



## REQUEST FOR PROPOSAL

### RFP No. 720-1811 Review of the Organizational Structure of The University of Texas System Administration

**Proposal Submittal Deadline: January 26, 2018 at 2:30 PM CST**

The University of Texas System  
Office of the Board of Regents  
on behalf of  
the Board's System Review and Structure Task Force

Prepared by:  
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REQUEST FOR PROPOSAL

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## SECTION 1

### INTRODUCTION

#### 1.1 Description of The University of Texas System and The University of Texas System Administration

For more than 130 years, The University of Texas System (**UT System**) has been committed to delivering excellence in teaching, research, patient care, and service.

The UT System is one of the nation's largest systems of higher education with budgeted expenses for Fiscal Year (**FY**) 2018 at \$18.3 billion and with 14 institutions that educate more than 217,000 students and provide patient care at UT-owned and affiliated hospitals and clinics that account for more than 6.78 million outpatient visits and 1.38 million hospital days annually. Each year, UT institutions award more than one-third of all undergraduate degrees in Texas and almost two-thirds of all health professional degrees. With more than 20,000 faculty – including Nobel laureates – and more than 70,000 health care professionals, researchers, student advisors, and support staff, the UT System is one of the largest employers in the state.

UT institutions rank third in the nation in patent applications and number one in Texas and third in the nation in federal research expenditures. In addition, UT institutions are home to three of the nation's National Cancer Institute Cancer Centers at UT MD Anderson Cancer Center, UT Southwestern Medical Center, and UT Health Science Center-San Antonio.

UT institutions seek to set the standard for excellence in higher education under the leadership of the Board of Regents (**Board**), the Chancellor, and the presidents of the UT institutions.

*Texas Education Code* Section 65.16 applies to the UT System Administration (**System Administration**), as follows:

- As established by the Board, the “central administration” shall provide oversight and coordination of the activities of the System and each institution within the System.
- The System Administration shall recommend policies and rules to the Board to ensure conformity with all laws and rules and provide uniformity in data collection and financial reporting procedures.

*Texas Education Code* Section 65.16 contains provisions relating to the Board's hiring of executive officers of System Administration to execute policies and direction from the Board:

- Subject to the power and authority of the Board, the CEO (Chancellor) is responsible for the general management of the System within the policies of the Board.
- The CEO is also responsible for making recommendations to the Board concerning the organization of the System and for the appointment of the CEO (President) for each institution.

Although the Chancellor makes recommendations to the Board relating to organization of the System and general management, the Board retains the ultimate authority for all System Administration activities and expenditures.

#### 1.2 Background and Special Circumstances

The Board oversees, among other things, all activities of the System Administration. The Board has expressed that System Administration organization and expenses need to be reviewed

holistically to assure that they are in line with Board goals and to deliver as much funding as lawfully possible to the institutions for education, patient care, research, and support.

In 2016, the Board approved the FY 2017 budget for the System Administration with the requirement that the total System Administration budget be reduced by 130 full time equivalents (FTEs) and associated cost savings by the end of FY 2017. This was achieved through a combination of a voluntary separation incentive program, attrition, vacant position eliminations, return of certain audit functions back to campuses, and a small reduction-in-force. The FY 2018 budget reflects 737 FTEs, a reduction of 186.5 from the FY 2017 budget.

In the summer of 2017, the Board conducted a series of retreats to review System Administration activities. While no Board action was taken affecting the organization of System Administration, the Board:

- Expressed its sentiment that the System Administration's working mission statement should reflect a purpose that enables UT institutions to achieve their respective strategic visions and missions;
- Expressed its concern that the total System Administration headcount and budgets approved by the Board had grown 62.6% and 112.3%, respectively, from FY 2012 to FY 2017, with corresponding very significant increases in Available University Fund ("AUF") expenditures to fund Board-approved System Administration activities and operations;
- Approved a directional System Administration budget for FY 2018 that included a 3.9% year-over-year reduction; and
- Asked that the System Administration be structured to be as lean and efficient as possible, while continuing to provide strategic, core support to the UT institutions, including the necessary shared services that provide cost savings and efficiency among the UT institutions, and functions required by law or regulation for compliance and coordination.

### 1.3 Objective of Request for Proposal

The University of Texas System, Office of the Board of Regents on behalf of the UT System Review and Structure Task Force (**Task Force**) is soliciting proposals, in response to this Request for Proposal No. 720-1811 (this "**RFP**"), from qualified vendors to provide services facilitating the work of the Task Force (the "**Services**") to the Task Force as more specifically described in **Section 5** of the RFP.

## SECTION 2

### NOTICE TO PROPOSER

#### 2.1 Submittal Deadline

University will accept proposals submitted in response to this RFP until 2:30 p.m., Central Standard Time (“CST”) on January 26, 2018 (the “**Submittal Deadline**”).

#### 2.2 University Contact Person

Proposers will direct all questions or concerns regarding this RFP to the following contact (“**University Contact**”):

**Darya Vienne**  
**Assistant Director, Contracts and Procurement**  
**Email: [dvienne@utsystem.edu](mailto:dvienne@utsystem.edu)**

University specifically instructs interested parties to restrict all contact and questions regarding this RFP to written communications delivered to (i) University Contact, or (ii) if questions relate to Historically Underutilized Businesses, to HUB Coordinator (ref. **Section 2.5** of this RFP). *The University Contact must receive all questions or comments no later than January 10, 2018.* The University Contact will have a reasonable amount of time to respond to questions or concerns. It is the University Contact’s intent to respond to all appropriate questions and concerns; however, the University Contact reserves the right to decline to respond to any question or concern.

#### 2.3 Criteria for Selection

The successful Proposer, if any, selected by University through this RFP will be the Proposer that submits a proposal on or before the Submittal Deadline that is the most advantageous to the UT System. The successful Proposer is referred to as “**Contractor.**”

Proposer is encouraged to propose terms and conditions offering the maximum benefit to the UT System in terms of (1) service, (2) total overall cost, and (3) project management expertise.

The evaluation of proposals and the selection of Contractor will be based on the information provided in the proposal and any additional information determined to be relevant.

These criteria will be considered by the Task Force in evaluating proposals and selecting Contractor:

##### 2.3.1 Threshold Criteria Not Scored

- A. Ability of UT System to comply with laws regarding Historically Underutilized Businesses; and
- B. Ability of UT System to comply with laws regarding purchases from persons with disabilities.

##### 2.3.2 Scored Criteria

- A. Cost (30%);
- B. Vendor Qualifications and Experience (40%);
- C. Service Approach (25%); and
- D. Exceptions to the contract attached to this RFP as **APPENDIX TWO** (5%).

## 2.4 Key Events Schedule

Issuance of RFP	December 20, 2017
Pre-Proposal Conference	2:00 pm CST on January 5, 2018
Deadline for Questions / Concerns (ref. <b>Section 2.2</b> of this RFP)	January 15, 2018
Submittal Deadline (ref. <b>Section 2.1</b> of this RFP)	2:30 p.m. CST on January 26, 2018

## 2.5 Historically Underutilized Businesses

- 2.5.1 All agencies of the State of Texas are required to make a good faith effort to assist historically underutilized businesses (each a “**HUB**”) in receiving contract awards. The goal of the HUB program is to promote full and equal business opportunity for all businesses in contracting with state agencies. Pursuant to the HUB program, if under the terms of any agreement or contractual arrangement resulting from this RFP, Contractor subcontracts any of the Services, then Contractor must make a good faith effort to utilize HUBs certified by the Procurement and Support Services Division of the Texas Comptroller of Public Accounts. Proposals that fail to comply with the requirements contained in this **Section 2.5** will constitute a material failure to comply with advertised specifications and will be rejected as non-responsive. Additionally, compliance with good faith effort guidelines is a condition precedent to awarding any agreement or contractual arrangement resulting from this RFP. Proposer acknowledges that, if selected, its obligation to make a good faith effort to utilize HUBs when subcontracting any of the Services will continue throughout the term of all agreements and contractual arrangements resulting from this RFP. Furthermore, any subcontracting of the Services by Proposer is subject to review by University to ensure compliance with the HUB program.
- 2.5.2 University has reviewed this RFP in accordance with [Title 34, Texas Administrative Code, Section 20.285](#), and has determined that subcontracting opportunities are probable under this RFP.
- 2.5.3 A HUB Subcontracting Plan (“**HSP**”) is a required as part of, *but submitted separately from*, Proposer’s proposal. The HSP will be developed and administered in accordance with University’s Policy on Utilization of Historically Underutilized Businesses and incorporated for all purposes.

*Each Proposer must complete and return the HSP in accordance with the terms and conditions of this RFP. Proposers that fail to do so will be considered non-responsive to this RFP in accordance with [§2161.252, Government Code](#).*

*Questions regarding the HSP may be directed to:*

Contact: Kyle Hayes  
HUB Coordinator  
Phone: 512-322-3745  
Email: [khayes@utsystem.edu](mailto:khayes@utsystem.edu)

Contractor will not be permitted to change its HSP unless: (1) Contractor completes a new HSP, setting forth all modifications requested by Contractor, (2) Contractor provides the

modified HSP to University, (3) University HUB Program Office approves the modified HSP in writing, and (4) all agreements resulting from this RFP are amended in writing to conform to the modified HSP.

- 2.5.4 Proposer must submit, **via email**, one (1) HSP in PDF format to University on Friday, January 26, 2018 at 2:30 PM CST (ref. **Section 3.2** of this RFP.) to the email address below:

**HSP Submittal Email:** [utadminHSP@utsystem.edu](mailto:utadminHSP@utsystem.edu)

Proposer must include the following information in the email submission:

**Subject Line:** RFP 720-1811, Review of the Organizational Structure of The University of Texas System Administration, Proposal due date: **Friday, January 26th, 2018 at 2:30 PM CST**, HUB Subcontracting Plan.

**Body:** Proposer company name and the name and contact information of the person who prepared the HSP.

Proposer must visit <https://www.utsystem.edu/offices/historically-underutilized-business/hub-forms> to download the most appropriate HUB Subcontracting Plan (HSP) / **Exhibit H** form for use with this Request for Proposal. Proposer shall select, from the four (4) Options available, the Option that is most applicable to Proposer's subcontracting intentions. These forms are in **fillable** PDF format and must be downloaded and opened with *Adobe Acrobat/ Reader* to utilize the fillable function. If Proposer has any questions regarding which Option to use, Proposer shall contact the HUB Coordinator listed in 2.5.3.

Proposer must complete the HSP, then print, sign and scan *all pages* of the HSP Option selected **to the submittal email address noted above**. NOTE: signatures must be "wet" signatures. Digital signatures are not acceptable.

Any proposal submitted in response to this RFP that does not have a corresponding HSP meeting the above requirements may be rejected by University and returned to Proposer unopened as non-responsive due to material failure to comply with advertised specifications.

University will send an email confirmation to each Proposer upon receipt of the Proposer's HSP. Each Proposer's HSP will be evaluated for completeness and compliance prior to opening the proposal to confirm Proposer compliance with HSP rules and standards. Proposer's failure to submit one (1) completed and signed HUB Subcontracting Plan **to the email address noted above** may result in University's rejection of the proposal as non-responsive due to material failure to comply with advertised specifications; such a proposal may be returned to the Proposer unopened (ref. **Section 1.5 of Appendix One** to this RFP). **Note:** The requirement that Proposer provide one (1) completed and signed pdf of the HSP under this **Section 2.5.4** is separate from and does not affect Proposer's obligation to provide University with the number of copies of its proposal as specified in **Section 3.1** of this RFP.

**If Proposer's submitted HSP refers to specific page(s) / Sections(s) of Proposer's proposal that explain how Proposer will perform entire contract with its own equipment, supplies, materials and/or employees, Proposer must submit copies of those pages with the HSP sent to the HSP Submittal email address noted above.** Failure to do so will slow the evaluation process and may result in DISQUALIFICATION.

## 2.6 Pre-Proposal Conference

University will hold a pre-proposal conference at:

**2:00 p.m., Central Time on Friday, January 5th, 2018**

Prospective Proposers are invited to call-in:

**Conference call-in number: (877) 226-9790**

**Conference ID: 6269693**

The pre-proposal conference will allow all Proposers an opportunity to ask University's representatives relevant questions and clarify provisions of this RFP.



## SECTION 3

### SUBMISSION OF PROPOSAL

#### 3.1 Number of Copies

Proposer must submit:

- A. Nine (9) complete paper copies of its *entire* proposal.

One (1) paper copy of the proposal should contain the mark “original” on the front cover of the proposal. An original signature by an authorized officer of Proposer must appear on the Execution of Offer (**ref. Section 2 of APPENDIX ONE**) of the submitted paper copy of the proposal.

***UT System does not accept electronic signatures in response to this RFP; therefore, the original signature must be a “wet signature.”***

- B. One (1) complete electronic copy of its entire proposal in a single .pdf file on USB Flash Drive. USB Flash Drive must include a protective cover and be labeled with Proposer’s name and RFP number.
- C. In addition, Proposer must submit one (1) complete electronic copy of the proposal in a single .pdf file on separate USB Flash Drive on which all proposed pricing information, provided in response to Section 6, has been removed.

#### 3.2 Submission

Proposals must be received by University on or before the Submittal Deadline (ref. **Section 2.1** of this RFP) and should be delivered to:

The University of Texas System Administration  
210 West 7th Street  
Austin, Texas 78701-2982  
**Attn: Darya Vienne**

**NOTE: Show the Request for Proposal number and submittal date in the lower left-hand corner of sealed bid envelope (box / container).**

Proposals must be typed on letter-size (8 – 1/2” x 11”) paper and must be submitted in a 3-ring binder. Preprinted material should be referenced in the proposal and included as labeled attachments. Sections within a proposal should be divided by tabs for ease of reference.

#### 3.3 Proposal Validity Period

Each proposal must state that it will remain valid for the Board’s acceptance for a minimum of one hundred and twenty (120) days after the Submittal Deadline, to allow time for evaluation, selection, and any unforeseen delays.

### 3.4 Terms and Conditions

3.4.1 Proposer must comply with the requirements and specifications contained in this RFP, including the Agreement (ref. **APPENDIX TWO**), the Notice to Proposer (ref. **Section 2** of this RFP), Proposal Requirements (ref. **APPENDIX ONE**) and the Specifications and Additional Questions (ref. **Section 5** of this RFP). If there is a conflict among the provisions in this RFP, the provision requiring Proposer to supply the better quality or greater quantity of services will prevail, or if such conflict does not involve quality or quantity, then interpretation will be in the following order of precedence:

3.4.1.1. Specifications and Additional Questions (ref. **Section 5** of this RFP);

3.4.1.2. Agreement (ref. **Section 4** and **APPENDIX TWO**);

3.4.1.3. Proposal Requirements (ref. **APPENDIX ONE**); and

3.4.1.4. Notice to Proposers (ref. **Section 2** of this RFP).

### 3.5 Submittal Checklist

Proposer is instructed to complete, sign, and return the following documents as a part of its proposal. If Proposer fails to return each of the following items with its proposal, University may reject the proposal:

3.5.1 Signed and Completed Execution of Offer (ref. **Section 2** of **APPENDIX ONE**);

3.5.2 Signed and Completed Pricing and Delivery Schedule (ref. **Section 6** of this RFP);

3.5.3 Responses to Proposer's General Questionnaire (ref. **Section 3** of **APPENDIX ONE**);

3.5.4 Signed and Completed Addenda Checklist (ref. **Section 4** of **APPENDIX ONE**); and

3.5.5 Signed and completed original of the HUB Subcontracting Plan or other applicable documents (ref. **Section 2.5** of this RFP and **APPENDIX THREE**).

## SECTION 4

### TERMS AND CONDITIONS

The terms and conditions contained in the attached Agreement (ref. **APPENDIX TWO**), or, in the sole discretion of the University terms and conditions substantially similar to those contained in the Agreement, will constitute and govern any agreement that results from this RFP. If Proposer takes exception to any terms or conditions set forth in the Agreement, Proposer will redline the attached Agreement (ref. **APPENDIX TWO**) and include redlined Agreement as part of its proposal in accordance with **Section 5.2.1** of this RFP. Proposer's exceptions will be reviewed and may result in disqualification of Proposer's proposal as non-responsive to this RFP. If Proposer's exceptions do not result in disqualification of Proposer's proposal, the University may consider Proposer's exceptions when the University evaluates the Proposer's proposal.

## SECTION 5

### SPECIFICATIONS AND ADDITIONAL QUESTIONS

#### 5.1 General

The minimum requirements and the specifications for the Services, as well as certain requests for information to be provided by Proposer as part of its proposal, are set forth below. As indicated in **Section 2.3** of this RFP, the successful Proposer is referred to as the “**Contractor.**”

**Contract Term:** The UT System intends to enter into an Agreement with the Contractor(s) to perform the Services so that a final report to the Board is submitted in July 2018. However, additional work may be requested with the contract ending no later than August 31, 2019.

#### 5.2 Additional Information

Proposer must submit the following information as part of Proposer’s proposal:

5.2.1 If Proposer takes exception to any terms or conditions set forth in the Agreement (ref. **APPENDIX TWO**), Proposer will redline attached Agreement (ref. **APPENDIX TWO**) and include redlined Agreement as part of its proposal.

#### 5.3 Scope of Work

Contractor must assist the Task Force in achieving the following objectives:

- Review and assess the inventory of UT System Administration initiatives, departments and functions, activities, and staffing as well as historical trends in headcount and budget.
- Review and assess all corollary functions and activities of UT System Administration to assure efficient use of funding sources and that they are aligned with Board policies and goals.
- Assess each function and department within UT System Administration for necessity, effectiveness, efficiency, and return on investment.
- Work with institutional and UT System leadership and employees to review and assess UT System Administration functions that provide needed Systemwide compliance, that provide shared services that are of value, or that otherwise provide a positive return on investment Systemwide.
- Compare the UT System model to other system models including both in state and comparable out of state models to determine if other models are more efficient and effective at Systemwide services and coordination of necessary activities.
- Provide operating model design options including centralized versus decentralized activities giving due regard to the constitutional or statutory requirements for use of available funding.
- Provide a recommendation for UT System Administration operating model including functions (i) required for compliance or by law, (ii) that provide cost savings to UT institutions for shared services or procurements, or (iii) that provide effective Systemwide return on investment from coordinated activities. The recommendation will also include System Administration performance metrics, for annual analysis by the Board, to assure that administrative functions retain necessary discipline for efficiency and effectiveness.

In order for the Task Force Recommendations to inform the UT System budget that the Board will consider in August 2018, the Task Force will attempt to achieve the following schedule:

- The Task Force will provide a progress report to the Board in March 2018 on data collection activities and its approach to functional / departmental assessment (first two bulleted Task Force objectives listed immediately above).
- The Task Force will provide a preliminary report to the Board in May 2018 on the following items:
  - Benchmark / engage stakeholders:
    - Review inventory of UT System Administration functions, activities, and staffing as well as historical trends in headcount and budget.
    - Assess each function for effectiveness, efficiency, and benefits derived from the perspectives of required policy compliance, the 14 member institutions, and best-in-class peer university systems.
    - Validate assessments with UT System Administration and institutional leadership.
  - Develop operating model scenarios to include redesigned processes:
    - Conduct gap analysis comparing the current UT System Administration structure against what is required for statutory / policy compliance, the degree to which each function provides optimal value to UT institutions, and what services best-in-class university systems provide their member institutions (current state vs. possible future states).
    - Provide operating model design options including associated centralized versus decentralized activities, service models, source of funding for costs, and best governance models reflecting the roles of the Board and of the Chancellor as CEO of the UT System Administration.
- The Task Force will provide the Board a final report and recommendations for an operating model inclusive of purpose / goal for each function, performance metrics, end-user governance, and closed-loop evaluation processes no later than July 2018 for consideration for inclusion in the System Administration budget due to the Board in August 2018.

#### **5.4 Additional Questions Specific to this RFP**

Proposer must submit the following information as part of Proposer's proposal:

##### **Vendor Qualifications and Experience (40%)**

1. Provide references from three (3) of Proposer's Clients from the past three (3) years for services that are similar in scope, size, and complexity to the Services described in this RFP.

Provide the following information for each Client:

- Client name and address;
  - Contact name with email address and phone number;
  - Time period in which work was performed; and
  - Short description of work performed.
2. Has Proposer worked with UT institutions in the past five (5) years? If “yes,” state UT Institution name, department name, department contact, and provide a brief description of work performed.
  3. Describe Proposer’s experience and qualifications in providing organization reviews in higher education. Be specific and identify services performed, length of engagement, and if project was completed on time (if needed, explain why project was extended).
  4. Proposer may also list up to five (5) additional clients without providing work examples to show the ability to serve institutions of various sizes and types.
  5. Explain any issues Proposer has encountered on similar projects and how these issues were solved. Describe a situation in which Proposer found an innovative solution to these issues.
  6. Provide names and professional qualifications of personnel who will perform the Services described in this RFP, including:
    - A. Role in Proposer’s firm;
    - B. Position in Proposer’s firm;
    - C. Education; and
    - D. Background and Experience.
  7. Provide recommended organizational chart indicating titles (specific names are not necessary). Describe the role of each position to the project and indicate years of experience.
  8. Describe Proposer’s process for assigning staff to specific engagement to assure that the requisite skills, knowledge, education, and experience support the Board’s needs.
  9. When the Proposer fills a position, what effort is made to ensure the placed staff resource is retained until the completion of the assignment?
  10. What is the Proposer’s plan for when an assigned staff resource leaves the Proposer’s company prior to the completion of the project?
  11. Explain how performance issues are handled with staff resources provided by Proposer.

**Service Approach (25%)**

12. Describe approach and methodology for required services identified in **Section 5.3** of this RFP.
13. Provide a sample project timeline for completing the scope of work identified in **Section 5.3**.

14. Describe Proposer's customer service philosophy.
15. Provide a list of any additional services or benefits not otherwise identified in this RFP that Proposer would provide to University. Additional services or benefits must be directly related to the services solicited under this RFP.
16. Describe Proposer's billing policy. (Description **must not** include prices and fees. Pricing Schedule should be stated in **Section 6.**)

**SECTION 6**

**PRICING AND DELIVERY SCHEDULE**

**Proposal of:** \_\_\_\_\_  
(Proposer Company Name)

**To:** The University of Texas System Administration

**RFP No.:** 720-1811 Review of the Organizational Structure of The University of Texas System Administration

Having carefully examined all the specifications and requirements of this RFP and any attachments thereto, the undersigned proposes to furnish the required Services pursuant to the above-referenced Request for Proposal upon the pricing terms quoted below. The UT System will not accept proposals that include assumptions or exceptions to the work identified in this RFP.

**6.1 Pricing for Services Offered (30%)**

Proposer must provide position title, number of hours and hourly rate for all resources to be assigned to the project.

**6.2 Expense Reimbursement**

UT System will reimburse, without mark-up, reasonable expenses (including meals, rental car or mileage, coach class airfare, and lodging) validly incurred by Contractor directly and solely in support of the Services. Contractor will be subject to the then-current Travel Reimbursement Rates promulgated by the Comptroller of Public Accounts for the State of Texas at <https://fm.xcpa.state.tx.us/fm/travel/travelrates.php> with regard to all travel expenses. Contractor will not be reimbursed by the UT System for expenses that are prohibited or that exceed the allowable amounts provided in the then current Travel Reimbursement Rates. As a condition precedent to receiving reimbursement for expenses, Contractor must submit to the UT System receipts, invoices, and other documentation requested by the UT System.

**6.3 Discounts**

Describe all discounts that may be available to the UT System, including educational, federal, state, and local discounts.

**6.4 Delivery Schedule of Events and Time Periods**

Indicate number of calendar days needed to commence the Services from the execution of the services agreement:

\_\_\_\_\_ Calendar Days



## 6.5 Payment Terms

UT System's standard payment terms are "net 30 days" as mandated by the *Texas Prompt Payment Act* (ref. [Chapter 2251, Government Code](#)).

Indicate below the prompt payment discount that Proposer offers:

Prompt Payment Discount: \_\_\_\_\_% \_\_\_\_\_ days / net 30 days.

[Section 51.012, Education Code](#), authorizes UT System to make payments through electronic funds transfer methods. Proposer agrees to accept payments from UT System through those methods, including the automated clearinghouse system ("ACH"). Proposer agrees to provide Proposer's banking information to UT System in writing on Proposer letterhead signed by an authorized representative of Proposer. Prior to the first payment, UT System will confirm Proposer's banking information. Changes to Proposer's bank information must be communicated to UT System in writing at least thirty (30) days before the effective date of the change and must include an [IRS Form W-9](#) signed by an authorized representative of Proposer.

UT System, an agency of the State of Texas, is exempt from Texas Sales and Use Tax on goods and services in accordance with [Section 151.309, Tax Code](#), and [Title 34 TAC Section 3.322](#). Pursuant to [34 TAC Section 3.322\(c\)\(4\)](#), UT System is not required to provide a tax exemption certificate to establish its tax-exempt status.

Respectfully submitted,

**Proposer:** \_\_\_\_\_

**By:** \_\_\_\_\_  
(Authorized Signature for Proposer)

**Name:** \_\_\_\_\_

**Title:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**APPENDIX ONE**  
**PROPOSAL REQUIREMENTS**

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## SECTION 1

### GENERAL INFORMATION

#### 1.1 Purpose

University is soliciting competitive sealed proposals from Proposers having suitable qualifications and experience providing services in accordance with the terms, conditions and requirements set forth in this RFP. This RFP provides sufficient information for interested parties to prepare and submit proposals for consideration by University.

By submitting a proposal, Proposer certifies that it understands this RFP and has full knowledge of the scope, nature, quality, and quantity of the services to be performed, the detailed requirements of the services to be provided, and the conditions under which such services are to be performed. Proposer also certifies that it understands that all costs relating to preparing a response to this RFP will be the sole responsibility of the Proposer.

PROPOSER IS CAUTIONED TO READ THE INFORMATION CONTAINED IN THIS RFP CAREFULLY AND TO SUBMIT A COMPLETE RESPONSE TO ALL REQUIREMENTS AND QUESTIONS AS DIRECTED.

#### 1.2 Inquiries and Interpretations

University may in its sole discretion respond in writing to written inquiries concerning this RFP and mail its response as an Addendum to all parties recorded by University as having received a copy of this RFP. Only University's responses that are made by formal written Addenda will be binding on University. Any verbal responses, written interpretations or clarifications other than Addenda to this RFP will be without legal effect. All Addenda issued by University prior to the Submittal Deadline will be and are hereby incorporated as a part of this RFP for all purposes.

Proposers are required to acknowledge receipt of each Addendum as specified in this Section. The Proposer must acknowledge all Addenda by completing, signing and returning the Addenda Checklist (ref. **Section 4** of **APPENDIX ONE**). The Addenda Checklist must be received by University prior to the Submittal Deadline and should accompany the Proposer's proposal.

Any interested party that receives this RFP by means other than directly from University is responsible for notifying University that it has received an RFP package, and should provide its name, address, telephone and facsimile (**FAX**) numbers, and email address, to University, so that if University issues Addenda to this RFP or provides written answers to questions, that information can be provided to that party.

#### 1.3 Public Information

Proposer is hereby notified that University strictly adheres to all statutes, court decisions and the opinions of the Texas Attorney General with respect to disclosure of public information.

University may seek to protect from disclosure all information submitted in response to this RFP until such time as a final agreement is executed.

Upon execution of a final agreement, University will consider all information, documentation, and other materials requested to be submitted in response to this RFP, to be of a non-confidential and non-proprietary nature and, therefore, subject to public disclosure under the *Texas Public Information Act* (ref. Chapter 552, Government Code). Proposer will be advised of a request for public information that implicates their materials and will have the opportunity to raise any objections to disclosure to the Texas Attorney General. Certain information may be protected from release under §§552.101, 552.104, 552.110, 552.113, and 552.131, *Government Code*.

#### 1.4 Type of Agreement

Contractor, if any, will be required to enter into a contract with University in a form substantially similar to the Agreement between University and Contractor (the "**Agreement**") attached to this RFP as **APPENDIX TWO** and incorporated for all purposes.

#### 1.5 Proposal Evaluation Process

University will select Contractor by using the competitive sealed proposal process described in this Section. Any proposals that are not submitted by the Submittal Deadline or that are not accompanied by required number of completed and signed originals of the HSP will be rejected by University as non-responsive due to material failure to comply with this RFP (ref. **Section 2.5.4** of this RFP). Upon completion of the initial review and evaluation of proposals, University may invite one or more selected Proposers to participate in oral presentations. University will use commercially reasonable efforts to avoid public disclosure of the contents of a proposal prior to selection of Contractor.

University may make the selection of Contractor on the basis of the proposals initially submitted, without discussion, clarification or modification. In the alternative, University may make the selection of Contractor on the basis of negotiation with any of the Proposers. In conducting negotiations, University will use commercially reasonable efforts to avoid disclosing the contents of competing proposals.

University may discuss and negotiate all elements of proposals submitted by Proposers within a specified competitive range. For purposes of negotiation, University may establish, after an initial review of the proposals, a competitive range of acceptable or potentially acceptable proposals composed of the highest rated proposal(s). In that event, University may defer further action on proposals not included within the competitive range pending the selection of Contractor; provided, however, University reserves the right to include additional proposals in the competitive range if deemed to be in the best interest of University.

After the Submittal Deadline but before final selection of Contractor, University may permit Proposer to revise its proposal in order to obtain the Proposer's best and final offer. In that event, representations made by Proposer in its revised proposal, including price and fee quotes, will be binding on Proposer. University will provide each Proposer within the competitive range with an equal opportunity for discussion and revision of its proposal. University is not obligated to select the Proposer offering the most attractive economic terms if that Proposer is not the most advantageous to University overall, as determined by University.

University reserves the right to (a) enter into an agreement for all or any portion of the requirements and specifications set forth in this RFP with one or more Proposers, (b) reject any and all proposals and re-solicit proposals, or (c) reject any and all proposals and temporarily or permanently abandon this selection process, if deemed to be in the best interests of University. Proposer is hereby notified that University will maintain in its files concerning this RFP a written record of the basis upon which a selection, if any, is made by University.

#### **1.6 Proposer's Acceptance of RFP Terms**

Proposer (1) accepts [a] Proposal Evaluation Process (ref. **Section 1.5** of **APPENDIX ONE**), [b] Criteria for Selection (ref. **2.3** of this RFP), [c] Specifications and Additional Questions (ref. **Section 5** of this RFP), [d] terms and conditions of the Agreement (ref. **APPENDIX TWO**), and [e] all other requirements and specifications set forth in this RFP; and (2) acknowledges that some subjective judgments must be made by University during this RFP process.

#### **1.7 Solicitation for Proposal and Proposal Preparation Costs**

Proposer understands and agrees that (1) this RFP is a solicitation for proposals and University has made no representation written or oral that one or more agreements with University will be awarded under this RFP; (2) University issues this RFP predicated on University's anticipated requirements for the Services, and University has made no representation, written or oral, that any particular scope of services will actually be required by University; and (3) Proposer will bear, as its sole risk and responsibility, any cost that arises from Proposer's preparation of a proposal in response to this RFP.

#### **1.8 Proposal Requirements and General Instructions**

- 1.8.1 Proposer should carefully read the information contained herein and submit a complete proposal in response to all requirements and questions as directed.
- 1.8.2 Proposals and any other information submitted by Proposer in response to this RFP will become the property of University.
- 1.8.3 University will not provide compensation to Proposer for any expenses incurred by the Proposer for proposal preparation or for demonstrations or oral presentations that may be made by Proposer. Proposer submits its proposal at its own risk and expense.
- 1.8.4 Proposals that (i) are qualified with conditional clauses; (ii) alter, modify, or revise this RFP in any way; or (iii) contain irregularities of any kind, are subject to disqualification by University, at University's sole discretion.
- 1.8.5 Proposals should be prepared simply and economically, providing a straightforward, concise description of Proposer's ability to meet the requirements and specifications of this RFP. Emphasis should be on completeness, clarity of content, and responsiveness to the requirements and specifications of this RFP.
- 1.8.6 University makes no warranty or guarantee that an award will be made as a result of this RFP. University reserves the right to accept or reject any or all proposals, waive any formalities, procedural requirements, or minor technical inconsistencies, and delete any requirement or specification from this RFP or the Agreement when deemed to be in University's best interest. University reserves the right to seek clarification from any Proposer concerning any item contained in its proposal prior to final selection. Such clarification may be provided by telephone conference or personal meeting with or writing to University, at University's sole discretion. Representations made by Proposer within its proposal will be binding on Proposer.
- 1.8.7 Any proposal that fails to comply with the requirements contained in this RFP may be rejected by University, in University's sole discretion.

## 1.9 Preparation and Submittal Instructions

### 1.9.1 Specifications and Additional Questions

Proposals must include responses to the questions in Specifications and Additional Questions (ref. **Section 5** of this RFP). Proposer should reference the item number and repeat the question in its response. In cases where a question does not apply or if unable to respond, Proposer should refer to the item number, repeat the question, and indicate N / A (Not Applicable) or N / R (No Response), as appropriate. Proposer should explain the reason when responding N / A or N / R.

### 1.9.2 Execution of Offer

Proposer must complete, sign and return the attached Execution of Offer (ref. **Section 2** of **APPENDIX ONE**) as part of its proposal. The Execution of Offer must be signed by a representative of Proposer duly authorized to bind the Proposer to its proposal. Any proposal received without a completed and signed Execution of Offer may be rejected by University, in its sole discretion.

### 1.9.3 Pricing and Delivery Schedule

Proposer must complete and return the Pricing and Delivery Schedule (ref. **Section 6** of this RFP), as part of its proposal. In the Pricing and Delivery Schedule, the Proposer should describe in detail (a) the total fees for the entire scope of the Services; and (b) the method by which the fees are calculated. The fees must be inclusive of all associated costs for delivery, labor, insurance, taxes, overhead, and profit.

University will not recognize or accept any charges or fees to perform the Services that are not specifically stated in the Pricing and Delivery Schedule.

In the Pricing and Delivery Schedule, Proposer should describe each significant phase in the process of providing the Services to University, and the time period within which Proposer proposes to be able to complete each such phase.

### 1.9.4 Proposer's General Questionnaire

Proposals must include responses to the questions in Proposer's General Questionnaire (ref. **Section 3** of **APPENDIX ONE**). Proposer should reference the item number and repeat the question in its response. In cases where a question does not apply or if unable to respond, Proposer should refer to the item number, repeat the question, and indicate N / A (Not Applicable) or N / R (No Response), as appropriate. Proposer should explain the reason when responding N / A or N / R.

### 1.9.5 Addenda Checklist

Proposer should acknowledge all Addenda to this RFP (if any) by completing, signing and returning the Addenda Checklist (ref. **Section 4** of **APPENDIX ONE**) as part of its proposal. Any proposal received without a completed and signed Addenda Checklist may be rejected by University, in its sole discretion.

### 1.9.6 Submission

*Proposer should submit all proposal materials as instructed in **Section 3** of this RFP. RFP No. (ref. **Title Page** of this RFP) and Submittal Deadline (ref. **Section 2.1** of this RFP) should be clearly shown (1) in the Subject line of any email transmitting the proposal, and (2) in the lower left-hand corner on the top surface of any envelope or package containing the proposal. In addition, the name and the return address of the Proposer should be clearly visible in any email or on any envelope or package.*

University will not under any circumstances consider a proposal that is received after the Submittal Deadline or which is not accompanied by the HSP as required by **Section 2.5** of this RFP. University will not accept proposals submitted by telephone or FAX transmission.

Except as otherwise provided in this RFP, no proposal may be changed, amended, or modified after it has been submitted to University. However, a proposal may be withdrawn and resubmitted at any time prior to the Submittal Deadline. No proposal may be withdrawn after the Submittal Deadline without University's consent, which will be based on Proposer's written request explaining and documenting the reason for withdrawal, which is acceptable to University.

## SECTION 2

### EXECUTION OF OFFER

**THIS EXECUTION OF OFFER MUST BE COMPLETED, SIGNED AND RETURNED WITH PROPOSER'S PROPOSAL. FAILURE TO COMPLETE, SIGN AND RETURN THIS EXECUTION OF OFFER WITH THE PROPOSER'S PROPOSAL MAY RESULT IN THE REJECTION OF THE PROPOSAL.**

- 2.1 Representations and Warranties.** Proposer represents, warrants, certifies, acknowledges, and agrees as follows:
- 2.1.1 Proposer will furnish the Services to University and comply with all terms, conditions, requirements and specifications set forth in this RFP and any resulting Agreement.
  - 2.1.2 This RFP is a solicitation for a proposal and is not a contract or an offer to contract. Submission of a proposal by Proposer in response to this RFP will not create a contract between University and Proposer. University has made no representation or warranty, written or oral, that one or more contracts will be awarded under this RFP. Proposer will bear, as its sole risk and responsibility, any cost arising from Proposer's preparation of a response to this RFP.
  - 2.1.3 Proposer is a reputable company that is lawfully and regularly engaged in providing the Services.
  - 2.1.4 Proposer has the necessary experience, knowledge, abilities, skills, and resources to perform the Services.
  - 2.1.5 Proposer is aware of, is fully informed about, and is in full compliance with all applicable federal, state and local laws, rules, regulations and ordinances relating to performance of the Services.
  - 2.1.6 Proposer understands (i) the requirements and specifications set forth in this RFP and (ii) the terms and conditions set forth in the Agreement under which Proposer will be required to operate.
  - 2.1.7 Proposer will not delegate any of its duties or responsibilities under this RFP or the Agreement to any sub-contractor, except as expressly provided in the Agreement.
  - 2.1.8 Proposer will maintain any insurance coverage required by the Agreement during the entire term.
  - 2.1.9 All statements, information and representations prepared and submitted in response to this RFP are current, complete, true and accurate. University will rely on such statements, information and representations in selecting Contractor. If selected by University, Proposer will notify University immediately of any material change in any matters with regard to which Proposer has made a statement or representation or provided information.
  - 2.1.10 PROPOSER WILL DEFEND WITH COUNSEL APPROVED BY UNIVERSITY, INDEMNIFY, AND HOLD HARMLESS UNIVERSITY, THE STATE OF TEXAS, AND ALL OF THEIR REGENTS, OFFICERS, AGENTS AND EMPLOYEES, FROM AND AGAINST ALL ACTIONS, SUITS, DEMANDS, COSTS, DAMAGES, LIABILITIES AND OTHER CLAIMS OF ANY NATURE, KIND OR DESCRIPTION, INCLUDING REASONABLE ATTORNEYS' FEES INCURRED IN INVESTIGATING, DEFENDING OR SETTling ANY OF THE FOREGOING, ARISING OUT OF, CONNECTED WITH, OR RESULTING FROM ANY NEGLIGENT ACTS OR OMISSIONS OR WILLFUL MISCONDUCT OF PROPOSER OR ANY AGENT, EMPLOYEE, SUBCONTRACTOR, OR SUPPLIER OF PROPOSER IN THE EXECUTION OR PERFORMANCE OF ANY CONTRACT OR AGREEMENT RESULTING FROM THIS RFP.
  - 2.1.11 Pursuant to §§[2107.008](#) and [2252.903](#), *Government Code*, any payments owing to Proposer under the Agreement may be applied directly to any debt or delinquency that Proposer owes the State of Texas or any agency of the State of Texas, regardless of when it arises, until such debt or delinquency is paid in full.
  - 2.1.12 Any terms, conditions, or documents attached to or referenced in Proposer's proposal are applicable to this procurement only to the extent that they (a) do not conflict with the laws of the State of Texas or this RFP, and (b) do not place any requirements on University that are not set forth in this RFP. Submission of a proposal is Proposer's good faith intent to enter into the Agreement with University as specified in this RFP and that Proposer's intent is not contingent upon University's acceptance or execution of any terms, conditions, or other documents attached to or referenced in Proposer's proposal.
  - 2.1.13 Pursuant to Chapter 2270, *Government Code*, Proposer certifies Proposer (a) does not currently boycott Israel; and (b) will not boycott Israel during the Term of the Agreement. Proposer acknowledges the Agreement may be terminated and payment withheld if this certification is inaccurate.
  - 2.1.14 Pursuant to Subchapter F, Chapter 2252, *Government Code*, Proposer certifies Proposer is not engaged in business with Iran, Sudan, or a foreign terrorist organization. Proposer acknowledges the Agreement may be terminated and payment withheld if this certification is inaccurate.
- 2.2 No Benefit to Public Servants.** Proposer has not given or offered to give, nor does Proposer intend to give at any time hereafter, any economic opportunity, future employment, gift, loan, gratuity, special discount, trip, favor or service to a public servant in connection with its proposal. Failure to sign this Execution of Offer, or signing with a false statement, may void the submitted proposal or any resulting Agreement, and Proposer may be removed from all proposer lists at University.
- 2.3 Tax Certification.** Proposer is not currently delinquent in the payment of any taxes due under [Chapter 171, Tax Code](#), or Proposer is exempt from the payment of those taxes, or Proposer is an out-of-state taxable entity that is not subject to those taxes, whichever

is applicable. A false certification will be deemed a material breach of any resulting contract or agreement and, at University's option, may result in termination of any resulting Agreement.

**2.4 Antitrust Certification.** Neither Proposer nor any firm, corporation, partnership or institution represented by Proposer, nor anyone acting for such firm, corporation or institution, has violated the antitrust laws of the State of Texas, codified in [§15.01 et seq., Business and Commerce Code](#), or the Federal antitrust laws, nor communicated directly or indirectly the proposal made to any competitor or any other person engaged in such line of business.

**2.5 Authority Certification.** The individual signing this document and the documents made a part of this RFP, is authorized to sign the documents on behalf of Proposer and to bind Proposer under any resulting Agreement.

**2.6 Child Support Certification.** Under [§231.006, Family Code](#), relating to child support, the individual or business entity named in Proposer's proposal is not ineligible to receive award of the Agreement, and any Agreements resulting from this RFP may be terminated if this certification is inaccurate.

**2.7 Relationship Certifications.**

- No relationship, whether by blood, marriage, business association, capital funding agreement or by any other such kinship or connection exists between the owner of any Proposer that is a sole proprietorship, the officers or directors of any Proposer that is a corporation, the partners of any Proposer that is a partnership, the joint venturers of any Proposer that is a joint venture, or the members or managers of any Proposer that is a limited liability company, on one hand, and an employee of any member institution of University, on the other hand, other than the relationships which have been previously disclosed to University in writing.
- Proposer has not been an employee of any member institution of University within the immediate twelve (12) months prior to the Submittal Deadline.
- No person who, in the past four (4) years served as an executive of a state agency was involved with or has any interest in Proposer's proposal or any contract resulting from this RFP (ref. [§669.003, Government Code](#)).
- All disclosures by Proposer in connection with this certification will be subject to administrative review and approval before University enters into any Agreement resulting from this RFP with Proposer.

**2.8 Compliance with Equal Employment Opportunity Laws.** Proposer is in compliance with all federal laws and regulations pertaining to Equal Employment Opportunities and Affirmative Action.

**2.9 Compliance with Safety Standards.** All products and services offered by Proposer to University in response to this RFP meet or exceed the safety standards established and promulgated under the Federal Occupational Safety and Health Law ([Public Law 91-596](#)) and the *Texas Hazard Communication Act*, [Chapter 502, Health and Safety Code](#), and all related regulations in effect or proposed as of the date of this RFP.

**2.10 Exceptions to Certifications.** Proposer will and has disclosed, as part of its proposal, any exceptions to the information stated in this *Execution of Offer*. All information will be subject to administrative review and approval prior to the time University makes an award or enters into any Agreement with Proposer.

**2.11 Manufacturer Responsibility and Consumer Convenience Computer Equipment Collection and Recovery Act Certification.** If Proposer will sell or lease computer equipment to University under any Agreement resulting from this RFP then, pursuant to [§361.965\(c\), Health & Safety Code](#), Proposer is in compliance with the Manufacturer Responsibility and Consumer Convenience Computer Equipment Collection and Recovery Act set forth in [Chapter 361, Subchapter Y, Health & Safety Code](#), and the rules adopted by the Texas Commission on Environmental Quality under that Act as set forth in [30 TAC Chapter 328, §361.952\(2\), Health & Safety Code](#), states that, for purposes of the Manufacturer Responsibility and Consumer Convenience Computer Equipment Collection and Recovery Act, the term "computer equipment" means a desktop or notebook computer and includes a computer monitor or other display device that does not contain a tuner.

**2.12 Conflict of Interest Certification.**

- Proposer is not a debarred vendor or the principal of a debarred vendor (i.e. owner, proprietor, sole or majority shareholder, director, president, managing partner, etc.) either at the state or federal level.
- Proposer's provision of services or other performance under any Agreement resulting from this RFP will not constitute an actual or potential conflict of interest.
- Proposer has disclosed any personnel who are related to any current or former employees of University.
- Proposer has not given, nor does Proposer intend to give, at any time hereafter, any economic opportunity, future employment, gift, loan, gratuity, special discount, trip, favor or service to an officer or employee of University in connection with this RFP.

**2.13 Proposer should complete the following information:**

If Proposer is a Corporation, then State of Incorporation: \_\_\_\_\_

If Proposer is a Corporation, then Proposer's Corporate Charter Number: \_\_\_\_\_

RFP No.: 720-1811 REVIEW OF THE ORGANIZATIONAL STRUCTURE OF THE UNIVERSITY OF TEXAS SYSTEM ADMINISTRATION

**NOTICE:** WITH FEW EXCEPTIONS, INDIVIDUALS ARE ENTITLED ON REQUEST TO BE INFORMED ABOUT THE INFORMATION THAT GOVERNMENTAL BODIES OF THE STATE OF TEXAS COLLECT ABOUT SUCH INDIVIDUALS. UNDER [§§552.021 AND 552.023, GOVERNMENT CODE](#), INDIVIDUALS ARE ENTITLED TO RECEIVE AND REVIEW SUCH INFORMATION. UNDER [§559.004, GOVERNMENT CODE](#), INDIVIDUALS ARE ENTITLED TO HAVE GOVERNMENTAL BODIES OF THE STATE OF TEXAS CORRECT INFORMATION ABOUT SUCH INDIVIDUALS THAT IS INCORRECT.

**Submitted and Certified By:**

\_\_\_\_\_  
(Proposer Institution's Name)

\_\_\_\_\_  
(Signature of Duly Authorized Representative)

\_\_\_\_\_  
(Printed Name / Title)

\_\_\_\_\_  
(Date Signed)

\_\_\_\_\_  
(Proposer's Street Address)

\_\_\_\_\_  
(City, State, Zip Code)

\_\_\_\_\_  
(Telephone Number)

\_\_\_\_\_  
(FAX Number)

\_\_\_\_\_  
(Email Address)



SECTION 3

**PROPOSER'S GENERAL QUESTIONNAIRE**

**NOTICE:** WITH FEW EXCEPTIONS, INDIVIDUALS ARE ENTITLED ON REQUEST TO BE INFORMED ABOUT THE INFORMATION THAT GOVERNMENTAL BODIES OF THE STATE OF TEXAS COLLECT ABOUT SUCH INDIVIDUALS. UNDER §§552.021 AND 552.023, GOVERNMENT CODE, INDIVIDUALS ARE ENTITLED TO RECEIVE AND REVIEW SUCH INFORMATION. UNDER §559.004, GOVERNMENT CODE, INDIVIDUALS ARE ENTITLED TO HAVE GOVERNMENTAL BODIES OF THE STATE OF TEXAS CORRECT INFORMATION ABOUT SUCH INDIVIDUALS THAT IS INCORRECT.

Proposals must include responses to the questions contained in this Proposer's General Questionnaire. Proposer should reference the item number and repeat the question in its response. In cases where a question does not apply or if unable to respond, Proposer should refer to the item number, repeat the question, and indicate N / A (Not Applicable) or N / R (No Response), as appropriate. Proposer will explain the reason when responding N / A or N / R.

**3.1 Proposer Profile**

3.1.1 Legal name of Proposer company:

\_\_\_\_\_

Address of principal place of business:

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Address of office that would be providing service under the Agreement:

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Number of years in Business: \_\_\_\_\_

State of incorporation: \_\_\_\_\_

Number of Employees: \_\_\_\_\_

Annual Revenues Volume: \_\_\_\_\_

Name of Parent Corporation, if any \_\_\_\_\_

**NOTE: If Proposer is a subsidiary, University prefers to enter into a contract or agreement with the Parent Corporation or to receive assurances of performance from the Parent Corporation.**

3.1.2 State whether Proposer will provide a copy of its financial statements for the past two (2) years, if requested by University.

3.1.3 Proposer will provide a financial rating of the Proposer entity and any related documentation (such as a Dunn and Bradstreet analysis) that indicates the financial stability of Proposer.

3.1.4 Is Proposer currently for sale or involved in any transaction to expand or to become acquired by another business entity? If yes, Proposer will explain the expected impact, both in organizational and directional terms.

3.1.5 Proposer will provide any details of all past or pending litigation or claims filed against Proposer that would affect its performance under the Agreement with University (if any).

3.1.6 Is Proposer currently in default on any loan agreement or financing agreement with any bank, financial institution, or other entity? If yes, Proposer will specify the pertinent date(s), details, circumstances, and describe the current prospects for resolution.

3.1.7 Proposer will provide a customer reference list of no less than three (3) organizations with which Proposer currently has contracts and / or to which Proposer has previously provided services (within the past five (5) years) of a type and scope similar to those required by University's RFP. Proposer will include in its customer reference list the customer's company name, contact person, telephone number, project description, length of business relationship, and background of services provided by Proposer.

3.1.8 Does any relationship exist (whether by family kinship, business association, capital funding agreement, or any other such relationship) between Proposer and any employee of University? If yes, Proposer will explain.

- 3.1.9 Proposer will provide the name and Social Security Number for each person having at least 25% ownership interest in Proposer. This disclosure is mandatory pursuant to [§231.006, Family Code](#), and will be used for the purpose of determining whether an owner of Proposer with an ownership interest of at least 25% is more than 30 days delinquent in paying child support. Further disclosure of this information is governed by the *Texas Public Information Act* (ref. [Chapter 552, Government Code](#)), and other applicable law.

### 3.2 Approach to Project Services

- 3.2.1 Proposer will provide a statement of the Proposer's service approach and will describe any unique benefits to University from doing business with Proposer. Proposer will briefly describe its approach for each of the required services identified in **Section 5.3** Scope of Work of this RFP.
- 3.2.2 Proposer will provide an estimate of the earliest starting date for services following execution of the Agreement.
- 3.2.3 Proposer will submit a work plan with key dates and milestones. The work plan should include:
- 3.2.3.1 Identification of tasks to be performed;
  - 3.2.3.2 Time frames to perform the identified tasks;
  - 3.2.3.3 The expected time frame in which the services would be completed.
- 3.2.4 Proposer will describe the delivery of findings prior to the issuance of the final audit reports.

### 3.3 General Requirements

- 3.3.1 Proposer will provide summary resumes for its proposed key personnel who will be providing services under the Agreement with University, including their specific experiences with similar service projects, and number of years of employment with Proposer.
- 3.3.2 Proposer will describe any difficulties it anticipates in performing its duties under the Agreement with University and how Proposer plans to manage these difficulties. Proposer will describe the assistance it will require from University.

### 3.4 Service Support

Proposer will describe its service support philosophy, how it is implemented, and how Proposer measures its success in maintaining this philosophy.

### 3.5 Quality Assurance

Proposer will describe its quality assurance program, its quality requirements, and how they are measured.

### 3.6 Miscellaneous

- 3.6.1 Proposer will provide a list of any additional services or benefits not otherwise identified in this RFP that Proposer would propose to provide to University. Additional services or benefits must be directly related to the goods and services solicited under this RFP.
- 3.6.2 Proposer will provide details describing any unique or special services or benefits offered or advantages to be gained by University from doing business with Proposer. Additional services or benefits must be directly related to the services solicited under this RFP.
- 3.6.3 Does Proposer have a contingency plan or disaster recovery plan in the event of a disaster? If so, then Proposer will provide a copy of the plan?

**SECTION 4**

**ADDENDA CHECKLIST**

**Proposal of:** \_\_\_\_\_  
(Proposer Company Name)

**To:** The University of Texas System

**Ref.: REVIEW OF THE ORGANIZATIONAL STRUCTURE OF THE UNIVERSITY OF TEXAS SYSTEM ADMINISTRATION**

**RFP No.: 720-1811**

Ladies and Gentlemen:

The undersigned Proposer hereby acknowledges receipt of the following Addenda to the captioned RFP (initial if applicable).

**Note: If there was only one (1) Addendum, initial just the first blank after No. 1, not all five (5) blanks below.**

No. 1 \_\_\_\_\_ No. 2 \_\_\_\_\_ No. 3 \_\_\_\_\_ No. 4 \_\_\_\_\_ No. 5 \_\_\_\_\_

Respectfully submitted,

**Proposer:** \_\_\_\_\_

**By:** \_\_\_\_\_  
(Authorized Signature for Proposer)

**Name:** \_\_\_\_\_

**Title:** \_\_\_\_\_

**Date:** \_\_\_\_\_

## APPENDIX TWO

### NON-EXCLUSIVE SERVICE AGREEMENT BETWEEN UNIVERSITY AND CONTRACTOR

This Non-Exclusive Service Agreement between University and Contractor (**Agreement**) is made and entered into effective as of \_\_\_\_\_, 20\_\_\_\_ (**Effective Date**), by and between **The University of Texas System Administration**, an agency of higher education established under the laws of the State of Texas (**University**), and \_\_\_\_\_, a \_\_\_\_\_ (**Contractor**), Federal Tax Identification Number \_\_\_\_\_.

University and Contractor hereby agree as follows:

#### 1. **Contractor Services and Project Addenda.**

- 1.1 The categories of the services ("Services") that may be performed under this Agreement are set forth in **Exhibit A**, attached and incorporated for all purposes.

This Agreement is a non-exclusive contract between the University and Contractor. Pursuant to this Agreement, University may request the services of Contractor for a specific project with an established scope of services negotiated with the Contractor ("Project"). The Contractor and University must complete and enter into a Project Addendum (sample format attached hereto as **Exhibit B**, which shall contain a description of the Project, the terms of compensation to be paid Contractor, and a schedule for performance of all Services to be provided for the Project. All of the terms and conditions of this Agreement are incorporated into each Project Addendum for all purposes. In the event of any conflict between a Project Addendum and this Agreement, this Agreement will control provided however the University and Contractor may agree to language in a Project Addendum to specify or clarify the services to be provided or to provide University with more beneficial pricing than that set forth in this Agreement.

Contractor and a University can enter into a Project Addendum at any time during the Term. A Project Addendum will specify the term during which Contractor will perform Services. To the extent that this Agreement expires or terminates prior to the end of a Project Addendum, such Project Addendum will survive any such termination or expiration of the Agreement and the terms and conditions of this Agreement will continue to be incorporated for all purposes into that Project Addendum. Contractor understands and agrees that it will not receive any payment or other compensation under this Agreement unless it enters into a Project Addendum and performs Services in accordance with the terms and conditions of that Project Addendum and this Agreement.

- 1.2 CONTRACTOR UNDERSTANDS AND AGREES THAT THE UNIVERSITY HAS MADE NO REPRESENTATION, ASSURANCE, WARRANTY OR GUARANTY THAT THE UNIVERSITY WILL REQUEST CONTRACTOR TO PERFORM ANY SERVICE AND THAT THE UNIVERSITY HAS AND DOES SPECIFICALLY DISCLAIMANY SUCH REPRESENTATIONS, WARRANTIES, ASSURANCES OR GUARANTIES. THE UNIVERSITY RESERVES THE RIGHT TO OBTAIN SERVICES FROM ANY OTHER PERSON OR ENTITY AT ITS SOLEDISCRETION.

- 1.3 The University and Contractor agree and acknowledge that the University is entering into this Agreement in reliance on Contractor's special and unique knowledge and abilities with respect to performing the Services. Contractor accepts the relationship of trust and confidence established between it and the University by this Agreement. Contractor covenants with the University to use its best efforts, skill, judgment, and abilities to perform the Services and to further the interests of the University in accordance with the University's requirements and procedures, in accordance with the highest standards of Contractor's profession or business and in compliance with all applicable national, federal, state and municipal laws, regulations, codes, ordinances and orders and with those of any other body or authority having jurisdiction. Contractor warrants, represents, covenants, and agrees that there are no obligations, commitments, or impediments of any kind that will limit or prevent performance of the Services.

- 1.4 Contractor warrants, represents, covenants, and agrees to maintain a staff of properly trained,

credentialed, and experienced personnel to ensure satisfactory performance under this Agreement.

2. **Intentionally Blank**

3. **Term**

The term of this Agreement shall commence on the Effective Date and terminate on August 31, 2019.

4. **Contractor's Obligations.**

- 4.1 Contractor will perform Services in compliance with (a) all Applicable Laws, and (b) the Board of Regents of The University of Texas System *Rules and Regulations* (<http://www.utsystem.edu/offices/board-regents/regents-rules-and-regulations>) the policies of The University of Texas System (<http://www.utsystem.edu/board-of-regents/policy-library>) (collectively, **University Rules**). Contractor represents and warrants that neither Contractor nor any firm, corporation or institution represented by Contractor, or anyone acting for the firm, corporation or institution, (1) has violated the antitrust laws of the State of Texas, [Chapter 15, Texas Business and Commerce Code](#), or federal antitrust laws, or (2) has communicated directly or indirectly the content of Contractor's response to University's procurement solicitation to any competitor or any other person engaged in a similar line of business during the procurement process for this Agreement.
- 4.2 Contractor represents and warrants that (a) it will use its best efforts to perform Services in a good and workmanlike manner and in accordance with the highest standards of Contractor's profession or business, and (b) all Services to be performed will be of the quality that prevails among similar businesses of superior knowledge and skill engaged in providing similar services in major United States urban areas under the same or similar circumstances.
- 4.3 Contractor will call to University's attention in writing all information in any materials supplied to Contractor (by University or any other party) that Contractor regards as unsuitable, improper or inaccurate in connection with the purposes for which the material is furnished.
- 4.4 University at all times is relying on Contractor's skill and knowledge in performing Services. Contractor represents and warrants that Services will be accurate and free from any material defects. Contractor's duties and obligations under this Agreement will not be in any way diminished by reason of any approval by University. Contractor will not be released from any liability by reason of any approval by University.
- 4.5 Contractor will, at its own cost, correct all material defects in Services as soon as practical after Contractor becomes aware of the defects. If Contractor fails to correct material defects in Services within a reasonable time, then University may correct the defective Services at Contractor's expense. This remedy is in addition to, and not in substitution for, any other remedy for defective Services that University may have at law or in equity.
- 4.6 Contractor will maintain a staff of properly trained and experienced personnel to ensure satisfactory performance under this Agreement. Contractor will cause all persons connected with Contractor directly in charge of Services to be duly registered and licensed under all Applicable Laws. Contractor will assign to the Project a designated representative who will be responsible for administration and coordination of Services. Contractor will furnish efficient business administration and coordination and perform Services in an expeditious and economical manner consistent with the interests of University.
- 4.7 Contractor represents and warrants it is duly organized, validly existing and in good standing under the laws of the state of its organization; it is duly authorized and in good standing to conduct business in the State of Texas; it has all necessary power and has received all necessary approvals to execute and deliver this Agreement; and the individual executing this Agreement on behalf of Contractor has been duly authorized to act for and bind Contractor.
- 4.8 Contractor represents and warrants that neither the execution and delivery of this Agreement by Contractor nor the performance of its duties and obligations under this Agreement will (a) result in the

violation of any provision of its organizational documents; (b) result in the violation of any provision of any agreement by which it is bound; or (c) conflict with any order or decree of any court or other body or authority having jurisdiction.

4.9 Contractor represents and warrants that all of Contractor's Personnel contributing to Work Material (ref. **Section 7**) under this Agreement will be required to (i) acknowledge in writing the ownership of Contractor (for the benefit of University) of Work Material produced by Personnel while performing services pursuant to this Agreement, and (ii) make all assignments necessary to effectuate such ownership. **Personnel** means any and all persons associated with Contractor who provide any work or work product pursuant to this Agreement, including officers, managers, supervisors, full-time employees, part-time employees, and independent contractors.

4.10 Contractor represents and warrants that: (i) Services will be performed solely by Contractor, its full-time or part-time employees during the course of their employment, or independent contractors who have assigned in writing all right, title and interest in their work to Contractor (for the benefit of University); (ii) University will receive free, good and clear title to all Work Material developed under this Agreement; (iii) Work Material and the intellectual property rights protecting Work Material are free and clear of all encumbrances, including security interests, licenses, liens, charges and other restrictions; (iv) Work Material will not infringe upon or violate any patent, copyright, trade secret, trademark, service mark or other property right of any former employer, independent contractor, client or other third party; and (v) the use, reproduction, distribution, or modification of Work Material will not violate the rights of any third parties in Work Material, including trade secret, publicity, privacy, copyright, trademark, service mark and patent rights.

4.11 If this Agreement requires Contractor's presence on University's premises or in University's facilities, Contractor agrees to cause its employees, representatives, agents, or subcontractors to become aware of, fully informed about, and in full compliance with all applicable University Rules, including those relative to personal health, security, environmental quality, safety, fire prevention, noise, smoking, and access restrictions.

## 5. Payment Obligations.

5.1 So long as Contractor has provided University with its current and accurate Federal Tax Identification Number in writing University will pay Contractor for the performance of the Services as established in each Project Addendum. Contractor understands and agrees that payments under this Agreement will be based upon negotiated final terms as provided for in each specific Project Addendum. Contractor agrees and acknowledges that the fees hereunder may be subject to the withholding requirements of Section 3402(t) of the Internal Revenue Code. This Agreement is not valid for amounts over \$1,000,000 without the approval of the The University of Texas System Board of Regents.

5.2 The Contract Amount for each Project Addendum includes all applicable federal, state or local sales or use taxes payable as a result of the execution or performance of this Agreement.

5.3 University (a State agency) is exempt from Texas Sales & Use Tax on Services in accordance with [§151.309, Texas Tax Code](#) and [34 Texas Administrative Code \(TAC\) §3.322](#). Pursuant to 34 TAC §§3.322(c)(4) and (g)(3), this Agreement is sufficient proof of University's tax exempt status and University is not required to provide further evidence of its exempt status.

## 6. Payment Terms.

6.1 University will pay fees due to Contractor under a Project Addendum in accordance with [Chapter 2251, Texas Government Code, the Texas Prompt Payment Act \("Act"\)](#). Pursuant to the Act, Contractor will submit to University an invoice covering the Services performed for University to that date, in compliance with **Exhibit C**, Pricing, and with the terms of the Project Addendum. Each invoice will be accompanied by documentation that the University may reasonably request to support the invoice amount. University will, within twenty-one (21) days from the date it receives an invoice and supporting documentation, approve or disapprove the

amount reflected in the invoice. If University approves the amount or any portion of the amount, University will promptly pay Contractor the amount approved ("Progress Payment") so long as Contractor is not in default under this Agreement. University shall promptly pay Contractor all such amounts upon curing any such default. If University disapproves any invoice amount, University will give Contractor specific reasons for its disapproval in writing.

- 6.2 Within ten (10) days after final completion and acceptance of Services by University or as soon thereafter as possible, Contractor will submit a final invoice (**Final Invoice**) setting forth all amounts due and remaining unpaid to Contractor. Upon approval of the Final Invoice by University, University will pay (**Final Payment**) to Contractor the amount due under the Final Invoice.
- 6.3 Notwithstanding any provision of this Agreement to the contrary, University will not be obligated to make any payment (whether a Progress Payment or Final Payment) to Contractor if Contractor is in default under this Agreement.
- 6.4 The cumulative amount of all Progress Payments and the Final Payment (defined below) will not exceed the Contract Amount as more particularly set forth in each Project Addendum.
- 6.5 No payment made by University will (a) be construed to be final acceptance or approval of that part of the Services to which the payment relates, or (b) relieve Contractor of any of its duties or obligations under this Agreement.
- 6.6 The acceptance of Final Payment by Contractor will constitute a waiver of all claims by Contractor except those previously made in writing and identified by Contractor as unsettled at the time of the Final Invoice for payment.
- 6.7 University will have the right to verify the details in Contractor's invoices and supporting documentation, either before or after payment, by (a) inspecting the books and records of Contractor at mutually convenient times; (b) examining any reports with respect to the Project; and (c) other reasonable action.
- 6.8 [Section 51.012, Texas Education Code](#), authorizes University to make payments through electronic funds transfer methods. Contractor agrees to accept payments from University through those methods, including the automated clearing house system (ACH). Contractor agrees to provide Contractor's banking information to University in writing on Contractor letterhead signed by an authorized representative of Contractor. Prior to the first payment, University will confirm Contractor's banking information. Changes to Contractor's bank information must be communicated to University in accordance with **Section 12.14** in writing at least thirty (30) days before the effective date of the change and must include an [IRS Form W-9](#) signed by an authorized representative of Contractor.
- 6.9 Notwithstanding any other provision of this Agreement, University is entitled to a discount of \_\_\_\_% (**Prompt Payment Discount**) off of each payment that University submits within \_\_\_\_days after University's receipt of Contractor's invoice for that payment.

## 7. **Ownership and Use of Work Material.**

- 7.1 All tools, software, programs, drawings, specifications, plans, computations, sketches, data, photographs, tapes, renderings, models, publications, statements, accounts, reports, studies, and other materials prepared by Contractor or any subcontractors in connection with the Services (collectively, **Work Material**), whether or not accepted or rejected by University, are the sole property of University and for its exclusive use and re-use at any time without further compensation and without any restrictions.
- 7.2 Contractor grants and assigns to University all rights and claims of whatever nature and whether now or hereafter arising in and to Work Material and will cooperate fully with University in any steps University may take to obtain or enforce patent, copyright, trademark or like protections with respect to Work Material.

- 7.3 Contractor will deliver all Work Material to University upon expiration or termination of this Agreement. University will have the right to use Work Material for the completion of Services or otherwise. University may, at all times, retain the originals of Work Material. Work Material will not be used by any person other than University on other projects unless expressly authorized by University in writing.
- 7.4 Work Material will not be used or published by Contractor or any other party unless expressly authorized by University in writing. Contractor will treat all Work Material as confidential.
- 7.5 All title and interest in Work Material will vest in University and will be deemed to be work made for hire and made in the course of Services rendered under this Agreement. To the extent that title to any Work Material may not, by operation of law, vest in University or Work Material may not be considered works made for hire, Contractor irrevocably assigns, conveys and transfers to University and its successors, licensees and assigns, all rights, title and interest worldwide in and to Work Material and all proprietary rights therein, including all copyrights, trademarks, service marks, patents, trade secrets, moral rights, all contract and licensing rights and all claims and causes of action with respect to any of the foregoing, whether now known or hereafter to become known. In the event Contractor has any rights in Work Material which cannot be assigned, Contractor agrees to waive enforcement worldwide of the rights against University, its successors, licensees, assigns, distributors and customers or, if necessary, to exclusively license the rights, worldwide to University with the right to sublicense. These rights are assignable by University.

## **8. Default and Termination**

- 8.1 In the event of a material failure by a party to this Agreement to perform in accordance with its terms (**default**), the other party may terminate this Agreement and/or a Project Addendum upon fifteen (15) days' written notice of termination setting forth the nature of the material failure; provided, that, the material failure is through no fault of the terminating party. The termination will not be effective if the material failure is fully cured prior to the end of the fifteen-day (15-day) period.
- 8.2 University may, without cause, terminate this Agreement and/or a Project Addendum at any time upon giving seven (7) days' advance written notice to Contractor. Upon termination pursuant to this Section, Contractor will be entitled to payment of an amount that will compensate Contractor for Services satisfactorily performed from the time of the last payment date to the termination date in accordance with this Agreement; provided, that, Contractor has delivered all Work Material to University. Notwithstanding any provision in this Agreement to the contrary, University will not be required to pay or reimburse Contractor for any services performed or for expenses incurred by Contractor after the date of the termination notice, that could have been avoided or mitigated by Contractor.
- 8.3 Termination under **Sections 8.1 or 8.2** will not relieve Contractor from liability for any default or breach under this Agreement or any other act or omission of Contractor.
- 8.4 If Contractor fails to cure any default within fifteen (15) days after receiving written notice of the default, University will be entitled (but will not be obligated) to cure the default and will have the right to offset against all amounts due to Contractor under this Agreement, any and all reasonable expenses incurred in connection with University's curative actions.
- 8.5 In the event that this Agreement is terminated, then within thirty (30) days after termination, Contractor will reimburse University for all fees paid by University to Contractor that were (a) not earned by Contractor prior to termination, or (b) for goods or services that University did not receive from Contractor prior to termination.



**9. Indemnification**

9.1 TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAWS, CONTRACTOR WILL AND DOES HEREBY AGREE TO INDEMNIFY, PROTECT, DEFEND WITH COUNSEL APPROVED BY UNIVERSITY, AND HOLD HARMLESS UNIVERSITY RESPECTIVE AFFILIATED ENTERPRISES, REGENTS, OFFICERS, DIRECTORS, ATTORNEYS, EMPLOYEES, REPRESENTATIVES AND AGENTS (COLLECTIVELY, **INDEMNITEES**) FROM AND AGAINST ALL DAMAGES, LOSSES, LIENS, CAUSES OF ACTION, SUITS, JUDGMENTS, EXPENSES, AND OTHER CLAIMS OF ANY NATURE, KIND, OR DESCRIPTION, INCLUDING REASONABLE ATTORNEYS' FEES INCURRED IN INVESTIGATING, DEFENDING OR SETTLING ANY OF THE FOREGOING (COLLECTIVELY, **CLAIMS**) BY ANY PERSON OR ENTITY, ARISING OUT OF, CAUSED BY, OR RESULTING FROM CONTRACTOR'S PERFORMANCE UNDER OR BREACH OF THIS AGREEMENT AND THAT ARE CAUSED IN WHOLE OR IN PART BY ANY NEGLIGENT ACT, NEGLIGENT OMISSION OR WILLFUL MISCONDUCT OF CONTRACTOR, ANYONE DIRECTLY EMPLOYED BY CONTRACTOR OR ANYONE FOR WHOSE ACTS CONTRACTOR MAY BE LIABLE. THE PROVISIONS OF THIS SECTION WILL NOT BE CONSTRUED TO ELIMINATE OR REDUCE ANY OTHER INDEMNIFICATION OR RIGHT WHICH ANY INDEMNITEE HAS BY LAW OR EQUITY. ALL PARTIES WILL BE ENTITLED TO BE REPRESENTED BY COUNSEL AT THEIR OWN EXPENSE.

9.2 IN ADDITION, CONTRACTOR WILL AND DOES HEREBY AGREE TO INDEMNIFY, PROTECT, DEFEND WITH COUNSEL APPROVED BY UNIVERSITY, AND HOLD HARMLESS INDEMNITEES FROM AND AGAINST ALL CLAIMS ARISING FROM INFRINGEMENT OR ALLEGED INFRINGEMENT OF ANY PATENT, COPYRIGHT, TRADEMARK OR OTHER PROPRIETARY INTEREST ARISING BY OR OUT OF THE PERFORMANCE OF SERVICES OR THE PROVISION OF GOODS BY CONTRACTOR, OR THE USE BY INDEMNITEES, AT THE DIRECTION OF CONTRACTOR, OF ANY ARTICLE OR MATERIAL; PROVIDED, THAT, UPON BECOMING AWARE OF A SUIT OR THREAT OF SUIT FOR INFRINGEMENT, UNIVERSITY WILL PROMPTLY NOTIFY CONTRACTOR AND CONTRACTOR WILL BE GIVEN THE OPPORTUNITY TO NEGOTIATE A SETTLEMENT. IN THE EVENT OF LITIGATION, UNIVERSITY AGREES TO REASONABLY COOPERATE WITH CONTRACTOR. ALL PARTIES WILL BE ENTITLED TO BE REPRESENTED BY COUNSEL AT THEIR OWN EXPENSE.

**10. Relationship of the Parties.**

For all purposes of this Agreement and notwithstanding any provision of this Agreement to the contrary, Contractor is an independent contractor and is not a state employee, partner, joint venturer, or agent of University. Contractor will not bind nor attempt to bind University to any agreement or contract. As an independent contractor, Contractor is solely responsible for all taxes, withholdings, and other statutory or contractual obligations of any sort, including workers' compensation insurance.

**11. Insurance.**

11.1 Contractor, consistent with its status as an independent contractor will carry and will cause its subcontractors to carry, at least the following insurance, with companies authorized to do insurance business in the State of Texas or eligible surplus lines insurers operating in accordance with the [Texas Insurance Code](#), having an A.M. Best Rating of A-:VII or better, and in amounts not less than the following minimum limits of coverage:

11.1.1 Workers' Compensation Insurance with statutory limits, and Employer's Liability Insurance with limits of not less than \$1,000,000:

Employers Liability - Each Accident	\$1,000,000
Employers Liability - Each Employee	\$1,000,000
Employers Liability - Policy Limit	\$1,000,000

Workers' Compensation policy must include under Item 3.A. of the information page of the Workers' Compensation policy the state in which Services are to be performed for University.

11.1.2 Commercial General Liability Insurance with limits of not less than:

Each Occurrence Limit	\$1,000,000
Damage to Rented Premises	\$ 300,000

Personal & Advertising Injury	\$1,000,000
General Aggregate	\$2,000,000
Products - Completed Operations Aggregate	\$2,000,000

The required Commercial General Liability policy will be issued on a form that insures Contractor's and subcontractor's liability for bodily injury (including death), property damage, personal, and advertising injury assumed under the terms of this Agreement.

- 11.1.3 Business Auto Liability Insurance covering all owned, non-owned or hired automobiles, with limits of not less than \$1,000,000 single limit of liability per accident for Bodily Injury and Property Damage;
  
- 11.1.4 Umbrella/Excess Liability Insurance with limits of not less than \$2,000,000 per occurrence and aggregate with a deductible of no more than \$10,000. The Umbrella/Excess Liability policy will be excess over and at least as broad as the underlying coverage as required under **Sections 11.1.1** Employer's Liability; **11.1.2** Commercial General Liability; and **11.1.3** Business Auto Liability. Inception and expiration dates will be the same as the underlying policies. Drop down coverage will be provided for reduction or exhaustion of underlying aggregate limits and will provide a duty to defend for any insured.
  
- 11.1.5 Intentionally Blank
  
- 11.1.6 Professional Liability (Errors & Omissions) Insurance with limits of not less than \$1,000,000 each occurrence, \$3,000,000 aggregate. Such insurance will cover all Services performed by or on behalf of Contractor and its subcontractors under this Agreement. Renewal policies written on a claims-made basis will maintain the same retroactive date as in effect at the inception of this Agreement. If coverage is written on a claims-made basis, Contractor agrees to purchase an *Extended Reporting Period Endorsement*, effective twenty-four (24) months after the expiration or cancellation of the policy. No Professional Liability policy written on an occurrence form will include a sunset or similar clause that limits coverage unless such clause provides coverage for at least twenty-four (24) months after the expiration or termination of this Agreement for any reason.
  
- 11.1.7 Contractor's Employee Dishonesty Insurance will be endorsed with a *Client's Property Endorsement* (or equivalent) to protect the assets and property of University with limits of not less than \$1,000,000 per claim. If Contractor has property of University in its care, custody or control away from University's premises, Contractor will provide bailee coverage for the replacement cost of the property. Contractor's Employee Dishonesty policy will name University as Loss Payee.
  
- 11.1.8 Directors' and Officers' Liability Insurance with limits of not less than \$1,000,000 per claim. The coverage will be continuous for the duration of this Agreement and for not less than twenty-four (24) months following the expiration or termination of this Agreement.

11.2 Contractor will deliver to University:

11.2.1 After the execution and delivery of this Agreement and prior to the performance of any Services by Contractor, evidence of insurance on a Texas Department of Insurance (TDI) approved certificate form (the Acord form is a TDI-approved form) verifying the existence and actual limits of all required insurance policies; and, if the coverage period shown on the current certificate form ends during the Term, then prior to the end of the coverage period, a new certificate form verifying the continued existence of all required insurance policies.

11.2.1.1 **All insurance policies** (with the exception of workers' compensation, employer's liability and professional liability) will be endorsed and name the Board of Regents of The University of Texas System and University as Additional Insureds for liability caused in whole or in part by Contractor's acts or omissions with respect to its on-going and completed operations up to the actual liability limits of the required insurance policies maintained by Contractor. Commercial General Liability Additional Insured *endorsement* including ongoing and completed operations coverage will be submitted with the Certificates of Insurance. Commercial General Liability and Business Auto Liability will be *endorsed* to provide primary and non-contributory coverage.

11.2.1.2 Contractor hereby waives all rights of subrogation against the Board of Regents of The University of Texas System and University. **All insurance policies** will be *endorsed* to provide a waiver of subrogation in favor of the Board of Regents of The University of Texas System and University. No policy will be canceled until after thirty (30) days' unconditional written notice to University. **All insurance policies** will be *endorsed* to require the insurance carrier providing coverage to send notice to University thirty (30) days prior to any cancellation, material change, or non-renewal relating to any insurance policy required in this **Section 11**.

11.2.1.3 Contractor will pay any deductible or self-insured retention for any loss. Any self-insured retention must be declared to and approved by University prior to the performance of any Services by Contractor under this Agreement. All deductibles and self-insured retentions will be shown on the Certificates of Insurance.

11.2.1.4 Certificates of Insurance and *Additional Insured Endorsements* as required by this Agreement will be mailed, faxed, or emailed to the following University contact:

Name: Art Martinez, Senior Executive Director Office of the Board of Regents, UT System

Address: 210 W. 7<sup>th</sup> St., Austin, TX 78701

Email Address: amartinez@utsystem.edu

11.3 Contractor's or subcontractor's insurance will be primary to any insurance carried or self-insurance program established by University. Contractor's or subcontractor's insurance will be kept in force until all Services have been fully performed and accepted by University in writing.

11.3.1 Professional Liability Insurance coverage written on a claims-made basis requires Contractor to purchase an *Extended Reporting Period Endorsement*, effective for twenty-four (24) months after the expiration or cancellation of the policy.

11.3.2 Directors and Officers Liability Insurance coverage written on a claims-made basis requires Contractor to purchase an *Extended Reporting Period Endorsement*, effective for twenty-four (24) months after the expiration or cancellation of the policy.

## 12. Miscellaneous.

- 12.1 **Assignment and Subcontracting.** Except as specifically provided in **Exhibit D**, Historically Underutilized Business Subcontracting Plan, Contractor's interest in this Agreement (including Contractor's duties and obligations under this Agreement, and the fees due to Contractor under this Agreement) may not be subcontracted, assigned, delegated, or otherwise transferred to a third party, in whole or in part, and any attempt to do so will (a) not be binding on University; and (b) be a breach of this Agreement for which Contractor will be subject to all remedial actions provided by Applicable Laws, including [Chapter 2161, Texas Government Code](#), and [34 TAC §§20.285\(g\)\(5\), 20.585 and 20.586](#). The benefits and burdens of this Agreement are assignable by University.
- 12.2 **Texas Family Code Child Support Certification.** Pursuant to [§231.006, Texas Family Code](#), Contractor certifies it is not ineligible to receive the award of or payments under this Agreement, and acknowledges this Agreement may be terminated and payment withheld if this certification is inaccurate.
- 12.3 **Tax Certification.** If Contractor is a taxable entity as defined by [Chapter 171, Texas Tax Code](#), then Contractor certifies it is not currently delinquent in the payment of any taxes due under Chapter 171, Contractor is exempt from the payment of those taxes, or Contractor is an out-of-state taxable entity that is not subject to those taxes, whichever is applicable.
- 12.4 **Payment of Debt or Delinquency to the State.** Pursuant to [§§2107.008 and 2252.903, Texas Government Code](#), Contractor agrees any payments owing to Contractor under this Agreement may be applied directly toward any debt or delinquency Contractor owes the State of Texas or any agency of the State of Texas, regardless of when it arises, until paid in full.
- 12.5 **Loss of Funding.** Performance by University under this Agreement may be dependent upon the appropriation and allotment of funds by the Texas State Legislature (**Legislature**) and/or allocation of funds by the Board of Regents of The University of Texas System (**Board**). If Legislature fails to appropriate or allot necessary funds, or Board fails to allocate necessary funds, then University will issue written notice to Contractor and University may terminate this Agreement without further duty or obligation. Contractor acknowledges that appropriation, allotment, and allocation of funds are beyond University's control.
- 12.6 **Entire Agreement; Modifications.** This Agreement (including all exhibits, schedules, supplements and other attachments (collectively, **Exhibits**)) supersedes all prior agreements, written or oral, between Contractor and University and will constitute the entire agreement and understanding between the parties with respect to its subject matter. This Agreement and each of its provisions will be binding upon the parties, and may not be waived, modified, amended or altered, except by a writing signed by University and Contractor. All Exhibits are attached to this Agreement and incorporated for all purposes.
- 12.7 **Force Majeure.** Neither party hereto will be liable or responsible to the other for any loss or damage or for any delays or failure to perform due to causes beyond its reasonable control including acts of God, strikes, epidemics, war, riots, flood, fire, sabotage, or any other circumstances of like character (**force majeure occurrence**). Provided, however, in the event of a force majeure occurrence, Contractor agrees to use its best efforts to mitigate the impact of the occurrence so that University may continue to provide mission critical services during the occurrence.
- 12.8 **Captions.** The captions of sections and subsections in this Agreement are for convenience only and will not be considered or referred to in resolving questions of interpretation or construction.
- 12.9 **Venue; Governing Law.** Travis County, Texas, will be the proper place of venue for suit on or in respect of this Agreement. This Agreement, all of its terms and conditions, all rights and obligations of the parties, and all claims arising out of or relating to this Agreement, will be construed, interpreted and applied in accordance with, governed by and enforced under, the laws of the State of Texas.
- 12.10 **Waivers.** No delay or omission in exercising any right accruing upon a default in performance of this Agreement will impair any right or be construed to be a waiver of any right. A waiver of any default

under this Agreement will not be construed to be a waiver of any subsequent default under this Agreement.

12.11 **Confidentiality and Safeguarding of University Records; Press Releases; Public Information.** Under this Agreement, Contractor may (1) create, (2) receive from or on behalf of University, or (3) have access to, records or record systems (collectively, **University Records**). Among other things, University Records may contain social security numbers, credit card numbers, or data protected or made confidential or sensitive by Applicable Laws. Contractor represents, warrants, and agrees that it will: (1) hold University Records in strict confidence and will not use or disclose University Records except as (a) permitted or required by this Agreement, (b) required by Applicable Laws, or (c) otherwise authorized by University in writing; (2) safeguard University Records according to reasonable administrative, physical and technical standards (such as standards established by the National Institute of Standards and Technology and the Center for Internet Security) that are no less rigorous than the standards by which Contractor protects its own confidential information; (3) continually monitor its operations and take any action necessary to assure that University Records are safeguarded and the confidentiality of University Records is maintained in accordance with all Applicable Laws and the terms of this Agreement; and (4) comply with University Rules regarding access to and use of University's computer systems, including UTS165 at <http://www.utsystem.edu/board-of-regents/policy-library/policies/uts165-information-resources-use-and-security-policy>. At the request of University, Contractor agrees to provide University with a written summary of the procedures Contractor uses to safeguard and maintain the confidentiality of University Records.

12.11.1 **Notice of Impermissible Use.** If an impermissible use or disclosure of any University Records occurs, Contractor will provide written notice to University within one (1) business day after Contractor's discovery of that use or disclosure. Contractor will promptly provide University with all information requested by University regarding the impermissible use or disclosure.

12.11.2 **Return of University Records.** Contractor agrees that within thirty (30) days after the expiration or termination of this Agreement, for any reason, all University Records created or received from or on behalf of University will be (1) returned to University, with no copies retained by Contractor; or (2) if return is not feasible, destroyed. Twenty (20) days before destruction of any University Records, Contractor will provide University with written notice of Contractor's intent to destroy University Records. Within five (5) days after destruction, Contractor will confirm to University in writing the destruction of University Records.

12.11.3 **Disclosure.** If Contractor discloses any University Records to a subcontractor or agent, Contractor will require the subcontractor or agent to comply with the same restrictions and obligations as are imposed on Contractor by this **Section 12.11**.

12.11.4 **Press Releases.** Except when defined as part of the Services, Contractor will not make any press releases, public statements, or advertisement referring to the Project or the engagement of Contractor as an independent contractor of University in connection with the Project, or release any information relative to the Project for publication, advertisement or any other purpose without the prior written approval of University.

12.11.5 **Public Information.** University strictly adheres to all statutes, court decisions and the opinions of the Texas Attorney General with respect to disclosure of public information under the *Texas Public Information Act (TPIA)*, [Chapter 552, Texas Government Code](#). In accordance with §§[552.002](#) and [2252.907](#), *Texas Government Code*, and at no additional charge to University, Contractor will make any information created or exchanged with University pursuant to this Agreement (and not otherwise exempt from disclosure under TPIA) available in a format reasonably requested by University that is accessible by the public.

12.11.6 **Termination.** In addition to any other termination rights in this Agreement and any other rights at law or equity, if University reasonably determines that Contractor has breached any of the restrictions or obligations in this Section, University may immediately terminate this Agreement without notice or opportunity to cure.

12.11.7 **Duration.** The restrictions and obligations under this Section will survive expiration or termination of this Agreement for any reason.

12.12 **Binding Effect.** This Agreement will be binding upon and inure to the benefit of the parties hereto and their respective permitted assigns and successors.

12.13 **Records.** Records of Contractor's costs, reimbursable expenses pertaining to the Services and payments will be available to University or its authorized representative during business hours and will be retained for four (4) years after final Payment or abandonment of the Services, unless University otherwise instructs Contractor in writing.

