



TABLE OF CONTENTS FOR FINANCE AND PLANNING COMMITTEE

Committee Meeting: 5/9/2017

Board Meeting: 5/10/2017
Austin, Texas

	Committee Meeting	Board Meeting	Page
Convene	<i>10:00 a.m.</i>		
1. U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, assigned for Committee consideration	<i>10:00 a.m.</i> Discussion	Action	67
2. U. T. System: Key Financial Indicators Report and Monthly Financial Report	<i>10:02 a.m.</i> Report/Discussion <i>Dr. Kelley</i>	Not on Agenda	68
3. U. T. System: Approval of the Fiscal Year 2018 Budget Preparation Policies and Calendar for budget operations	<i>10:17 a.m.</i> Action <i>Mr. Wallace</i>	Action	93
4. U. T. System Board of Regents: Discussion of matters related to University Lands	<i>10:20 a.m.</i> Report/Discussion <i>Mr. Houser</i>	Not on Agenda	97
5. U. T. System Board of Regents: The University of Texas Investment Management Company (UTIMCO) Update and Investment Reports for the quarter ended February 28, 2017	<i>10:30 a.m.</i> Report/Discussion <i>Mr. Mark Warner, Interim CEO and CIO</i>	Report	110
6. U. T. System Board of Regents: Discussion and appropriate action related to proposed appointments to the Board of Directors of The University of Texas Investment Management Company (UTIMCO)	<i>10:45 a.m.</i> Action	Action	126
7. U. T. System Board of Regents: Discussion and appropriate action regarding amendments to Articles of Incorporation and Bylaws of The University of Texas Investment Management Company (UTIMCO) related to the legal name of the corporation	<i>10:50 a.m.</i> Action	Action	127

	Committee Meeting	Board Meeting	Page
8. U. T. System Board of Regents: Approval of annual distributions from the Permanent Health Fund, the Long Term Fund, and the Intermediate Term Fund	10:55 a.m. Action <i>Dr. Kelley</i>	Action	128
9. U. T. System Board of Regents: Update on the U. T. System Internal Lending Program	11:00 a.m. Discussion <i>Dr. Kelley</i>	Not on Agenda	130
Adjourn	11:15 a.m.		

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

RECOMMENDATION

The proposed Consent Agenda items assigned to this Committee are [Items 2 - 13](#).

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 and the March Monthly Financial Report. The Monthly Financial Report is set forth on [Pages 69 - 92](#). The reports represent the consolidated and individual operating detail of the U. T. System institutions.

The Key Financial Indicators Report compares the Systemwide quarterly results of operations, key revenues and expenses, reserves, and key financial ratios in a graphical presentation from Fiscal Year 2013 through February 2017. Ratios requiring balance sheet data are provided for Fiscal Year 2012 through Fiscal Year 2016.

The Key Financial Indicators Report is located on [Pages 316 - 323](#) at the back of the book.

THE UNIVERSITY OF TEXAS SYSTEM
OFFICE OF THE CONTROLLER

MONTHLY FINANCIAL REPORT
(unaudited)

MARCH 2017



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 SEVEN MONTHS ENDING
March 31, 2017**

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

Foreword

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

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

UNAUDITED

The University of Texas System Consolidated
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2017

	March Year-to-Date FY 2017	March Year-to-Date FY 2016	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition and Fees	1,013,951,598.82	957,955,280.56	55,996,318.26	5.8%
Sponsored Programs	1,852,348,483.01	1,795,627,618.51	56,720,864.50	3.2%
Net Sales and Services of Educational Activities	378,052,712.31	363,160,571.04	14,892,141.27	4.1%
Net Sales and Services of Hospitals	3,310,364,615.02	3,125,647,854.25	184,716,760.77	5.9%
Net Professional Fees	1,038,101,078.77	957,804,352.55	80,296,726.22	8.4%
Net Auxiliary Enterprises	406,698,768.16	360,809,591.61	45,889,176.55	12.7%
Other Operating Revenues	300,895,164.26	259,944,938.51	40,950,225.75	15.8%
Total Operating Revenues	8,300,412,420.35	7,820,950,207.03	479,462,213.32	6.1%
Operating Expenses				
Salaries and Wages	4,929,702,868.86	4,657,822,206.98	271,880,661.88	5.8%
Payroll Related Costs	1,360,568,245.18	1,264,680,089.15	95,888,156.03	7.6%
Membership Dues	17,677,098.71	-	17,677,098.71	100.0%
Registration Fees/Meetings/Conferences	35,813,803.26	-	35,813,803.26	100.0%
Cost of Goods Sold	89,715,632.58	85,926,963.88	3,788,668.70	4.4%
Professional Fees and Services	284,720,344.21	314,793,772.42	(30,073,428.21)	-9.6%
Other Contracted Services	494,168,751.35	467,376,756.16	26,791,995.19	5.7%
Fees and Other Charges	36,787,628.73	-	36,787,628.73	100.0%
Travel	85,397,715.21	80,371,587.71	5,026,127.50	6.3%
Materials and Supplies	1,093,584,829.62	1,030,114,692.16	63,470,137.46	6.2%
Utilities	164,893,204.68	159,423,667.93	5,469,536.75	3.4%
Communications	64,987,945.09	67,218,682.53	(2,230,737.44)	-3.3%
Repairs and Maintenance	196,144,923.01	186,857,716.52	9,287,206.49	5.0%
Rentals and Leases	102,005,600.11	99,137,237.34	2,868,362.77	2.9%
Printing and Reproduction	21,811,697.99	21,832,603.11	(20,905.12)	-0.1%
Royalty Payments	8,881,148.12	-	8,881,148.12	100.0%
Bad Debt Expense	641,467.70	561,534.61	79,933.09	14.2%
Insurance Costs/Premiums	45,449,664.87	-	45,449,664.87	100.0%
Claims and Losses	11,542,081.31	5,451,402.66	6,090,678.65	111.7%
Increase in Net OPEB Obligation	412,434,268.17	388,991,548.75	23,442,719.42	6.0%
Pension Expense	146,023,729.25	124,188,614.35	21,835,114.90	17.6%
Scholarships and Fellowships	274,050,875.47	264,421,854.02	9,629,021.45	3.6%
Depreciation and Amortization	804,190,718.99	740,161,045.75	64,029,673.24	8.7%
Federal Sponsored Program Pass-Through to Other State Agencies	13,960,199.43	15,617,314.73	(1,657,115.30)	-10.6%
State Sponsored Program Pass-Through to Other State Agencies	3,221,057.48	10,973,801.85	(7,752,744.37)	-70.6%
Other Operating Expenses	118,353,365.68	262,687,623.84	(144,334,258.16)	-54.9%
Total Operating Expenses	10,816,728,865.06	10,248,610,716.45	568,118,148.61	5.5%
Operating Loss	(2,516,316,444.71)	(2,427,660,509.42)	(88,655,935.29)	-3.7%
Other Nonoperating Adjustments				
State Appropriations	1,348,193,530.47	1,318,904,661.42	29,288,869.05	2.2%
Nonexchange Sponsored Programs	194,799,219.70	208,773,612.15	(13,974,392.45)	-6.7%
Gift Contributions for Operations	262,943,742.04	300,918,649.54	(37,974,907.50)	-12.6%
Net Investment Income	618,463,206.76	525,845,686.13	92,617,520.63	17.6%
Interest Expense on Capital Asset Financings	(200,439,593.90)	(159,452,753.75)	(40,986,840.15)	-25.7%
Net Other Nonoperating Adjustments	2,223,960,105.07	2,194,989,855.49	28,970,249.58	1.3%
Adjusted Income (Loss) including Depreciation & Amortization	(292,356,339.64)	(232,670,653.93)	(59,685,685.71)	-25.7%
Adjusted Margin % including Depreciation & Amortization	-2.7%	-2.3%		
Investment Gain (Losses)	1,888,724,653.12	(1,222,227,534.72)	3,110,952,187.84	254.5%
Adj. Inc. (Loss) with Investment Gains (Losses)	1,596,368,313.48	(1,454,898,188.65)	3,051,266,502.13	209.7%
Adj. Margin % with Investment Gains (Losses)	12.7%	-16.3%		
Adjusted Income (Loss) excluding Depreciation & Amortization	511,834,379.35	507,490,391.82	4,343,987.53	0.9%
Adjusted Margin % excluding Depreciation & Amortization	4.8%	5.0%		

**The University of Texas System
Comparison of Adjusted Income (Loss)
For the Seven Months Ending March 31, 2017**

	Including Depreciation and Amortization Expense				
	March		March		
	Year-to-Date FY 2017	(1)	Year-to-Date FY 2016	Variance	
				Fluctuation Percentage	
U. T. System Administration	\$ (473,813,385.08)		\$ (485,556,831.45)	11,743,446.37	2.4%
U. T. Arlington	12,598,463.70		23,555,053.75	(10,956,590.05)	(2)
U. T. Austin	106,127,849.98		124,610,715.07	(18,482,865.09)	-14.8%
U. T. Dallas	(7,372,252.50)		4,406,214.94	(11,778,467.44)	(3)
U. T. El Paso	(12,530,536.58)	(4)	(11,138,662.30)	(1,391,874.28)	-12.5%
U. T. Permian Basin	1,562,814.94		(3,263,086.51)	4,825,901.45	(5)
U. T. Rio Grande Valley	577,813.60		7,670,604.43	(7,092,790.83)	(6)
U. T. San Antonio	(8,990,974.12)		3,099,158.19	(12,090,132.31)	(7)
U. T. Tyler	(2,045,885.93)		(6,518,211.60)	4,472,325.67	(8)
U. T. Southwestern Medical Center	68,596,093.87		119,451,557.31	(50,855,463.44)	(9)
U. T. Medical Branch - Galveston	(9,266,459.72)		(13,311,551.83)	4,045,092.11	(10)
U. T. Health Science Center - Houston	19,484,442.70		53,916,808.49	(34,432,365.79)	(11)
U. T. Health Science Center - San Antonio	8,054,179.63		13,669,697.80	(5,615,518.17)	(12)
U. T. M. D. Anderson Cancer Center	216,398,795.91		122,906,414.92	93,492,380.99	(13)
U. T. Health Science Center - Tyler	(10,633,379.30)		(8,393,419.56)	(2,239,959.74)	(14)
Elimination of AUF Transfer	(201,103,920.74)		(177,775,115.58)	(23,328,805.16)	-13.1%
Total Adjusted Income (Loss)	(292,356,339.64)		(232,670,653.93)	(59,685,685.71)	-25.7%
Investment Gains (Losses)	1,888,724,653.12		(1,222,227,534.72)	3,110,952,187.84	254.5%
Total Adjusted Income (Loss) with Investment Gains (Losses) Including Depreciation and Amortization	\$ 1,596,368,313.48		\$ (1,454,898,188.65)	\$ 3,051,266,502.13	209.7%

	Excluding Depreciation and Amortization Expense				
	March		March		
	Year-to-Date FY 2017		Year-to-Date FY 2016	Variance	
				Fluctuation Percentage	
U. T. System Administration	\$ (463,083,819.25)		\$ (475,114,297.69)	12,030,478.44	2.5%
U. T. Arlington	41,471,825.71		50,258,275.78	(8,786,450.07)	-17.5%
U. T. Austin	267,711,183.31		268,985,715.07	(1,274,531.76)	-0.5%
U. T. Dallas	35,508,809.47		41,495,714.94	(5,986,905.47)	-14.4%
U. T. El Paso	5,466,048.83		7,110,582.37	(1,644,533.54)	-23.1%
U. T. Permian Basin	9,712,118.77		4,883,163.49	4,828,955.28	98.9%
U. T. Rio Grande Valley	23,271,717.86		29,747,306.94	(6,475,589.08)	-21.8%
U. T. San Antonio	19,063,931.48		31,014,836.58	(11,950,905.10)	-38.5%
U. T. Tyler	6,712,976.07		1,586,684.13	5,126,291.94	323.1%
U. T. Southwestern Medical Center	163,363,464.62		210,864,671.73	(47,501,207.11)	-22.5%
U. T. Medical Branch - Galveston	77,705,230.89		55,453,183.58	22,252,047.31	40.1%
U. T. Health Science Center - Houston	55,344,658.60		89,916,303.38	(34,571,644.78)	-38.4%
U. T. Health Science Center - San Antonio	38,387,512.96		44,586,364.47	(6,198,851.51)	-13.9%
U. T. M. D. Anderson Cancer Center	436,007,811.31		326,532,063.47	109,475,747.84	33.5%
U. T. Health Science Center - Tyler	(3,705,170.54)		(2,055,060.84)	(1,650,109.70)	-80.3%
Elimination of AUF Transfer	(201,103,920.74)		(177,775,115.58)	(23,328,805.16)	-13.1%
Total Adjusted Income (Loss)	511,834,379.35		507,490,391.82	4,343,987.53	0.9%
Total Adjusted Income (Loss) Excluding Depreciation and Amortization	\$ 511,834,379.35		\$ 507,490,391.82	\$ 4,343,987.53	0.9%

THE UNIVERSITY OF TEXAS SYSTEM
EXPLANATION OF VARIANCES ON THE MONTHLY FINANCIAL REPORT
For the Seven Months Ending March 31, 2017

