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FOR
FINANCE AND PLANNING COMMITTEE

Committee Meeting: 2/8/2012

Board Meeting: 2/9/2012
San Antonio, Texas

Paul L. Foster, Chairman
Printice L. Gary, Vice Chairman
Alex M. Cranberg
Wallace L. Hall, Jr.
Brenda Pejovich

	Committee Meeting	Board Meeting	Page
7. **U. T. System: Report on UTShare PeopleSoft Implementation**	*3:55 p.m.* **Report/Discussion** *Dr. Kelley* *Ms. Liz Dietz, CedarCrestone Inc.* *Ms. Buechley*	Not on Agenda	**224**
C. ADJOURN JOINT COMMITTEE	*4:15 p.m.*		

1. U. T. System Board of Regents: Discussion and appropriate action related to approval of *Docket No. 149*

RECOMMENDATION

It is recommended that *Docket No. 149* be approved. The Docket is on the following pages.

It is also recommended that the Board confirm that authority to execute contracts, documents, or instruments approved therein has been delegated to appropriate officials of the respective institution involved.

THE UNIVERSITY OF TEXAS SYSTEM ADMINISTRATION
DOCKET NO. 149

The Docket for The University of Texas System Administration and the Dockets recommended by the respective presidents and prepared by the institutions listed below are submitted for discussion and appropriate action regarding approval of the Docket at the meeting of the U. T. System Board of Regents on February 9, 2012. The Chancellor, the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Health Affairs, and the Vice Chancellor and General Counsel concur in these recommendations. Dockets were not submitted for U. T. Brownsville, U. T. Dallas, U. T. Tyler, and U. T. Health Science Center - Tyler.

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U. T. SYSTEM ADMINISTRATION
FEBRUARY 8-9, 2012

CONTRACTS

The following contracts have been administratively approved by the Executive Vice Chancellor for Business Affairs and are recommended for approval by the U. T. System Board of Regents:

GENERAL CONTRACTS

FUNDS COMING IN

1.	Agency:	Kinder Morgan Texas Pipeline, L.P.
	Funds:	Projected revenue is $1,331,284 over the term of the contract
	Period:	Commencing on the effective date and continuing for a period of 10 years after the operation commencement date, which shall not be later than February 28, 2022
	Description:	Renewal of agreement with Kinder Morgan Texas Pipeline, L.P. to continue to allow 20,481.30 rods of pipe at $65 per rod to be laid on University Lands in Crockett, Reagan, Schleicher, and Upton Counties.
2.	Agency:	South Texas Electric Cooperative, Inc.
	Funds	Projected revenue for life of this project is $3,306,330 over the term of the contract
	Period:	Commencing on the effective date and continuing for a period of 10 years after the operation commencement date, which shall not be later than February 28, 2022
	Description:	New agreement with South Texas Electric Cooperative, Inc. to allow 12,966 rods of electric transmission power line to be constructed on University Lands in Crockett, Schleicher, and Pecos Counties.

U. T. SYSTEM ADMINISTRATION
FEBRUARY 8-9, 2012

CONTRACTS (CONTINUED)

GENERAL CONTRACTS (CONTINUED)

FUNDS GOING OUT

3. Agency: Fugro Consultants, Inc.
   Funds: U. T. System anticipates contracting expenditures to exceed $1,000,000 per year of the contract
   Source of Funds: Service Department Funds
   Period: September 1, 2011 through September 19, 2017 (contract was brought forward for Board approval once it reached the $1,000,000 threshold where Board approval is required)
   Description: The firm agrees to perform geotechnical and materials testing services for U. T. System Office of Facilities Planning and Construction on a job order basis. Services were competitively procured.

4. Agency: Raba-Kistner Consultants, Inc.
   Funds: U. T. System anticipates contracting expenditures to exceed $1,000,000 per year of the contract
   Source of Funds: Service Department Funds
   Period: September 1, 2011 through September 19, 2017 (contract was brought forward for Board approval once it reached the $1,000,000 threshold where Board approval is required)
   Description: The firm agrees to perform geotechnical and materials testing services for U. T. System Office of Facilities Planning and Construction on a job order basis. Services were competitively procured.

5. Agency: Terracon Consultants, Inc.
   Funds: U. T. System anticipates contracting expenditures to exceed $1,000,000 per year of the contract
   Source of Funds: Service Department Funds
   Period: September 1, 2011 through September 19, 2017 (contract was brought forward for Board approval once it reached the $1,000,000 threshold where Board approval is required)
   Description: The firm agrees to perform geotechnical and materials testing services for U. T. System Office of Facilities Planning and Construction on a job order basis. Services were competitively procured.

U. T. SYSTEM ADMINISTRATION
FEBRUARY 8-9, 2012

CONTRACTS (CONTINUED)

GENERAL CONTRACTS (CONTINUED)

FUNDS GOING OUT (CONTINUED)

6.	Agency:	Hill International, Inc.
	Funds:	U. T. System anticipates contracting expenditures to exceed $1,000,000 per year of the contract
	Source of Funds:	Service Department Funds
	Period:	February 21, 2011 through February 20, 2017 (contract was brought forward for Board approval once it reached the $1,000,000 threshold where Board approval is required)
	Description:	The firm agrees to perform project management services, such as project management, estimating, scheduling, and project analysis for U. T. System on a job order basis. Services were competitively procured.
7.	Agency:	Academic Partnerships, LLC
	Funds:	Expected to exceed $1,000,000 over the life of the contract including renewal options
	Source of Funds:	Determined by the institution when contracting services
	Period:	November 16, 2011 through November 16, 2012, with four optional one-year renewal terms
	Description:	Academic Partnerships provides online educational services to academic and health U. T. institutions. Services were competitively procured.
8.	Agency:	Instructional Connections, Inc.
	Funds:	Expected to exceed $1,000,000 over the life of the contract including renewal options
	Source of Funds:	Determined by the institution when contracting services
	Period:	October 25, 2011 through October 25, 2012, with four optional one-year renewal terms
	Description:	Instructional Connections provides online educational services to academic and health U. T. institutions. Services were competitively procured.

U. T. SYSTEM ADMINISTRATION
FEBRUARY 8-9, 2012

OTHER MATTERS

APPROVAL OF NEWLY COMMISSIONED U. T. SYSTEM PEACE OFFICERS

In accordance with Chapter 51.203 of the *Texas Education Code*, the U. T. System Board of Regents is requested to approve the commissioning of the individuals listed below as peace officers effective December 16, 2011. The following officers have completed a course of training that included mandated Texas Commission on Law Enforcement Officer Standards and Education courses at The University of Texas System Police Training Academy and have successfully passed the State of Texas Peace Officer Licensing Examination.

Name	Institution
Dava Beth Barnhart	U. T. Austin
Henry A. Bebon III	U. T. Brownsville
Jacob D. Bush	U. T. Arlington
Kevin J. Carollo	U. T. Austin
Alicia D. Dockens	U. T. Health Science Center - Tyler
Erick Dominguez	U. T. Brownsville
John C. Gonzalez	U. T. Medical Branch - Galveston
Jeffrey R. Jones	U. T. Health Science Center - Tyler
James L. Lee, Jr.	U. T. San Antonio
Patarick G. Lopez, Jr.	U. T. San Antonio
Hector R. Luevano, Jr.	U. T. Austin
Miranda S. McGee	U. T. Austin
Adrian A. Passdar-Shirazi	U. T. Austin
Jonathan D. Pfaff	U. T. San Antonio
Eric M. Stedman	U. T. Arlington

U. T. SYSTEM ADMINISTRATION
FEBRUARY 8-9, 2012

REAL ESTATE REPORT

THE UNIVERSITY OF TEXAS SYSTEM
SEPARATELY INVESTED ASSETS
Managed by U. T. System

Summary Report at November 30, 2011

	FUND TYPE							
	Current Purpose Restricted		Endowment & Similar Funds		Annuity & Life Income Funds		TOTAL	
	Book	Market	Book	Market	Book	Market	Book	Market
Land & Buildings:								
Ending Value 8/31/2011	$ 2,634,778	$ 20,233,884	$ 106,321,203	$ 269,586,238	$ 1,601,467	$ 2,973,923	$ 110,557,448	$ 292,794,046
Increase or Decrease	156,312	146,523	(206,995)	(433,977)	-	-	(50,683)	(287,454)
Ending Value 11/30/2011	$ 2,791,090	$ 20,380,407	$ 106,114,208	$ 269,152,262	$ 1,601,467	$ 2,973,923	$ 110,506,765	$ 292,506,592
Other Real Estate:								
Ending Value 8/31/2011	$ 50,776	$ 50,776	$ 123,214	$ 123,214	$ -	$ -	$ 173,989	$ 173,989
Increase or Decrease	(2,220)	(2,220)	(97,930)	(97,930)	-	-	(100,150)	(100,150)
Ending Value 11/30/2011	$ 48,556	$ 48,556	$ 25,284	$ 25,284	$ -	$ -	$ 73,839	$ 73,839

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.

U. T. ARLINGTON
FEBRUARY 8-9, 2012

OTHER FISCAL ITEMS

EMPLOYMENT AGREEMENTS

The following agreement has been executed, has been approved by the Executive Vice Chancellor for Academic Affairs, and is recommended for approval by the U. T. System Board of Regents. Such employment under this 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 The University of Texas at Arlington. The violation of the provisions of such constitution, bylaws, rules, regulations, or policies shall be grounds for suspension without pay or dismissal.

1. Item: Athletic Director

   Funds: $250,000 annually

   Source of Funds: Intercollegiate Athletics Fees & Revenue

   Period: February 1, 2012 through January 31, 2017

   Description: Initial agreement for employment of Athletic Director, James Baker, for the above designated period following the standard coach's employment contract prepared by the Office of General Counsel.

   Incentives:
   - $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 between February 1, 2012 and February 1, 2017
   - $10,000 in any contract year for each varsity sports team that wins an NCAA championship between February 1, 2012 and February 1, 2017
   - $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 NCAA minimum
   - Additional $2,500 in any contract year (with a limit of $12,500) for each varsity team with a 3.0 or above GPA
   - Total performance incentives in any contract year will not exceed a total of $25,000

U. T. AUSTIN
FEBRUARY 8-9, 2012

CONTRACTS

The following contract has been administratively approved by the President or his delegate and the Executive Vice Chancellor for Academic Affairs and is recommended for approval by the U. T. System Board of Regents:

GENERAL CONTRACTS

FUNDS GOING OUT

1. Agency: Sasaki Associates, Inc.
   Source of Funds: Available University Funds, Designated Funds, Designated Tuition
   Funds: $1,380,600
   Period: October 1, 2010 through September 30, 2012
   Description: Sasaki Associates, Inc. agrees to furnish services required to create a new campus master plan for U. T. Austin. The contract includes preliminary work performed from October 1, 2010 through September 28, 2011, with charges totaling $100,375. During that phase, Sasaki Associates, Inc. held discussions with campus leadership and stakeholders to determine the needs of the campus and to define the scope of work required to create a framework for orderly University development. The master plan will address mobility planning, sustainability planning, development of a software tool to support capital project and space management decision-making, energy use planning, and refinement of the campus design guidelines for buildings. The plan will focus on analyzing buildings over 50 years of age to make informed recommendations on preservation and suitability for adaptive reuse. The services were competitively procured. (See U. T. Austin Item 2 on Docket Page - 16)

U. T. AUSTIN
FEBRUARY 8-9, 2012

AMENDMENTS TO THE 2011-12 BUDGET

TENURE APPOINTMENTS

NEW APPOINTMENTS WITH TENURE, AWARD OF TENURE, AND EMERITUS APPOINTMENTS

The following Requests for Budget Change (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:

		Effective Date	% Time	Full-time Salary No. Mos.	Full-time Salary Rate $	RBC #
RED McCOMBS SCHOOL OF BUSINESS						
Finance						
1.	*Robert D. Mettlen					4350
From:	Lamar Savings Centennial Professorship in Finance and Professor (T)		100	09	92,500	
To:	Lamar Savings Centennial Professor Emeritus in Finance	9/1-5/31			0	
	*Professor Mettlen's emeritus appointment is effective at the date of retirement of September 1, 2004. Approval was intended to be effective April 26, 2004, but the title change was not submitted for Docket approval at that time. The honorary title designation is being submitted now for formal approval.					
COLLEGE OF FINE ARTS						
Art and Art History						
2.	*Janet E. Kastner					4297
From:	Associate Professor (T)		100	09	69,240	
To:	Associate Professor Emeritus	9/1-5/31			0	
	*Professor Kastner’s emeritus status is effective at the date of retirement.					

U. T. AUSTIN
FEBRUARY 8-9, 2012

AMENDMENTS TO THE 2011-12 BUDGET (CONTINUED)

TENURE APPOINTMENTS (CONTINUED)

NEW APPOINTMENTS WITH TENURE, AWARD OF TENURE, AND EMERITUS APPOINTMENTS (CONTINUED)

	Description	Effective Date	% Time	Full-time Salary No. Mos.	Full-time Salary Rate $	RBC #
SCHOOL OF FINE ARTS (Continued)						
Art and Art History (Continued)						
3.	*William A. Lundberg					4295
From:	Marlene and Morton Meyerson Centennial Professorship in Art and Art History and Professor (T)		100	09	69,000	
	Professorship Supplement		SUPLT	09	6,400	
To:	Marlene and Morton Meyerson Centennial Professor Emeritus in Art and Art History	9/1-5/31			0	
	*Professor Lundberg's emeritus status is effective at the date of retirement.					
4.	*Vincent A. Mariani					4296
From:	Professor (T)		100	09	64,449	
To:	Professor Emeritus	9/1-5/31			0	
	*Professor Mariani's emeritus status is effective at the date of retirement.					
5.	*Melissa W. Miller					4349
From:	Associate Professor (T)		100	09	71,870	
To:	Associate Professor Emeritus	9/1-5/31			0	
	*Professor Miller's emeritus status is effective at the date of retirement.					

U. T. AUSTIN
FEBRUARY 8-9, 2012

AMENDMENTS TO THE 2011-12 BUDGET (CONTINUED)

TENURE APPOINTMENTS (CONTINUED)

NEW APPOINTMENTS WITH TENURE, AWARD OF TENURE, AND EMERITUS APPOINTMENTS (CONTINUED)

Description		Effective Date	% Time	Full-time Salary No. Mos.	Full-time Salary Rate $	RBC #
COLLEGE OF LIBERAL ARTS						
English						
6.	*Jeffrey Barnouw					4264
From:	Professor (T)		100	09	74,996	
To:	Professor Emeritus	9/1-5/31			0	
	*Professor Barnouw's emeritus status is effective at the date of retirement.					
7.	*Laura J. Furman					4283
From:	Susan Taylor McDaniel Regents Professorship in Creative Writing #1 and Professor (T)		100	09	80,000	
To:	Susan Taylor McDaniel Regents Professor Emeritus in Creative Writing #1	1/16-5/31			0	
	*Professor Furman's emeritus status is effective at the date of retirement. Final campus endorsement of emeritus status was given after the November 10, 2011, Docket deadline.					
8.	*Joseph E. Kruppa					4319
From:	Professor (T)		100	09	66,153	
To:	Professor Emeritus	1/16-5/31			0	
	*Professor Kruppa's emeritus status is effective at the date of retirement. Final campus endorsement of emeritus status was given after the November 10, 2011, Docket deadline.					

U. T. AUSTIN
FEBRUARY 8-9, 2012

AMENDMENTS TO THE 2011-12 BUDGET (CONTINUED)

TENURE APPOINTMENTS (CONTINUED)

NEW APPOINTMENTS WITH TENURE, AWARD OF TENURE, AND EMERITUS APPOINTMENTS (CONTINUED)

Description		Effective Date	% Time	Full-time Salary No. Mos.	Full-time Salary Rate $	RBC #
COLLEGE OF LIBERAL ARTS (Continued)						
English (Continued)						
9.	*William J. Scheick					4284
From:	J. R. Millikan Centennial Professorship in English Literature and Professor (T)		100	09		95,959
	Professorship Supplement			SUPLT	09	2,000
To:	J. R. Millikan Centennial Professor Emeritus in English Literature	1/16-5/31			0	
	*Professor Scheick's emeritus status is effective at the date of retirement. Final campus endorsement of emeritus status was given after the November 10, 2011, docket deadline.					
COLLEGE OF NATURAL SCIENCES						
Human Development and Family Sciences						
10.	*Aletha C. Huston					4387
From:	Priscilla Pond Flawn Regents Professorship in Child Development and Professor (T)		100	09		145,345
	Professorship Supplement			SUPLT	09	6,000
To:	Priscilla Pond Flawn Regents Professor Emeritus in Child Development	9/1-5/31			0	
	*Professor Huston's emeritus status is effective at the date of retirement.					

U. T. AUSTIN
FEBRUARY 8-9, 2012

AMENDMENTS TO THE 2011-12 BUDGET (CONTINUED)

TENURE APPOINTMENTS (CONTINUED)

NEW APPOINTMENTS WITH TENURE, AWARD OF TENURE, AND EMERITUS APPOINTMENTS (CONTINUED)

Description	Effective Date	% Time	Full-time Salary No. Mos.	Full-time Salary Rate $	RBC #
SCHOOL OF SOCIAL WORK					
Social Work					
Dean and Centennial Professorship in Leadership for Community, Professional, and Corporate Excellence					
11. Luis H. Zayas (T)	1/1-8/31	100	12	275,000	4250
	1/1-5/31	0	09	195,000	

U. T. AUSTIN
FEBRUARY 8-9, 2012

AMENDMENTS TO THE 2011-12 BUDGET (CONTINUED)

TRANSFERS OF FUNDS

Description		$ Amount	RBC #
PLANT FUNDS			
Project Management and Construction Services			
12.	Amount of Transfer:	1,200,000	4338
From:	Special Equipment – Academic Research - Projects and Operations		
Source of Funds:	Available University Funds		
To:	Campus Master Plan – All Expenses		
	Transfer supplemental funding for the creation of a new campus master plan. (See the U. T. Austin Item 1 on Page Docket - 10).		
13.	Amount of Transfer:	2,485,000	4339
From:	Housing and Food Service General Repair and Replacement Reserve		
Source of Funds:	Dormitories and Dining Hall Funds		
To:	Beauford H. Jester Center Residence Hall Second Floor Cafeteria Renovation		
	Transfer supplemental funding for renovation of the dish washing area in the second floor kitchen and of the north and west perimeter seating areas in Beauford H. Jester Center Residence Hall.		

U. T. AUSTIN
FEBRUARY 8-9, 2012

AMENDMENTS TO THE 2011-12 BUDGET (CONTINUED)

TRANSFERS OF FUNDS (CONTINUED)

Description	$ Amount	RBC #
PLANT FUNDS (Continued)		
Project Management and Construction Services (Continued)		
14. Amount of Transfer:	738,873	4346

From: Undergraduate Studies Learning Assistance Fund – Gifts

Source of Funds: Gifts

To: Beauford H. Jester Center Residence Hall Suite A332A Renovation – All Expenses

Transfer to provide supplemental funding for the construction of a new 2,500 square foot combination tutoring center and student commons in the west atrium of the Academic Center in Beauford H. Jester Center Residence Hall. The space for the tutoring center/student commons will be created in an open-air space at the third level of the building. A staircase will be built to service the new area and a mezzanine level will be constructed to house a new air handling unit dedicated to the new tutoring center. Associated electrical, data/communication, life safety elements, and finishes will also be installed to serve the new and existing space.

The new area will provide additional space for use by the Sanger Learning and Career Center, which occupies spaces throughout Jester Center and provides academic support and career development to over 14,000 U. T. Austin students annually, seven days a week, 8:00 a.m. - 10:00 p.m. The Sanger program has continually grown over the years, and the demand for its services now exceeds its current available space. Tables have been set up in mezzanines and hallways of Jester Center to temporarily accommodate the overflow. However, this arrangement interferes with the flow of traffic in these circulation spaces and has the potential of conflicting with life safety and emergency egress regulations. The new tutoring center/student commons will help accommodate the overflow by serving an estimated 3,000 students with approximately 15,000 hours of instructional tutoring.

U. T. AUSTIN
FEBRUARY 8-9, 2012

OTHER FISCAL ITEMS

EMPLOYMENT AGREEMENTS

The following agreements have been executed, have been approved by the Executive Vice Chancellor for Academic Affairs, and are recommended for approval by the U. T. System Board of Regents. Such employment under these agreements 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. The violation of the provisions of such constitution, bylaws, rules, regulations, or policies shall be grounds for suspension without pay or dismissal.

1.		
Item:	Head Men's Baseball Coach
From:	Guaranteed compensation: $950,000 annually Non-guaranteed compensation available through performance incentives: maximum of $165,000 annually
To:	Guaranteed compensation: $950,000 annually Non-guaranteed compensation available through performance incentives: maximum of $165,000 annually
Source of Funds:	Intercollegiate Athletics
Salary Percent Change:	n/a
Description:	First amendment to the agreement for employment of Head Men's Baseball Coach August E. Garrido modifies the academic performance incentive for the designated period following the standard coach's employment contract prepared by the Office of General Counsel.
Incentive Change:	The language regarding incentive for academic performance of the student athletes was modified to conform to new federal regulations. The academic incentives based on graduation and retention rates were removed and replaced with incentives based on specific yearly academic goals set for the team grade point performance and the team academic progress rate. No change was made in the total dollar amount of incentives.
Period:	Effective upon execution through August 31, 2013

U. T. AUSTIN
FEBRUARY 8-9, 2012

OTHER FISCAL ITEMS (CONTINUED)

EMPLOYMENT AGREEMENTS (CONTINUED)

2. Item: Head Men’s Basketball Coach

From: Guaranteed compensation: $2,400,000 annually
Non-guaranteed compensation available through performance incentives: maximum of $790,000 annually

To: Guaranteed compensation: $2,400,000 annually
Non-guaranteed compensation available through performance incentives: maximum of $790,000 annually

Source of Funds: Intercollegiate Athletics

Salary Percent Change: n/a

Description: Fourth amendment to the agreement for employment of Head Men's Basketball Coach Richard Dale Barnes modifies the athletic performance and academic performance incentives for the designated period following the standard coach's employment contract prepared by the Office of General Counsel.

Incentive Change: At the end of the Big 12 Conference regular season in previous years, schools were "seeded" (ranked) for the Big 12 post-season tournament based upon their divisional records. Designation as the "highest seed" (most highly ranked) for the North or South Division would have resulted from having the best won-lost record in that division. The North and South Divisions have been eliminated. Therefore, the fourth amendment to the contract of the head coach for Men's Basketball deletes the athletic performance incentive for finishing as the highest seed in the Big 12 South Division. In addition, the language regarding incentive for academic performance of the student athletes was modified to conform to new federal regulations. The academic incentives based on graduation and retention rates were removed and replaced with incentives based on specific yearly academic goals set for the team grade point performance and the team academic progress rate. No change was made in the total dollar amount of incentives.

Period: Effective upon execution through March 31, 2017

U. T. AUSTIN
FEBRUARY 8-9, 2012

OTHER FISCAL ITEMS (CONTINUED)

EMPLOYMENT AGREEMENTS (CONTINUED)

3. Item: Head Women’s Soccer Coach

Funds: Guaranteed compensation: $192,500 annually
Non-guaranteed compensation available through performance incentives: maximum of $82,000 annually

Source of Funds: Intercollegiate Athletics

Description: Initial agreement for employment of Head Women's Soccer Coach Angela Kelly for the designated period following the standard coach's employment contract prepared by the Office of General Counsel.

Period: December 19, 2011 through August 31, 2017

U. T. AUSTIN
FEBRUARY 8-9, 2012

OTHER FISCAL ITEMS (CONTINUED)

EMPLOYMENT AGREEMENTS (CONTINUED)

4. | | |
|---|---|
| Item: | Head Men's Swimming and Diving Coach |
| From: | Guaranteed compensation: $179,053 annually
Non-guaranteed compensation available through performance incentives: maximum of $74,500 annually |
| To: | Guaranteed compensation: $179,053 annually
Non-guaranteed compensation available through performance incentives: maximum of $74,500 annually |
| Source of Funds: | Intercollegiate Athletics |
| Salary Percent Change: | n/a |
| Description: | Fourth amendment to the agreement for employment of Head Men's Swimming and Diving Coach Eddie Reese modifies the academic performance incentive for the designated period following the standard coach's employment contract prepared by the Office of General Counsel. The original agreement and the third amendment did not correctly state the title of the program and the title of the coach. Amendment No. 4 standardizes these titles to read "Men's Intercollegiate Swimming and Diving Program" and "Head Men's Swimming and Diving Coach." |
| Incentive Change: | The language regarding incentive for academic performance of the student athletes was modified to conform to new federal regulations. The academic incentives based on graduation and retention rates were removed and replaced with incentives based on specific yearly academic goals set for the team grade point performance and the team academic progress rate. No change was made in the total dollar amount of incentives. |
| Period: | Effective upon execution through August 31, 2014 |

U. T. AUSTIN
FEBRUARY 8-9, 2012

OTHER FISCAL ITEMS (CONTINUED)

EMPLOYMENT AGREEMENTS (CONTINUED)

5.	Item:	Head Men’s Track and Field Coach
	From:	Guaranteed compensation: $200,000 annually Non-guaranteed compensation available through performance incentives: maximum of $74,500 annually
	To:	Guaranteed compensation: $200,000 annually Non-guaranteed compensation available through performance incentives: maximum of $74,500 annually
	Source of Funds:	Intercollegiate Athletics
	Salary Percent Change:	n/a
	Description:	Fourth amendment to the agreement for employment of Head Men's Track and Field Coach Charles G. Thornton modifies the academic performance incentive for the designated period following the standard coach's employment contract prepared by the Office of General Counsel.
	Incentive Change:	The language regarding incentive for academic performance of the student athletes was modified to conform to new federal regulations. The academic incentives based on graduation and retention rates were removed and replaced with incentives based on specific yearly academic goals set for the team grade point performance and the team academic progress rate. No change was made in the total dollar amount of incentives.
	Period:	Effective upon execution through August 31, 2012

U. T. AUSTIN
FEBRUARY 8-9, 2012

OTHER FISCAL ITEMS (CONTINUED)

EMPLOYMENT AGREEMENTS (CONTINUED)

6.	Item:	Head Women’s Track and Field Coach
	From:	Guaranteed compensation: $275,356 annually Non-guaranteed compensation available through performance incentives: maximum of $74,500 annually
	To:	Guaranteed compensation: $275,356 annually Non-guaranteed compensation available through performance incentives: maximum of $74,500 annually
	Source of Funds:	Intercollegiate Athletics
	Salary Percent Change:	n/a
	Description:	Third amendment to the agreement for employment of Head Women's Track and Field Coach Beverly Kearney modifies the athletic performance and academic performance incentives for the designated period following the standard coach's employment contract prepared by the Office of General Counsel.
	Incentive Change:	At the end of the Big 12 Conference regular season in previous years, schools were "seeded" (ranked) for the Big 12 post-season tournament based upon their divisional records. Designation as the "highest seed" (most highly ranked) for the North or South Division would have resulted from having the best won-lost record in that division. The North and South Divisions have been eliminated. Therefore, the third amendment to the contract of the head coach for Women's Track and Field Coach deletes the athletic performance incentive for finishing as the highest seed in the Big 12 South Division. In addition, the language regarding incentive for academic performance of the student athletes was modified to conform to new federal regulations. The academic incentives based on graduation and retention rates were removed and replaced with incentives based on specific yearly academic goals set for the team grade point performance and the team academic progress rate. No change was made in the total dollar amount of incentives.
	Period:	Effective upon execution through August 31, 2014

U. T. AUSTIN
FEBRUARY 8-9, 2012

OTHER FISCAL ITEMS (CONTINUED)

EMPLOYMENT AGREEMENTS (CONTINUED)

7. Item: Head Women's Volleyball Coach

Item:	Head Women’s Volleyball Coach
From:	Guaranteed compensation: $165,000 annually Non-guaranteed compensation available through performance incentives: maximum of $87,000 annually
To:	Guaranteed compensation: $165,000 annually Non-guaranteed compensation available through performance incentives: maximum of $87,000 annually
Source of Funds:	Intercollegiate Athletics
Salary Percent Change:	n/a
Description:	Third amendment to the agreement for employment of Head Women's Volleyball Coach Jerritt Elliott modifies the academic performance incentive for the designated period following the standard coach's employment contract prepared by the Office of General Counsel.
Incentive Change:	The language regarding incentive for academic performance of the student athletes was modified to conform to new federal regulations. The academic incentives based on graduation and retention rates were removed and replaced with incentives based on specific yearly academic goals set for the team grade point performance and the team academic progress rate. No change was made in the total dollar amount of incentives.
Period:	Effective upon execution through August 31, 2016

U. T. EL PASO
FEBRUARY 8-9, 2012

AMENDMENTS TO THE 2011-12 BUDGET

TENURE APPOINTMENTS

NEW APPOINTMENTS WITH TENURE, AWARD OF TENURE, AND EMERITUS APPOINTMENTS

The following Requests for Budget Change (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 No. Mos.	Full-time Salary Rate $	RBC #
COLLEGE OF EDUCATION						
Educational Leadership and Foundations						
1.	M. Susana Navarro					4363
From:	Director and		100	12	150,555	
	Associate Professor (T)		0	09	98,580	
To:	Associate Professor Emeritus	9/1			0	
	Dr. Navarro retired August 31, 2011. Request Associate Professor Emeritus status effective at the date of retirement.					
COLLEGE OF HEALTH SCIENCES						
Kinesiology						
2.	Darla R. Smith					4364
From:	Professor (T)		100	09	81,507	
To:	Professor Emeritus	9/1			0	
	Dr. Smith retired August 31, 2011. Request Professor Emeritus status at the date of retirement.					

U. T. EL PASO
FEBRUARY 8-9, 2012

AMENDMENTS TO THE 2011-12 BUDGET (CONTINUED)

TENURE APPOINTMENTS (CONTINUED)

NEW APPOINTMENTS WITH TENURE, AWARD OF TENURE, AND EMERITUS APPOINTMENTS (CONTINUED)

	Description	Effective Date	% Time	Full-time Salary No. Mos.	Full-time Salary Rate $	RBC #
COLLEGE OF HEALTH SCIENCES (Continued)						
Physical Therapy						
3.	Mary Carlson					4360
From:	Associate Professor (T)		100	09	74,486	
To:	Associate Professor Emeritus	9/1			0	
	Dr. Carlson retired August 31, 2011. Request Associate Professor Emeritus status at the date of retirement.					
COLLEGE OF LIBERAL ARTS						
English						
4.	John Dick					4361
From:	Associate Professor (T)		100	09	61,671	
To:	Associate Professor Emeritus	9/1			0	
	Dr. Dick retired August 31, 2011. Request Associate Professor Emeritus status effective September 1, 2011.					
5.	Elaine F. Fredericksen					4366
From:	Associate Professor (T)		100	09	71,193	
To:	Associate Professor Emeritus	9/1			0	
	Approval of the title change is being requested now to allow President Natalicio the opportunity to announce the award of the honorary title at the spring commencement. The honorary title designation will not take effect until September 1, 2012.					

U. T. EL PASO
FEBRUARY 8-9, 2012

AMENDMENTS TO THE 2011-12 BUDGET (CONTINUED)

TENURE APPOINTMENTS (CONTINUED)

NEW APPOINTMENTS WITH TENURE, AWARD OF TENURE, AND EMERITUS APPOINTMENTS (CONTINUED)

	Description	Effective Date	% Time	Full-time Salary No. Mos.	Full-time Salary Rate $	RBC #
COLLEGE OF LIBERAL ARTS (Continued)						
English (Continued)						
6.	Lawrence J. Johnson					4367
From:	Associate Professor (T)		100	09	74,883	
To:	Associate Professor Emeritus	9/1			0	
	Approval of the title change is being requested now to allow President Natalicio the opportunity to announce the award of the honorary title at the spring commencement. The honorary title designation will not take effect until September 1, 2012.					
History						
7.	David A. Hackett					4362
From:	Associate Professor (T)		50	09	65,483	
To:	Associate Professor Emeritus	9/1			0	
	Dr. Hackett retired August 31, 2011. Request Associate Professor Emeritus status at the date of retirement.					
COLLEGE OF SCIENCE						
Chemistry						
8.	Michael I. Davis					4365
From:	Professor (T)		100	09	81,286	
To:	Professor Emeritus	6/1			0	

U. T. EL PASO
FEBRUARY 8-9, 2012

AMENDMENTS TO THE 2011-12 BUDGET (CONTINUED)

TENURE APPOINTMENTS (CONTINUED)

NEW APPOINTMENTS WITH TENURE, AWARD OF TENURE, AND EMERITUS APPOINTMENTS (CONTINUED)

Description	Effective Date	% Time	Full-time Salary No. Mos.	Full-time Salary Rate $	RBC #
COLLEGE OF SCIENCE (Continued)					
Geological Sciences					
Professor and Lloyd A. Nelson Professorship in Geology					
9. Katherine A. Giles (T)	1/16-5/31	100	09	100,000	4391

U. T. PAN AMERICAN
FEBRUARY 8-9, 2012

AMENDMENTS TO THE 2010-11 BUDGET

TENURE APPOINTMENTS

NEW APPOINTMENTS WITH TENURE AND EMERITUS APPOINTMENTS

The following Requests for Budget Change (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 No. Mos.	Full-time Salary Rate $	RBC #
HEALTH SCIENCES & HUMAN SERVICES					
1. John Ronnau (T)	02/1-5/31	100	09	90,000	4383
ARTS AND HUMANITIES Department of English					
2. James Haule					
From: Professor (TN)		100	09	81,736	
To: Emeritus Professor	9/1/12			0	4386

U. T. PAN AMERICAN
FEBRUARY 8-9, 2012

OTHER MATTERS
APPROVAL OF DUAL POSITIONS OF HONOR, TRUST, OR PROFIT

The following item has been approved by the Executive Vice Chancellor for Academic Affairs in accordance with the Regents' *Rules and Regulations*, Rule 30103 and is submitted for approval by the U. T. System Board of Regents. It has been determined that the holding of this office or position is of benefit to the State of Texas and The University of Texas and there is no conflict between holding this position and the appointment of Dr. Saladin with The University of Texas-Pan American. By approval of this item, the Board is also asked to find that holding this position is of benefit to the State of Texas and The University of Texas and there is no conflict between the position and the University.

Name:	Shawn Patrick Saladin, Ph.D.
Title:	Interim Chair, Department of Communication Sciences and Disorders
Position:	Member, Governor's Committee on People with Disabilities
Period:	October 1, 2011 through August 31, 2012
Compensation:	None
Description:	Governor Perry has appointed Dr. Saladin to the Governor's Committee on People with Disabilities

U. T. PERMIAN BASIN
FEBRUARY 8-9, 2012

CONTRACTS

The following authorization to contract has been administratively approved by the President or his delegate and the Executive Vice Chancellor for Academic Affairs and is recommended for approval by the U. T. System Board of Regents:

GENERAL CONTRACTS

FUNDS GOING OUT

1. Agency: SMG, a Pennsylvania general partnership
   Funds: $1,000,000 reflecting the management fees paid
   Period: October 10, 2011 for five years
   Description: Request for authorization for U. T. Permian Basin and the Office of General Counsel to conclude negotiations and for U. T. Permian Basin to enter into a contract with SMG, a Pennsylvania general partnership. Under the proposed Management Agreement, SMG will manage the day-to-day operations of the Wagner Noël Performing Arts Center, including event booking, ticketing, concessions, supplies, advertising, sponsorships, related financial management, maintenance (including custodial services), and related services for a term of five years. The contract value will be approximately $1,000,000 reflecting the management fees paid to SMG over the full term of the agreement.

U. T. SAN ANTONIO
FEBRUARY 8-9, 2012

CONTRACTS

The following contract has been administratively approved by the President or his delegate and the Executive Vice Chancellor for Academic Affairs and is recommended for approval by the U. T. System Board of Regents:

GENERAL CONTRACTS

FUNDS COMING IN

1. Agency: Mission Verde Alliance, a Texas nonprofit association

   Funds: No charge to the Mission Verde Alliance in exchange for the benefits described below.

   Period: An initial term of two years commencing on or about February 10, 2012 and expiring on January 31, 2014. Upon mutual agreement, the parties may extend the term, in up to one-year increments, to expire no later than June 30, 2016.

   Description: Sublease Agreement providing for approximately 400 square feet of office space in offices leased by U. T. San Antonio's Institute for Economic Development at 215 S. San Saba, San Antonio, Texas. U. T. San Antonio will provide the space to Mission Verde Alliance rent-free during the term of the sublease. The value of the rental during the initial term is estimated to be $12,180. The estimated value of the rent during the renewal period is $15,735. In exchange for the value of the rent for the term, Mission Verde Alliance will provide support for fulfilling the mission of the San Antonio Clean Energy Incubator (SACEI), a grant-funded program operated under U. T. San Antonio's Texas Sustainable Energy Research Institute (TSERI). The mission of the SACEI is to develop new companies and foster new business activity related to clean technology in San Antonio. Mission Verde Alliance will support the mission of the SACEI through the following activities: (1) assisting in the development of incubator clients by providing access to capital, business development expertise, and networking support with key policy makers in government, education, and industry; (2) marketing incubation clients to the business community;

U. T. SAN ANTONIO
FEBRUARY 8-9, 2012

CONTRACTS (CONTINUED)

GENERAL CONTRACTS (CONTINUED)

FUNDS COMING IN (CONTINUED)

(3) creating and providing economic infrastructure and support for companies leaving the SACEI; and
(4) keeping the TSERI director informed of activities and allowing the SACEI to participate in the activities to further its goals. To ensure that the public purpose is met, Mission Verde Alliance will supply information and reports on a monthly basis to the director of the TSERI.

Staff at U. T. San Antonio believe that the rent-free sublease agreement serves a public purpose specific to the mission of the institution and request that the Board make a finding of fact to that effect and authorize the U. T. San Antonio Vice President for Business Affairs to negotiate, finalize, and execute the agreement, subject to approval by the U. T. System Real Estate Office.

U. T. SAN ANTONIO
FEBRUARY 8-9, 2012

AMENDMENTS TO THE 2011-12 BUDGET

TRANSFERS OF FUNDS

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		$ Amount	RBC #
FOOTBALL			
Football			
1.	Amount of Transfer:	1,075,000	4302
From:	Football		
To:	Football		
	An adjustment to budget is requested due to higher than expected football season and gate ticket sales. Original Budget was $750,000 compared to Actual Revenues of $1.9 million.		

U. T. SAN ANTONIO
FEBRUARY 8-9, 2012

OTHER MATTERS

APPROVAL OF DUAL POSITIONS OF HONOR, TRUST, OR PROFIT

The following items have been approved by the Executive Vice Chancellor for Academic Affairs in accordance with the Regents' *Rules and Regulations*, Rule 30103 and are submitted for approval by the U. T. System Board of Regents. It has been determined that the holding of these offices or positions are of benefit to the State of Texas and The University of Texas and there is no conflict between holding these positions and the appointments of Drs. Chang and White with The University of Texas at San Antonio. By approval of these items, the Board is also asked to find that holding these positions is of benefit to the State of Texas and The University of Texas and there is no conflict between the positions and the University.

1.	Name:	Frederick Chang, Ph.D.
	Title:	Professor and AT&T Distinguished Chair in Infrastructure Assurance and Security
	Position:	Member, Texas Cybersecurity, Education, and Economic Development Council
	Period:	September 30, 2011 through August 31, 2012
	Compensation:	None
	Description:	The Texas Department of Information Resources (DIR) formed a new statewide Cybersecurity, Education, and Economic Development Council enacted in the 82nd regular legislative session. Dr. Chang was appointed by Karen W. Robinson, Chief Information Officer for the State of Texas. The Council's goals are to leverage public/private partnerships to improve the infrastructure of the state's cybersecurity operations, examine strategies to accelerate the growth of cybersecurity as an industry in Texas, and to encourage the industry to call Texas "home."

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U. T. SAN ANTONIO
FEBRUARY 8-9, 2012

OTHER MATTERS (CONTINUED)

APPROVAL OF DUAL POSITIONS OF HONOR, TRUST, OR PROFIT (CONTINUED)

2. Name: Gregory White, Ph.D.
   Title: Associate Professor of Computer Science and Director of the Center for Infrastructure Assurance and Security
   Position: Member, Texas Cybersecurity, Education, and Economic Development Council
   Period: September 30, 2011 through August 31, 2012
   Compensation: None
   Description: The Texas Department of Information Resources (DIR) formed a new statewide Cybersecurity, Education, and Economic Development Council enacted in the 82nd regular legislative session. Dr. White was appointed by Karen W. Robinson, Chief Information Officer for the State of Texas. The Council's goals are to leverage public/private partnerships to improve the infrastructure of the state's cybersecurity operations, examine strategies to accelerate the growth of cybersecurity as an industry in Texas, and to encourage the industry to call Texas "home."

U. T. SOUTHWESTERN MEDICAL CENTER
FEBRUARY 8-9, 2012

CONTRACTS

The following contracts have been administratively approved by the President or his delegate and the Executive Vice Chancellor for Health Affairs and are recommended for approval by the U. T. System Board of Regents:

GENERAL CONTRACTS

FUNDS COMING IN

1. Agency: Children's Medical Center of Dallas
   Funds: $13,712,469
   Period: July 1, 2011 through June 30, 2012
   Description: To provide services of residents and fellows. Children's Medical Center of Dallas will reimburse U. T. Southwestern for salary/stipend, fringe benefits, malpractice costs, and accreditation fees for all rotating residents and fellows.

2. Agency: Crown Castle Solutions Corp., a Delaware corporation
   Funds: Total revenue is not known at this time; total revenue is based on receiving a 30% share of all monthly recurring gross receipts collected by Crown Castle Solutions Corp. from wireless carriers with whom the corporation contracts to provide communications services utilizing the distributed antenna system constructed by the corporation and receiving a license fee for use of the U. T. Southwestern fiber optic cable system at a rate of $108 per pair per month.
   Period: Ten years from start of construction of the distributed antenna system.
   Description: Authorization to complete negotiations to grant a license to Crown Castle Solutions Corp. to install and maintain a distributed antenna system within facilities on the campus for the purpose of wireless signal coverage. U. T. Southwestern will provide the fiber network. The intent of the license is to enhance wireless communications services available to the campus through a more comprehensive solution than presently exists on the campus. Crown Castle will enter into agreements with wireless service providers to allow such providers to use its distributed antenna system in order to provide communication services within the campus area to the public.

U. T. SOUTHWESTERN MEDICAL CENTER
FEBRUARY 8-9, 2012

CONTRACTS (CONTINUED)

GENERAL CONTRACTS (CONTINUED)

FUNDS COMING IN (CONTINUED)

3. Agency: Dallas County Indigent Care
   Funds: $159,595,043
   Period: October 1, 2011 through September 30, 2012
   Description: To provide physicians and other health care professionals to Parkland Health & Hospital System.

4. Agency: Lifecare Management Services, L.L.C. (LMS)
   Funds: $1,222,784
   Period: July 1, 2012 through June 30, 2014
   Description: Since January 1, 1998, LMS has been the tenant in the building at 6161 Harry Hines Boulevard, which was acquired by U. T. Southwestern Medical Center on August 1, 2002. The building is strategically located on a portion of the site of the New University Hospital, which is currently under construction. The current lease term runs through June 30, 2014, but LMS and U. T. Southwestern propose to enter into an agreement to terminate the lease early. Under the proposed agreement, LMS will vacate the building by June 30, 2012, continue paying rent through June 30, 2013, and have no right to occupy the building after June 30, 2012. LMS's vacating the building in June 2012 will allow the underground utilities, earthwork, roads, walks, and landscaping for the New University Hospital to be installed approximately nine months earlier than initially scheduled, thus potentially accelerating the project schedule and yielding substantial savings.

U. T. SOUTHWESTERN MEDICAL CENTER
FEBRUARY 8-9, 2012

AMENDMENTS TO THE 2011-12 BUDGET

TENURE APPOINTMENTS

NEW APPOINTMENTS WITH TENURE, AWARD OF TENURE, AND EMERITUS APPOINTMENTS

The following Requests for Budget Change (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:

				Full-time Salary		
Description		Effective Date	% Time	No. Mos.	Rate $	RBC #
SOUTHWESTERN MEDICAL SCHOOL						
Immunology						
Professor						
1.	*Bruce Beutler (T)					4337
From:	Adjunct Professor		25	12	350,000	
To:	Regental Professor	12/1-8/31	100	12	350,000	
	*Named Regental Professor by the Board of Regents in November 2011.					
Radiology						
Professor						
2.	Robert Lenkinski (T)	7/15-8/31	100	12	300,000	4294
The department failed to process the form for tenure appointment and update the employee record.						
Neurology						
Professor						
3.	Steven Warach (T)	12/5-8/31	100	12	380,000	15
Neurology and Neurotherapeutics						
Professor						
4.	Gil Wolfe (T)					4286
From:	Professor		100	12	210,000	
To:	Professor	10/1-8/31	100	12	250,000	

U. T. SOUTHWESTERN MEDICAL CENTER
FEBRUARY 8-9, 2012

OTHER MATTERS

APPROVAL OF DUAL POSITIONS OF HONOR, TRUST, OR PROFIT

The following item has been approved by the Executive Vice Chancellor for Health Affairs in accordance with the Regents' *Rules and Regulations*, Rule 30103 and is submitted for approval by the U. T. System Board of Regents. It has been determined that the holding of this office or position is of benefit to the State of Texas and The University of Texas and there is no conflict between holding this position and the appointment of Dr. Adams with The University of Texas Southwestern Medical Center. By approval of this item, the Board is also asked to find that holding this position is of benefit to the State of Texas and The University of Texas and there is no conflict between the position and the University.

1.	Name:	Richard C. Adams, M.D.
	Title:	Associate Professor, School of Nursing
	Position:	Member, Early Childhood Intervention Advisory Committee
	Period:	September 26, 2011 through February 1, 2017
	Compensation:	None
	Description:	Governor Rick Perry has reappointed Dr. Adams to the Early Childhood Intervention Advisory Committee. The committee serves Texas families who have infants and toddlers with disabilities or developmental delays.

U. T. MEDICAL BRANCH - GALVESTON
FEBRUARY 8-9, 2012

CONTRACTS

The following contracts have been administratively approved by the President or his delegate and the Executive Vice Chancellor for Health Affairs and are recommended for approval by the U. T. System Board of Regents:

GENERAL CONTRACTS

FUNDS COMING IN

1. Agency: Texas Department of State Health Services
   Funds: $3,147,386
   Period: October 1, 2011 through March 31, 2012
   Description: U. T. Medical Branch - Galveston will administer the Department of State Health Services Special Supplemental Nutrition Program for women, infants, and children.

2. Agency: Driscoll Children's Hospital, Corpus Christi, Texas
   Funds: $44,106,271
   Period: December 1, 2011 through November 30, 2016
   Description: U. T. Medical Branch - Galveston will provide anesthesia and critical care services to Driscoll Children's Hospital.

FUNDS GOING OUT

3. Agency: MFR, P.C.
   Funds: Not to exceed $20,750,000
   Source of Funds: Restricted Federal Emergency Management Agency (FEMA) and general revenue funds
   Period: October 1, 2011 through December 31, 2015
   Description: Amends 2009 agreement in which MFR, P.C. assists U. T. Medical Branch - Galveston with FEMA related accounting and project management activities for Hurricane Ike reimbursements. The amendment increases the services as well as extending the term to allow U. T. Medical Branch to meet FEMA reimbursement accounting requirements. The services provided under this contract are reimbursable by FEMA.

U. T. MEDICAL BRANCH - GALVESTON
FEBRUARY 8-9, 2012

CONTRACTS (CONTINUED)

GENERAL CONTRACTS (CONTINUED)

FUNDS GOING OUT (CONTINUED)

5. Agency: Harbor Properties, a Texas nonprofit corporation

   Funds: $2,930,709 in total rent plus operating expenses, both payable over a 60-month term. The lease allows for two additional five-year options to renew at a rental rate determined by the then-percentage increase over a base Consumer Price Index.

   Source of Funds: General Revenue

   Period: Commencing on January 1, 2012 and continuing for 60 months.

   Description: Lease renewal of approximately 166,000 square feet for use by U. T. Medical Branch as a primary care clinic. The property is located at 400 Harborside Drive, Galveston, Texas.

U. T. MEDICAL BRANCH - GALVESTON
FEBRUARY 8-9, 2012

AMENDMENTS TO THE 2011-12 BUDGET

TENURE APPOINTMENTS

NEW APPOINTMENTS WITH TENURE, AWARD OF TENURE, AND EMERITUS APPOINTMENTS

The following Requests for Budget Change (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:

			Full-time Salary		
Description	Effective Date	% Time	No. Mos.	Rate $	RBC #
ACADEMIC ENTERPRISE					
Radiology - General Radiology					
1. Sanford Rubin					4324
From: Clinical Professor		50	12	129,000	
To: Clinical Professor Emeritus	11/1-8/31		12	0	
Biochemistry and Molecular Biology					
Pharmacology and Toxicology					
2. Bernard Pettitt (T) Professor	1/1-8/31	100	12	328,000	4358

U. T. HEALTH SCIENCE CENTER - HOUSTON
FEBRUARY 8-9, 2012

CONTRACTS

The following contracts have been administratively approved by the President and the Executive Vice Chancellor for Health Affairs and are recommended for approval by the U. T. System Board of Regents:

GENERAL CONTRACTS

FUNDS COMING IN

1. Agency: Texas Department of Family and Protective Services
   Funds: Maximum of $2,500,816
   Period: September 1, 2011 through August 31, 2012
   Description: Interagency contract to create resources that will improve access to medical professionals with expertise in the diagnosis of child abuse or neglect for Child Protective Services

U. T. HEALTH SCIENCE CENTER - HOUSTON
FEBRUARY 8-9, 2012

OTHER MATTERS

THE UNIVERSITY OF TEXAS SYSTEM MEDICAL FOUNDATION, INC.

In accordance with the Articles of Incorporation, approval by the U. T. System Board of Regents is recommended for the following individuals to the Board of Directors for The University of Texas System Medical Foundation, Inc.

Reappointment Commencing January 1, 2012

Name and Title	Address	Term Expired
Brent King, M.D. Professor and Chairman, Department of Emergency Medicine and Executive Vice Dean for Clinical Affairs at the Medical School	1133 John Freeman Blvd., Houston, Texas 77030	December 31, 2011
Keely G. Smith, M.D. Assistant Professor, Pediatrics-Clinical, at the Medical School	6431 Fannin, Houston, Texas 77030	December 31, 2011
Patricia M. Butler, M.D. Associate Dean for Educational Programs at the Medical School	1133 John Freeman Blvd., Houston, Texas 77030	December 31, 2011

The University of Texas System Medical Foundation, Inc. is a nonprofit corporation organized strictly for educational and scientific purposes. The Foundation functions within the framework of The University of Texas Health Science Center at Houston for the purpose of training graduate medical students, referred to as house staff or residents. As part of their training, house staff are contracted with and paid a stipend plus fringe benefits for their services by local hospitals participating in the Affiliated Hospitals Residency Training Program at Houston.

The Bylaws and Articles of Incorporation of The University of Texas System Medical Foundation, Inc. provide that directors succeeding the initial directors shall be appointed by the U. T. System Board of Regents for terms of one year and provide that each director shall hold office until a successor has been appointed and qualified. Drs. King, Smith and Butler are being recommended for reappointment as follows: Dr. King as President, Dr. Butler as Vice President, and Dr. Smith as Secretary/Treasurer.

U. T. HEALTH SCIENCE CENTER - SAN ANTONIO
FEBRUARY 8-9, 2011

AMENDMENTS TO THE 2011-12 BUDGET

TENURE APPOINTMENTS

NEW APPOINTMENTS WITH TENURE, AWARD OF TENURE, AND EMERITUS APPOINTMENTS

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 No. Mos.	Full-time Salary Rate $	RBC #
SCHOOL OF MEDICINE						
Medicine						
1.	Athanassios Argiris					4373
From:	Visiting Professor		100	12	325,000	
To:	Professor (T)	9/1-8/31	100	12	325,200	

U. T. HEALTH SCIENCE CENTER - SAN ANTONIO
FEBRUARY 8-9, 2011

OTHER MATTERS

APPROVAL OF DUAL POSITIONS OF HONOR, TRUST, OR PROFIT

The following item has been approved by the Executive Vice Chancellor for Health Affairs in accordance with the Regents' *Rules and Regulations*, Rule 30103 and is submitted for approval by the U. T. System Board of Regents. It has been determined that the holding of this office or position is of benefit to the State of Texas and The University of Texas and there is no conflict between holding this position and the appointment of Dr. Olvera with The University of Texas Health Science Center at San Antonio. By approval of this item, the Board is also asked to find that holding this position is of benefit to the State of Texas and The University of Texas and there is no conflict between the position and the University.

1.	Name:	Rene L. Olvera, M.D., M.P.H.
	Title:	Associate Professor, Department of Psychiatry
	Position:	Texas Juvenile Justice Board
	Period:	December 1, 2011 through February 1, 2017
	Compensation:	None
	Description:	On November 8, 2011, Governor Rick Perry appointed Dr. Olvera to the Texas Juvenile Justice Board. Pursuant to Senate Bill 653 of the 82nd Legislature, the Texas Juvenile Justice Department combines the Texas Youth Commission and Texas Juvenile Probation Commission to create a unified juvenile justice agency to work in coordination with other state and county offices to produce positive outcomes for youths, their families, and communities.

U. T. M. D. ANDERSON CANCER CENTER
FEBRUARY 8-9, 2012

CONTRACTS

The following contract has been administratively approved by the President or his delegate and the Executive Vice Chancellor for Health Affairs and is recommended for approval by the U. T. System Board of Regents:

GENERAL CONTRACTS

FOREIGN CONTRACTS

FUNDS COMING IN

1.	Agency:	Sociedade Beneficiente Israelita Brasileira Albert Einstein (Albert Einstein-Brazil), Morumbi, Perdizes and Jardins, São Paulo, Brazil
	Funds:	Agency will pay U. T. M. D. Anderson Cancer Center up to $28,000,000 plus expenses over the term of the agreement.
	Period:	The agreement will commence April 1, 2012, and will continue for a period of 10 years, unless terminated sooner in accordance with the provisions of the agreement.
	Description:	Program agreement for U. T. M. D. Anderson Cancer Center to provide comprehensive advice and recommendations to Albert Einstein-Brazil for inpatient and outpatient cancer centers regarding the development, operation, and staffing of the oncology program at Albert Einstein-Brazil based on M. D. Anderson's knowledge and expertise in the delivery of multi-disciplinary cancer treatment. The U. T. M. D. Anderson Cancer Center name may not be used in accordance with this agreement.

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

REPORT

Dr. Scott C. Kelley, Executive Vice Chancellor for Business Affairs, will discuss the Key Financial Indicators Report, as set forth on Pages 107 - 114 and the December Monthly Financial Report on Pages 115 - 139. The reports represent the consolidated and individual operating results of the U. T. System institutions.

The Key Financial Indicators Report compares the Systemwide quarterly results of operations, key revenues and expenses, reserves, and key financial ratios in a graphical presentation from Fiscal Year 2008 through November 2011. Ratios requiring balance sheet data are provided for Fiscal Year 2007 through Fiscal Year 2011.

The Monthly Financial Report includes the detail for each individual institution as of December 2011.