12.14 **Notices.** Except as otherwise provided by this Section, notices, consents, approvals, demands, requests or other communications required or permitted under this Agreement, will be in writing and sent via certified mail, hand delivery, overnight courier, facsimile transmission (to the extent a facsimile number is provided below), or email (to the extent an email address is provided below) as indicated below, and notice will be deemed given (i) if delivered by certified mail, when deposited, postage prepaid, in the United States mail, or (ii) if delivered by hand, overnight courier, facsimile (to the extent a facsimile number is provided below) or email (to the extent an email address is provided below), when received:

If to University: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Fax: \_\_\_\_\_  
Email: \_\_\_\_\_  
Attention: \_\_\_\_\_

*with copy to:* \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Fax: \_\_\_\_\_  
Email: \_\_\_\_\_  
Attention: \_\_\_\_\_

If to Contractor: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Fax: \_\_\_\_\_  
Email: \_\_\_\_\_  
Attention: \_\_\_\_\_

or other person or address as may be given in writing by either party to the other in accordance with this Section.

12.15 **Severability.** In case any provision of this Agreement will, for any reason, be held invalid or unenforceable in any respect, the invalidity or unenforceability will not affect any other provision of this Agreement, and this Agreement will be construed as if the invalid or unenforceable provision had not been included.

12.16 **State Auditor's Office.** Contractor understands acceptance of funds under this Agreement constitutes acceptance of authority of the Texas State Auditor's Office or any successor agency (**Auditor**), to conduct an audit or investigation in connection with those funds (ref. §§[51.9335\(c\)](#), [73.115\(c\)](#) and [74.008\(c\)](#), *Texas Education Code*). Contractor agrees to cooperate with Auditor in

the conduct of the audit or investigation, including providing all records requested. Contractor will include this provision in all contracts with permitted subcontractors.

12.17 **Limitation of Liability.** EXCEPT FOR UNIVERSITY'S OBLIGATION (IF ANY) TO PAY CONTRACTOR CERTAIN FEES AND EXPENSES UNIVERSITY WILL HAVE NO LIABILITY TO CONTRACTOR OR TO ANYONE CLAIMING THROUGH OR UNDER CONTRACTOR BY REASON OF THE EXECUTION OR PERFORMANCE OF THIS AGREEMENT. NOTWITHSTANDING ANY DUTY OR OBLIGATION OF UNIVERSITY TO CONTRACTOR OR TO ANYONE CLAIMING THROUGH OR UNDER CONTRACTOR, NO PRESENT OR FUTURE AFFILIATED ENTERPRISE, SUBCONTRACTOR, AGENT, OFFICER, DIRECTOR, EMPLOYEE, REPRESENTATIVE, ATTORNEY OR REGENT OF UNIVERSITY, OR THE UNIVERSITY OF TEXAS SYSTEM, OR ANYONE CLAIMING UNDER UNIVERSITY HAS OR WILL HAVE ANY PERSONAL LIABILITY TO CONTRACTOR OR TO ANYONE CLAIMING THROUGH OR UNDER CONTRACTOR BY REASON OF THE EXECUTION OR PERFORMANCE OF THIS AGREEMENT.

12.18 **Survival of Provisions.** No expiration or termination of this Agreement will relieve either party of any obligations under this Agreement that by their nature survive expiration or termination, including **Sections 6.7, 9, 12.5, 12.9, 12.10, 12.11, 12.13, 12.16, 12.17, 12.19 and 12.21.**

12.19 **Breach of Contract Claims.**

12.19.1 To the extent that [Chapter 2260, Texas Government Code](#), as it may be amended from time to time (**Chapter 2260**), is applicable to this Agreement and is not preempted by other Applicable Laws, the dispute resolution process provided for in [Chapter 2260](#) will be used, as further described herein, by University and Contractor to attempt to resolve any claim for breach of contract made by Contractor:

12.19.1.1 Contractor's claims for breach of this Agreement that the parties cannot resolve pursuant to other provisions of this Agreement or in the ordinary course of business will be submitted to the negotiation process provided in [subchapter B](#) of Chapter 2260. To initiate the process, Contractor will submit written notice, as required by [subchapter B](#) of Chapter 2260, to University in accordance with the notice provisions in this Agreement. Contractor's notice will specifically state that the provisions of [subchapter B](#) of Chapter 2260 are being invoked, the date and nature of the event giving rise to the claim, the specific contract provision that University allegedly breached, the amount of damages Contractor seeks, and the method used to calculate the damages. Compliance by Contractor with [subchapter B](#) of Chapter 2260 is a required prerequisite to Contractor's filing of a contested case proceeding under [subchapter C](#) of Chapter 2260. The chief business officer of University, or another officer of University as may be designated from time to time by University by written notice to Contractor in accordance with the notice provisions in this Agreement, will examine Contractor's claim and any counterclaim and negotiate with Contractor in an effort to resolve the claims.

12.19.1.2 If the parties are unable to resolve their disputes under **Section 12.19.1.1**, the contested case process provided in [subchapter C](#) of Chapter 2260 is Contractor's sole and exclusive process for seeking a remedy for any and all of Contractor's claims for breach of this Agreement by University.

12.19.1.3 Compliance with the contested case process provided in [subchapter C](#) of Chapter 2260 is a required prerequisite to seeking consent to sue from the Legislature under [Chapter 107, Texas Civil Practices and Remedies Code](#). The parties hereto specifically agree that (i) neither the execution of this Agreement by University nor any other conduct, action or inaction of any representative of University relating to this Agreement constitutes or is intended to constitute a waiver of University's or the state's sovereign immunity to suit and (ii) University has not waived its right to seek redress in the courts.

- 12.19.2 The submission, processing and resolution of Contractor's claim is governed by the published rules adopted by the Texas Attorney General pursuant to [Chapter 2260](#), as currently effective, thereafter enacted or subsequently amended.
- 12.19.3 University and Contractor agree that any periods provided in this Agreement for notice and cure of defaults are not waived.
- 12.20 **Undocumented Workers.** The *Immigration and Nationality Act* ([8 USC §1324a](#)) (**Immigration Act**) makes it unlawful for an employer to hire or continue employment of undocumented workers. The United States Immigration and Customs Enforcement Service has established the [Form I-9 Employment Eligibility Verification Form](#) (**I-9 Form**) as the document to be used for employment eligibility verification ([8 CFR §274a](#)). Among other things, Contractor is required to: (1) have all employees complete and sign the I-9 Form certifying that they are eligible for employment; (2) examine verification documents required by the I-9 Form to be presented by the employee and ensure the documents appear to be genuine and related to the individual; (3) record information about the documents on the I-9 Form, and complete the certification portion of the I-9 Form; and (4) retain the I-9 Form as required by Applicable Laws. It is illegal to discriminate against any individual (other than a citizen of another country who is not authorized to work in the United States) in hiring, discharging, or recruiting because of that individual's national origin or citizenship status. If Contractor employs unauthorized workers during performance of this Agreement in violation of the Immigration Act then, in addition to other remedies or penalties prescribed by Applicable Laws, University may terminate this Agreement in accordance with **Section 8**. Contractor represents and warrants that it is in compliance with and agrees that it will remain in compliance with the provisions of the Immigration Act.
- 12.21 **Limitations.** THE PARTIES ARE AWARE THERE ARE CONSTITUTIONAL AND STATUTORY LIMITATIONS (**LIMITATIONS**) ON THE AUTHORITY OF UNIVERSITY (A STATE AGENCY) TO ENTER INTO CERTAIN TERMS AND CONDITIONS THAT MAY BE PART OF THIS AGREEMENT, INCLUDING TERMS AND CONDITIONS RELATING TO LIENS ON UNIVERSITY'S PROPERTY; DISCLAIMERS AND LIMITATIONS OF WARRANTIES; DISCLAIMERS AND LIMITATIONS OF LIABILITY FOR DAMAGES; WAIVERS, DISCLAIMERS AND LIMITATIONS OF LEGAL RIGHTS, REMEDIES, REQUIREMENTS AND PROCESSES; LIMITATIONS OF PERIODS TO BRING LEGAL ACTION; GRANTING CONTROL OF LITIGATION OR SETTLEMENT TO ANOTHER PARTY; LIABILITY FOR ACTS OR OMISSIONS OF THIRD PARTIES; PAYMENT OF ATTORNEYS' FEES; DISPUTE RESOLUTION; INDEMNITIES; AND CONFIDENTIALITY, AND TERMS AND CONDITIONS RELATED TO LIMITATIONS WILL NOT BE BINDING ON UNIVERSITY EXCEPT TO THE EXTENT AUTHORIZED BY THE LAWS AND CONSTITUTION OF THE STATE OF TEXAS.
- 12.22 **Ethics Matters; No Financial Interest.** Contractor and its employees, agents, representatives and subcontractors have read and understand University's Conflicts of Interest Policy at <http://www.utsystem.edu/board-of-regents/policy-library/policies/int180-conflicts-interest-conflicts-commitment-and-outside->, University's Standards of Conduct Guide at <https://www.utsystem.edu/documents/docs/policies-rules/ut-system-administration-standards-conduct-guide>, and applicable state ethics laws and rules at <http://utsystem.edu/offices/general-counsel/ethics>. Neither Contractor nor its employees, agents, representatives or subcontractors will assist or cause University employees to violate University's Conflicts of Interest Policy, University's Standards of Conduct Guide, or applicable state ethics laws or rules. Contractor represents and warrants that no member of the Board has a direct or indirect financial interest in the transaction that is the subject of this Agreement.
- Further, Contractor agrees to comply with [§2252.908, Texas Government Code](#) (**Disclosure of Interested Parties Statute**), and [1 TAC §§46.1 through 46.5](#) (**Disclosure of Interested Parties Regulations**), as implemented by the Texas Ethics Commission (**TEC**), including, among other things, providing the TEC and University with information required on the form promulgated by TEC. Contractor may learn more about these disclosure requirements, including the use of TEC's electronic filing system, by reviewing the information on TEC's website at [https://www.ethics.state.tx.us/whatsnew/FAQ\\_Form1295.html](https://www.ethics.state.tx.us/whatsnew/FAQ_Form1295.html).
- 12.23 **Intentionally Blank**



12.24 **Enforcement.** Contractor agrees and acknowledges that University is entering into this Agreement in reliance on Contractor's special and unique knowledge and abilities with respect to performing Services. Contractor's Services provide a peculiar value to University. University cannot be reasonably or adequately compensated in damages for the loss of Contractor's Services. Accordingly, Contractor acknowledges and agrees that a breach by Contractor of the provisions of this Agreement will cause University irreparable injury and damage. Contractor, therefore, expressly agrees that University will be entitled to injunctive and/or other equitable relief in any court of competent jurisdiction to prevent or otherwise restrain a breach of this Agreement.

12.25 **Intentionally Blank**

12.26 **Intentionally Blank**

12.27 **Subcontracting.** Contractor will use good faith efforts to subcontract Services performed under this Agreement in accordance with the Historically Underutilized Business Subcontracting Plan (**HSP**) (ref. **Exhibit D**). Except as specifically provided in the HSP, Contractor will not subcontract any of its duties or obligations under this Agreement, in whole or in part. This Agreement is subject to [34 TAC §20.285](#). Contractor will comply with all of its duties and obligations under [34 TAC §20.285](#). In addition to other rights and remedies, University may exercise all rights and remedies authorized by [34 TAC §20.285](#).

12.28 **Responsibility for Individuals Performing Services; Criminal Background Checks.** Each individual who is assigned to perform Services under this Agreement will be an employee of Contractor or an employee of a subcontractor engaged by Contractor. Contractor is responsible for the performance of all individuals performing Services under this Agreement. Prior to commencing Services, Contractor will (1) provide University with a list (**List**) of all individuals who may be assigned to perform Services on University's premises and (2) have an appropriate criminal background screening performed on all the individuals on the List. Contractor will determine on a case-by-case basis whether each individual assigned to perform Services is qualified. Contractor will not knowingly assign any individual to provide Services on University's premises who has a history of criminal conduct unacceptable for a university campus or healthcare center, including violent or sexual offenses. Contractor will update the List each time there is a change in the individuals assigned to perform Services on University's premises.

Prior to commencing performance of Services under this Agreement, Contractor will provide University a letter signed by an authorized representative of Contractor certifying compliance with this Section. Contractor will provide University an updated certification letter each time there is a change in the individuals on the List.

12.29 **Security Characteristics and Functionality of Contractor's Information Resources.** **Exhibit E**, Security Characteristics and Functionality of Contractor's Information Resources, establishes specifications, representations, warranties and agreements related to the products and services Contractor is providing to University under this Agreement. The specifications, representations, warranties and agreements in **Exhibit E**, Security Characteristics and Functionality of Contractor's Information Resources, are binding on Contractor. Contractor agrees to perform Services in compliance with **Exhibit E**, Security Characteristics and Functionality of Contractor's Information Resources.

12.30 **Contractor Certification regarding Boycotting Israel.** Pursuant to [Chapter 2270, Texas Government Code](#), Contractor certifies Contractor (1) does not currently boycott Israel; and (2) will not boycott Israel during the Term of this Agreement. Contractor acknowledges this Agreement may be terminated and payment withheld if this certification is inaccurate.

12.31 **Contractor Certification regarding Business with Certain Countries and Organizations.** Pursuant to [Subchapter F, Chapter 2252, Texas Government Code](#), Contractor certifies Contractor is

not engaged in business with Iran, Sudan, or a foreign terrorist organization. Contractor acknowledges this Agreement may be terminated and payment withheld if this certification is inaccurate.

University and Contractor have executed and delivered this Agreement to be effective as of the Effective Date.

**THE UNIVERSITY OF TEXAS SYSTEM ADMINISTRATION:      CONTRACTOR:**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Attest: \_\_\_\_\_  
Corporate Secretary

**Attach:**

- EXHIBIT A – Services**
- EXHIBIT B – Form of Project Addendum**
- EXHIBIT C – Pricing**
- EXHIBIT D – HUB Subcontracting Plan**
- EXHIBIT E – Security Characteristics and Functionality of Contractor’s Information Resources**

**EXHIBIT A**

**SERVICES**

**Contractor, upon the request of University, will provide the following categories of services:**

**(INSERT)**

**EXHIBIT B**

**FORM OF PROJECT ADDENDUM**

This Addendum (the "Addendum") is in effect between the University of Texas System Administration, an agency of higher education established under the laws of the State of Texas (the "University") and \_\_\_\_\_ ("Contractor"). This Addendum (the "Addendum") is attached to and incorporated into the previously executed Non-Exclusive Master Services Agreement (the "Agreement"), dated effective \_\_\_\_\_, in effect between University and Contractor. This Addendum has an Addendum Effective Date (herein so called) of \_\_\_\_\_, 20\_\_.

By entering into this Addendum the undersigned University and Contractor agree to the terms and conditions set forth in the Agreement. All of the terms and conditions of the Agreement are incorporated into this Addendum for all purposes. Unless otherwise specified in this Addendum, all defined terms used in this Addendum have the same meaning as assigned to those terms in the Agreement.

**Project:**

Subject to the terms of the Agreement, Contractor shall perform the following services:

[Designate services to be performed based on the list of services.]

**Schedule:**

Contractor will commence performance of the Project beginning on \_\_\_\_\_, 20\_\_, and complete the Project no later than \_\_\_\_\_, 20\_\_. Contractor shall complete the Project and shall provide all deliverables in accordance with the following schedule of delivery dates. All deliverables and all other materials (including but not limited to reports and documentation) provided, developed or created by Contractor under this Addendum are Work Materials.

[Specify each service and the corresponding delivery date.]

**Expenses and Disbursements:**

Contractor may be reimbursed without mark-up for reasonable expenses (including meals, lodging, mileage and coach class airfare) validly incurred directly and solely in support of the Project and approved by University in advance. Provided, however, Contractor agrees and acknowledges that Contractor will be subject to the then-current Travel Reimbursement Rates promulgated by the Comptroller of Public Accounts for the State of Texas at <https://fm.xcpa.state.tx.us/fm/travel/travelrates.php> with regard to meals, lodging, mileage, airfare and all other expenses related to travel. Further, Contractor agrees and acknowledges that Contractor will not be reimbursed by University for expenses that are prohibited or that exceed the allowable amounts set forth in the then-current Travel Reimbursement Rates. As a condition precedent to receiving reimbursement for expenses and disbursements, Contractor will submit to University receipts, invoices, and other documentation as required by University.

**Project Notification:**

Contractor will, upon execution of this Addendum, send a fully executed copy to the attention of the University at the following address:

University of Texas System  
Art Martinez  
Senior Executive Director  
The Office of the Board of Regents  
The University of Texas System  
210 W. 7<sup>th</sup> St.

Austin, Texas 78701-2891  
amartinez@utsystem.edu

**Fees and Reimbursable Expenses and Disbursements:**

The Fee Cap for this Project is \$\_\_\_\_\_.

The Expense Cap for this Project is \$\_\_\_\_\_.

IN WITNESS WHEREOF, the University and Contractor have executed and delivered this Addendum to be effective as of the Addendum Effective Date.

**UNIVERSITY OF TEXAS SYSTEM ADMINISTRATION: [CONTRACTOR]:**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**EXHIBIT C**

**PRICING**

**EXHIBIT D**

**HUB SUBCONTRACTING PLAN**

**EXHIBIT E**

**SECURITY CHARACTERISTICS AND FUNCTIONALITY OF  
CONTRACTOR'S INFORMATION RESOURCES**



**APPENDIX THREE**  
**HUB SUBCONTRACTING PLAN**  
**(INCLUDED AS SEPARATE ATTACHMENT)**



## NON-EXCLUSIVE SERVICE AGREEMENT BETWEEN UNIVERSITY AND CONTRACTOR

This Non-Exclusive Service Agreement between University and Contractor (**Agreement**) is made and entered into effective as of \_\_\_\_\_, 20\_\_\_\_ (**Effective Date**), by and between **The University of Texas System Administration**, an agency of higher education established under the laws of the State of Texas (**University**), and \_\_\_\_\_, a \_\_\_\_\_ (**Contractor**), Federal Tax Identification Number \_\_\_\_\_.

University and Contractor hereby agree as follows:

### 1. **Contractor Services and Project Addenda.**

- 1.1 The categories of the services ("Services") that may be performed under this Agreement are set forth in **Exhibit A**, attached and incorporated for all purposes.

This Agreement is a non-exclusive contract between the University and Contractor. Pursuant to this Agreement, University may request the services of Contractor for a specific project with an established scope of services negotiated with the Contractor ("Project"). The Contractor and University must complete and enter into a Project Addendum (sample format attached hereto as **Exhibit B**, which shall contain a description of the Project, the terms of compensation to be paid Contractor, and a schedule for performance of all Services to be provided for the Project. All of the terms and conditions of this Agreement are incorporated into each Project Addendum for all purposes. In the event of any conflict between a Project Addendum and this Agreement, this Agreement will control provided however the University and Contractor may agree to language in a Project Addendum to specify or clarify the services to be provided or to provide University with more beneficial pricing than that set forth in this Agreement.

Contractor and a University can enter into a Project Addendum at any time during the Term. A Project Addendum will specify the term during which Contractor will perform Services. To the extent that this Agreement expires or terminates prior to the end of a Project Addendum, such Project Addendum will survive any such termination or expiration of the Agreement and the terms and conditions of this Agreement will continue to be incorporated for all purposes into that Project Addendum. Contractor understands and agrees that it will not receive any payment or other compensation under this Agreement unless it enters into a Project Addendum and performs Services in accordance with the terms and conditions of that Project Addendum and this Agreement.

- 1.2 CONTRACTOR UNDERSTANDS AND AGREES THAT THE UNIVERSITY HAS MADE NO REPRESENTATION, ASSURANCE, WARRANTY OR GUARANTY THAT THE UNIVERSITY WILL REQUEST CONTRACTOR TO PERFORM ANY SERVICE AND THAT THE UNIVERSITY HAS AND DOES SPECIFICALLY DISCLAIMANY SUCH REPRESENTATIONS, WARRANTI ES, ASSURANCES OR GUARANTIES. THE UNIVERSITY RESERVES THE RIGHT TO OBTAIN SERVICES FROM ANY OTHER PERSON OR ENTITY AT ITS SOLE DISCRETION.

- 1.3 The University and Contractor agree and acknowledge that the University is entering into this Agreement in reliance on Contractor's special and unique knowledge and abilities with respect to performing the Services. Contractor accepts the relationship of trust and confidence established between it and the University by this Agreement. Contractor covenants with the University to use its best efforts, skill, judgment, and abilities to perform the Services and to further the interests of the University in accordance with the University's

requirements and procedures, in accordance with the highest standards of Contractor's profession or business and in compliance with all applicable national, federal, state and municipal laws, regulations, codes, ordinances and orders and with those of any other body or authority having jurisdiction. Contractor warrants, represents, covenants, and agrees that there are no obligations, commitments, or impediments of any kind that will limit or prevent performance of the Services.

- 1.4 Contractor warrants, represents, covenants, and agrees to maintain a staff of properly trained, credentialed, and experienced personnel to ensure satisfactory performance under this Agreement.

**2. Intentionally Blank**

**3. Term**

The term of this Agreement shall commence on the Effective Date and terminate on August 31, 2019.

**4. Contractor's Obligations.**

- 4.1 Contractor will perform Services in compliance with (a) all Applicable Laws, and (b) the Board of Regents of The University of Texas System *Rules and Regulations* (<http://www.utsystem.edu/offices/board-regents/regents-rules-and-regulations>) the policies of The University of Texas System (<http://www.utsystem.edu/board-of-regents/policy-library>) (collectively, **University Rules**). Contractor represents and warrants that neither Contractor nor any firm, corporation or institution represented by Contractor, or anyone acting for the firm, corporation or institution, (1) has violated the antitrust laws of the State of Texas, [Chapter 15, Texas Business and Commerce Code](#), or federal antitrust laws, or (2) has communicated directly or indirectly the content of Contractor's response to University's procurement solicitation to any competitor or any other person engaged in a similar line of business during the procurement process for this Agreement.
- 4.2 Contractor represents and warrants that (a) it will use its best efforts to perform Services in a good and workmanlike manner and in accordance with the highest standards of Contractor's profession or business, and (b) all Services to be performed will be of the quality that prevails among similar businesses of superior knowledge and skill engaged in providing similar services in major United States urban areas under the same or similar circumstances.
- 4.3 Contractor will call to University's attention in writing all information in any materials supplied to Contractor (by University or any other party) that Contractor regards as unsuitable, improper or inaccurate in connection with the purposes for which the material is furnished.
- 4.4 University at all times is relying on Contractor's skill and knowledge in performing Services. Contractor represents and warrants that Services will be accurate and free from any material defects. Contractor's duties and obligations under this Agreement will not be in any way diminished by reason of any approval by University. Contractor will not be released from any liability by reason of any approval by University.
- 4.5 Contractor will, at its own cost, correct all material defects in Services as soon as practical after Contractor becomes aware of the defects. If Contractor fails to correct material defects in Services within a reasonable time, then University may correct the defective Services at Contractor's expense. This remedy is in addition to, and not in substitution for, any other remedy for defective Services that University may have at law or in equity.

- 4.6 Contractor will maintain a staff of properly trained and experienced personnel to ensure satisfactory performance under this Agreement. Contractor will cause all persons connected with Contractor directly in charge of Services to be duly registered and licensed under all Applicable Laws. Contractor will assign to the Project a designated representative who will be responsible for administration and coordination of Services. Contractor will furnish efficient business administration and coordination and perform Services in an expeditious and economical manner consistent with the interests of University.
- 4.7 Contractor represents and warrants it is duly organized, validly existing and in good standing under the laws of the state of its organization; it is duly authorized and in good standing to conduct business in the State of Texas; it has all necessary power and has received all necessary approvals to execute and deliver this Agreement; and the individual executing this Agreement on behalf of Contractor has been duly authorized to act for and bind Contractor.
- 4.8 Contractor represents and warrants that neither the execution and delivery of this Agreement by Contractor nor the performance of its duties and obligations under this Agreement will (a) result in the violation of any provision of its organizational documents; (b) result in the violation of any provision of any agreement by which it is bound; or (c) conflict with any order or decree of any court or other body or authority having jurisdiction.
- 4.9 Contractor represents and warrants that all of Contractor's Personnel contributing to Work Material (ref. **Section 7**) under this Agreement will be required to (i) acknowledge in writing the ownership of Contractor (for the benefit of University) of Work Material produced by Personnel while performing services pursuant to this Agreement, and (ii) make all assignments necessary to effectuate such ownership. **Personnel** means any and all persons associated with Contractor who provide any work or work product pursuant to this Agreement, including officers, managers, supervisors, full-time employees, part-time employees, and independent contractors.
- 4.10 Contractor represents and warrants that: (i) Services will be performed solely by Contractor, its full-time or part-time employees during the course of their employment, or independent contractors who have assigned in writing all right, title and interest in their work to Contractor (for the benefit of University); (ii) University will receive free, good and clear title to all Work Material developed under this Agreement; (iii) Work Material and the intellectual property rights protecting Work Material are free and clear of all encumbrances, including security interests, licenses, liens, charges and other restrictions; (iv) Work Material will not infringe upon or violate any patent, copyright, trade secret, trademark, service mark or other property right of any former employer, independent contractor, client or other third party; and (v) the use, reproduction, distribution, or modification of Work Material will not violate the rights of any third parties in Work Material, including trade secret, publicity, privacy, copyright, trademark, service mark and patent rights.
- 4.11 If this Agreement requires Contractor's presence on University's premises or in University's facilities, Contractor agrees to cause its employees, representatives, agents, or subcontractors to become aware of, fully informed about, and in full compliance with all applicable University Rules, including those relative to personal health, security, environmental quality, safety, fire prevention, noise, smoking, and access restrictions.

## 5. Payment Obligations.

- 5.1 So long as Contractor has provided University with its current and accurate Federal Tax Identification Number in writing University will pay Contractor for the performance of the Services as established in each Project Addendum. Contractor understands and

agrees that payments under this Agreement will be based upon negotiated final terms as provided for in each specific Project Addendum. Contractor agrees and acknowledges that the fees hereunder may be subject to the withholding requirements of Section 3402(t) of the Internal Revenue Code. This Agreement is not valid for amounts over \$1,000,000 without the approval of the The University of Texas System Board of Regents.

- 5.2 The Contract Amount for each Project Addendum includes all applicable federal, state or local sales or use taxes payable as a result of the execution or performance of this Agreement.
- 5.3 University (a State agency) is exempt from Texas Sales & Use Tax on Services in accordance with [§151.309, Texas Tax Code](#) and [34 Texas Administrative Code \(TAC\) §3.322](#). Pursuant to 34 TAC §§3.322(c)(4) and (g)(3), this Agreement is sufficient proof of University's tax exempt status and University is not required to provide further evidence of its exempt status.

## 6. **Payment Terms.**

- 6.1 University will pay fees due to Contractor under a Project Addendum in accordance with [Chapter 2251, Texas Government Code, the Texas Prompt Payment Act \("Act"\)](#). Pursuant to the Act, Contractor will submit to University an invoice covering the Services performed for University to that date, in compliance with **Exhibit C**, Pricing, and with the terms of the Project Addendum. Each invoice will be accompanied by documentation that the University may reasonably request to support the invoice amount. University will, within twenty-one (21) days from the date it receives an invoice and supporting documentation, approve or disapprove the amount reflected in the invoice. If University approves the amount or any portion of the amount, University will promptly pay Contractor the amount approved ("Progress Payment") so long as Contractor is not in default under this Agreement. University shall promptly pay Contractor all such amounts upon curing any such default. If University disapproves any invoice amount, University will give Contractor specific reasons for its disapproval in writing.
- 6.2 Within ten (10) days after final completion and acceptance of Services by University or as soon thereafter as possible, Contractor will submit a final invoice (**Final Invoice**) setting forth all amounts due and remaining unpaid to Contractor. Upon approval of the Final Invoice by University, University will pay (**Final Payment**) to Contractor the amount due under the Final Invoice.
- 6.3 Notwithstanding any provision of this Agreement to the contrary, University will not be obligated to make any payment (whether a Progress Payment or Final Payment) to Contractor if Contractor is in default under this Agreement.
- 6.4 The cumulative amount of all Progress Payments and the Final Payment (defined below) will not exceed the Contract Amount as more particularly set forth in each Project Addendum.
- 6.5 No payment made by University will (a) be construed to be final acceptance or approval of that part of the Services to which the payment relates, or (b) relieve Contractor of any of its duties or obligations under this Agreement.
- 6.6 The acceptance of Final Payment by Contractor will constitute a waiver of all claims by Contractor except those previously made in writing and identified by Contractor as unsettled at the time of the Final Invoice for payment.

- 6.7 University will have the right to verify the details in Contractor's invoices and supporting documentation, either before or after payment, by (a) inspecting the books and records of Contractor at mutually convenient times; (b) examining any reports with respect to the Project; and (c) other reasonable action.
- 6.8 [Section 51.012, Texas Education Code](#), authorizes University to make payments through electronic funds transfer methods. Contractor agrees to accept payments from University through those methods, including the automated clearing house system (ACH). Contractor agrees to provide Contractor's banking information to University in writing on Contractor letterhead signed by an authorized representative of Contractor. Prior to the first payment, University will confirm Contractor's banking information. Changes to Contractor's bank information must be communicated to University in accordance with **Section 12.14** in writing at least thirty (30) days before the effective date of the change and must include an [IRS Form W-9](#) signed by an authorized representative of Contractor.
- 6.9 Notwithstanding any other provision of this Agreement, University is entitled to a discount of \_\_\_\_% (**Prompt Payment Discount**) off of each payment that University submits within \_\_\_\_ days after University's receipt of Contractor's invoice for that payment.

## **7. Ownership and Use of Work Material.**

- 7.1 All tools, software, programs, drawings, specifications, plans, computations, sketches, data, photographs, tapes, renderings, models, publications, statements, accounts, reports, studies, and other materials prepared by Contractor or any subcontractors in connection with the Services (collectively, **Work Material**), whether or not accepted or rejected by University, are the sole property of University and for its exclusive use and re-use at any time without further compensation and without any restrictions.
- 7.2 Contractor grants and assigns to University all rights and claims of whatever nature and whether now or hereafter arising in and to Work Material and will cooperate fully with University in any steps University may take to obtain or enforce patent, copyright, trademark or like protections with respect to Work Material.
- 7.3 Contractor will deliver all Work Material to University upon expiration or termination of this Agreement. University will have the right to use Work Material for the completion of Services or otherwise. University may, at all times, retain the originals of Work Material. Work Material will not be used by any person other than University on other projects unless expressly authorized by University in writing.
- 7.4 Work Material will not be used or published by Contractor or any other party unless expressly authorized by University in writing. Contractor will treat all Work Material as confidential.
- 7.5 All title and interest in Work Material will vest in University and will be deemed to be work made for hire and made in the course of Services rendered under this Agreement. To the extent that title to any Work Material may not, by operation of law, vest in University or Work Material may not be considered works made for hire, Contractor irrevocably assigns, conveys and transfers to University and its successors, licensees and assigns, all rights, title and interest worldwide in and to Work Material and all proprietary rights therein, including all copyrights, trademarks, service marks, patents, trade secrets, moral rights, all contract and licensing rights and all claims and causes of action with respect to any of the foregoing, whether now known or hereafter to become known. In the event Contractor has any rights in Work Material which cannot be assigned, Contractor agrees to waive enforcement worldwide of the rights against University, its successors, licensees, assigns, distributors and customers or, if necessary, to exclusively license the rights, worldwide to University with the right to sublicense. These rights are assignable by University.

## 8. Default and Termination

- 8.1 In the event of a material failure by a party to this Agreement to perform in accordance with its terms (**default**), the other party may terminate this Agreement and/or a Project Addendum upon fifteen (15) days' written notice of termination setting forth the nature of the material failure; provided, that, the material failure is through no fault of the terminating party. The termination will not be effective if the material failure is fully cured prior to the end of the fifteen-day (15-day) period.
- 8.2 University may, without cause, terminate this Agreement and/or a Project Addendum at any time upon giving seven (7) days' advance written notice to Contractor. Upon termination pursuant to this Section, Contractor will be entitled to payment of an amount that will compensate Contractor for Services satisfactorily performed from the time of the last payment date to the termination date in accordance with this Agreement; provided, that, Contractor has delivered all Work Material to University. Notwithstanding any provision in this Agreement to the contrary, University will not be required to pay or reimburse Contractor for any services performed or for expenses incurred by Contractor after the date of the termination notice, that could have been avoided or mitigated by Contractor.
- 8.3 Termination under **Sections 8.1** or **8.2** will not relieve Contractor from liability for any default or breach under this Agreement or any other act or omission of Contractor.
- 8.4 If Contractor fails to cure any default within fifteen (15) days after receiving written notice of the default, University will be entitled (but will not be obligated) to cure the default and will have the right to offset against all amounts due to Contractor under this Agreement, any and all reasonable expenses incurred in connection with University's curative actions.
- 8.5 In the event that this Agreement is terminated, then within thirty (30) days after termination, Contractor will reimburse University for all fees paid by University to Contractor that were (a) not earned by Contractor prior to termination, or (b) for goods or services that University did not receive from Contractor prior to termination.

## 9. Indemnification

- 9.1 TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAWS, CONTRACTOR WILL AND DOES HEREBY AGREE TO INDEMNIFY, PROTECT, DEFEND WITH COUNSEL APPROVED BY UNIVERSITY, AND HOLD HARMLESS UNIVERSITY RESPECTIVE AFFILIATED ENTERPRISES, REGENTS, OFFICERS, DIRECTORS, ATTORNEYS, EMPLOYEES, REPRESENTATIVES AND AGENTS (COLLECTIVELY, **INDEMNITEES**) FROM AND AGAINST ALL DAMAGES, LOSSES, LIENS, CAUSES OF ACTION, SUITS, JUDGMENTS, EXPENSES, AND OTHER CLAIMS OF ANY NATURE, KIND, OR DESCRIPTION, INCLUDING REASONABLE ATTORNEYS' FEES INCURRED IN INVESTIGATING, DEFENDING OR SETTLING ANY OF THE FOREGOING (COLLECTIVELY, **CLAIMS**) BY ANY PERSON OR ENTITY, ARISING OUT OF, CAUSED BY, OR RESULTING FROM CONTRACTOR'S PERFORMANCE UNDER OR BREACH OF THIS AGREEMENT AND THAT ARE CAUSED IN WHOLE OR IN PART BY ANY NEGLIGENT ACT, NEGLIGENT OMISSION OR WILLFUL MISCONDUCT OF CONTRACTOR, ANYONE DIRECTLY EMPLOYED BY CONTRACTOR OR ANYONE FOR WHOSE ACTS CONTRACTOR MAY BE LIABLE. THE PROVISIONS OF THIS SECTION WILL NOT BE CONSTRUED TO ELIMINATE OR REDUCE ANY OTHER INDEMNIFICATION OR RIGHT WHICH ANY INDEMNITEE HAS BY LAW OR EQUITY. ALL PARTIES WILL BE ENTITLED TO BE REPRESENTED BY COUNSEL AT THEIR OWN EXPENSE.



9.2 IN ADDITION, CONTRACTOR WILL AND DOES HEREBY AGREE TO INDEMNIFY, PROTECT, DEFEND WITH COUNSEL APPROVED BY UNIVERSITY, AND HOLD HARMLESS INDEMNITEES FROM AND AGAINST ALL CLAIMS ARISING FROM INFRINGEMENT OR ALLEGED INFRINGEMENT OF ANY PATENT, COPYRIGHT, TRADEMARK OR OTHER PROPRIETARY INTEREST ARISING BY OR OUT OF THE PERFORMANCE OF SERVICES OR THE PROVISION OF GOODS BY CONTRACTOR, OR THE USE BY INDEMNITEES, AT THE DIRECTION OF CONTRACTOR, OF ANY ARTICLE OR MATERIAL; PROVIDED, THAT, UPON BECOMING AWARE OF A SUIT OR THREAT OF SUIT FOR INFRINGEMENT, UNIVERSITY WILL PROMPTLY NOTIFY CONTRACTOR AND CONTRACTOR WILL BE GIVEN THE OPPORTUNITY TO NEGOTIATE A SETTLEMENT. IN THE EVENT OF LITIGATION, UNIVERSITY AGREES TO REASONABLY COOPERATE WITH CONTRACTOR. ALL PARTIES WILL BE ENTITLED TO BE REPRESENTED BY COUNSEL AT THEIR OWN EXPENSE.

**10. Relationship of the Parties.**

For all purposes of this Agreement and notwithstanding any provision of this Agreement to the contrary, Contractor is an independent contractor and is not a state employee, partner, joint venturer, or agent of University. Contractor will not bind nor attempt to bind University to any agreement or contract. As an independent contractor, Contractor is solely responsible for all taxes, withholdings, and other statutory or contractual obligations of any sort, including workers' compensation insurance.

**11. Insurance.**

11.1 Contractor, consistent with its status as an independent contractor will carry and will cause its subcontractors to carry, at least the following insurance, with companies authorized to do insurance business in the State of Texas or eligible surplus lines insurers operating in accordance with the [Texas Insurance Code](#), having an A.M. Best Rating of A-:VII or better, and in amounts not less than the following minimum limits of coverage:

11.1.1 Workers' Compensation Insurance with statutory limits, and Employer's Liability Insurance with limits of not less than \$1,000,000:

Employers Liability - Each Accident	\$1,000,000
Employers Liability - Each Employee	\$1,000,000
Employers Liability - Policy Limit	\$1,000,000

Workers' Compensation policy must include under Item 3.A. of the information page of the Workers' Compensation policy the state in which Services are to be performed for University.

11.1.2 Commercial General Liability Insurance with limits of not less than:

Each Occurrence Limit	\$1,000,000
Damage to Rented Premises	\$ 300,000
Personal & Advertising Injury	\$1,000,000
General Aggregate	\$2,000,000
Products - Completed Operations Aggregate	\$2,000,000

The required Commercial General Liability policy will be issued on a form that insures Contractor's and subcontractor's liability for bodily injury (including death), property damage, personal, and advertising injury assumed under the terms of this Agreement.

- 11.1.3 Business Auto Liability Insurance covering all owned, non-owned or hired automobiles, with limits of not less than \$1,000,000 single limit of liability per accident for Bodily Injury and Property Damage;
- 11.1.4 Umbrella/Excess Liability Insurance with limits of not less than \$2,000,000 per occurrence and aggregate with a deductible of no more than \$10,000. The Umbrella/Excess Liability policy will be excess over and at least as broad as the underlying coverage as required under **Sections 11.1.1** Employer's Liability; **11.1.2** Commercial General Liability; and **11.1.3** Business Auto Liability. Inception and expiration dates will be the same as the underlying policies. Drop down coverage will be provided for reduction or exhaustion of underlying aggregate limits and will provide a duty to defend for any insured.
- 11.1.5 Intentionally Blank
- 11.1.6 Professional Liability (Errors & Omissions) Insurance with limits of not less than \$1,000,000 each occurrence, \$3,000,000 aggregate. Such insurance will cover all Services performed by or on behalf of Contractor and its subcontractors under this Agreement. Renewal policies written on a claims-made basis will maintain the same retroactive date as in effect at the inception of this Agreement. If coverage is written on a claims-made basis, Contractor agrees to purchase an *Extended Reporting Period Endorsement*, effective twenty-four (24) months after the expiration or cancellation of the policy. No Professional Liability policy written on an occurrence form will include a sunset or similar clause that limits coverage unless such clause provides coverage for at least twenty-four (24) months after the expiration or termination of this Agreement for any reason.
- 11.1.7 Contractor's Employee Dishonesty Insurance will be endorsed with a *Client's Property Endorsement* (or equivalent) to protect the assets and property of University with limits of not less than \$1,000,000 per claim. If Contractor has property of University in its care, custody or control away from University's premises, Contractor will provide bailee coverage for the replacement cost of the property. Contractor's Employee Dishonesty policy will name University as Loss Payee.
- 11.1.8 Directors' and Officers' Liability Insurance with limits of not less than \$1,000,000 per claim. The coverage will be continuous for the duration of this Agreement and for not less than twenty-four (24) months following the expiration or termination of this Agreement.

11.2 Contractor will deliver to University:

11.2.1 After the execution and delivery of this Agreement and prior to the performance of any Services by Contractor, evidence of insurance on a Texas Department of Insurance (TDI) approved certificate form (the Acord form is a TDI-approved form) verifying the existence and actual limits of all required insurance policies; and, if the coverage period shown on the current certificate form ends during the Term, then prior to the end of the coverage period, a new certificate form verifying the continued existence of all required insurance policies.

11.2.1.1 **All insurance policies** (with the exception of workers' compensation, employer's liability and professional liability) will be endorsed and name the Board of Regents of The University of Texas System and University as Additional Insureds for liability caused in whole or in part by Contractor's acts or omissions with respect to its on-going and completed operations up to the actual liability limits of the required insurance policies maintained by Contractor. Commercial General Liability Additional Insured endorsement including ongoing and completed operations coverage will be submitted with the Certificates of Insurance. Commercial General Liability and Business Auto Liability will be *endorsed* to provide primary and non-contributory coverage.

11.2.1.2 Contractor hereby waives all rights of subrogation against the Board of Regents of The University of Texas System and University. **All insurance policies** will be *endorsed* to provide a waiver of subrogation in favor of the Board of Regents of The University of Texas System and University. No policy will be canceled until after thirty (30) days' unconditional written notice to University. **All insurance policies** will be *endorsed* to require the insurance carrier providing coverage to send notice to University thirty (30) days prior to any cancellation, material change, or non-renewal relating to any insurance policy required in this **Section 11**.

11.2.1.3 Contractor will pay any deductible or self-insured retention for any loss. Any self-insured retention must be declared to and approved by University prior to the performance of any Services by Contractor under this Agreement. All deductibles and self-insured retentions will be shown on the Certificates of Insurance.

11.2.1.4 Certificates of Insurance and *Additional Insured Endorsements* as required by this Agreement will be mailed, faxed, or emailed to the following University contact:

Name: Art Martinez, Senior Executive Director Office of the Board of Regents, UT System  
Address: 210 W. 7<sup>th</sup> St., Austin, TX 78701  
Email Address: amartinez@utsystem.edu

- 11.3 Contractor's or subcontractor's insurance will be primary to any insurance carried or self-insurance program established by University. Contractor's or subcontractor's insurance will be kept in force until all Services have been fully performed and accepted by University in writing.
- 11.3.1 Professional Liability Insurance coverage written on a claims-made basis requires Contractor to purchase an *Extended Reporting Period Endorsement*, effective for twenty-four (24) months after the expiration or cancellation of the policy.
- 11.3.2 Directors and Officers Liability Insurance coverage written on a claims-made basis requires Contractor to purchase an *Extended Reporting Period Endorsement*, effective for twenty-four (24) months after the expiration or cancellation of the policy.

## 12. **Miscellaneous.**

- 12.1 **Assignment and Subcontracting.** Except as specifically provided in **Exhibit D**, Historically Underutilized Business Subcontracting Plan, Contractor's interest in this Agreement (including Contractor's duties and obligations under this Agreement, and the fees due to Contractor under this Agreement) may not be subcontracted, assigned, delegated, or otherwise transferred to a third party, in whole or in part, and any attempt to do so will (a) not be binding on University; and (b) be a breach of this Agreement for which Contractor will be subject to all remedial actions provided by Applicable Laws, including [Chapter 2161, Texas Government Code](#), and [34 TAC §§20.285\(g\)\(5\), 20.585 and 20.586](#). The benefits and burdens of this Agreement are assignable by University.
- 12.2 **Texas Family Code Child Support Certification.** Pursuant to [§231.006, Texas Family Code](#), Contractor certifies it is not ineligible to receive the award of or payments under this Agreement, and acknowledges this Agreement may be terminated and payment withheld if this certification is inaccurate.
- 12.3 **Tax Certification.** If Contractor is a taxable entity as defined by [Chapter 171, Texas Tax Code](#), then Contractor certifies it is not currently delinquent in the payment of any taxes due under Chapter 171, Contractor is exempt from the payment of those taxes, or Contractor is an out-of-state taxable entity that is not subject to those taxes, whichever is applicable.
- 12.4 **Payment of Debt or Delinquency to the State.** Pursuant to [§§2107.008 and 2252.903, Texas Government Code](#), Contractor agrees any payments owing to Contractor under this Agreement may be applied directly toward any debt or delinquency Contractor owes the State of Texas or any agency of the State of Texas, regardless of when it arises, until paid in full.
- 12.5 **Loss of Funding.** Performance by University under this Agreement may be dependent upon the appropriation and allotment of funds by the Texas State Legislature (**Legislature**) and/or allocation of funds by the Board of Regents of The University of Texas System (**Board**). If Legislature fails to appropriate or allot necessary funds, or Board fails to allocate necessary funds, then University will issue written notice to Contractor and University may terminate this Agreement without further duty or obligation. Contractor acknowledges that appropriation, allotment, and allocation of funds are beyond University's control.

- 12.6 **Entire Agreement; Modifications.** This Agreement (including all exhibits, schedules, supplements and other attachments (collectively, **Exhibits**)) supersedes all prior agreements, written or oral, between Contractor and University and will constitute the entire agreement and understanding between the parties with respect to its subject matter. This Agreement and each of its provisions will be binding upon the parties, and may not be waived, modified, amended or altered, except by a writing signed by University and Contractor. All Exhibits are attached to this Agreement and incorporated for all purposes.
- 12.7 **Force Majeure.** Neither party hereto will be liable or responsible to the other for any loss or damage or for any delays or failure to perform due to causes beyond its reasonable control including acts of God, strikes, epidemics, war, riots, flood, fire, sabotage, or any other circumstances of like character (**force majeure occurrence**). Provided, however, in the event of a force majeure occurrence, Contractor agrees to use its best efforts to mitigate the impact of the occurrence so that University may continue to provide mission critical services during the occurrence.
- 12.8 **Captions.** The captions of sections and subsections in this Agreement are for convenience only and will not be considered or referred to in resolving questions of interpretation or construction.
- 12.9 **Venue; Governing Law.** Travis County, Texas, will be the proper place of venue for suit on or in respect of this Agreement. This Agreement, all of its terms and conditions, all rights and obligations of the parties, and all claims arising out of or relating to this Agreement, will be construed, interpreted and applied in accordance with, governed by and enforced under, the laws of the State of Texas.
- 12.10 **Waivers.** No delay or omission in exercising any right accruing upon a default in performance of this Agreement will impair any right or be construed to be a waiver of any right. A waiver of any default under this Agreement will not be construed to be a waiver of any subsequent default under this Agreement.
- 12.11 **Confidentiality and Safeguarding of University Records; Press Releases; Public Information.** Under this Agreement, Contractor may (1) create, (2) receive from or on behalf of University, or (3) have access to, records or record systems (collectively, **University Records**). Among other things, University Records may contain social security numbers, credit card numbers, or data protected or made confidential or sensitive by Applicable Laws. Contractor represents, warrants, and agrees that it will: (1) hold University Records in strict confidence and will not use or disclose University Records except as (a) permitted or required by this Agreement, (b) required by Applicable Laws, or (c) otherwise authorized by University in writing; (2) safeguard University Records according to reasonable administrative, physical and technical standards (such as standards established by the National Institute of Standards and Technology and the Center for Internet Security) that are no less rigorous than the standards by which Contractor protects its own confidential information; (3) continually monitor its operations and take any action necessary to assure that University Records are safeguarded and the confidentiality of University Records is maintained in accordance with all Applicable Laws and the terms of this Agreement; and (4) comply with University Rules regarding access to and use of University's computer systems, including UTS165 at <http://www.utsystem.edu/board-of-regents/policy-library/policies/uts165-information-resources-use-and-security-policy>. At the request of University, Contractor agrees to provide University with a written summary of the procedures Contractor uses to safeguard and maintain the confidentiality of University Records.

- 12.11.1 **Notice of Impermissible Use.** If an impermissible use or disclosure of any University Records occurs, Contractor will provide written notice to University within one (1) business day after Contractor's discovery of that use or disclosure. Contractor will promptly provide University with all information requested by University regarding the impermissible use or disclosure.
- 12.11.2 **Return of University Records.** Contractor agrees that within thirty (30) days after the expiration or termination of this Agreement, for any reason, all University Records created or received from or on behalf of University will be (1) returned to University, with no copies retained by Contractor; or (2) if return is not feasible, destroyed. Twenty (20) days before destruction of any University Records, Contractor will provide University with written notice of Contractor's intent to destroy University Records. Within five (5) days after destruction, Contractor will confirm to University in writing the destruction of University Records.
- 12.11.3 **Disclosure.** If Contractor discloses any University Records to a subcontractor or agent, Contractor will require the subcontractor or agent to comply with the same restrictions and obligations as are imposed on Contractor by this **Section 12.11**.
- 12.11.4 **Press Releases.** Except when defined as part of the Services, Contractor will not make any press releases, public statements, or advertisement referring to the Project or the engagement of Contractor as an independent contractor of University in connection with the Project, or release any information relative to the Project for publication, advertisement or any other purpose without the prior written approval of University.
- 12.11.5 **Public Information.** University strictly adheres to all statutes, court decisions and the opinions of the Texas Attorney General with respect to disclosure of public information under the *Texas Public Information Act (TPIA)*, [Chapter 552, Texas Government Code](#). In accordance with §§[552.002](#) and [2252.907](#), *Texas Government Code*, and at no additional charge to University, Contractor will make any information created or exchanged with University pursuant to this Agreement (and not otherwise exempt from disclosure under TPIA) available in a format reasonably requested by University that is accessible by the public.
- 12.11.6 **Termination.** In addition to any other termination rights in this Agreement and any other rights at law or equity, if University reasonably determines that Contractor has breached any of the restrictions or obligations in this Section, University may immediately terminate this Agreement without notice or opportunity to cure.
- 12.11.7 **Duration.** The restrictions and obligations under this Section will survive expiration or termination of this Agreement for any reason.
- 12.12 **Binding Effect.** This Agreement will be binding upon and inure to the benefit of the parties hereto and their respective permitted assigns and successors.
- 12.13 **Records.** Records of Contractor's costs, reimbursable expenses pertaining to the Services and payments will be available to University or its authorized representative during business hours and will be retained for four (4) years after final Payment or abandonment of the Services, unless University otherwise instructs Contractor in writing.

12.14 **Notices.** Except as otherwise provided by this Section, notices, consents, approvals, demands, requests or other communications required or permitted under this Agreement, will be in writing and sent via certified mail, hand delivery, overnight courier, facsimile transmission (to the extent a facsimile number is provided below), or email (to the extent an email address is provided below) as indicated below, and notice will be deemed given (i) if delivered by certified mail, when deposited, postage prepaid, in the United States mail, or (ii) if delivered by hand, overnight courier, facsimile (to the extent a facsimile number is provided below) or email (to the extent an email address is provided below), when received:

If to University: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Fax: \_\_\_\_\_  
Email: \_\_\_\_\_  
Attention: \_\_\_\_\_

*with copy to:* \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Fax: \_\_\_\_\_  
Email: \_\_\_\_\_  
Attention: \_\_\_\_\_

If to Contractor: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Fax: \_\_\_\_\_  
Email: \_\_\_\_\_  
Attention: \_\_\_\_\_

or other person or address as may be given in writing by either party to the other in accordance with this Section.

12.15 **Severability.** In case any provision of this Agreement will, for any reason, be held invalid or unenforceable in any respect, the invalidity or unenforceability will not affect any other provision of this Agreement, and this Agreement will be construed as if the invalid or unenforceable provision had not been included.

12.16 **State Auditor's Office.** Contractor understands acceptance of funds under this Agreement constitutes acceptance of authority of the Texas State Auditor's Office or any successor agency (**Auditor**), to conduct an audit or investigation in connection with those funds (ref. §§[51.9335\(c\)](#), [73.115\(c\)](#) and [74.008\(c\)](#), *Texas Education Code*). Contractor agrees to cooperate with Auditor in the conduct of the audit or investigation, including providing all records requested. Contractor will include this provision in all contracts with permitted subcontractors.

12.17 **Limitation of Liability.** EXCEPT FOR UNIVERSITY'S OBLIGATION (IF ANY) TO PAY CONTRACTOR CERTAIN FEES AND EXPENSES UNIVERSITY WILL HAVE NO LIABILITY TO CONTRACTOR OR TO ANYONE CLAIMING THROUGH OR UNDER CONTRACTOR BY REASON OF THE EXECUTION OR PERFORMANCE OF THIS AGREEMENT. NOTWITHSTANDING ANY DUTY OR OBLIGATION OF UNIVERSITY TO CONTRACTOR OR TO ANYONE CLAIMING THROUGH OR UNDER CONTRACTOR, NO PRESENT OR FUTURE AFFILIATED ENTERPRISE, SUBCONTRACTOR, AGENT, OFFICER, DIRECTOR, EMPLOYEE, REPRESENTATIVE, ATTORNEY OR REGENT OF UNIVERSITY, OR THE UNIVERSITY OF TEXAS SYSTEM, OR ANYONE

CLAIMING UNDER UNIVERSITY HAS OR WILL HAVE ANY PERSONAL LIABILITY TO CONTRACTOR OR TO ANYONE CLAIMING THROUGH OR UNDER CONTRACTOR BY REASON OF THE EXECUTION OR PERFORMANCE OF THIS AGREEMENT.

12.18 **Survival of Provisions.** No expiration or termination of this Agreement will relieve either party of any obligations under this Agreement that by their nature survive expiration or termination, including **Sections 6.7, 9, 12.5, 12.9, 12.10, 12.11, 12.13, 12.16, 12.17, 12.19** and **12.21**.

12.19 **Breach of Contract Claims.**

12.19.1 To the extent that [Chapter 2260, Texas Government Code](#), as it may be amended from time to time (**Chapter 2260**), is applicable to this Agreement and is not preempted by other Applicable Laws, the dispute resolution process provided for in [Chapter 2260](#) will be used, as further described herein, by University and Contractor to attempt to resolve any claim for breach of contract made by Contractor:

12.19.1.1 Contractor's claims for breach of this Agreement that the parties cannot resolve pursuant to other provisions of this Agreement or in the ordinary course of business will be submitted to the negotiation process provided in [subchapter B](#) of Chapter 2260. To initiate the process, Contractor will submit written notice, as required by [subchapter B](#) of Chapter 2260, to University in accordance with the notice provisions in this Agreement. Contractor's notice will specifically state that the provisions of [subchapter B](#) of Chapter 2260 are being invoked, the date and nature of the event giving rise to the claim, the specific contract provision that University allegedly breached, the amount of damages Contractor seeks, and the method used to calculate the damages. Compliance by Contractor with [subchapter B](#) of Chapter 2260 is a required prerequisite to Contractor's filing of a contested case proceeding under [subchapter C](#) of Chapter 2260. The chief business officer of University, or another officer of University as may be designated from time to time by University by written notice to Contractor in accordance with the notice provisions in this Agreement, will examine Contractor's claim and any counterclaim and negotiate with Contractor in an effort to resolve the claims.

12.19.1.2 If the parties are unable to resolve their disputes under **Section 12.19.1.1**, the contested case process provided in [subchapter C](#) of Chapter 2260 is Contractor's sole and exclusive process for seeking a remedy for any and all of Contractor's claims for breach of this Agreement by University.

12.19.1.3 Compliance with the contested case process provided in [subchapter C](#) of Chapter 2260 is a required prerequisite to seeking consent to sue from the Legislature under [Chapter 107, Texas Civil Practices and Remedies Code](#). The parties hereto specifically agree that (i) neither the execution of this Agreement by University nor any other conduct, action or inaction of any representative of University relating to this Agreement constitutes or is intended to constitute a waiver of University's or



the state's sovereign immunity to suit and (ii) University has not waived its right to seek redress in the courts.

12.19.2 The submission, processing and resolution of Contractor's claim is governed by the published rules adopted by the Texas Attorney General pursuant to [Chapter 2260](#), as currently effective, thereafter enacted or subsequently amended.

12.19.3 University and Contractor agree that any periods provided in this Agreement for notice and cure of defaults are not waived.

12.20 **Undocumented Workers.** The *Immigration and Nationality Act* ([8 USC §1324a](#)) (**Immigration Act**) makes it unlawful for an employer to hire or continue employment of undocumented workers. The United States Immigration and Customs Enforcement Service has established the [Form I-9 Employment Eligibility Verification Form \(I-9 Form\)](#) as the document to be used for employment eligibility verification ([8 CFR §274a](#)). Among other things, Contractor is required to: (1) have all employees complete and sign the I-9 Form certifying that they are eligible for employment; (2) examine verification documents required by the I-9 Form to be presented by the employee and ensure the documents appear to be genuine and related to the individual; (3) record information about the documents on the I-9 Form, and complete the certification portion of the I-9 Form; and (4) retain the I-9 Form as required by Applicable Laws. It is illegal to discriminate against any individual (other than a citizen of another country who is not authorized to work in the United States) in hiring, discharging, or recruiting because of that individual's national origin or citizenship status. If Contractor employs unauthorized workers during performance of this Agreement in violation of the Immigration Act then, in addition to other remedies or penalties prescribed by Applicable Laws, University may terminate this Agreement in accordance with **Section 8**. Contractor represents and warrants that it is in compliance with and agrees that it will remain in compliance with the provisions of the Immigration Act.

12.21 **Limitations.** THE PARTIES ARE AWARE THERE ARE CONSTITUTIONAL AND STATUTORY LIMITATIONS (**LIMITATIONS**) ON THE AUTHORITY OF UNIVERSITY (A STATE AGENCY) TO ENTER INTO CERTAIN TERMS AND CONDITIONS THAT MAY BE PART OF THIS AGREEMENT, INCLUDING TERMS AND CONDITIONS RELATING TO LIENS ON UNIVERSITY'S PROPERTY; DISCLAIMERS AND LIMITATIONS OF WARRANTIES; DISCLAIMERS AND LIMITATIONS OF LIABILITY FOR DAMAGES; WAIVERS, DISCLAIMERS AND LIMITATIONS OF LEGAL RIGHTS, REMEDIES, REQUIREMENTS AND PROCESSES; LIMITATIONS OF PERIODS TO BRING LEGAL ACTION; GRANTING CONTROL OF LITIGATION OR SETTLEMENT TO ANOTHER PARTY; LIABILITY FOR ACTS OR OMISSIONS OF THIRD PARTIES; PAYMENT OF ATTORNEYS' FEES; DISPUTE RESOLUTION; INDEMNITIES; AND CONFIDENTIALITY, AND TERMS AND CONDITIONS RELATED TO LIMITATIONS WILL NOT BE BINDING ON UNIVERSITY EXCEPT TO THE EXTENT AUTHORIZED BY THE LAWS AND CONSTITUTION OF THE STATE OF TEXAS.

12.22 **Ethics Matters; No Financial Interest.** Contractor and its employees, agents, representatives and subcontractors have read and understand University's Conflicts of Interest Policy at <http://www.utsystem.edu/board-of-regents/policy-library/policies/int180-conflicts-interest-conflicts-commitment-and-outside->, University's Standards of Conduct Guide at <https://www.utsystem.edu/documents/docs/policies-rules/ut-system-administration-standards-conduct-guide>, and applicable state ethics laws and rules at <http://utsystem.edu/offices/general-counsel/ethics>. Neither Contractor nor its employees, agents, representatives or subcontractors will assist or cause University employees to violate University's Conflicts of Interest Policy, University's Standards of Conduct Guide, or applicable state ethics laws or rules. Contractor represents and warrants that no member of the Board has a direct or indirect financial interest in the transaction that is the subject of this Agreement.

Further, Contractor agrees to comply with [§2252.908, Texas Government Code \(Disclosure of Interested Parties Statute\)](#), and [1 TAC §§46.1 through 46.5 \(Disclosure of Interested Parties Regulations\)](#), as implemented by the Texas Ethics Commission (TEC), including, among other things, providing the TEC and University with information required on the form promulgated by TEC. Contractor may learn more about these disclosure requirements, including the use of TEC's electronic filing system, by reviewing the information on TEC's website at [https://www.ethics.state.tx.us/whatsnew/FAQ\\_Form1295.html](https://www.ethics.state.tx.us/whatsnew/FAQ_Form1295.html).

12.23 **Intentionally Blank**

12.24 **Enforcement.** Contractor agrees and acknowledges that University is entering into this Agreement in reliance on Contractor's special and unique knowledge and abilities with respect to performing Services. Contractor's Services provide a peculiar value to University. University cannot be reasonably or adequately compensated in damages for the loss of Contractor's Services. Accordingly, Contractor acknowledges and agrees that a breach by Contractor of the provisions of this Agreement will cause University irreparable injury and damage. Contractor, therefore, expressly agrees that University will be entitled to injunctive and/or other equitable relief in any court of competent jurisdiction to prevent or otherwise restrain a breach of this Agreement.

12.25 **Intentionally Blank**

12.26 **Intentionally Blank**

12.27 **Subcontracting.** Contractor will use good faith efforts to subcontract Services performed under this Agreement in accordance with the Historically Underutilized Business Subcontracting Plan (HSP) (ref. **Exhibit D**). Except as specifically provided in the HSP, Contractor will not subcontract any of its duties or obligations under this Agreement, in whole or in part. This Agreement is subject to [34 TAC §20.285](#). Contractor will comply with all of its duties and obligations under [34 TAC §20.285](#). In addition to other rights and remedies, University may exercise all rights and remedies authorized by [34 TAC §20.285](#).

- 12.28 **Responsibility for Individuals Performing Services; Criminal Background Checks.** Each individual who is assigned to perform Services under this Agreement will be an employee of Contractor or an employee of a subcontractor engaged by Contractor. Contractor is responsible for the performance of all individuals performing Services under this Agreement. Prior to commencing Services, Contractor will (1) provide University with a list (**List**) of all individuals who may be assigned to perform Services on University's premises and (2) have an appropriate criminal background screening performed on all the individuals on the List. Contractor will determine on a case-by-case basis whether each individual assigned to perform Services is qualified. Contractor will not knowingly assign any individual to provide Services on University's premises who has a history of criminal conduct unacceptable for a university campus or healthcare center, including violent or sexual offenses. Contractor will update the List each time there is a change in the individuals assigned to perform Services on University's premises.

Prior to commencing performance of Services under this Agreement, Contractor will provide University a letter signed by an authorized representative of Contractor certifying compliance with this Section. Contractor will provide University an updated certification letter each time there is a change in the individuals on the List.

- 12.29 **Security Characteristics and Functionality of Contractor's Information Resources.** **Exhibit E**, Security Characteristics and Functionality of Contractor's Information Resources, establishes specifications, representations, warranties and agreements related to the products and services Contractor is providing to University under this Agreement. The specifications, representations, warranties and agreements in **Exhibit E**, Security Characteristics and Functionality of Contractor's Information Resources, are binding on Contractor. Contractor agrees to perform Services in compliance with **Exhibit E**, Security Characteristics and Functionality of Contractor's Information Resources.
- 12.30 **Contractor Certification regarding Boycotting Israel.** Pursuant to [Chapter 2270, Texas Government Code](#), Contractor certifies Contractor (1) does not currently boycott Israel; and (2) will not boycott Israel during the Term of this Agreement. Contractor acknowledges this Agreement may be terminated and payment withheld if this certification is inaccurate.
- 12.31 **Contractor Certification regarding Business with Certain Countries and Organizations.** Pursuant to [Subchapter F, Chapter 2252, Texas Government Code](#), Contractor certifies Contractor is not engaged in business with Iran, Sudan, or a foreign terrorist organization. Contractor acknowledges this Agreement may be terminated and payment withheld if this certification is inaccurate.

University and Contractor have executed and delivered this Agreement to be effective as of the Effective Date.

**THE UNIVERSITY OF TEXAS SYSTEM ADMINISTRATION:**

**CONTRACTOR:**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Attest: \_\_\_\_\_  
Corporate Secretary

**Attach:**

**EXHIBIT A – Services**

**EXHIBIT B – Form of Project Addendum**

**EXHIBIT C – Pricing**

**EXHIBIT D – HUB Subcontracting Plan**

**EXHIBIT E – Security Characteristics and Functionality of Contractor’s Information Resources**

**EXHIBIT A**

**SERVICES**

**Contractor, upon the request of University, will provide the following categories of services:**

**(INSERT)**

**EXHIBIT B**

**FORM OF PROJECT ADDENDUM**

This Addendum (the "Addendum") is in effect between the University of Texas System Administration, an agency of higher education established under the laws of the State of Texas (the "University") and \_\_\_\_\_ ("Contractor"). This Addendum (the "Addendum") is attached to and incorporated into the previously executed Non-Exclusive Master Services Agreement (the "Agreement"), dated effective \_\_\_\_\_, in effect between University and Contractor. This Addendum has an Addendum Effective Date (herein so called) of \_\_\_\_\_, 20\_\_.

By entering into this Addendum the undersigned University and Contractor agree to the terms and conditions set forth in the Agreement. All of the terms and conditions of the Agreement are incorporated into this Addendum for all purposes. Unless otherwise specified in this Addendum, all defined terms used in this Addendum have the same meaning as assigned to those terms in the Agreement.

**Project:**

Subject to the terms of the Agreement, Contractor shall perform the following services:

[Designate services to be performed based on the list of services.]

**Schedule:**

Contractor will commence performance of the Project beginning on \_\_\_\_\_, 20\_\_, and complete the Project no later than \_\_\_\_\_, 20\_\_. Contractor shall complete the Project and shall provide all deliverables in accordance with the following schedule of delivery dates. All deliverables and all other materials (including but not limited to reports and documentation) provided, developed or created by Contractor under this Addendum are Work Materials.

[Specify each service and the corresponding delivery date.]

**Expenses and Disbursements:**

Contractor may be reimbursed without mark-up for reasonable expenses (including meals, lodging, mileage and coach class airfare) validly incurred directly and solely in support of the Project and approved by University in advance. Provided, however, Contractor agrees and acknowledges that Contractor will be subject to the then-current Travel Reimbursement Rates promulgated by the Comptroller of Public Accounts for the State of Texas at <https://fm.x.cpa.state.tx.us/fm/travel/travelrates.php> with regard to meals, lodging, mileage, airfare and all other expenses related to travel. Further, Contractor agrees and acknowledges that Contractor will not be reimbursed by University for expenses that are prohibited or that exceed the allowable amounts set forth in the then-current Travel Reimbursement Rates. As a condition precedent to receiving reimbursement for expenses and disbursements, Contractor will submit to University receipts, invoices, and other documentation as required by University.

**Project Notification:**

Contractor will, upon execution of this Addendum, send a fully executed copy to the attention of the University at the following address:

University of Texas System  
Art Martinez  
Senior Executive Director  
The Office of the Board of Regents  
The University of Texas System  
210 W. 7<sup>th</sup> St.  
Austin, Texas 78701-2891  
amartinez@utsystem.edu

**Fees and Reimbursable Expenses and Disbursements:**

The Fee Cap for this Project is \$\_\_\_\_\_.

The Expense Cap for this Project is \$\_\_\_\_\_.

IN WITNESS WHEREOF, the University and Contractor have executed and delivered this Addendum to be effective as of the Addendum Effective Date.

**UNIVERSITY OF TEXAS SYSTEM ADMINISTRATION: [CONTRACTOR]:**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**EXHIBIT C**

**PRICING**



**EXHIBIT D**

**HUB SUBCONTRACTING PLAN**

**EXHIBIT E**

**SECURITY CHARACTERISTICS AND FUNCTIONALITY OF  
CONTRACTOR'S INFORMATION RESOURCES**

## ADDENDUM 1

DATE: April 20, 2018  
RFP NO: RFP 720-1811 Review of the Organizational Structure of The University of Texas System Administration  
OWNER: The University of Texas System Administration  
TO: Prospective Bidders

This Addendum forms part of Contract Documents and modifies Bid Documents dated December 20, 2017 with amendments and additions noted below.

### Revisions to Section 2.2

Section 2.2 has been revised to read as follows:

#### **2.2 University Contact Person**

Proposers will direct all questions or concerns regarding this RFP to the following contact ("**University Contact**"):

**Darya Vienne**  
**Assistant Director, Contracts and Procurement**  
**Email: [dvienne@utsystem.edu](mailto:dvienne@utsystem.edu)**

University specifically instructs interested parties to restrict all contact and questions regarding this RFP to written communications delivered to (i) University Contact, or (ii) if questions relate to Historically Underutilized Businesses, to HUB Coordinator (ref. **Section 2.5** of this RFP). *The University Contact must receive all questions or comments no later than 2:30 p.m. CST on January 15, 2018.* The University Contact will have a reasonable amount of time to respond to questions or concerns. It is the University Contact's intent to respond to all appropriate questions and concerns; however, the University Contact reserves the right to decline to respond to any question or concern.

**END OF ADDENDUM 1**

## ADDENDUM 2

DATE: April 20, 2018  
RFP NO: RFP 720-1811 Review of the Organizational Structure of The University of Texas System Administration  
OWNER: The University of Texas System Administration  
TO: Prospective Bidders

This Addendum forms part of Contract Documents and modifies Bid Documents dated December 20, 2017 with amendments and additions noted below.

### **Questions and Answers:**

1. Bullet 1 under 5.3 Scope of Work on page 10 refers to the “inventory of UT System ...” Does this inventory already exist?

*Yes. See file titled [Department Budget Review 12-2017v1 \(ADDENDUM THREE\)](#).*

2. What is the System Review and Structure Task Force’s role relative to the contractor? (in other words, will the Task Force take active part in conducting the work?).

*The Task Force will take an active role in both directing and participating in the review. The contractor will provide advice, conduct research, and provide support as needed.*

3. To estimate when the contractor can start work on the project, how fast will the evaluation of RFP’s take and a subsequent contract signed?

*The University is planning to select Contractor no later than February 15, 2018. It would be the University’s hope that a contract could be signed by February 22, 2018 and work can commence immediately.*

4. What are the specific dates in May and July when reports are to be submitted to the Board’s Task Force?

*The May Board meeting has been changed to April 30 – May 1, 2018 so the report should be ready by April 16, 2018 to provide the Board with the opportunity to review before the Board meeting. For the July Board meeting the report would need to be ready by June 27, 2018. Please keep in mind that these are preliminary dates. The final dates will be arrived at in consultation with the Task Force based on the scope of work set by the Task Force.*

5. We’ve noticed the scope of work as described in the RFP is significant but the timeline for deliverables is quite short. Can you provide any information about the expectations on the depth of analysis being sought by the committee within this tight timeline?

The selected Contractor will provide their recommendations to the Task Force on what the scope of the work should be to accomplish the Task Force's objectives as outlined in the RFP.

6. What are the expectations for the consulting team to conduct work on-site or in-person with the task force or UT System staff v. remotely or via teleconference?

There are no set expectations at this time. Those decisions will be made later after consultation with the Task Force.

7. What benchmarks and how much, if any, of the review, assessment, and inventorying—and associated data—has already taken place and/or is already available? (E.g., The UT System Administration initiatives, departments and functions, activities, and staffing as well as historical trends in headcount and budget.)

See response to Question Number 1 above.

8. Will the consulting team have access to existing plans, policy papers, vision statements, and other documentation pointing our strategic directions and expectations for the UT system?

Yes.

9. Can you give us more details about the reductions already made, the reduction process, and did you obtain any feedback or reports that can be shared with the consulting team?

The history of the reductions is provided in the RFP. Also, see response to Question Number 1 above.

10. Will the UT system be assigning any staff to the task force or assign any staff to work on this project in conjunction with the consulting team?

UT System staff will be assigned by the Task Force if needed.

11. As the system considers additional cost reductions, where there any reports completed or areas identified where shared services could help support institution goals and/or validate the process?

No.

12. Can you more clearly define the role of the Task Force in Role in guiding, overseeing and interacting with the consulting team?

See response to Question Number 2 above.

13. RFP Reference: RFP p. 7 of 15, Section 3.1.A. We assume offerors should submit 9 paper copies of the entire proposal PLUS one paper copy marked as "original" – for a total of 10 paper copies. Please confirm.

This is correct.

14. RFP Reference: RFP p. 14-15 of 15, Section 6. For companies that do not serve clients on an hourly or cost reimbursable basis and do not have labor categories and associated hourly rates available, may these companies instead propose alternate rate structures, such as all-inclusive weekly team-based rates?

Since the SOW is not well defined for this project, the evaluation team has decided that it will be quite a challenge to know in advance what team members (seniority) will make up a team. Therefore, Proposers should follow the price schedule, outlined in Section 6.

15. RFP Reference: RFP p. 3 of 15, Section 2.3.2. Offerors' proposed cost is 30% of the scored criteria. Can The University provide further clarity into how Offerors' proposed cost will be scored?

Proposers hourly rates per job per position will be compared to its competitor's hourly rates. This is why it is important to follow the instructions in Section 6 to allow UT System to compare rates.

16. RFP Reference: RFP p. 8 of 15, Section 3.5. The RFP references Appendix Three in Section 3.5.5. There is no Appendix Three included in the RFP materials. Please clarify.

APPENDIX THREE is an HSP document that can be found at the following link: <https://www.utsystem.edu/offices/historically-underutilized-business/hub-forms>  
This link was provided in Section 2.5.4 of the RFP document.

17. Section 5.3 - Bullet 3 refers to "return on investment." What are the elements that you would like to see included in such a calculation?

Contractor will work with the Task Force to determine what elements should be used to calculate any return on investment.

18. Section 5.3 - Bullet 6 calls for comparison to other system models. Are there other systems that UT considers aspirational that should absolutely be included in this comparison? If so, which?

Contractor will work with the Task Force to determine what System models should be reviewed for comparison against the UT System.

19. During the first conference call, we were directed to read through Board of Regents minutes for meetings in May and July. The notes refer to a number of follow-up items (promises to provide information to Regents). Should we assume for purposes of writing this proposal that we will have access to information promised (if it has been provided)?

Attached are the minutes from the May and July 2017 minutes of the Board meeting (ref. ADDENDA FOUR and FIVE) where discussions were held by the Board on the topic of funding for the UT System Administration. For the May meeting, Proposer will want to review the agenda item titled U. T. System: Discussion of U. T. System priorities and budget process that starts on page 15 of the minutes. For the July meeting, Proposer will want to review the agenda item titled: U. T. System Board of Regents: Discussion and appropriate action regarding legal issues

concerning permissible expenditures of Available University Funds (AUF) and Permanent University Funds (PUF) that starts on page 2 of the minutes. Reviewing these minutes is not required for responding the RFP. The minutes simply provides some context regarding the discussions that have taken place to date by the UT System Board of Regents on the role and mission of the UT System Administration.

20. Is there an incumbent currently providing any of the services? If so, can you please provide details?

There is no incumbent providing the services. This is a new initiative.

21. What are the HUB participation requirements for the project?

It is 26%.

22. Where can we download/secure the HUB paperwork needed to submit as part of our proposal?

Please use the link provided in the RFP, Section 2.5.4.

23. Which group and / or department is the project sponsor for the initiative?

Not sure what is meant by the project sponsor. The Task Force was created by the Chairman of the UT System Board of Regents, and the UT System Office of the Board of Regents provide support to the Task Force.

24. Where are those stakeholders based / located?

Not sure what is meant by the UT stakeholder.

25. Will there be an assigned project team from UT? Is yes, can you please describe the team?

No team is assigned at this time.

26. Has the UT previously performed any review and/or analysis outlined in the scope of work? If yes, will that work product(s) be shared with the selected vendor?

No previous review and / or analysis has been performed.

27. What is driving the need for this initiative at this time?

Background information to answer this question have been provided in the RFP.

28. What is the desired completion date? Is there a specific event toward which the initiative is targeted?

Timelines have been provided in the RFP.

29. What is the preferred delivery time of the final project artifacts?

Timelines have been provided in the RFP and not sure what is meant by project artifacts.

30. Can you please provide the expected timeline for the project (e.g. dates by which you expect to select a vendor, launch the project, and conclude the project)?

The University is planning to select Contractor no later than February 15, 2018. It would be the University's hope that a contract could be signed by February 22, 2018 and work can commence immediately. The May Board meeting has been changed to April 30, 2018 – May 1, 2018 so the report should be ready by April 16, 2018 to provide the Board with the opportunity to review before the Board meeting. For the July Board meeting the report would need to be ready by June 27, 2018. Please keep in mind that these are preliminary dates. The final dates will be arrived at in consultation with the Task Force based on the scope of work set by the Task Force.

31. Is the UT team open to an alternative methodology and approach for the project?

There is no UT team. The objectives of the Task Force are outlined in the RFP. There is no set methodology or approach for this project.

32. Is there a preferred pricing matrix and/or format we should follow when defining the project cost?

Yes, please see Section 6 of the RFP document.

33. What is the proposal pricing preference? Fixed Fee? Hourly, etc.

Please see Section 6 of the RFP document.

34. Is there an defined budget for the project? If yes, can you please provide details?

UT System does not disclose this information. Please provide Proposer's best rates in order to be competitive for this project.

35. To ensure we plan our project work plan in accordance to meetings, could we have a listing of 2018 dates/locations of the task force meetings as well as projected award and start dates?

The University is planning to select Contractor no later than February 15, 2018. It would be the University's hope that a contract could be signed by February 22, 2018 and work can commence immediately. The dates and locations of the Task Force meetings will be worked out with selected Contractor.

36. Our assumption is that the associated/related spend at the individual universities also need to be reviewed and considered in the final recommendations, please confirm?



We do not anticipate that the associated/related spend at the individual universities will also need to be reviewed. However, the Task Force would be interested in any ideas the Contractor has on what should be accomplished to help them achieve the objectives stated in the RFP.

37. Please describe any restrictions and/or conditions for use of off-shore vendor resources (FTE and/or contractors)

There are no restrictions and / or conditions for use of off-shore vendor resources, however, none have been anticipated.

38. In reference to the UT System Organizational Chart found on the website, please confirm these areas are within the scope of the RFP (link: <https://www.utsystem.edu/sites/default/files/assets/general-files/ut-system-org-chart-2017-08.pdf>).

Yes, the offices listed on the Organizational Chart are within the scope of the work to be done with the exception of UTIMCO. Also the attachment with the file name Department Budget Review 12-2017v1.pdf (ref. ADDENDUM THREE) can also provide you with information on the offices that will be reviewed.

39. Are there any additional functions not represented on the UT System Organizational Chart referenced in question 4, that should be included in the RFP response?

Those functions are the starting point. Others may be determined later after consultation by the selected Contractor and the task force.

40. Please describe the 'corollary functions' referenced in the RFP in Section 5.3, page 10. What activities are they responsible for? How do they interact with the core System Administration functions/departments?

See response to question number 39 immediately above.

41. Is this review to include UT System and universities non labor expenditures?

It will likely include UT System Administration's expenditures, not just its labor expenditures. What exactly will be reviewed will be determined based on discussions between the selected Contractor and the Task Force.

42. Objective of Request for Proposal' Section 1.3 – this section indicates that the selected consultant will be facilitating the work of the UT System Review and Structure Task Force. Can you please share who are the members of the task force? Can you provide more information on the UT System team that you expect to interface with the consultant? Will any UT System leaders or employees be involved in working with or overseeing the consultant's work?

Members of the Task Force:

- Regent Kevin P. Eltife (Task Force Chairman)

- Regent Ernest Aliseda
- Regent Janiece Longoria
- Regent James C. “Rad” Weaver

Any UT System “Team” expected to interface with Contractor has not yet been determined by the Task Force. The selected Contractor will be working closely with the Task Force and it is anticipated they will work with the General Counsel to the Board and the Senior Executive Director for Board Services.

43. ‘Objective of Request for Proposal’ Section 1.3 – With the understanding that the Task Force will be involved with the work day-to-day, can you share a perspective on whether these interactions would be subject to public disclosure? What constitutes a public meeting of the Board (how many Board members)?

Compliance with the Texas Open Meeting Act will be handled by the General Counsel to the UT System Board of Regents.

44. ‘Objective of Request for Proposal’ Section 1.3 - What is the Task Force’s budget for this assessment?

There is no set budget at this time.

45. ‘Objective of Request for Proposal’ Section 1.3 - Who will the project work products be shared with outside of the Board of Regents Task Force?

Unknown at this time, but that is for further discussion between the selected contractor and the Task Force.

46. ‘Scope of Work’ section 5.3 – Can you provide more information on the definition of ‘Initiative?’ Can you provide examples? Has there already been an inventory of these initiatives by System?

Attached are the minutes from the May and July 2017 minutes of the Board meeting (ref. ADDENDA FOUR and FIVE) where discussions were held by the Board on the topic of funding for the UT System Administration. For the May meeting, you will want to review the agenda item titled U. T. System: Discussion of U. T. System priorities and budget process that starts on page 15 of the minutes. For the July meeting, you will want to review the agenda item titled: U. T. System Board of Regents: Discussion and appropriate action regarding legal issues concerning permissible expenditures of Available University Funds (AUF) and Permanent University Funds (PUF) that starts on page 2 of the minutes. Reviewing these minutes is not required for responding to the RFP. The minutes simply provides some context regarding the discussions that have taken place to date by the UT System Board of Regents on the role and mission of the UT System Administration. Also attached is an inventory of the functions of every of UT System Administration (ref. ADDENDUM THREE).

47. ‘Scope of Work’ section 5.3 – Can you please clarify what funding sources are being referenced? Are these the typical University funding sources (e.g., PUF, AUF)?

They are the typical funding sources.

48. 'Scope of Work' section 5.3 – Has System collected previous surveys or polls from the Institutions that reflect 'voice of the customer' sentiment? Do you have agreement from the board around the appropriate mechanism to further establish the current state pain points and opportunities (e.g., individual interviews, group workshops, employee survey)?

UT System has previous surveys that can be shared with the selected Contractor. UT System does not have direction from the Board around the appropriate mechanism to further establish the current state pain points and opportunities.

49. 'Scope of Work' section 5.3 - Section 5.3 of the RFP states that "the Task Force will provide a preliminary report to the Board in May 2018." Should we assume that this is the April 30-May 1, 2018 meeting that is listed on the Board of Regents website? Or, is there a possibility to set up an additional, special meeting of the Board to allow for time for development of key findings and operating model options?

UT System is planning to select Contractor no later than February 15, 2018. It would be the University's hope that a contract could be signed by February 22, 2018 and work can commence immediately. The May Board meeting has been changed to April 30 – May 1, 2018 so the report should be ready by April 16, 2018 to provide the Board with the opportunity to review before the Board meeting. For the July Board meeting the report would need to be ready by June 27, 2018. Please keep in mind that these are preliminary dates. The final dates will be arrived at in consultation with the Task Force based on the scope of work set by the Task Force. It is possible that additional Board meetings may be scheduled if needed.

50. 'Scope of Work' section 5.3 - If the April 30-May 1 date for a preliminary report is fixed, is there flexibility to focus the preliminary report on assessment findings rather than also including operating model scenarios, or is there flexibility to focus the assessments in the two months leading up to the Board meeting on a prioritized set of System functional areas (e.g., based on criteria that consultant could recommend to the Task Force)?

The focus of the preliminary report is a matter of further discussion between the Task Force and the selected contractor.

**END OF ADDENDUM 2**

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THE UNIVERSITY OF TEXAS SYSTEM ADMINISTRATION

**DEPARTMENT BUDGET REVIEW**  
(BY INDIVIDUAL DEPARTMENT)

MISSION, FUNCTION, BUDGET, AND STAFFING



**DECEMBER 2017**  
(Updated from June 2017)

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OFFICE OF THE CONTROLLER



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### Purpose / Mission

The Office of Academic Affairs provides leadership and serves The University of Texas System's eight academic institutions to create and sustain excellence in educational opportunities, student success, academic programs, research, health care, and service. The Office of Academic Affairs supports UT System's eight academic institutions in Academic Planning and Operations, Policy Development, Program Review, Research, Student Success, Student Support, Athletics Counsel, Leadership Development, and Veterans Affairs.

### Description / Function

- Provide oversight of and support for academic institutional operations and facilitates achievement of university goals by working with institutional leadership to align: presidential work plans, institutional missions and goals, student success and other outcomes, resource allocation, tuition and fee setting, enrollment management and admissions policies, degree and course offerings, faculty recruitment and retention, research collaborations, strategic planning, and leads the process for recruiting institution presidents and evaluating performance. **(Critical)**
- Provide strategic policy research and analysis to support data-driven decision making, and aligns resources to support institutional advancement in key areas. - **(Critical)**
- Advise the Chancellor and Board of Regents regarding complex academic, business, operational, legal and policy issues, and provides legislative and policy analysis on issues of importance to institutional stakeholders. **(Critical)**
- Ensure high-quality degree program offerings at the academic institutions through conducting rigorous reviews of proposals for new degree programs, with particular attention to the quality of proposals for new graduate and doctoral programs. - **(Critical)**
- Work with other System offices, institutional, regional, state, and national stakeholders to enhance the educational pipeline, improve college readiness, and increase access to higher education and success for all students statewide. **(Critical)**
- Advises Vice Presidents of Student Affairs, Title IX Administrators, Campus Conduct Officers and other professionals about student concerns. Develop opportunities for collaboration, policy review and modification, compilation of best practices, and consultation on all variety of programs and services for Student Affairs. Much of the oversight in student affairs occurs across both academic and health campuses. **(Critical)**
- Coordinate process for campus proposals for mandatory tuition and fees, which must be approved by the Board of Regents. Coordinate campus requests for all non-mandatory fees. Develop alternative process for requesting tuition and fee increases which highlights critical fee needs and which can be implemented and completed in the fall semester. **(Critical)**
- In coordination with the Compliance office, OAA engages with the campuses to resolve all student, faculty and outside complaints arising from and regarding the academic and health institutions. **(Critical)**
- Consult with & advise the Athletics Directors and NCAA Compliance officers regarding NCAA rules and regulations; conference issues; Title IX matters; all athletics policies and procedures; employment law matters; and best practices in the industry. Drafts and analyze all employment agreements for athletics personnel and advise the institutions regarding negotiations of the agreements. **(Critical)**
- Serve as a comprehensive resource to UT Austin and UTRGV on the successful development of the Dell Medical School and the UTRGV School of Medicine. **(Critical)**
- Convene significant numbers and variety of institutional stakeholders and constituent groups to share best practices, promote collaboration and effective delivery of high-quality educational programs, and discuss emerging issues in the field. **(Critical)**
- Communicate and engage with a variety of external groups and stakeholders, in support of institutional efficiency and advancement of goals. -**(Essential)**
- Review proposals for System investments in institutions (e.g., LERR, PUF, STARS) and strategically distributes more than \$30 million annually. **(Essential)**

## Success Metric(s)

- Integral to the development and integration of two new medical schools into existing academic institutions (Dell Medical School and UT RGV School of Medicine) and in successfully transforming UTPA and UTB into a new institution (UTRGV) to serve the needs of the Rio Grande Valley.
- Adds value by exerting leadership and supporting both institutional and system-wide efforts to advance excellence in all areas that impact academic institutions (i.e., faculty, staff, students, research and healthcare).
- Maintained a 100% success rate in the approval of academic program proposals to the Coordinating Board in past five years.
- Assisted with development and implementation plans for UT Dallas and three other emerging research universities to reach Tier 1 Research Status in FY16.
- Feedback from the institutions, the Board, Chancellor, UT System officers regarding the quality of services provided and the access to those services.