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

- (1) U. T. System Administration incurred a year-to-date loss of \$473.8 million primarily as a result of an accrual of \$412.4 million for other postemployment benefits (OPEB) expense and an accrual of \$146.0 million for pension expense for the entire *U. T. System* for the first seven months of 2017. Excluding depreciation and amortization expense, *U. T. System Administration's* adjusted loss was \$463.1 million or -149.7% of revenues. *U. T. System Administration* anticipates ending the year with a \$914.9 million loss, -213.9% of projected revenues, which includes \$18.4 million of depreciation and amortization expense, as well as a \$707.0 million accrual for OPEB and a \$250.3 million accrual for pension expense.
- (2) U. T. Arlington - The \$11.0 million (46.5%) decrease in adjusted income over the same period last year was primarily attributable to an increase in other contracted services due to payments in 2017 for services incurred in 2016 for the Accelerated Online Programs, as well as increased expenses for the Accelerated Online Programs due to increased enrollment. Excluding depreciation and amortization expense, *U. T. Arlington's* adjusted income was \$41.5 million or 11.1% of revenues.
- (3) U. T. Dallas - The \$11.8 million (267.3%) decrease in adjusted income over the same period last year was primarily attributable to the following: a decrease in nonexchange sponsored programs as a result of a reduction in the Texas Research Incentive Program funds received in 2017; an increase in depreciation and amortization expense as a result of the addition of new buildings and infrastructure; and an increase in interest expense on capital asset financings due to debt issued for the new Engineering Building. As a result of these factors, *U. T. Dallas* incurred a year-to-date loss of \$7.4 million. Excluding depreciation and amortization expense, *U. T. Dallas'* adjusted income was \$35.5 million or 9.9% of revenues. *U. T. Dallas* anticipates ending the year with a \$12.6 million loss, -2.0% of projected revenues, which includes \$73.5 million of depreciation and amortization expense.
- (4) U. T. El Paso incurred a year-to-date loss of \$12.5 million primarily due to the following: an increase in salaries and wages and payroll related costs due to a 2% merit increase for faculty and staff implemented in 2017; an increase in tuition exemption scholarship expense, primarily related to the Hazelwood and Hazelwood Legacy programs; an increase in depreciation expense over the last five years as a result of the rapid growth of new buildings and enhanced research infrastructure; and an increase in interest expense on capital asset financings. Excluding depreciation and amortization expense, *U. T. El Paso's* adjusted income was \$5.5 million or 2.1% of revenues. *U. T. El Paso* anticipates ending the year with a \$14.5 million loss, -3.4% of projected revenues, which includes \$32.0 million of depreciation and amortization expense. *U. T. El Paso* is continuing measures to reduce spending, including a hiring freeze on positions that are not mission critical, a freeze on all non-academic travel, mandatory departmental budget cuts, restrictions on the purchase of equipment and capital assets, utility savings efforts, and other cost savings measures.
- (5) U. T. Permian Basin - The \$4.8 million (147.9%) increase in adjusted income over the same period last year was primarily attributable to an increase in state appropriations related to Tuition Revenue Bonds authorized by the Texas Legislature. Although *U. T. Permian Basin* is currently reporting a positive margin of \$1.6 million, *U. T. Permian Basin* anticipates ending the year with a \$1.4 million loss, -1.5% of projected revenues, which includes \$14.8 million of depreciation and amortization expense. The projected loss is primarily attributable to the following: an increase in salaries and wages to accommodate enrollment growth combined with a 2% salary increase; an increase in payroll related costs due to rising premium sharing costs; an increase in materials and supplies as a result of noncapital furnishings purchased for the new residence/dining hall and the Student Success Center; and an increase in other contracted services due to increased payments to Chartwells for dining services and increased support for the Wagner Noel Performing Arts Center. Excluding depreciation and amortization expense, *U. T. Permian Basin's* adjusted income was \$9.7 million or 17.0% of revenues.
- (6) U. T. Rio Grande Valley - The \$7.1 million (92.5%) decrease in adjusted income over the same period last year was primarily attributable to an increase in salaries and wages and payroll related costs as a result of one-time merit payments in 2017 and an increase in the number of full-time equivalents. In addition, other contracted services increased primarily due to increased expenses for the new School of Medicine and the Pharr San Juan Alamo Independent School District Early Head Start Center. Materials and supplies also increased as a result of increased expenses for the new School of Medicine, the Mathematics and Science Academy, Graduate College Office, Library and Learning Enrichment, vivarium activity, computing system maintenance and noncapital facility renovations. Excluding depreciation and amortization expense, *U. T. Rio Grande Valley's* adjusted income was \$23.3 million or 8.0% of revenues.
- (7) U. T. San Antonio - The \$12.1 million (390.1%) decrease in adjusted income over the same period last year was primarily due to following: a decrease in net investment income; a decrease in state appropriations due to an overstatement throughout the prior year; and an increase in interest expense on capital asset financings due to debt issued for athletic projects, fire and safety renovations, and network upgrades, as well as the new Science and Engineering Building. As a result, *U. T. San Antonio* incurred a year-to-date loss of \$9.0 million. Excluding depreciation and amortization expense, *U. T. San Antonio's* adjusted income was \$19.1 million or 6.2% of revenues. *U. T. San Antonio* anticipates ending the year with a \$15.5 million loss, -2.9% of projected revenues, which includes \$48.1 million of depreciation and amortization expense.

- (8) U. T. Tyler - The \$4.5 million (68.6%) decrease in adjusted loss over the same period last year was primarily due to an increase in net student tuition and fees as a result of increased enrollment and designated tuition rates. Net sales and services of educational activities also increased as a result of pharmacy revenue now including the second year student cohort. Despite the decrease in adjusted loss, U. T. Tyler still incurred a year-to-date loss of \$2.0 million primarily due to the following: an increase in salaries and wages and payroll related costs driven by merit increases and an increase in the number of full-time equivalents; an increase in interest expense on capital asset financings due to debt issued for the new STEM Business Building; and a decrease in gift contributions for operations as a result of one-time gifts received in 2016. Excluding depreciation and amortization expense, U. T. Tyler's adjusted income was \$6.7 million or 7.9% of revenues. U. T. Tyler anticipates ending the year with a \$7.7 million loss, -5.5% of projected revenues, which includes \$15.0 million of depreciation and amortization expense.
- (9) U. T. Southwestern Medical Center - The \$50.9 million (42.6%) decrease in adjusted income over the same period last year was primarily attributable to a decrease in gift contributions for operations as a result of a number of large gifts received in 2016 with no such comparable gifts in 2017. Excluding depreciation and amortization expense, Southwestern's adjusted income was \$163.4 million or 10.0% of revenues.
- (10) U. T. Medical Branch - Galveston - The \$4.0 million (30.4%) decrease in adjusted loss over the same period last year was primarily attributable to an increase in net sales and services of hospitals and net professional fees as a result of volume growth, higher acuity cases and growth in private prison contract revenue. Despite the decrease in adjusted loss, UTMB still incurred a year-to-date loss of \$9.3 million as a result of the following: an increase in salaries and wages and payroll related costs; an increase in depreciation and amortization expense mainly due to the completion of the Jennie Sealy Hospital and League City Campus Hospital, as well as software upgrades; an increase in cost of goods sold largely due to increased pharmacy costs; and an increase in interest expense on capital asset financings due to debt issued for the Jennie Sealy Hospital. Additionally, on January 4, 2017, UTMB experienced a fire in the John Sealy Hospital building which required the evacuation and subsequent relocation of more than 100 patients. The loss of the space in the John Sealy Hospital and the relocation of those services to the Jennie Sealy Hospital had a negative impact on net patient care revenue of approximately \$9.3 million. PricewaterhouseCoopers has been engaged to assist in computing the business interruption loss. Excluding depreciation and amortization expense, UTMB's adjusted income was \$77.7 million or 6.5% of revenues. UTMB anticipates ending the year with a \$20.2 million loss, which represents -1.0% of projected revenues and includes \$161.0 million of depreciation and amortization expense. This projection does not include any potential insurance recoveries related to business interruption as a result of the fire in the John Sealy Hospital.
- (11) U. T. Health Science Center - Houston - The \$34.4 million (63.9%) decrease in adjusted income as compared to the same period last year was primarily attributable to an increase in salaries and wages and payroll related costs due to the addition of numerous positions to accommodate the planned growth of the physician practice plan. Excluding depreciation and amortization expense, UTHSC-Houston's adjusted income was \$55.3 million or 6.0% of revenues.
- (12) U. T. Health Science Center - San Antonio - The \$5.6 million (41.1%) decrease in adjusted income over the same period last year was primarily due to an increase in salaries and wages and payroll related costs. In addition, interest expense on capital asset financings increased due to debt issued to acquire the Professional Administrative Resource Center and to construct a new ambulatory facility, as well as increased debt service for Tuition Revenue Bonds authorized by the Texas Legislature. Excluding depreciation and amortization expense, UTHSC-San Antonio's adjusted income was \$38.4 million or 7.8% of revenues.
- (13) U. T. M. D. Anderson Cancer Center - The \$93.5 million (76.1%) increase in adjusted income over the same period last year was primarily attributable to an increase in net sales and services of hospitals due to an increase in inpatient and outpatient activity. A decrease in professional fees and services expense as a result of the completion of the Electronic Health Record system (EHR) and ICD-10 also contributed to the increase in adjusted income. Excluding depreciation and amortization expense, M. D. Anderson's adjusted income was \$436.0 million or 15.9% of revenues.
- (14) U. T. Health Science Center - Tyler - The \$2.2 million (26.7%) increase in adjusted loss over the same period last year was primarily due to an increase in salaries and wages and payroll related costs as a result of a larger employee base, accompanied by increased compensable absence expenses and premium sharing costs. Professional fees and services expense also increased due to higher usage levels of contracted physician services and new contractual expenses related to the Northeast Texas Initiative Texas Community College Consortium subcontract. UTHSC-Tyler also recognized \$3.6 million less in Delivery System Reform Incentive Payments (DSRIP) revenue as compared to the prior year. In addition, UTHSC-Tyler recorded a one-time charge of \$1.3 million in February 2017 to reserve for the possibility of a Medicare recoupment from a 2011 claims outlier review. As a result of these factors, UTHSC-Tyler incurred a year-to-date loss of \$10.6 million. Excluding depreciation and amortization expense, UTHSC-Tyler's adjusted loss was \$3.7 million or -3.3% of revenues. UTHSC-Tyler anticipates ending the year at break-even as a result of ongoing expense reduction initiatives, continued growth in clinical services with a corresponding increase in net patient revenues, and additional DSRIP and sponsored programs revenue recognized once metrics and deliverables are fully achieved.

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.

MEMBERSHIP DUES - Payments for professional memberships and community organization memberships for employees.

REGISTRATION FEES/MEETINGS/CONFERENCES - Payments made for employees to attend professional conferences and meetings.

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.

FEES AND OTHER CHARGES - Payments for various fees such as estate settlements, court costs, document filing fees, etc.

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

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

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

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

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

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

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

ROYALTY PAYMENTS - Payments incurred for copyright and patent royalties.

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

INSURANCE COSTS/PREMIUMS - Insurance premiums and fees associated with the various self-insurance programs, including professional medical liability.

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).

PENSION EXPENSE - An estimate of year-end expense which will be allocated from the Texas Comptroller's Office based upon prior year amounts.

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

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

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.

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

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

OTHER NONOPERATING ADJUSTMENTS:

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

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

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

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

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

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

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

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

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

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

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

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

UNAUDITED

The University of Texas System Administration
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2017

	March Year-to-Date FY 2017	March Year-to-Date FY 2016	Variance	Fluctuation Percentage
Operating Revenues				
Sponsored Programs	10,380,608.87	11,631,794.00	(1,251,185.13)	-10.8%
Net Sales and Services of Educational Activities	20,348,799.79	24,147,196.07	(3,798,396.28)	-15.7%
Other Operating Revenues	50,470,688.93	15,286,810.39	35,183,878.54	230.2%
Total Operating Revenues	81,200,097.59	51,065,800.46	30,134,297.13	59.0%
Operating Expenses				
Salaries and Wages	45,944,368.64	38,020,732.36	7,923,636.28	20.8%
Payroll Related Costs	10,330,912.07	8,624,368.54	1,706,543.53	19.8%
Membership Dues	439,483.99	-	439,483.99	100.0%
Registration Fees/Meetings/Conferences	316,467.20	-	316,467.20	100.0%
Professional Fees and Services	8,357,731.10	8,671,708.18	(313,977.08)	-3.6%
Other Contracted Services	25,691,311.20	15,342,152.01	10,349,159.19	67.5%
Fees and Other Charges	55,857.83	-	55,857.83	100.0%
Travel	984,181.93	887,253.00	96,928.93	10.9%
Materials and Supplies	14,818,040.44	12,769,789.26	2,048,251.18	16.0%
Utilities	291,181.21	193,850.79	97,330.42	50.2%
Communications	6,036,933.22	6,086,758.44	(49,825.22)	-0.8%
Repairs and Maintenance	9,760,599.52	15,310,072.95	(5,549,473.43)	-36.2%
Rentals and Leases	4,521,113.65	3,393,535.52	1,127,578.13	33.2%
Printing and Reproduction	190,323.65	1,048,401.17	(858,077.52)	-81.8%
Insurance Costs/Premiums	18,786,993.60	-	18,786,993.60	100.0%
Claims and Losses	11,542,081.31	5,451,402.66	6,090,678.65	111.7%
Increase in Net OPEB Obligation	412,434,268.17	388,991,548.75	23,442,719.42	6.0%
Pension Expense	146,023,729.25	124,188,614.35	21,835,114.90	17.6%
Scholarships and Fellowships	513,177.16	393,891.67	119,285.49	30.3%
Depreciation and Amortization	10,729,565.83	10,442,533.76	287,032.07	2.7%
State Sponsored Program Pass-Through to Other State Agencies	1,550,627.43	1,112,462.12	438,165.31	39.4%
Other Operating Expenses	2,494,731.52	23,987,369.06	(21,492,637.54)	-89.6%
Total Operating Expenses	731,813,679.92	664,916,444.59	66,897,235.33	10.1%
Operating Loss	(650,613,582.33)	(613,850,644.13)	(36,762,938.20)	-6.0%
Other Nonoperating Adjustments				
State Appropriations	1,473,617.69	1,654,901.11	(181,283.42)	-11.0%
Nonexchange Sponsored Programs	13,631,388.87	13,712,379.80	(80,990.93)	-0.6%
Gift Contributions for Operations	863,781.97	881,522.07	(17,740.10)	-2.0%
Net Investment Income	147,190,234.84	89,758,103.22	57,432,131.62	64.0%
Interest Expense on Capital Asset Financings	(51,340,678.37)	(37,884,758.35)	(13,455,920.02)	-35.5%
Net Other Nonoperating Adjustments	111,818,345.00	68,122,147.85	43,696,197.15	64.1%
Adjusted Income (Loss) including Depreciation & Amortization	(538,795,237.33)	(545,728,496.28)	6,933,258.95	1.3%
Adjusted Margin % including Depreciation & Amortization	-220.5%	-347.4%		
Available University Fund Transfer	64,981,852.25	60,171,664.83	4,810,187.42	8.0%
Adjusted Income (Loss) with AUF Transfer	(473,813,385.08)	(485,556,831.45)	11,743,446.37	2.4%
Adjusted Margin % with AUF Transfer	-153.2%	-223.5%		
Investment Gain (Losses)	1,534,971,880.45	(571,598,248.97)	2,106,570,129.42	368.5%
Adj. Inc. (Loss) with AUF Transfer & Invest. Gains (Losses)	\$1,061,158,495.37	(1,057,155,080.42)	\$2,118,313,575.79	200.4%
Adj. Margin % with AUF Transfer & Invest. Gains (Losses)	57.5%	298.3%		
Adjusted Income (Loss) with AUF Transfer excluding Depreciation & Amortization	(463,083,819.25)	(475,114,297.69)	12,030,478.44	2.5%
Adjusted Margin % with AUF Transfer excluding Depreciation & Amortization	-149.7%	-218.7%		

