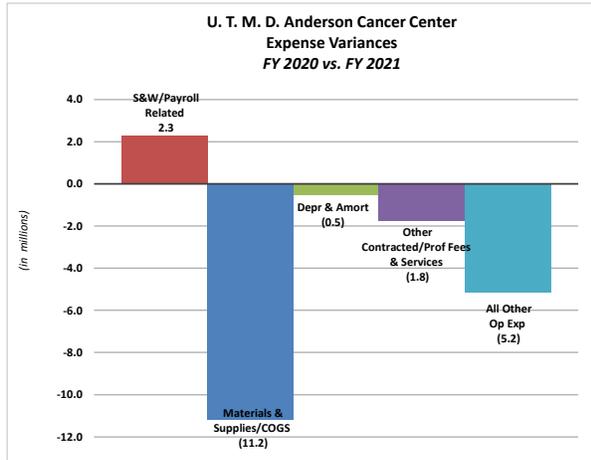
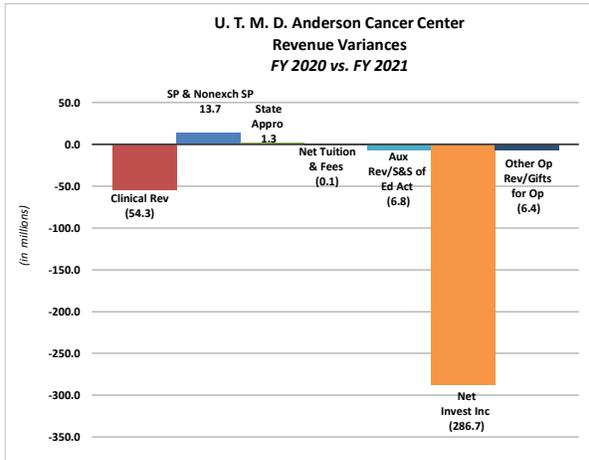


## Monthly Financial Report Comparison of Operating Results, Margin and Projected Year-End For the Period Ending November 30, 2020

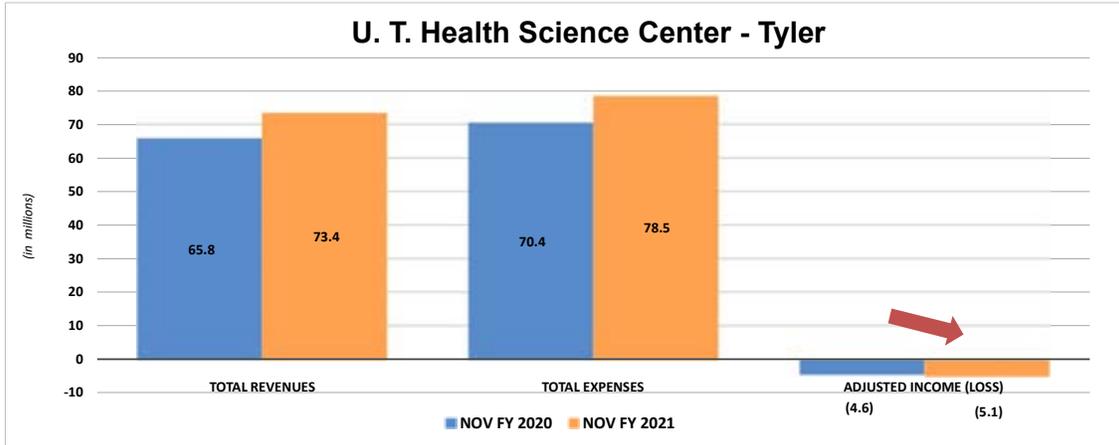


U. T. M. D. Anderson Cancer Center reported year-to-date adjusted income of \$162.8 million, a decrease of \$323.0 million (66%) from the prior year. The decrease was primarily attributable to the following: a decrease in net investment income; and decreases in clinical and auxiliary revenues due to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

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

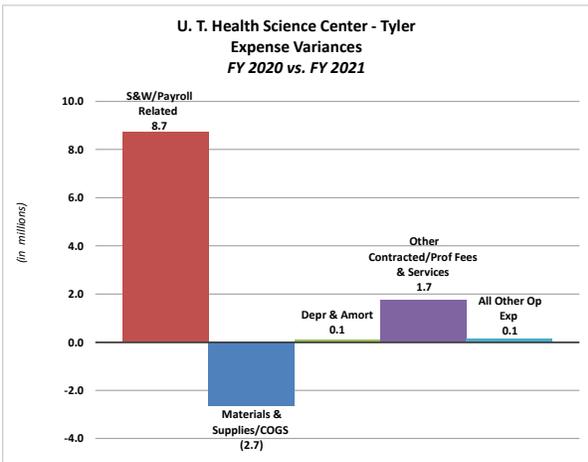
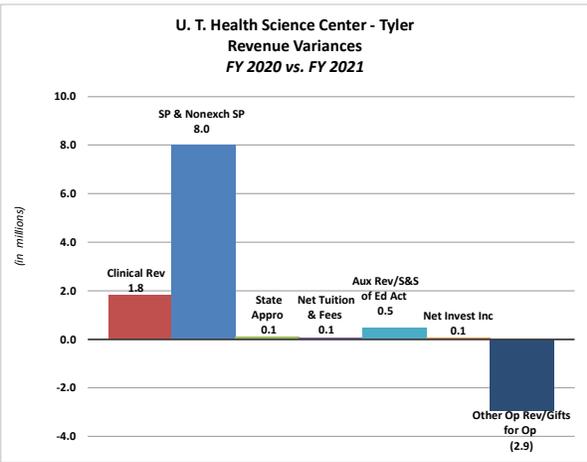


## Monthly Financial Report Comparison of Operating Results, Margin and Projected Year-End For the Period Ending November 30, 2020



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

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



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

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

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

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

**BACKGROUND INFORMATION**

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

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

# Analysis of Financial Condition Fiscal Year 2020

Veronica Hinojosa Segura  
Associate Vice Chancellor and Controller

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



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[WWW.UTSYSTEM.EDU](http://WWW.UTSYSTEM.EDU)

## Analysis of Financial Condition (AFC)

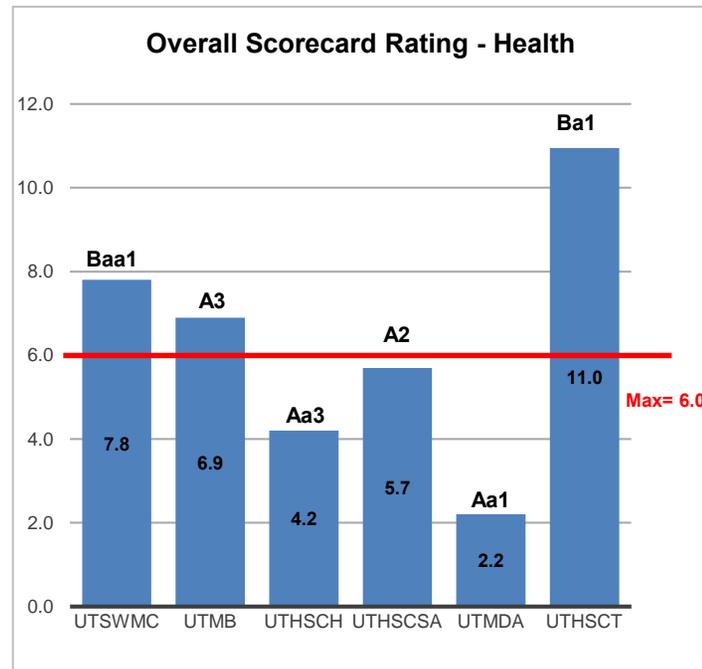
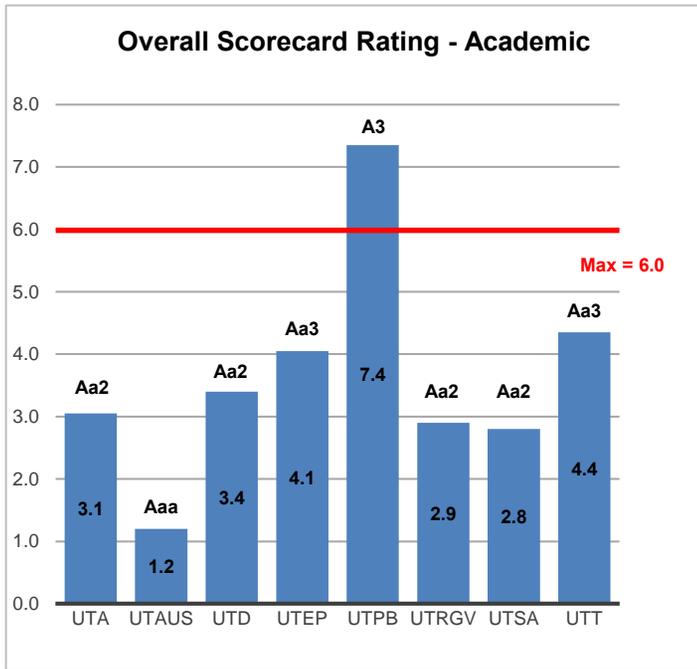
- Analyze & Compare five years of Financial Data
  - ❑ Balance sheet
  - ❑ Statement of revenues, expenses, and changes in net position
  
- Rating Methodology
  1. Overall Scorecard
  2. Five-year Historical Trends

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

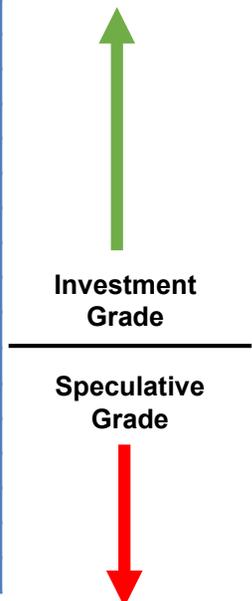
Academics	Healths
Operating Revenue	Operating Revenue
Operating Margin	Operating Margin
Spendable Cash & Investments to Operating Expenses	Unrestricted Cash & Investments to Total Debt
Spendable Cash & Investments to Total Debt	



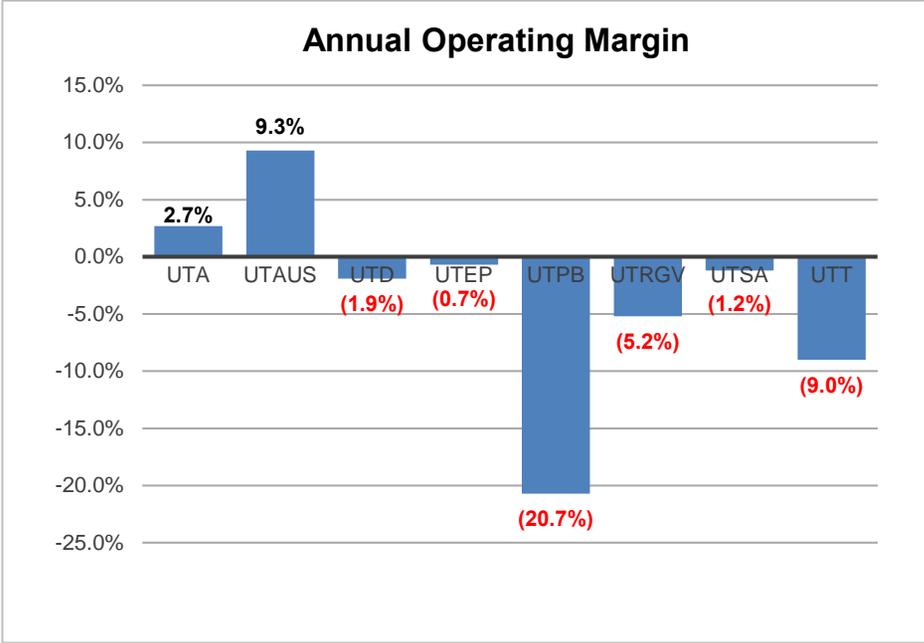
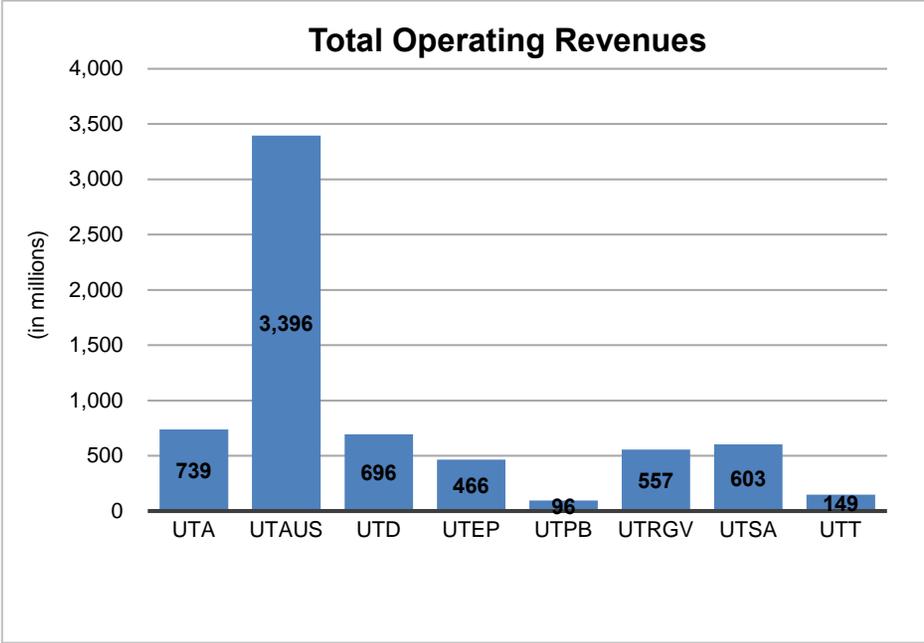
# Overall Scorecard Results - FY 2020



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

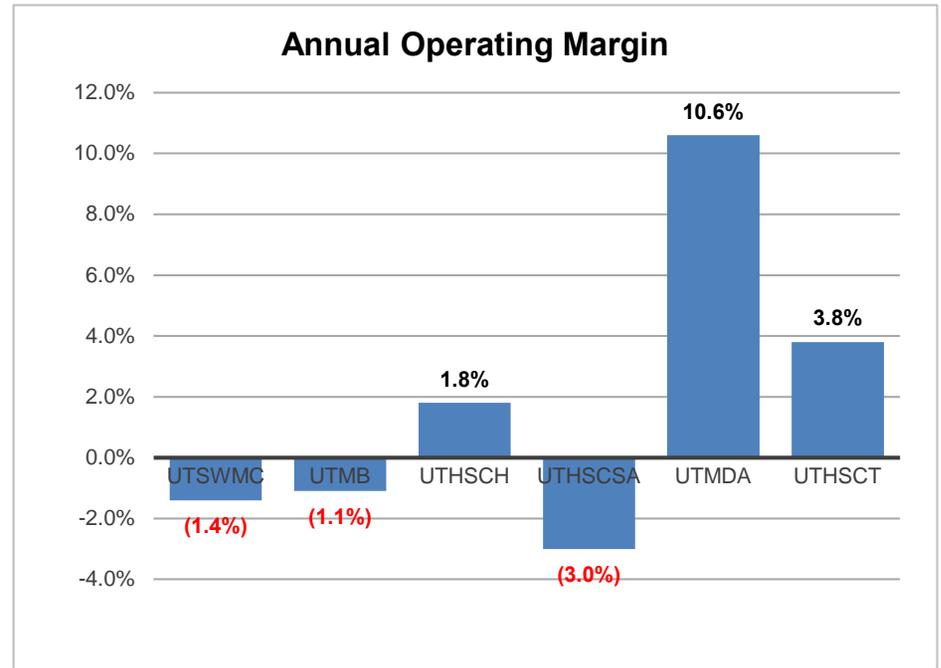
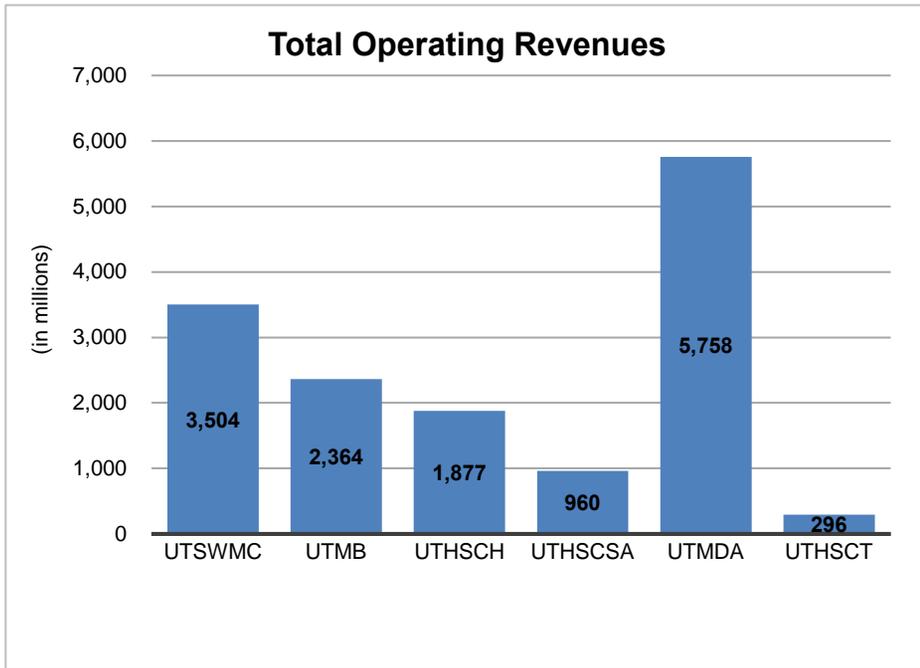


# Academic Operating Results - FY 2020



# Health Operating Results - FY 2020

Agenda Book - 123



## Summary – FY 2020

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



## UTPB Action Plan

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



# 2020 Analysis of Financial Condition

## February 2021



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



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# Analysis of Financial Condition 2020

## EXECUTIVE SUMMARY

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

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

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

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

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

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

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



THE UNIVERSITY of TEXAS SYSTEM

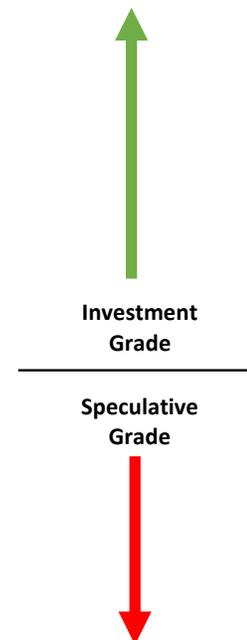
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# Analysis of Financial Condition

2020

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

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



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# Analysis of Financial Condition

# 2020

## EXHIBIT 1

### ACADEMIC INSTITUTIONS SCORECARD

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

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



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# Analysis of Financial Condition

# 2020

## EXHIBIT 2

### HEALTHCARE INSTITUTIONS SCORECARD

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

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



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# Analysis of Financial Condition

# 2020

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

*Financial Condition: Satisfactory*

### EXECUTIVE SUMMARY

#### Highlights

##### General Overview

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

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

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

##### Observations

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



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# Analysis of Financial Condition

# 2020

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

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

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

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

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



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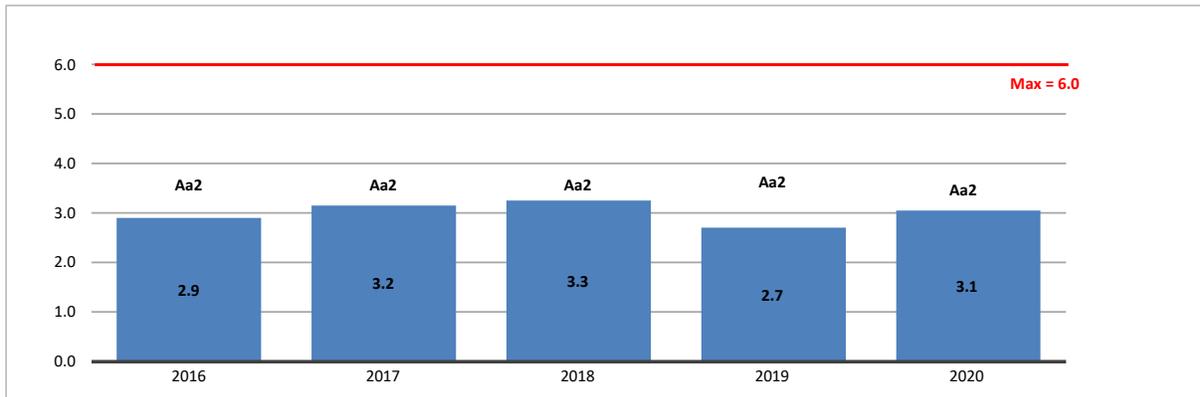
# Analysis of Financial Condition

# 2020

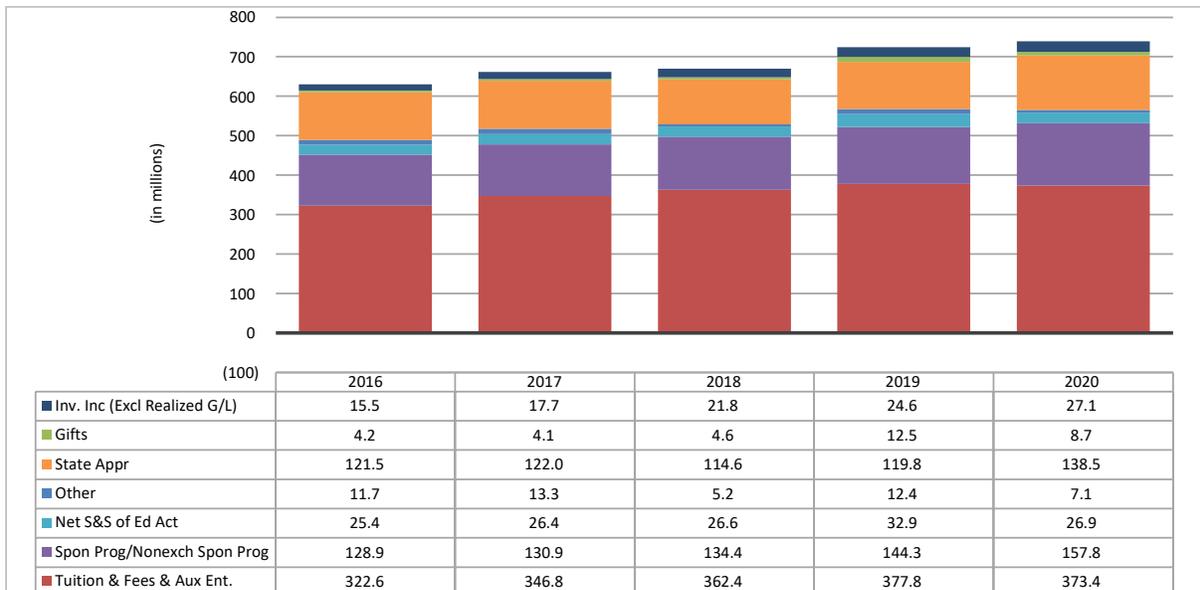
The University of Texas at Arlington (continued)

## ANALYSIS OVERVIEW

### 1. Overall Scorecard Rating



### 2. Operating Revenues



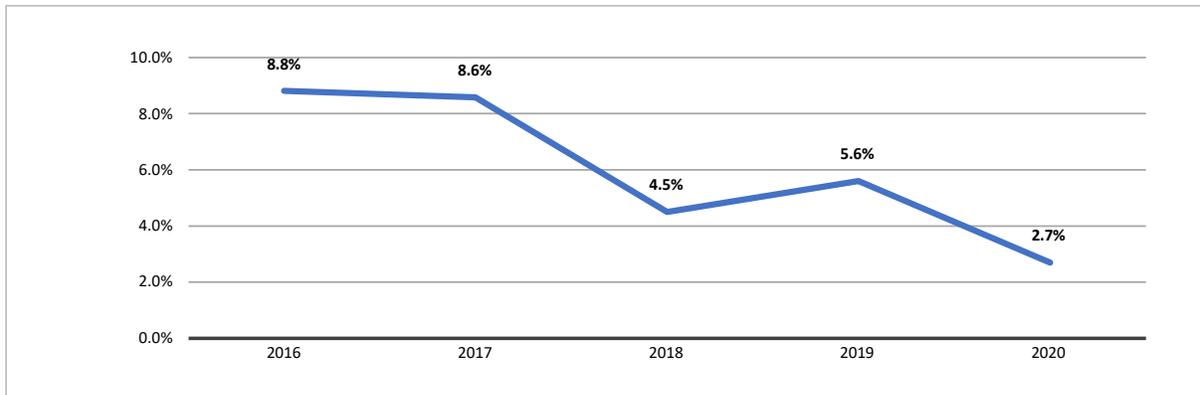
THE UNIVERSITY of TEXAS SYSTEM  
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# Analysis of Financial Condition

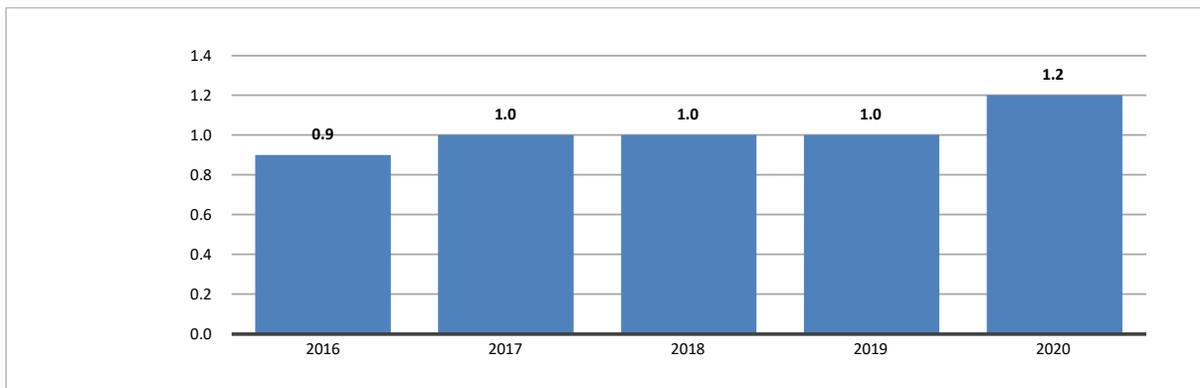
2020

The University of Texas at Arlington (continued)

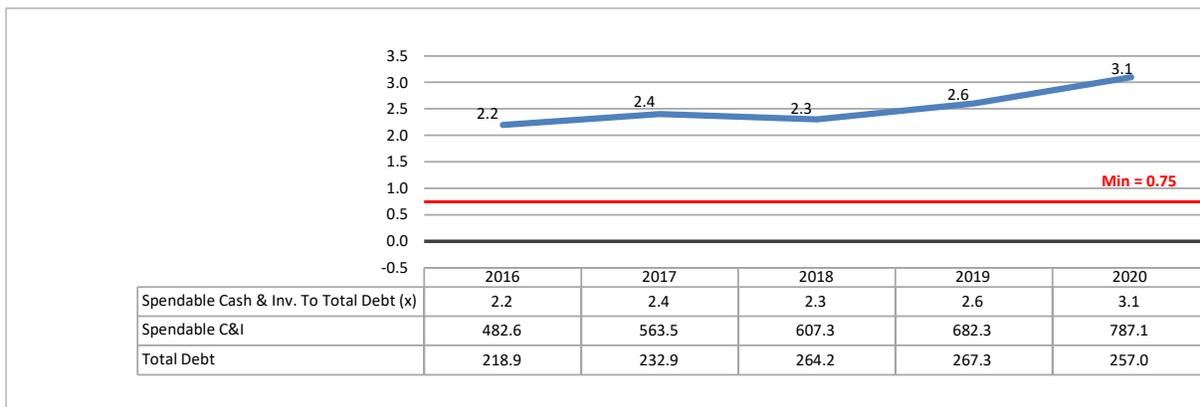
### 3. Annual Operating Margin



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



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



THE UNIVERSITY of TEXAS SYSTEM  
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# Analysis of Financial Condition

# 2020

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

*Financial Condition: Satisfactory*

### EXECUTIVE SUMMARY

#### Highlights

##### General Overview

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

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

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

##### Observations

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



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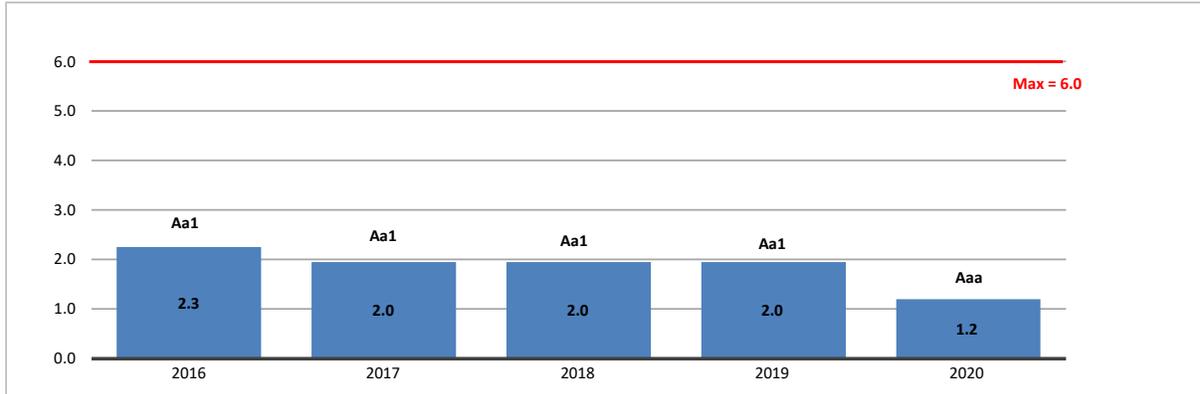
# Analysis of Financial Condition

2020

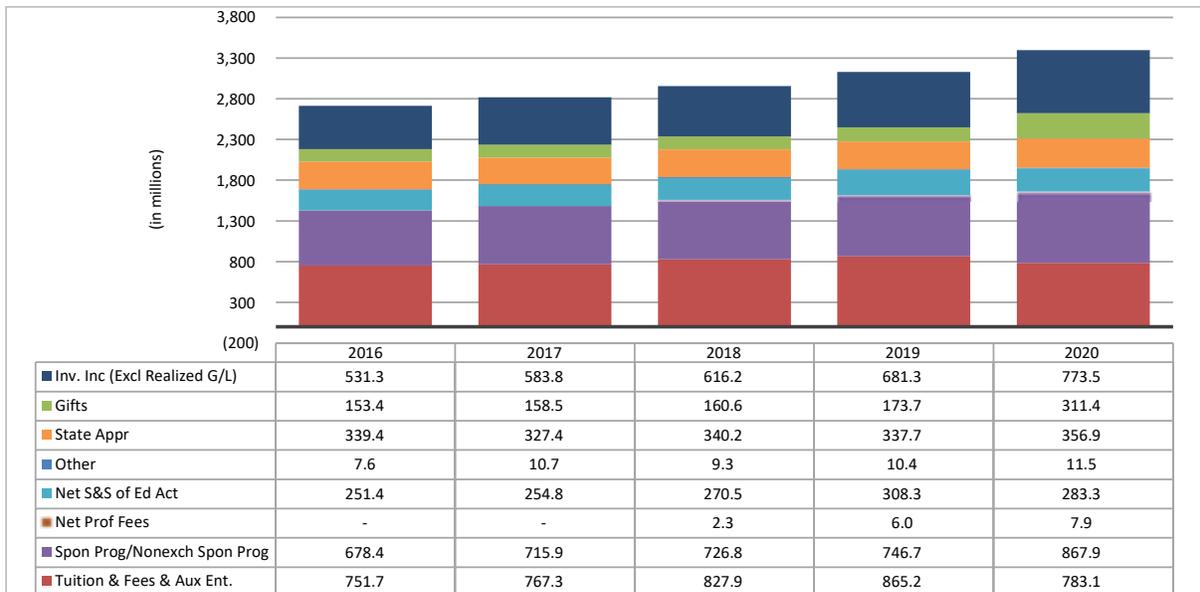
The University of Texas at Austin (continued)

## ANALYSIS OVERVIEW

### 1. Overall Scorecard Rating



### 2. Operating Revenues



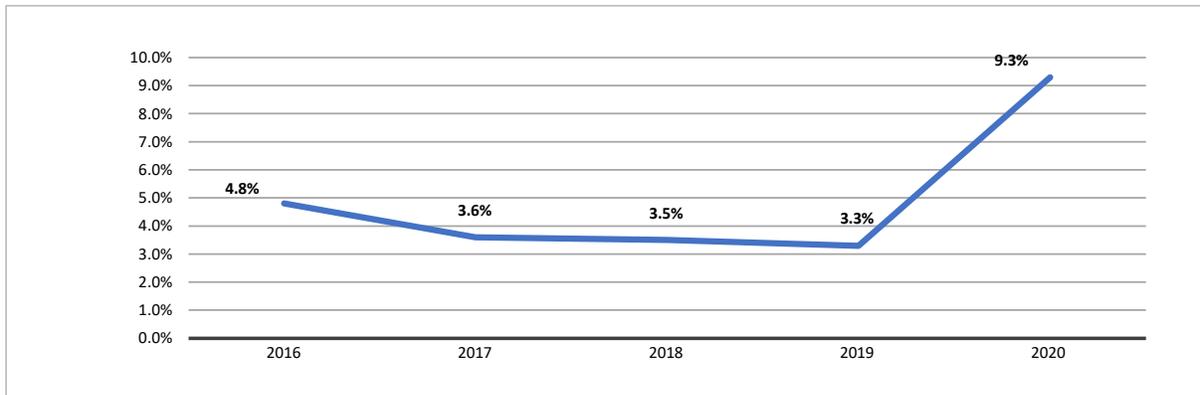
THE UNIVERSITY of TEXAS SYSTEM  
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# Analysis of Financial Condition

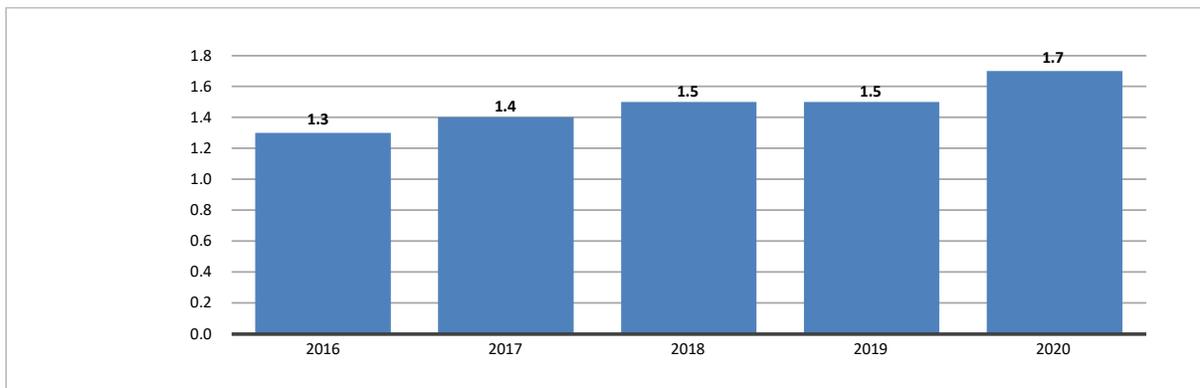
# 2020

The University of Texas at Austin (continued)

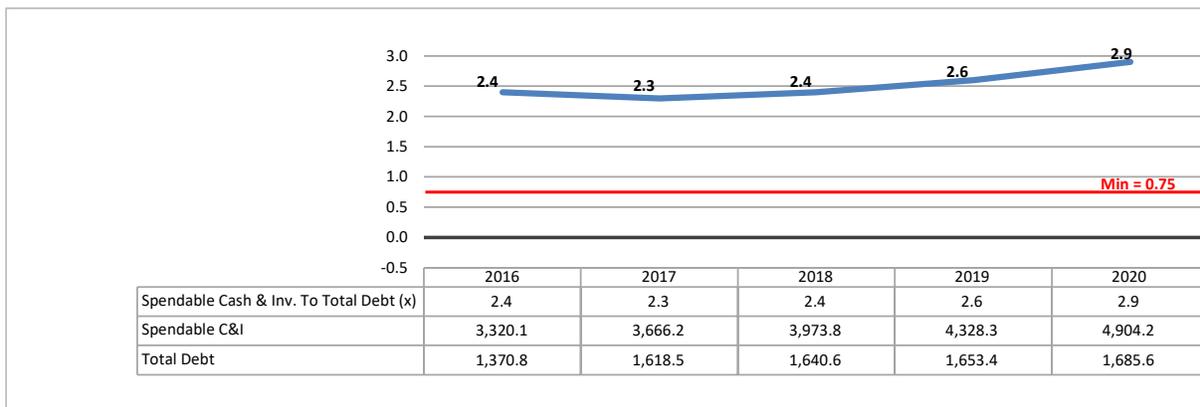
### 3. Annual Operating Margin



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



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



THE UNIVERSITY of TEXAS SYSTEM  
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# Analysis of Financial Condition

# 2020

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

*Financial Condition: Satisfactory*

### EXECUTIVE SUMMARY

#### Highlights

##### General Overview

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

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

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

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

##### Observations

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

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

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



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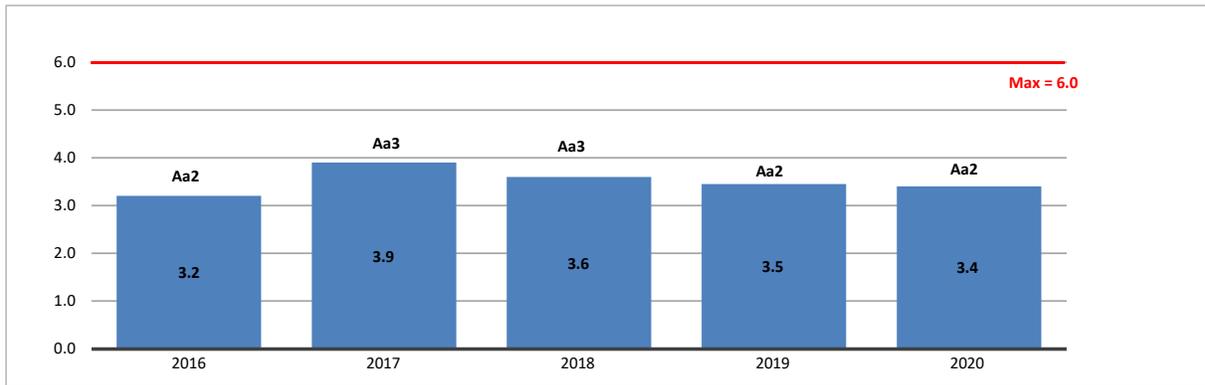
# Analysis of Financial Condition