THE UNIVERSITY OF TEXAS SYSTEM

KEY FINANCIAL INDICATORS REPORT

1ST QUARTER FY 2012

KEY

Actual Annual Amounts
(SOURCE: Annual Financial Reports)

Adjustment to Actual Annual Amounts to exclude the Increase in Net OPEB Obligation
(SOURCE: Annual Financial Reports)

Budget amounts
(SOURCE: Operating Budget Summary)

Projected Amounts based on the average change of the previous three years of data

Monthly Financial Report Year-to-Date Amounts

Annual State Net Revenue Collections
(SOURCE: Texas Revenue History by Source and Texas Net Revenue by Source, State Comptroller's Office)

Year-to-Date State Net Revenue Collections
(SOURCE: State Comptroller's Office)

Estimated State Revenue Collections
(SOURCE: Biennial Revenue Estimate, State Comptroller's Office)

Annual and Quarterly Average of FTEs
(SOURCE: State Auditor's Office Quarterly FTE Report)

Year-to-Date Margin
(SOURCE: Monthly Financial Report)

Projected Amounts based on Monthly Financial Report

Year-to-Date Margin
(SOURCE: Monthly Financial Report)

Target Normalized Rates

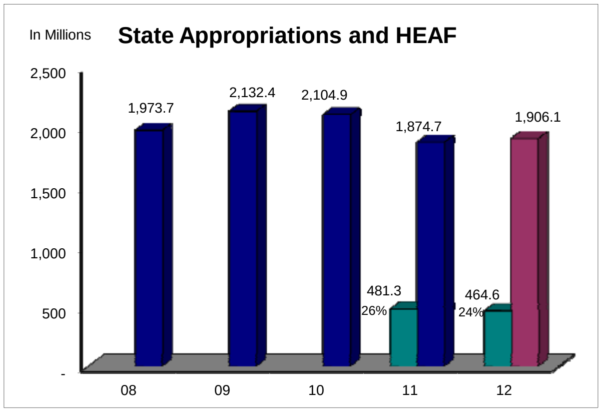
Aaa Median
(SOURCE: Moody's)

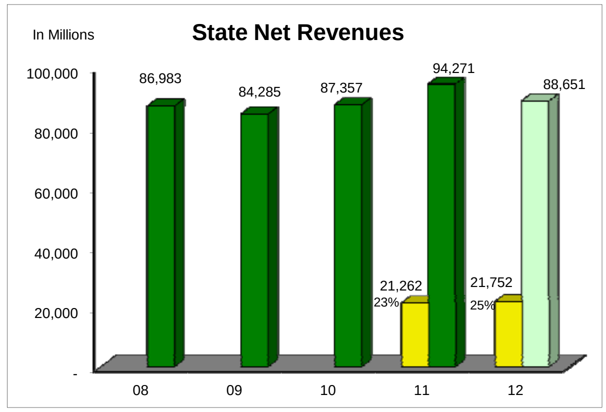
A2 Median
(SOURCE: Moody's)

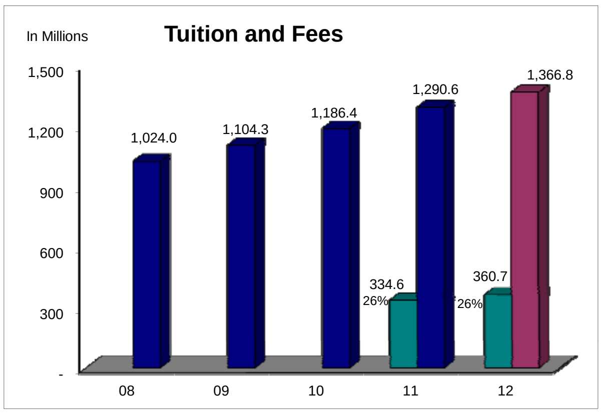
Good Facilities Condition Index (Below 5%)

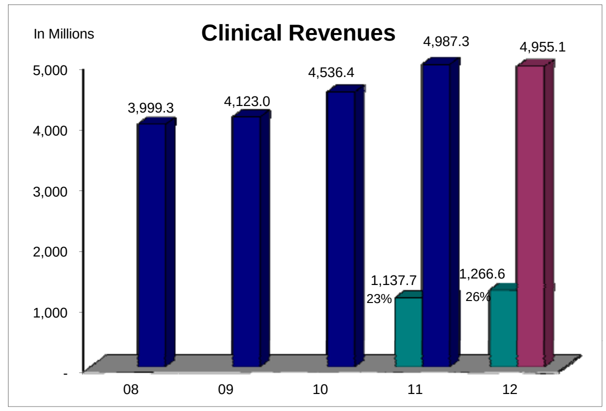
Fair Facilities Condition Index (5% - 10%)

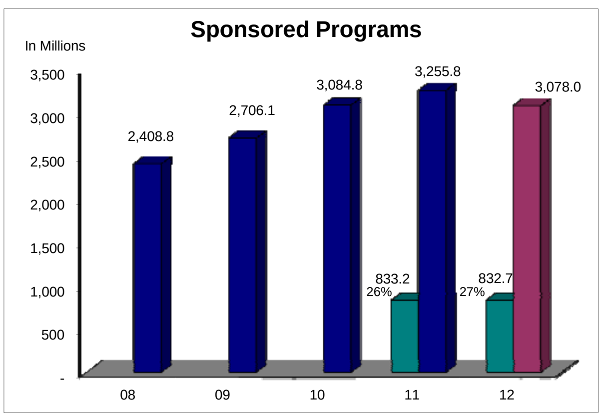
KEY INDICATORS OF REVENUES
ACTUAL 2008 THROUGH 2011
PROJECTED 2012
YEAR-TO-DATE 2011 AND 2012 FROM NOVEMBER MONTHLY FINANCIAL REPORT

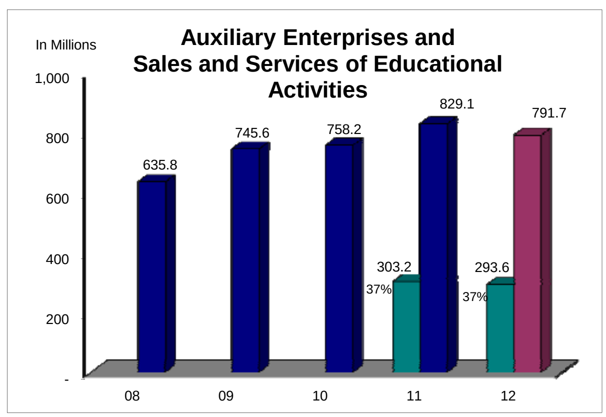


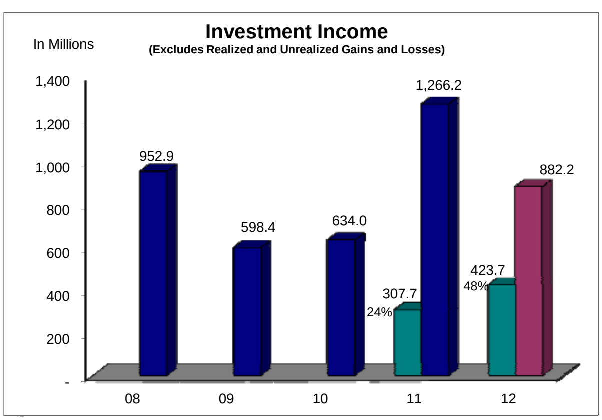


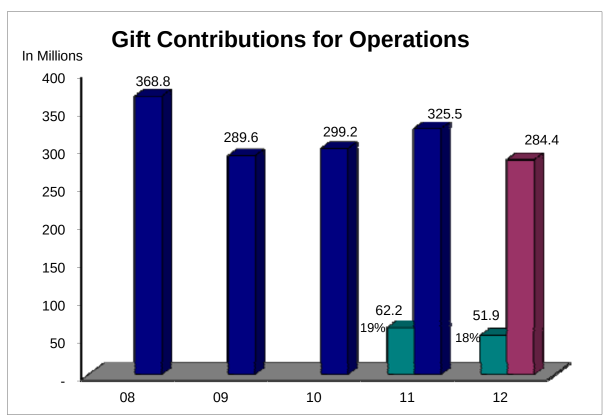




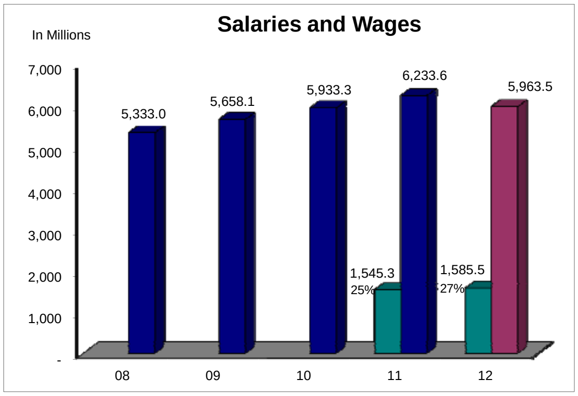


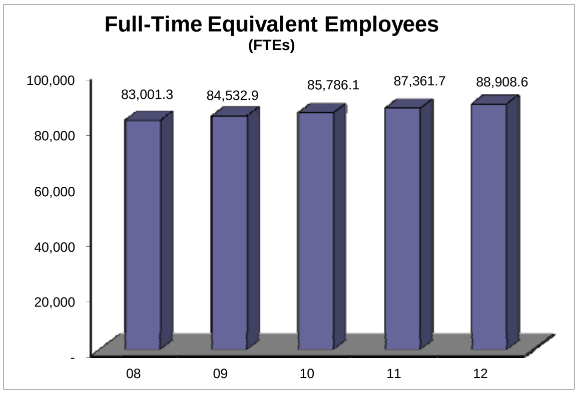


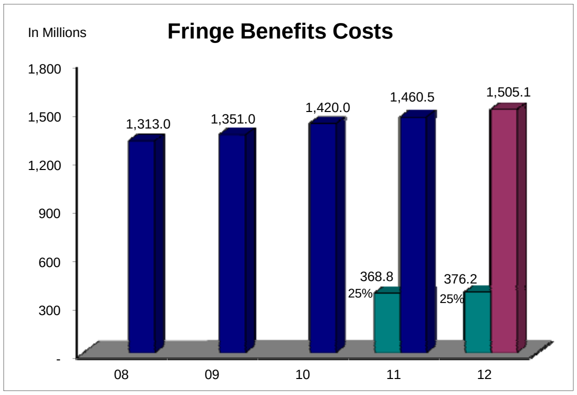


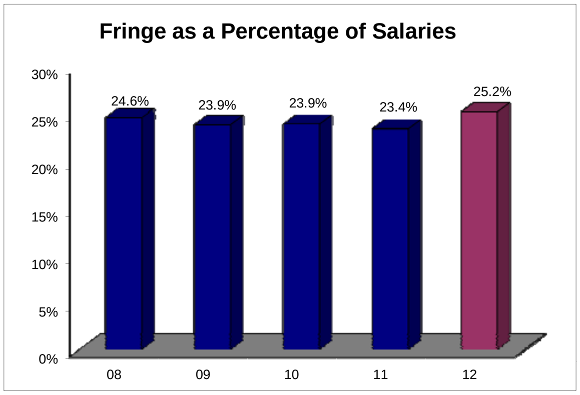


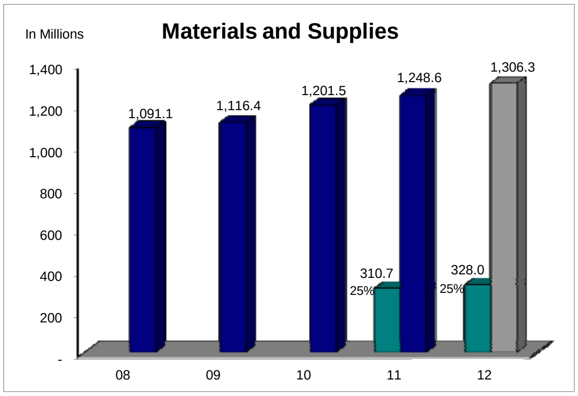
KEY INDICATORS OF EXPENSES
ACTUAL 2008 THROUGH 2011
PROJECTED 2012
YEAR-TO-DATE 2011 AND 2012 FROM NOVEMBER MONTHLY FINANCIAL REPORT

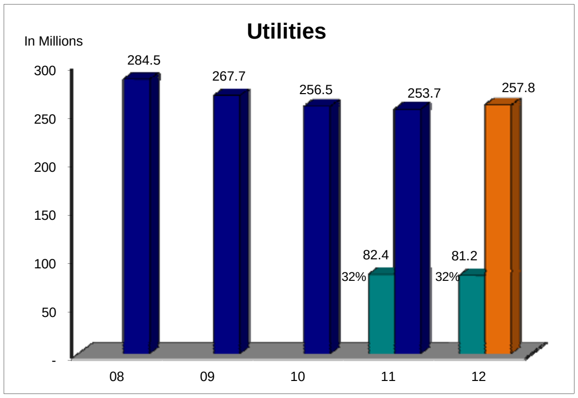


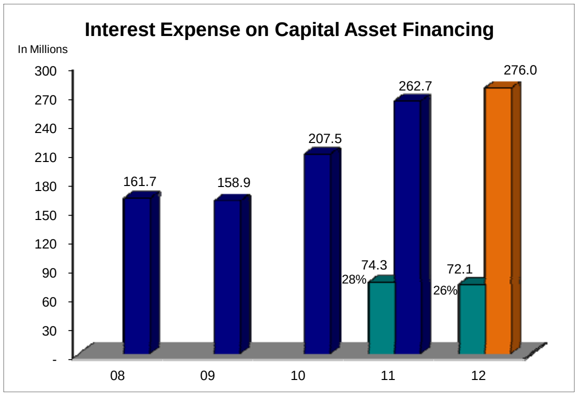


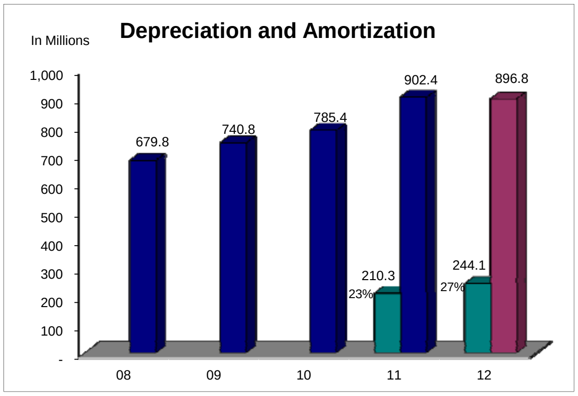




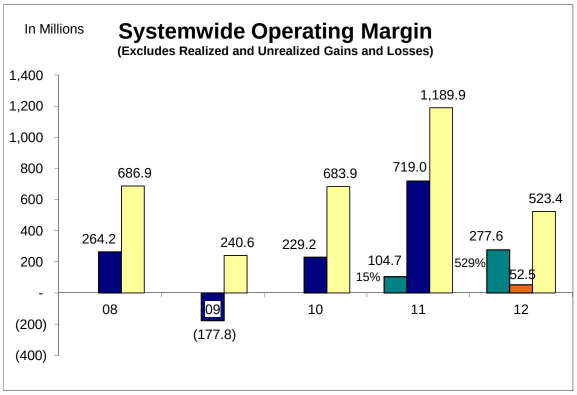


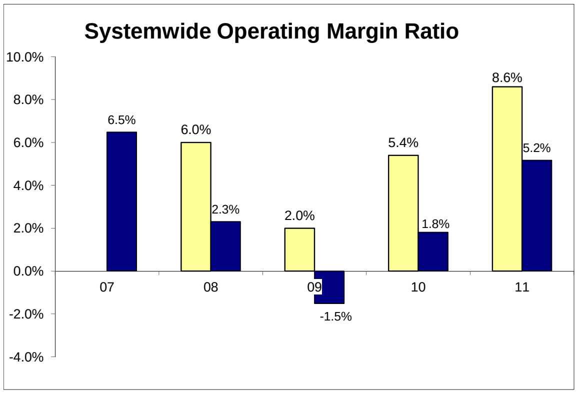


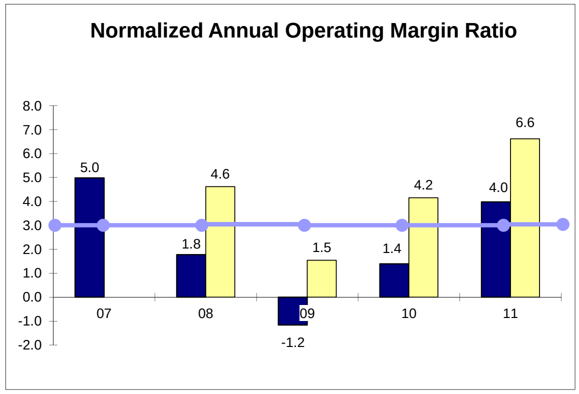


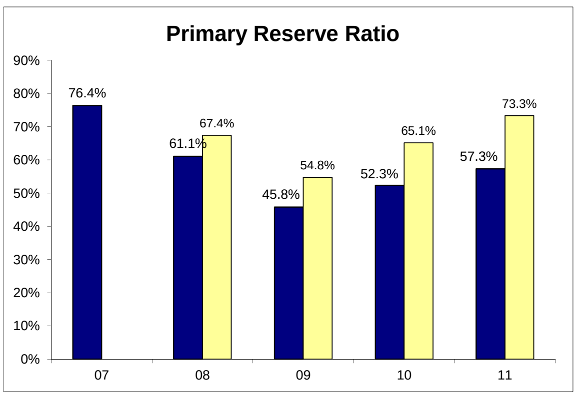


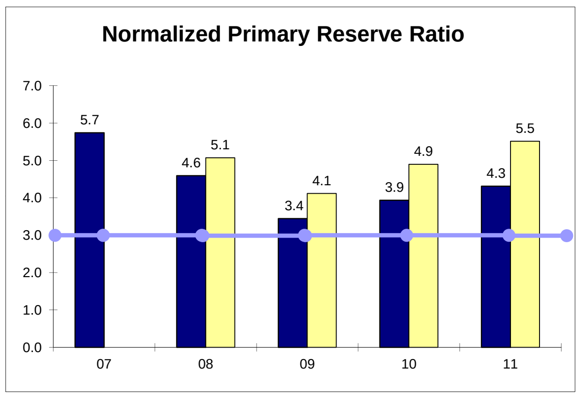
KEY INDICATORS OF RESERVES
ACTUAL 2007 THROUGH 2011
PROJECTED 2012
YEAR-TO-DATE 2011 AND 2012 FROM NOVEMBER MONTHLY FINANCIAL REPORT

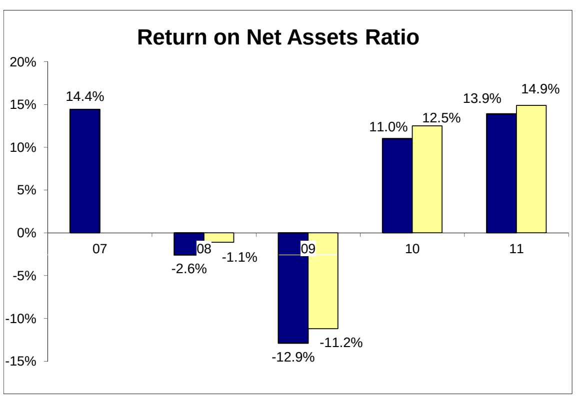


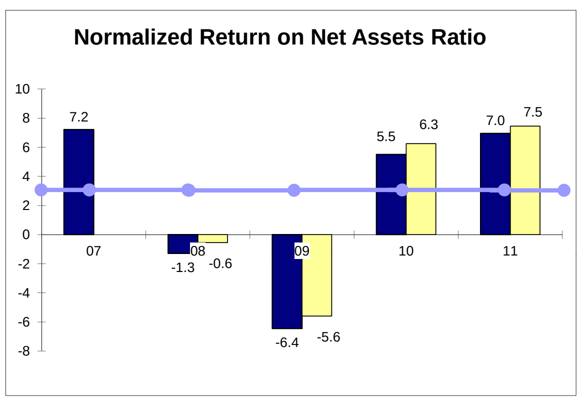




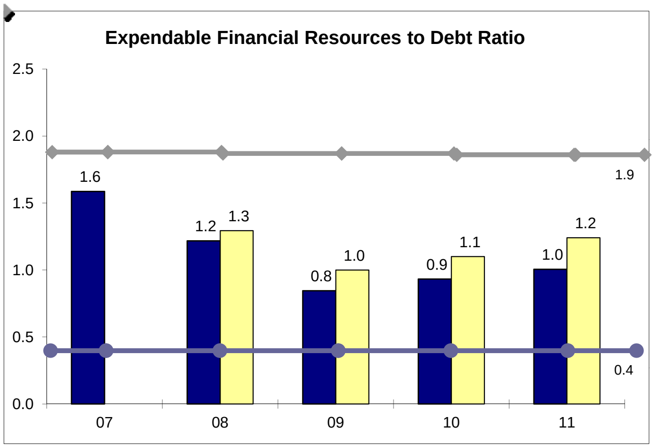


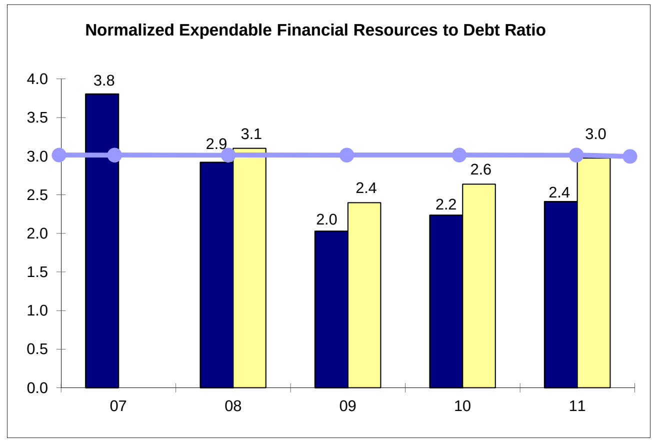


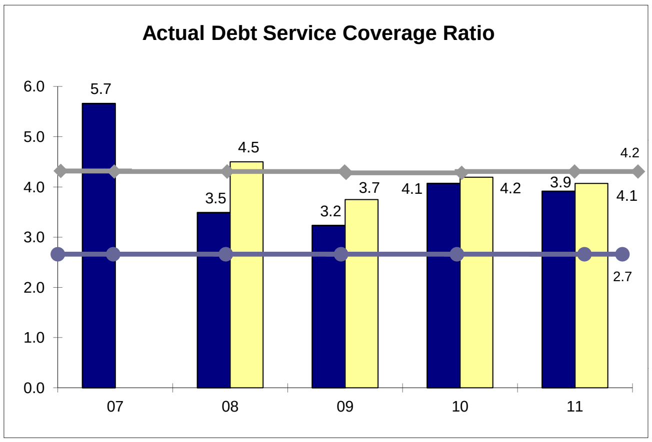


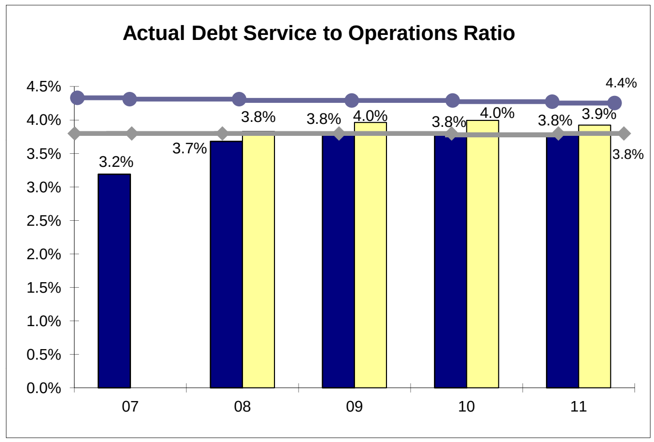


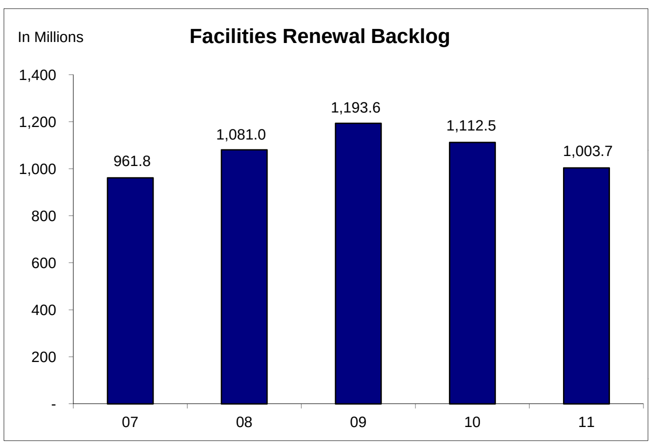
KEY INDICATORS OF CAPITAL NEEDS AND CAPACITY
2007 THROUGH 2011

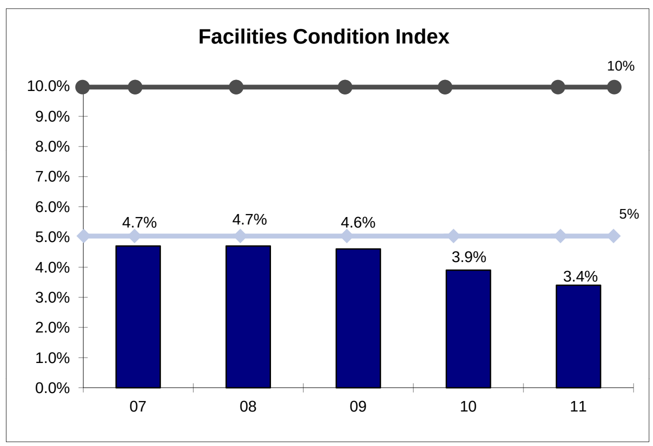




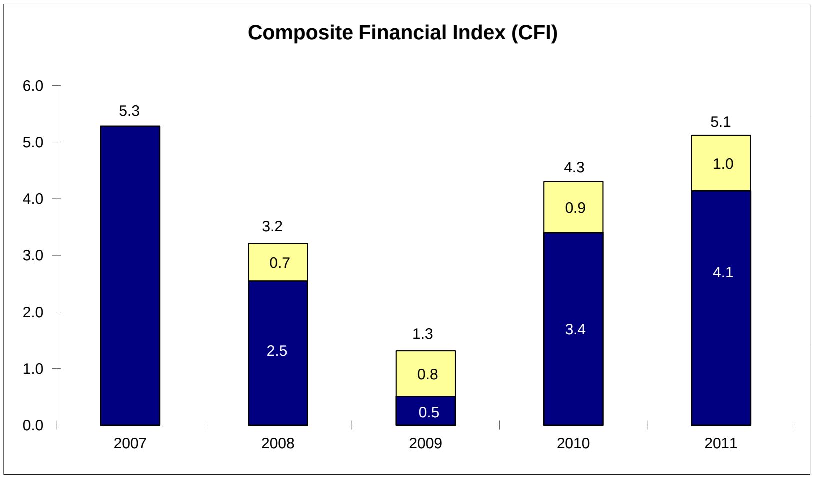


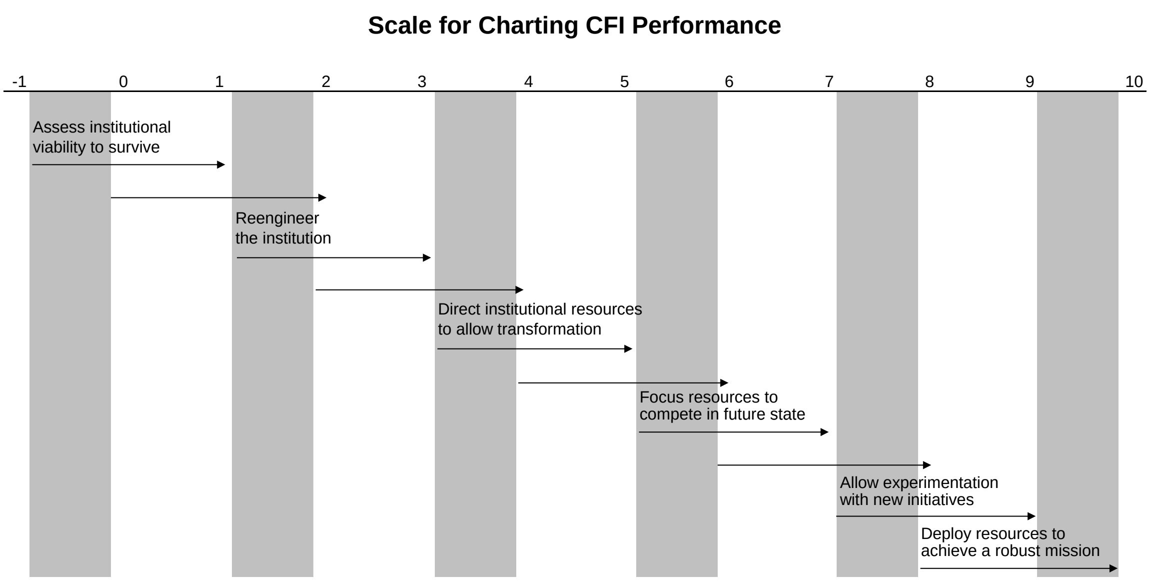




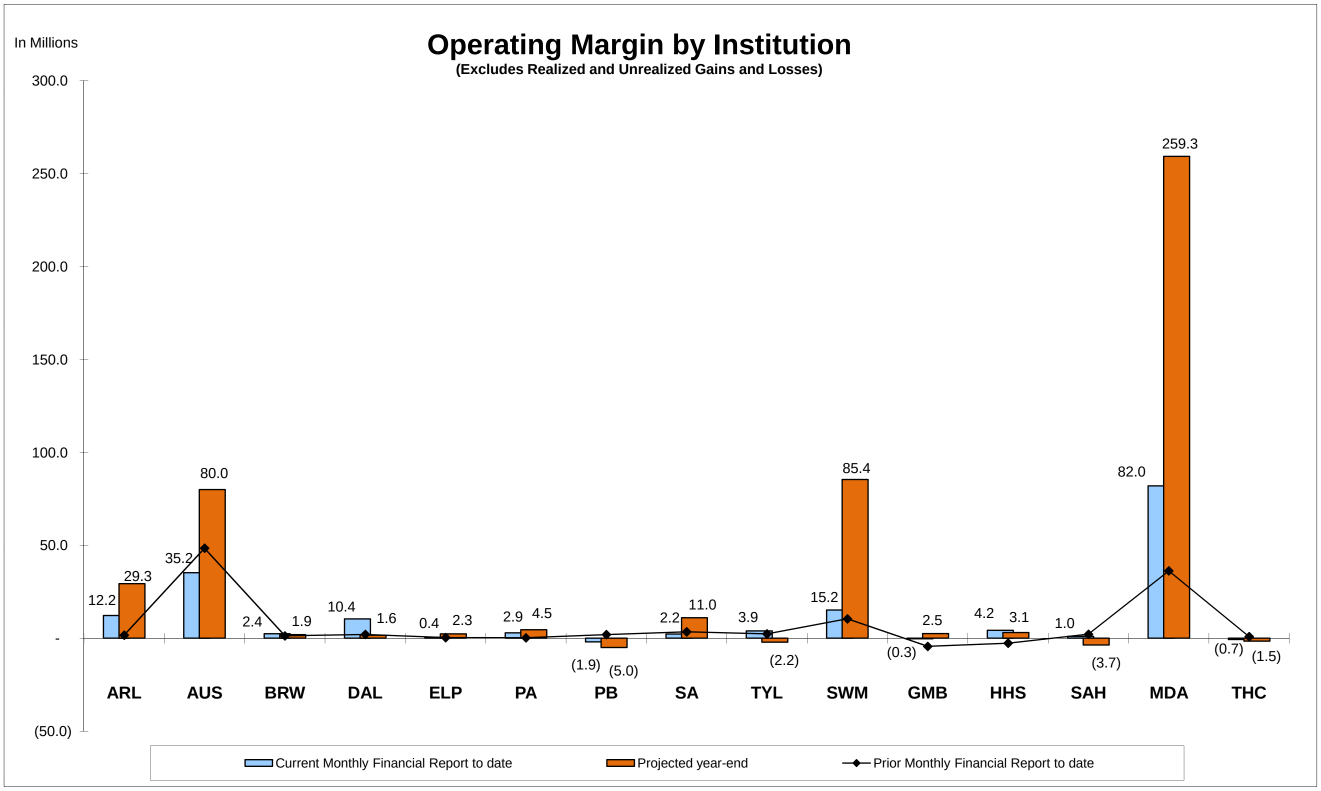


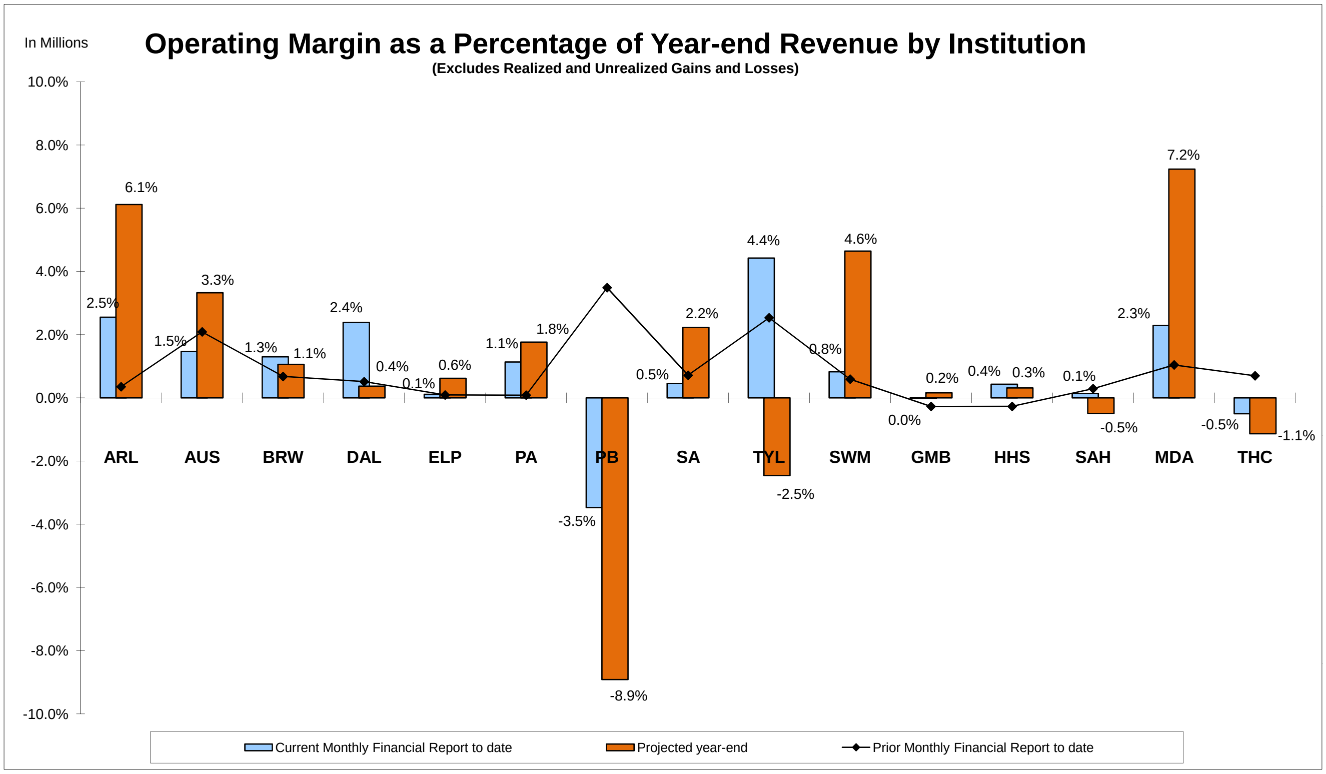
KEY INDICATORS OF FINANCIAL HEALTH
2007 THROUGH 2011





KEY INDICATORS OF RESERVES
YEAR-TO-DATE 2011 AND 2012 FROM NOVEMBER MONTHLY FINANCIAL REPORT
PROJECTED 2012 YEAR-END MARGIN





THE UNIVERSITY OF TEXAS SYSTEM
OFFICE OF THE CONTROLLER

MONTHLY FINANCIAL REPORT

(unaudited)

DECEMBER 2011

201 Seventh Street, ASH 5th Floor
Austin, Texas 78701
512.499.4527
www.utsystem.edu/cont

THE UNIVERSITY OF TEXAS SYSTEM
MONTHLY FINANCIAL REPORT
(Unaudited)
FOR THE FOUR MONTHS ENDING
DECEMBER 31, 2011

The University of Texas System
Monthly Financial Report

Foreword

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

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

UNAUDITED

The University of Texas System Consolidated
Monthly Financial Report, Comparison of Operating Results and Margin
For the Period Ending December 31, 2011

	December Year-to-Date FY 2012	December Year-to-Date FY 2011	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition	480,477,875.47	448,847,199.34	31,630,676.13	7.0%
Sponsored Programs	902,262,402.28	934,247,723.82	(31,985,321.54)	-3.4%
Net Sales and Services of Educational Activities	207,262,947.21	210,204,240.81	(2,941,293.60)	-1.4%
Net Sales and Services of Hospitals	1,309,160,156.82	1,155,798,345.82	153,361,811.00	13.3%
Net Professional Fees	389,342,937.22	378,141,328.76	11,201,608.46	3.0%
Net Auxiliary Enterprises	176,083,730.64	162,614,423.03	13,469,307.61	8.3%
Other Operating Revenues	46,007,334.02	54,131,574.23	(8,124,240.21)	-15.0%
Total Operating Revenues	**3,510,597,383.66**	**3,343,984,835.81**	**166,612,547.85**	**5.0%**
Operating Expenses				
Salaries and Wages	2,118,367,130.35	2,066,300,563.44	52,066,566.91	2.5%
Payroll Related Costs	515,512,118.47	502,128,111.60	13,384,006.87	2.7%
Cost of Goods Sold	34,351,723.73	31,101,519.25	3,250,204.48	10.5%
Professional Fees and Services	104,684,157.59	115,429,845.17	(10,745,687.58)	-9.3%
Other Contracted Services	181,164,234.55	128,210,606.15	52,953,628.40	41.3%
Travel	42,034,478.23	38,539,519.01	3,494,959.22	9.1%
Materials and Supplies	434,909,340.84	415,236,752.57	19,672,588.27	4.7%
Utilities	103,175,934.60	104,770,009.14	(1,594,074.54)	-1.5%
Communications	41,562,337.30	45,986,100.38	(4,423,763.08)	-9.6%
Repairs and Maintenance	81,882,348.96	79,306,815.77	2,575,533.19	3.2%
Rentals and Leases	46,201,950.37	46,658,890.74	(456,940.37)	-1.0%
Printing and Reproduction	8,775,946.03	10,074,187.88	(1,298,241.85)	-12.9%
Bad Debt Expense	376,325.30	25,208.96	351,116.34	1,392.8%
Claims and Losses	5,639,715.91	6,589,429.51	(949,713.60)	-14.4%
Increase in Net OPEB Obligation	156,962,977.33	151,579,271.33	5,383,706.00	3.6%
Scholarships and Fellowships	171,860,761.43	180,621,019.47	(8,760,258.04)	-4.9%
Depreciation and Amortization	319,268,609.36	279,982,622.97	39,285,986.39	14.0%
Federal Sponsored Program Pass-Through to Other State Agencies	7,052,090.82	7,026,972.67	25,118.15	0.4%
State Sponsored Program Pass-Through to Other State Agencies	384,603.44	1,090,550.87	(705,947.43)	-64.7%
Other Operating Expenses	105,385,256.05	169,214,682.76	(63,829,426.71)	-37.7%
Total Operating Expenses	**4,479,552,040.66**	**4,379,872,679.64**	**99,679,361.02**	**2.3%**
Operating Loss	**(968,954,657.00)**	**(1,035,887,843.83)**	**66,933,186.83**	**6.5%**
Other Nonoperating Adjustments				
State Appropriations	624,175,307.26	641,502,731.71	(17,327,424.45)	-2.7%
Nonexchange Sponsored Programs	131,444,712.71	133,654,269.04	(2,209,556.33)	-1.7%
Gift Contributions for Operations	99,776,310.36	118,141,539.35	(18,365,228.99)	-15.5%
Net Investment Income	488,138,362.97	380,457,422.38	107,680,940.59	28.3%
Interest Expense on Capital Asset Financings	(95,149,370.21)	(95,689,169.11)	539,798.90	0.6%
Net Other Nonoperating Adjustments	**1,248,385,323.09**	**1,178,066,793.37**	**70,318,529.72**	**6.0%**
Adjusted Income (Loss) including Depreciation & Amortization	**279,430,666.09**	**142,178,949.54**	**137,251,716.55**	**96.5%**
Adjusted Margin % including Depreciation & Amortization	**5.8%**	**3.1%**		
Investment Gain (Losses)	(896,525,706.48)	1,993,210,319.65	(2,889,736,026.13)	-145.0%
Adj. Inc. (Loss) with Investment Gains (Losses)	**(617,095,040.39)**	**2,135,389,269.19**	**(2,752,484,309.58)**	**-128.9%**
Adj. Margin % with Investment Gains (Losses)	**-15.6%**	**32.3%**		
Adjusted Income (Loss) excluding Depreciation & Amortization	**598,699,275.45**	**422,161,572.51**	**176,537,702.94**	**41.8%**
Adjusted Margin % excluding Depreciation & Amortization	**12.3%**	**9.1%**		

The University of Texas System
Comparison of Adjusted Income (Loss)
For the Four Months Ending December 31, 2011

	Including Depreciation and Amortization Expense				
	December Year-to-Date FY 2012	December Year-to-Date FY 2011	Variance		Fluctuation Percentage
UT System Administration	$ 128,630,873.58	$ 50,344,598.73	$ 78,286,274.85	(1)	155.5%
UT Arlington	8,114,676.34	2,024,943.80	6,089,732.54	(2)	300.7%
UT Austin	48,778,947.73	45,597,128.75	3,181,818.98		7.0%
UT Brownsville	2,663,074.20	2,128,748.02	534,326.18		25.1%
UT Dallas	9,302,006.29	2,052,381.44	7,249,624.85	(3)	353.2%
UT El Paso	3,309,294.27	962,043.77	2,347,250.50	(4)	244.0%
UT Pan American	5,493,765.08	525,753.64	4,968,011.44	(5)	944.9%
UT Permian Basin	(1,948,161.40)	1,673,677.26	(3,621,838.66)	(6)	-216.4%
UT San Antonio	3,968,281.15	3,943,898.91	24,382.24		0.6%
UT Tyler	2,508,710.12	2,345,973.10	162,737.02	(7)	6.9%
UT Southwestern Medical Center	18,834,701.04	18,884,267.61	(49,566.57)		-0.3%
UT Medical Branch - Galveston	3,240,914.51	(4,844,822.50)	8,085,737.01	(8)	166.9%
UT Health Science Center - Houston	1,148,190.16	(3,827,023.44)	4,975,213.60	(9)	130.0%
UT Health Science Center - San Antonio	729,690.36	2,097,927.26	(1,368,236.90)	(10)	-65.2%
UT MD Anderson Cancer Center	105,456,670.32	76,845,092.44	28,611,577.88	(11)	37.2%
UT Health Science Center - Tyler	(947,634.33)	634,360.75	(1,581,995.08)	(12)	-249.4%
Elimination of AUF Transfer	(59,853,333.33)	(59,210,000.00)	(643,333.33)		-1.1%
Total Adjusted Income (Loss)	279,430,666.09	142,178,949.54	137,251,716.55		96.5%
Investment Gains (Losses)	(896,525,706.48)	1,993,210,319.65	(2,889,736,026.13)		-145.0%
Total Adjusted Income (Loss) with Investment Gains (Losses) Including Depreciation and Amortization	**$ (617,095,040.39)**	**$ 2,135,389,269.19**	**$ (2,752,484,309.58)**		**-128.9%**

	Excluding Depreciation and Amortization Expense			
	December Year-to-Date FY 2012	December Year-to-Date FY 2011	Variance	Fluctuation Percentage
UT System Administration	$ 131,403,828.96	$ 54,322,271.19	$ 77,081,557.77	141.9%
UT Arlington	19,645,005.52	11,234,713.94	8,410,291.58	74.9%
UT Austin	122,895,189.34	109,791,731.98	13,103,457.36	11.9%
UT Brownsville	5,274,447.05	4,049,739.05	1,224,708.00	30.2%
UT Dallas	21,820,089.40	12,692,698.38	9,127,391.02	71.9%
UT El Paso	10,630,311.21	7,271,092.11	3,359,219.10	46.2%
UT Pan American	10,170,589.58	5,266,449.07	4,904,140.51	93.1%
UT Permian Basin	1,906,193.42	3,542,448.15	(1,636,254.73)	-46.2%
UT San Antonio	17,478,642.00	16,746,773.71	731,868.29	4.4%
UT Tyler	6,284,779.38	5,996,613.37	288,166.01	4.8%
UT Southwestern Medical Center	51,094,344.10	46,973,205.30	4,121,138.80	8.8%
UT Medical Branch - Galveston	31,196,294.79	21,271,365.56	9,924,929.23	46.7%
UT Health Science Center - Houston	18,387,457.27	12,459,695.56	5,927,761.71	47.6%
UT Health Science Center - San Antonio	16,063,023.69	14,197,927.26	1,865,096.43	13.1%
UT MD Anderson Cancer Center	192,323,585.51	152,597,554.17	39,726,031.34	26.0%
UT Health Science Center - Tyler	1,978,827.56	2,957,293.71	(978,466.15)	-33.1%
Elimination of AUF Transfer	(59,853,333.33)	(59,210,000.00)	(643,333.33)	-1.1%
Total Adjusted Income (Loss)	598,699,275.45	422,161,572.51	176,537,702.94	41.8%
Total Adjusted Income (Loss) Excluding Depreciation and Amortization	**$ 598,699,275.45**	**$ 422,161,572.51**	**$ 176,537,702.94**	**41.8%**

THE UNIVERSITY OF TEXAS SYSTEM
EXPLANATION OF VARIANCES ON THE MONTHLY FINANCIAL REPORT
For the Four Months Ending December 31, 2011

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

(1) *UT System Administration* - The $78.3 million (155.5%) increase in adjusted income over the same period last year was primarily due to an increase in the oil and gas lease bonus sale over the prior year. Excluding depreciation and amortization expense, *UT System Administration's* adjusted income was $131.4 million or 37%. Although *UT System Administration* is currently reporting a positive margin of $128.6 million, they anticipate ending the year with a $236.6 million loss, which represents -53.2% of projected revenues and includes an accrual of $470.9 million for Other Post Employment Benefits (OPEB) expense for the entire System.

(2) *UT Arlington* - The $6.1 million (300.7%) increase in adjusted income over the same period last year was primarily attributable to an increase in tuition and fees due to increased enrollment and an increase in sales and services of educational activities due to an increase in the Executive MBA Program. Excluding depreciation and amortization expense, *UT Arlington's* adjusted income was $19.6 million or 12.3%.

(3) *UT Dallas* - The $7.2 million (353.2%) increase in adjusted income over the same period last year was primarily due to an increase in tuition and fees as a result of increased student enrollment of 10.1% in the fall. Excluding depreciation and amortization expense, *UT Dallas'* adjusted income was $21.8 million or 15.3%.

(4) *UT El Paso* - The $2.3 million (244%) increase in adjusted income over the same period last year was primarily attributable to a decrease in overall operating expenses. These cost savings were primarily a result of a continued hiring freeze and the reduction in standard merit increases from previous years. Repairs and maintenance also decreased due to a reduction in software licenses and equipment service agreements. Excluding depreciation and amortization expense, *UT El Paso's* adjusted income was $10.6 million or 8.2%.

(5) *UT Pan American* - The $5 million (944.9%) increase in adjusted income over the same period last year was primarily due a decrease in salaries and wages as a result of the reduction in force and voluntary separation incentive program during the first quarter of 2011, an increase in tuition and fees, and an increase in gift contributions for operations. Tuition and fees increased due to increases in designated tuition, the Library Technology Fee, and Medical Services Fee, as well as minimal enrollment growth for the Fall 2011 semester. Excluding depreciation and amortization expense, *UT Pan American's* adjusted income was $10.2 million or 10.7%.

(6) *UT Permian Basin* - The $3.6 million (216.4%) decrease in adjusted income over the same period last year was primarily due to a reduction in net student tuition as a result of decreased full-time equivalent enrollment of 11.3% and a decrease in nonexchange sponsored programs due to expired American Recovery and Reinvestment Act (ARRA) funding. As a result, *UT Permian Basin* incurred a year-to-date loss of $1.9 million. Excluding depreciation and amortization expense, *UT Permian Basin's* adjusted income was $1.9 million or 10.9%. *UT Permian Basin* is forecasting a year-end loss of $5 million which represents -8.9% of projected revenues. *UT System Administration* is aware of a $6.9 million reduction to scholarships and fellowships expense which is not reflected in the December MFR. The correction was identified by specialists hired by *UT System Administration* after the 2011 AFR was completed. *UT Permian Basin* is still investigating outstanding issues needed to correct *UT Permian Basin's* general ledger.

(7) *UT Tyler* - The $163,000 (6.9%) increase in adjusted income over the same period last year was primarily attributable to a decrease in operating expenses. In the prior year, *UT Tyler* was completing implementation of Campus Solutions, the student information system, and the professional and consultant fees associated with that project are complete. In addition, renovations for non-capitalizable expenses related to the One Stop Shop were incurred in the prior year. Excluding depreciation and amortization expense, *UT Tyler's* adjusted income was $6.3 million or 19.5%. Although *UT Tyler* is currently reporting a positive margin, they anticipate ending the year with a $2.2 million loss which represents -2.5% of projected revenues and includes $11.3 million of depreciation and amortization expense. The projected loss is the result of the absence of ARRA

funding in 2012, fewer gift contributions for operations and a number of campus renovation projects that will likely be expensed. *UT Tyler*'s use of prior year balances was approved by *UT System Administration* for 2012 for one-time nonrecurring expenses.

(8) *UT Medical Branch - Galveston* - The $8.1 million (166.9%) increase in adjusted income over the same period last year was primarily due to a decrease in overall total operating expenses. The decreases in expenses are mainly associated with Correctional Managed Care, patient care costs, and hospital contracts. In December, *UTMB* also recognized a Supplemental Appropriations Request (SAR) from the 2010-2011 biennium associated with the Texas Department of Criminal Justice (TDCJ) contract. Excluding depreciation and amortization expense, *UTMB's* adjusted income was $31.2 million or 6.2%. *UTMB's* contract with TDCJ expired on August 31, 2011, and a second interim contract was entered into by both parties, which expires on August 31, 2012. A provision of the interim contract requires TDCJ to request that the Legislative Budget Board (LBB) make $45.0 million of 2013 funding available in 2012 to cover *UTMB's* anticipated cost of providing correctional health care services. The LBB approval for these funding actions was received in December. Under terms of the second interim agreement for 2012, if TDCJ and *UTMB* are unable to reach an agreement for 2013 on or before February 1, 2012, then TDCJ and *UTMB* will implement a Transition Agreement to transition all correctional health services to TDCJ or TDCJ's designees on or before August 31, 2012. *UTMB* is forecasting a year-end margin of $2.5 million, which represents 0.2% of projected revenues and includes $83.9 million of depreciation expense.

(9) *UT Health Science Center - Houston* - The $5 million (130%) increase in adjusted income over the same period last year was primarily due to the following: recognition of $2.6 million in loan forgiveness related to UT Physicians' loan with Memorial Hermann Hospital System (MHH); a $2.5 million increase in tuition and fees related to a 13% increase in nonresident students and rate increases; and a $1.1 million increase in the Hemophilia/Thrombophilia Pharmacy Program due to price increases, increase in commercial payors and increased usage. Excluding depreciation and amortization expense, *UTHSC-Houston's* adjusted income was $18.4 million or 5.6%.

(10) *UT Health Science Center - San Antonio* - The $1.4 million (65.2%) decrease in adjusted income over the same period last year was primarily due to a decrease in state appropriations as a result of the state-wide budget cuts mandated by the state's leadership. Excluding depreciation and amortization expense, *UTHSC-San Antonio's* adjusted income was $16.1 million or 6.8%. Although *UTHSC-San Antonio* is currently reporting a positive margin of $730,000, they anticipate ending the year with a $3.7 million loss due to the reductions in state appropriations imposed by the state's leadership for the 2012-2013 biennium. The projected loss of $3.7 million represents -0.5% of projected revenues and includes $46 million of depreciation and amortization expense.

(11) *UT MD Anderson Cancer Center* - The $28.6 million (37.2%) increase in adjusted income over the same period last year was primarily due to an increase in net sales and services of hospitals as a result of increased inpatient and outpatient visits. Excluding depreciation and amortization expense, *MD Anderson's* adjusted income was $192.3 million or 16.3%.

(12) *UT Health Science Center - Tyler* - The $1.6 million (249.4%) decrease in adjusted income over the same period last year was primarily due to a decrease in net sales and services of hospitals attributable to a 25% decrease in hospital admissions mainly in cardiology. As a result, *UTHSC-Tyler* incurred a year-to-date loss of $948,000. Excluding depreciation and amortization expense, *UTHSC-Tyler's* adjusted income was $2 million or 5.1%. *UTHSC-Tyler* is forecasting a year-end loss of $1.5 million which represents -1.1% of projected revenues and includes $8.8 million of depreciation and amortization expense. The projected loss is a result of the additional depreciation expense associated with the new Academic Center.

