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Board Meeting: November 18-19, 2003
 9th Floor, Ashbel Smith Hall, 201 West Seventh Street
 Austin, Texas

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	B. CONSIDER AGENDA ITEMS		
<i>10:05 a.m.</i>	1. U. T. System: Discussion of interim report related to Task Force on “Closing the Gaps” capital funding and appropriate action	<i>Vice- Chairman Hunt Regent Krier Discussion</i>	1
<i>10:30 a.m.</i>	2. U. T. System: Discussion and appropriate action regarding proposed tuition and fee plans and approval process for expenditure of funds collected	<i>Chancellor Yudof Dr. Sullivan Dr. Guckian Action</i>	2
<i>12:30 p.m.</i>	Working Lunch		
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November 18

A. CALL TO ORDER IN OPEN SESSION

B. CONSIDER AGENDA ITEMS

1. **U. T. System: Discussion of interim report related to Task Force on "Closing the Gaps" capital funding and appropriate action**

PURPOSE

Vice-Chairman Hunt and Regent Krier will lead a discussion related to the Task Force on "Closing the Gaps" capital funding.

BACKGROUND INFORMATION

Chairman Miller asked Vice-Chairman Hunt and Regent Krier to co-chair a Task Force on "Closing the Gaps" capital funding. A PowerPoint presentation that will be the basis of the discussion may be found on Pages 1.1 - 1.9.



THE UNIVERSITY OF TEXAS SYSTEM

Capital Planning Task Force Update Interim Report

November 18, 2003



Purpose

The purpose of the Capital Planning Task Force is to:

- Assess the need for capital funding at the U.T. System academic institutions through fiscal year 2030, in light of record enrollment growth and the statewide "Closing the Gaps" initiative.
- Develop a proposal to fund the needed infrastructure to accommodate expected enrollment growth at these institutions.

Interim Report



Closing the Gaps

- “Closing the Gaps” is the Texas Higher Education Coordinating Board’s (THECB) statewide master plan that established goals of closing the gaps in higher education participation and success, in educational excellence, and in funded research over the next 15 years.
- For the purpose of this analysis, the “gaps are closed” when enrollment rates for African American and Hispanic students equal the enrollment rate for Anglos. The Task Force has not attempted to address excellence and research goals that are a part of the THECB’s master plan.

Interim Report



Task Force

- The Task Force was established in September by Chairman Miller and is co-chaired by Regent Hunt, Chairman of the Finance and Planning Committee, and Regent Krier, Chairman of the Academic Affairs Committee.
- Support Staff:
 - Steve Murdock, State Demographer of Texas
 - Joe Stafford, Vice Provost, U. T. San Antonio
 - System Administration representatives: Terry Sullivan; Pedro Reyes; Philip Aldridge; Sid Sanders; Ashley Smith; Francie Frederick; Terry Hull; Geri Malandra

Interim Report



Methodology for Statewide Enrollment Projections

- Four scenarios were developed based on two population forecasts and two participation rates from the Texas State Data Center. Population was forecast using standard birth and death rates. The scenarios are:
 - **“0.5 w/Closure 2015”** - Migration rate of $\frac{1}{2}$ the rate for the 1990's and a full closing of the gap in enrollment rates by 2015
 - **“1.0 w/Closure 2015”** – Migration rate equal to the rate for the 1990's and a full closing of the gap in enrollment rates by 2015
 - **“0.5 w/Closure 2030”** - Migration rate of $\frac{1}{2}$ the rate for the 1990's and a full closing of the gap in enrollment rates by 2030
 - **“1.0 w/Closure 2030”** – Migration rate equal to the rate for the 1990's and a full closing of the gap in enrollment rates by 2030

* Migration rate is the net increase in population from movement into and out of the state.
Interim Report