2020

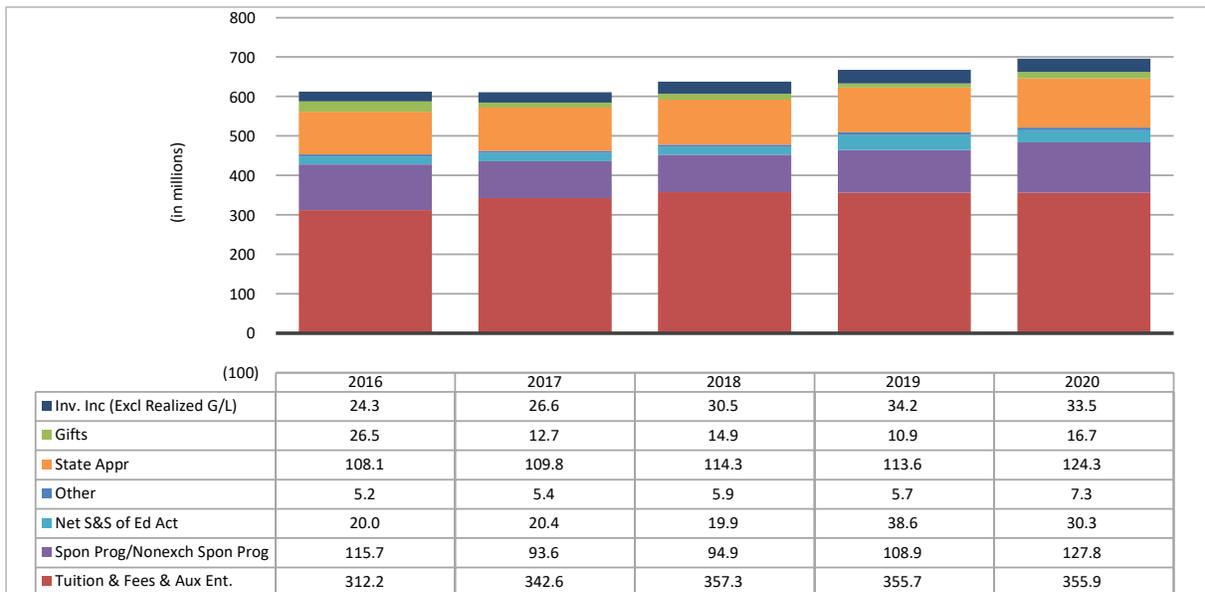
The University of Texas at Dallas (continued)

## ANALYSIS OVERVIEW

### 1. Overall Scorecard Rating



### 2. Operating Revenues



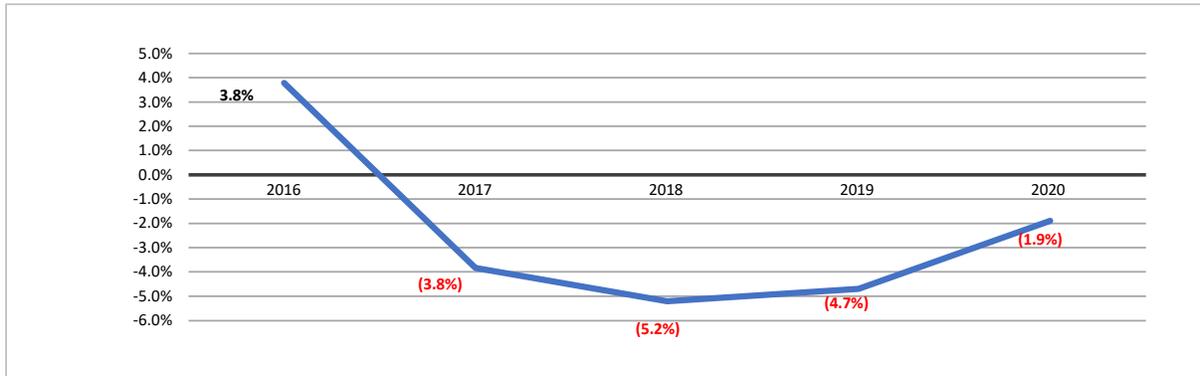
THE UNIVERSITY of TEXAS SYSTEM  
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# Analysis of Financial Condition

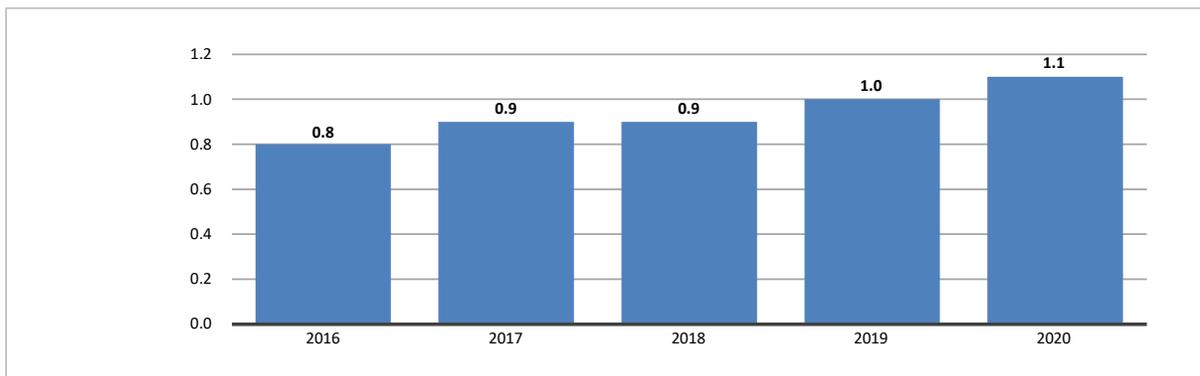
2020

The University of Texas at Dallas (continued)

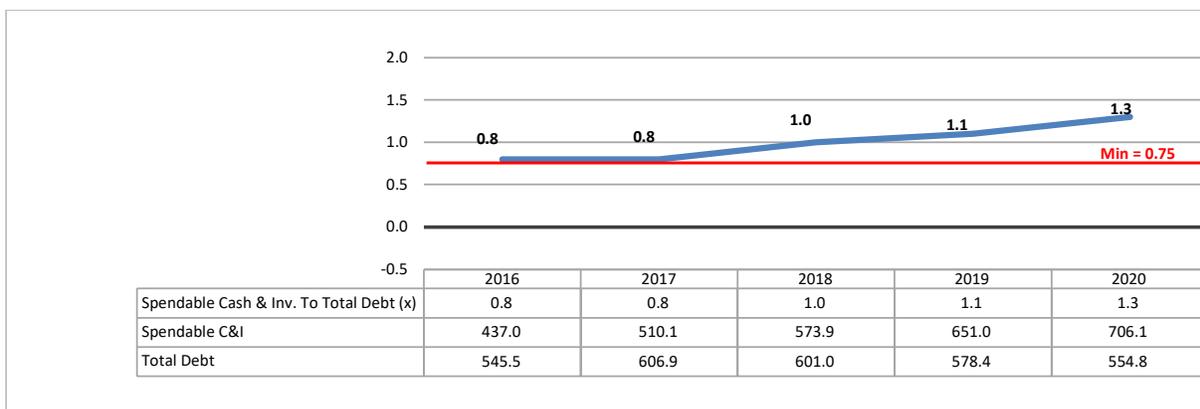
### 3. Annual Operating Margin



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



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



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# Analysis of Financial Condition

2020

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

*Financial Condition: Satisfactory*

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### EXECUTIVE SUMMARY

#### Highlights

##### General Overview

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

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

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

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

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

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



THE UNIVERSITY of TEXAS SYSTEM  
FOURTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

# Analysis of Financial Condition

2020

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

## Observations

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

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



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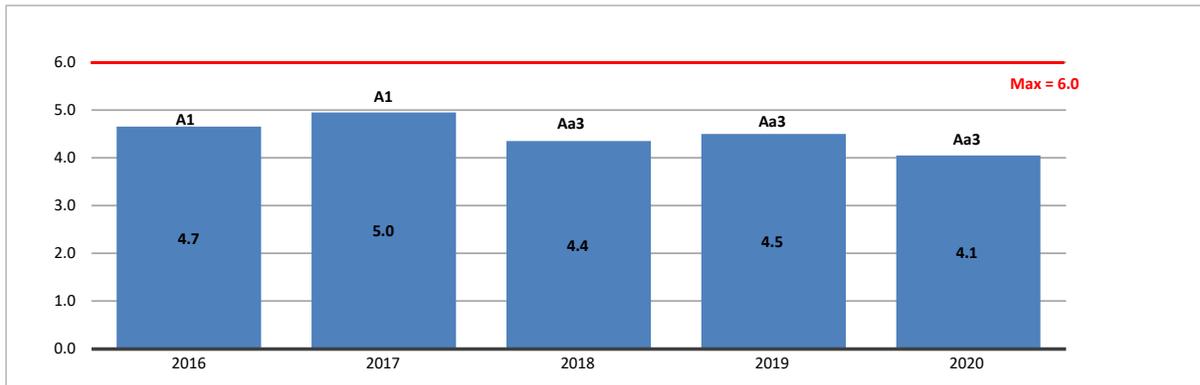
# Analysis of Financial Condition

2020

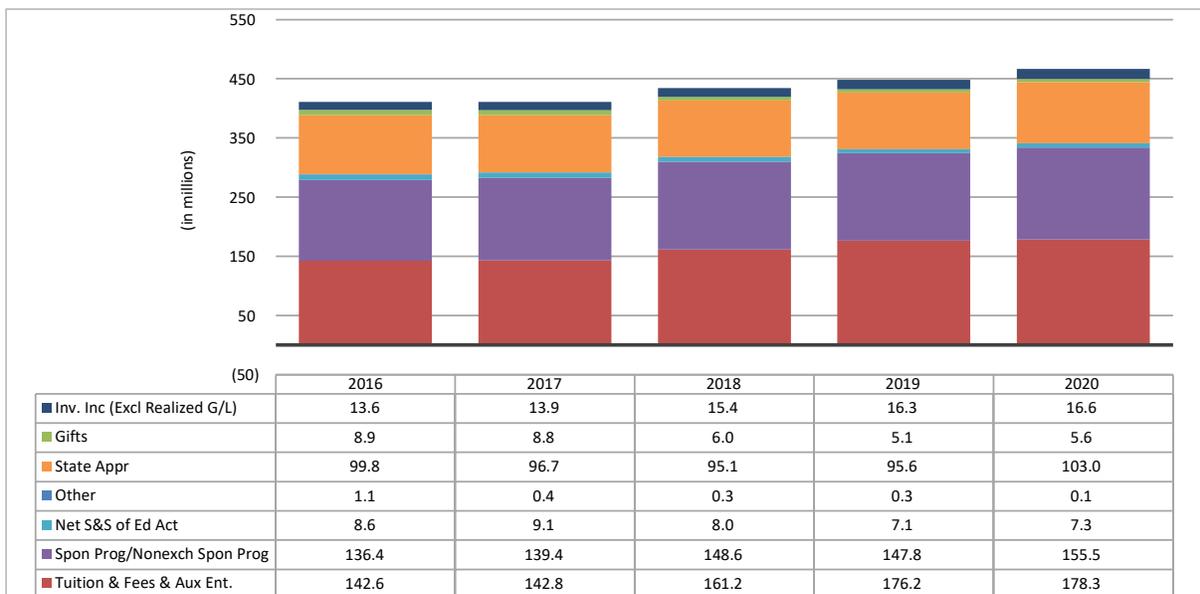
The University of Texas at El Paso (continued)

## ANALYSIS OVERVIEW

### 1. Overall Scorecard Rating



### 2. Operating Revenues



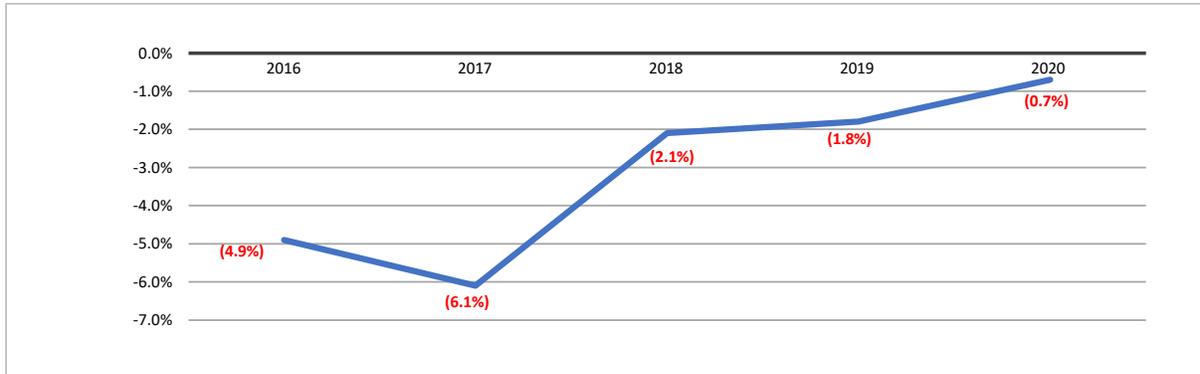
THE UNIVERSITY of TEXAS SYSTEM  
FOURTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

# Analysis of Financial Condition

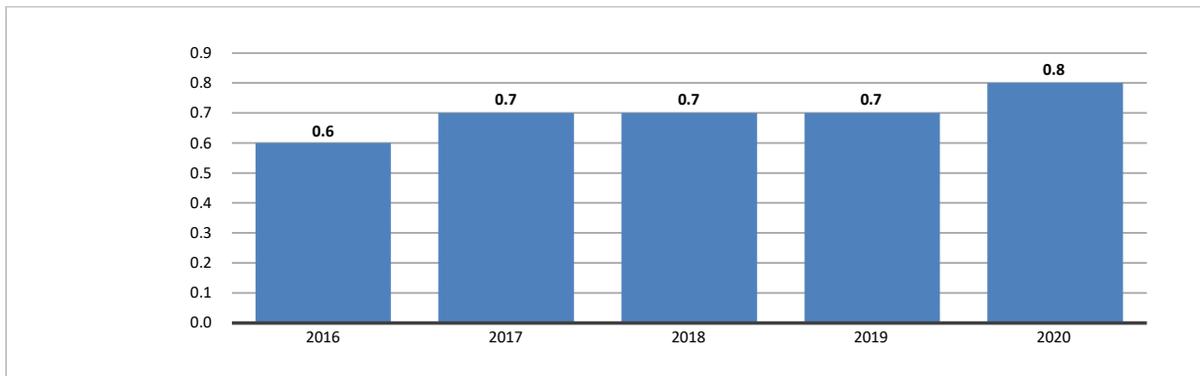
# 2020

The University of Texas at El Paso (continued)

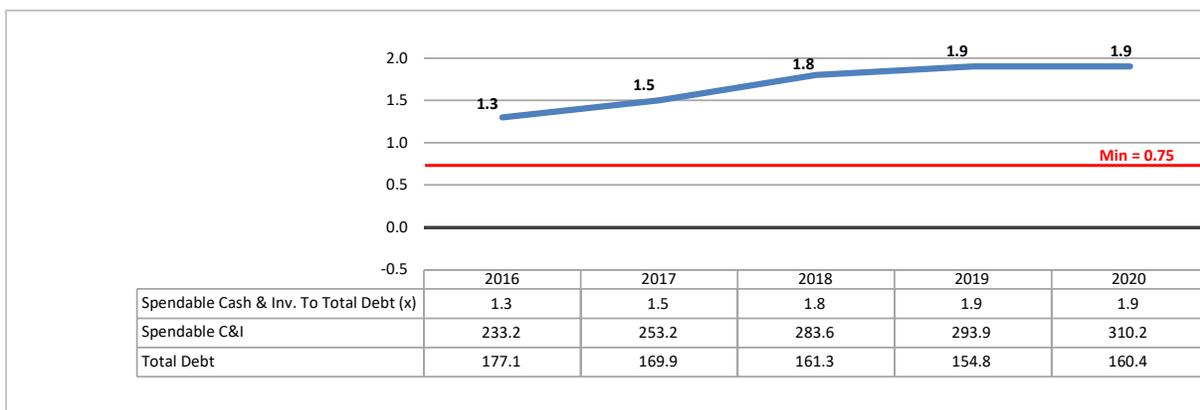
### 3. Annual Operating Margin



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



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



THE UNIVERSITY of TEXAS SYSTEM  
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# Analysis of Financial Condition

2020

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

*Financial Condition: Watch*

---

### EXECUTIVE SUMMARY

#### Highlights

##### General Overview of Strategic Plan

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

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

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

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



THE UNIVERSITY of TEXAS SYSTEM  
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# Analysis of Financial Condition

# 2020

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

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

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

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

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



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# Analysis of Financial Condition

# 2020

*The University of Texas Permian Basin (continued)*

## Observations

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

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

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

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

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



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# Analysis of Financial Condition

# 2020

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

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

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

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



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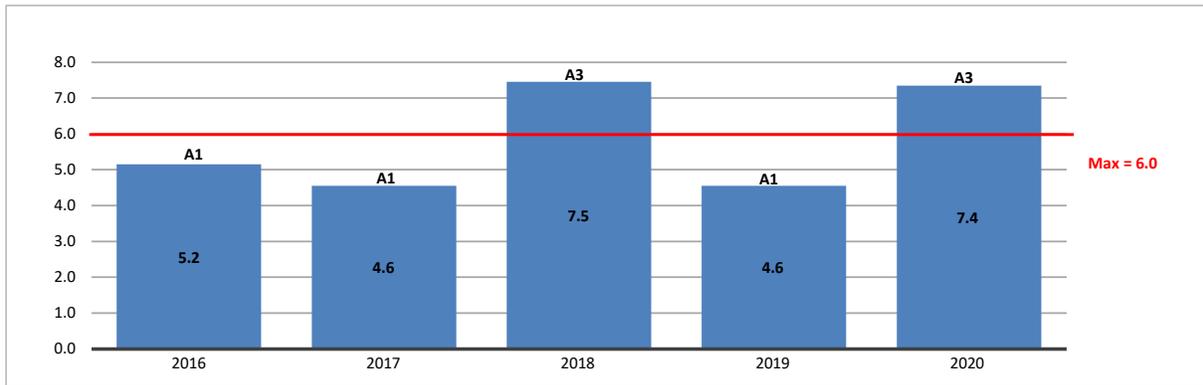
# Analysis of Financial Condition

2020

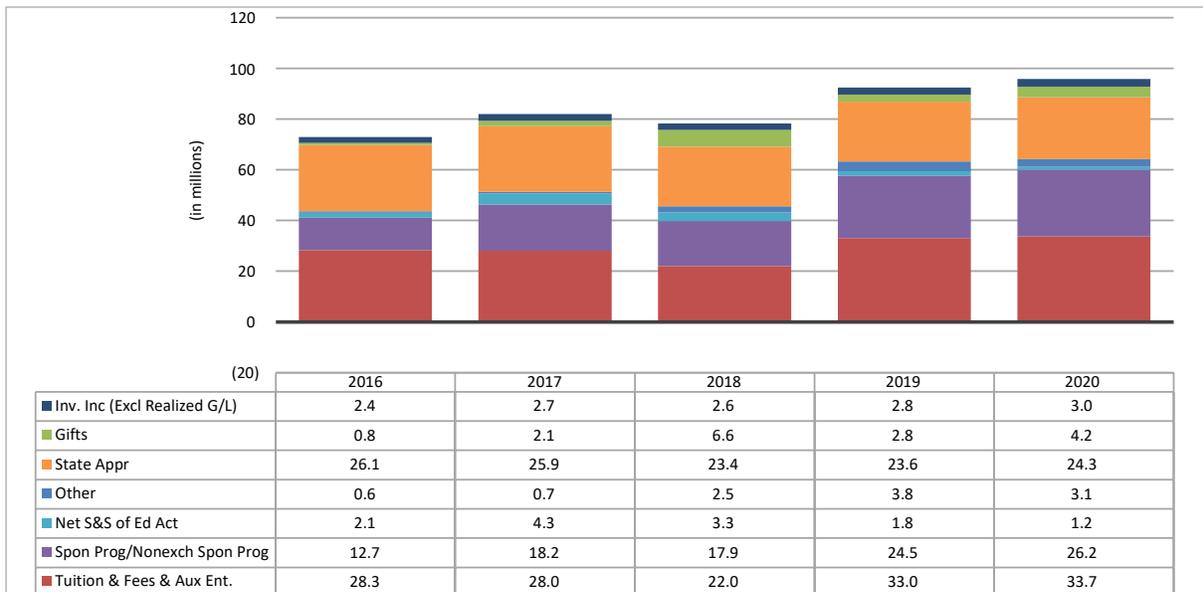
The University of Texas Permian Basin (continued)

## ANALYSIS OVERVIEW

### 1. Overall Scorecard Rating



### 2. Operating Revenues



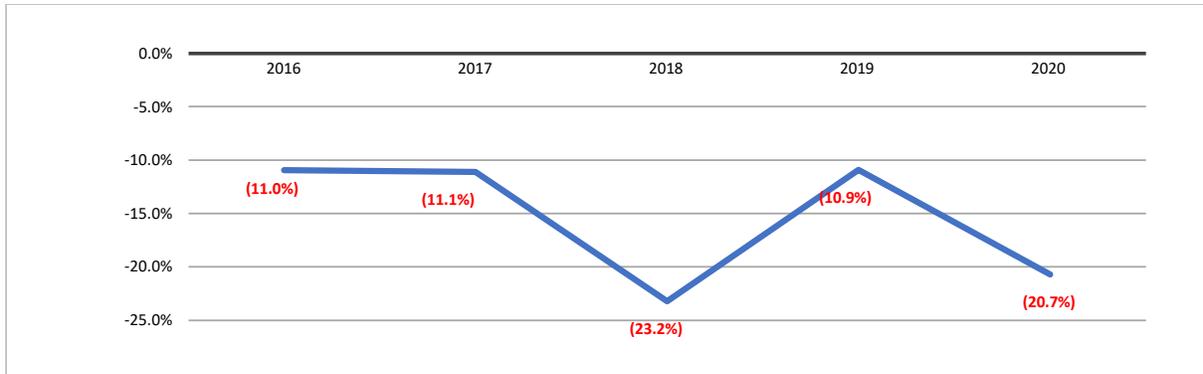
THE UNIVERSITY OF TEXAS SYSTEM  
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# Analysis of Financial Condition

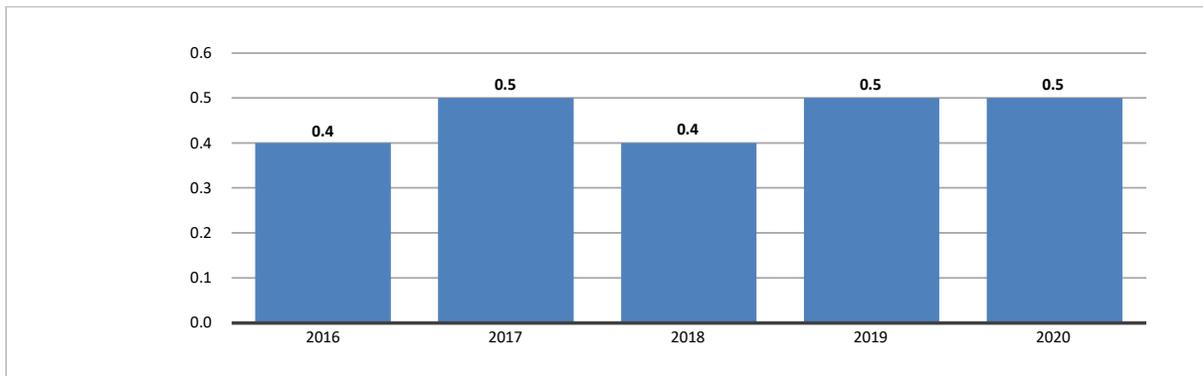
# 2020

The University of Texas Permian Basin (continued)

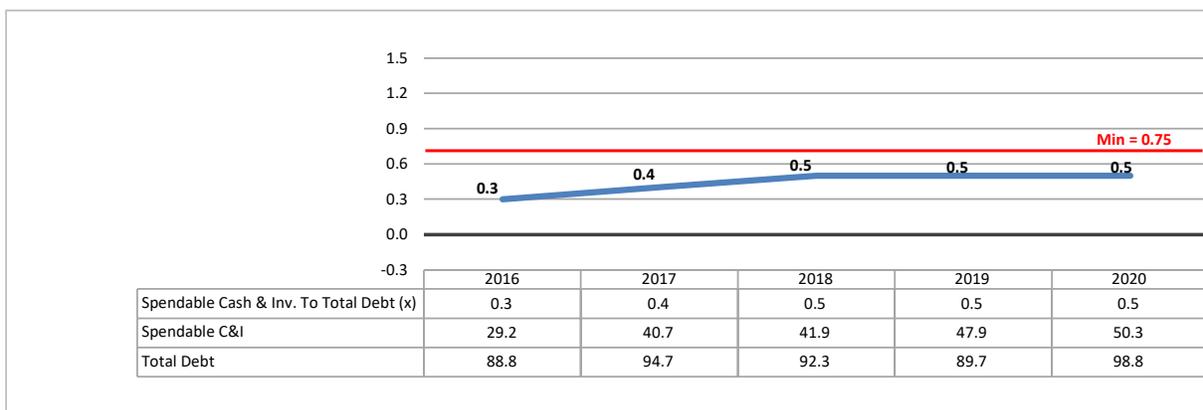
### 3. Annual Operating Margin



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



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



**THE UNIVERSITY of TEXAS SYSTEM**  
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# Analysis of Financial Condition

# 2020

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

*Financial Condition: Satisfactory*

### EXECUTIVE SUMMARY

#### Highlights

##### General Overview

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

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

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

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



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# Analysis of Financial Condition

# 2020

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

## Observations

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

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



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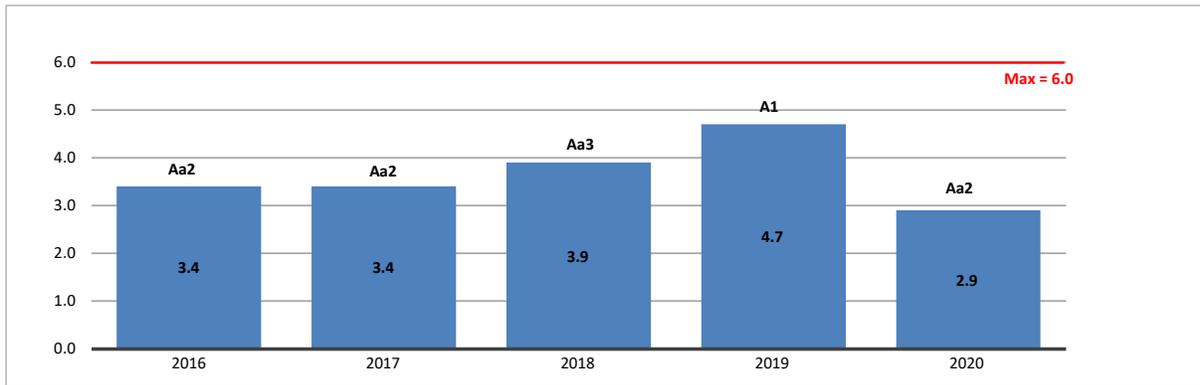
# Analysis of Financial Condition

# 2020

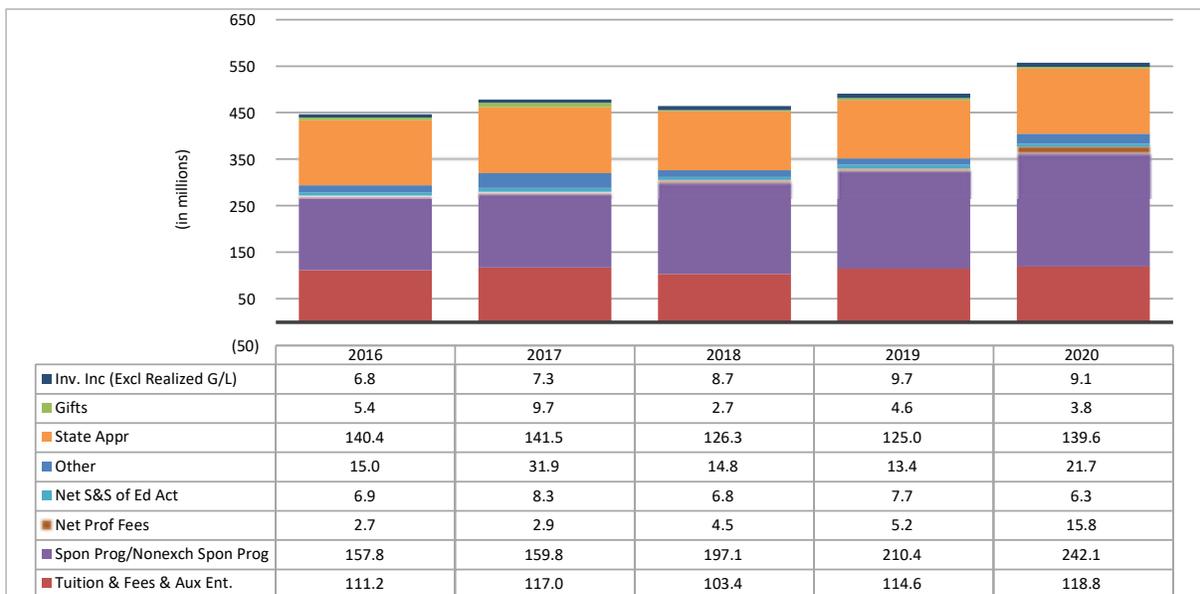
The University of Texas Rio Grande Valley (continued)

## ANALYSIS OVERVIEW

### 1. Overall Scorecard Rating



### 2. Operating Revenues



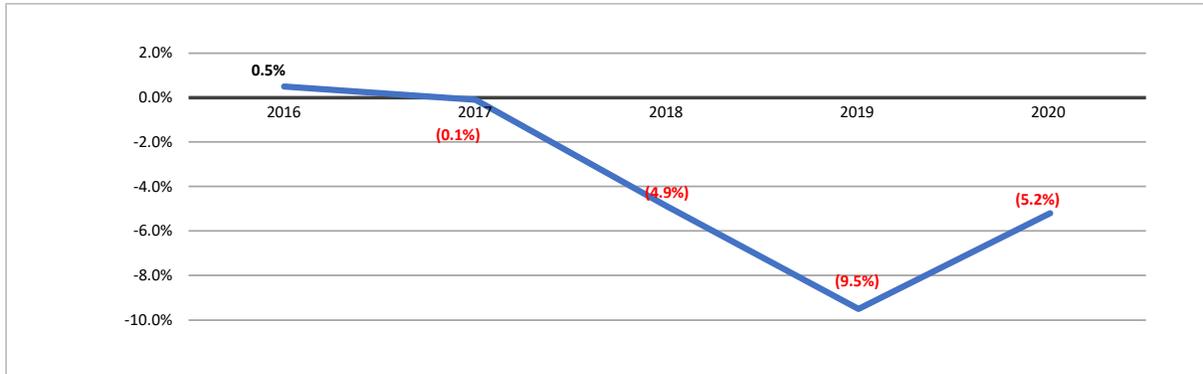
THE UNIVERSITY of TEXAS SYSTEM  
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# Analysis of Financial Condition

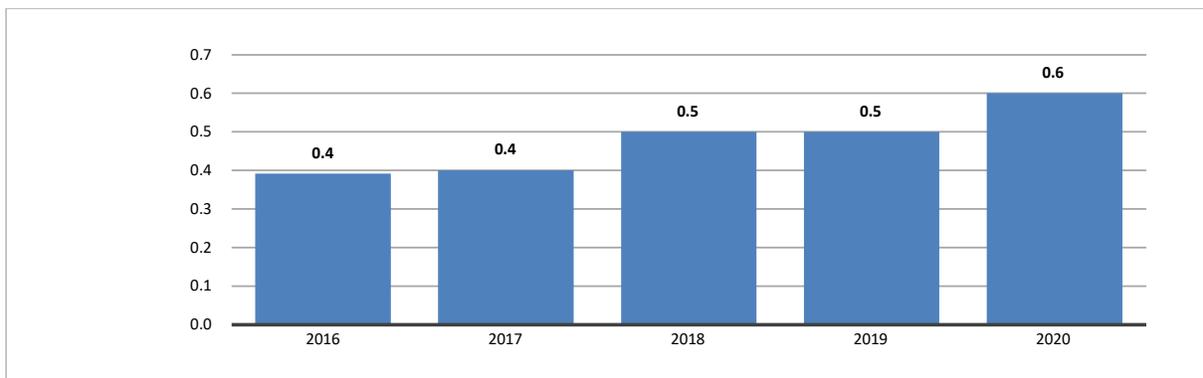
2020

The University of Texas Rio Grande Valley (continued)

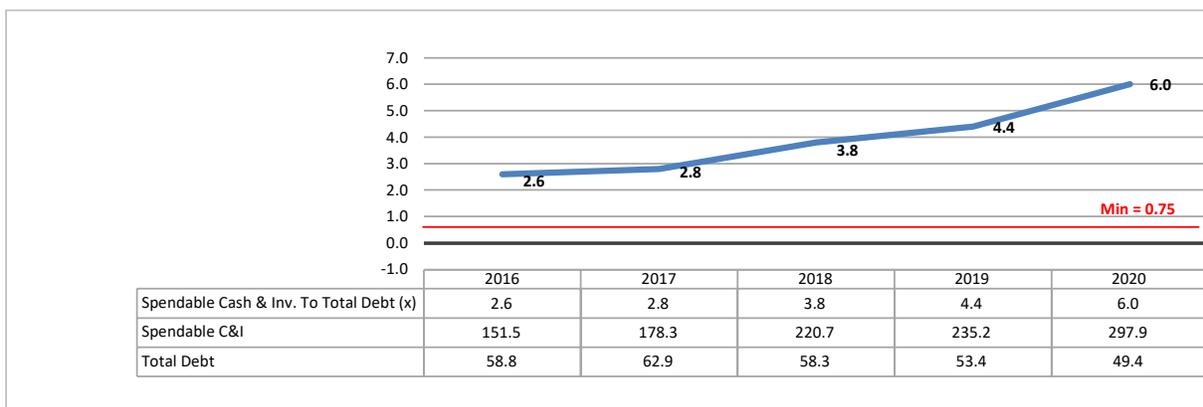
### 3. Annual Operating Margin



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



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



THE UNIVERSITY of TEXAS SYSTEM  
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# Analysis of Financial Condition

# 2020

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

*Financial Condition: Satisfactory*

### EXECUTIVE SUMMARY

#### Highlights

##### General Overview

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

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

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

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



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# Analysis of Financial Condition

2020

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

## Observations

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



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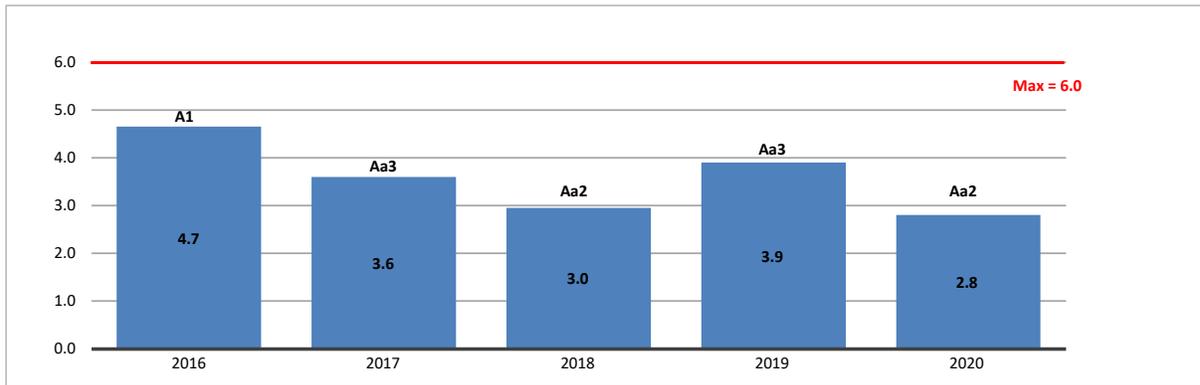
# Analysis of Financial Condition

2020

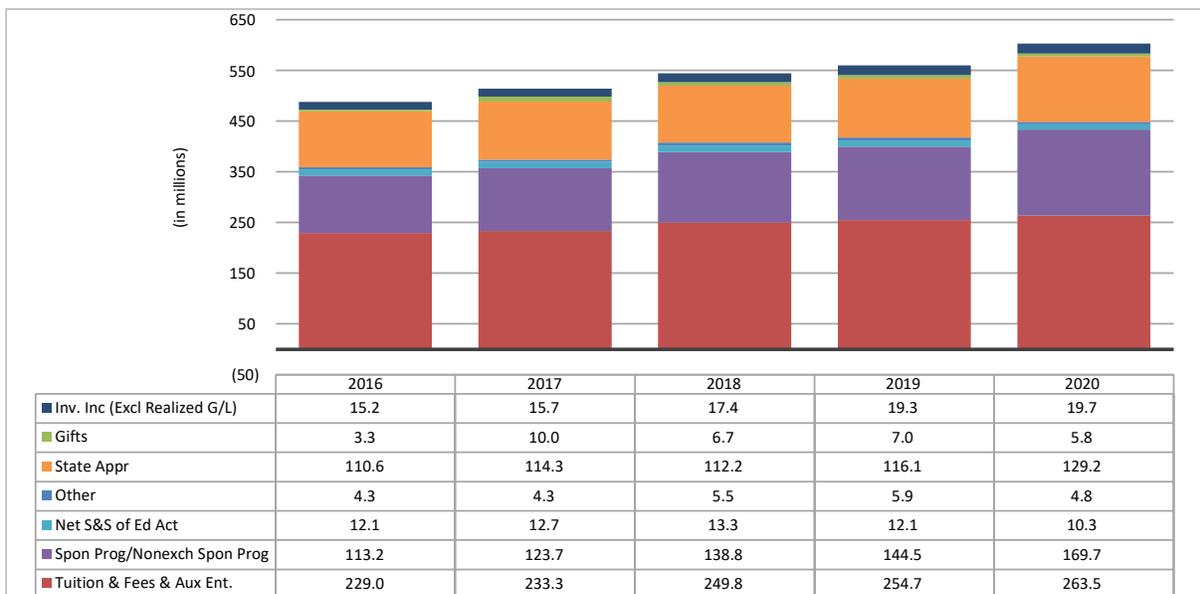
The University of Texas at San Antonio (continued)