UNAUDITED

The University of Texas at Arlington
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2017

	March Year-to-Date FY 2017	March Year-to-Date FY 2016	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition and Fees	164,704,428.45	143,024,341.81	21,680,086.64	15.2%
Sponsored Programs	41,455,028.07	38,284,667.65	3,170,360.42	8.3%
Net Sales and Services of Educational Activities	10,888,318.25	11,326,892.60	(438,574.35)	-3.9%
Net Auxiliary Enterprises	24,226,761.45	23,795,175.43	431,586.02	1.8%
Other Operating Revenues	6,553,214.80	5,395,264.13	1,157,950.67	21.5%
Total Operating Revenues	247,827,751.02	221,826,341.62	26,001,409.40	11.7%
Operating Expenses				
Salaries and Wages	163,083,928.40	146,105,563.29	16,978,365.11	11.6%
Payroll Related Costs	40,490,665.69	35,960,137.32	4,530,528.37	12.6%
Membership Dues	704,651.36	-	704,651.36	100.0%
Registration Fees/Meetings/Conferences	877,591.63	-	877,591.63	100.0%
Cost of Goods Sold	3,767.88	3,622.76	145.12	4.0%
Professional Fees and Services	7,446,385.37	5,366,058.37	2,080,327.00	38.8%
Other Contracted Services	41,461,939.05	32,196,174.35	9,265,764.70	28.8%
Fees and Other Charges	537,766.64	-	537,766.64	100.0%
Travel	4,446,766.71	3,956,893.59	489,873.12	12.4%
Materials and Supplies	14,029,824.06	13,681,606.21	348,217.85	2.5%
Utilities	5,833,333.57	5,833,333.33	0.24	-
Communications	4,216,400.95	4,883,593.72	(667,192.77)	-13.7%
Repairs and Maintenance	6,184,504.94	4,199,576.61	1,984,928.33	47.3%
Rentals and Leases	1,881,867.01	2,229,248.64	(347,381.63)	-15.6%
Printing and Reproduction	1,702,548.46	1,584,452.38	118,096.08	7.5%
Royalty Payments	98,715.69	-	98,715.69	100.0%
Bad Debt Expense	116,413.41	153,796.71	(37,383.30)	-24.3%
Insurance Costs/Premiums	162,435.84	-	162,435.84	100.0%
Scholarships and Fellowships	20,781,350.09	19,129,784.92	1,651,565.17	8.6%
Depreciation and Amortization	28,873,362.01	26,703,222.03	2,170,139.98	8.1%
Federal Sponsored Program Pass-Through to Other State Agencies	3,560,477.97	2,785,271.93	775,206.04	27.8%
State Sponsored Program Pass-Through to Other State Agencies	97,359.61	85,184.27	12,175.34	14.3%
Other Operating Expenses	6,489,613.56	7,660,874.05	(1,171,260.49)	-15.3%
Total Operating Expenses	353,081,669.90	312,518,394.48	40,563,275.42	13.0%
Operating Loss	(105,253,918.88)	(90,692,052.86)	(14,561,866.02)	-16.1%
Other Nonoperating Adjustments				
State Appropriations	80,937,243.92	76,698,411.42	4,238,832.50	5.5%
Nonexchange Sponsored Programs	32,105,665.70	33,955,734.98	(1,850,069.28)	-5.4%
Gift Contributions for Operations	3,173,438.14	2,891,666.96	281,771.18	9.7%
Net Investment Income	8,824,215.75	7,550,197.62	1,274,018.13	16.9%
Interest Expense on Capital Asset Financings	(7,188,180.93)	(6,848,904.37)	(339,276.56)	-5.0%
Net Other Nonoperating Adjustments	117,852,382.58	114,247,106.61	3,605,275.97	3.2%
Adjusted Income (Loss) including Depreciation & Amortization	12,598,463.70	23,555,053.75	(10,956,590.05)	-46.5%
Adjusted Margin % including Depreciation & Amortization	3.4%	6.9%		
Investment Gain (Losses)	4,108,703.97	(20,834,453.97)	24,943,157.94	119.7%
Adj. Inc. (Loss) with Investment Gains (Losses)	16,707,167.67	2,720,599.78	13,986,567.89	514.1%
Adj. Margin % with Investment Gains (Losses)	4.4%	0.8%		
Adjusted Income (Loss) excluding Depreciation & Amortization	41,471,825.71	50,258,275.78	(8,786,450.07)	-17.5%
Adjusted Margin % excluding Depreciation & Amortization	11.1%	14.7%		

UNAUDITED

The University of Texas at Austin
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2017

	March Year-to-Date FY 2017	March Year-to-Date FY 2016	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition and Fees	285,833,333.33	281,166,666.67	4,666,666.66	1.7%
Sponsored Programs	331,746,294.04	326,365,780.49	5,380,513.55	1.6%
Net Sales and Services of Educational Activities	256,594,158.00	240,196,827.99	16,397,330.01	6.8%
Net Auxiliary Enterprises	227,508,190.53	193,055,611.13	34,452,579.40	17.8%
Other Operating Revenues	7,190,665.38	4,815,551.72	2,375,113.66	49.3%
Total Operating Revenues	1,108,872,641.28	1,045,600,438.00	63,272,203.28	6.1%
Operating Expenses				
Salaries and Wages	728,755,968.22	691,808,442.20	36,947,526.02	5.3%
Payroll Related Costs	211,657,466.62	200,962,639.40	10,694,827.22	5.3%
Membership Dues	2,165,346.39	-	2,165,346.39	100.0%
Registration Fees/Meetings/Conferences	17,608,774.84	-	17,608,774.84	100.0%
Cost of Goods Sold	14,390,124.43	15,528,251.44	(1,138,127.01)	-7.3%
Professional Fees and Services	19,250,737.99	17,617,827.23	1,632,910.76	9.3%
Other Contracted Services	103,371,976.41	90,066,337.17	13,305,639.24	14.8%
Fees and Other Charges	8,179,038.64	-	8,179,038.64	100.0%
Travel	25,859,328.31	23,554,917.96	2,304,410.35	9.8%
Materials and Supplies	83,373,228.86	75,816,348.48	7,556,880.38	10.0%
Utilities	53,313,998.99	49,874,055.96	3,439,943.03	6.9%
Communications	20,797,041.27	22,738,691.39	(1,941,650.12)	-8.5%
Repairs and Maintenance	40,528,306.50	41,119,163.90	(590,857.40)	-1.4%
Rentals and Leases	13,461,491.43	12,936,171.63	525,319.80	4.1%
Printing and Reproduction	4,968,591.53	4,909,457.47	59,134.06	1.2%
Royalty Payments	3,559,411.16	-	3,559,411.16	100.0%
Bad Debt Expense	316,841.09	275,316.10	41,524.99	15.1%
Insurance Costs/Premiums	881,517.86	-	881,517.86	100.0%
Scholarships and Fellowships	81,666,666.67	70,000,000.00	11,666,666.67	16.7%
Depreciation and Amortization	161,583,333.33	144,375,000.00	17,208,333.33	11.9%
Federal Sponsored Program Pass-Through to Other State Agencies	1,770,645.11	2,088,476.20	(317,831.09)	-15.2%
State Sponsored Program Pass-Through to Other State Agencies	136,301.40	9,230,625.00	(9,094,323.60)	-98.5%
Other Operating Expenses	36,122,016.99	67,428,440.53	(31,306,423.54)	-46.4%
Total Operating Expenses	1,633,718,154.04	1,540,330,162.06	93,387,991.98	6.1%
Operating Loss	(524,845,512.76)	(494,729,724.06)	(30,115,788.70)	-6.1%
Other Nonoperating Adjustments				
State Appropriations	202,395,739.33	215,070,564.63	(12,674,825.30)	-5.9%
Nonexchange Sponsored Programs	25,085,577.43	25,666,666.67	(581,089.24)	-2.3%
Gift Contributions for Operations	98,986,350.25	95,314,044.74	3,672,305.51	3.9%
Net Investment Income	134,169,379.97	132,275,055.35	1,894,324.62	1.4%
Interest Expense on Capital Asset Financings	(30,767,604.98)	(26,761,007.84)	(4,006,597.14)	-15.0%
Net Other Nonoperating Adjustments	429,869,442.00	441,565,323.55	(11,695,881.55)	-2.6%
Adjusted Income (Loss) including Depreciation & Amortization	(94,976,070.76)	(53,164,400.51)	(41,811,670.25)	-78.6%
Adjusted Margin % including Depreciation & Amortization	-6.1%	-3.5%		
Available University Fund Transfer	201,103,920.74	177,775,115.58	23,328,805.16	13.1%
Adjusted Income (Loss) with AUF Transfer	106,127,849.98	124,610,715.07	(18,482,865.09)	-14.8%
Adjusted Margin % with AUF Transfer	6.0%	7.4%		
Investment Gain (Losses)	122,935,726.44	(196,921,355.19)	319,857,081.63	162.4%
Adj. Inc. (Loss) with AUF Transfer & Invest. Gains (Losses)	\$229,063,576.42	(72,310,640.12)	\$301,374,216.54	416.8%
Adj. Margin % with AUF Transfer & Invest. Gains (Losses)	12.1%	-4.8%		
Adjusted Income (Loss) with AUF Transfer excluding Depreciation & Amortization	267,711,183.31	268,985,715.07	(1,274,531.76)	-0.5%
Adjusted Margin % with AUF Transfer excluding Depreciation & Amortization	15.1%	15.9%		

UNAUDITED

The University of Texas at Dallas
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2017

	March Year-to-Date FY 2017	March Year-to-Date FY 2016	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition and Fees	178,277,436.29	165,902,459.09	12,374,977.20	7.5%
Sponsored Programs	35,743,977.00	34,103,711.31	1,640,265.69	4.8%
Net Sales and Services of Educational Activities	11,940,822.90	10,665,571.87	1,275,251.03	12.0%
Net Auxiliary Enterprises	19,472,506.18	16,261,330.91	3,211,175.27	19.7%
Other Operating Revenues	2,956,385.56	2,679,908.70	276,476.86	10.3%
Total Operating Revenues	248,391,127.93	229,612,981.88	18,778,146.05	8.2%
Operating Expenses				
Salaries and Wages	174,727,142.75	166,212,902.41	8,514,240.34	5.1%
Payroll Related Costs	41,692,221.68	39,039,536.07	2,652,685.61	6.8%
Membership Dues	662,651.12	-	662,651.12	100.0%
Registration Fees/Meetings/Conferences	1,592,930.14	-	1,592,930.14	100.0%
Professional Fees and Services	5,438,984.71	6,042,457.82	(603,473.11)	-10.0%
Other Contracted Services	9,421,494.73	9,209,761.07	211,733.66	2.3%
Fees and Other Charges	683,084.37	-	683,084.37	100.0%
Travel	4,310,764.71	3,740,655.60	570,109.11	15.2%
Materials and Supplies	18,488,688.44	19,307,223.83	(818,535.39)	-4.2%
Utilities	6,177,309.80	6,492,063.06	(314,753.26)	-4.8%
Communications	1,029,135.51	422,249.78	606,885.73	143.7%
Repairs and Maintenance	5,259,680.82	3,465,406.81	1,794,274.01	51.8%
Rentals and Leases	4,299,453.26	4,173,831.85	125,621.41	3.0%
Printing and Reproduction	1,137,646.67	1,227,743.20	(90,096.53)	-7.3%
Royalty Payments	679,527.33	-	679,527.33	100.0%
Bad Debt Expense	37,240.00	-	37,240.00	100.0%
Insurance Costs/Premiums	6,491,935.33	-	6,491,935.33	100.0%
Scholarships and Fellowships	24,228,704.54	23,506,454.47	722,250.07	3.1%
Depreciation and Amortization	42,881,061.97	37,089,500.00	5,791,561.97	15.6%
Federal Sponsored Program Pass-Through to Other State Agencies	58,682.25	43,753.14	14,929.11	34.1%
State Sponsored Program Pass-Through to Other State Agencies	74,132.08	232,682.37	(158,550.29)	-68.1%
Other Operating Expenses	3,568,549.01	12,932,738.27	(9,364,189.26)	-72.4%
Total Operating Expenses	352,941,021.22	333,138,959.75	19,802,061.47	5.9%
Operating Loss	(104,549,893.29)	(103,525,977.87)	(1,023,915.42)	-1.0%
Other Nonoperating Adjustments				
State Appropriations	69,427,638.58	64,529,784.77	4,897,853.81	7.6%
Nonexchange Sponsored Programs	18,846,087.79	31,194,407.42	(12,348,319.63)	-39.6%
Gift Contributions for Operations	8,750,000.00	7,583,333.33	1,166,666.67	15.4%
Net Investment Income	14,795,946.25	13,601,894.15	1,194,052.10	8.8%
Interest Expense on Capital Asset Financings	(14,642,031.83)	(8,977,226.86)	(5,664,804.97)	-63.1%
Net Other Nonoperating Adjustments	97,177,640.79	107,932,192.81	(10,754,552.02)	-10.0%
Adjusted Income (Loss) including Depreciation & Amortization	(7,372,252.50)	4,406,214.94	(11,778,467.44)	-267.3%
Adjusted Margin % including Depreciation & Amortization	-2.0%	1.3%		
Investment Gain (Losses)	7,997,335.08	(13,492,246.50)	21,489,581.58	159.3%
Adj. Inc. (Loss) with Investment Gains (Losses)	625,082.58	(9,086,031.56)	9,711,114.14	106.9%
Adj. Margin % with Investment Gains (Losses)	0.2%	-2.7%		
Adjusted Income (Loss) excluding Depreciation & Amortization	35,508,809.47	41,495,714.94	(5,986,905.47)	-14.4%
Adjusted Margin % excluding Depreciation & Amortization	9.9%	12.0%		