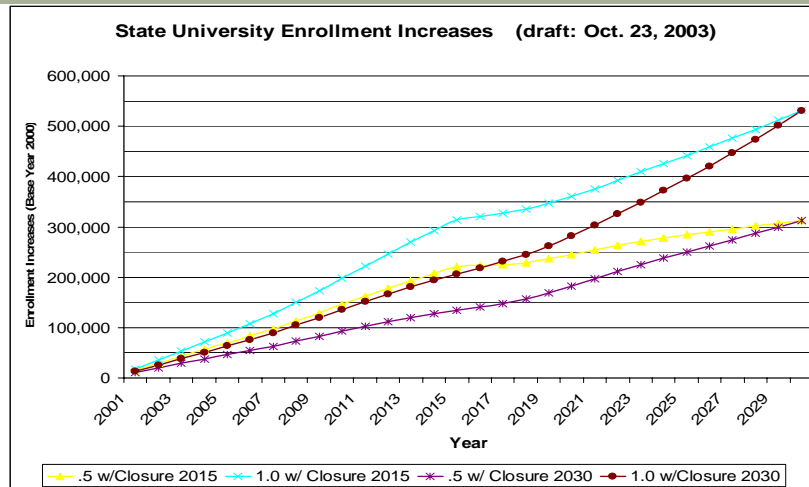
Methodology for Statewide Enrollment Projections, Cont.

- Enrollments of out-of-state or non-resident students are not included in any of the scenarios.
- Market share for each state university is held constant (at 2000 levels) throughout the projection period.
- No change in admissions requirements included in any of the scenarios.

Interim Report



Enrollment Projections for all State Universities in Texas



Interim Report



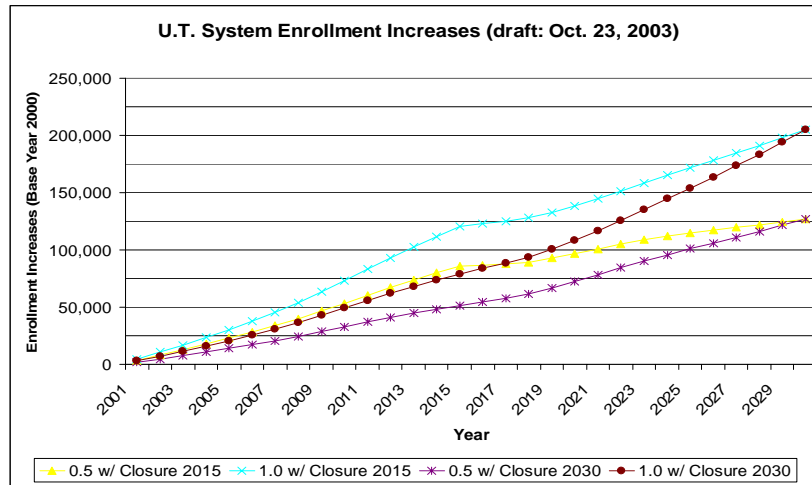
Assumptions for U.T. System Enrollment Projections

- The U. T. System projections use the same methodology as used by the THECB for the statewide enrollment projections.
- The projections assume that all growth that would have occurred at U. T. Austin without an enrollment cap occurs at the other eight U. T. System academic institutions.

Interim Report



Enrollment Projections for U.T. System Academic Institutions (ex. U.T. Austin)



Interim Report



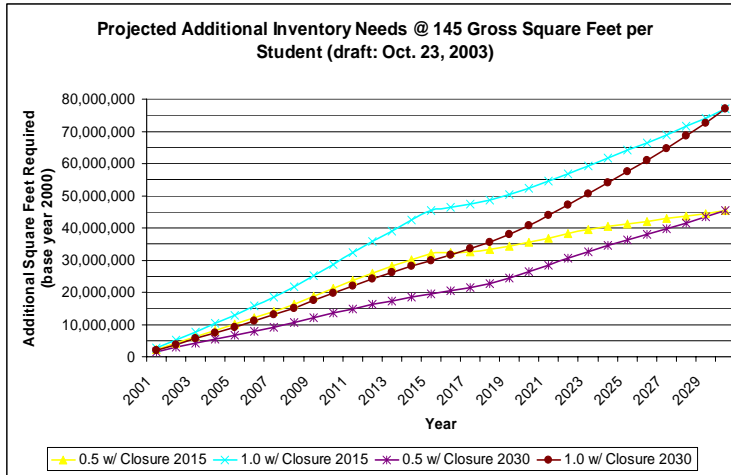
Assumptions for Statewide and U.T. System Capital Inventory Needs

- The model conservatively assumes that each new student will require 145 gross square feet of E&G space:
 - The statewide average for the fall of 2002 was 151 square feet per student.
 - The U.T. System weighted average for the fall of 2002 was 147 square feet per student.
 - The Texas Higher Education Coordinating Board has informally determined that each student needs 160 square feet.