## Benefit to Institution

- Enter strategic alliances and agreements, and leverage economies of scale system-wide, to add financial benefit to our institutions, the region, state, and nation.
- Leverage systemwide opportunities and economies of scale to negotiate contracts for services that are cost-effective to our institutions (e.g., Predictive Analytic Tools and Dashboards).
- Strategically allocate and distribute funding to support a variety of programs that benefit all institutions (e.g., Student Success initiatives, Outstanding Teaching Awards, Protocol Counseling Services, Student-athlete and Coach's training, and Bystander Intervention Programming).
- Professional development opportunities to institutional administrators, faculty and staff focused on leadership and student success.

## Assessment of Criticality

Has 7 senior staff and 10 support staff, of which 2 support staff members are shared with Health Affairs.

Oversees eight institutions with collective annual operating revenues that exceed \$3 billion, student populations in excess of 208,000, and a collective employee workforce that exceeds 35,000 (more than 77% full-time and more than 28% instructional staff/ faculty). OAA has additional responsibilities related to the two new medical schools, requiring additional expertise in academic medicine.

## Budget and FTE Trend

	2010	2014	2015	2016	2017	2018	9yr CAGR/ % Change*
<b>Budget/AUF</b>	\$1,814,008	\$3,232,895	\$4,945,173	\$4,009,993	\$5,021,200	\$4,282,873	10.0
<b>Budget/Non-AUF</b>	\$608,439	\$353,125	\$1,052,903	\$375,000	\$375,000	\$375,000	-5.2
<b>FTEs/AUF</b>	11.0000	16.8000	14.9099	15.8000	19.3000	17.3000	57.3
<b>FTEs/Non-AUF</b>	1.0000	0.0000	0.8901	0.0000	0.0000	0.0000	-100.0

\*CAGR is compound annual growth rate since 2010 for the budget dollars. Percentage change is the increase from 2010 for FTEs.

## Source(s) of Funds for FY 2017

Source	Amount
AUF	\$5,021,200
Designated	\$375,000
Service Dept Fees	\$0
PUF	\$0
Other	\$0

## Notes



### Purpose / Mission

To serve the UT System Board of Regents, UT System Administration, and UT System institutions by providing risk-based and objective assurance, advice, and insight to protect and enhance organizational value. We support UT System's pursuit of its goals through an internal audit program of excellence and innovation.

### Description / Function

- Perform internal audit activities which aid the UT System in the improvement of systems of governance, risk management, and internal control. This fulfills the requirement of the Texas Government Code, Title 10, Chapter 2102, "Texas Internal Auditing Act." **(Critical)**
- Ensure an effective internal audit function is in place Systemwide through oversight and coordination of a comprehensive risk-based audit plan. This fulfills the requirement of Regents' *Rules and Regulations* 20401. **(Critical)**
- Organize and report required and requested information to the Board Audit, Compliance, and Risk Management Committee concerning Systemwide risk assessments, audits, and the results of findings. **(Critical)**
- Deliver specialized audit services which include expertise in information technology auditing, data analytics, investigations and forensics, and oil and gas operations. **(Essential)**
- Conduct institutional audits that local auditors are not independent to perform, e.g. NCAA reviews and audits of presidential expenses. **(Essential)**
- Provide guidance and audit methodology for Systemwide audits required by law or rule to ensure consistent performance, e.g. benefits proportionality, SB 20 compliance, and practice plans. **(Essential)**
- Coordinate activities for external auditors and reporting of third-party auditors. **(Essential)**
- Perform special projects, as requested, to respond to needs of the Board and management. **(Essential)**
- Perform audit or other activities at UT institutions, when requested, to assist when the institutions are temporarily under-resourced or in need of specific expertise. **(Enhancing)**
- Develop and maintain technical capabilities and knowledge-sharing resources for the benefit and elevation of internal audit activities Systemwide. **(Enhancing)**

### Success Metric(s)

- Conformance with The Institute of Internal Auditors International Standards for the Professional Practice of Internal Auditing and the Generally Accepted Government Auditing Standards as demonstrated through external quality assessment reviews.
- Feedback from the Board and System Administration audit committees and institutional constituents of presidents, external audit committee members, and chief audit executives
- Financial recoveries from audits of contractual compliance
- Effectiveness and Efficiency: annual plan completion, reports issued timely, direct audit hours
- Quality: client satisfaction through surveys, ongoing quality and improvement activities
- Sustainability: staff with professional certifications and continuing training

### Benefit to Institution

Provides the Board and management with assurance and advice in areas of governance, risk management, and internal control. Provides expertise in federal and state law, financial reporting, governance structures, management oversight, policy and procedure, and overall balance of internal control with efficient and effective business processes.

### Assessment of Criticality

An internal audit function is a key component in the assurance structure of an organization. A commonly-accepted model describes it as the “third line of defense” – following the first line of management controls and the second line of management risk activities. It is an essential element in good corporate governance as UT System seeks to maintain and improve management and accountability of financial and operational activities.

### Budget and FTE Trend

	2010	2014	2015	2016	2017	2018	9yr CAGR/ % Change*
<b>Budget/AUF</b>	\$1,207,897	\$1,876,933	\$2,232,785	\$2,848,608	\$2,737,301	\$2,549,347	8.7
<b>Budget/Non-AUF</b>	\$577,548	\$478,794	\$348,493	\$370,862	\$350,029	\$271,627	-8.1
<b>FTEs/AUF</b>	12.9000	13.7337	14.5337	15.7237	14.9837	13.5837	5.3
<b>FTEs/Non-AUF</b>	4.3000	3.2663	2.4663	2.2763	2.0163	1.4163	-67.1

\*CAGR is compound annual growth rate since 2010 for the budget dollars. Percentage change is the increase from 2010 for FTEs.

### Source(s) of Funds for FY 2017

Source	Amount
AUF	\$2,737,301
Designated	\$23,000
Service Dept Fees	\$95,209
PUF	\$231,820
Other	\$0

### Notes

2017 Total includes \$150,000 for External Quality Assessment that is required periodically and is not part of the recurring office activity.



**Purpose / Mission**

For FYs 15, 16, and 17, the institutional internal auditors at seven academic campuses were made employees of UT System Administration and funded by AUF resources as part of a strategy to provide financial relief for those institutions. As such, UT System was providing this service as part of direct campus support. At its May 2017 meeting, the Board of Regents approved the return of direct oversight of the campus auditors to their respective institutions. Effective 9/1/17, the 48.2 positions will no longer be UT System Administration employees.

**Description / Function**

The role of the internal audit activities at the seven institutions above is to perform internal audit activities which aid their institutions in the improvement of systems of governance, risk management, and internal control. This fulfills the requirement of the Texas Government Code, Title 10, Chapter 2102, "Texas Internal Auditing Act." **(Critical)**

### Success Metric(s)

- Conformance with The Institute of Internal Auditors International Standards for the Professional Practice of Internal Auditing and the Generally Accepted Government Auditing Standards as demonstrated through external quality assessment reviews.
- Effectiveness and Efficiency: annual plan completion, reports issued timely, direct audit hours
- Quality: client satisfaction through surveys, ongoing quality and improvement activities
- Sustainability: staff with professional certifications and continuing training

### Benefit to Institution

Provides institutional audit committees and management with assurance and advice in areas of governance, risk management, and internal control. Provides expertise in federal and state law, financial reporting, governance structures, management oversight, policy and procedure, and overall balance of internal control with efficient and effective business processes.

### Assessment of Criticality

An internal audit function is a key component in the assurance structure of an organization. A commonly-accepted model describes it as the “third line of defense” – following the first line of management controls and the second line of management risk activities. It is an essential element in good corporate governance as UT System seeks to maintain and improve management and accountability of financial and operational activities.

### Budget and FTE Trend

	2010	2014	2015	2016	2017	2018	9yr CAGR/ % Change*
Budget/AUF	\$0	\$0	\$4,429,743	\$4,812,011	\$4,848,711	\$0	
Budget/Non-AUF	\$0	\$0	\$0	\$0	\$0	\$0	
FTEs/AUF	0.0000	0.0000	47.9000	48.7000	48.2500	0.0000	
FTEs/Non-AUF	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	

\*CAGR is compound annual growth rate since 2010 for the budget dollars. Percentage change is the increase from 2010 for FTEs.

### Source(s) of Funds for FY 2017

Source	Amount
AUF	\$4,848,711
Designated	\$0
Service Dept Fees	\$0
PUF	\$0
Other	\$0

### Notes

Effective 9.1.2017, these functions will be returned to the respective campuses. This was approved by the Board of Regents at the May 2017 meeting.



**Purpose / Mission**

To serve the members of the UT System Board of Regents and provide the information and support such that each Regent's governance of The University of Texas System is based on an informed judgment.

**Description / Function**

- Provide independent advice and counsel to members of the Board providing historical context of UT System issues as required under Regents' *Rules and Regulations*, Rule 10201 (Critical)
- Organize the presentation of agenda materials and coordinate logistics for all meetings of the Board as required under Regents' *Rules and Regulations*, Rule 10201 (Critical)
- Ensure statutory compliance by the Board, while encouraging best practices, in areas such as the Texas Open Meetings Act (*Texas Government Code*, Chapter 551), Texas Public Information Act (*Texas Government Code*, Chapter 552), conflicts of interests (*Texas Government Code*, Chapter 572), all matters required by the *Texas Education Code*, Chapter 65.31, various financial disclosure requirements, and over sight regarding UTIMCO, as required under Regents' *Rules and Regulations*, Rule 10201 (Critical)
- Coordinate and oversee the delivery of information and data requested by members of the Board as required under Regents' *Rules and Regulations*, Rule 10201 (Critical)
- Compile and maintain the Regents' *Rules and Regulations* to establish Board's direction and assure the efficient operation of the UT System as required under Regents' *Rules and Regulations*, Rule 10201 (Critical)
- Ensure Board minutes, webcasts, and historical records are preserved and readily accessible as required under *Texas Government Code*, Chapter 551 (Critical)
- Supervise the UT System Audit Office as required under Regents' *Rules and Regulations*, Rule 10201 (Critical)
- Provide new Regents with orientation materials and coordinate orientation sessions with System Executive Officers and other staff; assist with tracking completion of statutorily-required training for new Regents (Essential)
- Provide administrative support to the members of the Board, including assistance with correspondence, travel arrangements, logistics, and reimbursement of expenses (Essential)
- Review and approve expenses and proposed travel for the Chancellor (Essential)
- Oversee the work done by the external compensation consulting firm that conducts the executive compensation survey for the Chancellor, the presidents, and the executive officers of System Administration (Essential)
- Provide administrative support to the committees involved in the search for all new presidents (Enhancing)



**Success Metric(s)**

- Feedback by members of the Board as to responsiveness of information needs
- Feedback from the Chairman, members of the Board, Chancellor, UT System officers, and institutional staff concerning access and responsiveness

**Benefit to Institution**

- Provides assistance to institutional staff in preparation of information for the Board
- Draft Regents’ Rules that meet the needs of the Board and the UT institutions and assist the institutions with interpreting the Rules
- Provide advice and research support
- Review and post all institutional open meetings notices and review all UTIMCO postings for compliance with the Texas Open Meetings Act
- Compliance with the Texas Open Meetings Act, Texas Public Information Act, and other state and federal laws

**Assessment of Criticality**

This is already provided with each function above.

**Budget and FTE Trend**

	2010	2014	2015	2016	2017	2018	9yr CAGR/ % Change*
<b>Budget/AUF</b>	\$1,535,579	\$2,167,549	\$2,252,069	\$2,359,677	\$2,238,493	\$2,075,653	3.4
<b>Budget/Non-AUF</b>	\$172,000	\$172,000	\$172,000	\$172,000	\$127,000	\$172,000	0.0
<b>FTEs/AUF</b>	9.7500	12.8750	12.8750	12.8750	12.8750	10.0000	2.6
<b>FTEs/Non-AUF</b>	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	

\*CAGR is compound annual growth rate since 2010 for the budget dollars. Percentage change is the increase from 2010 for FTEs.

**Source(s) of Funds for FY 2017**

Source	Amount
AUF	\$2,100,350
Designated	\$90,100
Service Dept Fees	\$0
PUF	\$0
Other	\$36,900

**Notes**

"Other" funding source is a Restricted Endowment



**Purpose / Mission**

Business Affairs serves and supports the campuses as they carry out the U. T. System organizational mission activities. We facilitate cross-campus collaboration while providing leadership and oversight for multi-campus projects that transform the business model. Business Affairs has the fiduciary role to protect the assets of the U. T. System and stretch funding through new and creative ideas and innovative methods that add value to every area of the organization. Business Affairs leads in interactions with the Board of Regents' providing them with guidance to understand the complexity of the U. T. System budget that underlies the organizational mission.

**Description / Function**

- Oversight of the Offices of Controller; HUB; Finance; Business Development; Contracts & Procurement; Employee Benefits; Shared Business Operations; Shared Services; and University Lands and the functions of those departments **(Critical)**
- Liaison to the Board of Regents' Finance and Planning Committee, to include coordinating and delivery of information requested by members of the Board **(Critical)**
- Oversight approval of the preparation of the budget, budget administration and appropriation requests **(Critical)**
- Designate and supervise the U. T. System liaison to UTIMCO **(Critical)**
- Delegated to act on behalf of the Board with regards to U. T. System Administration and Systemwide contract execution and for agreements between and among UT System Administration and its institutions **(Essential)**
- Oversight of the overall contract management process including Form 1295 acknowledgments and uploading of contract information to the transparency website **(Critical)**
- Oversight of the Group Purchasing Organization Accreditation Program **(Enhancing)**
- Delegated to act on behalf of the Board related to facilities planning and construction major and minor projects **(Essential)**
- Delegated to act on behalf of the Board regarding Optional Retirement Program (ORP) plan documents; the purchase or renewal of risk management insurance policies with premiums in excess of \$500,000 **(Essential)**
- Delegated to act on behalf of the Board in matters related to Permanent University Fund lands and in mineral interests in other lands owned or controlled by the Board **(Essential)**
- Report on significant activities of the Board for Lease of University Lands to the Board **(Essential)**
- Serve on executive committees and ad hoc committees (i.e., Risk Management Executive Committee and Internal Audit Executive Committee) **(Essential)**
- Chair of Business Management Council and liaison to the U. T. institutions' chief business officers **(Essential)**

### Success Metric(s)

We effectively serve and support the campuses, facilitating delivery of their mission through collaboration and counsel to their chief business officers. When the campus achieves its goal and we have supported them along the way.

When we utilize the fewest resources possible and ensure that we are good stewards of the resources with which we have been entrusted by making sound investments; through creation of innovative programs (i.e. Intermediate Term Fund (ITF)) that continue to save money over time and through bond sales that save millions of dollars. When we are able to return dollars to the institutions because they have invested in U. T. System Supply Chain Alliance contracts, which saves money in multiple ways.

Positive feedback from our constituents, Board members, campus staff, or UT System departments that we have answered their questions or concerns.

### Benefit to Institution

Business Affairs is a hub for communication and collaboration and will spend the time and energy on a task to get it done and get it done right. We focus on results and encourage creativity and above all we offer service and value to our customers.

### Assessment of Criticality

The Office of Business Affairs is an executive office with a small staff but a critical mission. Oversight of business functions at System Administration and chief business officer to the U. T. System are critical functions. Communication and collaboration with the institutions is critical to the strategic mission of the U. T. System. Business Affairs does not perform the organizational mission activities of educating students, conducting research, treating patients or serving our communities, but rather we support the campuses and departments, the faculty and staff who do perform such acts.

### Budget and FTE Trend

	2010	2014	2015	2016	2017	2018	9yr CAGR/ % Change*
<b>Budget/AUF</b>	\$368,185	\$609,874	\$609,480	\$627,242	\$562,394	\$570,151	5.0
<b>Budget/Non-AUF</b>	\$13,000	\$25,000	\$25,000	\$25,000	\$22,500	\$22,500	6.3
<b>FTEs/AUF</b>	1.6000	2.6865	2.6865	2.6865	1.8500	1.8500	15.6
<b>FTEs/Non-AUF</b>	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	

\*CAGR is compound annual growth rate since 2010 for the budget dollars. Percentage change is the increase from 2010 for FTEs.

### Source(s) of Funds for FY 2017

Source	Amount
AUF	\$562,394
Designated	\$22,500
Service Dept Fees	\$0
PUF	\$0
Other	\$0

### Notes



**Purpose / Mission**

Business Development serves as a business resource to our institutions and internal to System Administration, all under the auspices of the EVC for Business Affairs. Our purpose is to help get good business deals done. Activities include transaction assistance, support, and negotiation; advisory services; valuation services; coordination of internal and external resources; internal consulting; project evaluation; analysis of mergers, acquisitions, and divestitures; and review of board items.

**Description / Function**

- Institutional Business Support (Essential)
  - ETMC
  - Frisco Clinic
  - Brackenridge Tract
  - Erwin Center Replacement Project
  - Electricity and Natural Gas Procurement (Critical)
  - ASARCO Land Purchase
  - SpaceX
  - TMC3
  - UTSW/THR
- System Administration Support (Essential)
  - P3 Project Consulting
  - System Complex/Block 71 Ground Lease
  - Behavioral Health Projects (Dr. Lakey)
  - ITL Business Support
  - OFPC Outsourcing Committee
  - Project DOC Business Support
  - Group Purchasing
  - Houston Land Acquisition
- 179D Tax Credit Program - 100% of funds recovered directed to the institutions (Essential)
  - \$1.9 million collected; \$2.1 million executed; \$1.7 million in queue
- Outside Board Representation (Enhancing)
  - TECO Executive Committee member
  - IT's TIME TEXAS advisory board member
- University Lands Advisory Services (ULANDCO, solar, etc.) (Enhancing)
- UTIMCO Policy Support (operating funds, derivatives, liquidity, etc.) (Enhancing)

### Success Metric(s)

- Feedback from UT institutions as to value added
- Feedback from the EVC for Business Affairs and other senior System Administration executives as to value added
- Revenue recovered on behalf of our institutions from the 179D tax program, conceived, designed, and directed by Business Development

### Benefit to Institution

Business Development serves as an extension of the institutions allowing them to pursue various business activities that might otherwise require (expensive) outside assistance. We also facilitate the pursuit of value added opportunities that might otherwise not be capitalized on. Finally, in the case of the 179D tax program, we pursue and collect millions of dollars owed to UT institutions that might otherwise go uncollected.

### Assessment of Criticality

Already provided with each function above.

### Budget and FTE Trend

	2010	2014	2015	2016	2017	2018	9yr CAGR/ % Change*
<b>Budget/AUF</b>	\$0	\$0	\$697,580	\$633,529	\$502,911	\$463,432	
<b>Budget/Non-AUF</b>	\$0	\$0	\$0	\$0	\$1,890	\$1,890	
<b>FTEs/AUF</b>	0.0000	0.0000	3.0000	2.5000	2.0000	1.5000	
<b>FTEs/Non-AUF</b>	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	

\*CAGR is compound annual growth rate since 2010 for the budget dollars. Percentage change is the increase from 2010 for FTEs.

### Source(s) of Funds for FY 2017

Source	Amount
AUF	\$502,911
Designated	\$1,890
Service Dept Fees	\$0
PUF	\$0
Other	\$0

### Notes

Created in 2014 originally envisioned to consist of 4.0 FTEs providing full-time internal consulting and transaction assistance function to the institutions and System Administration. With the hiring of internal legal counsel in Health Affairs, the department has been streamlined to focus on business activities and currently consists of 1.5 FTEs, Philip Aldridge and administrative support (50% Business Development/50% Office of Finance).



**Purpose / Mission**

To provide a chief executive officer of the UT System, and the requisite support staff to fulfill the duties and responsibilities of the Chancellor

**Description / Function**

- Provide a chief executive officer for the UT System. **(Critical)**
- Support Chancellor with responsibilities related to management of the university system within the policies of the board. **(Critical)**
- Support Chancellor with responsibilities for making recommendations to the board concerning the organization of the university system and the appointment of the chief administrative office for each campus. **(Critical)**
- Support Chancellor with responsibilities outlined in Regents' Rule 20101, including: counseling the board, implementing board policies, representing the university to the public and other stakeholders, strategic planning, management of the UT System and all institutions within the UT System, budgeting, legislative submissions, fund development, and appointment of executive officers **(Essential)**

**Success Metric(s)**

- Board assessment of Chancellor.
- Effectiveness and efficiency of UT System Administration.
- Effectiveness in representing the university to the public and other stakeholders.
- Effectiveness in advancing the UT System and its component institutions.

**Benefit to Institution**

- Chief executive officer of System.
- Guidance to the Board of Regents, and implementation of Board policies.
- Principal liaison between the Board and institution presidents.

**Assessment of Criticality**

A Chancellor is required by law and is responsible by law for the general management of the system within the policies of the board. Regents' Rule 20101 identifies a number of other responsibilities of the Chancellor. The office supports the Chancellor in fulfilling these responsibilities.

**Budget and FTE Trend**

	2010	2014	2015	2016	2017	2018	9yr CAGR/ % Change*
<b>Budget/AUF</b>	\$845,507	\$1,025,422	\$1,060,536	\$1,837,336	\$1,681,339	\$1,525,701	6.8
<b>Budget/Non-AUF</b>	\$838,849	\$878,627	\$1,053,628	\$2,138,359	\$2,138,352	\$1,977,200	10.0
<b>FTEs/AUF</b>	8.5000	9.2500	8.3463	8.3919	8.5135	6.8500	-19.4
<b>FTEs/Non-AUF</b>	0.0000	0.0000	0.9064	0.9415	0.9415	1.0000	

\*CAGR is compound annual growth rate since 2010 for the budget dollars. Percentage change is the increase from 2010 for FTEs.

**Source(s) of Funds for FY 2017**

Source	Amount
AUF	\$1,681,339
Designated	\$401,146
Service Dept Fees	\$0
PUF	\$0
Other	\$1,737,206

**Notes**



**Purpose / Mission**

Our mission is to effectively support the procurement and contracting processes for goods and services that sustain, foster and support the educational, research and health care missions of The University of Texas System Administration. We strive to maintain the most efficient operations while adhering to the requirements of university, state, and federal laws, rules and procedures. It is our goal to serve our customers in the most timely, efficient and transparent means possible.

**Description / Function**

- Maintain efficient and effective systems and processes for end users to procure goods and services (Oracle P/S, eShop). **(Essential)**
- Coordinate negotiation of contract with department staff and Office of General Counsel. **(Essential)**
- Develop strategies to negotiate contracts that generate dollar savings. **(Essential)**
- Maintain positive supplier relationships. **(Enhancing)**
- Develop, maintain and communicate procedures for processing purchases and contracts. **(Enhancing)**
- Provide training to staff on purchasing/contracting systems and requirements. **(Enhancing)**
- Support the UT System Supply Chain Alliance and promote use of their contracts. **(Enhancing)**
- Evaluate and make recommendations to enhance processing of purchase orders and contracts. **(Enhancing)**



**Success Metric(s)**

- Request for Proposal (RFP) Process Cycle Times
  - o Calendar Days to Post
  - o Calendar Days to Award
- Contract Cycle Times
  - o Contract Award to Contract Execution
- Cost Savings – Based on UT System Standardized Cost Savings Methodology to begin implementation in September, 2017.
- Quarterly Status Report to EVC, Business Affairs of contracts that require enhanced monitoring plans.

**Benefit to Institution**

Provides UT System Administration departments with administration of procurement and contracting processes. Publish and maintain clear, concise procedures that explain processing requirements that are in accordance with State legislative requirements, Board of Regents Rules and UT System Administration policies. Provide direct assistance to department staff to support procurement and contracting processes. Maintain systems (i.e. PeopleSoft Financials, eShop, etc.) that facilitate purchase order processing while assuring adherence to proper delegation of authority requirements.

**Assessment of Criticality**

The role of the department is critical in that there are multiple legislative guidelines regarding procurement and contracting that are detailed within the Comptroller’s Contract Management Handbook that require effective administration. Texas Education Code 51.9337 which was effective September 1, 2015, requires that institutions are able to demonstrate adhere to a set of required rules and policies or be subject to a remediation plan if found by the state auditor to be out of compliance. Failure to remediate any identified issues could result in suspension of the institutions suspension of use of best value procurement authority.

**Budget and FTE Trend**

	2010	2014	2015	2016	2017	2018	9yr CAGR/ % Change*
<b>Budget/AUF</b>	\$0	\$0	\$0	\$0	\$454,081	\$469,969	
<b>Budget/Non-AUF</b>	\$0	\$0	\$0	\$0	\$750	\$750	
<b>FTEs/AUF</b>	0.0000	0.0000	0.0000	0.0000	4.0000	4.0000	
<b>FTEs/Non-AUF</b>	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	

\*CAGR is compound annual growth rate since 2010 for the budget dollars. Percentage change is the increase from 2010 for FTEs.

**Source(s) of Funds for FY 2017**

Source	Amount
AUF	\$454,081
Designated	\$750
Service Dept Fees	\$0
PUF	\$0
Other	\$0

**Notes**



**Purpose / Mission**

The Office of the Controller provides leadership in the development of business and financial services, timely and accurate information reporting and protection of people, property and assets essential for The University of Texas System to pursue its mission of teaching, research, and patient care. We do this with the best interest of the University and the citizens of the State of Texas in mind.

**Description / Function**

- Prepare the statutorily required UT System Consolidated Annual Financial Report (AFR), Management's Discussion and Analysis, and footnotes. Prepare the UT System Administration stand-alone AFR and review each UT Institutional AFR prior to consolidation. Maintain the integrity the general ledger and the submodules Also prepare Analysis of Financial Condition, Monthly Financial Report, and the Practice Plan Report. **(Critical)**
- Key point of contact for investment accounting matters across all of UT System and the primary liaison between UT System and UTIMCO accounting staff. **(Critical)**
- Manage the central accounts payable, reimbursement process, central inventory, and asset accounting for System Administration to ensure compliance with IRS and State rules. **(Critical)**
- Prepare the statutorily required System Administration Budget, consolidate and review each institution budget and present for Board of Regents' approval. Administer the budget during the year and manage payroll distribution process. **(Critical)**
- Prepare the statutorily required Legislative Appropriation Request (LAR), review campus LARs, and coordinate and prepare various other statutorily required reports presented to the Legislature. **(Critical)**
- Administer the UT System 457(f) deferred compensation plan and assist institutions which have adopted the 457(f) Prototype Plan. This includes drafting participant agreements, correspondence with investment firms and participants, and coordination of contributions and vesting distributions. **(Essential)**
- Obtain information from all institutions for Unrelated Business Income Tax (UBIT) and coordinate filing of the annual tax return including tracking potential income sources for determination of taxability. **(Critical)**
- Manage the external audit process through completion and issuance of reports and communication with the State Auditor's Office (SAO) and compliance with SAO requirements. **(Critical)**
- Ensure contracts/purchase orders/request for proposals are posted on the web and available in compliance with statutory requirements. **(Critical)**
- Operate and maintain the System owned aircraft including aircraft and maintenance scheduling, coordination with TxDot, and monitoring flight time and rest regulations for the two system pilots. **(Critical)**
- Ensure compliance with Governmental Accounting Standards Board for all of UT System **(Critical)**
- Accounting for all debt and endowment related transactions across UT System **(Essential)**
- Key contact for State Comptroller ensuring compliance with State Comptroller requirements **(Critical)**
- Prepare daily USAS processing, reporting, training, and security to ensure reimbursements. **(Critical)**
- Maintain PeopleSoft functional configuration **(Critical)**
- Represent UT System Administration in governance and working groups related to UTShare **(Essential)**
- Prepare general ledger reconciliations to ensure accurate accounting records. **(Essential)**

### Success Metric(s)

Consolidated System AFR received an unmodified opinion from an external auditor, received a clean opinion with only minor suggestions from the State Comptroller's post-payment audit, timely completion of statutorily required reports, LAR, Budget, and UBIT tax filing. Staff consistently recognized as experts from budget to appropriations typified by the Assistant Controller invited to become a member of the National Association College University Business Officers (NACUBO) accounting principles committee and budget staff teaching at an LAR preparation seminar for the larger Texas higher education community. Prepared 576 fiscal notes this past legislative session on behalf of the UT institutions and analyzed numerous bills.

### Benefit to Institution

Source for all institutions in complying with Governmental Accounting Standards Board (GASB) policy, source for 457(f) deferred compensation plans, key source for all investment accounting activity related to endowment, gifts, separately invested assets, and tech stocks. Point of contact and access to experts on accounting, budget, benefits proportionality, legislative issues and allowable PUF expenditures.

### Assessment of Criticality

Most of the Critical responsibilities are listed above, other responsibilities not listed in detail include preparation of the Monthly Financial Report, Annual Financial Condition report, advice and counsel to the institutions, fraud training, and being System Administration's CPE sponsor are essential to the operation of the System and/or System Administration.

### Budget and FTE Trend

	2010	2014	2015	2016	2017	2018	9yr CAGR/ % Change*
<b>Budget/AUF</b>	\$3,051,942	\$4,041,868	\$4,220,860	\$4,560,946	\$4,319,008	\$4,198,240	3.6
<b>Budget/Non-AUF</b>	\$490,752	\$337,745	\$339,450	\$321,580	\$400,367	\$276,082	-6.2
<b>FTEs/AUF</b>	29.9000	34.6060	35.7010	36.4010	33.7000	30.9824	3.6
<b>FTEs/Non-AUF</b>	2.8000	2.0000	2.0000	1.8000	2.8000	2.5176	-10.1

\*CAGR is compound annual growth rate since 2010 for the budget dollars. Percentage change is the increase from 2010 for FTEs.

### Source(s) of Funds for FY 2017

Source	Amount
AUF	\$4,319,008
Designated	\$201,367
Service Dept Fees	\$199,000
PUF	\$0
Other	\$0

### Notes

FTEs added between 2010 and 2014 to perform duties assumed when System Administration separated from UT Austin accounting system and began to use PeopleSoft and assume functions previously performed by UT Austin including USAS, accounting integrity, and payroll.



**Purpose / Mission**

The Office of Employee Benefits (OEB) leads in designing, implementing, and administering high quality, cost effective benefit programs for employees and retirees to support the mission of The University of Texas System. Program includes insurance benefits, retirement programs, wellness and student insurance. All contracts, negotiations, plan compliance and oversight of the benefits program is administered through OEB. 97,000 employees 25,000 retired employees, 89,000 spouses and children and 26,000 students are served by the Office of Employee Benefits.

**Description / Function**

The primary objective of the OEB is to maximize the benefits and services that employees and retirees of The University of Texas System receive for each dollar spent on benefits. In doing so, OEB, while working within the limitations of the marketplace, must weigh the needs and desires of employees, retirees, and their dependents who participate in the benefit plans through the UT System's 14 institutions, and UT System Administration. OEB must also take into consideration what programs can deliver the best value and be maintained within the budgets of our institutions and our employees.

OEB is responsible for seeking proposals for medical, dental, prescription drug, vision care, term life, accidental death and dismemberment, short and long term disability, wellness, voluntary retirement program and student insurance contracts. OEB analyzes all bids received and makes recommendations as to which bids should be accepted. OEB is also responsible for:

1. Program and benefits design, including benefits, pricing and contract terms; **(critical)**
2. Overall administration of the contracts including vendor performance; **(critical)**
3. Financial management of the program including budget, setting of premiums, the collection of premiums, remittance to vendors and funding self-insured claims, **(critical)** and manage direct retiree billing **(enhancing)**;
4. Policy development, compliance with both state and federal laws, **(essential)**
5. Development of all program communications and marketing; **(essential)**
6. Program enrollment, data transfer to and from contracted vendors; **(critical)**
7. Data management, including program analytics; **(essential)**
8. Training of institution Human Resource Offices as it pertains to benefit programs; and **(enhancing)**
9. Working directly with interested institution committees such as Faculty and Staff Advisory Councils, Student Advisory Council, Benefits Advisory Committee to ensure programs are meeting and/or exceeding expectations; and **(enhancing)**
10. Management of HIPAA and PHI to ensure program compliance. **(critical)**

## Success Metric(s)

1. Feedback from program/plan participants and institution councils and committees;
2. Feedback from institution Human Resource Offices regarding the benefits program ability to attract and retain highly qualified faculty and staff and to ensure the program keeps UT System at a competitive advantage;
3. Cost-Benefit analysis to ensure the cost of benefits and program are aligned with the market;
4. Ability to successfully negotiate significant savings with vendors through building partner oriented relationships and by engaging vendors in the success of the program which ultimately translates to highest savings and best of market pricing;
5. Compliance with both state and federal insurance, privacy and HIPAA regulations;
6. Feedback from executive leadership both at System and our institutions.

## Benefit to Institution

Texas Insurance Code, Chapter 1601, delegates authority to UT System to operate and manage its own group insurance program. Program management at the System level ensures institutions are getting the best pricing by consolidating program risk into a larger pool. This allows for the program experience of each institution to be blended to obtain the best pricing from the market. The program covers over 205,000 lives which provides System the negotiating power to drive best in class pricing. Additionally, OEB managing the overall and day-to-day operations alleviates the need for institutions to maintain large staffs to manage benefits. For example, OEB's newest initiative is to manage the billing of retired employee premiums and be the collection point rather than each institution hiring accounts receivable staff to manage their own retiree population.

## Assessment of Criticality

This is provided in the description/function section above.

## Budget and FTE Trend

	2010	2014	2015	2016	2017	2018	9yr CAGR/ % Change*
<b>Budget/AUF</b>	\$135,387	\$193,087	\$193,194	\$204,920	\$199,195	\$267,709	7.9
<b>Budget/Non-AUF</b>	\$3,431,046	\$4,371,470	\$4,819,753	\$4,931,122	\$5,026,408	\$4,469,516	3.0
<b>FTEs/AUF</b>	1.3000	1.2974	1.2974	1.2974	1.2974	1.2974	-0.2
<b>FTEs/Non-AUF</b>	32.7000	38.7526	42.4526	43.4276	43.2026	38.0026	16.2

\*CAGR is compound annual growth rate since 2010 for the budget dollars. Percentage change is the increase from 2010 for FTEs.

## Source(s) of Funds for FY 2017

Source	Amount
AUF	\$199,195
Designated	\$15,093
Service Dept Fees	\$5,011,315
PUF	\$0
Other	\$0

## Notes

Reduced staff May 2017 to 39 through VSIP and reduction in positions. Growth in staff is a direct result of compliance with the Affordable Care Act and ensuring compliance, creating a Benefits Billing team to collect retiree premiums rather than shifting this function to institutions. Operations is less than 3% of program premiums, lower than market by 7%. Assists in funding program critical positions in OGC and Compliance.



**Purpose / Mission**

The mission of the Office of External Relations is to enhance public understanding, trust and support of The University of Texas System through high engagement, stewardship and strategic communications with key external stakeholder groups and the general public; and to provide administrative leadership and expertise in philanthropy, communications, creative services, and critical issues management, to UT institutions and all UT System executive offices and departments to support their direct efforts in these areas.

**Description / Function**

Provide the following centralized administrative functions on behalf of all UT institutions: Endowment administration and compliance oversight of more than 14,000 endowments with an MV of more than \$9.5 B, to ensure adherence to all Regents' Rules, Series 60000, Texas Trust Code, Texas Property Code and donor intent; Administration of all trusts and estates on behalf of UT institutions, and serve as chief interface with executors, trustees and professional advisors on non-probate assets, including gifts of annuities and life insurance, in adherence with Texas Probate Code, IRS, and Texas Trust Code; Provide expertise to UT institutions on complex and unconventional gifts and coordinate discussions with BOR, OGC, UTIMCO, and Business Affairs offices; Execute receipt and timely sale of gifts and securities and appreciated assets for all UT institutions, in accordance with Regents' Rules, SEC Regulations and IRS Code; Serve as repository of 285,000 digital documents for trusts and estate to comply with Government Code, Title 4; Prepare and submit annual Voluntary Support of Education (VSE) report, following CASE national reporting standards; Administer gift naming policy in accordance with Regents' Rule 80307 and UTS 138 Gift Acceptance Procedures. **(Critical)**

Raise approximately \$3 million per year to provide funds for Chancellor's compensation and for discretionary and strategic initiatives for UT System executive offices not covered through AUF or state funds. **(Critical)**

Coordinate Chancellor's Council Executive Committee business meetings and Chancellor's Council fundraising, communications, electronic briefings, deep dives into UT System Admin. functions, and educational events. **(Essential)**

Administer and manage the strategy, development, and user experience of the comprehensive UT System website --www.utsystem.edu, including back end development and functionality, creative design, content development, photography and videography support for home page and landing pages for all UT System Administration departments, administrative offices and BOR office --more than 7800 web pages and 9700 online files; **(Critical)**

Create and serve as online voice of UT System Administration through its social media accounts including Twitter, Facebook, LinkedIn, and through Chancellor McRaven's Twitter account. **(Essential)**

Oversee media relations; respond to all incoming media requests (approx. 150 per month); prepare all news releases and official statements on behalf of Chancellor and BOR; organize press conferences and interviews; assist OGC with TPIA requests, refining requests and communicating to reporters; produce UT Daily News clips for distribution to BOR, System and campus EOs; proactively pitch stories about UT System and subject matter experts to national, state and local media and to industry trades in areas such as education, health, business, technology, etc; prepare briefs for Government Relations; work with 14 institutions to coordinate messages on critical issues and crisis communications matters; convene 14 VPs of media relations/public affairs to bring in national best practices for semi-annual discussion and training. **(Critical)**

Serve as no-cost, in-house agency by creating all UT System brand touchpoints, including but not limited to logos, videos, invitations, business cards, tradeshow graphics, banners, photography, signage and other printed and web material to support projects and initiatives of all offices (ODOP, Univ. Lands, OHA, OAA, BOR, etc.) in compliance with BOR Policy INT 164: Review of Information for Public Distribution. **(Essential)**

Plan and execute approx. 45 business events, dinners and large meetings/conferences (ROTA, Santa Rita Award, legislative dinners) annually; handle all logistics and contracts with vendors, caterers, hotels and other venues on behalf of Chancellor, EOs and BOR office. **(Enhancing)**

## Success Metric(s)

The success of all centralized development functions described above are determined by campus satisfaction and compliance with Codes and Policy. In a 2015-2016 Systemwide Organizational Review, the 14 UT institutions unanimously cited External Relations as one of the UT System Administration's most valuable offices to campuses.

Success of the digital/web/social and traditional media efforts are determined through departmental customer satisfaction of websites we build for them and placements in print, digital and television, and through analytics to measure performance, traffic, activity, and user visits and behavior (Google Analytics, SiteImprove, CrazyEgg, Meltwater).

Success of the creative team work is based on satisfaction with quality, response time, customer experience, and recognition of a strong UT brand. Success of events work is determined by audience feedback and experiences.

## Benefit to Institution

With development administrative and regulatory functions cited above, campuses are beneficiaries of no cost, high-quality service, expertise, and delivery, in areas in which many institutions have no expertise. Hiring their own teams to execute those functions would result in excessive cost and possibly in a lack of uniformity in quality and standards, in compliance, and in good donor stewardship.

The benefit of all of the other services cited above, from web administration and content delivery, to creative services, media relations and events, is primarily for the UT System Administration executive offices and departments. With "one-stop" shopping, each department can turn to External Relations without having to engage outside costly creative agencies, production teams, or communications or marketing firms.

## Assessment of Criticality

Centralized development services are highly critical to the core operational functions of UT institutions. The functions and services of External Relations also provide critical or essential support to all UT System Admin. departments and executive offices, the BOR office and the general public. The website is the primary portal to the UT System from legislators, funders, media, and other constituencies seeking information and data. Dissemination of information to media, protection of brand standards, and promotion of the work and services of UT executive offices builds better understanding, support, and advocacy. An entity as large and complex as the UT System depends on an integrated communications structure to link to stakeholders and to ensure that it transmits regularly and with credibility.

## Budget and FTE Trend

	2010	2014	2015	2016	2017	2018	9yr CAGR/ % Change*
<b>Budget/AUF</b>	\$3,121,165	\$3,675,409	\$3,494,745	\$4,013,943	\$3,953,338	\$3,651,494	1.8
<b>Budget/Non-AUF</b>	\$2,157,177	\$1,727,110	\$1,802,498	\$1,830,820	\$1,489,479	\$1,417,390	-4.6
<b>FTEs/AUF</b>	27.5680	31.2141	29.5101	32.3101	29.5881	25.0541	-9.1
<b>FTEs/Non-AUF</b>	12.9320	8.5359	9.2399	7.7399	7.4619	5.9959	-53.6

\*CAGR is compound annual growth rate since 2010 for the budget dollars. Percentage change is the increase from 2010 for FTEs.

## Source(s) of Funds for FY 2017

Source	Amount
AUF	\$3,953,338
Designated	\$1,112,976
Service Dept Fees	\$0
PUF	\$0
Other	\$376,503

## Notes



**Purpose / Mission**

To ensure that UT institutions are continuously building philanthropic capacity, External Relations' Center for Enhancing Philanthropy serves as a cost-effective, strategic partner to all 14 UT institutions' development and advancement teams by: addressing their unique institutional needs to systematically improve fundraising performance through customized training, education, and data-driven assessments and reports of recommendations; attracting and retaining high quality advancement professionals; and addressing the national development workforce pipeline challenge through innovations in training, internships and offering new credentials.

**Description / Function**

Provide campus-based, customized **professional development** education to build fundraising potential --based on the specific needs and requests of UT institutions--at no cost to them, to allow large numbers of their development professionals to receive tailored training in critical fundraising areas (annual giving, planned giving, prospect research, real estate and appreciated assets, leadership and more). **(Essential)**

Lead oversight and reporting to Chancellor and Regents on funding development operations through a new allocation from Long Term Fund to increase philanthropic capacity and endowment giving beginning in FY2018. **(Critical)**

Conduct analysis and present institutional data-driven fundraising **assessments** to presidents and development VPs annually to provide accountability, support, and recommendations to allocate resources strategically; this data is also used by the Chancellor and EVCs in their annual performance appraisals of presidents. **(Essential)**

At the request of a president or development VP, conduct in-depth development audits and deliver **action plans** for institutions that desire to evaluate programs, personnel, and performance, or to reorganize structure (at no cost); offers significant saving to campus, avoiding the expense of hiring external consultants. **(Enhancing)**

Lead or participate in the hiring of senior development leadership, at the request of presidents. **(Essential)**

Authorize institutional capital campaigns following feasibility studies, in compliance with Regents' Rule 60301, Sec. 7. **(Critical)**

Lead the UT System's Advancement Academy, which conducts statewide workshops for UT institutions' 950 development and advancement services professionals --in their respective geographic regions, bringing in national and institutional experts encompassing a wide range of topics based on input from institutional leaders. **(Enhancing)**

Provide an onboarding program to approximately 100 UT institution participants annually to ensure understanding of UT System policies and Regents' Rules as they apply to development and university-affiliated foundations. **(Essential)**

Administer paid Student Summer Internship Program to develop the next generation of UT fundraising professionals (22 currently enrolled UT students at 11 UT institutions). **(Enhancing)**

Facilitate System-wide strike force of Human Resource and Development leaders to develop competency-based career paths for recruitment and retention --helping frontline fundraisers and others continue to grow professionally without moving to management which takes them away from their expertise. **(Enhancing)**



## Success Metric(s)

Center for Enhancing Philanthropy is a Gold Award recipient from the Council for Advancement and Support of Education (CASE).

Other national university systems and universities (UC, CSU, NC, CO, TN, SC, GA, Texas State) seek out the CEP model to provide value-added resources to their institutions.

Surveys (completely anonymously by UT participants) are conducted after all training programs; to date, 93 percent of 519 participants in 2016 rated services as excellent or very good.

Although many factors and the extraordinary work of institutions contribute to outcomes, UT institutions have increased fundraising performance and overall giving since CEP's inception from \$708.9M in FY 2006 to \$1.35B in FY 2016. CEP was created in 2007.

## Benefit to Institution

Savings of approx. \$900,000 annually to UT institutions by bringing national best practices and institution-specific training to them; avoiding the hiring of outside fundraising consultants and costly national conferences which financially limit the number of participants. CEP administers the System-wide UT Student Internship program to develop the next generation of fundraising professionals, and its budget supports 50 percent of student intern summer wages (cost-shared with 11 UT institutions).

Customized training to institutions is far more beneficial to UT institutions than "hit or miss" outside services, based on campus self-reports and surveys.

## Assessment of Criticality

In an era when philanthropy is playing an ever-increasing role in an institution's ability to carry out its mission, an ongoing, strategic focus on increasing private revenue streams is critical. Across the UT System, there is wide variation in maturity of development programs and in expertise of development professionals, so an in-house service like the Center for Enhancing Philanthropy is in high demand, as demonstrated by voluntary UT institutional requests for assistance.

## Budget and FTE Trend

	2010	2014	2015	2016	2017	2018	9yr CAGR/ % Change*
<b>Budget/AUF</b>	\$0	\$0	\$800,000	\$1,158,525	\$1,049,772	\$832,988	
<b>Budget/Non-AUF</b>	\$0	\$0	\$0	\$0	\$0	\$0	
<b>FTEs/AUF</b>	0.0000	0.0000	0.0000	5.7000	4.9500	2.9500	
<b>FTEs/Non-AUF</b>	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	

\*CAGR is compound annual growth rate since 2010 for the budget dollars. Percentage change is the increase from 2010 for FTEs.

## Source(s) of Funds for FY 2017

Source	Amount
AUF	\$1,049,772
Designated	\$0
Service Dept Fees	\$0
PUF	\$0
Other	\$0

## Notes



**Purpose / Mission**

The Office of the Senior Advisor to the Chancellor for Community, National and Global Engagement promotes the goodwill and impact of the UT System and its Chancellor to national groups, and it works to expand a constituency of support around System priorities.

**Description / Function**

Engages a wide variety of audiences including leaders of community organizations, industry, academia, government, and professional associations to convey complex issues relevant to higher education, and the UT System's role in addressing them. (Enhancing)

Represents the Chancellor at education functions and through service on think tanks, higher education associations, and commissions determined to be critical to the Chancellor and UT System. (Enhancing)

Proactively develops speaking opportunities that can be fulfilled through an ambassador role on behalf of the Chancellor and UT System. (Enhancing)

Prepare a written history of the creation of The University of Texas Rio Grande Valley through interviews with academic, health, local and state government, UT System, and community leaders. (Enhancing)

Assists with recruitment of women and candidates from underrepresented groups as requested by System or campus leadership. (Enhancing)

**Success Metric(s)**

Feedback from organizations and associations with respect to how the UT System and Chancellor’s office contributed to a better understanding of issues.

Quantifiable requests received from organizations and associates to have Dr. Garcia serve as a keynote speaker, panel member, or ambassador at national meetings and convenings.

Invitations to serve on regional or national boards, representing the UT System’s voice.

Completion and dissemination of the history of UTRGV to key principals and for archival purposes at the UT System.

**Benefit to Institution**

Positions the UT System Chancellor and organization as a thought leader among national organizations.

Allows the Senior Advisor to bring critical issues to the UT System for which it may contribute a solution.

**Assessment of Criticality**

Contributions of the Senior Advisor are enhancing but not critical to the day-to-day operations of the UT System or its service to institutions.

**Budget and FTE Trend**

	2010	2014	2015	2016	2017	2018	9yr CAGR/ % Change*
<b>Budget/AUF</b>	\$0	\$0	\$0	\$0	\$464,418	\$0	
<b>Budget/Non-AUF</b>	\$0	\$0	\$0	\$0	\$0	\$0	
<b>FTEs/AUF</b>	0.0000	0.0000	0.0000	0.0000	2.0000	0.0000	
<b>FTEs/Non-AUF</b>	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	

\*CAGR is compound annual growth rate since 2010 for the budget dollars. Percentage change is the increase from 2010 for FTEs.

**Source(s) of Funds for FY 2017**

Source	Amount
AUF	\$464,418
Designated	\$0
Service Dept Fees	\$0
PUF	\$0
Other	\$0

**Notes**



**Purpose / Mission**

Facilities Management provides a supportive substrate for the mission success of every end user of our facilities. We do this by giving our departments, staff, visitors, and building tenants an exemplary facility that is safe, secure, accessible, attractive, efficient, and above all supportive of the work we take on. We provide prompt and thorough solutions to facility, space, and event needs using a careful balance of high quality service providers and a small core of System staff.

**Description / Function**

- Maintenance, repair, update, and operation of:
  - Fire and life safety systems (**Critical**)
  - Security and access control systems (operation with guard coordination) (**Essential**)
  - All mechanical, electrical, and plumbing systems (**Essential**)
  - Office systems including furnishings (**Enhancing**)
- Improvements to the facility including:
  - Minor construction, office/workstation moves, configurations (**Enhancing**)
  - Tenant buildout improvements (**Essential** to leasing of space)
  - Capital Improvements (none anticipated in foreseeable future) (**Essential** or **Enhancing**, depending upon scope)
  - Lease property improvements (most recently for Irving facility) (**Essential** or **Enhancing**, depending on driver, e. g. essential to support staff growth)
  - Improvements to Bauer House and Police Academy (**Essential** or **Enhancing**, depending on scope, Police Academy especially)
- 24/7 availability in case of emergencies or key systems failures (**Essential**)
- Manage relationships with and provide full range of services for tenants (OPEX) (**Essential**)
- Oversight of seventeen contracts and purchase orders supporting FM in providing full and responsive service to System staff (**Essential**)
- Accounting related to payment of contractors, City of Austin billings, UT Austin services, etc. (**Essential**)
- Meeting and event support for the Board of Regents, Departments, and others sponsored by System. (BOR **Essential**, others **Enhancing**)
- Overall office planning and relocation services (**Enhancing**)
- Green Operations: management of energy use, recycling services, surplus materials (**Essential** to maintain LEED Silver designation for new building)
- Work order management in response to system problems or staff requests (**Essential**)
- THECB required regulatory reporting (**Critical**)
- Parking and garage management (including eventual after hours use of garage for commercial parking) (**Essential**)

### Success Metric(s)

The vast majority of our outward facing work is instigated through a work order. Our best tool for collecting success metrics is the post work order survey. We respond to the rare negative comment immediately to close the gap on customer satisfaction. We also have internal standards for work order turnaround that provides us a second metric. Finally, FM is subject to audit as a means of confirming our financial accounting performance.

### Benefit to Institution

As expressed in our mission statement, our key benefit to System is being an ideal substrate, providing a work setting that quietly supports the mission success of our Board, Departments, and Offices. Akin to an iceberg, 9/10ths of that substrate is invisible. Safe and secure workspace, clean air, healthy lighting, comfortable temperatures, clean environment, plumbing that works, efficient mail service, beverage service ready to go, etc. All of which contributes to productivity and job satisfaction, therefore to mission success. The 1/10ths that is visible now includes bringing in money that can offset the cost of the building and ultimately benefit our institutions, i.e. managing tenant income from the new building.

### Assessment of Criticality

Assessment provided for each function above.

### Budget and FTE Trend

	2010	2014	2015	2016	2017	2018	9yr CAGR/ % Change*
<b>Budget/AUF</b>	\$1,651,488	\$1,772,152	\$1,634,063	\$1,868,478	\$1,978,262	\$1,703,067	0.3
<b>Budget/Non-AUF</b>	\$619,988	\$451,854	\$465,048	\$141,696	\$104,298	\$215,531	-11.1
<b>FTEs/AUF</b>	2.0000	3.0000	3.0000	4.5500	5.4500	3.4500	72.5
<b>FTEs/Non-AUF</b>	5.0000	3.0000	3.0000	1.4500	0.5500	1.5500	-69.0

\*CAGR is compound annual growth rate since 2010 for the budget dollars. Percentage change is the increase from 2010 for FTEs.

### Source(s) of Funds for FY 2017

Source	Amount
AUF	\$1,978,262
Designated	\$104,298
Service Dept Fees	\$0
PUF	\$0
Other	\$0

### Notes

Prior to 2010 we completed a study of outsourcing. Now most of the FM labor force is provided by contract and purchase order resources. We lost our Security Technician to VSIP this year and will cover that work with existing staff and some help from a contractor. The remaining FM System team are right sized to respond in real time to System needs.



**Purpose / Mission**

To provide the highest value facilities needed by the uniquely superior institutions of the University of Texas System and to be the benchmark of excellence for facilities planning and construction for public universities and academic health institutions.

**Description / Function**

- Managing and Monitoring the \$6.2 Billion U.T. System Capital Improvement Program (Critical)
- Enterprise Capital Project Management of a \$3.64 Billion Program (Critical)
- Direct support for the Board of Regents Facilities Planning and Construction Committee (Critical)
- Leadership and support for strategic initiatives and special assignments on behalf of Executive leadership and other key stakeholders (Critical)
- Providing project costs, scope and schedule performance forecasting and analysis for key stakeholders (Critical)
- Development and implementation of uniform cost and schedule controls policies, systems, and standards (Essential)
- Coordination and support for system wide facilities and infrastructure related programs (Essential)
- Facilities management and operations support for System Administration and Off-Site Facilities (Essential)
- Administrative, collaboration, and Communications support (Essential)
- Program, Project, and System Accounting and Finance support (Critical)
- External and Internal Audit support (Essential)
- Project Contract Development, procurement and administration (Critical)
- Compliance and monitoring and Legislative bill analysis (Critical)
- Coordination and interface with U.T. System and External Agencies (Essential)
- Master Planning and Project Development (Essential)
- Independent construction compliance and quality assurance inspection (Critical)
- Independent construction safety inspections and awards program (Essential)
- Project close-out and warranty services (Critical)
- Engineering subject matter expertise, quality assurance, analysis, and compliance review (Essential)
- Providing and Maintaining U.T. System's MEP guideline specifications, Owner's Design Guidelines, and Uniform General Conditions (Critical)
- Liaison to external regulatory agencies and community representatives (Critical)

**Success Metric(s)**

- Safely executed billions of dollars of projects ranging from a few million to almost a half a billion dollars
- Increased U.T.'s statewide asset inventory by over 50% in the last decade (\$10. 7 Billion)
- OFPC is a preferred client among world class service providers and a model for processes, policies, contracts for other serial builders in the state and nation

**Benefit to Institution**

- Lower program and project management costs
- Lower total cost of ownership
- Best-in-class management processes
- In-depth knowledge of state and local construction
- Predictable, knowledgeable and long-term partner
- Flexible and responsive
- Compliance with statutes and policies, and risk mitigation
- Significantly lower insurance premiums

**Assessment of Criticality**

See indications provided for each function above.

**Budget and FTE Trend**

	2010	2014	2015	2016	2017	2018	9yr CAGR/ % Change*
<b>Budget/AUF</b>	\$0	\$0	\$0	\$0	\$0	\$0	
<b>Budget/Non-AUF</b>	23,316,849	19,160,219	21,535,263	22,338,996	23,893,535	16,594,224	-3.7
<b>FTEs/AUF</b>	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	
<b>FTEs/Non-AUF</b>	169.8250	135.8495	148.8495	148.8495	134.7450	78.7500	-53.6

\*CAGR is compound annual growth rate since 2010 for the budget dollars. Percentage change is the increase from 2010 for FTEs.

**Source(s) of Funds for FY 2017**

Source	Amount
AUF	\$0
Designated	\$0
Service Dept Fees	23,893,535
PUF	\$0
Other	\$0

**Notes**



**Purpose / Mission**

The Office of Federal Relations serves UT System institutions and System Administration as the primary interface with the federal government and managing department for the Archer Center undergraduate and graduate fellowship programs. The vast majority of OFR mission activities specifically addresses campus needs and supplements the Chancellor’s quantum leaps.

**Description / Function**

- Strategic guidance for interacting with the federal government (essential)
- Arranging meetings with federal officials (enhancing)
- Accompanying individuals in meetings with federal officials (enhancing)
- Scheduling visits by federal officials to institutions/labs (essential)
- Conducting remote briefings by federal officials via OFR audio-visual equipment (enhancing)
- Representation at higher education and scientific trade associations (enhancing)
- D.C. event planning for System Admin, colleges, administrators, alumni organizations, researchers, and other faculty (enhancing)
- Hosting annual DC Research and Policy Conference for campus VPRs and government relations personnel (essential)
- Updates on legislation, policy, and regulatory matters (enhancing)
- Legislative and regulatory advocacy (essential)
- Marketing institutional capabilities to federal officials (enhancing)
- Identifying individuals to serve on federal boards, commission, and task forces (enhancing)
- Identifying institution experts to testify before Congress as topic experts (enhancing)
- Identifying grant and contract opportunities (essential)
- Identifying collaborative opportunities and convening/coordinating dispersed collaborators (enhancing)
- Tracking and reporting compliance with federal lobbying laws (critical)
- Management and oversight of the Archer Center undergraduate and graduate fellowship programs (enhancing)



**Success Metric(s)**

- Continual use of OFR services by institutions
- Positive responses by institutions during performance surveys such as the System organizational assessment survey
- Timely and productive resolution of federal needs expressed to OFR by System offices and institutions
- Timely access to federal decision makers
- Continued growth and success of Archer fellowship programs

**Benefit to Institution**

- As a shared service located remotely from the institutions, OFR replaces the expenditure of valuable resources that would be needed if the institutions conducted the performance of functions listed above on their own
- Through the Archer Center, OFR provides irreplaceable educational and workplace training for institution students

**Assessment of Criticality**

This is already provided with each function above.

**Budget and FTE Trend**

	2010	2014	2015	2016	2017	2018	9yr CAGR/ % Change*
<b>Budget/AUF</b>	\$1,374,806	\$2,095,758	\$2,029,797	\$2,137,445	\$2,236,311	\$2,248,068	5.6
<b>Budget/Non-AUF</b>	\$36,000	\$36,000	\$36,000	\$36,000	\$36,000	\$36,000	0.0
<b>FTEs/AUF</b>	8.0000	9.0000	10.0000	10.0000	10.0000	9.0000	12.5
<b>FTEs/Non-AUF</b>	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	

\*CAGR is compound annual growth rate since 2010 for the budget dollars. Percentage change is the increase from 2010 for FTEs.

**Source(s) of Funds for FY 2017**

Source	Amount
AUF	\$2,236,311
Designated	\$20,000
Service Dept Fees	\$0
PUF	\$0
Other	\$16,000

**Notes**



**Purpose / Mission**

Founded in 2001 by the UT System in conjunction with former U.S. Congressman Bill Archer, The Archer Center's mission is to educate the next generation of leaders from Texas for local, state, federal, and international service. The Archer Center accomplishes this mission by managing a semester based academic and fellowship program in Washington, DC for undergraduate, graduate, and medical students from across the UT System.

**Description / Function**

- Management and oversight of the Archer Center undergraduate and graduate fellowship programs (enhancing)
- Coordination of student living arrangements and fellowship employment (enhancing)
- Planning of events that enhance the students' experience, such as guest speakers, historical tours, attendance at key Congressional and White House activities, and social engagements, etc. (enhancing)
- Provides leadership education and leadership development for UT institution students (enhancing)
- Conducts development events to raise funds for the Center's self-sustaining budget (enhancing)

**Success Metric(s)**

- Continued growth and success of Archer fellowship programs
- Annual growth in the number of fellowship applicants
- Willingness of sponsoring organizations to accommodate the students

**Benefit to Institution**

- As a shared service located remotely from the institutions, The Archer Center replaces the expenditure of valuable resources that would be needed if the institutions operated Washington DC internship programs on their own
- The Archer Center provides irreplaceable educational and workplace training for institution students

**Assessment of Criticality**

This is already provided with each function above.

**Budget and FTE Trend**

	2010	2014	2015	2016	2017	2018	9yr CAGR/ % Change*
<b>Budget/AUF</b>	\$0	\$0	\$0	\$0	\$0	\$25,116	
<b>Budget/Non-AUF</b>	\$286,550	\$474,718	\$484,458	\$498,876	\$566,460	\$789,208	11.9
<b>FTEs/AUF</b>	0.0000	0.0000	0.0000	0.0000	0.0000	0.1538	
<b>FTEs/Non-AUF</b>	2.0000	4.0000	4.0000	4.0000	4.0000	3.8462	92.3

\*CAGR is compound annual growth rate since 2010 for the budget dollars. Percentage change is the increase from 2010 for FTEs.

**Source(s) of Funds for FY 2017**

Source	Amount
AUF	\$0
Designated	\$350,630
Service Dept Fees	\$0
PUF	\$0
Other	\$215,830

**Notes**

Note: After the 2017 budget was completed, funding for a position was adjusted from 100% Archer Fellowship to AUF (15.83%) and Archer Fellowship (84.62%). Amounts above reflect the original budget and the FY 2018 baseline budget request will depict the new allocation.



**Purpose / Mission**

The Office of Finance supports the vision of The University of Texas System by providing world class debt management, investment oversight, and other financial services to the Board of Regents, the institutions, and System Administration for the benefit of the citizens of the State of Texas. We strive to be the leading provider of financial services in higher education.

**Description / Function**

- Responsible for managing the U. T. System's \$10 billion debt portfolio and \$3.0 billion portfolio of debt-related derivatives on behalf of all U. T. institutions including planning, structuring, and executing PUF and RFS debt financing of capital projects approved by the Board of Regents. **(Critical)**
- Coordination of PUF and RFS debt service payments from U. T. institutions and payments to various bondholders and swap counterparties as well as managing collateral posting from swap counterparties. **(Critical)**
- Responsible for meeting the System's ongoing continuing disclosure responsibilities required under SEC Rule 15(c)2-12. **(Critical)**
- Responsible for meeting the System's arbitrage rebate requirements required under Sec. 148 of the Internal Revenue Code. **(Critical)**
- Responsible for maintaining relationships with credit rating agencies and acting as the primary point of contact for bond investors. **(Essential)**
- Responsible for providing statutorily-required debt information to the Texas Bond Review Board. **(Critical)**
- Responsible for managing the System's tuition revenue bond (TRB) program and effecting the reimbursement of TRB debt service from the State Comptroller. **(Essential)**
- Responsible for monitoring private business use restrictions under Sec. 141 of the Internal Revenue Code across facilities financed with tax-exempt debt. **(Critical)**
- Responsible for managing the U. T. System Internal Lending Program (ILP) and the U. T. System Equipment Financing Program. **(Enhancing)**
- Responsible for providing debt information to institutions and System Administration necessary for the preparation of the statutorily required System Administration budget, statutorily required Legislative Appropriation Request (LAR) and external audits. **(Critical)**
- Serve as key liaison to UTIMCO including reviewing and analyzing the impact of UTIMCO's proposed changes to the Board's investment policies and other policies regarding derivatives, liquidity, securities lending, etc., reviewing UTIMCO's annual operating budget. **(Essential)**
- Review business plans associated with proposed capital projects to be presented to the Board of Regents. **(Enhancing)**
- Manage the cash management process associated with reimbursing institutions on debt-funded capital projects and capital equipment financing. **(Enhancing)**

## Success Metric(s)

Debt issuance by the Office of Finance is considered successful if we can 1) issue approved debt while maintaining the System's 'AAA/AAA/Aaa' credit ratings; 2) negotiate among the lowest debt issuance costs of any state issuer as measured by the Bond Review Board, 3) generate debt service savings through refunding transactions, and; 4) avoid the need to use a financial advisor to structure debt transactions, resulting in significant cost savings to U. T. institutions. Over the last year, the Office of Finance:

- Issued over \$2.7 billion in long-term bonds at historically low interest rates (13th most in the nation among all municipal issuers);
- Generated \$75 million of present value debt service savings on advance and current refunding transactions;
- Generated \$2.2 million of cash received through various basis swaps, novations and other interest rate swap activity (more than four times the Office of Finance budget funded from AUF);
- Executed \$250 million forward-starting fixed-payer swap to lock-in very attractive 2.0% 30-year taxable interest rate; and
- Executed three innovative \$255 million MMD basis swaps scheduled to generate \$4.4 million annually to the System through 2046 (\$90 million PV).

## Benefit to Institution

The Office of Finance provides all U. T. institutions the ability to borrow at the lowest cost of capital through financing structures that have achieved Aaa/AAA/AAA ratings and allow aggregated issuances to achieve economies of scale in terms of issuance costs and to provide additional liquidity to bond investors through larger bond issues, further lowering the System's cost of debt. The Office of Finance is a small staff dedicated to optimizing the System's debt portfolio while maintaining compliance with complex tax restrictions. Over the last ten years, the Office of Finance has more than doubled the amount of debt and related interest rates swaps that are managed while reducing staff by 50%.

## Assessment of Criticality

The Office of Finance provides a critical service to U. T. institutions. The ability to effectively raise capital to fund necessary capital improvements is critical for the System to meet the needs of students, patients and others served by the U. T. System.

## Budget and FTE Trend

	2010	2014	2015	2016	2017	2018	9yr CAGR/ % Change*
<b>Budget/AUF</b>	\$525,109	\$562,996	\$562,491	\$572,599	\$531,483	\$492,449	-0.7
<b>Budget/Non-AUF</b>	\$636,820	\$390,486	\$396,373	\$398,693	\$446,350	\$357,392	-6.2
<b>FTEs/AUF</b>	3.6139	4.0000	4.0000	3.5000	3.0000	2.5000	-30.8
<b>FTEs/Non-AUF</b>	2.3861	1.0000	1.0000	1.0000	1.0000	1.0000	-58.1

\*CAGR is compound annual growth rate since 2010 for the budget dollars. Percentage change is the increase from 2010 for FTEs.

## Source(s) of Funds for FY 2017

Source	Amount
AUF	\$531,483
Designated	\$2,100
Service Dept Fees	\$444,250
PUF	\$0
Other	\$0

## Notes

FY 2017 includes a budgeted 0.5 FTE that was unfilled during the year and is being eliminated from subsequent budgets with duties reallocated among remaining staff.



**Purpose / Mission**

To manage the legal affairs of the UT System so UT institutions and UT System Administration can perform their core missions within the bounds of law, and to provide legal advice that allows our clients to react with agility to opportunities and risks.

**Description / Function**

- Provide legal advice, representation and litigation support to all 14 UT institutions and UT System Administration. **(Critical)**
- Approve lawsuits filed by, and settle legal disputes involving, all 14 UT institutions and UT System Administration. **(Critical)**
- On behalf of the Board of Regents, manage the real property interests of the UT System (real property transactions, real estate strategy, administration of trust/gift property assets). **(Critical)**
- Administer the UT System medical malpractice insurance plan, which insures UT physicians, dentists, residents, fellows and medical students against claims, lawsuits and regulatory discipline. **(Critical)**
- Develop and advise upon business (including construction and athletics) contracts, agreements and MOUs. **(Critical)**
- Determine and, as warranted, adjust dollar threshold at which Board of Regents' approval must be sought for contracts. **(Critical)**
- Administer the UT System's employment practices insurance plan, which insures the Board of Regents, UT institutions, UT System Administration and authorized officials against employment claims and lawsuits. **(Essential)**
- Retain and manage outside counsel and Texas Attorney General personnel who represent the Board of Regents, UT institutions and UT System Administration in lawsuits and business transactions. **(Essential)**
- Educate UT institution and UT System Administration officials by conducting general and issue-specific legal training programs. **(Essential)**
- Maintain critical documents, including real estate instruments, insurance documents, and lawsuit and advice files. **(Essential)**
- Use on-the-ground knowledge of each UT institution, along with analytical and problem-solving skills, to provide practical guidance to clients and connect their best practices to one another. **(Enhancing)**

**Success Metric(s)**

- Feedback by UT institution and UT System Administration officials on the quality and value of legal services.
- Legal training sessions conducted.
- Compliance with state and federal laws and regulations.

**Benefit to Institution**

- At 25-35% cost of private-sector alternatives, the Office of General Counsel:
  - provides a 24/7, UT-dedicated in house law firm.
  - minimizes financial liability and reputational risks to UT institutions, UT System Administration and the Board.
  - transacts real estate matters on behalf of the Board.
  - administers self-insured insurance plans for medical malpractice and employment claims.
  - manages outside counsel who are engaged to represent UT institutions, UT System Administration or the Board.

**Assessment of Criticality**

Included in the first section above.

**Budget and FTE Trend**

	2010	2014	2015	2016	2017	2018	9yr CAGR/ % Change*
<b>Budget/AUF</b>	\$4,397,976	\$5,707,778	\$5,614,766	\$5,898,781	\$6,220,988	\$5,548,837	2.6
<b>Budget/Non-AUF</b>	\$3,608,434	\$4,552,144	\$4,712,158	\$4,867,948	\$4,920,213	\$4,738,164	3.1
<b>FTEs/AUF</b>	36.6164	42.5322	40.0639	42.3823	40.9949	34.6588	-5.3
<b>FTEs/Non-AUF</b>	34.3836	34.6427	32.8611	33.5427	31.2301	30.0412	-12.6

\*CAGR is compound annual growth rate since 2010 for the budget dollars. Percentage change is the increase from 2010 for FTEs.

**Source(s) of Funds for FY 2017**

Source	Amount
AUF	\$6,220,988
Designated	\$485,279
Service Dept Fees	\$3,760,267
PUF	\$674,666
Other	\$0

**Notes**



**Purpose / Mission**

The Office of Governmental Relations serves as the primary liaison between the UT System Administration and Board of Regents and the Texas Legislature on the wide range of budget and policy issues and concerns that affect higher education and health care in Texas generally and the UT System institutions. OGR plays the same liaison role with Executive Branch officials and agencies of Texas state government and at times with local governments in Austin and around the state. Structurally, OGR assists and oversees the Office of Federal Relations and the Archer Center Program as they carry out their missions.

**Description / Function**

- Keep UT System and all 14 of its academic/health institutions well informed of major state issues, trends, changes in, and the dynamics of state leadership, public policy, and legislation impacting higher education. (CRITICAL)
- Foster and maintain positive relationships with legislators, executive branch officials, and staff to ensure they are aware of issues of interest and concern to UT System and its institutions and are regularly informed about activities and initiatives, such as Board of Regents meetings, positions on particular policy and budget issues, and various statewide programs in which UT System has a leadership role. (CRITICAL)
- Develop and provide strategic and tactical counsel to UT System Board of Regents, executive officers, institution presidents, and senior staff to keep them informed about the overall political, legislative, and budget environment, the people, procedures, and processes involved, opportunities for appointments to state boards and commissions, and the effect of all of these on higher education, UT System, and institution priorities and issues. (CRITICAL)
- Assist in the preparation of the UT System Legislative Appropriations Request (LAR) and the review of institution LARs to ensure accuracy and consistency. (CRITICAL)
- In preparation a legislative session, solicit from and collaborate with UT System and institution leadership to determine System's and institutions' legislative priorities and steer progress of priorities to achieve advancement of UT's mission. (CRITICAL)
- During a legislative session, oversee and provide a centralized, system-wide process to review, analyze, track, and monitor legislation of interest, including the state budget and other appropriations measures. (CRITICAL)
- During a legislative session and at the request of UT System and institution leadership, draft for use with legislators and staff proposed legislation, including original legislation and amendments and provisions for appropriations bills and other documents, talking points, questions for hearings, and background information, and assist legislative staff in securing and preparing witnesses from UT System and its institutions to provide testimony. (ESSENTIAL)
- Collaborate and coordinate with other higher education university systems on strategies, positions, and communications on legislative and policy issues that affect and benefit UT System and its institutions and ensure consistent reporting regarding fiscal matters and/or state appropriations. (CRITICAL)
- With External Relations, develop strategies and materials to educate about and advance UT System and institution priorities within the legislative process, and with media, alumni, supporters and the public. (ESSENTIAL)
- After a legislative session, analyze and report on passed legislation and counsel on and monitor the implementation of legislation across UT System (includes reviewing rules derived from new enactments). (CRITICAL)
- With the Controller's Office, coordinate UT System and institution responses and information for statutorily-required and other financial reports for state regulatory and legislative agencies, such as responses to inquiries from the Legislative Budget Board or THECB on items related to fiscal matters and/or state appropriations. (CRITICAL)
- Monitor meetings and rulemakings of the THECB and other state agencies and provide agency leadership and staff feedback (as necessary) on issues that impact UT System and its institutions. (ENHANCING)
- Notify UT System and institution leadership of, monitor, and report on legislative interim charges and committee hearings. (ESSENTIAL)
- Provide department oversight and support to the Office of Federal Relations and the Archer Center Program. (ESSENTIAL)



### Success Metric(s)

- Final outcomes and actions taken regarding UT System legislative priorities in a legislative session are used to determine the overall success of that session, including state appropriations to institutions and System Administration.
- Post-session feedback is received from UT System and institution leadership and staff involved in legislative related activity, including suggestions for ways to improve and build upon session related performance, processes and the bill tracking system.
- During the 2015 UT System Organizational Assessment, institutions consistently endorsed both OGR and OFR as two of the five System Administration model departments whose service added value to their campus missions.

### Benefit to Institution

- Provide direct and regular counsel and guidance to institution leadership on legislative issues and matters impacting their campuses before and during legislative sessions. Assist them with the requirements and implementation of newly enacted legislation on their campuses.
- Regularly coordinate with the institutions' governmental relations teams as they advance their legislative related missions.
- Provide assistance to institutions as they develop their Legislative Appropriations Requests.
- Coordinate legislative campus visits/tours for the institutions during the interim.

### Assessment of Criticality

- OGR plays a critical role in ensuring that the legislative needs of institutions are in alignment with the overall UT System legislative priorities and assists them with the advancement of those needs with state leadership.
- OGR plays a critical role in advocating for UT System and institutions' appropriations needs during the legislative session.
- OGR plays a critical role in informing institutions of newly enacted legislation requiring campus implementation and compliance.
- OGR regularly works to reduce and streamline the number of regulatory, administrative and reporting burdens required from UT System and institutions to achieve greater efficiency in production and delivery.

## Budget and FTE Trend

	2010	2014	2015	2016	2017	2018	9yr CAGR/ % Change*
<b>Budget/AUF</b>	\$1,497,459	\$1,587,353	\$1,598,591	\$1,672,685	\$1,700,157	\$1,547,814	0.4
<b>Budget/Non-AUF</b>	\$256,120	\$45,640	\$45,640	\$45,640	\$41,576	\$41,576	-18.3
<b>FTEs/AUF</b>	12.0000	12.0950	12.0000	12.0000	12.0000	10.5000	-12.5
<b>FTEs/Non-AUF</b>	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	

\*CAGR is compound annual growth rate since 2010 for the budget dollars. Percentage change is the increase from 2010 for FTEs.

### Source(s) of Funds for FY 2017

Source	Amount
AUF	\$1,700,157
Designated	\$36,576
Service Dept Fees	\$0
PUF	\$0
Other	\$5,000

### Notes



**Purpose / Mission**

To improve health and health care within Texas and beyond.

The University of Texas System will create an easily accessible, safe, effective, and efficient health care network across Texas, improving community health and public knowledge of wellness and disease, while enhancing the quality of care and outcomes for all Texans.

**Description / Function**

- Review and approve health institution budgets (Critical)
- Review and approve health institution construction projects (Critical)
- Review and approve new health institution educational programs (Critical)
- Review and approve highly compensated health employee proposals (Critical)
- Help develop UT System policies and procedures (Critical)
- Coordinate presidential searches and evaluations (Critical)
- Operate Texas Medical and Dental Schools Application Service (Critical)
- Perform annual campus visits (Essential)
- Coordinate Lone Star Stroke (Essential)
- Support Fairness and Opportunity efforts (Essential)
- Support the development of two new medical schools (Essential)
- Facilitate and support key initiatives, transactions, and affiliations (Essential)
- Develop a statewide population health strategy (Enhancing)
- Coordinate selection of health institutions' Regents' Outstanding Teaching Awards (ROTA) (Enhancing)
- Operate the Kenneth I. Shine, M.D., Academy of Health Science Education (Enhancing)
- Review and approve Science and Technology Acquisition and Retention (STARs) awards (Enhancing)
- Convene system-wide working groups (Enhancing)
- Select and supervise Chancellor's Health Fellows (Enhancing)
- Coordinate with state health agencies (Enhancing)
- Coordinate with other Texas public health higher education systems (Enhancing)

### Success Metric(s)

- Presentation to Board of Regents (BOR) of balanced/positive operating budgets for health institutions
- Presentation to BOR of high priority, well justified, capital projects for health institutions
- Approval of health institutions' educational programs by BOR, Texas Higher Education Coordinating Board, accrediting bodies
- Fair market evaluations of highly compensated employees at health institutions
- Successful recruitment of high performing presidents for health institutions
- Successful admission process to State's medical and dental schools
- Development and maintenance of successful statewide stroke programs
- Selection of high quality finalists for Regents' Outstanding Teaching Awards
- Selection of outstanding members for the Kenneth I. Shine, M.D., Academy of Health Science Education
- Positive collaborations with hospital partners, state agencies, and across UT institutions

### Benefit to Institution

- To provide leadership and serve the academic and research programs of six health institutions, including four medical schools, two dental schools, three nursing schools, five graduate schools, four schools of health professions, a school of biomedical informatics, and a school of public health.
- In collaboration with Academic Affairs, to support and guide the development of two new medical schools at general academic institutions.
- To provide leadership and support to six health institutions with their owned and affiliated teaching hospitals in providing integrated systems of health care delivery, as well as networks of community clinics.
- To develop collaborative efforts across health institutions to expand capabilities, leverage collective resources, and expand impact.

### Assessment of Criticality

See assignment of criticality under Description/Function.

### Budget and FTE Trend

	2010	2014	2015	2016	2017	2018	9yr CAGR/ % Change*
<b>Budget/AUF</b>	\$1,985,330	\$2,790,691	\$3,022,081	\$3,358,862	\$3,539,317	\$3,117,068	5.1
<b>Budget/Non-AUF</b>	\$333,000	\$271,000	\$303,578	\$311,000	\$313,105	\$780,780	9.9
<b>FTEs/AUF</b>	10.0000	11.2522	12.1172	14.1172	13.8650	11.4500	14.5
<b>FTEs/Non-AUF</b>	0.0000	0.0000	0.6350	0.6350	0.6350	1.1500	

\*CAGR is compound annual growth rate since 2010 for the budget dollars. Percentage change is the increase from 2010 for FTEs.

### Source(s) of Funds for FY 2017

Source	Amount
AUF	\$3,539,317
Designated	\$63,105
Service Dept Fees	\$0
PUF	\$0
Other	\$250,000

### Notes



**Purpose / Mission**

To improve health and health care within Texas and beyond.

The University of Texas System will create an easily accessible, safe, effective, and efficient health care network across Texas, improving community health and public knowledge of wellness and disease, while enhancing the quality of care and outcomes for all Texans.

**Description / Function**

Revenue Cycle Grant Program (Enhancing)

- Facilitates best practices forums across revenue cycle operations at participating institutions and deploys new technology (e.g., software) to increase automation and efficiencies

Research Cores Network and Proteomics Network (Enhancing)

- Create new “structures” that enhance UT System researcher's ability to compete for sponsored program funding
- Deploy new technology (e.g., software) to achieve operational efficiencies and standardized procedures

South Texas Biomedical Research Program (Essential)

- Funding is dedicated to operations of the SIM Hospital through UTHSCSA/UTRGV

Lone Star Stroke Initiative (LSS)

The Lone Star Stroke Initiative (LSS) coordinates and funds stroke research across Texas through a hub and spoke network of facilities which includes several UT System institutions. LSS was formerly funded by an appropriation to the Texas Department of State Health Services that was passed to UT System. For FY 2018, the Legislature has provided an appropriation of general revenue directly to UT System Administration. (Enhancing)

### Success Metric(s)

- Deployment of software platforms has automated business processes which generates cycle time efficiencies and reduces operational expenses
- Deployment of new “structures” across the research enterprise has increased awareness of unique assets, increased utilization and reduced operational expenses

### Benefit to Institution

- Provides externally funded UT System assistance requested by institutions to facilitate cross-campus collaborations that otherwise wouldn't occur due to local resource constraints.
- Technology solutions increase efficiencies thereby avoiding additive costs
- Networks institutional personnel across common areas for sharing of best practices.

### Assessment of Criticality

See assignment of criticality under Description/Function.

### Budget and FTE Trend

	2010	2014	2015	2016	2017	2018	9yr CAGR/ % Change*
<b>Budget/AUF</b>	\$0	\$0	\$0	\$139,667	\$83,743	\$1,645,390	
<b>Budget/Non-AUF</b>	\$0	\$1,402,023	\$3,478,881	\$3,900,306	\$2,448,596	\$0	
<b>FTEs/AUF</b>	0.0000	0.0000	0.0000	1.0500	0.5455	0.0000	
<b>FTEs/Non-AUF</b>	0.0000	0.0000	0.0000	1.2500	1.4545	0.0000	

\*CAGR is compound annual growth rate since 2010 for the budget dollars. Percentage change is the increase from 2010 for FTEs.

### Source(s) of Funds for FY 2017

Source	Amount
AUF	\$83,743
Designated	\$2,250,000
Service Dept Fees	\$198,596
PUF	\$0
Other	\$0

### Notes

Includes Lone Star Stroke Initiative funded by general revenue in 2018 and by an appropriation to the Department of State Health Services and received from them via an inter-agency agreement for prior years. Other activities will not be shown in the FY 2018 baseline budget.



**Purpose / Mission**

The mission of the Office of HUB Programs is to promote full and equal business opportunities for historically underutilized businesses on UT System contracting and procurement opportunities and to make a good faith effort to achieve the HUB goals for each procurement category as required by Texas Government Code and Texas Administrative Code.

**Description / Function**

- Review Historically Underutilized Business Subcontracting Plans (HSPs) for compliance with the good faith effort requirements (critical)
- Make presentations on the state of Texas HUB program requirements for a good faith effort on contracting opportunities (critical)
- Establish annual procurement utilization goals for HUB participation by procurement category (critical)
- Estimate expected contract awards for HUBs annually (critical)
- Provide biannual report on HUB performance Legislative Appropriation Request requirements (critical)
- Develop HUB strategic plan biannual for submission to state of Texas (critical)
- Sponsor and manage mentor-protégé relationships between major primes and HUB companies (critical)
- Meet periodically with System executive leadership to update on HUB program (critical)
- Participate in HUB forums to promote contracting and subcontracting opportunities with UT System Administration (critical)
- Facilitate presentations and meetings between HUB firms and UT System staff and UT System prime contractors (critical)
- Prepare a monthly internal HUB usage report by department (critical)
- Monitor System Administration contracts and subcontracts to insure compliance with HSPs provided by prime contractors
- Prepare semi-annual report on UT System Administration HUB expenditures and a supplemental report on HUB activities (critical)
- Prepare annual report on UT System HUB expenditures and a supplemental report on HUB activities (critical)
- Prepare annual report on expenditures with minority and women-owned businesses on bond funded projects at UT institutions (critical)
- Provide training to HUB firms to enhance their ability to compete for subcontracting opportunities (enhancing)
- Manage the memorandums of cooperation sponsored by Senator Royce West between UT System Administration and the Texas Association of African American Chambers of Commerce and the Texas Association of Mexican American Chambers of Commerce (essential)

**Success Metric(s)**

The State Auditor Office report on audit of HUB Program for FY 2011 said "UT System fully complied, overall, with HUB program requirements." The HUB Office maintains a strong working relationship with the key stakeholders for the HUB program including the Office of Senator Royce West, the Texas Association Association of African American Chambers of Commerce and the Texas Association of Mexican American Chambers of Commerce. UT System Administration spends more with HUB firms than all other universities and university system administration offices. The Office of HUB Programs and its team members have received recognition and awards from numerous organizations including the U.S. Small Business Administration San Antonio District Office, the Hispanic Contractors Association of San Antonio, the National Association of Minority Contractors Association Greater Houston Chapter.

**Benefit to Institution**

The HUB Office host regular training sessions for the HUB Coordinators at UT institutions two to three times a year to keep them up to date with the latest changes and trends in the HUB Program. In addition the UT System Administration HUB Coordinators provide one-on-one training for new HUB Coordinators at institutions as requested, and serve as a resource for questions about the HUB program from UT institutions.

**Assessment of Criticality**

Most of the functions performed by the HUB Office are required by the Texas Government Code Chapter 2161 and Texas Administrative Code, Title 34, Part 1, Chapter 20, Subchapter D, Division 1

**Budget and FTE Trend**

	2010	2014	2015	2016	2017	2018	9yr CAGR/ % Change*
<b>Budget/AUF</b>	\$87,398	\$93,794	\$93,902	\$97,289	\$100,150	\$17,587	-16.3
<b>Budget/Non-AUF</b>	\$791,852	\$542,347	\$552,846	\$620,029	\$670,997	\$697,809	-1.4
<b>FTEs/AUF</b>	1.0666	1.0752	1.0752	1.0752	1.0752	0.0752	-92.9
<b>FTEs/Non-AUF</b>	7.9334	4.9248	4.9248	5.9248	4.9248	4.9248	-37.9

\*CAGR is compound annual growth rate since 2010 for the budget dollars. Percentage change is the increase from 2010 for FTEs.

**Source(s) of Funds for FY 2017**

Source	Amount
AUF	\$100,150
Designated	\$4,000
Service Dept Fees	\$666,997
PUF	\$0
Other	\$0

**Notes**



### Purpose / Mission

The Office of Human Resources is committed to providing best practice HR programs, legally mandated and compliance related processes, and services that support and enable UT System's Mission to promote service excellence across The University of Texas System.

### Description / Function

#### *Service Delivery Review to Better Serve System Administration Employees and UT Institutions*

An assessment was completed to evaluate the departmental structure, how work is organized and delivered, programs and processes to develop and retain employees, and opportunities to better support UT System Institutions.