UNAUDITED

The University of Texas at El Paso
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2017

	March Year-to-Date FY 2017	March Year-to-Date FY 2016	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition and Fees	73,409,565.00	68,496,426.95	4,913,138.05	7.2%
Sponsored Programs	56,548,697.89	53,407,478.56	3,141,219.33	5.9%
Net Sales and Services of Educational Activities	3,507,504.24	4,552,768.20	(1,045,263.96)	-23.0%
Net Auxiliary Enterprises	19,069,576.51	18,682,205.90	387,370.61	2.1%
Other Operating Revenues	89,310.29	(7,902.63)	97,212.92	1,230.1%
Total Operating Revenues	152,624,653.93	145,130,976.98	7,493,676.95	5.2%
Operating Expenses				
Salaries and Wages	117,040,053.50	110,369,830.70	6,670,222.80	6.0%
Payroll Related Costs	32,407,914.74	29,084,382.17	3,323,532.57	11.4%
Membership Dues	591,013.67	-	591,013.67	100.0%
Registration Fees/Meetings/Conferences	453,508.76	-	453,508.76	100.0%
Professional Fees and Services	8,016,420.28	6,701,928.24	1,314,492.04	19.6%
Other Contracted Services	7,238,591.06	7,145,995.90	92,595.16	1.3%
Fees and Other Charges	2,403,354.50	-	2,403,354.50	100.0%
Travel	5,207,182.17	4,717,252.62	489,929.55	10.4%
Materials and Supplies	11,931,294.01	11,542,976.33	388,317.68	3.4%
Utilities	4,983,594.71	4,982,683.03	911.68	-
Communications	1,031,259.33	595,559.89	435,699.44	73.2%
Repairs and Maintenance	4,862,469.16	3,823,783.97	1,038,685.19	27.2%
Rentals and Leases	1,604,809.37	1,931,081.53	(326,272.16)	-16.9%
Printing and Reproduction	744,886.28	682,625.19	62,261.09	9.1%
Insurance Costs/Premiums	687,315.16	-	687,315.16	100.0%
Scholarships and Fellowships	44,016,692.67	44,818,748.16	(802,055.49)	-1.8%
Depreciation and Amortization	17,996,585.41	18,249,244.67	(252,659.26)	-1.4%
Federal Sponsored Program Pass-Through to Other State Agencies	410,243.69	2,971,813.54	(2,561,569.85)	-86.2%
Other Operating Expenses	5,155,349.72	7,223,002.91	(2,067,653.19)	-28.6%
Total Operating Expenses	266,782,538.19	254,840,908.85	11,941,629.34	4.7%
Operating Loss	(114,157,884.26)	(109,709,931.87)	(4,447,952.39)	-4.1%
Other Nonoperating Adjustments				
State Appropriations	69,264,167.00	65,232,895.00	4,031,272.00	6.2%
Nonexchange Sponsored Programs	27,061,141.69	26,615,854.72	445,286.97	1.7%
Gift Contributions for Operations	4,731,222.84	3,694,877.54	1,036,345.30	28.0%
Net Investment Income	7,631,883.59	7,216,784.26	415,099.33	5.8%
Interest Expense on Capital Asset Financings	(7,061,067.44)	(4,189,141.95)	(2,871,925.49)	-68.6%
Net Other Nonoperating Adjustments	101,627,347.68	98,571,269.57	3,056,078.11	3.1%
Adjusted Income (Loss) including Depreciation & Amortization	(12,530,536.58)	(11,138,662.30)	(1,391,874.28)	-12.5%
Adjusted Margin % including Depreciation & Amortization	-4.8%	-4.5%		
Investment Gain (Losses)	8,330,600.38	(14,234,379.75)	22,564,980.13	158.5%
Adj. Inc. (Loss) with Investment Gains (Losses)	(4,199,936.20)	(25,373,042.05)	21,173,105.85	83.4%
Adj. Margin % with Investment Gains (Losses)	-1.6%	-10.9%		
Adjusted Income (Loss) excluding Depreciation & Amortization	5,466,048.83	7,110,582.37	(1,644,533.54)	-23.1%
Adjusted Margin % excluding Depreciation & Amortization	2.1%	2.9%		

UNAUDITED

The University of Texas of the Permian Basin
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2017

	March Year-to-Date FY 2017	March Year-to-Date FY 2016	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition and Fees	8,560,261.27	9,265,786.80	(705,525.53)	-7.6%
Sponsored Programs	6,965,562.05	5,095,986.05	1,869,576.00	36.7%
Net Sales and Services of Educational Activities	958,942.23	1,215,740.12	(256,797.89)	-21.1%
Net Auxiliary Enterprises	6,775,274.97	4,186,008.05	2,589,266.92	61.9%
Other Operating Revenues	271,209.61	230,247.19	40,962.42	17.8%
Total Operating Revenues	23,531,250.13	19,993,768.21	3,537,481.92	17.7%
Operating Expenses				
Salaries and Wages	20,983,772.58	19,556,541.93	1,427,230.65	7.3%
Payroll Related Costs	5,623,687.59	4,680,804.85	942,882.74	20.1%
Membership Dues	130,632.24	-	130,632.24	100.0%
Registration Fees/Meetings/Conferences	92,554.19	-	92,554.19	100.0%
Cost of Goods Sold	-	5,935.29	(5,935.29)	-100.0%
Professional Fees and Services	1,742,981.60	1,875,547.04	(132,565.44)	-7.1%
Other Contracted Services	3,174,851.04	2,019,824.18	1,155,026.86	57.2%
Fees and Other Charges	14,876.26	-	14,876.26	100.0%
Travel	1,111,341.24	842,571.23	268,770.01	31.9%
Materials and Supplies	3,388,424.41	3,149,841.82	238,582.59	7.6%
Utilities	1,508,077.55	1,274,876.10	233,201.45	18.3%
Communications	264,134.27	403,309.40	(139,175.13)	-34.5%
Repairs and Maintenance	569,461.88	(151,416.11)	720,877.99	476.1%
Rentals and Leases	516,265.91	377,234.83	139,031.08	36.9%
Printing and Reproduction	72,204.32	75,135.70	(2,931.38)	-3.9%
Royalty Payments	840.00	-	840.00	100.0%
Bad Debt Expense	1,898.85	-	1,898.85	100.0%
Insurance Costs/Premiums	163,680.14	-	163,680.14	100.0%
Scholarships and Fellowships	3,198,748.87	4,474,389.10	(1,275,640.23)	-28.5%
Depreciation and Amortization	8,149,303.83	8,146,250.00	3,053.83	-
Federal Sponsored Program Pass-Through to Other State Agencies	(45,152.53)	(44,024.12)	(1,128.41)	-2.6%
Other Operating Expenses	210,055.95	824,150.36	(614,094.41)	-74.5%
Total Operating Expenses	50,872,640.19	47,510,971.60	3,361,668.59	7.1%
Operating Loss	(27,341,390.06)	(27,517,203.39)	175,813.33	0.6%
Other Nonoperating Adjustments				
State Appropriations	24,508,547.00	20,750,980.40	3,757,566.60	18.1%
Nonexchange Sponsored Programs	6,501,728.00	4,169,136.83	2,332,591.17	55.9%
Gift Contributions for Operations	1,329,286.98	1,622,197.90	(292,910.92)	-18.1%
Net Investment Income	1,287,541.97	860,369.62	427,172.35	49.6%
Interest Expense on Capital Asset Financings	(4,722,898.95)	(3,148,567.87)	(1,574,331.08)	-50.0%
Net Other Nonoperating Adjustments	28,904,205.00	24,254,116.88	4,650,088.12	19.2%
Adjusted Income (Loss) including Depreciation & Amortization	1,562,814.94	(3,263,086.51)	4,825,901.45	147.9%
Adjusted Margin % including Depreciation & Amortization	2.7%	-6.9%		
Investment Gain (Losses)	1,407,476.59	(2,361,006.68)	3,768,483.27	159.6%
Adj. Inc. (Loss) with Investment Gains (Losses)	2,970,291.53	(5,624,093.19)	8,594,384.72	152.8%
Adj. Margin % with Investment Gains (Losses)	5.1%	-12.5%		
Adjusted Income (Loss) excluding Depreciation & Amortization	9,712,118.77	4,883,163.49	4,828,955.28	98.9%
Adjusted Margin % excluding Depreciation & Amortization	17.0%	10.3%		

UNAUDITED

The University of Texas Rio Grande Valley
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2017

	March Year-to-Date FY 2017	March Year-to-Date FY 2016	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition and Fees	67,606,018.16	70,639,809.87	(3,033,791.71)	-4.3%
Sponsored Programs	61,082,523.15	58,742,553.62	2,339,969.53	4.0%
Net Sales and Services of Educational Activities	3,999,128.83	2,612,790.46	1,386,338.37	53.1%
Net Professional Fees	(655,807.72)	131,602.58	(787,410.30)	-598.3%
Net Auxiliary Enterprises	7,425,781.06	6,646,340.37	779,440.69	11.7%
Other Operating Revenues	14,669,489.64	5,701,254.46	8,968,235.18	157.3%
Total Operating Revenues	154,127,133.12	144,474,351.36	9,652,781.76	6.7%
Operating Expenses				
Salaries and Wages	125,827,549.83	115,595,441.93	10,232,107.90	8.9%
Payroll Related Costs	37,199,949.46	33,825,127.04	3,374,822.42	10.0%
Membership Dues	633,444.18	-	633,444.18	100.0%
Registration Fees/Meetings/Conferences	453,418.87	-	453,418.87	100.0%
Cost of Goods Sold	139,260.03	269,059.21	(129,799.18)	-48.2%
Professional Fees and Services	1,119,125.77	1,259,013.11	(139,887.34)	-11.1%
Other Contracted Services	10,356,486.36	4,995,024.36	5,361,462.00	107.3%
Fees and Other Charges	1,653,176.07	-	1,653,176.07	100.0%
Travel	4,486,923.01	4,113,082.38	373,840.63	9.1%
Materials and Supplies	11,891,856.26	8,448,457.49	3,443,398.77	40.8%
Utilities	4,621,352.47	4,542,672.12	78,680.35	1.7%
Communications	360,473.28	304,706.14	55,767.14	18.3%
Repairs and Maintenance	4,096,189.41	2,749,680.95	1,346,508.46	49.0%
Rentals and Leases	3,062,015.14	2,812,593.75	249,421.39	8.9%
Printing and Reproduction	407,498.01	400,059.74	7,438.27	1.9%
Bad Debt Expense	44,349.76	4,700.38	39,649.38	843.5%
Insurance Costs/Premiums	207,277.61	-	207,277.61	100.0%
Scholarships and Fellowships	51,234,669.03	59,267,930.11	(8,033,261.08)	-13.6%
Depreciation and Amortization	22,693,904.26	22,076,702.51	617,201.75	2.8%
Federal Sponsored Program Pass-Through to Other State Agencies	401,000.21	145,273.37	255,726.84	176.0%
Other Operating Expenses	3,266,840.39	4,849,838.52	(1,582,998.13)	-32.6%
Total Operating Expenses	284,156,759.41	265,659,363.11	18,497,396.30	7.0%
Operating Loss	(130,029,626.29)	(121,185,011.75)	(8,844,614.54)	-7.3%
Other Nonoperating Adjustments				
State Appropriations	91,961,006.67	88,992,512.00	2,968,494.67	3.3%
Nonexchange Sponsored Programs	33,598,650.38	34,458,985.07	(860,334.69)	-2.5%
Gift Contributions for Operations	4,841,729.89	5,653,670.05	(811,940.16)	-14.4%
Net Investment Income	5,504,213.59	3,435,857.92	2,068,355.67	60.2%
Interest Expense on Capital Asset Financings	(5,298,160.64)	(3,685,408.86)	(1,612,751.78)	-43.8%
Net Other Nonoperating Adjustments	130,607,439.89	128,855,616.18	1,751,823.71	1.4%
Adjusted Income (Loss) including Depreciation & Amortization	577,813.60	7,670,604.43	(7,092,790.83)	-92.5%
Adjusted Margin % including Depreciation & Amortization	0.2%	2.8%		
Investment Gain (Losses)	1,210,610.56	(4,268,324.63)	5,478,935.19	128.4%
Adj. Inc. (Loss) with Investment Gains (Losses)	1,788,424.16	3,402,279.80	(1,613,855.64)	-47.4%
Adj. Margin % with Investment Gains (Losses)	0.6%	1.2%		
Adjusted Income (Loss) excluding Depreciation & Amortization	23,271,717.86	29,747,306.94	(6,475,589.08)	-21.8%
Adjusted Margin % excluding Depreciation & Amortization	8.0%	10.7%		

UNAUDITED

The University of Texas at San Antonio
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2017