Interim Report



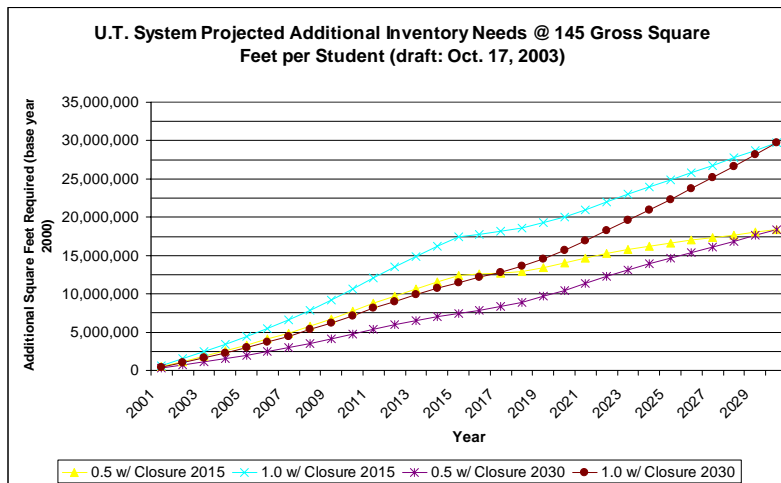
Capital Inventory Needs for all State Universities in Texas



Interim Report



Capital Inventory Projections for U.T. System Academic Institutions (ex. U.T. Austin)



Interim Report



Assumptions for Statewide and U.T. System Capital Cost Requirements

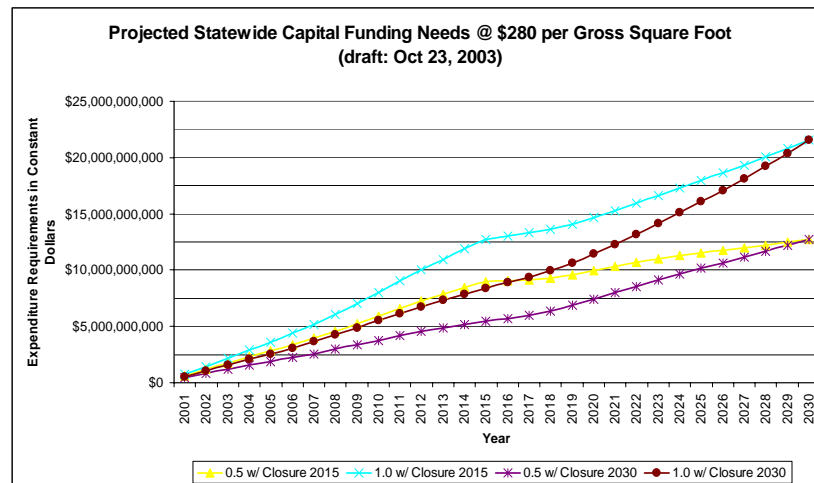
- New E&G space is assumed to cost approximately \$280 per square foot*. The cost per square foot is based on a constant mix of E&G space (e.g., classrooms, office space, dry labs and wet labs) as surveyed at UTA, UTD and UTSA.
- The \$280 per square foot cost is derived as follows:
 - Classrooms – 34.4% of total space @ \$230 per square foot
 - Dry Lab – 15.7% of total space @ \$270 per square foot
 - Wet Lab – 11.3% of total space @ \$340 per square foot
 - Office/Admin. – 38.6% of total space @ \$235 per square foot
 - Plus, an additional \$30 per square foot for infrastructure

* Construction costs vary by region with a range of about 15% around the \$280 average.