GLOSSARY OF TERMS

OPERATING REVENUES:

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

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

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

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

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

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

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

OPERATING EXPENSES:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

<u>OTHER NONOPERATING ADJUSTMENTS</u>:

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

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

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

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

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

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

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

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

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

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

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

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

UNAUDITED

The University of Texas System Administration
Monthly Financial Report, Comparison of Operating Results and Margin
For the Period Ending December 31, 2011

	December Year-to-Date FY 2012	December Year-to-Date FY 2011	Variance	Fluctuation Percentage
Operating Revenues				
Sponsored Programs	8,648,157.08	5,636,735.54	3,011,421.54	53.4%
Net Sales and Services of Educational Activities	18,170,926.17	17,836,561.50	334,364.67	1.9%
Other Operating Revenues	5,438,318.14	13,025,053.80	(7,586,735.66)	-58.2%
Total Operating Revenues	**32,257,401.39**	**36,498,350.84**	**(4,240,949.45)**	**-11.6%**
Operating Expenses				
Salaries and Wages	11,299,195.78	11,045,197.51	253,998.27	2.3%
Payroll Related Costs	2,536,008.56	2,622,983.77	(86,975.21)	-3.3%
Professional Fees and Services	1,142,524.05	342,652.19	799,871.86	233.4%
Other Contracted Services	3,203,015.81	2,604,032.21	598,983.60	23.0%
Travel	422,411.94	463,299.02	(40,887.08)	-8.8%
Materials and Supplies	8,071,461.08	1,428,735.95	6,642,725.13	464.9%
Utilities	146,576.21	125,692.82	20,883.39	16.6%
Communications	2,711,727.16	2,674,989.56	36,737.60	1.4%
Repairs and Maintenance	4,291,725.81	376,422.22	3,915,303.59	1,040.1%
Rentals and Leases	283,169.15	380,245.51	(97,076.36)	-25.5%
Printing and Reproduction	37,755.28	84,787.17	(47,031.89)	-55.5%
Claims and Losses	5,639,715.91	6,589,429.51	(949,713.60)	-14.4%
Increase in Net OPEB Obligation	156,962,977.33	151,579,271.33	5,383,706.00	3.6%
Scholarships and Fellowships	(27,450.00)	362,750.00	(390,200.00)	-107.6%
Depreciation and Amortization	2,772,955.38	3,977,672.46	(1,204,717.08)	-30.3%
State Sponsored Program Pass-Through to Other State Agencies	384,603.42	1,080,212.37	(695,608.95)	-64.4%
Other Operating Expenses	4,990,863.47	4,222,952.25	767,911.22	18.2%
Total Operating Expenses	**204,869,236.34**	**189,961,325.85**	**14,907,910.49**	**7.8%**
Operating Loss	**(172,611,834.95)**	**(153,462,975.01)**	**(19,148,859.94)**	**-12.5%**
Other Nonoperating Adjustments				
State Appropriations	338,668.13	679,165.20	(340,497.07)	-50.1%
Nonexchange Sponsored Programs	2,302,950.37	2,302,125.00	825.37	-
Gift Contributions for Operations	435,251.19	312,679.69	122,571.50	39.2%
Net Investment Income	308,723,834.78	209,434,005.73	99,289,829.05	47.4%
Interest Expense on Capital Asset Financings	(21,433,245.27)	(19,387,278.21)	(2,045,967.06)	-10.6%
Net Other Nonoperating Adjustments	**290,367,459.20**	**193,340,697.41**	**97,026,761.79**	**50.2%**
Adjusted Income (Loss) including Depreciation & Amortization	**117,755,624.25**	**39,877,722.40**	**77,877,901.85**	**195.3%**
Adjusted Margin % including Depreciation & Amortization	**34.2%**	**16.0%**		
Available University Fund Transfer	10,875,249.33	10,466,876.33	408,373.00	3.9%
Adjusted Income (Loss) with AUF Transfer	**128,630,873.58**	**50,344,598.73**	**78,286,274.85**	**155.5%**
Adjusted Margin % with AUF Transfer	**36.2%**	**19.4%**		
Investment Gain (Losses)	(516,757,710.30)	1,428,777,638.43	(1,945,535,348.73)	-136.2%
Adj. Inc. (Loss) with AUF Transfer & Invest. Gains (Losses)	**(388,126,836.72)**	**$1,479,122,237.16**	**(1,867,249,073.88)**	**-126.2%**
Adj. Margin % with AUF Transfer & Invest. Gains (Losses)	**239.8%**	**87.6%**		
Adjusted Income (Loss) with AUF Transfer excluding Depreciation & Amortization	**131,403,828.96**	**54,322,271.19**	**77,081,557.77**	**141.9%**
Adjusted Margin % with AUF Transfer excluding Depreciation & Amortization	**37.0%**	**20.9%**		

UNAUDITED

The University of Texas at Arlington
Monthly Financial Report, Comparison of Operating Results and Margin
For the Period Ending December 31, 2011

	December Year-to-Date FY 2012	December Year-to-Date FY 2011	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition	61,532,176.17	56,110,042.64	5,422,133.53	9.7%
Sponsored Programs	24,635,178.95	21,673,545.99	2,961,632.96	13.7%
Net Sales and Services of Educational Activities	5,663,073.33	4,602,581.65	1,060,491.68	23.0%
Net Auxiliary Enterprises	9,321,255.25	8,950,066.04	371,189.21	4.1%
Other Operating Revenues	1,260,486.42	1,157,146.08	103,340.34	8.9%
Total Operating Revenues	**102,412,170.12**	**92,493,382.40**	**9,918,787.72**	**10.7%**
Operating Expenses				
Salaries and Wages	72,632,957.68	72,828,419.22	(195,461.54)	-0.3%
Payroll Related Costs	16,977,501.74	16,982,504.27	(5,002.53)	-
Cost of Goods Sold	1,720.60	-	1,720.60	100.0%
Professional Fees and Services	1,445,906.82	1,857,212.11	(411,305.29)	-22.1%
Other Contracted Services	12,979,901.83	7,837,693.45	5,142,208.38	65.6%
Travel	1,962,509.90	1,969,783.46	(7,273.56)	-0.4%
Materials and Supplies	6,774,790.61	7,045,450.25	(270,659.64)	-3.8%
Utilities	3,607,318.37	3,590,419.05	16,899.32	0.5%
Communications	2,139,328.10	2,115,684.38	23,643.72	1.1%
Repairs and Maintenance	3,124,273.77	2,911,157.77	213,116.00	7.3%
Rentals and Leases	1,278,585.46	1,150,776.96	127,808.50	11.1%
Printing and Reproduction	607,183.88	950,313.10	(343,129.22)	-36.1%
Bad Debt Expense	40,092.20	-	40,092.20	100.0%
Scholarships and Fellowships	9,215,243.40	10,790,574.55	(1,575,331.15)	-14.6%
Depreciation and Amortization	11,530,329.18	9,209,770.14	2,320,559.04	25.2%
Federal Sponsored Program Pass-Through to Other State Agencies	340,949.11	336,248.96	4,700.15	1.4%
State Sponsored Program Pass-Through to Other State Agencies	0.02	10,338.50	(10,338.48)	-100.0%
Other Operating Expenses	2,220,453.96	2,054,038.39	166,415.57	8.1%
Total Operating Expenses	**146,879,046.63**	**141,640,384.56**	**5,238,662.07**	**3.7%**
Operating Loss	**(44,466,876.51)**	**(49,147,002.16)**	**4,680,125.65**	**9.5%**
Other Nonoperating Adjustments				
State Appropriations	37,839,960.33	34,641,217.67	3,198,742.66	9.2%
Nonexchange Sponsored Programs	14,000,000.00	15,487,162.67	(1,487,162.67)	-9.6%
Gift Contributions for Operations	1,106,836.06	1,243,231.96	(136,395.90)	-11.0%
Net Investment Income	3,855,763.22	4,136,069.46	(280,306.24)	-6.8%
Interest Expense on Capital Asset Financings	(4,221,006.76)	(4,335,735.80)	114,729.04	2.6%
Net Other Nonoperating Adjustments	**52,581,552.85**	**51,171,945.96**	**1,409,606.89**	**2.8%**
Adjusted Income (Loss) including Depreciation & Amortization	**8,114,676.34**	**2,024,943.80**	**6,089,732.54**	**300.7%**
Adjusted Margin % including Depreciation & Amortization	**5.1%**	**1.4%**		
Investment Gain (Losses)	(9,341,046.12)	12,247,694.44	(21,588,740.56)	-176.3%
Adj. Inc. (Loss) with Investment Gains (Losses)	**(1,226,369.78)**	**14,272,638.24**	**(15,499,008.02)**	**-108.6%**
Adj. Margin % with Investment Gains (Losses)	**-0.8%**	**8.9%**		
Adjusted Income (Loss) excluding Depreciation & Amortization	**19,645,005.52**	**11,234,713.94**	**8,410,291.58**	**74.9%**
Adjusted Margin % excluding Depreciation & Amortization	**12.3%**	**7.6%**		

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The University of Texas at Austin
Monthly Financial Report, Comparison of Operating Results and Margin
For the Period Ending December 31, 2011

	December Year-to-Date FY 2012	December Year-to-Date FY 2011	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition	161,666,666.67	161,666,666.67	-	-
Sponsored Programs	173,467,644.98	189,553,457.79	(16,085,812.81)	-8.5%
Net Sales and Services of Educational Activities	132,505,324.49	133,500,238.52	(994,914.03)	-0.7%
Net Auxiliary Enterprises	105,525,939.14	97,281,340.38	8,244,598.76	8.5%
Other Operating Revenues	1,767,574.52	1,669,504.85	98,069.67	5.9%
Total Operating Revenues	**574,933,149.80**	**583,671,208.21**	**(8,738,058.41)**	**-1.5%**
Operating Expenses				
Salaries and Wages	361,439,286.84	374,386,179.09	(12,946,892.25)	-3.5%
Payroll Related Costs	88,234,747.05	86,810,154.44	1,424,592.61	1.6%
Professional Fees and Services	10,734,828.12	8,802,024.36	1,932,803.76	22.0%
Other Contracted Services	40,536,635.54	-	40,536,635.54	100.0%
Travel	14,993,989.18	13,842,264.31	1,151,724.87	8.3%
Materials and Supplies	41,428,823.94	46,158,141.33	(4,729,317.39)	-10.2%
Utilities	32,479,222.34	36,736,983.52	(4,257,761.18)	-11.6%
Communications	20,302,846.02	22,247,250.50	(1,944,404.48)	-8.7%
Repairs and Maintenance	18,758,232.69	16,450,199.26	2,308,033.43	14.0%
Rentals and Leases	6,218,734.82	7,043,556.02	(824,821.20)	-11.7%
Printing and Reproduction	3,164,924.47	3,438,740.88	(273,816.41)	-8.0%
Bad Debt Expense	50,850.42	-	50,850.42	100.0%
Scholarships and Fellowships	42,092,858.33	42,128,014.00	(35,155.67)	-0.1%
Depreciation and Amortization	74,116,241.61	64,194,603.23	9,921,638.38	15.5%
Federal Sponsored Program Pass-Through to Other State Agencies	856,960.87	926,319.41	(69,358.54)	-7.5%
Other Operating Expenses	28,887,766.15	66,875,867.67	(37,988,101.52)	-56.8%
Total Operating Expenses	**784,296,948.39**	**790,040,298.02**	**(5,743,349.63)**	**-0.7%**
Operating Loss	**(209,363,798.59)**	**(206,369,089.81)**	**(2,994,708.78)**	**-1.5%**
Other Nonoperating Adjustments				
State Appropriations	97,386,418.75	100,285,038.95	(2,898,620.20)	-2.9%
Nonexchange Sponsored Programs	16,377,919.74	8,566,303.85	7,811,615.89	91.2%
Gift Contributions for Operations	36,638,486.72	41,713,308.45	(5,074,821.73)	-12.2%
Net Investment Income	64,390,926.34	59,250,804.55	5,140,121.79	8.7%
Interest Expense on Capital Asset Financings	(16,504,338.56)	(17,059,237.24)	554,898.68	3.3%
Net Other Nonoperating Adjustments	**198,289,412.99**	**192,756,218.56**	**5,533,194.43**	**2.9%**
Adjusted Income (Loss) including Depreciation & Amortization	**(11,074,385.60)**	**(13,612,871.25)**	**2,538,485.65**	**18.6%**
Adjusted Margin % including Depreciation & Amortization	**-1.4%**	**-1.7%**		
Available University Fund Transfer	59,853,333.33	59,210,000.00	643,333.33	1.1%
Adjusted Income (Loss) with AUF Transfer	**48,778,947.73**	**45,597,128.75**	**3,181,818.98**	**7.0%**
Adjusted Margin % with AUF Transfer	**5.7%**	**5.3%**		
Investment Gain (Losses)	(147,706,458.70)	186,613,053.15	(334,319,511.85)	-179.2%
Adj. Inc. (Loss) with AUF Transfer & Invest. Gains (Losses)	**(98,927,510.97)**	**$232,210,181.90**	**(331,137,692.87)**	**-142.6%**
Adj. Margin % with AUF Transfer & Invest. Gains (Losses)	**-14.1%**	**22.3%**		
Adjusted Income (Loss) with AUF Transfer excluding Depreciation & Amortization	**122,895,189.34**	**109,791,731.98**	**13,103,457.36**	**11.9%**
Adjusted Margin % with AUF Transfer excluding Depreciation & Amortization	**14.5%**	**12.9%**		

UNAUDITED

The University of Texas at Brownsville
Monthly Financial Report, Comparison of Operating Results and Margin
For the Period Ending December 31, 2011

	December Year-to-Date FY 2012	December Year-to-Date FY 2011	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition	15,305,157.36	7,916,931.07	7,388,226.29	93.3%
Sponsored Programs	19,533,454.52	30,172,516.65	(10,639,062.13)	-35.3%
Net Sales and Services of Educational Activities	842,787.54	789,620.58	53,166.96	6.7%
Net Auxiliary Enterprises	690,961.08	473,086.68	217,874.40	46.1%
Other Operating Revenues	4,930.89	17,815.89	(12,885.00)	-72.3%
Total Operating Revenues	**36,377,291.39**	**39,369,970.87**	**(2,992,679.48)**	**-7.6%**
Operating Expenses				
Salaries and Wages	23,488,365.93	24,883,173.24	(1,394,807.31)	-5.6%
Payroll Related Costs	6,337,190.33	6,677,409.43	(340,219.10)	-5.1%
Professional Fees and Services	108,476.91	164,688.95	(56,212.04)	-34.1%
Other Contracted Services	322,214.99	333,125.41	(10,910.42)	-3.3%
Travel	417,726.99	300,449.09	117,277.90	39.0%
Materials and Supplies	1,146,659.13	1,522,317.09	(375,657.96)	-24.7%
Utilities	1,391,891.83	1,246,675.90	145,215.93	11.6%
Communications	390,482.79	409,072.38	(18,589.59)	-4.5%
Repairs and Maintenance	572,422.86	604,573.30	(32,150.44)	-5.3%
Rentals and Leases	644,939.41	669,542.66	(24,603.25)	-3.7%
Printing and Reproduction	95,740.72	114,081.61	(18,340.89)	-16.1%
Scholarships and Fellowships	25,082,004.72	27,093,013.08	(2,011,008.36)	-7.4%
Depreciation and Amortization	2,611,372.85	1,920,991.03	690,381.82	35.9%
Federal Sponsored Program Pass-Through to Other State Agencies	37,040.71	1,365.21	35,675.50	2,613.2%
Other Operating Expenses	1,923,745.99	2,083,614.33	(159,868.34)	-7.7%
Total Operating Expenses	**64,570,276.16**	**68,024,092.71**	**(3,453,816.55)**	**-5.1%**
Operating Loss	**(28,192,984.77)**	**(28,654,121.84)**	**461,137.07**	**1.6%**
Other Nonoperating Adjustments				
State Appropriations	12,724,849.71	13,566,797.53	(841,947.82)	-6.2%
Nonexchange Sponsored Programs	18,302,225.79	17,573,714.01	728,511.78	4.1%
Gift Contributions for Operations	221,179.00	109,155.48	112,023.52	102.6%
Net Investment Income	446,924.07	419,432.44	27,491.63	6.6%
Interest Expense on Capital Asset Financings	(839,119.60)	(886,229.60)	47,110.00	5.3%
Net Other Nonoperating Adjustments	**30,856,058.97**	**30,782,869.86**	**73,189.11**	**0.2%**
Adjusted Income (Loss) including Depreciation & Amortization	**2,663,074.20**	**2,128,748.02**	**534,326.18**	**25.1%**
Adjusted Margin % including Depreciation & Amortization	**3.9%**	**3.0%**		
Investment Gain (Losses)	(1,513,256.68)	2,213,576.44	(3,726,833.12)	-168.4%
Adj. Inc. (Loss) with Investment Gains (Losses)	**1,149,817.52**	**4,342,324.46**	**(3,192,506.94)**	**-73.5%**
Adj. Margin % with Investment Gains (Losses)	**1.7%**	**5.9%**		
Adjusted Income (Loss) excluding Depreciation & Amortization	**5,274,447.05**	**4,049,739.05**	**1,224,708.00**	**30.2%**
Adjusted Margin % excluding Depreciation & Amortization	**7.7%**	**5.7%**		

UNAUDITED

The University of Texas at Dallas
Monthly Financial Report, Comparison of Operating Results and Margin
For the Period Ending December 31, 2011

	December Year-to-Date FY 2012	December Year-to-Date FY 2011	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition	68,451,342.57	52,342,525.86	16,108,816.71	30.8%
Sponsored Programs	13,735,005.79	11,376,408.02	2,358,597.77	20.7%
Net Sales and Services of Educational Activities	2,352,510.54	5,009,224.48	(2,656,713.94)	-53.0%
Net Auxiliary Enterprises	4,360,198.94	2,854,409.56	1,505,789.38	52.8%
Other Operating Revenues	468,823.58	612,892.06	(144,068.48)	-23.5%
Total Operating Revenues	**89,367,881.42**	**72,195,459.98**	**17,172,421.44**	**23.8%**
Operating Expenses				
Salaries and Wages	67,023,172.98	60,430,402.54	6,592,770.44	10.9%
Payroll Related Costs	14,193,771.12	13,733,718.83	460,052.29	3.3%
Professional Fees and Services	2,724,360.08	2,597,871.27	126,488.81	4.9%
Other Contracted Services	2,746,135.39	3,742,559.69	(996,424.30)	-26.6%
Travel	1,493,204.66	1,585,994.17	(92,789.51)	-5.9%
Materials and Supplies	6,033,213.40	8,666,258.27	(2,633,044.87)	-30.4%
Utilities	2,607,259.58	2,491,905.04	115,354.54	4.6%
Communications	80,231.47	198,797.47	(118,566.00)	-59.6%
Repairs and Maintenance	1,226,687.31	964,708.18	261,979.13	27.2%
Rentals and Leases	760,066.86	697,383.29	62,683.57	9.0%
Printing and Reproduction	643,184.37	505,513.63	137,670.74	27.2%
Scholarships and Fellowships	13,661,922.67	10,397,860.29	3,264,062.38	31.4%
Depreciation and Amortization	12,518,083.11	10,640,316.94	1,877,766.17	17.6%
Federal Sponsored Program Pass-Through to Other State Agencies	60,854.40	103,628.72	(42,774.32)	-41.3%
Other Operating Expenses	4,275,568.47	4,446,013.86	(170,445.39)	-3.8%
Total Operating Expenses	**130,047,715.87**	**121,202,932.19**	**8,844,783.68**	**7.3%**
Operating Loss	**(40,679,834.45)**	**(49,007,472.21)**	**8,327,637.76**	**17.0%**
Other Nonoperating Adjustments				
State Appropriations	33,574,539.54	34,959,607.79	(1,385,068.25)	-4.0%
Nonexchange Sponsored Programs	8,469,348.69	12,309,091.38	(3,839,742.69)	-31.2%
Gift Contributions for Operations	5,180,664.16	2,680,054.53	2,500,609.63	93.3%
Net Investment Income	6,460,937.43	4,950,956.75	1,509,980.68	30.5%
Interest Expense on Capital Asset Financings	(3,703,649.08)	(3,839,856.80)	136,207.72	3.5%
Net Other Nonoperating Adjustments	**49,981,840.74**	**51,059,853.65**	**(1,078,012.91)**	**-2.1%**
Adjusted Income (Loss) including Depreciation & Amortization	**9,302,006.29**	**2,052,381.44**	**7,249,624.85**	**353.2%**
Adjusted Margin % including Depreciation & Amortization	**6.5%**	**1.6%**		
Investment Gain (Losses)	8,276,259.53	20,535,526.01	(12,259,266.48)	-59.7%
Adj. Inc. (Loss) with Investment Gains (Losses)	**17,578,265.82**	**22,587,907.45**	**(5,009,641.63)**	**-22.2%**
Adj. Margin % with Investment Gains (Losses)	**11.6%**	**15.3%**		
Adjusted Income (Loss) excluding Depreciation & Amortization	**21,820,089.40**	**12,692,698.38**	**9,127,391.02**	**71.9%**
Adjusted Margin % excluding Depreciation & Amortization	**15.3%**	**10.0%**		

UNAUDITED

The University of Texas at El Paso
Monthly Financial Report, Comparison of Operating Results and Margin
For the Period Ending December 31, 2011

	December Year-to-Date FY 2012	December Year-to-Date FY 2011	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition	35,872,173.67	35,233,702.67	638,471.00	1.8%
Sponsored Programs	23,646,569.17	23,684,528.76	(37,959.59)	-0.2%
Net Sales and Services of Educational Activities	1,326,992.74	1,710,835.79	(383,843.05)	-22.4%
Net Auxiliary Enterprises	8,932,472.70	10,147,630.92	(1,215,158.22)	-12.0%
Other Operating Revenues	38,938.61	41,438.07	(2,499.46)	-6.0%
Total Operating Revenues	**69,817,146.89**	**70,818,136.21**	**(1,000,989.32)**	**-1.4%**
Operating Expenses				
Salaries and Wages	51,319,635.30	51,789,098.09	(469,462.79)	-0.9%
Payroll Related Costs	12,846,613.83	12,955,853.92	(109,240.09)	-0.8%
Professional Fees and Services	388,468.50	366,688.87	21,779.63	5.9%
Other Contracted Services	5,643,951.43	7,187,069.03	(1,543,117.60)	-21.5%
Travel	2,601,667.58	2,192,556.79	409,110.79	18.7%
Materials and Supplies	7,889,700.00	8,442,912.71	(553,212.71)	-6.6%
Utilities	2,360,990.95	2,163,267.28	197,723.67	9.1%
Communications	215,325.76	277,657.90	(62,332.14)	-22.4%
Repairs and Maintenance	1,497,206.57	2,279,073.99	(781,867.42)	-34.3%
Rentals and Leases	1,161,553.53	1,597,305.98	(435,752.45)	-27.3%
Printing and Reproduction	323,442.63	350,032.20	(26,589.57)	-7.6%
Scholarships and Fellowships	27,787,105.84	31,126,674.68	(3,339,568.84)	-10.7%
Depreciation and Amortization	7,321,016.94	6,309,048.34	1,011,968.60	16.0%
Federal Sponsored Program Pass-Through to Other State Agencies	377,110.66	314,159.77	62,950.89	20.0%
Other Operating Expenses	2,387,698.10	2,574,718.47	(187,020.37)	-7.3%
Total Operating Expenses	**124,121,487.62**	**129,926,118.02**	**(5,804,630.40)**	**-4.5%**
Operating Loss	**(54,304,340.73)**	**(59,107,981.81)**	**4,803,641.08**	**8.1%**
Other Nonoperating Adjustments				
State Appropriations	29,518,640.00	31,545,396.00	(2,026,756.00)	-6.4%
Nonexchange Sponsored Programs	23,965,966.41	24,781,204.89	(815,238.48)	-3.3%
Gift Contributions for Operations	2,995,417.04	2,884,254.04	111,163.00	3.9%
Net Investment Income	4,022,016.11	3,860,914.69	161,101.42	4.2%
Interest Expense on Capital Asset Financings	(2,888,404.56)	(3,001,744.04)	113,339.48	3.8%
Net Other Nonoperating Adjustments	**57,613,635.00**	**60,070,025.58**	**(2,456,390.58)**	**-4.1%**
Adjusted Income (Loss) including Depreciation & Amortization	**3,309,294.27**	**962,043.77**	**2,347,250.50**	**244.0%**
Adjusted Margin % including Depreciation & Amortization	**2.5%**	**0.7%**		
Investment Gain (Losses)	(10,133,624.15)	11,809,780.03	(21,943,404.18)	-185.8%
Adj. Inc. (Loss) with Investment Gains (Losses)	**(6,824,329.88)**	**12,771,823.80**	**(19,596,153.68)**	**-153.4%**
Adj. Margin % with Investment Gains (Losses)	**-5.7%**	**8.8%**		
Adjusted Income (Loss) excluding Depreciation & Amortization	**10,630,311.21**	**7,271,092.11**	**3,359,219.10**	**46.2%**
Adjusted Margin % excluding Depreciation & Amortization	**8.2%**	**5.4%**		

UNAUDITED

The University of Texas - Pan American
Monthly Financial Report, Comparison of Operating Results and Margin
For the Period Ending December 31, 2011

	December Year-to-Date FY 2012	December Year-to-Date FY 2011	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition	18,981,129.17	17,608,556.00	1,372,573.17	7.8%
Sponsored Programs	20,004,101.40	24,762,824.81	(4,758,723.41)	-19.2%
Net Sales and Services of Educational Activities	1,986,738.29	2,160,458.05	(173,719.76)	-8.0%
Net Auxiliary Enterprises	3,270,796.40	3,195,009.59	75,786.81	2.4%
Other Operating Revenues	446,977.16	654,642.77	(207,665.61)	-31.7%
Total Operating Revenues	**44,689,742.42**	**48,381,491.22**	**(3,691,748.80)**	**-7.6%**
Operating Expenses				
Salaries and Wages	34,759,883.70	36,623,488.37	(1,863,604.67)	-5.1%
Payroll Related Costs	9,639,039.80	9,732,955.49	(93,915.69)	-1.0%
Cost of Goods Sold	175,505.94	192,325.49	(16,819.55)	-8.7%
Professional Fees and Services	590,665.16	448,263.98	142,401.18	31.8%
Other Contracted Services	1,770,742.24	3,045,433.03	(1,274,690.79)	-41.9%
Travel	1,287,342.10	1,206,192.02	81,150.08	6.7%
Materials and Supplies	4,456,571.83	4,286,272.76	170,299.07	4.0%
Utilities	1,734,108.67	1,707,082.34	27,026.33	1.6%
Communications	150,665.96	143,001.09	7,664.87	5.4%
Repairs and Maintenance	1,571,028.45	1,881,511.68	(310,483.23)	-16.5%
Rentals and Leases	297,638.51	417,603.65	(119,965.14)	-28.7%
Printing and Reproduction	114,921.73	120,170.93	(5,249.20)	-4.4%
Bad Debt Expense	17,871.51	24,968.96	(7,097.45)	-28.4%
Scholarships and Fellowships	25,765,009.96	29,983,979.71	(4,218,969.75)	-14.1%
Depreciation and Amortization	4,676,824.50	4,740,695.43	(63,870.93)	-1.3%
Federal Sponsored Program Pass-Through to Other State Agencies	54,706.60	58,418.73	(3,712.13)	-6.4%
Other Operating Expenses	1,037,737.75	1,640,911.45	(603,173.70)	-36.8%
Total Operating Expenses	**88,100,264.41**	**96,253,275.11**	**(8,153,010.70)**	**-8.5%**
Operating Loss	**(43,410,521.99)**	**(47,871,783.89)**	**4,461,261.90**	**9.3%**
Other Nonoperating Adjustments				
State Appropriations	24,086,707.55	24,122,619.47	(35,911.92)	-0.1%
Nonexchange Sponsored Programs	23,609,633.47	23,915,956.57	(306,323.10)	-1.3%
Gift Contributions for Operations	1,142,319.26	492,891.50	649,427.76	131.8%
Net Investment Income	1,325,929.71	1,196,275.39	129,654.32	10.8%
Interest Expense on Capital Asset Financings	(1,260,302.92)	(1,330,205.40)	69,902.48	5.3%
Net Other Nonoperating Adjustments	**48,904,287.07**	**48,397,537.53**	**506,749.54**	**1.0%**
Adjusted Income (Loss) including Depreciation & Amortization	**5,493,765.08**	**525,753.64**	**4,968,011.44**	**944.9%**
Adjusted Margin % including Depreciation & Amortization	**5.8%**	**0.5%**		
Investment Gain (Losses)	(3,032,791.11)	7,754,768.46	(10,787,559.57)	-139.1%
Adj. Inc. (Loss) with Investment Gains (Losses)	**2,460,973.97**	**8,280,522.10**	**(5,819,548.13)**	**-70.3%**
Adj. Margin % with Investment Gains (Losses)	**2.7%**	**7.8%**		
Adjusted Income (Loss) excluding Depreciation & Amortization	**10,170,589.58**	**5,266,449.07**	**4,904,140.51**	**93.1%**
Adjusted Margin % excluding Depreciation & Amortization	**10.7%**	**5.4%**		

UNAUDITED

The University of Texas of the Permian Basin
Monthly Financial Report, Comparison of Operating Results and Margin
For the Period Ending December 31, 2011

	December Year-to-Date FY 2012	December Year-to-Date FY 2011	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition	3,373,016.88	5,073,290.71	(1,700,273.83)	-33.5%
Sponsored Programs	534,523.43	1,545,993.98	(1,011,470.55)	-65.4%
Net Sales and Services of Educational Activities	17,225.78	71,568.01	(54,342.23)	-75.9%
Net Auxiliary Enterprises	1,903,545.49	1,329,954.98	573,590.51	43.1%
Other Operating Revenues	460,817.63	401,843.91	58,973.72	14.7%
Total Operating Revenues	**6,289,129.21**	**8,422,651.59**	**(2,133,522.38)**	**-25.3%**
Operating Expenses				
Salaries and Wages	4,982,780.85	7,444,680.54	(2,461,899.69)	-33.1%
Payroll Related Costs	1,124,630.13	1,821,629.41	(696,999.28)	-38.3%
Professional Fees and Services	143,202.83	788,509.45	(645,306.62)	-81.8%
Other Contracted Services	1,740,854.44	941.00	1,739,913.44	184,900.5%
Travel	240,215.15	196,653.30	43,561.85	22.2%
Materials and Supplies	920,878.18	1,302,133.15	(381,254.97)	-29.3%
Utilities	815,655.98	661,591.96	154,064.02	23.3%
Communications	227,340.92	258,782.21	(31,441.29)	-12.1%
Repairs and Maintenance	181,068.80	324,700.94	(143,632.14)	-44.2%
Rentals and Leases	165,337.16	192,506.50	(27,169.34)	-14.1%
Printing and Reproduction	10,405.44	76,324.09	(65,918.65)	-86.4%
Bad Debt Expense	45,753.27	-	45,753.27	100.0%
Scholarships and Fellowships	2,737,375.27	2,737,375.27	-	-
Depreciation and Amortization	3,854,354.82	1,868,770.89	1,985,583.93	106.3%
Other Operating Expenses	464,544.32	298,068.09	166,476.23	55.9%
Total Operating Expenses	**17,654,397.56**	**17,972,666.80**	**(318,269.24)**	**-1.8%**
Operating Loss	**(11,365,268.35)**	**(9,550,015.21)**	**(1,815,253.14)**	**-19.0%**
Other Nonoperating Adjustments				
State Appropriations	7,792,173.87	8,620,344.33	(828,170.46)	-9.6%
Nonexchange Sponsored Programs	670,429.18	2,729,013.90	(2,058,584.72)	-75.4%
Gift Contributions for Operations	2,268,985.64	580,578.13	1,688,407.51	290.8%
Net Investment Income	450,247.46	1,101,139.47	(650,892.01)	-59.1%
Interest Expense on Capital Asset Financings	(1,764,729.20)	(1,807,383.36)	42,654.16	2.4%
Net Other Nonoperating Adjustments	**9,417,106.95**	**11,223,692.47**	**(1,806,585.52)**	**-16.1%**
Adjusted Income (Loss) including Depreciation & Amortization	**(1,948,161.40)**	**1,673,677.26**	**(3,621,838.66)**	**-216.4%**
Adjusted Margin % including Depreciation & Amortization	**-11.2%**	**7.8%**		
Investment Gain (Losses)	(2,118,807.04)	1,737,920.89	(3,856,727.93)	-221.9%
Adj. Inc. (Loss) with Investment Gains (Losses)	**(4,066,968.44)**	**3,411,598.15**	**(7,478,566.59)**	**-219.2%**
Adj. Margin % with Investment Gains (Losses)	**-26.5%**	**14.7%**		
Adjusted Income (Loss) excluding Depreciation & Amortization	**1,906,193.42**	**3,542,448.15**	**(1,636,254.73)**	**-46.2%**
Adjusted Margin % excluding Depreciation & Amortization	**10.9%**	**16.5%**		

UNAUDITED

The University of Texas at San Antonio
Monthly Financial Report, Comparison of Operating Results and Margin
For the Period Ending December 31, 2011

	December Year-to-Date FY 2012	December Year-to-Date FY 2011	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition	63,222,598.09	62,524,609.56	697,988.53	1.1%
Sponsored Programs	25,364,056.00	21,818,647.16	3,545,408.84	16.2%
Net Sales and Services of Educational Activities	3,516,404.49	2,815,656.57	700,747.92	24.9%
Net Auxiliary Enterprises	11,065,037.79	8,634,053.07	2,430,984.72	28.2%
Other Operating Revenues	500,129.11	600,804.88	(100,675.77)	-16.8%
Total Operating Revenues	**103,668,225.48**	**96,393,771.24**	**7,274,454.24**	**7.5%**
Operating Expenses				
Salaries and Wages	72,014,601.03	74,054,024.52	(2,039,423.49)	-2.8%
Payroll Related Costs	19,486,466.00	18,150,664.12	1,335,801.88	7.4%
Cost of Goods Sold	74,951.96	-	74,951.96	100.0%
Professional Fees and Services	2,015,997.71	1,203,088.93	812,908.78	67.6%
Other Contracted Services	4,109,845.34	5,084,337.84	(974,492.50)	-19.2%
Travel	3,738,566.55	2,179,276.93	1,559,289.62	71.6%
Materials and Supplies	10,585,046.75	8,071,556.03	2,513,490.72	31.1%
Utilities	3,867,158.67	3,758,458.33	108,700.34	2.9%
Communications	1,267,700.55	1,393,323.31	(125,622.76)	-9.0%
Repairs and Maintenance	2,409,669.62	3,400,313.14	(990,643.52)	-29.1%
Rentals and Leases	1,612,759.02	1,349,511.83	263,247.19	19.5%
Printing and Reproduction	413,259.50	411,398.81	1,860.69	0.5%
Bad Debt Expense	218,251.24	-	218,251.24	100.0%
Scholarships and Fellowships	16,445,904.05	12,946,336.35	3,499,567.70	27.0%
Depreciation and Amortization	13,510,360.85	12,802,874.80	707,486.05	5.5%
Federal Sponsored Program Pass-Through to Other State Agencies	953,385.20	939,559.14	13,826.06	1.5%
Other Operating Expenses	4,312,605.38	2,837,449.34	1,475,156.04	52.0%
Total Operating Expenses	**157,036,529.42**	**148,582,173.42**	**8,454,356.00**	**5.7%**
Operating Loss	**(53,368,303.94)**	**(52,188,402.18)**	**(1,179,901.76)**	**-2.3%**
Other Nonoperating Adjustments				
State Appropriations	37,073,696.60	37,386,411.29	(312,714.69)	-0.8%
Nonexchange Sponsored Programs	18,509,195.59	17,645,634.55	863,561.04	4.9%
Gift Contributions for Operations	2,000,000.00	3,000,000.00	(1,000,000.00)	-33.3%
Net Investment Income	4,879,595.02	3,430,369.57	1,449,225.45	42.2%
Interest Expense on Capital Asset Financings	(5,125,902.12)	(5,330,114.32)	204,212.20	3.8%
Net Other Nonoperating Adjustments	**57,336,585.09**	**56,132,301.09**	**1,204,284.00**	**2.1%**
Adjusted Income (Loss) including Depreciation & Amortization	**3,968,281.15**	**3,943,898.91**	**24,382.24**	**0.6%**
Adjusted Margin % including Depreciation & Amortization	**2.4%**	**2.5%**		
Investment Gain (Losses)	(862,817.53)	19,395,389.09	(20,258,206.62)	-104.4%
Adj. Inc. (Loss) with Investment Gains (Losses)	**3,105,463.62**	**23,339,288.00**	**(20,233,824.38)**	**-86.7%**
Adj. Margin % with Investment Gains (Losses)	**1.9%**	**13.2%**		
Adjusted Income (Loss) excluding Depreciation & Amortization	**17,478,642.00**	**16,746,773.71**	**731,868.29**	**4.4%**
Adjusted Margin % excluding Depreciation & Amortization	**10.5%**	**10.6%**		

UNAUDITED

The University of Texas at Tyler
Monthly Financial Report, Comparison of Operating Results and Margin
For the Period Ending December 31, 2011

	December Year-to-Date FY 2012	December Year-to-Date FY 2011	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition	8,717,677.33	8,600,000.00	117,677.33	1.4%
Sponsored Programs	4,194,997.63	4,274,708.27	(79,710.64)	-1.9%
Net Sales and Services of Educational Activities	956,894.70	1,156,885.39	(199,990.69)	-17.3%
Net Auxiliary Enterprises	1,531,256.21	1,720,211.94	(188,955.73)	-11.0%
Other Operating Revenues	157,234.31	55,262.43	101,971.88	184.5%
Total Operating Revenues	**15,558,060.18**	**15,807,068.03**	**(249,007.85)**	**-1.6%**
Operating Expenses				
Salaries and Wages	13,339,604.03	12,790,231.13	549,372.90	4.3%
Payroll Related Costs	3,653,898.58	3,483,486.60	170,411.98	4.9%
Cost of Goods Sold	5,771.86	7,139.67	(1,367.81)	-19.2%
Professional Fees and Services	484,673.22	714,969.61	(230,296.39)	-32.2%
Other Contracted Services	1,244,653.66	1,819,713.89	(575,060.23)	-31.6%
Travel	526,106.05	431,813.93	94,292.12	21.8%
Materials and Supplies	1,197,689.14	1,623,191.62	(425,502.48)	-26.2%
Utilities	439,476.85	497,542.59	(58,065.74)	-11.7%
Communications	367,177.75	417,830.89	(50,653.14)	-12.1%
Repairs and Maintenance	517,354.84	461,297.60	56,057.24	12.2%
Rentals and Leases	126,442.52	102,632.52	23,810.00	23.2%
Printing and Reproduction	280,923.37	252,337.90	28,585.47	11.3%
Scholarships and Fellowships	1,608,543.34	2,233,333.33	(624,789.99)	-28.0%
Depreciation and Amortization	3,776,069.26	3,650,640.27	125,428.99	3.4%
Federal Sponsored Program Pass-Through to Other State Agencies	-	2,166.06	(2,166.06)	-100.0%
Other Operating Expenses	780,277.19	717,594.13	62,683.06	8.7%
Total Operating Expenses	**28,348,661.66**	**29,205,921.74**	**(857,260.08)**	**-2.9%**
Operating Loss	**(12,790,601.48)**	**(13,398,853.71)**	**608,252.23**	**4.5%**
Other Nonoperating Adjustments				
State Appropriations	10,667,493.58	10,994,419.47	(326,925.89)	-3.0%
Nonexchange Sponsored Programs	4,051,681.05	4,088,568.00	(36,886.95)	-0.9%
Gift Contributions for Operations	309,921.71	770,094.00	(460,172.29)	-59.8%
Net Investment Income	1,580,714.78	1,251,571.50	329,143.28	26.3%
Interest Expense on Capital Asset Financings	(1,310,499.52)	(1,359,826.16)	49,326.64	3.6%
Net Other Nonoperating Adjustments	**15,299,311.60**	**15,744,826.81**	**(445,515.21)**	**-2.8%**
Adjusted Income (Loss) including Depreciation & Amortization	**2,508,710.12**	**2,345,973.10**	**162,737.02**	**6.9%**
Adjusted Margin % including Depreciation & Amortization	**7.8%**	**7.1%**		
Investment Gain (Losses)	(4,453,384.07)	6,401,306.54	(10,854,690.61)	-169.6%
Adj. Inc. (Loss) with Investment Gains (Losses)	**(1,944,673.95)**	**8,747,279.64**	**(10,691,953.59)**	**-122.2%**
Adj. Margin % with Investment Gains (Losses)	**-7.0%**	**22.3%**		
Adjusted Income (Loss) excluding Depreciation & Amortization	**6,284,779.38**	**5,996,613.37**	**288,166.01**	**4.8%**
Adjusted Margin % excluding Depreciation & Amortization	**19.5%**	**18.2%**		

UNAUDITED

The University of Texas Southwestern Medical Center
Monthly Financial Report, Comparison of Operating Results and Margin
For the Period Ending December 31, 2011

	December Year-to-Date FY 2012	December Year-to-Date FY 2011	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition	5,409,445.67	9,047,715.53	(3,638,269.86)	-40.2%
Sponsored Programs	155,043,665.79	158,505,835.61	(3,462,169.82)	-2.2%
Net Sales and Services of Educational Activities	3,832,622.99	7,213,282.31	(3,380,659.32)	-46.9%
Net Sales and Services of Hospitals	218,587,326.00	173,264,377.00	45,322,949.00	26.2%
Net Professional Fees	130,780,698.33	135,312,307.82	(4,531,609.49)	-3.3%
Net Auxiliary Enterprises	5,899,558.70	5,906,740.64	(7,181.94)	-0.1%
Other Operating Revenues	4,432,029.21	1,991,618.97	2,440,410.24	122.5%
Total Operating Revenues	**523,985,346.69**	**491,241,877.88**	**32,743,468.81**	**6.7%**
Operating Expenses				
Salaries and Wages	319,563,633.79	296,508,096.99	23,055,536.80	7.8%
Payroll Related Costs	65,432,691.77	67,311,378.09	(1,878,686.32)	-2.8%
Cost of Goods Sold	1,135,523.92	859,270.84	276,253.08	32.1%
Professional Fees and Services	10,918,310.41	10,589,293.05	329,017.36	3.1%
Other Contracted Services	39,439,186.64	27,318,454.79	12,120,731.85	44.4%
Travel	3,015,505.87	3,013,266.46	2,239.41	0.1%
Materials and Supplies	75,408,077.65	69,707,488.80	5,700,588.85	8.2%
Utilities	10,650,132.40	12,763,724.68	(2,113,592.28)	-16.6%
Communications	1,401,586.72	2,291,302.18	(889,715.46)	-38.8%
Repairs and Maintenance	3,999,882.08	5,245,654.82	(1,245,772.74)	-23.7%
Rentals and Leases	1,931,760.52	2,081,176.51	(149,415.99)	-7.2%
Printing and Reproduction	198,996.27	894,908.25	(695,911.98)	-77.8%
Scholarships and Fellowships	241,071.33	5,918,884.47	(5,677,813.14)	-95.9%
Depreciation and Amortization	32,259,643.06	28,088,937.69	4,170,705.37	14.8%
Federal Sponsored Program Pass-Through to Other State Agencies	76,254.81	41,926.55	34,328.26	81.9%
Other Operating Expenses	11,489,350.39	19,434,300.10	(7,944,949.71)	-40.9%
Total Operating Expenses	**577,161,607.63**	**552,068,064.27**	**25,093,543.36**	**4.5%**
Operating Loss	**(53,176,260.94)**	**(60,826,186.39)**	**7,649,925.45**	**12.6%**
Other Nonoperating Adjustments				
State Appropriations	48,399,252.58	55,532,123.82	(7,132,871.24)	-12.8%
Nonexchange Sponsored Programs	20,902.50	1,363,580.00	(1,342,677.50)	-98.5%
Gift Contributions for Operations	5,696,680.52	9,141,704.58	(3,445,024.06)	-37.7%
Net Investment Income	29,925,904.82	25,781,371.20	4,144,533.62	16.1%
Interest Expense on Capital Asset Financings	(12,031,778.44)	(12,108,325.60)	76,547.16	0.6%
Net Other Nonoperating Adjustments	**72,010,961.98**	**79,710,454.00**	**(7,699,492.02)**	**-9.7%**
Adjusted Income (Loss) including Depreciation & Amortization	**18,834,701.04**	**18,884,267.61**	**(49,566.57)**	**-0.3%**
Adjusted Margin % including Depreciation & Amortization	**3.1%**	**3.2%**		
Investment Gain (Losses)	(70,637,163.12)	100,233,585.26	(170,870,748.38)	-170.5%
Adj. Inc. (Loss) with Investment Gains (Losses)	**(51,802,462.08)**	**119,117,852.87**	**(170,920,314.95)**	**-143.5%**
Adj. Margin % with Investment Gains (Losses)	**-9.6%**	**17.4%**		
Adjusted Income (Loss) excluding Depreciation & Amortization	**51,094,344.10**	**46,973,205.30**	**4,121,138.80**	**8.8%**
Adjusted Margin % excluding Depreciation & Amortization	**8.4%**	**8.1%**		

UNAUDITED

The University of Texas Medical Branch at Galveston
Monthly Financial Report, Comparison of Operating Results and Margin
For the Period Ending December 31, 2011

	December Year-to-Date FY 2012	December Year-to-Date FY 2011	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition	10,858,729.24	9,429,253.17	1,429,476.07	15.2%
Sponsored Programs	78,565,077.85	97,552,228.83	(18,987,150.98)	-19.5%
Net Sales and Services of Educational Activities	5,407,617.85	5,805,089.02	(397,471.17)	-6.8%
Net Sales and Services of Hospitals	247,105,743.07	239,245,381.43	7,860,361.64	3.3%
Net Professional Fees	42,277,044.68	42,102,302.73	174,741.95	0.4%
Net Auxiliary Enterprises	2,081,579.74	1,931,268.05	150,311.69	7.8%
Other Operating Revenues	1,858,487.55	(11,064,297.96)	12,922,785.51	116.8%
Total Operating Revenues	**388,154,279.98**	**385,001,225.27**	**3,153,054.71**	**0.8%**
Operating Expenses				
Salaries and Wages	261,487,938.45	266,219,346.66	(4,731,408.21)	-1.8%
Payroll Related Costs	65,145,793.18	65,227,294.98	(81,501.80)	-0.1%
Cost of Goods Sold	21,999,508.54	21,517,996.61	481,511.93	2.2%
Professional Fees and Services	11,421,438.25	12,725,338.24	(1,303,899.99)	-10.2%
Other Contracted Services	25,368,279.04	27,318,641.70	(1,950,362.66)	-7.1%
Travel	2,052,492.71	2,185,908.34	(133,415.63)	-6.1%
Materials and Supplies	37,458,167.76	41,086,070.19	(3,627,902.43)	-8.8%
Utilities	10,844,740.17	10,121,416.22	723,323.95	7.1%
Communications	4,037,635.14	5,025,881.64	(988,246.50)	-19.7%
Repairs and Maintenance	12,037,576.01	12,283,869.53	(246,293.52)	-2.0%
Rentals and Leases	7,850,426.03	7,274,361.00	576,065.03	7.9%
Printing and Reproduction	423,951.12	482,708.29	(58,757.17)	-12.2%
Bad Debt Expense	-	240.00	(240.00)	-100.0%
Scholarships and Fellowships	1,213,034.29	1,008,722.00	204,312.29	20.3%
Depreciation and Amortization	27,955,380.28	26,116,188.06	1,839,192.22	7.0%
Federal Sponsored Program Pass-Through to Other State Agencies	724,177.99	933,958.65	(209,780.66)	-22.5%
Other Operating Expenses	10,394,488.37	14,559,873.49	(4,165,385.12)	-28.6%
Total Operating Expenses	**500,415,027.33**	**514,087,815.60**	**(13,672,788.27)**	**-2.7%**
Operating Loss	**(112,260,747.35)**	**(129,086,590.33)**	**16,825,842.98**	**13.0%**
Other Nonoperating Adjustments				
State Appropriations	104,368,367.33	112,412,434.14	(8,044,066.81)	-7.2%
Nonexchange Sponsored Programs	319,623.25	248,932.53	70,690.72	28.4%
Gift Contributions for Operations	3,056,551.19	3,976,201.17	(919,649.98)	-23.1%
Net Investment Income	10,364,183.43	10,372,415.69	(8,232.26)	-0.1%
Interest Expense on Capital Asset Financings	(2,607,063.34)	(2,768,215.70)	161,152.36	5.8%
Net Other Nonoperating Adjustments	**115,501,661.86**	**124,241,767.83**	**(8,740,105.97)**	**-7.0%**
Adjusted Income (Loss) including Depreciation & Amortization	**3,240,914.51**	**(4,844,822.50)**	**8,085,737.01**	**166.9%**
Adjusted Margin % including Depreciation & Amortization	**0.6%**	**-0.9%**		
Investment Gain (Losses)	(24,511,165.80)	32,801,876.79	(57,313,042.59)	-174.7%
Adj. Inc. (Loss) with Investment Gains (Losses)	**(21,270,251.29)**	**27,957,054.29**	**(49,227,305.58)**	**-176.1%**
Adj. Margin % with Investment Gains (Losses)	**-4.4%**	**5.1%**		
Adjusted Income (Loss) excluding Depreciation & Amortization	**31,196,294.79**	**21,271,365.56**	**9,924,929.23**	**46.7%**
Adjusted Margin % excluding Depreciation & Amortization	**6.2%**	**4.2%**		

UNAUDITED

The University of Texas Health Science Center at Houston
Monthly Financial Report, Comparison of Operating Results and Margin
For the Period Ending December 31, 2011

	December Year-to-Date FY 2012	December Year-to-Date FY 2011	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition	15,166,018.46	12,624,062.43	2,541,956.03	20.1%
Sponsored Programs	146,533,160.90	149,454,772.16	(2,921,611.26)	-2.0%
Net Sales and Services of Educational Activities	19,504,887.11	15,257,358.71	4,247,528.40	27.8%
Net Sales and Services of Hospitals	12,013,778.32	13,111,420.35	(1,097,642.03)	-8.4%
Net Professional Fees	50,408,030.66	47,384,911.20	3,023,119.46	6.4%
Net Auxiliary Enterprises	7,561,050.28	7,376,738.08	184,312.20	2.5%
Other Operating Revenues	6,272,503.38	18,125,627.97	(11,853,124.59)	-65.4%
Total Operating Revenues	**257,459,429.11**	**263,334,890.90**	**(5,875,461.79)**	**-2.2%**
Operating Expenses				
Salaries and Wages	181,042,344.33	167,272,725.34	13,769,618.99	8.2%
Payroll Related Costs	38,019,779.14	33,967,531.70	4,052,247.44	11.9%
Cost of Goods Sold	8,788,319.58	6,076,622.12	2,711,697.46	44.6%
Professional Fees and Services	12,830,030.70	29,344,951.46	(16,514,920.76)	-56.3%
Other Contracted Services	14,367,466.70	14,548,323.85	(180,857.15)	-1.2%
Travel	2,297,693.02	2,520,194.03	(222,501.01)	-8.8%
Materials and Supplies	13,796,921.58	15,031,234.88	(1,234,313.30)	-8.2%
Utilities	6,818,444.30	6,430,917.16	387,527.14	6.0%
Communications	1,192,980.26	1,167,868.06	25,112.20	2.2%
Repairs and Maintenance	2,446,379.41	3,355,831.90	(909,452.49)	-27.1%
Rentals and Leases	7,599,974.83	5,721,563.54	1,878,411.29	32.8%
Printing and Reproduction	1,702,489.56	1,803,141.11	(100,651.55)	-5.6%
Bad Debt Expense	3,506.66	-	3,506.66	100.0%
Scholarships and Fellowships	2,035,058.75	2,194,133.91	(159,075.16)	-7.3%
Depreciation and Amortization	17,239,267.11	16,286,719.00	952,548.11	5.8%
Federal Sponsored Program Pass-Through to Other State Agencies	2,444,937.09	2,825,450.06	(380,512.97)	-13.5%
Other Operating Expenses	10,042,419.37	22,852,274.03	(12,809,854.66)	-56.1%
Total Operating Expenses	**322,668,012.39**	**331,399,482.15**	**(8,731,469.76)**	**-2.6%**
Operating Loss	**(65,208,583.28)**	**(68,064,591.25)**	**2,856,007.97**	**4.2%**
Other Nonoperating Adjustments				
State Appropriations	58,283,358.77	53,196,739.74	5,086,619.03	9.6%
Nonexchange Sponsored Programs	93,078.00	2,128,701.36	(2,035,623.36)	-95.6%
Gift Contributions for Operations	3,652,317.72	3,824,735.38	(172,417.66)	-4.5%
Net Investment Income	8,529,713.95	9,536,448.77	(1,006,734.82)	-10.6%
Interest Expense on Capital Asset Financings	(4,201,695.00)	(4,449,057.44)	247,362.44	5.6%
Net Other Nonoperating Adjustments	**66,356,773.44**	**64,237,567.81**	**2,119,205.63**	**3.3%**
Adjusted Income (Loss) including Depreciation & Amortization	**1,148,190.16**	**(3,827,023.44)**	**4,975,213.60**	**130.0%**
Adjusted Margin % including Depreciation & Amortization	**0.4%**	**-1.2%**		
Investment Gain (Losses)	(22,195,996.88)	34,703,138.36	(56,899,135.24)	-164.0%
Adj. Inc. (Loss) with Investment Gains (Losses)	**(21,047,806.72)**	**30,876,114.92**	**(51,923,921.64)**	**-168.2%**
Adj. Margin % with Investment Gains (Losses)	**-6.9%**	**8.4%**		
Adjusted Income (Loss) excluding Depreciation & Amortization	**18,387,457.27**	**12,459,695.56**	**5,927,761.71**	**47.6%**
Adjusted Margin % excluding Depreciation & Amortization	**5.6%**	**3.8%**		

UNAUDITED

The University of Texas Health Science Center at San Antonio
Monthly Financial Report, Comparison of Operating Results and Margin
For the Period Ending December 31, 2011

	December Year-to-Date FY 2012	December Year-to-Date FY 2011	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition	10,981,836.00	9,844,746.00	1,137,090.00	11.6%
Sponsored Programs	90,500,816.94	86,356,016.65	4,144,800.29	4.8%
Net Sales and Services of Educational Activities	9,583,144.95	11,119,942.98	(1,536,798.03)	-13.8%
Net Professional Fees	47,447,093.33	44,550,221.78	2,896,871.55	6.5%
Net Auxiliary Enterprises	1,959,413.33	1,730,570.55	228,842.78	13.2%
Other Operating Revenues	2,236,184.35	4,921,129.29	(2,684,944.94)	-54.6%
Total Operating Revenues	**162,708,488.90**	**158,522,627.25**	**4,185,861.65**	**2.6%**
Operating Expenses				
Salaries and Wages	129,699,888.66	129,717,016.78	(17,128.12)	-
Payroll Related Costs	32,379,014.46	31,647,893.15	731,121.31	2.3%
Professional Fees and Services	5,185,967.57	3,867,706.00	1,318,261.57	34.1%
Other Contracted Services	3,739,775.39	5,641,079.75	(1,901,304.36)	-33.7%
Travel	1,582,759.26	1,304,051.41	278,707.85	21.4%
Materials and Supplies	14,157,424.38	13,090,539.28	1,066,885.10	8.2%
Utilities	6,345,042.67	5,432,936.00	912,106.67	16.8%
Communications	3,734,633.59	4,161,728.38	(427,094.79)	-10.3%
Repairs and Maintenance	1,511,383.80	1,785,048.16	(273,664.36)	-15.3%
Rentals and Leases	1,893,200.16	1,930,931.37	(37,731.21)	-2.0%
Printing and Reproduction	725,349.40	555,936.00	169,413.40	30.5%
Scholarships and Fellowships	2,054,719.98	1,295,867.63	758,852.35	58.6%
Depreciation and Amortization	15,333,333.33	12,100,000.00	3,233,333.33	26.7%
Federal Sponsored Program Pass-Through to Other State Agencies	583,333.33	500,000.00	83,333.33	16.7%
Other Operating Expenses	12,283,070.52	14,179,674.90	(1,896,604.38)	-13.4%
Total Operating Expenses	**231,208,896.50**	**227,210,408.81**	**3,998,487.69**	**1.8%**
Operating Loss	**(68,500,407.60)**	**(68,687,781.56)**	**187,373.96**	**0.3%**
Other Nonoperating Adjustments				
State Appropriations	53,770,664.00	57,179,178.48	(3,408,514.48)	-6.0%
Nonexchange Sponsored Programs	416,666.67	333,333.33	83,333.34	25.0%
Gift Contributions for Operations	7,178,158.51	6,316,461.16	861,697.35	13.6%
Net Investment Income	11,319,494.22	10,532,565.53	786,928.69	7.5%
Interest Expense on Capital Asset Financings	(3,454,885.44)	(3,575,829.68)	120,944.24	3.4%
Net Other Nonoperating Adjustments	**69,230,097.96**	**70,785,708.82**	**(1,555,610.86)**	**-2.2%**
Adjusted Income (Loss) including Depreciation & Amortization	**729,690.36**	**2,097,927.26**	**(1,368,236.90)**	**-65.2%**
Adjusted Margin % including Depreciation & Amortization	**0.3%**	**0.9%**		
Investment Gain (Losses)	(27,752,048.05)	36,315,594.99	(64,067,643.04)	-176.4%
Adj. Inc. (Loss) with Investment Gains (Losses)	**(27,022,357.69)**	**38,413,522.25**	**(65,435,879.94)**	**-170.3%**
Adj. Margin % with Investment Gains (Losses)	**-13.0%**	**14.3%**		
Adjusted Income (Loss) excluding Depreciation & Amortization	**16,063,023.69**	**14,197,927.26**	**1,865,096.43**	**13.1%**
Adjusted Margin % excluding Depreciation & Amortization	**6.8%**	**6.1%**		

UNAUDITED

The University of Texas M. D. Anderson Cancer Center
Monthly Financial Report, Comparison of Operating Results and Margin
For the Period Ending December 31, 2011

	December Year-to-Date FY 2012	December Year-to-Date FY 2011	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition	939,908.19	825,097.03	114,811.16	13.9%
Sponsored Programs	113,631,580.13	103,212,952.75	10,418,627.38	10.1%
Net Sales and Services of Educational Activities	959,711.90	654,988.40	304,723.50	46.5%
Net Sales and Services of Hospitals	817,956,410.89	712,645,974.30	105,310,436.59	14.8%
Net Professional Fees	114,603,199.26	105,071,235.61	9,531,963.65	9.1%
Net Auxiliary Enterprises	11,936,511.96	11,005,566.18	930,945.78	8.5%
Other Operating Revenues	20,473,087.87	21,764,042.77	(1,290,954.90)	-5.9%
Total Operating Revenues	**1,080,500,410.20**	**955,179,857.04**	**125,320,553.16**	**13.1%**
Operating Expenses				
Salaries and Wages	495,423,946.55	461,857,234.86	33,566,711.69	7.3%
Payroll Related Costs	133,869,634.12	125,784,218.70	8,085,415.42	6.4%
Cost of Goods Sold	2,147,901.93	2,438,220.14	(290,318.21)	-11.9%
Professional Fees and Services	42,611,659.99	39,126,490.79	3,485,169.20	8.9%
Other Contracted Services	21,811,444.85	18,989,583.82	2,821,861.03	14.9%
Travel	5,216,181.79	4,945,954.40	270,227.39	5.5%
Materials and Supplies	201,008,026.25	183,508,546.00	17,499,480.25	9.5%
Utilities	18,043,877.96	15,916,025.09	2,127,852.87	13.4%
Communications	3,070,687.46	2,897,380.78	173,306.68	6.0%
Repairs and Maintenance	26,798,653.98	26,068,585.71	730,068.27	2.8%
Rentals and Leases	14,272,031.96	15,726,856.40	(1,454,824.44)	-9.3%
Scholarships and Fellowships	1,940,343.00	396,039.00	1,544,304.00	389.9%
Depreciation and Amortization	86,866,915.19	75,752,461.73	11,114,453.46	14.7%
Federal Sponsored Program Pass-Through to Other State Agencies	455,804.17	40,656.92	415,147.25	1,021.1%
Other Operating Expenses	8,991,213.99	9,632,699.17	(641,485.18)	-6.7%
Total Operating Expenses	**1,062,528,323.19**	**983,080,953.51**	**79,447,369.68**	**8.1%**
Operating Loss	**17,972,087.01**	**(27,901,096.47)**	**45,873,183.48**	**164.4%**
Other Nonoperating Adjustments				
State Appropriations	53,040,677.72	54,132,801.16	(1,092,123.44)	-2.0%
Nonexchange Sponsored Programs	335,092.00	180,947.00	154,145.00	85.2%
Gift Contributions for Operations	27,814,256.27	41,015,099.72	(13,200,843.45)	-32.2%
Net Investment Income	19,618,220.20	23,377,833.27	(3,759,613.07)	-16.1%
Interest Expense on Capital Asset Financings	(13,323,662.88)	(13,960,492.24)	636,829.36	4.6%
Net Other Nonoperating Adjustments	**87,484,583.31**	**104,746,188.91**	**(17,261,605.60)**	**-16.5%**
Adjusted Income (Loss) including Depreciation & Amortization	**105,456,670.32**	**76,845,092.44**	**28,611,577.88**	**37.2%**
Adjusted Margin % including Depreciation & Amortization	**8.9%**	**7.2%**		
Investment Gain (Losses)	(61,180,431.81)	87,925,711.72	(149,106,143.53)	-169.6%
Adj. Inc. (Loss) with Investment Gains (Losses)	**44,276,238.51**	**164,770,804.16**	**(120,494,565.65)**	**-73.1%**
Adj. Margin % with Investment Gains (Losses)	**4.0%**	**14.2%**		
Adjusted Income (Loss) excluding Depreciation & Amortization	**192,323,585.51**	**152,597,554.17**	**39,726,031.34**	**26.0%**
Adjusted Margin % excluding Depreciation & Amortization	**16.3%**	**14.2%**		

UNAUDITED

The University of Texas Health Science Center at Tyler
Monthly Financial Report, Comparison of Operating Results and Margin
For the Period Ending December 31, 2011

	December Year-to-Date FY 2012	December Year-to-Date FY 2011	Variance	Fluctuation Percentage
Operating Revenues				
Sponsored Programs	4,224,411.72	4,666,550.85	(442,139.13)	-9.5%
Net Sales and Services of Educational Activities	636,084.34	499,948.85	136,135.49	27.2%
Net Sales and Services of Hospitals	13,496,898.54	17,531,192.74	(4,034,294.20)	-23.0%
Net Professional Fees	3,826,870.96	3,720,349.62	106,521.34	2.9%
Net Auxiliary Enterprises	44,153.63	77,776.37	(33,622.74)	-43.2%
Other Operating Revenues	190,811.29	157,048.45	33,762.84	21.5%
Total Operating Revenues	**22,419,230.48**	**26,652,866.88**	**(4,233,636.40)**	**-15.9%**
Operating Expenses				
Salaries and Wages	18,849,894.45	18,451,248.56	398,645.89	2.2%
Payroll Related Costs	5,635,338.66	5,218,434.70	416,903.96	8.0%
Cost of Goods Sold	22,519.40	9,944.38	12,575.02	126.5%
Professional Fees and Services	1,937,647.27	2,490,095.91	(552,448.64)	-22.2%
Other Contracted Services	2,140,131.26	2,739,616.69	(599,485.43)	-21.9%
Travel	186,105.48	201,861.35	(15,755.87)	-7.8%
Materials and Supplies	4,575,889.16	4,265,904.26	309,984.90	7.3%
Utilities	1,024,037.65	1,125,371.16	(101,333.51)	-9.0%
Communications	271,987.65	305,549.65	(33,562.00)	-11.0%
Repairs and Maintenance	938,802.96	913,867.57	24,935.39	2.7%
Rentals and Leases	105,330.43	322,937.00	(217,606.57)	-67.4%
Printing and Reproduction	33,418.29	33,793.91	(375.62)	-1.1%
Scholarships and Fellowships	8,016.50	7,461.20	555.30	7.4%
Depreciation and Amortization	2,926,461.89	2,322,932.96	603,528.93	26.0%
Federal Sponsored Program Pass-Through to Other State Agencies	86,575.88	3,114.49	83,461.39	2,679.8%
Other Operating Expenses	903,452.63	804,633.09	98,819.54	12.3%
Total Operating Expenses	**39,645,609.56**	**39,216,766.88**	**428,842.68**	**1.1%**
Operating Loss	**(17,226,379.08)**	**(12,563,900.00)**	**(4,662,479.08)**	**-37.1%**
Other Nonoperating Adjustments				
State Appropriations	15,309,838.80	12,248,436.67	3,061,402.13	25.0%
Gift Contributions for Operations	79,285.37	81,089.56	(1,804.19)	-2.2%
Net Investment Income	1,368,708.10	1,358,372.04	10,336.06	0.8%
Interest Expense on Capital Asset Financings	(479,087.52)	(489,637.52)	10,550.00	2.2%
Net Other Nonoperating Adjustments	**16,278,744.75**	**13,198,260.75**	**3,080,484.00**	**23.3%**
Adjusted Income (Loss) including Depreciation & Amortization	**(947,634.33)**	**634,360.75**	**(1,581,995.08)**	**-249.4%**
Adjusted Margin % including Depreciation & Amortization	**-2.4%**	**1.6%**		
Investment Gain (Losses)	(2,605,264.65)	3,743,759.05	(6,349,023.70)	-169.6%
Adj. Inc. (Loss) with Investment Gains (Losses)	**(3,552,898.98)**	**4,378,119.80**	**(7,931,018.78)**	**-181.2%**
Adj. Margin % with Investment Gains (Losses)	**-9.7%**	**9.9%**		
Adjusted Income (Loss) excluding Depreciation & Amortization	**1,978,827.56**	**2,957,293.71**	**(978,466.15)**	**-33.1%**
Adjusted Margin % excluding Depreciation & Amortization	**5.1%**	**7.3%**		

3. U. T. System: Report on the Analysis of Financial Condition for Fiscal Year 2011

REPORT

The Analysis of Financial Condition, which is set forth on Pages 141 - 199, is a broad annual financial evaluation that rates U. T. System institutions based on the factors analyzed as either "Satisfactory," "Watch," or "Unsatisfactory."