## ANALYSIS OVERVIEW

### 1. Overall Scorecard Rating



### 2. Operating Revenues



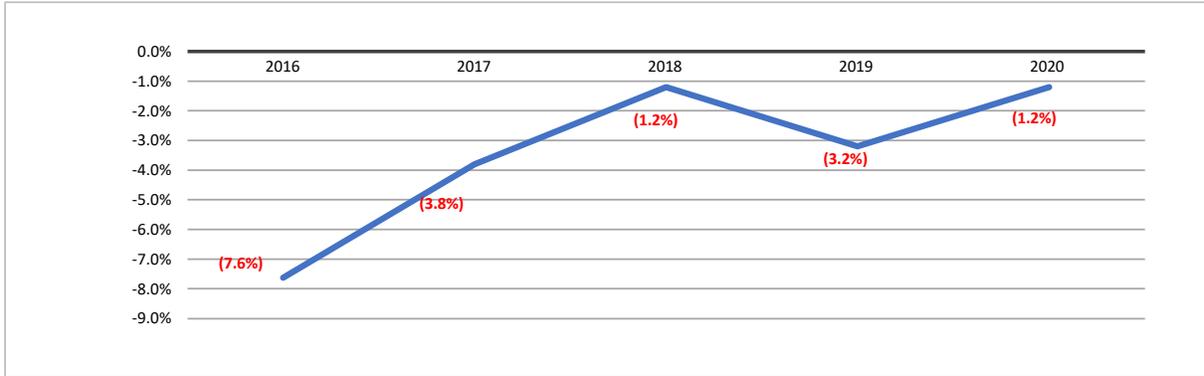
THE UNIVERSITY of TEXAS SYSTEM  
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# Analysis of Financial Condition

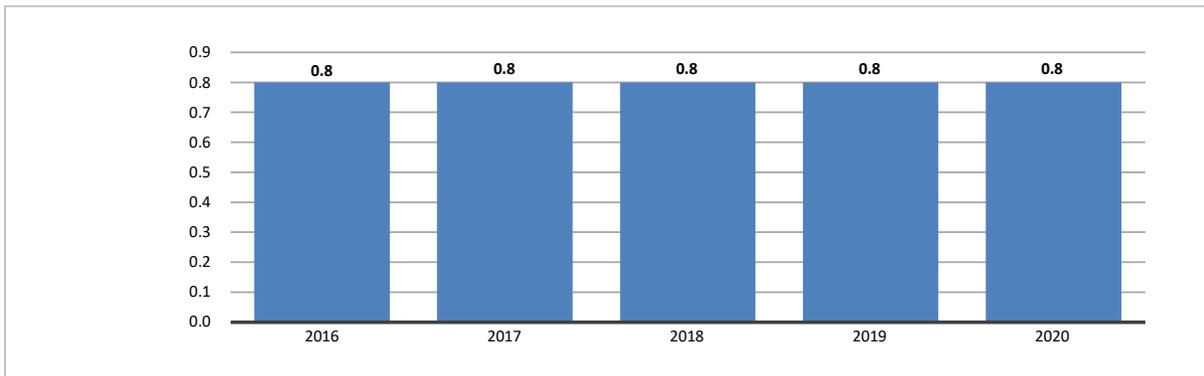
# 2020

The University of Texas at San Antonio (continued)

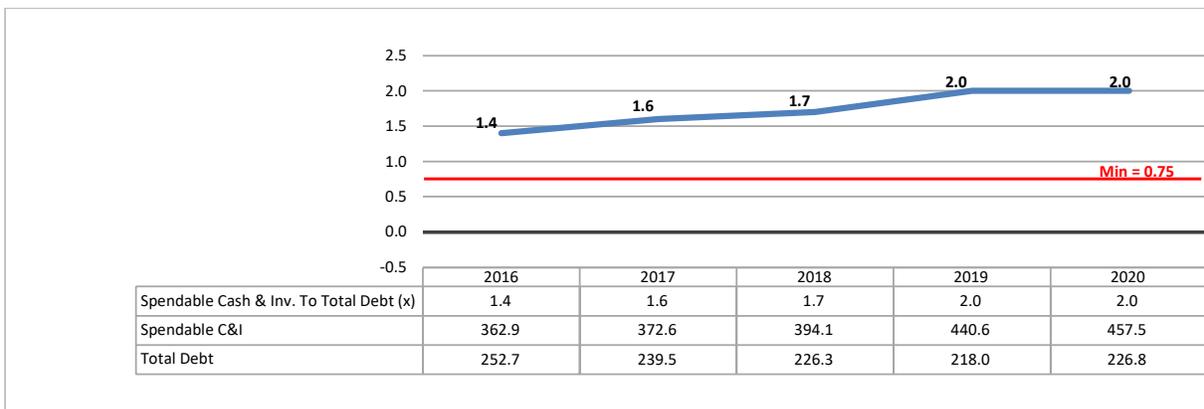
### 3. Annual Operating Margin



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



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



THE UNIVERSITY of TEXAS SYSTEM  
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# Analysis of Financial Condition

2020

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

*Financial Condition: Satisfactory*

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### EXECUTIVE SUMMARY

#### Highlights

##### General Overview

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

##### Observations

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



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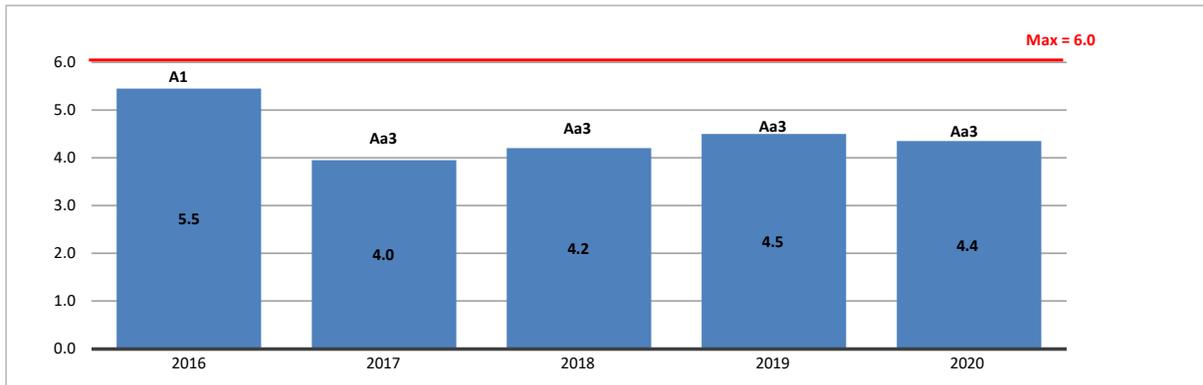
# Analysis of Financial Condition

2020

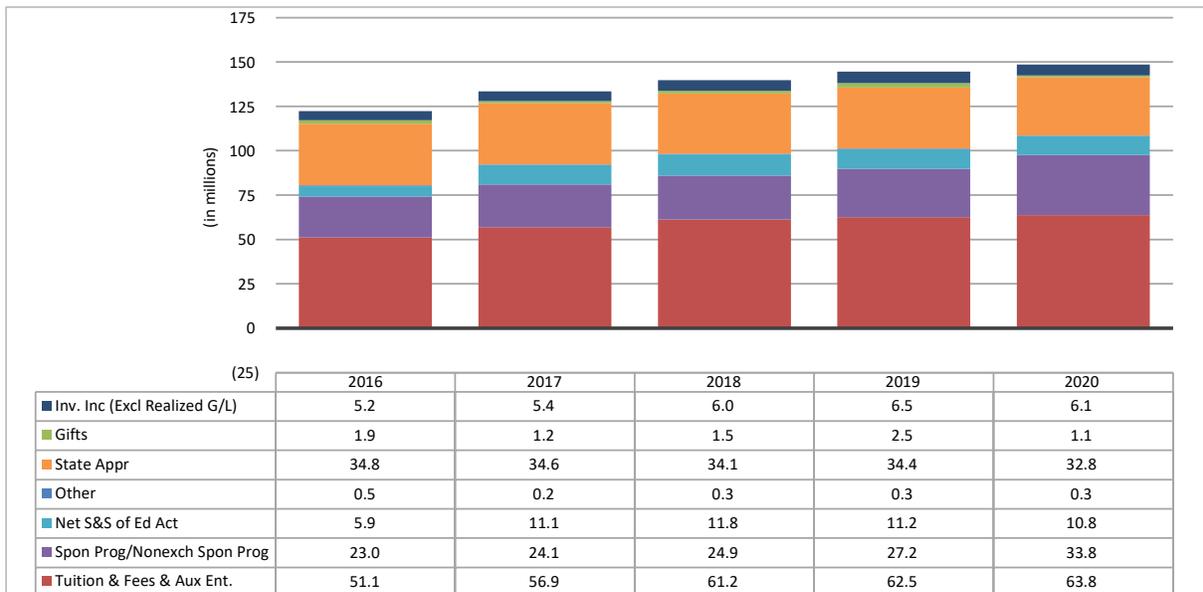
The University of Texas at Tyler (continued)

## ANALYSIS OVERVIEW

### 1. Overall Scorecard Rating



### 2. Operating Revenues



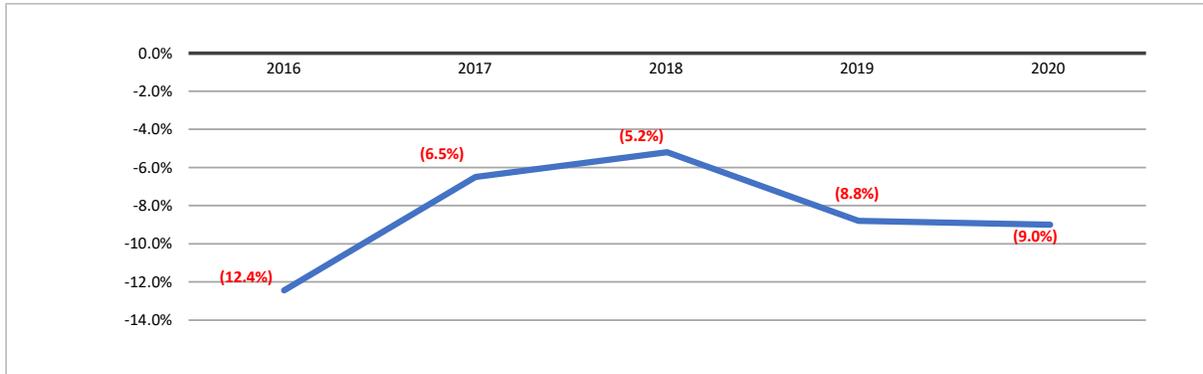
THE UNIVERSITY of TEXAS SYSTEM  
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# Analysis of Financial Condition

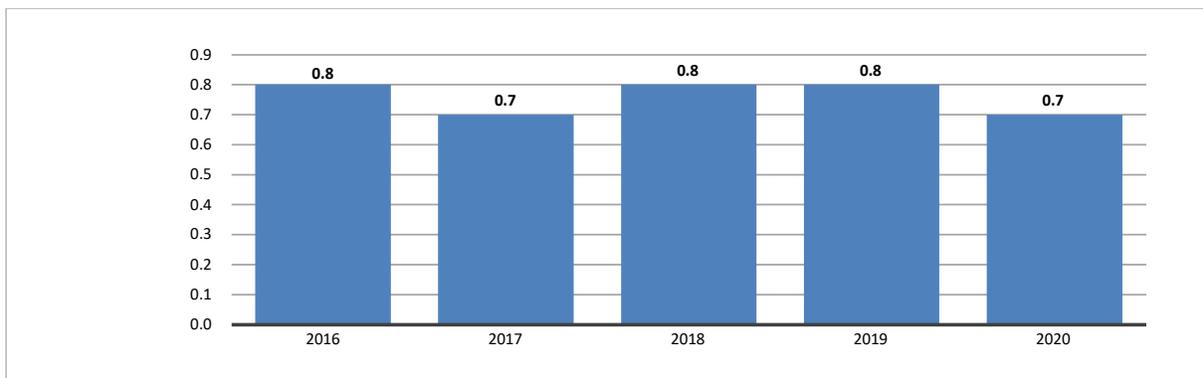
# 2020

The University of Texas at Tyler (continued)

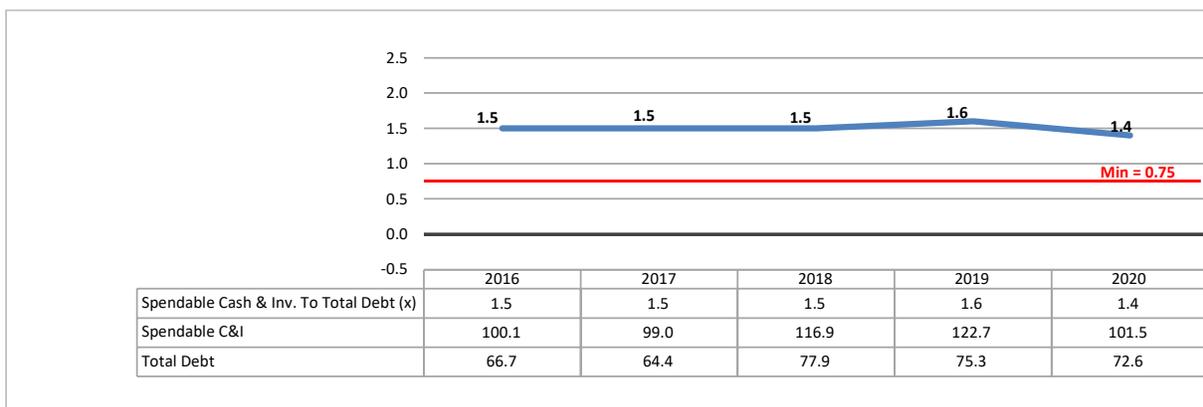
### 3. Annual Operating Margin



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



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



THE UNIVERSITY of TEXAS SYSTEM  
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# Analysis of Financial Condition

# 2020

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

*Financial Condition: Satisfactory*

### EXECUTIVE SUMMARY

#### Highlights

##### General Overview

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

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

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



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# Analysis of Financial Condition

2020

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

## Observations

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

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

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



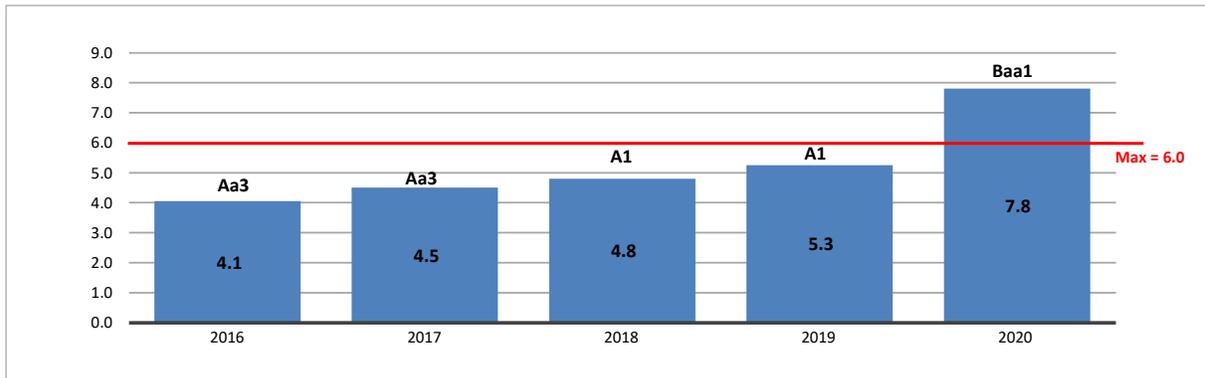
THE UNIVERSITY of TEXAS SYSTEM  
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# Analysis of Financial Condition 2020

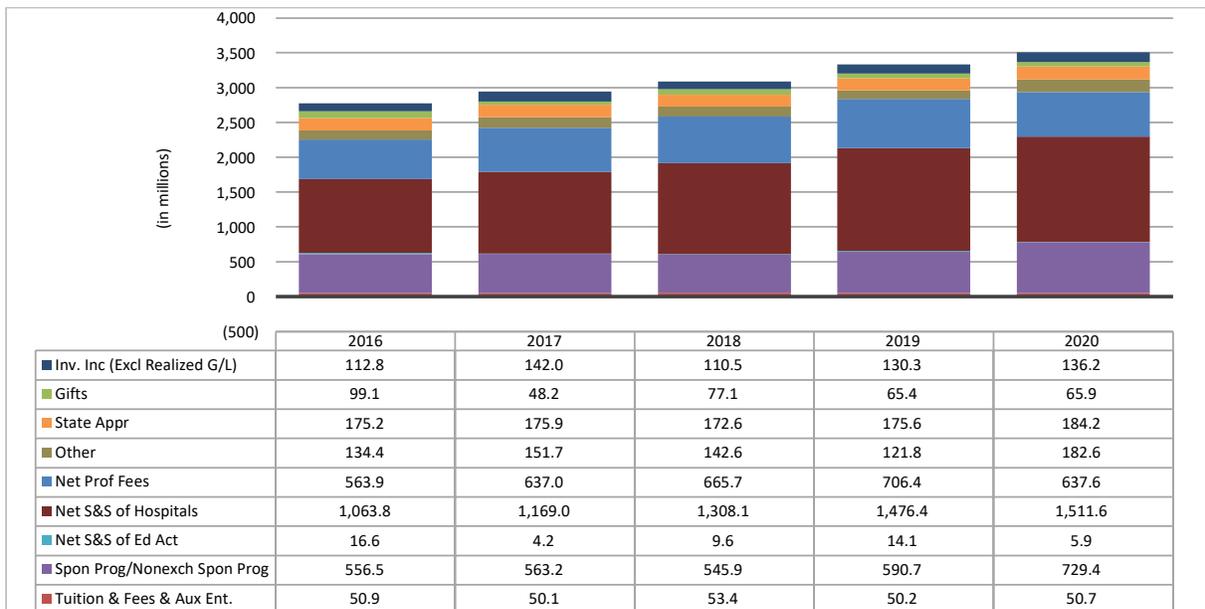
The University of Texas Southwestern Medical Center (continued)

## ANALYSIS OVERVIEW

### 1. Overall Scorecard Rating



### 2. Operating Revenues



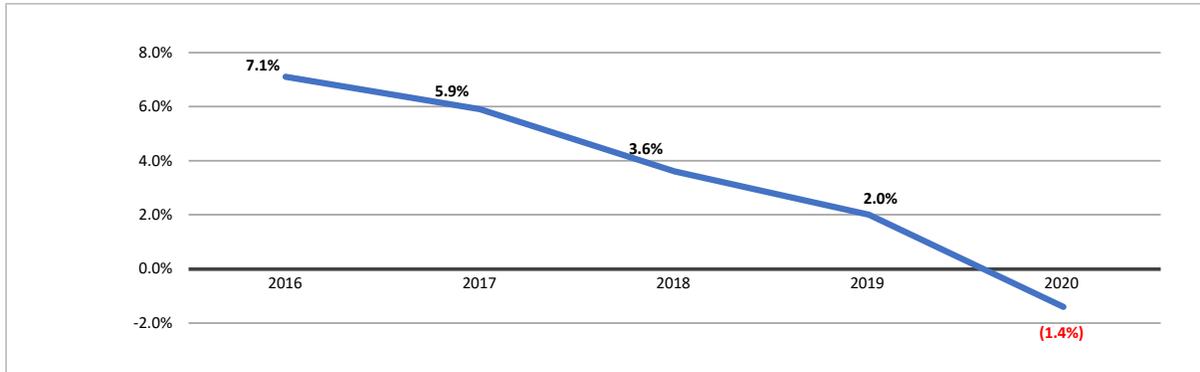
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# Analysis of Financial Condition

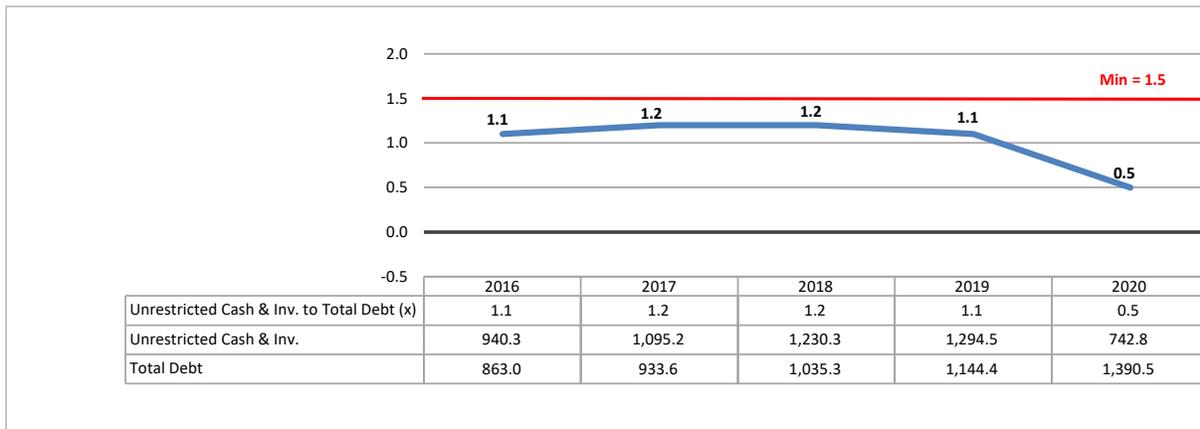
# 2020

The University of Texas Southwestern Medical Center (continued)

### 3. Annual Operating Margin



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



THE UNIVERSITY of TEXAS SYSTEM  
FOURTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

# Analysis of Financial Condition

# 2020

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

*Financial Condition: Satisfactory*

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### EXECUTIVE SUMMARY

#### Highlights

##### General Overview

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

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

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

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



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# Analysis of Financial Condition

# 2020

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

## Observations

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

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

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

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



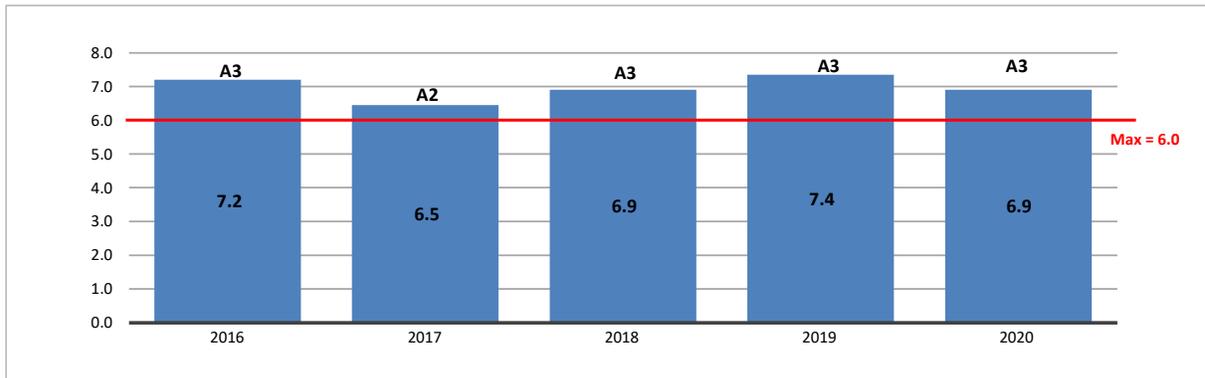
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# Analysis of Financial Condition 2020

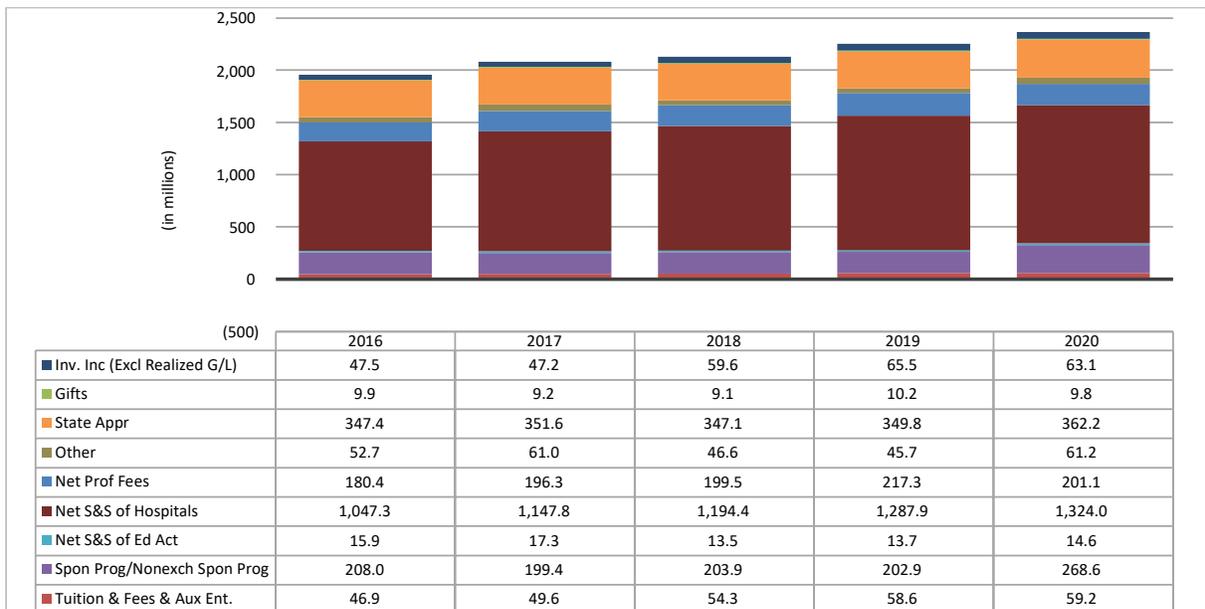
The University of Texas Medical Branch at Galveston (continued)

## ANALYSIS OVERVIEW

### 1. Overall Scorecard Rating



### 2. Operating Revenues



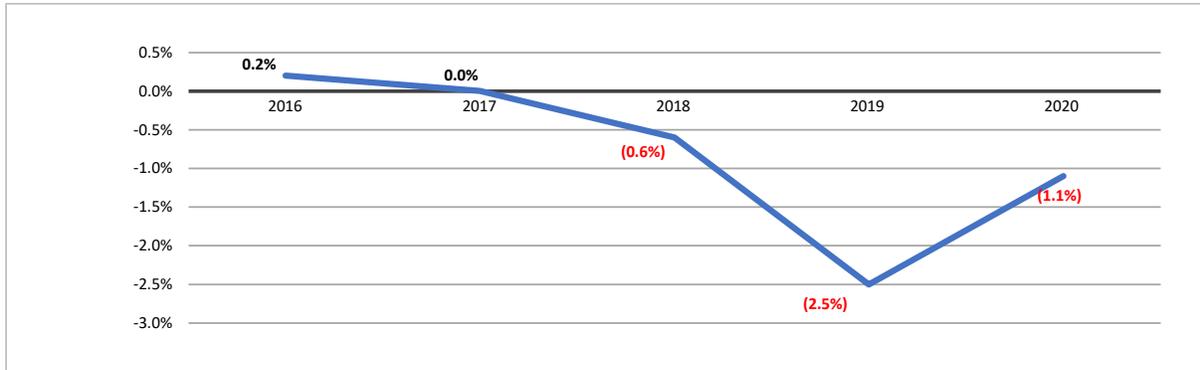
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# Analysis of Financial Condition

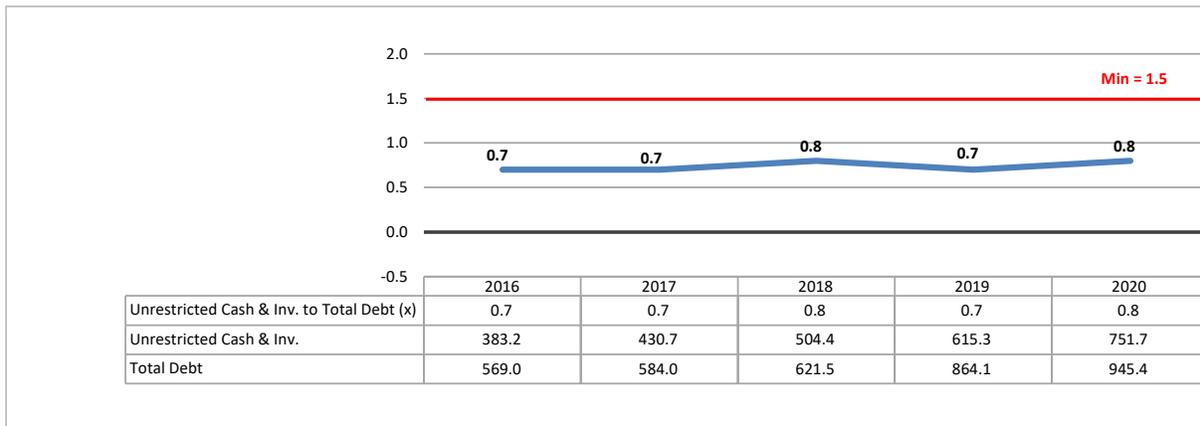
# 2020

The University of Texas Medical Branch at Galveston (continued)

### 3. Annual Operating Margin



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



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# Analysis of Financial Condition

# 2020

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

*Financial Condition: Satisfactory*

### EXECUTIVE SUMMARY

#### Highlights

##### General Overview

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

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

##### Observations

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

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



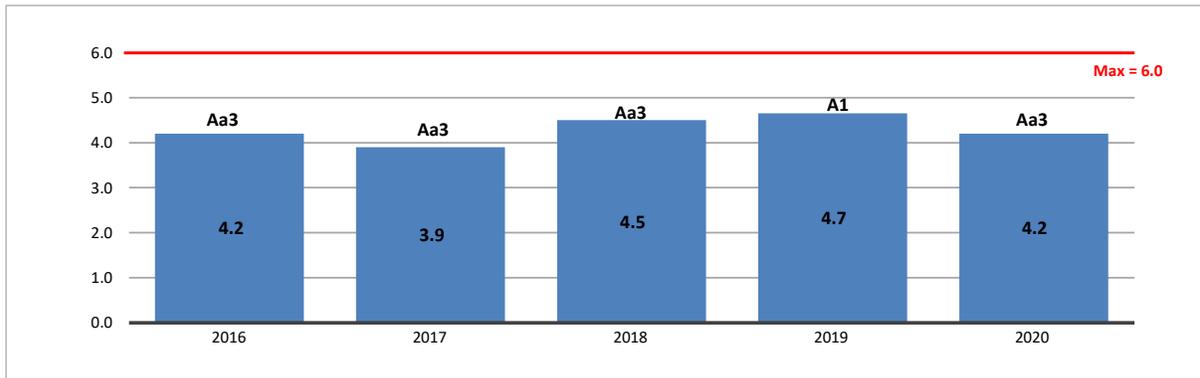
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# Analysis of Financial Condition 2020

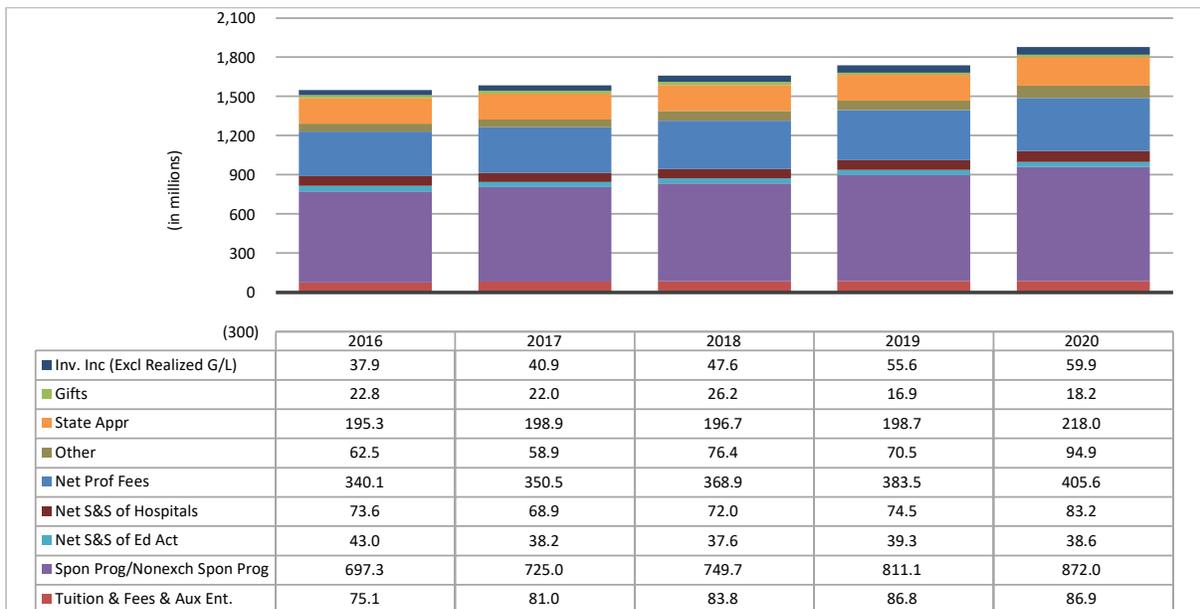
The University of Texas Health Science Center at Houston (continued)

## ANALYSIS OVERVIEW

### 1. Overall Scorecard Rating



### 2. Operating Revenues



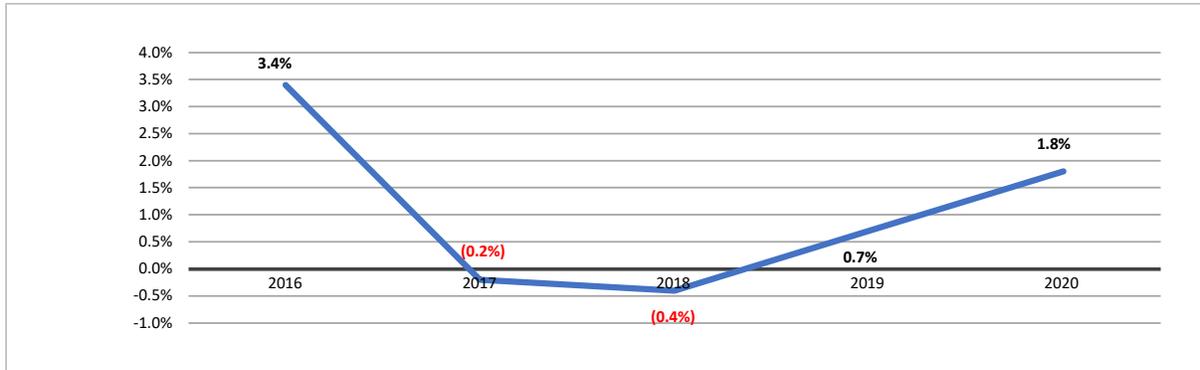
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# Analysis of Financial Condition

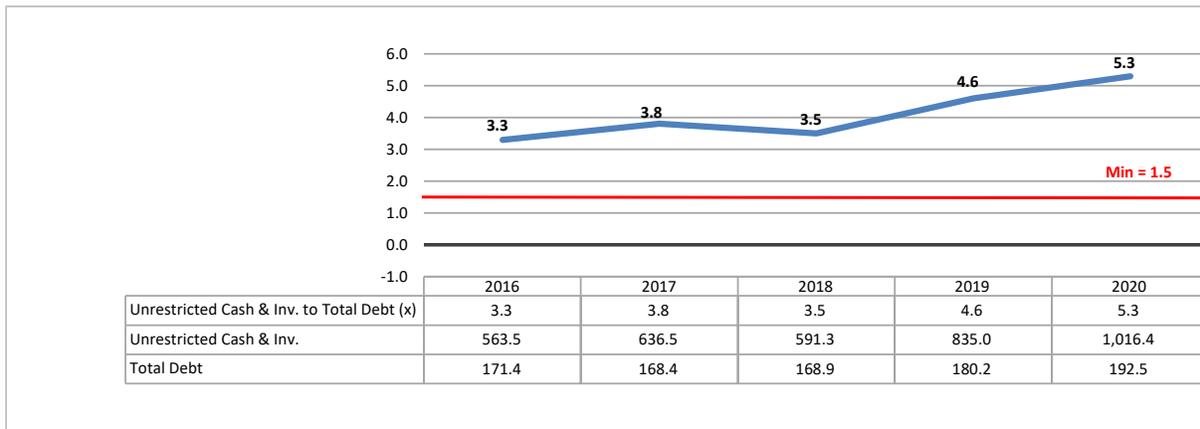
# 2020

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

### 3. Annual Operating Margin



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



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# Analysis of Financial Condition

# 2020

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

*Financial Condition: Satisfactory*

### EXECUTIVE SUMMARY

#### Highlights

##### General Overview

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

##### Observations

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

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

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



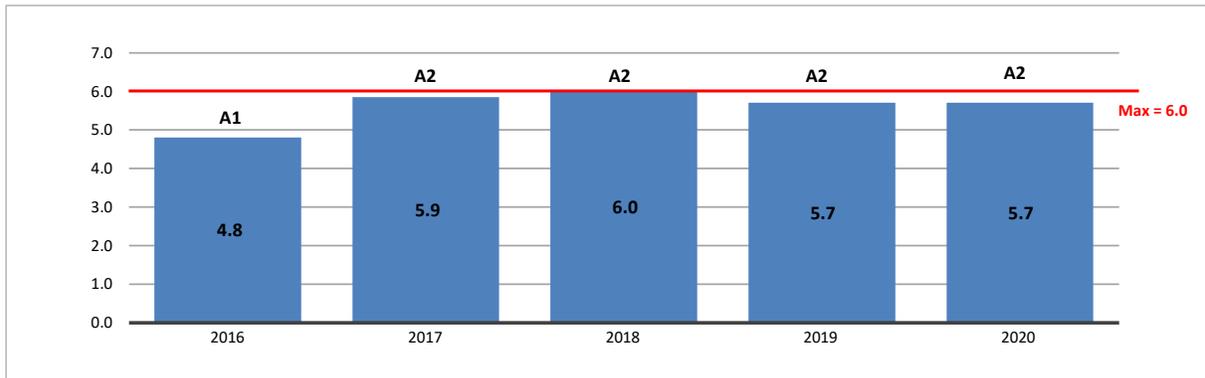
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# Analysis of Financial Condition 2020