The following was identified to better support System Administration employees:

- Put in place a talent management programs to attract, develop, and retain employees
- Design and implement a matching market compensation strategy to compliment talent programs
- Expand System Administration Wellness strategy to include a focus on measuring employee engagement
- Revise policies, re-engineer and streamline processes, and enhance culture

The following was identified to better support UT Institutions:

- Facilitate process to create master contacts for HR services, e.g., executive search, engagement survey, technology systems
- Work with UT Permian Basin and UT Tyler to select and implement new recruiting software and compensation planning
- Provide clarity around employment law changes and how the laws impact employees across UT System
- Enable discussions to identify best practices and solutions to address opportunities to increase D&I efforts

#### *Critical Responsibilities*

- Oversee, manage, and monitor several federal and state mandated required services for employees, partner with departments or having sole responsibility. Examples, on-time delivery of payroll, leave, workforce reductions and separations, hiring, job postings, compliance training, performance appraisals, EEO and DOL requirements, etc. **(Critical)**
- Design and administer the compensation plan to attract, develop, and retain System Administration employees **(Critical)**
- Oversee the enrollment and management for UT System's benefits for System Administration employees **(Critical)**
- Key point of contact for HR topics across all of UT System and the primary liaison between institution HR teams **(Essential)**
- Develop and deliver employee programs to attract, develop, and retain System Administration employees; Management training, recruiting, career development, employee engagement **(Critical)**
- Monitor key metrics and provide reporting for UT System projects and state required compliance **(Critical)**
- Work with dept. heads to investigate and resolve ER matters, make recommendations to address performance/conduct violations, coach leaders on how to best manage employee behavior and development going forward **(Critical)**
- Enhance Wellness and Engagement strategy; manage Wellness activities, **(Enhancing)**



**Success Metric(s)**

Staff recognized for being a great partner and providing a high level of service across UT System to support several change initiatives such as VSIP, workforce reduction, Auditor Transition Project, etc.

**Benefit to Institution**

Our employees are the most valuable asset to the organization. The HR team is a function that provides a variety of services and programs to attract and retain talent. Investing in our HR department is an investment in our employees, which means our staff, faculty, students, and patients benefit, which results in improved organizational performance.

**Assessment of Criticality**

The departmental assessment identified critical, essential, and enhancing work for both System Administration and UT System Institutions.

**Budget and FTE Trend**

	2010	2014	2015	2016	2017	2018	9yr CAGR/ % Change*
<b>Budget/AUF</b>	\$1,031,709	\$1,303,060	\$1,377,131	\$1,386,891	\$1,634,842	\$2,244,774	9.0
<b>Budget/Non-AUF</b>	\$154,519	\$35,194	\$48,532	\$71,646	\$60,205	\$60,205	-9.9
<b>FTEs/AUF</b>	10.0000	12.4500	13.7500	13.4500	13.5000	14.5000	45.0
<b>FTEs/Non-AUF</b>	2.0000	0.3000	0.5000	0.8000	0.5000	0.5000	-75.0

\*CAGR is compound annual growth rate since 2010 for the budget dollars. Percentage change is the increase from 2010 for FTEs.

**Source(s) of Funds for FY 2017**

Source	Amount
AUF	\$1,634,842
Designated	\$13,500
Service Dept Fees	\$46,705
PUF	\$0
Other	\$0

**Notes**



**Purpose / Mission**

Provide security functions for information systems managed by UT System Administration, which include some of the system's highest risk information systems such as those managed by the Office of Employee Benefits, UT Share, and University Lands.  
Provide guidance and support to UT institutions and UTIMCO in their efforts to strengthen

**Description / Function**

- Development and maintenance of an institution-wide information security plan is required by Texas Government Code 2054.133. **(Critical)**

The following requirements are described in TAC 202 (70-76) for institutions of higher education.

- Conduct risk assessments and develop plans to mitigate risks. HB8 passed in the recent legislative session requires security risk assessments every two years. **(Critical)**
- Perform risk assessments and contract reviews for third party vendors deployed within System Administration, system- wide or shared by multiple institutions. **(Critical)**
- Develop and administer training and awareness programs for employees. **(Critical)**
- Educate and advise information resource owners and information security administrators in relevant departments. **(Critical)**
- Monitor information systems for vulnerabilities, malware infections, and indicators of compromise. Respond to incidents. **(Critical)**
- Comply with state reporting requirements. **(Critical)**
- Develop system-wide policies related to information security. **(Critical)**
- Facilitate knowledge sharing among institutions and look for opportunities to leverage expertise into other institutions. **(Essential)**
- Development of an overall strategic plan for information security across the system. **(Essential)**
- Provide a central system to support risk assessments at the institutional level. **(Essential)**

## Success Metric(s)

The security posture of the systems managed at UT System and our ability to effectively respond was evident in the recent WannaCry ransomware outbreak. Staff were able to quickly identify systems that needed updating and take steps to protect out of date systems while fixes were developed.

UT System Administration's role as a facilitator of knowledge sharing received many positive comments from the Organizational Assessment performed in 2015. In person participation in the twice yearly InfoSec Conference averages 58 and the average evaluation has been 4.6 out of 5 over the past six conferences. Participation in monthly community calls on specific topics such as training and awareness, and specific technology tools routinely have 20+ participants.

DIR looks to UT System Administration for input: the CHISO is a member of the DIR's Statewide Information Security Advisory Board and is thus in a position to influence state requirements and plans.

## Benefit to Institution

Reduce duplication of requests and inconsistent approaches to assessments by coordinating with DIR, Compliance, and internal audit.  
 Reduce cost and improve security by leveraging solutions at any one institution into solutions for other institutions which may mean actually providing system-based services for risk assessments and system monitoring.  
 Reduce cost by conducting RFPs and negotiating volume purchase agreements with opt-in for institutions.

## Assessment of Criticality

The majority of the functions performed by ISO are driven by TAC 202 requirements.  
 Other activities include administering aspects of the cyberliability insurance program, conducting production evaluations, and providing consulting/project resources to institutions.

## Budget and FTE Trend

	2010	2014	2015	2016	2017	2018	9yr CAGR/ % Change*
<b>Budget/AUF</b>	\$492,468	\$1,325,905	\$1,484,508	\$2,131,888	\$2,358,898	\$2,331,787	18.9
<b>Budget/Non-AUF</b>	\$9,000	\$37,826	\$44,772	\$351,586	\$362,441	\$367,370	51.0
<b>FTEs/AUF</b>	4.0000	13.0000	12.0000	12.0000	13.0000	12.0000	200.0
<b>FTEs/Non-AUF</b>	0.0000	0.1430	0.2500	3.0000	3.0000	3.0000	

\*CAGR is compound annual growth rate since 2010 for the budget dollars. Percentage change is the increase from 2010 for FTEs.

## Source(s) of Funds for FY 2017

Source	Amount
AUF	\$2,358,898
Designated	\$20,000
Service Dept Fees	\$342,441
PUF	\$0
Other	\$0

## Notes

In 2010, Chancellor Cigarroa separated security departments from information technology departments. Three FTEs transferred from OTIS to ISO. A 2011 Board resolution allocated \$820,000 to expand the staff in ISO as a result of a comprehensive information security compliance effectiveness review. Other increases in the AUF cover product and services contracts.



### Purpose / Mission

The UT System Office of Innovation and Strategic Investments serves the System and the institutions' missions by helping to ensure that life-changing innovations from UT System institutions reach the people who need them. We do this in close collaboration with the institutions by piloting/testing programs that take advantage of the System's scale, address stated needs of multiple institutions, ensure equal access to opportunities and resources across geographies, demonstrate measurable value to institutional stakeholders, and have self-sustaining or low-cost funding models after the pilot phase.

### Description / Function

#### Office Functions

- Manage a formative stage venture fund with dual impacts of helping UT inventors and entrepreneurs succeed in the market and generating a return to reinvest in UT innovators. The Horizon Fund partners with other investors who lead financing rounds and establish share prices. In addition to traditional fund management responsibilities, OISI provides value-added services to portfolio companies by connecting them to other investors, operating talent, and other opportunities to improve their odds of success. The fund secures the value of intellectual property for the institutions, advances commercialization and entrepreneurship missions, creates economic value for the state, and provides equal opportunities for inventors on all campuses. **(Essential)**
- Collaborate with institutions to identify common areas of need in externally facing functions such as commercialization and technology transfer, economic development and entrepreneurship, and industry partnerships. Develop and incubate pilot programs to address areas of multi-institution priorities that can be addressed more effectively and economically at a System level, provide recognized and measurable value, and are financially sustainable. **(Essential)**
- Help institutions capture an increasing proportion of external investments and funding for life-changing discoveries by leveraging the combined strengths and assets residing on the campuses. Connect the institutions with collaborative opportunities that they could not exploit on their own. **(Essential)**

#### FY18 Institutional Support Services and Programs

- Administrative Support Services: Contracts and projects that leverage System scale for cost savings including vendor contracts for IP management and market research databases, community impact report to stakeholders and related outreach campaign, and System-wide innovation summit. **(Enhancing)**
- UT Connects Talent: A predictive analytics-based talent matching system that instantly connects job seekers and employers based on skills, interests, and requirements. Combined with tested practices for ensuring platform adoption and continued use and deployed in conjunction with UT career services offices and private sector partners, UT Connects Talent expands access to employment for students while exposing companies to talent at all institutions. It also broadens the reach of career services without increasing costs. UT Connects Talent has a self-sustaining financial model after the initial pilot expansion phase. **(Enhancing)**
- Venture Mentoring Service: Supports UT faculty and other UT entrepreneurs by providing the proven benefits of industry and technology-specific mentoring across geographies and institutions. The technology platform-based service draws on team mentoring concepts developed and tested by MIT and adds a virtual component that allows mentees to access specialized advice from mentors regardless of location. Identified by institution commercialization teams as a top-five need, this program delivers superior benefits to traditional entrepreneurs-in-residence programs while reducing the associated costs. **(Enhancing)**
- Proof of Concept Fund: A System-wide, competitive funding mechanism to bridge the widely recognized gap between federally funded foundational research and early stage market viability, or "proof of concept" stage. The new technology development pathway enabled by this fund addresses the desire of an increasing proportion of research faculty and student scientists to bring meaningful and visible impact to the world through research. The fund also helps UT remain competitive with peer institutions that have supported proof of concept activities for a number of years. The Proof of Concept Fund was the top request from UT commercialization offices and has been endorsed through a formal prioritization process by senior leaders at all institutions and at System. **(Enhancing)**
- Industry Engagement: The Office is working with the institutions to revise its support for industry engagement. The previous event-centric approach received a favorable response from attendees but it was expensively delivered and produced questionable sustainable value. **(Enhancing)**

The OISI welcomes the opportunity to review its FY18 operating plan in detail with interested parties.

## Success Metric(s)

OISI has created a dashboard that tracks performance on a regular basis. Pilots or programs that under-perform are terminated. In addition, institutions provide input on Office programs through surveys and on-going discussions.

- Horizon Fund: Portfolio value (calculated by a third party on a quarterly basis), returns from exits, institutional diversity in investments, pipeline, amount of capital attracted from private sector investors
- UT Connects Talent: Pilot milestones for numbers of registered students, numbers of job opportunities posted, company participation, institutional participation and feedback, incidence of specific situations identified in pilot expansion plan (for example, matches for companies that have not recruited at multiple UT institutions)
- Mentoring Service: % of UT institutions involved by target dates, numbers of mentees and mentors, hours of mentoring provided, value of program per surveys
- Proof of Concept Fund: # of first-time patent applicants, # of faculty attracted and retained with commercialization interests, # of patents or other IP created, # of recipients receiving additional external funding, start-ups formed

## Benefit to Institution

Contributes to success of institutions, students, and faculty by identifying and deploying new solutions to multi-institution needs related to externally facing mission areas in ways that consider financial sustainability and return on investment.

## Assessment of Criticality

New approaches, such as those incubated in the OISI, that provide measurable value to our students, patients, and external constituents while retaining top talent at our institutions and in our state are essential to supporting the ongoing success of the University of Texas System institutions. The OISI is tightly focused on programs that can be achieved only at a System level and offer meaningful and cost-effective results to stakeholders. Our current expertise is in areas that connect UT assets (students, faculty, discoveries) to the marketplace, but our process could be applied across all UT mission spaces. We consider our individual pilots to be mission enhancing.

## Budget and FTE Trend

	2010	2014	2015	2016	2017	2018	9yr CAGR/ % Change*
<b>Budget/AUF</b>	\$1,129,815	\$2,444,000	\$1,500,000	\$1,729,151	\$1,621,158	\$1,964,809	6.3
<b>Budget/Non-AUF</b>	\$155,000	\$102,000	\$102,000	\$102,000	\$102,000	\$87,000	-6.2
<b>FTEs/AUF</b>	7.0000	10.0000	11.0000	9.0000	11.0000	8.0000	14.3
<b>FTEs/Non-AUF</b>	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	

\*CAGR is compound annual growth rate since 2010 for the budget dollars. Percentage change is the increase from 2010 for FTEs.

## Source(s) of Funds for FY 2017

Source	Amount
AUF	\$1,621,158
Designated	\$7,000
Service Dept Fees	\$0
PUF	\$0
Other	\$95,000

## Notes

In addition to the budget reflected above, OISI also administers a BOR approved Quantum Leap budget for the Talent Matching Program of \$500,000 for 2018. This was added to the budget subsequent to the original version of this document and as such does not have a separate page.



### Purpose / Mission

The ITL was established by the Board of Regents in 2012 to make a University of Texas-quality education more accessible and affordable and to improve student learning outcomes and dramatically increase the number of Texans with a college degree and other advanced educational credentials while responding to the human capital needs of the state of Texas. A catalyst for innovation, the ITL guides development of next-generation programming models, high impact, technology-enhanced pedagogies, and robust data analytics

### Description / Function

Develop a platform for use across the fourteen UT institutions that:

- Supports a cross-institutional consortium of on-line offerings (UT Online Consortium). **(Essential)**
- Increases student success through improved student engagement, support, and interventions powered by robust data analytics. **(Essential)**
- Increases number of Texas learners who complete a degree or credential from UT institutions. **(Essential)**
- Prepares Texas learners with the skills needed in areas of employment critical to the economic growth of the state of Texas. **(Essential)**
- Provides new, sustainable revenue streams for partner institutions and that can support continued innovation across the entire system. **(Enhancing)**
- Partner with UT institutions to develop innovative academic programs, curricular solutions, and learning design that feed the above functions. **(Enhancing)**
- Provide support services to UT institution partners (marketing, enrollment and retention coaching, technology support). **(Enhancing)**
- Consult on and create curriculum analysis and scaffolding to support partner UT program accreditation review. **(Enhancing)**
- Support partner faculty in implementing innovative programs, reaching new student populations and increasing student retention and engagement in said programs. **(Enhancing)**
- Create external partnerships that support the platform and increase number of Texans enrolled in UT campus program. **(Enhancing)**

**Success Metric(s)**

- Increased enrollment, retention and graduation rates in partner UT institution programs
- Increased efficiency, reach, and services offered at UT partner institutions as result of ITL engagement
  - Feedback from UT institution partners' faculty and staff about positive impact on curriculum, faculty and student experience
  - Increased number of students served over time
  - Increase access of UT quality education to more Texas learners
  - Decrease in cost:
    - o expenditure per student
    - o to campus operations
    - o of education to Texas learners

**Benefit to Institution**

- Partner institutions experience:
- o increased enrollment
  - o higher retention and completion, and efficiency
  - o increased revenue
  - o eligibility for outside grant funding for innovative programs created in partnership with ITL

**Assessment of Criticality**

This is already provided with each function above.

**Budget and FTE Trend**

	2010	2014	2015	2016	2017	2018	9yr CAGR/ % Change*
<b>Budget/AUF</b>	\$0	\$1,333,352	\$2,400,309	26,674,151	24,561,529	21,649,664	
<b>Budget/Non-AUF</b>	\$0	\$7,000	\$7,000	\$14,000	\$28,000	\$21,000	
<b>FTEs/AUF</b>	0.0000	5.0000	12.0000	59.0000	50.0000	40.0000	
<b>FTEs/Non-AUF</b>	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	

\*CAGR is compound annual growth rate since 2010 for the budget dollars. Percentage change is the increase from 2010 for FTEs.

**Source(s) of Funds for FY 2017**

Source	Amount
AUF	24,561,529
Designated	\$28,000
Service Dept Fees	\$0
PUF	\$0
Other	\$0

**Notes**



**Purpose / Mission**

To improve the efficiency and effectiveness of the delivery of services between internal System Administration departments and from System Administration to the campuses.

**Description / Function**

- Sponsor Employee Advisory Council (Rule 30401) [Critical]
- Sponsor System Administration Staff Council [Essential]
- Collaborate with campus and System Administration colleagues to drive policy, process, and practice improvement efforts to systemically reduce bureaucracy and provide a more robust service delivery model for the campuses and System Administration internal departments [Essential]
- Evaluate the effectiveness of service delivery to campuses and internal departments (biennium review) [Essential]
- Evaluate System Administration performance to expectations and needs at both the campus and internal department levels [Essential]
- Improve communications internally and across multiple levels within the campus communities [Essential]
- Align the culture with the mission and vision through formal and informal communications channels [Essential]
- Design the organizational structure to align with the mission, goals, and needs of the system [Essential]
- Connect and convene various affinity groups within System Administration and across the campuses to improve collaboration and identify areas for improvement [Essential]
- Drive internal change through Idea Central submissions (Big Ideas, Quick Fixes, Business Process Improvements) and manage resolution, implementation, and communications processes [Essential]
- Assess the impact of changes on the organization (culture, operations, efficiencies) and develop plans and communications for smoother transitions (new building, technology changes, human resource improvements, policies, processes, and practices)
- Facilitate strategic retreats and culture change efforts for campuses as requested [Enhancing]
- Coach and advise campus colleagues and System Administration staff and department heads [Enhancing]
- Mentor next generation staff members [Enhancing]



### Success Metric(s)

- Improved two-way vertical and lateral communication channels for greater transparency and understanding of critical messages and strategies
- Increased number and quality of innovative ideas that improve efficiencies and reduce burdens to the campuses and internal staff
- Greater agility through faster and better quality decision making, streamlining processes and shortening cycle times, and re-designing policies and rules to be more enabling
- Improved opportunities for collaboration through implementation of campus recommendations for enhanced collaboration tools and resources
- Decreased time to resolution and implementation for improvement ideas
- Feedback from campus leadership, faculty, and staff indicating value of improvements and performance to expectations and needs

### Benefit to Institution

Provides a communication channel for addressing communications, collaboration, and improvement opportunities. Led the largest and broadest organizational assessment in 2015 comprised of an online survey, 118 focus group sessions with over 551 leaders, faculty, and staff across all 14 institutions and encompassing 18 different campus function areas. The result was 26 high-level recommendations and the development of department action plans to collaboratively address campus needs and expectations for System Administration to reduce bureaucracy and campus burden and improve service delivery from System Administration. Ten recommendations were implemented within three months, eight are ongoing/continuous, six are in progress, and two were deferred following additional evaluation.

### Assessment of Criticality

While most of the functions of the OEO department are not required by laws, rules or policies, the focus of this department is in creating awareness of how System Administration can better serve the needs and expectations of the campuses. Creating a culture of continuous improvement aligns activities and approaches with not only “what” the campuses need, but “how” the campuses prefer to receive those services.

### Budget and FTE Trend

	2010	2014	2015	2016	2017	2018	9yr CAGR/ % Change*
<b>Budget/AUF</b>	\$0	\$0	\$0	\$0	\$331,771	\$398,586	
<b>Budget/Non-AUF</b>	\$0	\$0	\$0	\$0	\$0	\$1,500	
<b>FTEs/AUF</b>	0.0000	0.0000	0.0000	0.0000	2.0000	2.0000	
<b>FTEs/Non-AUF</b>	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	

\*CAGR is compound annual growth rate since 2010 for the budget dollars. Percentage change is the increase from 2010 for FTEs.

### Source(s) of Funds for FY 2017

Source	Amount
AUF	\$331,771
Designated	\$0
Service Dept Fees	\$0
PUF	\$0
Other	\$0

### Notes



**Purpose / Mission**

A dedicated, full-service law enforcement agency responsible for providing oversight to all institution police departments regarding all law enforcement and security standards and practices, staffing levels, training requirements, and professional qualifications. Charged with responsibility for protecting and serving the students, faculty, staff, and visitors of all U. T. System institutions and for the protection of assets within the jurisdictional boundaries of the institutions. The Director serves as the Agency Administrator for UT System Police for purposes of complying with requirements and standards established by the Texas Commission on Law Enforcement.

**Description / Function**

- Operation of the UT System Police Academy; establishing qualifications for candidate program admissions; acting as the exclusive commissioning authority by statute; ensuring compliance and timely reporting of all UT System Police (UTSP) offered Training Programs to include mandatory in-service law enforcement training, management of advanced law enforcement rapid response (active shooters) and Officer Involved shooting investigations and delivery of Lateral/Advanced Officer training courses; coordination of Police Academy Guest Instructor Program (operational/practical cost-saving alternative to additional full-time Academy faculty) and the Police Academy Advisory Board (Texas Commission on Law Enforcement (TCOLE) regulatory) (Critical)
- Conduct background investigations on police candidate & UT System applicants under consideration, establish qualifications for and participate as final decision maker for employment and licensing of officers and Institution Police Chiefs, initiating candidate Commission revocations as required; maintenance of TCOLE-required employment/qualification/training/continuing education records for Peace Officer/Telecommunicator Licensees (700 estimated), TCOLE records' audits, Police Academy audits, to include review /concurrence regarding proposed terminations of Peace Officers (INT 109, TCOLE regulatory/statutory) (Critical)
- Provide ongoing support and consultation to institution Police Departments with respect to administrative investigations involving Chiefs of Police or UTSP officers alleged to be involved with serious misconduct; training on threat and risk management (targeting UTS or institutions) in addition to review of campus emergency operations center functionality/incident command and establishing emergency response capacity and criteria; System Rapid Response Team (mitigation of active shooter/armed intruder threats) training and operational capacity; major criminal investigations in support of institution Police Departments; sexual assault training and Use of Force subject matter expertise, analysis and training; criminal intelligence management (counter-terrorism, border security, drug/human trafficking, threat assessment); tactical operations programs (mitigation of active shooter/armed intruder threats - specialized vehicles, tactics, technology, response training, medical support) and representation at the Texas Fusion Center (threat management, counter terrorism) (UTS 170, best practice) (Critical)
- Travel to institution Police Departments to consult with Chiefs of Police, recognize Officers and employees, participate in awards, promotional and commissioning ceremonies; provide UTSP consultation on compensation, resources and staffing for law enforcement purposes in addition to promotional process administration and the establishment of UTSP/Commission on Accreditation for Law Enforcement (CALEA) policies, standards and practices; and to conduct Institution Police Department inspection programs (UTS 170, best practice) (Critical)
- Collection, analysis and reporting of DPS Racial Profiling and FBI Uniform Crime Reporting data (statutory) (Critical)
- Executive protection and Board security; provision of notification of public safety incidents to leadership (operational) (Critical)
- Purchasing/procurement/quality control functions; Internal audit, inventory/quartermaster functions to include oversight of critical and high value property/equipment management (UTS policy, statutory) (Critical)
- Travel support and budget management program; response coordination/Texas Public Information Act (internal) (Critical)
- Pending/proposed legislation review (UTS policy) (Critical)
- Physical security/protective technology subject matter expertise; critical incident negotiation (suicidal persons, hostage events, barricaded suspects' events) (UTS 170, operational) (Essential)
- Provision of regional assignment of Police Inspectors to support institution Police Departments (UTS 170, operational) (Enhancing)
- Major Crimes program coordination; Cold Case Program coordination; Fugitive program coordination; providing Crime Prevention expertise; advanced development and career excellence programs; Crime Analysis/metrics gathering; Certified Fraud Examiner program management (best practice) (Enhancing)

## Success Metric(s)

- Implementation of the Advanced Rapid Response Emergency Scenario Training (ARREST) Project with 140 UT System Police Officers enrolled and completed.
- Developed and Presented Statewide Training on “Trauma Affected Veterans” for UT System Police Officers
- Use of Force Incidents Decrease for the past 12 months
- Successfully completed State of Texas audit of the U.T. System Police Academy
- 163 Successful Police Academy Graduates from the last 13 Cadet Classes with 100% Licensing Exam Passage Rate
- The “Blueprint for Campus Police: Responding to Sexual Assault” recognized as an award winning national model
- Number of statewide UT System Police arrests are decreasing - statewide crime rates at Institutions stabilized for the past five years
- 75% of those arrested by UT System Police are non-students
- 45% of the UT System Police force are minority officers
- Eight out of 15 UTSP departments have been accredited

## Benefit to Institution

Oversight and delivery of ethical, professional police services to students, faculty and staff to ensure the education and health care of the people of the State of Texas is delivered in a safe and secure environment by identifying emerging trends in crime patterns, criminal behavior, domestic terrorism and transnational terrorism and responding accordingly. Train, develop and mentor university law enforcement, advancing the science and delivery of police training and education and setting a national standard for America’s educational institutions. Support institutions with rapidly deployable special assets, advisors and resources, as demonstrated during the April 2016 homicide investigation at Austin where ODOP led and coordinated the mobilization of officers from around the state to provide support. Foster the full cooperation, communication and coordination between UT System Police and other police agencies. Provide advice, counsel and guidance to institution police chiefs and their staffs.

## Assessment of Criticality

Assessment of criticality is provided with each function listed above.

## Budget and FTE Trend

	2010	2014	2015	2016	2017	2018	9yr CAGR/ % Change*
<b>Budget/AUF</b>	\$1,700,971	\$2,061,328	\$2,111,618	\$2,188,661	\$2,549,818	\$2,714,458	5.3
<b>Budget/Non-AUF</b>	\$94,792	\$7,554	\$7,554	\$7,554	\$7,554	\$7,554	-24.5
<b>FTEs/AUF</b>	19.0000	13.0000	13.0000	13.0000	15.0000	15.0000	-21.1
<b>FTEs/Non-AUF</b>	2.0000	0.0000	0.0000	0.0000	0.0000	0.0000	-100.0

\*CAGR is compound annual growth rate since 2010 for the budget dollars. Percentage change is the increase from 2010 for FTEs.

## Source(s) of Funds for FY 2017

Source	Amount
AUF	\$2,549,818
Designated	\$7,554
Service Dept Fees	\$0
PUF	\$0
Other	\$0

## Notes

Budget request for FY 2018 does not include additional staffing or new programmatic funding.



**Purpose / Mission**

The Office of Risk Management (ORM) provides high quality risk management services, resources, and leadership, which create value and support The University of Texas System’s mission of excellence in education, research, healthcare, and public service. The framework of the UT System risk management program consists of key elements including assessment, control, finance, communication, and monitoring.

**Description / Function**

- Implement and manage a combination of risk control, risk retention and risk transfer programs. **(Essential)**
- Work with and support institutions through coordination of the Environmental Health and Safety Advisory Committee, the Emergency Management Committee, the Risk Management Advisory Committee and other working groups. **(Critical)**
- Coordinate and report findings to Board of Regents and Texas Division of Emergency Management of safety and security audits conducted every three years as required by Texas Education Code, Sec. 51.217. **(Critical)**
- Administer Systemwide contracts for hazardous waste management, radioactive and medical waste, disaster response and recovery, and accident investigation. **(Critical)**
- Operate the UT System Workers' Compensation Insurance Program (WCI) pursuant to Chapter 503 of the Texas Labor Code. The WCI program is self-administered / self-insured plan that provides workers' compensation insurance coverage to approximately 114,000 employees **(Critical)**
- Administer claims handling, cost containment, and certified workers' compensation healthcare network and oversee WCI program to ensure compliance with the Workers' Compensation Act and Rules **(Critical)**
- Represent the UT System in the insurance market to implement programs to mitigate financial loss. Insurance purchases are managed in accordance with The Board of Regents' Rules and Regulations, 80601. **(Critical)**
- Manage several Systemwide Insurance Programs, many of which are based on self-insured funds that allow flexibility in program design while controlling costs. Examples include Auto, Cyber, Property, D&O, Crime, and international emergency assistance. **(Essential)**
- Provide accounting and fund administration for all ORM programs and OGC Medical Professional Liability Plan. **(Critical)**
- Manage the UT System Unemployment Compensation Insurance Program (UCI), a self-insurance plan that assists workers who become unemployed through no fault of their own. **(Critical)**
- Procure and manage over 200 individual insurance policies. These individual policies typically cover specific and unique exposures for the institutions, and many are required for FEMA. **(Critical)**
- Perform risk assessment and due diligence for real property acquisitions and leases. **(Critical)**
- Support institutions with international travel risk management through site assessments, crisis response planning and assistance, and consultations with International Oversight Committees regarding high risk travel. **(Essential)**
- Assist institutions with review of contracts to manage risk stemming from our contractual relationships with outside parties and to ensure compliance with contract/grant insurance requirements. **(Essential)**
- Provide a variety of in-depth risk management training opportunities for UT System institutions and others. Examples include the Risk Management Conference (474 attendees in 2016), EH&S, NFPA, HAZWOPER (>500 attendees for trainings in 2016), and extensive Workers' Compensation training. **(Essential)**
- Develop and maintain risk management information systems for ORM and institutional use. Major examples of institutional use include all physician tracking and enrollments for Medical Professional Liability, driver record checks, and tracking of multiple insurance exposures such as vehicle and building schedules. **(Essential)**

**Success Metric(s)**

- Feedback from the institutions on all ORM programs and services, including the recent organizational assessment
- Cost of Risk benchmarked against exposure metrics, such as operating budget, payroll, physical assets, etc.
- Insurance program costs benchmarked against other state, university and private programs
- Compliance with applicable federal and state laws, Regents Rules, and UTS Policies
- Claims are appropriately covered with timely settlement
- Performance Based Oversight rating from TDI (UT System WCI last rated as a high tier performer)
- Results from the Workers' Compensation Network Report Card as evaluated by TDI
- Average length of unemployment (used to evaluate success of reemployment service provided under UCI program)
- Contracts and grants supported by obtaining required insurance and mitigating/transferring financial risk

**Benefit to Institution**

- Achieve economies of scale for Systemwide insurance and contracts
- Excess of \$25 million estimated, ultimate costs savings for all insurance programs as compared to benchmark rates for FY 2016
- Enhanced continuity of operations planning for critical functions and revenues and budget stability from uncertainty of losses
- Opportunities for training and information sharing for best practices and compliance
- Streamlined payment process through consolidated annual invoicing
- Access to employment verification services at no charge (ancillary service provided under the UCI program)
- Assistance with due diligence and submittal of documentation for innocent owner programs

**Assessment of Criticality**

Risk management, by definition, supports the critical functions of an organization by working proactively to identify, mitigate and finance exposures that could negatively impact the organization's ability to succeed. As described above, ORM provides crucial support to assist the institutions and UT System Administration with achieving our organizational mission.

**Budget and FTE Trend**

	2010	2014	2015	2016	2017	2018	9yr CAGR/ % Change*
<b>Budget/AUF</b>	\$0	\$0	\$0	\$0	\$0	\$0	
<b>Budget/Non-AUF</b>	\$4,829,746	\$5,079,230	\$3,662,268	\$3,692,549	\$3,631,822	\$3,394,013	-3.8
<b>FTEs/AUF</b>	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	
<b>FTEs/Non-AUF</b>	51.3000	49.7990	31.7990	30.7990	29.5000	27.2500	-46.9

\*CAGR is compound annual growth rate since 2010 for the budget dollars. Percentage change is the increase from 2010 for FTEs.

**Source(s) of Funds for FY 2017**

Source	Amount
AUF	\$0
Designated	\$95,458
Service Dept Fees	\$3,536,364
PUF	\$0
Other	\$0

**Notes**

Worker's Compensation claims processing outsourced.



### Purpose / Mission

The Office of Shared Business Operations provides comprehensive payroll services and treasury operations for The University of Texas System including collaborative support for all 14 UT institutions.

### Description / Function

All payroll and treasury activities are performed in accordance with applicable federal law, Texas statutes and Regents' *Rules and Regulations*.

#### Critical - UT System Administration Activities

Process monthly, semi-monthly and off-cycle payrolls.

Prepare federal and out-of-state payroll tax reporting to Internal Revenue Service, Social Security Administration and various states.

Monitor wage garnishments to ensure compliance with the terms of the garnishment order.

Manage employee group insurance, unemployment, workers compensation, retirement (TRS and ORP) and voluntary savings (DCP, TSA) contributions.

Submit all payroll related compliance reporting: HRIS (HR/payroll), TRS, ORP and TWC wage reporting.

Manage daily treasury activities for bank depository (\$800 million per year) and investment accounts (\$2.8 billion per year).

Coordinate internal wire transfers to/from all 14 UT institutions and external wire transfers for Real Estate and UT Horizon Fund.

Support departmental revenue/deposit processes for various activities: Employee Benefits, External Relations, Risk Management, Strategic Initiatives, TMDSAS.

#### Critical - UT System-wide Activities

Under delegation of authority, represent Board of Regents in a fiduciary capacity to monitor and maintain control of funds and collateral for all bank depository accounts across UT System and UT institutions.

Prepare and support various UT System audits (internal audit, external audit, Texas Comptroller of Public Accounts, State Audit Office, TRS). Audit support includes bank depository accounts, investment accounts, payroll, pension liabilities (TRS) and benefits proportionality.

#### Essential - UT Institution Support / UT System-wide Activities

Manage UT System-wide contracts for banking services and credit cards.

Provide treasury expertise to all 14 UT institutions for daily operations.

Provide functional guidance for UTShare PeopleSoft cohort in payroll and treasury areas.

UT Arlington and UT Tyler - support HRIS compliance reporting to Texas Comptroller. UTA and UTT have relied on SBO support since 2015.

UT Austin and UT Rio Grande Valley - support banking activities for medical schools.

UT Austin, UT Dallas and UT San Antonio - support international economic development projects through the creation of UT System standby letter of credit program.

UT Permian Basin - support all payroll activities: payroll, tax reporting, garnishments, insurance, retirement, savings and compliance reporting. UTPB has relied on SBO support since 2014 and has not had any payroll staff since February 2017.

### Success Metric(s)

- Payroll success measured through timely processing and error-free paychecks (over 99% error-free rate) and related federal tax reporting (100% compliant).
- Treasury success measured through effective management of all financial activity (over 99% error-free rate) and low rates of financial fraud (\$0 fraud).
- \$1.5 million in annual incremental savings from UT System-wide treasury contracts.
- SBO team members consistently recognized as experts and consulted by UT System and UT institution colleagues as well as other public sector organizations: University of California, University of Colorado, Lower Colorado River Authority, University of North Texas System, Texas A&M University System, Texas State University System.
- Texas Comptroller, THECB and TRS expressed appreciation for the high quality contributions of SBO team members on behalf of multiple UT institutions. Team members have presented at national conferences as well as internal UT System-wide conferences.

### Benefit to Institution

- Help UT institutions achieve their missions by providing collaborative payroll and treasury guidance.
- Support high quality, error-free payroll, treasury and compliance reporting.
- Lower cost of banking services and credit card activities through UT System contracts.
- Provide ad hoc support for various audits, cash reconciliations and Annual Financial Reporting.

### Assessment of Criticality

Assessment is already provided with each function described above.

### Budget and FTE Trend

	2010	2014	2015	2016	2017	2018	9yr CAGR/ % Change*
<b>Budget/AUF</b>	\$0	\$1,595,318	\$1,408,208	\$1,661,451	\$1,139,857	\$992,290	
<b>Budget/Non-AUF</b>	\$0	\$0	\$0	\$120,000	\$180,000	\$280,000	
<b>FTEs/AUF</b>	0.0000	15.7000	13.0000	14.0000	10.0000	9.0000	
<b>FTEs/Non-AUF</b>	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	

\*CAGR is compound annual growth rate since 2010 for the budget dollars. Percentage change is the increase from 2010 for FTEs.

### Source(s) of Funds for FY 2017

Source	Amount
AUF	\$1,139,857
Designated	\$0
Service Dept Fees	\$180,000
PUF	\$0
Other	\$0

### Notes

During FY2017, 3 FTE positions were eliminated. SBO currently has 7 budgeted FTE positions.



**Purpose / Mission**

The University of Texas Shared Information Services (UT SIS) is engaged in the development and management of shared system-wide information technology solutions in support of the academic institutions for the University of Texas System. UT SIS provides the PeopleSoft Enterprise Resource Planning System (ERP) and related applications to the following entities: UT San Antonio, UT Permian Basin, UT Rio Grande Valley (not yet implemented), UT El Paso, UT Dallas, UT Tyler, UT Arlington, UT System Administration.

**Description / Function**

- **Campus Solutions Applications-** UT SIS operates the Student Information System applications for UT Dallas, UT Arlington, UT Tyler, UT Permian Basin with UT RGV currently being implemented. These applications include the following:
  - Academic Advisement (Critical)
  - Campus Community (Essential)
  - Recruiting and Admissions (Critical)
  - Financial Aid (Critical)
  - Gradebook (Critical)
  - Student Financials (Essential)
  - Student Records (Critical)
  - Campus Self-Service (Essential)
  - Integration with Learning Management Systems (Essential)
  - Payment Gateways (Critical)
- **Financial Management Systems-** UT SIS operates the Financial Management Systems applications for UT Dallas, UT Arlington, UT Tyler, UT El Paso, UT San Antonio, and UT System Administration. UT Permian Basin with UT RGV currently being implemented. These applications include the following:
  - Accounts Payable (Critical)
  - Accounts Receivable (Critical)
  - Asset Management (Critical)
  - Billing (Critical)
  - Commitment Control (Critical)
  - General Ledger (Critical)
  - Grants Management (Critical)
  - Project Costing (Critical)
  - Contracts (Critical)
  - Purchasing (Critical)
  - Travel and Expense (Critical)
  - Treasury/Cash Management (Critical)
  - Hyperion Budget and Planning (Essential)
  - Jaggaer Spend Solutions/eProcurement (Enhancing)
- **Human Capital Management Systems-** UT SIS operates Human Resource Management Systems applications for UT Dallas, UT Arlington, UT Tyler, UT El Paso, UT San Antonio, and UT System Administration. UT Permian Basin with UT RGV currently being implemented. These applications include the following:
  - Benefits Administration (Critical)
  - Absence Management (Essential)
  - Candidate Gateway (Enhancing)
  - Commitment Accounting (Critical)
  - Directory Interface (Enhancing)
  - Payroll (Critical)
  - Human Resource Records (Critical)
  - Recruiting Solutions (Essential)
  - Time and Labor (Critical)
- **Data Warehousing-** UT SIS is currently implementing the Oracle Business Intelligence Application suite which will be used for multiple reports and analytics including compliance reporting, operational reporting, and predictive analytics (Essential)



### Success Metric(s)

- We are saving approximately 35% (\$15-20 million per year) by running our Enterprise Resource Planning (ERP) systems as a shared service when compared to our peers. This falls right in line national research which found average saving of 20-45% of total cost when implementing shared ERP services.
- ERP Shared Services also help create improved ways of working through standardization, simplification, and common reporting that result in both decreased costs and quality improvements.
- Shared Information Services staffing economy of scale saves approximately 50 additional FTE across our campuses
- The recent move to hosting the applications in-house is saving approximately \$5 million annually.

### Benefit to Institution

- UT Shared Information Services reduces costs through economies of scale. By sharing, we use fewer overall resources: fewer managers, developers, infrastructure, etc.
- These shared services also help create improved ways of working through standardization, simplification, and common reporting that result in both decreased costs and quality improvements.
- Efficiency and effectiveness are best obtained by sharing responsibility and resources of the U. T. System and the campuses. We accomplish this by having one version of the software, a shared hardware and data center, shared Governance, collaboration & commonality, common development.

### Assessment of Criticality

The systems provided by UT Shared Information Services are mission critical to the day to day operation of both the academic campuses and UT System Administration.

### Budget and FTE Trend

	2010	2014	2015	2016	2017	2018	9yr CAGR/ % Change*
<b>Budget/AUF</b>	\$225,434	\$262,441	\$9,409,277	\$12,011,462	\$24,654,001	\$24,144,368	68.1
<b>Budget/Non-AUF</b>	\$281,250	\$381,866	\$389,081	\$0	\$10,000	\$10,000	-31.0
<b>FTEs/AUF</b>	1.0000	1.0000	1.0000	67.0000	109.0000	103.0000	10,200.0
<b>FTEs/Non-AUF</b>	3.0000	3.0000	3.0000	0.0000	0.0000	0.0000	-100.0

\*CAGR is compound annual growth rate since 2010 for the budget dollars. Percentage change is the increase from 2010 for FTEs.

### Source(s) of Funds for FY 2017

Source	Amount
AUF	\$24,654,001
Designated	\$10,000
Service Dept Fees	\$0
PUF	\$0
Other	\$0

### Notes



**Purpose / Mission**

Office of Collaborative Business Services (CBS) - (formerly Office of Shared Services):

- The mission is to leverage our strengths across The University of Texas System to create new value through business efficiencies.
- The vision is to enable cross-campus collaboration projects, governed by participating institutions, that save money and improve quality.

**Description / Function**

CBS is governed by the institutional Chief Business Officers via an Executive Committee (EC). The EC determines our strategic direction, approves projects and related budgets, and receives reports on projects' performance. The EC recently approved our strategic plan, involving three "themes": group purchasing; business administrative processes; and research collaboration. All CBS functions are considered **ENHANCING**.

**Group Purchasing (Dedicated personnel starting in September 2007)**

- Executes valuable Systemwide Master Agreements that generate significant cost savings and improve service levels
- Generates externally paid administrative fees that exceed annual operating budget, with excess revenues distributed back to the institutions
- Focuses on commonly purchased goods and services in these areas: business administration; research; facilities; information technology; and medical and surgical supplies
- Encourages other institutions of higher education to become affiliates, allowing those non-UT System institutions to access our Master Agreements
- Achieves strong participation from historically underutilized businesses
- Deploying robust spend analytics program, which generates unique business intelligence for new, long-term contracting opportunities for additional cost savings

**Business Administrative Processes (Dedicated personnel starting in January 2017)**

- Implements best practices across procurement, supply chain and accounts payable functions at participating institutions, creating operational cost reductions and improved resource utilization
- Deploys new technology (e.g., software) to increase automation which achieves operational efficiencies and standardized procedures
- Example projects include: 1) Single-Use Account Program - electronic, virtual payment solution generating rebates and cycle time efficiencies eliminating paper checks; 2) CodeAssist - computer-assisted-coding software that auto suggests diagnosis/procedural codes for medical billing services in departments of radiology; automation reduces the number of coders; 3) Cross-Campus Clinical Value Analysis program - achieves cost savings through standardization of medical/surgical supplies, leverages spend analytics and scientific research to ensure quality patient outcomes; and 4) eShop - recently deployed eCommerce software that generates greater contract utilization, cost savings and operational efficiencies.

**Research Collaboration (Dedicated personnel starting in January 2017)**

- Create new "structures" that enhance UT System researcher's ability to compete for sponsored program funding
- Deploy new technology (e.g., software) to increase automation which achieves operational efficiencies and standardized procedures
- Example projects include: 1) a common clinical trials management system to standardize clinical trial activities; 2) a common research core management system to create awareness and utilization of high-end research cores across UT System; 3) Proteomics network offering high-end protein analyses from new instrumentation (e.g., mass spectrometers); and 4) Implementing a biobank initiative that includes a searchable database of samples, "freezer farms", standard operating procedures and small team to recruit new samples.

### Success Metric(s)

- Cumulative cost savings from group purchasing efforts are \$177M. Cumulative incentives, rebates and excess admin fees are \$13.6M. Cumulative operating expenses are \$9.5M.
- Currently, 47 contracts with \$330M of annual spend, of which 26% is with HUBs
- Single-Use Account Program has generated \$3.3M in rebates
- CCVA Program has generated \$5.2M in cost savings to date
- Deployment of software platforms has automated business processes which generates cycle time efficiencies and reduces operational expenses
- Deployment of new “structures” across the research enterprise has increased awareness of unique assets, increased utilization and reduced operational expenses

### Benefit to Institution

- Provides externally funded UT System assistance requested by institutions to facilitate cross-campus collaborations that otherwise wouldn't occur due to local resource constraints.
- Produces critically important savings in an era of reduced State funding, declining patient reimbursements and grant availability.
- Technology solutions increase efficiencies thereby avoiding additive costs
- Provides project accountability via projected ROIs and performance measures and metrics going forward.
- Helps campuses be good stewards of public money by reducing waste and inefficiency.
- Networks institutional personnel across common areas for sharing of best practices.

### Assessment of Criticality

All CBS functions are considered ENHANCING

### Budget and FTE Trend

	2010	2014	2015	2016	2017	2018	9yr CAGR/ % Change*
<b>Budget/AUF</b>	\$0	\$0	\$0	\$0	\$218,304	\$0	
<b>Budget/Non-AUF</b>	\$0	\$382,362	\$230,280	\$238,998	\$593,869	\$949,652	
<b>FTEs/AUF</b>	0.0000	0.0000	0.0000	0.0000	1.5882	0.0000	
<b>FTEs/Non-AUF</b>	0.0000	0.9868	0.9868	0.9868	0.9868	3.0000	

\*CAGR is compound annual growth rate since 2010 for the budget dollars. Percentage change is the increase from 2010 for FTEs.

### Source(s) of Funds for FY 2017

Source	Amount
AUF	\$218,304
Designated	\$243,869
Service Dept Fees	\$350,000
PUF	\$0
Other	\$0

### Notes

Additional resources in the Office of Collaborative Business Services are embedded at UT MD Anderson Cancer Center. Prior to 2017, some staff responsibilities were split between the offices of Business and Health Affairs.



### Purpose / Mission

The mission of the Office of Strategic Initiatives is to transform data into timely and meaningful information to support The University of Texas System initiatives and policy decisions and to enhance insight, transparency and accountability. We strive to capture meaningful data that will benefit students, faculty, and administrators; conduct research that is informative and applicable to UT institutions; and create and promote data-related innovations enhancing UT System decision points and stakeholder engagement while maintaining data security, reliability, and validity.

### Description / Function

- Provide timely and high-quality data and in-depth analyses, as well as informational publications (e.g., *SmartBook* and *Fast Facts*) to support Campuses and UT System Administration for decision-making and improved student success (including Texas Higher Education Coordinating Board's 60x30 strategic plan). Make available the most up-to-date data for legislative work. (In support of the transparency and accountability efforts of UT System per Regents' *Rules and Regulations*, Rule 10801.) **(Critical)**
- Respond to internal and external (including legislative) requests on topics such as student debt, affordability, tuition set-asides, and the Hazlewood program, and provide in-depth analyses for the Board of Regents, Chancellor, and Deputy Chancellor inquiries and requests as well as data necessary for compliance with the Texas Public Information Act. **(Critical)**
- Provide critical information about UT System operations through the publicly available UT System Dashboard, which displays interactive data on areas such as affordability, student success, post-graduation earnings, research, healthcare, and state economic impact. Maintain and update seekUT - UT System's free student-centered online tool providing easy access to earnings and student debt. (In support of the transparency and accountability efforts of UT System per Regents' *Rules and Regulations*, Rule 10801.) **(Critical)**
- Manage UT System's mandated federal reporting on HR and finance to the US Department of Education's Integrated Postsecondary Education Data System data collection (Mandated by 20 USC 1094, Section 487(a)(17) and 34 CFR 668.14 (b)(19)- fines for failure to comply of up to \$35,000). **(Critical)**
- Provide annual faculty workload report to the Board of Regents per Texas Education Code Section 51.402/ Regents' *Rules and Regulations*, Rule 31006. **(Critical)**
- Maintain and manage the technology infrastructure (web and database servers) for the Outside Activity Portal - a UT System wide web application used for disclosures, approvals, compliance monitoring and reporting related to Conflicts of Interest, Conflicts of Commitment, and Outside Activities (UTS180) and Disclosure of Significant Financial Interests (UTS175). **(Critical)**
- Provide leadership in partnering with state and national organizations (including the Texas Workforce Commission, the U.S. Census Bureau, etc.) to cultivate data sources that support Campus and UT System Administration goals, empowering institutions to demonstrate compliance in their accreditation efforts and in strategic decision making processes. **(Essential)**
- Act as a service provider to Campuses and System Administration offices like Academic Affairs, Health Affairs, Government Relations, Finance, External Relations and Human Resources by providing data collection, reporting, and analytic support. **(Essential)**
- Maintain an electronic Data & Information Request Portal that facilitates the collection of all data requests made to campuses and routes them to campuses only after thorough vetting, eliminating redundancies in data requests/ reporting burden to the campuses. **(Essential)**
- Produce data analysis for publication articles, book chapters, briefs, reports, and papers that support the overall mission of UT System. **(Enhancing)**
- Facilitate a forum to discuss common research related (data analytics, research design, data sharing, and visualizations) issues across all System offices and institutions. **(Enhancing)**

### Success Metric(s)

- Positive feedback by Campuses and System Offices as to responsiveness of data and reporting needs (fulfilling 200+ ad hoc data requests and reports each year).
- Staff recognized as experts and leaders in the area of higher education institutional research – serving on national technical review panel, presenting at national conferences, conducting workshops to share methodologies and best practices.
- Annual, timely compliance with mandatory federal reporting to the US Department of Education despite significant data challenges encountered with the timing of PeopleSoft conversion updates.
- Compliance with the Texas Public Information Act- providing data to fulfill such requests.
- Provide leadership to promote continuous improvement and institutional analytics through effective institutional research, data analysis, consulting, and facilitation services in support of institutions’ informed decision making.
- First higher education institution in the country to forge a partnership with the US Census Bureau to gain more complete access to student employment trends after graduation.

### Benefit to Institution

- Respond to hundreds of data requests each year from System offices, external entities, and individual Campuses, lifting the ad hoc reporting burden from individual Campuses.
- Provide assistance to Campuses in accessing data in a myriad of areas (including post-graduation earnings data) as well as a range of data analysis and analytics support.
- Facilitate data exchange agreements between Campuses- for example, student data for joint degree programs- that are needed for assessment and accreditation purposes.
- Creation and annual update of seekUT- free, online student earnings and debt tool- which is utilized by students, parents, campus advisors, Career Services, etc.

### Assessment of Criticality

Most of the critical responsibilities are listed above. Other responsibilities include being the key point of contact for the Campuses and System Administration Offices related to any data gathering or utilization of data for analysis and reporting (student success, cost & financial aid, research expenditures, technology transfer, faculty, health data).

### Budget and FTE Trend

	2010	2014	2015	2016	2017	2018	9yr CAGR/ % Change*
<b>Budget/AUF</b>	\$976,000	\$1,901,322	\$2,112,302	\$2,070,595	\$2,544,046	\$2,080,706	8.8
<b>Budget/Non-AUF</b>	\$368,906	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	-31.7
<b>FTEs/AUF</b>	8.0000	15.5000	18.0000	17.0000	19.1000	14.0000	75.0
<b>FTEs/Non-AUF</b>	3.0000	0.0000	0.0000	0.0000	0.0000	0.0000	-100.0

\*CAGR is compound annual growth rate since 2010 for the budget dollars. Percentage change is the increase from 2010 for FTEs.

### Source(s) of Funds for FY 2017

Source	Amount
AUF	\$2,544,046
Designated	\$12,000
Service Dept Fees	\$0
PUF	\$0
Other	\$0

### Notes



**Purpose / Mission**

The Research Experts Data Warehouse (Influent) was commissioned by Board of Regents action in May 2014 to encourage research collaboration across all UT System institutions (these collaborations fuel increased productivity and research, which result in increased visibility for the institutions across the State of Texas, nationally, and globally).

- Please note that this program has been eliminated as part of the 40-program reduction in Fall 2017 and, following payment of existing contracts, is being phased out incrementally with final end date in May 2018.

**Description / Function**

- Create a searchable repository of researchers across UT System institutions to allow researchers with similar interests to connect and enter into new collaborations. (Enhancing)
- Maintain list of publications by individual and institution. (Enhancing)
- Provide access to existing papers and journal entries via Elsevier, a proprietary international publishing company. (Enhancing)

**Success Metric(s)**

Increased collaboration among researchers leading to an increase in grants and awards/recognition from disciplinary/professional organizations.

**Benefit to Institution**

Increased grant revenue resulting from innovative research. Recognition of individuals and institutions on national and global fields.

**Assessment of Criticality**

The Research Experts Database Warehouse was created as an enhancement to facilitate collaboration among campuses. Pursuant to loss of funding in fall 2017, this project is in process of being phased out incrementally with a final end date in May 2018.

**Budget and FTE Trend**

	2010	2014	2015	2016	2017	2018	9yr CAGR/ % Change*
<b>Budget/AUF</b>	\$0	\$0	\$0	\$196,250	\$207,000	\$0	
<b>Budget/Non-AUF</b>	\$0	\$0	\$0	\$0	\$0	\$0	
<b>FTEs/AUF</b>	0.0000	0.0000	0.0000	2.0000	2.0000	0.0000	
<b>FTEs/Non-AUF</b>	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	

\*CAGR is compound annual growth rate since 2010 for the budget dollars. Percentage change is the increase from 2010 for FTEs.

**Source(s) of Funds for FY 2017**

Source	Amount
AUF	\$207,000
Designated	\$0
Service Dept Fees	\$0
PUF	\$0
Other	\$0

**Notes**

As of February 2017, there are no FTEs associated with this project.



**Purpose / Mission**

The Systemwide Compliance Program supports The University of Texas System’s eight academic and six health institutions as they work to promote a culture of ethical behavior and to ensure compliance with all applicable policies, laws, and regulations governing higher education, research, and healthcare.

**Description / Function**

- \*Describe the Systemwide Compliance Program's mission, objectives, and scope. (Critical)
- \*Conduct a formal, systemwide risk assessment process whereby the compliance risks to the UT System and its institutions are identified. (Critical)
- \*Evaluate and assess policies, procedures, systems and control environments established by the Systemwide Compliance Program, Institution Compliance Programs, and education, healthcare and research business of institution departments, divisions, and sections. (Critical)
- \*Conduct investigations and reviews of Institution Compliance Program issues and activities which have or may occur in education, research and healthcare operations at any level of the University of Texas System, and make the necessary recommendations and/or corrective actions based upon the results of such investigations and reviews. (Critical)
- \*Conduct compliance activities to meet institution needs and to complement each other's programs. (Essential)
- \*Review education, healthcare and research quality measures to evaluate whether they are effective as measurement tools and properly utilized so as to provide reliable information on which business process decisions can be based. (Essential)
- \*Develop, test, and arrange for the utilization of new or replacement quality measures, as necessary. (Essential)
- \*Implement compliance education and other training initiatives to enhance and sustain the skills required of compliance officers, and collaborate with the University of Texas System administration and institutions in the development and implementation of educational and other training initiatives necessary to ensure that compliance standards are effectively communicated and that employees responsible for meeting such standards have the subject matter expertise and knowledge to effectively do so. (Critical)
- \*Implement and maintain systems, including mechanisms that permit for anonymity or confidentiality, whereby the University of Texas System administration and institution employees and agents may report or seek guidance regarding potential or actual activity not consistent with the Systemwide Charter, Federal Sentencing Guidelines for Organizations and Corporate \*Compliance Programs, and applicable federal and state policies, laws, and regulations, without fear of retaliation. (Critical)
- \*Monitor reporting received to identify compliance issues and compliance trends. Implement and maintain systems which UT System and institution business units report compliance issues and exceptions. (Critical)
- \*Implement and maintain systems to evaluate and assess the effectiveness of compliance programs operated by organizations with which UT System and institutions does business as a partner or otherwise. (Critical)
- \*Receiving operational advice from the System Executive Compliance Committee. (Essential)
- \*Advise, based upon the activities of the UT System, Chancellor, Vice Chancellor, Chief Compliance & Risk Officer, and Board whether education, healthcare or research business practices are conducted within effective operational control environments, and in continuing compliance with laws, regulations and standards which govern those activities, the reasonable expectations of business partners, and the highest standards of business integrity. (Critical)
- \*Reporting to Chief Compliance and Risk Officer, providing periodic reports to the Board of Regents. (Critical)
- \*House the Systemwide Privacy Officer, as required by federal and state law. (Critical)
- \*House the Ethics Officer, who provides ethics and compliance services and acts as legal counsel on all ethics and political activity issues. (Essential)
- \*Perform all System Administration compliance functions. (Critical)



**Success Metric(s)**

- Compliance with Systemwide Charter.
- Compliance with Federal Sentencing Guidelines.
- Compliance applicable policies, laws, and regulations.
- Compliance with Code of Conduct.
- Compliance reporting to the Chief Compliance and Risk Officer, University of Texas System Leadership and to the Board of Regents.
- Provide a report, at least annually, to the Chief Compliance and Risk Officer.
- Provision of operational guidance from the Chief Compliance and Risk Officer, an interdisciplinary, and System Executive Compliance Committee.

**Benefit to Institution**

- Provide leadership on all compliance issues with a systemwide impact.
- Advise and support of the Chief Compliance Officer, the Institution President and institution leadership.
- Operationalize compliance role in mission of the University of Texas System.
- Advisory role in risk assessment process, and in review and analysis, and in the responses to identified risk.
- Support institutions in order to prevent, identify and/or correct noncompliance violations.
- Review compliance quality measures to assess whether they are effective measurement tools and appropriately disseminated.
- Effective communication of compliance standards and expectations (e.g., Systemwide Charter, Federal Sentencing Guidelines for Organizations and Corporate Compliance Programs, and applicable federal and state policies, laws, and regulations) to employees.

**Assessment of Criticality**

See indications provided for each function above.

**Budget and FTE Trend**

	2010	2014	2015	2016	2017	2018	9yr CAGR/ % Change*
<b>Budget/AUF</b>	\$912,091	\$963,622	\$1,067,872	\$765,352	\$1,234,507	\$1,472,511	5.5
<b>Budget/Non-AUF</b>	\$49,500	\$4,300	\$4,300	\$4,300	\$4,300	\$178,300	15.3
<b>FTEs/AUF</b>	6.0000	4.0000	6.0000	5.0100	5.5000	6.7500	-12.5
<b>FTEs/Non-AUF</b>	0.0000	0.0000	0.0000	0.0000	0.0000	1.0000	

\*CAGR is compound annual growth rate since 2010 for the budget dollars. Percentage change is the increase from 2010 for FTEs.

**Source(s) of Funds for FY 2017**

Source	Amount
AUF	\$1,234,507
Designated	\$4,300
Service Dept Fees	\$0
PUF	\$0
Other	\$0

**Notes**

In FY2016 an External Assessment of Services related to Systemwide Compliance Program and the System Administration Compliance Program at UT System was completed which affects the budget and FTEs for FY 2017 and beyond.



**Purpose / Mission**

The Office of Systemwide Information Services (SWIS) and Office of Technology Services (OTIS) provide networking, contract negotiation and processing, identity management, security and regulatory, legal, compliance, and legislative leadership for all UT institutions. SWIS/OTIS also provides IT support to UT System Administration offices in Austin, Irving, Houston, Midland, and Washington D.C. Systemwide Information Services will merge with Office of Technology and Information Services in fiscal year 2018 under the name "Office of the Chief Information Officer".

**Description / Function**

**Strategic Support:**

- Leads/Sponsors UT-Health Intelligence Platform (UT-HIP), which is a program responsible for the data/information component of the UT Health Care Quantum Leap - Essential
- Stewards various major IT contracts (e.g., Microsoft, Oracle) including negotiating, assisting campuses with questions/needs, working with the vendors. - Critical
- Facilitates communications (as appropriate) with major stakeholders across the System such as SLC, academic CIOs including Infosec, and Library Directors. Keep them informed, encourage working together, provide facilitation as needed, connect people together, and solve problems. Non UT groups include national (licensing, accessibility, cloud) and Information Technology Council for Higher Education Within System Admin, also ITL and UTSIS as needed. - Critical
- Leads accessibility process improvements of System Administration. Establish repeatable processes for acquisitions, for handling renewals, for high risk monitoring, encourage use of web scanning tool usage here and across System. Look to the future for improved processes. - Critical
- Develops strategy for UT Shared Data Centers, including financial considerations (opx vs capx)- Essential
- Fosters infrastructure collaboration among the health institutions; both for EMRs and EHRs- Essential

**Success Metric(s)**

- Savings achieved through system wide software contracts
- Assuring contracts contain adequate accessibility language in accordance with state and federal law
- Providing reliable shared production and disaster recovery data center space to campuses

**Benefit to Institution**

- As outlined above, significant savings accrue to campuses and health organizations through system-wide software contracts
- Increased collaboration and information sharing
- Provides data center space with minimal capital investment by the campuses

**Assessment of Criticality**

The need for managing IT on a system-wide basis is the most effective use of our resources. The ability to share contracts, ensuring compliance with applicable law removes this burden from the institutions managing system-wide initiatives at the system level reduces resource requirements across the system.

**Budget and FTE Trend**

	2010	2014	2015	2016	2017	2018	9yr CAGR/ % Change*
<b>Budget/AUF</b>	\$493,408	\$441,870	\$891,316	\$923,549	\$2,296,374	\$1,278,883	11.2
<b>Budget/Non-AUF</b>	\$14,000	\$55,000	\$54,000	\$59,000	\$54,000	\$161,000	31.2
<b>FTEs/AUF</b>	3.0000	2.6094	3.5000	3.5000	5.5000	5.0000	66.7
<b>FTEs/Non-AUF</b>	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	

\*CAGR is compound annual growth rate since 2010 for the budget dollars. Percentage change is the increase from 2010 for FTEs.

**Source(s) of Funds for FY 2017**

Source	Amount
AUF	\$2,296,374
Designated	\$4,000
Service Dept Fees	\$50,000
PUF	\$0
Other	\$0

**Notes**



**Purpose / Mission**

Contract activities are directed toward stewardship of major software contract (Oracle, Microsoft) including negotiating, assisting campuses with question/needs, and working with vendors.

**Description / Function**

- Stewardship of various major IT contracts (e.g., Microsoft, Oracle) including negotiating, assisting campuses with questions/needs, working with the vendors- Critical
- Communications and facilitation (as appropriate) with major stakeholders across the System such as SLC, academic CIOs (In particular), Infosec, and Library Directors. Keep them informed, encourage working together, provide facilitation as needed, connect people together, and solve problems. Non UT groups include national (licensing, accessibility, cloud) and Information Technology Council for Higher Education. Within System Administration, also Institute for Transformational Learning and UT Shared Information Services as needed.- Essential
- Staff Information Technology Council for Higher Education by providing background work and facilitation. Related but also directly pertinent to System Administration and the campuses is reviewing of IT and contracting legislation (primarily state but some federal) and assisting when needed on fiscal notes as well as post legislative season work such as integrating in new/revised statutes into process as needed. - Critical
- Accessibility process improvements of System Administration. Establish repeatable processes for acquisitions, for handling renewals, for high risk monitoring, encourage use of web scanning tool usage here and across System. Backstop Preston on reviews. Look to the future for improved processes.- Essential

**Success Metric(s)**

- Cost savings achieved through contracting as a system
- Compliance with UT and state procurement guidelines
- Insure contract complies with state and federal accessibility rules

**Benefit to Institution**

- Reduced costs to campuses
- Standardization of software platforms

**Assessment of Criticality**

This function is critical since contracting follows strict UT and state guidelines.

**Budget and FTE Trend**

	2010	2014	2015	2016	2017	2018	9yr CAGR/ % Change*
<b>Budget/AUF</b>	\$0	\$0	\$0	\$0	\$0	\$0	
<b>Budget/Non-AUF</b>	\$8,910,462	18,549,015	20,102,528	20,077,756	20,077,756	19,057,053	8.8
<b>FTEs/AUF</b>	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	
<b>FTEs/Non-AUF</b>	0.5000	0.2476	0.2500	0.0000	0.0000	0.0000	-100.0

\*CAGR is compound annual growth rate since 2010 for the budget dollars. Percentage change is the increase from 2010 for FTEs.

**Source(s) of Funds for FY 2017**

Source	Amount
AUF	\$0
Designated	\$0
Service Dept Fees	20,077,756
PUF	\$0
Other	\$0

**Notes**

The changes from 2010-2017 mainly reflects the centralized purchases of software contracts (mostly Oracle and Microsoft).



**Purpose / Mission**

Technology and Information Services Core Operations provide IT support to UT System Administration offices in Austin, Irving, Houston, Midland and Washington D.C.

**Description / Function**

**Operational Support (all Essential):**

- Provide administrative support for important system wide meetings
- Advises on and coordinates legal efforts for OCIO related contracts, projects, and initiatives, including the University of Texas Research Cyberinfrastructure, the Shared Data Centers, and the Health Intelligence Platform.
- Productivity support across UT System Administration
- IT Infrastructure - networking, telecommunications, servers, applications, desktop
- Custom software development to support departmental needs
- Help Desk services
- Audioconferencing and videoconferencing
- Mobile computing

**Success Metric(s)**

- System availability
- Protect success

**Benefit to Institution**

- Supports central office functions
- Consults with campuses on technology utilization

**Assessment of Criticality**

These functions are essential to central office operations.

**Budget and FTE Trend**

	2010	2014	2015	2016	2017	2018	9yr CAGR/ % Change*
<b>Budget/AUF</b>	\$0	\$531,112	\$222,774	\$195,675	\$360,514	\$1,118,871	
<b>Budget/Non-AUF</b>	\$4,917,416	\$3,782,290	\$4,150,127	\$4,329,288	\$5,109,359	\$3,679,037	-3.2
<b>FTEs/AUF</b>	0.0000	1.0000	1.0000	1.0000	1.0000	1.0000	
<b>FTEs/Non-AUF</b>	37.5000	29.0000	31.0000	28.5000	29.0000	25.5000	-32.0

\*CAGR is compound annual growth rate since 2010 for the budget dollars. Percentage change is the increase from 2010 for FTEs.

**Source(s) of Funds for FY 2017**

Source	Amount
AUF	\$360,514
Designated	\$5,000
Service Dept Fees	\$5,104,359
PUF	\$0
Other	\$0

**Notes**



### Purpose / Mission

The Texas Medical & Dental Schools Application Service (TMDSAS) - a centralized application processing service for all first-year entering classes at all Texas state supported medical, dental, & veterinary schools, including UT System.  
The Joint Admission Medical Program (JAMP) is a special program created by the Texas Legislature to support and encourage highly qualified, economically disadvantaged students pursuing a medical education. JAMP partners with 10 Texas medical schools and sixty-six public and private undergraduate institutions.

### Description / Function

All functions below are **Hosted at UT System Administration but Funded by Others**, all staff are UT System employees.

TMDSAS is fully funded by fees charged to applicants, operates under the guidance of an Advisory Council comprised of Deans, Directors of Admissions at all participating schools, and provides:

- One standardized application, relieving students of the need to complete a separate application for each school.
- Participating schools benefit by receiving uniform information on all applicants and by designing the questions on the application.
- Students, participating schools, and advisors can track the progress of the applications.
- The Admissions Match eliminates duplication of acceptances and allows medical schools to fill classes more efficiently.
- Processing of applications include:
  - Detailed review of ALL information entered by the applicant into the application
  - Residency reviews and determinations
  - Review of prescribed coursework
  - Receiving transcripts and review of coursework entered by the applicant vs transcript information
  - Receiving letters of evaluation
  - Reviewing essays for authenticity

JAMP is funded by appropriation from the Texas legislature and operates under the guidance of the JAMP Council comprised of faculty representatives from each of the medical schools. JAMP provides:

- Support through undergraduate scholarships and summer stipends
- Placement into JAMP Summer Internship experiences
- Hands-on experience through clinical enrichment opportunities
- Comprehensive, multi-phase MCAT preparation program
- Personal and professional development through dedicated mentoring
- Guaranteed admission to a Texas medical school if all criteria are met
- Scholarships to attend medical school



**Success Metric(s)**

- Feedback from the Dean’s, Directors, and various medical, dental, veterinary school staff as to how well the service and the cooperation of the schools can be found nowhere else in the country.
- Yearly increase in applications, reflected in increased income
- Positive feedback from applicants
- Inspiring success stories from former JAMP participants who have graduated from medical school and are now living their dream of becoming a doctor.
- Praise from participating JAMP faculty at the medical schools.
- Increased yearly participants admitted to JAMP

**Benefit to Institution**

- UT System medical and dental schools benefit from consistent, uniform interpretation and application of state laws relating to the admissions process and from functions performed centrally that would have to be duplicated at each school.
- The Admissions Match eliminates duplication of acceptances and allows medical schools to fill classes more efficiently.
- Successful JAMP students become successful medical students through one of the UT medical schools.

**Assessment of Criticality**

All of the above descriptions are critical to the success of each application cycle for the participating schools in TMDSAS. All of the above descriptions are critical to the success of the Joint Admission Medical Program. Without them the program would fail in its mission.

**Budget and FTE Trend**

	2010	2014	2015	2016	2017	2018	9yr CAGR/ % Change*
<b>Budget/AUF</b>	\$0	\$0	\$0	\$0	\$0	\$0	
<b>Budget/Non-AUF</b>	\$5,728,169	\$5,401,537	\$6,001,773	\$6,158,944	\$6,853,685	\$6,595,146	1.6
<b>FTEs/AUF</b>	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	
<b>FTEs/Non-AUF</b>	9.0000	11.0000	12.0000	13.0000	17.0000	14.0000	55.6

\*CAGR is compound annual growth rate since 2010 for the budget dollars. Percentage change is the increase from 2010 for FTEs.

**Source(s) of Funds for FY 2017**

Source	Amount
AUF	\$0
Designated	\$6,853,685
Service Dept Fees	\$0
PUF	\$0
Other	\$0

**Notes**



**Purpose / Mission**

TOGI has a three-fold mission, to:

1. Perform engineering and geoscience services, provide technologies and solutions to maximize the value of University Lands / PUF
2. Design and execute custom R&D projects with operators and/or service companies in the upstream oil and gas industry
3. Create education and employment opportunities for engineering and geoscience students within the UT and Texas A&M Systems

**Description / Function**

- Provide advice to University Lands (UL) and to producing companies on UL acreage on best practices in drilling, completing and producing in order to minimize costs and improve production in an environmentally-responsible manner (Enhancing)
- Perform decline curve analysis and rate-time analysis to optimize producing rates to maximize PUF revenue (Enhancing)
- Perform finite-difference numerical simulation to determine optimal well spacing to maximize oil recovery (Enhancing)
- Work with UL operators in fully developing UL leases to optimize UL development and PUF revenue (Enhancing)
- Optimize life-of-well artificial lift strategies to extend well production and maintain PUF revenue from mature wells (Enhancing)
- Provide estimates of reserves and resources to UL staff for predicting future PUF annual valuations and terminal value (Enhancing)
- Evaluate new technologies and practices for potential implementation within University Lands operators to either increase production, increase ultimate recovery or decrease costs (Enhancing)
- Collaborate with faculty and staff at UT System campuses to increase research funding from oil and gas operators to the campuses (Enhancing)
- Recruit, employ, train & mentor graduate student interns from UT and A&M System campuses (Enhancing)
- Teach production enhancement techniques to the graduate students to supplement their classroom education (Enhancing)

### Success Metric(s)

- feedback from UL CEO, staff as well as operators producing on UL acreage
- feedback from UT and TAMU faculty as well as from student interns
- increased revenue to the PUF from increased oil and gas production on University Lands
- increased terminal value of the PUF from growing the reserve base and increasing ultimate recovery from University Lands
- increase in well density and extent of full-field development
- implementation of our recommendations (on process modifications, addition of new technologies and of engineering designs/re-designs) by UL operators
- number of publications of TOGI-authored papers in peer-reviewed journals and conference presentations
- increased visibility of the UT System in the Houston region (an original TOGI objective)

### Benefit to Institution

- increased annual revenue to the PUF from increased oil and gas production royalties on University Lands
- increased terminal value of the PUF from growing the reserve base and maximizing ultimate recovery from University Lands
- increased visibility of the UT System in the Houston region (an original TOGI objective)
- increased visibility and research funding of the UT Austin schools of Petroleum Engineering and Geoscience
- improved collaboration among UT System campuses and between the research efforts of UT Austin and TAMU faculty, particularly in petroleum engineering
- better prepared engineering and geoscience graduates from UT Austin, UTPB and UTSA, superior to students from competing institutions

### Assessment of Criticality

Although none of our functions are deemed Critical or Essential to UT System's function, TOGI provides enormous value to both the UT and Texas A&M Systems through significant increases in both the annual cash flow to the PUF from University Lands and in the terminal value of the Lands oil and gas reserves.

### Budget and FTE Trend

	2010	2014	2015	2016	2017	2018	9yr CAGR/ % Change*
<b>Budget/AUF</b>	\$0	\$0	\$0	\$1,827,500	\$0	\$0	
<b>Budget/Non-AUF</b>	\$0	\$0	\$0	\$0	\$3,676,232	\$4,178,095	
<b>FTEs/AUF</b>	0.0000	0.0000	0.0000	1.0000	0.0000	0.0000	
<b>FTEs/Non-AUF</b>	0.0000	0.0000	0.0000	0.0000	8.0000	7.0000	

\*CAGR is compound annual growth rate since 2010 for the budget dollars. Percentage change is the increase from 2010 for FTEs.

### Source(s) of Funds for FY 2017

Source	Amount
AUF	\$0
Designated	\$0
Service Dept Fees	\$3,676,232
PUF	\$0
Other	\$0

### Notes



### Purpose / Mission

With two offices in Midland and Houston, University Lands (UL) manages the surface and mineral interests of the 2.1 million acres of Permanent University Fund (PUF) Lands across nineteen counties in West Texas. UL is technically a department within UT System Administration but manages the PUF lands for the benefit of both the UT and Texas A&M Systems. UL's annual budget of ~\$20 million is paid for directly out of the PUF.

### Description / Function

UL's operations include accounting, regulatory compliance, technical & economic evaluations and environmental management of both the surface and subsurface of PUF Lands.

- **Accounting & Audit:** Accounts for monthly mineral (PUF) and surface (AUF) revenue totaling ~\$60 million each month. Accounts for departmental expenses and purchasing compliance. Audits payments and production from 250 companies. **(Critical)**
- **Regulatory Reporting & Compliance:** Ensure compliance by lessees with UL lease, laws, regulations, Board for Lease Rules, Texas Education Code and UL Rate & Damage Schedule. **(Critical)**
- **Land Management:** Administers 4,000 oil and gas leases. Conducts mineral lease sales. Negotiates terms and administers permits for seismic acquisitions, lease amendments, lease extensions, development agreements, title requests, commingle requests. Ensures leases are developed or returned to inventory. **(Critical)**
- **Surface Management:** Manages surface estate to ensure land resources are utilized in a way that maximizes the value to all lessees. Administers range and water conservation and funding programs. Mediates conflicts between lessees. Maintains archaeological resources. Authorizes construction of roads, pipelines, power lines and fencing. Conducts lease inspections. Maintains relationships with lessees across of thousands of leases. **(Critical)**
- **Groundwater Management:** Administers UL Groundwater Management Plan; monitors and audits water metering; manages sale of groundwater to local municipalities and industry. **(Critical)**
- **Legal:** Assesses legal issues impacting PUF Lands. Manages UL contracts including mineral and surface leases and internal purchasing and operational contracts. Primary organization tie-in to System OGC and Government Relations. Coordinates Board for Lease. Responds to Public Information Act requests. **(Critical)**
- **Right of Way:** Manages approximately 11,000 commercial leases and issues 15-30 contracts per week, generating \$3.5 million monthly AUF revenue. **(Critical)**
- **Information Technology/Information Systems:** Supports staff IT needs. Maintains databases and servers that house significant technical data. Enables public access to data. Maintains contract management, production reporting and accounting systems. **(Critical)**
- **Reserves Valuation:** Coordinates reserves valuation for PUF assets, the value of which is included on UT System's balance sheet (at ~\$6 billion). **(Essential)**
- **Environmental Management & Oversight:** Protects PUF lands with conservation and health, safety and environmental programs by enforcing regulatory requirements industry best practices. Holds lessees accountable for noncompliance. Sets requirements on soil remediation and vegetation/seeding requirements; oversees endangered species issues and conducts wildlife censuses. Conducts aerial surveillance of operations. **(Essential)**
- **Trust Minerals Management for UT System:** Manages all private mineral gifts donated to UT System institutions; these minerals span 22 U.S. states and Canada and have generated >\$100 million in revenue to UT System since 1999. **(Essential)**
- **Technical (Oil & Gas) Resource Development:** Assesses PUF assets from a geologic and engineering perspective. **(Enhanced)**
- **Technical Data Management:** UL's extensive online public database houses oil and gas technical data dating back to the 1920s and is used widely across Texas. **(Enhanced)**
- **External Relations/Company Strategy:** Handles interaction with media, public interest and trade groups, government affairs, board reporting, company strategy, company events and marketing collateral. **(Enhanced)**
- **Business Development:** Promotes business on the Lands, with recent focus on groundwater and renewable energy. **(Enhanced)**
- **Industry Relations, University Relations and Projects, and Community Relations:** Work with UT's Bureau of Economic Geology, Texas A&M's Natural Resources Institute and the UT Austin Energy Institute. Hires UT and A&M students as interns. Engages regularly with industry, regulatory agencies, and government. **(Enhanced)**

## Success Metric(s)

- Generation of revenue for both AUF and PUF versus established projections
- Annual revenue vs. annual expenses (UL spends less than 3% of the revenue it generates)
- Achievement of annual and long-term organizational goals, which are set annually by UL management in conjunction with the University Lands Advisory Board and the UT System Board of Regents
- Diversification of Business Lines
- Successful Environmental Management

## Benefit to Institution

All revenue generated by University Lands goes into the PUF or AUF, which is used to support UT universities and health institutions based on statutory requirements and UT System programmatic and operational priorities. UL's historical contributions to the PUF have totaled approximately \$10.5 billion, with \$500-\$800 million in annual revenue projected into the next decade (exact amount TBD based on commodity prices and level of resource development activity). Additionally, UL participates in and contributes funds to various technical consortia organized by UT Austin's Bureau of Economic Geology as well as the UT Austin Energy Institute.

## Assessment of Criticality

While not necessarily critical to the internal functioning of UT System Administration, the management of the surface and mineral assets of the PUF is critical to ensure that the care of and the revenue generated from the PUF land asset is maximized. Unlike most other System departments, much of our work is business development-focused in nature as our organizational mission is to generate (create) revenue. While it's not necessarily "critical" that this revenue be generated, this revenue is ultimately critical to the PUF-funded capital projects and excellence programs across UT System institutions. Continuous management of this asset over the years has enabled all Texans to benefit directly or indirectly from the work of the UL organization and the PUF Lands.

## Budget and FTE Trend

	2010	2014	2015	2016	2017	2018	9yr CAGR/ % Change*
<b>Budget/AUF</b>	\$0	\$0	\$0	\$0	\$0	\$0	
<b>Budget/Non-AUF</b>	\$8,446,070	\$11,444,765	\$14,819,055	\$18,260,238	\$22,363,605	\$26,389,140	13.5
<b>FTEs/AUF</b>	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	
<b>FTEs/Non-AUF</b>	46.1500	44.1500	43.1500	56.1500	61.1500	60.1500	30.3

\*CAGR is compound annual growth rate since 2010 for the budget dollars. Percentage change is the increase from 2010 for FTEs.

## Source(s) of Funds for FY 2017

Source	Amount
AUF	\$0
Designated	\$662,684
Service Dept Fees	\$5,800
PUF	\$21,645,121
Other	\$50,000

## Notes

Following a study by consultants, the Board approved a direction for UL. A study identified areas where UL could diversify business and increase revenue, and ways UL was hindered. A key point was lack of technical leadership, geology and engineering staff. The Board hired Mark Houser as CEO to build a technical team and a Houston office. Increase in spending was due to staff and office addition. Growth in staffing is less as hiring slows due to freeze.

# QUANTUM LEAPS REVIEW





**Purpose / Mission**

The mission of the Project Management Office (PMO) to build a best in class Program and Project Management (PPM) organization and culture to successfully deliver Quantum Leap strategic initiatives and transformational work that provides value to the state of Texas and our faculty, students, and institutions. The PMO will focus on enhancing collaboration, transparency, and accountability across UT System institutions, by implementing a PPM system that provides secured access to significant program and project data that guides decision-making, improves productivity and efficiency, and evaluates performance outcomes.

**Description / Function**

- Provide centralized oversight across all Quantum Leaps to identify opportunities for collaboration and highlight areas of concern The mission of the Project Management Office (PMO) to build a best in class Program and Project Management (PPM) organization and culture to successfully deliver Quantum Leap strategic initiatives and transformational work that provides value to the state of Texas and our faculty, students, and institutions. The PMO will focus on enhancing collaboration, transparency, and accountability across UT System institutions, by implementing a PPM system that provides secured access to significant program and project data that guides decision-making, improves productivity and efficiency, and evaluates performance outcomes. impacting the scope, schedule, budget or realization of benefits or outcomes. (In support of the transparency and accountability efforts of UT System per Regents' *Rules and Regulations*, Rule 10801.) **(Critical)**
- Engage with Project Managers and Leads to ensure pertinent project information is documented and tracked, enabling transparent, accurate and timely reporting across all major System projects. (In support of the transparency and accountability efforts of UT System per Regents' *Rules and Regulations*, Rule 10801.) **(Critical)**
- Ensure historical records associated with PMO tracked projects, included but not limited to lessons learned, schedules and change requests, are preserved and readily accessible in order to foster an environment of continuous improvement and transparency. (In support of the transparency and accountability efforts of UT System per Regents' *Rules and Regulations*, Rule 10801.) **(Critical)**
- Provide the ability to track budgets and expenditures to ensure initiatives and projects are financially viable and sustainable. (In support of the transparency and accountability efforts of UT System per Regents' *Rules and Regulations*, Rule 10801.) **(Critical)**
- Assist in the development, documentation and tracking of project outcomes to help project teams focus on the value of the work being performed and assess success. **(Essential)**
- Develop the project management standards, methodologies and processes that will be used to manage large System Initiatives, ensuring their consistent application. **(Essential)**
- Maintain and manage the technology infrastructure for Portfolio and Project Management of UT System Initiatives. **(Essential)**
- Provide project data and reports to ensure the right resources are allocated at the right time, and allocated funds being spent on project deliverables and execution are providing value. **(Essential)**
- Provide project management services to UT System Offices as requested. **(Enhancing)**



### Success Metric(s)

- Improve transparency and accessibility to program and project data associated with delivering strategic initiations and transformational work.
- Program and Project status reports are delivered on time and accurately reflect project health.
- All projects in execution have defined outcomes.
- All projects in execution have detailed project plans.
- Changes to scope, schedule or budget are documented and approved.
- No project exceeds approved budget without an approved change request.
- Metrics associated with project outcomes are tracked, reviewed and reported on.
- Each project has documented Lessons Learned to help feed continual improvement.

### Benefit to Institution

- Provide transparency and insight into each Institution's participation in the Quantum Leap work.
- Help Institutions embrace project management methodology and provide expertise on outcome development.
- Provide capability to cross communicate at lower levels across the institutions to form tactical response teams for the Quantum Leaps and share best practices.
- Allows the institutions to track progress on projects that are specific to their institution and contributing to the Quantum Leap initiatives.

### Assessment of Criticality

The PMO acts as a service provider to System Offices and Institutions; it coordinates the gathering and reporting of information from multiple Offices and Institutions in order to provide a one-stop-shop for those looking to assess the status of ongoing, key UT System initiatives. It provides the infrastructure for planning and tracking large strategic programs, ensuring there is both transparency and accountability across the project lifecycle and into benefits realization.

### Budget and FTE Trend

	2010	2014	2015	2016	2017	2018	9yr CAGR/ % Change*
<b>Budget/AUF</b>	\$0	\$0	\$0	\$0	\$754,042	\$770,000	
<b>Budget/Non-AUF</b>	\$0	\$0	\$0	\$0	\$0	\$4,000	
<b>FTEs/AUF</b>	0.0000	0.0000	0.0000	0.0000	6.0000	4.0000	
<b>FTEs/Non-AUF</b>	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	

\*CAGR is compound annual growth rate since 2010 for the budget dollars. Percentage change is the increase from 2010 for FTEs.

### Source(s) of Funds for FY 2017

Source	Amount
AUF	\$754,042
Designated	\$0
Service Dept Fees	\$0
PUF	\$0
Other	\$0

### Notes



**Purpose / Mission**

The UT System has launched a quality educational attainment and completion agenda, grounded in commitments to students around finances, belonging, and advising. Aligned with the Texas Higher Education Coordinating Board's 60X30TX Plan, we are working with our eight academic institutions to ensure students receive the multi-faceted support, tools, and quality academics they need to persist and earn their degrees on time. UT System institutions not only will increase graduation rates while keeping education debt in check, but they also will produce more career-ready graduates who immediately contribute to the economy and their communities.

**Description / Function**

- Develop and implement expansive project architecture with input from System and institutional leadership and staff to build system- and institution-wide engagement and shared responsibility for student success. **(Critical)**
- Design and implement competitive RFP for Institutional Student Success Projects to award \$10M of funding allocated by the Board of Regents, including review process with 8 external reviewers from outside Texas as well as review by Deputy Chancellor David, Regent Tucker, and System staff. **(Critical)**
- Develop systemwide Graduation Help Desk Keystone Project to fund 8 academic universities to mount campus Graduation Help Desks. **(Critical)**
- Develop and implement rigorous reporting and project management requirements for all System-funded institutional projects, to ensure necessary accountability and progress on goals and student outcomes. **(Critical)**
- Convene Affinity Groups and other stakeholder groups comprised of representatives from 8 academic universities, charged with identifying common metrics, key drivers, and best practices to drive progress on student outcomes. **(Critical)**
- Design and provide professional development opportunities to institutional administrators, faculty and staff to build engagement and capacity in creating learning environments that support student success both inside and outside the classroom. **(Critical)**
- Work with OSI on research, data analysis and predictive analytics to identify data-driven interventions, dash-boarding opportunities, and expanded metrics in support of institutions and student success. **(Critical)**
- Implement System-Institution Student Success Partners to facilitate consulting and two-way dialogue and support for institutional work on student success. **(Essential)**
- Fulfill project management requirements on all aspects of QL program, per the Chancellor's charge. **(Essential)**

## Success Metric(s)

- Improved retention rates, with percentage improvement goals to be determined by academic universities.
- Improved 4- and 6-year graduation rates, with percentage improvement goals to be determined by academic universities.
- More students completing degrees in a timely way (metrics to capture the almost 50% of UT System students who are not FTFT and therefore not captured in 4- and 6-year graduation rates).
- Finances Metrics: More students staying in school because their financial needs are being met and fewer students dropping out because of unmet financial needs.
- Advising Metrics: More students satisfied with the advising they receive, allowing them to meet their educational goals in a timely way.
- Belonging Metrics: Fewer students dropping out because they feel they do not belong.
- ROI metric that measures impact of System-funded student success initiatives on student outcomes, in aggregate system terms and by institution.