	March Year-to-Date FY 2017	March Year-to-Date FY 2016	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition and Fees	113,957,325.19	106,898,041.77	7,059,283.42	6.6%
Sponsored Programs	45,118,120.02	35,805,583.55	9,312,536.47	26.0%
Net Sales and Services of Educational Activities	7,239,723.55	8,809,640.02	(1,569,916.47)	-17.8%
Net Auxiliary Enterprises	25,447,438.18	26,409,668.51	(962,230.33)	-3.6%
Other Operating Revenues	2,523,100.20	2,148,351.51	374,748.69	17.4%
Total Operating Revenues	194,285,707.14	180,071,285.36	14,214,421.78	7.9%
Operating Expenses				
Salaries and Wages	147,824,978.42	141,659,109.11	6,165,869.31	4.4%
Payroll Related Costs	39,912,744.17	36,232,619.35	3,680,124.82	10.2%
Membership Dues	871,063.07	-	871,063.07	100.0%
Registration Fees/Meetings/Conferences	726,586.99	-	726,586.99	100.0%
Cost of Goods Sold	255,300.40	175,000.00	80,300.40	45.9%
Professional Fees and Services	5,291,615.43	3,734,088.73	1,557,526.70	41.7%
Other Contracted Services	7,476,342.49	8,225,082.85	(748,740.36)	-9.1%
Fees and Other Charges	613,514.07	-	613,514.07	100.0%
Travel	6,574,837.17	6,343,774.17	231,063.00	3.6%
Materials and Supplies	14,585,808.23	17,842,970.14	(3,257,161.91)	-18.3%
Utilities	7,467,883.50	7,226,784.33	241,099.17	3.3%
Communications	2,105,036.75	1,727,996.26	377,040.49	21.8%
Repairs and Maintenance	6,211,249.15	4,894,097.83	1,317,151.32	26.9%
Rentals and Leases	1,118,310.16	1,353,955.77	(235,645.61)	-17.4%
Printing and Reproduction	896,970.24	868,683.48	28,286.76	3.3%
Royalty Payments	3,500.00	-	3,500.00	100.0%
Bad Debt Expense	124,724.59	127,721.42	(2,996.83)	-2.3%
Insurance Costs/Premiums	95,477.34	-	95,477.34	100.0%
Scholarships and Fellowships	28,720,757.92	25,811,258.67	2,909,499.25	11.3%
Depreciation and Amortization	28,054,905.60	27,915,678.39	139,227.21	0.5%
Federal Sponsored Program Pass-Through to Other State Agencies	1,033,743.18	962,430.23	71,312.95	7.4%
Other Operating Expenses	7,102,569.69	8,884,592.41	(1,782,022.72)	-20.1%
Total Operating Expenses	307,067,918.56	293,985,843.14	13,082,075.42	4.4%
Operating Loss	(112,782,211.42)	(113,914,557.78)	1,132,346.36	1.0%
Other Nonoperating Adjustments				
State Appropriations	72,609,884.67	75,099,225.25	(2,489,340.58)	-3.3%
Nonexchange Sponsored Programs	28,567,875.00	29,895,801.25	(1,327,926.25)	-4.4%
Gift Contributions for Operations	4,666,666.67	4,666,666.67	-	-
Net Investment Income	8,009,138.97	15,938,570.49	(7,929,431.52)	-49.7%
Interest Expense on Capital Asset Financings	(10,062,328.01)	(8,586,547.69)	(1,475,780.32)	-17.2%
Net Other Nonoperating Adjustments	103,791,237.30	117,013,715.97	(13,222,478.67)	-11.3%
Adjusted Income (Loss) including Depreciation & Amortization	(8,990,974.12)	3,099,158.19	(12,090,132.31)	-390.1%
Adjusted Margin % including Depreciation & Amortization	-2.9%	1.0%		
Investment Gain (Losses)	19,975,394.70	(25,643,439.57)	45,618,834.27	177.9%
Adj. Inc. (Loss) with Investment Gains (Losses)	10,984,420.58	(22,544,281.38)	33,528,701.96	148.7%
Adj. Margin % with Investment Gains (Losses)	3.3%	-8.1%		
Adjusted Income (Loss) excluding Depreciation & Amortization	19,063,931.48	31,014,836.58	(11,950,905.10)	-38.5%
Adjusted Margin % excluding Depreciation & Amortization	6.2%	10.1%		

UNAUDITED

The University of Texas at Tyler
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2017

	March Year-to-Date FY 2017	March Year-to-Date FY 2016	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition and Fees	27,208,714.75	23,683,559.68	3,525,155.07	14.9%
Sponsored Programs	8,830,513.26	6,783,132.57	2,047,380.69	30.2%
Net Sales and Services of Educational Activities	7,657,414.46	4,152,620.05	3,504,794.41	84.4%
Net Auxiliary Enterprises	5,239,297.00	4,879,623.00	359,674.00	7.4%
Other Operating Revenues	126,909.78	255,285.77	(128,375.99)	-50.3%
Total Operating Revenues	49,062,849.25	39,754,221.07	9,308,628.18	23.4%
Operating Expenses				
Salaries and Wages	42,089,625.46	39,856,303.94	2,233,321.52	5.6%
Payroll Related Costs	11,235,606.12	9,514,736.43	1,720,869.69	18.1%
Membership Dues	143,715.93	-	143,715.93	100.0%
Registration Fees/Meetings/Conferences	231,665.40	-	231,665.40	100.0%
Cost of Goods Sold	20,297.08	17,739.57	2,557.51	14.4%
Professional Fees and Services	1,403,547.57	1,529,431.13	(125,883.56)	-8.2%
Other Contracted Services	3,982,607.10	3,392,945.10	589,662.00	17.4%
Fees and Other Charges	118,150.15	-	118,150.15	100.0%
Travel	1,218,290.58	1,149,158.90	69,131.68	6.0%
Materials and Supplies	4,588,086.55	4,902,407.84	(314,321.29)	-6.4%
Utilities	1,437,438.05	1,510,742.36	(73,304.31)	-4.9%
Communications	390,826.72	374,860.10	15,966.62	4.3%
Repairs and Maintenance	1,617,891.58	1,582,664.13	35,227.45	2.2%
Rentals and Leases	294,871.08	396,617.03	(101,745.95)	-25.7%
Printing and Reproduction	634,006.47	811,876.41	(177,869.94)	-21.9%
Royalty Payments	6,482.68	-	6,482.68	100.0%
Insurance Costs/Premiums	48,092.70	-	48,092.70	100.0%
Scholarships and Fellowships	3,593,814.00	1,624,136.62	1,969,677.38	121.3%
Depreciation and Amortization	8,758,862.00	8,104,895.73	653,966.27	8.1%
Other Operating Expenses	1,538,518.18	2,064,322.21	(525,804.03)	-25.5%
Total Operating Expenses	83,352,395.40	76,832,837.50	6,519,557.90	8.5%
Operating Loss	(34,289,546.15)	(37,078,616.43)	2,789,070.28	7.5%
Other Nonoperating Adjustments				
State Appropriations	25,961,054.00	23,243,528.00	2,717,526.00	11.7%
Nonexchange Sponsored Programs	6,495,580.00	5,718,524.00	777,056.00	13.6%
Gift Contributions for Operations	620,014.11	1,061,227.15	(441,213.04)	-41.6%
Net Investment Income	2,744,974.33	2,584,275.89	160,698.44	6.2%
Interest Expense on Capital Asset Financings	(3,577,962.22)	(2,047,150.21)	(1,530,812.01)	-74.8%
Net Other Nonoperating Adjustments	32,243,660.22	30,560,404.83	1,683,255.39	5.5%
Adjusted Income (Loss) including Depreciation & Amortization	(2,045,885.93)	(6,518,211.60)	4,472,325.67	68.6%
Adjusted Margin % including Depreciation & Amortization	-2.4%	-9.0%		
Investment Gain (Losses)	2,914,330.04	(3,775,564.56)	6,689,894.60	177.2%
Adj. Inc. (Loss) with Investment Gains (Losses)	868,444.11	(10,293,776.16)	11,162,220.27	108.4%
Adj. Margin % with Investment Gains (Losses)	1.0%	-15.0%		
Adjusted Income (Loss) excluding Depreciation & Amortization	6,712,976.07	1,586,684.13	5,126,291.94	323.1%
Adjusted Margin % excluding Depreciation & Amortization	7.9%	2.2%		

UNAUDITED

The University of Texas Southwestern Medical Center
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2017

	March Year-to-Date FY 2017	March Year-to-Date FY 2016	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition and Fees	13,765,320.10	13,257,600.53	507,719.57	3.8%
Sponsored Programs	336,084,913.19	329,949,473.17	6,135,440.02	1.9%
Net Sales and Services of Educational Activities	6,572,189.88	7,929,856.35	(1,357,666.47)	-17.1%
Net Sales and Services of Hospitals	651,758,263.84	621,759,202.72	29,999,061.12	4.8%
Net Professional Fees	365,326,090.70	311,576,860.13	53,749,230.57	17.3%
Net Auxiliary Enterprises	17,478,287.76	16,526,135.19	952,152.57	5.8%
Other Operating Revenues	60,107,961.13	65,371,049.15	(5,263,088.02)	-8.1%
Total Operating Revenues	1,451,093,026.60	1,366,370,177.24	84,722,849.36	6.2%
Operating Expenses				
Salaries and Wages	804,218,067.75	747,121,152.63	57,096,915.12	7.6%
Payroll Related Costs	215,717,230.78	198,252,657.07	17,464,573.71	8.8%
Membership Dues	2,187,761.64	-	2,187,761.64	100.0%
Registration Fees/Meetings/Conferences	3,686,511.64	-	3,686,511.64	100.0%
Cost of Goods Sold	3,771,131.74	3,775,035.09	(3,903.35)	-0.1%
Professional Fees and Services	37,610,448.34	48,674,644.52	(11,064,196.18)	-22.7%
Other Contracted Services	74,954,798.39	68,970,563.04	5,984,235.35	8.7%
Fees and Other Charges	2,836,032.58	-	2,836,032.58	100.0%
Travel	7,423,100.37	6,970,597.89	452,502.48	6.5%
Materials and Supplies	252,188,505.14	218,992,367.21	33,196,137.93	15.2%
Utilities	13,306,937.72	11,168,148.18	2,138,789.54	19.2%
Communications	7,136,389.03	6,623,593.35	512,795.68	7.7%
Repairs and Maintenance	10,567,415.85	8,204,766.90	2,362,648.95	28.8%
Rentals and Leases	5,555,693.95	4,973,795.06	581,898.89	11.7%
Printing and Reproduction	1,596,367.27	1,389,159.17	207,208.10	14.9%
Royalty Payments	1,558,323.53	-	1,558,323.53	100.0%
Insurance Costs/Premiums	1,575,995.11	-	1,575,995.11	100.0%
Scholarships and Fellowships	1,079,417.63	796,576.81	282,840.82	35.5%
Depreciation and Amortization	94,767,370.75	91,413,114.42	3,354,256.33	3.7%
Federal Sponsored Program Pass-Through to Other State Agencies	1,231,661.09	1,346,014.18	(114,353.09)	-8.5%
Other Operating Expenses	10,180,389.94	37,585,576.95	(27,405,187.01)	-72.9%
Total Operating Expenses	1,553,149,550.24	1,456,257,762.47	96,891,787.77	6.7%
Operating Loss	(102,056,523.64)	(89,887,585.23)	(12,168,938.41)	-13.5%
Other Nonoperating Adjustments				
State Appropriations	109,393,605.00	108,354,051.00	1,039,554.00	1.0%
Gift Contributions for Operations	8,187,187.56	60,708,408.67	(52,521,221.11)	-86.5%
Net Investment Income	71,857,419.68	58,122,477.06	13,734,942.62	23.6%
Interest Expense on Capital Asset Financings	(18,785,594.73)	(17,845,794.19)	(939,800.54)	-5.3%
Net Other Nonoperating Adjustments	170,652,617.51	209,339,142.54	(38,686,525.03)	-18.5%
Adjusted Income (Loss) including Depreciation & Amortization	68,596,093.87	119,451,557.31	(50,855,463.44)	-42.6%
Adjusted Margin % including Depreciation & Amortization	4.2%	7.5%		
Investment Gain (Losses)	47,788,343.33	(84,252,207.79)	132,040,551.12	156.7%
Adj. Inc. (Loss) with Investment Gains (Losses)	116,384,437.20	35,199,349.52	81,185,087.68	230.6%
Adj. Margin % with Investment Gains (Losses)	6.9%	2.3%		
Adjusted Income (Loss) excluding Depreciation & Amortization	163,363,464.62	210,864,671.73	(47,501,207.11)	-22.5%
Adjusted Margin % excluding Depreciation & Amortization	10.0%	13.2%		

UNAUDITED

The University of Texas Medical Branch at Galveston
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2017

	March Year-to-Date FY 2017	March Year-to-Date FY 2016	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition and Fees	22,673,642.90	21,139,899.21	1,533,743.69	7.3%
Sponsored Programs	113,133,153.89	114,019,923.76	(886,769.87)	-0.8%
Net Sales and Services of Educational Activities	11,336,047.68	9,714,844.83	1,621,202.85	16.7%
Net Sales and Services of Hospitals	645,844,330.62	585,067,584.96	60,776,745.66	10.4%
Net Professional Fees	115,646,076.01	101,506,757.14	14,139,318.87	13.9%
Net Auxiliary Enterprises	6,692,254.82	5,721,001.21	971,253.61	17.0%
Other Operating Revenues	31,081,995.63	25,606,765.36	5,475,230.27	21.4%
Total Operating Revenues	946,407,501.55	862,776,776.47	83,630,725.08	9.7%
Operating Expenses				
Salaries and Wages	599,520,203.05	560,193,185.56	39,327,017.49	7.0%
Payroll Related Costs	164,697,984.51	152,883,681.10	11,814,303.41	7.7%
Membership Dues	1,360,545.65	-	1,360,545.65	100.0%
Registration Fees/Meetings/Conferences	1,730,565.25	-	1,730,565.25	100.0%
Cost of Goods Sold	58,061,908.59	50,625,760.74	7,436,147.85	14.7%
Professional Fees and Services	24,189,439.21	21,446,257.16	2,743,182.05	12.8%
Other Contracted Services	68,158,784.80	68,752,014.89	(593,230.09)	-0.9%
Fees and Other Charges	923,540.19	-	923,540.19	100.0%
Travel	4,349,674.02	4,208,558.69	141,115.33	3.4%
Materials and Supplies	92,462,611.66	91,547,172.79	915,438.87	1.0%
Utilities	19,106,621.03	20,001,062.95	(894,441.92)	-4.5%
Communications	5,949,576.14	5,648,374.17	301,201.97	5.3%
Repairs and Maintenance	26,859,435.67	27,286,075.55	(426,639.88)	-1.6%
Rentals and Leases	15,167,250.35	15,110,731.50	56,518.85	0.4%
Printing and Reproduction	866,437.17	878,129.89	(11,692.72)	-1.3%
Royalty Payments	1,405,955.83	-	1,405,955.83	100.0%
Insurance Costs/Premiums	6,106,048.68	-	6,106,048.68	100.0%
Scholarships and Fellowships	4,818,175.62	4,472,004.10	346,171.52	7.7%
Depreciation and Amortization	86,971,690.61	68,764,735.41	18,206,955.20	26.5%
Federal Sponsored Program Pass-Through to Other State Agencies	409,168.23	378,557.09	30,611.14	8.1%
Other Operating Expenses	10,169,434.24	21,132,205.68	(10,962,771.44)	-51.9%
Total Operating Expenses	1,193,285,050.50	1,113,328,507.27	79,956,543.23	7.2%
Operating Loss	(246,877,548.95)	(250,551,730.80)	3,674,181.85	1.5%
Other Nonoperating Adjustments				
State Appropriations	218,604,976.30	211,836,667.82	6,768,308.48	3.2%
Nonexchange Sponsored Programs	664,420.00	769,013.20	(104,593.20)	-13.6%
Gift Contributions for Operations	4,699,160.63	5,382,584.52	(683,423.89)	-12.7%
Net Investment Income	27,133,010.22	27,000,071.84	132,938.38	0.5%
Interest Expense on Capital Asset Financings	(13,490,477.92)	(7,748,158.41)	(5,742,319.51)	-74.1%
Net Other Nonoperating Adjustments	237,611,089.23	237,240,178.97	370,910.26	0.2%
Adjusted Income (Loss) including Depreciation & Amortization	(9,266,459.72)	(13,311,551.83)	4,045,092.11	30.4%
Adjusted Margin % including Depreciation & Amortization	-0.8%	-1.2%		
Investment Gain (Losses)	21,034,641.22	(47,735,678.36)	68,770,319.58	144.1%
Adj. Inc. (Loss) with Investment Gains (Losses)	11,768,181.50	(61,047,230.19)	72,815,411.69	119.3%
Adj. Margin % with Investment Gains (Losses)	1.0%	-5.8%		
Adjusted Income (Loss) excluding Depreciation & Amortization	77,705,230.89	55,453,183.58	22,252,047.31	40.1%
Adjusted Margin % excluding Depreciation & Amortization	6.5%	5.0%		