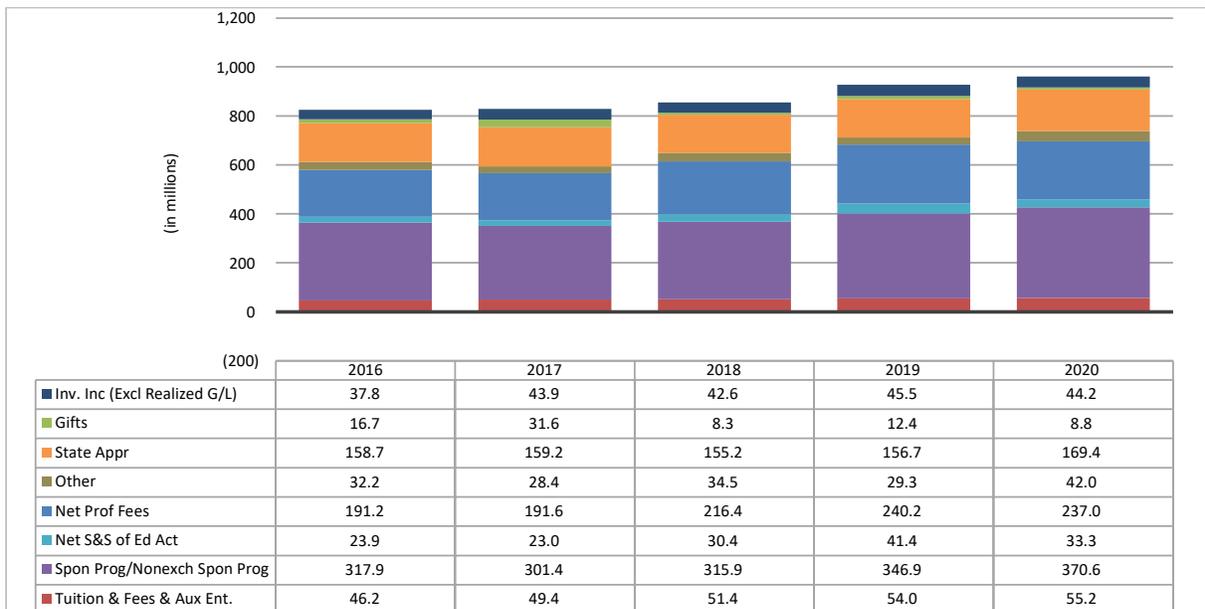
The University of Texas Health Science Center at San Antonio (continued)

## ANALYSIS OVERVIEW

### 1. Overall Scorecard Rating



### 2. Operating Revenues



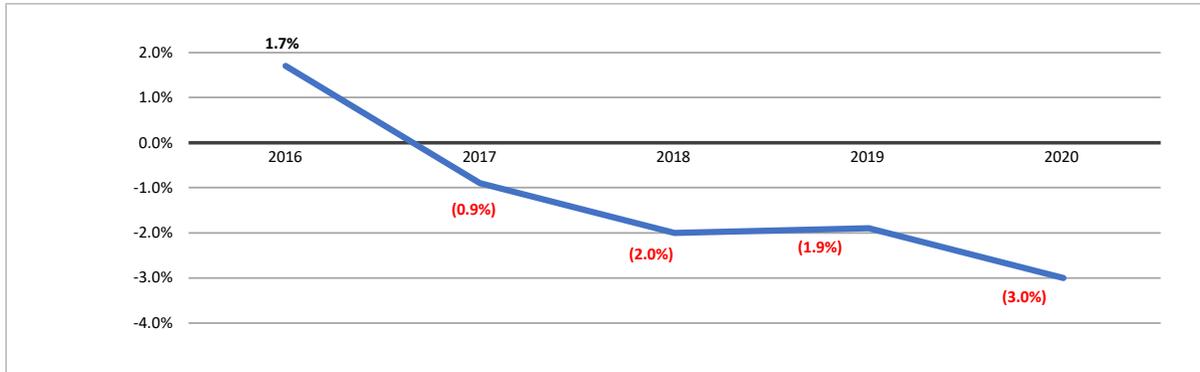
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# Analysis of Financial Condition

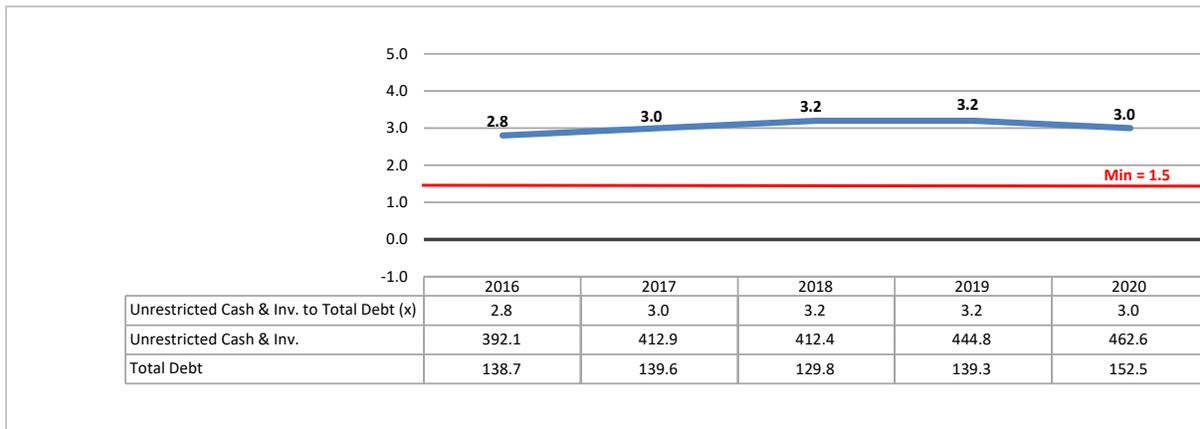
2020

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

### 3. Annual Operating Margin



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



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# Analysis of Financial Condition

# 2020

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

*Financial Condition: Satisfactory*

### EXECUTIVE SUMMARY

#### Highlights

##### General Overview

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

##### Observations

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



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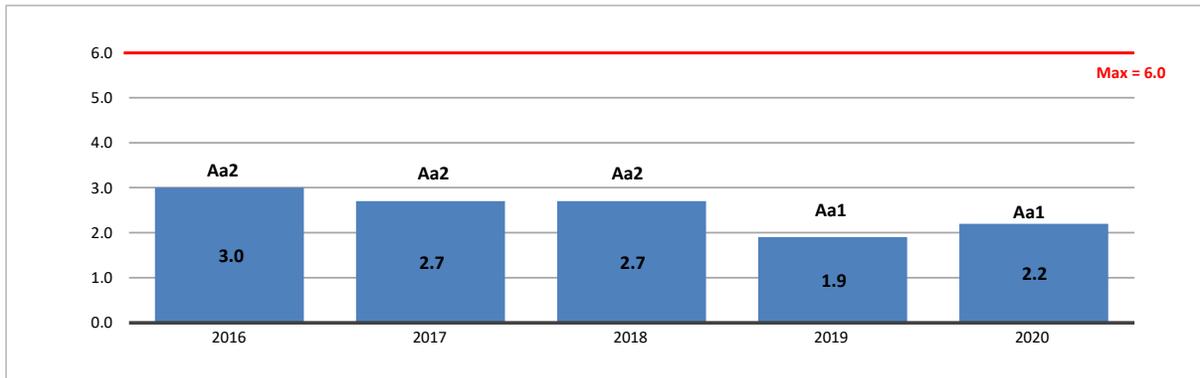
# Analysis of Financial Condition

2020

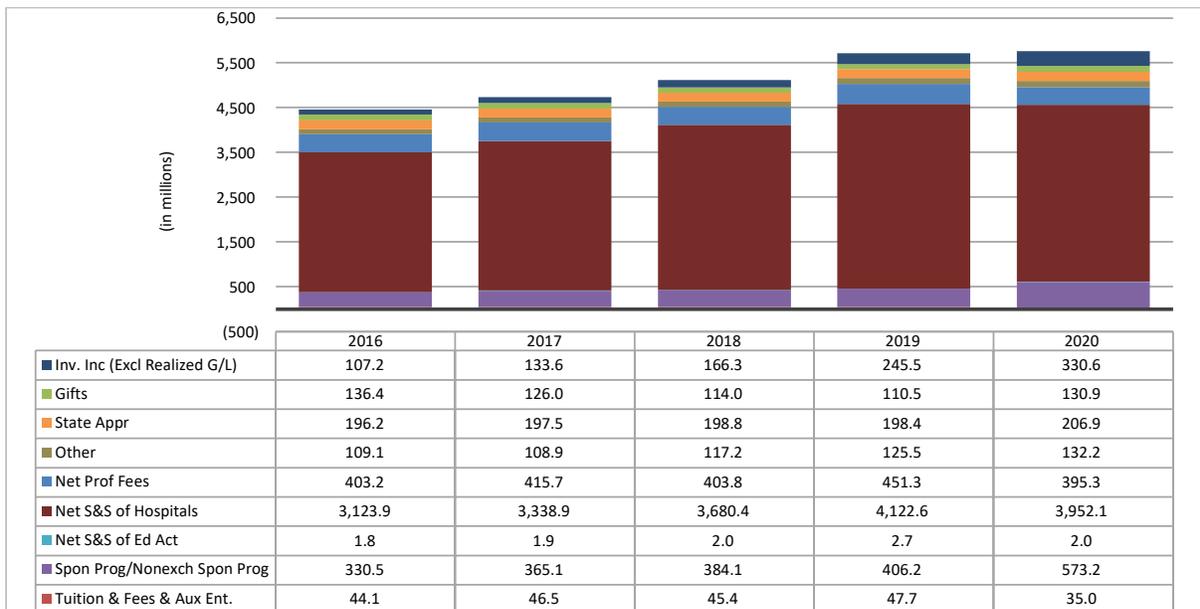
The University of Texas M. D. Anderson Cancer Center (continued)

## ANALYSIS OVERVIEW

### 1. Overall Scorecard Rating



### 2. Operating Revenues

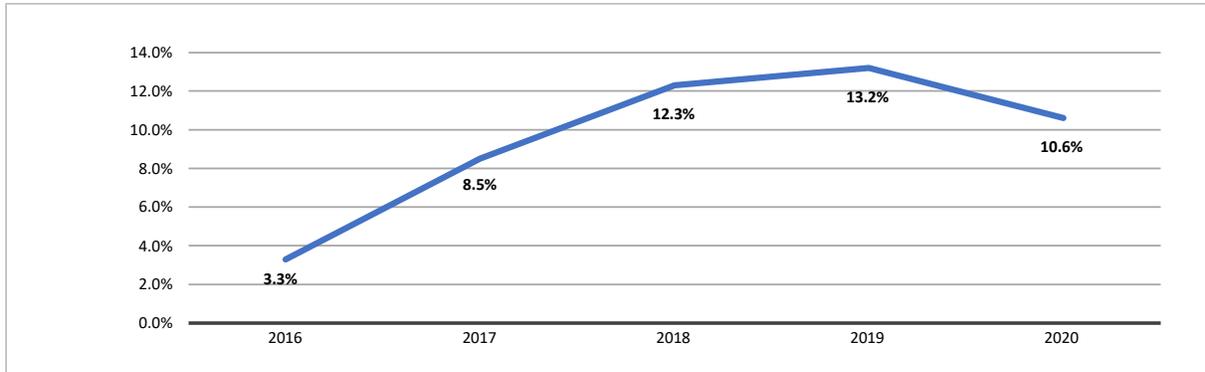


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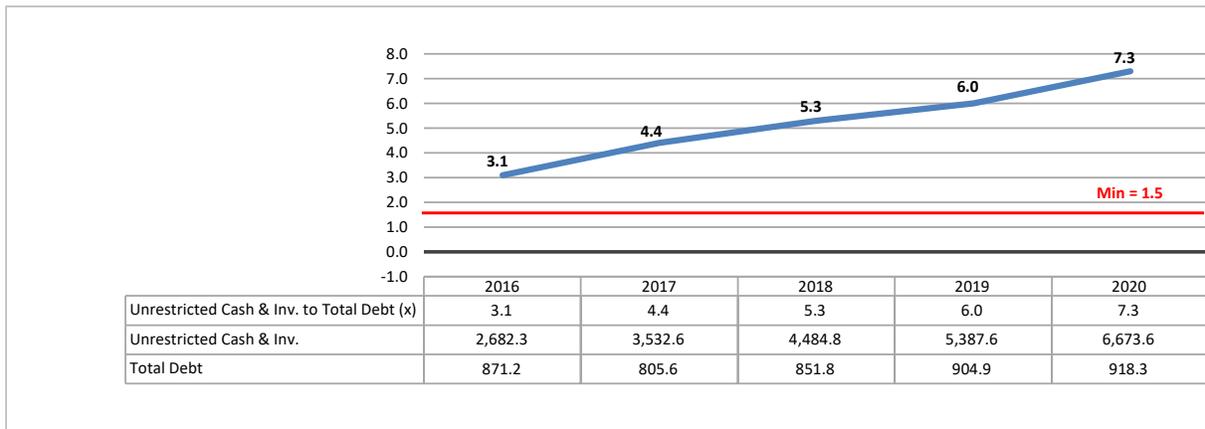
# Analysis of Financial Condition 2020

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

### 3. Annual Operating Margin



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



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# Analysis of Financial Condition

# 2020

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

*Financial Condition: Satisfactory*

### EXECUTIVE SUMMARY

#### Highlights

##### General Overview

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

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

Acting on these priorities, notable accomplishments in 2020 include:

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



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# Analysis of Financial Condition

2020

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

## Observations

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

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



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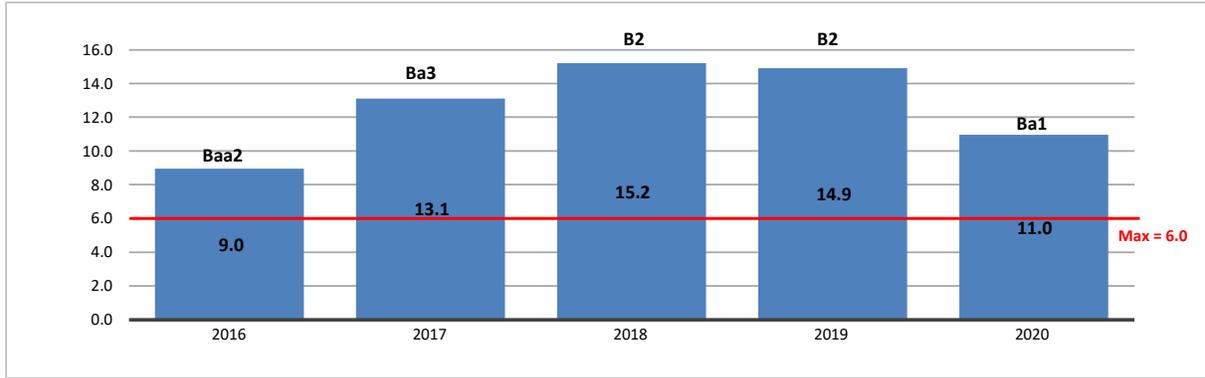
# Analysis of Financial Condition

2020

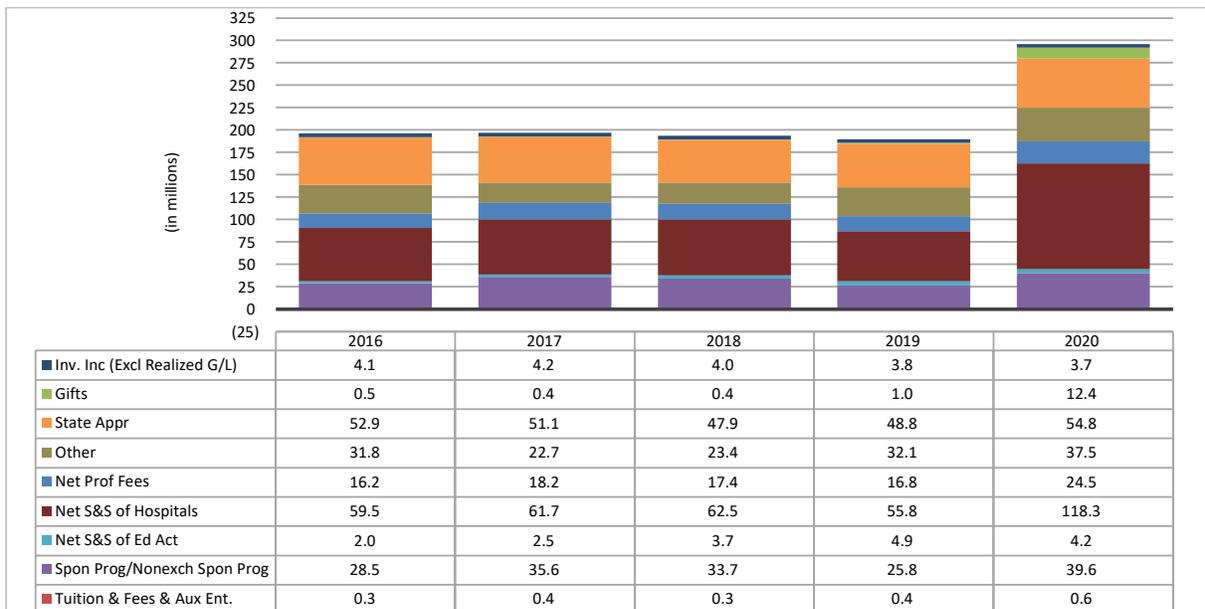
The University of Texas Health Science Center at Tyler (continued)

## ANALYSIS OVERVIEW

### 1. Overall Scorecard Rating



### 2. Operating Revenues



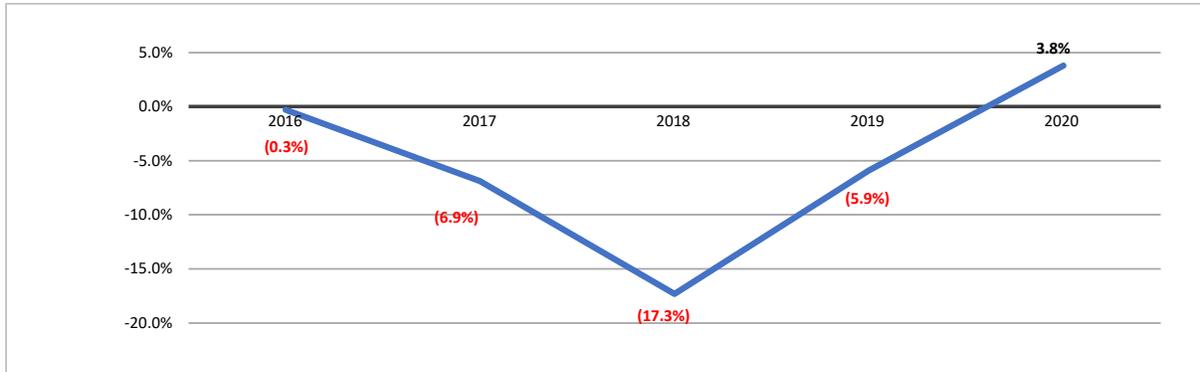
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# Analysis of Financial Condition

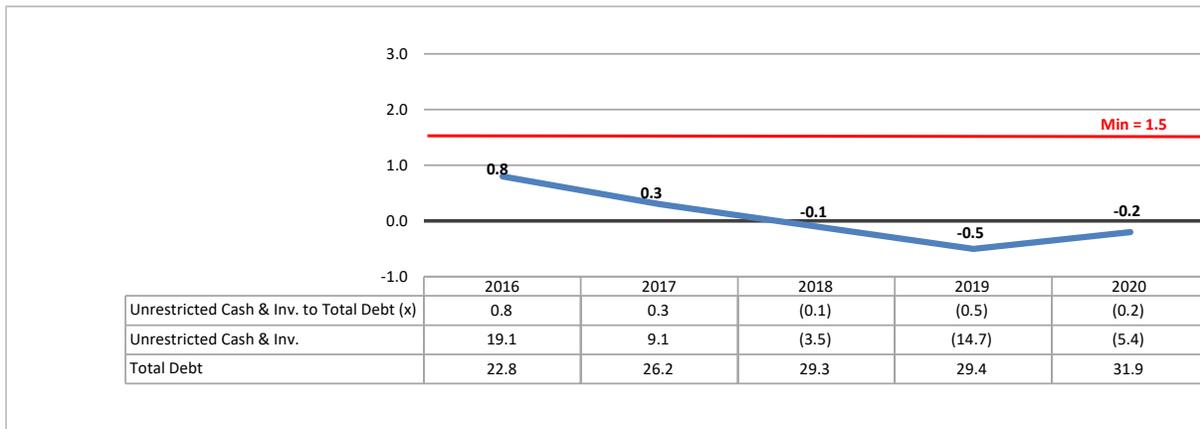
2020

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

### 3. Annual Operating Margin



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



	2016	2017	2018	2019	2020
Unrestricted Cash & Inv. to Total Debt (x)	0.8	0.3	(0.1)	(0.5)	(0.2)
Unrestricted Cash & Inv.	19.1	9.1	(3.5)	(14.7)	(5.4)
Total Debt	22.8	26.2	29.3	29.4	31.9



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## ***Appendices***

### Appendix A - Definitions of Evaluation Factors

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

➤ Factors for Academic Institutions

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

➤ Factors for Healthcare Institutions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



# UTIMCO Update

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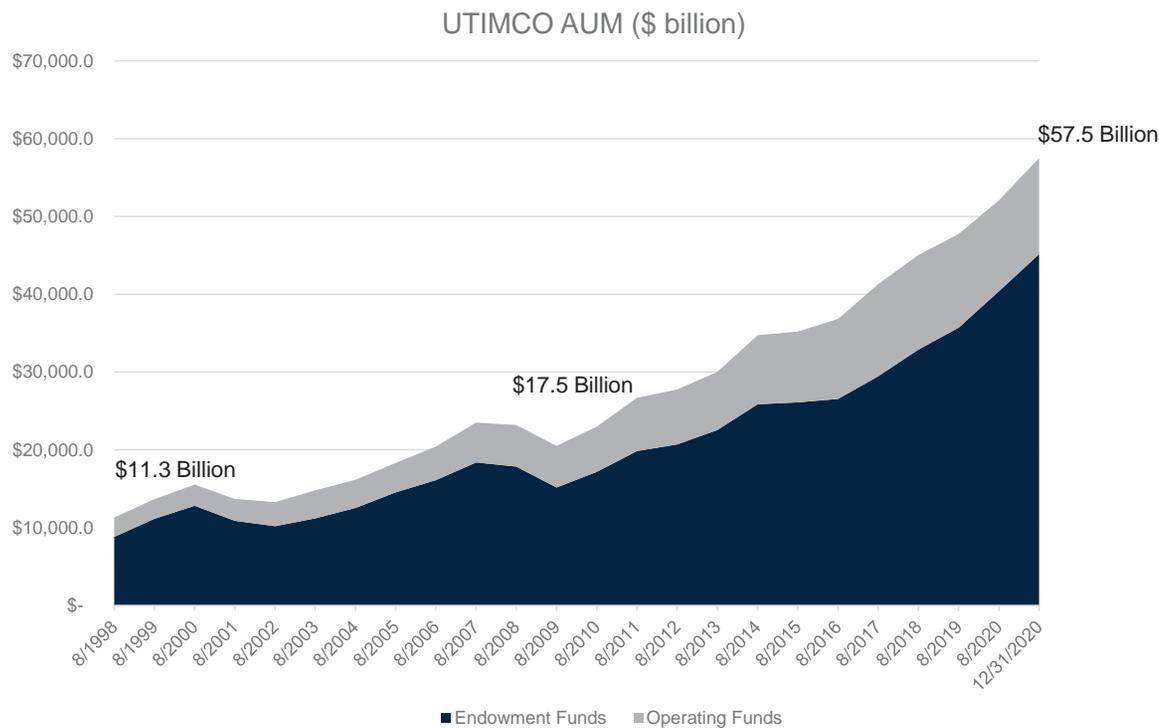
Mr. Britt Harris, CEO, Chief Investment Officer and President  
U.T. System Board of Regents' Meeting Finance and Planning Committee

February 2021



# Growth in Assets Under Management

## Total Assets through December 31, 2020



### UTIMCO AUM (\$ millions)

Feb 2009 - Dec 2020	
<b>Endowments</b>	
Beginning NAV	\$ 12,970
Contributions	19,969
Net Investment Return	26,601
Distributions	(14,394)
Ending NAV	45,146
AUM Growth \$	\$ 32,176
<b>Operating Funds</b>	
Beginning NAV	\$ 4,535
Contributions	4,784
Net Investment Return	5,423
Distributions	(2,403)
Ending NAV	12,339
AUM Growth \$	\$ 7,804
<b>Total UTIMCO</b>	
Beginning NAV	\$ 17,505
Ending NAV	\$ 57,485
AUM Growth \$	\$ 39,980



# Market Dashboard: 1998 to 2020

## Rates

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

## Equities

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

## Inflation

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

## Commodities

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

# Market Dashboard: Review of 2020



## Rates

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

## Equities

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

## Inflation

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

## Commodities

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

# Endowment Return and Alpha Detail

As of December 31, 2020



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

# Summary of UTIMCO AUM, Returns and Alpha

As of December 31, 2020



## Endowment Returns

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

## Assets Under Management (\$ billions)

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

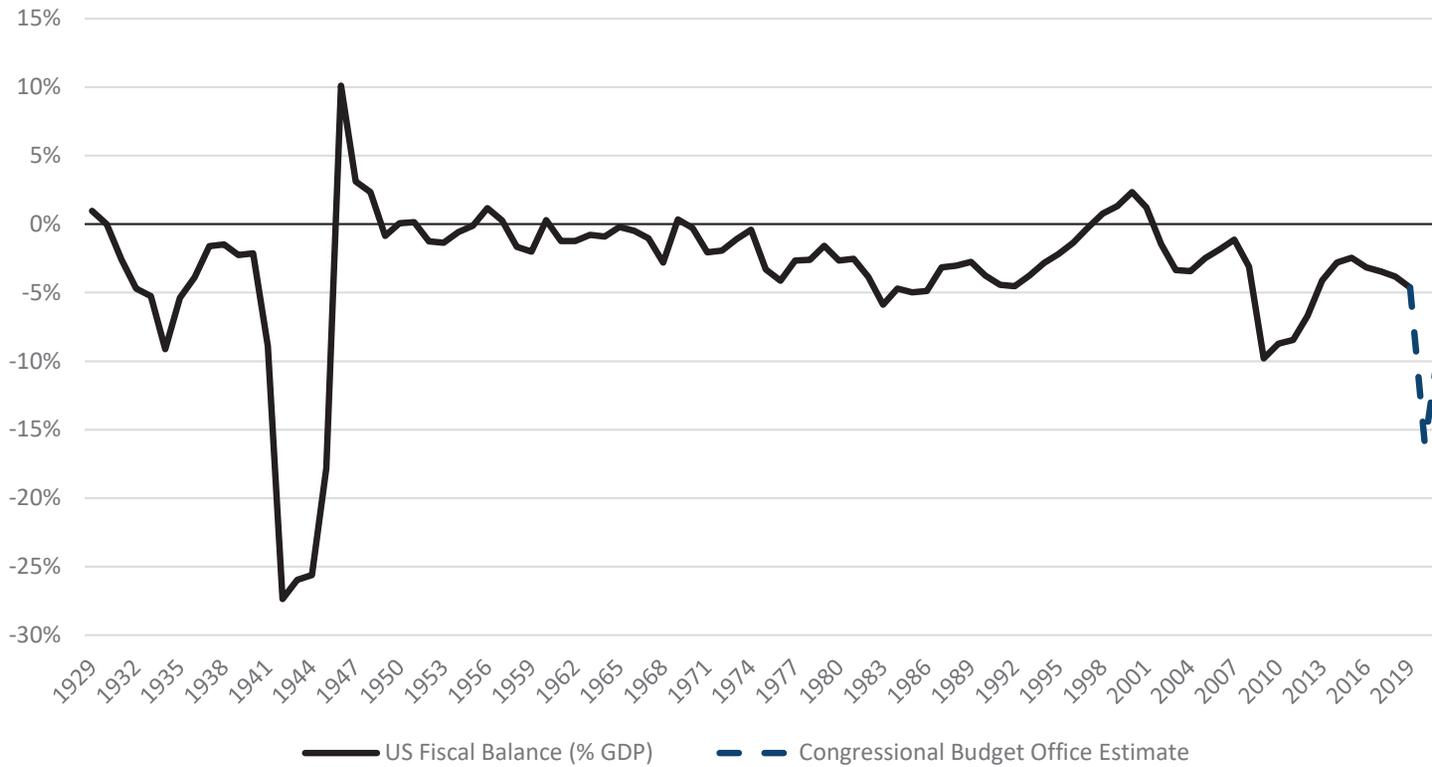
## Operating Funds

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

## Total UTIMCO

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

# US Fiscal Deficit Widest Since WW2

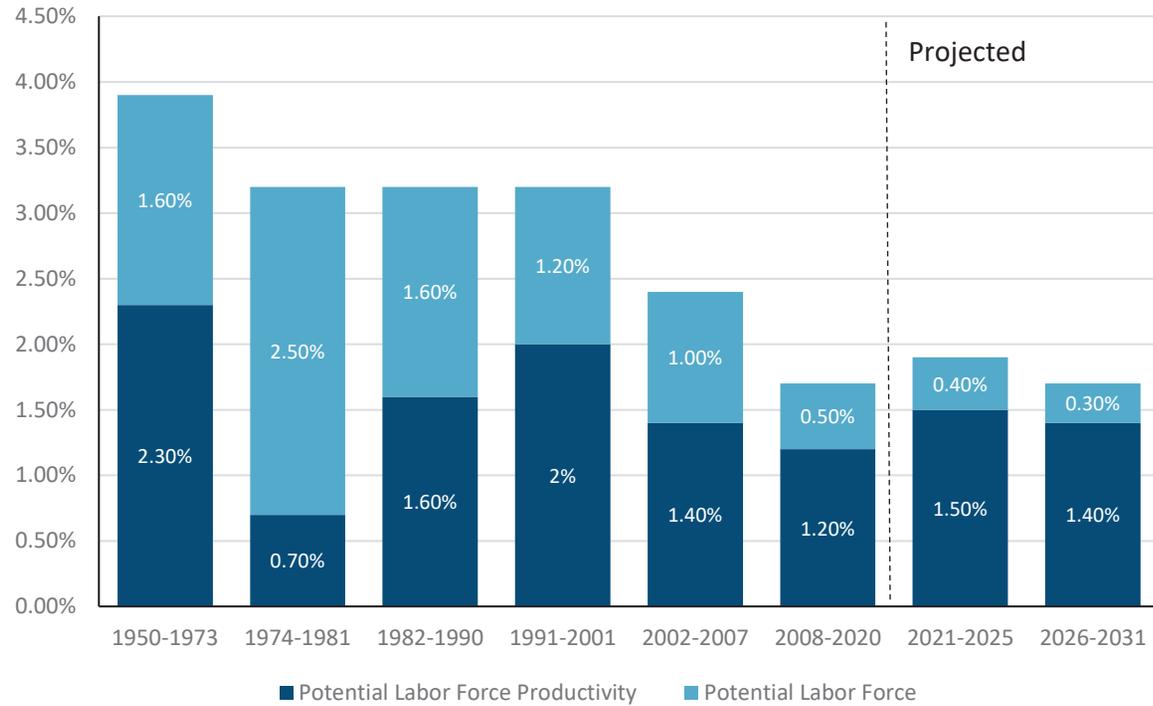


Source: Congressional Budget Office, Bureau of Economic Analysis, and *Historical Statistics of the United States*



# Falling Expected Growth

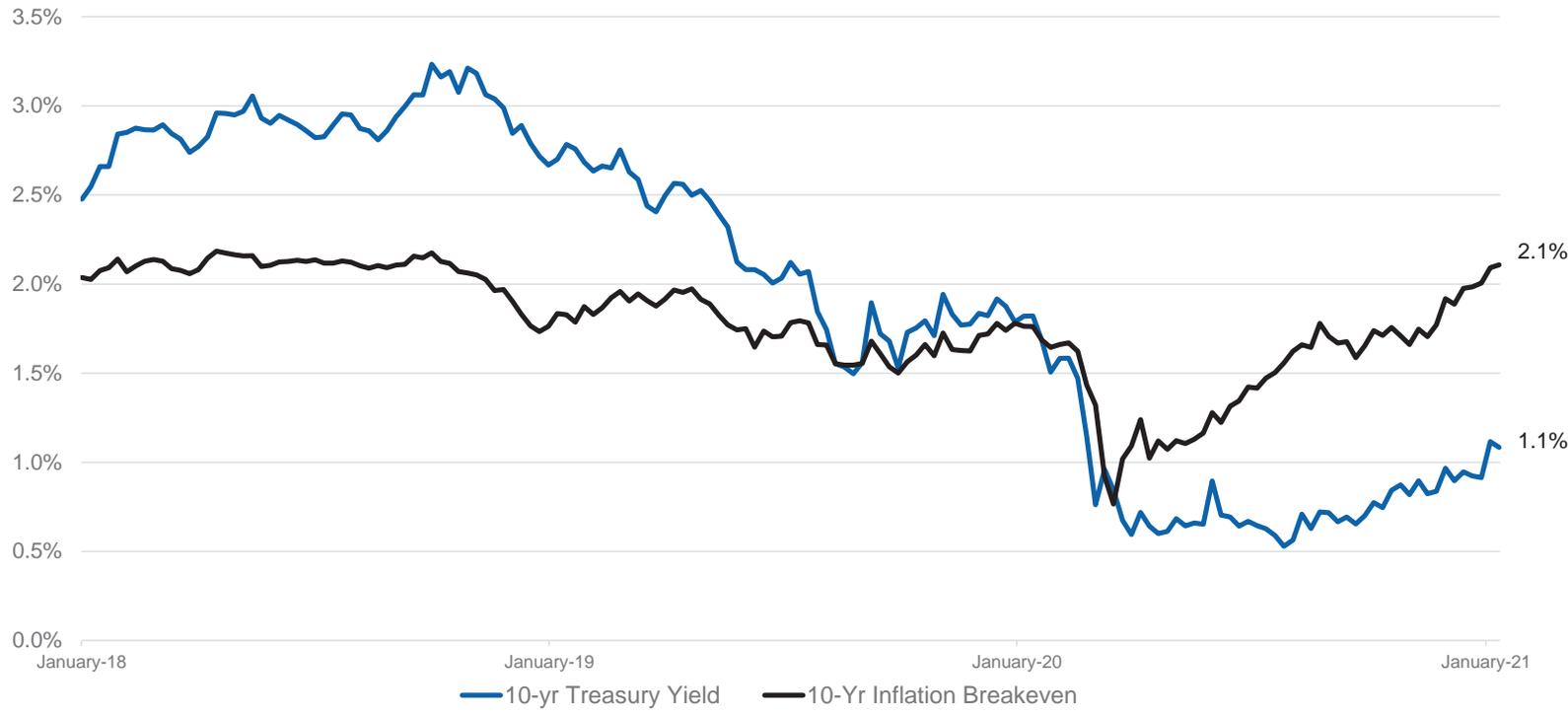
### AVERAGE ANNUAL GROWTH OF REAL GDP



Source: Congressional Budget Office



# 10 Year Treasury vs. 10-Year Inflation BE



Source: U.S. Treasury



# UTIMCO 2021 Theme & Priorities

## 2021 Theme: **Servant Leadership**

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



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

# Summary

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## 1) AUM \$57 billion

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

## 2) Above target value-add

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

## 3) Sound risk management

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

## 4) Challenging environment ahead

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

## 5) UTIMCO Remains Resilient

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# Appendix

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# Economic Forecasts

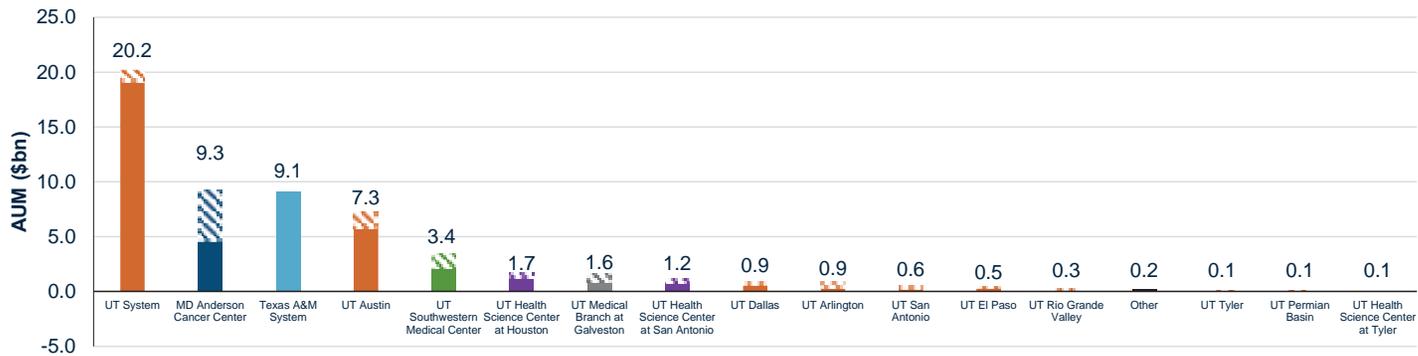
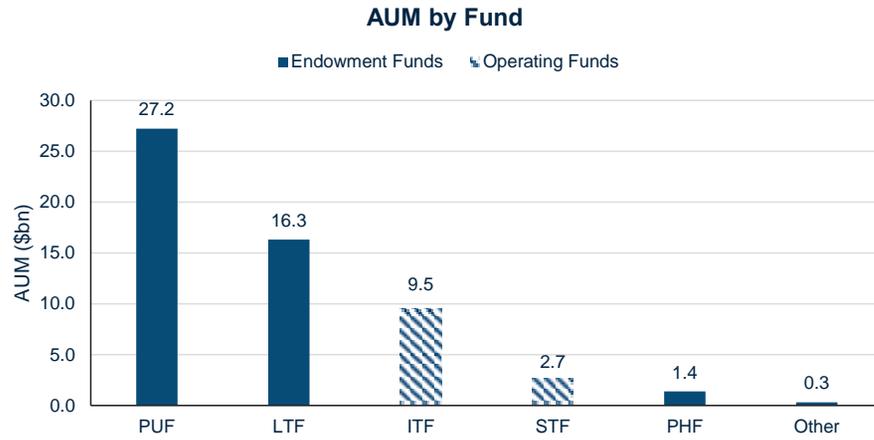
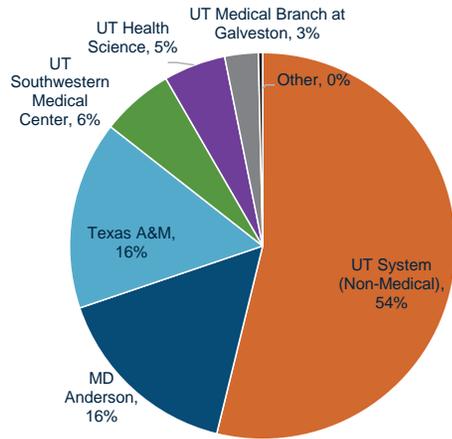