## Benefit to Institution

- \$10M allocated by the Board is being awarded to the academic universities for their student success projects. \$1.6M will be shared across all campuses for a systemwide project to fund graduation help desks. Remaining \$8.4 is being distributed following a competitive process to 6 universities. A total of 14 proposals were submitted by 7 institutions (totaling \$21M in requested funding).
- The Student Success Quantum Leap has allowed for the collaborative development of a systemwide student-centric initiative with shared goals, shared measurement systems, mutually reinforcing activities, backbone support provided to campuses and overall enhanced communication among System and student success leaders.
- There is momentum for the framework System has developed, grounded in commitments to student success, along with a shared understanding that what has been done in the past is not adequately moving the needle.

## Assessment of Criticality

Student Success is core to the mission of the entire University of Texas System and the State of Texas, with implications that are economic, financial, moral, demographic, and pertain to the economic and civic vitality of the state and individuals, as well as public and individual health. There is nothing more important that the UT System does than provide equitable access to, and participation in quality education to move students successfully through degree programs and into the workforce and lives of meaning and purpose.

## Budget and FTE Trend

	2010	2014	2015	2016	2017	2018	9yr CAGR/ % Change*
Budget/AUF	\$0	\$0	\$0	\$0	\$0	\$61,491	
Budget/Non-AUF	\$0	\$0	\$0	\$0	\$0	\$0	
FTEs/AUF	0.0000	0.0000	0.0000	0.0000	0.0000	0.5000	
FTEs/Non-AUF	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	

\*CAGR is compound annual growth rate since 2010 for the budget dollars. Percentage change is the increase from 2010 for FTEs.

## Source(s) of Funds for FY 2017

Source	Amount
AUF	\$0
Designated	\$0
Service Dept Fees	\$0
PUF	\$0
Other	\$0

## Notes

FY 2017 funding was approved by the Board in November 2016 and was not reflected in the original operating budget.



**Purpose / Mission**

The Texas Prospect Initiative works in partnership with UT System institutions, faculty and staff, and with other regional, state, and national stakeholders, to enhance the K12 educational pipeline, improve college readiness, and increase access to higher education and success for all students statewide.

**Description / Function**

- Lead UT System Colleges of Education in collaborative effort to improve the quality of K-12 teachers and school leaders graduating from UT System institutions with the goal of improving K-12 student outcomes and with a focus on data, policy and practice. - **(Critical)**
- Assemble and analyze system-wide baseline data on educator preparation to support data-driven decision making in program improvement. Provide leadership and strategic guidance to Colleges of Education regarding statewide initiatives related to the Texas Education Agency. Convene Deans of the Colleges of Education monthly to share best practices, promote collaboration, discuss policy issues/interpret policy, and to reimagine educator preparation programs. - **(Critical)**
- Work to improve college readiness and student success through a focus on Dual Credit by supporting OSI's Dual Credit Study and convening a statewide Dual Credit Task Force in partnership with Texas Association of Community Colleges (TACC) institutions. - **(Critical)**
- Provide strategic policy research and analysis of Texas legislative bills and of TEA regulations - **(Critical)**
- Develop and implement expansive P20 program portfolio with input from System and institutional leadership and staff to build engagement and shared responsibility with stakeholders within and outside of the UT System. **(Critical)**
- Assemble unprecedented data set and utilize predictive data analytics to elicit improved, actionable insights into public education outcomes and student's learning behaviors from cradle to career, in collaboration with UT Austin's Education Research Center and Los Alamos National Laboratory (LANL). - **(Essential)**
- Engage in cooperative research and development with national partners - **(Essential)**
- Liaise with a variety of external stakeholders in support of system-wide institutional goals (improving college readiness, strengthening cooperative relationships, predictive analytics, improving educator preparation, etc.) - **(Essential)**
- Convene and facilitate a statewide Dual Credit Taskforce with the Texas Association of Community Colleges (TACC) to provide the stakeholders with the analysis and context necessary to ensure the rigor, consistency and quality of dual credit partnerships and programs statewide. - **(Essential)**
- Work with UT academic institutions to Identify and scale successful curricular pathways and alignment practices in partnership with K12 districts, community colleges, and other educational partners. - **(Essential)**
- Convene of education non-profits, state agencies, school districts, industry, and college and university partners across Texas to address leaks in the educational pipeline. - **(Essential)**
- Fulfill project management requirements on all aspects of QL program, per the Chancellor's charge. **(Essential)**

### Success Metric(s)

- System-wide policy and data-infrastructure recommendations regarding dual credit and educator preparation
- Completed dual credit study report that will guide System and statewide policy through a data-driven focus on student preparation, college readiness and UT student success.
- Creation and system-wide implementation of collaboratively-developed Re-imagining Educator Preparation plan
- Creation and deployment of system-wide data dashboard for Colleges of Education
- Development of unprecedented preK-20 data set and predictive modeling infrastructure for actionable impact on student outcomes, from cradle to career (ERC and LANL project)
- Enhanced regional P16 coordination across UT System institutions
- Successful Texas Prospect P16 Statewide Summit event

### Benefit to Institution

- Through data collection, research, analysis and predictive modeling of K12-20 student outcomes, leverage power of system to improve the educational pipeline and strengthen success of students across the UT System.
- Leverage power of system to compile and analyze data for educator preparation programs (cost saving, as Colleges of Education are currently paying outside entity for same service).
- Power to convene system-wide stakeholders to promote collaboration that benefits each institution in the system.
- Saves significant money and resources for institutions by providing the value described above, such as legislative and policy analysis and support.

### Assessment of Criticality

For many systemic reasons (including poverty, lack of financial support for Texas public education, adverse policies and poor alignment among systems), too many students enter UT institutions under-prepared and not ready for college-level work. The Texas Prospect Initiative allows for the UT System and institutions to work to improve student preparedness, readiness and outcomes across the continuum of student success, preK-20.

### Budget and FTE Trend

	2010	2014	2015	2016	2017	2018	9yr CAGR/ % Change*
<b>Budget/AUF</b>	\$0	\$0	\$0	\$0	\$154,064	\$640,425	
<b>Budget/Non-AUF</b>	\$0	\$0	\$0	\$0	\$0	\$0	
<b>FTEs/AUF</b>	0.0000	0.0000	0.0000	0.0000	1.0000	1.5000	
<b>FTEs/Non-AUF</b>	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	

\*CAGR is compound annual growth rate since 2010 for the budget dollars. Percentage change is the increase from 2010 for FTEs.

### Source(s) of Funds for FY 2017

Source	Amount
AUF	\$154,064
Designated	\$0
Service Dept Fees	\$0
PUF	\$0
Other	\$0

### Notes

FY 2017 funding was approved by the Board in November 2016 and was not reflected in the original operating budget.



**Purpose / Mission**

The Office of Leadership and Veterans Affairs leads the creation of and/or enhances the execution of undergraduate and graduate leadership programs, employee leader development programs, and a leadership and human performance institute in order to develop inspired men and women of character with the confidence to lead and a propensity to serve at the local, state, national or global level for the greater good. Additionally, employee programs seek to enhance the academic and medical professions through focused leader development of ethical servant leadership at all levels at every UT System location.

**Description / Function**

- In coordination with each individual institution, lead the development and implementation of undergraduate, graduate, and professional degree student leadership programs across the System. Desired end state is every graduate of every UT System institution programs has an acceptable level of knowledge, skill, and ability in leadership. **(Critical)**
- In coordination with each individual institution, lead the development, implementation, and/or enhancement of existing leader development programs for employees. Desired end state is that employees are trained and educated prior to assuming any leadership position, and selfless servant leadership within a professional ethic becomes the recognized standard of leadership at each institution. **(Critical)**
- Serve as the UT System office for veteran advocacy and support. Ensure adequate levels of support for all veteran students and employees at System Administration and each institution across the UT System. Incorporate student and employee veterans into leader development programs as mentors and coaches where appropriate. Serve as the UT System Administration's subject matter expert and public policy advisor to on veterans' issues. **(Critical)**
- Sustain a fully-staffed Office of Leadership Development and Veterans Affairs in order to execute at a minimum the three aforementioned critical functions (main effort) as well as the three critical and three essential functions that follow this item. The Office is currently attempting to execute these critical functions with one full time employee and 50% shared time of one Project Manager and one Administrative Assistant. **(Critical)**
- Serve as the Chancellor's representative to the Faculty Advisory Council. Provide logistic and administrative support for all meetings of the Faculty Advisory Council (FAC) and ensure FAC initiatives are supported as appropriate. **(Critical)**
- Lead institution-by-institution clarification and implementation of the UT System Philosophy of Shared Governance. Socialize and promote this philosophy as the standard of organizational leadership across the UT System. **(Critical)**
- Lead and coordinate the creation and implementation of the Chancellor's Network for Women's Leadership. **(Critical)**
- Establish and chair a System-wide interdisciplinary leadership advisory group to advise and support the Office on those American Leadership Program initiatives that impact UT System institutions. **(Essential)**
- Provide on-call leadership training and education upon request throughout the fiscal year to any UT System entity. Provide executive coaching and consultancy services to leadership across the UT System as appropriate or directed. **(Essential)**
- Lead planning and development of a world-class brick and mortar leadership and human performance institute. **(Essential)**

**Success Metric(s)**

- Fully staffed Office of Leadership and Veteran’s Affairs.
- Measureable increases across all student populations in emotional intelligence, understanding and practice ethical decision making, and the number of performance-evaluated professional experiences (practical applications of leadership skills) prior to degree completion.
- Increased access to leadership development preparation for each employee prior to assignment and/or promotion. Measurable increase in the number of employees trained and educated prior assumption of leadership duties.
- Measurable improvement in support to veteran students and employees at those institutions that do not have veteran-specific support offices. Increase in the number of self-identified veterans at all institutions and at UT System Administration. Change coalition of veterans’ support organizations public position on funding for the Hazelwood Act.

**Benefit to Institution**

- Employers at the state and national level see the UT System’s individual institutions as a source of effective leaders of character.
- UT System Administration and individual institutions are seen as the best place to work for a collegial, trust-based, positive environment.
- “Benches built” – an increase in the number of leaders prepared for promotion & advancement.
- Retention and growth of quality employees.
- Establish the UT System as a world leader in leadership development and human performance trainer and developer.
- Improve the reputation of UT System institutions as “veteran friendly.”

**Assessment of Criticality**

Mission critical priorities: Staffing of the office, student curriculum build, employee leadership development.

**Budget and FTE Trend**

	2010	2014	2015	2016	2017	2018	9yr CAGR/ % Change*
<b>Budget/AUF</b>	\$0	\$0	\$0	\$0	\$697,114	\$652,841	
<b>Budget/Non-AUF</b>	\$0	\$0	\$0	\$0	\$0	\$0	
<b>FTEs/AUF</b>	0.0000	0.0000	0.0000	0.0000	3.0000	1.5000	
<b>FTEs/Non-AUF</b>	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	

\*CAGR is compound annual growth rate since 2010 for the budget dollars. Percentage change is the increase from 2010 for FTEs.

**Source(s) of Funds for FY 2017**

Source	Amount
AUF	\$697,114
Designated	\$0
Service Dept Fees	\$0
PUF	\$0
Other	\$0

**Notes**



**Purpose / Mission**

To attract and retain the highest quality of faculty for the academic and health science campuses.

**Description / Function**

The UT System Board of Regents has shown a willingness to invest in bringing world-class scholars, teachers, researchers and clinicians to the UT System. The wisdom of investing in world-class talent is more than apparent. For the general academic institutions alone, the initial \$100 million investment in the Science and Technology Acquisition and Retention (STARs) program has yielded a phenomenal return - more than \$650 million to date. The System is going to make an unparalleled investment in pursuit of the next generation of outstanding faculty. With the approval of the regents, it will increase the STARs investment and expand the Rising STARs program that looks to hire clusters of great faculty for the academic campuses -- as well as an incentive program to retain our best post-doctoral candidates for both the health science and academic campuses.



**Success Metric(s)**

- STARs/Rising STARs applications and awards
- Endowed chairs and faculty fellowships ; Fellowships for graduate students (with focus on thrust areas)
- Institutional support for post-doctoral fellows (with focus on thrust areas)
- Cluster hires in strategic thrust areas

Quantitative measures of success of individual research-active faculty include the following:

- Research awards and expenditures
- Publications
- Graduate student and post-doc support
- Patents, intellectual property and start-ups
- Research and teaching awards
- Departmental/College rankings

**Benefit to Institution**

- Board provided funds to support faculty recruitment and through the STARs and Rising STARs programs. These programs will be focused on cluster-hire initiatives identified by the institutions. As always, merit of the application is an essential criterion.
- Recruitment of faculty clusters in strategic thrust areas supported through UT System funding support for core facilities. A core facilities program will operate like STARs program, except that awards will not be individual-faculty-specific.
- External Relations will work with institutions to develop a set of endowed positions to support salary commitments for faculty recruited in selected thrust areas, graduate student fellowships, and post-doctoral fellows.
- Will develop a matching fund program to support collaborations across campuses for purposes of submitting very large proposals. Applications to the program will require that 2 or more campuses declare an intent to jointly develop large proposal applications

**Assessment of Criticality**

See Purpose/Description above. Quality faculty are critical and essential to every academic institution.

**Budget and FTE Trend**

	2010	2014	2015	2016	2017	2018	9yr CAGR/ % Change*
<b>Budget/AUF</b>	\$0	\$0	\$0	\$0	\$0	\$0	
<b>Budget/Non-AUF</b>	\$0	\$0	\$0	\$0	\$0	\$0	
<b>FTEs/AUF</b>	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	
<b>FTEs/Non-AUF</b>	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	

\*CAGR is compound annual growth rate since 2010 for the budget dollars. Percentage change is the increase from 2010 for FTEs.

**Source(s) of Funds for FY 2017**

Source	Amount
AUF	\$0
Designated	\$0
Service Dept Fees	\$0
PUF	\$0
Other	\$0

**Notes**

FY 2017 funding was approved by the Board in November 2016 and was not reflected in the original operating budget.



**Purpose / Mission**

Enhance effectiveness and attract the best and brightest to UT by promoting fairness and opportunity.

**Description / Function**

Put more women and members of underrepresented groups in a position to be selected for leadership positions by requiring diverse candidate pools for final interviews for executive administrator positions.

Establish a methodology for UT institutions to follow to evaluate the gender pay gap for faculty and establish plans close the pay gap.

**Success Metric(s)**

1. Percentage of final interview candidate pools for executive administrator positions across UT System that include at least one woman, one man, and one member of an underrepresented, as required by UT System policy. Demographics of executive administrators will be monitored.
2. Completion of statistical compensation analyses by each UT institution, adjusting for primary compensation drivers, such as discipline, rank, and experience to illuminate gender pay differences for faculty.
3. Individual pay review guided by the statistical analyses by school, department or other relevant unit at each UT institution, to evaluate pay differences and identify pay inequities for faculty based on gender.
4. Gender pay inequities resolved or a plan established to address gender pay inequities.

**Benefit to Institution**

UT's leadership in enhancing opportunities for diverse leaders and embracing gender pay equity for faculty will make UT institutions more effective and help attract the best and brightest to UT. Funding for this project will benefit UT institutions directly by providing a workshop to assist the institutions to develop plans to complete the statistical analysis of faculty compensation, and by providing additional resources to UT institutions as needed to allow them to complete the statistical analysis.

**Assessment of Criticality**

Fairness and opportunity is critical to the future of UT and the State of Texas, as we seek to educate and serve a diverse population and compete for the best faculty and leaders.

**Budget and FTE Trend**

	2010	2014	2015	2016	2017	2018	9yr CAGR/ % Change*
<b>Budget/AUF</b>	\$0	\$0	\$0	\$0	\$0	\$683,359	
<b>Budget/Non-AUF</b>	\$0	\$0	\$0	\$0	\$0	\$0	
<b>FTEs/AUF</b>	0.0000	0.0000	0.0000	0.0000	0.0000	0.5000	
<b>FTEs/Non-AUF</b>	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	

\*CAGR is compound annual growth rate since 2010 for the budget dollars. Percentage change is the increase from 2010 for FTEs.

**Source(s) of Funds for FY 2017**

Source	Amount
AUF	\$0
Designated	\$0
Service Dept Fees	\$0
PUF	\$0
Other	\$0

**Notes**

FY 2017 funding was approved by the Board in November 2016 and was not reflected in the original operating budget.



**Purpose / Mission**

The University of Texas System will function as a learning health system, increasing collaborative activities within UT System in order to improve health and health care in Texas and beyond. Our mission is to achieve the Triple Aim: to improve the care experience for patients and providers, to improve the health of the population, and to control the per capita cost of care.

**Description / Function**

1. QL 5 Program
  - a. With the presidents, develop an overall strategy for increasing collaboration that will accomplish the mission. Assess/analyze clinical business operations to identify particular functions where collaboration and leveraging collective strength can improve performance for Revenue cycle; Health plan contracting; Supply chain and purchasing; Payroll processing; Accounts payable
2. Clinical Collaborations
  - a. Identify, recruit clinical champions to lead
  - b. Respond to clinical champions when they bring initiatives to Health Affairs
3. Clinical Trials Express
  - a. Develop a solution that allows UT health institutions to share information about formative clinical trials
  - b. Enable multi-site patient enrollment to allow trials to more effectively and efficiently with sufficient diversity of patients
4. Cross Institutional Clinical Value Analysis
  - a. Starting with UT owned hospitals, analyze current purchasing patterns
  - b. Identify target supply categories where collaboration and consolidation will generate significant savings
  - c. Provide meaningful data to hospital decision makers
  - d. Working with Supply Chain Alliance, implement contractual changes and capture savings
5. Health Intelligence Platform
  - a. Determine and develop the most effective methods for meaningful data sharing among the health institutions
  - b. Develop the data analytics that will support the institutions' efforts to improve care outcomes for our patients and the general population
6. UT System Health Biobank Consortium
  - a. Develop a complete, detailed inventory of specimens throughout the UT System
  - b. Enhance the effectiveness and clinical applicability of research by creating a tool or platform to allow investigators to access broadest array of specimens with appropriate permissions
7. Virtual Health Network
  - a. Develop a statewide telemedicine network where hubs are UT health institutions and spokes are UT affiliated clinical partners in order to efficiently and effectively deploy specialty care to underserved areas
  - b. Develop software platforms for scheduling and document sharing that will integrate easily with a variety of medical records systems

**Success Metric(s)**

Enterprise level: Patient/provider satisfaction scores; Clinical quality metrics; Clinical cost metrics

Project level:

1. Complete strategic plan approved by the presidents; schedule tactical improvements with chief business officers
2. Increase the number and scope of active clinical collaborations
3. Increase the number of collaborative clinical trials and the number of enrolled patients
4. Achieve quantified cost savings on clinical supplies and equipment
5. Create efficient data analytics platform
6. Document the number of shared specimens and the impact on research
7. Increase the number of telemedicine partners and patients served

**Benefit to Institution**

To develop collaborative efforts across health institutions to expand capabilities, leverage collective resources, and expand impact.

**Assessment of Criticality**

Today’s health care environment is fraught with upheaval and surging cost pressures. The clinical enterprise is the financial engine for academic health institutions. Therefore, academic medicine must prove its value proposition in order to retain the ability to earn a premium for clinical services because this premium is critical to continued support of the teaching and research missions. Almost all of the UT System/QL5 efforts to strengthen the institutions’ ability to achieve the Triple Aim are essential. Two of the projects fit into the enhancing category – Clinical Trials Express and Biobank Consortium.

**Budget and FTE Trend**

	2010	2014	2015	2016	2017	2018	9yr CAGR/ % Change*
<b>Budget/AUF</b>	\$0	\$0	\$0	\$0	\$0	\$662,400	
<b>Budget/Non-AUF</b>	\$0	\$0	\$0	\$0	\$0	\$0	
<b>FTEs/AUF</b>	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	
<b>FTEs/Non-AUF</b>	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	

\*CAGR is compound annual growth rate since 2010 for the budget dollars. Percentage change is the increase from 2010 for FTEs.

**Source(s) of Funds for FY 2017**

Source	Amount
AUF	
Designated	
Service Dept Fees	
PUF	
Other	

**Notes**

FY 2017 funding was approved by the Board in November 2016 and was not reflected in the original operating budget.



**Purpose / Mission**

To make the UT System the premier university system in the nation on national security issues by building a network combining existing and new campus initiatives for teaching, research, policy analysis, and public engagement on national security.

**Description / Function**

- Conduct innovative research on national security topics such as history and strategy, counterterrorism, biosecurity, intelligence, cybersecurity, border security and International security and law. **(Essential)**
- Create a network of meaningful and mutually-supportive connections among UT System institutions and programs to share knowledge and experience, aiding the development of top-notch educational offerings and research. **(Essential)**
- Attract senior scholars/policymakers and experts in the field of national security to key teaching and research opportunities at UT. **(Essential)**
- Raise the profile of the UT System through the development of national security focused forums, events and publications. **(Essential)**
- Develop programs to bring students and experts in the field of national security together, providing them with a wide array of real life experience in national security affairs. **(Essential)**
- Create courses that will prepare students to tackle today's security challenges. **(Essential)**
- Create fellowships and scholarships to attract and enable outstanding students to pursue studies in national security. **(Essential)**

**Success Metric(s)**

- Increased number of top-tier faculty on national security affairs at UT institutions.
- Increased number of courses and degree programs offered in national security affairs at UT institutions.
- Increased number of students completing degrees and programs related to national security at UT institutions.
- Increased placement of alumni in national security career fields.
- Enhanced cooperation among UT system institutions as evidenced by the number of UT campuses represented at major National Security Network conferences and events and at designated UT system security workshops.
- Nationally-recognized conferences and events on national security affairs that increases UT System’s visibility among peer institutions and US policymakers
- Nationally-recognized research on national security affairs, as evidenced by citations in leading journals, website hits, etc.

**Benefit to Institution**

Institutions are receiving 100% of the QL7 budget from System to pursue research, create new programs and courses and support faculty, staff and students in the area of National Security.

**Assessment of Criticality**

The UT System has several major centers and institutes focusing on national security issues. QL7 uses its resources to enhance the ability of UT System institutions, their faculty, and their students to make important contributions to national security-related research and education. This effort benefits our nation’s public policy as well as creating new opportunities for our faculty and increased job prospects for our students.

**Budget and FTE Trend**

	2010	2014	2015	2016	2017	2018	9yr CAGR/ % Change*
<b>Budget/AUF</b>	\$0	\$0	\$0	\$0	\$0	\$8,160,729	
<b>Budget/Non-AUF</b>	\$0	\$0	\$0	\$0	\$0	\$0	
<b>FTEs/AUF</b>	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	
<b>FTEs/Non-AUF</b>	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	

\*CAGR is compound annual growth rate since 2010 for the budget dollars. Percentage change is the increase from 2010 for FTEs.

**Source(s) of Funds for FY 2017**

Source	Amount
AUF	\$0
Designated	\$0
Service Dept Fees	\$0
PUF	\$0
Other	\$0

**Notes**

FY 2017 funding was approved by the Board in November 2016 and was not reflected in the original operating budget.  
  
No AUF expenditures at UT System. All AUF funding is transferred to UT Austin.



## The University of Texas System - Department Budget Review - FY 2018

### External Relations - Quantum Leaps - Houston Expansion

#### Purpose / Mission

To broaden access to more of Texas' brightest students while taking advantage of the talent and expertise of the state's most populous and international city, the System planned to expand its footprint in Houston. This Quantum Leap was ended in March 2017 by Chancellor McRaven.

#### Description / Function

Provide staff support for the Houston Advisory Task Force which was convened to identify and explore new opportunities for the UT System, its institutions and other institutions in Texas and from around the nation to partner and collaborate with Houston's academic, medical and business sectors as well as other public and private organizations. The UT System purchased more than 300 acres in southwest Houston with the vision of using the property as ground zero for new research, collaboration and education opportunities to build and enhance Houston's reputation as one of America's top intellectual and innovation hubs. (Enhancing)



**Success Metric(s)**

This Quantum Leap was ended in March 2017 by Chancellor McRaven.

**Benefit to Institution**

This Quantum Leap was ended in March 2017 by Chancellor McRaven.

**Assessment of Criticality**

This Quantum Leap was ended in March 2017 by Chancellor McRaven.

**Budget and FTE Trend**

	2010	2014	2015	2016	2017	2018	9yr CAGR/ % Change*
<b>Budget/AUF</b>	\$0	\$0	\$0	\$0	\$0	\$0	
<b>Budget/Non-AUF</b>	\$0	\$0	\$0	\$0	\$223,693	\$0	
<b>FTEs/AUF</b>	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	
<b>FTEs/Non-AUF</b>	0.0000	0.0000	0.0000	0.0000	1.0000	0.0000	

\*CAGR is compound annual growth rate since 2010 for the budget dollars. Percentage change is the increase from 2010 for FTEs.

**Source(s) of Funds for FY 2017**

Source	Amount
AUF	
Designated	
Service Dept Fees	
PUF	
Other	\$223,693

**Notes**

This Quantum Leap's activity will not continue in FY 2018.

# MISCELLANEOUS REVIEW





**The University of Texas System - Department Budget Review - FY 2018**

**Direct Campus Support - Tuition Offset**

**Purpose / Mission**

Tuition Offset was implemented in 2014 to offset cost for certain campus insurance, information technology, and Microsoft and Oracle licenses. Also provided funding for Digital Library Services. Costs were funded for UT Arlington, UT Dallas, UT El Paso, UT Permian Basin, UT Rio Grande Valley, UT San Antonio, and UT Tyler.

**Description / Function**

Final FY 2018

Premiums paid to the self-insurance programs to insure UT System assets at the listed institutions: \$2,454,730  
 Programs include: Comprehensive Property Protection Program (CPPP) for Fire and All Other Perils; CPPP for Named Windstorm and Flood; Directors and Officers/Employment Practices Liability; Crime; Auto, Property and Liability; and, Foreign/International Travel.

Assessments to the listed institutions for shared information technology costs and Systemwide licenses including Microsoft, Verisign and Oracle: \$7,150,172

Assessment to the listed institutions for Digital Library Services provided by UT Austin which benefit the entire System: \$8,267,340

**Budget and FTE Trend**

	2010	2014	2015	2016	2017	2018	9yr CAGR/ % Change*
<b>Budget/AUF</b>	\$0	\$8,000,000	17,871,936	17,871,936	17,871,936	17,871,936	
<b>Budget/Non-AUF</b>							
<b>FTEs/AUF</b>							
<b>FTEs/Non-AUF</b>							

\*CAGR is compound annual growth rate since 2010 for the budget dollars. Percentage change is the increase from 2010 for FTEs.

**Source(s) of Funds for FY 2017**

Source	Amount
AUF	17,871,936
Designated	\$0
Service Dept Fees	\$0
PUF	\$0
Other	\$0

**Notes**





**The University of Texas System - Department Budget Review - FY 2018**

**Miscellaneous Activity**

**Purpose / Mission**

Funding for several centrally funded activities like memberships, contracted professional services, technology assessment, and salary reserve. Budget for federal support received for employee drug coverage under Medicare Part D.

**Description / Function**

Final FY 2018

Technology Assessment - a per-FTE assessment which funds UT System's internal Office of Technology and Information Services. This is the portion related to all AUF-funded employees. Non-AUF departments pay similar charges which are included in their respective budgets: \$2,029,894

Contracted Professional Services - services not specifically attributable to a department: \$1,100,720

Medicare Part D - federal funding providing support for UT System retiree prescription drug coverage as part of the UT medical insurance plan : \$20,000,000

Memberships: \$40,000

Unallocated - miscellaneous budget reserve: \$500,000

AUF Salary Reserve (merit): \$1,676,989

**Budget and FTE Trend**

	2010	2014	2015	2016	2017	2018	9yr CAGR/ % Change*
<b>Budget/AUF</b>	\$2,801,912	\$2,939,095	\$3,333,949	\$3,719,955	\$3,574,125	\$5,347,603	7.4
<b>Budget/Non-AUF</b>	\$7,856,138	12,928,313	\$9,390,950	\$9,711,125	\$5,398,500	21,504,053	11.8
<b>FTEs/AUF</b>							
<b>FTEs/Non-AUF</b>							

\*CAGR is compound annual growth rate since 2010 for the budget dollars. Percentage change is the increase from 2010 for FTEs.

**Source(s) of Funds for FY 2017**

Source	Amount
AUF	\$3,574,125
Designated	\$278,500
Service Dept Fees	\$120,000
PUF	\$0
Other	\$5,000,000

**Notes**





**The University of Texas System - Department Budget Review - FY 2018**

**External Audit and Other Scholarships/Awards**

**Purpose / Mission**

Funding for External Audit of the UT Systemwide Consolidated Financial Report and separate opinions at UT Austin, UT Southwestern Medical Center, and UT Medical Branch - Galveston, and associated audit services for Tech Stock valuations. Also funding for a Scholarship Program and support of Regent's Outstanding Students.

**Description / Function**

Final 2018

External Audit - External audit for the entire UT System as required by the Board of Regents: \$1,472,620

Tech Stock Valuation - valuation services for private equity investments within the UT Horizon Fund or held on behalf of the campuses and is required to complete the external audit: \$487,250

Schiller Education Fund - scholarships: \$264,360

Regent's Outstanding Student Awards: \$7,000

**Budget and FTE Trend**

	2010	2014	2015	2016	2017	2018	9yr CAGR/ % Change*
<b>Budget/AUF</b>	\$0	\$1,325,000	\$1,850,624	\$1,906,105	\$2,787,164	\$1,959,870	
<b>Budget/Non-AUF</b>	\$260,000	\$260,000	\$271,360	\$271,360	\$271,360	\$271,360	0.5
<b>FTEs/AUF</b>							
<b>FTEs/Non-AUF</b>							

\*CAGR is compound annual growth rate since 2010 for the budget dollars. Percentage change is the increase from 2010 for FTEs.

**Source(s) of Funds for FY 2017**

Source	Amount
AUF	\$2,787,164
Designated	\$0
Service Dept Fees	\$0
PUF	\$0
Other	\$271,360

**Notes**







**The University of Texas System - Department Budget Review - FY 2018**

**Replacement Office Building**

**Purpose / Mission**

Funding for debt service on the new UT System Administration Office Building and previous cost related to temporary space for staff while new building under construction.

**Description / Function**

Final FY 2018

Debt Service on the new UT System Administration Building: \$4,381,799

Temporary space: \$515,517

**Budget and FTE Trend**

	2010	2014	2015	2016	2017	2018	9yr CAGR/ % Change*
<b>Budget/AUF</b>	\$0	\$0	\$2,890,712	\$6,347,250	\$6,876,167	\$0	
<b>Budget/Non-AUF</b>	\$0	\$0	\$0	\$0	\$0	\$4,897,316	
<b>FTEs/AUF</b>							
<b>FTEs/Non-AUF</b>							

\*CAGR is compound annual growth rate since 2010 for the budget dollars. Percentage change is the increase from 2010 for FTEs.

**Source(s) of Funds for FY 2017**

Source	Amount
AUF	\$6,876,167
Designated	
Service Dept Fees	
PUF	
Other	

**Notes**

Meeting No. 1,162

THE MINUTES OF THE BOARD OF REGENTS  
OF  
THE UNIVERSITY OF TEXAS SYSTEM

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May 9 - 10, 2017

Austin, Texas

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MEETING NO. 1,162

TUESDAY, MAY 9, 2017.--The members of the Board of Regents of The University of Texas System convened at 9:18 a.m. on Tuesday, May 9, 2017, in the Board Room, Ninth Floor, Ashbel Smith Hall, 201 West Seventh Street, Austin, Texas, with the following participation:

ATTENDANCE.--

Present

Chairman Foster  
Vice Chairman Hicks  
Vice Chairman Hildebrand  
Regent Aliseda  
Regent Beck  
Regent Eltife  
Regent Longoria  
Regent Tucker  
Regent Weaver  
Regent Joseph, Student Regent, nonvoting

In accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Chairman Foster called the meeting to order in Open Session.

Chairman Foster then said that, at the suggestion of Regent Eltife, he asked President Fenves to provide a few words about Mr. Harrison Brown, who lost his life, and the other students wounded on The University of Texas at Austin campus on May 1, 2017. Following remarks from President Fenves, the Board stood and observed a moment of silence and reflection.

AGENDA ITEMS

1. U. T. System Board of Regents: Approval of Chairman's recommended Committee Chairmen and Regental representatives; and notification of appointments to Standing Committees and Liaison roles for the record (Regents' Rules and Regulations, Rule 10402, regarding Committees and Other Appointments) and recommendations regarding Committee names and Committee structures

In accordance with the Regents' *Rules and Regulations*, Rule 10402, Chairman Foster requested the concurrence of the Board on recommended appointments of Committee Chairmen and Representatives of the Board, including Regental appointments to The University of Texas Investment Management Company (UTIMCO) as set forth on the following pages.

- Academic Affairs Committee  
Sara Martinez Tucker, Chairman  
Ernest Aliseda  
Kevin P. Eltife  
R. Steven Hicks  
Janiece Longoria  
James C. "Rad" Weaver
  
- Audit, Compliance, and Risk Management Committee  
Ernest Aliseda, Chairman  
David J. Beck  
Kevin P. Eltife  
R. Steven Hicks  
Sara Martinez Tucker  
James C. "Rad" Weaver
  
- Facilities Planning and Construction Committee  
David J. Beck, Chairman  
Ernest Aliseda  
Kevin P. Eltife  
Jeffery D. Hildebrand  
Janiece Longoria  
James C. "Rad" Weaver
  
- Finance and Planning Committee  
Jeffery D. Hildebrand, Chairman  
David J. Beck  
Kevin P. Eltife  
Janiece Longoria  
Sara Martinez Tucker  
James C. "Rad" Weaver
  
- Health Affairs Committee  
R. Steven Hicks, Chairman  
Ernest Aliseda  
David J. Beck  
Jeffery D. Hildebrand  
Janiece Longoria  
Sara Martinez Tucker
  
- Special Advisory Committee on the Brackenridge Tract  
David J. Beck  
Jeffery D. Hildebrand  
Sara Martinez Tucker
  
- Special Liaison on South Texas Projects  
Ernest Aliseda

- Appointment of Vice Chairman Hicks, Vice Chairman Hildebrand, and Regent Weaver to the UTIMCO Board of Directors for terms expiring on April 1, 2019 (see related Item 6 in the Finance and Planning Committee);
- Appointment of Regents Beck and Weaver as Athletics Liaisons;
- Appointment of Regents Aliseda and Eltife to serve on the Board for Lease of University Lands, with Regent Tucker serving as alternate;
- Dissolution of the Technology Transfer and Research Committee; and
- Renaming of the Audit, Compliance, and Management Review Committee as the Audit, Compliance, and Risk Management Committee.

Chairman Foster noted that the named Regents would abstain from discussion and vote on the appointments that pertain to their service.

He also noted for the record that as authorized by the Regents' Rules and at the request of Health Affairs Committee Chairman Hicks, he had also appointed Regent Longoria to the M. D. Anderson Services Corporation Board of Directors and as Board representative to the Texas Medical Center Board.

With the dissolution of the Technology Transfer and Research Committee, Chairman Foster said the full Board would consider items that were scheduled to be considered by the Committee (Items 2 and 3 below).

2. U. T. System: Report on U. T. System commercialization performance

Ms. Julie Goonewardene, Associate Vice Chancellor for Innovation and Strategic Investment and Managing Director of the U. T. Horizon Fund, reported on The University of Texas System commercialization performance.

Ms. Goonewardene spoke about fostering and creating partnerships in response to questions from Vice Chairman Hildebrand. He asked if the Office of Innovation and Strategic Investment is a clearinghouse for industry-focused research, and Ms. Goonewardene responded that the Office is more like a gateway for interested companies to interact with the U. T. System and the institutions and vice versa.

Associate Vice Chancellor Goonewardene also responded to questions from Regent Longoria and Regent Weaver about research expenditures and patents issued at the institutions and agreed to provide a breakdown of commercialization activities by institution following the meeting.

3. U. T. System: Report on creative industry partnerships

Ms. Julie Goonewardene, Associate Vice Chancellor for Innovation and Strategic Investment and Managing Director of the U. T. Horizon Fund, introduced Dr. Ferran Prat, Vice President for Strategic Industry Ventures at The University of Texas M. D. Anderson Cancer Center, who reported on creative industry partnerships, including successful transactions and lessons learned.

In response to a question from Vice Chairman Hicks, Dr. Prat commented on the value of one of the transactions, and Vice Chairman Hildebrand remarked on the need to export this successful model to other University of Texas System institutions.

RECESS TO COMMITTEE MEETINGS.--The Board recessed for Standing Committee meetings from 9:51 a.m. - 12:22 p.m.

RECONVENE THE BOARD IN OPEN SESSION TO RECESS TO EXECUTIVE SESSION PURSUANT TO *TEXAS GOVERNMENT CODE*, CHAPTER 551.--Chairman Foster reconvened the Board in Open Session and welcomed Student Regent-Elect Jaciel Castro who was in attendance. Mr. Castro is pursuing a Master's in Business Administration at The University of Texas at San Antonio and will begin service as Student Regent on June 1, 2017.

At 12:24 p.m., the Board recessed to Executive Session pursuant to *Texas Government Code* Sections 551.071 through 551.074 and 551.076 to consider those matters listed on the Executive Session agenda.

RECONVENE IN OPEN SESSION.--The Board reconvened in Open Session at 2:23 p.m. Chairman Foster stated that no action was taken on the following items discussed in Executive Session.

- 1a. U. T. Southwestern Medical Center: Periodic comprehensive performance review of institutional president (Regents' *Rules and Regulations*, Rule 20201, Section 5, regarding Evaluation of Presidents)
- 1b. U. T. System: Discussion and appropriate action regarding individual personnel matters relating to appointment, employment, assignment, and duties of individual System Administration and institutional officers or employees involved in the delivery of capital projects for U. T. Austin and U. T. Medical Branch - Galveston



2. U. T. System Board of Regents: Discussion and appropriate action regarding update on safety and security issues, including security audits and the deployment of security personnel and devices
  
- 3a. U. T. System: Discussion and appropriate action regarding legal issues concerning delegation of responsibility for capital projects under oversight of the Office of Facilities Planning and Construction
  
- 3b. U. T. System: Discussion and appropriate action regarding legal issues concerning returning direct oversight of internal audit functions to certain academic institutions

RECESS TO COMMITTEE MEETINGS.--The Board recessed for Standing Committee meetings from 2:23 p.m. - 4:18 p.m.

WEDNESDAY, MAY 10, 2017.--The members of the Board of Regents of The University of Texas System reconvened at 9:08 a.m. on Wednesday, May 10, 2017, in the Board Room, Ninth Floor, Ashbel Smith Hall, 201 West Seventh Street, Austin, Texas, with the following participation:

ATTENDANCE.--

Present

Chairman Foster  
Vice Chairman Hicks  
Vice Chairman Hildebrand  
Regent Aliseda  
Regent Beck  
Regent Eltife  
Regent Longoria  
Regent Tucker  
Regent Weaver  
Regent Joseph, Student Regent, nonvoting

In accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Chairman Foster called the meeting to order in Open Session.

Chairman Foster said that with the death of Dr. Peter T. Flawn (May 7, 2017), President Emeritus at The University of Texas at Austin and at The University of Texas at San Antonio, The University of Texas System family lost a legend. He said that Vice Chairman Hicks had the opportunity to work closely with Dr. Flawn and would like to comment.

Remarks by Vice Chairman Hicks

Yesterday morning, we started our meeting with a somber moment in memory of Harrison Brown whose life will go unfulfilled. He had much potential, and we mourn that.

And on the opposite end of the spectrum, if you think about it, is why we are here in life, and I think it's to do good and help other people. At the other end of that spectrum would be Dr. Flawn, at age 91. He passed away with an enormous legacy of helping students and people. Very quiet spoken, I think the last time I saw him was in these rooms, he was part of the Chancellor's admissions group, and that was at age 89. He lost his wife last year. So instead of a somber moment, what I would ask us to do is just stand in recognition and appreciation for a life well lived.

The Board stood and applauded, and Regent Tucker also provided a tribute to Harrison Brown and his family.

## AGENDA ITEMS (continued)

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

Chairman Foster noted the following related to the Consent Agenda:

- Item 6 requests approval of a contract with InGenesis, Inc. to manage the provision of temporary workers to support clinical, administrative, and business functions at The University of Texas System institutions.
- Item 9 requests allocation of \$1 million of Permanent University Fund (PUF) Bond Proceeds to complete the expansion of the UTPB STEM Academy charter school [at The University of Texas of the Permian Basin].
- Item 15 requests approval of terms of employment for the Athletic Director at The University of Texas at Arlington.
- For The University of Texas at Austin, Items 22-29 request approval for terms of employment for Assistant and Associate Football Coaches.
- Item 30 seeks approval of amendment to terms of employment for U. T. Austin's Head Men's Golf Coach.
- Item 32 proposes approval of formation of a Mexican civil association to allow U. T. Austin to qualify for research funding from the government of Mexico.
- A proposed marketing logo for the new clinical group physician practice associated with the Dell Medical School at U. T. Austin is at Item 33.
- Amendments to admission criteria are requested by
  - The University of Texas at Dallas;
  - U. T. Permian Basin; and
  - The University of Texas at Tyler.
- Vice Chairman Hildebrand will abstain from vote on Consent Agenda Item 3 because of equity interests.

Chairman Foster asked Chancellor McRaven to confirm that the requested tenure appointment approvals on the Consent Agenda do not violate Governor Abbott's hiring freeze for state agencies, and Chancellor McRaven confirmed that the appointments do not violate the Governor's hiring freeze.

The Board then approved the Consent Agenda, which is set forth on Pages 98 - 172.

In approving the Consent Agenda, the Board expressly authorized that any contracts or other documents or instruments approved therein may be executed by the appropriate officials of the respective University of Texas System institution involved.

5. U. T. System Board of Regents: Award of Regents' Outstanding Student Awards in Arts and Humanities -- creative writing winners

The Board awarded Regents' Outstanding Student Awards in Arts and Humanities to the following students who were recognized for their abilities in creative writing:

- Ms. Nooshin Ghanbari, The University of Texas at Austin, for outstanding poetry writing; and
- Mr. Frederick Tran, The University of Texas at Arlington, for outstanding short fiction.

In recognition of its support of the arts and humanities, on February 9, 2012, the Board of Regents authorized the Office of Academic Affairs to establish the Regents' Outstanding Student Awards in Arts and Humanities. The awards program is designed to provide a framework that fosters excellence in student performance, rewards outstanding students, stimulates the arts and humanities, and promotes continuous quality in education. This year's awards are for creative writing and the nominees were evaluated on creativity, originality, imagery, artistic quality, and mastery of expression.

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

The following officers of The University of Texas System Student Advisory Council (SAC) met with the Board of Regents to discuss the Council's focus over the past year on the five key areas of Tuition Accessibility, Graduate Education, Diversity and Inclusion, Student Success, and Legislative Affairs, using the materials set forth on Pages 10 - 12.

Chair: Mr. James Ruedlinger, The University of Texas at Arlington

Tuition and Fees Working Group: Ms. Kelly Zoch, The University of Texas at San Antonio

Student Success Working Group: Ms. Akshitha Padigela, The University of Texas at Dallas

Graduate Education Working Group: Mr. Alex Perakis, The University of Texas M. D. Anderson Cancer Center

Diversity and Inclusion Working Group: Mr. Kevin Helgren, The University of Texas at Austin

Legislative Working Group: Mr. Andrew Hubbard, U. T. San Antonio

Mr. Ruedlinger recognized Ms. Jodie Gray, The University of Texas Health Science Center at San Antonio, who was in attendance, as the incoming SAC chair.

Chancellor McRaven thanked the members of the Student Advisory Council for their hard work, for driving important issues, and for their engagement with appropriate U. T. System officials to move the issues along.

Referencing the Council's reports, Regent Joseph spoke about the importance of timelines, transparency, and student input in the tuition and fees setting process, and he agreed that advising is an important part of student success.



**ATTACHMENT: 2016 – 2017 Student Advisory Council  
 Summary of Policy Projects and Status Updates, by Working Group**

<b>Working Group</b>	<b>Working Group Leadership</b>	<b>Policy Issue/Project</b>	<b>Status Update</b>
Tuition Accessibility	Sachin Shah, U. T. Southwestern Medical Center  Kelly Zoch, U. T. San Antonio	The goal of the working group on tuition and fees is to address the process of changing tuition and fees at U. T. System institutions and to provide student feedback on how the process might be improved. Key issues include timeliness, transparency, and student input.	A policy memorandum outlining identified issues was distributed to U. T. System leadership in April 2017 so that recommendations specific to timeliness of the process and student feedback mechanisms could be addressed during planning for the next tuition and fee cycle.
Diversity and Inclusion	Kevin Helgren, U. T. Austin  Cory Hamilton, U. T. Health Science Center – Tyler	The goal of the working group is to define the scope of diversity and inclusion challenges facing students Systemwide, to research implementation and efficacy of efforts at national peer systems and institutions, and to recommend potential policy solutions or next steps to key leadership.	A meeting was held on April 6, 2017 at U. T. System to discuss key findings and potential next steps. Deputy Chancellor Daniel and Chief Human Resources Officer Kim Sullivan are actively engaged in conversation about these issues. A policy memorandum was shared with U. T. System leadership in April 2017.
Graduate Education	Alix Baycroft, U. T. Health Science Center – Houston  Alex Perakis, U. T. M. D. Anderson Cancer Center	The group engaged in policy research and proposed recommendations to improve clarity about expectations among graduate students and faculty in advisory roles.	A policy memorandum proposing a policy and proposed content of graduate student compacts was shared with key leadership and the U. T. System Faculty Advisory Council (FAC). SAC hopes to engage FAC and U. T. System leadership in the upcoming year for feedback on the proposed compacts and implementation.
		The working group sought student feedback regarding the sustainability of the Graduate Student Career Symposia (Mikiten Graduate Research Symposium).	A policy memorandum was shared with U. T. System staff and leadership expressing support for the continued sustainability of the symposia as a means to educate students and expand opportunities for graduate students in non-academic career paths.



Graduate Education (continued)		The working group conducted research into best practices and policies regarding paid parental leave for graduate students, specifically the paid parental leave policy for the National Institute of Health funded students for Kirschstein-NRSA trainees.	The group recommended no further policy action at this time but shared a recommended list of further questions about policy, practice, and implementation issues that future Student Advisory Council members should consider if they choose to focus on this issue in future years.
		The working group researched the potential use of telemedicine to address student mental health demand. They researched options for sharing best practices in mental health services among the U. T. System institutions.	A policy memorandum was shared with U. T. System Administration and institutional stakeholders including the Office of Academic Affairs and the Office of Health Affairs as well as institutional counseling center directors and student health providers. An op-ed regarding the importance of utilizing mental health services already in place, written in collaboration with U. T. System staff, may be published during the May 2017 National Mental Health Awareness Month.
Student Success	Akshitha Padigela, U. T. Dallas  Laura Baker, U. T. Arlington	The goal of this working group is to engage in efforts related to the Chancellor’s Quantum Leap in Student Success, specifically related to best practices and policy recommendations in the area of undergraduate advising.	Each member of the group engaged U. T. System academic institutions in identifying data and information about the advising process. A memorandum outlining a few key findings (based on the data), and outlining a few policy recommendations was shared with Dr. Rebecca Karoff, Student Success Quantum Leap Lead and other key leadership in April 2017. Two members of the working group continue to be engaged as student representatives in the Quantum Leap affinity group project. Information



			and data were also shared with the Quantum Leap research team.
Legislative Affairs	Andrew Hubbard, U. T. San Antonio	The Council prepared three legislative value statements that expressed the positions and priorities of the group. Value statements addressed public support for higher education, tuition autonomy, and student well-being.	A memorandum outlining the value statement was shared U. T. System Administration. Members continue to engage in weekly calls to discuss relevant legislation and policy efforts related to the three value statements.



7. U. T. System: Discussion and appropriate action regarding returning direct oversight of internal audit functions to U. T. Arlington, U. T. Dallas, U. T. El Paso, U. T. Permian Basin, U. T. Rio Grande Valley, U. T. San Antonio, and U. T. Tyler, including allocation of funding

Vice Chairman Hildebrand moved that the Board approve the recommended transfer of the direct oversight of existing internal audit functions at The University of Texas at Arlington, The University of Texas at Dallas, The University of Texas at El Paso, The University of Texas of the Permian Basin, The University of Texas Rio Grande Valley, The University of Texas at San Antonio, and The University of Texas at Tyler to those institutions effective September 1, 2017, with the approval of funding, and consistent with the parameters and recommendations discussed in Executive Session. (See related Executive Session Item 3b on the agenda for May 9, 2017.)

Accordingly, the Board approved an allocation of \$15,366,630 of Permanent University Fund (PUF) Bond Proceeds to seven academic campuses and the return of direct oversight and funding of campus auditors to the campuses effective September 1, 2017.

The chart below represents how the \$15,366,630 will be allocated:

<b>Campus</b>	<b>PUF for Campus</b>
Arlington	\$1,863,441
Dallas	\$2,894,781
El Paso	\$3,096,561
Permian Basin	\$ 954,618
Rio Grande Valley	\$2,771,181
San Antonio	\$2,808,177
Tyler	\$ 977,871
<b>TOTAL</b>	<b>\$15,366,630</b>

The approved action affects 48.25 audit positions. The seven academic campuses are expected to employ most if not all of the current campus-stationed, University of Texas System-employed auditors, but employment decisions regarding specific audit staff members would reside with the campuses.

To allow time for campuses to absorb the cost of the auditors, the U. T. System will provide each campus with funding equal to three years of salary, fringe benefits,

travel, and operating costs of current audit staff. This will allow campuses, in effect, three years to absorb the cost of the audit staff without any additional financial burden. This will also eliminate \$5.1 million in annual Available University Fund (AUF) spending by U. T. System Administration.

The U. T. System will provide campuses with funding in the form of PUF debt. Each institution may determine whether the institution wishes to receive the entire three-year allocation of PUF funding to allow for specific capital projects or to receive an annual supplement to the Library, Equipment, Repair and Rehabilitation (LERR) budget distributed annually and also funded with PUF debt. The expectation is that the campuses will use the PUF funding for eligible capital projects where they currently had planned to use institution resources and in turn redirect funds to cover the cost of auditors.

On August 21, 2014, the U. T. System Board of Regents requested that U. T. System Administration identify ways to transfer costs from academic campuses to U. T. System Administration so that a tuition increase would not be necessary. The “tuition offset” was straightforward for The University of Texas at Austin, which may receive AUF allocations from U. T. System to cover operating expenses. For the other academic campuses, the tuition offset program involved transferring several types of services and expenses, including the institutional internal auditors, to U. T. System Administration. The auditors remain physically located at the campuses and perform audit functions for the campuses as part of a centrally managed audit program, but they became employees of U. T. System Administration effective September 1, 2014. The U. T. System Administration campus audit function involves 48.25 full-time equivalent (FTE) campus auditors at an annual cost of \$5,122,210 in salaries, fringe benefits, and operating expenditures.

8. U. T. System: Discussion and appropriate action regarding delegation of responsibility for the delivery of institutional capital projects at U. T. Austin and U. T. Medical Branch - Galveston to the institutional presidents

Regent Longoria moved that the Board approve the recommended delegation of responsibility for the delivery of institutional capital projects at The University of Texas at Austin and The University of Texas Medical Branch at Galveston to the presidents at those institutions, consistent with the parameters and recommendations discussed in Executive Session. (See related Executive Session Items 1b and 3a on the agenda for May 9, 2017.) These new delegations will be similar to those existing at The University of Texas M. D. Anderson Cancer Center and The University of Texas Southwestern Medical Center.

In Fall 2016, The University of Texas System Executive Committee on Outsourcing was formed to evaluate potential outsourcing options for decentralized project management services supplied by the U. T. System Office of Facilities Planning and Construction (OFPC). The Committee, chaired by Executive Vice Chancellor Kelley, convened in December 2016 and met as a group three additional times. After review

and discussion of existing OFPC services, the Committee developed six scenarios for delegating oversight to selected institutional presidents or outsourcing to private sector firms.

Based on reviews of the various options, the Committee recommended that the Presidents of U. T. Austin and U. T. Medical Branch - Galveston be delegated authority to manage the project delivery of their institution's capital program.

9. U. T. System: Discussion of issues from the 85th Texas Legislative Session

Vice Chancellor McBee reported on issues from the 85th Texas Legislative Session.

10. U. T. System: Discussion of U. T. System priorities and budget process

Chairman Foster noted that an additional item had been posted with the Secretary of State regarding The University of Texas System priorities and budget process. He said this caption would allow the Board to discuss issues concerning oversight, governance, and policies regarding the System budget.

Vice Chairman Hicks said he had asked that this item be added to the Board's agenda, in part because in 2009 he had been on a committee to reduce the U. T. System headcount and expenditures. Referencing the Board's fiduciary responsibilities and noting the matter of how and where System resources are spent would be discussed at length at the upcoming Board retreat, he wanted to open the subject up for discussion and to provide the System leadership some input on what the System should be doing and on the budget for future years.

Regent Eltife noted that, as a new Regent, he is not familiar with the budget process, but he commented that at the end of the Legislative Session, he expects there will be fewer resources for the 14 institutions. He said he thinks the System should set the example by cutting expenses at the System level and passing those savings along to the institutions. He stated the Legislature wants to cut funding for higher education and cap tuition. He said these issues are not going to go away and will have to be faced next Session. He commented that the upcoming Board retreat will provide an opportunity to review the budget from top to bottom, with an opportunity for Regents to have input on each line item.

Chairman Foster spoke about the challenge of timing for the August 2017 budget cycle and suggested that prior discussion is needed to set the tone for the July 2017 retreat. He emphasized the importance of not losing sight of students in the discussions.

Chairman Foster said the biggest focus of the retreat will be on the budget and the mission of the U. T. System, and members of the Board suggested that time be allowed to discuss other significant issues as well, including security. Regent Tucker

suggested a more general discussion of governance first, resulting in a statement of principles that would shape the budget. She continued on to say that in July 2017, the Board could look at recommendations from the System around governance and around the associated budget and be prepared to approve the budget in August 2017.

Regent Longoria noted that the Texas Constitution requires the Available University Funds (AUF) first be used to pay principle and interest on Permanent University Fund (PUF) bonds, with the remainder dedicated to the support and maintenance of The University of Texas at Austin and, to a lesser extent, U. T. Systemwide Administration, which she believes and believes other members of the Board believe should be pared down to the most essential shared services. She commented on the growth in size of the U. T. System Administration and expensive top-down architecture, noting it provides little, if any, return on investment. She believes initiatives should emanate from the institutions to the Chancellor and the Board for consideration. She hopes the budget process will result in ways to pare down the System budget to deliver only essential shared services so the majority of AUF can be used for the payment of bond debt, infrastructure, education of students, and the excellence of the flagship.

Vice Chairman Hicks spoke about the distribution of funds, including PUF, to the institutions and the support of U. T. Austin both legislatively and financially.

Vice Chairman Hildebrand suggested the vision/mission of the U. T. System is the fundamental question that should be revisited before the July Board meeting. He said the Board has worked hard to push expenses, such as the auditors, to the System to take the cost burden from the individual institutions. He noted staff would need to do the work to determine the budget. He also commented on the need to modify the AUF formula process to get AUF to the other 13 institutions so that it is not locked at the System level.

Regent Tucker commented on the changing health care environment and the need to support the health institutions, and Regent Weaver agreed with the need for the Board to show leadership and to show elected officials that the budgeting process is being taken seriously.

11. U. T. System: Approval of the Fiscal Year 2018 Budget Preparation Policies and Calendar for budget operations

In reference to the item related to the Fiscal Year 2018 Budget Preparation Policies and Calendar for budget operations, Chairman Foster said the Calendar could change in light of discussions held under the previous item (Item 10). Vice Chairman Hicks asked that the Board be provided an opportunity to be more participative in the budget process and to provide input before the final vote in August 2017, and Vice Chairman Hildebrand asked that staff remain flexible to modify the budget and Calendar depending on what is resolved at the retreat (July 2017).

The Board then approved the Budget Preparation Policies below and the Calendar that follows for use in preparing the Fiscal Year (FY) 2018 Operating Budget for the The University of Texas System as set out below.

U. T. System Fiscal Year 2018 Budget Preparation Policies

1. General Guidelines - The regulations and directives that will be included in the *General Appropriations Act* enacted by the 85th Texas Legislature serve as the basis for these guidelines and policies. In preparing the draft of the FY 2018 Operating Budget, the president of each institution should adhere to guidelines and policies as detailed below and as included in the *General Appropriations Act*. The Chief Budget Officer will issue detailed instructions regarding the implementation of those regulations and directives into the institutional budget process.

The president of each institution should examine the resources used at the institution and, where possible, redirect resources toward high priority mission critical activities and strategic competitive investments that are consistent with the goals and objectives included in the institution's Strategic Plan.

Overall budget totals, including retaining reasonable reserves for potential future financial shortfall, must be limited to the funds available for the year from General Revenue Appropriations, Estimates of Educational and General Income, and limited use of institutional unappropriated balances.

2. Maintenance of Operating Margin and Use of Prior Year Balances - Institutions should make all reasonable efforts to maintain a favorable operating margin within the FY 2018 Operating Budget. Use of prior year balances should be limited to critical items, unique opportunities, or projects funded from prior year income committed for that purpose. Generally, balance usage should be reserved for nonrecurring activities. Balance usage cannot be recommended to the U. T. System Board of Regents for approval without the consent of the Chancellor, the Deputy Chancellor, the appropriate Executive Vice Chancellor, and the Associate Vice Chancellor, Controller and Chief Budget Officer.
3. Salary Guidelines - Recommendations regarding salary policy are subject to the following directives:
  - A. Salaries Proportional by Fund - Unless otherwise restricted, payment for salaries, wages, and benefits paid from appropriated funds, including local funds and educational and general funds as defined in *Texas Education Code* Section 51.009 (a) and (c), shall be proportional to the source of funds.

- B. Merit Increases and Promotions - Institutions should consider available resources and resolution of any major salary inequities when implementing merit salary increases for faculty and staff.

Merit increases or advances in rank for faculty are to be on the basis of teaching effectiveness, research, and public service.

As defined in *Texas Education Code* Section 51.962, administrative and professional staff and classified staff must have been employed by the institution for at least six consecutive months immediately preceding the effective date of the increase to be eligible for a merit increase, and at least six months must have elapsed since the employee's last merit salary increase.

Merit increases or promotions for administrative and professional staff and classified staff are to be based on evaluation of performance in areas appropriate to work assignments.

In accordance with the Regents' *Rules and Regulations*, performance appraisals are required to be conducted annually for all employees of the U. T. System. To verify compliance with this policy, U. T. System presidents and the Executive Vice Chancellor for Business Affairs for U. T. System Administration shall annually certify that all eligible employees (including staff and faculty) have completed performance appraisals.

- C. Other Increases - Equity adjustments, competitive offers, and increases to accomplish contractual commitments should also consider merit where appropriate, subject to available resources. Subject to guidance issued by the Chief Budget Officer, such increases should be noted and explained in the supplemental data accompanying the budget.
- D. New Positions - Subject to available resources, new administrative and professional staff, classified staff, and faculty positions are to be requested only when justified by workloads or to meet needs for developing new programs.
- E. Reporting - The Chief Budget Officer will issue guidance on reporting of salary changes and amounts. It is expected that required reports will encompass high-ranking staff covered by Regents' *Rules and Regulations*, Rules 20203 and 20204 along with those staff receiving significant changes in compensation.

4. Staff Benefits Guidelines - Recommendations regarding the state contribution for employee staff benefits such as group insurance premiums, teacher retirement, and optional retirement are subject to legislative determination via the *General Appropriations Act*. Payments for benefits, including for retirees, should comply with the provisions of Accounting Policy Statements No. 11,

"Benefits Proportional by Fund" and the *General Appropriations Act*. The Chief Budget Officer will issue instructions regarding the implementation of staff benefits into the budget process.

5. Other Employee Benefits - Employer contributions to the self-insured Unemployment Compensation Fund are based on an actuarial study. Workers' Compensation Insurance rates are experience-rated for each institution. Appropriate instructions will be issued regarding the implementation of Unemployment Compensation Fund and Workers' Compensation Insurance Benefits.
6. Other Operating Expenses Guidelines - Increases in Maintenance, Operation, Equipment, and Travel are to be justified by expanded workloads, for developing new programs, or for correcting past deferrals or deficiencies.
7. Calendar - In the event of unforeseen circumstances, authority is delegated to the Chancellor to modify the Calendar.

The U. T. System FY 2018 Budget Preparation Policies are intended to be consistent with the regulations and directives included in the *General Appropriations Act* and other general law to be enacted by the 85th Texas Legislature. As written, this policy provides general direction to the U. T. System institutions and will be modified as necessary to conform to the legislation, as finally passed.



**THE UNIVERSITY OF TEXAS SYSTEM  
FY 2018 OPERATING BUDGET CALENDAR**

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January 2017 - August 2017	Performance appraisal focal period
April 14, 2017	Request for Library, Equipment, Repair and Rehabilitation new project instructions and information on balances subject to lapse are sent to institutions
May 10, 2017	U. T. System Board of Regents takes appropriate action on budget preparation policies
June 1, 2017	New Library, Equipment, Repair and Rehabilitation project requests are due to U. T. System
June 1 - 9, 2017	Major goals, priorities, and resource allocation hearings with U. T. System Administration
June 28, 2017	Draft budget documents due to U. T. System
July 5 - 7, 2017	Technical budget review with U. T. System
July 14, 2017	Reports on highly compensated staff covered by Regents' Rules 20203 and 20204, high-ranking staff salaries, and institutional Top Ten salaries due to U. T. System
July 17, 2017	Final budget documents due to U. T. System
August 7, 2017	Operating Budget Summaries provided to the U. T. System Board of Regents
August 14, 2017	Salary change report due to U. T. System
August 24, 2017	U. T. System Board of Regents takes appropriate action on Operating Budget and President and Executive Officer compensation



12. U. T. System Board of Regents: Presentation of Certificate of Appreciation to U. T. M. D. Anderson Cancer Center President Ronald A. DePinho and Comments

Chairman Foster recognized and thanked Dr. Ronald A. DePinho for his outstanding service as President of The University of Texas M. D. Anderson Cancer Center. As President, Dr. DePinho led the recruitment of dozens of star faculty and worked to enhance the research infrastructure, accelerate the translation of intellectual property, and extend the institution’s global reach. His launch of the M. D. Anderson Cancer Moon Shots Program produced major advances in cancer care and helped ignite a national movement.

Dr. DePinho became President of U. T. M. D. Anderson Cancer Center on September 1, 2011, and he joined the faculty after resigning effective March 20, 2017.

President DePinho provided brief remarks and received a standing ovation and the following certificate of appreciation:

CERTIFICATE OF APPRECIATION

The Board of Regents

Expresses to

Ronald A. DePinho, M.D.

Its Sincere Appreciation for His

Distinguished Service and Outstanding Contributions

to

The University of Texas System

as

President

The University of Texas M. D. Anderson Cancer Center  
2011 - 2017

13. U. T. System Board of Regents: Presentation of Certificate of Appreciation to Student Regent Varun P. Joseph and Comments

Chairman Foster thanked Student Regent Varun P. Joseph for his service to The University of Texas System over the past year and wished him great success as he enters the practice of dentistry.

Chairman Foster presented a certificate of appreciation to Regent Joseph, and Regent Joseph provided remarks as follows. He received a standing ovation.

CERTIFICATE OF APPRECIATION

to

VARUN P. JOSEPH

Upon the occasion of completion of  
his term of service on the

Board of Regents  
of  
The University of Texas System

In appreciation for his wise counsel,  
conscientious stewardship, and dedicated service  
to The University of Texas System

Student Regent, 2016 - 2017

Remarks by Regent Joseph

I have to follow Ron DePinho, thanks Ron! Thank you, Mr. Chairman sir.

Serving on The University of Texas System's Board of Regents has been an honor of a lifetime. I never expected to get appointed to the Board, so it was more of a surprise at the beginning, but it has been an unbelievable experience.

First, I want to thank Governor Abbott for my appointment. I also want to thank my family, and everybody else who has supported me -- my brothers Kevin and Kiran, sister-in-law Cristy, and most importantly my parents, Gig Joseph and Sunitha Gigi, who have been my biggest fans and who have always supported me in everything that I did. I would not have accomplished anything that I have done if it wasn't for them. They are probably watching from home, if they figured out how to work the computer and get on the website. They are not as tech savvy as Steve and Ernie are here, but thank you Mr. Chairman for your leadership here.

Being Chairman is a full-time job without pay I will say but the reward is that you are truly changing lives. You made an impact on my life before I even got here. I don't know if everybody knows, I used to work at the Paul L. Foster Success Center at Baylor. Somebody asked me who Paul L. Foster was, and I said I don't know, it's probably some rich guy who is no longer with us. But I am glad that he is with us, and I am honored to have served on the U. T. Board of Regents under the chairmanship of Paul L. Foster.

Mr. Chairman sir, with your steady leadership, and steady I might add, and support, you have changed the lives of thousands of students in the U. T. System. So, on behalf of 228,000 students that I represent on the Board of Regents, I want to thank you for your selfless service on the Board of Regents. Thank you, sir.

Over the past year, I had the great opportunity to visit all of our campuses and the great folks at U. T. Lands. Also, from the medical schools and dental schools who are training tomorrow's doctors like me and to the emerging Tier One institutions who are graduating first generation college students, I am proud to have represented over 228,000 students.

One thing I have learned is that this is a transformative time in the history of the U. T. System. Because behind the headlines, there are faculty members teaching, presidents making strategic decisions, and students who are graduating hopefully at higher rates with our initiatives. From the Rio Grande Valley all the way to the North Texas region, from Tyler to El Paso to the Permian Basin, we are changing lives. And that could not have been done without the work that's being done here by the Chancellor and his team; let me emphasize "team."

Bill McRaven's visionary leadership is moving us forward, so thank you for all you have done Chancellor. Thank you for your service. Your work sometimes is not appreciated, sometimes criticized, but you have put the students and their needs above your own and made sure that every decision that you make is analyzed on how it affects students. Watching and learning as you charged ahead to make your vision into reality and to help students to "improve the human condition" in Texas has been a true privilege. You saved lives while you were in the military, but now as Chancellor, you get to change lives through education, which is something that only a few people can do. You are a true American hero, a role model, and I am proud to call you as a friend. And I hope I can grow up to be a leader just like you one day.

Somebody asked me what my favorite part of serving on the Board of Regents was. Well, aside from the free food, I would say it's meeting and learning everything about the U. T. System and also part of just understanding everything that goes on behind the scenes. But I would also say among other things, it's the people that I have worked with and it's not just here in the System or one institution but all 14 of our schools. I think all 14 of our schools matter. From David Daniel to Steve [Leslie] to Ray Greenberg, who by the way always embarrasses me every time he comes on campus and tells all my friends that I'm his boss and then makes some horrible doctor jokes like "what's drilling today" or something like that.

I also want to thank the Board Office, especially Francie here, Kristy Orr, Elaine, and of course Michele Kraal, and everybody else. If it wasn't for Michele Kraal, I don't know how I would have worked my schedule this year. Also Dr. Wanda Mercer, a good friend and advisor, Pat Francis, everybody else from Dan Sharporn, to Barry McBee, to Tony Cucolo, to Randa Safady and in between. And I would be remiss if I don't thank the professors who helped me to get to where I am today. I want to thank my faculty leader Dr. Rudy Izzard, Dr. Karen Troendle, Dr. Hanlon, Dr. Wuensch, Dr. Holloroan and Dr. Bill Dodge, our Dean.

And finally, I want to talk about the great colleagues on this table that I sat with who have become friends and mentors over the past year. Most people I talk to don't really know what the Board of Regents does. I think it's above their tax bracket, just like mine. But it's been a great honor to serve on the Board with all these fine colleagues. I joke that I serve on the Board with nine other billionaires, and I'm just a billionaire with student loans.

But working with all of you has been a true privilege. You have taught me so much, and the time that I spent with all of you has truly impacted my life. My family and I immigrated from India when I was nine, and I am truly living the American Dream, and this experience is part of the great journey that I have been blessed with. I must say that the sacrifices that all of you make to be here is something that is very noble, which is the most important part which is that you're spending your time here. You volunteer your experience and your expertise but your time is the most important that you spend here. You read hundreds of pages before meetings before you make decisions that have consequences not just in Texas but all across the nation.

This Board is one of the most influential Boards of Regents that's in the nation and there are people watching all over the state. There are parents who are watching, administrators who are watching, and some lawmakers apparently too, but most importantly, students are watching. Students who one day who will grow up and wanting to grow up be the Rad Weaver, or the Janiece Longoria, or the David Beck, or the Jeff Hildebrand, or the Paul Foster, or the Steve Hicks, or the Ernie Aliseda, or the Sara Martinez Tucker, or even the Kevin Eltife sometimes. And I know you will not let them down.

It didn't really hit me how life changing some of the decisions we make on the Board is until I was treating pediatric patients in Laredo, and it dawned on me that the decisions that we make today will affect them years from now and it might determine if they become the next doctor, or university president, or even graduate from college. But I am confident that through the initiatives we supported and championed, like funding the Student Success initiative through the Internal Lending Program, those students will have a bright future. And it is because of all of you, and please don't forget that they will have a bright future because all of that, because of all of you. You are truly changing lives here.

And although this is my last meeting, I hope our conversations and friendships continue throughout the years through calls and texts, LinkedIn, and, yes, Facebook and Instagram. I know I bored some of you all that are here just going on and on about graduation rates and just nagging everybody about the percentages, but it has truly been an honor and working with all of you has truly been an honor. You have helped me grow as a student, as a leader, and as a doctor. You, Paul, have taught me that one day hopefully I will have the opportunity to serve and give back, not just here, but somewhere else and to the State of Texas. And although being called Regent Joseph was cool, I think Dr. Joseph is not too bad either. On behalf of the 228,000 students that I represent, I want to thank you, members of the U. T. System Board of Regents, for your selfless service and your servant leadership.

In conclusion, as the great statesman once said, “We are all birds of passage, actors on different stages. We are here today, gone tomorrow. But in the brief time that the people entrust us with this responsibility, it is our duty to be honest and sincere in the discharge of these responsibilities.” And I hope I have done that. Thank you, Mr. Chairman sir.

(Secretary’s Note: During his speech, Regent Joseph inadvertently said he and his family had immigrated from India nine years ago; however, he meant that they had immigrated when he was nine years old. The Minutes were corrected to reflect his intent.)

**STANDING COMMITTEE REPORTS AND RECOMMENDATIONS TO THE BOARD.--**  
At 10:51 a.m., Chairman Foster announced the Board would hear the reports and recommendations of the Standing Committees, which are set forth on Pages 26 - 92.

REPORT AND RECOMMENDATION OF THE AUDIT, COMPLIANCE, AND RISK MANAGEMENT COMMITTEE (Pages 26 - 30).--Committee Chairman Aliseda reported that the Audit, Compliance, and Risk Management Committee met in Open Session to consider those matters on its agenda and to formulate recommendations for The University of Texas System Board of Regents. The action set forth in the Minute Order that follows was recommended by the Audit, Compliance, and Risk Management Committee and approved in Open Session by the U. T. System Board of Regents.

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

There were no items referred from the Consent Agenda.

2. U. T. System: Discussion and appropriate action regarding amendment of Regents' *Rules and Regulations*, Rule 20401 (Audit and Compliance Programs) to more accurately reflect current responsibilities of the U. T. System Chief Compliance and Risk Officer

The Board approved amendment of the Regents' *Rules and Regulations*, Rule 20401 (Audit and Compliance Programs) to replace Section 2 to read as set forth below to more accurately reflect current responsibilities of The University of Texas System Chief Compliance and Risk Officer.

Sec. 2            Compliance Program. The Chancellor, as chief executive officer of the U. T. System, is responsible for ensuring the implementation of a Systemwide compliance program for the U. T. System. U. T. System Administration shall adopt a policy further implementing the Systemwide compliance program.

The Systemwide compliance program shall be headed by a Chief Compliance and Risk Officer (CCRO) and is a fundamental part of the management structure of U. T. System Administration. The primary responsibility of the CCRO is developing the infrastructure for the effective operation of the Systemwide compliance program. The CCRO is also responsible for apprising System Administration and the Audit, Compliance, and Risk Management Committee of the compliance functions and activities at System Administration, The University of Texas/Texas A&M Investment Management Company (UTIMCO), and each institution.

Changes to Section 2 are shown for the record in congressional style on Pages 28 - 29.

After an external assessment of the U. T. Systemwide compliance function was finalized in 2016, System Administration has taken great strides to reconstitute the Office of Systemwide Compliance, including the appointment of a Chief Compliance

and Risk Officer, a Deputy Chief Compliance and Risk Officer, and a Chief Inquiry Officer, as well as bringing the responsibility for ethics and privacy into the compliance function.

A key recommendation of the report was to revise and operate under a functional Systemwide Compliance Charter, under the direct governance of the Systemwide Executive Compliance Committee.

With the additional leadership of the Institutional Compliance Advisory Council, the Office of Systemwide Compliance and the Executive Compliance Committee have approved a new Systemwide Compliance Charter to govern the priorities and operations of the Office of Systemwide Compliance.

With the Charter in place, amendments to Regents' Rule 20401 (Audit and Compliance Programs) and U. T. Systemwide Policy, UTS119 (Institutional Compliance Program) were recommended to avoid duplication, to empower the newly adopted Charter, and to provide the foundation for a successful Systemwide Compliance Program.

This Agenda Item was reviewed by the U. T. System institutional presidents and representatives of the Student Advisory Council, the Faculty Advisory Council, and the Employee Advisory Council.

**The University of Texas System  
Rules and Regulations of the Board of Regents**

**Rule: 20401**

**1. Title**

Audit and Compliance Programs

**2. Rule and Regulation**

...

Sec. 2 Compliance Program. The Chancellor, as chief executive officer of the U. T. System, is responsible for ensuring the implementation of a Systemwide compliance program for the U. T. System. U. T. System Administration shall adopt a policy further implementing the Systemwide compliance program.

The Systemwide compliance program shall be headed by a Chief Compliance and Risk Officer (CCRO) and is a fundamental part of the management structure of U. T. System Administration. Accordingly, the Systemwide Compliance Officer prepares an executive summary of all compliance activity of the institutions, The University of Texas Investment Management Company (UTIMCO), and System Administration.

2.1 Systemwide Compliance Officer's Responsibilities. The primary responsibility of the CCRO is developing the infrastructure for the effective operation of the Systemwide compliance program. The Systemwide Compliance Officer CCRO is also responsible, and will be held accountable for, apprising the Chancellor System Administration and the Audit, Compliance, and Risk Management Committee ACMRC of the institutional compliance functions and activities at System Administration, The University of Texas/Texas A&M Investment Management Company (UTIMCO), and at each of the institutions as set out in Section 2.1 (b) below. The Systemwide Compliance Officer provides institutional compliance assistance to the Chancellor, the Deputy Chancellor, the Executive Vice Chancellors, the Vice Chancellors, and the Chief Compliance Officer of UTIMCO in the exercise of their responsibilities.

(a) The Systemwide Compliance Officer shall be appointed by the Chancellor. The Systemwide Compliance Officer is the senior compliance official of the U. T. System; provides assistance and advice covering all institution, UTIMCO, and System Administration compliance



**The University of Texas System  
Rules and Regulations of the Board of Regents**

**Rule: 20401**

~~programs; and shall hold office without fixed term,  
subject to the pleasure of the Chancellor.~~

~~(b) The primary responsibilities of the Systemwide  
Compliance Officer include developing an infrastructure  
for the effective operation of the U. T. System  
Institutional Compliance Program; chairing the  
Systemwide Compliance Committee and the  
Compliance Officers Council; and prescribing the format  
for the annual risk based compliance plan and the  
quarterly compliance status reports to be submitted by  
each institution, UTIMCO, and System Administration.~~

3. U. T. System: Report on institutional and Systemwide compliance programs

This item was for consideration only by the Committee.

4. U. T. System: Report on the results of the Fiscal Year 2016 U. T. Systemwide Endowment Compliance Program

This item was for consideration only by the Committee.

5. U. T. Medical Branch - Galveston: Report of the results of a nontraditional information technology audit of social engineering

This item was for consideration only by the Committee.

6. U. T. System: Report on the State Auditor's Office Statewide Single Audit for FY 2016

This item was for consideration only by the Committee.

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

This item was for consideration only by the Committee.

REPORT AND RECOMMENDATIONS OF THE FINANCE AND PLANNING COMMITTEE (Pages 31 - 39).--Committee Chairman Hildebrand reported that the Finance and Planning Committee met in Open Session to consider the matters on its agenda and to formulate recommendations for The University of Texas System Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders that follow were recommended by the Finance and Planning Committee and approved in Open Session by the U. T. System Board of Regents.

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

There were no items referred from the Consent Agenda.

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

This item was for consideration only by the Committee.

3. U. T. System: Approval of the Fiscal Year 2018 Budget Preparation Policies and Calendar for budget operations

This item was considered and approved by the full Board (see Meeting of the Board Agenda Item 11 set forth on Pages 16 - 20).

4. U. T. System Board of Regents: Discussion of matters related to University Lands

This item was for consideration only by the Committee.

5. U. T. System Board of Regents: The University of Texas/Texas A&M Investment Management Company (UTIMCO) Update and Investment Reports for the quarter ended February 28, 2017

The Investment Reports for The University of Texas/Texas A&M Investment Management Company (UTIMCO) for the quarter ended February 28, 2017, are set forth on Pages 33 - 36.

Item I on Page 33 reports activity for the Permanent University Fund (PUF) investments. The fiscal year to date PUF net investment return was 5.62% versus its composite benchmark return of 4.01%. The PUF's net asset value increased by \$898 million during the quarter to \$19,227 million. The increase was due to \$160 million PUF Lands receipts, plus a net investment return of \$738 million. No distribution was made to the Available University Fund (AUF) during the quarter.

Item II on Page 34 reports activity for the General Endowment Fund (GEF) investments. The fiscal year to date GEF net investment return was 5.81% versus its composite benchmark return of 4.01%. The GEF's net asset value increased by \$297 million during the quarter to \$8,912 million.

Item III on Page 35 reports activity for the Intermediate Term Fund (ITF). The fiscal year to date ITF net investment return was 2.58% versus its composite benchmark return of 1.10%. The net asset value increased during the quarter to \$8,119 million due to net investment return of \$268 million and less distributions of \$59 million.

All exposures were within their asset class and investment type ranges. Liquidity was within policy.

Item IV on Page 36 presents book and market values of cash, debt, equity, and other securities held in funds outside of internal investment pools. Total cash and equivalents, consisting primarily of institutional operating funds held in the Dreyfus and Fidelity money market fund, increased by \$703 million to \$3,068 million during the three months since the last reporting period. Market values for the remaining asset types were debt securities: \$21 million versus \$21 million at the beginning of the period; equities: \$67 million versus \$66 million at the beginning of the period; and other investments: \$305 thousand versus \$3 million at the beginning of the period.