An Executive Summary of the report may be found on Pages 142 - 143. U. T. Permian Basin has been downgraded from "Satisfactory" to "Watch" and U. T. Medical Branch - Galveston continues as "Watch," status for 2011. All other institution's ratings remained "Satisfactory" for 2011.

Financial analysis is performed from each institution's Balance Sheet and the Statement of Revenues, Expenses, and Changes in Net Assets. The ratios presented in this report are ratios commonly used by bond rating agencies, public accounting firms, and consulting firms. The following ratios were analyzed: Composite Financial Index, Operating Expense Coverage, Annual Operating Margin, Expendable Resources to Debt, Debt Burden, Debt Service Coverage, and Full-Time Equivalent (FTE) Student Enrollment (academic institutions only).

The Analysis of Financial Condition has been prepared since 1995 to track financial ratios to determine whether the financial condition of the institutions is improving or declining. This analysis compares trends for Fiscal Year 2007 through Fiscal Year 2011.

2011 Analysis of Financial Condition

February 2012

Office of the Controller December 2011

The University of Texas System
2011 Analysis of Financial Condition

Executive Summary

The Analysis of Financial Condition (AFC) was performed from the Balance Sheet and the Statement of Revenues, Expenses and Changes in Net Assets. Since debt is reported at the System level and not on the individual institutions' books, debt was allocated to the appropriate institution, as provided by the Office of Finance.

The ratios presented in this report are ratios commonly used by bond rating agencies, public accounting firms and consulting firms. In addition to using individual ratios, a Composite Financial Index (CFI) is calculated using four commonly used ratios to form a composite score to help analyze the overall financial health of each institution. Use of a single score allows a weakness in a particular ratio to be offset by strength in another ratio. The four core ratios that make up the CFI are as follows:

- Composite Financial Index
    - *Primary Reserve Ratio* – measures the financial strength of the institution by comparing expendable net assets to total expenses (in days). This ratio provides a snapshot of financial strength and flexibility by indicating how long the institution could function by using its expendable reserves without relying on additional net assets generated by operations.
    - *Annual Operating Margin Ratio* – indicates whether the institution has balanced annual operating expenses with revenues. Depreciation expense is included, as it is believed that inclusion of depreciation reflects a more complete picture of operating performance as it reflects use of physical assets.
    - *Return on Net Assets Ratio* – determines whether the institution is financially better off than in previous years by measuring economic return. As mentioned above, the debt reported at the system level was allocated to each institution in the calculation of this ratio. A temporary decline in this ratio may be appropriate and even warranted if it reflects a strategy to better fulfill the institution's mission. On the other hand, an improving trend in this ratio indicates that the institution is increasing its net assets and is likely to be able to set aside financial resources to strengthen its future financial flexibility.
    - *Expendable Resources to Debt Ratio* – determines if an institution has the ability to fund outstanding debt with existing net asset balances should an emergency occur.

In addition to the CFI that includes the four core ratios mentioned above, the following ratios are presented:

- *Operating Expense Coverage Ratio* – measures an institution's ability to cover future operating expenses with available year-end balances (in months).
- *Debt Burden Ratio* – examines the institution's dependence on borrowed funds as a source of financing and the cost of borrowing relative to overall expenses.
- *Debt Service Coverage Ratio* – measures the actual margin of protection provided to investors by annual operations. *Moody's Investors Service* excludes actual investment income from its calculation of total operating revenue and instead, uses a normalized investment income. In years prior to 2009, Moody's calculation applied 4.5% of the prior year's ending total cash and investments. Beginning with fiscal year 2009, Moody's changed the methodology and now applies 5% of the average of the previous three years' market value of cash and investments to compute normalized investment income. This calculation is used by the Office of Finance, and in order to be consistent with their calculation of the debt service coverage ratio, normalized investment income was used as defined above for this ratio only.
- *Full-time Equivalent (FTE) Student Enrollment* – calculates total semester credit hours taken by students during the fall semester, divided by factors of 15 for undergraduate students, 12 for graduate and special professional students, and 9 for doctoral students to arrive at the FTE students represented by the course hours taken.

All of these ratios, including the CFI, only deal with the financial aspects of the institution and must be considered with key performance indicators in academics, infrastructure, and student and faculty satisfaction to understand a more complete measure of total institutional strength.

This report is meant to be a broad annual financial evaluation that rates the institutions as either “Satisfactory,” “Watch” or “Unsatisfactory” based upon the factors analyzed. (See Appendix A – Definitions of Evaluation Factors). For institutions rated “Unsatisfactory,” the Chancellor and the appropriate Executive Vice Chancellors will request the institutions to develop a specific financial plan of action to improve the institution’s financial condition. By policy, institutions rated “Unsatisfactory” are not permitted to invest in the Intermediate Term Fund. Progress towards the achievement of the plans will be periodically discussed with the Chief Business Officer and President, and representatives from the UT System Offices of Business, Academic and/or Health Affairs, as appropriate.

UT Permian Basin and UTMB Galveston were the only institution rated less than “Satisfactory” for 2011. UT Permian Basin was downgraded from “Satisfactory” to “Watch” given an $8.1 million overstatement of expenses already identified by specialists hired by UT System. Executive management at UT Permian Basin in conjunction with UT System is currently evaluating the organizational structure related to financial reporting at UT Permian Basin. This rating reflects UT System’s concerns regarding UT Permian Basin’s overall accounting function both in the past and in the future.

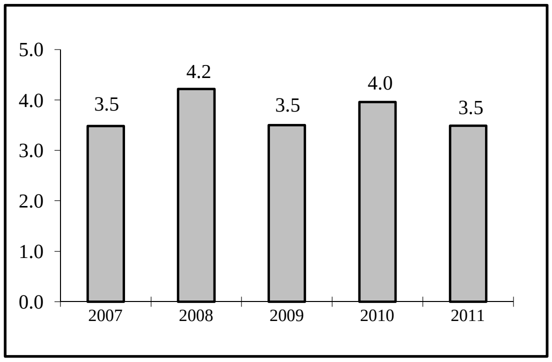
UTMB Galveston’s rating was maintained as “Watch;” however, if UTMB continues to reflect an upward trend in the financial ratios with no significant set-backs, then it is likely that UTMB’s rating will be upgraded in the near future. UTMB’s operating margin increased to $49.6 million for 2011. Although the operating expense coverage ratio increased by 0.1 months to 1.2 months in 2011, it still remained below the System’s benchmark of 2 months and was also the lowest operating expense coverage ratio of all the UT institutions. UTMB has been rated less than “Satisfactory” since 1998.

All of the other UT institutions were rated “Satisfactory” for 2011. The CFIs decreased in 2011 for all of the academic institutions, with the exception of an increase in the CFI at one academic institution. The change in the CFIs in 2011 for the health-related institutions varied. The decreases in the CFIs were primarily due to a decline in operating performance and increase in the amount of debt outstanding, while the increases were largely attributable to an improvement in operating performance and decrease in the amount of debt outstanding. The academic institutions were heavily impacted by Legislative mandates requiring a 5.0% reduction of general revenue appropriated for the 2010-2011 biennium and an additional 2.5% reduction of 2011 general revenue which were all recognized in 2011. The majority of the institutions also experienced an improvement in the operating expense coverage ratio. The operating expense coverage ratios for the institutions rated “Satisfactory” were above the System’s benchmark of 2 months.

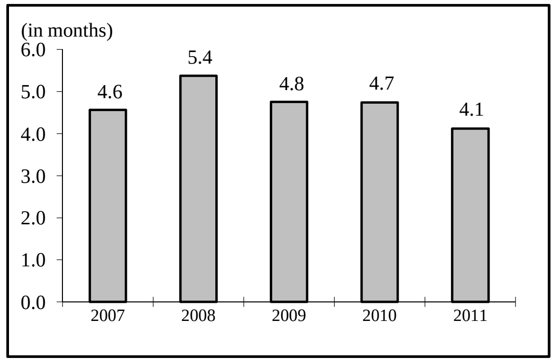
The University of Texas at Arlington
2011 Summary of Financial Condition

Financial Condition: **Satisfactory**

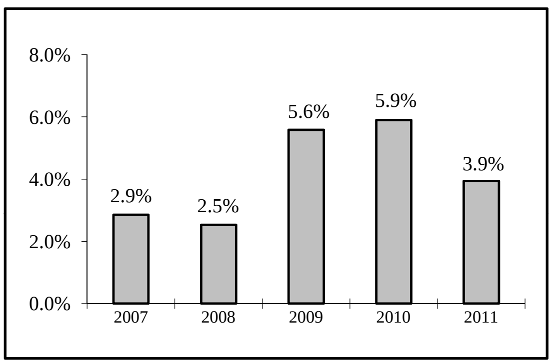
Composite Financial Index



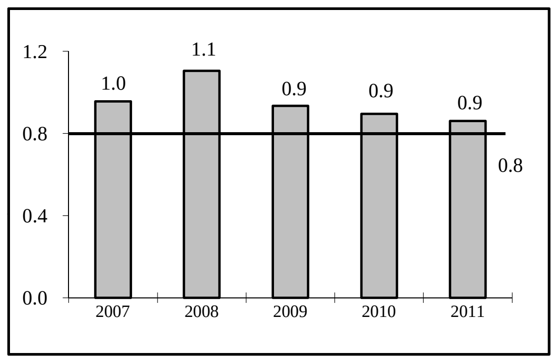
Operating Expense Coverage Ratio



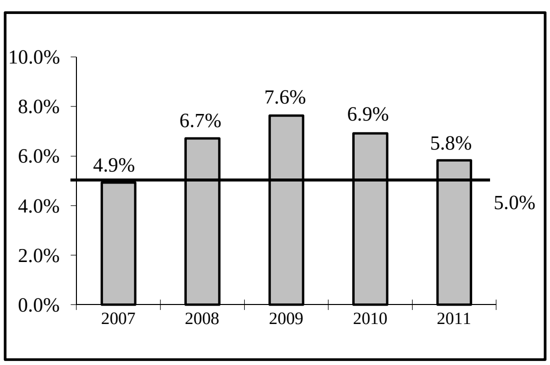
Annual Operating Margin Ratio



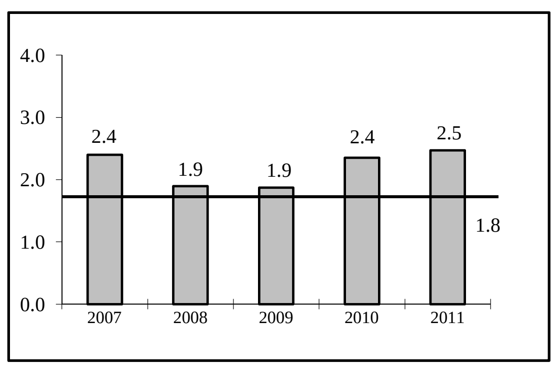
Expendable Resources to Debt Ratio



Debt Burden Ratio

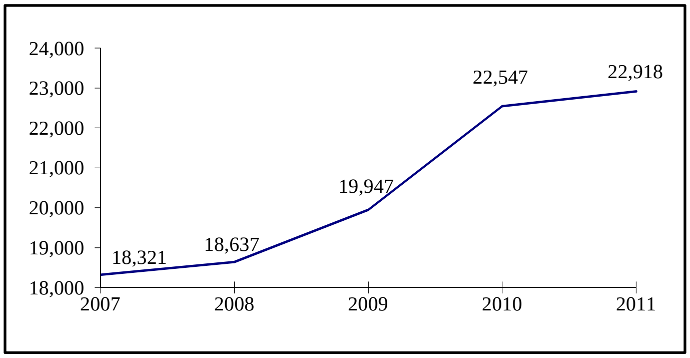


Debt Service Coverage Ratio



The University of Texas at Arlington
2011 Summary of Financial Condition

Full-time Equivalent
Student Enrollment - Fall



Composite Financial Index (CFI) - UT Arlington's CFI decreased from 4.0 in 2010 to 3.5 in 2011 primarily due to a decrease in the return on net assets ratio. The reduction in the return on net assets ratio was largely driven by an increase in the amount of debt outstanding for College Park.

Operating Expense Coverage Ratio - UT Arlington's operating expense coverage ratio decreased from 4.7 months in 2010 to 4.1 months in 2011 as a result of an increase in total operating expenses (including interest expense) of $37.6 million and a decrease in total unrestricted net assets of $8.6 million. The majority of the increase in total operating expenses was due to the following: an $11.0 million increase in other contracted services attributable to the Academic Partnership Programs; a $9.8 million increase in scholarships and fellowships due to an increase in financial aid disbursements through Pell Grants and the Texas Grant Programs; an $8.3 million increase in salaries and wages and payroll related costs as a result of efforts to recruit and retain world-class faculty, one-time merit increases of $2.7 million, nonrecurring expenses of $2.2 million attributable to the faculty voluntary separation incentive program, and an increase in premium sharing rates; a $2.9 million increase in depreciation and amortization expense due to the completion of the Engineering Research Complex; a $2.8 million increase in interest expense; and a $2.5 million increase in repairs and maintenance resulting from Fire and Safety projects, East Campus infrastructure improvement, and building maintenance. The decrease in total unrestricted assets was primarily attributable to a large transfer from designated funds to unexpended plant funds for capital projects.

Annual Operating Margin Ratio - UT Arlington's annual operating margin ratio decreased from 5.9% for 2010 to 3.9% for 2011 as a result of the growth in total operating expenses of $37.6 million, as discussed above, outpacing the growth in total operating revenues of $30.1 million. The increase in total operating revenues was primarily attributable to the following: an increase in net tuition and fees of $31.5 million as a result of an increase in tuition and fee flat rates combined with enrollment growth; and an increase in sponsored program revenues (including nonexchange sponsored programs) of $9.3 million primarily due to an increase in Pell Grant funding as a result of enrollment growth and an increase in the maximum award allowed per individual. These increases in revenues were partially offset by a decrease in state appropriations of $8.1 million as a result of state-wide budget cuts mandated the state's leadership. Legislative mandates requiring a 5.0% reduction of general revenue appropriated for the 2010-2011 biennium and an additional 2.5% reduction of 2011 general revenue were all recognized in 2011.

Expendable Resources to Debt Ratio - UT Arlington's expendable resources to debt ratio remained unchanged at 0.9 in 2011. The stability of this ratio was primarily attributable to an increase in restricted expendable net assets offset by an increase in the amount of debt outstanding. Restricted expendable net assets increased due to funding received for the Special Events Center and College Park.

Debt Burden Ratio - UT Arlington's debt burden ratio declined from 6.9% in 2010 to 5.8% in 2011 due to a decrease in debt service payments of $2.5 million and the increase in operating expenses previously discussed.

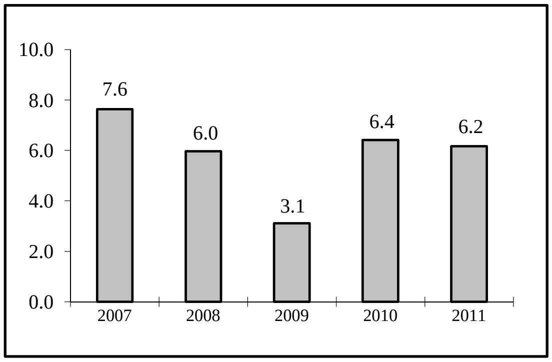
Debt Service Coverage Ratio - UT Arlington's debt service coverage ratio increased slightly from 2.4 in 2010 to 2.5 in 2011. The small change in this ratio was a result of the decrease in debt service payments, which was partially offset by the reduction in operating performance as discussed in the annual operating margin ratio.

Full-Time Equivalent (FTE) Student Enrollment - UT Arlington's FTE student enrollment increased due to an increase in scholarship awards and the Academic Partnership Program.

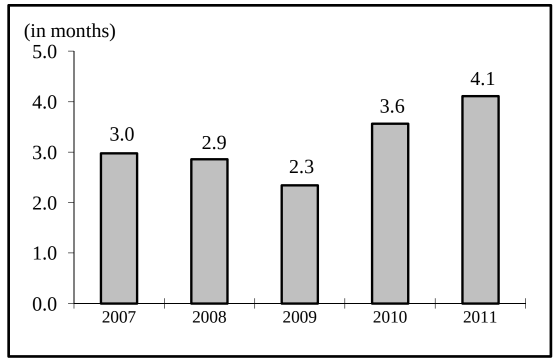
The University of Texas at Austin
2011 Summary of Financial Condition

Financial Condition: **Satisfactory**

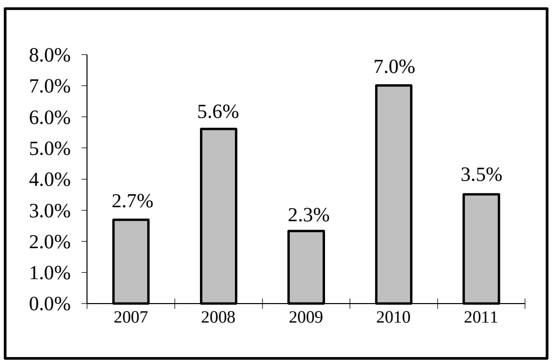
Composite Financial Index



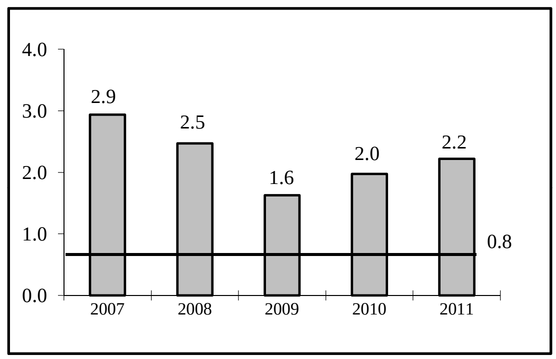
Operating Expense Coverage Ratio



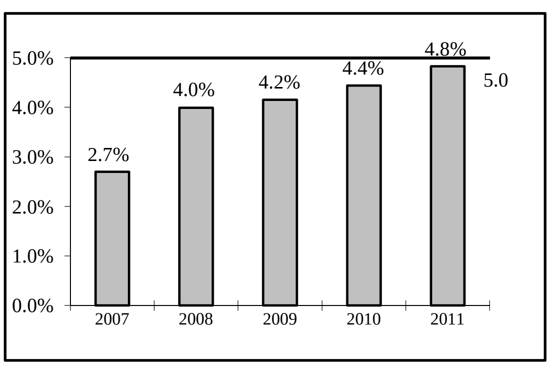
Annual Operating Margin Ratio



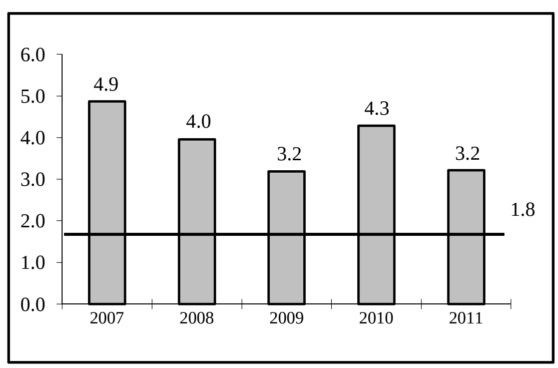
Expendable Resources to Debt Ratio



Debt Burden Ratio

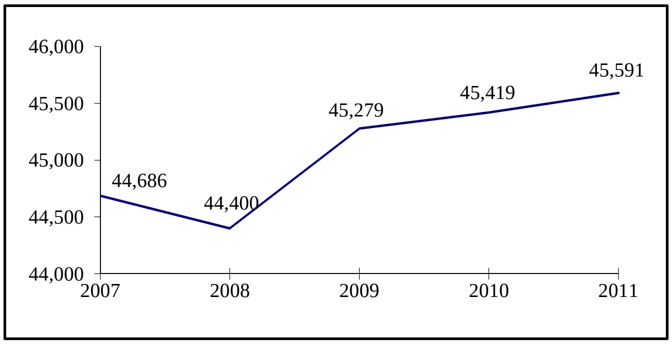


Debt Service Coverage Ratio



The University of Texas at Austin
2011 Summary of Financial Condition

Full-time Equivalent Student Enrollment - Fall



Composite Financial Index (CFI) - UT Austin's CFI decreased from 6.4 in 2010 to 6.2 in 2011 primarily as a result of decreases in the return on net assets ratio and annual operating margin ratio. The reduction in the return on net assets ratio was largely driven by the decline in operating performance, as discussed below, and an increase of $17.2 million in the amount of debt outstanding. The increase in debt outstanding was related to the following projects: Dell Computer Science Hall, Liberal Arts Phase II, Marine Science Institute-National Estuarine Research, and the Darrell K. Royal Texas Memorial Stadium Athletics Office.

Operating Expense Coverage Ratio - UT Austin's operating expense coverage ratio increased from 3.6 months in 2010 to 4.1 months in 2011 primarily due to an increase in total unrestricted net assets of $142.7 million, which was partially offset by an increase in total operating expenses (including interest expense) of $135.9 million. The increase in total unrestricted net assets was primarily attributable to investment income and the net increase in the fair value of investments allocated to unrestricted current funds, as well as an increase in unrestricted net assets in unexpended plant funds related to new capital projects. The increase in total operating expenses was primarily due to the following: a $51.0 million increase in depreciation and amortization expense as a result of buildings and improvements placed into service; a $46.2 million increase in salaries and wages and payroll related costs attributable to faculty and staff salary increases and increases in benefits; a $10.8 million increase in materials and supplies due to increases in expensed furniture, equipment, software and consumable supplies primarily for the Applied Research Labs, the Norman Hackerman Building, the Student Activity Center, the Biomedical Engineering Building, the Law School Academic Center, Information Technology Services (ITS), Office of Telecommunications Services, and the Texas Advanced Computing Center; and a $3.5 million increase in communications primarily attributable to an increase in internet services and telecommunications services for the UT Libraries and ITS.

Annual Operating Margin Ratio - UT Austin's annual operating margin ratio dropped from 7.0% for 2010 to 3.5% for 2011. The large decrease in the annual operating margin ratio was due to the growth in total operating expenses of $135.9 million exceeding the growth in total operating revenues of $59.0 million. The increase in total operating revenues was primarily a result of the following: a $48.8 million increase in gifts for operations from various donors; a $27.4 million increase in net sales and services of educational activities resulting from an increase in conference registration fees, an increase in state sponsored program funds from the Texas Education Agency and the Texas Department of Transportation, an increase in program revenue, and an increase in membership fees due to increased membership for the Community College Survey of Student Engagement program, the University Interscholastic League, and community colleges participating in the SENSE-Entering Student Survey; a $25.1 million increase in net tuition and fees due to an increase in the average total full-time resident undergraduate flat rate tuition; a $25.1 million increase in sponsored program revenues (including nonexchange sponsored programs) attributable to increased funding from sponsors such as the Comptroller's State Energy Conservation, Texas Higher Education Coordinating Board, Cancer Prevention Research Institute, Texas Grant Program, Texas Commission on Environmental Quality, Exxon Mobil, Glencois and various other sponsors; and an increase in investment income of $21.3 million. These increases in revenues were partially offset by a decrease in state appropriations of $27.0 million as a result of state-wide budget cuts mandated the state's leadership and a reduction of $69.1 million in the transfer from the Available University Fund. Legislative mandates requiring a 5.0% reduction of general revenue appropriated for the 2010-2011 biennium and an additional 2.5% reduction of 2011 general revenue were all recognized in 2011.

Expendable Resources to Debt Ratio - UT Austin's expendable resources to debt ratio increased from 2.0 in 2010 to 2.2 in 2011 as a result of increases in total unrestricted net assets, as discussed above, and total restricted expendable net assets. The $170.6 million increase in total restricted expendable net assets was primarily attributable to an increase in the funds functioning as endowments - restricted and an increase in the appreciation on the permanent endowment funds.

Debt Burden Ratio - UT Austin's debt burden ratio increased from 4.4% in 2010 to 4.8% in 2011 due to an increase in debt service payments of $14.0 million.

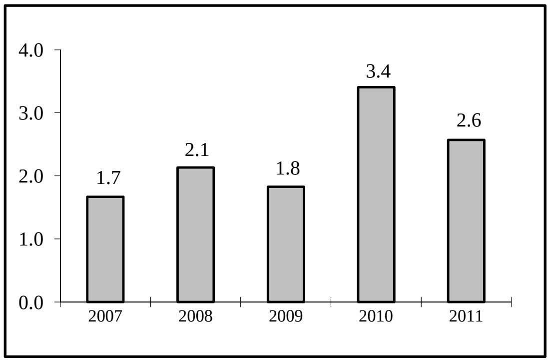
Debt Service Coverage Ratio - UT Austin's debt service coverage ratio decreased from 4.3 in 2010 to 3.2 in 2011 as a result of the decline in operating performance as discussed in the annual operating margin ratio and the increase in debt service payments.

Full-Time Equivalent (FTE) Student Enrollment - UT Austin's FTE student enrollment increased overall by 0.4% primarily due to increases in Undergraduate hours (0.5%).

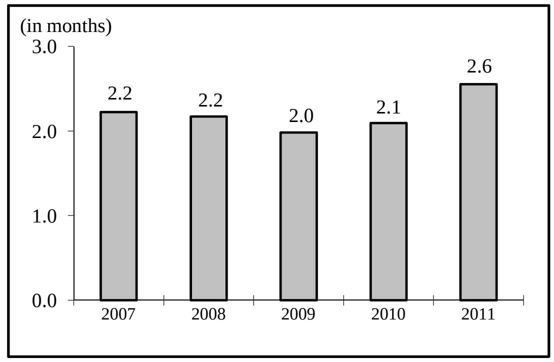
The University of Texas at Brownsville
2011 Summary of Financial Condition

Financial Condition: **Satisfactory**

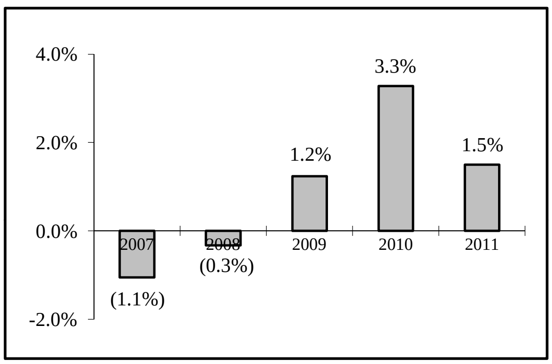
Composite Financial Index



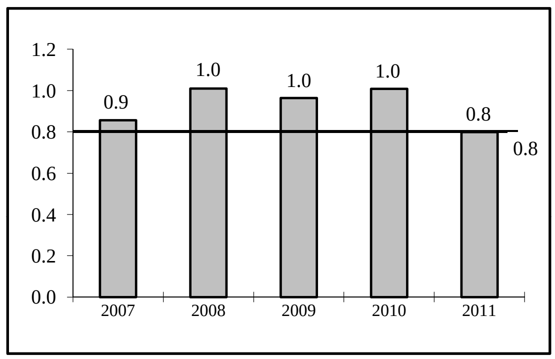
Operating Expense Coverage Ratio



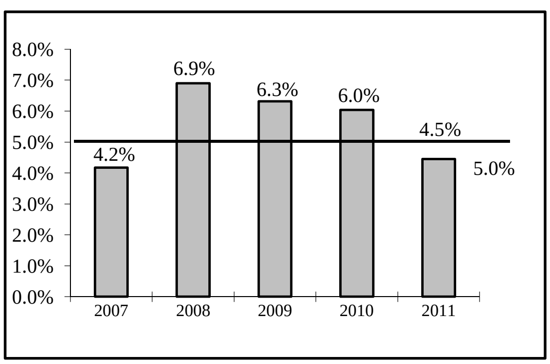
Annual Operating Margin Ratio



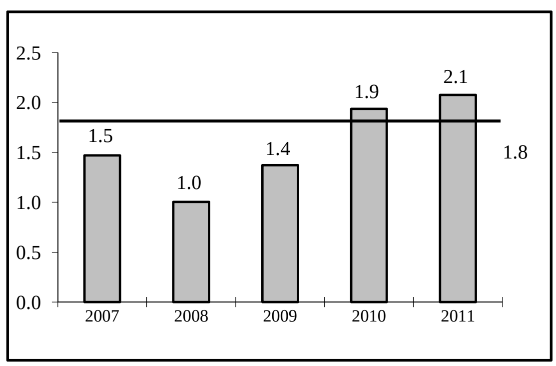
Expendable Resources to Debt Ratio



Debt Burden Ratio

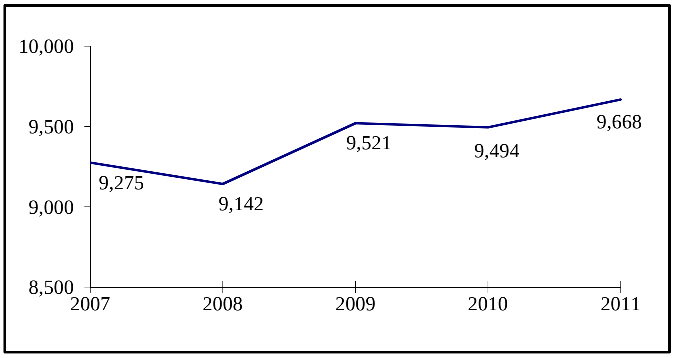


Debt Service Coverage Ratio



The University of Texas at Brownsville
2011 Summary of Financial Condition

Full-time Equivalent
Student Enrollment - Fall



Composite Financial Index (CFI) - UT Brownsville's CFI decreased from 3.4 in 2010 to 2.6 in 2011 primarily due to decreases in the return on net assets ratio, the annual operating margin ratio and the expendable resources to debt ratio. One of the major contributors to the decrease in these ratios was the decline in operating performance as discussed in more detail below. The decrease in expendable resources to debt ratio was also due to the decrease in restricted expendable net assets and increase in debt outstanding as mentioned below.

Operating Expense Coverage Ratio - UT Brownsville's operating expense coverage ratio increased from 2.1 months in 2010 to 2.6 months in 2011 due to an increase in total unrestricted net assets of $8.4 million. The increase in total unrestricted net assets was attributable to normal operating activities in unrestricted current funds, as well as a transfer from restricted funds to unrestricted current funds of $5.9 million resulting from the scholarship allowance. In addition, UT Brownsville implemented several cost containment initiatives throughout the year including an early cut-off of procurement activities which contributed to the increase in unrestricted net assets.

Annual Operating Margin Ratio - UT Brownsville's annual operating margin ratio decreased from 3.3% for 2010 to 1.5% for 2011 as a result of the growth in total operating expenses (including interest expense) of $8.6 million outpacing the growth in total operating revenues of $5.5 million. The increase in total operating revenues was primarily due to the following: a $6.4 million increase in sponsored program revenue (including nonexchange sponsored programs) attributable to an increase in Pell Grant funding, driven by the 7% student enrollment growth, an increase in the Texas Grant program and new state grants awarded in 2011; and a $2.3 million increase in net tuition and fees as a result of an increase in designated tuition of 4.0% and the growth in student enrollment. Although UT Brownsville experienced growth in total operating revenues, state appropriations decreased $2.4 million a as a result of state-wide budget cuts mandated by the state's leadership. Legislative mandates requiring a 5.0% reduction of general revenue appropriated for the 2010-2011 biennium and an additional 2.5% reduction of 2011 general revenue were all recognized in 2011. In addition, UT Brownsville manages the state appropriations for Texas Southmost College for the partnership. During 2011, the state appropriations administered for Texas Southmost College decreased $1.5 million. Total operating expenses increased primarily due to the following: a $5.6 million increase in salaries and wages and payroll related costs attributable to new positions, merit increases and the voluntary separation incentive program payments; and a $3.9 million increase in scholarships and fellowships related to the increase in Pell Grant funding and the Texas Grant program.

Expendable Resources to Debt Ratio - UT Brownsville's expendable resources to debt ratio decreased from 1.0 in 2010 to 0.8 in 2011. The decrease in this ratio was attributable to a decrease in restricted expendable net assets of $11.6 million and an increase of $10.1 million in the amount of debt outstanding. Restricted expendable net assets decreased primarily due to a decrease in the funds restricted for capital projects as a result of the completion of the Biomedical Research and Health Professions building previously known as the Science and Technology Learning Center. The increase in the debt outstanding was related to the La Estancia and Canlong purchases.

Debt Burden Ratio - UT Brownsville's debt burden ratio decreased from 6.0% in 2010 to 4.5% in 2011 due to a decrease in debt service payments of $1.8 million and an increase in total operating expenses as previously discussed.

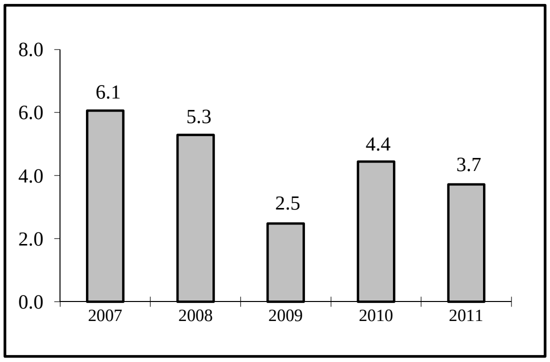
Debt Service Coverage Ratio - UT Brownsville's debt service coverage ratio increased slightly from 1.9 in 2010 to 2.1 in 2011 as a result of the decrease in debt service payments.

Full-Time Equivalent (FTE) Student Enrollment - UT Brownsville's FTE student enrollment increased 1.8% from 9,494 in the fall of 2010 to 9,668 in the fall of 2011. Student enrollment is projected to increase as a result of continuing retention efforts and new international enrollment initiatives.

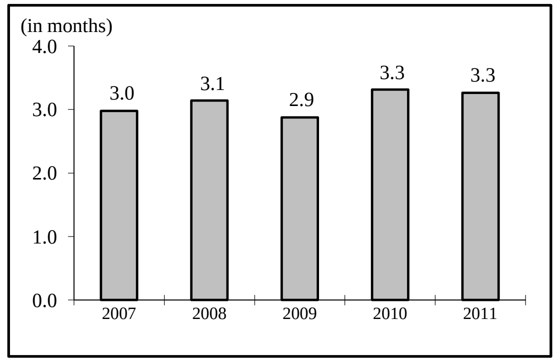
The University of Texas at Dallas
2011 Summary of Financial Condition

Financial Condition: **Satisfactory**

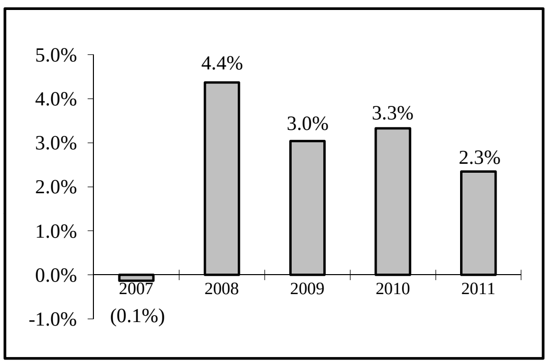
Composite Financial Index



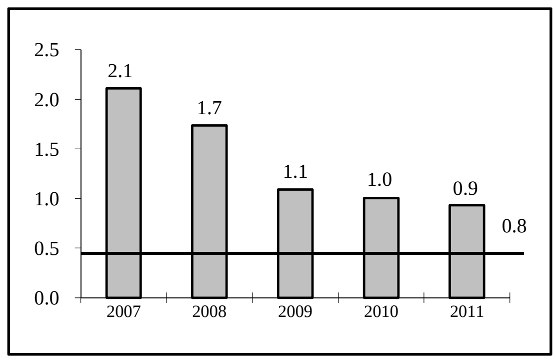
Operating Expense Coverage Ratio



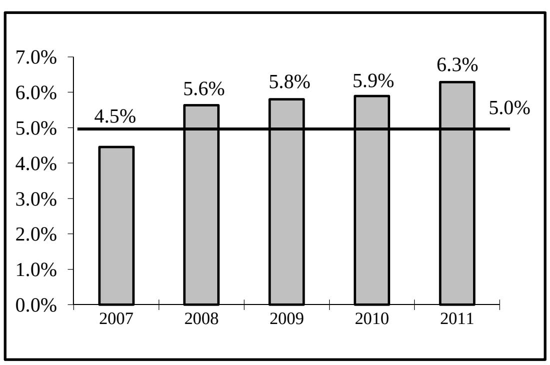
Annual Operating Margin Ratio



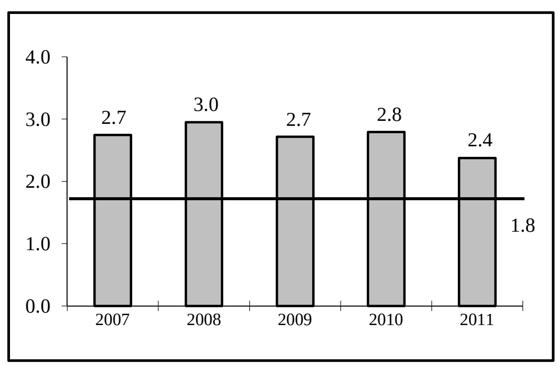
Expendable Resources to Debt Ratio



Debt Burden Ratio

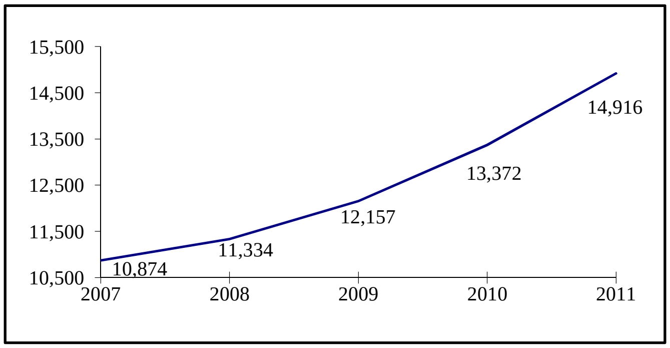


Debt Service Coverage Ratio



The University of Texas at Dallas
2011 Summary of Financial Condition

Full-time Equivalent Student Enrollment - Fall



Composite Financial Index (CFI) - UT Dallas' CFI decreased from 4.4 in 2010 to 3.7 in 2011 primarily due to a decrease in the return on net assets ratio. The decrease in the return on net assets ratio was largely driven by a $41.1 million increase in the amount of debt outstanding related to the Student Housing Living/Learning Center, the Campus Services & Bookstore, and the Arts & Technology Facility.

Operating Expense Coverage Ratio - UT Dallas' operating expense coverage ratio remained unchanged at 3.3 months in 2011. The stability of this ratio was attributable to an increase in total unrestricted net assets of $8.4 million and an increase in total operating expenses (including interest expense) of $36.5 million. Total unrestricted net assets increased primarily as a result of investment income and the net increase in the fair value of investments allocated to unrestricted current funds, as well as management's efforts to manage reserves in response to the budget situation in the State of Texas. Total operating expenses increased primarily due to the following: a $19.6 million increase in salaries and wages and payroll related costs as a result of new faculty positions, higher insurance premiums, and a small merit and equity increase; a $9.2 million increase in scholarships and fellowships due to enrollment growth; a $4.9 million increase in depreciation and amortization expense attributable to the Student Housing Living/Learning Center II and the Campus Services & Bookstore which were placed into service in 2011; a $3.3 million increase in materials and supplies primarily due to increased furniture and equipment expenses for renovated spaces; and a $1.5 million increase in professional fees and services as a result of contractors hired for the implementation for PeopleSoft.

Annual Operating Margin Ratio - UT Dallas' annual operating margin ratio decreased from 3.3% for 2010 to 2.3% for 2011 due to a greater increase in total operating expenses of $36.5 million as compared to the increase in total operating revenues of $33.7 million. The increase in total operating revenues was attributable to the following: a $21.9 million increase in net tuition and fees as a result of rate increases and enrollment growth; a $10.3 million increase sponsored program revenues (including nonexchange sponsored programs) primarily due to increases in the Texas Grants Program, Emerging Technology, and MST Teacher Prep Grants; a $4.2 million increase in gifts for operations as a result of intensified efforts to reach the university's strategic goals; a $3.8 million increase in investment income (excluding realized gains/losses); and a $3.4 million increase in net sales and services of educational activities primarily attributable to increased revenue from the ground lease for campus housing and economic activity on campus from rising enrollment. These increases in revenue were partially offset by the reduction in state appropriations of $7.7 million as a result of state-wide budget cuts mandated by the state's leadership. Legislative mandates requiring a 5.0% reduction of general revenue appropriated for the 2010-2011 biennium and an additional 2.5% reduction of 2011 general revenue were all recognized in 2011.

Expendable Resources to Debt Ratio - UT Dallas' expendable resources to debt ratio decreased slightly from 1.0 in 2010 to 0.9 in 2011. The small decrease in this ratio was due to an increase in the amount of debt outstanding previously discussed. The increase in debt was partially offset by increases in total unrestricted net assets, discussed above, and restricted expendable net assets. The increase in restricted expendable net assets of $11.5 million was primarily attributable to the increase in gifts for operating activities and an increase in the appreciation on the permanent endowment funds.

Debt Burden Ratio - UT Dallas' debt burden ratio increased from 5.9% in 2010 to 6.3% in 2011 due to an increase in the debt service payments of $3.3 million.

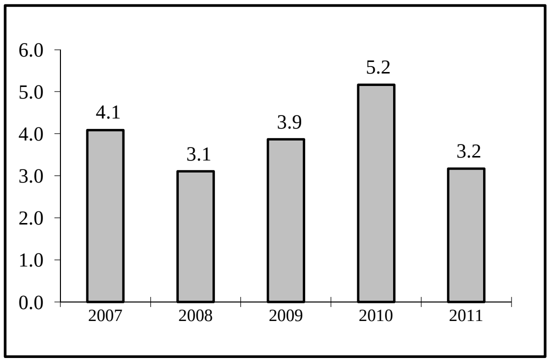
Debt Service Coverage Ratio - UT Dallas' debt service coverage ratio decreased from 2.8 in 2010 to 2.4 in 2011 as a result of the increase in debt service payments.

Full-Time Equivalent (FTE) Student Enrollment - UT Dallas' overall enrollment increased by 10.0% and FTE student enrollment increased 11.5%. The upward trend in FTE student enrollment relative to gross enrollment reflects the effects of the university’s guaranteed tuition plan, which encourages full-time status, federal and state eligibility requirements for aid for domestic students and visa requirements for international students. In the fall of 2011 the number of undergraduates taking 15 or more semester credit hours (SCH) rose to 4,887 students resulting in an increase in undergraduate FTEs of 11.7% over the fall of 2010. Overall, masters' student enrollment increased 12% and the masters’ FTE (students taking 12 or more SCH) increased 11.4%.

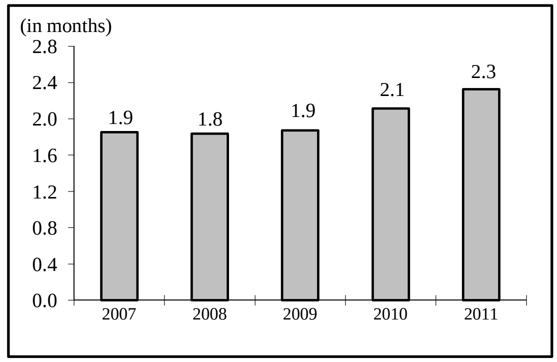
The University of Texas at El Paso
2011 Summary of Financial Condition

Financial Condition: **Satisfactory**

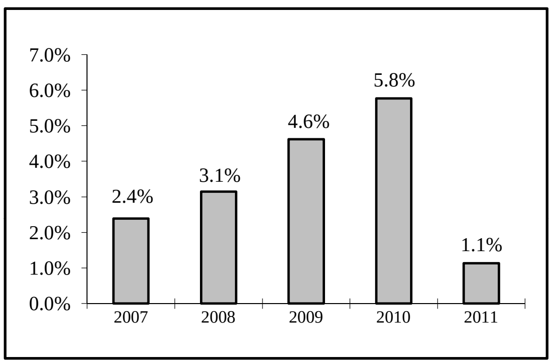
Composite Financial Index



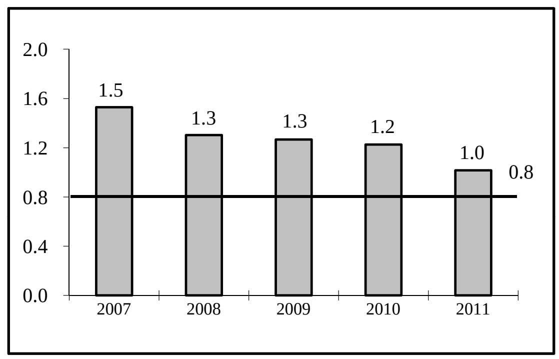
Operating Expense Coverage Ratio



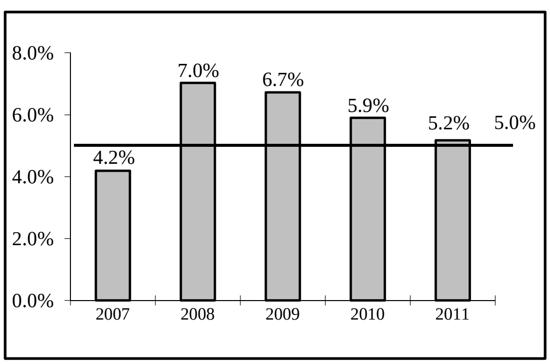
Annual Operating Margin Ratio



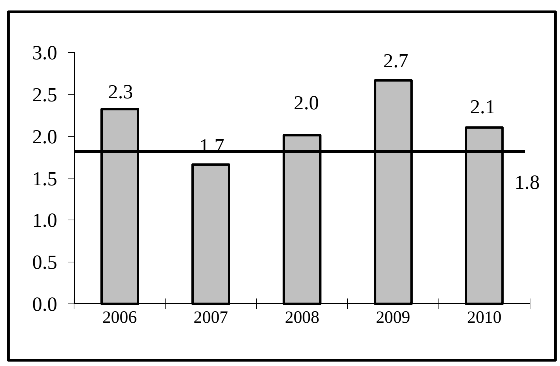
Expendable Resources to Debt Ratio



Debt Burden Ratio

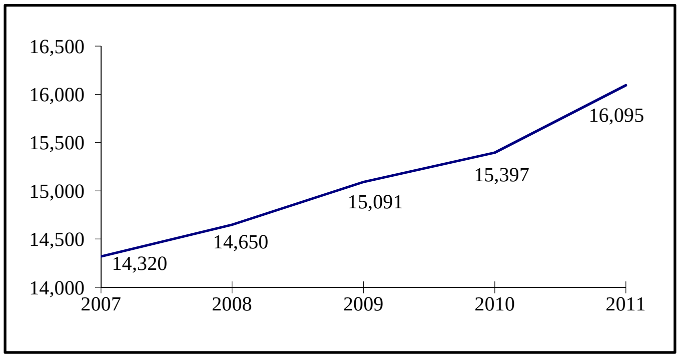


Debt Service Coverage Ratio



The University of Texas at El Paso
2011 Summary of Financial Condition

Full-time Equivalent
Student Enrollment - Fall



Composite Financial Index (CFI) - UT El Paso's CFI decreased from 5.2 in 2010 to 3.2 in 2011 primarily due to decreases in the return on net assets ratio and the annual operating margin ratio. The major contributor to the reduction in both of these ratios was the decline in operating margin as discussed in more detail below. The increase in the amount of debt outstanding also contributed to the decrease in the return on net assets ratio.

Operating Expense Coverage Ratio - UT El Paso's operating expense coverage ratio increased from 2.1 months in 2010 to 2.3 months in 2011 due to a $10.5 million increase in total unrestricted net assets, which was partially offset by an increase in total operating expenses (including interest expense) of $23.0 million. The increase in total unrestricted net assets was primarily attributable to investment income and the net increase in the fair value of investments allocated to unrestricted current funds. The increase in total operating expenses was primarily due to the following: a $10.6 million increase in scholarships and fellowships resulting from increases in financial aid under Pell Grants, Texas Grants, College Access Challenge Grants, Texas Public Education Grants, and Academic Competitiveness Grants; a $7.3 million increase in salaries and wages and payroll related costs attributable to faculty and staff merit increases, new faculty positions, market and equity adjustments to ensure retention of high performing faculty and staff, and increases in the related benefits; a $2.0 million increase in depreciation and amortization expense due to a half year of depreciation expense for the College of Health Sciences/School of Nursing and a full year of depreciation expense for Miner Heights; and a $1.9 million increase in other contracted services as a result of an increase in performer fees paid to higher grossing events.

Annual Operating Margin Ratio - UT El Paso's annual operating margin ratio decreased from 5.8% for 2010 to 1.1% for 2011 due to the growth in total operating expenses of $23.0 million as compared to the growth in total operating revenues of $6.3 million. The increase in total operating revenues was primarily attributable to the following: a $12.5 million increase in sponsored program revenues (including nonexchange sponsored programs) as result of increases in Texas Grants and increases in the maximum Pell Grant award allowed per individual, as well as the number of Pell Grant awards issued; a $6.7 million increase in net tuition and fees due to increased enrollment and an increase in designated tuition of $8.58 per registered hour effective in the fall; and a $4.3 million increase in auxiliary enterprise revenue attributable to increased income from special events due to higher grossing events in 2011, increased sales in men's basketball season tickets and football gate receipts, and increased housing due an increase in occupants and the addition of Miner Heights. These increases in revenue were largely offset by a reduction in state appropriations of $11.6 million and a $2.5 million reduction in state appropriations funded by the American Recovery and Reinvestment Act (reported as nonexchange sponsored programs) as a result of state-wide budget cuts mandated by the state's leadership, and a decrease in gifts for operations of $4.7 million. Legislative mandates requiring a 5.0% reduction of general revenue appropriated for the 2010-2011 biennium and an additional 2.5% reduction of 2011 general revenue were all recognized in 2011.

Expendable Resources to Debt Ratio - UT El Paso's expendable resources to debt ratio decreased from 1.2 in 2010 to 1.0 in 2011. The decrease in this ratio was attributable to a decrease in restricted expendable net assets and an increase in the amount of debt outstanding. Restricted expendable net assets decreased due to a decrease in funds restricted for capital projects. The increase in the debt outstanding was related to the College of Health Sciences/Nursing School and the addition to the Swimming and Fitness Center.

Debt Burden Ratio - UT El Paso's debt burden ratio decreased from 5.9% in 2010 to 5.2% in 2011 as a result of a $1.5 million decrease in debt service payments and the increase in total operating expenses discussed above.

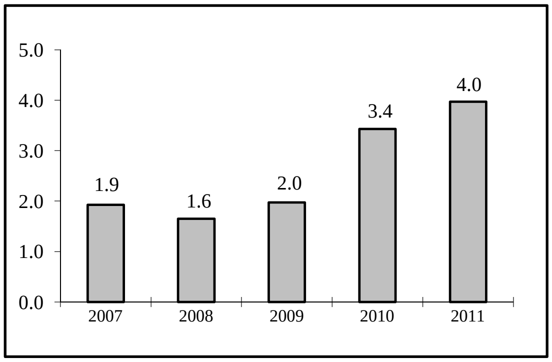
Debt Service Coverage Ratio - UT El Paso's debt service coverage ratio decreased from 2.7 in 2010 to 2.1 in 2011. The reduction in this ratio was attributable to the decline in operating performance as discussed in the annual operating margin ratio.

Full-Time Equivalent (FTE) Student Enrollment - UT El Paso's FTE student enrollment continued to increase. Undergraduate enrollment increased by approximately 3%. There was also a 7% increase in doctoral student enrollment from 600 in the fall of 2010 to 656 in the fall of 2011.

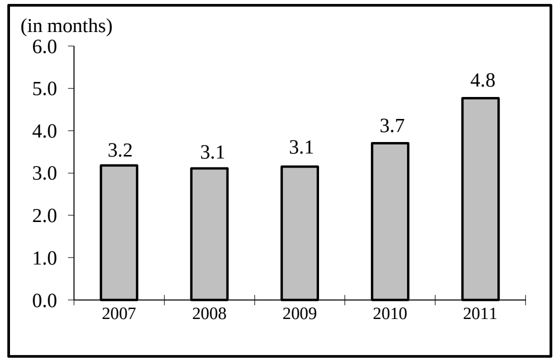
The University of Texas - Pan American
2011 Summary of Financial Condition

Financial Condition: **Satisfactory**

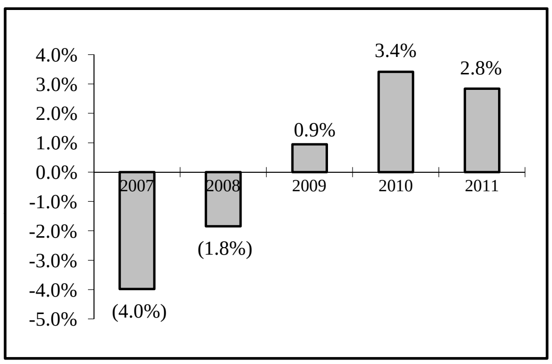
Composite Financial Index



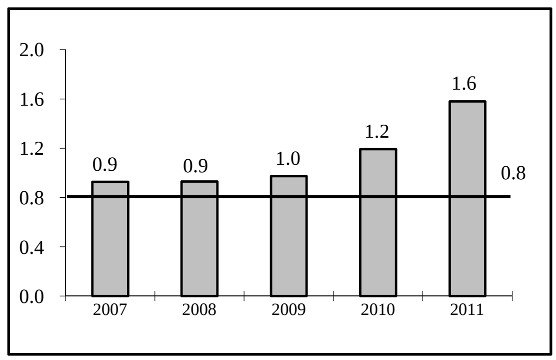
Operating Expense Coverage Ratio



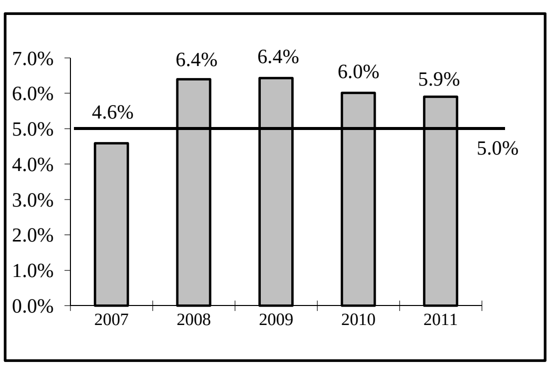
Annual Operating Margin Ratio



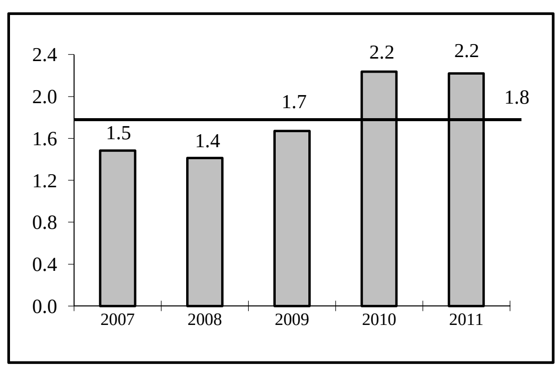
Expendable Resources to Debt Ratio



Debt Burden Ratio

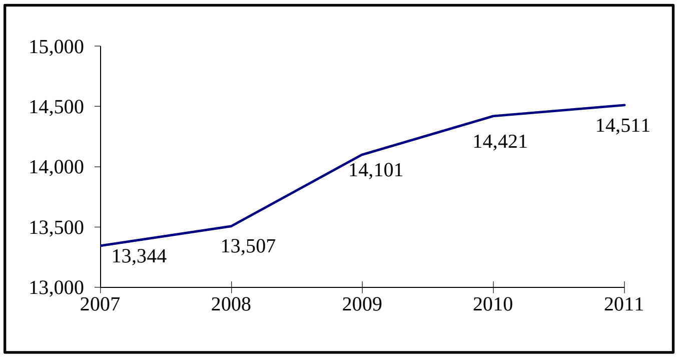


Debt Service Coverage Ratio



The University of Texas - Pan American
2011 Summary of Financial Condition

Full-time Equivalent
Student Enrollment - Fall



Composite Financial Index (CFI) - UT Pan American's CFI increased from 3.4 in 2010 to 4.0 in 2011 primarily due to increases in the expendable resources to debt ratio and the primary reserve ratio. The increase in the expendable resources to debt ratio was driven by an increase in total unrestricted net assets, as discussed below, and a reduction in the amount of debt outstanding. The increase in the primary reserve ratio was also driven by the increase in unrestricted net assets.