Estimates as of 1/8/21

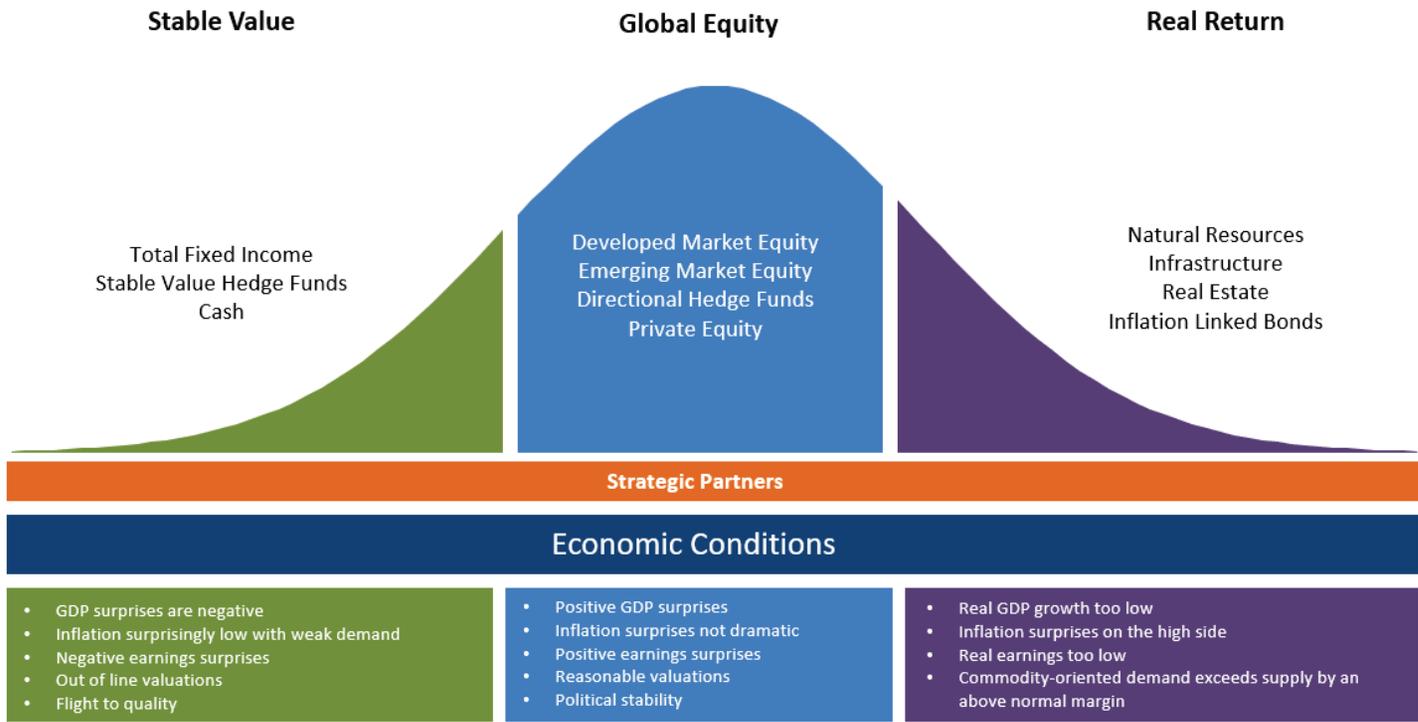
	Quarterly GDP			GDP			S&P 500 EPS			Unemployment			Core PCE		
	Q4	Q1	Q2	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
AGMR	3.3%	4.8%	11.7%	-1.7%	7.1%		\$125	\$177		6.3%	3.9%		1.8%	2.0%	
Barclays	3.3%	2.5%	11.0%	-3.4%	6.3%	3.9%	\$142	\$173		6.7%	4.5%	4.0%	1.4%	1.5%	1.8%
BofA	5.0%	1.0%	7.0%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



# AUM By Institution



# UTIMCO Diversification Framework



# ITF Return and Alpha Detail

As of December 31, 2020



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

# UTIMCO's 2021 Top Priorities



## Performance

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

## People

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

## Investment Team

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

## Operations Team

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

## Information Services & Security Team

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



**TABLE OF CONTENTS  
FOR  
ACADEMIC AFFAIRS COMMITTEE**

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

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

*Rad Weaver, Chairman  
Christina Melton Crain  
R. Steven Hicks  
Janiece Longoria  
Nolan Perez  
Kelcy L. Warren*

	<b>Committee Meeting</b>	<b>Board Meeting</b>	<b>Page</b>
<b>Convene</b>	<i>9:50 a.m. Chairman Weaver</i>		
1. <b>U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, assigned for Committee consideration</b>	<b>Discussion</b>	<b>Action</b>	<b>213</b>
2. <b>U. T. San Antonio: Approval of preliminary authority for a Doctor of Philosophy in Computer Engineering degree program</b>	<b>Action</b> <i>President Eighmy</i>	<b>Action</b>	<b>214</b>
3. <b>Approval to establish the following degree programs</b>	<b>Action</b>	<b>Action</b>	<b>215</b>
<u><b>U. T. Dallas:</b></u>			
a. <b>Doctor of Business Administration</b>		<i>President Benson</i>	<b>215</b>
<u><b>U. T. San Antonio:</b></u>			
b. <b>Doctor of Philosophy in School Psychology</b>		<i>President Eighmy</i>	<b>219</b>
<u><b>U. T. Tyler:</b></u>			
c. <b>Doctor of Medicine</b>		<i>President Calhoun</i>	<b>223</b>

	<b>Committee Meeting</b>	<b>Board Meeting</b>	<b>Page</b>
4. <b>Discussion and appropriate action regarding proposed changes to admission criteria for the following degree programs</b>	<b>Action</b>	<b>Action</b>	<b>232</b>
<u><b>U. T. El Paso:</b></u>			
a. <b>Master of Rehabilitation Counseling</b>			<b>232</b>
b. <b>Doctor of Philosophy in Chemistry</b>			<b>233</b>
<u><b>U. T. Tyler:</b></u>			
c. <b>Master of Public Administration</b>			<b>234</b>
<b>Adjourn</b>		<i>10:20 a.m.</i>	

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

RECOMMENDATION

The proposed Consent Agenda items assigned to this Committee are [Items 7 - 27](#).

**2. U. T. San Antonio: Approval of preliminary authority for a Doctor of Philosophy in Computer Engineering degree program**

**RECOMMENDATION**

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

- a. preliminary authority for U. T. San Antonio to create a Doctor of Philosophy in Computer Engineering degree program; and
- b. notification of the proposal to the Texas Higher Education Coordinating Board.

**BACKGROUND INFORMATION**

The Department of Electrical and Computer Engineering (ECE) at U. T. San Antonio proposes a new Doctor of Philosophy (Ph.D.) program in Computer Engineering. The educational objectives of this program are (a) to produce graduates who have advanced technical knowledge in computer engineering and (b) to develop graduates with research and educational skills that are essential to the growth of San Antonio, to the State of Texas, and beyond. The proposed program will prepare students to be leaders in computer engineering industries and academia through strong academic preparation and will equip students with skills to solve current computer engineering challenges through performance of interdisciplinary research.

The proposed degree will require 81 semester credit hours (SCH) beyond the bachelor's degree or 54 SCH beyond the master's degree. It also requires passing a qualifying examination, passing a dissertation proposal defense/examination, passing a final oral dissertation defense, and acceptance of the Ph.D. dissertation. A two-semester residency research period is also required. Students entering this program will choose from five different concentration areas: Visual Communications; Computer Engineering; Digital Signal Processing (DSP); Electronic Materials and Devices, Systems and Controls; and Electric Power Engineering. Computer Engineering will be the largest program among these concentrations.

Once approved, the new Ph.D. degree program in Computer Engineering will be offered to students currently enrolled in the Ph.D. degree program in Electrical Engineering (EE) with Computer Engineering concentration. In Fall 2019, there were 104 doctoral students in the Ph.D. program in EE. More than one-third of those students were in the Computer Engineering concentration.

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

**3a. U. T. Dallas: Approval to establish a Doctor of Business Administration degree program**

**RECOMMENDATION**

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

- a. establish a Doctor of Business Administration degree program at U. T. Dallas; and
- b. submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action.

**BACKGROUND INFORMATION**

**Program Description**

U. T. Dallas proposes to develop a Doctorate in Business Administration (D.B.A.) degree program. The program is designed to provide in-depth, practice-based research and applicable knowledge required to analyze and create effective solutions by addressing complex problems that executives will face in managing and leading corporations in the current global, data, and technology-driven economy. The D.B.A.'s rigorous curriculum is designed to help students understand the application of business theory and the science of complex business problem solving through advanced research methodologies and business analytics.

The D.B.A. program, administered by the Naveen Jindal School of Management (JSOM), will be a cohort-based, non-state-funded program. The program will require 72 semester credit hours (SCH) to be completed in three years. Students enrolled in the program will take 36 hours in required and nine hours in elective coursework respectively and complete a combination of 27 research and dissertation hours. Students enrolled in the D.B.A. program will participate on a part-time basis, allowing them to maintain and continue their full-time careers as executives and senior managers.

**Need and Student Demand**

According to the U.S. Bureau of Labor Statistics (BLS), the overall job employment projected growth from 2018 to 2028 for top executives is 6%, adding approximately 150,600 jobs nationally from 2,639,500 to 2,790,100. The State of Texas is among the top five states with the highest employment level for the general and operations managers category, according to the BLS occupational employment statistics in 2019, second to California, and ranked above New York, Florida, and Illinois. The employment level is 217,080 with an annual mean wage of \$121,270. The Dallas-Fort Worth-Arlington area in Texas indicates an employment level of 65,040 with an annual mean wage of \$134,340.

Job searches were conducted using the Indeed.com job site for senior executives both in December 2019 and June 2020. The number of jobs differs due to the possibility of hiring freezes imposed by budget revenue shortfalls in light of the Novel Coronavirus Pandemic

underway in 2020. Nevertheless, there are a number of jobs available for D.B.A. graduates. In December 2019, there were 89,326 jobs in the United States, 6,278 in Texas, and 2,234 in the Dallas Fort Worth area. In June 2020, the available number of jobs was 46,763,352, and 117 respectively.

Public institutions of higher education in Texas do not offer a D.B.A. There are only two Texas private institutions that offer the program. The University of Dallas in Irving and The University of the Incarnate Word in San Antonio offer D.B.A. programs and there are numerous renowned D.B.A. programs offered nationally, such as those at The University of Florida and Temple University.

Over the past several years, JSOM has received requests from senior executives that are interested in pursuing an advanced degree. JSOM has not kept statistics; however, the School has had to turn down requests because the traditional Ph.D. in business administration program is oriented to develop full-time faculty. The needs of business professionals seeking an advanced degree, but not planning a shift to a full-time academic career, are left unserved. Other institutions outside of Texas are attracting the student demand generated in the state for a doctorate in business administration.

After analyzing selected D.B.A. programs' enrollment profiles nationally, there is evidence that there are Texas residents who enroll as D.B.A. out-of-state students, particularly in Oklahoma. Therefore, there is a need to provide Texas residents, especially in the Dallas-Fort Worth area, with another D.B.A. program from a public institution to serve these targeted business executives and senior managers with an opportunity to earn additional educational credentials.

JSOM plans to admit 12 students annually during the fall semester with an expected attrition of two students per year, resulting in a projected number of 10 students in Year 1 and 20 students in Year 2. These projected numbers are conservative because JSOM runs a highly successful Ph.D. program in Management Science that admits approximately 25 students annually who typically graduate in four to six years. The average number of graduates from the JSOM Ph.D. in Management Science is 13.8 during the last five years for a total of 69 graduates.

### Program Quality

Adding this proposed program will not have a significant impact on the other JSOM's graduate programs as enrollments in these programs have begun to level off and even decrease due to various environmental factors. Furthermore, the size of the proposed D.B.A. program does not require a significant commitment of additional faculty resources to successfully launch and maintain. There will be no expected faculty hires, due to JSOM's existing and renowned faculty. Selected JSOM faculty members, totaling 18 core faculty members and 13 support faculty members, will support the D.B.A. program.

These specific faculty members serve on the editorial boards of over 55 scholarly journals. Out of 18 core faculty members, 13 have chaired dissertation and/or master's committees. Two of the 18 core faculty members have secured external grants for the past five years for their research, totaling over \$250,000.

JSOM's recruitment strategies include, but are not limited to, communicating the program widely to communities and organizations with underrepresented populations; providing needed advising to such students on their academic work; and helping them on their career path. JSOM will seek

applicants who have at least 10 years of work experience (if they have a bachelor's degree or seven years if they have a master's degree) and have a desire for advanced study, beyond what an M.B.A. offers. Applicants considered for the proposed D.B.A. program will have access to, and interest in, solving high-impact business problems.

The proposed D.B.A program will build on JSOM's existing graduate programs, specifically the Ph.D. in Management Science and the M.B.A. programs, with its current renowned faculty. In turn, the D.B.A. program will enhance JSOM's growing reputation as a highly ranked business school and strengthen its visibility in the business world/industry and academia, with a talent pool that can solve high-impact business problems. Further, the collaboration with high-level executives will assist the faculty in strengthening their relations with industry contacts in the business world, notably with firms in the Dallas-Fort Worth area. Moreover, this exposure will also benefit JSOM's current Ph.D. and M.B.A. students who will learn about these problems due to the collection of D.B.A candidates' interesting and complex case studies that will be shared with JSOM's graduate programs.

Revenue and Expenses

As mentioned earlier, if approved, the D.B.A. program will be a self-supporting, non-state funded, cohort program.

<b>Expenses</b>	<b>5-Year Total</b>
<i>Faculty</i>	
Salaries (reallocated)	\$1,796,822
Benefits (included above)	
<i>Graduate Students</i>	
TA Salaries	\$0
TA Benefits	\$0
GRA Salaries	\$0
GRA Benefits	\$0
<i>Staff &amp; Administration</i>	
Graduate Coordinator Salary	
Administrative Staff Salaries	\$228,978
Staff Benefits (included above)	
<i>Other Expenses</i>	
Program Administration (reallocated)	\$173,554
Supplies and Materials	\$ 58,500
Library and Instructional Technology Resources	\$170,985
<b>Total Expenses</b>	<b>\$2,428,839</b>
<b>Total NEW Expenses (Administrative Staff, Supplies, Library Materials Only)</b>	<b>\$ 458,463</b>

<b>Revenue</b>	<b>5-Year Total</b>
<i>From Student Enrollment</i>	
Formula Funding	Self-supporting (N/A)
Tuition and Fees	\$3,660,000
<i>From Institutional Funds</i>	
Faculty Salaries/Benefits (reallocated)	\$1,796,822
Program Administration (reallocated)	\$173,554
<b>Total Reallocated Expenses</b>	<b>\$5,630,376</b>
<i>From Grant Funds</i>	
[Enter Description]	N/A
<i>From Other Revenue Sources</i>	
Tuition and Fees	N/A
<b>Total Revenue</b>	<b>N/A</b>

Coordinating Board Criteria

The proposed program meets all applicable Coordinating Board criteria for new doctoral degree programs.

**3b. U. T. San Antonio: Approval to establish a Doctor of Philosophy in School Psychology degree program**

RECOMMENDATION

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

- a. establish a Doctor of Philosophy in School of Psychology degree program at U. T. San Antonio; and
- b. submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action.

BACKGROUND INFORMATION

Program Description

U. T. San Antonio proposes to develop a Doctor of Philosophy (Ph.D.) program in School Psychology designed to prepare graduates for careers as scientist-practitioners and professional health service psychologists. The overarching goal of the program is to prepare future psychologists capable of contributing to the academic, emotional, and social-behavioral well-being of children and adolescents through direct and indirect services, as well as to the science that informs psychological practice. Upon graduation, graduates will be eligible to apply for doctoral-level licensure as a Licensed Psychologist, which allows them to provide psychological services in a range of settings beyond public school settings. They will also be eligible to conduct research and teach within academic institutions.

The doctoral program is designed for full-time students to complete the program in approximately five years, including dissertation and internship. There will be two course sequences, based on whether the student enters the program with either (a) a baccalaureate degree or (b) a master's degree or previous graduate coursework. The proposed program comprises 114 semester credit hours including 87 hours of coursework, 12 hours of practicum, 6 hours of doctoral internship, and 9 hours of dissertation credit. The numbers of hours allocated for coursework, fieldwork, and dissertation research are comparable to other doctoral programs in School Psychology accredited by the American Psychological Association (APA) and will facilitate the long-term goal of APA accreditation. Students admitted with an appropriate master's degree will require fewer hours to complete the program, which will be determined on a case-by-case basis via individual advising.

There is a high job market need for doctoral-level school psychologists in Texas and throughout the nation in both applied and academic settings. In a national survey conducted by the American Association for Employment in Education (AAEE), school psychology was identified by university/school district representatives as likely to experience considerable shortage or some shortage in all regions of the United States. Texas will encounter one of the most serious shortages of school psychologists in the near future due to many current practitioners in Texas nearing retirement age and the creation of new positions as school districts grow. Imminent

retirements in school psychology are expected to occur in disproportionately greater numbers among males, doctoral-level psychologists, and university faculty. These retirements will contribute to continuing shortages in the field that have been documented over the past several decades.

Data from the U.S. Bureau of Labor Statistics indicate that clinical, counseling, and school psychologists are most likely to work in settings such as elementary and secondary schools, offices of health practitioners, outpatient care centers, psychiatric and substance abuse hospitals, and general medical and surgical hospitals. Nationally, jobs in this category are projected to increase 14.7% between 2018 and 2028, with 14,600 annual job openings due to growth and replacement needs.

Similarly, an analysis conducted using Burning Glass Technologies labor market data analytics software found 15,908 relevant job postings in the U.S. in the last 12 months. The same analysis restricted to Texas found 1,867 job postings in the last 12 months. In 2017 there were 67 institutions in the U.S. that offered the Ph.D. degree in School Psychology, resulting in 353 degree conferrals that year, only 17 of which were awarded by Texas institutions. These numbers of graduates are not adequate to meet the demand for doctoral-level school psychologists in the U.S. or in Texas.

### Need and Student Demand

According to APA's Graduate Study in Psychology, the average acceptance rate for doctoral programs in School Psychology in the U.S. is approximately 31% across the last three years. Further, across the last three years the mean number of applications to these programs nationally was 35, and the mean number of first-year enrollments was six students. Thus, many students who apply to doctoral programs in School Psychology are not admitted, suggesting that student demand is strong enough to support another program.

Doctoral programs in school psychology are offered at Stephen F. Austin State University, Texas A&M University, Texas Woman's University, University of Houston, and University of Houston-Clear Lake. Doctoral programs in the related field of educational psychology are offered at Texas A&M University, Texas A&M University-Commerce, Texas Tech University, The University of Texas at Austin, and The University of North Texas.

A brief survey was conducted in Fall 2019 to gauge interest in a proposed doctoral program in school psychology degree program. Participants included 72 undergraduate students enrolled in upper-division educational psychology courses and 38 graduate students currently enrolled in the Master of School Psychology degree program at U. T. San Antonio.

The survey data from both groups of respondents find the proposed doctoral program to be "of great value" and would be "an excellent extension of UTSA Graduate Studies." It is not surprising that graduate students currently enrolled in the M.A. in School Psychology program at UTSA reported more interest and likelihood in applying to the program as compared to the more heterogeneous sample of undergraduate students. Thus, current data may be considered favorable considering they were collected without a program in place and in the absence of student recruitment efforts.

Enrollment projections are based on the resources and faculty capacity in the department and on enrollment and attrition data for the other school psychology doctoral programs in Texas. Enrollment is anticipated to gradually increase as additional faculty is added to support the program, with the number of new students admitted increase from five initially to six per year by Year 5.

### Program Quality

The department currently employs four core tenure-track faculty members with doctoral degrees and licensure in school psychology. Additional faculty resources required include: (1) two tenure-track faculty members with expertise in school psychology and advanced quantitative skills to support the research and statistics courses associated with doctoral-level training and to serve/consult on dissertation committees; and (2) two full-time, multi-year contract clinical faculty members (nontenure-track) to teach new practicum and internship courses associated with the doctoral program.

The department employs five support tenure-track faculty members with doctoral degrees in educational psychology or related fields. These faculty members have expertise in areas such as applied behavior analysis, program evaluation, research design, statistics, counseling psychology, human development, motivation, self-regulation, and education policy. These faculty members will play an important role in the doctoral program through teaching, mentoring students, and participating on dissertation committees.

The department has been recognized as one of the most prolific in terms of faculty research productivity among universities offering master's programs in school psychology, which was achieved without the advantage of having doctoral students to help with research. Faculty research on issues of diversity in assessment and intervention, educational policy, universal screening measures, and disparities in access to educational opportunities will continue to attract national attention, and productivity will only increase with the addition of highly skilled and motivated doctoral students contributing to publications and presentations.

From 2014-2020, core faculty published 50 articles in peer-reviewed journals, authored eight chapters in edited books, and authored three books. Support faculty published a total of 68 articles in peer reviewed journals, authored 18 book chapters, and authored six books. During this same time period, Educational Psychology faculty have been awarded external grant funding in the amount of \$6,510,848 and internal grant funding in the amount of \$37,455.

Revenue and Expenses

<b>Expenses</b>	<b>5-Year Total</b>
<i>Faculty</i>	
Salaries	\$2,002,182
Benefits	\$ 740,807
<i>Graduate Students</i>	
TA Salaries	\$ 374,856
TA Benefits	\$ 56,228
GRA Salaries	\$ 468,570
GRA Benefits	\$ 70,285
<i>Staff &amp; Administration</i>	
Graduate Coordinator Salary	\$ 87,601
Administrative Staff Salaries	\$ 57,073
Staff Benefits	\$ 53,529
<i>Other Expenses</i>	
Materials and Supplies including Library	\$ 127,000
<b>Total Expenses</b>	<b>\$4,038,131</b>
<b>Revenue</b>	<b>5-Year Total</b>
<i>From Student Enrollment</i>	
Formula Funding	\$ 689,019
Tuition and Fees	\$ 193,851
<i>From Institutional Funds</i>	
NTT funding for TA Salaries + Grad School support	\$ 264,000
<i>From Grant Funds</i>	
Current federal and other Grant funding	\$6,948,226
<i>From Other Revenue Sources</i>	
N/A	
<b>Total Revenue</b>	<b>\$8,095,096</b>

Coordinating Board Criteria

The proposed program meets all applicable Coordinating Board criteria for new doctoral degree programs.

**3c. U. T. Tyler: Approval to establish a Doctor of Medicine degree program**

**RECOMMENDATION**

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

- a. establish a Doctor of Medicine degree at U. T. Tyler; and
- b. submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action.

**BACKGROUND INFORMATION**

**Program Description**

The Health Science Center at U. T. Tyler proposes a new Doctor of Medicine degree program designed to educate students to become physicians who are skilled clinicians, biomedical scientists, professional leaders, and innovators in the ongoing transformation of the health care system regionally and throughout Texas, as well as nationally. The program will be the first doctoral program in medicine to be initiated in East Texas and will train students for the medical workforce of the future by creating an exceptional educational experience for learners; and by producing a diverse, broadly trained, and committed clinical workforce for East Texas and beyond. It will also leverage the size, scope, and strength of the university-owned teaching hospital system, U. T. Health East Texas, which is a 10-hospital, 50-plus clinic enterprise (U.T. Health East Texas).

In addition to developing a faculty dedicated to medicine, the Doctor of Medicine program will draw on existing teaching and research assets in the School of Medical Biological Sciences, the School of Community and Rural Health, the College of Pharmacy, and the College of Nursing and Health Sciences. A substantial number of students will be offered the opportunity to pursue formal courses of study or certificate programs in health-related fields. The program in medicine will also draw on the Master of Public Health and the Master of Health Administration offered through U. T. Health Science Center - Tyler to educate young physicians in interprofessional team settings that prepare them to function effectively in the health care system of the future, to provide acute and complex care safely and proficiently, and to maintain and improve the health of individuals in the community.

The program will employ a unique curriculum in both delivery and content including pathways and certificate opportunities. The development of curriculum elements and the sequencing of their delivery for the inaugural class are ongoing. Work groups have been examining core content areas, innovative curriculum integration opportunities, and delivery methods that utilize state-of-the-art technology to maximize the student learning experience. The curriculum features early clinical experiences, likely ending with Emergency Medical Technician (EMT) certification,

and interprofessional education while affording students the opportunity for interdisciplinary training in fields such as community, occupational, and preventative medicine. Research and scholarly activity will be required of all students.

### Need and Student Demand

The need for skilled personnel in the State of Texas and nationally to oversee and provide health care services remains very high and is expected to grow over the next several decades. Nationally, an aging population and technological advances in medicine are the principal drivers of this demand. In Texas generally, and in East Texas specifically, the increased need for skilled medical personnel is also a function of population growth across age groups, as well as rising rates of health conditions such as obesity and associated diseases such as diabetes, hypertension, heart disease, respiratory disease and cancer. Further, roughly 17% of Texans (18% in Smith County) are uninsured, and that rate continues to rise. Physicians in training and teaching hospitals serve a high proportion of the uninsured and underinsured populations.

The physician workforce in the State of Texas is characterized by a deep divide between rural, low population density areas, where physician access can be minimal to non-existent, and urban/suburban, high population density areas, where physician access can be comparatively more robust. However, even within more populous regions, there are areas where physician-to-population ratios are low and physician access can be problematic. In 2019, the number of active patient care physicians per 100,000 population was 242.1 nationwide, while the corresponding number in Texas was 199.9. Moreover, Texas ranked 47th among the 50 states in the number of active primary care physicians per 100,000 population.

The Texas Department of State Health Services (DSHS) issued a report in 2018 projecting the supply and demand for primary care physicians and psychiatrists in Texas at both the state and regional level from 2017 to 2030. A May 2020 report from DSHS looked at overall physician supply across Texas and highlighted critical physician shortages in East Texas including the specialties of family medicine (123 Full-Time Equivalents (FTEs), general internal medicine (92 FTEs), nephrology (109 FTEs), pediatrics (80 FTEs), and psychiatry (76 FTEs). While the shortage of family medicine physicians, general internal medicine specialists, pediatric specialists, and psychiatrists will improve or stay the same between 2018 and 2032, the projected supply of providers will still fail to meet projected demand.

**Critical Shortages of Physician Specialties in East Texas, 2018-2032**

<b>Specialty</b>	<b>2018 Supply (FTEs)</b>	<b>2018 Demand (FTEs)</b>	<b>2018 Percent Demand Met</b>	<b>2032 Supply (FTEs)</b>	<b>2032 Demand (FTEs)</b>	<b>2032 Percent Demand Met</b>
Family Medicine	422	571	73.9%	500	622	80.3%
General Internal Medicine	279	400	69.9%	361	453	79.7%
Nephrology	45	133	33.9%	53	163	32.9%
Pediatrics	127	207	61.5%	121	201	60.1%
Psychiatry	80	174	46.1%	92	168	54.8%

The State of Texas ranks 37th in students enrolled in Doctor of Medicine or Doctor of Osteopathic Medicine granting Schools per 100,000 population (with a total enrollment of 8,112 Academic Years 2018-2019). Creation of new positions in medical schools and adequate opportunities in Graduate Medical Education (GME) do not necessarily guarantee newly minted physicians will remain in Texas. But according to the Association of American Medical Colleges (AAMC) most current data reported in the “2019 State Physician Workforce Data Book,” Texas ranks second in retention of physicians who complete medical school within the state (59.7%) and 61.9% from Physicians Retained From Public Undergraduate Medical Education (UME), fourth in retention of physicians who complete GME in Texas (58.5%), and third in retention of physicians who complete medical school and GME in Texas (81%). Clearly, in a state that needs to grow its physician workforce and one that has significant loyalty of graduates, the solution of increasing the number of individuals who complete medical education and GME in the state seems to be a particularly important step.

Approximately 63,000 licensed physicians reside within the State of Texas. Of these, 46,953 are in active patient care and this is considered the net physician workforce in the state in this report. They serve a population of almost 26.5 million Texas residents. The physician workforce in Texas is disproportionately located in the five most populous counties in the state (Harris, Dallas, Tarrant, Bexar, Travis). A total of 26,620 physicians (57% of the total workforce) practice in these counties, though only 44% of the state’s population reside in these counties. Smaller counties of 40,000 people or fewer are home to 2,264,257 Texans (8.6% of the state’s population), but only 1,170 physicians (2.5% of the total workforce) practice in these counties. Further, there is a ratio of only 52 physicians per 100,000 population in counties of 40,000 people or fewer in Texas, compared to 228 per 100,000 for the five most populous counties and 183 per 100,000 for the entire state. Below is a summary of ratios for some of these East Texas counties.

**Physicians per East Texas Counties**

<b>City Population</b>	<b>County</b>	<b>Number of Physicians</b>
Tyler (98,564)	Smith	680
Longview (81,336)	Gregg (mainly)/ Harrison	271 / 45
Huntsville (38,548)	Walker	42
Texarkana (36,411)	Bowie	201
Lufkin (35,067)	Angelina	121
Nacogdoches (32,996)	Nacogdoches	101
Paris, Texas (25,151)	Lamar	80
Marshall (23,523)	Harrison	45

Furthermore, 13 counties in East Texas have five or fewer physicians. Many of the counties are designated Medically Underserved Areas/Populations (MUA/P) are areas or populations designated by the Health Resources and Services Administration (HRSA) as having too few primary care providers, high infant mortality, high poverty and/or high elderly population. Additionally, the majority are identified areas that lack providers.

Recruiting is a challenge to many locales and for many specialties. Recruiting physicians with ties to the state or to a region within the state is often helpful. Many locations highlight the advantages they offer and use physician preferences to attract the needed workforce. For example, communities that have good hunting and fishing may target individuals who like the outdoor life.

Communities with exceptional school systems may tout the extraordinary value for young families with children. Having communities get involved in recruitment can lead to other incentives like aid with education bills or providing income guarantees for early years of practice.

There are 141 full members of the AAMC with doctoral programs in medicine that have received final approval and full accreditation from the Liaison Committee on Medical Education (LCME) in the United States. Nine medical schools in Texas, eight of which are public institutions, are full members of the AAMC. There are limited growth opportunities at existing programs in the state and even with projected increases in enrollment rates, the State of Texas will still fall short in its ability to supply an adequate number of physicians to its population. As of 2019, the ratio of active physicians per 100,000 in Texas is 199.9 with the national average at 242.1, ranking Texas number 47 of 50 states. The most recent enrollment and graduation data for Texas medical schools is included in the table below.

<b>Texas Medical Schools Enrollment and Graduation, 2015-2020</b>										
	<b>Matriculates</b>					<b>Degrees Conferred</b>				
	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
<b>Baylor College of Medicine</b>	186	186	185	186	186	183	167	187	158	186
<b>TX A&amp;M College of Medicine</b>	198	183	167	125	120	194	178	186	193	186
<b>TX Tech HSC Foster School of Medicine (El Paso)</b>	107	103	103	100	104	75	87	94	101	104
<b>TX Tech HSC School of Medicine (Lubbock)</b>	183	180	180	178	181	150	134	171	168	181
<b>UNTHSC College of Osteopathic Medicine</b>	230	232	229	230	230	194	218	186	226	230
<b>UTMB School of Medicine</b>	227	227	238	235	230	213	220	212	236	230
<b>UT Austin Dell Medical School</b>	0	50	50	51	50	0	0	0	0	50
<b>UTHSCH McGovern Medical School</b>	236	241	239	240	240	239	231	222	243	240
<b>UTRGV School of Medicine</b>	0	55	55	56	61	0	0	0	0	61
<b>UTHSCSA Long School of Medicine</b>	209	210	208	216	211	207	198	206	210	211
<b>UTSWMC School of Medicine</b>	238	238	236	238	233	235	227	238	212	233

**Source: Texas Higher Education Coordinating Board and medical schools. Prepared by Texas Medical Association, Medical Education Dept., 09/2020**

The proposed School of Medicine is uniquely positioned to reach the community with its resources and clinical partnerships. The doctoral program in medicine would not unnecessarily duplicate similar programs in Texas as none of the medical schools are based in East Texas. This presents a unique opportunity to achieve prominence by educating the next generation of expert clinicians, medical leaders, and scientists to meet the changing needs of the profession and the public. Doctoral programs in medicine and academic health centers that successfully bridge the large gap between an individualistic, cost-insensitive training model and the pressing demands of communities, states, and the nation and affordable, high-performance, team-based medical care and improved population health will attain distinction.

Admission into medical school programs in Texas continues to be a highly competitive process. In 2019, only 1611 of the 6,053 total medical school applicants (26.6%) matriculated into a Texas program. And although the number of students who are accepted and matriculate into Texas programs has remained even the last several years as additional student positions are created in existing programs, the number of applicants also grows each year. In 2020, 304 Texas residents who applied through Texas Medical Dental Schools Application Service (TMDSAS) and were made at least one offer declined to attend school in Texas.

It is reasonable to expect that student demand for admission into medical school programs in the State of Texas will continue to remain high and that the applicant pool will continue to remain strong in the future. The 2023 charter class of the School of Medicine will have 40 students and this new program would allow for additional placement opportunities for many qualified applicants.

Recruitment efforts for students will not begin until the accrediting body for medical schools, LCME, grants the School of Medicine preliminary accreditation status, per statutory regulations. The projection for preliminary accrediting status is the summer of 2022. At that point, the School of Medicine would opt to become a participating school with TMDSAS, the state's centralized application service currently utilized by all public medical schools in Texas. The summer 2022 timeframe coincides with the opening of the TMDSAS application for individuals applying to programs that begin Summer 2023 when the School of Medicine anticipates matriculating its charter class. Recruiting and admissions information will be available online and through program staff who will visit undergraduate institutions and host prospective students.

#### Program Quality

The new doctoral program in medicine will be evaluated through the faculty contributions, the accreditation process, the achievement of program objectives, monitoring the quality of experience, and implementing a plan for performance and program improvement.

School of Medicine core and support faculty have not yet been identified or hired at the time of proposal submission. The medical school core and support faculty members will reflect a range of clinical, scientific, and interdisciplinary backgrounds. Faculty members with core scientific and academic interests will be recruited from other institutions around the country or by creating joint appointments for current U. T. Tyler faculty. The institution has a track record of successful faculty recruitment in other disciplines and expects similar success for its doctoral program in medicine. Faculty members with primarily clinical responsibilities will be recruited by the institution as its curriculum develops. A large pool of talented individuals already exists in Tyler from academic programs (e.g., the Health Science Center at U.T. Tyler's GME clinical faculty), a university-owned teaching hospital system (e.g., U. T. Health East Texas), a non-academic teaching hospital (e.g., Christus Trinity Mother Frances), and private practices. The institution anticipates that additional clinical faculty members will be drawn from a pool of individuals outside Tyler and outside Texas who are attracted by the clinical opportunities and the overall quality of life in East Texas.

The School of Medicine will expect a level of research and scholarship from its faculty that is consistent with the expectations set forward by the U. T. System, and it is expected that it will be comparable to those at other medical schools within the U. T. System. The institution anticipates the ability to draw the interest of faculty who are currently maintaining high levels of professional productivity and who have an interest in cultivating the rich scientific and clinical resources to build the infrastructure of the new medical school.

The plan for anticipated faculty availability in the first five years of the program is below.

<b>Proposed Five-Year Faculty Hiring Plan (Full-Time Equivalents)</b>					
	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
	<b><u>2020-21</u></b>	<b><u>2021-22</u></b>	<b><u>2022-23</u></b>	<b><u>2023-24</u></b>	<b><u>2024-25</u></b>
<b>Dean</b>	1	1	1	1	1
<b>Basic Science Educators</b>	0.5	6	8	10	10
<b>Basic Science Research Faculty</b>	TBD	TBD	TBD	TBD	TBD
<b>Clinical Science Educators</b>	0.5	4	5	10	15
<b>Clinical Research Faculty</b>	TBD	TBD	TBD	TBD	TBD
<b>Clinical Faculty*</b>	150	175	200	250	300
<b>Total</b>	<b>155</b>	<b>186</b>	<b>214</b>	<b>271</b>	<b>326</b>

\* Clinical faculty already employed and active in the GME programs

The accreditation body for medical schools is the LCME, a 70-year-old organization formed to oversee medical education in the United States through a partnership of the American Medical Association (AMA) and AAMC. The LCME has developed an extensive set of standards and procedures to ensure educational program quality. These are rigorously enforced through a process that involves continuous data collection and self-study by administration, faculty, and students that leads to periodic site visits by a team who evaluates adherence to the standards and documents a recommendation to the full LCME Council. The Council then determines, by vote, whether to grant accreditation. New programs seeking LCME accreditation undergo a stepwise review and accreditation process.

Achievement of program objectives by students at the School of Medicine will be monitored in several ways. Students' fund of knowledge will be assessed during the preclinical years via internal written examinations, supplemented in some courses by laboratory examinations and faculty evaluations of small group performance, and by administering the National Board of Medical Examiners (NBME) Comprehensive Basic Science Examination every six months during the first two years. Additionally, the School of Medicine will utilize Objective Structured Clinical Exams (OSCEs) in Phase 1 Scientific Foundations and Phase 2 Clinical Experiences. Standardized end-of-rotation comprehensive NBME subject shelf examinations will also be administered during the clinical years to assess students' fund of knowledge, supplemented by internal written and oral examinations, and faculty and resident evaluations. Mastery of curriculum content will also be addressed by the requirement that all graduates of the School of Medicine pass steps 1 and 2 of the United States Medical Licensing Exam.

Students' opinions about the quality of their educational experiences in the preclinical years, including their assessment of the clarity of learning objectives, the relationship between published learning objectives and course/examination content, and the value of their preclinical courses in preparing them for their clinical rotations are obtained via the AAMC Medical Student Graduation Questionnaire given to each graduate. The quality of their clinical experiences is also addressed in the same survey via an extensive list of very detailed, specific questions.

Student performances on internal and standardized shelf examinations are monitored on an ongoing basis by course directors and the various subcommittees of a curriculum oversight committee. Student feedback following tests and from course evaluations is carefully reviewed by course directors and, where indicated, modifications will be made to the examination and/or course structure and content.