UNAUDITED

The University of Texas Health Science Center at Houston
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2017

	March Year-to-Date FY 2017	March Year-to-Date FY 2016	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition and Fees	32,769,143.55	30,681,191.32	2,087,952.23	6.8%
Sponsored Programs	417,365,245.89	412,305,157.48	5,060,088.41	1.2%
Net Sales and Services of Educational Activities	21,430,734.11	22,660,649.48	(1,229,915.37)	-5.4%
Net Sales and Services of Hospitals	40,483,571.95	43,940,018.48	(3,456,446.53)	-7.9%
Net Professional Fees	201,809,177.17	196,276,117.75	5,533,059.42	2.8%
Net Auxiliary Enterprises	17,803,570.37	16,839,652.03	963,918.34	5.7%
Other Operating Revenues	29,738,532.89	34,272,159.18	(4,533,626.29)	-13.2%
Total Operating Revenues	761,399,975.93	756,974,945.72	4,425,030.21	0.6%
Operating Expenses				
Salaries and Wages	532,268,878.28	486,477,071.19	45,791,807.09	9.4%
Payroll Related Costs	116,709,232.78	110,919,538.94	5,789,693.84	5.2%
Membership Dues	1,214,827.29	-	1,214,827.29	100.0%
Registration Fees/Meetings/Conferences	1,711,337.91	-	1,711,337.91	100.0%
Cost of Goods Sold	11,602,114.98	13,978,456.70	(2,376,341.72)	-17.0%
Professional Fees and Services	36,558,486.28	40,820,702.37	(4,262,216.09)	-10.4%
Other Contracted Services	45,652,169.24	44,636,010.71	1,016,158.53	2.3%
Fees and Other Charges	7,490,071.52	-	7,490,071.52	100.0%
Travel	6,094,211.60	6,068,202.64	26,008.96	0.4%
Materials and Supplies	34,499,568.23	35,578,277.38	(1,078,709.15)	-3.0%
Utilities	9,423,816.37	9,462,858.39	(39,042.02)	-0.4%
Communications	3,793,507.18	3,285,035.39	508,471.79	15.5%
Repairs and Maintenance	8,335,766.50	7,557,428.44	778,338.06	10.3%
Rentals and Leases	20,865,736.36	20,040,181.33	825,555.03	4.1%
Printing and Reproduction	3,803,675.66	3,992,081.17	(188,405.51)	-4.7%
Royalty Payments	995,451.28	-	995,451.28	100.0%
Insurance Costs/Premiums	4,346,088.00	-	4,346,088.00	100.0%
Scholarships and Fellowships	2,988,359.30	3,542,013.26	(553,653.96)	-15.6%
Depreciation and Amortization	35,860,215.90	35,999,494.89	(139,278.99)	-0.4%
Federal Sponsored Program Pass-Through to Other State Agencies	3,633,981.34	3,542,361.24	91,620.10	2.6%
Other Operating Expenses	10,033,946.70	23,808,795.52	(13,774,848.82)	-57.9%
Total Operating Expenses	897,881,442.70	849,708,509.56	48,172,933.14	5.7%
Operating Loss	(136,481,466.77)	(92,733,563.84)	(43,747,902.93)	-47.2%
Other Nonoperating Adjustments				
State Appropriations	126,602,722.20	120,176,139.09	6,426,583.11	5.3%
Nonexchange Sponsored Programs	300,438.29	339,112.00	(38,673.71)	-11.4%
Gift Contributions for Operations	14,335,469.37	11,913,016.89	2,422,452.48	20.3%
Net Investment Income	21,741,704.51	20,574,274.32	1,167,430.19	5.7%
Interest Expense on Capital Asset Financings	(7,014,424.90)	(6,352,169.97)	(662,254.93)	-10.4%
Net Other Nonoperating Adjustments	155,965,909.47	146,650,372.33	9,315,537.14	6.4%
Adjusted Income (Loss) including Depreciation & Amortization	19,484,442.70	53,916,808.49	(34,432,365.79)	-63.9%
Adjusted Margin % including Depreciation & Amortization	2.1%	5.9%		
Investment Gain (Losses)	17,989,287.41	(20,079,243.24)	38,068,530.65	189.6%
Adj. Inc. (Loss) with Investment Gains (Losses)	37,473,730.11	33,837,565.25	3,636,164.86	10.7%
Adj. Margin % with Investment Gains (Losses)	4.0%	3.8%		
Adjusted Income (Loss) excluding Depreciation & Amortization	55,344,658.60	89,916,303.38	(34,571,644.78)	-38.4%
Adjusted Margin % excluding Depreciation & Amortization	6.0%	9.9%		

UNAUDITED

The University of Texas Health Science Center at San Antonio
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2017

	March Year-to-Date FY 2017	March Year-to-Date FY 2016	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition and Fees	23,580,653.83	22,468,119.92	1,112,533.91	5.0%
Sponsored Programs	174,276,046.91	173,764,308.61	511,738.30	0.3%
Net Sales and Services of Educational Activities	12,658,027.47	12,552,926.12	105,101.35	0.8%
Net Professional Fees	110,153,639.26	106,852,953.25	3,300,686.01	3.1%
Net Auxiliary Enterprises	3,470,164.40	3,183,140.71	287,023.69	9.0%
Other Operating Revenues	23,120,206.08	23,243,611.15	(123,405.07)	-0.5%
Total Operating Revenues	347,258,737.95	342,065,059.76	5,193,678.19	1.5%
Operating Expenses				
Salaries and Wages	255,988,687.70	243,628,604.09	12,360,083.61	5.1%
Payroll Related Costs	71,888,089.95	68,588,858.21	3,299,231.74	4.8%
Membership Dues	2,232,293.56	-	2,232,293.56	100.0%
Registration Fees/Meetings/Conferences	4,067,490.76	-	4,067,490.76	100.0%
Professional Fees and Services	14,099,486.59	13,722,623.55	376,863.04	2.7%
Other Contracted Services	17,424,081.29	19,314,520.20	(1,890,438.91)	-9.8%
Fees and Other Charges	1,237,745.85	-	1,237,745.85	100.0%
Travel	2,783,515.77	2,711,484.42	72,031.35	2.7%
Materials and Supplies	32,749,608.93	27,425,008.15	5,324,600.78	19.4%
Utilities	10,836,402.50	10,847,998.00	(11,595.50)	-0.1%
Communications	3,786,660.53	6,399,559.41	(2,612,898.88)	-40.8%
Repairs and Maintenance	4,699,972.94	3,374,551.26	1,325,421.68	39.3%
Rentals and Leases	2,663,424.93	3,324,874.15	(661,449.22)	-19.9%
Printing and Reproduction	1,396,619.34	1,013,047.69	383,571.65	37.9%
Royalty Payments	58,362.50	-	58,362.50	100.0%
Insurance Costs/Premiums	715,460.56	-	715,460.56	100.0%
Scholarships and Fellowships	4,945,316.21	4,576,971.47	368,344.74	8.0%
Depreciation and Amortization	30,333,333.33	30,916,666.67	(583,333.34)	-1.9%
Federal Sponsored Program Pass-Through to Other State Agencies	1,020,833.33	904,166.67	116,666.66	12.9%
Other Operating Expenses	15,724,333.21	21,848,847.81	(6,124,514.60)	-28.0%
Total Operating Expenses	478,651,719.78	458,597,781.75	20,053,938.03	4.4%
Operating Loss	(131,392,981.83)	(116,532,721.99)	(14,860,259.84)	-12.8%
Other Nonoperating Adjustments				
State Appropriations	101,264,779.00	98,361,163.83	2,903,615.17	3.0%
Nonexchange Sponsored Programs	729,166.67	758,333.33	(29,166.66)	-3.8%
Gift Contributions for Operations	20,581,861.16	13,846,498.69	6,735,362.47	48.6%
Net Investment Income	22,658,657.41	22,011,865.66	646,791.75	2.9%
Interest Expense on Capital Asset Financings	(5,787,302.78)	(4,775,441.72)	(1,011,861.06)	-21.2%
Net Other Nonoperating Adjustments	139,447,161.46	130,202,419.79	9,244,741.67	7.1%
Adjusted Income (Loss) including Depreciation & Amortization	8,054,179.63	13,669,697.80	(5,615,518.17)	-41.1%
Adjusted Margin % including Depreciation & Amortization	1.6%	2.9%		
Investment Gain (Losses)	21,710,546.39	(33,217,275.72)	54,927,822.11	165.4%
Adj. Inc. (Loss) with Investment Gains (Losses)	29,764,726.02	(19,547,577.92)	49,312,303.94	252.3%
Adj. Margin % with Investment Gains (Losses)	5.8%	-4.4%		
Adjusted Income (Loss) excluding Depreciation & Amortization	38,387,512.96	44,586,364.47	(6,198,851.51)	-13.9%
Adjusted Margin % excluding Depreciation & Amortization	7.8%	9.3%		

UNAUDITED

The University of Texas M. D. Anderson Cancer Center
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2017

	March Year-to-Date FY 2017	March Year-to-Date FY 2016	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition and Fees	1,515,358.76	1,253,036.96	262,321.80	20.9%
Sponsored Programs	194,590,098.88	180,038,998.79	14,551,100.09	8.1%
Net Sales and Services of Educational Activities	1,444,410.64	1,315,312.21	129,098.43	9.8%
Net Sales and Services of Hospitals	1,937,891,227.21	1,843,201,874.19	94,689,353.02	5.1%
Net Professional Fees	234,824,456.51	232,339,461.27	2,484,995.24	1.1%
Net Auxiliary Enterprises	25,970,578.12	24,484,119.79	1,486,458.33	6.1%
Other Operating Revenues	61,379,019.73	60,862,525.96	516,493.77	0.8%
Total Operating Revenues	2,457,615,149.85	2,343,495,329.17	114,119,820.68	4.9%
Operating Expenses				
Salaries and Wages	1,113,824,507.73	1,096,724,467.77	17,100,039.96	1.6%
Payroll Related Costs	342,278,738.69	319,544,878.48	22,733,860.21	7.1%
Membership Dues	4,161,482.01	-	4,161,482.01	100.0%
Registration Fees/Meetings/Conferences	2,071,130.14	-	2,071,130.14	100.0%
Cost of Goods Sold	1,398,447.52	1,461,161.60	(62,714.08)	-4.3%
Professional Fees and Services	106,331,622.43	130,529,005.73	(24,197,383.30)	-18.5%
Other Contracted Services	69,637,947.12	86,327,018.01	(16,689,070.89)	-19.3%
Fees and Other Charges	9,432,861.78	-	9,432,861.78	100.0%
Travel	10,099,884.29	10,752,271.48	(652,387.19)	-6.1%
Materials and Supplies	490,274,575.02	475,267,738.29	15,006,836.73	3.2%
Utilities	25,281,285.31	24,952,007.27	329,278.04	1.3%
Communications	7,400,450.09	7,006,608.53	393,841.56	5.6%
Repairs and Maintenance	62,962,300.36	60,097,804.04	2,864,496.32	4.8%
Rentals and Leases	25,973,623.53	25,341,130.81	632,492.72	2.5%
Printing and Reproduction	3,347,881.74	2,912,510.67	435,371.07	14.9%
Royalty Payments	514,578.12	-	514,578.12	100.0%
Insurance Costs/Premiums	5,058,571.94	-	5,058,571.94	100.0%
Scholarships and Fellowships	2,186,475.20	1,915,410.88	271,064.32	14.2%
Depreciation and Amortization	219,609,015.40	203,625,648.55	15,983,366.85	7.8%
Federal Sponsored Program Pass-Through to Other State Agencies	87,435.30	365,786.98	(278,351.68)	-76.1%
State Sponsored Program Pass-Through to Other State Agencies	1,362,636.96	312,848.09	1,049,788.87	335.6%
Other Operating Expenses	5,128,585.34	20,224,974.98	(15,096,389.64)	-74.6%
Total Operating Expenses	2,508,424,036.02	2,467,361,272.16	41,062,763.86	1.7%
Operating Loss	(50,808,886.17)	(123,865,942.99)	73,057,056.82	59.0%
Other Nonoperating Adjustments				
State Appropriations	121,440,784.42	117,467,845.58	3,972,938.84	3.4%
Nonexchange Sponsored Programs	1,211,499.88	1,519,662.88	(308,163.00)	-20.3%
Gift Contributions for Operations	86,836,742.64	85,322,912.30	1,513,830.34	1.8%
Net Investment Income	77,514,135.95	62,292,257.94	15,221,878.01	24.4%
Interest Expense on Capital Asset Financings	(19,795,480.81)	(19,830,320.79)	34,839.98	0.2%
Net Other Nonoperating Adjustments	267,207,682.08	246,772,357.91	20,435,324.17	8.3%
Adjusted Income (Loss) including Depreciation & Amortization	216,398,795.91	122,906,414.92	93,492,380.99	76.1%
Adjusted Margin % including Depreciation & Amortization	7.9%	4.7%		
Investment Gain (Losses)	74,519,596.31	(181,219,842.57)	255,739,438.88	141.1%
Adj. Inc. (Loss) with Investment Gains (Losses)	290,918,392.22	(58,313,427.65)	349,231,819.87	598.9%
Adj. Margin % with Investment Gains (Losses)	10.3%	-2.4%		
Adjusted Income (Loss) excluding Depreciation & Amortization	436,007,811.31	326,532,063.47	109,475,747.84	33.5%
Adjusted Margin % excluding Depreciation & Amortization	15.9%	12.5%		