Operating Expense Coverage Ratio - UT Pan American's operating expense coverage ratio increased from 3.7 months in 2010 to 4.8 months in 2011 due to a $24.8 million increase in total unrestricted net assets. The increase in total unrestricted net assets was primarily attributable to investment income and the net increase in the fair value of investments allocated to unrestricted current funds and an increase in unrestricted funds for capital projects in unexpended plant funds.

Annual Operating Margin Ratio - UT Pan American's annual operating margin ratio decreased from 3.4% for 2010 to 2.8% for 2011 as a result of the growth in total operating expenses (including interest expense) of $6.4 million exceeding the growth in total operating revenues of $5.0 million. The increase in total operating expenses was primarily due to the following: a $6.2 million increase in scholarships and fellowships primarily attributable to an increase in awards for the Texas Grant Program; and a $2.6 million increase in salaries and wages and payroll related costs due to an increase in the number of benefits eligible employees combined with a 12% increase in premium sharing rates for all levels of coverage. Total operating revenues increased primarily due to the following: a $7.2 million increase in sponsored program revenues (including nonexchange sponsored programs) resulting from increased funding from the Texas Grant Program; and a $2.3 million increase in net tuition and fees attributable to an increase in the designated tuition rate and enrollment growth. These revenue increases were partially offset by a reduction in state appropriations of $5.8 million as a result of state-wide budget cuts mandated by the state's leadership. Legislative mandates requiring a 5.0% reduction of general revenue appropriated for the 2010-2011 biennium and an additional 2.5% reduction of 2011 general revenue were all recognized in 2011.

Expendable Resources to Debt Ratio - UT Pan American's expendable resources to debt ratio increased from 1.2 in 2010 to 1.6 in 2011 due to the increase in total unrestricted net assets, as discussed above, and a $4.6 million reduction in the amount of debt outstanding due to the retirement of outstanding revenue financing system bonds.

Debt Burden Ratio - UT Pan American's debt burden ratio decreased slightly from 6.0% in 2010 to 5.9% in 2011. The slight decrease in this ratio was attributable to a small decrease in debt service payments of $0.3 million and the increase in total operating expenses as mentioned above.

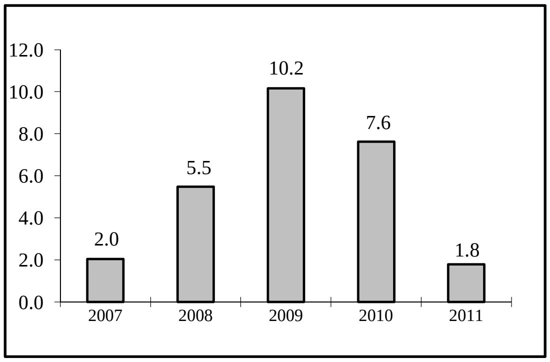
Debt Service Coverage Ratio - UT Pan American's debt service coverage ratio remained unchanged at 2.2 in 2011. The stability of this ratio resulted from the decrease in operating performance, as discussed in the annual operating margin ratio, and the decrease in debt service payments.

Full-Time Equivalent (FTE) Student Enrollment - UT Pan American's headcount enrollment went up from 18,744 in the fall of 2010 to 19,034 in the fall of 2011, which was a 1.5% increase. The FTE student enrollment increased by 0.6%. This increase was due to a quality advisement program is helping student retention and timely graduation. Also, UT Pan American instituted a required minimum ACT score, which is attracting higher caliber students to the university.

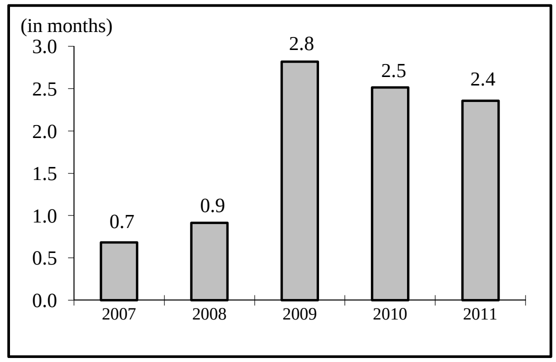
The University of Texas of the Permian Basin
2011 Summary of Financial Condition

Financial Condition: **Watch**

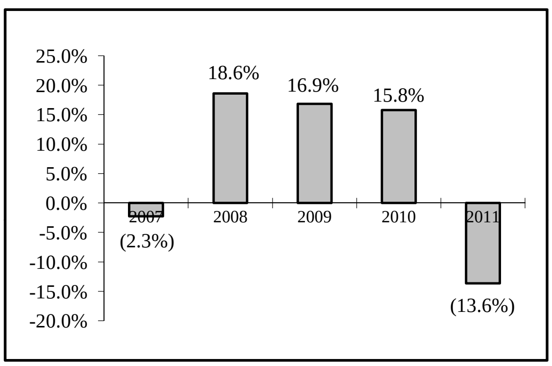
Composite Financial Index



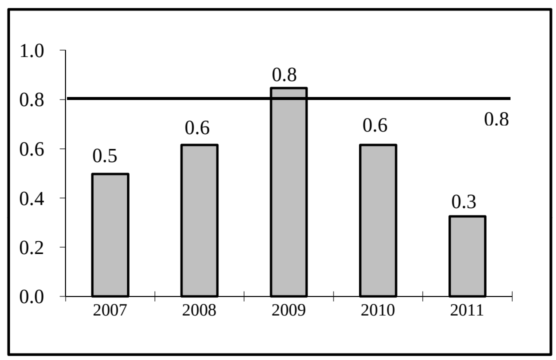
Operating Expense Coverage Ratio



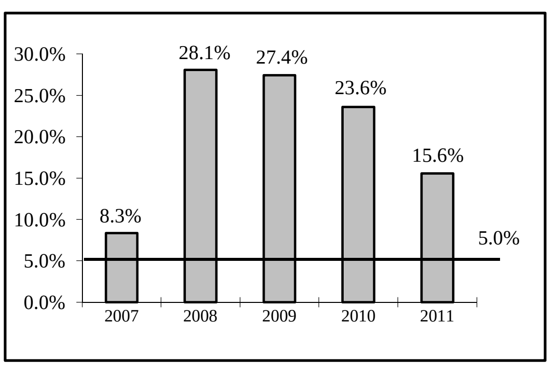
Annual Operating Margin Ratio



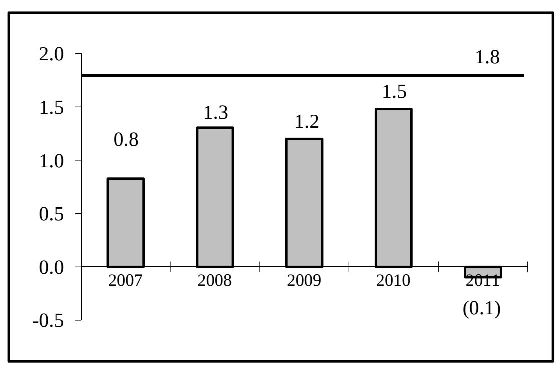
Expendable Resources to Debt Ratio



Debt Burden Ratio

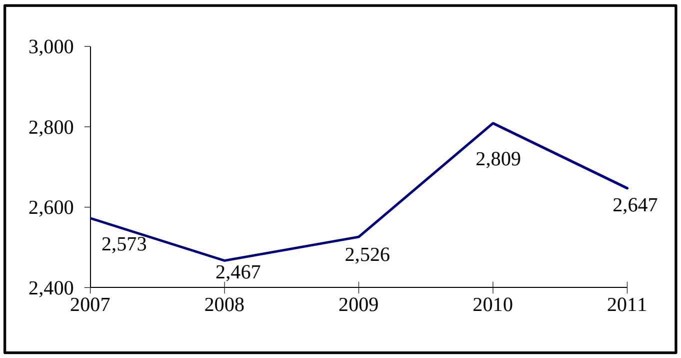


Debt Service Coverage Ratio



The University of Texas of the Permian Basin
2011 Summary of Financial Condition

Full-time Equivalent
Student Enrollment - Fall



Composite Financial Index (CFI) - UT Permian Basin's CFI decreased significantly from 7.6 in 2010 to 1.8 in 2011. The drastic reduction in the CFI was primarily attributable to the overstatement of expenses by $8.1 million identified since the completion of the Annual Financial Report which had an adverse impact on all four core ratios that comprise the CFI.

Operating Expense Coverage Ratio - UT Permian Basin's operating expense coverage ratio decreased slightly from 2.5 months in 2010 to 2.4 months in 2011 due to an increase in total operating expenses (including interest expense) of $7.5 million. The increase in total operating expenses was primarily due to the following: an $8.1 million overstatement of expenses which was identified after the completion of the Annual Financial Report; a $1.0 million increase in materials and supplies as a result of increased supplies for classrooms, labs and offices; a $0.6 million increase in depreciation expense due to the completion of two new buildings; and $0.2 million in new utility costs which were not completely offset by utility savings elsewhere from conservation programs.

A*nnual Operating Margin Ratio* - UT Permian Basin's annual operating margin ratio fell significantly from 15.8% for 2010 to (13.6%) for 2011. The sharp decline in the annual operating margin ratio was caused by an increase in total operating expenses of $7.5 million, while total operating revenues decreased by $10.6 million. The decrease in total operating revenues was due to the following: a $5.0 million decrease in state appropriations as a result of state-wide budget cuts mandated by the state's leadership; a $3.7 million decrease in net tuition and fees due to an increase in discounts and allowances; and a $2.3 million decrease in sponsored program revenues (including nonexchange sponsored programs) primarily due to expired federal grants and a reduction in federal funding. Legislative mandates requiring a 5.0% reduction of general revenue appropriated for the 2010-2011 biennium and an additional 2.5% reduction of 2011 general revenue were all recognized in 2011.

Given the overstatement of expenses already identified by specialists hired by UT System and given the lack of internal controls at UT Permian Basin, the institution was downgraded to "Watch" for 2011. Executive management at UT Permian Basin in conjunction with UT System is currently evaluating the organizational structure related to financial reporting at UT Permian Basin.

Expendable Resources to Debt Ratio - UT Permian Basin's expendable resources to debt ratio decreased from 0.6 in 2010 to 0.3 in 2011 as a result of a decrease in total restricted expendable net assets of $33.1 million. The decrease in restricted expendable net assets was primarily due to a reduction in net assets restricted for capital projects as the Science and Technology Complex and the Student Activity Center were completed.

Debt Burden Ratio - UT Permian Basin's debt burden ratio dropped from 23.6% in 2010 to 15.6% in 2011 due to a decrease in debt service payments of $3.2 million and the increase in total operating expenses previously discussed. The decrease in debt service payments was attributable to the lapse of tuition revenue bond debt service of $3.6 million as a result of House Bill 4, which was partially offset by an increase in debt service for new buildings.

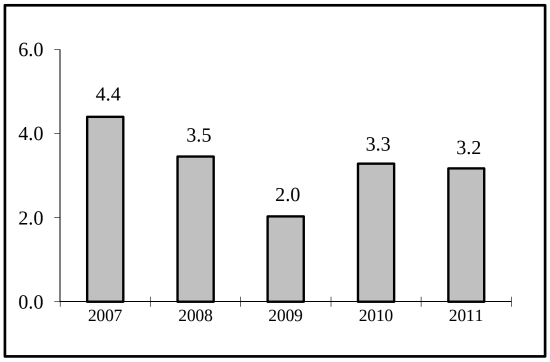
Debt Service Coverage Ratio - UT Permian Basin's debt service coverage ratio decreased from 1.5 in 2010 to (0.1) in 2011. The sharp decline in this ratio was attributable to the overstatement of expenses identified since the completion of the Annual Financial Report and increases in depreciation, utilities and move-in costs for the new buildings as discussed in the annual operating margin ratio.

Full-Time Equivalent (FTE) Student Enrollment - UT Permian Basin's FTE student enrollment dropped from 2,809 in the fall of 2010 to 2,647 in the fall of 2011. This decrease was due to the rapid economic growth in West Texas which created a great demand for students in the job market.

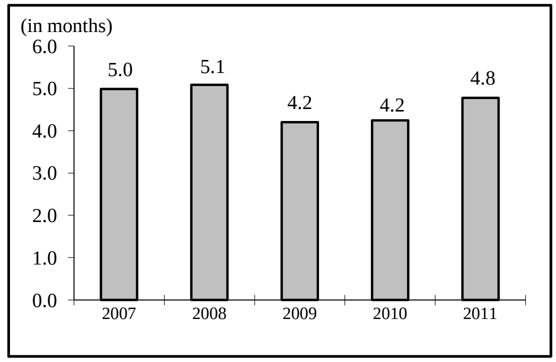
The University of Texas at San Antonio
2011 Summary of Financial Condition

Financial Condition: **Satisfactory**

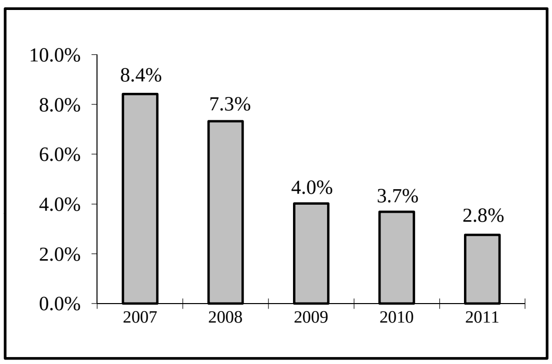
Composite Financial Index



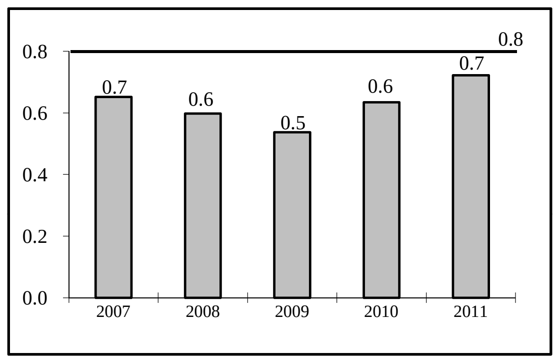
Operating Expense Coverage Ratio



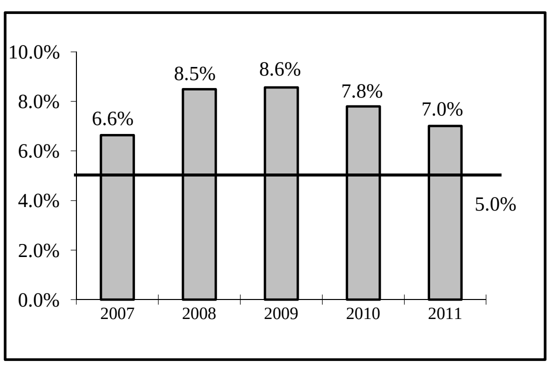
Annual Operating Margin Ratio



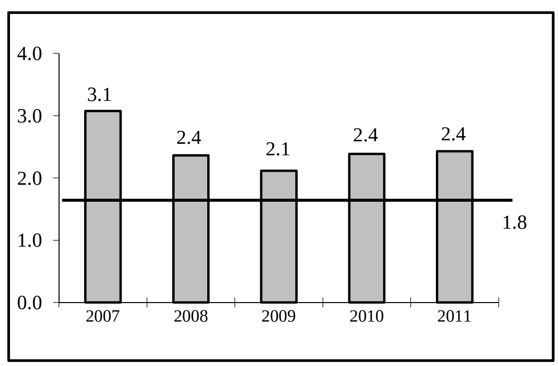
Expendable Resources to Debt Ratio



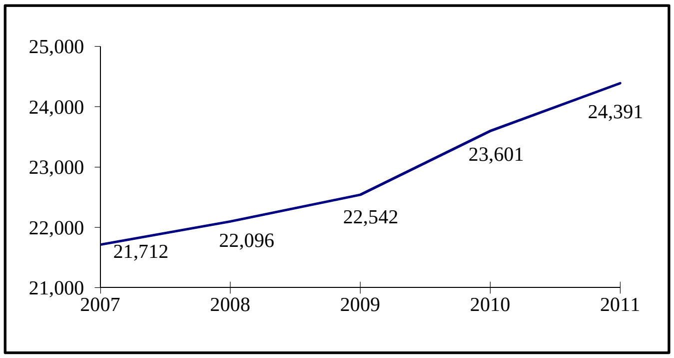
Debt Burden Ratio



Debt Service Coverage Ratio



The University of Texas at San Antonio
2011 Summary of Financial Condition
Full-time Equivalent
Student Enrollment - Fall



Composite Financial Index (CFI) - UT San Antonio's CFI decreased slightly from 3.3 in 2010 to 3.2 in 2011 primarily due to a decrease in the return on net assets ratio. The decrease in the return on net assets ratio was largely a result of the decline in operating performance as discussed in more detail below.

Operating Expense Coverage Ratio - UT San Antonio's operating expense coverage ratio increased from 4.2 months in 2010 to 4.8 months in 2011 due to an increase in total unrestricted net assets of $29.3 million, which was partially offset by an increase in total operating expenses (including interest expense) of $23.9 million. The increase in total unrestricted net assets was primarily attributable to investment income and the net increase in the fair value of investments allocated to unrestricted current funds. Total operating expenses increased due to the following: a $14.0 million increase in salaries and wages and payroll related costs as a result of merit increases and equity adjustments, new positions and higher insurance premiums; a $5.1 million increase in scholarships and fellowships attributable to increased Pell Grant awards and Texas Grant Program awards; a $1.8 million increase in communications resulting from increased computer time and licenses; a $1.8 million increase in depreciation and amortization expense due to the Science Research Lab (Combined Science Building) which was placed into service in 2011; and a $1.5 million increase in professional fees and services resulting from increased architectural and engineering services, consulting services related to the Facilities and Administrative rate report, and consulting services related to the PeopleSoft conversion.

Annual Operating Margin Ratio - UT San Antonio's annual operating margin ratio decreased from 3.7% for 2010 to 2.8% for 2011 due to the growth in total operating expenses of $23.9 million exceeding the growth in total operating revenues of $20.2 million. Total operating revenues primarily increased due to the following: a $21.2 million increase in sponsored program revenues (including nonexchange sponsored programs) primarily attributable to increased Pell Grant and Texas Grant Program funding; a $3.9 million increase in net tuition and fees as a result of an increase in rates and enrollment growth; a $3.3 million increase in auxiliary enterprise revenue due to increased meal plan fees driven by additional meal plan choices, increased season ticket sales and increased parking and transportation fees; and a $2.3 million increase in investment income. These increases in revenue were partially offset by an $8.9 million reduction in state appropriations as a result of state-wide budget cuts mandated by the state's leadership. Legislative mandates requiring a 5.0% reduction of general revenue appropriated for the 2010-2011 biennium and an additional 2.5% reduction of 2011 general revenue were all recognized in 2011.

Expendable Resources to Debt Ratio - UT San Antonio's expendable resources to debt ratio increased slightly from 0.6 in 2010 to 0.7 in 2011. The increase in this ratio was primarily driven by the increase in total unrestricted net assets of $29.3 million discussed above.

Debt Burden Ratio - UT San Antonio's debt burden ratio decreased from 7.8% in 2010 to 7.0% in 2011 due to a decrease in debt service payments of $1.8 million and the increase in total operating expenses of $23.9 million discussed in the operating expense coverage ratio.

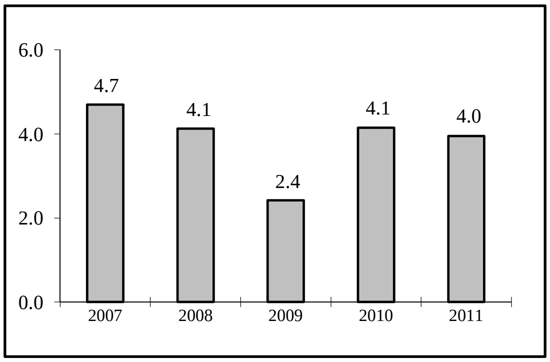
Debt Service Coverage Ratio - UT San Antonio's debt service coverage ratio remained unchanged at 2.4 in 2011. The stability of this ratio was attributable to the decline in operating performance discussed in the annual operating margin ratio, as well as the decrease in debt service payments.

Full-Time Equivalent (FTE) Student Enrollment - UT San Antonio's student headcount and the number of semester credit hours both increased from the prior fall, resulting in an increase in the number of FTE students of 3.3%.

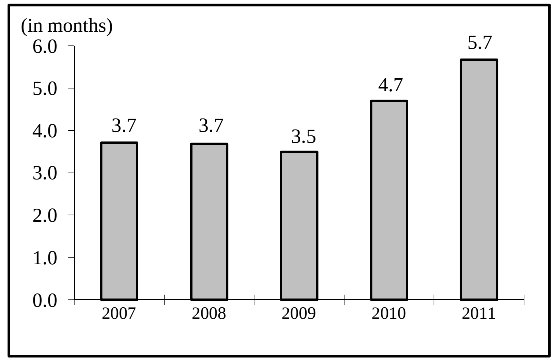
The University of Texas at Tyler
2011 Summary of Financial Condition

Financial Condition: **Satisfactory**

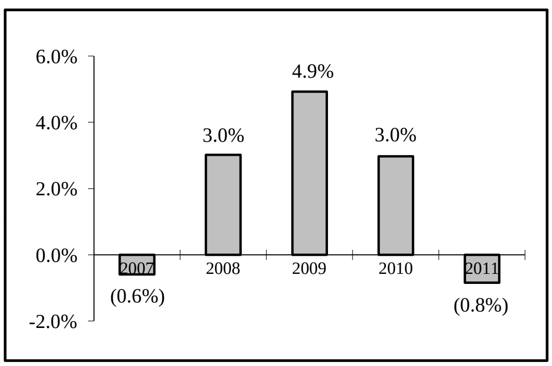
Composite Financial Index



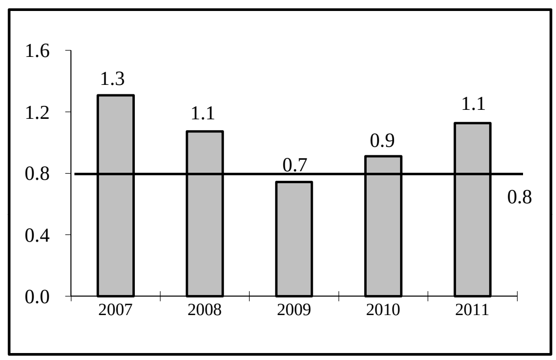
Operating Expense Coverage Ratio



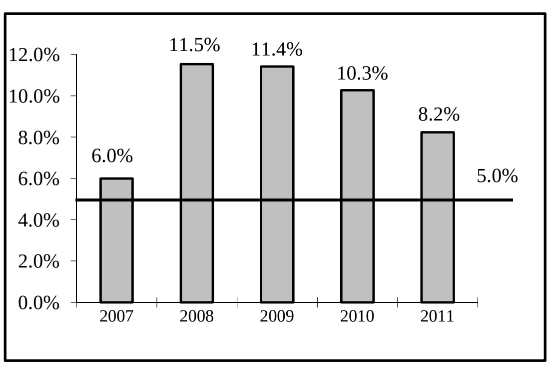
Annual Operating Margin Ratio



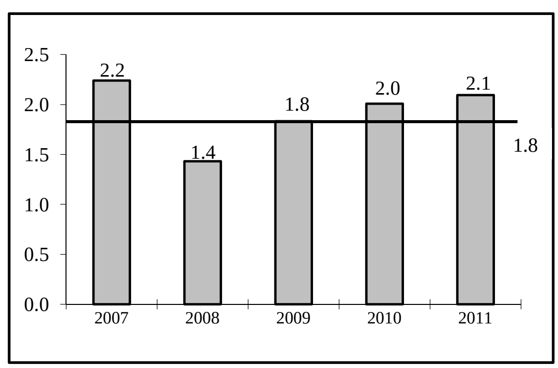
Expendable Resources to Debt Ratio



Debt Burden Ratio

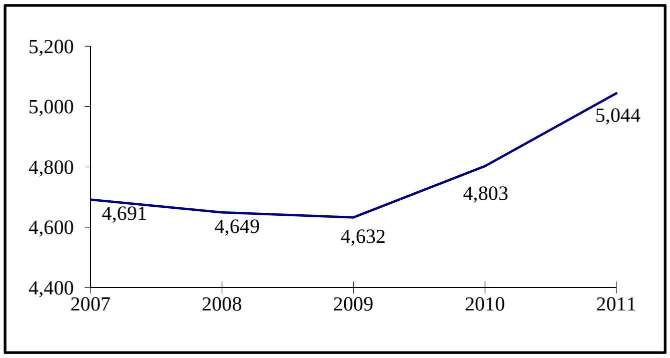


Debt Service Coverage Ratio



The University of Texas at Tyler
2011 Summary of Financial Condition

Full-time Equivalent
Student Enrollment - Fall



Composite Financial Index (CFI) - UT Tyler's CFI decreased from 4.1 in 2010 to 4.0 in 2011 primarily due to decreases in the annual operating margin ratio and the return on net assets ratio. The decline in operating performance, as discussed below, was the major contributor to the decrease in the return on net assets ratio.

Operating Expense Coverage Ratio - UT Tyler's operating expense coverage ratio increased from 4.7 months in 2010 to 5.7 months in 2011 due to an increase in total unrestricted net assets of $9.8 million, which was partially offset by an increase in total operating expenses (including interest expense) of $5.8 million. The increase in total unrestricted net assets was primarily attributable to net investment income and the net increase in the fair value of investments allocated to designated funds, as well as a transfer from restricted funds to educational and general funds, designated funds and auxiliary enterprises related to tuition discounting whereby scholarships, which are recorded in restricted funds, pay first. Total operating expenses increased primarily due to the following: a $2.1 million increase in salaries and wages and payroll related costs as a result of growing academics; a $1.0 million increase in scholarships and fellowships attributable to an increase in Pell Grant awards; a $0.9 million increase in depreciation and amortization due to a full year of depreciation expense recognized on the University Center renovation and expansion project, the Art Building project and the Palestine expansion project all of which were placed into service in 2010; a $0.7 million increase in repairs and maintenance as a result of maintenance required for the One-Stop Shop, police surveillance equipment repair, fire alarm equipment repair, Ratliff Building repair, Modular Building repair and additional ground maintenance; and a $0.6 million increase in professional fees and services due to consultants hired to assist in the implementation of PeopleSoft.

Annual Operating Margin Ratio - UT Tyler's annual operating margin ratio dropped from 3.0% for 2010 to (0.8%) for 2011 as a result of the growth in total operating expenses of $5.8 million outpacing the growth in total operating revenues of $2.4 million. Total operating revenues increased primarily due to the following: a $3.4 million increase in net tuition and fees resulting from increases in headcount, student fees and the designated tuition rate; and a $3.3 million increase in sponsored program revenues (including nonexchange sponsored programs) primarily attributable to an increase in the Nursing Shortage funding received from the Texas Higher Education Coordinating Board. These increases in revenue were partially offset by a reduction in state appropriations of $3.9 million as a result of state-wide budget cuts mandated by the state's leadership. Legislative mandates requiring a 5.0% reduction of general revenue appropriated for the 2010-2011 biennium and an additional 2.5% reduction of 2011 general revenue were all recognized in 2011.

Expendable Resources to Debt Ratio - UT Tyler's expendable resources to debt ratio increased from 0.9 in 2010 to 1.1 in 2011. The increase in this ratio was attributable to increases in both total unrestricted net assets of $9.8 million previously discussed and total restricted expendable net assets of $4.8 million, as well as a decrease of $3.2 million in the amount of debt outstanding due to the retirement of outstanding revenue financing system bonds. Total restricted expendable net assets increased primarily due to an increase in the appreciation on permanent endowment funds.

Debt Burden Ratio - UT Tyler's debt burden ratio decreased from 10.3% in 2010 to 8.2% in 2011 as a result of a decrease in debt service payments of $1.3 million and an increase in total operating expenses of $5.8 million discussed above.

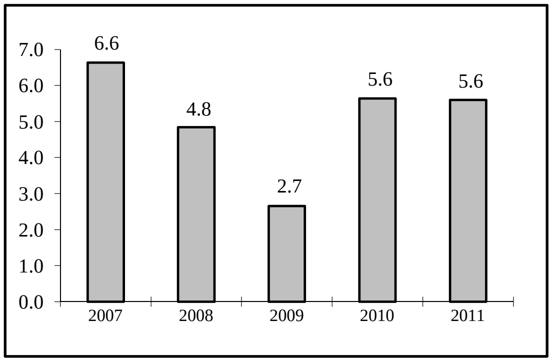
Debt Service Coverage Ratio - UT Tyler's debt service coverage ratio increased slightly from 2.0 in 2010 to 2.1 in 2011. The increase in this ratio resulted from the decrease in debt service payments.

Full-Time Equivalent (FTE) Student Enrollment - UT Tyler's FTE student enrollment increased by 241 or 5.0% in the fall of 2011. This increase was due to increased efforts in student recruitment and retention.

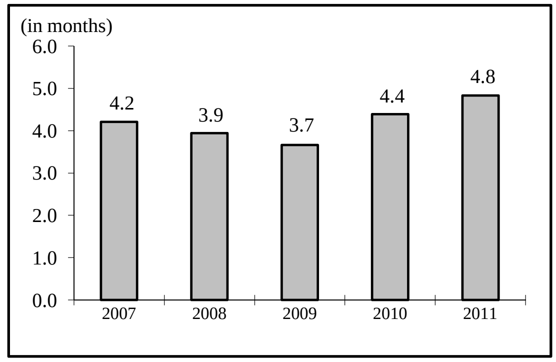
The University of Texas Southwestern Medical Center
2011 Summary of Financial Condition

Financial Condition: **Satisfactory**

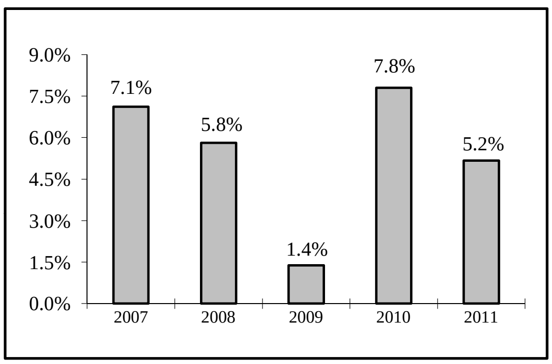
Composite Financial Index



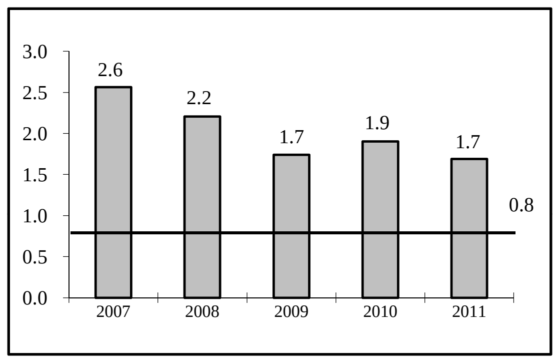
Operating Expense Coverage Ratio



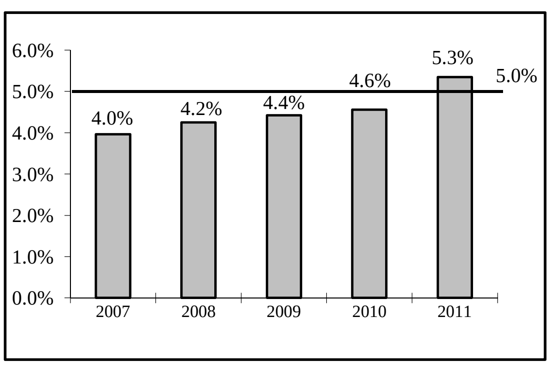
Annual Operating Margin Ratio



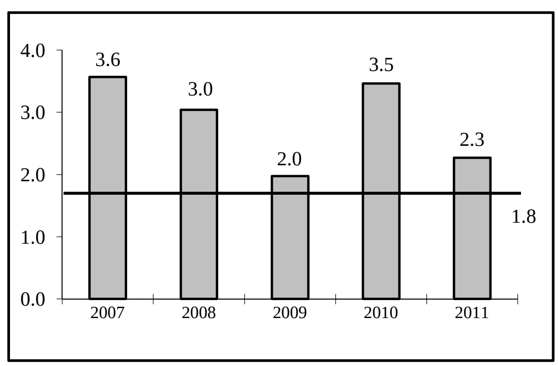
Expendable Resources to Debt Ratio



Debt Burden Ratio



Debt Service Coverage Ratio



The University of Texas Southwestern Medical Center
2011 Summary of Financial Condition

Composite Financial Index (CFI) - UT Southwestern Medical Center's (Southwestern) CFI remained unchanged at 5.6 in 2011. The stability of the CFI was attributable to an increase in the primary reserve ratio, which was offset by decreases in the annual operating margin ratio, the return on net assets ratio and the expendable resources to debt ratio. The increase in the primary reserve ratio was largely a result of the growth in total restricted expendable net assets of $451.7 million generated by an increase in funds restricted for capital projects due to the construction of the new University Hospital and the net increase in the fair value of investments in endowment funds. The decrease in the return on net assets ratio was primarily driven by a $417.5 million increase in the amount of debt outstanding related to the new University Hospital. The decrease in the annual operating margin ratio and the expendable resources to debt ratio are discussed below.

Operating Expense Coverage Ratio - Southwestern's operating expense coverage ratio increased from 4.4 months in 2010 to 4.8 months in 2011 due to an increase in total unrestricted net assets of $107.3 million, which was partially offset by an increase in total operating expenses (including interest expense) of $124.5 million. The increase in total unrestricted net assets was primarily attributable to investment income and the net increase in the fair value of investments allocated to unrestricted current funds, as well as an increase in unrestricted net assets in unexpended plant funds related to construction of the new University Hospital. Total operating expenses increased due to the following: a $92.9 million increase in salaries and wages and payroll related costs as a result of merit increases, higher insurance premiums and increased retirement benefits; a $14.6 million increase in material and supplies attributable to increased purchases of medical and lab supplies, drugs, electronic publications, transplant import grafts, and minor furnishings and equipment; a $13.0 million increase in service and maintenance contracts for furnishings and equipment and sub-contract payments for contracted services; and a $12.4 million increase in depreciation and amortization expense resulting from building additions and increases in equipment and intangible software.

Annual Operating Margin Ratio - Southwestern's annual operating margin ratio decreased from 7.8% for 2010 to 5.2% for 2011 as a result of the growth in total operating expenses of $124.5 million outpacing the growth in total operating revenues of $84.4 million. The increase in total operating revenues was due to the following: a $53.6 million increase in net sales and services of hospitals attributable to increased patient days of 1.8%, inpatient revenue per patient day of 5.7%, outpatient visits of 7.4%, outpatient surgery center visits of 17.8%, and emergency room visits of 2.7%; a $23.6 million increase in net professional fess resulting from increased volumes and an increase in the average charges per procedure; and a $15.6 million increase in investment income (excluding realized gains and losses).

Expendable Resources to Debt Ratio - Southwestern's expendable resources to debt ratio decreased from 1.9 in 2010 to 1.7 in 2011 primarily due to the $417.5 million increase in the amount of debt outstanding previously discussed.

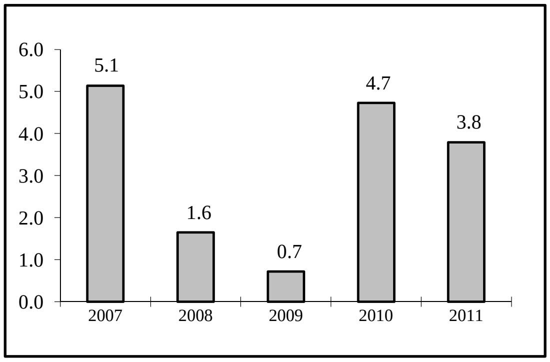
Debt Burden Ratio - Southwestern's debt burden ratio increased from 4.6% in 2010 to 5.3% in 2011 due to an increase in debt service payments of $18.9 million attributable to new construction, equipment financing, and the Enterprise Resource Planning and Academic Information Systems development.

Debt Service Coverage Ratio - Southwestern's debt service coverage ratio decreased from 3.5 in 2010 to 2.3 in 2011. The decrease in this ratio resulted from the decline in operating performance discussed in the annual operating margin ratio, as well as the increase in debt service payments.

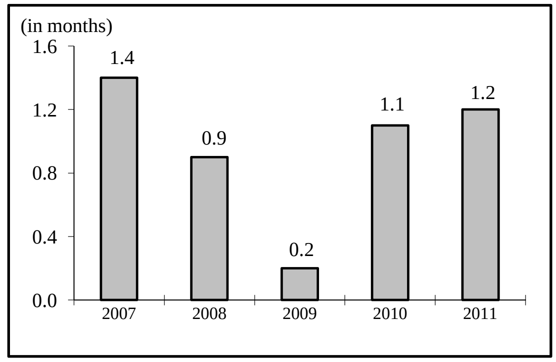
The University of Texas Medical Branch at Galveston
2011 Summary of Financial Condition

Financial Condition: **Watch**

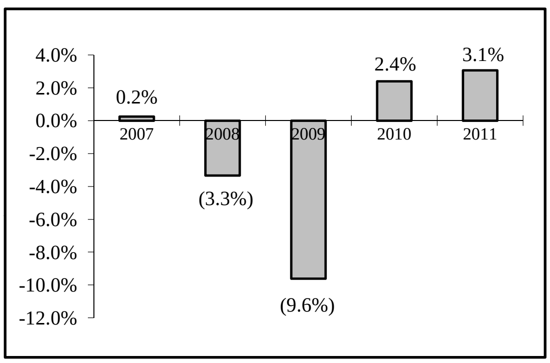
Composite Financial Index



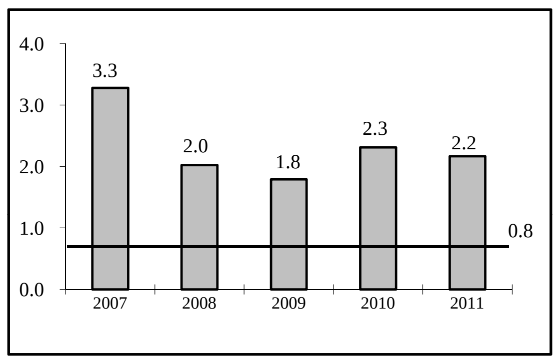
Operating Expense Coverage Ratio



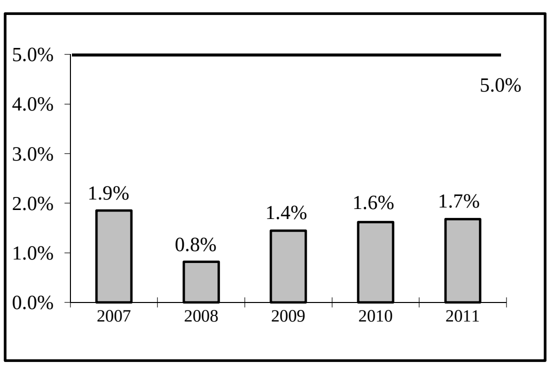
Annual Operating Margin Ratio



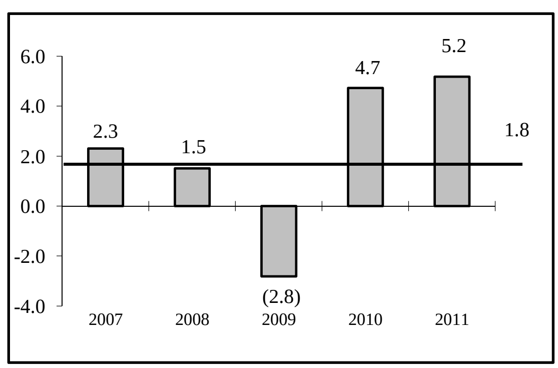
Expendable Resources to Debt Ratio



Debt Burden Ratio



Debt Service Coverage Ratio



The University of Texas Medical Branch at Galveston
2011 Summary of Financial Condition

Composite Financial Index (CFI) - UT Medical Branch - Galveston's (UTMB) CFI decreased from 4.7 in 2010 to 3.8 in 2011 primarily due to a decrease in the return on net assets ratio. The reduction in the return on net assets ratio was largely driven by the change in the amount of debt outstanding relative to the change in net assets. In 2011 the debt outstanding increased by $21.9 million while UTMB experienced a comparatively smaller change in net assets of $130.7 million as compared to the change in net assets in 2010 of $185.2 million. In 2010 net assets were impacted very favorably by the recognition of federal and state funding UTMB received to assist with Hurricane *Ike* recovery efforts. Due to the timing of recognition criteria, 2011 net assets were not impacted in the same manner as 2010 which resulted in an overall decrease of the return on net asset ratio.

Operating Expense Coverage Ratio - UTMB's operating expense coverage ratio increased from 1.1 months in 2010 to 1.2 months in 2011. Total operating expenses (including interest expense) increased $39.6 million while unrestricted net assets grew by $12.7 million. The increase in total unrestricted net assets was primarily attributable to an increase in net sales and services of hospitals of $107.8 million, which was partially offset by decreased appropriations and increased expenses. Appropriations decreased due to receipt of support for Hurricane *Ike* recovery in 2010 and mandated reductions in 2011. Additionally, investment income and the net increase in the fair value of investments allocated to unrestricted current funds also contributed to the increase in unrestricted net assets. Total operating expenses increased primarily due to the following: a $31.5 million increase in salaries and wages and payroll related costs as a result of additional staff related to the opening of the Victory Lakes facility and other new mainland clinics and imaging centers, new positions to accommodate volume growth, higher insurance premiums, and increased unemployment compensation payments associated with unemployment claims following the 2009 reduction in force; a $7.7 million increase in depreciation and amortization expense attributable to a full year of depreciation for the Victory Lakes Specialty Care Center, increased clinical equipment purchases, leasehold improvements related to clinic openings, completion of the Student Information System, and Hurricane *Ike* repairs; and a $3.1 million increase in utilities primarily due to increased usage from the addition of the Victory Lakes facility and space previously damaged by Hurricane *Ike* being placed back into service.

Annual Operating Margin Ratio - UTMB's annual operating margin ratio increased from 2.4% for 2010 to 3.1% for 2011 as a result of the growth in total operating revenues of $51.8 million exceeding the growth in total operating expenses of $39.6 million. Total operating revenues increased primarily due to the following: a $107.8 million increase in net sales and services of hospitals as a result of increased inpatient volumes and a 3.0% increase in patient days, increased outpatient volumes and a 7.9% increase in clinic visits, and Correctional Managed Care's (CMC) receipt of $44.8 million in supplemental appropriation to cover the Texas Department of Criminal Justice contract losses in 2010 and 2011; a $3.1 million increase in net tuition and fees attributable to increased rates and enrollment for all schools; and a $1.2 million increase in investment income (excluding realized gains and losses). Additionally, there was a net reduction of $131.9 million in state appropriations as a result of a receipt of $97.0 million in 2010 that was not appropriated in 2011 for Hurricane *Ike* recovery, and a reduction of $37.2 million in 2011 for state-wide budget cuts mandated by the state's leadership offset by other appropriation additions of $2.3 million. However, to more appropriately match revenues with expenses, the $97.0 million appropriation received in 2010 for recovery from Hurricane *Ike* was recognized evenly in 2010 and 2011. Therefore, $48.5 million was deducted from operating revenues in 2010 and $48.5 million was added to operating revenues in 2011 for purposes of this analysis.

Expendable Resources to Debt Ratio - UTMB's expendable resources to debt ratio decreased from 2.3 in 2010 to 2.2 for 2011 primarily because improved operations were offset by a reduction in appropriations as mentioned above and an increase in debt outstanding. If the $97.0 million appropriation had been equally spread across 2010 and 2011 using the same approach as the annual operating margin ratio calculation, the expendable resources to debt ratio would have been 2.1 in 2010 and increased to 2.4 in 2011. In 2011, there was a $21.9 million increase in the amount of debt outstanding related to new equipment financing.

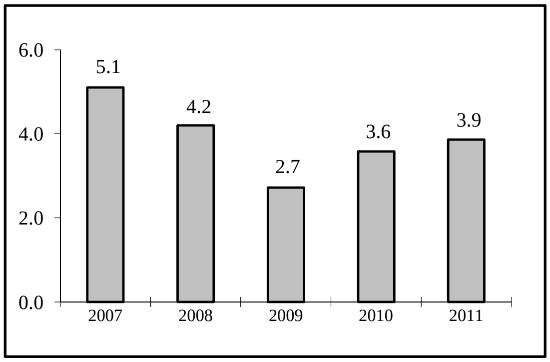
Debt Burden Ratio - UTMB's debt burden ratio increased slightly from 1.6% in 2010 to 1.7% in 2011. The small increase in this ratio was largely attributable to a $1.6 million increase in debt service payments due to new equipment financing and the Victory Lakes Specialty Care Center.

Debt Service Coverage Ratio - UTMB's debt service coverage ratio increased from 4.7 in 2010 to 5.2 in 2011 as a result of the improvement in the annual operating margin discussed above.

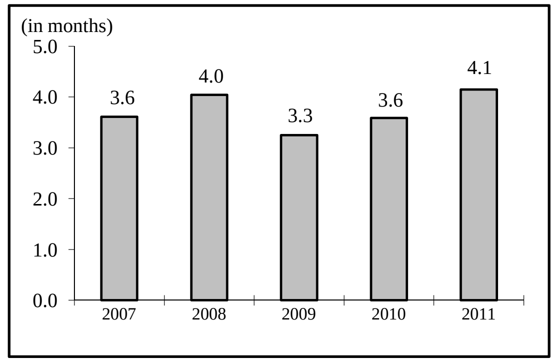
The University of Texas Health Science Center at Houston
2011 Summary of Financial Condition

Financial Condition: **Satisfactory**

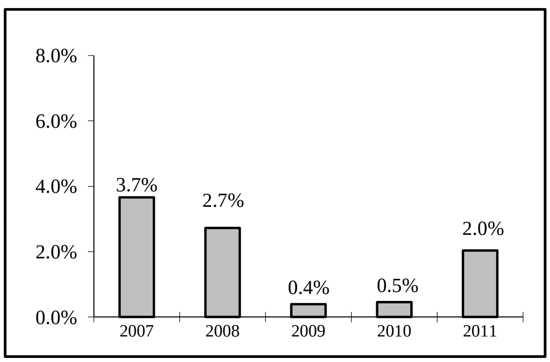
Composite Financial Index



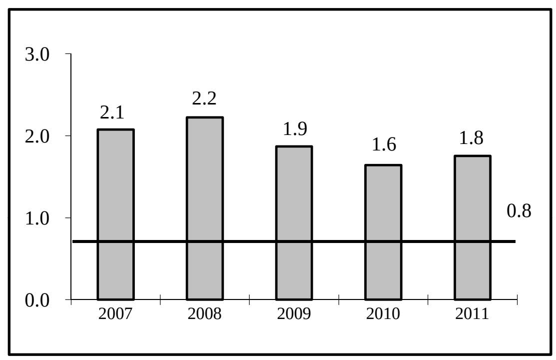
Operating Expense Coverage Ratio



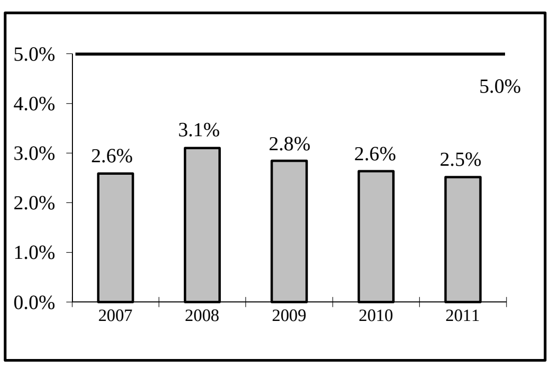
Annual Operating Margin Ratio



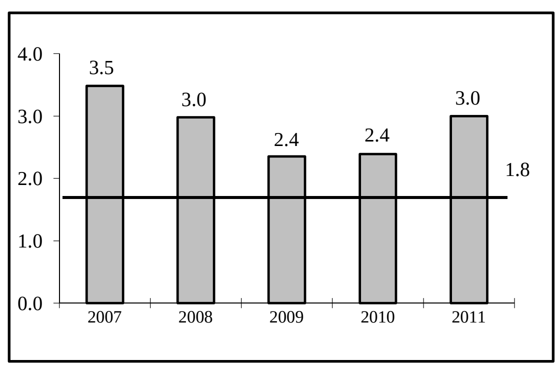
Expendable Resources to Debt Ratio



Debt Burden Ratio



Debt Service Coverage Ratio



The University of Texas Health Science Center at Houston
2011 Summary of Financial Condition

Composite Financial Index (CFI) - UT Health Science Center - Houston's (UTHSC-Houston) CFI increased from 3.6 in 2010 to 3.9 in 2011 as a result of increases in the annual operating margin ratio, the return on net assets ratio and the expendable resources to debt ratio. The major contributor to the increase in the return on net assets ratio was a decrease in the debt outstanding. The increases in the annual operating margin ratio and the expendable resources to debt ratio are discussed in further detail below.

Operating Expense Coverage Ratio - UTHSC-Houston's operating expense coverage ratio increased from 3.6 months in 2010 to 4.1 months in 2011 due to an increase in total unrestricted net assets of $55.9 million, which was partially offset by a $36.2 million increase in total operating expenses (including interest expense). The increase in total unrestricted net assets was primarily attributable to investment income and the net increase in the fair value of investments allocated to designated funds. The increase in total operating expenses was primarily attributable to increases in salaries and wages and payroll related costs as a result of continued faculty recruitment and higher insurance premiums, and a $6.8 million increase in operating costs associated with sponsored research growth.

Annual Operating Margin Ratio - UTHSC-Houston's annual operating margin ratio increased from 0.5% for 2010 to 2.0% for 2011 as a result of the growth in total operating revenues of $52.1 million exceeding the growth in total operating expenses of $36.2 million. Growth in the clinical enterprise accounted for $24.0 million of the increase in gross revenues and was attributable to a $16.1 million increase in Memorial Hermann Hospital and Harris County Hospital District contract due to improved terms and an increase in services, and a $6.8 million increase in patient income as a result of faculty recruitment and improved collection efforts, as well as receipt of $2.8 million in Texas Upper Payment Limit. The growth in research and academics accounted for $47.0 million of the increase in gross revenues and was due to increases in net tuition and fees, largely as a result of significant increases in student enrollment ($4.6 million) and increases in sponsored research/public service activities funded by federal ($16.2 million), state ($10.5 million) and private ($15.8 million) sources. The increase in operating expenses was primarily attributable to an increase in payroll related costs ($37.1 million) as a result of sponsored program growth, continued faculty recruitment and higher insurance premiums. These increases in revenues were partially offset by an $11.6 million reduction in state appropriations and a $5.9 million reduction in state appropriations funded by the American Recovery and Reinvestment Act as a result of state-wide budget cuts mandated by the state's leadership. Additionally, the increases in expenses were partially offset by cost containment activities implemented in response to the budget cuts.

Expendable Resources to Debt Ratio - UTHSC-Houston's expendable resources to debt ratio increased from 1.6 in 2010 to 1.8 in 2011 due to a decrease of $10.9 million in the amount of debt outstanding as a result of retirement of revenue financing system bonds.

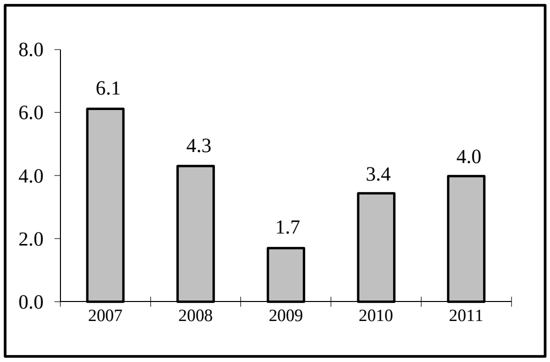
Debt Burden Ratio - UTHSC-Houston's debt burden ratio decreased slightly from 2.6% in 2010 to 2.5% in 2011. The small decrease in this ratio was attributable to a reduction in debt service payments of $0.2 million.

Debt Service Coverage Ratio - UTHSC-Houston's debt service coverage ratio increased from 2.4 in 2010 to 3.0 in 2011 as a result of the improvement in operating performance discussed in the annual operating margin ratio above.

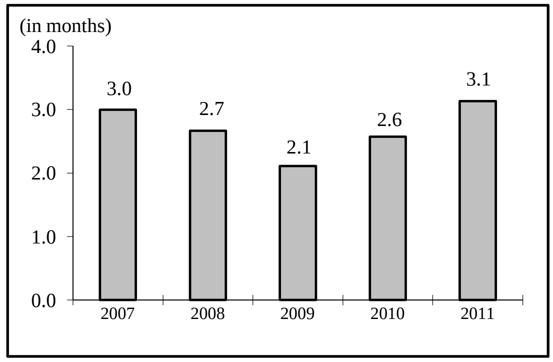
The University of Texas Health Science Center at San Antonio
2011 Summary of Financial Condition

Financial Condition: **Satisfactory**

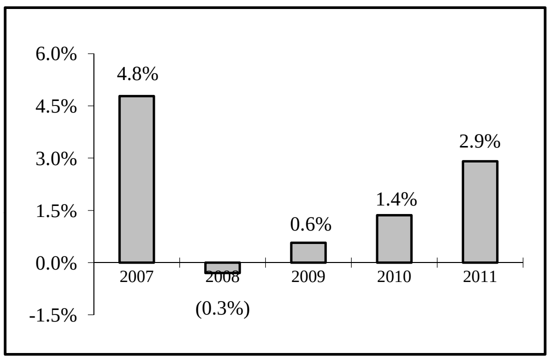
Composite Financial Index



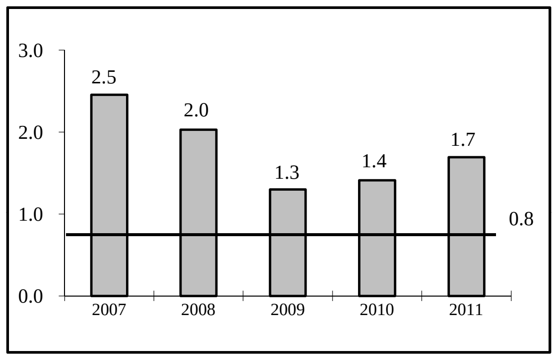
Operating Expense Coverage Ratio



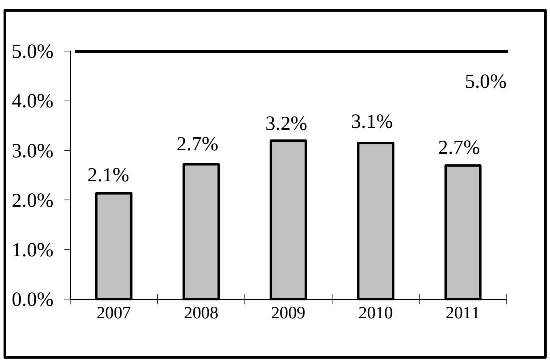
Annual Operating Margin Ratio



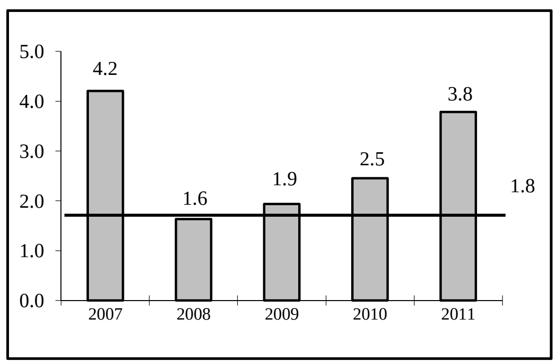
Expendable Resources to Debt Ratio



Debt Burden Ratio



Debt Service Coverage Ratio



The University of Texas Health Science Center at San Antonio
2011 Summary of Financial Condition

Composite Financial Index (CFI) - UT Health Science Center - San Antonio's (UTHSC-San Antonio) CFI increased from 3.4 in 2010 to 4.0 in 2011 as a result of increases in the primary reserve ratio, the annual operating margin ratio and the expendable resources to debt ratio. The increases in the primary reserve ratio and the expendable resources to debt ratio were largely driven by the growth in both total restricted expendable net assets and total unrestricted net assets as discussed below. The improvement in the annual operating margin ratio is also discussed below.

Operating Expense Coverage Ratio - UTHSC-San Antonio's operating expense coverage ratio increased from 2.6 months in 2010 to 3.1 months in 2011 due to an increase in total unrestricted net assets of $35.8 million. The increase in total unrestricted net assets was primarily attributable to enhanced clinical revenues ($23.8 million), controlled spending in response to budget reductions imposed by state leadership for the 2010-2011 and 2012-2013 bienniums, and less capital investments from designated funds for the construction of new facilities ($10.2 million).

Annual Operating Margin Ratio - UTHSC-San Antonio's annual operating margin ratio increased from 1.4% for 2010 to 2.9% for 2011 as a result of the growth in total operating revenues of $21.5 million exceeding the growth in total operating expenses (including interest expense) of $9.7 million. Total operating revenues increased primarily due to the following: a $20.6 million increase in net professional fees as a result of increased patient volumes and a 7% increase in the gross per unit fee charged; a $6.2 million increase in net sales and services of educational activities; a $1.4 million increase in investment income (excluding realized gains and losses); and a $1.2 million increase in net tuition and fees due to a modest rate increase and slight enrollment growth. These revenue increases were partially offset by a $5.5 million reduction in state appropriations as a result of state-wide budget cuts mandated by the state's leadership. Total operating expenses increased primarily due to the following: an $8.8 million increase in depreciation and amortization expense primarily due to a full year of depreciation expense for the Medical Arts and Research Center (MARC); and a $7.9 million increase in salaries and wages and payroll related costs primarily as a result of recruitment and retention efforts and an increase in employer-paid costs for group insurance. These expense increases were partially offset by a $5.3 million professional liability insurance rebate.