### Revenue and Expenses

<b>Expenses</b>	<b>5-Year Total (2021-25)</b>
<i>Faculty</i>	
Salaries and Benefits	\$20,400,000
<i>Graduate Students</i>	
N/A	\$0
<i>Staff &amp; Administration</i>	
Program Administration Salaries and Benefits	\$22,400,000
Clerical/Staff Salaries and Benefits	\$ 5,200,000
<i>Other Expenses</i>	
Supplies and Materials	\$ 750,000
Library & IT resources	\$ 1,850,000
Equipment	\$ 330,000
Facilities	\$ 610,000
Recruitment and Turnover	\$ 420,000
<b>Total Expenses</b>	<b>\$51,960,000</b>
<b>Projected Enrollment</b>	<b>5-Year Total (2021-25)</b>
Number of Students Used for Formula Funding Calculation	39
Total Number of Students	117

<b>Revenue</b>	<b>5-Year Total (2021-25)</b>
<i>From Student Enrollment</i>	
Formula Funding	\$0M
Tuition and Fees	\$ 5,700,000
<i>From Institutional Funds</i>	
STARS	\$0M
<i>From Other Revenue Sources</i>	
ETMC Foundation, Other Gifts, Instructional Grants	\$38,500,000
<b>Total Revenue</b>	<b>\$44,200,000</b>

**Notes:**

1. The time period included in the SOM budget above is 2021-2025.
2. These are estimated financials for the SOM based on initial discussion around the start-up of the medical school. While the Health Science Center has a number of components of the overall SOM administration and GME operations, the draft SOM budget reflects the development of a new UME program at the SOM, and revenues and expenditures directly associated with it.
3. The draft SOM budget does not include GME program revenues and expenditures. It is anticipated that GME program revenues and expenditures, which are currently a part of the Health Science Center's operations, will be included in future iterations of the SOM budget.
4. The draft budget does not include Research administration or infrastructure. Basic sciences chair salaries, basic sciences research faculty, basic sciences grant dollars and F&A dollars have not been included in this iteration of the SOM budget. It is anticipated that the basic sciences research P&Ls which are currently part of the U. T. Health Science Center - Tyler operations will be included in future iterations of the SOM budget.
5. Personnel headcounts, FTEs and salaries are estimated for the SOM. The incremental SOM budget includes net new personnel, and effort allocation for existing personnel to the SOM in new roles (e.g., Clerkship directors will be appointed from existing clinical faculty with an effort carve out to the SOM to fulfill the role for the UME program).
6. Facilities expenses are based on current working assumptions and placeholder financials. These are expected to be higher in future iterations of the SOM budget.
7. Tuition and Fees estimates do not include projected financial aid offsets.
8. Other Expenses do not include marketing, legal, consulting, travel, and accreditation-related expenses, which are still being finalized.

Costs vs. Funding Sources. For the 5-year period reported, the total costs exceed total funding sources by approximately \$7.8M.

Coordinating Board Criteria

The proposed program meets all applicable Texas Higher Education Coordinating Board criteria for new doctoral degree programs.

**4a. U. T. El Paso: Discussion and appropriate action regarding proposed changes to admission criteria for the Master of Rehabilitation Counseling degree program**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and the institutional president that the U. T. System Board of Regents approve changes to the criteria for admission to the Master of Rehabilitation Counseling degree program at U. T. El Paso as described below.

BACKGROUND INFORMATION

U. T. El Paso requests approval to remove the Graduate Record Examination (GRE) requirement for admission to the Master of Rehabilitation Counseling (MRC) degree program. U. T. El Paso has conducted an in-depth study of the use of GRE scores in admission decisions and has found that the GRE is not predictive of student success in the Master of Rehabilitation Counseling program.

<b>Current Unconditional Admission Criteria</b>	<b>Proposed Unconditional Admission Criteria</b>
<ul style="list-style-type: none"> <li>• GPA of 3.0 or higher.</li> </ul>	<ul style="list-style-type: none"> <li>• No change</li> </ul>
<ul style="list-style-type: none"> <li>• Three letters of recommendation.</li> </ul>	<ul style="list-style-type: none"> <li>• No change</li> </ul>
<ul style="list-style-type: none"> <li>• Statement of professional goals.</li> </ul>	<ul style="list-style-type: none"> <li>• No change</li> </ul>
<ul style="list-style-type: none"> <li>• GRE score (no minimum score required).</li> </ul>	<ul style="list-style-type: none"> <li>• GRE score <del>(no minimum score required)</del> <u>is not required.</u></li> </ul>
<b>Current Conditional (Probationary) Admission Criteria</b>	<b>Proposed Conditional (Probationary) Admission Criteria</b>
<ul style="list-style-type: none"> <li>• Applicants who do not achieve the GPA of 3.0 for their undergraduate degree need to maintain a GPA of 3.0 during their first year in the program.</li> </ul>	<ul style="list-style-type: none"> <li>• No change</li> </ul>
<ul style="list-style-type: none"> <li>• Applicants who do not take GRE before the application deadline can submit their GRE score after they are conditionally admitted to the program.</li> </ul>	<ul style="list-style-type: none"> <li>• <del>Applicants who do not take GRE before the application deadline can submit their GRE score after they are conditionally admitted to the program.</del></li> </ul>

**4b. U. T. El Paso: Discussion and appropriate action regarding proposed changes to admission criteria for the Doctor of Philosophy in Chemistry degree program**

**RECOMMENDATION**

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and the institutional president that the U. T. System Board of Regents approve changes to the criteria for admission to the Doctor of Philosophy in Chemistry degree program at U. T. El Paso as described below.

**BACKGROUND INFORMATION**

U. T. El Paso requests approval to remove the Graduate Record Examination (GRE) requirement for admission to the Doctor of Philosophy in Chemistry degree program. Based on an in-depth review of student success metrics (such as retention, Grade Point Average, and 10-year graduation rate), U. T. El Paso has determined that GRE scores are not predictive of student success in the doctoral program in chemistry.

<b>Current Unconditional Admission Criteria</b>	<b>Proposed Unconditional Admission Criteria</b>
<ul style="list-style-type: none"> <li>• Official transcripts of all previous academic work.</li> </ul>	<ul style="list-style-type: none"> <li>• No change</li> </ul>
<ul style="list-style-type: none"> <li>• Three letters of recommendation from individuals who are qualified to assess the applicant's potential for doctoral work.</li> </ul>	<ul style="list-style-type: none"> <li>• No change</li> </ul>
<ul style="list-style-type: none"> <li>• A personal statement setting out the applicant's reasons for wishing to pursue a Ph.D. in Chemistry at UTEP and future career plans.</li> </ul>	<ul style="list-style-type: none"> <li>• No change</li> </ul>
<ul style="list-style-type: none"> <li>• Curriculum Vitae</li> </ul>	<ul style="list-style-type: none"> <li>• No change</li> </ul>
<ul style="list-style-type: none"> <li>• Official TOEFL scores of 550 or higher for international applicants whose first language is not English or who have not completed a university.</li> </ul>	<ul style="list-style-type: none"> <li>• No change</li> </ul>
<ul style="list-style-type: none"> <li>• Official scores on the Graduate Record Examination (GRE)</li> </ul>	<ul style="list-style-type: none"> <li>• <del>Official scores on the Graduate Record Examination (GRE)</del></li> </ul>

**4c. U. T. Tyler: Discussion and appropriate action regarding proposed changes to admission criteria for the Master of Public Administration degree program**

**RECOMMENDATION**

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and the institutional president that the U. T. System Board of Regents approve changes to the criteria for admission to the Master of Public Administration degree program at U. T. Tyler as described below.

**BACKGROUND INFORMATION**

U. T. Tyler requests approval to make changes to the criteria for consideration of admission to the Master of Public Administration (MPA) degree program.

The graduate faculty have noted that the Graduate Records Exam (GRE) score of an applicant is only one predictor of a student's academic success for graduate school and believe an acceptable score on the GRE should not be a barrier to student enrollment if the student has demonstrated previous academic success as an undergraduate student (from a regionally accredited institution of higher learning) or has earned a graduate degree (from a regionally accredited institution of higher learning).

<b>Current Admission Criteria</b>	<b>Proposed Admission Criteria</b>
1. A baccalaureate degree from an accredited college or university.	1. No Change
2. A minimum grade point average of 3.0 on a 4 point scale on the last 60 hours of undergraduate and/or graduate coursework. Candidates with advanced degrees will be given preference.	2. No Change

<p>3. For applicants to the Generalist track:</p> <ul style="list-style-type: none"> <li>a. Three years of full-time employment in a public or non-profit organization is required. A curriculum vitae should be submitted to document employment in a public or non-profit organization. A satisfactory score on the Verbal and Quantitative sections of the Graduate Record Examination (GRE) may be substituted for the employment requirement in the Generalist track.</li> <li>b. A letter expressing interest and motivation for pursuing the degree should be submitted; and an interview may be required.</li> <li>c. A course in research methods is recommended before admission to that track.</li> </ul>	<p>3. For applicants to the Generalist track:</p> <ul style="list-style-type: none"> <li>a. Three years of full-time employment in a public or non-profit organization is required. A curriculum vitae should be submitted to document employment in a public or non-profit organization. A satisfactory score on the Verbal and Quantitative sections of the Graduate Record Examination (GRE) may be substituted for the employment requirement <del>in the Generalist track.</del> <u>The GRE requirement can be waived if the applicant earned a 3.25 overall undergraduate GPA or has previously earned a graduate degree from an accredited university.</u></li> <li>b. A letter expressing interest and motivation for pursuing the degree should be submitted; <del>and an interview may be required.</del></li> <li>c. A course in research methods is recommended before admission to that track.</li> </ul>
<p>4. In addition to the requirements 1 and 2, applicants to the Health Care Administration track must have at least three years of full-time employment in a health care profession. They must also submit:</p> <ul style="list-style-type: none"> <li>a. An Applicant Information Sheet</li> <li>b. A 300 word written essay</li> <li>c. A resume</li> <li>d. Three letters of recommendation; preferably one from a supervisor</li> </ul> <p>An on-campus interview with the Director of the Health Care Administration track or other designated faculty member is also required.</p>	<p>4. No Change</p>

<p>5. Consideration is also given to one or more of the following: the applicant's demonstrated commitment to his or her chosen field of study, socioeconomic background, first generation college graduate, multilingual proficiency, geographic region of residence, and level of responsibility in other matters including extracurricular activities, employment, community service, and family responsibilities.</p>	<p>5. No Change</p>
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**Committee Meeting:** 2/24/2021

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

Janiece Longoria, *Chairman*  
David J. Beck  
Christina Melton Crain  
R. Steven Hicks  
Jodie Lee Jiles  
Nolan Perez

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<b>Convene</b>	<i>10:20 a.m. Chairman Longoria</i>		
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2. <b>U. T. System: Public health at U. T. health institutions</b>	<b>Discussion</b> <i>Chancellor Milliken Dr. Zerwas</i>	Not on Agenda	<b>240</b>
3. <b>U. T. Southwestern Medical Center: Approval to create the School of Public Health</b>	<b>Action</b> <i>President Podolsky W.P. Andrew Lee, M.D.</i>	<b>Action</b>	<b>241</b>
4. <b>U. T. Health Science Center - Houston: Framework for a Healthy Texas</b>	<b>Discussion</b> <i>President Colasurdo President Pisters</i>	Not on Agenda	<b>249</b>
5. <b>U. T. Health Science Center - San Antonio: Approval of preliminary authority for a Doctor of Nursing Practice degree program in Nurse Anesthesia</b>	<b>Action</b> <i>President Henrich</i>	<b>Action</b>	<b>259</b>
6. <b>U. T. Health Science Center - Tyler: Establish a Doctor of Medicine degree program within The University of Texas at Tyler</b>	<b>Discussion</b> <i>President Calhoun</i>	Not on Agenda	<b>262</b>

	<b>Committee Meeting</b>	<b>Board Meeting</b>	<b>Page</b>
7. <b>U. T. Medical Branch - Galveston: Discussion and appropriate action regarding approval of proposed comprehensive leave program</b>	<b>Action</b> <i>President ad interim Raimer</i>	<b>Action</b>	<b>263</b>
8. <b>U. T. Health Science Center - Houston: Request to approve the honorific naming of the Department of Oral and Maxillofacial Surgery within the School of Dentistry as the Dr. Bernard and Gloria Katz Department of Oral and Maxillofacial Surgery</b>	<b>Action</b> <i>President Colasurdo Dr. Safady</i>	<b>Action</b>	<b>267</b>
<b>Adjourn</b>	<i>11:05 a.m.</i>		

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

RECOMMENDATION

The proposed Consent Agenda items assigned to this Committee are [Items 28 - 43](#).

2. **U. T. System: Public health at U. T. health institutions**

DISCUSSION

Chancellor Milliken and Executive Vice Chancellor for Health Affairs John M. Zerwas, M.D., will discuss public health at U. T. health institutions.

**3. U. T. Southwestern Medical Center: Approval to create the School of Public Health**

**RECOMMENDATION**

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs, the Vice Chancellor and General Counsel, and institution President that approval be granted to create the School of Public Health at U. T. Southwestern Medical Center.

A PowerPoint presentation is set forth on the following pages.

**BACKGROUND INFORMATION**

U. T. Southwestern Medical Center's School of Public Health will build upon its strength of research and programs in Data Science, Health Systems Research, Epidemiology, and Implementation Science; capitalize on general academic institution partnerships; leverage extensive hospitals, health system, and patient care; advance Bioinformatics, Computational Biology, and Population and Data Sciences programs; disseminate Infectious Disease expertise; and inform Public Policy. Planning will occur in two phases. Phase 1 in years 1-3 will organize and recruit needed faculty and prepare to admit students in Fall 2023. Phase 2 will expand and establish new research and pursue multifaceted school accreditation. Specific degrees will be determined and proposed during Phase 1, with approval by the Executive Vice Chancellor for Health Affairs as required by Regents' *Rules and Regulations*, Rule 40307. With Dallas and the 13 contiguous counties being the fastest growing Metropolitan Statistical Areas in the U.S., workforce skilled in public health management is insufficient. The new School of Public Health at U. T. Southwestern Medical Center will meet the growing needs of the community.

The creation of the new School has been approved by the Executive Vice Chancellor for Health Affairs pending approval by the Board. Upon approval by the Board of Regents, the Office of Health Affairs will notify the Texas Higher Education Coordinating Board of the change so that the U. T. Southwestern Medical Center administrative unit structure can be updated.

*Texas Education Code* Section 65.11 authorizes the Board of Regents to provide for the "administration, organization, and names of the institutions and entities in The University of Texas System in such a way as will achieve the maximum operating efficiency of such institutions and entities...".

# The University of Texas Southwestern Medical Center School of Public Health

Daniel K. Podolsky, M.D., President

W. P. Andrew Lee, M.D., Executive Vice President for Academic Affairs and Provost;  
Dean, Southwestern Medical School

U. T. System Board of Regents Meeting  
Health Affairs Committee  
February 2021



THE UNIVERSITY of TEXAS SYSTEM  
FOURTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

[WWW.UTSYSTEM.EDU](http://WWW.UTSYSTEM.EDU)

# Public health threats – COVID-19 only the most recent

- **Emerging infectious diseases**
  - West Nile (2002), H1N1 influenza (2009), Chikungunya (2013), Ebola (2014), Zika (2015), COVID-19 (2020)
- **Chronic conditions**
  - Texas has among the highest rates in the country of obesity, diabetes, substance abuse, Alzheimer's, HIV, congenital infections, mental health, and other challenges
- **Environmental and occupational health**
  - Healthy environment is central to quality of life and years of healthy life
- **Social determinants of health**
  - Economic stability, education and health care access and quality, neighborhood and built environment, social, and community context



# Efforts necessary to address public health needs

- **Advances in public health science still needed**
  - Research advancing public health, e.g., implementation science
- **Education and training of public health professionals**
  - Insufficient public health workforce for preventive interventions, epidemiologic crisis response, surveillance, real-time analyses of trends data, contact tracing, and educational outreach



# Efforts necessary to address public health needs (cont.)

Public Health Graduates in 5 Most Populous States\*

<u>State</u>	<u>Master of Public Health (M.P.H.) Degrees</u>	<u>Graduates per capita</u>
CA	1,753	1 M.P.H./22,533 people
NY	1,208	1 M.P.H./16,142 people
PA	607	1 M.P.H./21,087 people
FL	720	1 M.P.H./30,000 people
<b>TX</b>	<b>396</b>	<b>1 M.P.H./73,485 people</b>

\*<https://nces.ed.gov/ipeds/use-the-data>, 2018



## UTSWMC will expand on core expertise to meet public health school need and advance population health

- **UTSWMC will create a research-intensive school dedicated to scientific advances that address population health challenges and provide evidence-based input for policymakers navigating chronic and emerging public health crises.**
- **School will build on core strengths in:**
  - Schools of Medicine and Graduate Biomedical Sciences
  - Basic and Clinical Research – including Department of Population and Data Sciences that will nucleate the new school and programs
  - Partnerships with area general academic institutions, including U. T. Dallas
  - Extensive UTSWMC hospitals/health system experience in population health

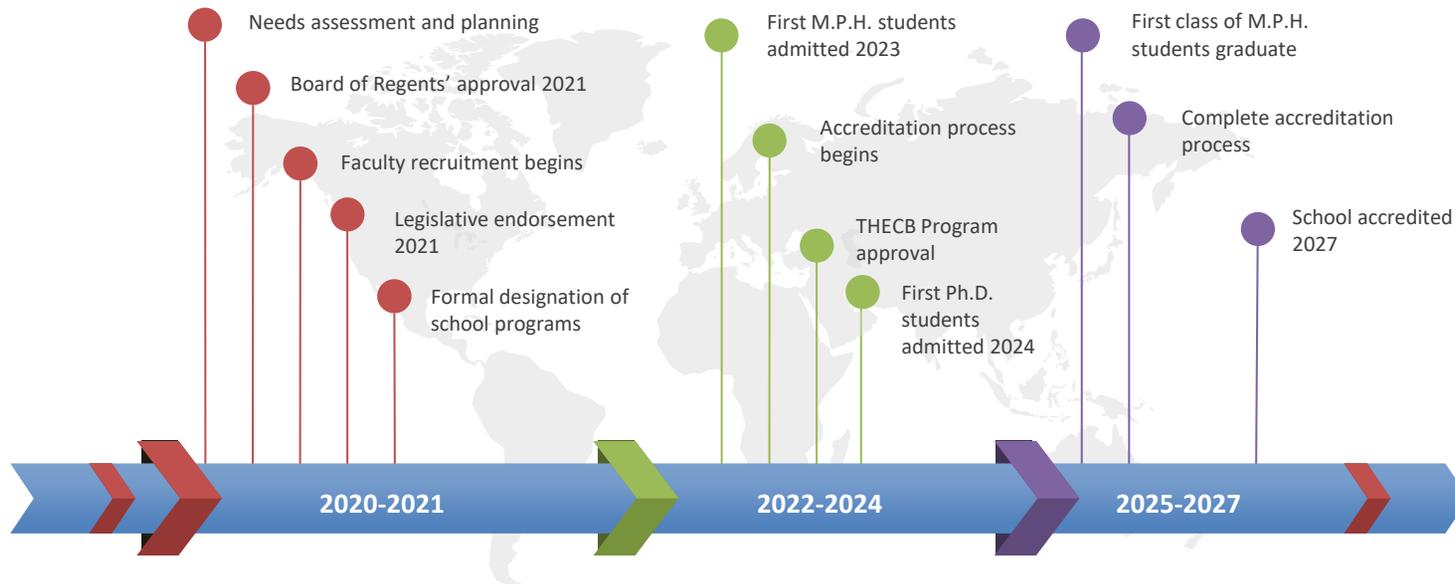


# Proposed inaugural programs in the UTSWMC School of Public Health (SPH)

- **Cross cutting programs founded on pillars of UTSWMC strengths:**
  - Data Science
  - Health Systems Research
  - Epidemiology
  - Implementation Science
- **Application and concentrations within programs to include:**
  - Emerging infections
  - Chronic diseases
  - Disparities in health outcomes – social determinants of health
  - Global Health



# UTSWMC SPH planning and launch timeline



4. **U. T. Health Science Center - Houston: Framework for a Healthy Texas**

DISCUSSION

Presidents Colasurdo and Pisters will discuss the Framework for a Healthy Texas, a joint population health initiative between U. T. Health Science Center - Houston and U. T. M. D. Anderson Cancer Center.

A PowerPoint presentation is set forth on the following pages.

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# The University of Texas Health Science Center at Houston and The University of Texas M. D. Anderson Cancer Center: Framework for a Healthy Texas

Giuseppe N. Colasurdo, M.D., President, U. T. Health Science Center - Houston

Peter W. T. Pisters, M.D., President, U. T. M. D. Anderson Cancer Center

U. T. System Board of Regents Meeting  
Health Affairs Committee  
February 2021



## Population Health\*

- Field of research and practice that improves the health of individuals using population-wide strategies
- Contemporary expansion of public health
- Prevents adverse health outcomes by addressing their interdependent determinants (social, behavioral, environmental, policies, biologic inputs, clinical care)
- Strategies include:
  - Identifying disparities in health outcomes
  - Developing and implementing interventions targeting individuals and systems
  - Disseminating and evaluating evidence-based at-scale health promotion/disease prevention efforts
  - Applying practical policy solutions to improve outcomes and reduce disparities

\*Adapted and expanded from Kindig and Stoddard (2003), Adler et al. (2013) and Nash et al. (2016)

## Together we can extend our reach, achieve breakthroughs, and deliver value

- Shared commitment to the health of Texas
- Shared presence and reach across Texas through regional campuses and clinical partnerships
- Shared mission areas: education and training, research, clinical practice, community engagement, and service delivery
- Reputation of excellence
  - Six schools, including Texas's largest and most highly ranked School of Public Health
  - Nation's premier cancer-care hospital with mission to end cancer



Approaching better  
health for Texans—  
From every  
direction

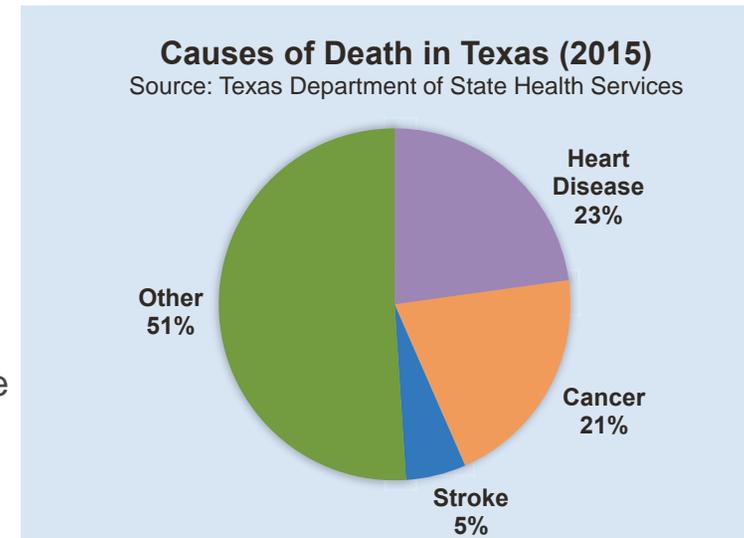
## UTHealth – MD Anderson Population Health Partnership

**Goal:** “...a measurable and meaningful reduction in the incidence of chronic disease and associated risk factors for all Texans, especially among the underserved...” (Presidents’ Joint Communication 9/24/20)

- 89% of deaths in the U.S. from chronic diseases - cancer, heart disease, stroke, diabetes, and mental illness
  - Early data indicate that COVID-19 will be #3 in 2020
- Common preventable risk factors
- Disproportionate toll on underserved
- Intersection with new health threats (e.g., COVID-19)

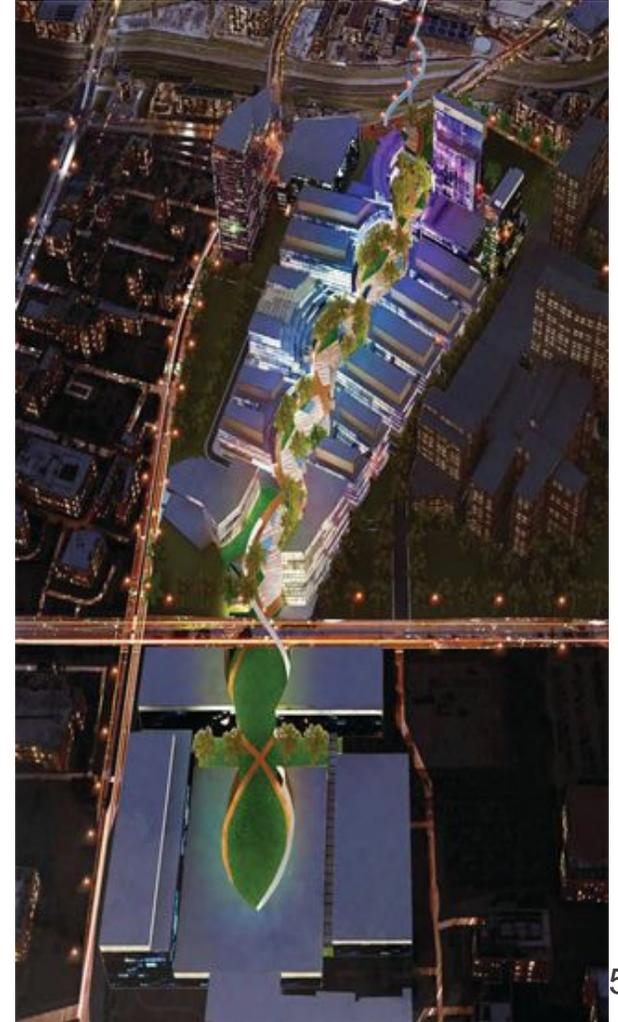
### Phase 1 “Framework for a Healthy Texas” Strategies

- Chronic Disease Prevention and Control Research and Practice
- Research to Evidence to Practice to Scale
- Population Health Data and Infrastructure
- Health Equity and Social Drivers of Health



## Current Efforts and Next Steps

- Select and launch Phase 1 pilot projects (institutional funding committed)
- Planning for shared population health data infrastructure
- Planning for population health-related research and educational space in TMC<sup>3</sup>
- Legislation to permit joint degrees in public / population health



## UTHealth School of Public Health **by the numbers...** 50+ years in the making!

- Founded in 1967; #1 ranked school of public health in Texas (size and program quality); top tier program nationally
- Six campuses with statewide reach and commitment to collaboration with and health of local communities
- 173 full- and part-time faculty, 1,553 students, 9,000 graduates practicing in Texas and around the world
- Largest MD/MPH program in the country; MD/MPH program with every U. T. System medical school
- An unparalleled commitment to promoting diversity within the School and reducing health disparities in communities
- \$82 million total annual budget, ~\$50 million in annual research funding, with ~\$65 million in COVID-related research funding to date\*
- Now embarking on a ground-breaking joint venture to improve the population health of Texas and join the elite tier of top five schools nationally



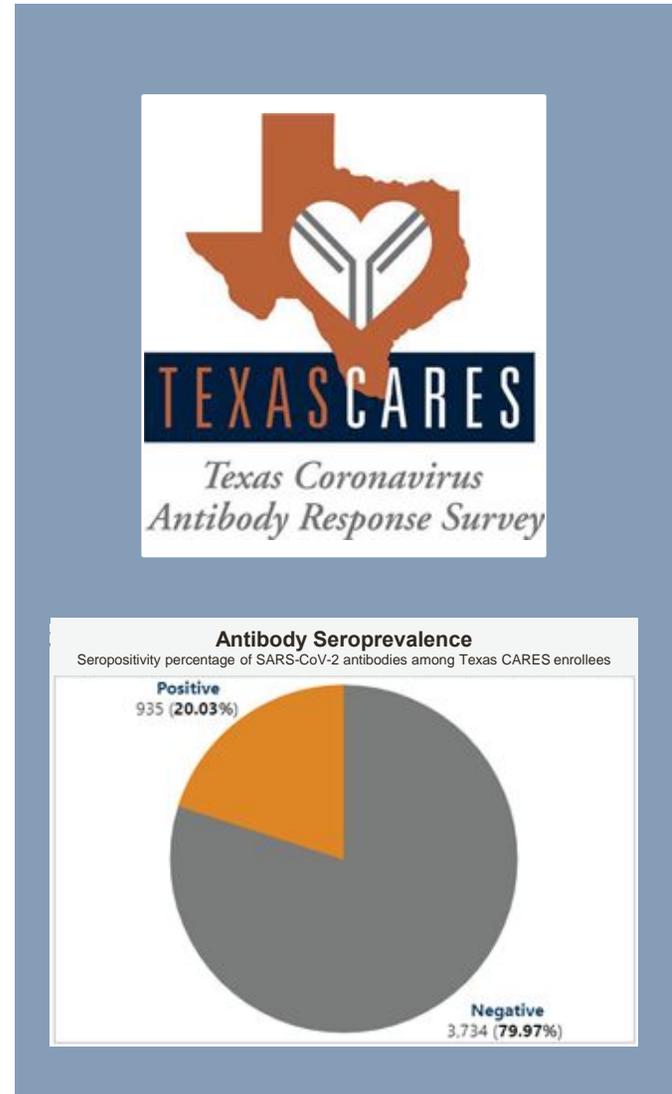
\*See final reference slide for key COVID-related activities

## MD Anderson's Commitment to Prevention **by the numbers...** 40+ years in the making!

- One of the earliest and most comprehensive cancer prevention programs in the nation
- Five research departments, Lyda Hill Cancer Prevention Center, Tobacco Treatment Program, Cancer Prevention and Control Platform
- 63 faculty, 111 pre- and post-doctoral trainees, 398 administrative and research staff
- Cancer Prevention Research Training Program is one of the oldest, largest, and continuously funded (~30+ years) in nation
- Dedicated mission to all Texans through community outreach and engagement programs and the Cancer Prevention and Control Platform (e.g., EndTobacco, Be Well Communities) to advance evidence-based interventions for population level impact
- ~\$58 million annual budget with total annual research expenditures of ~\$35 million
- Launch of UTMDACC Strategic Plan to maximize our impact on humanity as we work to end cancer through reach, breakthroughs, and value

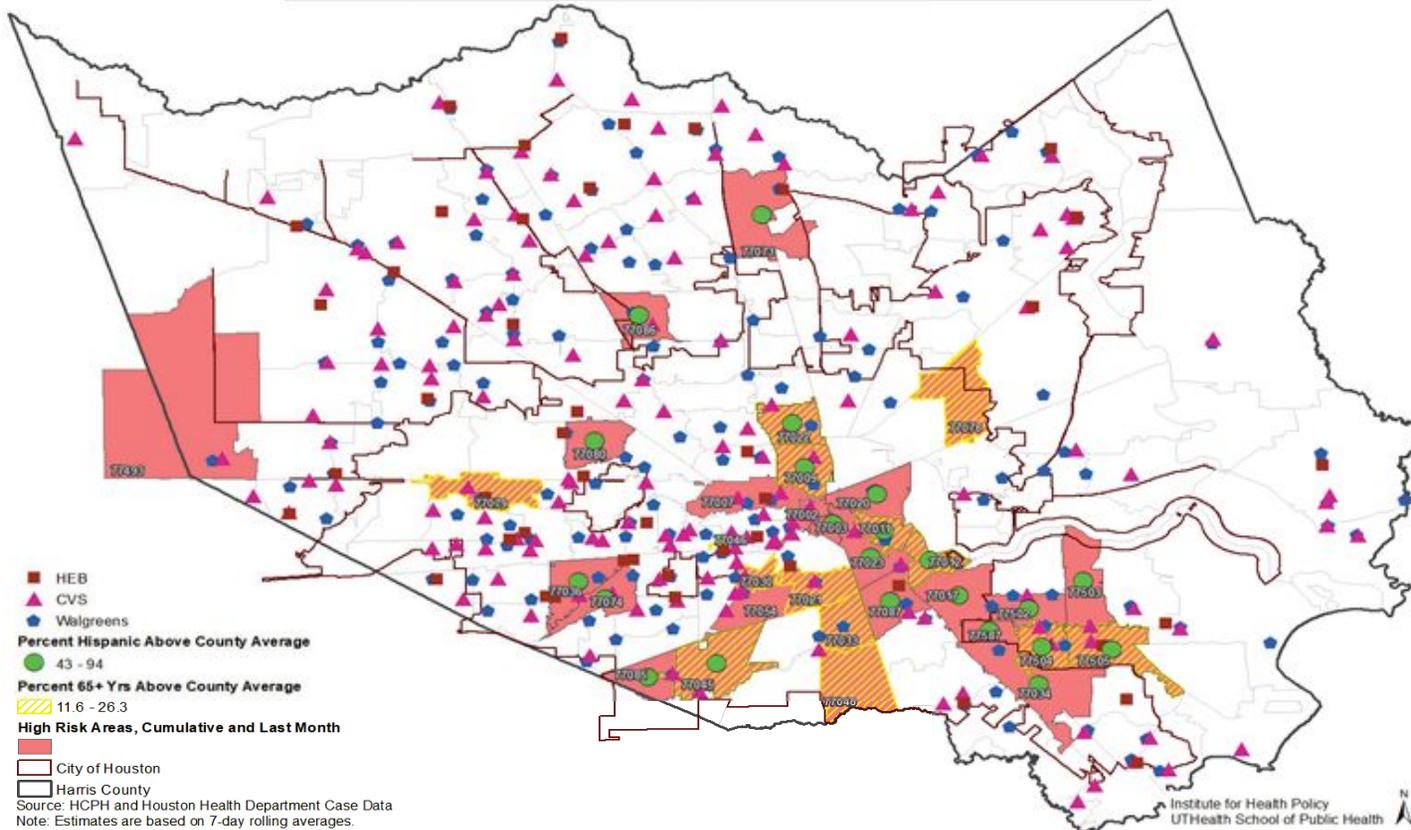
## Leading COVID-19 Analytics

- Predictive and epidemiologic modeling for TMC institutions
- Predictive and epidemiologic modeling for Greater Houston area
- Statewide dashboard TexasPandemic.org
- Leading statewide seroprevalence program
- Advising vaccine roll-out in Houston area to over-burdened and under-served areas



# Leading COVID-19 Analytics (cont.)

ZIP Codes with Highest Cumulative Days at 10+ New Cases per 100,000 since February or Highest Number of Days at 25+ New Cases per 100,000 in the Last Month (Areas also labeled for percentage 65+ Yrs above County average)



**5. U. T. Health Science Center - San Antonio: Approval of preliminary authority for a Doctor of Nursing Practice degree program in Nurse Anesthesia**

**RECOMMENDATION**

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

- a. preliminary authority to create a Doctor of Nursing Practice degree program in Nurse Anesthesia; and
- b. notification of the proposal to the Texas Higher Education Coordinating Board.

**BACKGROUND INFORMATION**

The School of Nursing at U. T. Health Science Center - San Antonio offers two doctoral-level degrees approved by the U. T. System Board of Regents: the Doctor of Philosophy (Ph.D.) in Nursing Science was approved on December 8, 1988, and the Doctor of Nursing Practice (D.N.P.) was approved on July 15, 2010. Within the D.N.P. program, the school enrolls students in different tracks. Nurses with a master's degree in nursing can obtain a D.N.P. in advanced practice leadership, executive administrative management, or public health nurse leadership. The Bachelor of Science in Nursing (B.S.N.) to D.N.P. pathway provides B.S.N. nurses with educational and career advancement opportunities to enable specialization in advanced practice nursing or public health. The schools' B.S.N. to D.N.P. pathway was approved by U. T. System's Executive Vice Chancellor for Health Affairs on November 17, 2017. Since the admission of the first class of students in Fall 2019, the school has demonstrated robust enrollment with over 150 students participating in the diverse program tracks.

The proposed D.N.P. Nurse Anesthesia Program will complement the school's educational portfolio. It will be designed as a three-year, full-time program, with an anticipated inaugural matriculating class in August 2022 of up to 18 students in the first cohort. The school anticipates achieving a comparable level of success with this much needed program to educate and train certified registered nurse anesthetists.

U. T. Health Science Center - San Antonio's proposed B.S.N. to D.N.P. Nurse Anesthesia program will be delivered through hybrid courses and faculty-supervised hands-on clinical experiences in a variety of health care settings. The curriculum will be an integration of D.N.P. core courses and nurse anesthetist specialty courses, developed by the Committee on Graduate Studies at the School of Nursing in collaboration with U. T. Health Science Center - San Antonio's Joe R. and Teresa Lozano Long School of Medicine's Department of Anesthesiology. The program will be in accordance with standards established by the Council on Accreditation of Nurse Anesthesia Educational Programs such that graduates will be able to perform within the full scope of Nurse Anesthesia practice.

The US Bureau of Labor Statistics projects employment of certified registered nurse anesthetists (CRNAs) to grow 17% from 2018 to 2028. This growth will occur "because of an increase in the demand for healthcare services," the agency reports. Job opportunities for advanced-practice registered nurses (APRNs), including CRNAs, are likely to be excellent:

APRNs will be in high demand, particularly in medically underserved areas such as inner cities and rural areas, the Bureau projects. This is especially relevant in Texas, home to the largest rural population of any state. Concomitant with that growth, beginning in 2023, more than 50% of full-time CRNAs expect to retire from anesthesia practice, according to the American Association of Nurse Anesthetists (2018-2019 Annual Reports).

Each year there has been a steady increase in the number of candidates applying to institutions where CRNA programs are offered; indeed, applicants greatly outnumber available positions. In its *Summary of Annual Report Data*, the Council on Accreditation of Nurse Anesthesia Educational Programs published the following:

- 6,891 applications were received for 1,633 available positions (2018)
- 10,615 applications were received for 2,020 available positions (2019)

CRNA programs in Texas report similar data: 670 qualified applicants for 213 available positions. Data is not available for Texas residents who applied for available out-of-state positions but did not apply for available positions in Texas. The five schools currently offering CRNA programs in Texas are Baylor College of Medicine (Houston), Texas Christian University (Fort Worth), Texas Wesleyan University (Fort Worth), U. T. Health Science Center - Houston, and the US Army Graduate Program in Anesthesia Nursing (Baylor University, Waco). Currently, there are no CRNA programs in New Mexico, a state with which Texas shares a border.

In 2009, the Council on Accreditation of Nurse Anesthesia Educational Programs (COA) voted to require nurse anesthesia educational programs to transition to a doctoral framework no later than January 1, 2022, at which point all new nurse anesthesia students must be enrolled in a doctoral program. COA provided the extended timeline to enable existing, as well as new programs sufficient time to plan the transition to the new requirement. This new educational and training requirement will further heighten and strengthen an already robust job market for CRNAs.