**I. PERMANENT UNIVERSITY FUND**  
**Investment Reports for Periods Ended February 28, 2017**

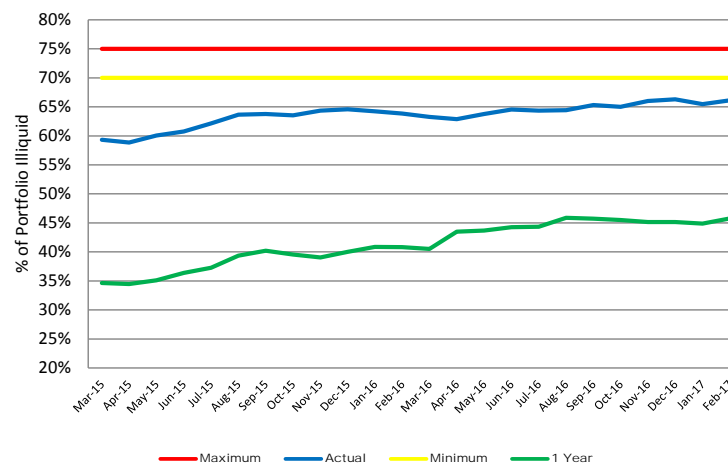
Prepared in accordance with Texas Education Code Sec. 51.0032

	Fiscal Year to Date							
	Asset Allocation		Returns		Value Added			
	Actual	Policy	Portfolio	Policy Benchmark	Tactical Allocation	Active Management	Total	
<b>More Correlated and Constrained:</b>								
Investment Grade	8.4%	7.0%	-3.58%	-5.06%	-0.06%	0.10%	0.04%	
Credit-Related	0.1%	0.0%	1.55%	3.72%	0.00%	0.00%	0.00%	
Real Estate	1.1%	1.3%	-1.28%	-3.11%	0.04%	0.04%	0.08%	
Natural Resources	4.9%	5.1%	7.01%	2.82%	-0.01%	0.27%	0.26%	
Developed Country	13.9%	16.3%	10.21%	7.78%	-0.14%	0.35%	0.21%	
Emerging Markets	<u>9.1%</u>	<u>9.7%</u>	<u>6.29%</u>	<u>5.51%</u>	<u>-0.04%</u>	<u>0.04%</u>	<u>0.00%</u>	
<b>Total More Correlated and Constrained</b>	<b>37.5%</b>	<b>39.4%</b>	<b>5.34%</b>	<b>3.71%</b>	<b>-0.21%</b>	<b>0.80%</b>	<b>0.59%</b>	
<b>Less Correlated and Constrained</b>	<b>24.1%</b>	<b>27.2%</b>	<b>4.19%</b>	<b>3.07%</b>	<b>0.07%</b>	<b>0.28%</b>	<b>0.35%</b>	
<b>Private Investments</b>	<b><u>38.4%</u></b>	<b><u>33.4%</u></b>	<b><u>6.83%</u></b>	<b><u>5.09%</u></b>	<b><u>0.22%</u></b>	<b><u>0.45%</u></b>	<b><u>0.67%</u></b>	
<b>Total</b>	<b><u>100.0%</u></b>	<b><u>100.0%</u></b>	<b><u>5.62%</u></b>	<b><u>4.01%</u></b>	<b><u>0.08%</u></b>	<b><u>1.53%</u></b>	<b><u>1.61%</u></b>	

Summary of Capital Flows

(\$ millions)	Fiscal Year Ended August 31, 2016	Quarter Ended February 28, 2017	Fiscal Year Ended August 31, 2017
Beginning Net Assets	\$17,490	\$18,329	\$17,880
PUF Lands Receipts	512	160	340
Investment Return (Net of Expenses)	651	738	1,007
Distributions to AUF	<u>(773)</u>	<u>0</u>	<u>0</u>
Ending Net Assets	<u>\$17,880</u>	<u>\$19,227</u>	<u>\$19,227</u>

**Permanent University Fund**  
**Actual Illiquidity vs. Trigger Zones**



## II. GENERAL ENDOWMENT FUND

### Investment Reports for Periods Ended February 28, 2017

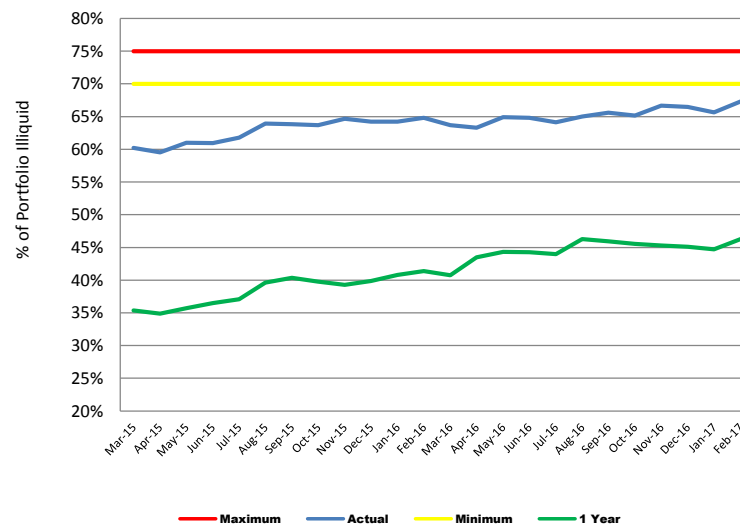
Prepared in accordance with Texas Education Code Sec. 51.0032

	Fiscal Year to Date						
	Asset Allocation		Returns		Value Added		
	Actual	Policy	Portfolio	Policy Benchmark	Tactical Allocation	Active Management	Total
<b>More Correlated and Constrained:</b>							
Investment Grade	6.5%	7.0%	-2.92%	-5.06%	-0.04%	0.16%	0.12%
Credit-Related	0.1%	0.0%	1.55%	3.72%	0.00%	0.00%	0.00%
Real Estate	1.2%	1.3%	-1.27%	-3.11%	0.04%	0.04%	0.08%
Natural Resources	5.0%	5.1%	7.06%	2.82%	-0.01%	0.28%	0.27%
Developed Country	14.3%	16.3%	10.21%	7.78%	-0.13%	0.33%	0.20%
Emerging Markets	<u>9.4%</u>	<u>9.7%</u>	<u>7.55%</u>	<u>5.51%</u>	<u>-0.04%</u>	<u>0.17%</u>	<u>0.13%</u>
<b>Total More Correlated and Constrained</b>	<b>36.5%</b>	<b>39.4%</b>	<b>5.89%</b>	<b>3.71%</b>	<b>-0.18%</b>	<b>0.98%</b>	<b>0.80%</b>
<b>Less Correlated and Constrained</b>	<b>24.5%</b>	<b>27.2%</b>	<b>4.19%</b>	<b>3.07%</b>	<b>0.06%</b>	<b>0.27%</b>	<b>0.33%</b>
<b>Private Investments</b>	<b><u>39.0%</u></b>	<b><u>33.4%</u></b>	<b><u>6.83%</u></b>	<b><u>5.09%</u></b>	<b><u>0.22%</u></b>	<b><u>0.45%</u></b>	<b><u>0.67%</u></b>
<b>Total</b>	<b><u>100.0%</u></b>	<b><u>100.0%</u></b>	<b><u>5.81%</u></b>	<b><u>4.01%</u></b>	<b><u>0.10%</u></b>	<b><u>1.70%</u></b>	<b><u>1.80%</u></b>

#### Summary of Capital Flows

(\$ millions)	Fiscal Year Ended August 31, 2016	Quarter Ended February 28, 2017	Fiscal Year Ended August 31, 2017
Beginning Net Assets	\$8,237	\$8,615	\$8,500
Contributions	361	62	136
Withdrawals	(21)	(1)	(4)
Distributions	(411)	(108)	(214)
Investment Return (Net of Expenses)	<u>334</u>	<u>344</u>	<u>494</u>
Ending Net Assets	<u>\$8,500</u>	<u>\$8,912</u>	<u>\$8,912</u>

#### General Endowment Fund Actual Illiquidity vs. Trigger Zones



**III. INTERMEDIATE TERM FUND**  
**Investment Reports for Periods Ended February 28, 2017**

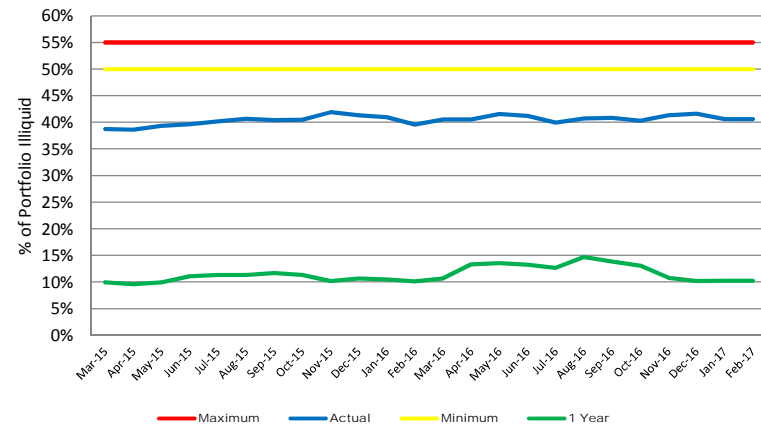
Prepared in accordance with Texas Education Code Sec. 51.0032

	Asset Allocation		Fiscal Year to Date Returns		Value Added		
	Actual	Policy	Portfolio	Policy Benchmark	Tactical Allocation	Active Management	
						Total	
<b>More Correlated and Constrained:</b>							
Investment Grade	32.3%	30.0%	-3.35%	-5.06%	-0.08%	0.57%	0.49%
Credit-Related	0.0%	0.0%	0.00%	0.00%	0.00%	0.00%	0.00%
Real Estate	1.8%	1.7%	-1.22%	-3.11%	0.02%	0.03%	0.05%
Natural Resources	4.9%	4.6%	6.87%	2.82%	-0.02%	0.23%	0.21%
Developed Country	10.6%	12.0%	10.20%	7.78%	-0.10%	0.24%	0.14%
Emerging Markets	<u>6.3%</u>	<u>6.7%</u>	<u>7.52%</u>	<u>5.51%</u>	<u>-0.01%</u>	<u>0.11%</u>	<u>0.10%</u>
<b>Total More Correlated and Constrained</b>	<b>55.9%</b>	<b>55.0%</b>	<b>1.26%</b>	<b>-0.52%</b>	<b>-0.19%</b>	<b>1.18%</b>	<b>0.99%</b>
<b>Less Correlated and Constrained</b>	<b>44.1%</b>	<b>45.0%</b>	<b>4.19%</b>	<b>3.07%</b>	<b>-0.08%</b>	<b>0.57%</b>	<b>0.49%</b>
<b>Private Investments</b>	<b><u>0.0%</u></b>	<b><u>0.0%</u></b>	<b><u>0.00%</u></b>	<b><u>0.00%</u></b>	<b><u>0.00%</u></b>	<b><u>0.00%</u></b>	<b><u>0.00%</u></b>
<b>Total</b>	<b><u>100.0%</u></b>	<b><u>100.0%</u></b>	<b><u>2.58%</u></b>	<b><u>1.10%</u></b>	<b><u>-0.27%</u></b>	<b><u>1.75%</u></b>	<b><u>1.48%</u></b>

**Summary of Capital Flows**

(\$ millions)	Fiscal Year Ended August 31, 2016	Quarter Ended February 28, 2017	Fiscal Year Ended August 31, 2017
Beginning Net Assets	\$7,037	\$7,910	\$7,836
Contributions	1,009	165	455
Withdrawals	(248)	(165)	(253)
Distributions	(220)	(59)	(120)
Investment Return (Net of Expenses)	<u>258</u>	<u>268</u>	<u>201</u>
Ending Net Assets	<u>\$7,836</u>	<u>\$8,119</u>	<u>\$8,119</u>

**Intermediate Term Fund**  
**Actual Illiquidity vs. Trigger Zones**



**IV. SEPARATELY INVESTED ASSETS**  
**Summary Investment Report at February 28, 2017**  
 Report prepared in accordance with *Texas Education Code Sec. 51.0032*

ASSET TYPES	(\$ thousands)															
	FUND TYPE															
	CURRENT PURPOSE DESIGNATED		RESTRICTED		ENDOWMENT & SIMILAR FUNDS		ANNUITY & LIFE INCOME FUNDS		AGENCY FUNDS		TOTAL EXCLUDING OPERATING FUNDS		OPERATING FUNDS (DEBT PROCEEDS AND (SHORT TERM FUND))		TOTAL	
	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET
<b>Cash &amp; Equivalents:</b>																
Beginning value 11/30/16	-	-	2,243	2,243	52,764	52,764	1,639	1,639	1,968	1,968	58,614	58,614	2,306,291	2,306,573	2,364,905	2,365,187
Increase/(Decrease)	-	-	667	667	41,707	41,707	1,107	1,107	(465)	(465)	43,016	43,016	660,087	660,027	703,103	703,043
Ending value 02/28/17	-	-	2,910	2,910	94,471	94,471	2,746	2,746	1,503	1,503	101,630	101,630	2,966,378	2,966,600	3,068,008	3,068,230
<b>Debt Securities:</b>																
Beginning value 11/30/16	-	-	7	6	12,111	11,955	9,231	8,655	-	-	21,349	20,616	-	-	21,349	20,616
Increase/(Decrease)	-	-	-	-	396	505	(533)	(378)	-	-	(137)	127	-	-	(137)	127
Ending value 02/28/17	-	-	7	6	12,507	12,460	8,698	8,277	-	-	21,212	20,743	-	-	21,212	20,743
<b>Equity Securities:</b>																
Beginning value 11/30/16	-	-	363	2,508	42,380	51,891	11,824	12,081	-	-	54,567	66,480	-	-	54,567	66,480
Increase/(Decrease)	-	-	(42)	(30)	(2,161)	334	(842)	(246)	-	-	(3,045)	58	-	-	(3,045)	58
Ending value 02/28/17	-	-	321	2,478	40,219	52,225	10,982	11,835	-	-	51,522	66,538	-	-	51,522	66,538
<b>Other:</b>																
Beginning value 11/30/16	-	-	1,954	1,954	7	7	5	5	876	876	2,842	2,842	-	-	2,842	2,842
Increase/(Decrease)	-	-	(1,832)	(1,832)	(5)	(5)	(1)	(1)	(699)	(699)	(2,537)	(2,537)	-	-	(2,537)	(2,537)
Ending value 02/28/17	-	-	122	122	2	2	4	4	177	177	305	305	-	-	305	305
<b>Total Assets:</b>																
Beginning value 11/30/16	-	-	4,567	6,711	107,262	116,617	22,699	22,380	2,844	2,844	137,372	148,552	2,306,291	2,306,573	2,443,663	2,455,125
Increase/(Decrease)	-	-	(1,207)	(1,195)	39,937	42,541	(269)	482	(1,164)	(1,164)	37,297	40,664	660,087	660,027	697,384	700,691
Ending value 02/28/17	-	-	3,360	5,516	147,199	159,158	22,430	22,862	1,680	1,680	174,669	189,216	2,966,378	2,966,600	3,141,047	3,155,816

Details of individual assets by account furnished upon request.



6. U. T. System Board of Regents: Discussion and appropriate action related to proposed appointments to the Board of Directors of The University of Texas/Texas A&M Investment Management Company (UTIMCO)

The Board approved the appointment of Ms. Janet Handley to the Board of Directors of The University of Texas/Texas A&M Investment Management Company (UTIMCO) as recommended by The Texas A&M University System Board of Regents following the voluntary departure of Chancellor McRaven from the UTIMCO Board. Ms. Handley served as the Vice President for Investments of the Texas A&M Foundation. The appointment was effective immediately for a term to expire on April 1, 2020.

During the Meeting of the Board on May 9, 2017 (Item 1), the Board approved the reappointment of Vice Chairman Hicks and Vice Chairman Hildebrand and appointed Regent Weaver to the UTIMCO Board of Directors, all with terms to expire on April 1, 2019.

*Texas Education Code* Section 66.08 and Regents' *Rules and Regulations*, Rule 10402, Section 6 require that The University of Texas System Board of Regents appoint seven members to the UTIMCO Board of Directors of whom three must be members of the Board of Regents, three must have a substantial background and expertise in investments, and one must be a qualified individual who may be the Chancellor.

The approved UTIMCO Bylaws allow external directors to serve a maximum of three terms of three years each.

7. U. T. System Board of Regents: Discussion and appropriate action regarding amendments to Articles of Incorporation and Bylaws of The University of Texas Investment Management Company (UTIMCO) related to the legal name of the corporation

The Board authorized amendments to the Articles of Incorporation and Bylaws of The University of Texas Investment Management Company (UTIMCO) to change the legal name of the corporation to The University of Texas/Texas A&M Investment Management Company.

On April 20, 2017, the UTIMCO Board of Directors approved amendments to the UTIMCO Articles of Incorporation and Bylaws to change the name of the corporation as shown above. Investment policy statements and all other governing documents will be amended editorially to reflect the name change.

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

The Board approved that

- a. the distribution rate for the Permanent Health Fund (PHF) be increased from \$0.0612 per unit to \$0.0619 per unit for Fiscal Year 2018 (effective with November 30, 2017 distribution);
- b. the distribution rate for The University of Texas System Long Term Fund (LTF) be decreased from \$0.3507 per unit to \$0.3481 per unit for Fiscal Year 2018 (effective with November 30, 2017 distribution); and
- c. the distribution rate for the U. T. System Intermediate Term Fund (ITF) remain at 3.0% per annum (paid monthly) for Fiscal Year 2018.

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

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

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

The LTF distribution rate of \$0.3481 per unit or 4.90% of the market value of the LTF plus the previously approved 0.60% development allocation would result in a total LTF spending rate of 5.50% of the prior 12-quarter average value of the LTF.

The increase in the consumer price index for the prior three years as of November 30, 2016, was 1.17%. The 1.1% increase in the PHF distribution rate of \$0.0612 to \$0.0619 per unit will increase the distributions by the average rate of inflation for the trailing 12 quarters. The PHF's distribution rate calculated using the prior 12-quarter average value of the PHF is 4.7%.

The distribution rate for the ITF was originally set at 3.0% per annum for Fiscal Year 2007 by the U. T. Board on May 11, 2006, and has continued at that rate for each succeeding fiscal year. The distribution rate of 3.0% will be continued for Fiscal Year 2018.

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

9. U. T. System Board of Regents: Update on the U. T. System Internal Lending Program

This item was for consideration only by the Committee.

REPORT AND RECOMMENDATIONS OF THE ACADEMIC AFFAIRS COMMITTEE

(Pages 40 - 70).--Committee Chairman Tucker reported that the Academic Affairs Committee met in Open Session to consider those matters on its agenda and to formulate recommendations for The University of Texas System Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders that follow were recommended by the Academic Affairs Committee and approved in Open Session by the U. T. System Board of Regents.

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

There were no items referred from the Consent Agenda.

2. U. T. Austin: Approval to establish a Doctor of Philosophy degree program in Mexican American and Latina/o Studies

Pursuant to the Regents' *Rules and Regulations*, Rule 40307, related to academic program approval standards, the Board granted approval to

- a. establish a Doctor of Philosophy degree program in Mexican American and Latina/o Studies at The University of Texas at Austin; and
- b. submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action.

Program Description

The Ph.D. degree program in Mexican American and Latina/o Studies (MALS) is designed to prepare students to engage in an interdisciplinary scholarly approach to examining the lives, cultures, and histories of Mexican origin and Latina/o (Central, Caribbean, and South American) populations in the State of Texas, the United States, and their diasporas (both the origin and destination nations).

Through curriculum, research, and preprofessional training, students will be at the forefront of innovation in interdisciplinary scholarly conversations about critical ethnic studies, transborder studies, immigration, race, gender, sexuality, social class, and the health science humanities. Training will include traditional disciplinary and interdisciplinary perspectives for a multidimensional understanding of Mexican American and Latina/o experiences as situational and historically and geographically diverse. The field distinguishes itself from other areas of academic inquiry by taking the United States as the geographical starting point for investigating Latina/o diversity, history, politics, and culture. The MALS Ph.D. program trains students to understand the generational, ethnic, racial, class, and religious diversity amongst Mexican Americans and Latinas/os in the U.S. The program will also train students to engage the Mexican American and Latina/o community, ethnic, and identity

formations from local, national, and transnational perspectives because many maintain complicated relationships with the country of origin, including the United States. Students entering the program with a B.A. degree will enroll in a minimum of 51 semester credit hours to complete the degree.

### Need and Student Demand

Graduates of the MALS Ph.D. degree program at U. T. Austin will be qualified to enter the traditional academic job market, administration, and public and private sector jobs related to the field of study. Based on simple population numbers and the foreseeable demand for Latina/o professionals that mirrors the demographic uptick, graduates will have both core disciplinary skills and interdisciplinary training that will make them competitive hires in traditional departments in the Fine Arts, Humanities, and Social Sciences in addition to Ethnic, Gender, and Sexualities Studies positions. With a keen understanding of methodologies in the field of Mexican American and Latina/o Studies and a student's chosen core discipline, students will be far more prepared than the competition because of their training in a core discipline instead of thematic areas, which is the preferred method of the competitors.

The advantage of this degree program is that the level of rigor expected of the graduates will far exceed that of peer institutions and prepare them to raise the standards of scholarly excellence in the field and beyond. Graduates from the Portfolio Program in MALS<sup>1</sup> have a placement rate of 80%, which serves as an indicator of how training in the field provides real market value. Given this real value of Latina/o Studies training, it makes sense to implement the field area as a doctoral degree program. Overall, whether the student chooses the traditional academic career track of foreign service, think tanks, government and research bureaus, and nongovernmental organizations (NGOs), they will be prepared to bring rigor and in-depth knowledge to the study of Latina/o populations more broadly in a state where Latinas/os are the majority minority. With approximately 10 graduates a year in parallel fields of study by peer competitor programs and an average of 20 Latina/o Studies jobs advertised per year, graduates of the program will be available to fill a large employment gap in the academy alone.

Prospective students from Texas and the Southwest are, in large part, required to go to the U.S. Northeast or West Coast to pursue a doctorate in a similar or related field. Currently, the University of California, Santa Barbara's Ph.D. program receives nearly 25 applications for five available spots every academic year. Similarly, the University of California, Los Angeles receives approximately 40 applications per academic year for six available spots in its Chicana/o Studies Ph.D. program. The lack of a doctoral program in Mexican American and Latina/o Studies in Texas and at U. T. Austin precluded these top students from studying in the state. Since the Department of Mexican American and Latina/o Studies was created in Fall 2014, U. T. Austin received over 200 inquiries (via email, phone, in person at conferences,

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<sup>1</sup> A portfolio is a certification in the MALS field of study requiring 9 hours of MA-level coursework or 12 hours of Ph.D. coursework, including our MAS 390: Introduction to Mexican American and Latina/o Studies course.

and on recruitment trips) about the status of the Ph.D. program. U. T. Austin’s B.A. and M.A. graduates have the desire to continue their research on campus, but they seek out other doctoral programs because U. T. Austin does not offer a doctoral degree in MALS. The same holds true for The National Council of Science and Technology (CONACYT) funded students from Mexico. U. T. Austin awarded M.A. degrees to several of these Mexican government-funded students; however, when they want to continue their education with CONACYT funding with U. T. Austin in Mexican American and Latina/o Studies, they were unable to do so because there is not a doctoral degree in place. Without the MALS Ph.D. program, U. T. Austin is missing opportunities to train the best and brightest students from the U.S., Mexico, and beyond.

<b>Table 1. Enrollment Projections</b>					
	Year 1	Year 2	Year 3	Year 4	Year 5
New Students	3	3	3-4	3-4	4-5
White	1	1	1	1	1
African-American					
Hispanic	2	1	2	2	3
International		1	1	1	1
Other					
Cumulative Headcount	3	6	10	14	19
Full-Time Student Equivalent					
Attrition		1		1	
Graduates					3

These projections are based on the ability to fully fund all admits for 5 years, responsible growth, and faculty-to-student ratio in producing quality doctoral graduates.

Program Quality

Of the 9.5 core faculty members, in the last five years the average rate of publication of refereed journal articles and book chapters is 9.5 per individual. Seven of the 9.5 faculty have published a book during this same period of time. In terms of disciplinary expectations and faculty rank, faculty productivity exceeds the standards for the Mexican American and Latina/o Studies field. Five new faculty will be hired in Academic Year 2016-2017 and 2017-2018. The funds for these lines have already been allocated and the University will not encumber further expenses on this front. Given the projected number of graduate students, at capacity with 29 students and 13 full-time equivalent (FTE) faculty, the program can be supported with outstanding service. The faculty-to-student ratio will be 1:2.23.

The doctoral program will bring more resources into the unit with teaching assistants (TA), assistant instructors (AI), and fellowship opportunities not offered by peer competitors. Enhanced with the Mellon Mays Undergraduate Fellowship

Program<sup>2</sup> housed in MALS, the recognition generated by the Mellon Mays grant, expanded course offerings, and funding opportunities will attract an exceptionally large pool of stellar applicants to the doctoral program. Funding alone will allow the Department of Mexican American and Latina/o Studies at U. T. Austin to better serve first-generation applicants than the peer competitors who cannot offer full funding packages. The Department plans to be more diligent in strengthening its recruitment efforts on an international scale. In recent years, the Department has had two M.A. students from Mexico, fully funded through CONACYT. The Department will continue to nurture this relationship with Mexican institutions of higher learning to encourage their best students to apply to the Ph.D. program.

Revenue and Expenses

<b>Expenses</b>	<b>5-Year Total</b>
<i>Faculty</i>	
Salaries	\$ 6,517,428
Benefits	\$ 1,955,228
<i>Graduate Students</i>	
TA Salaries	\$ 786,236
TA Benefits	\$ 187,871
GRA Salaries	\$ 100,000
GRA Benefits	\$ 30,000
<i>Staff &amp; Administration</i>	
Graduate Coordinator Salary	\$ 291,398
Administrative Staff Salaries	\$ 322,619
Staff Benefits	\$ 184,205
<i>Other Expenses</i>	
Fellowships	\$ 800,000
Fringe	\$ 410,760
<b>Total Expenses</b>	<b>*\$11,585,745</b>

**\*All of these monies already exist in the budget or have been reallocated via letters of commitment.**

<sup>2</sup> In 2015, MALS received a Mellon Mays Undergraduate Fellowship (MMUF) program, which brought in \$500,000 to fund undergraduate diversity and professional training of future doctoral students. Dr. Jacqueline Toribio is the faculty program director for MMUF.

<b>Revenue</b>	<b>5-Year Total</b>
<i>From Student Enrollment</i>	
Formula Funding	\$ 266,350
Tuition and Fees	\$ 74,225
<i>From Institutional Funds</i>	
<i>From Grant Funds</i>	
Faculty Grant Buy-out	
<i>From Other Revenue Sources</i>	
<b>Total Revenue</b>	<b>\$ 340,575</b>

Coordinating Board Criteria

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

3. U. T. Permian Basin: Approval to establish a Bachelor of Science degree program in Chemical Engineering

Pursuant to the Regents' *Rules and Regulations*, Rule 40307, related to academic program approval standards, the Board granted approval to

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

Program Description

The B.S. in Chemical Engineering program at U. T. Permian Basin is designed to meet the growing needs of Texas and the region. The program will include 126 semester credit hours (42 general education, 31 lower-division chemical engineering, and 53 upper-division chemical engineering). The program will seek accreditation from the Accreditation Board for Engineering and Technology (ABET) and be reflective of the commonly accepted programs in the field. At the same time, through its curriculum and regional influences, the U. T. Permian Basin chemical engineering program will serve the unique needs of the oil and gas extraction industry by providing the region and the nation with highly-qualified chemical engineers. The U.S. Bureau of Labor Statistics (BLS) has found the oil and gas extraction industry to have a high concentration of chemical engineering



employment. The Permian Basin is a national center for oil production in the state and nation, producing 70% of the oil and gas extracted in Texas and 30% of the nation's oil.

### Need and Student Demand

The BLS estimates that there are 33,300 chemical engineering jobs in the United States, with Texas having the highest number of chemical engineers with 6,680 employed. The Texas Workforce Commission (TWC) estimates there are 6,430 chemical engineering positions in the state, only a minor variance from the BLS's estimate. In 2015, the average salary for a chemical engineer was \$73,521, which ranked 26th highest out of the 756 job titles the TWC tracks. The mean salary was the 33rd highest out of 756 job titles at \$122,182. The high comparative salaries are a key market indicator that chemical engineers are in short supply and in high demand.

All indications from national, state, and regional sources and from students are that chemical engineering remains a high demand field. The University of Texas System Task Force on Engineering Education for Texas in the 21st Century reported in 2013 that the U. T. System needed to double the number of engineers produced by U. T. System institutions to meet the needs of the Texas economy.

The TWC estimates an annual growth of 2.1% in the number of chemical engineering positions between Fiscal Year 2012 - 2022. This predicts an average of 135 annual openings due to growth. Along with the estimated 150 retirements in the field, 285 annual openings are expected. TWC figures do not reflect actual job openings nor do they take into account the movement in and out of the chemical engineering profession for reasons other than retirement. Data provided by Burning Glass Technologies using advanced analytics to track actual job advertisements show that an average of 4,217 job postings requiring a bachelor's degree in chemical engineering were made between 2012-2016. This represented 14 times the TWC predicted job projections. To determine current and projected workers in Texas and in the counties of the Permian Basin, U. T. Permian Basin used The Perryman Group's Texas Multi-Regional Industry-Occupation System. The Perryman Group's Texas Econometric Model predicts that Texas will have an average demand of 1,908 new chemical engineers annually for the period 2015-2024. Using the projections of Burning Glass Technologies and The Perryman Group for actual job postings, one can predict an annual demand for new chemical engineers from 1,980 to 4,220.

A traditional measure of supply for jobs requiring a bachelor's degree for career entry is derived from the number of graduates in the field produced by Texas universities. The estimated average number of graduates from the eight Texas public universities awarding undergraduate degrees in chemical engineering is expected to be approximately 530 graduates a year. Further, not all 530 chemical engineering graduates will enter or remain in the profession. Indeed, the National Science Foundation Scientists and Engineers Statistical Data System found that only 46.7% of those whose highest degree was in chemical engineering were

working in engineering of any form. This may suggest that over time the average of 530 Texas graduates in chemical engineering may translate into only 215 who are actually in the profession. Again, the U. T. System Task Force on Engineering Education for Texas in the 21st Century (2013) suggested that Texas needed to double the number of graduates from the current level of production. This seems true of chemical engineering.

The need for chemical engineers is especially acute in the Permian Basin. The BLS has identified 10 U.S. metropolitan areas with the highest concentration of chemical engineers. Four of these are in Texas: Beaumont-Port Arthur, Houston-Sugarland, Corpus Christi, and Midland. Each of the four Texas metropolitan areas has a local university that provides chemical engineering training, except Midland.

The 2016 Engineering Talent Supply and Demand Survey of the ExperiEngineering ManpowerGroup found that 82% of engineering employers reported having difficulty filling engineering positions and chemical engineers were the fourth most sought after engineers. Local Permian Basin employers report great difficulty recruiting engineers, particularly chemical engineers, to West Texas. Authorizing U. T. Permian Basin to award the B.S. in Chemical Engineering will greatly enhance the coverage of the region in Texas where chemical engineering employment is concentrated and in demand.

The Coordinating Board’s 2006 Regional Plan accurately identified a need for engineering, specifically chemical engineering, in the West Texas Higher Education Region. Building on that plan, U. T. Permian Basin has opened engineering programs in mechanical engineering and petroleum engineering, which have experienced dramatic growth since their inception. In 2008, U. T. Permian Basin had 61 students in a general engineering articulation program with The University of Texas at El Paso. Currently, 573 students are in U. T. Permian Basin’s engineering programs. Engineering students account for nearly one out of ten students. Student demand has exceeded the enrollment projections for the two existing degrees. The petroleum engineering major is the third largest major (234 students) within the University following management and psychology. Mechanical engineering is the sixth largest major (203 students) out of the 35 undergraduate degrees offered at U. T. Permian Basin.

Enrollment Projections

<b>YEAR</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>Headcount</b>	57	95	116	128	180
<b>FTSE</b>	49	81	100	110	155

Program Quality

Like U. T. Permian Basin’s current engineering programs, the B.S. in Chemical Engineering will be ABET-accredited and reflective of the commonly accepted programs in the field.

U. T. Permian Basin currently has no faculty with a degree in chemical engineering. The plan will be to recruit three terminally degreed faculty and one lecturer/lab technician to implement the degree program. The first faculty member to be hired will be at the rank of associate professor or professor and will serve as the program coordinator.

Current engineering faculty will support the chemical engineering program. U. T. Permian Basin currently has 10 full-time faculty serving the engineering programs. These faculty have been reviewed by ABET accreditation teams and found to meet ABET standards. The engineering faculty collectively share the core classes, which will be taken by chemical engineering majors as well as those in mechanical and petroleum engineering. Some will teach electives open to chemical engineering students.

U. T. Permian Basin has numerous programs to recruit, respond to, and retain chemical engineering students. U. T. Permian Basin’s efforts to recruit and support students in Science, Technology, Engineering, and Mathematics (STEM) fields start at the Pre-K level and continue until students graduate from college with STEM degrees. As a designated Hispanic Serving Institution, U. T. Permian Basin’s efforts are geared toward serving the population of students.

Revenue and Expenses

<b>Expenses</b>	<b>5-Year Total</b>
<i>Faculty</i>	
Salaries	\$ 1,283,769
Benefits	\$ 359,459
<i>Other Expenses</i>	
Faculty & Instruction Maintenance & Operations Support	\$ 63,000
Capital Lab Equipment and Construction in new Engineering Building	\$ 700,000
<b>Total Expenses</b>	<b>\$2,406,228</b>

<b>Revenue</b>	<b>5-Year Total</b>
<i>From Student Enrollment</i>	
Formula Funding	\$ 747,532
Tuition and Fees	\$ 793,107
<i>From Institutional Funds</i>	
<i>From Grant Funds</i>	
Midland Development Corporation and UTPB Foundation Funding	\$ 165,589
<i>From Other Revenue Sources</i>	
Midland Development Corporation and UTPB Foundation Funding	\$ 700,000
<b>Total Revenue</b>	<b>\$ 2,406,228</b>

Coordinating Board Criteria

The program meets all applicable Coordinating Board criteria for a new bachelor's program.

4. U. T. Permian Basin: Approval to establish a Bachelor of Science degree program in Electrical Engineering

Pursuant to the Regents' *Rules and Regulations*, Rule 40307, related to academic program approval standards, the Board granted approval to

- a. establish a Bachelor of Science degree program in Electrical Engineering at The University of Texas of the Permian Basin; and
- b. submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action.

Program Description

The B.S. in Electrical Engineering is designed to meet the growing needs of Texas and the region. The program consists of 126 semester credit hours (42 general education, 26 lower-division electrical engineering, 52 upper-division electrical engineering, and six elective). The program will seek accreditation from the Accreditation Board for Engineering and Technology (ABET) and be reflective of the commonly accepted programs in the field. At the same time, through its curriculum and regional influences, the U. T. Permian Basin Electrical Engineering program will serve the unique needs of the oil and gas extraction industry by providing the region, Texas, and the nation with highly-qualified electrical engineers. The U.S. Bureau of Labor Statistics (BLS) has found the oil and gas extraction industry to have a high

concentration of electrical engineering employment. The Permian Basin is a national center for oil production in the state and nation, producing 70% of the oil and gas extracted in Texas and 30% of the nation's oil.

### Need and Student Demand

The BLS estimates that there are 315,900 electrical engineering jobs in the United States, with Texas having the highest number of electrical engineers with 14,110 employed. The Texas Workforce Commission (TWC) estimates there are 13,620 electrical engineering positions in the state, only a minor variance from the BLS's figure. In 2015, the average salary for an electrical engineer was \$71,460, which ranked 30th highest out of the 756 job titles the TWC tracks. The average salary was 54th highest out of 756 job titles at \$103,599. The high comparative salaries are a key market indicator that electrical engineers are in short supply and in high demand.

All indications from national, state, and regional sources and from students is that electrical engineering remains a high demand field. The University of Texas System Task Force for Engineering Education for Texas in the 21st Century reported in 2013 that the U. T. System needed to double the number of engineers produced by U. T. System institutions to meet the needs of the Texas economy.

The TWC estimates that the number of new electrical engineering positions will increase by 285 positions or by 2.1% annually. Add to that the estimated number of retirement positions (295), and the total number of projected annual openings is 580. The TWC figures do not reflect actual job openings nor do they take into account movement in and out of the electrical engineering profession for reasons other than retirement. Data provided by Burning Glass Technologies using advanced analytics to track actual job advertisements shows that an average of 31,781 job postings requiring a bachelor's degree in electrical engineering were made between 2011-2015. This amounts to almost 55 times the TWC predicted job openings. If one assumes that none of the postings with unspecified job titles are actually for electrical engineers, the average is 19,264 per year or 33 times the TWC prediction. The openings identified as electrical engineering positions at a top 25 employer averages 4,672 per year, which is over nine times the TWC predicted number of openings. Additionally, the Perryman Group's Texas Multi-Regional Industry-Occupation System was used to determine current and projected workers in Texas and in the 17 counties of the Permian Basin. The Perryman Group's Texas Econometric Model predicts that Texas will have an average demand for 1,098 new electrical engineers annually for the period 2015-2024. Using the predictions of Burning Glass Technologies and the Perryman Group for actual job postings, one can easily predict a demand for electrical engineers in Texas that is at least twice the amount predicted by TWC. To be conservative, an estimate of about 1,100 job openings per year was used for the proposal.

A traditional measure of supply for jobs requiring a bachelor's degree for career entry is derived from the number of graduates in the field produced by Texas universities. The estimated average number of graduates from the 16 Texas public universities awarding undergraduate degrees in electrical engineering has varied from 938 in the 2010-2011 academic year to 1,098 graduates in 2014-2015. The number of electrical engineering graduates is approximately twice that of the TWC's demand forecast, on par with the Perryman Group's projection, but well below the Burning Glass Technologies findings of actual job postings.

Salary trends and reports from employers further suggest that the supply of electrical engineers does not meet actual demand, suggesting that Burning Glass Technology's forecasts are a truer reflection of the actual marketplace. It also suggests that using the assumption that all those who earn an electrical engineering degree enter electrical jobs overstates the supply. Indeed, not all who receive a degree in electrical engineering enter the profession and remain in it until retirement. The National Science Foundation (NSF) Scientists and Engineers Statistical Data System found that only 29.1% of those whose highest degree was in electrical engineering were working in engineering of any form.

The 2016 Engineering Talent Supply and Demand Survey of the ExperiEngineering Manpower Group found that 82% of engineering employers reported having difficulty filling engineering positions and electrical engineers were the second most sought after engineers.

The need for electrical engineers is especially acute in the Permian Basin. The Perryman Group estimates there are 483 electrical or electronic engineers in the Permian Basin with an annual demand of 18 new positions per year. Local Permian Basin employers report great difficulty recruiting engineers, particularly electrical engineers, to West Texas. There is no electrical engineering program within 100 miles of Odessa/Midland. Locating an electrical engineering program at U. T. Permian Basin will allow the University to meet the needs of both the state and the region.

The Coordinating Board's 2006 Regional Plan accurately identified a need for engineering in the West Texas Higher Education Region. Building on that plan, U. T. Permian Basin has opened engineering programs in mechanical engineering and petroleum engineering, which have experienced dramatic growth since their inception. In 2008, U. T. Permian Basin had 61 students in a general engineering articulation program with The University of Texas at El Paso. Currently, 573 students are in U. T. Permian Basin's engineering programs. Engineering students account for nearly one out of every 10 students. Student demand has exceeded the enrollment projections for the two existing degree programs. The petroleum engineering major is the third largest major (234 students) at U. T. Permian Basin following management and psychology. Mechanical engineering is the sixth largest major (203 students) out of the 35 undergraduate degrees offered at U. T. Permian Basin.

Enrollment Projections

<b>YEAR</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>Headcount</b>	56	92	113	140	198
<b>FTSE</b>	48	79	98	121	170

Program Quality

Like U. T. Permian Basin’s current programs in mechanical engineering and petroleum engineering, the B.S. in Electrical Engineering will be ABET-accredited and reflective of the commonly accepted programs in the field.

U. T. Permian Basin currently has no faculty with a degree in electrical engineering. Three terminally degreed faculty and one lecturer/lab technician will be hired to fully implement this degree program. The first person to be hired will be at the rank of associate professor or professor and will serve as the program coordinator.

Current engineering faculty will support the electrical engineering program. U. T. Permian Basin currently has 10 full-time faculty serving its engineering programs. These faculty have been reviewed by ABET accreditation teams and found to meet ABET standards. The engineering faculty collectively share the engineering core classes, which will be taken by electrical engineering majors as well as those in mechanical and petroleum engineering. Some will teach electives open to electrical engineering students.

U. T. Permian Basin has numerous programs to recruit and support engineering students, and efforts to recruit and support students in the Science, Technology, Engineering, and Mathematics (STEM) fields start at the Pre-K level and continue until students graduate from college with STEM degrees. As a designated Hispanic Serving Institution, U. T. Permian Basin’s efforts are particularly geared toward serving this population of students.

Revenue and Expenses

<b>Expenses</b>	<b>5-Year Total</b>
<i>Faculty</i>	
Salaries	\$ 1,283,769
Benefits	\$ 359,459
<i>Other Expenses</i>	
Faculty & Instruction M&O Support	\$ 68,000
Capital Lab Equipment and Construction in new Engineering Building	\$ 800,000
<b>Total Expenses</b>	<b>\$ 2,511,228</b>

<b>Revenue</b>	<b>5-Year Total</b>
<i>From Student Enrollment</i>	
Formula Funding	\$ 948,891
Tuition and Fees	\$ 1,032,323
<i>From Institutional Funds</i>	
<i>From Grant Funds</i>	
<i>From Other Revenue Sources</i>	
Midland Development Corporation and UTPB Foundation Funding	\$ 800,000
<b>Total Revenue</b>	<b>\$ 2,781,214</b>

Coordinating Board Criteria

The program meets all applicable Coordinating Board criteria for a new bachelor’s program.

5. U. T. Rio Grande Valley: Approval to establish a Master of Science degree program in Civil Engineering

Pursuant to the Regents' *Rules and Regulations*, Rule 40307, related to academic program approval standards, the Board granted approval to

- a. establish a Master of Science degree program in Civil Engineering at The University of Texas Rio Grande Valley; and
- b. submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action.

Program Description

The M.S. in Civil Engineering is a 36-hour degree program with four concentrations: Construction and Structures, Energy and Utility Infrastructure, Environmental and Water Resources, and Geotechnical and Transportation. The program is designed to meet the following educational objectives:

- To provide practitioners with advanced knowledge and technical capacity in crosscutting engineering-related areas relevant to the needs of the Rio Grande Valley region, state, and country;
- To produce the next generation of graduate professional engineers equipped with the critical thinking and inquiry-based research skills to address the looming challenges of sustainability and resiliency;



- To provide practicing engineers with professional development opportunities to reach the next milestone in their career paths; and
- To prepare students to pursue doctorate degrees in civil engineering-related disciplines.

### Need and Student Demand

The Bureau of Labor Statistics estimates the civil engineering profession to experience an 8% growth in job outlook, or an additional 23,600 new jobs, between 2014 and 2024. Of the approximately 1.6 million engineering jobs in the U.S. in 2014, civil engineers account for the greatest fraction (281,400). According to a 2010 draft report by the Texas Higher Education Coordinating Board, utilizing Texas Workforce Commission projections, Texas universities are expected to produce approximately 100 fewer baccalaureate and master's graduates in civil engineering than the state's needs at the current time. Civil Engineering Master's degree production at public universities in Texas has ranged from 350 in 2010-2011 to 385 in 2014-2015. Statewide population demographics further support the need for this program to be located in the Rio Grande Valley. These needs include water resources management, wastewater treatment, highway and bridge construction, residential projects, and supporting the booming energy industry that includes an increased emphasis on climate change adaptation, renewable resources, sustainability, and resilience.

The University of Texas System Task Force on Engineering Education for Texas in the 21st Century reported in 2013 that the U. T. System needed to double the number of engineers produced by U. T. System institutions to meet the needs of the Texas economy.

The Civil Engineering undergraduate program at U. T. Rio Grande Valley has been in existence since 2010 and currently boasts an enrollment of over 500 students. It is the fastest growing and second largest of the five engineering programs in the College of Engineering and Computer Science. Two surveys were conducted to solicit students' and professionals' opinions regarding the need for a master's program in civil engineering. The survey included three questions addressing: 1) the level of interest in each of four areas of concentration; 2) whether the participant is planning to pursue a master's degree within the next two years; and 3) whether the participant is considering U. T. Rio Grande Valley for obtaining his/her master's degree. Of the 40 professionals surveyed, 18 (45%) showed high interest in pursuing a master's degree within two years, and 21 (52%) were highly interested in pursuing their M.S. degree at U. T. Rio Grande Valley. The results show that 78% of the 227 students responding to the survey expressed a high interest in pursuing a master's degree and that 80% expressed a high interest in continuing their graduate studies at U. T. Rio Grande Valley.

Due to the involvement of a relatively high number (approximately 20%) of students in undergraduate research with the civil engineering faculty members, U. T. Rio Grande Valley civil engineering students tend to graduate with a mindset of pursuing at least a master’s degree to further the research they started during their undergraduate years. A conservative estimate of 25 full-time students is used to populate the first cohort. Additionally, 14 practitioners indicated in the survey that they were interested in pursuing their M.S. degree at U. T. Rio Grande Valley within two years. A conservative estimate of 10 part-time students is used to populate the first cohort. An initial headcount of 35 master’s students is projected for the first year, producing an effective Full-Time Student Equivalent (FTSE) of 24. By the end of the five-year initial operating period, the goal of the graduate program is to achieve a 100% graduation rate within 1.5 years (three regular semesters and a summer) for full-time students and a 2.5-year graduation rate at 100% (five regular semesters and two summers) for part-time students. As a new program, and for conservative projections, a high initial attrition rate of 25% is assumed, with programmatic retention and graduate enrollment management programs being developed and evolved to systematically achieve zero attrition by Year Five. The following summarizes the projected headcount and FTSE for the first five years of the program.

*Projected Headcount and FTSE*

<b>YEAR</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>Headcount</b>	35	77	101	108	112
<b>FTSE</b>	24	53	68	72	75

Program Quality

Eight current faculty will serve as core faculty for this program with plans to add three additional faculty in Year Two to complement current faculty research in the concentration areas. All faculty have or will have a terminal degree from Tier One research universities in civil engineering or a related discipline, such as environmental sciences and engineering or environmental engineering. Over the past five years, the core faculty have together published 46 refereed journal articles and 76 articles in conference proceedings. The core faculty have been awarded 26 external grants totaling \$1,093,026 to support their research over this period.

The existing B.S. in Civil Engineering is Accreditation Board of Engineering and Technology (ABET) accredited. While ABET does not accredit graduate programs, the same high-quality expectations established by ABET will be incorporated into the M.S. program.

U. T. Rio Grande Valley is a Hispanic Serving Institution. The majority of the students in the undergraduate civil engineering program are Hispanic. The proposed recruitment plan for the M.S. in Civil Engineering will include the following points set forth on the next page.

- Coordinating with the U. T. Rio Grande Valley Graduate College to leverage institutional efforts to recruit graduate students;
- Recruiting graduating engineering students to pursue their master’s degree in Civil Engineering at U. T. Rio Grande Valley;
- Engaging undergraduate students in advanced research and recruiting them to pursue their master’s degree after graduation;
- Reaching out to universities in Texas that offer bachelor’s degrees in engineering, but do not have graduate programs to recruit their graduating students;
- Reaching out to community colleges in Texas to recruit students through the undergraduate civil engineering program as a pathway into the graduate program;
- Targeted, proactive recruitment of graduating seniors from faculty and research collaborators at partnering institutions by offering assistantships and scholarships to work on externally-funded research; and
- Recruiting students from the border states of Mexico to pursue their master’s in civil engineering at U. T. Rio Grande Valley.

Revenue and Expenses

<b>Expenses</b>	<b>5-Year Total</b>
<i>Faculty</i>	
Salaries	\$ 1,707,978
Benefits	\$ 512,394
<i>Graduate Students</i>	
TA Salaries	0
TA Benefits	0
GRA Salaries	\$ 882,000
GRA Benefits	\$ 88,200
<i>Staff &amp; Administration</i>	
Graduate Coordinator Salary	\$ 220,542
Administrative Staff Salaries	\$ 103,626
Staff Benefits	\$ 97,250
<i>Other Expenses</i>	
Facilities & Equipment	\$ 600,000
Library, Supplies and Materials	\$ 10,000
Travel	\$ 16,000
<b>Total Expenses</b>	<b>\$ 4,237,990</b>

Revenue	5-Year Total
<i>From Student Enrollment</i>	
Formula Funding	\$ 1,469,160
Tuition and Fees*	\$ 2,979,031
<i>From Institutional Funds</i>	
Reallocated Funds Designed Tuition	\$ 798,080
<b>Total Revenue</b>	<b>\$ 5,246,271</b>

\*Tuition and Fees excludes Statutory Tuition

### Coordinating Board Criteria

The program meets all applicable Coordinating Board criteria for a new master's program.

6. U. T. Rio Grande Valley: Approval to establish a Doctor of Philosophy degree program in Clinical Psychology

Pursuant to the Regents' *Rules and Regulations*, Rule 40307, related to academic program approval standards, the Board granted approval to

- a. establish a Doctor of Philosophy degree program in Clinical Psychology at The University of Texas Rio Grande Valley; and
- b. submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action.

### Program Description

The Ph.D. in Clinical Psychology follows an educational program based on the scientist-practitioner model of clinical psychology training aimed at producing clinical scientists. A unique aspect of national, state, and regional significance of this training program will be its focus on Hispanic American cultural sensitivity and the needs of this rapidly growing population in the Rio Grande Valley and the United States. Additionally, this program will have an Integrated Behavioral Health Care (IBHC) option for those students who want to pursue training in the integration of behavioral health care with medical care provided in primary care settings. IBHC has been found to increase access to service for behavioral and mental health difficulties in Hispanic individuals and to be an effective means of decreasing the stigma that is often associated with mental health in Hispanic cultures.

The program consists of 89 semester credit hours (SCH) for students entering with a bachelor's degree and 74 SCH entering with a master's degree. A minimum of four full-time years of coursework (foundation and applied courses), research training

(thesis, preliminary examination, and dissertation), clinical training (practical and internship), and a one-year predoctoral internship will be required for graduation from the program.

### Need and Student Demand

According to the U.S. Census Bureau, in 2014 the county region of Cameron, Hidalgo, and Starr had a total population of 1,314,420. Furthermore, this region has one of the fastest population growth rates in the state. From 2000 to 2014, the population in this region grew by 37.2% while the overall population growth in Texas grew by 29.3%. In contrast, the overall U.S. population growth for this period was 13.3%. According to the County Narrative Profile produced by the Labor Market and Career Information Department of the Texas Workforce Commission, in the Year 2010, 1,118,290 or 90% of the region's residents were Hispanic, while statewide, 37.6% were Hispanic. The Office of the State Demographer for Texas produced a population projection table in 2012 for the time period between 2000 and 2050. According to this report, by 2025 the Hispanic population in the same three-county region is projected to increase by 81.9% from the 2000 population level. By 2050, the report projects that the Hispanic population will increase by 174.3% for a total of 2,297,535 Hispanic residents in this three-county area. According to a table produced by the Texas Department of State Health Services in 2014, licensed psychologists worked in 110 Texas counties. Hidalgo and Cameron Counties had 4.2 and 2.3 licensed psychologists per 100,000 residents respectively, and ranked 83 and 104 out of the 110 counties in the number of per capita psychologists. When compared to Dallas County at 25.3 licensed psychologists per 100,000 and Brazos County at 37.5, the disparity becomes even more salient and the need more urgent.<sup>3</sup>

According to the American Psychological Association (APA), one of the most prominent and largest national professional organizations in psychology, the job outlook in the U.S. for clinical psychologists is good, with APA projecting a growth of 11%. Individuals with a Ph.D. degree in clinical psychology are the strongest candidates for job opportunities in academia, research institutions, and highly specialized treatment facilities where research is in demand. These academic and research-oriented positions require research emphasis in training.

The program will offer graduate students training in psychological and behavioral methods relevant to Hispanic cultures, including the Mexican American culture. The program is targeted to produce clinical psychology scientist-practitioners with knowledge about Hispanic cultures. Given the aforementioned growth of the Hispanic population in the state and across the nation, employment in academia and clinical settings for clinical psychologists with knowledge and skills related to Hispanic cultures and with scientist-practitioner emphasis appears to be strong. The program will aim to recruit highly qualified graduate students with diverse cultural backgrounds across the U.S., as well as outside the U.S., and will educate these

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<sup>3</sup> Data Source: Texas State Board of Examiners of Psychologists, September 2014.

students to become research-oriented clinical psychologists who have acquired clinical knowledge and skills with the Hispanic population. Further, the APA's Office of Ethnic Minority Affairs (OEMA) is a central clearinghouse for students of color interested in pursuing careers in psychology and can serve as an important resource for promoting doctoral-level psychology students. The OEMA offers information and materials for students who are at any stage in the psychology education pipeline.

To further address the question of employability of Ph.D.-level clinical psychologists trained in Texas, a Survey of Program Heads was forwarded to the Directors of Clinical Training (DCT) (i.e., directors of clinical psychology Ph.D. programs) of all the clinical psychology Ph.D. programs in Texas. Data was received from all programs except one. Together, the survey data indicate that individuals who graduate from these programs are highly employable. For example, during 2014-2015, 44 out of 45 graduates (97.8%) found employment shortly after graduation; and of these 44 graduates, 43 (97.7%) found employment within the discipline of clinical psychology. The DCT anticipated that their departments will hire a healthy average of 2 to 3 faculty (mean=2.7) over the next two to three years. However, the nine APA accredited clinical psychology Ph.D. programs in Texas (as opposed to 13 in California), of which only two are in The University of Texas System, admitted just over 5% of the applicants to their programs. In summary, the above data strongly suggest that although graduates from clinical psychology Ph.D. students in Texas are extremely marketable, there are a limited number of openings available to applicants to clinical psychology Ph.D. programs in Texas.

Student demand locally may be seen in a psychology student survey conducted in January 2014. To examine interest and need for a clinical psychology doctoral program in the Rio Grande Valley, the U. T. Rio Grande Valley Edinburg campus conducted a brief survey of its psychology undergraduate and graduate students with 109 individuals responding to the survey (90 undergraduate students, 15 graduate students, and four alumni). Of the 109 individuals, 82 responded that they would be interested in applying to a Ph.D. program in clinical psychology, if it existed. Thirty-two students graduated during the past three academic years from the current M.A. in Clinical Psychology program. Because of the unique location of the institution and U. T. Rio Grande Valley being a Hispanic Serving Institution, the program will likely attract applicants with Hispanic/Mexican American backgrounds. Diversity in the applicant pool will be sought to ensure a critical mass of excellent students who are accepted to the program.

Table 1 shows the estimated enrollment projections for the first five years of the program. The range of headcounts admitted per year and the average attrition rate were determined by examining the headcount and attrition rates of similar APA-accredited programs nationwide and in Texas. The full-time student equivalent (FTSE) statistics in the table were calculated according to the state definition of FTSE; nine SCHs enrollment per student per semester = one FTSE. Please also note that all students will be expected to enroll in 12 credit hours in the

fall, 12 in the spring, and three in the summer to be classified as full-time students. Summer enrollments are included in the subsequent year. Moreover, the FTSE statistics take attrition into account.

<b>Table 1. Enrollment Projections</b>					
	Year 1	Year 2	Year 3	Year 4	Year 5
New Student Headcount	6	6	8	8	8
FTSE	6	11	18	25	32
Attrition	0	1	1	1	1
Graduates	0	0	0	0	5

Program Quality

The Clinical Psychology doctoral program at U. T. Rio Grande Valley plans to obtain accreditation from the APA. The program will offer a curriculum that fulfills the APA guidelines and is designed to provide doctoral education and training in clinical psychology and produce professional psychologists based on the scientist-practitioner model. The program is designed for five years of full-time study, with four years spent at the University and the fifth spent on an APA-accredited, predoctoral internship. The course of study requires research training through coursework as well as an empirical thesis, a preliminary examination, and an empirical dissertation. The course of study also requires clinical training through foundation courses and advanced training courses including practicum. The program is capable of engaging in actions promoting cultural and individual diversity, as it is located on the border region of Texas.

Eight current faculty in the Department of Psychological Science will serve as core faculty with an additional five serving as support faculty. All have a terminal degree in clinical psychology or related discipline such as experimental psychology, neuroscience, neuropsychology, or cognitive psychology from Tier One research universities, such as The Ohio State University, University of Michigan, University of New York, and Virginia Polytechnic Institute and State University. Currently, open rank searches are ongoing for an additional five faculty to begin in Academic Year 2017 - 2018. Three of these are clinical psychologist positions, one is an experimental psychologist, and one is an open rank experimental psychologist. An additional two faculty searches for open rank clinical psychologists will be undertaken in Academic Year 2017 - 2018 to begin the following year.

Over the past five years, the current core and support faculty have together published 76 refereed journal articles, five book chapters, and three books. The current core and support faculty have been granted eight external grants totaling \$1,104,952 to support their research over this period. U. T. Rio Grande Valley

also received a gift of \$6 million over five years from the Valley Baptist Legacy to support the development of the Ph.D. in Clinical Psychology program. This funding will be used to establish additional research facilities and provide other support for the research agenda associated with the Ph.D. in Clinical Psychology program. Furthermore, U. T. Rio Grande Valley is currently constructing a new Interdisciplinary Engineering and Academic Studies Building that will include teaching and office space for the doctoral program.

The program's emphasis on diversity and Hispanic cultures makes the program particularly responsive to the needs of the targeted student population and will, therefore, help meet the needs of the profession, especially as it relates to the needs of a growing Hispanic population. Also of special interest to potential students will be the Integrated Behavioral Health Care option, which will offer training in the integration of behavioral health care with medical care provided in primary care settings. This collaboration with the School of Medicine will provide opportunities for research and treatment program development in the predominantly Hispanic region of the Rio Grande Valley.

#### Revenue and Expenses

The projected FTSE enrollments are based on the count of full-time enrollments described above. The enrollment projections were used to estimate the revenues from formula funding and tuition and fees based on the Texas Higher Education Coordinating Board's Funding Estimation Tool. The Valley Baptist Legacy Foundation made a gift of \$6 million to support the development of the Ph.D. in Clinical Psychology at U. T. Rio Grande Valley over a five-year period. The revenues below include \$2,357,476 of funding from this gift for allowed expenses that will occur during Years Three through Five of the program.

<b>Projected Enrollment</b>	<b>5-Year Total</b>
Number of Full-Time Student Equivalents (FTSE) Used for Formula Funding Calculation	32
Number of Full-Time Student Equivalents	32



<b>Expenses</b>	<b>5-Year Total</b>
<i>Faculty</i>	
Salaries	\$ 1,027,392
Benefits	\$ 308,218
<i>Graduate Students</i>	
TA Salaries	\$ 1,020,000
TA Benefits	\$ 102,000
GRA Salaries	\$ 1,000,000
GRA Benefits	\$ 100,000
<i>Staff &amp; Administration</i>	
Graduate Coordinator Salary/Director's Stipend	\$ 241,889
Administrative Staff Salaries	\$ 313,051
Staff Benefits	\$ 45,778
<i>Other Expenses</i>	
Scholarships	\$ 1,172,080
Library	\$ 125,000
Equipment	\$ 81,000
Supplies and Materials	\$ 255,100
Travel	\$ 192,000
<b>Total Expenses</b>	<b>\$ 6,083,508</b>

<b>Revenue</b>	<b>5-Year Total</b>
<i>From Student Enrollment</i>	
Formula Funding	\$ 358,265
Tuition and Fees	\$ 615,751
<i>From Institutional Funds</i>	
Reallocated Funds	\$ 881,224
Designated Tuition	\$ 1,870,792
<i>From Grant Funds</i>	
Valley Baptist Legacy Foundation	\$ 2,357,476
<i>From Other Revenue Sources</i>	
<b>Total Revenue</b>	<b>\$ 6,083,508</b>

\*Tuition and Fees excludes Statutory Tuition

Coordinating Board Criteria

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

7. U. T. Tyler: Approval to establish a Doctor of Philosophy degree program in Clinical Psychology

Pursuant to the Regents' *Rules and Regulations*, Rule 40307, related to academic program approval standards, the Board granted approval to

- a. establish a Doctor of Philosophy degree program in Clinical Psychology at The University of Texas at Tyler; and
- b. submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action.

Program Description

U. T. Tyler seeks approval to offer a Ph.D. program in Clinical Psychology with a specialization in underserved populations. This program will focus its efforts on preparing doctoral-level clinical psychologists to provide best practice services and conduct practice-enhancing research among populations where there is a demonstrated unmet need regionally, statewide, and nationally, specifically with 1) older adults, 2) rural populations, and 3) military veterans/active duty service members. In addition, when there are ethnicity- or culturally-related treatment factors, these will be incorporated into the training for each of the three underserved populations. The degree will require a total of 99 graduate credit hours across four years in residence and a 12-month internship at an external site. The program will seek national accreditation from the American Psychological Association (APA) and will meet Texas psychologist licensure requirements.

Need and Student Demand

State and regional employment trends for careers in clinical psychology are promising. According to the Texas Workforce Commission, between 2008 and 2018 there will be a statewide increase in demand for clinical, counseling, and school psychologists of 1,710 (21%), or approximately 171 per year. In the Workforce Development Areas (WDA's) adjacent to Smith County where U. T. Tyler is located, an increase of 80 jobs or approximately 8 per year (19%) is expected. Moving further out from Smith County to include additional WDA's (North Texas WDA, North Central WDA, Heart of Texas WDA, South East Texas WDA, Texoma WDA, and Central Texas WDA) an increase of about 330 (21%) jobs, or approximately 33 per year, is expected.

National statistics from the APA indicate that the majority (50-60%) of doctoral graduates in clinical psychology are initially employed in clinical practice settings, with about 30-40% in academic settings. These figures would suggest that a substantial number of U. T. Tyler graduates would work in practice settings helping to address mental health service needs statewide and regionally. Across Texas, existing programs graduate an annual average of approximately 50 (about five per

program) doctoral clinical psychology students, with an average graduation rate between 90 and 100%. Time to degree rates have been between 5 and 6.8 years.

Student demand is expected to be very high, particularly because Texas programs historically receive an average of more than 200 applications annually for an average of fewer than 10 openings. Nationally, the median number of applications is >150, the median number accepted is 10, and the enrollment rate is 12%. Nationally, in 2014, a total of 2,480 doctoral clinical psychology degrees were awarded. There remains a very large qualified applicant pool to draw from. The plan is to admit six new students annually, achieving a steady level of 24 students in residence at any one time by Year Five of the program.

Program Quality

Currently, there are three core clinical psychology doctoral faculty and seven doctoral support faculty in the department who will contribute to the program. The three current core faculty members each have active research labs, strong scholarship and sponsored research histories, and capacity.

U. T. Tyler will hire two new faculty in Fiscal Year 2017 - 2018 and one more in Fiscal Year 2018 - 2019 to reach a total of six core faculty, as recommended by a site visit team. The new hires will be targeted to ensure coverage of training and research areas of emphasis (i.e., diversity, rural mental health, geropsychology, and veterans’ mental health). In addition to specific areas of expertise, new faculty would be expected to have demonstrated research/scholarly success and have a record of submitting and/or working with externally funded projects. It was the judgment of an external site visit team (all APA accreditation site visitors) that with these hires and the existing programs, U. T. Tyler has the capacity for a successful program.

Revenue and Expenses

<b>Expenses</b>	<b>5-Year Total</b>
<i>Faculty</i>	
Salaries	\$ 504,000
Benefits	\$ 177,800
<i>Graduate Students</i>	
TA Salaries	\$ 168,966
GRA Salaries	\$ 476,034
<i>Staff &amp; Administration</i>	
Graduate Coordinator Salary	\$ 87,500
Administrative Staff Salaries	\$ 150,000
Staff Benefits	\$ 42,000
<i>Other Expenses</i>	
Supplies/Library/IT/Travel	\$ 36,000
<b>Total Expenses</b>	<b>\$ 1,642,300</b>

Revenue	5-Year Total
<i>From Student Enrollment</i>	
Formula Funding	\$ 366,175
Tuition and Fees	\$ 771,784
<i>From Institutional Funds</i>	
	\$ 699,966
<b>Total Revenue</b>	<b>\$ 1,837,925</b>

Coordinating Board Criteria

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

8. U. T. System: Discussion and appropriate action regarding proposed revisions to Mission Statements for U. T. Arlington, U. T. Austin, and U. T. Rio Grande Valley and reaffirmation of Mission Statement for U. T. Dallas

The Board approved changes to the Mission Statements for The University of Texas at Arlington, The University of Texas at Austin, and The University of Texas Rio Grande Valley as set forth on the following pages.

Further, the Board reaffirmed the Mission Statement for The University of Texas at Dallas, set forth on Page 69.

In 2013, the Texas Legislature repealed *Texas Education Code* Section 61.051(e), which directed the Texas Higher Education Coordinating Board to review the mission statements of public institutions, typically, every four years. However, each institution is required to have a mission statement under *Texas Education Code* Section 51.359. Section 51.352 of the Code, regarding the Responsibility of Governing Boards, requires governing boards to “insist on clarity of focus and mission of each institution under its governance.” *Regents' Rules and Regulations*, Rule 10402 states that the Academic Affairs Committee or the Health Affairs Committee must review proposed changes to institutional mission statements. Further, approval of this item will help to ensure compliance with the Southern Association of Colleges and Schools (SACS) requirements regarding the periodic review and approval of each institution's mission statement by its governing board.

Pursuant to a directive by the Board of Regents on March 26, 2008, each Mission Statement must include a statement regarding the commercialization of university discoveries.

Mission Statements were last approved as follows:

- U. T. Arlington - last approved by the Board of Regents on November 10, 2011
- U. T. Austin - last authorized for submission to the Texas Higher Education Coordinating Board on May 14, 1998
- U. T. Rio Grande Valley - provisional Mission Statement approved by the Board of Regents on November 5, 2015
- U. T. Dallas - last approved by the Board of Regents on November 10, 2011

### U. T. Arlington Mission Statement

The University of Texas at Arlington is a comprehensive research, teaching, and public service institution whose mission is the advancement of knowledge and the pursuit of excellence. The University is committed to the promotion of lifelong learning through its academic and continuing education programs and to the formation of good citizenship through its community service learning programs. The diverse student body shares a wide range of cultural values and the University community fosters unity of purpose and cultivates mutual respect.

As a University, we affirm our commitment to the following objectives:

- The University is committed to comprehensive programs of academic research. This research effort requires attracting and retaining scholars who promote a culture of intellectual curiosity, rigorous inquiry, and high academic standards among their fellow faculty and the students they teach. We ensure a culture of creativity, innovation, and entrepreneurship, which includes the translation of university discoveries for the benefit of society.
- The University prepares students for full, productive lives and informed and active citizenship. To that end, we have developed undergraduate and graduate curricula and classroom practices that engage students actively in the learning process. Outside the classroom a wide range of student organizations and activities contribute to the learning environment. Our service learning program offers students the opportunity to supplement their academic study with internships in a variety of community settings, testing their skills and aptitudes and challenging their values. State-of-the-art teaching technologies, distance education, and off-site instruction afford access to off-campus as well as traditional students. Non-degree certificate and continuing education programs offer practical, aesthetic, and intellectually stimulating opportunities for community learners, for individual courses or a sustained program of study.
- The mission of a university can be achieved only when its students, faculty, staff, and administrators value and promote free expression in an atmosphere of tolerance, responsibility, and trust. The University regards these attributes as prerequisites for any community of learners and vigilantly strives to maintain them.
- Mindful of its role as a resource to the community, locally, nationally, and internationally, the University continually seeks partnerships with public and private concerns in order to advance the economic, social, and cultural welfare of its constituencies. We serve the needs of the North Texas community by sponsoring public lectures and academic symposia, as well as artistic, musical, and dramatic productions.

*Approved by U. T. System Board of Regents on 5/10/2017*

U. T. Austin Mission Statement

The mission of The University of Texas at Austin is to achieve excellence in the interrelated areas of undergraduate education, graduate education, research and public service.

The university provides superior and comprehensive educational opportunities at the baccalaureate through doctoral and special professional educational levels. It contributes to the advancement of society through research, creative activity, scholarly inquiry and the development and dissemination of new knowledge, including the commercialization of University discoveries. The university preserves and promotes the arts, benefits the state's economy, serves the citizens through public programs and provides other public service.

*Approved by U. T. System Board of Regents on 5/10/2017*

U. T. Rio Grande Valley Mission Statement

To transform the Rio Grande Valley, the Americas, and the world through an innovative and accessible educational environment that promotes student success, research, creative works, health and well-being, community engagement, sustainable development, and commercialization of university discoveries.

*Approved by U. T. System Board of Regents on 5/10/2017*



### U. T. Dallas Mission Statement

The University of Texas at Dallas provides the State of Texas and the nation with excellent, innovative education and research. The University is committed to graduating well-rounded citizens whose education has prepared them for rewarding lives and productive careers in a constantly changing world; to continually improving educational and research programs in the arts and sciences, engineering, and management; and to assisting the commercialization of intellectual capital generated by students, staff, and faculty.

*Reaffirmed by U. T. System Board of Regents on 5/10/2017*

9. U. T. Rio Grande Valley: President's Report on the inaugural Strategic Plan

This item was for consideration only by the Committee.

REPORT AND RECOMMENDATION OF THE HEALTH AFFAIRS COMMITTEE

(Pages 71 - 73).--Committee Chairman Hicks reported that the Health Affairs Committee met in Open Session to consider those matters on its agenda and to formulate recommendations for The University of Texas System Board of Regents. The action set forth in the Minute Order that follows was recommended by the Health Affairs Committee and approved in Open Session by the U. T. System Board of Regents.

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

There were no items referred from the Consent Agenda.

2. U. T. M. D. Anderson Cancer Center: Discussion and appropriate action regarding request to a) approve participation in the Southeastern Regional Collaborative Access Team (SER-CAT) for the purpose of conducting imaging studies of large biological molecules, including delegation of authority to execute related agreements; b) following the initial one-year term, authorize expenditure of institutional funds for annual dues in an amount to be determined; and c) delegate authority to approve appointment of a representative and an alternate to the SER-CAT Executive Board

On behalf of The University of Texas M. D. Anderson Cancer Center, the Board

- a. approved participation in the Southeastern Regional Collaborative Access Team (SER-CAT) for the purpose of conducting imaging studies of large biological molecules, including authorization to enter into the following related agreements:
  - Share Transfer and Member Agreement with the University of Georgia Research Foundation, Inc., a Georgia nonprofit corporation;
  - Assignment Agreement by the Board of Trustees of the University of Alabama for the University of Alabama at Birmingham; and
  - Non-Priority User Agreement with UChicago Argonne, LLC, an Illinois limited liability company;
- b. following the initial one-year term, authorized expenditure of institutional funds for annual dues in an amount to be determined; and
- c. delegated authority to the institutional president to appoint the initial and any successor representative and alternate to the SER-CAT Executive Board, subject to review and approval of such selections by the Executive Vice

Chancellor for Health Affairs, the Vice Chancellor and General Counsel, and The University of Texas System Ethics Officer, and subject to implementation and monitoring of a conflict of interest management plan for each.

U. T. M. D. Anderson Cancer Center will participate in SER-CAT, including the purchase of certain shares of Beamline access at the Advanced Photon Source (APS) of the Argonne National Laboratory (ANL) for the purpose of conducting imaging studies of large biological molecules.

SER-CAT was organized in 1997 for the purpose of providing its members timely access to a high brilliance, third-generation synchrotron x-ray source for structural studies. Since 1998, SER-CAT has built, operated, and managed synchrotron beamlines (Beamlines) at the APS of the ANL near Chicago, Illinois. Construction, safety, and management plans approved by APS and agreements between various entities and various policies are maintained by SER-CAT. The principal focus of SER-CAT research is macromolecular crystallography, which is a technique used to study biological molecules at a very high resolution.

The University of Georgia Research Foundation, Inc. (UGARF) serves as the primary contractor on behalf of SER-CAT with APS and has entered into an individual SER-CAT Member Agreement with each participating Member Institution (Member) to construct, operate, and maintain Beamlines at APS. The SER-CAT Director and the SER-CAT Executive Board are responsible to the Members for carrying out the duties designated in the Bylaws and for conducting the project in accordance with the overall desires of the SER-CAT Membership.

In 1999, the SER-CAT Director signed a Memorandum of Understanding Between the Advanced Photon Source and the Southeast Regional Collaborative Access Team for the Construction and Operation of Beamlines at the Advanced Photon Source (MOU). The MOU provides SER-CAT with access to Sector 22 at APS to construct and operate Beamlines at APS.

Membership of SER-CAT consists of Member Institutions, Member Users at the Member Institutions, Member Institutional Representatives, and State Representatives, all of which have purchased a portion of the aggregate 70 shares available in SER-CAT, and continue to be Members of SER-CAT in accordance with the Bylaws.

SER-CAT Members include The University of Alabama at Birmingham, Florida State University, The Scripps Research Institute - Florida, The University of South Florida, Emory University, Georgia State University, Georgia Tech Research Corporation, The University of Georgia, Rosalind Franklin University of Medicine and Science, Monsanto Company, The University of Kentucky, The University of Missouri at Kansas City, The National Institutes of Health Intramural Research Program, Duke University, The University of North Carolina at Chapel Hill, North Carolina State University, The University of Pittsburgh, The Medical University of South Carolina,

The University of South Carolina, St. Jude Children's Research Hospital, and The University of Virginia. Affiliate Members include Amgen, Inc., Genentech, Inc., and HarkerBIO, L.L.C.

The SER-CAT Executive Board consists of the SER-CAT Director and a single representative or alternate from each of the SER-CAT states (Alabama, Florida, Georgia, Illinois, Kentucky, Missouri, North Carolina, Pennsylvania, South Carolina, Tennessee, and Virginia) and the National Institutes of Health Intramural Research Program, plus one organizational representative or alternate on behalf of all participating industrial/corporate entities and one organizational representative or alternate on behalf of all not-for-profit entities not represented by a SER-CAT state joining SER-CAT on or after March 1, 2003.

U. T. M. D. Anderson Cancer Center will become a SER-CAT Member and obtain 1.2 shares of Beamline access in SER-CAT through the Share Transfer and Member Agreement with the UGARF, a Georgia nonprofit corporation. U. T. M. D. Anderson Cancer Center may terminate that Agreement upon 180 days' prior written notice. The Board of Trustees of the University of Alabama at Birmingham will transfer one share of Beamline access currently held by the University of Alabama to U. T. M. D. Anderson Cancer Center pursuant to an Assignment Agreement. Ratification of a Non-Proprietary User Agreement with UChicago Argonne, LLC, an Illinois limited liability company, the sole member of which is the University of Chicago Argonne, provides specific terms of access to the ANL.

After U. T. M. D. Anderson Cancer Center becomes a SER-CAT Member, U. T. M. D. Anderson Cancer Center will appoint the initial and any successor representative and an alternate to the SER-CAT Executive Board, subject to approval of such selections by the Executive Vice Chancellor for Health Affairs and the Vice Chancellor and General Counsel, and subject to a conflict of interest management plan for each. U. T. M. D. Anderson Cancer Center has prepaid the first year's annual dues in the amount of \$105,344. Following the initial term and in accordance with the SER-CAT Bylaws, U. T. M. D. Anderson Cancer Center will pay UGARF annual operational dues in an amount to be determined.

3. U. T. System: Report on the U. T. System Health Intelligence Platform, formerly known as the U. T. System Clinical Data Network

This item was for consideration only by the Committee.

4. U. T. System: Report on the U. T. System Faculty Advisory Council Physician Burnout Prevention Initiative

This item was for consideration only by the Committee.

REPORT AND RECOMMENDATIONS OF THE FACILITIES PLANNING AND CONSTRUCTION COMMITTEE (Pages 74 - 92).--Committee Chairman Beck reported that the Facilities Planning and Construction Committee met in open session to consider those matters on its agenda and to formulate recommendations for The University of Texas System Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders that follow were recommended by the Facilities Planning and Construction Committee and approved in Open Session by the U. T. System Board of Regents.

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

There were no items referred from the Consent Agenda.

2. U. T. Health Science Center - San Antonio: Relocate Barshop Institute - Amendment of the FY 2017-2022 Capital Improvement Program to include project

The Board amended the Fiscal Year 2017-2022 Capital Improvement Program (CIP) to include the Relocate Barshop Institute project at The University of Texas Health Science Center at San Antonio.

#### Previous Actions

On May 24, 2016, the Chancellor approved this project for Definition Phase. On November 10, 2016, the Board approved an allocation of \$30,000,000 in Permanent University Fund (PUF) Bond Proceeds for this project.

#### Project Description

The Barshop Institute for Longevity and Aging Studies, currently located at the Texas Research Park, will be relocated to the Greehey Academic and Research Campus. The Institute supports four basic models of aging research: cellular aging, invertebrate aging, transgenic models of aging, and human genetics of aging. The primary spaces within the new facility will include research laboratories, computational research facilities, research support areas, a vivarium, and administrative and building support facilities. Included in the project will be a bridge connecting the building to the South Texas Research Facility, located across the street.

Approval of design development plans and authorization of expenditure of funding will be presented to the Board for approval at a later date.

**Project Information**

Project Number	402-1000
CIP Project Type	New Construction
Facility Type	Laboratory, Medical/Healthcare
Management Type	Office of Facilities Planning and Construction
Institution’s Project Advocate	James D. Kazen, Executive Vice President, Facility Planning and Operations
Project Delivery Method	Construction Manager-at-Risk
Gross Square Feet (GSF)	77,018

**Project Funding**

Permanent University Fund Bond Proceeds	<u>Current</u> \$30,000,000
Revenue Financing System Bond Proceeds <sup>1</sup>	<u>\$35,000,000</u>
Total Project Cost	<u>\$65,000,000</u>

<sup>1</sup> Revenue Financing System (RFS) Bond Proceeds to be repaid from sale of Texas Research Park property

**Project Cost Detail**

Building Cost	
- Barshop Institute Building	\$37,812,308
- Unconditioned Pedestrian Bridge	3,440,000
Fixed Equipment	3,990,432
Site Development	2,722,206
Furniture and Moveable Equipment	1,800,000
Institutionally Managed Work	3,000,000
Architectural/Design Services	4,800,000
Project Management Fees	2,132,800
Insurance	1,031,416
Other Professional Fees	850,000
Project Contingency	3,020,838
Other Costs	400,000
<b>Total Project Cost</b>	<b>\$65,000,000</b>

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

Relocate Barshop Institute (with 32% Shell Space)	\$491
Relocate Barshop Institute (Estimated Total Finish-Out)	\$565
Texas Higher Education Coordinating Board Average - Laboratory, Medical/Healthcare	\$501
	Low Quartile      Median      High Quartile
Other U. T. System Projects	\$474      \$575      \$649
Other Texas Projects	\$493      \$607      \$958
Other National Projects	\$520      \$635      \$823

## Investment Metrics

### By 2019

- Add 12-16 new research labs; shell space to provide an additional 12-16 future labs
- Provide wet lab space for 12-16 principal investigators; shell space to provide an additional 12-16 future investigators
- Attract and retain world-class faculty

## 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	May 2016
Addition to CIP	May 2017
Design Development Approval	August 2017
Construction Notice to Proceed	November 2017
Substantial Completion	August 2019

3. U. T. Medical Branch - Galveston: League City Campus Expansion 2017 - Amendment of the FY 2017-2022 Capital Improvement Program to include project; approval of total project cost; approval of Phase 1 design development; appropriation and authorization of expenditure of Phase 1 funding; approval of institutional management; and resolution regarding parity debt

The Board amended the Fiscal Year 2017-2022 Capital Improvement Program (CIP) to include the League City Campus Expansion 2017 project and approved the recommendations for the project at The University of Texas Medical Branch at Galveston as follows:

- a. approve a total project cost of \$156,600,000;
- b. approve Phase 1 design development plans for parking garage, multiuse support building, and a pedestrian bridge;
- c. appropriate funds and authorize expenditure of funding for Phase 1 in the amount of \$35,366,000 with funding from Revenue Financing System (RFS) Bond Proceeds;
- d. authorize U. T. Medical Branch - Galveston to manage the project budgets, appoint architects, approve facility programs, prepare final plans, and award contracts; and



- e. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that parity debt shall be issued to pay the project's cost, 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 the 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 U. T. Medical Branch - Galveston, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$35,366,000.

### Debt Service

The \$35,366,000 in RFS debt will be repaid from Hospital Revenues. Annual debt service on the \$35,366,000 RFS debt is expected to be \$2.1 million. The institution's debt service coverage is expected to be at least 2.2 times and average 2.4 times over FY 2017-2022.

### Previous Actions

On July 10, 2016, the Chancellor approved this project for Definition Phase. On November 10, 2016, the Board approved an allocation of \$10,100,000 in Permanent University Fund (PUF) Bond Proceeds.

### Project Description

The League City Campus Expansion 2017 is aligned with the U. T. Medical Branch - Galveston League City Campus Master Plan. Phase 1 of this expansion project consists of construction of a parking garage, multiuse support building, and a pedestrian bridge. Phase 2 will include 60 new beds, diagnostic/ancillary space, and finish out of six additional beds in existing shell space in the League City Hospital, increasing the total League City Campus inpatient capacity from 31 to 97 beds. This will meet the current and projected demand and includes the addition of acuity adaptable rooms and space to accommodate essential services to support expanded inpatient and emergency room volume. The acuity adaptable beds will support ICU care for The University of Texas M. D. Anderson Cancer Center and U. T. Medical Branch patients.

Phase 2 of this project also includes the Academic and Patient Care Center funded by the PUF. The Center will include a telehealth/teleconference center for joint use by U. T. Medical Branch and U. T. M. D. Anderson Cancer Center, a radiation treatment component for U. T. Medical Branch patients, and a small business center to support the clinical research activities of both institutions.

Approval of design development plans and authorization of expenditure of funding for the remaining portions of the project will be presented to the Board for approval at a later date.

**Project Information**

Project Number 601-1093  
 CIP Project Type New Construction/Repair and Rehabilitation (R&R)  
 Facility Type Healthcare Facility, Hospital/Parking Structure  
 Management Type Institutional Management  
 Institution’s Project Advocates Donna Sollenberger, Executive Vice President and Chief Executive Officer, UTMB Health System  
 Cheryl Sadro, Executive Vice President and Chief Business and Finance Officer  
 Project Delivery Method Construction Manager-at-Risk  
 Gross Square Feet (GSF) 165,750 GSF - Hospital Expansion  
 18,040 GSF - R&R, Build-out current shell space  
 9,000 GSF - Pedestrian Bridge  
 33,000 GSF - Multiuse Building  
 266,000 GSF - Parking Structure  
 740 Total Parking Spaces

**Project Funding**

	<u>Current</u>
Revenue Financing System Bond Proceeds <sup>1</sup>	\$142,000,000
Permanent University Fund Bond Proceeds	\$ 10,100,000
Hospital Revenues	<u>\$ 4,500,000</u>
Total Project Cost	\$156,600,000

<sup>1</sup> Revenue Financing System (RFS) Bond Proceeds to be repaid from Hospital Revenues

**Project Cost Detail**

Building Cost - Phase 1	
League City Parking Garage	\$ 14,748,700
League City Multiuse Building	13,175,155
League City Pedestrian Bridge	3,591,000
Building Cost - Phase 2	
League City Hospital Expansion 2017	81,401,864
League City Hospital Current Shell Build-out/R&R	6,127,800
Fixed Equipment	-
Site Development	-
Furniture and Moveable Equipment	15,730,000
Institutionally Managed Work	-
Architectural/Design Services	6,244,031
Project Management Fees	4,900,000
Insurance	2,240,000
Other Professional Fees	-
Project Contingency	6,928,481
Other Costs	1,512,969
Total Project Cost	<u>\$156,600,000</u>

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

League City Hospital Expansion 2017 (with 15% Shell Space)	\$491		
League City Hospital Expansion 2017 (Estimated Total Finish-Out)	\$550		
Texas Higher Education Coordinating Board Average - Healthcare Facility, Hospital	\$479		
	Low Quartile	Median	High Quartile
Other U. T. System Projects	\$500	\$544	\$553
Other Texas Projects	\$547	\$768	\$827
Other National Projects	\$558	\$786	\$1,013

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

League City Hospital Expansion 2017 (with 15% Shell Space - 60 beds)	\$1,356,698		
League City Hospital Expansion 2017 (Estimated Total Finish-Out - 75 beds)	\$1,216,969		
	Low Quartile	Median	High Quartile
Other U. T. System Projects	\$1,144,621	\$1,362,864	\$1,605,759
Other Texas Projects	\$1,326,927	\$1,813,641	\$2,026,460
Other National Projects	\$1,355,484	\$2,275,851	\$3,273,047

**Investment Metric**

- Curb outmigration by capturing 23,000 of the 80,100+ patients discharged from hospitals outside market

**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	October 2016
Addition to CIP	May 2017
Design Development Approval - Phase 1	May 2017
Design Development Approval - Phase 2	November 2017
Construction Notice to Proceed - Phase 1	June 2017
Construction Notice to Proceed - Phase 2	December 2017
Substantial Completion	June 2020

4. U. T. Health Science Center - Tyler: School of Community and Rural Health - Amendment of the FY 2017-2022 Capital Improvement Program to include project; approval of total project cost; approval of design development; appropriation of funds and authorization of expenditure; and resolution regarding parity debt

The Board amended the Fiscal Year 2017-2022 Capital Improvement Program (CIP) to include the School of Community and Rural Health project and approve the recommendations for the project at The University of Texas Health Science Center at Tyler as follows:

- a. approve a total project cost of \$39,000,000;
- b. approve design development plans;
- c. appropriate funds and authorize expenditure of \$39,000,000 with funding of \$30,000,000 from Permanent University Fund (PUF) Bond Proceeds, \$6,750,000 from Revenue Financing System (RFS) Bond Proceeds, \$1,250,000 from Gifts, and \$1,000,000 from Hospital Revenues; and
- d. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that parity debt shall be issued to pay the project's cost, 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 the 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 U. T. Health Science Center - Tyler, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$6,750,000.

Debt Service

The \$6,750,000 in RFS debt will be repaid from clinical revenue. Annual debt service on the \$6,750,000 RFS debt is expected to be \$400,000. The institution's debt service coverage is expected to be at least 1.4 times and average 1.7 times over FY 2017-2022.

Previous Actions

On October 31, 2016, the Chancellor approved this project for Definition Phase. On November 10, 2016, the Board approved an allocation of \$30,000,000 in PUF Bond Proceeds for this project.

Project Description

The School of Community and Rural Health will impact the region by educating and training the next generation of practitioners, researchers, and community and public health officials to address the public health challenges and health disparities in Northeast Texas. This project will provide classrooms, collaborative education spaces, conference rooms, faculty and administrative offices, and shelled space for future growth to provide support for comprehensive health services research.

**Project Information**

Project Number	801-1096
CIP Project Type	New Construction
Facility Type	Classroom, General
Management Type	Office of Facilities Planning and Construction
Institution’s Project Advocate	David Lakey, Senior Vice President for Population Health
Project Delivery Method	Construction Manager-at-Risk
Gross Square Feet (GSF)	89,038

**Project Funding**

	<u>Current</u>
Permanent University Fund Bond Proceeds	\$30,000,000
Revenue Financing System Bond Proceeds <sup>1</sup>	\$ 6,750,000
Gifts <sup>2</sup>	\$ 1,250,000
Hospital Revenues	<u>\$ 1,000,000</u>
Total Project Cost	<u>\$39,000,000</u>

<sup>1</sup> Revenue Financing System (RFS) Bond Proceeds to be repaid from clinical revenue

<sup>2</sup> Gifts are fully collected

**Project Cost Detail**

Building Cost	\$27,363,000
Fixed Equipment	50,000
Site Development	1,837,000
Furniture and Moveable Equipment	2,000,000
Institutionally Managed Work	50,000
Architectural/Design Services	2,500,000
Project Management Fees	1,406,095
Insurance	570,375
Other Professional Fees	1,429,625
Project Contingency	1,643,905
Other Costs	150,000
Total Project Cost	<u>\$39,000,000</u>

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

School of Community and Rural Health (with 9% Shell Space)	\$308		
School of Community and Rural Health (Estimated Total Finish-Out)	\$318		
Texas Higher Education Coordinating Board Average - Classroom, General	\$385		
	Low Quartile	Median	High Quartile
Other U. T. System Projects	\$361	\$410	\$423
Other Texas Projects	\$327	\$364	\$400
Other National Projects	\$278	\$353	\$466

**Investment Metrics**

- Meet criteria to apply for Council on Education for Public Health accreditation review by 2019
- Increase student enrollment from 18 to 100 students by 2022
- Recruit 15 faculty 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	October 2016
Addition to CIP	May 2017
Design Development Approval	May 2017
Construction Notice to Proceed	July 2017
Substantial Completion	July 2018

5. U. T. Southwestern Medical Center: William P. Clements Jr. University Hospital Expansion - Approval of design development; appropriation of funds and authorization of expenditure; and resolution regarding parity debt

The Board approved the recommendations for the William P. Clements Jr. University Hospital Expansion project at The University of Texas Southwestern Medical Center as follows:

- a. approve design development plans;
- b. appropriate funds and authorize expenditure of \$480,000,000 with funding of \$400,000,000 from Revenue Financing System (RFS) Bond Proceeds and \$80,000,000 from Designated Funds; and

- c. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that parity debt shall be issued to pay the project's cost, 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 the 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 U. T. Southwestern Medical Center, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$400,000,000.

#### Debt Service

The \$400,000,000 in RFS debt will be repaid from Hospital Revenues. Annual debt service on the \$400,000,000 RFS debt is expected to be \$23.7 million. The institution's debt service coverage is expected to be at least 2.6 times and average 3.3 times over FY 2017-2022.

#### Previous Actions

On May 20, 2016, the Chancellor approved this project for Definition Phase. On February 9, 2017, the project was included in the Capital Improvement Program (CIP) with a total project cost of \$480,000,000 with funding of \$400,000,000 from RFS Bond Proceeds and \$80,000,000 from Designated Funds.

#### Project Description

The William P. Clements Jr. University Hospital Expansion project will add a 12-story third tower and two parking structures to the existing hospital. Also included in the project is the renovation of existing space necessary to reconfigure and connect to the new tower. This project will allow for consolidation of inpatient services in one facility, as existing services at Zale Lipshy University Hospital will be moved to the Clements University Hospital.

This expansion will improve operational efficiency and lower the cost of care by eliminating redundant infrastructure across two hospitals, allowing for the leverage of investments made during the original construction to facilitate expansion at a lower cost with minimal disruption to existing operations. The expansion project, encompassing 292 beds plus needed emergency room, operating room, and imaging services capacity, will both allow consolidation of services currently offered at Zale Lipshy as well as provide an incremental 144 beds with a reconfiguration of services to improve care and reduce costs.