UTHSC-San Antonio continues to reinvest incremental revenues towards recruitment efforts, addressing faculty compensation issues, and enhancing the quality of programs and departments. Investments made in 2011 included the continued support of the new medical dean, the recruitment of several new chair and faculty positions, as well as adjusting performance-based compensation levels for faculty in line with XYZ plans for the respective schools. These investments are anticipated to continue to increase future operations.

Expendable Resources to Debt Ratio - UTHSC-San Antonio's expendable resources to debt ratio increased from 1.4 in 2010 to 1.7 in 2011 due to the growth in total restricted expendable net assets of $16.2 million and in total unrestricted net assets of $35.8 million as discussed above, as well as a decrease of $8.8 million in the amount of debt outstanding. Strategically planned, UTHSC-San Antonio did not incur any new debt in 2011 in order to poise itself for future investments. Total restricted expendable net assets increased primarily as a result of the net increase in the fair value of investments in endowment funds.

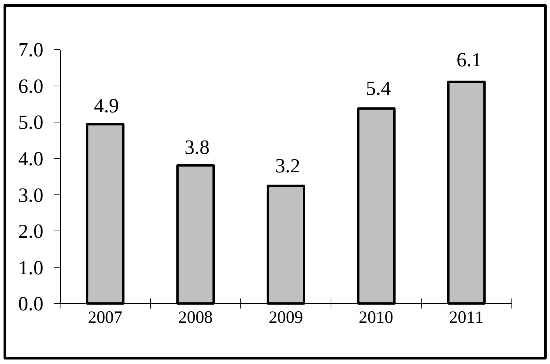
Debt Burden Ratio - UTHSC-San Antonio's debt burden ratio decreased from 3.1% in 2010 to 2.7% in 2011. The reduction in this ratio was attributable to a decrease in debt service requirements of $2.9 million and the controlled increase in total operating expenses as previously discussed.

Debt Service Coverage Ratio - UTHSC-San Antonio's debt service coverage ratio increased from 2.5 in 2010 to 3.8 in 2011due to the improvement in operating performance as discussed in the annual operating margin ratio and the decrease in debt service requirements.

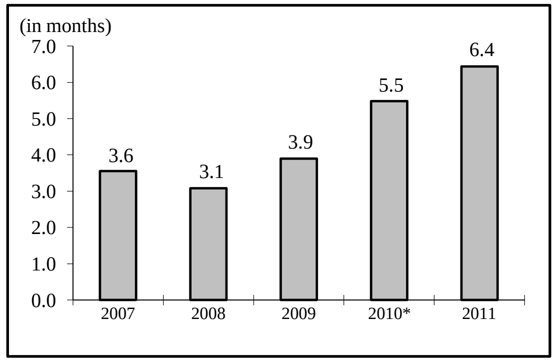
The University of Texas M. D. Anderson Cancer Center
2011 Summary of Financial Condition

Financial Condition: **Satisfactory**

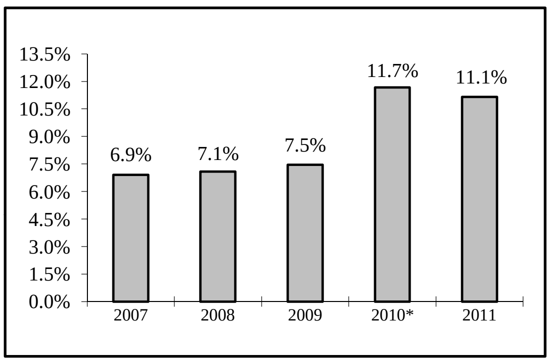
Composite Financial Index



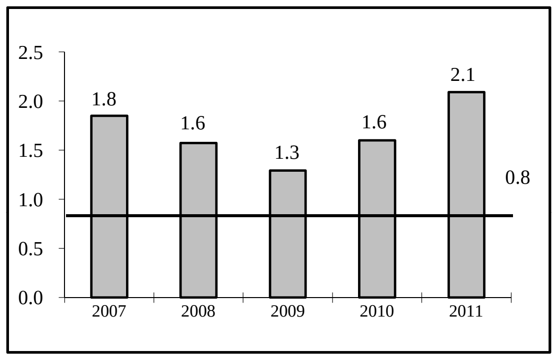
Operating Expense Coverage Ratio



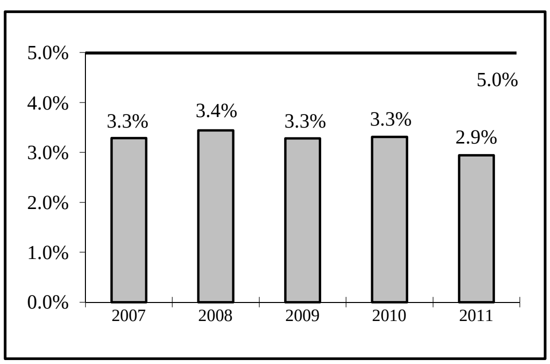
Annual Operating Margin Ratio



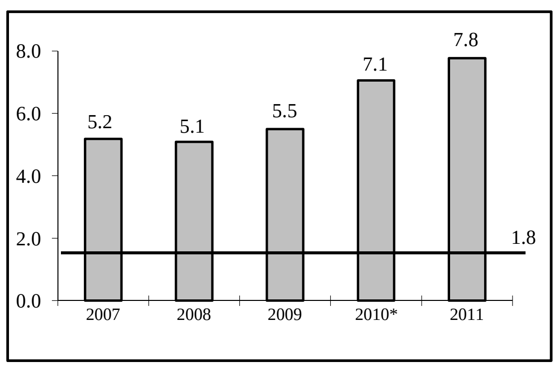
Expendable Resources to Debt Ratio



Debt Burden Ratio



Debt Service Coverage Ratio



*Restated from prior year report for late audit adjustments.

The University of Texas M. D. Anderson Cancer Center
2011 Summary of Financial Condition

Composite Financial Index (CFI) - UT MD Anderson Cancer Center's (MD Anderson) CFI increased from 5.4 in 2010 to 6.1 in 2011 primarily due to increases in the primary reserve ratio and the expendable resources to debt ratio. The increase in the primary reserve ratio was driven by the increases in total unrestricted net assets and total restricted expendable net assets discussed below. The increase in the expendable resources to debt ratio is also discussed in further detail below.

Operating Expense Coverage Ratio - MD Anderson's operating expense coverage ratio increased from 5.5 months in 2010 to 6.4 months in 2011 due to an increase in total unrestricted net assets of $360.1 million, which was partially offset by an increase in total operating expenses (including interest expense) of $248.8 million. The increase in total unrestricted net assets was primarily attributable to strong operating performance in both hospital and clinic operations. Total operating expenses increased primarily due to the following: $146.3 million increase in salaries and wages and payroll related costs resulting from full-time equivalent growth, merit increases, salary adjustments, and higher group insurance premiums; a $28.7 million increase in materials and supplies attributable to an increase in patient medications directly related to an increase in patient activity and volumes; a $15.7 million increase in depreciation and amortization expense as a result of the Administrative Support Building, the Alkek Expansion, the Center for Targeted Therapy, and the Mid-Campus Parking Facility which were placed into service in 2011; a $10.6 million increase in interest expense; a $6.8 million increase in repairs and maintenance due to hardware and equipment maintenance for the Radiology and Oncology Treatment Center and information security, the addition of a fourth dedicated underground circuit for South and Mid Campus and the surrounding area, fire alarm and pump controller equipment replacement for the main hospital and Lutheran Pavilion upgrades; and a $3.7 million increase in rentals and leases attributable to rate increases for the satellite clinics.

Annual Operating Margin Ratio - Although MD Anderson's annual operating margin ratio decreased from 11.7% for 2010 to 11.1% for 2011, the operating margin actually increased by $12.0 million due to the growth in total operating revenues of $260.9 million outpacing the growth in total operating expenses of $248.8 million. Total operating revenues increased primarily due to the following: a $216.9 million increase in net sales and services of hospitals as a result of higher patient volumes; a $42.9 million increase in sponsored program revenues (including nonexchange sponsored programs) largely attributable to an increase in awards from Cancer Prevention and Research Institute of Texas (CPRIT) and Khalifa, as well as an increase in the facilities and administrative rate; a $20.8 million increase in net professional fees due to an overall increase in patient activity and volumes; and a $6.1 million increase in other operating revenue resulting from international patient revenue, increased revenue from the National Marrow Donor Program, and an increase in the Proton Therapy Center (PTC) management fee revenue due to increased supplies utilized by PTC. The increases in these revenues were partially offset by an $11.1 million reduction in state appropriations as a result of state-wide budget cuts mandated by the state's leadership.

Expendable Resources to Debt Ratio - MD Anderson's expendable resources to debt ratio increased from 1.6 in 2010 to 2.1 in 2011 as a result of the growth in total unrestricted net assets of $360.1 million, discussed above, and growth in total restricted expendable net assets of $113.0 million. The increase in total restricted expendable net assets was primarily due to the net increase in the fair value of investments in endowment funds and an increase in the funds restricted for capital projects. The amount of debt outstanding decreased by $17.7 million as a result of retirement of revenue system financing bonds which also contributed to the increase in this ratio.

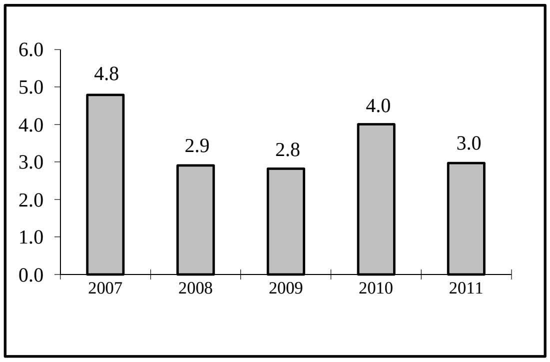
Debt Burden Ratio - MD Anderson's debt burden ratio decreased from 3.3% in 2010 to 2.9% in 2011due to a decrease in debt service payments of $3.1 million and the increase in total operating expenses previously discussed.

Debt Service Coverage Ratio - MD Anderson's debt service coverage ratio increased from 7.1 in 2010 to 7.8 in 2011. The increase in this ratio was a result of the improvement in operating performance, excluding depreciation and amortization expense, as discussed in the annual operating margin ratio and the decrease in debt service payments.

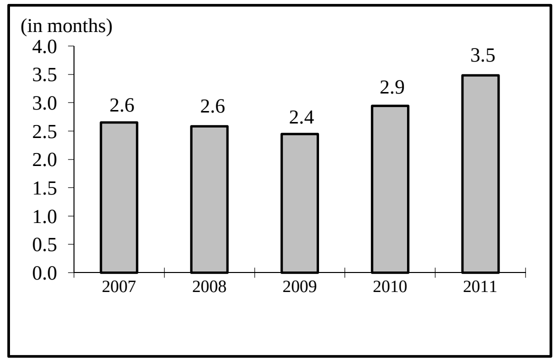
The University of Texas Health Science Center at Tyler
2011 Summary of Financial Condition

Financial Condition: **Satisfactory**

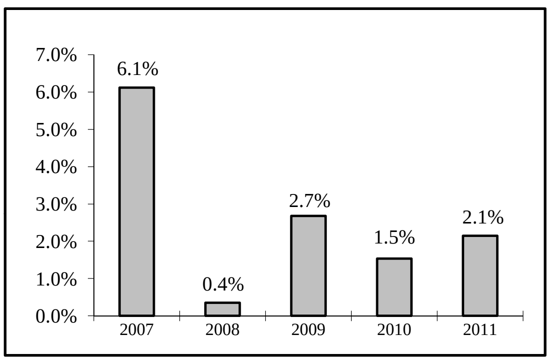
Composite Financial Index



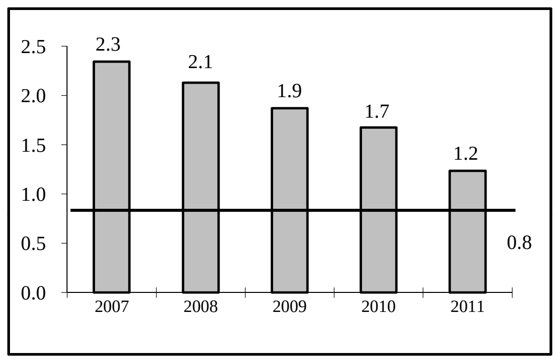
Operating Expense Coverage Ratio



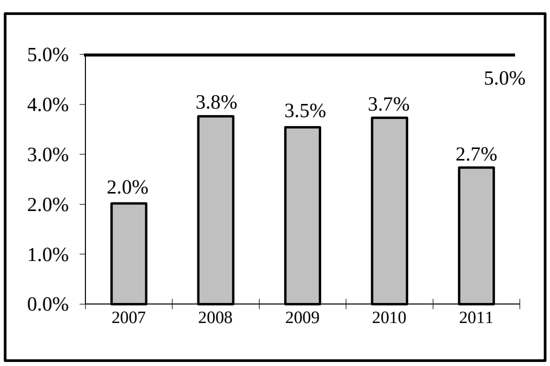
Annual Operating Margin Ratio



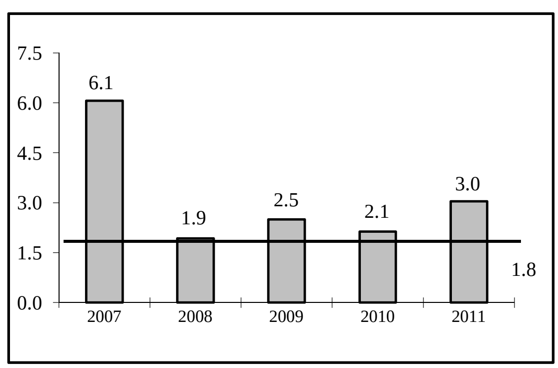
Expendable Resources to Debt Ratio



Debt Burden Ratio



Debt Service Coverage Ratio



The University of Texas Health Science Center at Tyler
2011 Summary of Financial Condition

Composite Financial Index (CFI) - UT Health Science Center - Tyler's (UTHSC-Tyler) CFI decreased from 4.0 in 2010 to 3.0 in 2011 primarily attributable to decreases in the return on net assets ratio and the expendable resources to debt ratio. The decrease in the return on net assets ratio was largely driven by the increase in the amount of debt outstanding. The decrease in the expendable resources to debt ratio is discussed below.

Operating Expense Coverage Ratio - UTHSC-Tyler's operating expense coverage ratio increased from 2.9 months in 2010 to 3.5 months in 2011 due to growth in total unrestricted net assets of $4.5 million and a reduction in total operating expenses (including interest expense) of $3.0 million. The increase in total unrestricted net assets was primarily attributable to investment income and the net increase in the fair value of investments allocated to designated funds. Total operating expenses decreased largely due to the following: a $2.2 million decrease in other contracted services and other operating expenses combined attributable to maintenance service contracts that ended in October 2010, which services are now in-house; and a $1.9 million decrease in materials and supplies resulting from a lower volume of inpatient services using medical supplies.

Annual Operating Margin Ratio - UTHSC-Tyler's annual operating margin ratio increased from 1.5% for 2010 to 2.1% for 2011 due to the reduction in total operating expenses of $3.0 million, which was partially offset by a reduction in total operating revenues of $2.2 million. The decrease in total operating revenues was primarily due to a $5.8 million reduction in state appropriations as a result of state-wide budget cuts mandated by the state's leadership. The reduction in state appropriations was partially offset by a $3.8 million increase in net sales and services of hospitals attributable to an increase in net hospital and physician patient collections.

Expendable Resources to Debt Ratio - UTHSC-Tyler's expendable resources to debt ratio decreased from 1.7 in 2010 to 1.2 in 2011. The decrease in this ratio was attributable to a decrease in total restricted expendable net assets of $13.7 million and an increase of $5.0 million in the amount of debt outstanding. Total restricted expendable net assets decreased primarily due to a reduction in the amount of funds restricted for capital projects. The increase in debt outstanding was related to new equipment financing.

Debt Burden Ratio - UTHSC-Tyler's debt burden ratio decreased from 3.7% in 2010 to 2.7% in 2011 due to a decrease of $1.3 million in debt service payments.

Debt Service Coverage Ratio -UTHSC-Tyler's debt service coverage ratio increased from 2.1 in 2010 to 3.0 in 2011 as a result of the improvement in operating performance as discussed in the annual operating margin ratio and the decrease in debt service payments.

Appendix A - Definitions of Evaluation Factors

1. **Composite Financial Index (CFI)** – The CFI measures the overall financial health of an institution by combining four core ratios into a single score. The four core ratios used to compute the CFI are as follows: primary reserve ratio, expendable resources to debt ratio, return on net assets ratio, and annual operating margin ratio.

Core Ratio Values		Conversion Factor		Strength Factor		Weighting Factor		Score
Primary Reserve	/	0.133	=	Strength Factor	x	35.0%	=	Score
Annual Operating Margin	/	1.3%	=	Strength Factor	x	10.0%	=	Score
Return on Net Assets	/	2.0%	=	Strength Factor	x	20.0%	=	Score
Expendable Resources to Debt	/	0.417	=	Strength Factor	x	35.0%	=	Score
						CFI	=	Total Score

2. **Operating Expense Coverage Ratio** – This ratio measures an institution's ability to cover future operating expenses with available year-end balances. This ratio is expressed in number of months coverage.

$$\frac{\text{Total Unrestricted Net Assets}}{\text{Total Operating Expenses + Interest Expense on Debt}} * 12$$

3. **Annual Operating Margin Ratio** – This ratio indicates whether an institution is living within its available resources.

$$\frac{\text{Op Rev +GR+Op Gifts+NonexchSP+Inv Inc+RAHC \& AUF Trans+/-TX Ent Fund+NSERB Approp+HEAF for Op Exp+/-UTMB Ike–Op \& Int Exp}}{\text{Op Rev+GR+Op Gifts+NonexchSP+Inv Inc+RAHC \& AUF Trans+/-TX Ent Fund+NSERB Approp+HEAF for Op Exp+/-UTMB Ike}}$$

4. **Expendable Resources to Debt Ratio** – This ratio measures an institution's ability to fund outstanding debt with existing net asset balances should an emergency occur. Debt capacity thresholds are provided by the Office of Finance and are based on formulas used by Moody's Investors Service. An institution's debt capacity is largely determined by its ability to meet at least two of three minimum standards for debt service coverage, debt burden, and expendable resources to debt. The minimum expendable resources to debt ratio is 0.8 times.

$$\frac{\text{Expendable Net Assets + Unrestricted Net Assets}}{\text{Debt not on Institution's Books}}$$

5. **Debt Burden Ratio** – This ratio examines the institution's dependence on borrowed funds as a source of financing and the cost of borrowing relative to overall expenses. Debt capacity thresholds are provided by the Office of Finance and are based on formulas used by Moody's Investors Service. An institution's debt capacity is largely determined by its ability to meet at least two of three minimum standards for debt service coverage, debt burden, and expendable resources to debt. The maximum debt burden ratio is 5.0%.

$$\frac{\text{Debt Service Transfers}}{\text{Operating Exp. (excluding Scholarships Exp.) + Interest Exp.}}$$

Appendix A - Definitions of Evaluation Factors (Continued)

6. **Debt Service Coverage Ratio** – This ratio measures the actual margin of protection provided to investors by annual operations. Moody's excludes actual investment income from its calculation of total operating revenue and instead uses a normalized investment income. Prior to fiscal year 2009, Moody's utilized a rate of 4.5% of the prior year's ending total cash and investments to compute normalized investment income for public universities. Beginning with fiscal year 2009, Moody's changed the methodology and now applies 5% of the average of the previous three years' market value of cash and investments. In order to be consistent with the Office of Finance's calculation of the debt service coverage ratio, we used normalized investment income as defined above for this ratio only. Debt capacity thresholds are provided by the Office of Finance and are based on formulas used by Moody's Investors Service. An institution's debt capacity is largely determined by its ability to meet at least two of three minimum standards for debt service coverage, debt burden, and expendable resources to debt. The minimum debt service coverage ratio is 1.8 times.

$$\frac{\text{Op Rev+GR+Op Gifts+ NonexchSP+Norm Inv Inc+RAHC\&AUF Trans+/-TX Ent Fund+NSERB Approp+HEAF for Op Exp+/-UTMB Ike–Op Exp+Depr}}{\text{Debt Service Transfers}}$$

7. **Primary Reserve Ratio** - This ratio measures the financial strength of an institution by comparing expendable net assets to total expenses. This ratio provides a snapshot of financial strength and flexibility by indicating how long the institution could function using its expendable reserves without relying on additional net assets generated by operations.

$$\frac{\text{Expendable Net Assets + Unrestricted Net Assets}}{\text{Total Operating Expenses + Interest Expense on Debt}}$$

8. **Return on Net Assets Ratio –** This ratio determines whether the institution is financially better off than in previous years by measuring total economic return. An improving trend indicates that the institution is increasing its net assets and is likely to be able to set aside financial resources to strengthen its future financial flexibility.

$$\frac{\text{Change in Net Assets (Adjusted for Change in Debt not on Institution's Books)}}{\text{Beginning Net Assets – Debt not on Institution's Books}}$$

9. **Full-Time Equivalent (FTE) Student Enrollment** - Total semester credit hours taken by students during the fall semester, divided by factors of 15 for undergraduate students, 12 for graduate and special professional students, and 9 for doctoral students to arrive at the full-time equivalent (FTE) students represented by the course hours taken.

Appendix A - Definitions of Evaluation Factors (Continued)

The categories, which are utilized to indicate the assessment of an institution's financial condition, are "Satisfactory," "Watch" and "Unsatisfactory." In most cases the rating is based upon the trends of the financial ratios unless isolated financial difficulties in particular areas are material enough to threaten the overall financial results.

Satisfactory – an institution assigned this assessment exhibits a general history of relatively stable or increasing financial ratios. The CFI remains relatively stable within the trend period. However, the CFI can fluctuate depending upon the underlying factors contributing to the fluctuation with respect to the overall mission of an institution. The CFI must be analyzed in conjunction with the trends in the other ratios analyzed. The operating expense coverage ratio should be at or above a two-month benchmark and should be stable or improving. The annual operating margin ratio could be both positive and negative during the trend period due to nonrecurring items. Some of these items include unexpected reductions in external sources of income, such as state appropriations, gifts and investment income, all of which are unpredictable and subject to economic conditions. The Office of Finance uses the expendable resources to debt ratio, debt burden ratio and debt service coverage ratio, which are the same ratios the bond rating agencies calculate for the System. Trends in these ratios can help determine if an institution has additional debt capacity or has assumed more debt than it can afford to service. In general, an institution's expendable resources to debt and debt service coverage ratios should exceed the Office of Finance's standards of 0.8 times and 1.8 times, respectively, while the debt burden ratio should fall below the Office of Finance's standard of 5.0%. Full-time equivalent (FTE) student enrollment must be relatively stable or increasing. Isolated financial difficulties in particular areas may be evident, but must not be material enough to threaten the overall financial health of an institution.

Watch – an institution assigned this assessment exhibits a history of relatively unstable or declining financial ratios. The CFI is less stable and/or the fluctuations are not expected given the mission of an institution. The operating expense coverage ratio can be at or above a two-month benchmark, but typically shows a declining trend. Annual operating margin ratio is negative or near break-even during the trend period due to recurring items, material operating difficulties or uncertainties caused by either internal management decisions or external factors. Trends in the expendable resources to debt ratio, debt burden ratio and debt service coverage ratio can help determine if an institution has additional debt capacity or has assumed more debt than it can afford to service. FTE student enrollment can be stable or declining, depending upon competitive alternatives or recruitment and retention efforts. Isolated financial difficulties in particular areas may be evident and can be material enough to threaten the overall financial health of an institution.

Unsatisfactory – an institution assigned this assessment exhibits a history of relatively unstable financial ratios. The CFI is very volatile and does not support the mission of an institution. The operating expense coverage ratio may be below a two-month benchmark and shows a declining trend. The annual operating margin ratio is predominately volatile or negative during the trend period due to material operating difficulties or uncertainties caused by either internal management decisions or external factors. Trends in the expendable resources to debt ratio, debt burden ratio and debt service coverage ratio can help determine if an institution has additional debt capacity or has assumed more debt than it can afford to service. The FTE student enrollment can be stable or declining, depending upon competitive alternatives or recruitment and retention efforts. Widespread financial difficulties in key areas are evident and are material enough to further threaten the overall financial health of an institution. For institutions rated "Unsatisfactory," the Chancellor and the appropriate Executive Vice Chancellors will request the institutions to develop a specific financial plan of action to improve the institution's financial condition. Progress towards the achievement of the plans will be periodically discussed with the Chief Business Officer and President, and representatives from the UT System Offices of Business, Academic and/or Health Affairs, as appropriate.

Appendix B - Calculation of Composite Financial Index
Academic Institutions
As of August 31, 2011

UT Arlington

Ratio	Ratio Value		Conversion Factor		Strength Factor		Weighting Factor		Score
Primary Reserve	0.58	/	0.133	=	4.38	x	35.0%	=	1.53
Annual Operating Margin	3.94%	/	1.3%	=	3.03	x	10.0%	=	0.30
Return on Net Assets	9.28%	/	2.0%	=	4.64	x	20.0%	=	0.93
Expendable Resources to Debt	0.86	/	0.417	=	2.06	x	35.0%	=	0.72
							CFI		3.5

UT Austin

Ratio	Ratio Value		Conversion Factor		Strength Factor		Weighting Factor		Score
Primary Reserve	1.14	/	0.133	=	8.56	x	35.0%	=	2.99
Annual Operating Margin	3.51%	/	1.3%	=	2.70	x	10.0%	=	0.27
Return on Net Assets	10.34%	/	2.0%	=	5.17	x	20.0%	=	1.03
Expendable Resources to Debt	2.22	/	0.417	=	5.32	x	35.0%	=	1.86
							CFI		6.2

UT Brownsville

Ratio	Ratio Value		Conversion Factor		Strength Factor		Weighting Factor		Score
Primary Reserve	0.28	/	0.133	=	2.10	x	35.0%	=	0.73
Annual Operating Margin	1.50%	/	1.3%	=	1.15	x	10.0%	=	0.12
Return on Net Assets	10.48%	/	2.0%	=	5.24	x	20.0%	=	1.05
Expendable Resources to Debt	0.80	/	0.417	=	1.91	x	35.0%	=	0.67
							CFI		2.6

UT Dallas

Ratio	Ratio Value		Conversion Factor		Strength Factor		Weighting Factor		Score
Primary Reserve	0.72	/	0.133	=	5.45	x	35.0%	=	1.91
Annual Operating Margin	2.35%	/	1.3%	=	1.81	x	10.0%	=	0.18
Return on Net Assets	8.55%	/	2.0%	=	4.27	x	20.0%	=	0.85
Expendable Resources to Debt	0.93	/	0.417	=	2.24	x	35.0%	=	0.78
							CFI		3.7

UT El Paso

Ratio	Ratio Value		Conversion Factor		Strength Factor		Weighting Factor		Score
Primary Reserve	0.59	/	0.133	=	4.46	x	35.0%	=	1.56
Annual Operating Margin	1.13%	/	1.3%	=	0.87	x	10.0%	=	0.09
Return on Net Assets	6.69%	/	2.0%	=	3.34	x	20.0%	=	0.67
Expendable Resources to Debt	1.02	/	0.417	=	2.44	x	35.0%	=	0.85
							CFI		3.2

Appendix B - Calculation of Composite Financial Index
Academic Institutions
As of August 31, 2011
(continued)

UT Pan American

Ratio	Ratio Value		Conversion Factor		Strength Factor		Weighting Factor		Score
Primary Reserve	0.48	/	0.133	=	3.60	x	35.0%	=	1.26
Annual Operating Margin	2.83%	/	1.3%	=	2.18	x	10.0%	=	0.22
Return on Net Assets	11.65%	/	2.0%	=	5.83	x	20.0%	=	1.17
Expendable Resources to Debt	1.58	/	0.417	=	3.79	x	35.0%	=	1.32
							CFI		4.0

UT Permian Basin

Ratio	Ratio Value		Conversion Factor		Strength Factor		Weighting Factor		Score
Primary Reserve	0.60	/	0.133	=	4.54	x	35.0%	=	1.59
Annual Operating Margin	-13.62%	/	1.3%	=	-10.48	x	10.0%	=	-1.05
Return on Net Assets	9.68%	/	2.0%	=	4.84	x	20.0%	=	0.97
Expendable Resources to Debt	0.32	/	0.417	=	0.78	x	35.0%	=	0.27
							CFI		1.8

UT San Antonio

Ratio	Ratio Value		Conversion Factor		Strength Factor		Weighting Factor		Score
Primary Reserve	0.54	/	0.133	=	4.09	x	35.0%	=	1.43
Annual Operating Margin	2.76%	/	1.3%	=	2.12	x	10.0%	=	0.21
Return on Net Assets	9.20%	/	2.0%	=	4.60	x	20.0%	=	0.92
Expendable Resources to Debt	0.72	/	0.417	=	1.73	x	35.0%	=	0.61
							CFI		3.2

UT Tyler

Ratio	Ratio Value		Conversion Factor		Strength Factor		Weighting Factor		Score
Primary Reserve	0.98	/	0.133	=	7.39	x	35.0%	=	2.58
Annual Operating Margin	-0.84%	/	1.3%	=	-0.65	x	10.0%	=	-0.06
Return on Net Assets	4.85%	/	2.0%	=	2.43	x	20.0%	=	0.49
Expendable Resources to Debt	1.13	/	0.417	=	2.70	x	35.0%	=	0.95
							CFI		4.0

Appendix B - Calculation of Composite Financial Index
Health Institutions
As of August 31, 2011

Southwestern

Ratio	Ratio Value		Conversion Factor		Strength Factor		Weighting Factor		Score
Primary Reserve	1.10	/	0.133	=	8.27	x	35.0%	=	2.89
Annual Operating Margin	5.17%	/	1.3%	=	3.98	x	10.0%	=	0.40
Return on Net Assets	8.90%	/	2.0%	=	4.45	x	20.0%	=	0.89
Expendable Resources to Debt	1.69	/	0.417	=	4.05	x	35.0%	=	1.42
							CFI		5.6

UTMB

Ratio	Ratio Value		Conversion Factor		Strength Factor		Weighting Factor		Score
Primary Reserve	0.32	/	0.133	=	2.43	x	35.0%	=	0.85
Annual Operating Margin	3.06%	/	1.3%	=	2.35	x	10.0%	=	0.24
Return on Net Assets	8.83%	/	2.0%	=	4.41	x	20.0%	=	0.88
Expendable Resources to Debt	2.17	/	0.417	=	5.20	x	35.0%	=	1.82
							CFI		3.8

UTHSC-Houston

Ratio	Ratio Value		Conversion Factor		Strength Factor		Weighting Factor		Score
Primary Reserve	0.54	/	0.133	=	4.05	x	35.0%	=	1.42
Annual Operating Margin	2.04%	/	1.3%	=	1.57	x	10.0%	=	0.16
Return on Net Assets	8.18%	/	2.0%	=	4.09	x	20.0%	=	0.82
Expendable Resources to Debt	1.75	/	0.417	=	4.21	x	35.0%	=	1.47
							CFI		3.9

UTHSC-San Antonio

Ratio	Ratio Value		Conversion Factor		Strength Factor		Weighting Factor		Score
Primary Reserve	0.54	/	0.133	=	4.06	x	35.0%	=	1.42
Annual Operating Margin	2.91%	/	1.3%	=	2.24	x	10.0%	=	0.22
Return on Net Assets	9.15%	/	2.0%	=	4.58	x	20.0%	=	0.92
Expendable Resources to Debt	1.69	/	0.417	=	4.06	x	35.0%	=	1.42
							CFI		4.0

MD Anderson

Ratio	Ratio Value		Conversion Factor		Strength Factor		Weighting Factor		Score
Primary Reserve	0.69	/	0.133	=	5.18	x	35.0%	=	1.81
Annual Operating Margin	11.15%	/	1.3%	=	8.58	x	10.0%	=	0.86
Return on Net Assets	16.90%	/	2.0%	=	8.45	x	20.0%	=	1.69
Expendable Resources to Debt	2.09	/	0.417	=	5.01	x	35.0%	=	1.75
							CFI		6.1

UTHSC-Tyler

Ratio	Ratio Value		Conversion Factor		Strength Factor		Weighting Factor		Score
Primary Reserve	0.42	/	0.133	=	3.19	x	35.0%	=	1.12
Annual Operating Margin	2.14%	/	1.3%	=	1.65	x	10.0%	=	0.16
Return on Net Assets	6.54%	/	2.0%	=	3.27	x	20.0%	=	0.65
Expendable Resources to Debt	1.23	/	0.417	=	2.96	x	35.0%	=	1.04
							CFI		3.0

Appendix C - Calculation of Expendable Net Assets
Academic Institutions
As of August 31, 2011
(In Millions)

Institution	Restricted Expendable Net Assets: Capital Projects	Restricted Expendable Net Assets: Funds Functioning Restricted	Restricted Expendable Net Assets: Other Expendable	Restricted Expendable Net Assets: Total	Total Unrestricted Net Assets	Total Expendable Net Assets
UT Arlington	$ 8.6	3.8	96.5	108.9	156.7	265.5
UT Austin	69.0	134.9	1,576.9	1,780.7	767.0	2,547.7
UT Brownsville	6.1	-	6.0	12.1	38.6	50.7
UT Dallas	13.4	5.9	155.1	174.4	104.8	279.3
UT El Paso	25.9	16.6	102.7	145.2	70.6	215.8
UT Pan American	1.7	1.4	18.0	21.1	102.7	123.8
UT Permian Basin	17.4	0.1	8.4	25.9	12.5	38.4
UT San Antonio	1.1	0.7	66.2	68.0	186.0	254.0
UT Tyler	9.5	0.4	37.3	47.2	43.7	91.0

Appendix C - Calculation of Expendable Net Assets
Health Institutions
As of August 31, 2011
(In Millions)

Institution	Restricted Expendable Net Assets: Capital Projects	Restricted Expendable Net Assets: Funds Functioning Restricted	Restricted Expendable Net Assets: Other Expendable	Restricted Expendable Net Assets: Total	Total Unrestricted Net Assets	Total Expendable Net Assets
Southwestern	$ 436.5	26.4	708.3	1,171.2	676.0	1,847.2
UTMB	123.6	22.9	203.3	349.8	159.2	509.0
UTHSC-Houston	22.6	11.9	151.6	186.1	334.2	520.3
UTHSC-San Antonio	1.2	8.1	191.2	200.5	188.0	388.5
MD Anderson	38.1	26.7	408.9	473.7	1,660.4	2,134.2
UTHSC-Tyler	(1.9)	0.7	16.8	15.6	33.7	49.4

Appendix D - Calculation of Annual Operating Margin
Academic Institutions
As of August 31, 2011
(In Millions)

Institution	Income/(Loss) Before Other Rev., Exp., Gains/(Losses) & Transfers	Less: Nonoperating Items				Margin From SRECNA	Other Adjustments						Annual Operating Margin
		Other Nonop. Revenues	Other Nonop. Expenses	Gain/Loss on Sale of Cap. Assets	Net Increase/ (Decrease) in FV of Inv.		Minus: Realized Gains/ (Losses)	Plus: AUF Transfer	Plus: NSERB & Other	Plus: Texas Enterprise Fund	Plus: HEAF for Op. Exp.	Plus: Interest Expense	
UT Arlington	$ 48.7	-	-	(0.9)	20.1	29.5	-	-	-	-	-	(10.8)	18.7
UT Austin	226.2	7.3	(1.2)	(8.1)	284.4	(56.2)	(0.1)	177.6	-	-	-	(40.0)	81.5
UT Brownsville	5.1	-	-	-	2.4	2.7	-	-	-	-	1.9	(1.8)	2.8
UT Dallas	42.2	-	-	(0.1)	27.2	15.2	-	-	3.7	0.6	-	(10.2)	9.3
UT El Paso	30.4	-	-	-	20.0	10.5	1.3	-	-	-	-	(5.1)	4.2
UT Pan American	16.4	0.2	(0.1)	(0.3)	7.5	9.1	-	-	-	-	2.4	(3.9)	7.5
UT Permian Basin	(2.6)	-	-	-	3.0	(5.2)	-	-	-	-	-	(2.3)	(7.6)
UT San Antonio	52.5	-	-	(0.1)	23.0	29.5	0.8	-	-	-	-	(15.5)	13.2
UT Tyler	11.8	-	(0.6)	-	9.1	3.3	-	-	-	-	-	(4.0)	(0.8)

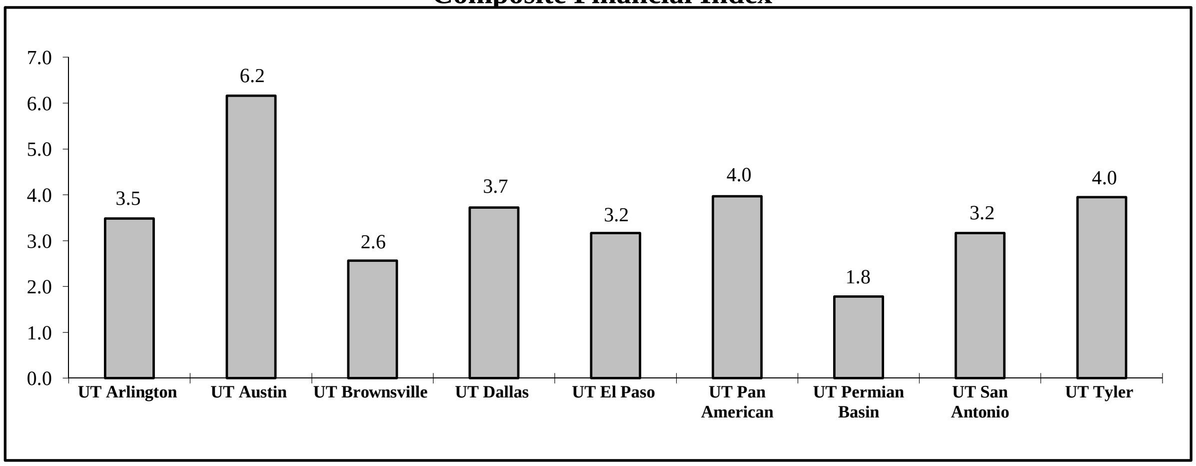
Appendix D - Calculation of Annual Operating Margin
Health Institutions
As of August 31, 2011
(In Millions)

Institution	Income/(Loss) Before Other Rev., Exp., Gains/(Losses) & Transfers	Less: Nonoperating Items: Other Nonop. Revenues	Other Nonop. Expenses	Gain/Loss on Sale of Cap. Assets	Net Increase/ (Decrease) in FV of Inv.	Margin From SRECNA	Other Adjustments: Minus: Realized Gains/ (Losses)	Plus: Exclude NETnet Depr. Exp.	Plus: RAHC Transfer & Other	Minus: Ike Funding*	Plus: Interest Expense	Annual Operating Margin
Southwestern	$ 230.1	2.0	(1.4)	(21.9)	133.3	118.1	2.6	-	-	-	(23.9)	91.5
UTMB	59.1	1.0	(0.8)	0.1	50.2	8.8	0.6	-	-	49.5	(8.1)	49.6
UTHSC-Houston	70.1	4.7	-	(0.5)	40.6	25.2	1.7	-	5.3	-	(8.7)	20.1
UTHSC-San Antonio	82.2	-	-	(0.5)	52.5	30.2	0.8	-	0.6	-	(8.5)	21.6
MD Anderson	606.3	-	(1.6)	(9.2)	187.3	429.8	0.9	-	-	-	(40.5)	388.4
UTHSC-Tyler	8.2	-	(0.1)	-	5.3	3.1	-	0.1	-	-	(0.7)	2.5

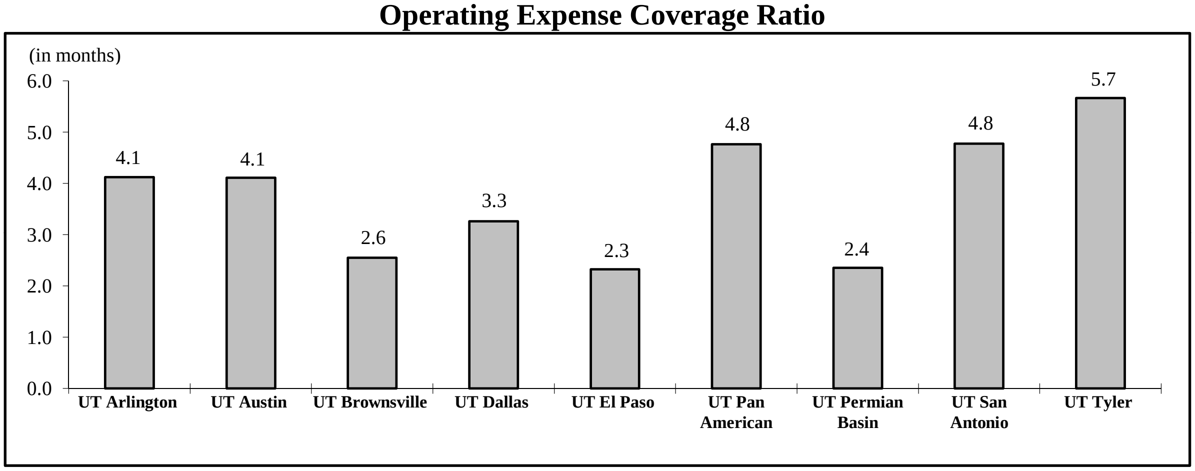
*UTMB was appropriated $150 million in FEMA State Matching funds that was recognized in general revenue in 2009 and was excluded from the Annual Operating Margin calculation in 2009. In 2011, UTMB spent $5.6 million of the FEMA State Matching funds of which $1.0 million was operating in nature; therefore, UTMB's Annual Operating Margin for 2011 was adjusted to include the $1.0 million. UTMB also received $97 million of additional general revenue in 2010 for recovery from Hurricane *Ike.* To more appropriately match revenues with expenses, this additional appropriation will be spread evenly in 2010 and 2011. Thus, $48.5 million was included in the Annual Operating Margin for 2011.

Appendix E - Academic Institutions' Evaluation Factors
2011 Analysis of Financial Condition

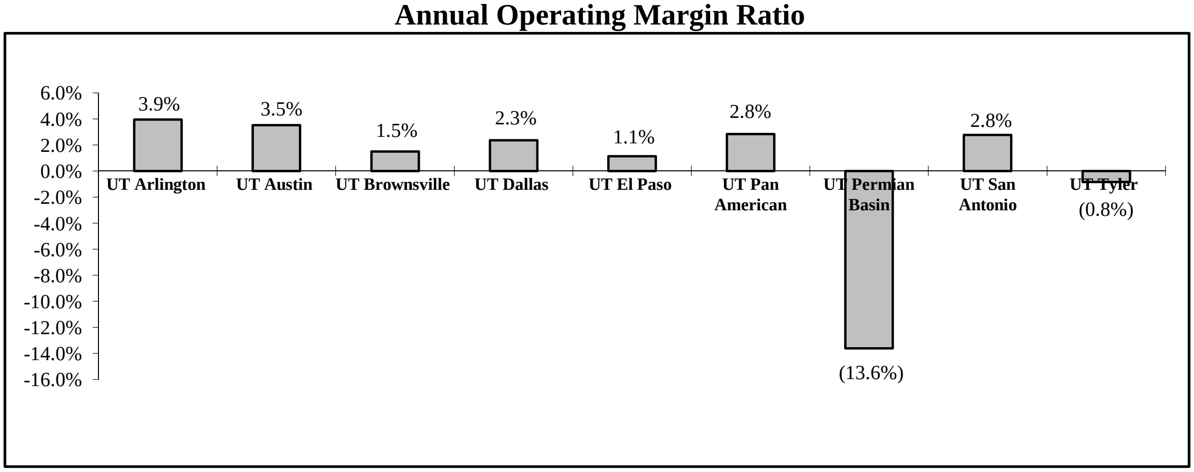
Composite Financial Index



Operating Expense Coverage Ratio

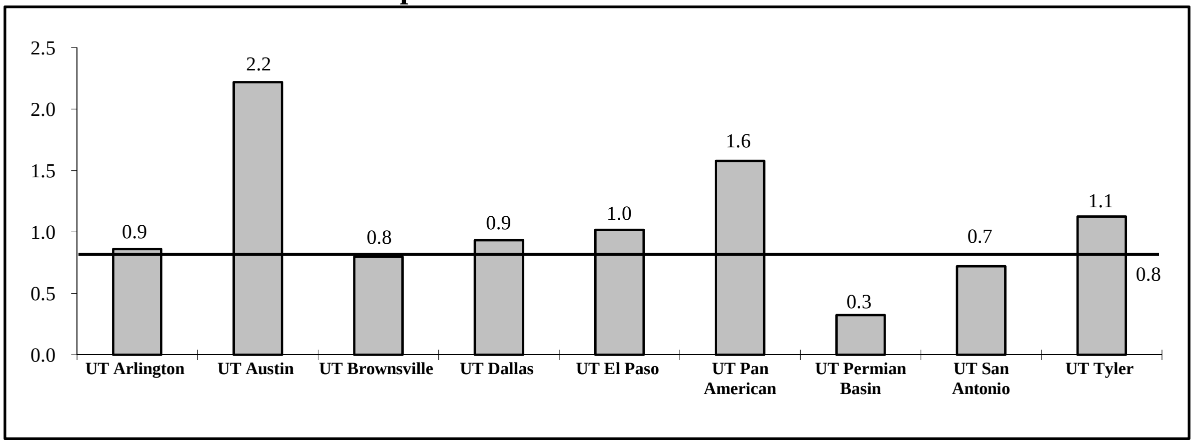


Annual Operating Margin Ratio

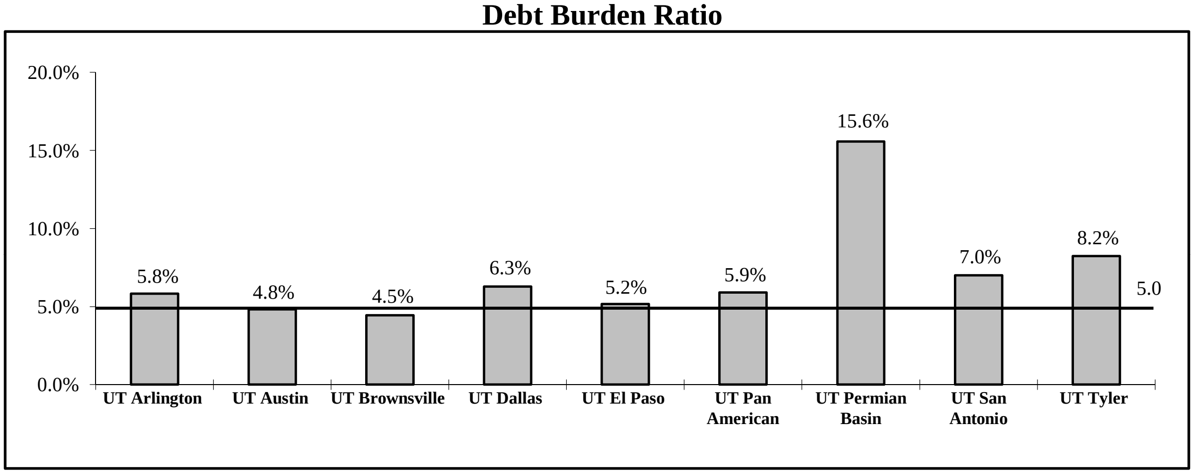


Appendix E - Academic Institutions' Evaluation Factors
2011 Analysis of Financial Condition

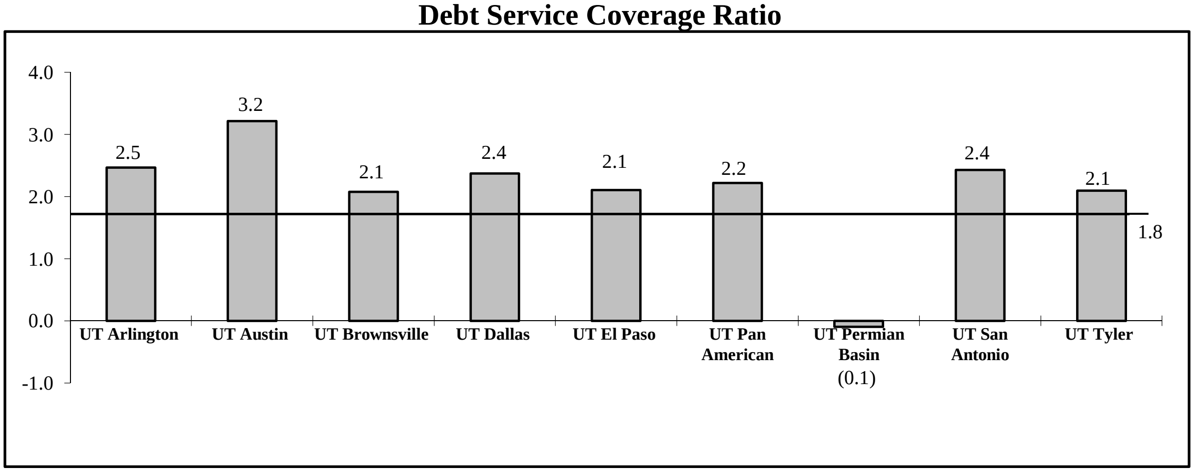
Expendable Resources to Debt Ratio



Debt Burden Ratio

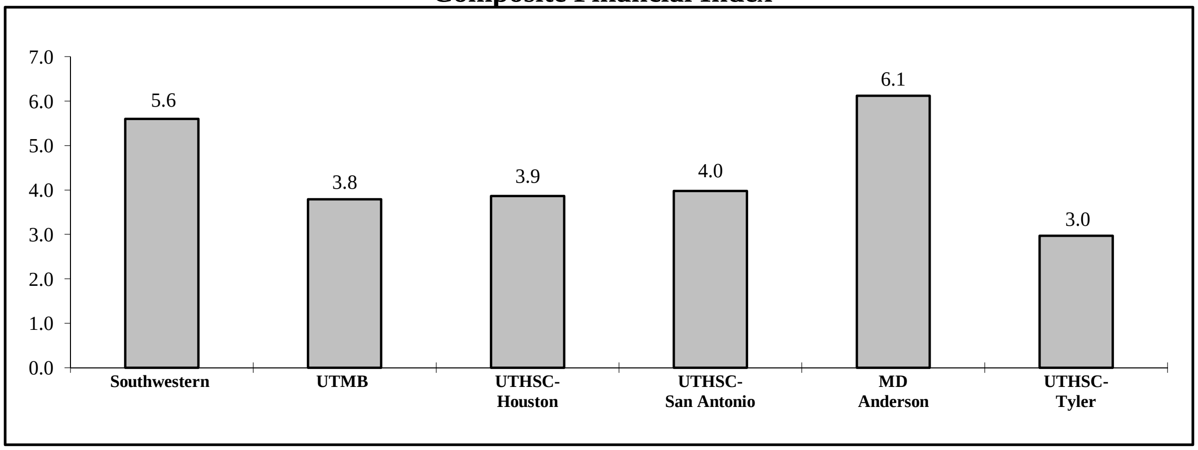


Debt Service Coverage Ratio

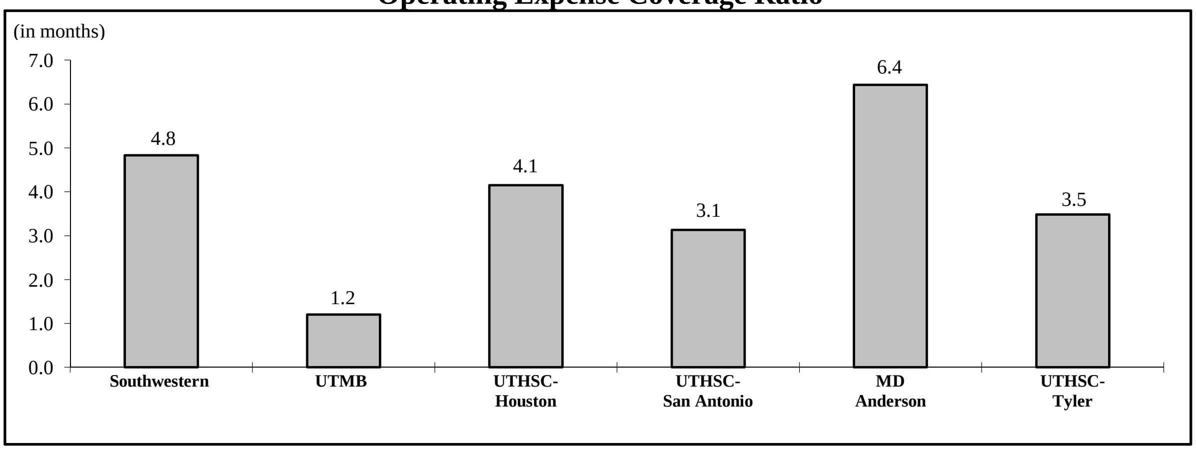


Appendix E - Health Institutions' Evaluation Factors
2011 Analysis of Financial Condition

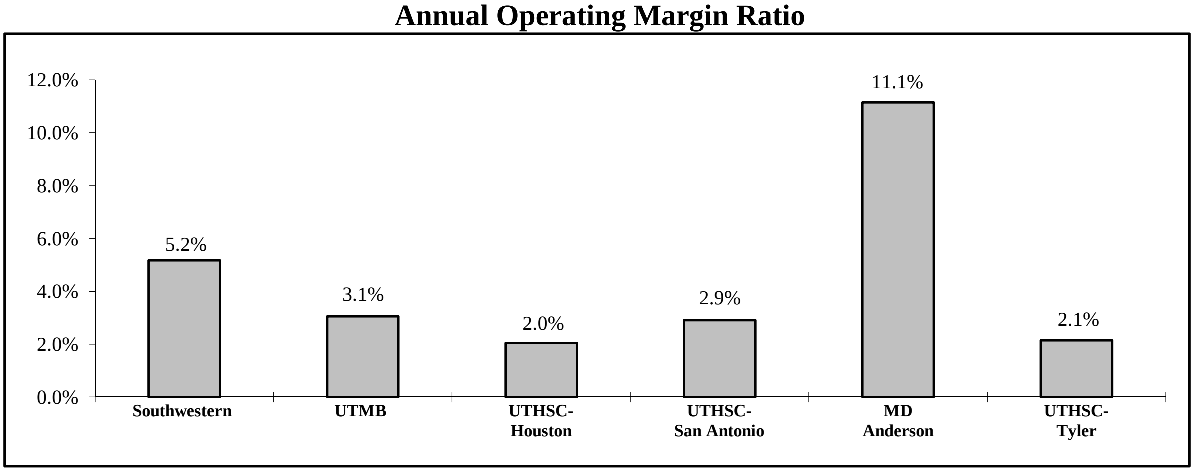
Composite Financial Index



Operating Expense Coverage Ratio

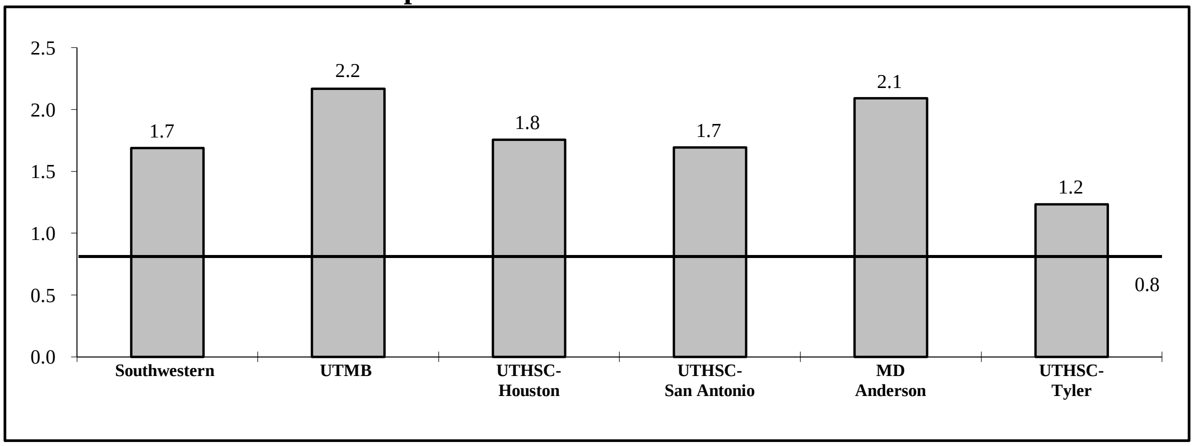


Annual Operating Margin Ratio

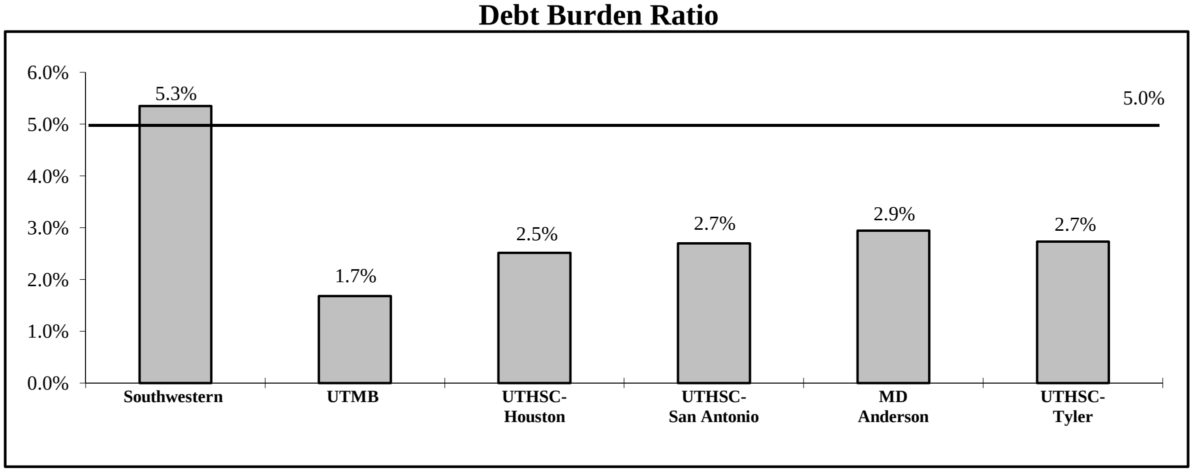


Appendix E - Health Institutions' Evaluation Factors
2011 Analysis of Financial Condition

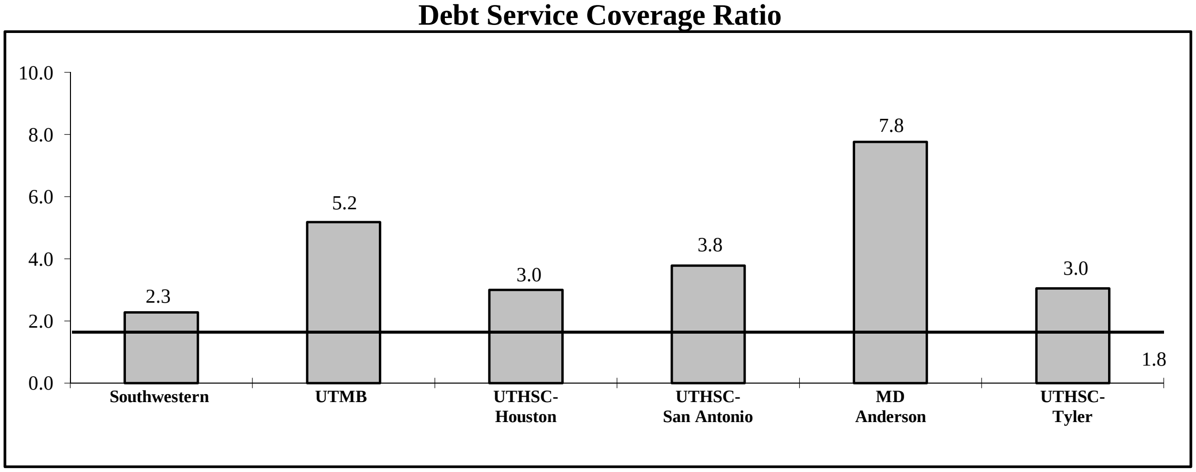
Expendable Resources to Debt Ratio



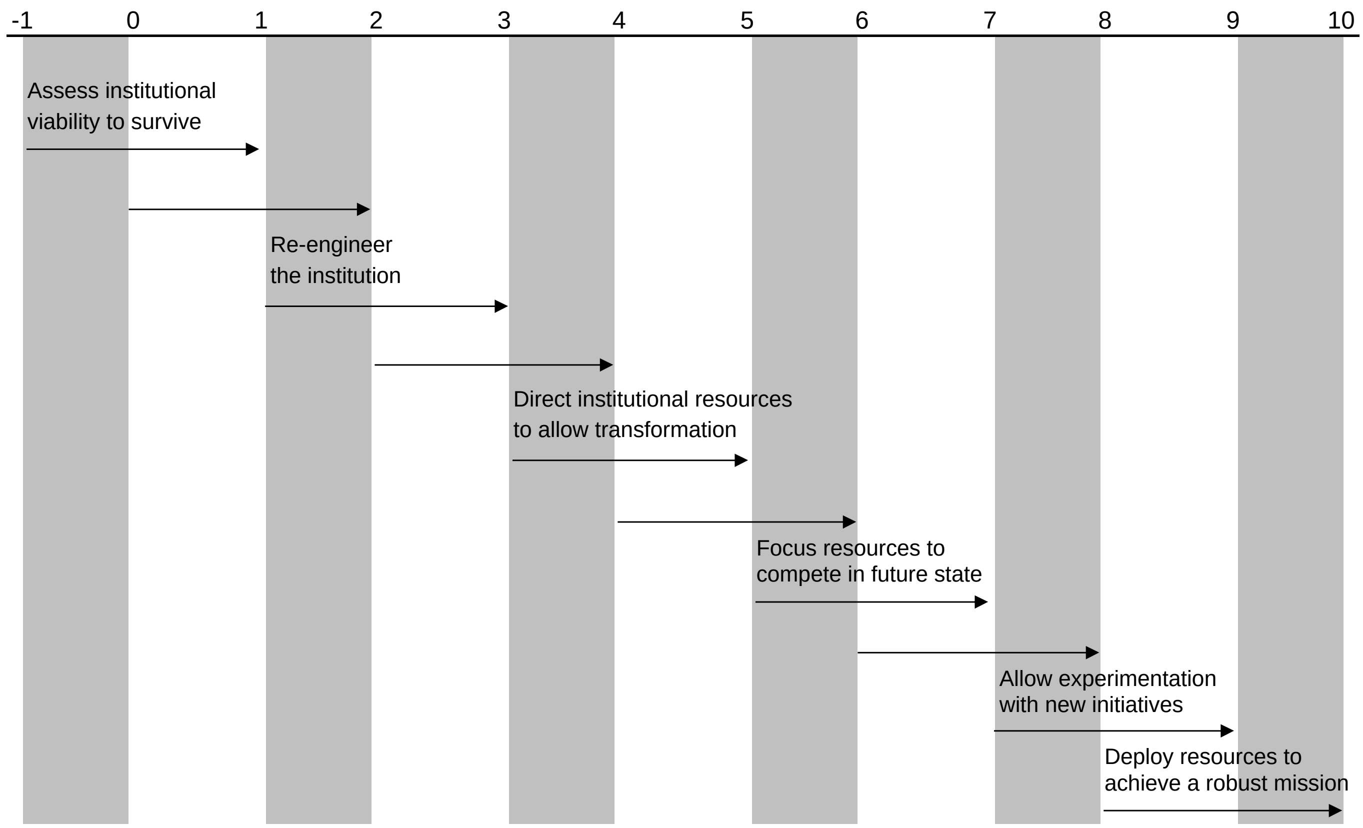
Debt Burden Ratio



Debt Service Coverage Ratio

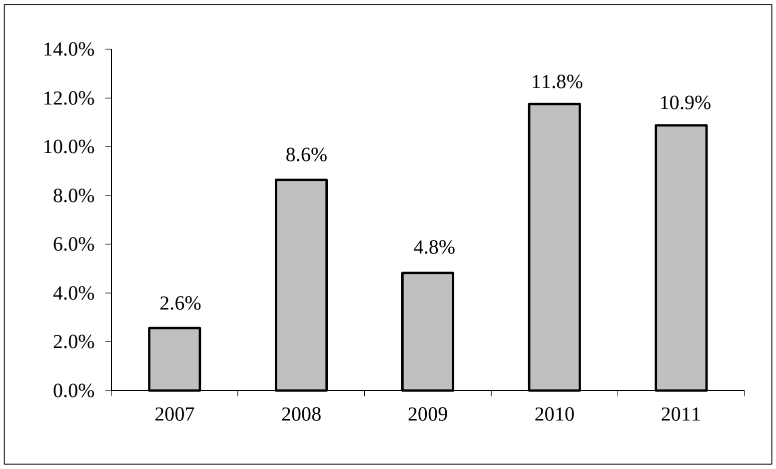


Appendix F - Scale for Charting CFI Performance



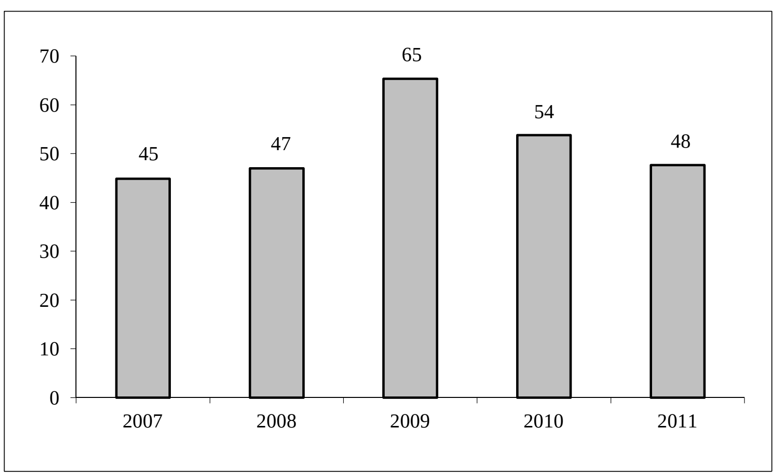
Appendix G - Key Hospital Operating Factors
The University of Texas Southwestern Medical Center

Annual Operating Margin Ratio



The annual operating margin ratio decreased from 11.8% for 2010 to 10.9% for 2011 due to operating expenses per adjusted patient day increasing from $13,929 to $14,721, an increase of 5.7%.