The School of Nursing's operational budget remains relatively stable despite fluctuating state appropriations. The stability is a result of faculty's entrepreneurial talents coupled with strategic planning efforts to grow the school, and include expanding the clinical practice, research and training grants, service contracts, and continuing education program opportunities. Additionally, the school will look to increased business opportunities through nursing continuing education and lifelong learning opportunities, new high-fidelity clinical simulation business partner opportunities, as well as continued key hospital partnerships to help support faculty salaries.

Currently, plans call for the D.N.P. Nurse Anesthesia program to be under the leadership of an executive team comprised of a director and assistant director who will report to the associate dean for graduate studies. The director and assistant director of the B.S.N. to D.N.P. Nurse Anesthesia program will advise on the program development, implementation, and evaluation. The program's core of experts will also include a CRNA who will serve as simulation specialist with teaching and advising responsibilities. A full complement of faculty will include four to five full-time equivalent faculty, adjunct faculty, as needed, and a clinical site coordinator.

In Academic Year (AY) 2019-20, the School of Nursing had 158 total faculty, of which 76 were full-time faculty and 71 held doctoral degrees. Of the full-time faculty, 20 faculty were tenured, eight were on the tenure-eligible track, and 64 were on the clinical track. The ratio of tenured

and tenure-track faculty to clinical-track faculty is consistent with ratios across campus, given the strong practice-focused mission of a health-related institution. In AY 2019-20, the total faculty to total student ratio was 1:7.5. Teaching-productivity goals are tied to the number of students taught and a calculation of distribution of effort, i.e., teaching, practice, service, and research/scholarship. Scholarly-productivity goals are based on promotion and tenure guidelines and are acknowledged in calculation of distribution of effort. Once preliminary authority has been approved, a request to establish the degree program will be submitted to the U. T. System Board of Regents and the Texas Higher Education Coordinating Board.

6. **U. T. Health Science Center - Tyler: Establish a Doctor of Medicine degree program within The University of Texas at Tyler**

DISCUSSION

Action on the proposed degree program will be sought in the Academic Affairs Committee meeting.

7. **U. T. Medical Branch - Galveston: Discussion and appropriate action regarding approval of proposed comprehensive leave program**

**RECOMMENDATION**

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, the Vice Chancellor and General Counsel, and the institutional president that authorization be granted by the U. T. System Board of Regents to:

- a. approve the adoption of the proposed comprehensive leave program, as set forth on the following pages, to be implemented during Fiscal Year 2021.
- b. authorize U. T. System through the Office of Business Affairs, Office of Health Affairs, and Office of the General Counsel to take all steps necessary to meet the requirements of *Texas Education Code* Section 51.961(h), including the negotiation and execution of documents.

**BACKGROUND INFORMATION**

*Texas Education Code*, Section 51.961, authorizes the governing board of a university system to adopt a comprehensive leave policy that applies to employees of any component institution of a university system. A leave policy adopted by the governing board may combine state authorized vacation, sick, and holiday leave into a paid leave system that does not distinguish or separate the types of leave to be awarded and may award leave in an amount determined by the governing board to be appropriate and cost effective. Further, the leave policy must include certain provisions that address the effect of the policy on the rights, duties, and responsibilities of employees and employers. Specifically, the policy must include provisions for the payment and direct transfer of accrued leave.

As required by *Texas Education Code*, Section 51.961(h), prior to implementation, reasonable efforts will be made to enter into a memorandum of understanding with the Office of the Auditor, the Employee Retirement System of Texas, and the Texas Higher Education Coordinating Board regarding awards of accrued leave for the purposes of retirement and any other issues of concern related to the implementation of the policy. Accordingly, the Regents are further asked to authorize The University of Texas System with the assistance of U. T. Medical Branch - Galveston to negotiate and enter into a memorandum of understanding consistent with that requirement.

The proposed leave program is comprised of four primary components: (1) a bank of Paid Time Off (PTO) days; (2) an Extended Illness Bank (EIB) of days; (3) Reduced Paid Leave Program; and (4) Paid holiday schedule and floating holidays.

The PTO bank is designed to provide paid time off for an employee's discretionary use. The objective of the EIB is to provide income replacement through paid leave due to the serious illness of an employee or employee's eligible dependents. The Reduced Paid Leave Program will expand employee eligibility to use family/parental leave. The holiday-related provisions will establish a holiday schedule and also provide flexibility for employees to meet operational needs.

No appreciable cost impact is anticipated with implementation of the alternative paid leave program. Under implementation of the program, current leave balances will be combined and deposited into both the PTO bank and EIB, as applicable. Accrual rates for each bank are formula-driven based on an employee's years of service. Both PTO and EIB may be subject to accrual caps. Provisions for annual carry forward of bank balances, offer to buy back a designated portion of accrued PTO determined annually at U. T. Medical Branch's discretion, payouts, and direct transfers of balances to other state employers will be provided for in the program design.



## Comprehensive Leave Program

### **Proposal**

The University of Texas Medical Branch at Galveston (UTMB) submits to The University of Texas System Board of Regents (Board of Regents) a comprehensive leave program for approval. This program is pursuant to the authority of Texas Education Code Section 51.961, which authorizes the governing board of a university to adopt a comprehensive leave policy that applies to employees of any component institution. A leave policy adopted by the Board of Regents may combine state authorized vacation, sick, and holiday leave into a paid leave system that does not distinguish or separate the types of leave to be awarded and may award leave in an amount determined by the governing board to be appropriate and cost effective. Further, the leave policy must include certain provisions that address the effect of the policy on the rights, duties, and responsibilities of employees and employers. Specifically, the policy must include provisions for the payment and direct transfer of accrued leave.

### **Background**

With approval of the Board of Regents, UTMB has an opportunity to restructure its current leave program to both enhance its value to employees and significantly reduce vacation liability over time. The objectives of its comprehensive leave program include paid leave benefits that will:

- Comply with Texas Education Code Section 51.961 and specifically addresses subject matter of Texas Government Code 661 and 662;
- Allow for greater flexibility to better respond to increasing financial and operational pressures;
- Better align with those of regional market competitors;
- Enhance ability to attract and retain employees;
- Provide a more equitable approach in the application of leave;
- Grant more flexibility to employees regarding their time off; and
- Encourage increased use of time off to promote wellness and work-life balance.

### **Proposed Comprehensive Leave Program**

To accomplish these objectives, UTMB proposes to adopt a comprehensive leave plan comprised of four components:

#### **1) Paid Time Off Bank (PTO)**

- The PTO bank is designed to provide paid time off for an employee's discretionary use, providing staff and faculty more flexibility on requested time off.
- Moves 5 state holidays (normally used for Winter Break) into PTO bank also to be used at the employee's discretion.
- Establishes new accrual schedule based on years of service, earned monthly.

#### **2) Extended Illness Bank (EIB)**

- The objective of the EIB is to provide income replacement through paid leave due to the serious illness of an employee or dependent.

- Employees may be required to use 16 hours of PTO for each incident of illness with certain direct access of EIB provisions.
- The program may establish a cap on hours accrued under the new program.

3) **Reduced Leave Program**

- The Reduced Paid Leave Program (RPL) expands employee eligibility for family/parental leave and provides employees who have exhausted their PTO and Extended Illness Bank balances with job protection and reduced income that is a percentage of base.
- Employees may access RPL for absences resulting from an extended employee illness or injury, catastrophic illness or injury of eligible dependents, or parental leave.
- The program will include a limit on the maximum number of days that an employee is eligible for RPL.
- The amount of leave granted will be based on the medical disability standards for the specified medical condition.

4) **Official Paid Holiday Schedule**: provides benefits-eligible staff and faculty time off from work in observance of authorized state and national holidays.

With the implementation of the proposed program, current accrued leave balances will be combined and deposited into both the PTO bank and EIB. Going forward, accrual rates for each bank are formula-driven based on an employee's years of service. Both PTO and EIB may be subject to accrual caps. Provisions for annual carry forward of bank balances, an offer to buy back a designated portion of accrued PTO, at UTMB's discretion determined annually, payouts, and direct transfers of balances to other state employers will be provided for in the program design.

UTMB anticipates implementing the program no later than August 2021.

UTMB will develop the final policy details in cooperation with and subject to approval of the U. T. System Office of General Counsel and Office of Health Affairs.

8. **U. T. Health Science Center - Houston: Request to approve the honorific naming of the Department of Oral and Maxillofacial Surgery within the School of Dentistry as the Dr. Bernard and Gloria Katz Department of Oral and Maxillofacial Surgery**

**RECOMMENDATION**

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs, the Vice Chancellor for External Relations, Communications, and Advancement Services, and the institutional president that the U. T. System Board of Regents approve the honorific naming of the Department of Oral and Maxillofacial Surgery within the School of Dentistry as the Dr. Bernard and Gloria Katz Department of Oral and Maxillofacial Surgery.

**BACKGROUND INFORMATION**

In recognition of Dr. Bernard and Gloria Katz's long history of contributions to the university, U. T. Health Science Center - Houston would like to name the Department of Oral and Maxillofacial Surgery within the School of Dentistry in their honor.

The Department of Oral and Maxillofacial Surgery is one of eight departments within the School of Dentistry. The Department has 23 full- and part-time faculty members and its residency program is the largest in the nation and the only such training program in Houston. The overall residency program is selective, currently accepting only six residents per year from typically more than 250 applications.

Dr. Katz graduated from U.T. Health Science Center - Houston's School of Dentistry in 1962 with a D.D.S. and in 1965 with an M.S. He was the sixth alumnus of the School. He established the School of Dentistry's first chair in oral maxillofacial surgery. He later served as a part-time faculty member from 1968 to 1985 and performed surgical rotations at U. T. M. D. Anderson Cancer Center. He also served as President of the Houston Society of Oral and Maxillofacial Surgery.

Dr. Katz was instrumental in creating a community-wide initiative in the Houston area for mutual coverage of practices when a practitioner fell ill or passed away.

In December 2020, Dr. and Mrs. Katz made another generous gift to the School of Dentistry.

Dr. Katz's contributions to advance U. T. Health Science Center - Houston, his longtime service to the profession and community, and his generous financial support to the department that trained him, have all made a powerful impact on students, alumni, and faculty.

This naming proposal is consistent with Regents' *Rules and Regulations*, Rule 80307, relating to honorific namings to recognize extraordinary contributions.



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COMMITTEE**

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

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

*David J. Beck, Chairman  
Christina Melton Crain  
R. Steven Hicks  
Nolan Perez  
Kelcy L. Warren  
Rad Weaver*

	<b>Committee Meeting</b>	<b>Board Meeting</b>	<b>Page</b>
<b>Convene</b>	<i>11:05 a.m. Chairman Beck</i>		
1. <b>U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, assigned for Committee consideration</b>	<b>Discussion</b>	<b>Action</b>	<b>269</b>
2. <b>U. T. Rio Grande Valley: School of Medicine Vivarium and Office Building - Amendment of the current Capital Improvement Program to include project</b>	<b>Action</b> <i>President Bailey</i>	<b>Action</b>	<b>270</b>
3. <b>U. T. Southwestern Medical Center and U. T. Dallas: Biomedical Engineering and Sciences Building - Amendment of the current Capital Improvement Program to include project</b>	<b>Action</b> <i>President Podolsky President Benson</i>	<b>Action</b>	<b>273</b>
<b>Adjourn</b>	<i>11:20 a.m.</i>		

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

RECOMMENDATION

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

**2. U. T. Rio Grande Valley: School of Medicine Vivarium and Office Building - Amendment of the current Capital Improvement Program to include project**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and the institutional president that the U. T. System Board of Regents amend the current Capital Improvement Program (CIP) to include the School of Medicine Vivarium and Office Building project at The University of Texas Rio Grande Valley.

BACKGROUND INFORMATION

Previous Actions

On January 22, 2021, the Chancellor approved this project for Definition Phase. On November 14, 2019, the Board approved \$8,920,000 of Permanent University Fund (PUF) Bond Proceeds for this project.

Project Description

The UTRGV School of Medicine has experienced rapid growth across the clinical, academic, and research missions. The Department of Human Genetics, established in 2017, has faculty on both the Edinburg and Brownsville campuses. The offices for the faculty based in Brownsville are in a modular building that was placed on the campus in 2015. New offices that are proximate to the laboratories and an expansion of laboratory space are urgently needed to facilitate the conduct of research supported by multiple National Institutes of Health grants.

The proposed building will be located on the northern section of the Brownsville campus and will house faculty and administrative offices, a state-of-the-art vivarium, a laboratory, an MRI suite with exam rooms, offices, and associated labs. Currently all imaging is conducted in San Antonio due to the lack of a dedicated research imaging facility in the Rio Grande Valley. Grant funding provided by the Valley Baptist Legacy Foundation will support construction of the MRI suite. This facility will allow dramatic expansion of research in imaging genomics and associated funding for imaging genomics.

This proposed project has been approved by U. T. System staff and meets the criteria for inclusion in the CIP. As this project was underway as an institutionally managed minor project, it has been determined that this project remain managed by UTRGV Facilities Management personnel who have the experience and capability to manage all aspects of the work. Approval of design development plans and authorization of expenditure of funding will be presented to the Board for approval at a later date.

**The University of Texas Rio Grande Valley  
School of Medicine Vivarium and Office Building**

**Project Information**

Project Number	903-1307
CIP Project Type	New Construction
Facility Type	Laboratory, General
Management Type	Institutional Management
Institution's Project Advocate	Sarah Williams-Blangero, Chair, Department of Human Genetics and Director, South Texas Diabetes and Obesity Institute
Project Delivery Method	Competitive Sealed Proposal
Gross Square Feet (GSF)	17,149

**Project Funding**

	<u>Proposed</u>
Permanent University Fund Bond Proceeds <sup>1</sup>	\$8,920,000
Grants <sup>2</sup>	6,000,000
Unexpended Plant Funds	<u>856,663</u>
<b>Total Project Cost</b>	<b>\$15,776,663</b>

<sup>1</sup>Permanent University Fund (PUF) Bond Proceeds approved 11/2019

<sup>2</sup>Grants from Valley Baptist Legacy Foundation

**Project Cost Detail**

Building Cost	\$10,534,921
Fixed Equipment	778,150
Site Development	545,604
Furniture and Moveable Equipment	805,376
Institutionally Managed Work	1,087,356
Architectural/Design Services	868,172
Project Management Fees	105,355
CIP Support Fee	188,725
Insurance	107,843
Other Professional Fees	313,007
Project Contingency	431,370
Other Costs	<u>10,784</u>
<b>Total Project Cost</b>	<b>\$15,776,663</b>

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

<b>School of Medicine Vivarium and Office Building</b>	<b>\$614</b>
The Texas Higher Education Coordinating Board Average for Laboratory, General	\$584

	Low Quartile	Median	High Quartile
Other U. T. System Projects	\$484	\$537	\$854
Other Texas Projects	\$560	\$639	\$752
Other National Projects	\$572	\$751	\$913

**The University of Texas Rio Grande Valley  
School of Medicine Vivarium and Office Building**  
(continued)

**Investment Metrics**

- Increase research space for School of Medicine by 2022
- Develop laboratories by function rather than investigator to enhance departmental research programs, by 2022

**Project Planning**

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

**Project Milestones**

Definition Phase Approval	January 2021
Addition to CIP	February 2021
Design Development Approval	May 2021
Construction Notice to Proceed	June 2021
Substantial Completion	July 2022

**Basis of Design**

The planned building life expectancy includes the following elements:

Enclosure: 50 years  
Building Systems: 25 years  
Interior Construction: 20 years

3. **U. T. Southwestern Medical Center and U. T. Dallas: Biomedical Engineering and Sciences Building - Amendment of the current Capital Improvement Program to include project**

**RECOMMENDATION**

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor Academic Affairs, the Executive Vice Chancellor for Business Affairs, and the institutional presidents that the U. T. System Board of Regents amend the current Capital Improvement Program (CIP) to include the Biomedical Engineering and Sciences Building project at The University of Texas Southwestern Medical Center.

**BACKGROUND INFORMATION**

**Previous Actions**

On September 16, 2020, the Chancellor approved this project for Definition Phase. On November 14, 2019, the Board approved \$90,000,000 in Permanent University Fund (PUF) Bond Proceeds for the joint Translational Biomedical Engineering and Sciences Building project between The University of Texas Southwestern Medical Center and The University of Texas at Dallas.

**Project Description**

Recent and previously unimaginable advances in bioengineering have been limited by the need to translate biomedical technologies from the idea stage to improved treatment for millions of patients. A critical element to advancing this vision is a well-designed and centralized facility to optimally connect engineers with physicians and patients, accelerating the advancement of medical technologies, training, and education for students. The University of Texas Southwestern Medical Center (UTSWMC) and The University of Texas at Dallas (UTD), leveraging research strengths in basic and applied biomedical and engineering sciences, propose to expand their partnership from research to real-world applications, and achieve the synergy necessary to realize the potential of a premier joint department of biomedical engineering.

The proposed joint UTSWMC/UTD Biomedical Engineering and Sciences Building would solve the need for proximity between physician and engineering researchers and provide essential access to a patient population. A specialized facility would provide space for effective collaboration, including labs designed for equipment development and testing; research bench space; interactive office space for informaticists and software developers; patient space to allow for assessment of research participants and translational trials; shared support space ranging from conferencing rooms to device fabrication shops; and potential co-location of imaging equipment and services. This five-story building located on the UTSWMC campus, will include administrative space on the first floor, while the second through fifth floors will be dedicated to research lab space that will be programmed for multiple principal investigators. Surface parking is also included in the project.

This proposed project has been approved by U. T. System staff and meets the criteria for inclusion in the CIP. Approval of design development plans and authorization of expenditure of funding will be presented to the Board for approval at a later date. Pursuant to a Memorandum of Understanding effective September 1, 2016, U. T. Southwestern Medical Center has delegated authority of institutional management of construction projects under the continued oversight of the Office of Capital Projects.

**U. T. Southwestern Medical Center and U. T. Dallas  
Biomedical Engineering and Sciences Building**

**Project Information**

Project Number	303-1338
CIP Project Type	New Construction
Facility Type	Laboratory, General
Management Type	Institutional Management
UTSWMC Project Advocate	Dwain Thiele, Vice Provost and Sr. Associate Dean
UTD Project Advocate	Joseph Pancrazio, Vice President for Research
Project Delivery Method	Construction Manager-at-Risk
Gross Square Feet (GSF)	150,169
Surface Parking Spaces	285

**Project Funding**

Permanent University Fund Bond Proceeds <sup>1</sup>	<u>Proposed</u> \$90,000,000
Gifts	<u>\$30,000,000</u>
Total Project Cost	<u>\$120,000,000</u>

<sup>1</sup> Permanent University Fund (PUF) Bond Proceeds approved 11/2019

**Project Cost Detail**

Building Cost	\$ 75,291,851
Fixed Equipment	8,650,000
Site Development	7,749,822
Furniture and Moveable Equipment	2,890,000
Institutionally Managed Work	1,370,000
Architectural/Design Services	5,790,344
Project Management Fees	3,620,000
Insurance	1,700,000
Other Professional Fees	3,912,099
Project Contingency	8,325,884
Other Costs	700,000
Total Project Cost	\$120,000,000

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

<b>Biomedical Engineering and Sciences Building</b>	\$501
Texas Higher Education Coordinating Board Average – Laboratory, General	\$584
	Low Quartile      Median      High Quartile
Other U. T. System Projects	\$423      \$494      \$526
Other National Projects	\$432      \$555      \$658

**U. T. Southwestern Medical Center and U. T. Dallas  
Biomedical Engineering and Sciences Building**  
(continued)

**Investment Metrics**

- Promote deeper collaboration between UTSWMC and UTD to provide biotechnologies to advance patient care.
- Accelerate UTD toward excellence and national recognition of its Department of Biomedical Engineering.
- Accelerate UTSWMC toward bench-to-bedside translation of groundbreaking basic science.

**Project Planning**

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

**Project Milestones**

Definition Phase Approval	September 2020
Addition to CIP	February 2021
Design Development Approval	May 2021
Construction Notice to Proceed	June 2021
Substantial Completion	May 2023

**Basis of Design**

The planned building life expectancy includes the following elements:

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



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Austin, Texas

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**FACILITIES PLANNING AND CONSTRUCTION COMMITTEE**

No items for Consent Agenda

## MEETING OF THE BOARD

1. Minutes - U. T. System Board of Regents: Approval of Minutes of the regular meeting held November 18-19, 2020; and the special called meeting held December 21, 2020

## AUDIT, COMPLIANCE, AND RISK MANAGEMENT COMMITTEE

No items for Consent Agenda

## FINANCE AND PLANNING COMMITTEE

2. Contract (funds going out) - U. T. System: Huron Consulting Services LLC to continue hosting online Effort Certification and Reporting Tool (ECRT) software

Agency: Huron Consulting Services LLC (Huron)

Funds: \$1,892,000

Period: January 1, 2021 through December 31, 2023; subject to any affected U. T. institution terminating its participation earlier, at will, on 30 days' notice to Huron

Description: On November 9, 2007, the Board approved a U. T. System contract to license Huron's Effort Certification and Reporting Tool (ECRT) software for use by U. T. institutions. The software supports compliance with federal regulations on reporting time and effort expended by faculty and staff on research projects and in other professional activities (teaching, patient care, etc.).

The ECRT software was initially hosted at U. T. M. D. Anderson Cancer Center. In October 2011, U. T. System transferred ECRT hosting responsibilities to Huron. On May 14, 2015, the Board approved the expenditure of up to \$1,300,000 to pay aggregate fees from inception of the hosting agreement through calendar year 2015. On May 12, 2016, the Board approved an extension of the Agreement through calendar year 2017, subject to a cap on aggregate hosting fees of \$2,000,000. For reasons indicated below, the extension for calendar year 2017 was not executed.

The 2011 transfer of ECRT hosting responsibilities to Huron was based on a sole source justification. In the interim, other potential providers of ECRT hosting services were identified, and U. T. System conducted a competitive procurement for these services for 2016 and beyond. However, in the course of this procurement, it became apparent that, because of a change in federal regulations, alternative means of compliance had become available that could eliminate the need for the ECRT software. As a result, U. T. System terminated the procurement, while the institutions pursued adoption of the alternative means of compliance.

In subsequent detailed investigations, most U. T. institutions have concluded that, for the time being, they lack the ability to adopt the alternative means, and thus have a continuing need for the ECRT software. It is not entirely clear how long each institution will require ongoing access to the software, so U. T. System has negotiated with Huron to allow access through calendar year 2023, subject to each institution having the flexibility to terminate its participation earlier, as needed.

While no further license fees are payable under the ECRT Systemwide site license purchased in 2007, U. T. institutions continuing to use the ECRT software will need to purchase ongoing software support and maintenance and related services under the license agreement. The amount projected above in "Funds" represents the maximum fees payable for all services, including hosting, related to ongoing use of the ECRT software by all affected institutions for calendar years 2021 through 2023. Aggregate fees through calendar year 2020 under the license agreement and hosting services agreement total \$6,000,000 and \$2,400,000, respectively.

3. Contract (funds going out) - U. T. System: Amendment to Agreement with Everfi, Inc., to continue providing training courses, including web-based alcohol education and sexual assault prevention services

Agency: Everfi, Inc.

Funds: \$1,917,106

Period: December 17, 2020 through March 31, 2023

Description: Everfi, Inc., provides students, faculty, and staff of U. T. institutions with a variety of training courses, including web-based alcohol education and sexual assault prevention services. The original contract was competitively bid and did not require Board approval as the contract amount did not exceed the delegated threshold. The First Amendment added the health institutions, expanded available courses, extended the end date of the Agreement, and was approved by the Board on May 1, 2018. This Second Amendment to the Agreement sets annual payments for services for an additional two years ending March 31, 2023.

4. Contract (funds going out) - U. T. System: IHS Global Inc. to provide oil and gas market information, analytics, software, and data management services

Agency: IHS Global Inc.

Funds: \$4,248,612

Period: November 30, 2020 through November 30, 2027

Description: This Master Agreement supports three separate order forms related to oil and gas market information, analytics, software, and data management services. The supported order forms are:  
1) Oil Price Information Service, LLC (OPIS) by IHS Markit;  
2) IHS Markit Data/Kingdom; and  
3) IHS Market EDM for Energy

5. Request for Budget Change - U. T. System: Transfer \$1,760,000 from Oracle Maintenance Agreement - Unappropriated Balance to Oracle Maintenance Agreement - Operating Expenses to cover costs associated with the Arlington Data Center (RBC No. 11519) -- amendment to the 2020-2021 budget
  
6. Real Estate Report - U. T. System: Summary Report of Separately Invested Assets Managed by U. T. System

**THE UNIVERSITY OF TEXAS SYSTEM  
SEPARATELY INVESTED ASSETS  
Managed by U. T. System  
Summary Report at November 30, 2020**

	FUND TYPE							
	Current Purpose Restricted		Endowment and Similar Funds		Annuity and Life Income Funds		TOTAL	
	Book	Market	Book	Market	Book	Market	Book	Market
<b>Land and Buildings:</b>								
Ending Value 08/31/2020	\$ 3,209,841	\$ 18,956,474	\$ 97,801,285	\$ 472,430,764	\$ 137,270	\$ 221,232	\$ 101,148,396	\$ 491,608,470
Increase or Decrease	(86)	(1,026)	123,000	(1,271,635)	-	-	122,914	(1,272,661)
Ending Value 11/30/2020	<u>\$ 3,209,755</u>	<u>\$ 18,955,448</u>	<u>\$ 97,924,285</u>	<u>\$ 471,159,129</u>	<u>\$ 137,270</u>	<u>\$ 221,232</u>	<u>\$ 101,271,310</u>	<u>\$ 490,335,809</u>
<b>Other Real Estate:</b>								
Ending Value 08/31/2020	\$ -	\$ -	\$ 6	\$ 6	\$ -	\$ -	\$ 6	\$ 6
Increase or Decrease	-	-	-	-	-	-	-	-
Ending Value 11/30/2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6</u>	<u>\$ 6</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6</u>	<u>\$ 6</u>

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

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

## ACADEMIC AFFAIRS COMMITTEE

7. Contract (funds coming in) - U. T. Arlington: Lockheed Martin Corporation to provide for a College Work Experience Program

Agency: Lockheed Martin Corporation

Funds: The contract has the potential to reach \$5,202,400; initial \$102,400 payment for start-up costs and a billable rate cap of \$1,700,000 per year

Period: October 15, 2020 through October 14, 2021; with option for two additional one-year terms

Description: Collaboration Agreement between U. T. Arlington's Career Development Center and Lockheed Martin Corporation. Students will be hired by the Career Development Center, through the College Work Experience Program, to fill internship positions at Lockheed Martin, primarily in the fields of engineering and business. Lockheed Martin will pay a billable rate to U. T. Arlington for each hour worked by an intern. The billable rate will cover the student's pay and the administrative costs of running the program. Students will receive valuable experience and potentially greater job opportunities after graduation.

8. Foreign Contract (funds coming in) - U. T. Austin: Jimei University to provide students for study abroad at U. T. Austin

Agency: Jimei University

Funds: \$4,500 per student

Period: February 25, 2021 through December 10, 2023

Description: U. T. Austin's Texas Global, the institution's central home for international students and international engagement efforts, will receive students from Jimei University in China for a study abroad program at U. T. Austin.

9. Foreign Contract (funds coming in) - U. T. Austin: Changshu Institute of Technology to provide students for study abroad at U. T. Austin

Agency: Changshu Institute of Technology

Funds: \$4,500 per student

Period: February 25, 2021 through December 10, 2023

Description: U. T. Austin's Texas Global, the institution's central home for international students and international engagement efforts, will receive students from Changshu Institute of Technology in China for a study abroad program at U. T. Austin.

10. Request for Budget Change - U. T. Austin: Transfer \$11,772,880 from Reserve - AUF - Instruction - Allocation for Budget Adjustments and Reserve - AUF - Instruction - Allotment, Unallocated, and Reserve to Project Management and Construction Services (PCMS) - Repair and Renovation R&R - Allocated for Budget for repairs and renovations to buildings tied to planned capital improvement projects and focus on major system replacements including HVAC and electrical systems (RBC No. 11511) -- amendment to the 2020-2021 budget

11. Request for Budget Change - U. T. Austin: New Hires with Tenure -- amendment to the 2020-2021 budget

The following Requests for Budget Changes (RBC) have been administratively approved by the Chancellor and the Executive Vice Chancellor for Academic Affairs and are recommended for approval by the U. T. System Board of Regents:

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
<b>McCombs School of Business</b>					
Department of Accounting					
Associate Professor					
Urooj Khan (T)	1/1-5/31	100	09	270,000	11529
<b>College of Education</b>					
Department of Kinesiology and Health Education and Department of Educational Psychology					
Professor					
Seth Schwartz (T)	1/16-5/31	100	09	165,000	11518
<b>Cockrell School of Engineering</b>					
Department of Aerospace Engineering and Engineering Mechanics					
Professor					
John-Paul Clarke (T)	1/16-5/31	100	09	205,000	11514
<b>College of Liberal Arts</b>					
Department of Government					
Professor					
Daniel Nielson (T)	1/16-5/31	100	09	265,000	11517
<b>College of Natural Sciences</b>					
Department of Computer Science					
Professor					
Kenneth McMillan (T)	1/16-5/31	100	09	230,000	11516
Department of Nutritional Sciences					
Professor					
James Fleet (T)	1/16-5/31	100	09	168,750	11515

12. Employment Agreement - U. T. Austin: Approval of terms of Employment Agreement for new Head Football Coach Steve Sarkisian and related Professional Services and License Agreement with to-be-named Limited Liability Company

The following Head Football Coach Employment Agreement and related Professional Services and License Agreement with a to-be-named Limited Liability Company are recommended for approval by the U. T. System Board of Regents by the Chancellor, the Executive Vice Chancellor for Academic Affairs, and the Vice Chancellor and General Counsel. The terms of the Agreement were previously reviewed pursuant to Regents' *Rules and Regulations*, Rule 10501, Section 2.2.12(a). If the Agreements are approved, total compensation for the contract period for Steve Sarkisian will be in excess of \$1 million. The Agreements reference the Constitution and Bylaws of the National Collegiate Athletic Association, any intercollegiate athletic conference of which The University of Texas at Austin is a member, the Regents' *Rules and Regulations*, and the policies of The University of Texas at Austin. A violation of the provisions of such constitution, bylaws, rules, regulations, or policies may be grounds for suspension without pay and/or dismissal.

Proposed:           **Guaranteed compensation:**

Total Annual Salary and Payment to to-be-named LLC:  
Contract Year 1: \$5,200,000  
Contract Year 2: \$5,400,000  
Contract Year 3: \$5,600,000  
Contract Year 4: \$5,800,000  
Contract Year 5: \$6,000,000  
Contract Year 6: \$6,200,000

The University will pay a portion of the guaranteed compensation directly to a to-be-named Limited Liability Company; the amount and timing of such payment shall be agreed upon by Head Football Coach, the LLC, and U. T. Austin and reflect the parties' mutual interests.

Automobile: Two dealer cars

Club membership: In accordance with Athletics Department's policies and procedures, and based on availability and business need

Private Airplane Use: University to provide 20 hours of private aircraft flight time for personal use each year and unused hours will not carryover

Relocation and Temporary Housing Allowance: \$250,000

Tickets available upon request:  
One suite for all home football games  
Six tickets to all other home men's sports  
Six tickets to all home women's sports

Assumption of Previous Contractual Obligation: U. T. Austin will make a one-time payment to Head Coach's previous employer to satisfy a contractual obligation owed as a result of the voluntary termination of Head Coach's previous employment agreement. U. T. Austin agrees to make Head Coach whole for any tax liability incurred as a result of such payment.

**Nonguaranteed compensation:**

Special one-time payment of \$1,200,000 on December 31, 2024 upon continued employment

Sports Camps and Clinics: In accordance with Athletics Department's policies and procedures and determined by the Vice President and Athletics Director

Incentives:

Team performance incentives: maximum of \$675,000 annually

National Coach of the Year: \$100,000 annually

Conference Coach of the Year: \$50,000 annually

Source of Funds: Intercollegiate Athletics

Period: January 2, 2021 through December 31, 2026

13. Employment Agreement - U. T. Austin: Approval of terms of Employment Agreement for new Offensive Coordinator/Offensive Line Football Coach Kyle Flood

The following Offensive Coordinator/Offensive Line Football Coach Employment Agreement is recommended for approval by the U. T. System Board of Regents by the Chancellor, the Executive Vice Chancellor for Academic Affairs, and the Vice Chancellor and General Counsel. The terms of the Agreement were previously reviewed pursuant to Regents' *Rules and Regulations*, Rule 10501, Section 2.2.12(a). If the Agreement is approved, total compensation for the contract period for Kyle Flood will be in excess of \$1 million. The Agreement references the Constitution and Bylaws of the National Collegiate Athletic Association, any intercollegiate athletic conference of which The University of Texas at Austin is a member, the Regents' *Rules and Regulations*, and the policies of The University of Texas at Austin. A violation of the provisions of such constitution, bylaws, rules, regulations, or policies may be grounds for suspension without pay and/or dismissal.

Proposed:           **Guaranteed compensation:**

Annual Salary:

Contract Year 1: \$1,100,000

Contract Year 2: \$1,175,000

Contract Year 3: \$1,250,000

Automobile: One dealer car

Club membership: In accordance with Athletics Department's policies and procedures, and based on availability and business need

Relocation and Temporary Housing Allowance: \$29,000

Tickets: In accordance with Athletics Department's policies and procedures, and based on availability

**Nonguaranteed compensation:**

Sports Camps and Clinics: In accordance with Athletics Department's policies and procedures and determined by the Head Coach and Vice President and Athletics Director

Incentives:

Team performance incentives: maximum of 19% of that year's annual salary

Source of Funds: Intercollegiate Athletics

Period:               January 14, 2021 through February 29, 2024

14. Employment Agreement - U. T. Austin: Approval of terms of Employment Agreement for new Special Teams Coordinator/Tight Ends Football Coach Jeff Banks

The following Special Teams Coordinator/Tight Ends Football Coach Employment Agreement is recommended for approval by the U. T. System Board of Regents by the Chancellor, the Executive Vice Chancellor for Academic Affairs, and the Vice Chancellor and General Counsel. The terms of the Agreement were previously reviewed pursuant to Regents' *Rules and Regulations*, Rule 10501, Section 2.2.12(a). If the Agreement is approved, total compensation for the contract period for Jeff Banks will be in excess of \$1 million. The Agreement references the Constitution and Bylaws of the National Collegiate Athletic Association, any intercollegiate athletic conference of which The University of Texas at Austin is a member, the Regents' *Rules and Regulations*, and the policies of The University of Texas at Austin. A violation of the provisions of such constitution, bylaws, rules, regulations, or policies may be grounds for suspension without pay and/or dismissal.

Proposed:

**Guaranteed compensation:**

Annual Salary:

Contract Year 1: \$1,000,000

Contract Year 2: \$1,050,000

Contract Year 3: \$1,100,000

Automobile: One dealer car

Club membership: In accordance with Athletics Department's policies and procedures, and based on availability and business need

Relocation and Temporary Housing Allowance: \$29,000

Tickets: In accordance with Athletics Department's policies and procedures, and based on availability

Assumption of Previous Contractual Obligation: U. T. Austin will make a one-time payment to Special Teams Coordinator/Tight Ends Football Coach's previous employer to satisfy a contractual obligation owed as a result of the voluntary termination of Special Teams Coordinator/Tight Ends Football Coach's previous employment agreement. U. T. Austin agrees to make Special Teams Coordinator/Tight Ends Football Coach whole for any tax liability incurred as a result of such payment.

**Nonguaranteed compensation:**

Sports Camps and Clinics: In accordance with Athletics Department's policies and procedures and determined by the Head Coach and Vice President and Athletics Director

Incentives:

Team performance incentives: maximum of 19% of that year's annual salary

Source of Funds: Intercollegiate Athletics

Period: January 14, 2021 through February 29, 2024

15. Employment Agreement - U. T. Austin: Approval of terms of Employment Agreement for new Defensive Line Football Coach Bo Davis

The following Defensive Line Football Coach Employment Agreement is recommended for approval by the U. T. System Board of Regents by the Chancellor, the Executive Vice Chancellor for Academic Affairs, and the Vice Chancellor and General Counsel. The terms of the Agreement were previously reviewed pursuant to Regents' *Rules and Regulations*, Rule 10501, Section 2.2.12(a). If the Agreement is approved, total compensation for the contract period for Bo Davis will be in excess of \$1 million. The Agreement references the Constitution and Bylaws of the National Collegiate Athletic Association, any intercollegiate athletic conference of which The University of Texas at Austin is a member, the Regents' *Rules and Regulations*, and the policies of The University of Texas at Austin. A violation of the provisions of such constitution, bylaws, rules, regulations, or policies may be grounds for suspension without pay and/or dismissal.

Proposed:           **Guaranteed compensation:**

Annual Salary:

Contract Year 1: \$875,000

Contract Year 2: \$900,000

Contract Year 3: \$925,000

Automobile: One dealer car

Club membership: In accordance with Athletics Department's policies and procedures, and based on availability and business need

Relocation and Temporary Housing Allowance: \$29,000

Tickets: In accordance with Athletics Department's policies and procedures, and based on availability

**Nonguaranteed compensation:**

Sports Camps and Clinics: In accordance with Athletics Department's policies and procedures and determined by the Head Coach and Vice President and Athletics Director

Incentives:

Team performance incentives: maximum of 19% of that year's annual salary

Source of Funds: Intercollegiate Athletics

Period:               January 12, 2021 through February 29, 2024

16. Employment Agreement - U. T. Austin: Approval of terms of Employment Agreement for new Safeties Football Coach Blake Gideon

The following Safeties Football Coach Employment Agreement is recommended for approval by the U. T. System Board of Regents by the Chancellor, the Executive Vice Chancellor for Academic Affairs, and the Vice Chancellor and General Counsel. The terms of the Agreement were previously reviewed pursuant to Regents' *Rules and Regulations*, Rule 10501, Section 2.2.12(a). If the Agreement is approved, total compensation for the contract period for Blake Gideon will be in excess of \$1 million. The Agreement references the Constitution and Bylaws of the National Collegiate Athletic Association, any intercollegiate athletic conference of which The University of Texas at Austin is a member, the Regents' *Rules and Regulations*, and the policies of The University of Texas at Austin. A violation of the provisions of such constitution, bylaws, rules, regulations, or policies may be grounds for suspension without pay and/or dismissal.