Interim Report



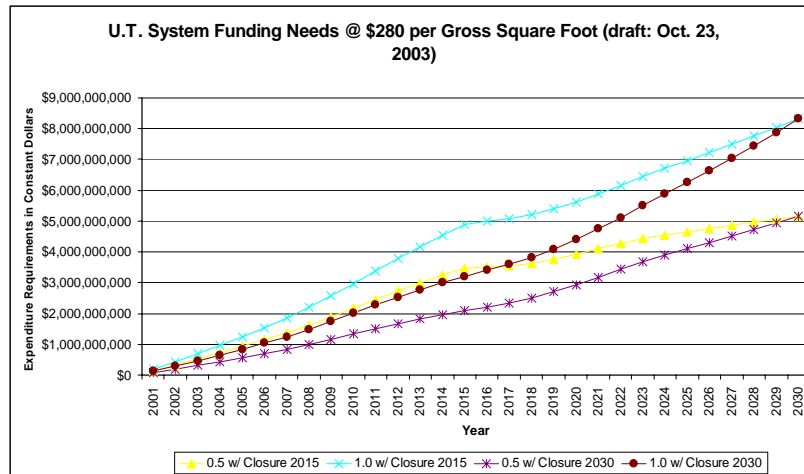
Capital Cost Requirements for all State Universities in Texas



Interim Report



Capital Cost Projections for U.T. System Academic Institutions (ex. U.T. Austin)



Interim Report



Preliminary Conclusions

- Based on the Task Force's projections, the U.T. System will need to add 12.5 million to 17.5 million square feet of new E&G space at eight academic institutions in order to close the gap by 2015.
- By 2015, the total capital cost could range from a low of \$3 billion to a high of \$5 billion (depending on the rate of net migration -- 0.5 vs. 1.0).
- With a 1.0 migration rate and no gap closure until 2030, the System could require as much as 30 million square feet of space at a total cost of \$8 billion.

Interim Report



Next Steps

- Final report will be prepared by mid-January, 2004.
 - Finalize financial models to determine the annual equivalent cost to fund infrastructure needs by year.
 - Determine viability of internal and external funding sources (PUF, Tuition Revenue Bonds, Gifts, etc.) to fill funding shortfall.
 - Assess funding needs for repair and renovation at each academic institution (including U.T. Austin).

Interim Report



Next Steps, cont.

- Final report will be prepared by mid-January, 2004, cont.
 - Establish metrics to evaluate and adjust financial models as actual growth patterns emerge.
 - Develop a proposed funding formula for infrastructure needs.
 - Develop a strategy to present the Task Force's findings and recommendations to the Board of Regents and State leadership.

Interim Report

2. **U. T. System: Discussion and appropriate action regarding proposed tuition and fee plans and approval process for expenditure of funds collected**

RECOMMENDATION

Chancellor Yudof, Executive Vice Chancellor Sullivan and Acting Executive Vice Chancellor Guckian will lead a discussion on proposed tuition and fee plans. Chancellor Yudof will present his recommendations to the Board at the meeting. The Board will be asked to take appropriate action regarding the proposed tuition and fee plans for each campus.

BACKGROUND INFORMATION

House Bill 3015 passed by the Texas Legislature during the 78th Regular Session modified Texas Education Code 54.0513 to grant authority to boards of regents to set an appropriate charge to students designated as tuition (Designated Tuition) in addition to tuition rates set by the Legislature and other charges set by boards of regents as previously authorized. The statutory changes also gave boards of regents increased latitude to implement innovative charge structures.

The proposals for tuition and fee plans for Spring 2004 and Academic Year 2004-2005 (as set forth on white Pages 1-192 following this item) are brought forth by each U. T. System institution for consideration by the Board.

The proposals may be viewed on-line at <http://www.utsystem.edu/news/tuition/>.

C. RECESS/BREAK

D. RECESS TO EXECUTIVE SESSION

U. T. Arlington: Personnel matters related to the possible selection and employment of a president

2:45 p.m. Finalist Interview #1

4:00 p.m. Finalist Interview #2

E. RECESS to November 19

November 19

F. RECONVENE IN OPEN SESSION TO RECESS TO EXECUTIVE SESSION

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c. **U. T. System: Consideration of personnel matters relating to evaluation of presidents, U. T. System Executive Officers, and employees**

2. Consultation with Attorney Regarding Legal Matters or Pending and/or Contemplated Litigation or Settlement Offers - Texas Government Code Section 551.071

G. RECONVENE IN OPEN SESSION TO CONSIDER ACTION ON EXECUTIVE SESSION ITEM(S)

H. ADJOURN