UNAUDITED

The University of Texas Health Science Center at Tyler
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2017

	March Year-to-Date FY 2017	March Year-to-Date FY 2016	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition and Fees	90,397.24	78,339.98	12,057.26	15.4%
Sponsored Programs	19,027,699.90	15,329,068.90	3,698,631.00	24.1%
Net Sales and Services of Educational Activities	1,476,490.28	1,306,934.67	169,555.61	13.0%
Net Sales and Services of Hospitals	34,387,221.40	31,679,173.90	2,708,047.50	8.5%
Net Professional Fees	10,997,446.84	9,120,600.43	1,876,846.41	20.6%
Net Auxiliary Enterprises	119,086.81	139,579.38	(20,492.57)	-14.7%
Other Operating Revenues	10,616,474.61	14,084,056.47	(3,467,581.86)	-24.6%
Total Operating Revenues	76,714,817.08	71,737,753.73	4,977,063.35	6.9%
Operating Expenses				
Salaries and Wages	57,605,136.55	54,492,857.87	3,112,278.68	5.7%
Payroll Related Costs	18,725,800.33	16,566,124.18	2,159,676.15	13.0%
Membership Dues	178,186.61	-	178,186.61	100.0%
Registration Fees/Meetings/Conferences	193,269.54	-	193,269.54	100.0%
Cost of Goods Sold	73,279.93	86,941.48	(13,661.55)	-15.7%
Professional Fees and Services	7,863,331.54	6,802,479.24	1,060,852.30	15.6%
Other Contracted Services	6,165,371.07	6,783,332.32	(617,961.25)	-9.1%
Fees and Other Charges	608,558.28	-	608,558.28	100.0%
Travel	447,713.33	354,913.14	92,800.19	26.1%
Materials and Supplies	14,314,709.38	13,842,506.94	472,202.44	3.4%
Utilities	1,303,971.90	1,060,532.06	243,439.84	23.0%
Communications	690,120.82	717,786.56	(27,665.74)	-3.9%
Repairs and Maintenance	3,629,678.73	3,344,059.29	285,619.44	8.5%
Rentals and Leases	1,019,673.98	742,253.94	277,420.04	37.4%
Printing and Reproduction	46,041.18	39,239.78	6,801.40	17.3%
Insurance Costs/Premiums	122,775.00	-	122,775.00	100.0%
Scholarships and Fellowships	78,550.56	92,283.78	(13,733.22)	-14.9%
Depreciation and Amortization	6,928,208.76	6,338,358.72	589,850.04	9.3%
Federal Sponsored Program Pass-Through to Other State Agencies	387,480.26	127,434.28	260,045.98	204.1%
Other Operating Expenses	1,168,431.24	2,231,894.58	(1,063,463.34)	-47.6%
Total Operating Expenses	121,550,288.99	113,622,998.16	7,927,290.83	7.0%
Operating Loss	(44,835,471.91)	(41,885,244.43)	(2,950,227.48)	-7.0%
Other Nonoperating Adjustments				
State Appropriations	32,347,764.69	31,435,991.52	911,773.17	2.9%
Gift Contributions for Operations	340,829.83	376,022.06	(35,192.23)	-9.4%
Net Investment Income	2,418,897.48	2,451,965.96	(33,068.48)	-1.3%
Interest Expense on Capital Asset Financings	(905,399.39)	(772,154.67)	(133,244.72)	-17.3%
Net Other Nonoperating Adjustments	34,202,092.61	33,491,824.87	710,267.74	2.1%
Adjusted Income (Loss) including Depreciation & Amortization	(10,633,379.30)	(8,393,419.56)	(2,239,959.74)	-26.7%
Adjusted Margin % including Depreciation & Amortization	-9.5%	-7.9%		
Investment Gain (Losses)	1,830,180.25	(2,594,267.18)	4,424,447.43	170.5%
Adj. Inc. (Loss) with Investment Gains (Losses)	(8,803,199.05)	(10,987,686.74)	2,184,487.69	19.9%
Adj. Margin % with Investment Gains (Losses)	-7.7%	-10.6%		
Adjusted Income (Loss) excluding Depreciation & Amortization	(3,705,170.54)	(2,055,060.84)	(1,650,109.70)	-80.3%
Adjusted Margin % excluding Depreciation & Amortization	-3.3%	-1.9%		

3. **U. T. System: Approval of the Fiscal Year 2018 Budget Preparation Policies and Calendar for budget operations**

RECOMMENDATION

With the concurrence of the Deputy Chancellor, the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and the Executive Vice Chancellor for Health Affairs, the Chancellor recommends that the U. T. System Board of Regents approve the Budget Preparation Policies below and the Calendar on [Page 96](#) for use in preparing the Fiscal Year (FY) 2018 Operating Budget for the U. T. System as set out below:

U. T. System Fiscal Year 2018 Budget Preparation Policies

1. General Guidelines - The regulations and directives that will be included in the *General Appropriations Act* enacted by the 85th Texas Legislature serve as the basis for these guidelines and policies. In preparing the draft of the FY 2018 Operating Budget, the president of each institution should adhere to guidelines and policies as detailed below and as included in the *General Appropriations Act*. The Chief Budget Officer will issue detailed instructions regarding the implementation of those regulations and directives into the institutional budget process.

The president of each institution should examine the resources used at the institution and, where possible, redirect resources toward high priority mission critical activities and strategic competitive investments that are consistent with the goals and objectives included in the institution's Strategic Plan.

Overall budget totals, including retaining reasonable reserves for potential future financial shortfall, must be limited to the funds available for the year from General Revenue Appropriations, Estimates of Educational and General Income, and limited use of institutional unappropriated balances.
2. Maintenance of Operating Margin and Use of Prior Year Balances - Institutions should make all reasonable efforts to maintain a favorable operating margin within the FY 2018 Operating Budget. Use of prior year balances should be limited to critical items, unique opportunities, or projects funded from prior year income committed for that purpose. Generally, balance usage should be reserved for nonrecurring activities. Balance usage cannot be recommended to the U. T. System Board of Regents for approval without the consent of the Chancellor, the Deputy Chancellor, the appropriate Executive Vice Chancellor, and the Associate Vice Chancellor, Controller and Chief Budget Officer.
3. Salary Guidelines - Recommendations regarding salary policy are subject to the following directives:
 - A. Salaries Proportional by Fund - Unless otherwise restricted, payment for salaries, wages, and benefits paid from appropriated funds, including local funds and educational and general funds as defined in *Texas Education Code* Section 51.009 (a) and (c), shall be proportional to the source of funds.

- B. Merit Increases and Promotions - Institutions should consider available resources and resolution of any major salary inequities when implementing merit salary increases for faculty and staff.

Merit increases or advances in rank for faculty are to be on the basis of teaching effectiveness, research, and public service.

As defined in *Texas Education Code* Section 51.962, administrative and professional staff and classified staff must have been employed by the institution for at least six consecutive months immediately preceding the effective date of the increase to be eligible for a merit increase, and at least six months must have elapsed since the employee's last merit salary increase.

Merit increases or promotions for administrative and professional staff and classified staff are to be based on evaluation of performance in areas appropriate to work assignments.

In accordance with the Regents' *Rules and Regulations*, performance appraisals are required to be conducted annually for all employees of the U. T. System. To verify compliance with this policy, U. T. System presidents and the Executive Vice Chancellor for Business Affairs for U. T. System Administration shall annually certify that all eligible employees (including staff and faculty) have completed performance appraisals.

- C. Other Increases - Equity adjustments, competitive offers, and increases to accomplish contractual commitments should also consider merit where appropriate, subject to available resources. Subject to guidance issued by the Chief Budget Officer, such increases should be noted and explained in the supplemental data accompanying the budget.
 - D. New Positions - Subject to available resources, new administrative and professional staff, classified staff, and faculty positions are to be requested only when justified by workloads or to meet needs for developing new programs.
 - E. Reporting - The Chief Budget Officer will issue guidance on reporting of salary changes and amounts. It is expected that required reports will encompass high-ranking staff covered by Regents' *Rules and Regulations*, Rules 20203 and 20204 along with those staff receiving significant changes in compensation.
4. Staff Benefits Guidelines - Recommendations regarding the state contribution for employee staff benefits such as group insurance premiums, teacher retirement, and optional retirement are subject to legislative determination via the *General Appropriations Act*. Payments for benefits, including for retirees, should comply with the provisions of Accounting Policy Statements No. 11, "Benefits Proportional by Fund" and the *General Appropriations Act*. The Chief Budget Officer will issue instructions regarding the implementation of staff benefits into the budget process.

5. Other Employee Benefits - Employer contributions to the self-insured Unemployment Compensation Fund are based on an actuarial study. Workers' Compensation Insurance rates are experience-rated for each institution. Appropriate instructions will be issued regarding the implementation of Unemployment Compensation Fund and Workers' Compensation Insurance Benefits.
6. Other Operating Expenses Guidelines - Increases in Maintenance, Operation, Equipment, and Travel are to be justified by expanded workloads, for developing new programs, or for correcting past deferrals or deficiencies.
7. Calendar - In the event of unforeseen circumstances, authority is delegated to the Chancellor to modify the Calendar.

BACKGROUND INFORMATION

The U. T. System FY 2018 Budget Preparation Policies are intended to be consistent with the regulations and directives included in the *General Appropriations Act* and other general law to be enacted by the 85th Texas Legislature. As written, this policy provides general direction to the U. T. System institutions and will be modified as necessary to conform to the legislation, as finally passed.



**THE UNIVERSITY OF TEXAS SYSTEM
FY 2018 OPERATING BUDGET CALENDAR**

January 2017 - August 2017	Performance appraisal focal period
April 14, 2017	Request for Library, Equipment, Repair and Rehabilitation new project instructions and information on balances subject to lapse are sent to institutions
May 10, 2017	U. T. System Board of Regents takes appropriate action on budget preparation policies
June 1, 2017	New Library, Equipment, Repair and Rehabilitation project requests are due to U. T. System
June 1 - 9, 2017	Major goals, priorities, and resource allocation hearings with U. T. System Administration
June 28, 2017	Draft budget documents due to U. T. System
July 5 - 7, 2017	Technical budget review with U. T. System
July 14, 2017	Reports on highly compensated staff covered by Regents' Rules 20203 and 20204, high-ranking staff salaries, and institutional Top Ten salaries due to U. T. System
July 17, 2017	Final budget documents due to U. T. System
August 7, 2017	Operating Budget Summaries provided to the U. T. System Board of Regents
August 14, 2017	Salary change report due to U. T. System
August 24, 2017	U. T. System Board of Regents takes appropriate action on Operating Budget and President and Executive Officer compensation

4. **U. T. System Board of Regents: Discussion of matters related to University Lands**

REPORT

Mr. Mark Houser, Chief Executive Officer - University Lands, will report to the Board on matters related to University Lands using the PowerPoint presentation set forth on the following pages.



Discussion on Matters Related to University Lands

Mr. Mark Houser, Chief Executive Officer – University Lands

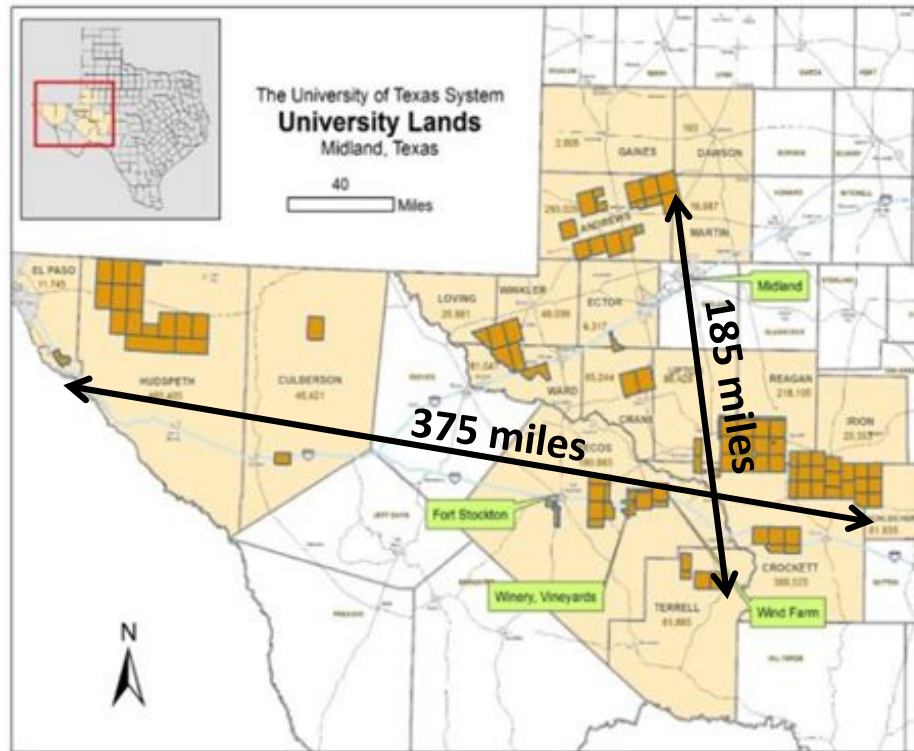
U. T. System Board of Regents' Meeting
Finance and Planning Committee
May 2017



THE UNIVERSITY of TEXAS SYSTEM
FOURTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

WWW.UTSYSTEM.EDU

PUF Lands and University Lands (UL) Organization



- UL manages the surface and mineral rights of 2.1 million acres primarily in West Texas
- The history of PUF Lands dates back to 1838
- First oil discovery in 1923
 - ~20,000 wells drilled to date
 - 9,000 wells currently producing
 - >20,000 wells left to drill
- Surface activities include:
 - Grazing, ranching and hunting leases
 - Pipelines and power line easements
 - Renewable energy: wind and solar (coming soon!)
 - Winery and vineyard
 - Airports, schools, and commercial businesses
 - Groundwater sales
- Revenue benefits U. T. and Texas A&M Systems