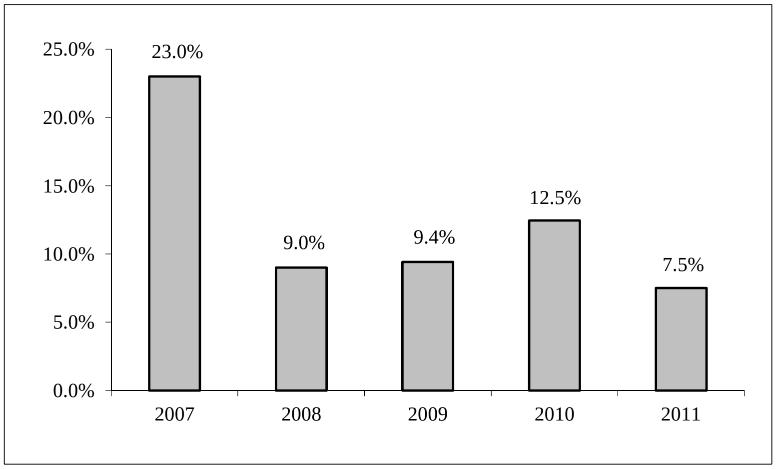
Net Accounts Receivable (in days)



The net accounts receivable days decreased due to a 12.8% increase in collection rates as compared to 2010. Net patient accounts receivable decreased by $7.0 million, while cash collections increased by $42.6 million.

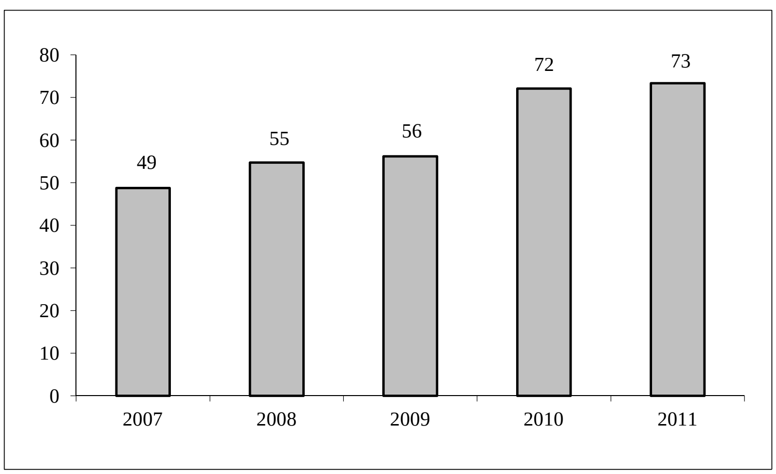
Appendix G - Key MSRDP & NPHC Operating Factors
The University of Texas Southwestern Medical Center

Annual Operating Margin Ratio



The annual operating margin ratio decreased from 12.5% for 2010 to 7.5% for 2011 mainly due to the growth in operating expenses of 11.9% exceeding the growth in operating revenues of 5.9%. The increase in operating expenses was primarily attributable to increases in faculty salaries, staff salaries and payroll related costs. The increase in payroll related cost was related to social security, the Optional Retirement Plan, Teacher Retirement System, premium sharing and vacation/sick leave assessments. Southwestern received a professional liability insurance rebate of $4.7 million in 2011 as compared to a $3.7 million rebate in 2010.

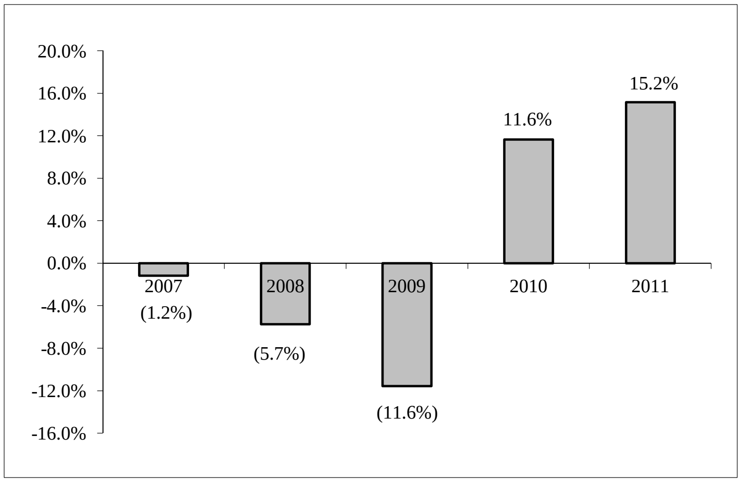
Net Accounts Receivable (in days)



Net accounts receivable (in days) increased by one day due to moderate growth in both net charges and accounts receivable with accounts receivable slightly outpacing net charges in percentage growth. Accounts receivable increased by 7.8% while net charges increased by only 6.0%. Allowances and discounts increased from 68.5% to 70.0% contributing to the moderate revenue growth. Also included in accounts receivable beginning in 2010 are accounts receivable related to Relative Value Units (RVU) with affiliated hospitals, which contributed to the increase in days in accounts receivable. In 2011 the RVU amount in accounts receivable was approximately $18.0 million.

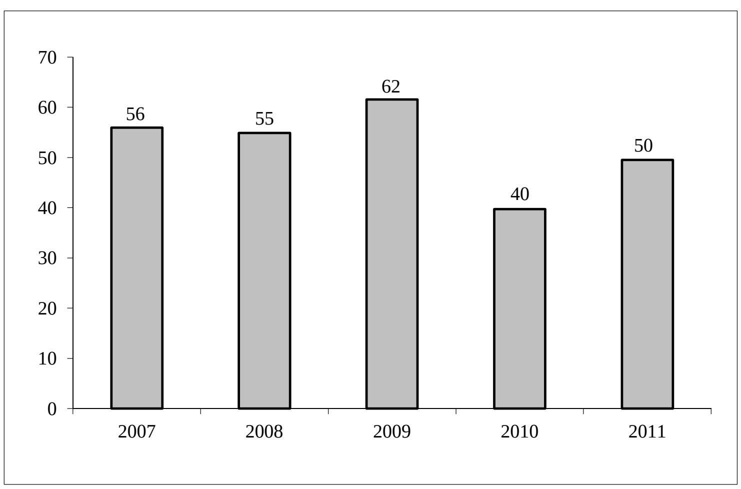
Appendix G - Key Hospital Operating Factors
The University of Texas Medical Branch at Galveston

Annual Operating Margin Ratio



UTMB Hospitals and Clinics' operating margin ratio increased from 11.6% for 2010 to 15.2% for 2011. The Hospitals and Clinics experienced an increase in clinic visits of 7.9% and a slight decrease in admissions of 0.5%. As a result, revenue increased 11.5%, and expenses increased by 7.1% between years. With volume increases and continued emphasis on expense controls, Hospitals and Clinics have been able to maintain and improve on the positive margin from 2010.

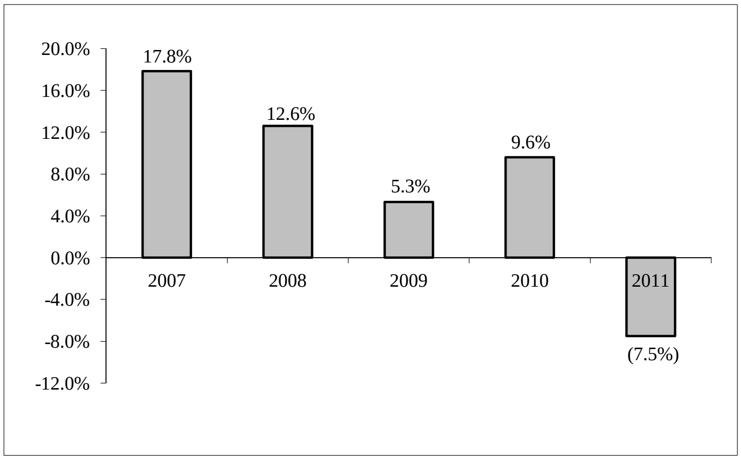
Net Accounts Receivable (in days)



The net accounts receivable days increased by 10 days in 2011. Net accounts receivable days at year-end were 43.6 compared to 2010 days of 38.9, using a last 3 month revenue average (an industry standard calculation). The quality of Hospital and Clinics net accounts receivable remains good and are below pre-Hurricane *Ike* levels even as volumes increase.

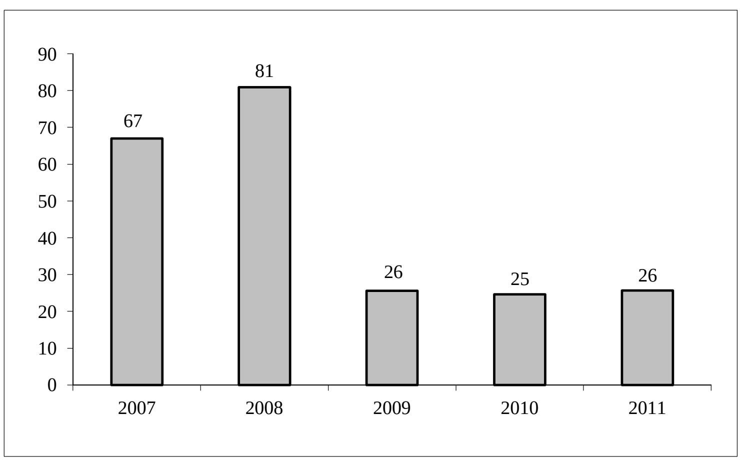
Appendix G - Key MSRDP & NPHC Operating Factors
The University of Texas Medical Branch at Galveston

Annual Operating Margin Ratio



The annual operating margin ratio decreased to a deficit of 7.5% in 2011. The majority of the loss was driven by increases in salaries and benefits totaling $12.0 million, primarily related to growth in recruitment of faculty associated with the clinical strategic plan. In addition, expenses increased due to expenses that were previously funded by state contracts and research grants. In 2011 UTMB received a professional liability rebate of $6.6 million, which was less than the $8.3 million rebate received in 2010.

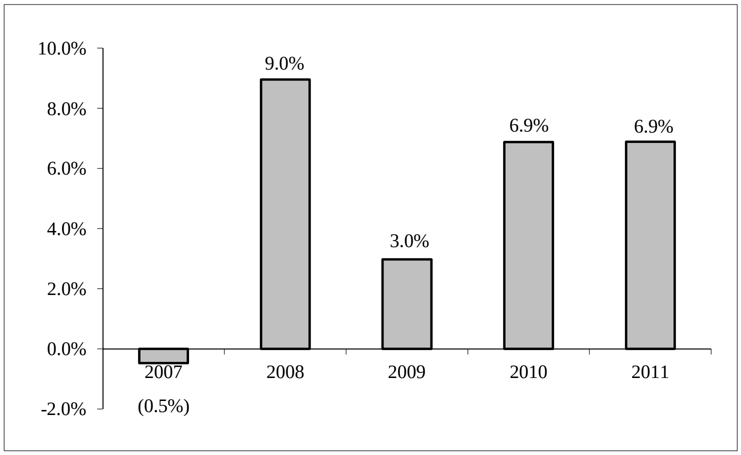
Net Accounts Receivable (in days)



The change between 2008 and 2009 in net accounts receivable in days was primarily due to the accounts receivable balance decreasing as a result of a correction of prior overstatements of patient receivables and a reduction in the patient billing backlog, and decreased net charges as a result of patient care services not operating at full capacity due to the impact from Hurricane *Ike*. The low net accounts receivable in days since 2009 is primarily due to the composition of the patient population and improved oversight of MSRDP patient receivable accounts. UTMB's MSRDP program's patient mix has been comprised of over 15.0% Correctional Managed Care and around 50.0% Medicaid/Medicare for the last three years with Indigent Care at or below 1.0%. This combined with the improved controls and review of the MSRDP patient receivable accounts since the 2009 adjustment have resulted in the receivables tracking consistently with net charges for the last three years.

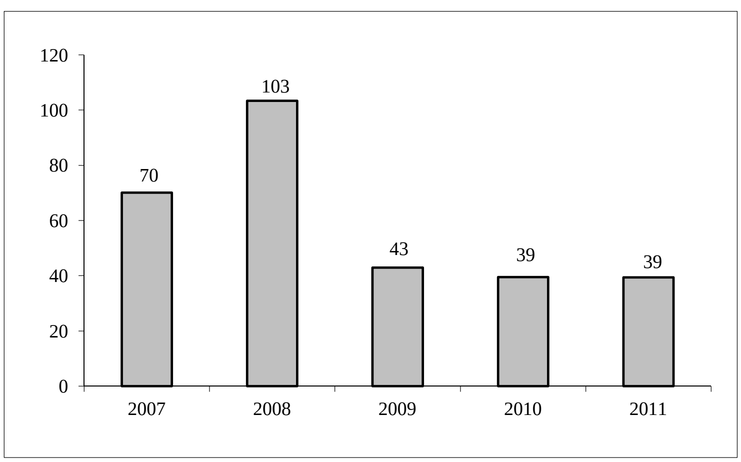
Appendix G - Key Hospital Operating Factors
The University of Texas Health Science Center at Houston

Annual Operating Margin Ratio



The UT Health Harris County Psychiatric Center (HCPC) operating margin remained constant from 2010 to 2011, as both revenues and expenses decreased. The decrease in revenues was primarily attributed to the closure of the HCPC outpatient clinic at the end of 2010, a 7.0% reduction in patient days from 69,547 in 2010 to 64,022 in 2011, a contract with the Harris County Sherriff's Department which ended on December 31, 2010, and a 10% reduction in county funding effective March 1, 2011. The decrease in expenses was primarily attributable to the closure of the HCPC outpatient clinic and management's efforts to decrease hospital expenses in light of reductions in funding.

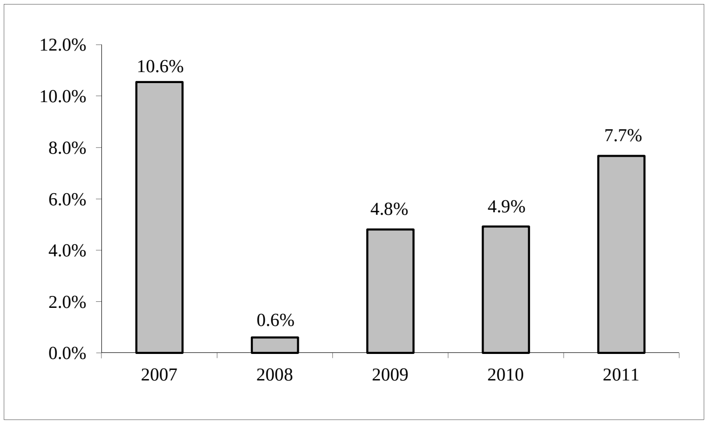
Net Accounts Receivable (in days)



Net accounts receivable in days has not changed significantly over the past three years. HCPC follows a conservative methodology in valuing patient accounts receivable. Significant efforts to improve HCPC's revenue cycle also help to keep the days in net accounts receivable low.

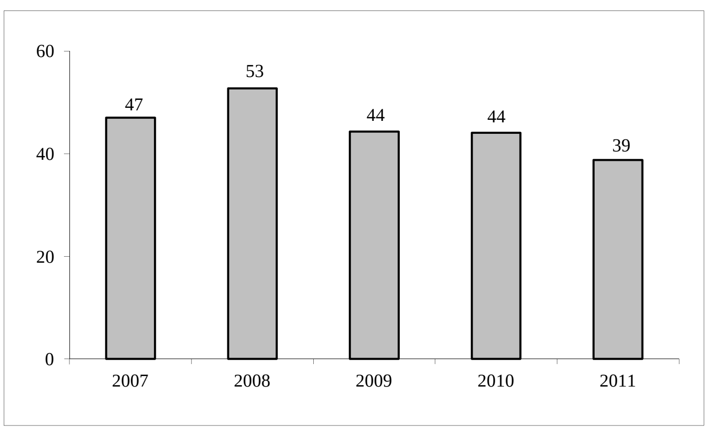
Appendix G - Key MSRDP & NPHC Operating Factors
The University of Texas Health Science Center at Houston

Annual Operating Margin Ratio



The annual operating margin ratio increased from 4.9% for 2010 to 7.7% for 2011. Operating revenues, including investment income, increased 9.0% due to an increase in patient revenues of 5.0% mainly due to faculty recruitment and improved collection efforts, an 11.0% increase in contractual revenues primarily due to improved contractual terms and an increase in services provided at Memorial Hermann Hospital and the Harris County Hospital District, and an increase in investment income of 136.0% due to improved market conditions, as well as the sale of the UT Imaging joint venture. Operating expenses increased 6.0% due to the recruitment of faculty. The Texas Upper Payment Limit grew by about $2.8 million in 2011. UTHSC-Houston received a professional liability insurance rebate of $2.4 million in 2011, which was greater than the rebate of $1.5 million received in 2010. The practice plan also received $2.1 million in Physician Quality Reporting Initiative payments.

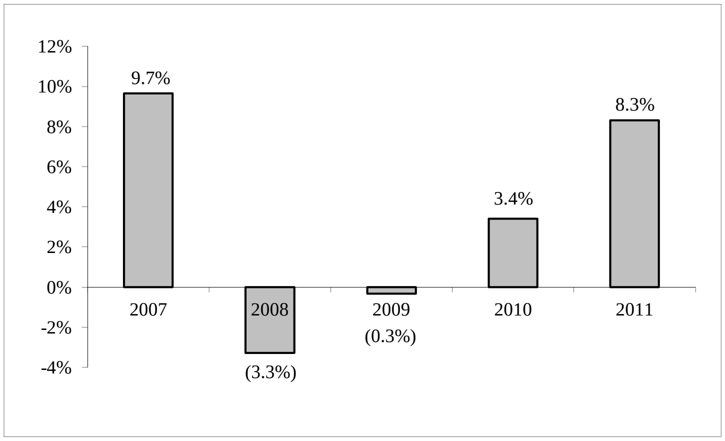
Net Accounts Receivable (in days)



Due to a declining payor mix, the accounts receivable value declined as a percentage of the net charges over the last twelve months. However, great effort continues to be made to maintain and even improve collections within the first twelve months after a charge has been generated. The result is fewer days in net accounts receivable.

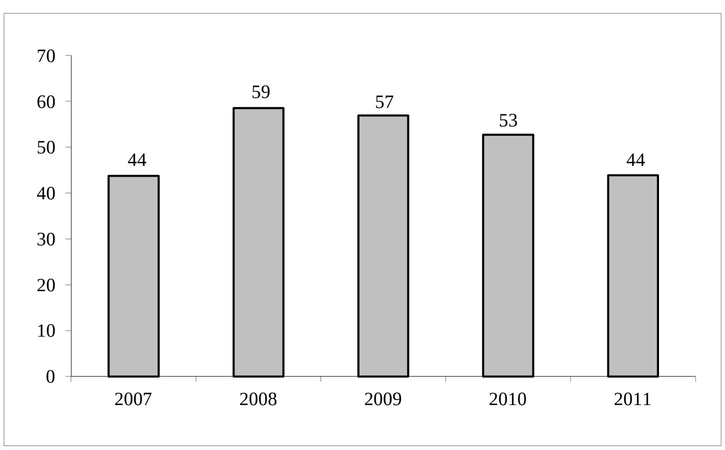
Appendix G - Key MSRDP & NPHC Operating Factors
The University of Texas Health Science Center at San Antonio

Annual Operating Margin Ratio



The annual operating margin comprises all medical clinical operations, including patient activities provided through the Cancer Therapy and Research Center (CTRC). The increase in the annual operating margin ratio was primarily attributable to enhanced revenues stemming from increased patient services provided through the Medical Arts and Research Center (MARC). The margin also improved due to continued cost containment efforts aimed at streamlining operations. Total clinical and contract revenues from the MARC, University Hospital System and CTRC increased by $20.5 million while overall operating expenses increased by only $7.7 million. In addition, UTHSC-San Antonio received a professional liability insurance (PLI) rebate of $5.3 million in 2011 which was $300,000 higher than 2010. UTHSC-San Antonio continues to reinvest incremental revenues towards recruitment efforts, addressing faculty compensation issues, and expanding programs and departments. Investments made in 2011 included the continued support of the new medical dean, the recruitment of several new chair and faculty positions, as well as adjusting performance-based compensation levels for faculty in line with XYZ plans. These investments are anticipated to continue to increase future operations.

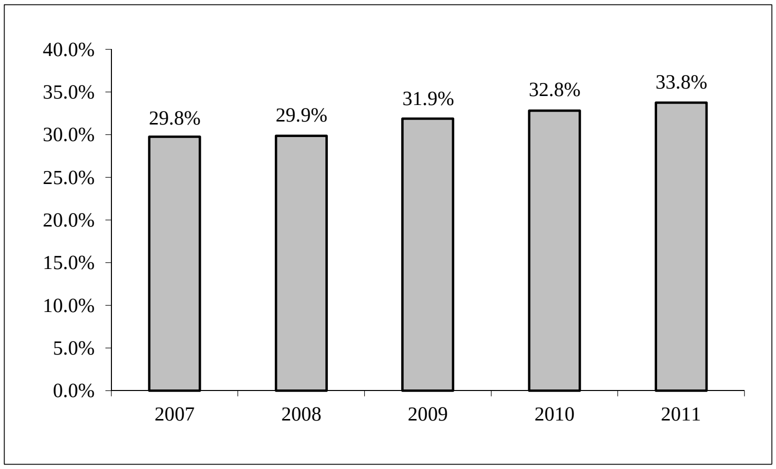
Net Accounts Receivable (in days)



The decrease in days outstanding of net receivables was attributable to more aggressive tactics implemented by UT Medicine-San Antonio that served to accelerate the identification of bad debts during the collection cycle. New collection and pre-collection agency contracts executed at the end of 2010 allowed for better management of accounts in 2011, sustaining a consistent write-off period of accounts to bad debt at 120 days.

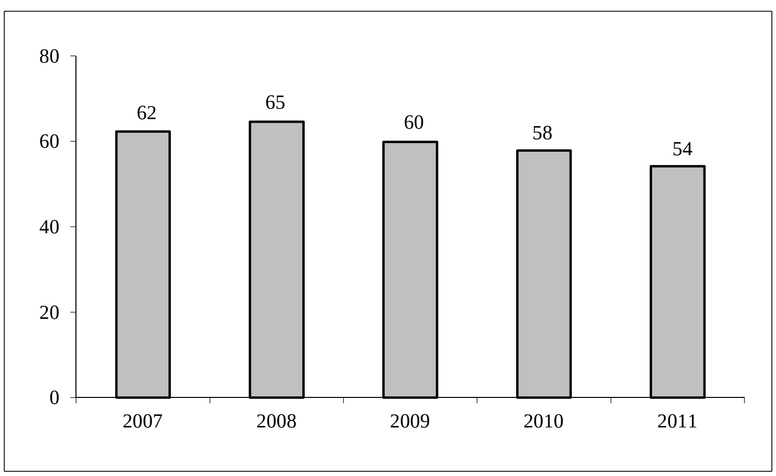
Appendix G - Key Hospital Operating Factors
The University of Texas M. D. Anderson Cancer Center

Annual Operating Margin Ratio



The annual operating margin ratio increased to 33.8% for 2011 from 32.8% for 2010 due to revenue growth as a result of increased patient volumes. Additionally, expenses for 2011 were contained to drive favorable operating performance. Centers for Medicare & Medicaid Services (CMS) agreed to rebase the Tax Equity and Fiscal Responsibility Act (TEFRA) target rate in order to determine a rate more reflective of MD Anderson's current costs of providing care to Medicare patients. After successfully completing an extensive audit process conducted by CMS, MD Anderson was notified of the updated TEFRA target rate, effective retroactively to September 1, 2006. The net financial impact to the open Medicare cost report years (FY 2007-2011) is estimated to be $59.5 million.

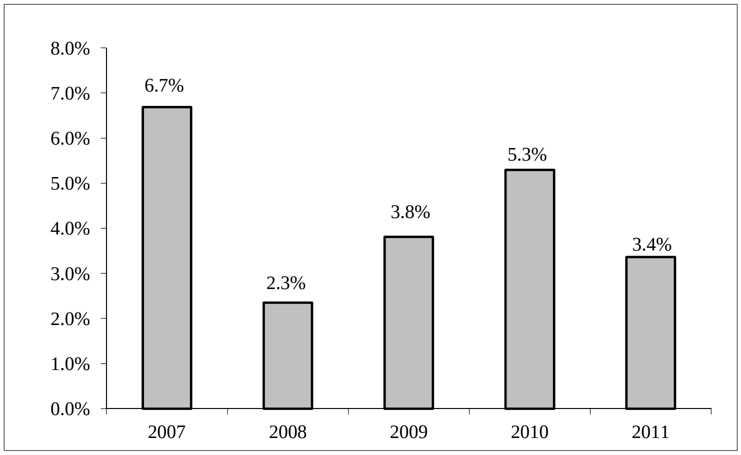
Net Accounts Receivable (in days)



Days in net accounts receivable decreased slightly between fiscal years 2010 and 2011 from 58 days to 54 days. This trend continues due to improved business office operations and record collections in 2011.

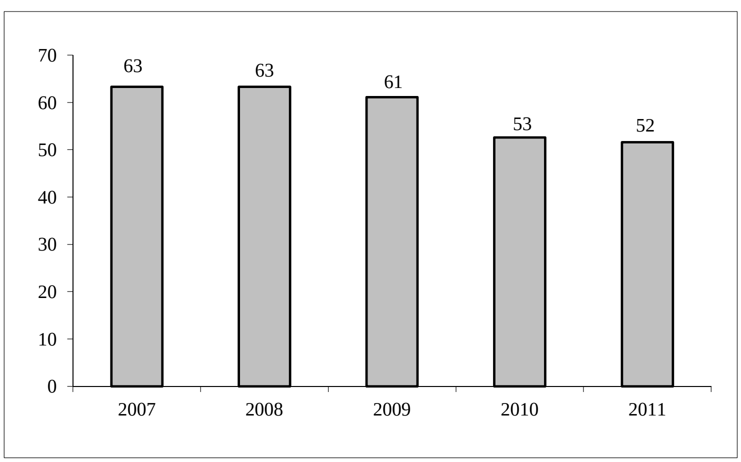
Appendix G - Key MSRDP & NPHC Operating Factors
The University of Texas M. D. Anderson Cancer Center

Annual Operating Margin Ratio



The decrease in the annual operating margin ratio from 5.3% for 2010 to 3.4% for 2011was attributable to slower growth in operating revenues as compared to the growth in operating expenses. The increase in expenses was primarily related to increased salaries and wages and payroll related costs resulting from full-time equivalent growth, merit increases, salary adjustments, and higher group insurance premiums. In 2011 MD Anderson received a professional liability insurance rebate of $3.3 million which was slightly more than the rebate received in 2010 of $3.2 million.

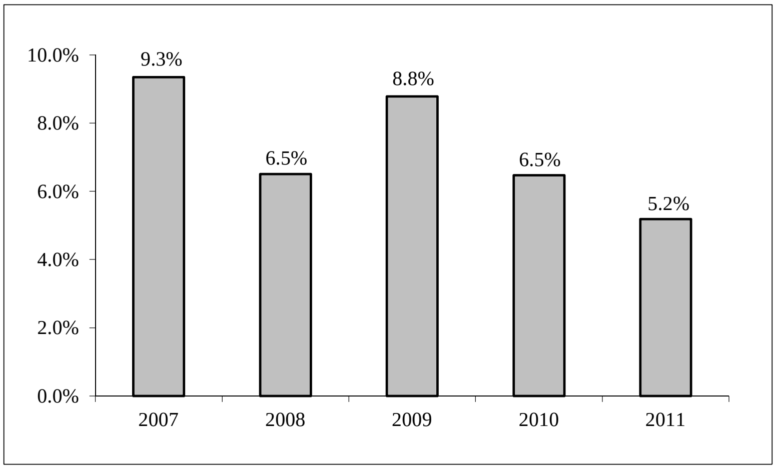
Net Accounts Receivable (in days)



Days in net accounts receivable decreased slightly between years 2010 and 2011 from 53 days to 52 days. This trend continues due to improved business office operations and record collections in 2011.

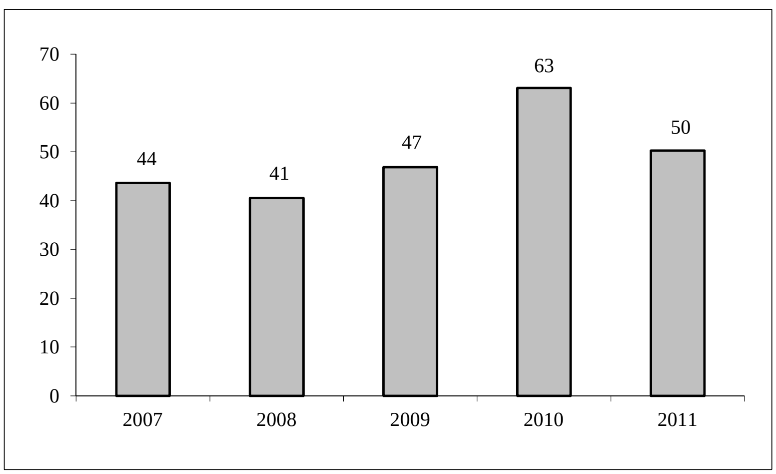
Appendix G - Key Hospital Operating Factors
The University of Texas Health Science Center at Tyler

Annual Operating Margin Ratio



The annual operating margin ratio decreased from 6.5% for 2010 to 5.2% for 2011 primarily as a result of a 14% decrease in General Appropriations due to state budget reductions during the past biennium.

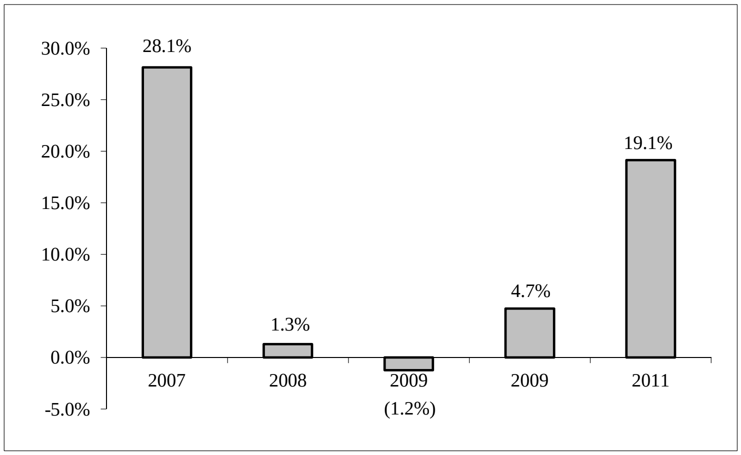
Net Accounts Receivable (in days)



Although net patient revenues increased from the previous year, more efficient collection efforts and a new clinical Electronic Medical Record system helped increase cash collections and resulted in a more rapid turnaround of accounts receivable.

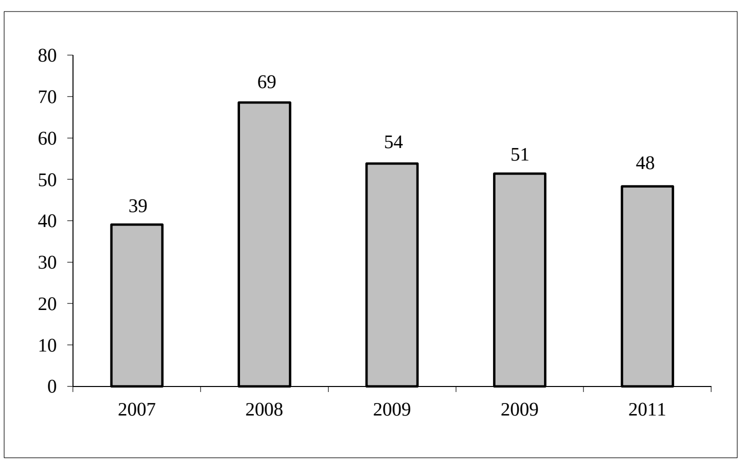
Appendix G - Key MSRDP & NPHC Operating Factors
The University of Texas Health Science Center at Tyler

Annual Operating Margin Ratio



The annual operating margin ratio increased from 4.7% for 2010 to 19.1% for 2011 as a result of an 8% increase in net patient revenues and the conversion of the physician-based clinics into hospital-based clinics. This conversion resulted in a 40% decrease in overhead payments that were previously made to the hospital from the physician practice plan. In 2011 UTHSC-Tyler received a professional liability insurance rebate of $0.3 million which was less than the rebate received in 2010 of $0.5 million.

Net Accounts Receivable (in days)



Although net patient revenues increased from the previous year, more efficient collection efforts and a new clinical Electronic Medical Record system helped increase cash collections and resulted in a more rapid turnaround of accounts receivable.

4. U. T. System: Approval of the Fiscal Year 2013 Budget Preparation Policies and Calendar

RECOMMENDATION

With the concurrence of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and the Executive Vice Chancellor for Health Affairs, and in consultation with Vice Chairmen Foster and Hicks and Regent Stillwell, the Chancellor recommends that the U. T. System Board of Regents approve the Budget Preparation Policies and Calendar on Page 203 for use in preparing the Fiscal Year 2013 Operating Budget for the U. T. System as set out below:

U. T. System Fiscal Year 2013 Budget Preparation Policies

1. General Guidelines - The regulations and directives included in the General Appropriations Act enacted by the 82nd Texas Legislature serve as the basis for these guidelines and policies. In preparing the draft of the FY 2013 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 Chancellor 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 activities, strategic competitive investments, and reserves in preparation for potential future financial shortfalls.

   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 2013 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. For FY 2013, no balance usage can be recommended to the U. T. System Board of Regents for approval without the consent of the 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 directives that follow.

   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 - Subject to available resources and resolution of any major salary inequities, institutions should give priority to 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.

      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.

      To be eligible for a merit increase on September 1, 2012, administrative and professional staff and classified staff must have been employed by the institution for at least six consecutive months ending August 31, 2012, and at least six months must have elapsed since the employee's last merit salary increase.

   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 Chancellor, 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 Chancellor 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. The Chancellor will issue instructions regarding the implementation of the 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.

BACKGROUND INFORMATION

The U. T. System FY 2013 Budget Preparation Policies are consistent with the regulations and directives included in the General Appropriations Act enacted by the 82nd Texas Legislature. As written, this policy provides general direction to the U. T. System institutions.

THE UNIVERSITY OF TEXAS SYSTEM
FY 2013 OPERATING BUDGET CALENDAR

February 9, 2012	U. T. System Board of Regents takes appropriate action on budget preparation policies
April 2 - 11, 2012	Major goals, priorities, and resource allocation hearings with U. T. System Administration
May 11, 2012	Draft budget documents due to U. T. System
May 17 - 23, 2012	Technical budget review with U. T. System
June 1, 2012	Final budget documents due to U. T. System
June 18, 2012	Highly compensated staff covered by Regents' Rules 20203 and 20204 and Top Ten salary reports due to U. T. System
July 2, 2012	High-ranking staff salary report due to U. T. System
July 11 - 12, 2012	U. T. System Board of Regents' Special Compensation Committee to review Presidents and Executive Officers compensation
August 3, 2012	Operating Budget Summaries mailed to the U. T. System Board of Regents
August 15, 2012	Salary change report due to U. T. System
August 23, 2012	U. T. System Board of Regents takes appropriate action on Operating Budget and Presidents and Executive Officers compensation

5. U. T. System Board of Regents: The University of Texas Investment Management Company (UTIMCO) Performance Summary Report and Investment Reports for the quarter ended November 30, 2011

REPORT

The November 30, 2011 UTIMCO Performance Summary Report is attached on Page 205.

The Investment Reports for the quarter ended November 30, 2011, are set forth on Pages 206 - 209.

Item I on Page 206 reports activity for the Permanent University Fund (PUF) investments. The PUF's net investment return for the quarter was negative 2.63% versus its composite benchmark return of negative 1.60%. The PUF's net asset value decreased during the quarter to $12,390 million. The decrease was due to net investment return of negative $342 million, less distributions to the Available University Fund (AUF) of $400 million, plus $444 million PUF Land receipts.

Item II on Page 207 reports activity for the General Endowment Fund (GEF) investments. The GEF's net investment return for the quarter was negative 2.66% versus its composite benchmark return of negative 1.60%. The GEF's net asset value decreased by $242 million during the quarter to $6,807 million.

Item III on Page 208 reports activity for the Intermediate Term Fund (ITF). The ITF's net investment return for the quarter was negative 2.40% versus its composite benchmark return of negative 3.10%. The net asset value decreased during the quarter to $4,631 million due to net investment return of negative $113 million, net contributions of $117 million, less distributions of $35 million.

All exposures were within their asset class and investment type ranges. Liquidity was within policy.

Item IV on Page 209 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 money market fund, increased by $263 million to $1,912 million during the three months since the last reporting period. Market values for the remaining asset types were debt securities: $74 million versus $75 million at the beginning of the period; equities: $47 million versus $46 million at the beginning of the period; and other investments: $4 million versus $5 million at the beginning of the period.

UTIMCO Performance Summary

November 30, 2011

ENDOWMENT FUNDS	Net Asset Value 11/30/2011 (in Millions)	Periods Ended November 30, 2011 (Returns for Periods Longer Than One Year are Annualized) — Short Term: 1 Mo	Short Term: 3 Mos	Year to Date: Fiscal	Year to Date: Calendar	Historic Returns: 1 Yr	Historic Returns: 3 Yrs	Historic Returns: 5 Yrs	Historic Returns: 10 Yrs
Permanent University Fund	$ 12,390	(1.20%)	(2.63%)	(2.63%)	1.09%	4.51%	12.38%	3.23%	6.99%
General Endowment Fund		(1.20)	(2.66)	(2.66)	1.13	4.58	12.37	3.31	7.10
Permanent Health Fund	955	(1.22)	(2.70)	(2.70)	1.16	4.57	12.28	3.23	7.01
Long Term Fund	5,852	(1.22)	(2.70)	(2.70)	1.17	4.58	12.29	3.24	7.03
Separately Invested Funds	119	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total Endowment Funds	19,316								
OPERATING FUNDS									
Intermediate Term Fund	4,631	(1.01)	(2.40)	(2.40)	(0.29)	2.99	12.73	3.35	N/A
Debt Proceeds Fund	725	0.01	0.03	0.03	N/A	N/A	N/A	N/A	N/A
Short Term Fund	1,193	0.01	0.03	0.03	0.15	0.17	0.35	1.92	2.19
Total Operating Funds	6,549								
Total Investments	$ 25,865								
VALUE ADDED (Percent)									
Permanent University Fund		0.29%	(1.03%)	(1.03%)	1.33%	0.49%	2.44%	2.53%	2.23%
General Endowment Fund		0.29	(1.06)	(1.06)	1.37	0.56	2.43	2.61	2.34
Intermediate Term Fund		0.96	0.70	0.70	2.25	2.01	2.71	2.82	N/A
Debt Proceeds Fund		0.01	0.03	0.03	N/A	N/A	N/A	N/A	N/A
Short Term Fund		0.01	0.03	0.03	0.05	0.05	0.20	0.35	0.22
VALUE ADDED ($ IN MILLIONS)									
Permanent University Fund		$ 37	$ (131)	$ (131)	$ 160	$ 57	$ 777	$ 1,433	$ 2,422
General Endowment Fund		20	(75)	(75)	95	38	435	830	1,378
Intermediate Term Fund		45	33	33	104	90	320	567	N/A
Total Value Added		$ 102	$ (173)	$ (173)	$ 359	$ 185	$ 1,532	$ 2,830	$ 3,800

Footnotes available upon request.

UTIMCO 1/10/2012

I. PERMANENT UNIVERSITY FUND

Investment Reports for Periods Ended November 30, 2011

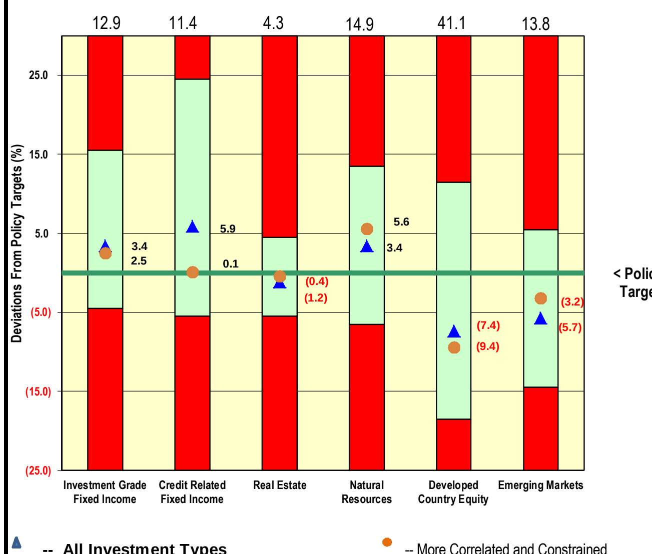
Prepared in accordance with *Texas Education Code* Sec. 51.0032

Summary of Capital Flows

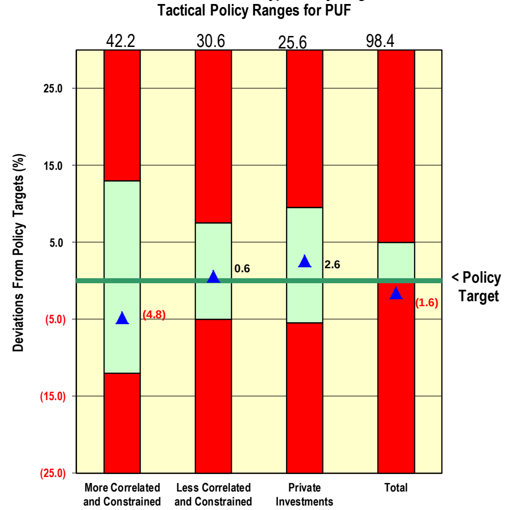
($ millions)	Fiscal Year Ended August 31, 2011	Quarter Ended November 30, 2011	Fiscal Year to Date November 30, 2011
Beginning Net Assets	$ 10,725	$ 12,688	$ 12,688
PUF Lands Receipts	896	444	444
Investment Return (Net of Expenses)	1,573	(342)	(342)
Distributions to AUF	(506)	(400)	(400)
Ending Net Assets	$ 12,688	$ 12,390	$ 12,390

	Fiscal Year to Date				
	Returns		Value Added		
	Portfolio	Policy Benchmark	From Asset Allocation	From Security Selection	Total
More Correlated and Constrained:					
Investment Grade	-2.18%	-2.74%	0.01%	0.03%	0.04%
Credit-Related	-2.47%	-1.79%	0.00%	0.00%	0.00%
Real Estate	-6.71%	-6.97%	0.00%	0.01%	0.01%
Natural Resources	-5.65%	-6.24%	-0.23%	0.03%	-0.20%
Developed Country	-1.42%	-1.65%	-0.03%	-0.02%	-0.05%
Emerging Markets	-8.44%	-9.71%	0.19%	0.10%	0.29%
Total More Correlated and Constrained	**-4.20%**	**-4.67%**	**-0.06%**	**0.15%**	**0.09%**
Less Correlated and Constrained	**-0.60%**	**-1.83%**	**0.12%**	**0.26%**	**0.38%**
Private Investments	**-2.06%**	**4.23%**	**-0.22%**	**-1.28%**	**-1.50%**
Total	**-2.63%**	**-1.60%**	**-0.16%**	**-0.87%**	**-1.03%**

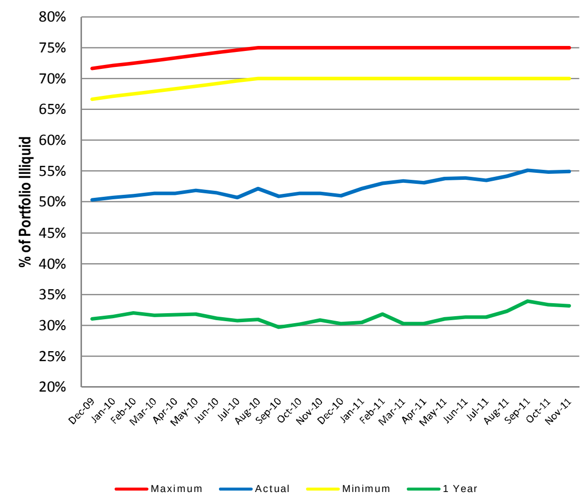
Deviations From Asset Class Policy Targets Within Tactical Policy Ranges for PUF



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



Permanent University Fund
Actual Illiquidity vs. Trigger Zones



II. GENERAL ENDOWMENT FUND

Investment Reports for Periods Ended November 30, 2011

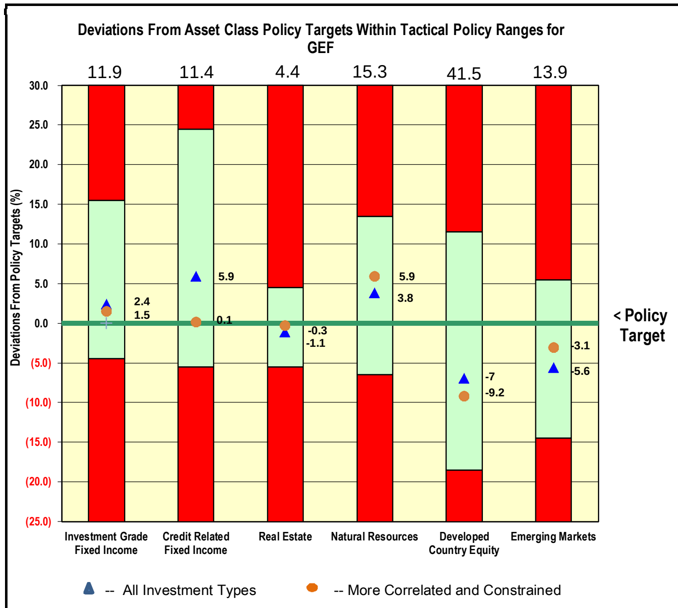
Prepared in accordance with *Texas Education Code* Sec. 51.0032

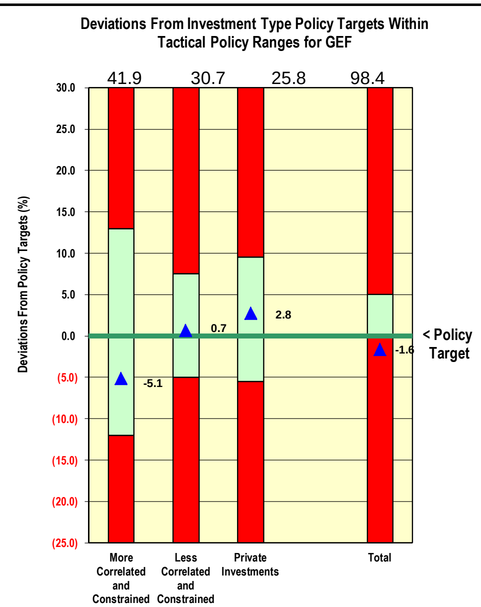
Summary of Capital Flows

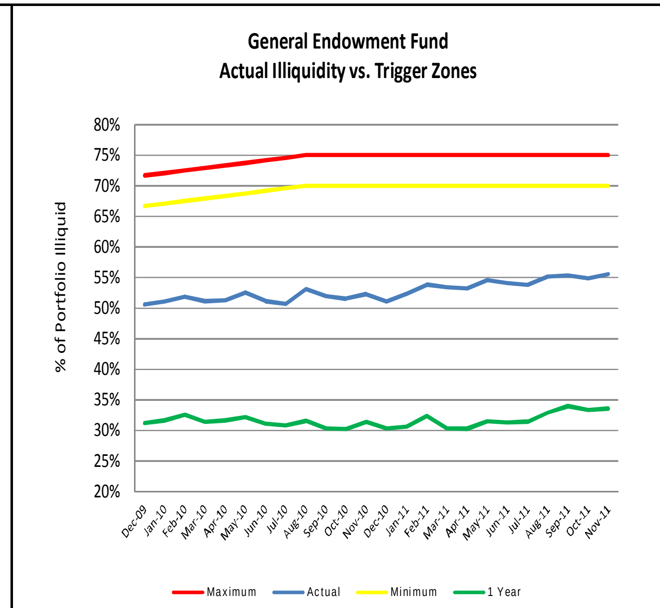
($ millions)	Fiscal Year Ended August 31, 2011	Quarter Ended November 30, 2011	Fiscal Year to Date November 30, 2011
Beginning Net Assets	$ 6,035	$ 7,049	$ 7,049
Contributions	432	36	36
Withdrawals	(12)	(4)	(4)
Distributions	(327)	(85)	(85)
Investment Return (Net of Expenses)	921	(189)	(189)
Ending Net Assets	$ 7,049	$ 6,807	$ 6,807

Fiscal Year to Date

	Returns		Value Added		
	Portfolio	Policy Benchmark	From Asset Allocation	From Security Selection	Total
More Correlated and Constrained:					
Investment Grade	-2.12%	-2.74%	0.00%	0.03%	0.03%
Credit-Related	-2.47%	-1.79%	0.00%	0.00%	0.00%
Real Estate	-6.68%	-6.97%	0.00%	0.00%	0.00%
Natural Resources	-5.69%	-6.24%	-0.24%	0.01%	-0.23%
Developed Country	-1.39%	-1.65%	-0.01%	0.00%	-0.01%
Emerging Markets	-8.46%	-9.71%	0.18%	0.12%	0.30%
Total More Correlated and Constrained	**-4.30%**	**-4.67%**	**-0.07%**	**0.16%**	**0.09%**
Less Correlated and Constrained	**-0.60%**	**-1.83%**	**0.10%**	**0.26%**	**0.36%**
Private Investments	**-2.06%**	**4.23%**	**-0.23%**	**-1.28%**	**-1.51%**
Total	**-2.66%**	**-1.60%**	**-0.20%**	**-0.86%**	**-1.06%**







III. INTERMEDIATE TERM FUND

Investment Reports for Periods Ended November 30, 2011

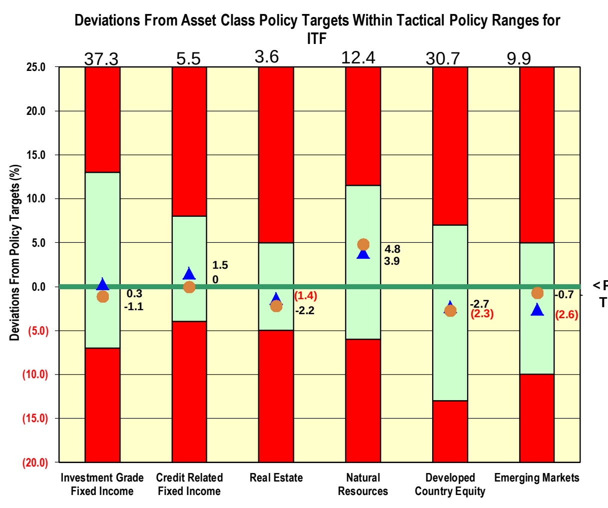
Prepared in accordance with *Texas Education Code* Sec. 51.0032

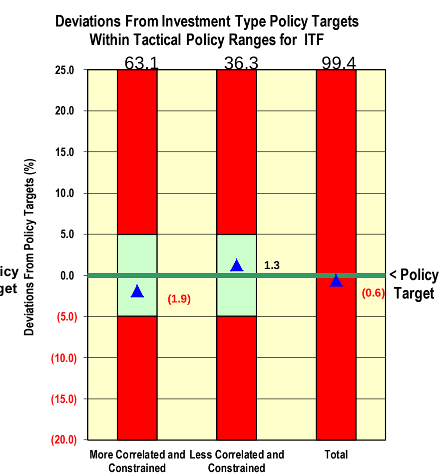
Summary of Capital Flows

($ millions)	Fiscal Year Ended August 31, 2011	Quarter Ended November 30, 2011	Fiscal Year to Date November 30, 2011
Beginning Net Assets	$ 4,156	$ 4,662	$ 4,662
Contributions	328	166	166
Withdrawals	(168)	(49)	(49)
Distributions	(139)	(35)	(35)
Investment Return (Net of Expenses)	485	(113)	(113)
Ending Net Assets	$ 4,662	$ 4,631	$ 4,631

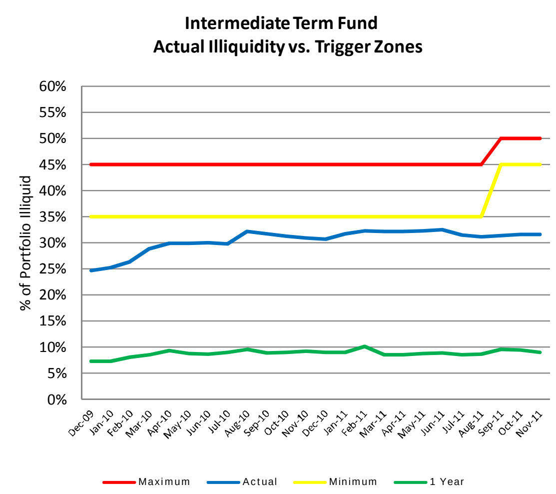
Fiscal Year to Date

	Returns		Value Added		
	Portfolio	Policy Benchmark	From Asset Allocation	From Security Selection	Total
More Correlated and Constrained:					
Investment Grade	-1.31%	-2.74%	0.00%	0.50%	0.50%
Credit-Related	0.00%	-1.79%	0.00%	0.00%	0.00%
Real Estate	-7.48%	-6.97%	0.08%	-0.04%	0.04%
Natural Resources	-6.15%	-6.24%	-0.22%	0.00%	-0.22%
Developed Country	-1.70%	-1.65%	-0.03%	-0.03%	-0.06%
Emerging Markets	-8.60%	-9.71%	0.00%	0.06%	0.06%
Total More Correlated and Constrained	**-3.33%**	**-3.85%**	**-0.17%**	**0.49%**	**0.32%**
Less Correlated and Constrained	**-0.58%**	**-1.83%**	**0.09%**	**0.29%**	**0.38%**
Private Investments	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**
Total	**-2.40%**	**-3.10%**	**-0.08%**	**0.78%**	**0.70%**





▲ -- All Investment Types ● -- More Correlated and Constrained



IV. SEPARATELY INVESTED ASSETS

Summary Investment Report at November 30, 2011

Report prepared in accordance with *Texas Education Code* Sec. 51.0032

($ thousands)

FUND TYPE

	CURRENT PURPOSE DESIGNATED		CURRENT PURPOSE RESTRICTED		ENDOWMENT & SIMILAR FUNDS		ANNUITY & LIFE INCOME FUNDS		AGENCY FUNDS		TOTAL EXCLUDING OPERATING FUNDS		OPERATING FUNDS (DEBT PROCEEDS AND (SHORT TERM FUND)		TOTAL	
ASSET TYPES																
Cash & Equivalents:	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET
Beginning value 08/31/11	-	-	2,614	2,614	43,737	43,737	1,412	1,412	4,938	4,938	52,701	52,701	2,122,476	2,122,476	2,175,177	2,175,177
Increase/(Decrease)	-	-	1,744	1,744	(6,311)	(6,311)	(387)	(387)	(3,634)	(3,634)	(8,588)	(8,588)	(254,183)	(254,183)	(262,771)	(262,771)
Ending value 11/30/11	-	-	4,358	4,358	37,426	37,426	1,025	1,025	1,304	1,304	44,113	44,113	1,868,293	1,868,293	1,912,406	1,912,406
Debt Securities:																
Beginning value 08/31/11	-	-	101	101	11,688	12,707	11,836	12,362	-	-	23,625	25,170	49,841	49,783	73,466	74,953
Increase/(Decrease)	-	-	-	-	(270)	(377)	14	(164)	-	-	(256)	(541)	-	(79)	(256)	(620)
Ending value 11/30/11	-	-	101	101	11,418	12,330	11,850	12,198	-	-	23,369	24,629	49,841	49,704	73,210	74,333
Equity Securities:																
Beginning value 08/31/11	147	2,719	432	408	29,574	30,155	12,733	12,261	-	-	42,886	45,543	-	-	42,886	45,543
Increase/(Decrease)	313	22	1,185	1,198	239	831	84	(472)	-	-	1,821	1,579	-	-	1,821	1,579
Ending value 11/30/11	460	2,741	1,617	1,606	29,813	30,986	12,817	11,789	-	-	44,707	47,122	-	-	44,707	47,122
Other:																
Beginning value 08/31/11	-	-	3,453	3,453	11	11	419	139	1,189	1,189	5,072	4,792	-	-	5,072	4,792
Increase/(Decrease)	-	-	(3,372)	(3,372)	(4)	(4)	-	-	2,231	2,231	(1,145)	(1,145)	-	-	(1,145)	(1,145)
Ending value 11/30/11	-	-	81	81	7	7	419	139	3,420	3,420	3,927	3,647	-	-	3,927	3,647
Total Assets:																
Beginning value 08/31/11	147	2,719	6,600	6,576	85,010	86,610	26,400	26,174	6,127	6,127	124,284	128,206	2,172,317	2,172,259	2,296,601	2,300,465
Increase/(Decrease)	313	22	(443)	(430)	(6,346)	(5,861)	(289)	(1,023)	(1,403)	(1,403)	(8,168)	(8,695)	(254,183)	(254,262)	(262,351)	(262,957)
Ending value 11/30/11	460	2,741	6,157	6,146	78,664	80,749	26,111	25,151	4,724	4,724	116,116	119,511	1,918,134	1,917,997	2,034,250	2,037,508

Details of individual assets by account furnished upon request.