Proposed:

**Guaranteed compensation:**

Annual Salary:

Contract Year 1: \$400,000

Contract Year 2: \$425,000

Automobile: One dealer car

Club membership: In accordance with Athletics Department's policies and procedures, and based on availability and business need

Relocation and Temporary Housing Allowance: \$29,000

Tickets: In accordance with Athletics Department's policies and procedures, and based on availability

Assumption of Previous Contractual Obligation: U. T. Austin will make a one-time payment to Safeties Football Coach's previous employer to satisfy a contractual obligation owed as a result of the voluntary termination of Safeties Football Coach's previous employment agreement. U. T. Austin agrees to make Safeties Football Coach whole for any tax liability incurred as a result of such payment.

**Nonguaranteed compensation:**

Sports Camps and Clinics: In accordance with Athletics Department's policies and procedures and determined by the Head Coach and Vice President and Athletics Director

Incentives:

Team performance incentives: maximum of 19% of that year's annual salary

Source of Funds: Intercollegiate Athletics

Period: January 11, 2021 through February 28, 2023

17. Employment Agreement - U. T. Austin: Approval of terms of Employment Agreement for new Pass Game Coordinator/Secondary Football Coach Terry Joseph

The following Pass Game Coordinator/Secondary Football Coach Employment Agreement is recommended for approval by the U. T. System Board of Regents by the Chancellor, the Executive Vice Chancellor for Academic Affairs, and the Vice Chancellor and General Counsel. The terms of the Agreement were previously reviewed pursuant to Regents' *Rules and Regulations*, Rule 10501, Section 2.2.12(a). If the Agreement is approved, total compensation for the contract period for Terry Joseph will be in excess of \$1 million. The Agreement references the Constitution and Bylaws of the National Collegiate Athletic Association, any intercollegiate athletic conference of which The University of Texas at Austin is a member, the Regents' *Rules and Regulations*, and the policies of The University of Texas at Austin. A violation of the provisions of such constitution, bylaws, rules, regulations, or policies may be grounds for suspension without pay and/or dismissal.

Proposed:

**Guaranteed compensation:**

Annual Salary:

Contract Year 1: \$750,000

Contract Year 1: \$800,000

Automobile: One dealer car

Club membership: In accordance with Athletics Department's policies and procedures, and based on availability and business need

Relocation and Temporary Housing Allowance: \$29,000

Tickets: In accordance with Athletics Department's policies and procedures, and based on availability

Assumption of Previous Contractual Obligation: U. T. Austin will make a one-time payment to Pass Game Coordinator/Secondary Football Coach's previous employer to satisfy a contractual obligation owed as a result of the voluntary termination of Pass Game Coordinator/Secondary Football Coach's previous employment agreement. U. T. Austin agrees to make Pass Game Coordinator/Secondary Football Coach whole for any tax liability incurred as a result of such payment.

**Nonguaranteed compensation:**

Sports Camps and Clinics: In accordance with Athletics Department's policies and procedures and determined by the Head Coach and Vice President and Athletics Director

Incentives:

Team performance incentives: maximum of 19% of that year's annual salary

Source of Funds: Intercollegiate Athletics

Period: January 12, 2021 through February 28, 2023

18. Employment Agreement - U. T. Austin: Approval of terms of Employment Agreement for new Director of Football Performance/Head Strength Football Coach Torre Becton

The following Director of Football Performance/Head Strength Football Coach Employment Agreement is recommended for approval by the U. T. System Board of Regents by the Chancellor, the Executive Vice Chancellor for Academic Affairs, and the Vice Chancellor and General Counsel. The terms of the Agreement were previously reviewed pursuant to Regents' *Rules and Regulations*, Rule 10501, Section 2.2.12(a). If the Agreement is approved, total compensation for the contract period for Torre Becton will be in excess of \$1 million. The Agreement references the Constitution and Bylaws of the National Collegiate Athletic Association, any intercollegiate athletic conference of which The University of Texas at Austin is a member, the Regents' *Rules and Regulations*, and the policies of The University of Texas at Austin. A violation of the provisions of such constitution, bylaws, rules, regulations, or policies may be grounds for suspension without pay and/or dismissal.

Proposed:           **Guaranteed compensation:**

Annual Salary:

Contract Year 1: \$500,000

Contract Year 2: \$525,000

Automobile: One dealer car

Club membership: In accordance with Athletics Department's policies and procedures, and based on availability and business need

Relocation and Temporary Housing Allowance: \$29,000

Tickets: In accordance with Athletics Department's policies and procedures, and based on availability

**Nonguaranteed compensation:**

Sports Camps and Clinics: In accordance with Athletics Department's policies and procedures and determined by the Head Coach and Vice President and Athletics Director

Incentives:

Team performance incentives: maximum of 19% of that year's annual salary

Source of Funds: Intercollegiate Athletics

Period:               January 11, 2021 through February 28, 2023

19. Employment Agreement - U. T. Austin: Approval of terms of Employment Agreement for new Defensive Coordinator/Outside Linebackers Football Coach Pete Kwiatkowski and related Professional Services and License Agreement with PK Enterprises, LLC

The following Defensive Coordinator/Outside Linebackers Football Coach Employment Agreement and related Professional Services and License Agreement with PK Enterprises, LLC, are recommended for approval by the U. T. System Board of Regents by the Chancellor, the Executive Vice Chancellor for Academic Affairs, and the Vice Chancellor and General Counsel. The terms of the Agreement were previously reviewed pursuant to Regents' *Rules and Regulations*, Rule 10501, Section 2.2.12(a). If the Agreements are approved, total compensation for the contract period for Pete Kwiatkowski will be in excess of \$1 million. The Agreements reference the Constitution and Bylaws of the National Collegiate Athletic Association, any intercollegiate athletic conference of which The University of Texas at Austin is a member, the Regents' *Rules and Regulations*, and the policies of The University of Texas at Austin. A violation of the provisions of such constitution, bylaws, rules, regulations, or policies may be grounds for suspension without pay and/or dismissal.

Proposed:

**Guaranteed compensation:**

Total Annual Salary and Payment to PK Enterprises, LLC:  
\$1,700,000 each Contract Year

The University will pay a portion of the guaranteed compensation directly to PK Enterprises, LLC; the amount and timing of such payment shall be agreed upon by Assistant Football Coach, PK Enterprises, LLC, and U. T. Austin and reflect the parties' mutual interests.

Automobile: One dealer car

Club membership: In accordance with Athletics Department's policies and procedures, and based on availability and business need

Relocation and Temporary Housing Allowance: \$29,000

Tickets: In accordance with Athletics Department's policies and procedures, and based on availability

**Nonguaranteed compensation:**

Sports Camps and Clinics: In accordance with Athletics Department's policies and procedures and determined by the Head Coach and Vice President and Athletics Director

Incentives:

Team performance incentives: maximum of 19% of that year's total annual salary and payment to PK Enterprises, LLC

Source of Funds: Intercollegiate Athletics

Period: January 20, 2021 through February 29, 2024

20. Employment Agreement - U. T. Austin: Approval of terms of Employment Agreement for new Co-Defensive Coordinator/Inside Linebackers Football Coach Jeff Choate

The following Co-Defensive Coordinator/Inside Linebackers Football Coach Employment Agreement is recommended for approval by the U. T. System Board of Regents by the Chancellor, the Executive Vice Chancellor for Academic Affairs, and the Vice Chancellor and General Counsel. The terms of the Agreement were previously reviewed pursuant to Regents' *Rules and Regulations*, Rule 10501, Section 2.2.12(a). If the Agreement is approved, total compensation for the contract period for Jeff Choate will be in excess of \$1 million. The Agreement references the Constitution and Bylaws of the National Collegiate Athletic Association, any intercollegiate athletic conference of which The University of Texas at Austin is a member, the Regents' *Rules and Regulations*, and the policies of The University of Texas at Austin. A violation of the provisions of such constitution, bylaws, rules, regulations, or policies may be grounds for suspension without pay and/or dismissal.

Proposed:

**Guaranteed compensation:**

Annual Salary:

Contract Year 1: \$500,000

Contract Year 2: \$575,000

Automobile: One dealer car

Club membership: In accordance with Athletics Department's policies and procedures, and based on availability and business need

Relocation and Temporary Housing Allowance: \$29,000

Tickets: In accordance with Athletics Department's policies and procedures, and based on availability

Assumption of Previous Contractual Obligation: U. T. Austin will make a one-time payment to Co-Defensive Coordinator/Inside Linebackers Football Coach's previous employer to satisfy a contractual obligation owed as a result of the voluntary termination of Co-Defensive Coordinator/Inside Linebackers Football Coach's previous employment agreement. U. T. Austin agrees to make Co-Defensive Coordinator/Inside Linebackers Football Coach whole for any tax liability incurred as a result of such payment.

**Nonguaranteed compensation:**

Sports Camps and Clinics: In accordance with Athletics Department's policies and procedures and determined by the Head Coach and Vice President and Athletics Director

Incentives:

Team performance incentives: maximum of 19% of that year's annual salary

Source of Funds: Intercollegiate Athletics

Period: January 25, 2021 through February 28, 2023

21. Employment Agreement - U. T. Austin: Approval of Restated Employment Agreement for current Wide Receivers Football Coach Andre Coleman

The following Restated Employment Agreement for Wide Receivers Football Coach is recommended for approval by the U. T. System Board of Regents by the Chancellor, the Executive Vice Chancellor for Academic Affairs, and the Vice Chancellor and General Counsel. The terms of the Agreement were previously reviewed pursuant to Regents' *Rules and Regulations*, Rule 10501, Section 2.2.12(a). If the Agreement is approved, total compensation for the contract period for Andre Coleman will be in excess of \$1 million. The Agreement references the Constitution and Bylaws of the National Collegiate Athletic Association, any intercollegiate athletic conference of which The University of Texas at Austin is a member, the Regents' *Rules and Regulations*, and the policies of The University of Texas at Austin. A violation of the provisions of such constitution, bylaws, rules, regulations, or policies may be grounds for suspension without pay and/or dismissal.

Proposed:           **Guaranteed compensation:**

Annual Salary:  
Contract Year 1: \$450,000  
Contract Year 2: \$500,000

Reduced Salary Payment: One-time payment to offset previous \$43,750 salary reduction

**Nonguaranteed compensation:**

Sports Camps and Clinics: In accordance with Athletics Department's policies and procedures and determined by the Head Coach and Vice President and Athletics Director

Incentives:  
Team performance incentives: maximum of 19% of that year's annual salary

**Note:**

U. T. Austin has proposed extending length of Wide Receivers Football Coach employment for an additional two years. The Agreement sets the new salary for Wide Receivers Coach going forward and also proposes a one-time payment to offset a previous temporary reduction in salary. The Agreement also incorporates U. T. Austin's change in the method of calculating performance incentives to be based on a percentage of then applicable annual base salary, rather than a fixed amount.

Source of Funds: Intercollegiate Athletics

Period: February 1, 2021 through February 28, 2023

22. Employment Agreement - U. T. Austin: Approval of Restated Employment Agreement for current Running Game Coordinator/Running Backs Football Coach Stan Drayton

The following Restated Employment Agreement for Running Game Coordinator/Running Backs Football Coach is recommended for approval by the U. T. System Board of Regents by the Chancellor, the Executive Vice Chancellor for Academic Affairs, and the Vice Chancellor and General Counsel. The terms of the Agreement were previously reviewed pursuant to Regents' *Rules and Regulations*, Rule 10501, Section 2.2.12(a). If the Agreement is approved, total compensation for the contract period for Stan Drayton will be in excess of \$1 million. The Agreement references the Constitution and Bylaws of the National Collegiate Athletic Association, any intercollegiate athletic conference of which The University of Texas at Austin is a member, the Regents' *Rules and Regulations*, and the policies of The University of Texas at Austin. A violation of the provisions of such constitution, bylaws, rules, regulations, or policies may be grounds for suspension without pay and/or dismissal.

Proposed:           **Guaranteed compensation:**

Annual Salary: \$650,000

**Nonguaranteed compensation:**

Sports Camps and Clinics: In accordance with Athletics Department's policies and procedures and determined by the Head Coach and Vice President and Athletics Director

Incentives:

Team performance incentives: maximum of 19% of that year's annual salary

**Note:**

U. T. Austin has proposed extending length of Running Game Coordinator/Running Backs Football Coach's employment through February 28, 2023, at current annual salary. The Agreement also incorporates U. T. Austin's change in the method of calculating performance incentives to be based on a percentage of then applicable annual base salary, rather than a fixed amount.

Source of Funds: Intercollegiate Athletics

Period:           February 1, 2021 through February 28, 2023

23. Approval of Dual Position of Honor, Trust, or Profit - U. T. Dallas: Appointment by Governor Abbott of Jennifer Johnson, Associate Professor of Instruction, as Board Member of the Texas State Board of Public Accountancy

The following item has been approved by the Executive Vice Chancellor for Academic Affairs in accordance with Regents' *Rules and Regulations*, Rule 30103.

It has been determined that the holding of this office or position is of benefit to the State of Texas and The University of Texas at Dallas and that there is no conflict between holding this position and the appointment with the University.

The Board is also asked to find that holding this position is of benefit to the State of Texas and the University and that there is no conflict between the position and the University.

Name:	Jennifer Johnson, CPA
Title:	Associate Professor of Instruction
Position:	Board Member of the Texas State Board of Public Accountancy
Period:	February 1, 2021 through January 31, 2027
Compensation:	The State Board offers members a \$100 per day per diem for days conducting Board Business (i.e., meetings) and for any reimbursable expenses (i.e., travel)
Description:	The Texas State Board of Public Accountancy is statutorily empowered to regulate the practice of accountancy in Texas. Members of the Board work together to adopt rules as necessary to govern its proceedings, perform its duties, regulate the practice of accountancy in Texas, and enforce applicable law.

24. Request for Budget Change - U. T. Permian Basin: New Hire with Tenure -- amendment to the 2020-2021 budget

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

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
<b>College of Health Sciences and Human Performance</b>					
Department of Kinesiology					
Chair and Professor					
Moran Sciamama-Saghiv (T)	1/25-5/31	100	09	120,000	11532

25. Lease - U. T. Permian Basin: Authorization to lease approximately 2,500 rentable square feet of space known as Suites 1140A, 1140B, 1140C, 1136, and 1140 located in the Mesa Building at 4901 East University, Odessa, Ector County, Texas, to Follett Higher Education Group, Inc., for use as an on-campus bookstore

Description: Lease of approximately 2,500 rentable square feet known as 1140A, 1140B, 1140C, 1136, and 1140 located in the Mesa Building at 4901 East University, Odessa, Ector County, Texas, for use as an on-campus bookstore

Lessee: Follett Higher Education Group, Inc., an Illinois corporation

Term: Commencing November 20, 2020 and continuing for an initial term of seven years and seven months, expiring on May 31, 2028. Lessee shall have three one-year renewal options. Renewal options are subject to written approval from the U. T. Permian Basin. At any time during the term, either party may elect to terminate the Agreement without cause upon not less than 180 days prior written notice. Upon termination or expiration, U. T. Permian Basin shall pay Lessee the unamortized balance for the Capital investment and Cash Contribution.

Lease Income: Consideration to U. T. Permian Basin includes total rent payments estimated at no less than approximately \$568,750 over the initial term and approximately \$225,000 over all renewal terms. In addition to base rent, revenue from Follett includes an annual royalty fee of 18.1% - 20.1% of each year's adjusted gross revenue with a guaranteed annual minimum of \$40,000, a Capital investment of \$50,000 at the start of year two, a cash contribution of \$25,000, an annual textbook scholarship of \$2,500, and \$5,000 in annual advertising and promotions.

26. Request for Budget Change - U. T. San Antonio: Transfer \$12,494,900 from Mandatory Fees, Statutory Tuition Revenue, Designated Tuition Revenue, and Differential Tuition to Academic Support, Student Services, Auxiliary, Student Financial Aid Set Asides, and Instruction to recognize additional revenue (RBC No. 11528) -- amendment to the 2020-2021 budget

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

Description	\$ Amount	RBC #
Account or Project		
Amount of Transfer:		11528
From: Mandatory Fee	\$8,400,000	
Statutory Tuition Revenue	\$699,700	
Designated Tuition Revenue	\$2,515,600	
Differential Tuition	\$879,600	
To: Academic Support	\$6,072,000	
Student Services	\$924,000	
Auxiliary	\$1,404,000	
Student Financial Aid Set Asides	\$3,215,300	
Instruction	\$879,600	

27. Employment Agreement - U. T. San Antonio: Approval of amendments to terms of Employment Agreement for current Head Football Coach Jeffrey Michael Traylor

The following Head Football Coach Amendment No. 2 has been approved by the Chancellor, the Executive Vice Chancellor for Academic Affairs, and the Vice Chancellor and General Counsel and is recommended for approval by the U. T. System Board of Regents. If the Amendment is approved, total compensation for the contract period for Jeffrey Michael Traylor will be in excess of \$1 million. Such employment under the Agreement, as amended by Amendment No. 2, is subject to the Constitution and Bylaws of the National Collegiate Athletic Association, any intercollegiate athletic conference of which The University of Texas at San Antonio is a member, the Regents' *Rules and Regulations*, and the policies of The University of Texas at San Antonio. Any violation of the provisions of such constitution, bylaws, rules, regulations, or policies may be grounds for suspension without pay and/or dismissal.

From: **Guaranteed compensation:**

Annual Salary:

January 1, 2021 through December 31, 2021: \$630,000

January 1, 2022 through December 31, 2022: \$661,500

January 1, 2023 through December 31, 2023: \$694,575

January 1, 2024 through December 31, 2024: \$729,304

To: **Guaranteed compensation:**

Annual Salary:

January 1, 2021 through December 31, 2024: No change

January 1, 2025 through December 31, 2025: \$729,304

Source of Funds: Intercollegiate Athletics

Period: January 8, 2021 through December 31, 2025

## HEALTH AFFAIRS COMMITTEE

28. Gift - U. T. Tyler: Authorization of expenditure by the Health Science Center at U. T. Tyler of a gift of \$26,659.57 for purchase of urology equipment at Jacksonville Hospital, LLC, dba U. T. Health Jacksonville; and finding of public purpose

Description: Approval is needed to authorize expenditure of a donated gift of \$26,659.57 for urology equipment for Jacksonville Hospital, LLC, dba U. T. Health Jacksonville. This hospital is part of the East Texas Health System, LLC, owned jointly by U. T. Health Science Center - Tyler (30%), and Ardent Health (70%), a private entity, and governed 50% and 50% by both entities.

Donor: Nan Travis Foundation

Value: \$26,659.57

Finding of Public Purpose: The Health Science Center at U. T. Tyler has determined that the expenditure of the gift of \$26,659.57 for purchase of urology equipment in a hospital owned by the East Texas Health System, LLC, supports the public mission of and serves a public purpose appropriate to the functions of the Health Science Center at U. T. Tyler. In authorizing the formation of the East Texas Health System, LLC, with Ardent Health on February 15, 2018, the Board of Regents found that U. T. Health Science Center - Tyler's participation in the LLC would strengthen academic and educational programs for students, residents, and other trainees; would enhance basic and clinical research capabilities; would allow for integration of community and public health initiatives; and would expand patient care services, improve health outcomes, and extend the reach of U. T. Health Science Center - Tyler in the community. That expansion was made possible in part by the transfer to the LLC of nine hospitals previously owned by Ardent Healthcare, one of which is now Jacksonville Hospital, LLC, dba U. T. Health Jacksonville. Accordingly, enhancements to that hospital will enhance the ability of the Health Science Center at U. T. Tyler personnel working at the facility to provide patient care services, leading to improved health outcomes. The Health Science Center at U. T. Tyler has also determined that those enhancements provide adequate consideration and benefits to the institution.

Finally, the Health Science Center at U. T. Tyler has also determined that, as the governance structure is set at 50% Ardent and 50% U. T. Health Science Center - Tyler, there are adequate safeguards in place to ensure the public purposes noted above will continue to be met on an ongoing basis.

29. Contract (funds coming in and going out) - U. T. Southwestern Medical Center: Sodexo Services of Texas Limited Partnership to provide operation and management of food services on campus, excluding hospital facilities

Agency: Sodexo Services of Texas Limited Partnership

Funds: Estimated funds going out are \$28,000,000 and funds coming in are \$45,000,000

Period: January 4, 2021 through August 31, 2028; will automatically renew two additional two-year terms

Description: Sodexo Services of Texas to provide operation and management of food services on U. T. Southwestern Medical Center campus, excluding hospitals.

30. Lease - U. T. Southwestern Medical Center: Authorization to lease approximately 16,545 square feet in Data Hall 2.3 located at 6431 Longhorn Drive, Irving, Dallas County, Texas, from Quality Investment Properties Irving, LLC, for use as the institution's primary data processing center

Description: Lease of approximately 16,545 square feet. The space is composed of approximately 12,906 square feet of raised floor space, which includes approximately 1,000 square feet of tape storage and burn-in space, plus approximately 2,127 square feet of office space and approximately 1,512 square feet of storage space, located at 6431 Longhorn Drive, Irving, Dallas County, Texas, for use as the institution's primary data processing center. The lease has one option to lease an additional 3,894 square feet in an adjacent space.

Lessor: Quality Investment Properties Irving, LLC, a Delaware limited liability company

Term: 10 years with two five-year renewal and two one-year renewal options and an option to cancel the lease at the end of seven years by paying a termination fee.

Lease Cost: An estimated \$18,552,303.50 in base rent, estimated operating expenses and other expenses, during the primary term of the lease, which includes an initial fit-out cost of approximately \$1,483,055.44 to be paid by the institution. The institution will also pay for electricity used during the Early Access Period when the institution installs its furniture, equipment, and cabling in the space.

31. Other Matters - U. T. Southwestern Medical Center: Approval to set differential tuition rate for Master of Science in Health Informatics

In Fall 2021, U. T. Southwestern Medical Center will begin offering a 36 semester credit hours in-person Master of Science (M.S.) in Health Informatics graduate program. The program is designed to bring learners with either a computer, data science, or Information Technology (IT) background together with learners from clinical disciplines to develop skills in both domains. Acquisition of these skills will enable program graduates to effect and improve access to care, patient outcomes, safety measures, costs, individual and population health in their organizations. By including the spectrum of students from IT professional to clinicians, the program will create a workforce that fits the spectrum of needs identified in the space and will address both IT-focused and clinical informatics-focused problems.

Tuition and fees are the primary funding sources for this program. Unlike the doctoral programs in the Graduate School of Biomedical Sciences, the Master of Science in Health Informatics will not be integrally associated with research expenditures and extramural research funding. It is an applied degree. Teaching by some of the course faculty would displace their clinical duties with concomitant requirement for clinical productivity; differential tuition will offset some of the clinical revenue these faculty would otherwise be generating. Costs for the other graduate programs in the Graduate School are partially supported by extramural research funds. Extramural funds are not available to cover this program. The proposed differential tuition will provide adequate resources for long-term sustentation and continuous quality improvement of the Health Informatics program.

*Texas Education Code* 54.0513 and 54.008 gives the authority to set tuition differentially among programs and levels to the U. T. Board of Regents. Accordingly, U. T. Southwestern Medical Center seeks approval for the proposed tuition and fee plan for the M.S. in Health Informatics. The tuition and fee proposal for this program for the 2021-2022 Academic Year is outlined below. Note that the Student Services Fee, Medical Service Fee, and Computer Use Fee are existing approved fees.

**Table 1: Proposed resident tuition/ fee schedule for M.S. Health Informatics graduate program**  
**M.S. Health Informatics: 36 credits**

<i>Semester Credit Hour</i>	<i>Statutory Tuition</i>	<i>Differential Tuition</i>	<i>Designated Tuition</i>	<i>Student Services</i>	<i>Medical Service Fee</i>	<i>Computer Use Fee</i>
1	\$ 50	\$ 344	\$ 219	\$ 42	\$ 75	\$ 82
2	\$ 100	\$ 688	\$ 438	\$ 84	\$ 75	\$ 82
3	\$ 150	\$ 1,032	\$ 657	\$ 126	\$ 75	\$ 82
4	\$ 200	\$ 1,376	\$ 876	\$ 168	\$ 75	\$ 82
5	\$ 250	\$ 1,720	\$ 1,095	\$ 210	\$ 75	\$ 82
6	\$ 300	\$ 2,064	\$ 1,314	\$ 252	\$ 75	\$ 82
7	\$ 350	\$ 2,408	\$ 1,533	\$ 294	\$ 75	\$ 82
8	\$ 400	\$ 2,752	\$ 1,752	\$ 336	\$ 75	\$ 82
9	\$ 450	\$ 3,096	\$ 1,971	\$ 378	\$ 75	\$ 82
10	\$ 500	\$ 3,440	\$ 2,190	\$ 420	\$ 75	\$ 82
11	\$ 550	\$ 3,784	\$ 2,409	\$ 462	\$ 75	\$ 82
12	\$ 600	\$ 4,128	\$ 2,628	\$ 504	\$ 75	\$ 82
13	\$ 650	\$ 4,472	\$ 2,847	\$ 546	\$ 75	\$ 82
14	\$ 700	\$ 4,816	\$ 3,066	\$ 588	\$ 75	\$ 82
15	\$ 750	\$ 5,160	\$ 3,285	\$ 630	\$ 75	\$ 82

32. Contract (funds going out) - U. T. Medical Branch - Galveston: Smith & Nephew, Inc., to provide various categories of medical products

Agency: Smith & Nephew, Inc.

Funds: \$30,000,000

Period: October 23, 2020 through October 22, 2027

Description: Smith & Nephew, Inc., is an awarded supplier in many categories of products used at U. T. Medical Branch - Galveston (UTMB). UTMB is in need of a standard set of terms and conditions that can be used for categories awarded and standardized to UTMB. Therefore, a seven-year, \$30,000,000 agreement with Smith & Nephew, Inc., was established to provide general terms and conditions under which UTMB and Smith & Nephew, Inc., will enter into one or more individual contract supplements for the purchase of products. Supplement agreements will be linked to this contract for products to be used by UTMB. This Agreement has no specific products or services. Having this contract in place will create efficiency as the terms and conditions will not need to be negotiated for each supplement. Products purchased using an individual contract supplement to this Agreement will be competitively procured.

33. Contract (funds going out) - U. T. Medical Branch - Galveston: Sodexo Services of Texas Limited Partnership to provide food and nutrition services at clinical facilities

Agency: Sodexo Services of Texas Limited Partnership

Funds: \$102,225,368

Period: December 24, 2020 through December 23, 2025; with two 12-month renewal options

Description: Sodexo Services of Texas Limited Partnership to provide food and nutrition services to U. T. Medical Branch - Galveston. This Agreement was sourced via a U. T. Southwestern Medical Center Agreement through a Request for Proposal process.

34. Contract (funds coming in) - U. T. Health Science Center - Houston: To provide oral and maxillofacial surgery services to the Harris County Hospital District, dba Harris Health System

Agency: Harris County Hospital District, dba Harris Health System

Funds: \$7,117,588 for initial term, plus up to \$483,500 if performance metrics are met, for a total of \$7,601,088

Period: December 1, 2020 through June 30, 2022; thereafter, automatically renews for additional terms of two years each, unless terminated sooner between the parties by providing written notice.

Description: Provision of oral and maxillofacial surgery and orthodontic professional services to patients eligible for treatment at Harris Health System facilities and education and training of oral and maxillofacial residents.

35. Contract (funds coming in) - U. T. Health Science Center - Houston: To operate an in-district PK3-G1 charter school in Victoria Independent School District

Agency: Victoria Independent School District

Funds: Estimated \$1,250,000 per year (based on 61/39 split of per-student funding with 39% to U. T. Health Science Center - Houston)

Period: November 2020 through June 30, 2024

Description: Agreement for U. T. Health Science Center - Houston, through its Children's Learning Institute, to operate an in-district, pre-kindergarten 3 through first grade, charter school in Victoria Independent School District. Victoria ISD will hold the charter through the Texas Education Association. The Children's Learning Institute will provide management personnel and instructional program.

Although Board approval of this type of contract is delegated to the institutional president by Regents' Rule 10501, Board approval is sought due to the uniqueness of the proposal.

36. Contract (funds coming in) - U. T. Health Science Center - San Antonio: To provide physician medical, administrative support, non-emergency, and emergency services for Bexar County Hospital District, dba University Health System

Agency: Bexar County Hospital District, dba University Health System

Funds: Approximately \$153,673,019

Period: September 1, 2020 through August 30, 2021

Description: Master Health Care Services Agreement between U. T. Health Science Center - San Antonio and Bexar County Hospital District, dba University Health System.

This Agreement continues a long-standing arrangement between U. T. Health Science Center - San Antonio and University Health System under which U. T. Health Science Center - San Antonio provides physician medical, administrative support, non-emergency, and emergency services for University Health System.

U. T. Health Science Center - San Antonio bills and collects for all professional services supplied by its providers.

37. Contract (funds coming in) - U. T. M. D. Anderson Cancer Center: To provide consulting services to Concord Hospital Management Group, Ltd.

Agency: Concord Hospital Management Group, Ltd.

Funds: Base fee of \$14,640,000 plus reimbursable expenses, currently estimated to be \$3,500,000

Period: Effective December 14, 2020 for a period of 10 years

Description: U. T. M. D. Anderson Cancer Center to provide advisory and consulting services with respect to the development and enhancement of Concord Hospital Management Group, Ltd., and its affiliates' cancer care programs, currently located in Shanghai, China, and such other sites as may be added by amendment. Advisory services will include: clinical practice program development, cancer center program development, medical direction, physician education and staff education, cancer program assessment, and strategic and business support.

38. Contract (funds going out) - U. T. M. D. Anderson Cancer Center: Nordic Consulting, LLC, to deliver information technology services

Agency: Nordic Consulting, LLC

Funds: Total cost of services under this Agreement, including all renewals, will not exceed \$46,800,000

Period: December 15, 2020 through December 14, 2025; with three one-year renewal options

Description: Nordic Consulting, LLC, through this Master Services Agreement, will offer resources consisting of trained and experienced personnel to provide project-based support to U. T. M. D. Anderson Cancer Center's Information Services division in the Enterprise Business Systems (EBS) work area. Other areas include Analytics, Project Manager/Business Analyst, and Managed Services. Implementation support will also be provided to support U. T. M. D. Anderson Cancer Center's project implementation activities and initiatives. The Agreement was competitively bid.

39. Contract (funds going out) - U. T. M. D. Anderson Cancer Center: First Amendment to Agreement with JB York Construction, Incorporated, to provide job order contracting services for maintenance, repair and related services in the Houston area

Agency: JB York Construction, Incorporated

Funds: Total contract value, including all renewals, is estimated to be \$10,500,000, although the maximum amount is indeterminable at this time

Period: September 15, 2020 through September 14, 2021; with two additional 12-month renewal options remaining

Description: JB York Construction, Incorporated, will act as a general contractor to provide general and specific maintenance, repair, minor facility refresh, and related services for projects on a per-project basis via the initial master job order contract, effective September 17, 2018, to September 16, 2020. JB York Construction, Incorporated, will provide all material, labor, equipment, and services necessary for completion of the project. Services are on a nonexclusive, indefinite quantity basis, and there is no minimum amount of work required.

The First Amendment, effective September 15, 2020, extends the term to September 14, 2021. There are two additional 12-month renewal options remaining. The initial Agreement was competitively bid. The initial Agreement did not require Board approval as the anticipated contract value was within the institution's delegated approval threshold. The total contract value, including all remaining renewals, is estimated to be \$10,500,000.

40. Contract (funds going out) - U. T. M. D. Anderson Cancer Center: First Amendment to Agreement with Perkins + Will to provide architectural services

Agency: Perkins + Will

Funds: Total contract value is estimated to be \$5,400,000, although the maximum amount is indeterminable at this time

Period: January 1, 2019 through January 5, 2022; with no renewal options remaining

Description: A job order contracting agreement. Perkins + Will will act as a general contractor to provide architectural and related technical services for projects on a per-project basis requested by U. T. M. D. Anderson Cancer Center. Perkins + Will will provide architecture for the renovation, alteration, repair, or maintenance of health care and related administrative office facilities and their infrastructure systems or portions thereof. Services are on a nonexclusive, indefinite quantity basis, and there is no minimum amount of work required. The initial term of the Agreement was January 6, 2017 through January 5, 2019.

The First Amendment extends the initial term to January 5, 2022, using all renewals. The initial Agreement was competitively bid. The initial Agreement did not require Board approval as the anticipated contract value was within the institution's delegated approval threshold. The total contract value is estimated to be \$5,400,000.

41. Contract (funds going out) - U. T. M. D. Anderson Cancer Center: Fifth Amendment to Agreement with Ernst & Young LLP to provide proprietary information protection to all U. T. M. D. Anderson campuses and new locations

Agency: Ernst & Young LLP

Funds: Total value of the services under the Agreement is approximately \$9,000,000

Period: February 15, 2021 through February 1, 2023

Description: Ernst & Young LLP has a program that will integrate U. T. M. D. Anderson Cancer Center's wide range of efforts and processes into a streamlined, proactive effort to mitigate insider threat activity across defined domains. Ernst & Young LLP will use a phased approach to assess, design, build, implement, and operationalize the program, leveraging a variety of nontechnical and technical controls and methods to identify and mitigate insider threats. The initial Agreement, effective from January 31, 2018, to February 1, 2023, has no renewal options and was competitively bid. The First Amendment and Second Amendment, effective September 7, 2018, and March 4, 2020, respectively, added additional Scopes of Work and did not change the cap amount or the contract term. The Third Amendment increased the cap amount to \$4,700,000 and the Fourth Amendment increased the cap amount to \$5,000,000 and were effective May 8, 2020, and September 28, 2020, respectively. The Fourth Amendment also added an additional Scope of Work. Neither the Third nor Fourth Amendment required Board approval as the respective cap amounts were within the institution's delegated approval threshold. The Fifth Amendment, effective November 2, 2020, increases the cap amount to \$9,000,000 and does not change the contract term. U. T. M. D. Anderson Cancer Center plans to rebid this contract at the end of its term.

42. Purchase - U. T. M. D. Anderson Cancer Center: Authorization to purchase two tracts of unimproved land totaling approximately 31.8 acres located at the intersection of Interstate Highway 69 frontage road and University Boulevard, and Lexington Boulevard and Aberfeldy Street, Sugar Land, Fort Bend County, Texas, from NNP-Telfair, LLC, for future mission use, including the development and operation of clinical facilities

Description: Purchase of two tracts of unimproved land consisting of approximately 31.8 acres located at the intersection of the Interstate Highway 69 (also known as U.S. Highway 59) frontage road and Taborwood Avenue, Sugar Land, Fort Bend County, Texas (the Property), and authorization for the Executive Vice Chancellor for Business Affairs to execute all documents, instruments, and other agreements, and to take all further actions deemed necessary or advisable to purchase the Property. The Property will be used by U. T. M. D. Anderson Cancer Center for future mission use including the future development and operation of clinical facilities.

This acquisition complements approximately 8.7 acres of vacant land purchased in 2017 located across Taborwood Avenue from the Property.

U. T. M. D. Anderson Cancer Center currently leases existing space for clinical use in Sugar Land through August 2024. The institution anticipates that it will, in the future, develop facilities on the Property to augment or replace such leased facilities.

Seller: NNP-Telfair, LLC, a Texas limited liability company

Purchase Price: Not to exceed fair market value as determined by an independent appraisal performed by Valbridge Property Advisors; appraisal confidential pursuant to *Texas Education Code* Section 51.951

43. **Sale - U. T. M. D. Anderson Cancer Center and U. T. Health Science Center - Houston: Authorization to sell to Texas Medical Center three tracts of land held on behalf of U. T. M. D. Anderson Cancer Center for use in connection with the proposed TMC3 research park, one site consisting of approximately 15,560 square feet of land, a second site consisting of approximately 1,257 square feet of land for access to the TMC3 research park, and a third site consisting of approximately 4,563 square feet of land for access to the TMC3 research park with the retention of an access easement in favor of the Board of Regents for this third site and, also, authorization for the Board of Regents on behalf of both institutions to acquire a surface easement consisting of approximately 9,953 square feet from Texas Medical Center for a skybridge to permit the connection of proposed future research buildings to be built by U. T. M. D. Anderson Cancer Center and/or U. T. Health Science Center - Houston located South of Old Spanish Trail to the TMC3 research park**

Description: These four transactions are proposed to enhance TMC3 by expanding the area of the project with the sale of approximately 15,560 square feet adjacent to TMC3 owned by the Board of Regents, but not needed for mission purposes due to small size and constrained location. The sale of approximately 1,257 square feet and 4,563 square feet will permit the completion of construction of two drives to access TMC3 from Bertner Street. TMC may elect not to buy the 1,257 square foot tract of land. The Board of Regents will retain an access easement across the 4,563 square feet to permit access to Bertner Street from an approximate 2.89-acre tract owned by the Board of Regents that is adjacent to the 4,563 square feet that is to be conveyed. The two U. T. institutions plan to build one or more future research buildings on the south side of Old Spanish Trail on land owned by the Board of Regents known as the South Campus. The approximately 9,953 square feet of skybridge easement is being acquired to permit the construction of a skybridge to connect the planned future research buildings that may be constructed on the South Campus with the TMC3 main campus. The skybridge will be constructed at U. T. expense.

Buyer/Granter: Texas Medical Center, a Texas non-profit corporation (TMC)

Cost: Both U. T. and TMC have agreed on a base fee simple value of \$230 per square foot for the tracts involved in this exchange. The surface and aerial skybridge easement is valued at 90% of fee simple value, or \$207 per square foot. The estimated value for the three tracts to be acquired by TMC is \$4,917,400 and the estimated value of the easement to be exchanged with U. T. is \$2,060,271 for a total transactional value of an estimated \$6,977,671. TMC will pay the difference in value at Closing, estimated at \$2,857,129 if it acquires all of the tracts.

Appraisals:

Reliance was placed on the following appraisals: \$230 per square foot for fee simple value of the constrained tract per appraisal dated effective December 9, 2020, performed by JLL Valuation & Advisory Services, LLC.; Skybridge easement estate is valued at \$207 per square foot per appraisal dated effective December 10, 2020, performed by JLL Valuation & Advisory Services, LLC.; In addition, U. T. M. D. Anderson obtained the following recent appraisals covering some of the tracts: \$215 per square foot for the fee simple value of the constrained tract, and \$250 per square foot for fee simple value for the parent tract of the driveway parcels, per appraisal dated effective December 16, 2019, performed by Colliers International Valuation and Advisory Services.

**FACILITIES PLANNING AND CONSTRUCTION COMMITTEE**

No items for Consent Agenda