**Project Information**

Project Number 303-1035  
 CIP Project Type New Construction/Repair and Rehabilitation (R&R)  
 Facility Type Healthcare Facility, Hospital/Parking Structure  
 Management Type Institutional Management  
 Institution’s Project Advocate John Warner, Vice President and Chief Executive Officer, University Hospitals  
  
 Project Delivery Method Construction Manager-at-Risk  
 Gross Square Feet (GSF) 645,654 GSF - Hospital Tower  
 67,662 GSF - R&R/Reconfiguration  
 751,230 GSF - Two (2) Parking Structures  
 2,189 Total Parking Spaces

**Project Funding**

Revenue Financing System Bond Proceeds <sup>1</sup>	<u>Current</u> \$400,000,000
Designated Funds <sup>2</sup>	<u>\$ 80,000,000</u>
Total Project Cost	\$480,000,000

<sup>1</sup> Revenue Financing System (RFS) Bond Proceeds to be repaid from Hospital Revenues

<sup>2</sup> Designated Funds from institutional funds

**Project Cost Detail**

Building Cost	
- Hospital Tower	\$270,471,529
- R&R/Reconfiguration	18,240,394
- Garage A	23,953,832
- Garage B	21,012,385
Fixed Equipment	24,929,417
Site Development	12,763,538
Furniture and Moveable Equipment	10,000,000
Institutionally Managed Work	23,101,358
Architectural/Design Services	25,665,000
Project Management Fees	6,271,500
Insurance	5,660,000
Other Professional Fees	8,600,000
Project Contingency	25,000,000
Other Costs	4,331,047
<b>Total Project Cost</b>	<b>\$480,000,000</b>



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

William P. Clements Jr. University Hospital Expansion	\$419		
Texas Higher Education Coordinating Board Average - Healthcare Facility, Hospital	\$479		
	Low Quartile	Median	High Quartile
Other U. T. System Projects	\$500	\$544	\$553
Other Texas Projects	\$547	\$768	\$827
Other National Projects	\$558	\$786	\$1,013

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

William P. Clements Jr. University Hospital Expansion - 292 Beds	\$926,272		
	Low Quartile	Median	High Quartile
Other U. T. System Projects	\$1,144,621	\$1,362,864	\$1,605,759
Other Texas Projects	\$1,326,927	\$1,813,641	\$2,026,460
Other National Projects	\$1,355,484	\$2,275,851	\$3,273,047

**Investment Metrics**

- Create best-in-class multidisciplinary care model located in a single facility
- Establish Clements University Hospital as a destination high acuity quaternary care hospital

**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	May 2016
Addition to CIP	February 2017
Design Development Approval	May 2017
Construction Notice to Proceed	July 2017
Substantial Completion	June 2020

6. U. T. Austin: Graduate Student Housing Complex - Approval of design development; appropriation of funds and authorization of expenditure; and resolution regarding parity debt

The Board approved the recommendations for the Graduate Student Housing Complex project at The University of Texas at Austin as follows:

- a. approve design development plans;

- b. appropriate funds and authorize expenditure of \$89,000,000 from Revenue Financing System (RFS) Bond Proceeds; and
- c. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that parity debt shall be issued to pay the project's cost, 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 the 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 U. T. Austin, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$89,000,000.

#### Debt Service

The \$89,000,000 in RFS debt will be repaid from the Division of Student Housing and Food Service revenues. Annual debt service on the \$89,000,000 RFS debt is expected to be \$5.3 million. The institution's debt service coverage is expected to be at least 1.6 times and average 1.9 times over FY 2017-2022.

#### Previous Actions

On May 14, 2015, the project was included in the Capital Improvement Program (CIP) with a total project cost of \$89,000,000 with funding from RFS Bond Proceeds.

#### Project Description

The design of the complex is a mixture of two-, four-, and six-story buildings providing housing to approximately 747 graduate students in a combination of micro-studio, two- and four-bedroom units. The project will include 20 surface parking spaces for short-term parking and a small amount of retail shell space to be leased to tenants. Parking for this project will be provided at the nearby East Campus Parking Garage.

As envisioned in the U. T. Austin East Campus Master Plan approved by the Board on May 14, 2015, the design of these graduate student housing units will conform to the needs of graduate students and be built in a way that is compatible with the private residential community located nearby.

**Project Information**

Project Number 102-926  
 CIP Project Type New Construction  
 Facility Type Housing, Apartments  
 Management Type Office of Facilities Planning and Construction  
 Institution’s Project Advocates Marvin L. Hackert, Executive Vice President and Dean of Graduate Studies  
 Soncia Reagins-Lilly, Vice President for Student Affairs  
 Project Delivery Method Construction Manager-at-Risk  
 Gross Square Feet (GSF) 354,000

**Project Funding**

Revenue Financing System Bond Proceeds<sup>1</sup> Current  
 \$89,000,000  
 Total Project Cost \$89,000,000

<sup>1</sup> Revenue Financing System (RFS) Bond Proceeds to be repaid from the Division of Student Housing and Food Service revenues

**Project Cost Detail**

Building Cost	\$69,633,388
Fixed Equipment	-
Site Development	6,500,000
Furniture and Moveable Equipment	-
Institutionally Managed Work	1,780,000
Architectural/Design Services	4,472,551
Project Management Fees	2,500,900
Insurance	1,516,546
Other Professional Fees	1,044,777
Project Contingency	1,551,838
Other Costs	-
<b>Total Project Cost</b>	<b>\$89,000,000</b>

**Cost per Bed Benchmarks (escalated to midpoint of construction)**

Graduate Student Housing Complex	\$93,217
College Planning and Management National Average, Residence	\$97,331
	Low Quartile      Median      High Quartile
Other U. T. System Projects	\$71,364      \$ 81,836      \$ 96,249
Other Texas Projects	\$70,193      \$ 94,148      \$107,114
Other National Projects	\$98,747      \$127,866      \$145,611

**Investment Metrics**

- Recruit and retain top graduate students
- Diversify housing inventory

**Project Planning**

Definition Phase	N/A
Owner’s Project Requirements	Yes
Basis of Design	Yes
Schematic Design	Yes
Detailed Cost Estimate	Yes

**Project Milestones**

Definition Phase Approval	N/A
Addition to CIP	May 2015
Design Development Approval	May 2017
Construction Notice to Proceed	June 2017
Substantial Completion	June 2019

**Graduate Student Housing Statistics**

Waiting list for on-campus housing	810
Total number of beds added in this project	747
Units to be demolished in this project	0
Total number of beds on campus after completion	1,462

7. U. T. Austin: Jester West Maintenance and Interior Finishes - Amendment of the FY 2017-2022 Capital Improvement Program to increase total project cost and appropriation of funds and authorization of expenditure

The Board approved the recommendations for the Jester West Maintenance and Interior Finishes project at The University of Texas at Austin as follows:

- a. amend the Fiscal Year 2017-2022 Capital Improvement Program (CIP) to increase the total project cost from \$36,000,000 to \$56,000,000; and
- b. appropriate funds and authorize expenditure of \$20,000,000 from Auxiliary Enterprises Balances.

Previous Actions

On February 9, 2012, the project was added to the CIP with a total project cost of \$36,000,000 with funding from Auxiliary Enterprises Balances. On February 14, 2012, the President approved design development and authorized expenditure of funds.

Project Description

The original project included a phased six-year renovation to each of the 14 floors to address deferred maintenance needs as well as improving student living and

study space. The original scope of the project included renovation of bathrooms to Americans with Disabilities Act (ADA) standards as required, updated finishes, and improvements to the mechanical, plumbing, and electrical systems.

The increase in total project cost is driven by the additional scope of abatement of hazardous materials and the unprecedented construction market in Austin, including the demand for trade subcontractors for summer renovations and construction cost increases of 30% since 2012.

**Project Information**

Project Number	102-692
CIP Project Type	Repair and Rehabilitation
Facility Type	Housing, Dormitory
Management Type	Institutionally Managed
Institution’s Project Advocate	Hemlata Jhaveri, Executive Director, Division of Housing and Food Service
Project Delivery Method	Construction Manager-at-Risk
Gross Square Feet (GSF)	430,713

**Project Funding**

	<u>Former</u>	<u>Current</u>
Auxiliary Enterprises Balances <sup>1</sup>	<u>\$36,000,000</u>	<u>\$56,000,000</u>
Total Project Cost	\$36,000,000	\$56,000,000

<sup>1</sup> Auxiliary Enterprises Balances from the Division of Student Housing and Food Service revenues

**Project Cost Detail**

Building Cost	\$46,848,597
Fixed Equipment	-
Site Development	-
Furniture and Moveable Equipment	-
Institutionally Managed Work	-
Architectural/Design Services	3,000,000
Project Management Fees	1,000,000
Insurance	-
Other Professional Fees	-
Project Contingency	5,151,403
Other Costs	-
<b>Total Project Cost</b>	<b>\$56,000,000</b>

**Cost per Bed**

Jester West Maintenance and Interior Finishes	\$23,709
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**Project Planning**

Definition Phase	N/A
Owner’s Project Requirements	N/A
Basis of Design	N/A
Schematic Design	N/A
Detailed Cost Estimate	Yes

**Project Milestones**

Definition Phase Approval	N/A
Addition to CIP	February 2012
Design Development Approval	February 2012
Construction Notice to Proceed	April 2013
Substantial Completion	August 2019

**Current Undergraduate Housing Statistics**

Occupancy Rate	100%
Total number of beds in Jester West	1,976
Units to be demolished in this project	0
Total number of campus-owned beds on campus after completion	7,307

8. U. T. Austin: Texas Tennis Center - Amendment of the FY 2017-2022 Capital Improvement Program to increase total project cost and appropriation of funds and authorization of expenditure

The Board approved the recommendations for the Texas Tennis Center project at The University of Texas at Austin as follows:

- a. amend the Fiscal Year 2017-2022 Capital Improvement Program (CIP) to increase the total project cost from \$16,500,000 to \$18,500,000; and
- b. appropriate funds and authorize expenditure of \$2,000,000 from Auxiliary Enterprises Balances.

Previous Actions

On November 14, 2013, the Tennis Center Replacement Facility project was included in the CIP with a total project cost of \$15,000,000 with funding from Auxiliary Enterprises Balances. On May 15, 2014, the Board approved design development and authorized expenditure of funds. On October 17, 2016, the project was redesignated as the Texas Tennis Center. On February 17, 2017, the Chancellor approved an increase in the total project cost from \$15,000,000 to \$16,500,000 with funding of \$1,500,000 from Gifts.

**Project Description**

The original project consists of 12 outdoor tennis courts, grandstand/bleachers, and support buildings for the U. T. Tennis Team programs and other Texas Athletics programs in East Austin. The increase in total project cost will provide a fitness and training center and an in-ground plunge pool.

The Texas Tennis Center is a replacement for the Penick-Allison Tennis Center demolished to make way for the Dell Medical School and is located on the East Campus adjacent to UFCU Disch-Falk Field according to the East Campus Master Plan approved by the Board of Regents on May 14, 2015.

**Project Information**

Project Number	102-788
CIP Project Type	New Construction
Facility Type	Athletic
Management Type	Office of Facilities Planning and Construction
Institution’s Project Advocate	Arthur Johnson, Executive Senior Associate Athletic Director, Intercollegiate Athletics
Project Delivery Method	Construction Manager-at-Risk
Gross Square Feet (GSF)	127,457

**Project Funding**

	<u>Former</u>	<u>Current</u>
Auxiliary Enterprises Balances <sup>1</sup>	\$14,600,000	\$16,600,000
Gifts <sup>2</sup>	\$ 1,900,000	\$ 1,900,000
Total Project Cost	\$16,500,000	\$18,500,000

<sup>1</sup> Auxiliary Enterprises Balances from Texas Athletics Cash Reserves

<sup>2</sup> Gifts fully collected or committed at this time

**Project Cost Detail**

Building Cost	\$11,419,218
Fixed Equipment	-
Site Development	3,500,000
Furniture and Moveable Equipment	-
Institutionally Managed Work	125,000
Architectural/Design Services	1,386,944
Project Management Fees	667,940
Insurance	306,400
Other Professional Fees	588,328
Project Contingency	500,000
Other Costs	6,170
Total Project Cost	\$18,500,000

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

Texas Tennis Center	\$ 90		
Texas Higher Education Coordinating Board Average, Athletic	\$430		
	Low Quartile	Median	High Quartile
Other U. T. System Projects	\$213	\$293	\$310
Other Texas Projects	\$ 80	\$ 97	\$208
Other National Projects	\$206	\$268	\$343

**Project Planning**

Definition Phase Completed	N/A
Owner’s Project Requirements	Yes
Basis of Design	Yes
Schematic Design	Yes
Detailed Cost Estimate	Yes

**Project Milestones**

Definition Phase Approval	N/A
Addition to CIP	November 2013
Design Development Approval	May 2014
Construction Notice to Proceed	September 2016
Substantial Completion	August 2017



APPROVAL OF STANDING COMMITTEE RECOMMENDATIONS.--At 10:57 a.m., the Board voted and unanimously approved the Standing Committee recommendations.

RECESS TO EXECUTIVE SESSION PURSUANT TO *TEXAS GOVERNMENT CODE*, CHAPTER 551.--At 10:57 a.m., the Board recessed to Executive Session pursuant to *Texas Government Code* Sections 551.071, 551.072, 551.073, 551.074, and 551.076 to consider those matters listed on the Executive Session agenda.

RECONVENE IN OPEN SESSION TO CONSIDER ACTION, IF ANY, ON EXECUTIVE SESSION ITEMS.--The Board reconvened in Open Session at 1:06 p.m. to consider the following actions on Executive Session items.

1. U. T. Austin: Discussion regarding the lease or value of property related to the Brackenridge Tract, including Lions Municipal Golf Course, Austin, Travis County, Texas

No action was taken on this item.

- 2a. U. T. System Academic Institutions: Discussion and appropriate action regarding proposed negotiated gifts with potential naming features

Regent Tucker moved that the Board authorize the Vice Chancellor for External Relations, the Chancellor or Deputy Chancellor, and the Presidents of The University of Texas at Austin, The University of Texas of the Permian Basin, The University of Texas Rio Grande Valley, The University of Texas Southwestern Medical Center, The University of Texas at Tyler, and The University of Texas M. D. Anderson Cancer Center to conclude negotiations necessary to finalize, approve, and accept gifts and to finalize and execute agreements with potential naming features for the benefit of the named institutions consistent with the terms and conditions outlined and recommended in the Executive Session.

The motion was seconded by Regent Longoria and carried unanimously.

- 2b. U. T. System Health Institutions: Discussion and appropriate action regarding proposed negotiated gifts with potential naming features

See Item 2a above for action taken on this item.

- 3a. U. T. System Board of Regents: Discussion with Counsel on pending legal issues

No action was taken on this item.

- 3b. U. T. Health Science Center - San Antonio and U. T. Rio Grande Valley: Discussion and appropriate action regarding legal issues associated with request to transfer an endowment from U. T. Health Science Center - San Antonio to U. T. Rio Grande Valley

No action was taken on this item.

- 3c. U. T. System Board of Regents: Discussion and appropriate action regarding legal issues concerning pending legal claims by and against U. T. System

No action was taken on this item.

- 3d. U. T. Rio Grande Valley: Discussion and appropriate action regarding legal issues related to Transition and Settlement Agreement with Doctors Hospital at Renaissance, LTD

Vice Chairman Hicks moved that the Board approve the terms of a proposed Transition and Settlement Agreement among Doctors Hospital at Renaissance, The University of Texas Rio Grande Valley, and The University of Texas Health Science Center at San Antonio as recommended to the Board in Executive Session.

The motion was seconded by Regent Aliseda and carried unanimously.

- 3e. U. T. Austin: Discussion regarding legal issues related to the utilization of the Brackenridge Tract, including Lions Municipal Golf Course, Austin, Travis County, Texas

No action was taken on this item.

- 3f. U. T. Health Science Center - Tyler: Discussion and appropriate action regarding legal issues related to the Northeast Texas Consortium of Colleges and Universities

No action was taken on this item.

- 4a. U. T. System: Discussion and appropriate action regarding individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of presidents (academic and health institutions), U. T. System Administration officers (Deputy Chancellor, Executive Vice Chancellors, and Vice Chancellors), other officers reporting directly to the Board (Chancellor, General Counsel to the Board, and Chief Audit Executive), members of the Board of Regents, and U. T. System and institutional employees

No action was taken on this item.

- 4b. U. T. Austin: Discussion and appropriate action regarding terms of employment agreement for Thomas J. Herman as Head Football Coach (Regents' *Rules and Regulations*, Rule 10501, Subsection 2.2.12, regarding Athletic Employment Agreements and Rule 20204, regarding highly compensated employees) and related Personal Service and License Agreement with 1-0 Culture LLC

Regent Weaver moved that the Board approve proposed contracts associated with the employment of the Head Football Coach at The University of Texas at Austin, as approved on December 3, 2016, and within the additional parameters discussed in Executive Session and recommended by the President and Athletic Director at U. T. Austin.

He further moved that President Fenves be authorized to execute an employment agreement for a term of five years through December 31, 2021, as well as an agreement by which U. T. Austin will exclusively sublicense and use the Head Coach's name, image, likeness, voice, signature, photograph, and other publicity rights for products and services for U. T. Austin educational and athletic programs, conditioned upon the approval of the agreements by the Chancellor or Deputy Chancellor, Executive Vice Chancellor for Academic Affairs, Associate Vice Chancellor and Athletics Counsel, and Vice Chancellor and General Counsel.

He further moved that the Board find that the proposed agreements are in the best interest of U. T. Austin and The University of Texas System.

The motion, regarding terms of employment agreement for Thomas J. Herman as Head Football Coach at U. T. Austin, was duly seconded and carried unanimously.

- 4c. U. T. Health Science Center - Houston: Discussion and appropriate action regarding a proposed increase in compensation for Cesar Nahas, M.D., Associate Professor in the Department of Cardiothoracic and Vascular Surgery of Radiation Oncology (Regents' *Rules and Regulations*, Rule 20204, regarding compensation for highly compensated employees)

Regent Longoria moved that the Board approve the proposed increase in compensation for Dr. Cesar Nahas, Associate Professor in the Department of

Cardiothoracic and Vascular Surgery of Radiation Oncology at The University of Texas Health Science Center at Houston, within the parameters outlined and recommended in Executive Session.

She further moved that the Board find that this proposed compensation change is in the best interest of U. T. Health Science Center - Houston and The University of Texas System as required by state law.

The motion was duly seconded and carried unanimously.

4d. U. T. Permian Basin: Discussion and appropriate action regarding the appointment of Dr. Sandra K. Woodley as President

Regent Beck moved that Dr. Sandra K. Woodley, Higher Education Senior Strategist and Senior Fellow at Kentucky State University, be selected President of The University of Texas of the Permian Basin, with the terms of the appointment and the compensation commensurate with the responsibilities of the office, to be negotiated in accordance with University of Texas System policies by Executive Vice Chancellor Leslie, approved by Chancellor McRaven, and submitted to the Board for approval by way of the usual budgetary procedures.

He further moved that the Minutes reflect that, by approval of this motion, the Board has made a finding, as required by state law, that this appointment is in the best interest of U. T. Permian Basin and The University of Texas System.

The motion was seconded by Regent Longoria and carried unanimously.

4e. U. T. System: Discussion and appropriate action regarding individual personnel matters relating to assignment and duties of the Chancellor, including responsibilities associated with the admissions procedures set forth in Regents' Rules and Regulations, Rule 40303

No action was taken on this item.

REPORT FOR THE RECORD.--

U. T. Permian Basin: Report concerning appointment of the Presidential Search Advisory Committee

The membership of the Presidential Search Advisory Committee for The University of Texas of the Permian Basin is reported for the record. This Committee has been constituted pursuant to the Regents' *Rules and Regulations*, Rule 20201.

Presidential Search Advisory Committee  
for U. T. Permian Basin

Executive Vice Chancellor for Academic Affairs Steven Leslie  
Regent David J. Beck  
Richard C. Benson, Ph.D., President, The University of Texas at Dallas  
Giuseppe Colasurdo, M.D., President, The University of Texas Health Science Center at  
Houston  
Dorothy Jackson, Ph.D., Dean, U. T. Permian Basin  
James Eldridge, Ph.D., Associate Professor, U. T. Permian Basin  
Maria Avalos, Ph.D., Assistant Professor, U. T. Permian Basin  
James Olson, Ph.D., Professor, U. T. Permian Basin  
Ms. Maribea Merritt, Assistant Director and Alumni Relations, U. T. Permian Basin  
Mr. Jaston Brink, Student, U. T. Permian Basin  
Mr. Daniel Bright, President of the Falcon Alumni Network  
Mr. Kirk Edwards  
Ms. Lissa Noël Wagner

SCHEDULED MEETING.--The next regularly scheduled meeting will be held on  
July 12-13, 2017, in Austin.

ADJOURNMENT.--There being no further business, the meeting was adjourned at  
1:10 p.m.

/s/ Carol A. Felkel  
Secretary to the Board of Regents

May 26, 2017



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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 on February 8-9, 2017; and the special called meetings held on March 24, 2017, and March 28, 2017

### AUDIT, COMPLIANCE, AND MANAGEMENT REVIEW COMMITTEE

No items for Consent Agenda

### FINANCE AND PLANNING COMMITTEE

2. Contract (funds going out) - U. T. System: McKinsey & Company, Inc. Washington D.C. to provide health care consulting services

Agency: McKinsey & Company, Inc. Washington D.C.

Funds: Anticipated total cost may exceed \$1,000,000 over the life of the contract

Source of Funds: Appropriate funding, potentially including Available University Funds

Period: January 10, 2017 through December 31, 2021

Description: McKinsey & Company, Inc. Washington D.C. will provide health care consulting services related to health care opportunities and potential transactions for U. T. System Administration and the U. T. System institutions. The services include health care advising and consulting services relating to the opportunities and potential transactions; assistance in evaluation, valuation, and negotiation of health care opportunities, development of new lines of business, potential partnership opportunities, and other transactions; and assistance in the start-up phases of health care opportunities, business lines, partnership opportunities, and other transactions. This contract was competitively bid.

3. Contract (funds going out) - U. T. System: Merrill Lynch, Pierce, Fenner & Smith Incorporated to provide health care consulting services

Agency: Merrill Lynch, Pierce, Fenner & Smith Incorporated

Funds: Anticipated total cost may exceed \$1,000,000 over the life of the contract

Source of Funds: Appropriate funding, potentially including Available University Funds

Period: February 1, 2017 through January 31, 2022

Description: Merrill Lynch, Pierce, Fenner & Smith Incorporated will provide health care consulting services related to health care opportunities and potential transactions for U. T. System Administration and the U. T. System institutions. The services include health care advising and consulting services relating to the opportunities and potential transactions; assistance in evaluation, valuation, and negotiation of health care opportunities, development of new lines of business, potential partnership opportunities, and other transactions; and assistance in the start-up phases of health care opportunities, business lines, partnership opportunities, and other transactions. This contract was competitively bid.

4. Contract (funds going out) - U. T. System: Ernst & Young, LLP to provide health care consulting services

Agency: Ernst & Young, LLP

Funds: Anticipated total cost may exceed \$1,000,000 over the life of the contract

Source of Funds: Appropriate funding, potentially including Available University Funds

Period: February 1, 2017 through January 31, 2022

Description: Ernst & Young, LLP will provide health care consulting services related to health care opportunities and potential transactions for U. T. System Administration and the U. T. System institutions. The services include health care advising and consulting services relating to the opportunities and potential transactions; assistance in evaluation, valuation, and negotiation of health care opportunities, development of new lines of business, potential partnership opportunities, and other transactions; and assistance in the start-up phases of health care opportunities, business lines, partnership opportunities, and other transactions. This contract was competitively bid.

5. Contract (funds going out) - U. T. System: The Chartis Group to provide health care consulting services

Agency: The Chartis Group

Funds: Anticipated total cost may exceed \$1,000,000 over the life of the contract

Source of Funds: Appropriate funding, potentially including Available University Funds

Period: February 1, 2017 through January 31, 2022

Description: The Chartis Group will provide health care consulting services related to health care opportunities and potential transactions for U. T. System Administration and the U. T. System institutions. The services include health care advising and consulting services relating to the opportunities and potential transactions; assistance in evaluation, valuation, and negotiation of health care opportunities, development of new lines of business, potential partnership opportunities, and other transactions; and assistance in the start-up phases of health care opportunities, business lines, partnership opportunities, and other transactions. This contract was competitively bid.



6. Contract (funds going out) - U. T. System: InGenesis, Inc. to manage the provision of contingent (temporary) workers to support clinical, administrative, and business functions at U. T. System institutions

Agency: InGenesis, Inc.

Funds: Estimated at \$350,000,000 (As is typical of U. T. System Supply Chain Alliance-procured contracts, this is a master agreement, signed by U. T. System, in which institutions subsequently may choose to participate. The institutions will decide individually how much to utilize the master agreement, which does not contain a “not to exceed” amount.)

Source of Funds: Institutional Funds

Period: March 1, 2017 through February 28, 2024, including possible renewals; the agreement is subject to earlier termination

Description: InGenesis, Inc. will manage the provision of contingent worker staffing services to U. T. System institutions. The U. T. System Supply Chain Alliance (the Alliance), working with subject matter experts from the affected institutions, competitively procured the services from InGenesis pursuant to a Request for Proposal issued in April 2016. The agreement with InGenesis contains a provision making it subject to Board of Regents' approval and limiting spending to \$1,000,000 unless and until Board approval is given.

The proposed agreement replaces a 2011 U. T. System master agreement that was awarded to Comforce Technical Services, Inc. (dba RightSourcing), following a 2010 competitive procurement by the Alliance. Under both the previous and new agreements, the primary role of the vendor is to arrange for the supply of temporary or part-time contract worker services by individuals employed by staffing agencies (not by U. T. System institutions).

Available contract worker services include the performance of administrative jobs (such as office and clerical work), clinical jobs (performed by medical technologists, physicians, registered nurses, etc.), and jobs in support of computer-based information systems (performed by programmers, web developers, business

system analysts, etc.). Spend by U. T. System institutions over a span of six years under the 2011 master agreement totaled approximately \$212,000,000. Spend is projected to increase under the replacement agreement, due to the institutions moving even more of their routine purchases to the new vendor, to take advantage of favorable purchase terms the Alliance has achieved by leveraging demand by multiple institutions.

7. Contract (funds going out) - U. T. System: The Burgundy Group, Inc. to provide break-fix and enhancement services

Agency: The Burgundy Group, Inc.

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

Source of Funds: Appropriate funding, potentially including Available University Funds

Period: April 3, 2017 through April 3, 2019, with the option to renew for three additional one-year terms

Description: The Burgundy Group, Inc. will provide professional services necessary to support break-fix and enhancement services in the following PeopleSoft application suites: Finance, Human Capital Management, Campus Solutions, and PeopleSoft Portal. This contract was competitively bid.

8. Contract (funds going out) - U. T. System: ERP Analysts, Inc. to provide break-fix and enhancement services

Agency: ERP Analysts, Inc.

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

Source of Funds: Appropriate funding, potentially including Available University Funds

Period: April 1, 2017 through April 1, 2019; with option to renew for three additional one-year terms

Description: ERP Analysts, Inc. will provide professional services necessary to support break-fix and enhancement services in the following PeopleSoft application suites: Finance, Human Capital Management, Campus Solutions, and PeopleSoft Portal. This contract was competitively bid.

9. Request for Budget Change - U. T. System: Approval to allocate \$1,000,000 of Permanent University Fund (PUF) Bond Proceeds for U. T. Permian Basin to complete the expansion of the UTPB STEM Academy charter school (RBC No. 8463) -- amendment to the 2016-2017 budget

U. T. Permian Basin is requesting \$1,000,000 of PUF Bond Proceeds to complete the expansion of the UTPB STEM Academy charter school on the campus of U. T. Permian Basin in Odessa, Texas. The Academy currently serves 560 students in Grades K-8 and is preparing to add Grade 9 for the 2018 academic year. The Academy will need additional portable classroom buildings, including site preparation and installation, to expand. Apart from the capital investment that U. T. System has made for the Academy, U. T. Permian Basin has no access to capital.

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

**THE UNIVERSITY OF TEXAS SYSTEM  
SEPARATELY INVESTED ASSETS  
Managed by U. T. System  
Summary Report at February 28, 2017**

**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 11/30/2016	\$ 2,226,653	\$ 17,610,416	\$ 97,240,252	\$ 257,986,065	\$ 789,427	\$ 1,645,424	\$ 100,256,332	\$ 277,241,905
Increase or Decrease	(191,095)	(115,398)	(333,903)	387,313	(71,592)	(55,368)	(596,590)	216,547
Ending Value 02/28/2017	\$ 2,035,558	\$ 17,495,018	\$ 96,906,349	\$ 258,373,378	\$ 717,835	\$ 1,590,056	\$ 99,659,742	\$ 277,458,452
<b>Other Real Estate:</b>								
Ending Value 11/30/2016	\$ 5	\$ 5	\$ 6	\$ 6	\$ -	\$ -	\$ 11	\$ 11
Increase or Decrease	(1)	(1)	-	-	-	-	(1)	(1)
Ending Value 02/28/2017	\$ 4	\$ 4	\$ 6	\$ 6	\$ -	\$ -	\$ 10	\$ 10

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.

11. Request for Budget Change - U. T. Austin: Transfer \$5,000,000 from Housing and Food Service - Division Office Expenses - Auxiliary Funds, Operating Income to Housing and Food New Construction Reserve - Plant Funds, Allocated for Budget to fund New Construction Reserves (RBC No. 8348) -- amendment to the 2015-2016 budget
  
12. Request for Budget Change - U. T. San Antonio: Transfer \$5,000,000 from Campus Reserves account to Science and Engineering Building capital project account to provide the remaining funding for capital project, Science and Engineering Building (RBC No. 8232) -- amendment to the 2016-2017 budget
  
13. Request for Budget Change - U. T. San Antonio: Transfer \$2,896,384 from Parking Capital Reserves account to Tobin and Devine Parking Lots account to provide funding for parking lot projects (RBC No. 8417) -- amendment to the 2016-2017 budget

#### **ACADEMIC AFFAIRS COMMITTEE**

14. Report - U. T. System Academic Institutions: Fiscal Year 2016 Post-Tenure Review

In accordance with *Texas Education Code* Section 51.942 and Regents' *Rules and Regulations*, Rule 31102, the following report on the Fiscal Year 2016 post-tenure review for the U. T. System academic institutions is provided by the Executive Vice Chancellor for Academic Affairs.

During Fiscal Year 2016, 422 tenured faculty members at the eight academic institutions with tenured faculty were subject to post-tenure review. Of the faculty members reviewed, 407 or 96.4% were evaluated as Meets or Exceeds Expectations; 12 or 2.8% received Does Not Meet Expectations; and three or 0.7% received Unsatisfactory evaluations. Ten faculty members retired or resigned before their post-tenure reviews. Fiscal Year 2016 is the first fiscal year for which U. T. Rio Grande Valley submitted a post-tenure review report.

The following summary tables provide additional details of the post-tenure review results for Academic Year 2015-2016.

**Summary of Post-Tenure Review Results**

	Total Actually Reviewed	Total Exceeding Expectations	Total Meets Expectations	Total Does Not Meet Expectations	Total Unsatisfactory	Decided to Retire or Resign Before Review
UTA	55	33	21	1	0	2
UTAUS	161	82	73	5	1	2
UTD	57	15	40	2	0	0
UTEP	41	8	29	2	2	0
UTPB	7	0	7	0	0	0
UTRGV	36	23	12	1	0	1
UTSA	45	24	20	1	0	5
UTT	20	13	7	0	0	0
Total	422	198	209	12	3	10
		46.9%	49.5%	2.8%	0.7%	

**Post-Tenure Review Results by Gender**

	Actually Reviewed		Exceeding Expectations		Meets Expectations		Does Not Meet Expectations		Unsatisfactory		Decided to Retire or Resign Before Review	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
UTA	40	15	22	11	17	4	1	0	0	0	2	0
UTAUS	103	58	54	28	46	27	3	2	0	1	2	0
UTD	48	9	10	5	38	2	0	2	0	0	0	0
UTEP	24	17	5	3	16	13	2	0	1	1	0	0
UTPB	6	1	0	0	6	1	0	0	0	0	0	0
UTRGV	25	11	15	8	9	3	1	0	0	0	0	1
UTSA	30	15	17	7	12	8	1	0	0	0	1	4
UTT	15	5	10	3	5	2	0	0	0	0	0	0
Total	291	131	133	65	149	60	8	4	1	2	5	5

**Post-Tenure Review Results by Ethnicity**

	Total Actually Reviewed					Exceeds Expectations				
	White	Black	Hispanic	Asian	Other	White	Black	Hispanic	Asian	Other
UTA	36	0	2	17	0	22	0	1	10	0
UTAUS	130	10	8	9	4	69	3	4	5	1
UTD	39	2	1	15	0	12	0	0	3	0
UTEP	25	0	12	4	0	3	0	4	1	0
UTPB	7	0	0	0	0	0	0	0	0	0
UTRGV	15	0	15	6	0	11	0	9	3	0
UTSA	27	2	8	7	1	16	1	4	3	0
UTT	17	2	0	1	0	13	0	0	0	0
Total	296	16	46	59	5	146	4	22	25	1

	Meets Expectations					Does Not Meet Expectations				
	White	Black	Hispanic	Asian	Other	White	Black	Hispanic	Asian	Other
UTA	13	0	1	7	0	1	0	0	0	0
UTAUS	56	7	3	4	3	4	0	1	0	0
UTD	27	1	1	11	0	0	1	0	1	0
UTEP	19	0	7	3	0	1	0	1	0	0
UTPB	7	0	0	0	0	0	0	0	0	0
UTRGV	4	0	6	2	0	0	0	0	1	0
UTSA	10	1	4	4	1	1	0	0	0	0
UTT	4	2	0	1	0	0	0	0	0	0
Total	140	11	22	32	4	7	1	2	2	0

	Unsatisfactory					Decided to Retire/Resign Before Review				
	White	Black	Hispanic	Asian	Other	White	Black	Hispanic	Asian	Other
UTA	0	0	0	0	0	2	0	0	0	0
UTAUS	1	0	0	0	0	2	0	0	0	0
UTD	0	0	0	0	0	0	0	0	0	0
UTEP	2	0	0	0	0	0	0	0	0	0
UTPB	0	0	0	0	0	0	0	0	0	0
UTRGV	0	0	0	0	0	1	0	0	0	0
UTSA	0	0	0	0	0	4	0	1	0	0
UTT	0	0	0	0	0	0	0	0	0	0
Total	3	0	0	0	0	9	0	1	0	0

**PRESENT STATUS OF EACH PERFORMANCE THAT DOES NOT MEET EXPECTATIONS:**

**U. T. Arlington:** Improvement plan presented, reviewed, and approved, but faculty member passed away. Improvement plan received and reviewed by Office of Provost.

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

**U. T. Dallas:** The faculty members are working with their respective Deans to develop performance improvement plans.

**U. T. El Paso:** Faculty members whose performance has been rated as "marginal" have met with their Department Chairs and Deans to discuss the review of their performance. Remediation plans that include performance goals and benchmarks in teaching, research, and service have been developed and are being implemented.

**U. T. Rio Grande Valley:** Significant concerns were raised regarding the faculty member's student evaluation scores and performance in the area of research/scholarship, especially as it relates to external funding and publication. Based on these results, a meeting with the Department Chair and Dean was held to establish an action plan with concrete initiatives to address the issues.

**U. T. San Antonio:** The faculty member has been placed on a faculty development plan for 2016-2017 and 2017-2018. The Department Chair will periodically meet with faculty member to ensure progress is being made. At the end of the development plan, the faculty member will submit a report and will meet with the Department Chair and Dean to determine if the faculty member met the criteria set out in the plan.

**PRESENT STATUS OF EACH UNSATISFACTORY PERFORMANCE:**

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

**U. T. El Paso:** Faculty members whose performance has been rated as "unsatisfactory" have met with their Department Chairs and Deans to discuss the results of their review. Remediation plans, including specific performance goals and benchmarks, have been developed and are being implemented.



15. Employment Agreement - U. T. Arlington: Approval of terms of Employment Agreement for Athletic Director P. James Baker

The following Athletic Director Employment Agreement has been approved by the Executive Vice Chancellor for Academic Affairs and is recommended for approval by the U. T. System Board of Regents. If the Agreement is approved, total compensation for the contract period for P. James Baker will be in excess of \$1 million. Such employment under the Agreement is subject to the Constitution and Bylaws of the National Collegiate Athletic Association (NCAA), any intercollegiate athletic conference of which The University of Texas at Arlington is a member, the Regents' *Rules and Regulations*, and the policies of U. T. Arlington (Regents' *Rules and Regulations*, Rule 10501, Section 2.2.12, Athletic Employment Agreements; and Rule 20204, Section 3, Board Approval). Any violation of the provisions of such constitution, bylaws, rules, regulations, or policies shall be grounds for suspension without pay and/or dismissal.

Item: Athletic Director Employment Agreement for P. James Baker

Proposed: **Guaranteed compensation:**

Annual Base Salary:

02/01/2017 - 08/31/2017: \$300,000 annually (pro-rated)

FY 2017-18: \$300,000 annually

FY 2018-19: \$300,000 annually

FY 2019-20: \$300,000 annually

FY 2020-21: \$300,000 annually

FY 2021-22: \$300,000 annually\*

\*Annual Base Salary will be reviewed annually and may be adjusted.

**Nonguaranteed compensation:**

Performance Incentives for Varsity Sports Teams (maximum incentive compensation of \$25,000 annually):

(a) \$3,000 (with a limit of \$12,000 in any contract year) for each varsity sports team that wins the Southwest Conference regular season championship or conference tournament;

(b) \$3,000 (with a limit of \$12,000 in any contract year) for each varsity sports team or individuals that participate in post-season NCAA competition during any contract year; and

(c) \$10,000 in any contract year for each varsity sports team that wins an NCAA championship.

Performance Incentives for Academic Grade Point (maximum incentive compensation of \$25,000 annually):

- (a) \$12,500 in any contract year when an overall cumulative 2.9 GPA by all varsity student athletes is achieved or the aggregate APR for all varsity teams exceeds the NCAA minimum; and
- (b) \$2,500 in any contract year (with a limit of \$12,500) for each varsity team with a 3.0 or above grade point average for the spring and fall semesters.

Source of funds: Intercollegiate Athletics

Description: Agreement for employment of Athletic Director P. James Baker

Period: February 1, 2017 through August 31, 2022

16. Lease - U. T. Arlington: Authorization to lease approximately 25,381 square feet of space located at 1401 Jones Street, Fort Worth, Tarrant County, Texas, from Ron Investments, Ltd., for academic and office use

Description: Lease of approximately 25,381 square feet of space located at 1401 Jones Street, Fort Worth, Tarrant County, Texas, for academic and office use. The space is currently being used for graduate business programs and may be expanded to include certificate programs. U. T. Arlington was under a sublease agreement for this same space from July 1, 2006 through March 31, 2017, and is now leasing directly from the Lessor.

Lessor: Ron Investments, Ltd., a Texas limited partnership

Term: 38 months commencing on April 1, 2017, and continuing through May 31, 2020. U. T. Arlington has two one-year options to renew; the first at its sole discretion and the second by mutual agreement of the parties.

Lease Cost: Annual base rent is \$454,828 (\$17.92 per square foot) and will total \$1,440,287 over the initial term of the lease. Annual expenses for electricity are approximately \$48,000 and excess custodial services total approximately \$6,200 per year; additional operating expenses that exceed a 2016 base year will be payable by the institution for the initial term and renewal options. Base rent for each one-year renewal option will escalate by 5% to \$477,569 for the first renewal term and \$500,310 for the second renewal term.

Source of Funds: Designated Tuition

17. Contract (funds coming in) - U. T. Austin: Master Physician Services Agreement with Tri-County Clinical, Seton/U. T. Austin Dell Medical School University Physicians Group, Pediatric Surgical Subspecialists (dba Pediatric Specialty Services), Seton Family of Doctors, and ‘Specially for Children Children’s Hospital Subspecialists of Central Texas (collectively, “Seton 162b Entities”) for the provision of clinical and other related administrative services by physicians employed by U. T. Austin’s Dell Medical School

Agency: Tri-County Clinical, Seton/U. T. Austin Dell Medical School University Physicians Group, Pediatric Surgical Subspecialists (dba Pediatric Specialty Services), Seton Family of Doctors, and ‘Specially for Children Children’s Hospital Subspecialists of Central Texas (collectively, “Seton 162b Entities”)

Funds: U. T. Austin will be paid approximately \$3,429,945 per year for the clinical services provided

Period: Initial one-year term beginning March 1, 2017, with renewal periods of 12 months each, unless terminated earlier

Description: Certain U. T. Austin Dell Medical School physician employees will provide clinical inpatient and outpatient services and related clinical administrative services for Seton 162b Entities at facilities owned and operated by, or affiliated with, Seton Family of Hospitals.

18. Contract (funds coming in) - U. T. Austin: Reimbursement Agreement with Tri-County Clinical, Seton/U. T. Austin Dell Medical School University Physicians Group, Pediatric Surgical Subspecialists (dba Pediatric Specialty Services), Seton Family of Doctors, and 'Specially for Children Children's Hospital Subspecialists of Central Texas (collectively, "Seton 162b Entities") related to the reimbursement to U. T. Austin for clinical and other related administrative services provided by physicians employed by U. T. Austin's Dell Medical School

Agency: Tri-County Clinical, Seton/U. T. Austin Dell Medical School University Physicians Group, Pediatric Surgical Subspecialists (dba Pediatric Specialty Services), Seton Family of Doctors, and 'Specially for Children Children's Hospital Subspecialists of Central Texas (collectively, "Seton 162b Entities")

Funds: \$2,615,647

Period: Payment to be made to U. T. Austin within 45 days of execution

Description: An agreement to compensate U. T. Austin for clinical and other related administrative services that were provided by certain U. T. Austin Dell Medical School physician employees beginning in or around July 2015 through February 2017

19. Contract (funds coming in and going out) - U. T. Austin: Flik International Corp., a wholly-owned subsidiary of Compass Group USA, Inc., will manage a second food service location at the Dell Medical School for faculty, staff, students, and invitees at the Health Transformation Building (HTB)

Agency: Flik International Corp. (Flik)

Source of Funds: Available University Funds and Local Funds

Funds: Funds going out:

- Operating Expenses of \$12,018,294;
- Projected Management Fees of \$666,955;
- Pre-Opening Expenses of \$92,582; and
- An advance to Flik of \$2,478

Funds coming in:

- Projected Sales Revenue of \$12,815,313 for a period of nine years

Period: Initial term from March 1, 2017 through June 30, 2021; five possible one-year renewal periods

Description: The First Amendment will add a second café at the Dell Medical School. Since 2015, Flik has operated food service at the first café. Flik became the food service provider as a result of an award from a Request for Proposal (RFP). The First Amendment provides that Flik will manage and provide food services at the second café at the Dell Medical School's Health Transformation Building. This Amendment was procured by means of an exclusive acquisition justification based upon best value.

20. Request for Budget Change - U. T. Austin: New Hires with Tenure -- amendment to the 2016-2017 budget

The following Requests for Budget Changes (RBC) have been administratively approved by 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>College of Liberal Arts</b>					
Department of Psychology					
Professor					
Linda J. Noble (T)	1/16-8/31	75	09	215,000	8399
<b>Dell Medical School</b>					
Department of Medicine					
Professor					
Sue G. Eckhardt (T)	1/17-8/31	100	12	565,000	8375
Department of Neurology					
Professor					
David Paydarfar (T)	9/1-8/31	100	12	400,000	8374
Professor					
William Schwartz (T)	2/1-8/31	100	12	262,800	8403
Department of Women's Health					
Professor					
Rebecca G. Rogers (T)	2/6-8/31	100	12	420,000	8373

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

**Wallace T. Fowler**, from Professor to Paul D. and Betty Robertson Meek Centennial Professor Emeritus in Engineering and Distinguished Teaching Professor Emeritus, Department of Aerospace Engineering and Engineering Mechanics in the Cockrell School of Engineering (RBC No. 8362) -- amendment to the 2016-2017 budget

**William R. Kinney**, from Professor to Charles and Elizabeth Prothro Regents Chair Emeritus in Business, Department of Accounting in the McCombs School of Business (RBC No. 8364) -- amendment to the 2016-2017 budget

**Karrol Ann Kitt**, from Associate Professor to Associate Professor Emerita, Department of Human Development and Family Sciences in the College of Natural Sciences (RBC No. 8416) -- amendment to the 2016-2017 budget

**Kathleen S. Mackie**, from Distinguished Senior Lecturer to Distinguished Senior Lecturer Emerita, Department of Marketing Administration in the McCombs School of Business (RBC No. 8367) -- amendment to the 2016-2017 budget

**John A. Pearce**, from Professor to Temple Foundation Endowed Professor Emeritus No. 3, Department of Electrical and Computer Engineering in the Cockrell School of Engineering (RBC No. 8396) -- amendment to the 2016-2017 budget

**Dewayne E. Perry**, from Professor to Motorola Regents Chair Emeritus in Electrical and Computer Engineering No. 1, Department of Electrical and Computer Engineering in the Cockrell School of Engineering (RBC No. 8397) -- amendment to the 2016-2017 budget

**Nancy L. Roser**, from Professor to Priscilla Pond Flawn Regents Professor Emerita in Early Childhood Education and Distinguished Teaching Professor Emerita, Department of Curriculum and Instruction in the College of Education (RBC No. 8395) -- amendment to the 2016-2017 budget

**John J. Sampson**, from Professor to William Benjamin Wynne Professor Emeritus in Law, School of Law (RBC No. 8410) -- amendment to the 2016-2017 budget

**Zipporah B. Wiseman**, from Professor to Thos. H. Law Centennial Professor Emerita in Law, School of Law (RBC No. 8414) -- amendment to the 2016-2017 budget



22. Employment Agreement - U. T. Austin: Approval of terms of Employment Agreement for new Assistant Football Coach Craig W. Naivar

The following Assistant Football Coach Employment Agreement has been approved by the Executive Vice Chancellor for Academic Affairs and is recommended for formal approval by the U. T. System Board of Regents. Total compensation for the contract period for Craig W. Naivar will be in excess of \$1 million. Such employment under the Agreement is subject to the Constitution and Bylaws of the National Collegiate Athletic Association, the Big 12 Conference, the Regents' *Rules and Regulations*, and the policies of The University of Texas at Austin. Any violation of the provisions of such constitution, bylaws, rules, regulations, or policies may be grounds for suspension without pay and/or dismissal.

Item: Assistant Football Coach Employment Agreement for Craig W. Naivar

Proposed: **Guaranteed compensation:**

Annual Salary: \$490,000

Sports camps and clinics: \$10,000

Automobile: One dealer car or \$7,500 annually in lieu of one dealer car

Optional Social club memberships: The University of Texas Golf Club

**Nonguaranteed compensation:**

Incentives:

Team performance incentives: maximum of \$95,000 annually

Source of funds: Intercollegiate Athletics

Description: Agreement for employment of Craig W. Naivar as Assistant Football Coach

Period: December 19, 2016 through March 31, 2019

23. Employment Agreement - U. T. Austin: Approval of terms of Employment Agreement for new Assistant Strength and Conditioning Football Coach Yancy J. McKnight

The following Assistant Strength and Conditioning Football Coach Employment Agreement has been approved by the Executive Vice Chancellor for Academic Affairs and is recommended for formal approval by the U. T. System Board of Regents. Total compensation for the contract period for Yancy J. McKnight will be in excess of \$1 million. Such employment under the Agreement is subject to the Constitution and Bylaws of the National Collegiate Athletic Association, the Big 12 Conference, the Regents' *Rules and Regulations*, and the policies of The University of Texas at Austin. Any violation of the provisions of such constitution, bylaws, rules, regulations, or policies may be grounds for suspension without pay and/or dismissal.

Item: Assistant Strength and Conditioning Football Coach Employment Agreement for Yancy J. McKnight

Proposed: **Guaranteed compensation:**

Annual Salary: \$425,000

Sports camps and clinics: Included in Annual Salary

Automobile: One dealer car

Optional Social club memberships: The University of Texas Golf Club

**Nonguaranteed compensation:**

Incentives:

Team performance incentives: maximum of \$95,000 annually

Source of funds: Intercollegiate Athletics

Description: Agreement for employment of Yancy J. McKnight as Assistant Strength and Conditioning Football Coach

Period: December 19, 2016 through March 31, 2019

24. Employment Agreement - U. T. Austin: Approval of terms of Employment Agreement for new Assistant Football Coach Andrew K. Mehringer

The following Assistant Football Coach Employment Agreement has been approved by the Executive Vice Chancellor for Academic Affairs and is recommended for formal approval by the U. T. System Board of Regents. Total compensation for the contract period for Andrew K. Mehringer will be in excess of \$1 million. Such employment under the Agreement is subject to the Constitution and Bylaws of the National Collegiate Athletic Association, the Big 12 Conference, the Regents' *Rules and Regulations*, and the policies of The University of Texas at Austin. Any violation of the provisions of such constitution, bylaws, rules, regulations, or policies may be grounds for suspension without pay and/or dismissal.

Item: Assistant Football Coach Employment Agreement for Andrew K. Mehringer

Proposed: **Guaranteed compensation:**

Annual Salary: \$340,000

Sports camps and clinics: \$10,000

Automobile: One dealer car

Optional Social club memberships: The University of Texas Golf Club

**Nonguaranteed compensation:**

Incentives:

Team performance incentives: maximum of \$95,000 annually

Source of funds: Intercollegiate Athletics

Description: Agreement for employment of Andrew K. Mehringer as Assistant Football Coach

Period: December 12, 2016 through March 31, 2019

25. Employment Agreement - U. T. Austin: Approval of terms of Employment Agreement for new Assistant Football Coach Oscar R. Giles

The following Assistant Football Coach Employment Agreement has been approved by the Executive Vice Chancellor for Academic Affairs and is recommended for formal approval by the U. T. System Board of Regents. Total compensation for the contract period for Oscar R. Giles will be in excess of \$1 million. Such employment under the Agreement is subject to the Constitution and Bylaws of the National Collegiate Athletic Association, the Big 12 Conference, the Regents' *Rules and Regulations*, and the policies of The University of Texas at Austin. Any violation of the provisions of such constitution, bylaws, rules, regulations, or policies may be grounds for suspension without pay and/or dismissal.

Item: Assistant Football Coach Employment Agreement for Oscar R. Giles

Proposed: **Guaranteed compensation:**

Annual Salary: \$390,000

Sports camps and clinics: \$10,000

Automobile: One dealer car

Optional Social club memberships: The University of Texas Golf Club

**Nonguaranteed compensation:**

Incentives:

Team performance incentives: maximum of \$95,000 annually

Source of funds: Intercollegiate Athletics

Description: Agreement for employment of Oscar R. Giles as Assistant Football Coach

Period: November 28, 2016 through March 31, 2019

26. Employment Agreement - U. T. Austin: Approval of terms of Employment Agreement for new Offensive Coordinator - Assistant Football Coach Timothy S. Beck

The following Offensive Coordinator - Assistant Football Coach Employment Agreement has been approved by the Executive Vice Chancellor for Academic Affairs and is recommended for formal approval by the U. T. System Board of Regents. Total compensation for the contract period for Timothy S. Beck will be in excess of \$1 million. Such employment under the Agreement is subject to the Constitution and Bylaws of the National Collegiate Athletic Association, the Big 12 Conference, the Regents' *Rules and Regulations*, and the policies of The University of Texas at Austin. Any violation of the provisions of such constitution, bylaws, rules, regulations, or policies may be grounds for suspension without pay and/or dismissal.

Item: Offensive Coordinator - Assistant Football Coach Employment Agreement for Timothy S. Beck

Proposed: **Guaranteed compensation:**

Annual Salary: \$790,000

Sports camps and clinics: \$10,000

Automobile: One dealer car

Optional Social club memberships: The University of Texas Golf Club

**Nonguaranteed compensation:**

Incentives:

Team performance incentives: maximum of \$95,000 annually

Source of funds: Intercollegiate athletics

Description: Agreement for employment of Timothy S. Beck as Offensive Coordinator - Assistant Football Coach

Period: January 3, 2017 through March 31, 2020

27. Employment Agreement - U. T. Austin: Approval of terms of Employment Agreement for new Assistant Football Coach Derek C. Warehime

The following Assistant Football Coach Employment Agreement has been approved by the Executive Vice Chancellor for Academic Affairs and is recommended for formal approval by the U. T. System Board of Regents. Total compensation for the contract period for Derek C. Warehime will be in excess of \$1 million. Such employment under the Agreement is subject to the Constitution and Bylaws of the National Collegiate Athletic Association, the Big 12 Conference, the Regents' *Rules and Regulations*, and the policies of The University of Texas at Austin. Any violation of the provisions of such constitution, bylaws, rules, regulations, or policies may be grounds for suspension without pay and/or dismissal.

Item: Assistant Football Coach Employment Agreement for Derek C. Warehime

Proposed: **Guaranteed compensation:**

Annual Salary: \$390,000

Sports camps and clinics: \$10,000

Automobile: One dealer car

Optional Social club memberships: The University of Texas Golf Club

**Nonguaranteed compensation:**

Incentives:

Team performance incentives: maximum of \$95,000 annually

Source of funds: Intercollegiate Athletics

Description: Agreement for employment of Derek C. Warehime as Assistant Football Coach

Period: November 28, 2016 through March 31, 2019

28. Employment Agreement - U. T. Austin: Approval of terms of Employment Agreement for new Defensive Coordinator - Assistant Football Coach Todd M. Orlando

The following Defensive Coordinator - Assistant Football Coach Employment Agreement has been approved by the Executive Vice Chancellor for Academic Affairs and is recommended for formal approval by the U. T. System Board of Regents. Total compensation for the contract period for Todd M. Orlando will be in excess of \$1 million. Such employment under the Agreement is subject to the Constitution and Bylaws of the National Collegiate Athletic Association, the Big 12 Conference, the Regents' *Rules and Regulations*, and the policies of The University of Texas at Austin. Any violation of the provisions of such constitution, bylaws, rules, regulations, or policies may be grounds for suspension without pay and/or dismissal.

Item: Defensive Coordinator - Assistant Football Coach Employment Agreement for Todd M. Orlando

Proposed: **Guaranteed compensation:**

Annual Salary: \$1,090,000

Sports camps and clinics: \$10,000

Automobile: One dealer car

Optional Social club memberships: The University of Texas Golf Club

**Nonguaranteed compensation:**

Incentives:

Team performance incentives: maximum of \$95,000 annually

Source of funds: Intercollegiate Athletics

Description: Agreement for employment of Todd M. Orlando as Defensive Coordinator - Assistant Football Coach

Period: December 19, 2016 through March 31, 2020

29. Employment Agreement - U. T. Austin: Approval of terms of Employment Agreement for new Associate Head Football Coach Stan Drayton

The following Associate Head Football Coach Employment Agreement has been approved by the Executive Vice Chancellor for Academic Affairs and is recommended for formal approval by the U. T. System Board of Regents. Total compensation for the contract period for Stan Drayton will be in excess of \$1 million. Such employment under the Agreement is subject to the Constitution and Bylaws of the National Collegiate Athletic Association, the Big 12 Conference, the Regents' *Rules and Regulations*, and the policies of The University of Texas at Austin. Any violation of the provisions of such constitution, bylaws, rules, regulations, or policies may be grounds for suspension without pay and/or dismissal.

Item: Associate Head Football Coach Employment Agreement for Stan Drayton

Proposed: **Guaranteed compensation:**

Annual Salary:

\$455,000 through April 1, 2018

\$515,000 through March 31, 2019

Sports camps and clinics: \$10,000

Automobile: One dealer car

Optional Social club memberships: The University of Texas Golf Club

**Nonguaranteed compensation:**

Incentives:

Team performance incentives: maximum of \$95,000 annually

Source of funds: Intercollegiate Athletics

Description: Agreement for employment of Stan Drayton as Associate Head Football Coach

Period: January 3, 2017 through March 31, 2019



30. Employment Agreement - U. T. Austin: Approval of amendment to terms of Employment Agreement for Head Men's Golf Coach John Fields

The following Amendment to the Head Men's Golf Coach Employment Agreement has been approved by the Executive Vice Chancellor for Academic Affairs and is recommended for formal approval by the U. T. System Board of Regents. If the Amendment is approved, total compensation for the contract period for John Fields may be in excess of \$1 million. Such employment under the Agreement is subject to 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. Any violation of the provisions of such constitution, bylaws, rules, regulations, or policies shall be grounds for suspension without pay and/or dismissal.

Item: Amendment to Head Men's Golf Coach Employment Agreement for John Fields

From: **Guaranteed compensation:**  
Annual Salary: \$208,000  
Automobile: \$7,500  
Product Endorsement: \$2,000

**Nonguaranteed compensation:**  
Sports Camps: as determined by Athletics Director  
Team Performance Incentives: \$5,000 for any year the team is the Big 12 Conference Champion  
Team Wins the NCAA National Championship or ties for 1st: \$20,000  
Team Academic Performance Incentives: \$10,000  
Coach of the Year Honors for Big 12: \$2,000  
Coach of the Year Nationally: \$5,000

To: **Guaranteed compensation:**  
Annual Salary: \$270,000 (includes Academic Performance Incentives)  
Automobile: \$7,500  
Product Endorsement: \$2,000

**Nonguaranteed compensation:**  
Sports Camps: as determined by Athletics Director  
Team Performance Incentives:  
\$15,000 for any year the team is the Big 12 Conference Champion  
Team Wins the NCAA National Championship or ties for 1st: \$40,000

Coach of the Year Honors Big 12: \$2,000  
National Coach of the Year Honors: \$10,000

Guaranteed  
Compensation  
Percent Change: 30%

Nonguaranteed  
Compensation  
Change: 45%

Source of funds: Intercollegiate Athletics

Description: Amendment No. 1 to the Agreement for employment of  
John Fields, Head Men's Golf Coach

Period: September 1, 2016 through August 31, 2021

31. Purchase - U. T. Austin: Authorization to purchase approximately 0.1281 acre of land and improvements at 613 West 24 ½ Street, Austin, Travis County, Texas, from Seton Venture, Ltd., and Mike McHone dba Mike McHone Real Estate for future programmed campus expansion

Description: Purchase of approximately 0.1281 acre of improved property located at the East 93' of Lot 15, East 93' and North 11.5' of Lot 16, Outlot 48 of Division D, Frank Rainey Subdivision with a street address of 613 West 24 ½ Street, Austin, Travis County, Texas. The improvements consist of two multifamily buildings totaling approximately 4,744 square feet of space. The property will be used for future programmed campus expansion.

Seller: Seton Venture, Ltd., a Texas limited partnership, and Mike McHone dba Mike McHone Real Estate

Purchase Price: Not to exceed fair market value as determined by an independent appraisal performed by Sayers & Associates; appraisal confidential pursuant to *Texas Education Code* Section 51.951

Source of Funds: Investment Income

32. Other Matters - U. T. Austin: Approval of formation of a Mexican civil association [University of Texas at Austin – Mexico Institute A.C.] for receipt of research funding from the Mexican government for the coordination and management of such research, and for other educational activities

U. T. Austin requests approval for the formation of a Mexican civil association, University of Texas at Austin – Mexico Institute A.C. (Institute), to pursue interdisciplinary collaboration with Mexican educational and scientific organizations that have areas of common interest and similar aims for academic, scientific, cultural, and institutional development by fostering and facilitating opportunities to enhance the mutual goals in education and research. The Institute will promote programs of The University of Texas at Austin, including scientific and technological development and research programs, both within and outside Mexico, including supporting and facilitating the advancement of collaborative cross-disciplinary academic and scientific research partnerships in science, technology, engineering, and mathematics (STEM), and also scholarly and cultural studies, between U. T. Austin and Mexico academic institutions, and public and private sector stakeholders by providing access to Mexican funding opportunities only available to Mexican entities. The initiative will encourage and promote the mobility of students, faculty, and researchers; identify and carry on joint scientific research projects; and share best practices in higher education, technology, and innovation.

The Institute will be able to register as a Mexican nonprofit educational institution with the Consejo Nacional de Ciencia y Tecnología (CONACYT) Registro Nacional de Instituciones y Empresas Científicas y Tecnológicas (RENIECYT). CONACYT/RENIECYT provides support and funding to Mexican academic and scientific institutions for activities related to the development of scientific and technological research, academic scholarships, innovation and commercialization development of technology, as well as incentives and awards to faculty and researchers to pursue postdoctoral studies and fellowships among other programs.

33. Other Matters - U. T. Austin: Proposed logo for physician practice activities branding and marketing logo

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Deputy Chancellor, the Vice Chancellor for External Relations, the Vice Chancellor and General Counsel, and President Fenves that the U. T. System Board of Regents approve a new logo and brand mark for the physician practice activities at the Dell Medical School in accordance with Regents' *Rules and Regulations*, Rule 40801. The full mark is shown below.

UT Health Austin is the proposed name of the new clinical group physician practice composed of faculty and clinicians associated with the Dell Medical School at The University of Texas at Austin. The U. T. Austin Dell Medical School is the professional, intellectual, and philosophical foundation of the model of clinical care delivered through UT Health Austin. Dell Medical School's commitment to a high-quality model of value-based care is directly reflected in the standards, structure, and operations of all UT Health Austin medical practices. UT Health Austin is a multidisciplinary medical group practice focused on delivering a care-team-based, personalized health care experience to people from every part of the community in a continually learning, advanced care environment. The initial, primary practice location for UT Health Austin will be the Health Transformation Building located on the U. T. Austin campus, though additional branded facilities, as well as clinician-specific affiliation arrangements, may become part of the UT Health Austin clinician network over time. A primary differentiator of the UT Health Austin care model is its close connection to the Dell Medical School at U. T. Austin. Dell Medical School's community-minded, health-centered mission, along with its medical education focus, training, and research activities, will inform the ways in which care is organized and delivered, setting a standard based on new knowledge, value-based approaches, and a commitment to continuous learning and improvement.



The University of Texas at Austin  
UT Health Austin

34. Contract (funds going out) - U. T. Dallas: AHI Small Business Facility Services, Inc. to provide custodial services for south campus facilities

Agency: AHI Small Business Facility Services, Inc.

Funds: Approximately \$1,001,000 over five years

Source of Funds: Designated Tuition – 99%  
Auxiliary – 1% (Callier Child Food Service)

Period: Three years commencing January 2, 2017; with two one-year options to extend for maximum contract period terminating December 31, 2021

Description: Custodial Services for all south campus facilities of U. T. Dallas. Services were competitively bid.

35. Request for Budget Change - U. T. Dallas: Approval of Emeritus Title

**Bruce Gnade**, from Professor to Professor Emeritus, Materials Science and Engineering in the Erik Jonsson School of Engineering and Computer Science (RBC No. 8437) -- amendment to the 2016-2017 budget

Secretary's Note: The agenda materials inadvertently listed the department and school as Electrical Engineering and Chemistry in the School of Natural Sciences and Mathematics.

36. Admissions Criteria - U. T. Dallas: Changes to Admission Criteria for Graduate Programs

The University of Texas at Dallas proposes revisions to the admission criteria for two graduate programs by including additional admission requirements.

The new graduate admission requirements will be effective in Fall 2018 and future term admission periods. The changes have been reviewed and administratively approved by the Executive Vice Chancellor for Academic Affairs and are recommended for approval by the U. T. System Board of Regents.

**Summary of Changes to Admission Requirements for Graduate Programs**

1. Detailed resumes outlining education and employment history will be required for the Master of Science in Mechanical Engineering.
2. Letters of recommendation must be submitted on official letterhead from higher education institutions and/or private sector organizations as part of the requirements for the Doctor of Philosophy in Computer Engineering.
3. The Doctor of Philosophy in Computer Engineering program will require a master's degree or equivalent granted by an institution of higher education in the United States or by an acceptable foreign university.

37. Admissions Criteria - U. T. Dallas: Changes to Admission Criteria to the Undergraduate Program

The University of Texas at Dallas proposes revisions to the admission criteria for First-Time Freshmen and Transfer Students. The current policy is to admit applicants who are most able to benefit from and contribute to the University's academic and research mission. The new admission criteria will be effective in Fall 2018 and future term admission periods. The changes have been reviewed and administratively approved by the Executive Vice Chancellor for Academic Affairs and are recommended for approval by the U. T. System Board of Regents.

**Summary of Changes to Admission Criteria for First-Time in College Students**

Currently, assured admission is granted to first-time freshmen who have successfully completed the full Texas recommended college-track high school curriculum and achieved a composite ACT score of 26 or greater, or a combined math and critical reading SAT score of 1270 or higher (or 1200 or higher for SAT exams administered prior to March 2016). Under the proposed changes, other than the state-mandated Top Ten Percent Rule, all admits will be reviewed holistically.

**Summary of Changes to Admission Criteria for Transfer Students**

1. U. T. Dallas requests to raise the minimum cumulative transferable grade point average (GPA) from 2.7 to 3.0 for eligible transfer applicants for assured admission.
2. U. T. Dallas also requests that the automatic admission GPA for the Comet Connection be raised from 2.5 to 3.0. The Comet Connection is a program for Texas community college students who intend to complete a bachelor's degree at U. T. Dallas.
3. All other transfer admits will be reviewed holistically as currently practiced.

38. Contract (funds coming in and going out) - U. T. El Paso: Collection Resources, Incorporated to provide collection services

Agency: Collection Resources, Incorporated

Funds: An estimated cost of \$900,000 over the entire term, including all renewal terms. Upon receipt of collections recuperated, University will submit to Collection Resources the percentage collection fee based on gross amount collected of unpaid account.

Source of Funds: Designated Funds

Period: March 1, 2017 through February 29, 2020; with option to renew for two additional one-year periods

Description: Collection Resources, Incorporated will provide collection services for U. T. El Paso. Services were competitively bid.

39. Contract (funds coming in and going out) - U. T. El Paso: Continental Service Group, Inc., dba ConServe, to provide collection services

Agency: Continental Service Group, Inc., dba ConServe

Funds: An estimated cost of \$900,000 over the entire term, including all renewal terms. Upon receipt of collections recuperated, University will submit to ConServe the percentage collection fee based on gross amount collected of unpaid account.

Source of Funds: Designated Funds

Period: March 1, 2017 through February 29, 2020; with option to renew for two additional one-year periods

Description: ConServe will provide collection services for U. T. El Paso. These services were competitively bid.



40. Contract (funds coming in and going out) - U. T. El Paso: HS Financial Group, LLC to provide collection services

Agency: HS Financial Group, LLC

Funds: An estimated cost of \$900,000 over the entire term, including all renewal terms. Upon receipt of collections recuperated, University will submit to HS Financial Group the percentage collection fee based on gross amount collected of unpaid account.

Source of Funds: Designated Funds

Period: March 1, 2017 through February 29, 2020; with option to renew for two additional one-year periods

Description: HS Financial Group, LLC to provide collection services for U. T. El Paso. Services were competitively bid.

41. Contract (funds coming in and going out) - U. T. El Paso: Immediate Credit Recovery Inc. to provide collection services

Agency: Immediate Credit Recovery Inc.

Funds: An estimated cost of \$900,000 over the entire term, including all renewal terms. Upon receipt of collections recuperated, University will submit to Immediate Credit Recovery the percentage collection fee based on gross amount collected of unpaid account.

Source of Funds: Designated Funds

Period: March 1, 2017 through February 29, 2020; with option to renew for two additional one-year periods

Description: Immediate Credit Recovery Inc. to provide collection services for U. T. El Paso. Services were competitively bid.

42. Contract (funds coming in and going out) - U. T. El Paso: SWC Group, LP to provide collection services

Agency: SWC Group, LP

Funds: An estimated cost of \$900,000 over the entire term, including all renewal terms. Upon receipt of collections recuperated, University will submit to SWC Group the percentage collection fee based on gross amount collected of unpaid account.

Source of Funds: Designated Funds

Period: March 1, 2017 through February 29, 2020; with option to renew for two additional one-year periods

Description: SWC Group, LP will provide collection services for U. T. El Paso. Services were competitively bid.

43. Request for Budget Change - U. T. El Paso: New Hire with Tenure -- amendment to the 2016-2017 budget

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

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
<b>School of Pharmacy</b>					
Pharmacy					
Associate Dean and Professor					
Mary Lynn Chavez (T)	5/22-8/31	50	12	168,000	8440
		50	09	126,000	

44. Admissions Criteria - U. T. Permian Basin: Changes to Admission Criteria to the Undergraduate Engineering programs

U. T. Permian Basin requests approval for changes to the criteria for admission to the Undergraduate Engineering programs as described below.

The changes have been reviewed and administratively approved by the Executive Vice Chancellor for Academic Affairs and are recommended for approval by the U. T. System Board of Regents contingent upon approval of Chemical and Electrical Engineering programs on the Academic Affairs Committee Agenda (see Academic Affairs Committee Items 3 and 4).

**Summary of Changes to Admission Criteria**

<b>Current Unconditional Admission Criteria</b>	<b>Proposed Unconditional Admission Criteria</b>
None in place	Cumulative college grade point average of 2.5 or better, and complete program specific coursework
<b>Current Conditional (Probationary) Admission Criteria</b>	<b>Proposed Conditional (Probationary) Admission Criteria</b>
Complete the first 12 semester hours with grades of "C" or better to be removed from provisional status	Cumulative college grade point average of 2.5 or better, and complete program specific coursework

45. Lease - U. T. Permian Basin: Authorization to lease approximately 6,559 rentable square feet of space located at 1400 N. FM 1788, Midland, Midland County, Texas, to the Midland Development Corporation for a business incubator and/or makerspace

Description: Lease of approximately 6,559 rentable square feet composed of dedicated space and shared space that will be used approximately 20% of the time for a business incubator and/or makerspace and related uses to the Midland Development Corporation. U. T. Permian Basin will utilize the space when it is not otherwise being used. The space is located on the Midland campus of U. T. Permian Basin at 1400 N. FM 1788, Midland, Midland County, Texas.

Lessee: Midland Development Corporation, a domestic nonprofit corporation

Term: 20 years with one five-year renewal option

Lease Income: The rental will be paid in up to five equal installments in each of the first five years of the term and the total rental amount for the 25-year period is approximately \$1,903,552. If the lease is terminated by U. T. Permian Basin, U. T. Permian Basin shall remit a prorated portion of the prepaid rental to the Midland Development Corporation.

Tenant Improvements: Lessee will have the right to make alterations and improvements at its expense.

46. Contract (funds coming in) - U. T. Rio Grande Valley: Annual Operating Agreement with Doctors Hospital at Renaissance, LTD. pertaining to residency programs

Agency: Doctors Hospital at Renaissance, LTD.

Funds: Immediate payment of \$10,977,486 and monthly payments of \$1,595,602 through December 31, 2017 (up to \$12,764,816), unless revised by agreement of the parties

Period: July 1, 2016 through December 31, 2017

Description: The Fiscal Year 2016-2017 Annual Operating Agreement to the Affiliation Agreement between Doctors Hospital at Renaissance, LTD. and U. T. Rio Grande Valley documents the payment for services flowing between the parties in connection with graduate and undergraduate medical education programs and describes the commitment of the parties related to educational, clinical, structural, financial, and administrative needs of the graduate and undergraduate medical education programs and other collaboration efforts as contemplated in the related Affiliation Agreement between the parties.

47. Purchase - U. T. Rio Grande Valley: Authorization to purchase approximately 0.4813 acre of improved property located at 3115 Center Pointe Drive, Edinburg, Hidalgo County, Texas, from L.S. Mitchell Properties and Investments, LLC, for medical office and clinical use

- Description: Purchase of approximately 0.4813 acre of land and improvements located at 3115 Center Pointe Drive, Edinburg, Hidalgo County, Texas; and authorization for the Executive Director of Real Estate to execute all documents, instruments, and other agreements and to take all further actions deemed necessary or advisable to purchase the property. The improvements consist of a one-story medical office building totaling approximately 3,000 square feet. The property will be used for medical office and clinical use.
- Seller: L.S. Mitchell Properties and Investments, a Texas limited liability company
- Purchase Price: Not to exceed fair market value as determined by an independent appraisal performed by Aguirre & Patterson, Inc.; appraisal confidential pursuant to *Texas Education Code* Section 51.951
- Source of Funds: Permanent University Funds previously allocated by the Board of Regents on August 20, 2015

48. Purchase - U. T. Rio Grande Valley: Authorization to purchase approximately 8.6 acres of vacant land and submerged tidal wetland areas from Valentine Harness, et al., Paula Dawson, et al., and seven other parties with ownership interest; accessed from Garcia Street, in Port Isabel, Cameron County, Texas, for programmed campus expansion, including use by the institution's Marine Science Program

Description: Purchase of approximately 8.6 acres of vacant land and submerged tidal wetland areas from Valentine Harness, et al., Paula Dawson, et al., and seven other parties with ownership interest, accessed from Garcia Street in Port Isabel, Cameron County, Texas, together with the easement estate appurtenant thereto, and authorization for the Executive Director of Real Estate to execute all documents, instruments, and other agreements, and to take all further actions deemed necessary or advisable to purchase the property. The property consists of approximately 0.77 acres of vacant land, although an easement restricts the use of all but 0.38 acres of such land; the remaining approximately 7.8 acres consists of submerged tidal wetlands. This property is served by an easement through adjacent land being used by U. T. Rio Grande Valley for its Marine Science program. The subject property is anticipated to be valued under \$1 million, but is outside of U. T. Rio Grande Valley's Board-approved Campus Master Plan.

Seller: Valentine W. Harness, Cynthia W. Neill, Doak Victor Boreing, Timothy G. Boreing, John D. Boreing, Estate of Mildred B. Freeman, Connie T. Freeman, Todd Bearden Dillard, Amanda Latimer Dillard Shufeldt, and Paula Glen Dawson, et al.

Purchase Price: Not to exceed fair market value as determined by an independent appraisal performed by Aguirre & Patterson, Inc.; appraisal is confidential pursuant to *Texas Education Code* Section 51.951.

Use: Future programmed campus expansion, including use by the institution's Marine Science Program

Source of Funds: Unexpended Plant Funds

49. Request for Budget Change - U. T. San Antonio: New Hires with Tenure -- amendment to the 2016-2017 budget

The following Requests for Budget Changes (RBC) have been administratively approved by 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>College of Business</b>					
Department of Accounting					
Professor					
Juan Manual Sanchez (T)	8/14-5/31	100	09	240,000	8426
<b>College of Public Policy</b>					
Department of Criminal Justice					
Professor					
Michael Smith (T)	7/1-5/31	100	09	155,000	8427

50. Admissions Criteria - U. T. Tyler: Changes to Admission Criteria for Master of Science in Mechanical Engineering program

U. T. Tyler requests approval for changes to the criteria for admission to the 2017 program as described below.

The changes have been reviewed and administratively approved by the Executive Vice Chancellor for Academic Affairs and are recommended for approval by the U. T. System Board of Regents.

**Summary of Changes to Admission Criteria**

**Master of Science in Mechanical Engineering (MSME)**

The proposed changes to the admission requirements will attract U. T. Tyler undergraduate students to pursue graduate studies in the department through an integrated 5-year BSME/MSME program. There is a growing demand for this integrated program among current students in the department.



To be admitted to the MSME program a student must meet the following admission requirements.

<b>Current Unconditional Admission Criteria</b>	<b>Proposed Unconditional Admission Criteria</b>
1. Satisfactory score on the General Test (verbal and quantitative) of the Graduate Record Examination.	1. No change.
2. Satisfactory grade point average on the student's last four semesters of academic study and last 60 semester credit hours of upper division undergraduate or graduate courses.	2. A minimum grade point average of 3.0/4.0 based on the student's last four semesters of academic study and last 60 semester credit hours of upper division undergraduate or graduate courses.
3. A bachelor's degree in a Mechanical Engineering program accredited by the ABET Engineering Accreditation commission. Students who have not earned such a degree will be required to complete prerequisite (leveling) coursework before starting the MSME program as determined by the MSME Graduate Coordinator.	3. No change.
4. None in place.	4. A Statement of Purpose including goals on Graduate education and research interests must be included in the application.
5. A demonstrated proficiency in the use of English language, both spoken and written.	5. No change.
6. Approval of the MSME Graduate Coordinator and Chair of the Department of Mechanical Engineering.	6. No change.

51. Admissions Criteria - U. T. Tyler: Changes to Admission Criteria to the Master of Science in Kinesiology program

U. T. Tyler requests approval for changes to the criteria for admission to the 2017 program as described below.

The changes have been reviewed and administratively approved by the Executive Vice Chancellor for Academic Affairs and are recommended for approval by the U. T. System Board of Regents.

**Summary of Changes to Admission Criteria**

**Master of Science in Kinesiology**

The graduate faculty have noted that the GRE scores of applicants who enroll in the program are not well correlated with the student’s subsequent academic performance. Since the GRE is only one predictor of student academic success, it should not be a barrier to student enrollment if the student has demonstrated academic achievement and potential in other ways.

Current Unconditional Admission Criteria	Proposed Unconditional Admission Criteria
<p><u>Admission Requirements</u> For full admission to a master’s degree program in the Department of Health and Kinesiology, ordinarily an applicant must:</p>	<p><u>Application Deadlines</u> For full admission to the M.S. Kinesiology degree program in the Department of Health and Kinesiology, ordinarily an applicant must:</p>
<ul style="list-style-type: none"> <li>• Have an earned baccalaureate degree from an accredited academic institution in a field closely related to the mission of the intended master’s degree program;</li> </ul>	<ol style="list-style-type: none"> <li>1. Have an earned baccalaureate degree from an accredited academic institution in a field closely related to the mission of the intended master’s degree program;*</li> </ol> <p>* Leveling courses may be required for applicants lacking adequate academic preparation.</p>
<ul style="list-style-type: none"> <li>• Submit three strong letters of recommendation from individuals in professional positions who can validly comment on the applicant’s suitability for graduate studies in general and for studies in the intended field in particular;</li> </ul>	<ol style="list-style-type: none"> <li>2. Submit three strong letters of recommendation from individuals in professional positions who can validly comment on the applicant’s suitability for graduate studies in general and for studies in the intended field in particular;</li> </ol>

<ul style="list-style-type: none"> <li>• Have earned a grade point average of at least 3.00 on a 4-point scale for all upper-division undergraduate hours or have an earned graduate degree from an accredited academic institution;</li> <li>• Have scored at the thirtieth percentile or higher on each of the sections of the General Test of the Graduate Record Exam—Verbal Reasoning, Quantitative Reasoning, and Analytical Writing (GRE scores not required if an applicant has an earned graduate degree from an accredited academic institution).</li> </ul>	<p>3. Have demonstrated academic achievement and potential as indicated by:</p> <p>A grade point average of at least 3.00 on a 4-point scale for all upper-division undergraduate hours, acceptable GRE scores, or a combination of upper-division grade point average, and GRE scores; and</p>
	<p>4. Item 3 will be waived for applicants with graduate degrees from accredited academic institutions.</p>

52. Admissions Criteria - U. T. Tyler: Changes to Admission Criteria to the Master of Science in Health Sciences program

U. T. Tyler requests approval for changes to the criteria for admission to the 2017 program as described below.

The changes have been reviewed and administratively approved by the Executive Vice Chancellor for Academic Affairs and are recommended for approval by the U. T. System Board of Regents.

**Summary of Changes to Admission Criteria**

**Master of Science in Health Sciences**

The graduate faculty have noted that the GRE scores of applicants who enroll in the program are not well correlated with subsequent academic performance and that personal interviews of applicants can be very helpful in determining a prospective student's readiness for graduate study. Therefore, the requirement for satisfactory GRE scores is being replaced with a requirement for an oral interview with at least one Health Science faculty member.

Current Unconditional Admission Criteria	Proposed Unconditional Admission Criteria
<p><u>Admission Requirements</u>                      Students applying for admission to the M.S. Health Sciences program are expected to submit a portfolio for evaluation consisting of the following:</p> <ol style="list-style-type: none"> <li>1. Submit three professional and/or academic references;</li> <li>2. Submit transcripts verifying minimum grade-point average of 3.0 for the undergraduate experience;</li> <li>3. Hold a Bachelor’s degree;</li> <li>4. Submit an essay of intent;</li> <li>5. A satisfactory score on the verbal/quantitative portions of the Graduate Record Examination (GRE).</li> </ol>	<p><u>Graduate Admission</u>                      An individual interested in applying for admission to a master's degree program in the Department of Health and Kinesiology should be aware of information and procedures related to graduate studies in general at U. T. Tyler. In addition to procedures that must be followed to meet requirements of the U. T. Tyler Graduate School, an applicant must complete and submit the following documents:</p> <ul style="list-style-type: none"> <li>• Statement of Goals</li> <li>• Three reference letters</li> </ul> <p>For full admission to a master's degree program in the Department of Health and Kinesiology, ordinarily an applicant must:</p> <ul style="list-style-type: none"> <li>• Have an earned baccalaureate degree from an accredited academic institution in a field closely related to the mission of the intended master's degree program.</li> <li>• Have earned a grade point average of at least 3.00 on a 4-point scale for all upper-division undergraduate hours or have an earned graduate degree from an accredited academic institution.</li> <li>• Have an interview with at least one Health Sciences faculty member.</li> <li>• Submit three strong letters of recommendation from individuals in professional positions who can validly comment on the applicant's suitability for graduate studies in general and for studies in the intended field in particular.</li> </ul>

**HEALTH AFFAIRS COMMITTEE**

53. **Report - U. T. System Health Institutions: Fiscal Year 2016 Post-Tenure Review**

In accordance with *Texas Education Code* Section 51.942 and Regents' *Rules and Regulations*, Rule 31102, the following report on the Fiscal Year 2016 post-tenure review for the U. T. System health institutions is provided by the Executive Vice Chancellor for Health Affairs.

During Fiscal Year 2016, 251 tenured faculty members at the six health institutions with tenured faculty were subject to post-tenure review. Of the 251 faculty members reviewed, 242 or 96.4% were evaluated as Meets or Exceeds Expectations; 5 or 2.0% received Does Not Meet Expectations; and 4 or 1.6% received Unsatisfactory evaluations.

The following summary tables provide additional details of the post-tenure review results for Academic Year 2015-2016.

**Summary of Post-Tenure Review Results**

	Total Subject to Review	Total Exceeds Expectations	Total Meets Expectations	Total Does Not Meet Expectations	Total Unsatisfactory	Decided to Retire or Resign Before Review
UTSWMC	59	46	11	2	0	3
UTMB	38	24	13	1	0	5
UTHSC-H	56	27	29	0	0	1
UTHSC-SA	48	35	13	0	0	0
UTMDACC	50	3	41	2	4	2
UTHSC-T	0	0	0	0	0	0
Total	251	135	107	5	4	11
		53.8%	42.6%	2.0%	1.6%	

**Post-Tenure Review Results by Gender**

	Subject to Review		Exceeds Expectations		Meets Expectations		Does Not Meet Expectations		Unsatisfactory		Decided to Retire or Resign Before Review	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
UTSWMC	50	9	39	7	9	2	2	0	0	0	1	2
UTMB	34	4	22	2	11	2	1	0	0	0	4	1
UTHSC-H	39	17	20	7	19	10	0	0	0	0	1	0
UTHSC-SA	36	12	25	10	11	2	0	0	0	0	0	0
UTMDACC	32	18	1	2	28	13	1	1	2	2	2	0
UTHSC-T	0	0	0	0	0	0	0	0	0	0	0	0
Total	191	60	107	28	78	29	4	1	2	2	8	3

**Post-Tenure Review Results by Ethnicity**

	Total Actually Reviewed					Exceeds Expectations				
	White	Black	Hispanic	Asian	Other	White	Black	Hispanic	Asian	Other
UTSWMC	51	0	2	6	0	40	0	1	5	0
UTMB	29	0	1	8	0	19	0	1	4	0
UTHSC-H	44	0	3	8	1	21	0	0	5	1
UTHSC-SA	38	2	5	3	0	25	2	5	3	0
UTMDACC	28	1	1	20	0	2	1	0	0	0
UTHSC-T	0	0	0	0	0	0	0	0	0	0
Total	190	3	12	45	1	107	3	7	17	1

	Meets Expectations					Does Not Meet Expectations				
	White	Black	Hispanic	Asian	Other	White	Black	Hispanic	Asian	Other
UTSWMC	9	0	1	1	0	2	0	0	0	0
UTMB	9	0	0	4	0	1	0	0	0	0
UTHSC-H	23	0	3	3	0	0	0	0	0	0
UTHSC-SA	13	0	0	0	0	0	0	0	0	0
UTMDACC	24	0	1	16	0	2	0	0	0	0
UTHSC-T	0	0	0	0	0	0	0	0	0	0
Total	78	0	5	24	0	5	0	0	0	0

	Unsatisfactory					Decided to Retire/Resign Before Review				
	White	Black	Hispanic	Asian	Other	White	Black	Hispanic	Asian	Other
UTSWMC	0	0	0	0	0	2	0	0	1	0
UTMB	0	0	0	0	0	5	0	0	0	0
UTHSC-H	0	0	0	0	0	1	0	0	0	0
UTHSC-SA	0	0	0	0	0	0	0	0	0	0
UTMDACC	0	0	0	4	0	2	0	0	0	0
UTHSC-T	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	4	0	10	0	0	1	0

**PRESENT STATUS OF EACH PERFORMANCE THAT DOES NOT MEET EXPECTATIONS:**

**U. T. Southwestern Medical Center:** Two faculty members have been given action plans and will be reviewed again after one year.

**U. T. Medical Branch - Galveston:** Department chair is working with faculty member and has a remediation plan in place.

**U. T. M. D. Anderson Cancer Center:** Two faculty members have pending administrative reviews.

**PRESENT STATUS OF EACH UNSATISFACTORY PERFORMANCE:**

**U. T. M. D. Anderson Cancer Center:** A professor position and associate professor position end at the end of 7th year term; another faculty member plans to request a switch to Research Faculty Appointment at the end of the 7th year term; and an additional faculty member will have committee review in FY 2017.

54. Contract (funds coming in) - U. T. Southwestern Medical Center: Amendment to agreement to provide professional pediatric anesthesiologist services to Anesthesiologists for Children

Agency: Anesthesiologists for Children, a Texas nonprofit corporation

Funds: \$17,711,141

Period: September 1, 2016 through August 31, 2017; fifth amendment to existing contract

Description: U. T. Southwestern Medical Center will provide professional pediatric anesthesiologist services.