UTIMCO 12/27/2011

6. U. T. System: Report on the Fiscal Year 2011 Annual Financial Report, including the report on the U. T. System Annual Financial Report Audit, and audits of U. T. M. D. Anderson Cancer Center financial statements and of funds managed by The University of Texas Investment Management Company (UTIMCO)

REPORT

Mr. Randy Wallace, Associate Vice Chancellor - Controller and Chief Budget Officer, will discuss the 2011 Annual Financial Report (AFR) highlights. A PowerPoint presentation is included on the following pages for additional detail. The AFR was mailed to all Regents in advance of the meeting and is available upon request.

The U. T. System Consolidated Financial Statements for the year ended August 31, 2011, includes the Management's Discussion and Analysis that provides an overview of the financial position and activities of the U. T. System for the year ended August 31, 2011.

Ms. Vicki Keiser, Deloitte & Touche LLP, will report on the results of the audits of the U. T. System and U. T. M. D. Anderson Cancer Center financial statements and of the funds managed by UTIMCO for Fiscal Year 2011.

BACKGROUND INFORMATION

On August 12, 2010, the Board of Regents authorized U. T. System staff to negotiate and enter into an auditing services contract with Deloitte & Touche LLP to audit the U. T. System and U. T. M. D. Anderson Cancer Center financial statements and the funds managed by UTIMCO for the fiscal year ending August 31, 2011. The original contract, which terminates on March 31, 2012, was for one year with the option to renew for four additional one-year terms.

The Annual Financial Report is prepared in compliance with Governmental Accounting Standards, Board pronouncements, and State Comptroller of Public Accounts directives and filed with the oversight agencies on November 20 of each year as required by *Texas Government Code* Section 2101.011. In addition, Deloitte & Touche LLP audited and provided an unqualified opinion on the U. T. System Consolidated Financial Statements on December 20, 2011, as required by the contract.

Annual Financial Report Highlights
Fiscal Year 2011

Mr. Randy Wallace
Associate Vice Chancellor, Controller and Chief Budget Officer

U. T. System Board of Regents'
Joint Meeting of the Finance and Planning and
Audit, Compliance, and Management Review Committee

February 2012

Required in the Annual Financial Report

- **Required supplemental information and financial statements include:**
  - ***Management's Discussion and Analysis (MD&A)***
  - ***Balance Sheet***
  - ***Statement of Revenues, Expenses, and Cash Net Assets (SRECNA)***
  - ***Statement of Cash Flows***
  - ***Notes to the Financial Statements***
  - ***Required Supplementary Information***

Financial Position FY 2011

- **Balance sheet still strong**
  - **Assets over $45 billion**
  - **Net Assets over $30 billion**
  - **Operating results increased**
  - **Cash position decreased slightly**
- **U. T. System's financial position for FY 2011 increased as a result of current year operations primarily due to:**
  - **Improved financial market conditions and strong investment performance at The University of Texas Investment Management Company (UTIMCO)**
  - **Record breaking lease bonus sales in 2011**

New in FY 2011

- **External Audit** by Deloitte & Touche (D&T) of FY 2011
  - Completed December 2011

- **Oil and gas lease bonus sales – to defer or not defer**

  - In early 2011, Internal Audit recommended that the Controller's Office work with D&T to determine the appropriate accounting treatment of oil and gas sale receipts.

  - D&T and U. T. System Management concluded that U. T. System should continue to recognize all oil and gas lease bonuses upfront as opposed to deferring the bonuses over the primary term of the lease agreement.

  - The recommended accounting treatment is consistent with U. T. System's previous treatment.

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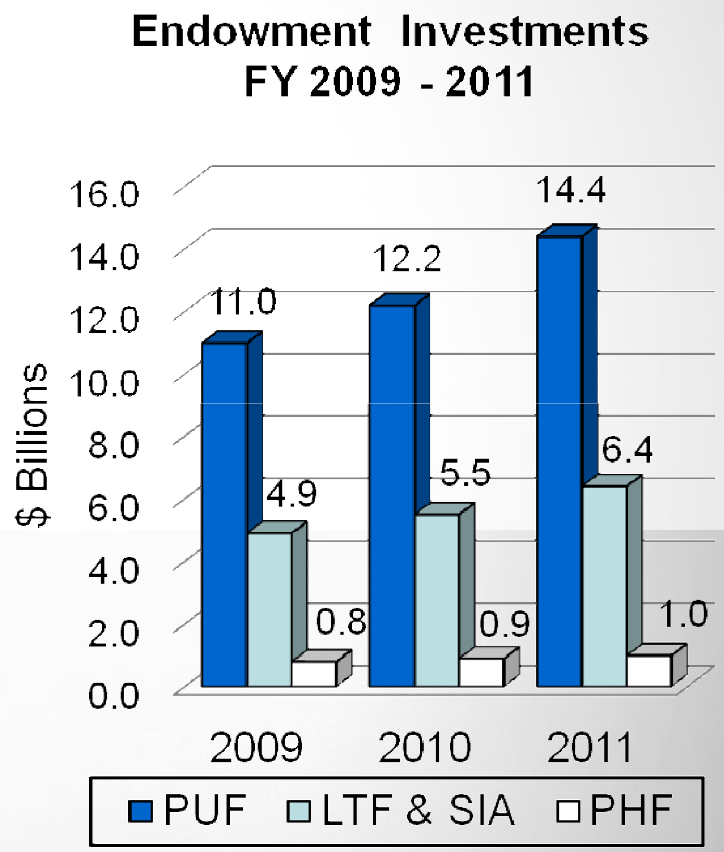
Balance Sheet

The University of Texas System

($ in millions)		2009	2010	2011
Assets and Deferred Outflows:				
Current Assets	$	5,005.2	5,539.7	5,546.0
Noncurrent Investments		20,920.6	23,263.6	27,833.1
Other Noncurrent Assets and Deferred Outflows		360.5	643.9	713.4
Capital Assets, net		10,130.7	11,008.0	11,785.4
Total Assets and Deferred Outflows	**$**	***36,417.0***	***40,455.2***	***45,877.9***
Liabilities and Deferred Inflows:				
Current Liabilities	$	6,112.4	5,888.6	6,261.3
Noncurrent Liabilities and Deferred Inflows		6,248.9	7,859.6	9,195.5
Total Liabilities and Deferred Inflows		***12,361.3***	***13,748.2***	***15,456.8***
Net Assets:				
Invested in Capital Assets, Net of Related Debt		4,475.10	4,630.8	5,029.2
Restricted		17,197.0	19,166.6	22,016.1
Unrestricted		2,383.6	2,909.6	3,375.8
Total Net Assets		***24,055.7***	***26,707.0***	***30,421.1***
Liabilities, Deferred Inflows, and Net Assets	**$**	***36,417.0***	***40,455.2***	***45,877.9***



Balance Sheet (cont.)

The University of Texas System				
($ in millions)		2009	2010	2011
Assets and Deferred Outflows:				
Current Assets	$	5,005.2	5,539.7	5,546.0
Noncurrent Investments		20,890.2	23,263.6	27,833.1
Other Noncurrent Assets and Deferred Outflows		266.9	643.9	713.4
Capital Assets, net		10,130.7	11,008.0	11,785.4
Total Assets and Deferred Outflows	$	***36,293.0***	***40,455.2***	***45,877.9***
Liabilities and Deferred Inflows:				
Current Liabilities	$	6,112.4	5,888.6	6,261.3
Noncurrent Liabilities and Deferred Inflows		6,155.3	7,859.6	9,195.5
Total Liabilities and Deferred Inflows		***12,267.7***	***13,748.2***	***15,456.8***
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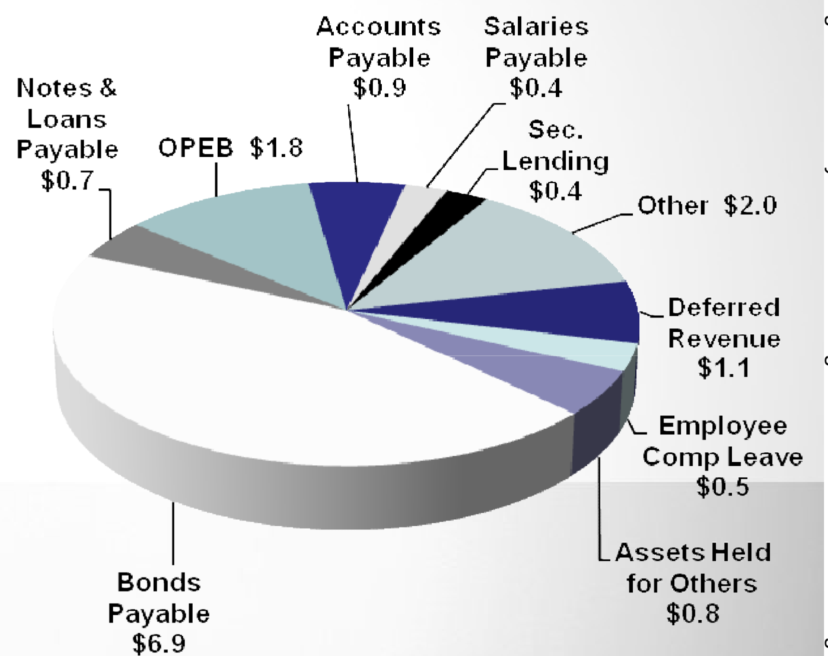
Liabilities and Deferred Inflows - $15.5 billion
(in billions)



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Meeting of the U. T. System Board of Regents - Finance and Planning Committee

Balance Sheet (cont.)

The University of Texas System				
($ in millions)		**2009**	**2010**	**2011**
Assets and Deferred Outflows:				
Current Assets	$	5,005.2	5,539.7	5,546.0
Noncurrent Investments		20,920.6	23,263.6	27,833.1
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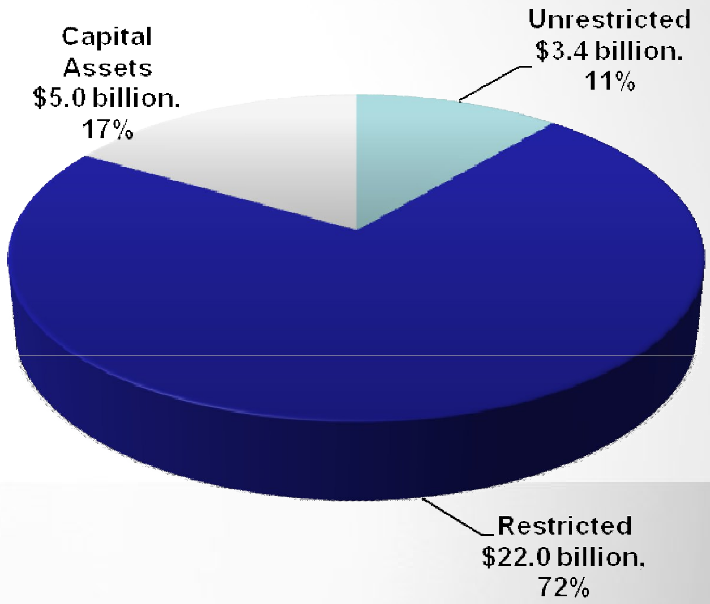
Invested in Capital Assets, Net of Related Debt		4,475.10	4,630.8	5,029.2
Restricted		17,197.0	19,166.6	22,016.1
Unrestricted		2,383.6	2,909.6	3,375.8
Total Net Assets		***24,055.7***	***26,707.0***	***30,421.1***
Liabilities, Deferred Inflows, and Net Assets	***$***	***36,417.0***	***40,455.2***	***45,877.9***

Net Assets - $30.4 billion



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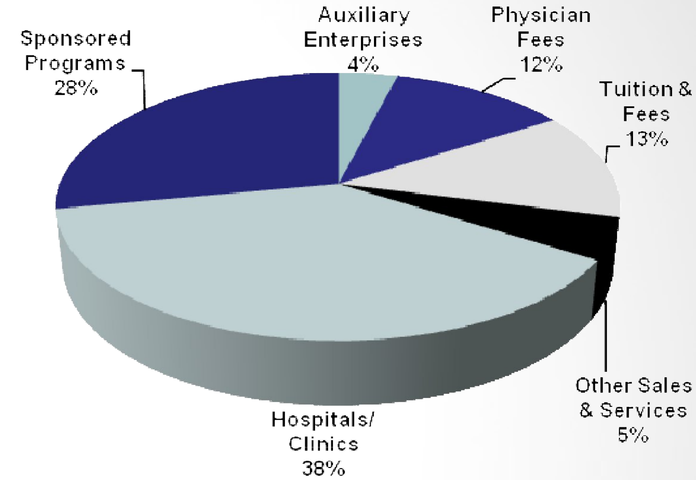
Meeting of the U. T. System Board of Regents - Finance and Planning Committee

Statement of Revenues, Expenses, and Changes in Net Assets

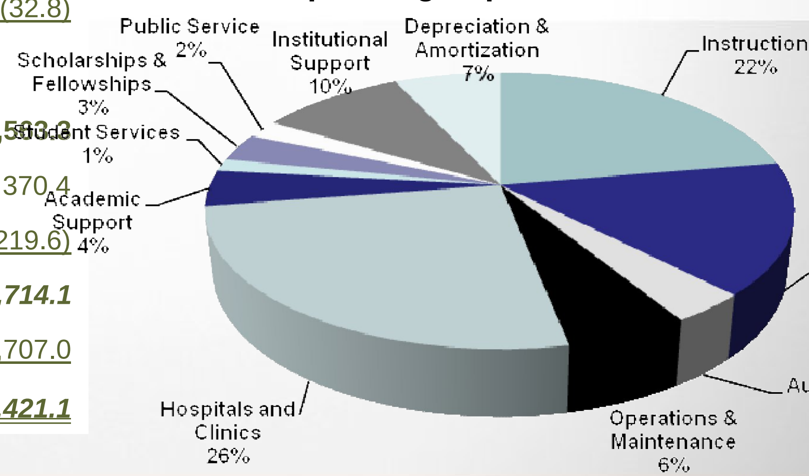
The University of Texas System

($ in millions)		2009	2010	2011
Operating Revenues	$	8,564.2	9,267.50	10,059.3
Operating Expenses		(11,775.2)	(12,248.2)	(12,921.4)
Operating Loss		***(3,211.0)***	***(2,980.7)***	***(2,862.1)***
State Appropriations		2,115.0	2,087.5	1,857.3
Gifts & Nonexchange Grants		478.7	695.9	720.4
Net Investment Income		(1,304.9)	1,431.4	2,246.3
Net Incr./(Decr.) in Fair Value of Investments		(1,302.5)	1,522.1	1,896.9
Interest Expense		(158.9)	(207.5)	(262.7)
Net Other Nonop. Rev. (Exp.)		26.9	(26.6)	(32.8)
Income (Loss) Before Other Rev. Exp. Gains/(Losses) & Transfers		**(3,356.7)**	**2,522.1**	**3,5[illegible]3.3**
HEAF/Gifts for Endow.& Capital		182.9	353.1	370.4
Transfers and Other		(388.1)	(223.9)	(219.6)
Change in Net Assets		***(3,561.9)***	***2,651.3***	***3,714.1***
Net Assets, Beginning		27,617.6	24,055.7	26,707.0
Net Assets, Ending	***$***	***24,055.7***	***26,707.0***	***30,421.1***

Operating Revenues - $10.1 billion



Operating Expenses - $12.9 billion



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Meeting of the U. T. System Board of Regents - Finance and Planning Committee

Statement of Revenues, Expenses, and Changes in Net Assets (cont.)

The University of Texas System

($ in millions)		**2009**	**2010**	**2011**
Operating Revenues	$	8,564.2	9,267.50	10,059.3
Operating Expenses		(11,775.2)	(12,248.2)	(12,921.4)
Operating Loss		***(3,211.0)***	***(2,980.7)***	***(2,862.1)***
State Appropriations		2,115.0	2,087.5	1,857.3
Gifts & Nonexchange Grants		478.7	695.9	720.4
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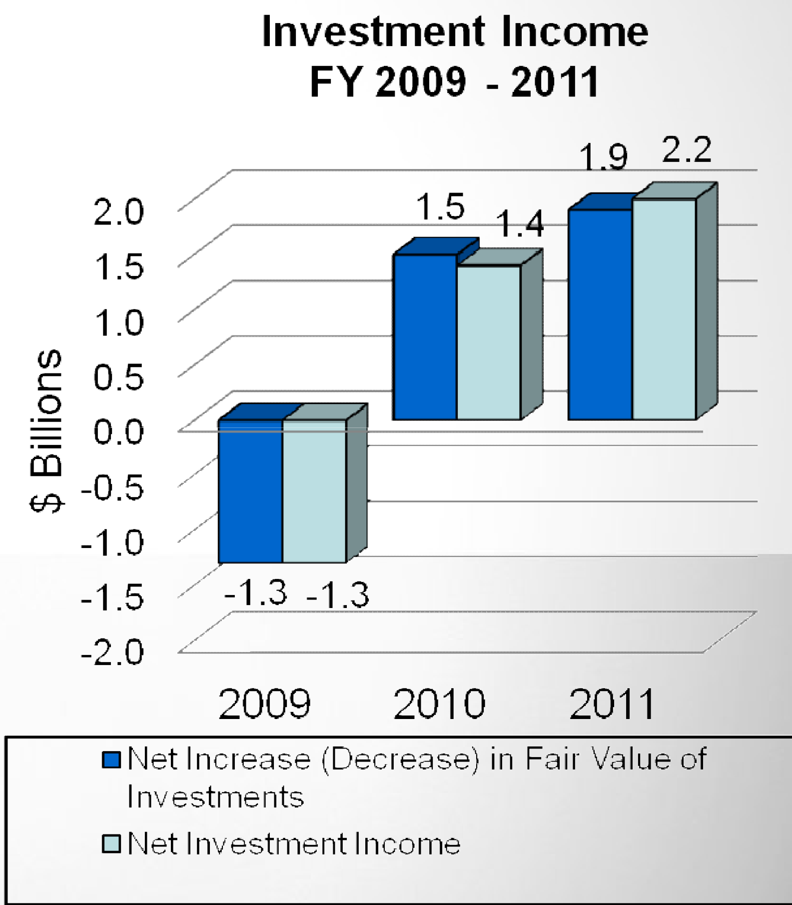


Statement of Revenues, Expenses, and Changes in Net Assets (cont.)

Operating Results
FY 2009 - 2011

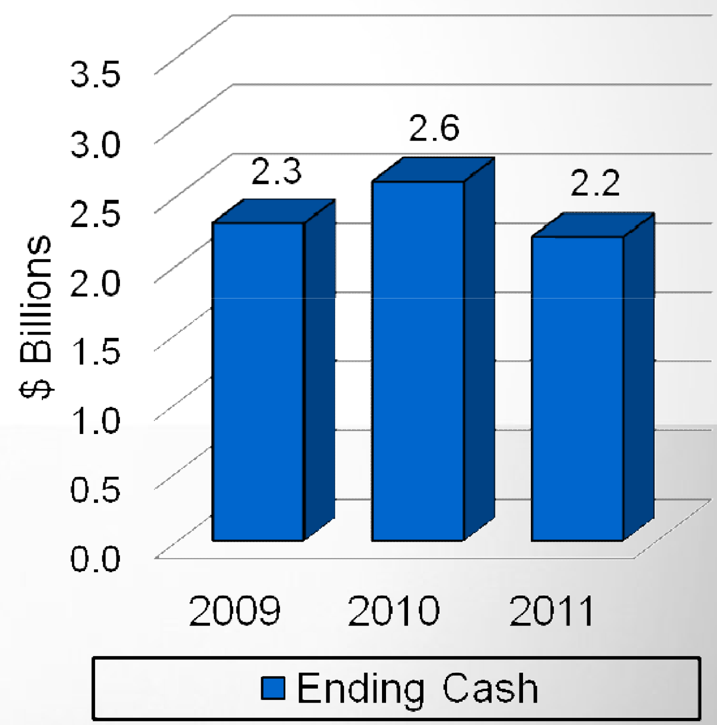
		2009	2010	2011
			($ in millions)	
Income (loss) before other revenue, expenses, gains/(losses) & transfers	$	(3,356.7)	2,522.1	3,563.3
Remove nonoperating items:				
Net (incr.)/decr. in fair value of investments		1,302.5	(1,522.1)	(1,896.9)
Loss on sale of capital assets		6.9	12.6	41.6
Other nonoperating (income)/expense		(33.8)	14.0	(8.7)
Realized (gains)/losses on investments		1,903.3	(797.4)	(980.2)
Net operating results	$	(177.8)	229.2	719.1

THE UNIVERSITY of TEXAS SYSTEM
Nine Universities. Six Health Institutions. Unlimited Possibilities.

Cash Flows

The University of Texas System				
($ in millions)		**2009**	**2010**	**2011**
Cash Flows:				
Cash received from operations	$	8,816.8	9,424.2	10,059.1
Cash expended for operations		(10,731.3)	(11,089.0)	(11,516.2)
Cash used for operating activities		***(1,914.5)***	***(1,664.8)***	***(1,457.1)***
Cash provided by noncapital financing activities		2,398.8	2,701.0	1,859.7
Cash used in capital & related financing activities		(790.3)	(1,141.5)	(1,160.0)
Cash provided by investing activities		706.4	323.2	371.1
Net increase (decrease) in cash & cash equivalents		***400.4***	***217.9***	***(386.3)***
Cash & cash equivalents, Beginning of the year		1,944.3	2,344.7	2,562.6
Cash & Cash equivalents, End of the year	***$***	***2,344.7***	***2,562.6***	***2,176.3***

The three-year trend of ending cash and cash equivalents



221

Meeting of the U. T. System Board of Regents - Finance and Planning Committee

Permanent University Fund (PUF) Lands

PUF lands are considered an investment by U. T. System

- Fair Value (FV) of PUF lands is based on a third party reserve study of proved reserves. Probable and possible reserves of oil and gas are not included in FV estimate.
- PUF lands' surface interests reported at appraised value
- Other real estate holdings are reported by:
  - Latest available appraised amount by State certified or licensed appraiser, or
  - Any other generally accepted industry standard

Looking Forward to FY 2012

- U. T. System appropriations for the 2012-13 biennium were reduced $475 million or 14% compared to the original appropriations for the 2010-11 biennium.
- OPEB will continue to reduce net assets.
- The Patient Protection and Affordable Care Act and Health Care and Education Reconciliation Act of 2010 health care reform will likely affect the medical centers.
  - The impact of this legislation will likely affect the medical centers, the effect of the changes that will be required in future years are not determinable at this time.
- PeopleSoft conversion planning is underway.

7. U. T. System: Report on UTShare PeopleSoft Implementation

REPORT

Dr. Scott Kelley, Executive Vice Chancellor for Business Affairs, and Ms. Liz Dietz, Vice President of Higher Education of CedarCrestone Inc., will discuss the status of the UTShare PeopleSoft implementation using the PowerPoint presentation on Pages 225 - 240. UTShare is the project name for the implementation of the PeopleSoft Human Capital Management and Financial Management System at U. T. Arlington, U. T. Brownsville, U. T. Dallas, U. T. El Paso, U. T. Permian Basin, U. T. San Antonio, U. T. Tyler, and U. T. System Administration.

Ms. Paige Buechley, Assistant Director of Audits, will discuss the assurance services provided for the UTShare project by the U. T. System Audit Office and the Internal Audit Offices at the participating institutions using the PowerPoint presentation on Pages 241 - 254.

UTShare Status Update

Scott C. Kelley, Executive Vice Chancellor for Business Affairs

U. T. System Board of Regents' Meeting
Joint Meeting - Finance and Planning Committee and
Audit, Compliance, and Management Review Committee
February 2012

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UTShare

Complex Project Management

Core team U. T. Systemwide: 297 people

- U. T. Arlington
- U. T. Brownsville
- U. T. Dallas
- U. T. El Paso
- U. T. Permian Basin
- U. T. San Antonio
- U. T. System
- U. T. Tyler

UTShare Governance

Executective Committee (24)

Dr. Scott C. Kelley, Chair

Operating (14) and Project Management (13) Committees

Brian Cartee, Chair

Functional Committees

Financial Management System

- Treasury (12)
- General Ledger (12)
- Payables/Expenses (11)
- Purchasing (11)
- Asset Mgmt/Inventory (11)
- AR/Billing (11)
- Projects (12)
- Grants/Contracts (10)
- Commitment Control/Hyperion P&B (12)

Human Capital Management

- Human Resources (13)
- Benefits/Benefits Admin. (13)
- Payroll/Time/Labor (12)
- Absence Management (12)
- Commitment Accounting (11)
- Recruiting (11)

Technical and Other Committees

- Conversion (40)
- Reporting (30)
- Portal (16)
- Workflow/Security (13)

UTShare

Meetings
Example Week – 5 December

Approximately 100 formal meetings per month

<table>
<tr><th>5</th><th>6</th><th>7</th><th>8</th><th>9</th></tr>
<tr><td colspan="2">Commitment Accounting FC mtg</td><td colspan="2">Commitment Control FC meeting</td><td></td></tr>
<tr><td colspan="2">General Ledger FC meeting</td><td></td><td></td><td></td></tr>
<tr><td colspan="4">Grants Management Functional Committee Meeting</td><td></td></tr>
<tr><td colspan="4">AP/TE FC Meeting</td><td></td></tr>
<tr><td colspan="4">HR & Recruiting Functional Committee Meeting</td><td></td></tr>
<tr><td colspan="4">Procurement Committee</td><td></td></tr>
<tr><td></td><td colspan="2">Payroll/Time & Labor Functional Committee
San Antonio</td><td></td><td></td></tr>
<tr><td></td><td colspan="2">AbM Functional Committee</td><td></td><td></td></tr>
<tr><td></td><td>8:00 AM
Custom Briefing @ Dell
9:00 AM
eProcurement Meeting
2:00 PM
Grants
2:00 PM
Asset Prototype Meeting
3:00 PM
Construction Projects</td><td>9:00 AM
UT Share EC Meeting
9:00 AM
Treasury/Banking/Cash Management
10:00 AM
Asset Mgmt Functional Committee Meeting
2:00 PM
ePro Weekly Work Session
3:00 PM
AP Weekly Work Session</td><td>9:00 AM
PM Functional Committee Discussion
9:00 AM
Non Grants AR & Billing</td><td>10:00 AM
Change Management Lead Call
11:00 AM
Status Reporting</td></tr>
</table>

UTShare

PeopleSoft Modules

Human Capital Management (HCM) 9.1

- Human Resources
- Base Benefits
- Benefits Administration
- Payroll
- Time & Labor
- Absence Management
- Commitment Accounting
- Recruiting Solutions Desktop Manager
- eProfile
- eDevelopment
- eBenefits
- ePerformance
- ePay

Financial Management System (FMS) 9.1

- General Ledger
- Accounts Payable
- Purchasing
- eProcurement
- Asset Management
- eBill Payment
- Cash Management (Treasury)
- Grants/Projects/Contracts
- Accounts Receivable
- Billing
- Travel and Expenses

Budgeting

- Hyperion Budgeting and Planning 9.1
- Hyperion Budgeting and Planning Public Sector 9.1

Reporting

- Federal, State and Coordinating Board Reports

Other

Data Warehouse

- Enterprise Performance Management (EPM) with OBIEE+
- Portal

Functional Areas and Processes

Module	Number of Business Processes
1. Accounts Payable	20
2. Asset Management	16
3. Commitment Control	17
4. General Ledger	23
5. Grants Management	15
6. Grants – Billing	7
7. Grants – Receivables	4
8. Project Costing	13
9. Projects – Billing	3
10. Projects – Receivables	2
11. Purchasing and eProcurement	13
12. Travel and Expense	15
13. Treasury	15
14. Absence Management	11
15. Benefits Administration	17
16. Human Resources	33
17. Commitment Accounting	7
18. Payroll	76
19. Time and Labor	37
20. Recruiting	16
TOTAL	**360**

Business Process Example: Absence Management

Absence Management (AbM): 11 Processes

1. Enroll employee in AbM
2. Run AbM process
3. View employee balances
4. Adjust employee leave balances
5. Pass finalized hours to time and labor
6. Creation of AbM calendars
7. Update entitlement brackets
8. Submit absence request
9. Enter, update, and void absence request
10. Submit absence request by AbM administrator
11. Submit sick leave donation and request

Each process is broken down into steps, flow, how-to directions, and a Business Process Guide for that process is completed.

High Level Timeline

ID	Project Phase	Start	Finish
1	Initiation and Planning	2/2/2011	6/16/2011
2	Analyze and Design	6/20/2011	1/30/2012
3	*Milestone – Complete Functional specifications, Business process guides and configuration guides*	12/22/2011	12/22/2011
4	*Milestone – Complete Technical specifications*	1/31/2012	1/31/2012
5	Configure and Develop	12/23/2011	4/20/2012
6	**Train and Test**	**4/4/2012**	**8/24/2012**
7	Functional Process Testing – Round 1	4/4/2012	5/4/2012
8	Functional Process Testing – Round 2	5/7/2012	6/8/2012
9	Integration Testing	6/11/2012	7/6/2012
10	Performance/Load Testing	6/5/2012	7/6/2012
11	End to End System Testing	7/9/2012	8/3/2012
12	Payroll Parallel Testing	8/6/2012	8/24/2012
13	Deploy and Optimize	8/27/2012	11/19/2012

2011: Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec
2012: Jan Feb Mar Apr May Jun Jul Aug Sep Oct

Notes:
- Scope, dates and resources for 'Configure and Develop' and remaining phases will change based on the outcome of 'Design' phase
- Detailed testing plan and timeline will be developed post design phase

Accomplishments To Date

- Hired CedarCrestone Inc. (CCI) for implementation
- Approved project charter and preliminary project plan
- Organized functional, technical, and other teams for implementation and sustainment phases
- Created dashboard to track status
- Developed strategies, plans, and inventories for each area
- Readied hardware for UTShare implementation
- Organized Arlington Data Center (ARDC) staffing and filled positions

Accomplishments To Date (cont.)

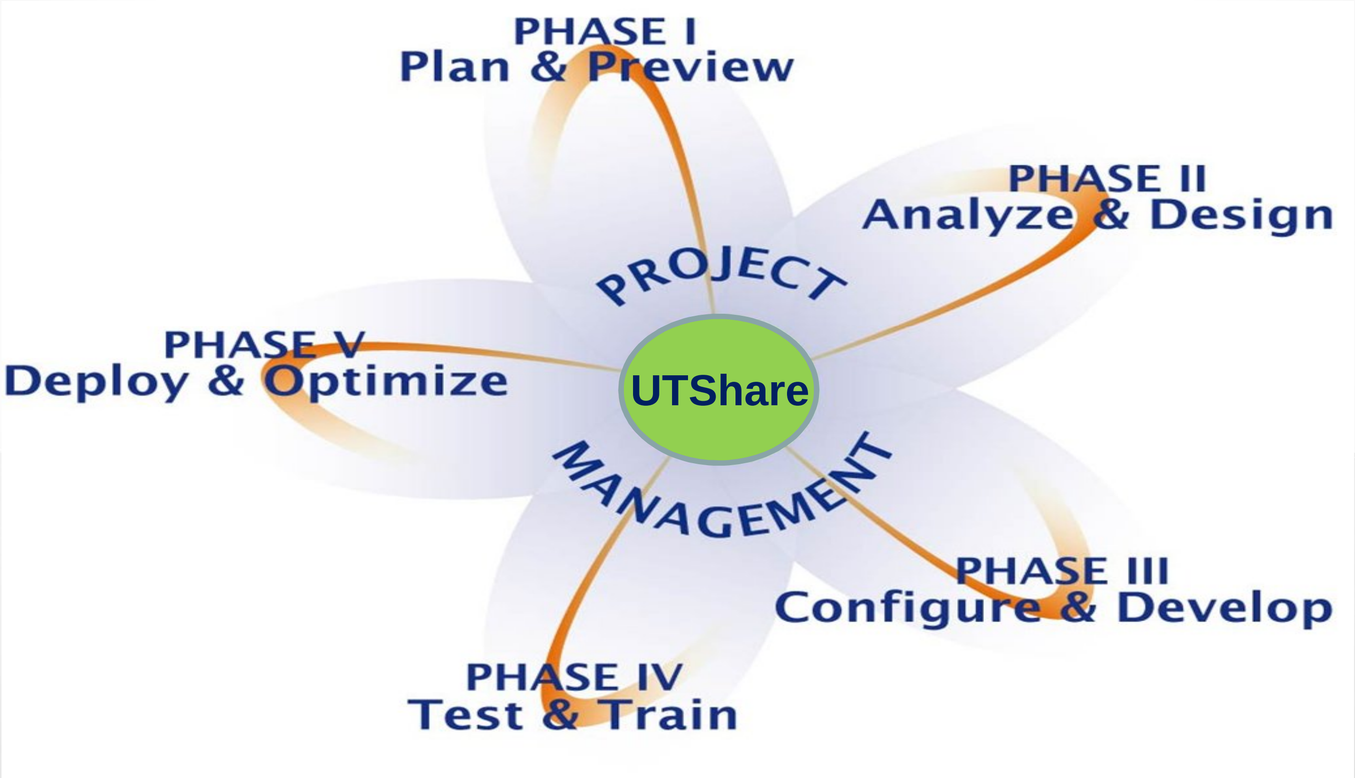
- Determined location and approach to disaster recovery
- Documented and assessed current processes
- Assessed U. T. Dallas baseline and security solutions
- Conducted Interactive Design and Prototype (IDP) sessions
- Organized PeopleSoft training for teams
- Conducted pilot legacy data analysis and created data mappings
- Selected and tested authentication approach

Currently In Progress

- Assisting U. T. Dallas' optimization
- Finishing design deliverables:
  - Configuration Guides
  - Business Process Guides
  - Functional Specifications
- Profiling and converting legacy data
- Configuring system prototype

Overall Plan

Plan Phases

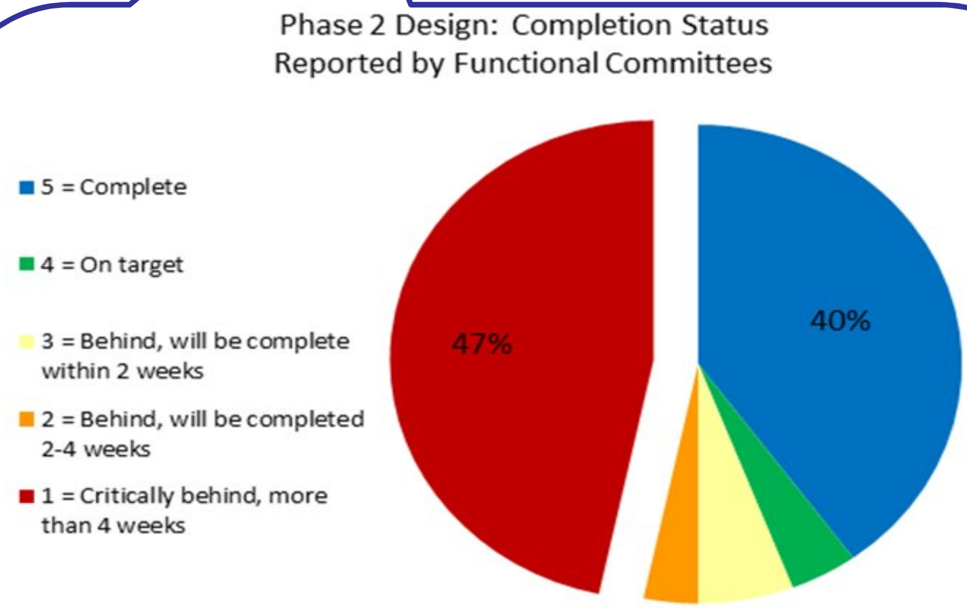


Risk Mitigation

RISK	MITIGATION
Lack of Executive Support	Strong executive committee, committed chief business officers and functional teams lead
Excessive Modifications	Vanilla unless regulatory need or large return on investment (ROI) Strict modification approval process
Loss of Key Personnel	Other participating institutions can assist
Sustainment Capability	U. T. co-chair on all committees and ramped up staffing at ARDC
Testing	Parallel testing multiple months and test, test and then test again
Data Conversion	Validate data, use specialty service, and cleanse data
Interface	Minimize different interfaces for same function and test fully with live data
Readiness	Prepare people for change and the go live checklist satisfactory

Project Status

Phase 1 Plan & Preview	Phase 2 Analyze & Design	Phase 3 Configure & Develop	Phase 4 Test & Train	Phase 5 Deploy & Optimize
Complete		To Do	To Do	To Do



Phase 2 (Design) completion is behind schedule:
Tiger team convened to layout catch-up plan

Quality Assurance

- Review and Assessment
  - U. T. System Office of Internal Audit is providing assurance
  - CCI uses a Quality Assurance (QA) methodology and periodic reports
  - Huron Consulting Services, LLC hired to assess CCI QA methodology and spot check upcoming report

Outcomes

1. Common Single Instance Human Resource/ Finance System
2. Common Data Definitions
3. Common Data Warehouse
4. Consistent Reporting
5. Shared Maintenance

6. Facilitate Shared Business Process

PROVIDING ASSURANCE FOR THE UTSHARE PEOPLESOFT PROJECT

Paige Buechley
U. T. System Audit Office

The University of Texas System Board of Regents' Meeting

Joint Meeting of the Finance and Planning Committee and the Audit, Compliance, and Management Review Committee

February 2012

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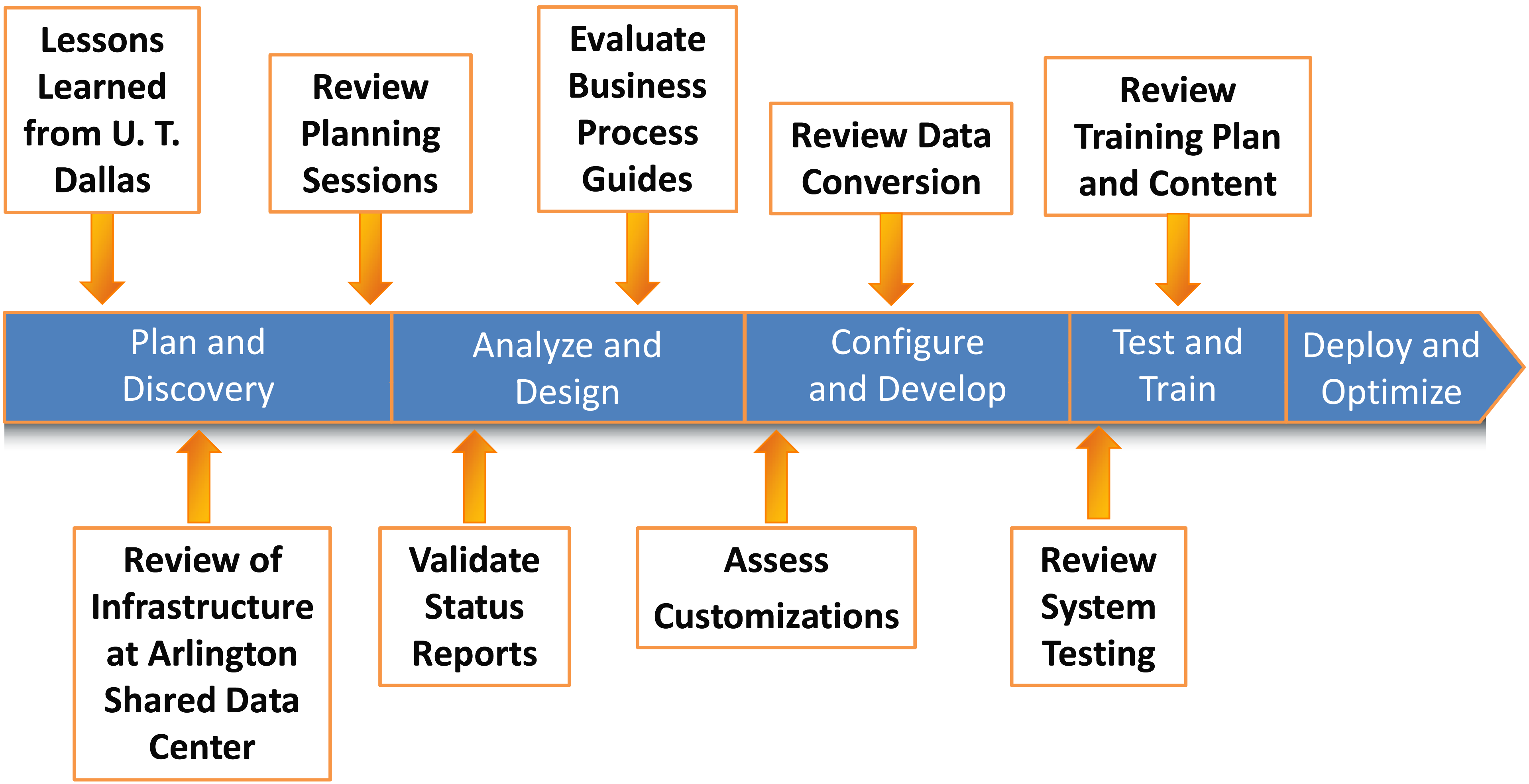
Assurance Service Timeline



U. T. Dallas Lessons Learned

Interviewed staff and found the following are essential to successful implementation:

- Sufficient system testing
- Training
- Clearly defined responsibilities
- Managing and communicating cultural change
- Sustainment planning

Arlington Regional Data Center

Reviewed infrastructure and security

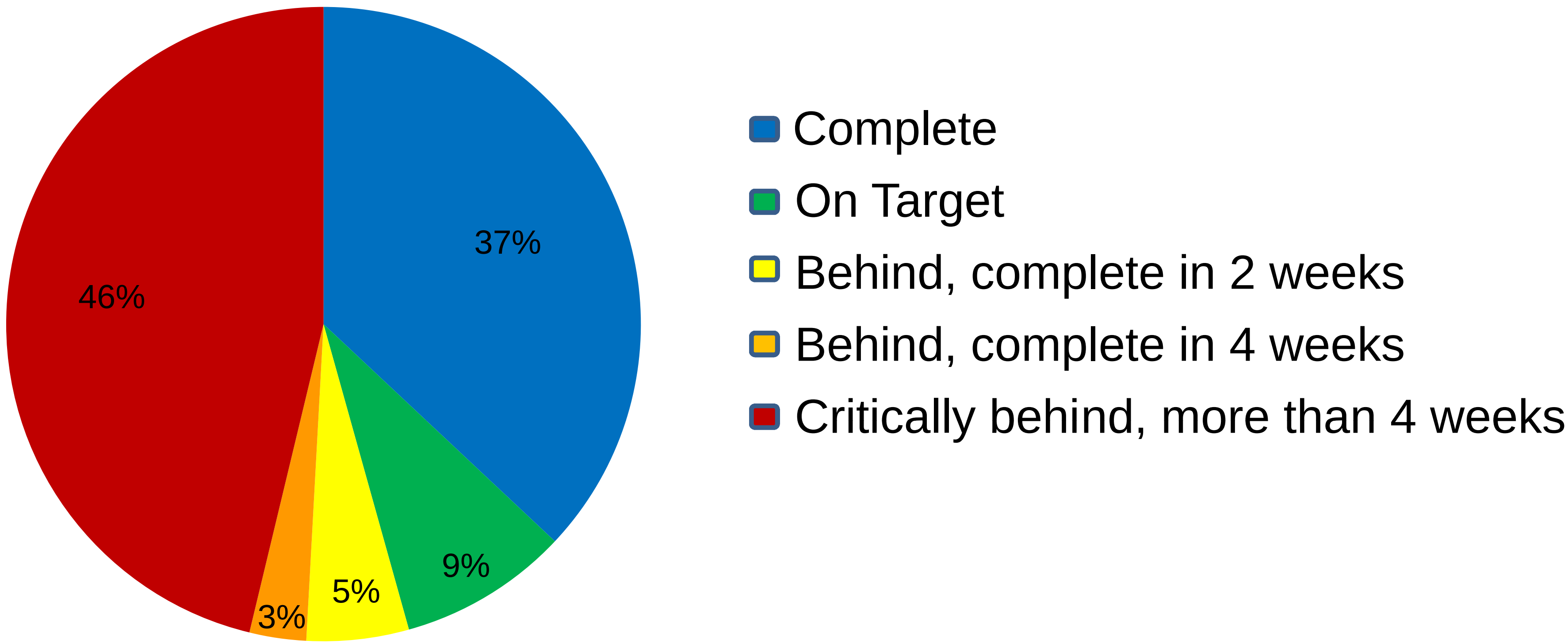
Results:

- Disaster recovery plan could be improved
- Clear communication and agreements between data center and institutions will be key to future implementations
- Enhancement of performance monitoring could improve troubleshooting efforts

End of Plan and Discovery Stage

- Reviewed documentation from design meetings held during the summer
- Ensured issues identified in design meetings were documented
- Began validating status reports prepared by committees

Self Reported Deliverables Status



Status as of January 6, 2012
Deliverables for the Design Phase: 173
Deliverables reported as Critically Behind Schedule: 80

Review of Business Process Guides

- Committees for each PeopleSoft function document business processes for the new system
- Auditors assist with risk assessments
- Auditors review guides to ensure internal controls are included in business processes

Review of Business Process Guides cont.

Module	Number of Business Processes
1. Accounts Payable	20
2. Asset Management	16
3. Commitment Control	17
4. General Ledger	23
5. Grants Management	15
6. Grants – Billing	7
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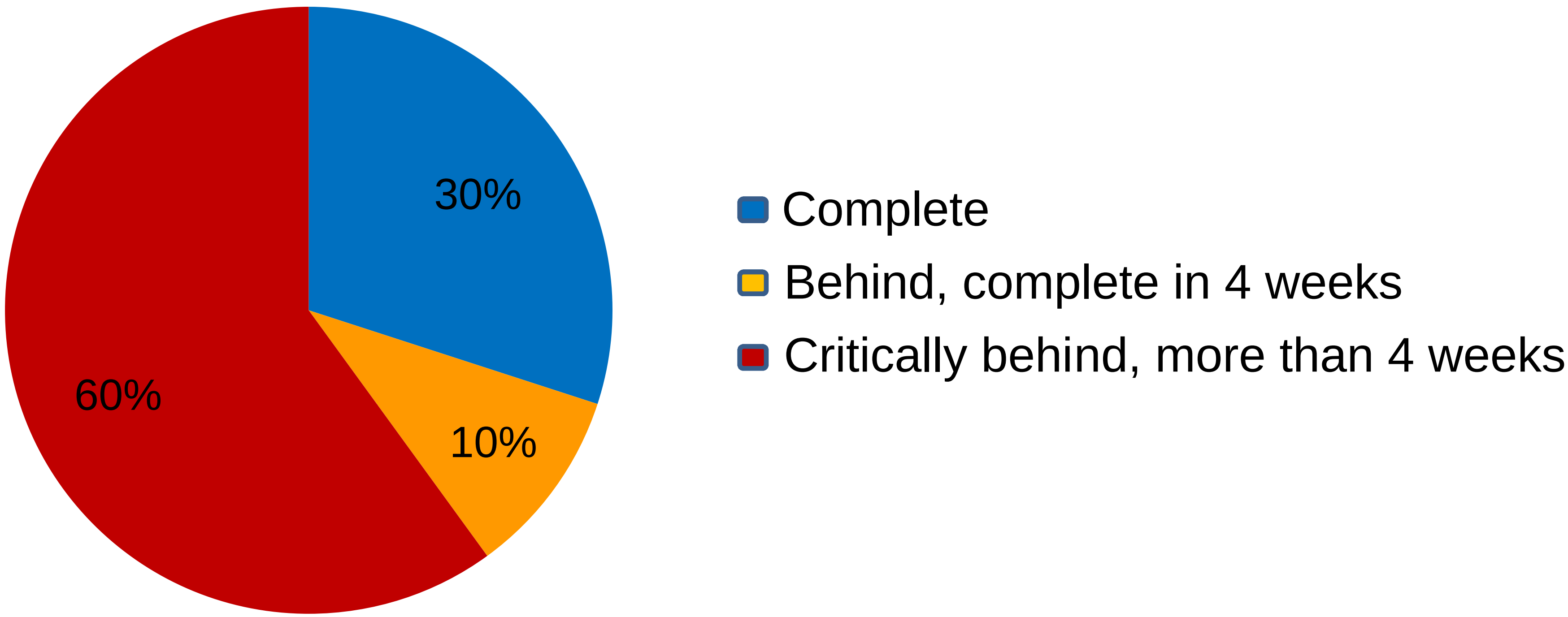
TOTAL	**360**

Self Reported Process Guide Status



Status as of January 6, 2012
Total Business Process Guides: 360

Assess Customizations

- Customizations of PeopleSoft may require additional support and complicate system upgrades
- Customizations should be allowed to ensure compliance with laws and requirements
- Auditors will review proposed customizations to ensure they are justified and approved

Future Assurance Work – Data Conversion

- Historical data must be converted from old system
- Conversion plan defines which data will be used in the new system
- Auditors will review conversion plan and the results of conversion tests

Future Assurance Work – System Testing

- Ensure system functions as designed
- System test plan outlines testing to be performed and should cover all system functions and scenarios
- Auditors will review test plan and results and assist with testing

Future Assurance Work - Training

- Should be provided to all users and technical staff
- Training plan outlines content, audience, timing and delivery
- Auditors will assess training content and implementation plan to ensure content is adequate and appropriate staff are trained

Team Recognition

Institution	Internal Audit Staff
U. T. Arlington	Ken Schroeder, Dana Nuber
U. T. Brownsville	Norma Ramos, Susana Rodriguez
U. T. El Paso	Bill Peters, Whit Madere
U. T. Permian Basin	Narita Holmes, Susan Paddack
U. T. San Antonio	Dick Dawson, Paul Tyler, Amy Barnes, Laura Buchhorn, Jaime Fernandez, Carol Rapps, Jacob Sanchez, Rachel Shay
U. T. Tyler	Lou Ann Viergever, John Kirkpatrick
U. T. System Administration	Lee Gilcrease, Anne Heitke, MarkAnthony Herrera, Dyan Hudson, Moshmee Kalamkar, Nazrine Khan, Leah Martin, Michael Pelech, Eric Polonski