55. Contract (funds going out) - U. T. Southwestern Medical Center: Huron Consulting Services, LLC will provide program management and system implementation services in support of upgrade to PeopleSoft 9.2

Agency: Huron Consulting Services, LLC

Funds: \$14,642,373

Source of Funds: MSRDP/DSRDP/PRS Practice Plan Professional Fees, Hospital Patient Income, and Interest on Designated Funds

Period: March 1, 2017 through December 31, 2018

Description: Huron Consulting Services, LLC will provide Program Management and PeopleSoft Optimization and System Implementation Services (design, development, and testing) in support of upgrade to PeopleSoft 9.2 for Financials and Supply Chain, Human Capital Management, Campus Solutions applications, and Oracle Recruiting Cloud modules. Additional services include redesign of chart of accounts, design of business optimization and processes, design of conversion programs for data and integrations, and design of new reports. Huron has a contract with U. T. System Supply Chain Alliance, and it was competitively bid.

56. Contract (funds going out) - U. T. Southwestern Medical Center: TEMPEG, LLP will provide physician and other health care provider coverage services at Parkland Health and Hospital System

Agency: TEMPEG, LLP

Funds: \$5,430,000

Source of Funds: MSRDP/DSRDP/PRS Practice Plan Professional Fees

Period: January 1, 2017 through December 31, 2017; second amendment to existing contract

Description: TEMPEG, LLP will provide physician and other health care provider coverage services at Parkland Health and Hospital System. This procurement was not competitively bid because it is for professional services. Under *Texas Government Code*, Chapter 2254.003, a government entity may not select a provider of professional services on the basis of competitive bids, but instead will make the selection based on the demonstrated competence and qualifications to perform the services and for a fair and reasonable price.



57. Lease - U. T. Southwestern Medical Center: Authorization to extend the term of the lease of space located at 8611 Hillcrest Avenue, Dallas, Dallas County, Texas, from CFO DT, LLC, for clinical use

Description: Extension of lease of approximately 13,053 square feet of medical office space at 8611 Hillcrest Avenue, Dallas, Dallas County, Texas, for clinical use. Additionally, U. T. Southwestern Medical Center expanded the premises by 1,964 square feet in 2016; this expansion did not require Board approval because the consideration did not exceed the institution's approval threshold.

Lessor: CFO DT, LLC, a Delaware limited liability company

Term: The new term commences on January 1, 2018, and continues for five years and five months. The institution retains two five-year options to extend the lease, which options were granted by the original lease and approved by the Board of Regents on August 23, 2012.

Lease Cost: Approximately \$2,505,421 in base rent over the five-year extension term and estimated operating expenses that exceed a 2017 expense stop. The base rent for the first five months of the extension term is abated and, thereafter, base rent starts at \$34 per square foot and increases \$0.50 per square foot each year. The Lessor is providing a tenant allowance of \$5.00 per square foot for refurbishment of the space. Additionally, the base rent and estimated operating expenses for the 2016 expansion total \$780,717.

Source of Funds: Patient Revenue

58. Lease - U. T. Southwestern Medical Center: Authorization to extend the term for an existing 16,260 square foot space and expand the lease for an additional 10,214 rentable square feet of space located at 2330 Inwood Road, Dallas, Dallas County, Texas, to Peloton Therapeutics, Inc., for research and office use

Description: Lease for an existing 16,260 rentable square feet of space and an additional expansion of 10,214 rentable square feet of space in the institution's East Campus Building B, known as BioCenter at Southwestern Medical District, located at 2330 Inwood Road, Dallas, Dallas County, Texas, for research and office use

Lessee: Peloton Therapeutics, Inc., a Delaware corporation

Term: Five years with one five-year renewal option

Lease Income: Rent for the initial space during the extension term totals approximately \$2,417,211.60 with an annual rent of \$28 per rentable square foot escalating to \$31.51. Rent for the expansion space during the five-year term totals approximately \$1,518,413.24, also with an annual rent of \$28 per rentable square foot escalating to \$31.51 per square foot. The tenant improvement allowance of \$60 per rentable square foot totals approximately \$612,840 with an additional, optional \$40 in tenant improvement allowance that may be used by Lessee, but if used, will be recaptured.

.Source of Funds: Auxiliary Funds for the tenant improvement allowance

59. Contract (funds coming in) - U. T. Medical Branch - Galveston: To provide oversight and reporting functions (as the Anchor for Regional Healthcare Partnership #2) to Texas Health and Human Services Commission related to the Texas Healthcare Transformation and Quality Improvement Program 1115 Waiver

Agency: Texas Health and Human Services Commission (HHSC)

Funds: Over approximately \$2,500,000 for the full term of the contract

Period: October 1, 2016 through September 30, 2018

Description: Since October 1, 2012, U. T. Medical Branch - Galveston has provided oversight and reporting functions (as the Anchor for Regional Healthcare Partnership #2) to HHSC related to the Texas Healthcare Transformation and Quality Improvement Program 1115 Waiver, which authorized the State of Texas to establish a Delivery System Reform Incentive Payment (DSRIP) program. Per this First Amendment, the term of the contract will be extended from September 30, 2016 to September 30, 2018.

The initial agreement was approved on November 6, 2014, by the Board of Regents for a total contract value of \$2,000,000. With this contract extension, the total value of the contract will be approximately \$2,500,000 over the full term of the contract, which represents an increase of greater than 25% of the originally approved amount, thus necessitating reapproval from the Board of Regents.

60. Contract (funds coming in) - U. T. Medical Branch - Galveston: To provide inmate health care services at Victoria County Jail

Agency: Victoria County

Funds: Approximately \$8,196,000

Period: March 1, 2017 through February 28, 2022

Description: U. T. Medical Branch - Galveston will provide inmate health care services at Victoria County Jail. This contract represents a broadening of U. T. Medical Branch - Galveston Correctional Managed Care's operation to include providing medical services to inmates at county jails in addition to ongoing services provided at Texas Department of Criminal Justice and Texas Juvenile Justice Department facilities.

61. Contract (funds going out) - U. T. Medical Branch - Galveston: Total Safety U.S., Inc. to provide Hazardous Material Testings and Surveys on an as-needed basis

Agency: Total Safety U.S., Inc.

Funds: \$2,500,000

Source of Funds: Various approved capital projects

Period: March 3, 2017 through March 2, 2020

Description: Total Safety U.S. will provide Hazardous Material Testings and Surveys to U. T. Medical Branch - Galveston on an as-needed basis. This contract was competitively bid.

62. Request for Budget Change - U. T. Medical Branch - Galveston: Tenure Appointments -- amendment to the 2017-2018 budget

The following Requests for Budget Changes (RBC) have been administratively approved by the Executive Vice Chancellor for Health 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>School of Medicine</b>					
Family Medicine					
Vice Dean for Academic Affairs and Professor					
Charles Mouton (T)	3/1-2/28	100	12	\$433,200	8418
Biochemistry and Molecular Biology					
Associate Professor					
Petr Leiman (T)	9/1-8/31	100	12	\$170,000	8353

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

**Pamela Watson**, from Dean and Professor to Dean Emeritus, in the School of Nursing (RBC No. 8398) -- amendment to the 2017-2018 budget

64. Lease - U. T. Medical Branch - Galveston: Authorization to extend the lease of approximately 6,029 square feet of space located at 3828 Hughes Court, Dickinson, Galveston County, Texas, from Aerotech Business Park, LLC, for office and clinical use

Description: Lease extension of approximately 6,029 square feet of space located at 3828 Hughes Court, Dickinson, Galveston County, Texas, for office and clinical use

Lessor: Aerotech Business Park, LLC, a Delaware limited liability company

Term: The lease originally commenced on March 1, 2012. The extension term is 60 months, commencing on March 1, 2017, and continuing through February 28, 2022; with two five-year renewal options to be exercised in the institution’s sole discretion.

Lease Cost: Approximately \$1,480,820 in base rent has been accrued to date since the lease commencement and will become due and payable during the initial term of the extension. The initial annual base rental rate for the extension term is \$144,696 (\$24 per square foot) and will escalate at 2% annually, totaling \$753,004 over the extension term. Base rent for each subsequent five-year renewal option will be established at fair market value. The initial annual operating expenses for the extension term are based on a 2017 base year and will become payable based on any increase in actual expenses over the 2017 year.

Source of Funds: UTMB Ambulatory Services

65. Lease - U. T. Medical Branch - Galveston: Authorization to lease approximately 13,255 rentable square feet of space at 185-195 North 11th Street, Beaumont, Jefferson County, Texas, from SET Asset Properties, LLC, for clinical use

Description: Lease of approximately 13,255 rentable square feet, including approximately 11,172 rentable square feet and 2,083 rentable square feet of expansion space, located in the building at 185-195 North 11th Street, Beaumont, Jefferson County, Texas, for clinical use

Lessor: SET Asset Properties, LLC, a Texas limited liability company

Term: A 10-year primary term with four five-year renewals at the institution's option

Lease Cost: Basic rent during the first 10 years for all spaces totals approximately \$3,653,898 plus insurance, taxes, and common area maintenance expenses which are initially estimated as \$2,691.87 monthly and other operating expenses. The rent for the renewal options will start at a monthly rent of \$23,013.25 during Years 11 through 15 and end at a monthly rent of \$26,640.73 monthly during Years 26 through 30. Landlord will provide a turnkey build-out for the primary space and a tenant allowance of \$125 per rentable square foot for the expansion space.

Source of Funds: UTMB Ambulatory Services

66. Lease - U. T. Medical Branch - Galveston: Authorization to extend the lease of approximately 5,050 square feet of space located at 3023 Marina Bay Drive, League City, Galveston County, Texas, from The Professional Center @ South Shore Harbour, Ltd., for office and clinical use

Description: Lease extension of approximately 5,050 square feet of space located at 3023 Marina Bay Drive, League City, Galveston County, Texas, for office and clinical use

Lessor: The Professional Center @ South Shore Harbour, Ltd., a Texas limited partnership

Term: The lease originally commenced on July 1, 2002. The extension term is 60 months, commencing March 1, 2017, and continuing through February 28, 2022; with two five-year renewal options to be exercised in the institution's sole discretion.

Lease Cost: Approximately \$2,837,945 in rent and operating expenses have been accrued to date since the lease commencement and will become due during the extension term. The initial annual base rental rate for the extension term is \$99,738 (\$19.75 per square foot). The initial annual operating expenses for the extension term are approximately \$25,190 (\$4.99 per square foot). Base rent for each five-year renewal option will escalate at 5% to \$108,701 for the first renewal term and \$114,136 for the second renewal term.

Source of Funds: UTMB Ambulatory Services



67. Contract (funds going out) - U. T. Health Science Center - Houston: ThyssenKrupp Elevator Corporation to perform elevator modernization at the UT Physicians' Professional Building, UT Professional Garage, and Jessie H. Jones Library Building

Agency: ThyssenKrupp Elevator Corporation

Funds: Not to exceed \$14,000,000

Source of Funds: Auxiliary Enterprise Funds

Period: February 1, 2017 through August 31, 2021

Description: ThyssenKrupp Elevator Corporation was originally awarded, after responding to an RFP, the elevator modernization and maintenance services contract on September 1, 2016, after approval by the Board of Regents on August 25, 2016, for the amount of \$6,821,512. Contract Amendment 4 and Contract Amendment 5 add three additional buildings to the modernization project: UT Physicians' Professional Building, UT Professional Garage, and Jesse H. Jones Library Building. Amendments 4 and 5, together with the contract contingency of approximately \$3.3 million for later expansion, will increase the total contract amount to \$14 million.

68. Contract (funds going out) - U. T. Health Science Center - Houston: Centennial Contractors Enterprises, Inc. to provide Job Order Contracting Services

Agency: Centennial Contractors Enterprises, Inc.

Funds: Not to exceed \$10,000,000

Source of Funds: Each department choosing to utilize this service may pay from a different fund source

Period: March 1, 2017 through February 28, 2022

Description: Centennial Contractors Enterprises, Inc. was one of three General Contractors chosen, after responding to an RFP, to provide Job Order Contracting Services on the UTHealth Campus.

69. Contract (funds going out) - U. T. Health Science Center - Houston: J. T. Vaughn Construction, LLC to provide Job Order Contracting Services

Agency: J. T. Vaughn Construction, LLC

Funds: Not to exceed \$15,000,000

Source of Funds: Each department choosing to utilize this service may pay from a different fund source

Period: March 1, 2017 through February 28, 2022

Description: J. T. Vaughn Construction, LLC was one of three General Contractors chosen, after responding to an RFP, to provide Job Order Contracting Services on the UTHealth Campus.

70. Contract (funds going out) - U. T. Health Science Center - Houston: Brown & Root Industrial Services, LLC to provide Job Order Contracting Services

Agency: Brown & Root Industrial Services, LLC

Funds: Not to exceed \$5,000,000

Source of Funds: Each department choosing to utilize this service may pay from a different fund source

Period: March 1, 2017 through February 28, 2022

Description: Brown & Root Industrial Services, LLC was one of three General Contractors chosen, after responding to an RFP, to provide Job Order Contracting Services on the UTHealth Campus.

71. Contract (funds going out) - U. T. Health Science Center - Houston: Infrastructure Associates, Inc. to provide engineering services

Agency: Infrastructure Associates, Inc.

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

Source of Funds: Each department choosing to utilize this service may pay from a different fund source

Period: December 9, 2016 through August 31, 2019

Description: After a competitive bid process, Infrastructure Associates, Inc., was one of the awarded suppliers for various engineering services on an as-needed basis.

72. Contract (funds going out) - U. T. Health Science Center - Houston: Shah Smith & Associates, Inc. to provide engineering services

Agency: Shah Smith & Associates, Inc.

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

Source of Funds: Each department choosing to utilize this service may pay from a different fund source

Period: December 9, 2016 through August 31, 2019

Description: After a competitive bid process, Shah Smith & Associates, Inc., was one of the awarded suppliers for various engineering services provided on an as-needed basis.

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

**Patricia L. Stark**, from Senior Vice President for Interprofessional Education (formerly Dean and John P. McGovern Distinguished Professor in Nursing, UTHealth School of Nursing) to Dean Emeritus (RBC No. 8444) -- amendment to the 2017-2018 budget

74. Lease - U. T. Health Science Center - Houston: Authorization to lease approximately 183,956 square feet of space at 6410 Fannin Street, Houston, Harris County, Texas, to UT Physicians, for office and clinical use

Description: Lease of approximately 183,956 square feet of space located at 6410 Fannin Street, Houston, Harris County, Texas, for office and clinical use

Lessee: UT Physicians, a Texas nonprofit corporation

Term: Ten years, commencing on January 1, 2017, and expiring on December 31, 2026

Lease Income: The space is divided into an upper suite, garage, and lower suites in the basement. During the first five years of the lease, the annual base rent for the upper suites and garage is \$26 per rentable square foot and during the last five years of the lease, the annual base rent is \$28 per rentable square foot. During the first five years of the lease, the annual base rent for both the upper suites, garage, and the lower basement suites is approximately \$48,983,820. In addition, the lessee will pay operating expenses.

75. Request for Budget Change - U. T. Health Science Center - San Antonio: Tenure Appointment -- amendment to the 2016-2017 budget

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

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
<b>School of Nursing</b>					
Faculty Affairs and Diversity					
Vice Dean					
Savitri Singh-Carlson (T)	11/15-8/31	100	12	198,000	8420

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

**Bettie Masters**, from Professor to Professor Emeritus, Department of Biochemistry in the School of Medicine (RBC No. 8413) -- amendment to the 2015-2016 budget

**FACILITIES PLANNING AND CONSTRUCTION COMMITTEE**

77. Contract (funds going out) - U. T. System: AFG, A Joint Venture LLC to perform cost estimating services

Agency: AFG, A Joint Venture LLC

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

Source of Funds: Various funds approved for individual Capital Improvement Program projects

Period: July 15, 2014 through July 14, 2020  
(Contract is being brought forward for Board approval as it is nearing the \$1,000,000 delegation threshold)

Description: AFG, A Joint Venture LLC to perform miscellaneous and cost estimating services on a job order basis. Services were competitively procured.

78. Contract (funds going out) - U. T. System: Jacobs Project Management Company to perform project management and construction support services

Agency: Jacobs Project Management Company

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

Source of Funds: Various funds approved for individual Capital Improvement Program projects

Period: February 21, 2017 through February 20, 2023  
(Contract is being brought forward for Board approval as it is nearing the \$1,000,000 delegation threshold)

Description: Jacobs Project Management Company to perform miscellaneous project management and construction support services on a job order basis. Services were competitively procured.

79. Contract (funds going out) - U. T. System: Broaddus & Associates, Inc., to perform project management and construction support services

Agency: Broaddus & Associates, Inc.

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

Source of Funds: Various funds approved for individual Capital Improvement Program projects

Period: February 21, 2017 through February 20, 2023  
(Contract is being brought forward for Board approval as it is nearing the \$1,000,000 delegation threshold)

Description: Broaddus & Associates, Inc., to perform miscellaneous project management and construction support services on a job order basis. Services were competitively procured.

80. Contract (funds going out) - U. T. System: Hill International, Inc., to perform project management and construction support services

Agency: Hill International, Inc.

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

Source of Funds: Various funds approved for individual Capital Improvement Program projects

Period: February 21, 2017 through February 20, 2023  
(Contract is being brought forward for Board approval as it is nearing the \$1,000,000 delegation threshold)

Description: Hill International, Inc., to perform miscellaneous project management and construction support services on a job order basis. Services were competitively procured.

81. Contract (funds going out) - U. T. System: Professional Service Industries, Inc. to perform technical support services

Agency: Professional Service Industries, Inc.

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

Source of Funds: Various funds approved for individual Capital Improvement Program projects

Period: September 1, 2011 through August 31, 2017  
(Contract is being brought forward for Board approval as it is nearing the \$1,000,000 delegation threshold)

Description: Professional Service Industries, Inc. to perform miscellaneous technical and professional support services, including geotechnical engineering and materials testing services, on a job order basis. Services were competitively procured.

82. Contract (funds going out) - U. T. System: Energy Testing and Balance, Inc. to perform technical support services

Agency: Energy Testing and Balance, Inc.

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

Source of Funds: Various funds approved for individual Capital Improvement Program projects

Period: September 20, 2016 through September 19, 2022  
(Contract is being brought forward for Board approval as it is nearing the \$1,000,000 delegation threshold)

Description: Energy Testing and Balance, Inc. to perform miscellaneous technical support services, including testing, adjusting, and air balance services, on a job order basis. Services were competitively procured.

**TECHNOLOGY TRANSFER AND RESEARCH COMMITTEE**

No items for Consent Agenda



Meeting No. 1,166

THE MINUTES OF THE BOARD OF REGENTS  
OF  
THE UNIVERSITY OF TEXAS SYSTEM

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July 12-13, 2017

West Lake Hills, Texas

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MEETING NO. 1,166

WEDNESDAY, July 12, 2017.--The members of the Board of Regents of The University of Texas System convened at 10:05 a.m. on Wednesday, July 12, 2017, in the Sala Como Room, Hotel Granduca Austin, 320 South Capital of Texas Highway, West Lake Hills, Texas, with the following participation:

ATTENDANCE.--

Present

Chairman Foster  
Vice Chairman Hicks  
Vice Chairman Hildebrand  
Regent Aliseda  
Regent Beck  
Regent Eltife  
Regent Longoria  
Regent Tucker  
Regent Weaver  
Regent Castro, Student Regent, nonvoting

In accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Chairman Foster called the meeting to order in Open Session. He said that he particularly wanted to acknowledge and thank Chancellor McRaven and The University of Texas System Administration staff for their significant efforts in assisting in the preparation for the discussions to be held over the next two days.

RECESS TO EXECUTIVE SESSION PURSUANT TO *TEXAS GOVERNMENT CODE*, CHAPTER 551.--At 10:06 a.m., the Board recessed to Executive Session pursuant to *Texas Government Code* Sections 551.071, 551.073, 551.074, and 551.076 to consider those matters listed on the Executive Session agenda.

RECONVENE IN OPEN SESSION.--The Board reconvened in Open Session at 1:09 p.m. to consider the following action on Executive Session Item 1a and to consider the following Agenda Items.

- 1a. U. T. M. D. Anderson Cancer Center: Discussion and appropriate action regarding settlement with Centers for Medicare and Medicaid Services for claims for past payments related to Tax Equity and Fiscal Responsibility Act (TEFRA) ceiling adjustments

Vice Chairman Hicks moved that the Board approve the proposed settlement between The University of Texas M. D. Anderson Cancer Center and the Centers for

Medicare and Medicaid Services for claims for past payments related to Tax Equity and Fiscal Responsibility Act ceiling adjustments on the terms recommended in Executive Session.

The motion was seconded and carried unanimously.

- 1b. U. T. System Board of Regents: Discussion and appropriate action regarding legal issues concerning permissible expenditure of Available University Funds (AUF) and Permanent University Funds (PUF)

No action was taken on this item.

- 1c. U. T. System Board of Regents: Discussion with Counsel on pending legal issues

No action was taken on this item.

2. U. T. System: Discussion and appropriate action regarding individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of presidents (academic and health institutions), U. T. System Administration officers (Deputy Chancellor, Executive Vice Chancellors, and Vice Chancellors), other officers reporting directly to the Board (Chancellor, General Counsel to the Board, and Chief Audit Executive), members of the Board of Regents, and U. T. System Administration and institutional employees

No action was taken on this item.

3. 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

No action was taken on this item.

- 4a. U. T. System Academic Institutions: Discussion and appropriate action regarding proposed negotiated gifts with potential naming features

No action was taken on this item.

- 4b. U. T. System Health Institutions: Discussion and appropriate action regarding proposed negotiated gifts with potential naming features

No action was taken on this item.

## AGENDA ITEMS

1. U. T. System: Discussion regarding Available University Fund (AUF) and Permanent University Fund (PUF) expenditures; issues related to past, current, and future funding and budgets; staffing and expenditures; funding sources; and evaluation and assessment of critical, essential, and enhancing functions of U. T. System Administration

Executive Vice Chancellor Kelley began his presentation on The University of Texas System Budget, set forth on Pages 5 - 16. Chairman Foster briefly recessed the meeting as protestors from People for the Ethical Treatment of Animals (PETA) interrupted the meeting, protesting the alleged mistreatment of research animals at The Texas A&M University System. Following the departure and removal of the protestors, Regent Longoria said she was sure the protestors had been informed that the U. T. System does not have any control over the allocation of Available University Funds (AUF) to the A&M University System or over what the A&M Board does with the AUF funding they receive, so their complaint to this Board was misplaced.

Dr. Kelley continued his presentation on the budget materials, and he and other U. T. System officials answered questions from members of the Board regarding line items in the presentation. U. T. System staff were requested to provide further details of the initiatives, including where the Board has discretion over funds and what funds are available to be repurposed, such as to the institutions.

Regent Beck also suggested that the periodic reports indicate those items that bring value to the institutions, such as in debt management and insurance programs, and track the amount of funds actually going from the U. T. System to the individual institutions. Dr. Kelley noted that true value-added can be demonstrated in new revenue or reduced expenditures, and Regent Beck also asked for a report on savings that have been made.

Chairman Foster then introduced discussion on Deputy Chancellor Daniel's white paper, titled "The University of Texas System Administration – From Service to Leadership," dated June 16, 2017, and set forth on Pages 17 - 34.

In reply to a question from Regent Tucker about outsourcing, Dr. Daniel described possible outsourcing opportunities for the U. T. System, including some elements of the Office of Facilities Planning and Construction, technology services and routine business functions that The University of Texas at Austin may be able to provide more cost effectively, and some activities of the University Lands.

Regent Tucker also asked about benchmarking for effectiveness and efficiency and customer satisfaction for services received by the institutions. Dr. Daniel responded that there is not a formalized process for providing feedback, but informal feedback received on employee benefits, for example, has been positive and benchmarking of workers compensation expenses against other states agencies reflects savings and



efficiencies. Chairman Foster asked that a dollar amount be added for each U. T. System function listed in the white paper to give a sense of scale and materiality, and Dr. Daniel agreed to provide that information.

Members of the Board asked how much money has been committed or allocated and expended on specific budget line items, and U. T. System officials responded and described what costs would remain to be paid, such as in contractual obligations, and how much money would be available to the Board to return to the institutions if the initiatives were stopped.

Dr. Daniel described the Quantum Leaps line items and displayed Table 8 of his report (Page 13 of these Minutes). Following a request from Regent Longoria for more detail on each Quantum Leap line item, Dr. Daniel said he will identify activities that could easily wind down and those with contractual obligations.

Chairman Foster requested the addition of a column to the Quantum Leaps table (Table 8) on overall expenditures, including what has been allocated and what is left over the entire period of the initiative from planning through completion. In reply to a question from Regent Tucker about institutional collaboration, Executive Vice Chancellor Greenberg commented that an important role of U. T. System is to bring researchers together to build a network of collaboration, building on individual strengths of the institutions. Dr. Daniel spoke to the value of System involvement, and Dr. Greenberg said early funding of certain projects can be gamechanging in allowing investigators to compete for other funding sources. Vice Chairman Hildebrand agreed that the U. T. System should be the convener of all types of research. Chancellor McRaven spoke about the restrictions on use of the AUF that sometimes led to operating and funding initiatives through U. T. System.

# Budget Presentation Materials

Dr. Scott Kelley, Executive Vice Chancellor for Business Affairs

U. T. System Board of Regents' Meeting  
July 2017



# Where We Are

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	FY 2010 Budget	FTEs	FY 2014 Budget	FTEs	FY 2017 Budget	FTEs	FY 2018 Baseline	FTEs
U. T. System Core Operations	\$ 32,007,795	225.8	\$ 44,496,191	282.7	\$ 58,168,908	297.1	\$ 59,583,500	256.3
Direct Campus Support	225,434	1.0	8,262,441	1.0	47,374,648	157.3	43,098,939	103.0
Other Operations Funded with AUF/GR	2,950,647	23.0	8,359,726	10.0	10,848,753	21.5	7,926,169	14.6
Other Operations Funded with AUF Reserves	–	–	1,333,352	5.0	26,457,492	62.5	34,724,151	50.0
Service Departments and Other Non-AUF	97,548,266	510.3	94,151,914	374.6	112,393,286	385.1	116,475,000	305.1
PUF Debt Interest (All campuses)	77,003,053	–	68,658,553	–	107,504,300	–	124,099,572	–
Depreciation (net of capital outlay)	9,780,000	–	4,844,528	–	14,548,354	–	10,605,316	–
<b>U. T. System Administration Budget</b>	<b>\$ 219,515,195</b>	<b>760.1</b>	<b>\$ 230,106,705</b>	<b>673.2</b>	<b>\$ 377,295,741</b>	<b>923.5</b>	<b>\$ 396,512,647</b>	<b>729.0</b>

July 12, 2017 Meeting of the U. T. System Board of Regents



# U. T. System Core Operations

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	FY 2010	FTEs	FY 2014	FTEs	FY 2017	FTEs	FY 2018 Baseline	FTEs
Board of Regents	\$ 1,535,579	9.8	\$ 2,167,549	12.9	\$ 2,238,493	12.9	\$ 2,094,116	10.0
System Audit	1,207,897	12.9	1,876,933	13.7	2,737,301	15.0	2,490,635	13.6
External Relations	3,121,165	27.6	3,675,409	31.2	3,953,338	29.6	3,651,527	25.1
Office of General Counsel	4,397,976	36.6	5,707,778	42.5	6,220,988	41.0	5,500,183	34.7
Office of the Chancellor	845,507	8.5	1,025,422	9.3	1,681,339	8.5	1,525,714	6.9
Office of Human Resources	1,031,709	10.0	1,303,060	12.5	1,634,842	13.5	1,612,898	12.5
U. T. System Police	1,700,971	19.0	2,061,328	13.0	2,549,818	15.0	2,599,395	15.0
Systemwide Compliance/Information Security	1,404,559	10.0	2,289,527	17.0	3,593,405	18.5	3,918,878	17.8

July 12, 2017 Meeting of the U. T. System Board of Regents



# U. T. System Core Operations (cont.)

Minutes - 8

	FY 2010	FTEs	FY 2014	FTEs	FY 2017	FTEs	FY 2018 Baseline	FTEs
Office of Strategic Initiatives	\$ 976,000	8.0	\$ 1,901,322	15.5	\$ 2,544,046	19.1	\$ 2,071,302	14.0
Information Technology	493,408	3.0	972,982	3.6	2,656,888	6.5	2,373,068	6.0
Academic Affairs	1,814,008	11.0	3,232,895	16.8	5,021,200	19.3	4,585,705	17.3
Health Affairs	1,985,330	10.0	2,790,691	11.3	3,539,317	13.9	3,630,894	12.5
Business Affairs	4,032,634	36.2	6,903,850	58.1	7,609,884	55.6	7,067,773	47.9
Governmental / Federal Relations	2,872,265	20.0	3,683,111	21.1	3,936,467	22.0	3,693,803	18.5
Replacement Office Building Debt Service	–	–	–	–	2,500,000	–	5,569,799	–
<u>Other *</u>	<u>4,588,787</u>	<u>3.3</u>	<u>4,904,334</u>	<u>4.3</u>	<u>5,751,582</u>	<u>6.7</u>	<u>7,197,810</u>	<u>4.7</u>
<b>Total</b>	<b>\$ 32,007,795</b>	<b>225.8</b>	<b>\$ 44,496,191</b>	<b>282.7</b>	<b>\$ 58,168,908</b>	<b>297.1</b>	<b>\$ 59,583,500</b>	<b>256.3</b>

- FTEs and amounts may not total exactly due to rounding

July 12, 2017 Meeting of the U. T. System Board of Regents



# Direct Campus Support

Minutes - 9

Initiative	FY 2010	FTE	FY 2014	FTE	FY 2017*	FTE	FY 2018 Baseline	FTE
Shared Information Services	\$ 225,434	1.0	\$ 262,441	1.0	\$ 24,654,001	109.0	\$ 25,227,003	103.0
Digital Library Services	-	-	-	-	8,267,034	-	8,267,034	-
Campus Insurance and IT Support	-	-	8,000,000	-	9,604,902	-	9,604,902	-
<u>Campus Auditors *</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,848,711</u>	<u>48.3</u>	<u>-</u>	<u>-</u>
Total Direct Campus Support *	\$ 225,434	1.0	\$ 8,262,441	1.0	\$ 47,374,648	157.3	\$ 43,098,939	103.0

July 12, 2017 Meeting of the U. T. System Board of Regents



# Other Operations Funded with AUF/GR

Minutes - 10

	FY 2010	FTEs	FY 2014	FTEs	FY 2017	FTEs	FY 2018 Baseline	FTEs
Innovation and Strategic Investments (Technology Commercialization)	\$ 1,129,815	7.0	\$ 2,444,000	10.0	\$ 1,621,158	11.0	\$ 2,228,698	9.0
External Audit Services	–	–	1,325,000	–	2,787,164	–	2,537,620	–
Center for Enhancing Philanthropy	–	–	–	–	1,049,772	5.0	832,993	3.0
Global Engagement	–	–	–	–	464,418	2.0	–	–
Ofc of Shared Services (Collab Bus Svc)	–	–	–	–	218,304	1.6	176,064	0.5
Organizational Effectiveness	–	–	–	–	331,771	2.0	480,289	2.0
Replacement Office Building Interim Costs	–	–	–	–	4,376,167	–	–	–
<u>Other/GR Funded items *</u>	<u>1,820,832</u>	<u>16.0</u>	<u>4,590,726</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,670,506</u>	<u>0.2</u>
<b>Total</b>	<b>\$ 2,950,647</b>	<b>23.0</b>	<b>\$ 8,359,726</b>	<b>10.0</b>	<b>\$ 10,848,753</b>	<b>21.5</b>	<b>\$ 7,926,169</b>	<b>14.6</b>



# Other Operations Funded with AUF Reserves

	FY 2010	FTEs	FY 2014*	FTEs	FY 2017*	FTEs	FY 2018 Baseline	FTEs
Institute for Transformational Learning/ Competency-Based Education	\$ -	-	\$ 1,333,352	5.0	\$ 24,561,229	50.0	\$ 22,242,874	42.0
Clinical Trials Network/Research Core Mgmt	-	-	-	-	83,743	0.5	-	-
Research Experts Data Warehouse	-	-	-	-	207,000	2.0	-	-
<u>Quantum Leaps Initiatives</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,605,220</u>	<u>10.0</u>	<u>12,481,277</u>	<u>8.0</u>
Total	\$ -	-	\$ 1,333,352	5.0	\$ 26,457,192	62.5	\$ 34,724,151	50.0

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# Service Departments and Other Non-AUF

	FY 2010	FTEs	FY 2014	FTEs	FY 2017	FTEs	FY 2018 Baseline	FTEs
University Lands/Texas Oil and Gas Institute	\$ 8,446,070	46.2	\$ 11,444,765	44.2	\$ 26,039,837	69.2	\$ 27,269,981	61.2
Office of Facilities Planning and Construction	23,316,849	169.8	19,160,219	135.8	23,893,535	134.7	16,594,224	78.8
Office of Employee Benefits	3,431,046	32.7	4,371,470	38.8	5,026,408	43.2	4,469,516	38.0
Technology and Information Services	4,917,416	37.5	3,782,290	29.0	5,109,359	29.0	3,679,037	25.5
Office of Risk Management	4,829,746	51.3	5,079,230	49.8	3,631,822	29.5	3,394,013	27.3
External Relations	2,157,177	12.9	1,727,110	8.5	1,489,479	7.5	1,377,390	6.0
Office of General Counsel	3,608,434	34.4	4,552,144	34.6	4,920,213	31.2	4,755,220	30.0
Systemwide Software *	8,910,462	0.5	18,549,015	0.2	20,077,756	-	19,057,053	-
Medicare Part D (Federal Funding)	6,300,000	-	12,500,000	-	5,000,000	-	20,000,000	-
TMDSAS/JAMP	5,728,169	9.0	5,401,537	11.0	6,853,685	17.0	6,648,517	15.0
Historically Underutilized Business (HUB)	791,852	7.9	542,347	4.9	670,997	4.9	697,809	4.9
<u>Other *</u>	<u>25,111,045</u>	<u>108.1</u>	<u>7,041,787</u>	<u>17.7</u>	<u>9,680,195</u>	<u>18.9</u>	<u>8,532,240</u>	<u>18.5</u>
<b>Total Service Departments/Non AUF</b>	<b>\$ 97,548,266</b>	<b>510.3</b>	<b>\$ 94,151,914</b>	<b>374.6</b>	<b>\$ 112,393,286</b>	<b>385.1</b>	<b>\$ 116,475,000</b>	<b>305.1</b>



# Previously Allocated but Unspent (April 30, 2017)

Initiative	Allocated but Unspent
Institute for Transformational Learning/Competency-Based Education	\$ 39,031,214
U. T. Horizon Fund	13,742,983
Clinical Data Network	12,148,906
Virtual Health Care Network	9,628,620
Information Security	7,893,206
Spend Analytics	6,427,797
CONACYT	4,861,937
<u>Other *</u>	<u>8,563,066</u>
Total Allocated but Unspent	\$ 102,297,729
U. T. Horizon Fund (Not yet approved)	<u>20,000,000</u>
<b>Total</b>	<b>\$ 122,297,729</b>



# Other System Balances

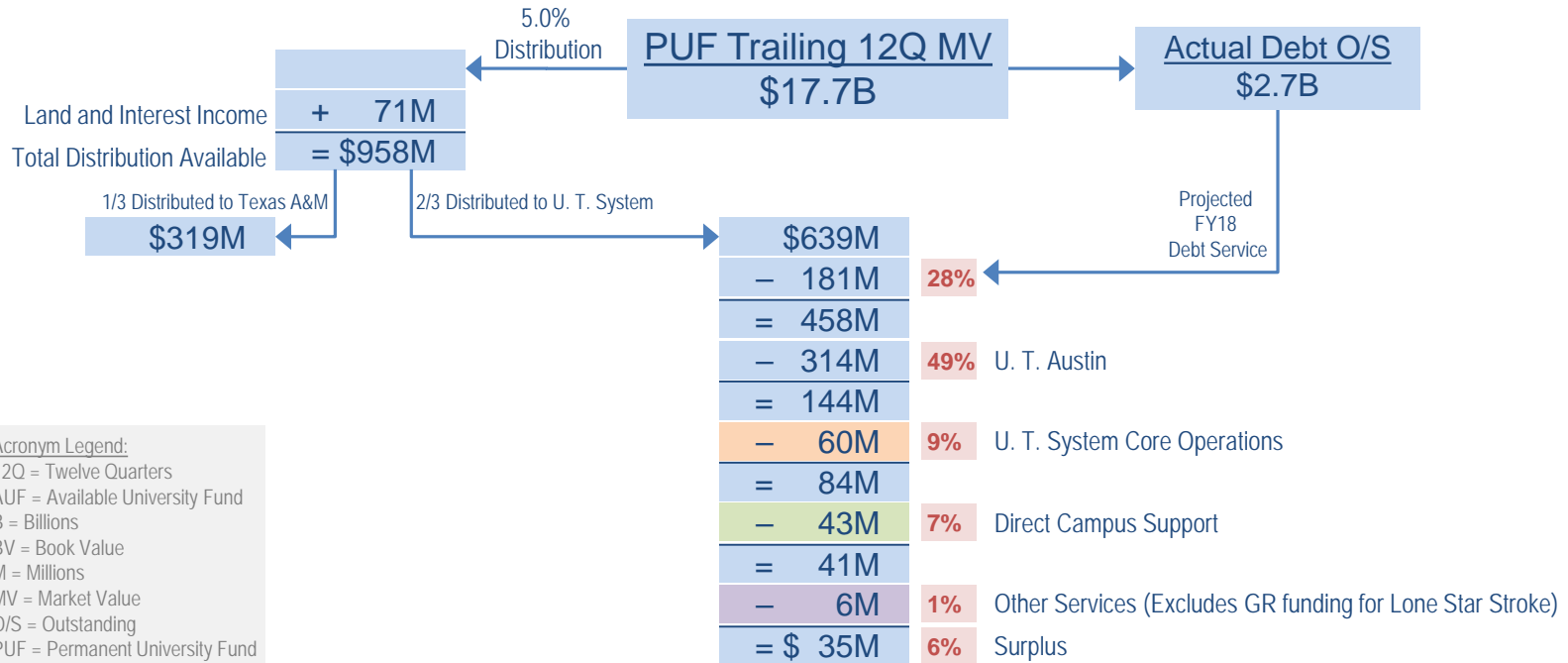
Detail of Total Net Position		Balance at 4/30/17
<b><u>Educational &amp; General Funds</u></b>	Balance Uncommitted	\$ 11,627,205
	Quantum Leap Reserves	12,481,277
	Board Initiatives	102,297,729
	Department Budgets Authorized But Unspent	63,448,290
	Fair Value of Horizon Fund Investments	14,602,066
<b><u>Designated Funds</u></b>	Committed Balances	26,942,172
	Deferred Compensation Holdings	3,249,394
	Supply Chain	10,001,688
	Self Insurance Plans	450,004,771
	University Lands	13,595,454
	OFPC	16,457,030
	Other Designated Funds	20,414,032
	Health Affairs Collaborative Projects	4,328,765
	Proceeds from Sale of O'Henry Hall	8,205,588
	Texas Medical Dental Schools Application Service	4,570,041
	Net Fair Value of Investment Derivatives - Swaps on Debt	(6,541,236)
	Pension	(2,579,229,228)
	Other Post Employment Benefits	(4,647,430,554)
	<b>Total</b>	<b>(\$ 6,470,975,515)</b>

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# Projected FY18 AUF Spending Margin



Acronym Legend:

12Q = Twelve Quarters  
 AUF = Available University Fund  
 B = Billions  
 BV = Book Value  
 M = Millions  
 MV = Market Value  
 O/S = Outstanding  
 PUF = Permanent University Fund

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# Historical AUF Budget and FY 2018 Baseline

	FY 2010		FY 2014		FY 2017		FY 2018	
PUF Distribution			\$478M		\$603M		\$639M	
Debt Service	- 119M	34%	- 164M	34%	- 148M	25%	- 181M	28%
	= 238M		= 314M		= 455M		= 458M	
U. T. Austin	- 164M	46%	- 233M	49%	- 298M	49%	- 314M	49%
	= 74M		= 81M		= 157M		= 144M	
U. T. System Core Operations	- 30M	8%	- 40M	8%	- 58M	10%	- 60M	9%
	= 44M		= 41M		= 99M		= 84M	
Direct Campus Support	- 0M	0%	- 8M	2%	- 42M	7%	- 43M	7%
	= 44M		= 33M		= 57M		= 41M	
U. T. System Other Services	- 3M	1%	- 1M	0%	- 11M	2%	- 6M	1%
Surplus	= \$ 41M	11%	= \$ 32M	7%	= \$ 46M	7%	= \$ 35M	6%

Note: Amounts presented for Core Operations, Direct Campus Support and Other Services may differ from Slides 2-6 due to general revenue support and use of UTShare and other reserves for included activities. The projected AUF balance at August 31, 2017 is \$118 million.



## The University of Texas System Administration – From Service to Leadership

June 16, 2017  
D. E. Daniel

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### SUMMARY

The University of Texas (UT) System Administration provides a wide array of services and leadership. A highly effective System should achieve the right balance between these fundamental functions. Because circumstances and priorities always change over time, the balance point must change, as well. Re-calibration will be needed at times. The UT System Administration welcomes dialog that helps to optimize the balance in light of today's opportunities and challenges. In fact, we must always operate in a spirit of adaptation and agility if we wish to facilitate the best pathways for UT institutions to be successful.

Regents' Rules invest the Board of Regents and the UT System Administration with numerous responsibilities. Among these is the commitment to devote its best efforts to making all of the institutions of The University of Texas System of the "first class," as the Texas Constitution directs.

That is our goal. By most measures, a handful of UT institutions have achieved it.<sup>1</sup> Most others have not but all are striving to be among the best in their peer groups.

To achieve and maintain this worthy goal, all UT institutions require ongoing coordination, technical assistance and leadership. The nature of these efforts varies depending on the challenges and opportunities associated with each particular campus.

This is where the UT System Administration comes in. Principally from Austin, but also from Houston, the DFW Metroplex, Midland, and Washington, D.C, the UT System Administration provides two critical functions:

- Services provided to the UT campuses, the Board of Regents, and others to support, monitor, coordinate, and assist the UT institutions; and
- Leadership to coordinate activities, conduct long-range planning, and assist institutions in achieving their performance goals and full potential.

<sup>1</sup> <https://www.aau.edu/who-we-are/our-members> and <https://www.usnews.com/best-colleges/search?location=Texas&school-type=national-universities&ranking=top-public&mode=list> (The University of Texas at Austin); <https://www.usnews.com/best-graduate-schools/top-medical-schools/research-rankings/page+2> and <https://www.usnews.com/best-graduate-schools/top-medical-schools/primary-care-rankings?int=af3309&int=b3b50a&int=aac509> (The University of Texas Southwestern Medical Center); and <http://health.usnews.com/best-hospitals/rankings/cancer> (The University of Texas M.D. Anderson Cancer Center).

The objective of this white paper is to provide information about the functions UT System Administration provides and the changes in UT System Administration over time to adapt to the needs of the institutions and other stakeholders.

A reasonable starting point is Table 1, below. It provides information about change in the UT System and System Administration over the past few years.

**I. UT SYSTEM ADMINISTRATION – THEN AND NOW**

**Table 1. Changes in the Size of the UT System and UT System Administration from FY2005 to FY2017.**

<b>Parameter</b>	<b>FY2005</b>	<b>FY2017</b>	<b>Percent Change</b>
Total System Budget (Including Institutions)	\$8.5 B	\$17.9 B	+ 110%
Total Students Enrolled	182,752	228,343	+ 25%
Degrees Awarded	36,780	59,448	+ 62%
Outpatient Visits	5.40 M	7.78 M	+ 44%
Total UT System Administration Full-Time-Equivalent (FTE) Employees, All Categories of Function	635	729 (estimated for the End of FY2017 and Beginning of FY2018)	+ 15%

## II. SERVICES PROVIDED BY UT SYSTEM ADMINISTRATION

UT System Administration's functions fall into four basic categories:

- Critical – functions required by law, Regents' Rule, or state or federal oversight agencies.
- Essential – functions that have demonstrated necessity or economies of scale and/or scope or have been deemed necessary by the Chancellor, Board of Regents, or institutions.
- Enhancing – non-critical/essential functions that bring benefit and value to the campuses individually or collectively, or to the Board of Regents or UT System Administration
- Hosted at UT System Administration but Funded by Others – functions that are requested and funded by others, such as the Texas Medical and Dental Schools Application Service (TMDSAS), which handles applications for all Texas medical and dental schools, including those at UT System – this service is fully funded by fees charged to applicants, but the staff members are UT System Administration employees.

### **Critical or Essential Core Functions Funded by AUF**

The UT System Administration offices that are AUF funded and that fulfill critical or essential core functions are listed in Table 2. Some offices, such as the Office of General Counsel, are funded partially by AUF and partially by other sources (such as the professional medical liability self-insurance plan), depending on the work performed by staff.



**Table 2. AUF-Funded Core Functions that Are Critical or Essential.**

<b>Unit</b>	<b>Function</b>	<b>Why the Function is Critical or Essential</b>
Academic Affairs	Oversight and coordination of the eight academic campuses; manage searches for new presidents and annual evaluation of presidents; work with Board’s Academic Affairs Committee; address and help to resolve issues; assist campuses as requested; work with Board’s Academic Affairs Committee.	Texas Education Code Sec. 51.353 requires coordination of activities, monitoring and approving long-range plans, providing technical assistance, evaluating and assisting meeting of goals, and performing duties delegated by Board as they relate to component institutions; Sec. 65.16 requires review of degree programs, enrollment levels, and promulgating and enforcing rules and regulations.
Audit	UT System audits; monitor campus audit functions for issues; secure external audit services as needed; work with Board’s Audit, Compliance, and Risk Management Committee.	Texas Government Code, Title 10, Ch. 2101 requires every state agency to conduct a program of internal auditing; Regents’ Rule 20401 requires that the UT System Chief Audit Executive implement appropriate audit functions for the UT System and assure that an effective internal audit function is in place Systemwide.
Board of Regents	Independent advice and legal counsel to Board; meetings and scheduling; agendas and minutes; public postings and webcasting of meetings; record keeping; research on past Board actions; responses to questions and inquiries; communications to Board members.	Texas Education Code Sec. 65.22 requires that the UT System have a Board of Regents and assigns the Board specific responsibilities as well as broad authority to promulgate and enforce rules as the Board may deem either necessary or desirable; Regents’ Rule 10201 outlines responsibilities of the General Counsel to the Board, which include supervising the Board Office.
Business Affairs	Manage accounts, budgets, and financial transactions for UT System Administration; prepare consolidated UT System annual financial report and budget; monitor finances of campuses; issue debt on behalf of campuses; manage bank deposits to maximize returns; payroll for UT System personnel; internal lending program; contracts and procurement for UT System Administration; work with Board’s Finance Committee.	Texas Education Code Sec. 51.353 requires coordination of activities, monitoring and approving of long-range plans, and providing financial services for component institutions; Sec. 65.16 requires recommending policies to ensure conformity with all laws and rules and to provide uniformity in financial reporting procedures; Regents’ Rule 10501 assigns responsibility to review contracts and agreements; Regents’ Rule 20501 assigns broad financial responsibilities to the EVC for Business Affairs; various statutes, appropriation riders, and state agencies such as Comptroller’s office require reports.
Chancellor	Manage and lead the UT System and UT System Administration; interface with Board of Regents, elected officials, and key stakeholders; speeches and events; internal and external communications.	Texas Education Code Sec. 65.16 requires that there be a central administration to provide oversight and coordination, and there be a chief executive officer and other executive officers of the system central administration; Regents’ Rule 20101 outlines the duties of the Chancellor, which are broad and include strategic planning and representing the university to the general public and other constituencies at the community, regional, state, and national levels; the Chancellor’s duties also include recommending to the Board plans to implement the Board’s commitment in Regents’ Rule 40101, Sec. 1, to “devote its best efforts to making all of the institutions of The University of Texas System of the ‘first class.’”

<b>Unit</b>	<b>Function</b>	<b>Why the Function is Critical or Essential</b>
Compliance	Compliance of UT System Administration functions; monitoring of campus compliance functions for problems; work with Board's Audit, Compliance and Risk Management Committee.	Regents' Rule 20401 requires that there be a Systemwide Compliance Officer who will appraise the Chancellor and the Board of the compliance functions and activities at UT institutions, UTIMCO, and UT System Administration.
External Relations	External communications on behalf of executive offices and Board of Regents office; support for media inquiries, press releases, and Texas Public Information Act requests; monitor and report on fund-raising activities at campuses; advise on major gifts requiring Board approval; coordinate among campus advancement officers to increase philanthropy; maintain strong relationships with key donors and supporters; events for System, Chancellor, and Board office; and build, administer, and maintain web site for UT System Administration and its departments.	Regents' Rule 60101 delegates authority to the Vice Chancellor for External Relations (VCER) for guidelines for acceptance, processing, investment, and administration of gifts at institutions; Regents' Rule 60301 requires VCER approval of campus appointments to development boards and external advisory committees; Regents' Rule 70101 requires that endowment gifts be accepted and processed by External Relations; Office is responsible for ensuring endowment compliance; Regents' Rule 80307 requires review for proposed naming of prominent facilities or programs; Chancellor requires communications and events personnel to assist in representing the UT System to the public and to stakeholders.
Facilities Management	Manage and maintain UT System Administration buildings and furnishings.	Maintains office facilities for UT System Administration; addresses issues such as HVAC problems, water damage, electrical issues, and office furniture.
Federal Government Relations	Monitor proposed Federal legislation and agency rules changes; provide connections to legislators and agency personnel; housed in Washington DC.	Chancellor requires support personnel to assist in representing the UT System to federal elected officials and federal agency personnel as part of Chancellor's responsibilities to represent the UT System to stakeholders (Regents' Rule 20101).
General Counsel	Provide legal services and certain liability insurance to UT System Administration and the campuses; prosecute and defend lawsuits and legal claims; provide advice and training on all legal matters related to higher education, business contracts, personnel matters, real estate taxes, intellectual property, and delinquent debts; and provide analysis of federal and state laws and rules.	Texas Education Code Sec. 51.353 requires support to component institutions for legal services; Texas Education Code Sec. 65.16(d) requires the central administration to recommend policies and rules to the Board to ensure conformity with all laws and rules; Regents' Rules require General Counsel handling of legal disputes and claims and review of numerous business transactions including contracts; legal advice required by System staff and Board; manage outside counsel and Attorney General lawyers during litigation.
Health Affairs	Oversight and coordination with the six health institutions; promote collaboration among institutions; searches for new presidents and annual evaluation of presidents; assist with problem solving as needed or requested; work with Board's Health Affairs Committee.	Texas Education Code Sec. 51.353 requires coordination of activities, monitoring and approving of long-range plans, providing technical assistance, evaluating and assisting meeting of goals, and performing duties delegated by Board as they relate to component institutions; Sec. 65.16 requires review of degree programs, enrollment levels, and promulgating and enforcing rules and regulations.

Unit	Function	Why the Function is Critical or Essential
Human Resources	Manage personnel job descriptions, compensation ranges, hiring, promotions, discipline, and termination for UT System Administration employees; oversee talent management; work environment; compliance with employment laws; promote coordination and collaboration among campus HR leaders.	Texas Education Code Sec. 65.16 requires the chief executive officer to be responsible for the general management of the university system – the Chancellor requires an HR office to ensure compliance with state and federal law concerning employees as well as Regents’ Rules for personnel; Chancellor requires assistance in recruiting and retaining top-level talent consistent with a university of the first class.
Information Security	Monitor safety, security, and threats against UT System Administration information; maintain best-practice firewalls and monitoring technology; guidance, support, and coordination among campuses.	Texas Education Code Sec. 65.16 requires the chief executive officer to be responsible for the general management of the university system; information security is one of the most critical risks facing the System; this office assists the Chancellor in minimizing and managing those risks.
Police	Commissioning of officers; training of officers; investigations; threat monitoring; security; coordination and collaboration among campus chiefs of police.	Texas Education Code 51.203 authorizes governing boards to commission police officers; the Office of Director of Police oversees the commissioned police officers (commission is at System level).
State Government Relations	Maintain relationships with key personnel in state legislature, Governor’s office, and state agencies; monitor and advise on legislation and rule changes; coordinate with campus counterparts; assist Chancellor and Board in establishing and communicating legislative priorities.	Texas Education Code Sec. 51.353 requires systems to coordinate activities of component institutions; Chancellor and Board require assistance in representing the UT System to state elected officials and state agency personnel as part of Chancellor’s responsibilities to represent the UT System to stakeholders (Regents’ Rule 20101).
Strategic Initiatives	Submit required reports to federal oversight agencies, e.g., IPEDS; maintain data bases; respond to requests for information; prepare reports such as Fast Facts; maintain websites such as seekUT and the UT System Dashboard.	Board and Chancellor require a data analytics team to maintain data sets, to conduct research on key matters essential to long-range planning and evaluation of each component institution in the achievement of performance goals, and to ensure uniformity in data collection procedures, as required in Texas Education Code Secs. 51.353 and 65.16.

Staffing levels have changed little over time for the majority of the core operations of UT System Administration. The offices that have increased by more than 2 FTE between 2005 and the end of 2017/beginning of FY2018 are:

- Information Security, +12.0 FTE. This office did not exist in FY2005. The rise in importance of information security threats prompted significant growth in investment in this critical area.
- Strategic Initiatives, +10.0 FTE. This office was a minimal data reporting office in FY2005. The office’s duties have greatly expanded because UT System Administration has been called upon to provide much more information to the Board of Regents and to other stakeholders on topics such as graduation rates, costs, productivity, and career opportunities for graduates.

- Academic Affairs, +8.6 FTE. The increase in size of Academic Affairs has primarily been driven by the increase in attention and oversight of academic institutions not only for the UT System but nationwide. Heightened concerns about graduation rates, student financial aid, student wellness, sexual assaults, compliance with federal regulations, misconduct in athletic functions, and others have caused the increase in scope of work for Academic Affairs. Also, the creation of two new medical schools at academic institutions, supported very significantly by staff at UT System Administration, has required additional staffing.
- Business Affairs, +4.9 FTE. The small increase in staffing levels has occurred primarily because of the much-increased scale of financial activity across the UT System and as a result of assuming some core functions for UT System Administration such as payroll and treasury formerly performed by UT Austin.
- Health Affairs, +4.6 FTE. The growth of Health Affairs has been driven by the increased activity related to patient care and hospital expansion at our health institutions. Further, the Office of Health Affairs has devoted considerable new effort to facilitating collaboration among our UT health institutions. The creation of two new medical schools at academic institutions has required additional staff support, including fostering of collaboration between medical school functions at academic and health institutions.
- Human Resources (HR), +4.0 FTE. This office has historically functioned as a small, transaction-oriented unit. As the competition for talent has increased, and issues such as pay equity and workplace environment have risen in importance, staffing levels have increased to respond to new challenges and to promote collaboration among campus HR officers.

### **Campus Support Functions that Are Critical/Essential and Funded by AUF**

The Office of Shared Information Services (SIS) is operated by UT System Administration out of Irving, Texas. The office hosts and supports PeopleSoft implementation for HR, finance, and student records systems for seven academic campuses (all except UT Austin, which is implementing a campus-specific system via Workday). These services are essential – no university can function without the software platforms. As discussed later in this section, it is advantageous both administratively and financially to host the functions in a shared environment at the UT System Administration level. It is not required that the UT System Administration pay for these services but it is advantageous to the campuses.

The concept of a shared software implementation began to be considered in 2007 as HR, finance, and student record systems approached end of life. Rather than each of the non-Austin academic campuses developing its own system, a decision was made to implement new systems in a shared environment. Initially, special project funding was authorized by the Board of Regents to launch the shared environment. In 2014, the Board of Regents approved the transfer of the recurring operating costs of the shared environment to the UT System Administration budget in order to relieve the non-Austin academic campuses of operating costs so that no tuition increase would be needed. The Board authorized AUF operating funds for UT Austin to provide its tuition offset.

The SIS staff consists of 103 FTE budgeted positions. The operating budget for FY2018 is estimated to be approximately \$25 million, including estimated benefits.

The cost of implementing HR, finance, and student records systems at universities is well documented. If the seven campuses were each to develop their own systems, the annual cost is estimated to be \$40 to \$45 million, and the total number of FTE employees well above the current total. Economies of scale apply, which is why many public university systems, including Texas A&M and the University of North Texas, operate these types of systems in a shared environment.

In addition to creation of SIS, at the time the tuition offset was implemented in 2014, three other costs were transferred from the eight (now seven) academic campuses to the UT System Administration budget:

- \$8.3 million annual payment for digital library services;
- \$9.6 million annual payments for their portion of Microsoft and Oracle licenses as well as other shared technology costs and self-insurance premiums; and
- \$4.4 million for campus internal audit functions that were centralized as part of the System Audit Office. At its May 2017 meeting, the Board of Regents authorized return of these functions to the respective campuses.

Funding information is summarized in Table 3. Although all of these costs are currently borne by UT System Administration, they could be borne by the campuses. However, the campuses have no mechanism to pay these costs at this time.

**Table 3. Recurring AUF-Funded Core Functions that Directly Support All Academic Campuses Except UT Austin.**

<b>Unit</b>	<b>Function</b>	<b>Est. 2018 FTE</b>	<b>Est. 2018 Budget</b>
Shared Information Services (SIS)	Shared HR, Finance, and Student Records software and data management/reporting system for UTA, UTD, UTEP, UTPB, UTRGV (in development), UTSA, UTT, and UT System Administration.	103.0	\$25.2 M
Business Affairs	Funding for Digital Library Services for UTA, UTD, UTEP, UTPB, UTRGV, UTSA, and UTT.	-	\$8.3 M
Business Affairs	Funding for campus insurance, IT, and Microsoft and Oracle Systemwide licenses for UTA, UTD, UTEP, UTPB, UTRGV, UTSA, and UTT.	-	\$9.6 M
	<b>TOTAL</b>	<b>103.0</b>	<b>\$43.1 M</b>

**Service Department and Other Functions Funded from non-AUF Sources**

The UT System Administration provides services that benefit our campuses but that are funded from non-AUF sources, such as the health benefits for employees and risk management insurance programs for campuses. Table 4 summarizes these core service functions.

**Table 4. Service Departments and Other Functions and Expenditures Funded from non-AUF Sources.**

<b>Unit</b>	<b>Function</b>	<b>Critical, Essential, or Enhancing?</b>	<b>Est. 2018 FTE</b>	<b>Est. 2018 Budget</b>
Archer Center (Federal Government Relations)	The Archer Center provides student experiences at federal agencies in Washington DC and is funded by an endowment and by campuses and students who participate.	Enhancing; benefits the students who participate; enhances reputation of UT System campuses in Washington DC.	3.8	\$0.8 M
Endowment Administration (Multiple Offices)	Endowment compliance to assure donor intent; legal analysis of potential endowment gifts; research related to naming opportunities; donor reports.	Essential; Board has responsibility for endowments; authorized by Regents' Rule 60102.	11.3	\$1.4 M
Facilities, Planning, and Construction (OFPC)	Manages new building construction, although UTSW and MD Anderson manage many elements of their buildings, and UT Austin and UTMB will soon manage many elements.	Financial and fiduciary responsibilities are essential; other services are enhancing to the projects and campuses.	78.8	\$16.6 M
General Counsel (Net of Endowment Administration)	Supports non-AUF-funded functions for real estate, insurance, bankruptcy, claims, University Lands/PUF, and general legal services.	Essential; legal functions are part of the normal business of UT System.	26.5	\$4.3 M
Historically Underutilized Business (HUB)	Connects with HUB's to engage them in exploring potential UT System business opportunities; prepare statutory reports.	Regents' Rule 20701 requires proactive efforts; funded via OFPC.	4.9	\$0.7 M
Information Security	Support for non-AUF System Administration functions; funded from internal technology assessment fee.	Essential; see explanation in Table 2.	3.0	\$0.4 M
Investment Oversight (Finance)	Policy review and oversight of UTIMCO: review operating fund asset allocations of campuses.	Enhancing; strong returns; Finance is the designated liaison to UTIMCO per Regents' Rule 70401.	1.0	\$0.4 M
Systemwide Employee Benefits	Administers group health, vision, dental, life, and AD&D insurance; function was authorized by Article 3.50-3 of the Texas Insurance Code.	Essential; this program is cost-effective because of scale.	38.0	\$4.5 M (excluding insurance activities)

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<b>Unit</b>	<b>Function</b>	<b>Critical, Essential, or Enhancing?</b>	<b>Est. 2018 FTE</b>	<b>Est. 2018 Budget</b>
Employee Benefits - Medicare Part D	Federal support received for retiree prescription drug coverage through various federal programs.	Essential; Provides support for continued offering of retiree prescription drug coverage.	-	\$20.0 M
Systemwide Risk Management	Manages insurance for international travel, named windstorm and flood damage, fire and other perils cyber risks, automobile coverage, workers compensation, and other risks.	Critical for some elements such workers compensation and essential for others; cost-effective because of scale.	27.3	\$3.4 M (excluding insurance activities)
Technology and Information Services (OTIS), and Systemwide Information Systems (SWIS)	Information technology support for all UT System Administration personnel including network, telephone, computers, conferencing, software, and help desk support; funded by a per-person charge; system-wide software contracts and networking.	Essential (IT support for the general business operations of System Administration); enhancing (cost-effective systemwide networking and software to support campuses).	25.5	\$22.7 M
University Lands	Manages west Texas PUF land holdings; leases for mineral rights; land leases; water and caliche sales; maximizes return to AUF and PUF on behalf of the UT and Texas A&M Systems; funded primarily from a direct draw on the PUF.	Critical; Texas Education Code Section 66.41 grants the Board of Regents the “sole and exclusive management and control” of PUF lands.	54.2	\$23.3 M (Primarily funded from PUF)
Other	Miscellaneous partial FTEs supporting Audit, Chancellor, Facilities, Health Affairs, Human Resources, Compliance, and Airplane Operations. Includes miscellaneous other costs not associated with FTEs.		6.3	\$6.5 M
<b>TOTAL</b>			<b>280.6</b>	<b>\$105.0 M</b>

**Services Hosted at UT System Administration in Support of and Funded by Others**

The UT System Administration is home for employees in two units, listed in Table 5, that exist in support of other activities that are related to UT System but are not funded by UT System.

**Table 5. Recurring Functions Hosted at UT System Administration in Support of and Funded by Other Entities.**

<b>Unit</b>	<b>Function</b>	<b>Est. 2018 FTE</b>	<b>Est. 2018 Budget</b>
Joint Admission Medical Program (JAMP)	JAMP is a state-funded program authorized by Subchapter V, Chapter 51, Texas Education Code. By statute, the JAMP Council may delegate administrative duties to the UT System. Appropriated funds flow through the Texas Higher Education Coordinating Board, to encourage highly qualified, financially disadvantaged prospective students to pursue medical studies.	4.2	\$5.4 M Other (No Direct Cost to UT System Administration Budget)
Texas Medical & Dental Schools Application Service (TMDSAS)	TMDSAS handles applications for all Texas medical, dental, and veterinary schools, including those at UT System institutions; funded externally from application fees paid by prospective students.	10.8	\$1.2 M Other (No Direct Cost to UT System Administration Budget)
Lone Star Stroke Initiative (LSS)	LSS coordinates and funds stroke research across Texas through a hub and spoke network of facilities. LSS was formerly funded by an appropriation to the Texas Department of State Health Services that was passed to UT System. For FY 2018, the Legislature has provided an appropriation of general revenue directly to UT System.	-	\$1.6 M General Revenue (No Direct Cost to UT System Administration Budget)
	<b>TOTAL</b>	<b>15.0 Other</b>	<b>\$6.6 M Other; \$1.6 M General Revenue</b> (No Direct Cost to UT System Administration Budget)



**Enhancing Functions Funded by AUF and Other Funds**

The UT System Administration provides recurring core services that enhance the System Administration’s impact on campuses. These functions are summarized in Table 6.

**Table 6. UT System Administration Functions and Expenditures that Are Not Essential or Required but that Enhance Operations and Are Funded by AUF and Other Funds.**

<b>Unit</b>	<b>Function</b>	<b>How Is Function Enhancing?</b>	<b>Est. 2018 FTE</b>	<b>Est. 2018 Budget<sup>1</sup></b>
Center for Enhancing Philanthropy (External Affairs)	Training for campus development officers; assistance with recruiting fund raisers; campaign advising for campuses.	Helps campuses train talent and, ultimately, raise more money.	3.0 AUF	\$0.8 M AUF
Innovation and Strategic Investment	Advise campuses on intellectual property; assist campuses in connecting with venture capital resources; assist with training and networking for entrepreneurs; manage Horizon Fund and FreshAir.	Helps campuses realize their full potential regarding technology commercialization.	9.0 AUF	\$2.2 M AUF; \$0.1 M Other
Texas Oil and Gas Institute (TOGI)	The UT System Board of Regents established TOGI in 2015 to conduct research to enhance returns from university lands; funded from PUF via contract with University Lands.	Through research, helps University Lands maximize returns; engages students.	7.0 PUF/ Other	\$4.0 M PUF
UT System Organizational Effectiveness (Chancellor’s Office)	Office works with campuses to identify ways to make UT System Administration more effective in serving campuses; works to reduce barriers and increase productivity within UT System Administration.	Helps align System Administration with campus needs and improve efficiency and effectiveness.	2.0 AUF	\$0.5 M AUF
UT System Shared Services	Develop master purchasing agreements that multiple campuses can use in purchasing laboratory supplies, medical supplies, and business supplies and to save significant costs for campuses; provide savings back to campuses; largely self-supporting.	Saves money for campuses by leveraging size and scale of UT System to achieve lower costs.	0.5 AUF 2.5 Other	\$0.2 M AUF; \$0.8 M Other
	<b>TOTAL</b>		<b>24.0</b>	<b>\$3.7 M AUF; \$4.9 M PUF &amp; Other</b>

<sup>1</sup>AUF estimated budget includes an allocation of centrally budgeted fringe benefits.

**Special Projects**

The Board of Regents has periodically approved special projects, such as for a Telemedicine initiative. These are summarized in Table 7.

**Table 7. Special Projects Authorized by Board of Regents, Exclusive of Support for Dell Medical School and the Medical School at UT Rio Grande Valley.**

<b>Project</b>	<b>Purpose of Project</b>	<b>Original Allocation</b>	<b>Est. 2018 FTE</b>	<b>Remaining Balance As of 4/30/2017</b>
Clinical Data Network	Share clinical data across institutions to improve patient outcomes; folded into Health Enterprise Quantum Leap.	\$12.4 M	-	\$12.1 M
CONACYT Cooperative Agreement	Cost sharing of student/faculty exchange with CONACYT (Mexico's equivalent to the U.S. National Science Foundation).	\$5.0 M	-	\$4.9 M
Entrepreneurship Academy	Develop entrepreneurial skills for aspiring entrepreneurs at campuses.	\$2.7 M	-	\$0.9 M
Horizon Fund	Investments to promote commercialization of UT campus developments and to achieve monetary gains from such investments.	\$35.0 M	-	\$13.7 M
Information Security	Funding for collaborative programs among campuses to improve security of information.	\$35.9 M	-	\$7.9 M
Institute for Transformational Learning (ITL) and Competency Based Education (CBE)	Core funding for ITL; key initiatives include development of unique platforms for content delivery and collaborative programs to advance student success.	\$50.0 M ITL; \$47.8 M CBE	42.0	\$39.0 M
Productivity Framework	Provide dashboard to provide real-time productivity data across UT System.	\$6.5 M	-	\$0.7 M
Public Health Initiative	Collaborative effort to improve public health in Texas; folded into Health Enterprise Quantum Leap.	\$5.0 M	-	\$3.0 M
Research Experts Data Warehouse	Share research data to improve research and patient outcomes; folded into Health Enterprise Quantum Leap.	\$5.5 M	-	\$0.9 M
Spend Analytics	Capture data from Supply Chain Alliance to Identify Opportunities for increased savings.	\$7.0 M	-	\$6.4 M
Transform Medical Education (TIME)	Collaborative effort to accelerate the time to earn a medical degree; folded into Health Enterprise Quantum Leap.	\$8.0 M	-	\$1.8 M
Virtual Health Care Network (Telemedicine)	Collaborative effort to advance telemedicine; folded into Health Enterprise Quantum Leap.	\$10.8 M	-	\$9.6 M
Other	Miscellaneous other project balances.			\$2.0 M
	<b>TOTAL</b>	<b>\$231.6 M</b>	<b>42.0</b>	<b>\$102.3 M</b>

### **Quantum Leaps Functions Funded by AUF**

At the November 2015 Board of Regents meeting, Chancellor William McRaven outlined a Quantum Leaps program for the Board of Regents and later added an additional Quantum Leap on Student Success. The philosophy behind the Quantum Leaps is to take advantage of the expertise across the UT System to scale to strengths in critical areas and to marshal those strengths to accelerate societal impact, discoveries, and cures. One initiative involving property in Houston was subsequently discontinued. The eight remaining Quantum Leaps are:

- Texas Prospect Initiative – Helping K-12 students get to and succeed in college. Key initiatives to date: (1) state-wide dual credit task force; (2) Educational Learning Analytics project led by UT Austin; (3) Texas Education Agency partnership to bring university resources to support failing schools; and (4) planning for additional initiatives.
- American Leadership Program – Ensuring all students and campus leaders fully develop leadership capabilities. Key initiatives to date: (1) inventory existing student and staff leadership programs at campuses; and (2) determine what campuses want and need in terms of leadership development.
- Winning the Talent War – Supporting campus efforts to attract world-class talent. Key initiatives to date: (1) increased investment in the Science and Technology Acquisition and Retention (STARs) program; (2) launched Rising STARs program; (3) assessment of other potential talent-development support programs for campuses such as a Proof of Concept fund to support development of entrepreneurial talent.
- Fairness and Opportunity – Providing assurance that all have equal opportunity to advance in their careers and to be fairly compensated regardless of race or gender. Key accomplishments to date: (1) new UT System Policy (UTS187, “Interviews of Executive Administrators and Other Senior Administrators”) based upon the Rooney Rule and known informally as the Opportunity Rule; (2) enhanced candidate pools for senior leadership positions; (3) meetings with campus academic and HR officials to develop plans for identifying any pay inequities; and (4) support for data analytics at the campuses.
- UT Health Enterprise – Promoting collaboration among health institutions to benefit UT institutions, their research, and their patients. Key accomplishments to date, building on initiatives launched prior to the Quantum Leap program: (1) UT System Health Biobank Consortium to share biomaterials among institutions; (2) Health Intelligence Platform for data sharing; (3) Clinical Trials Xpress to collaborate on health trials; (4) Cancer Care Collaboration to collaborate on cancer treatments; and (5) Virtual Health Network to provide remote access between patient and physician using technology (Telehealth).
- Brain Health Initiative – Improving the human condition through advanced research in the neurosciences. This Quantum Leap is in early stages of development.

- National Security – Enhancing our campuses as go-to institutions for solutions that will strengthen national security. Initiative led by UT Austin. Key accomplishments to date: (1) convened major national meetings on national security; (2) launched distinguished lecture series to bring noted authorities to campus to share their knowledge with faculty and students; (3) planning for publication of *Texas National Security Review*; (4) partnered with other institutions in addressing national security issues; and (5) continued to recruit top faculty talent to UT Austin. All UT System Administration AUF funding related to this Quantum Leap is transferred to UT Austin.
- Student Success – Promoting improved graduation rates and student achievement. Key accomplishments to date: (1) convened academic campus representatives for multiple workshops to discuss and share best practices regarding student success; (2) made grants to campuses to support Graduation Help Desks; and (3) received proposals from and will soon make awards to campuses to support innovative student success initiatives.

The Quantum Leaps are funded from three sources:

1. Re-allocated AUF Special Projects Funds. In 2016, the UT System Administration assessed progress and priorities associated with 40 projects that had been previously authorized by the Board of Regents. A recommendation was made and approved by the Board of Regents in November, 2016, to reallocate \$28.6 million of AUF funding “to address higher-priority initiatives such as the Quantum Leap Initiatives.”
2. Aggregated AUF Special Projects Funds and Other Fund Sources for Health Initiatives. In recent years, the Board of Regents has periodically authorized special projects that promote collaboration among health institutions, such as the Telemedicine initiative (Table 7). These previously-authorized special project funds were aggregated under the umbrella of the UT Health Enterprise Quantum Leap. Also, occasionally flexible funds are made available from the professional medical liability risk pool, and these, too, were aggregated under the UT Health Enterprise Quantum Leap with focus on improved patient safety. Essentially, no new funds were needed for this quantum leap – just aggregation of previously authorized funding.
3. Internal Lending Program Funds. Internal lending program funds, unlike AUF funds, can be used by any campus to fund operations. In February, 2017, the Board of Regents authorized \$10 million to support the Student Success Quantum Leap, and \$500,000 to support the non-Austin campuses for the National Security Quantum Leap.

Table 8 identifies the budget allocation for Quantum Leaps for FY2017 and the projected AUF budget allocation for FY2018, assuming projects proceed as currently envisioned. Most of the expenditures are directed to the campuses. The AUF funds from project re-allocation budgeted for FY2017 and anticipated for FY2018 total slightly less than the \$28.6 million authorized by the Board of Regents for use in supporting the Quantum Leaps.

**Table 8. Funding for Quantum Leaps.**

<b>Quantum Leap</b>	<b>FY2017 Funding Allocation</b>	<b>Campuses Receiving Allocation</b>	<b>Preliminary FY2018 AUF Allocation</b>
Texas Prospect Initiative	\$2.0 M <sup>1</sup>	UT Austin (\$1.2 M); All Academic Campuses Are Engaged	\$0.6 M <sup>1</sup>
American Leadership Program	\$1.2 M <sup>1</sup>	-	\$0.8 <sup>1</sup> M
Winning the Talent War	\$20 M <sup>3</sup>	All	\$20 M <sup>3</sup>
Fairness and Opportunity	\$0.1 M <sup>1</sup>	-	\$0.7 M <sup>1</sup>
UT Health Enterprise	\$35.8 M <sup>4,5</sup>	All Health Institutions	\$0
Brain Health Initiative	\$0	-	\$0
National Security – UT Austin	\$10 M <sup>1</sup>	UT Austin	\$8.6 M <sup>1</sup>
National Security – Other Campuses	\$0.5 M <sup>2</sup>	UTA, UTD, UTEP, UTMB, UTSA, UTT	\$0
Student Success	\$10.0 M <sup>2</sup>	All Academic Campuses Are Eligible for Funding	\$0
UT System Project Management	\$1.2 M <sup>1</sup>	-	\$1.0 M <sup>1</sup>

<sup>1</sup>AUF funding from re-allocated project funds

<sup>2</sup>Internal lending program (ILP) funds, which can be used to fund operations at all campuses

<sup>3</sup>STARs program funded annually from PUF allocation authorized by Board of Regents

<sup>4</sup>Aggregated re-prioritized project funds brought under the umbrella of UT Health Care Enterprise Quantum Leap

<sup>5</sup>Source of funds is excess balances from Professional Medical Liability Benefit Plan – all funds used by health institutions to improve patient safety and minimize liabilities.

### **III. LEADERSHIP PROVIDED BY UT SYSTEM**

The UT System provides leadership primarily via coordination with campus staff members and presidents. The leadership role is ubiquitous, from individual offices to the Chancellor and inclusive of the Board of Regents.

#### **Chancellor**

The Chancellor is at the nexus between the Board of Regents, campus presidents, and the general public. Key elements of the Chancellor’s leadership include:

- Responsible for the UT System Administration and all the employees therein, leading by personal example as well as through communications and policy;

- Spokesperson at the State Legislature for the UT System;
- Supervisor of the 14 campus Presidents and responsible for goal setting, annual reviews, and personnel recommendations for the Presidents;
- Convener of campus presidents to discuss issues and opportunities, and to develop long-range plans to advance institutions and to meet the needs of students and the state;
- Point of contact with the general public via media outlets, speeches, and written communication, to express the goals and aspirations of the UT System and its institutions;
- Interface with key leaders in business, education, and service organizations to forge strategies and develop partnerships to benefit our students, patients, and institutions;
- Interface with prospective donors and build confidence among philanthropic supporters;
- Leader of strategic planning to coordinate and collaborate among institutions;

### **UT System Administration Offices**

Each of the UT System Administration offices provides leadership in its own way. Some examples:

- Academic Affairs leads by challenging campuses to improve student success, to achieve highest-level institutional goals, to develop and sustain top-quality programs, and to set a high bar for expected outcomes.
- Health Affairs leads by providing or enhancing coordination and collaboration among the health institutions through initiatives such as data sharing, telemedicine, and cancer collaboration; leads the development of two new medical schools; and leads in facilitating and advising health institutions on negotiating successful partnerships with hospitals and major clinical partners.
- Business Affairs leads by setting high expectations for fiscal responsibility, maximizing income from assets, minimizing expenses for debt, and implementing best-of-class business practices.
- Government Affairs leads by connecting with key government officials and providing analysis of potential changes in legislation and policy.
- External Relations leads by helping campuses to maximize fund-raising results, through education and training, by sharing advice on gifts and naming opportunities, and by effectively communicating both internally and externally with the media and key stakeholders.

- General Counsel leads by providing wise counsel to the campuses and System Administration on contract assessment, litigation risk and management, and other legal matters.
- The Office of the Board of Regents leads by setting expectations for the quality and timeliness of responses and recommendations for the Board; by providing independent and candid advice to the Board, System Administration, and institutional leaders; by helping campuses navigate the process of seeking Board approval for initiatives, by helping the Board deal with difficult matters, by maintaining accurate records and research capabilities, and by assisting the Board in its vital work.
- The Office of the Director of Police leads by providing exceptional training for police officers at its Police Academy, by sharing of best practices, through investigations of crimes, by monitoring threats, and by demonstrating high levels of ethical conduct.
- Every other office in UT System maintains leadership through its work.

#### **IV. BALANCE BETWEEN SERVICE AND LEADERSHIP**

As mentioned at the beginning of this paper, balance between services and leadership is a constantly changing challenge because of the continuous shift in the needs of our institutions. The intent of this white paper is to provide information that will help the reader to understand the service and leadership elements of UT System Administration. Detail is provided for the reader who wants to explore the elements in depth. Questions and requests for more information are welcomed by the author.

2. U. T. System: Report on savings related to the U. T. System Building

Executive Vice Chancellor Kelley reported on savings related to The University of Texas System Building, using the slide set forth on the following page that was distributed to members of the Board and displayed at the meeting. Dr. Kelley said the certificate of substantial completion for the new office building had just been received, with construction completed on schedule and under budget despite upgrades and reconfiguration of some spaces.

He said construction of this building had been a cost saving initiative, overbuilt to provide additional revenue generated from retail and lease space. Dr. Kelley also spoke about benefits to U. T. System, such as consolidating staff from five buildings into one and reducing maintenance costs on older buildings, and said the move-in will occur in August and September 2017.

RECESS TO EXECUTIVE SESSION PURSUANT TO *TEXAS GOVERNMENT CODE*, CHAPTER 551.--At 3:09 p.m., the Board recessed to Executive Session pursuant to *Texas Government Code* Sections 551.071 and 551.074 to consider those matters listed on the Executive Session agenda.

RECONVENE IN OPEN SESSION AND RECESS.--The Board reconvened in Open Session at 5:40 p.m. Chairman Foster stated that no action was taken on items discussed in Executive Session, and he recessed the meeting.



# U. T. System Building Savings Update

## As of July 2017

\$ 133.1M	Total Project Cost ("TPC")
11.4M	Estimated transition costs (i.e. moving expenses, lease costs during construction, etc.)
<b>\$ 144.5M</b>	<b>Total Costs</b>

Revenue/Savings include:

\$ 8.2M	Sale of O. Henry Hall to Texas State University System
75.9M	Estimated net present value ("NPV") income from leasing office space in the new building (including parking income and UTIMCO lease); includes UTIMCO reimbursement of build-out expenses less tenant improvement (TI) allowance
47.0M	Estimated NPV savings of reduced maintenance and operation costs and capital expenditures compared to the five aging buildings that previously served as U. T. System offices
60.7M*	NPV of income from base rent/lease of Block 71, the block where Ashbel Smith Hall and Claudia Taylor Johnson building properties reside; includes conservative estimate of U. T. System's share of revenue generated by future commercial property development
34.4M	Financing savings (NPV @ 5% compared to commercial paper/bond rates)
<b>\$ 226.2M</b>	<b>Total NPV Revenue/Savings</b>

<b>\$ 81.7M</b>	<b>Total Net Savings</b>
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THURSDAY, JULY 13, 2017.--The members of the Board of Regents of The University of Texas System reconvened at 8:32 a.m. on Thursday, July 13, 2017, in the Sala Como Room, Hotel Granduca Austin, 320 South Capital of Texas Highway, West Lake Hills, Texas, with the following participation:

ATTENDANCE.--

Present

Chairman Foster  
Vice Chairman Hicks  
Vice Chairman Hildebrand  
Regent Aliseda  
Regent Beck  
Regent Eltife  
Regent Longoria  
Regent Pejovich  
Regent Weaver  
Regent Castro, Student Regent, nonvoting

In accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Chairman Foster called the meeting to order in Open Session.

RECESS TO EXECUTIVE SESSION PURSUANT TO *TEXAS GOVERNMENT CODE*, CHAPTER 551.--At 8:34 a.m., the Board recessed to Executive Session pursuant to *Texas Government Code* Sections 551.071, 551.074, and 551.076 to consider those matters listed on the Executive Session agenda.

RECONVENE IN OPEN SESSION TO CONSIDER ACTION, IF ANY, ON EXECUTIVE SESSION ITEMS.--The Board reconvened in Open Session at 2:13 p.m. No action was taken on the following Executive Session items and the Board considered the following Agenda Items.

- 5a. U. T. System: Discussion and appropriate action regarding individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of presidents (academic and health institutions), U. T. System Administration officers (Deputy Chancellor, Executive Vice Chancellors, and Vice Chancellors), other officers reporting directly to the Board (Chancellor, General Counsel to the Board, and Chief Audit Executive), members of the Board of Regents, and U. T. System Administration and institutional employees

No action was taken on this item.

- 5b. U. T. System: Discussion and appropriate action regarding individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of the individual employees charged with oversight and operations of the Institute for Transformational Learning (ITL)

No action was taken on this item.

6. U. T. System Board of Regents: Discussion and appropriate action regarding legal issues concerning intellectual property, contracts, funding, transparency, and operations of the Institute for Transformational Learning (ITL)

No action was taken on this item.

#### AGENDA ITEMS (continued)

3. U. T. System: Discussion and possible appropriate action concerning budget process guidelines and decisions, including possible discussion of the Permanent University Fund (PUF) distribution rate and use of Available University Funds (AUF)

This item was considered after Item 4.

Chairman Foster called on Vice Chairman Hicks who said he would like to make a statement by making a motion to help The University of Texas at Austin, the flagship campus of The University of Texas System, to attain its goal of being a top five university. Vice Chairman Hicks made the following motion.

#### Motion by Vice Chairman Hicks

I move that, as a first step in looking at our total U. T. System expenditures, the U. T. System Board of Regents allocate an amount of Available University Funds equivalent to 53% of the Available University Fund effective with the Fiscal Year 2018 budget, with the understanding that this amount is inclusive of the annual allocation (the greater of \$25 million or 3%) for the Dell Medical School.

Regent Longoria seconded the motion, and the motion carried unanimously.

Chairman Foster recognized U. T. Austin's flagship status and said the Board is committed to continuing to supporting it as a Top Tier University.

4. U. T. System: Discussion and possible appropriate action related to the operations, business plan, and budget for the Institute for Transformational Learning (ITL)

This item was considered before Item 3.

Chancellor McRaven introduced the discussion related to The University of Texas System Institute for Transformational Learning (ITL), and Executive Vice Chancellor Leslie briefly described activities of the ITL to date. Ms. Amy Shackelford, Director of Strategic Partnerships and Communications for the ITL, showed a short video on The University of Texas at San Antonio cybersecurity program, which was followed by a presentation by Dr. Mauli M. Agrawal, Interim Provost and Vice President for Academic Affairs at U. T. San Antonio. The video and [presentation](#) are on file in the Office of the Board of Regents.

RECESS TO EXECUTIVE SESSION PURSUANT TO TEXAS GOVERNMENT CODE, CHAPTER 551.--At 2:50 p.m., the Board recessed to Executive Session pursuant to *Texas Government Code* Sections 551.071 and 551.074 to consider those matters listed on the Executive Session agenda.

RECONVENE IN OPEN SESSION TO CONSIDER ACTION, IF ANY, ON EXECUTIVE SESSION ITEMS.--The Board reconvened in Open Session at 3:30 p.m. to consider the following actions on Executive Session items.

3. U. T. System: Discussion and possible appropriate action concerning budget process guidelines and decisions, including possible discussion of the Permanent University Fund (PUF) distribution rate and use of Available University Funds (AUF)

Chairman Foster called on Regent Weaver for the following motion related to Item 3.

Motion by Regent Weaver

I move that the U. T. System Board of Regents vote to emphasize its continued strong support of the STARs [Science and Technology Acquisition and Retention] program and ask Chancellor McRaven to include a significant increase in funding in the 2018 budget to benefit all institutions.

The motion was seconded by Regent Beck and carried unanimously.

5. U. T. System: Discussion and possible appropriate action concerning issues related to the U. T. System, U. T. Academic Institutions, U. T. Health Institutions, and U. T. System Administration, including but not limited to vision and mission; past, current, and future budgets; and evaluation and assessment of critical, essential, and enhancing functions of U. T. System Administration

Chairman Foster then read the following statement:

Statement by Chairman Foster

Before we close for the day, I'd like to acknowledge the dedicated and professional staff of the entire System Administration. The work they do to support the important missions of U. T. institutions, as well as the Board of Regents, is invaluable. From time to time, this Board and all future Boards will look at System Administration functions. It is a normal and important process in any large organization, and we would like everyone to know the value we place on your hard work and dedication.

The Board thanks you and appreciates all that you do.

SCHEDULED MEETING.--The next regularly scheduled meeting will be held on August 23-24, 2017, in Austin.

ADJOURNMENT.--There being no further business, the meeting was adjourned at 3:32 p.m.

/s/ Carol A. Felkel  
Secretary to the Board of Regents

August 14, 2017