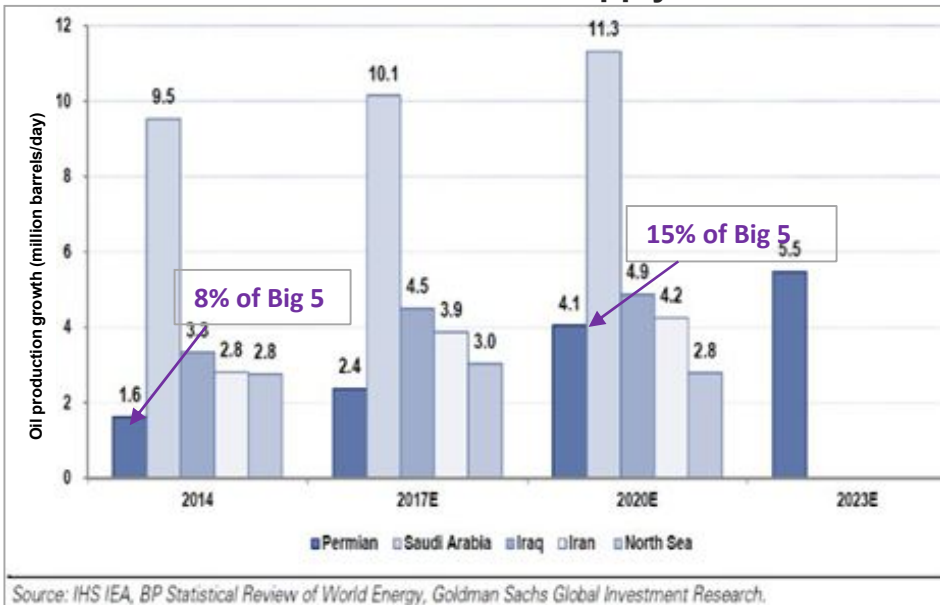
UL: Quarter One Key Takeaways

- United States' oil and gas production, specifically from the Permian Basin, is now “the world’s swing production”
 - PUF Lands acreage performance correlates closely to Permian Basin activity
- Fiscal Year 2017 projected revenues on track to exceed budgeted revenues by >10%
- The Perryman Group economic impact analysis of PUF Lands/UL completed
 - 7,500 full-time equivalent workers earn their living every day by performing a job on PUF Lands
 - \$3.5 billion GDP; \$176 million in state taxes; and \$166 per K-12 student in counties containing PUF Lands
- University Lands' lease sale set for September 2017 (225,000 acres!)
- Governance and restructuring consultant-led assessment ongoing
- Data initiative progressing with focus on big data and machine learning
- New business lines are a key focus:
 - Enhanced water management strategy efforts are ongoing
 - Two solar development negotiations in progress

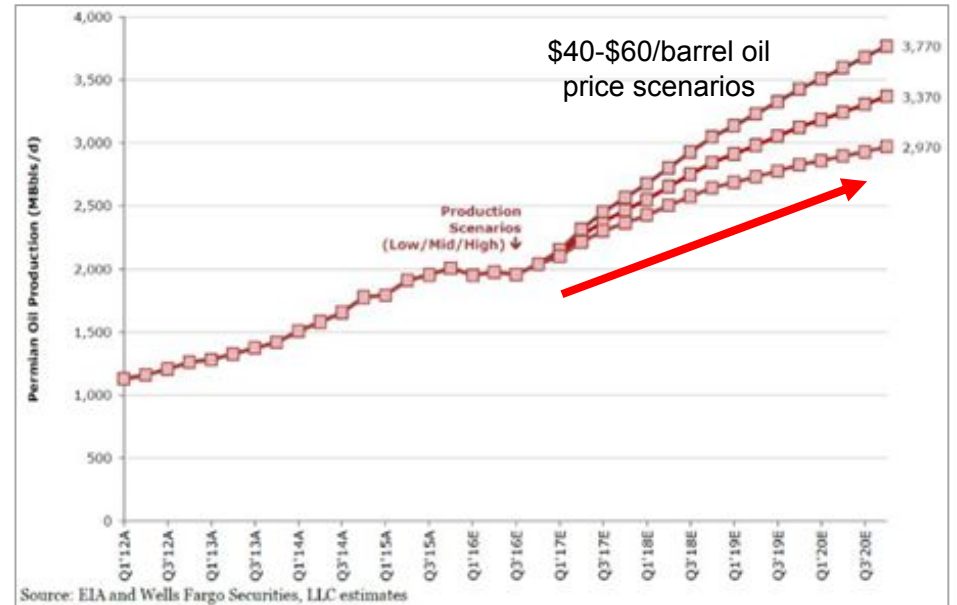


The Permian Basin: Nowhere to Go But Up?

Permian Basin Becoming More Meaningful Portion of Overall Global Oil Supply Growth

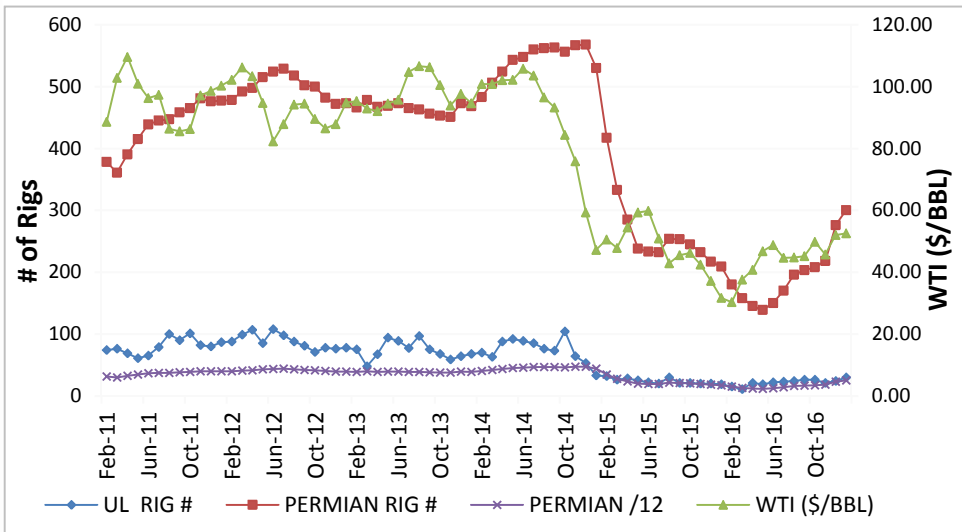


Wells Fargo: Significant Permian Basin Growth Ahead



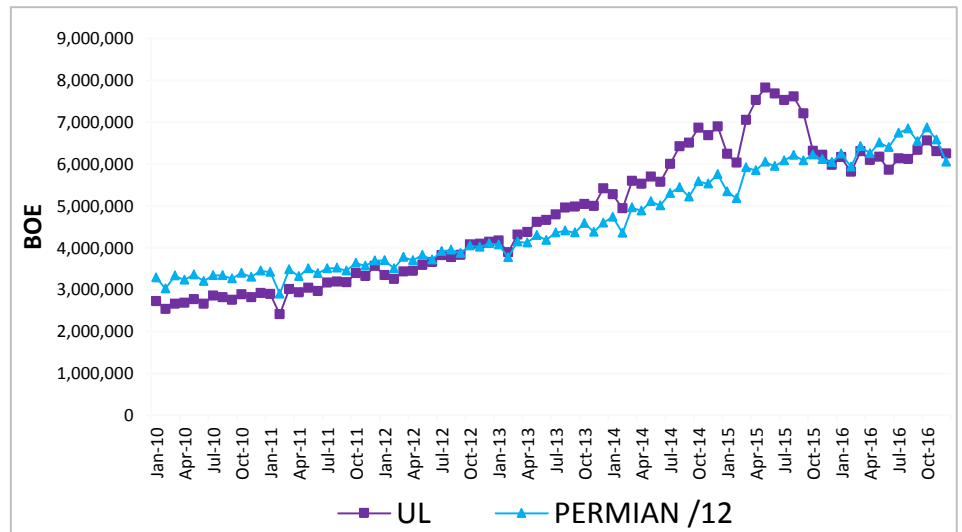
As Goes the Permian Basin, So Goes University Lands

Permian Basin Rig Count vs. Rig Count on PUF Lands



Sources: Baker Hughes, EIA, University Lands

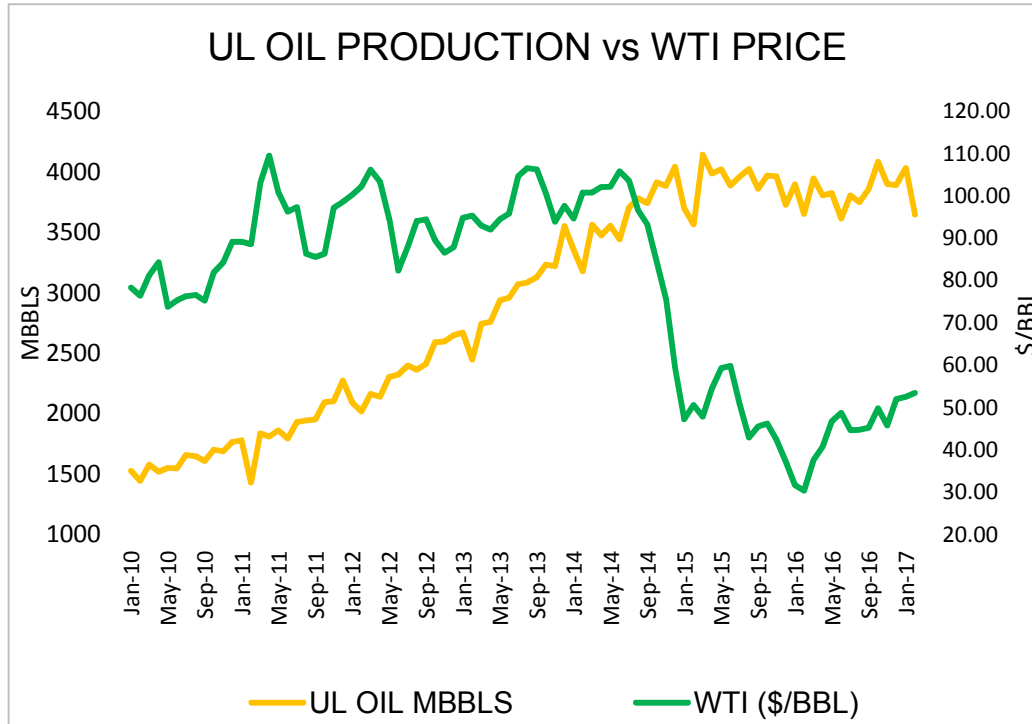
Permian Basin Production vs. Production from PUF Lands



Sources: DrillingInfo, University Lands



Trends in Activity on PUF Lands



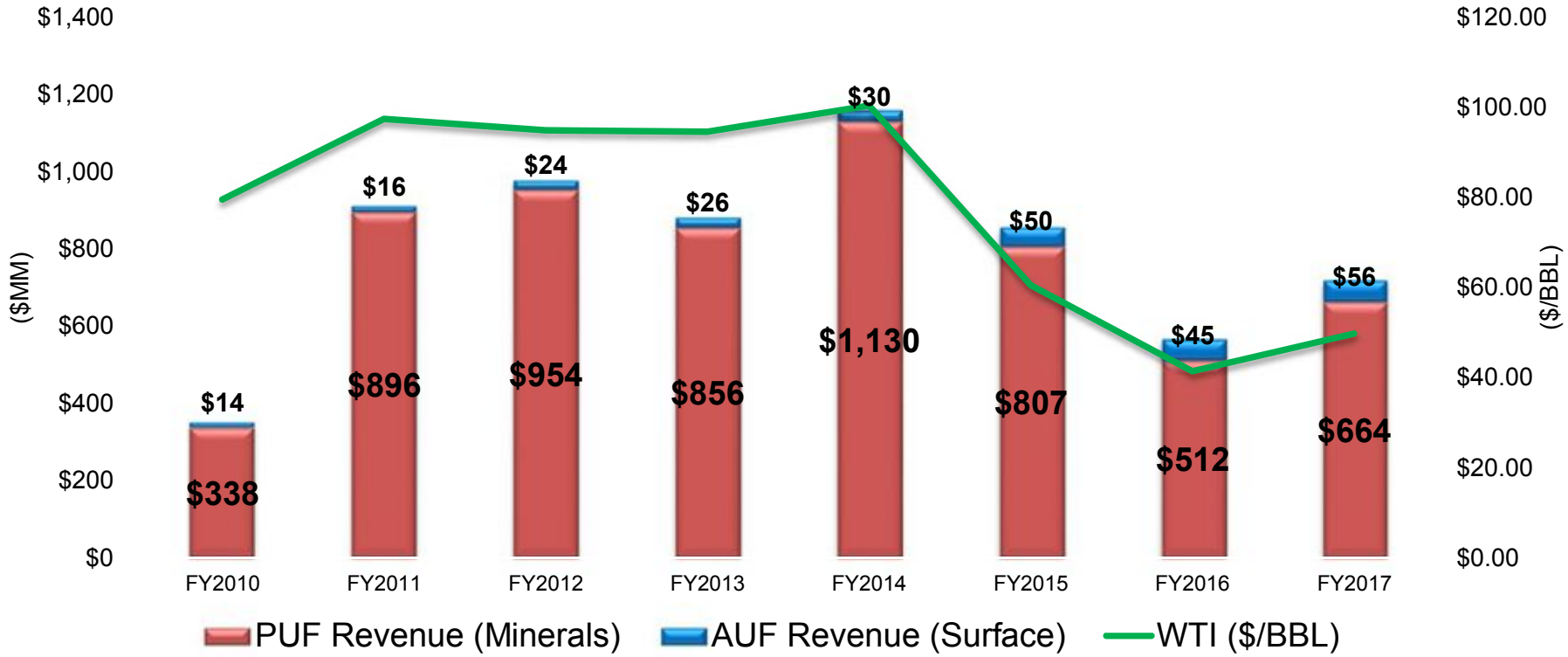
Sources: University Lands, EIA

2017 Activity Projection:

- 270 wells to be drilled
 - Represents a 60% increase over 2016 drilling
 - 13 rigs currently running on PUF Lands
- Upside Forecast: ~400 wells



UL: Historical AUF and PUF Revenue vs. WTI



Fiscal Year 2017: Budget vs. Projections

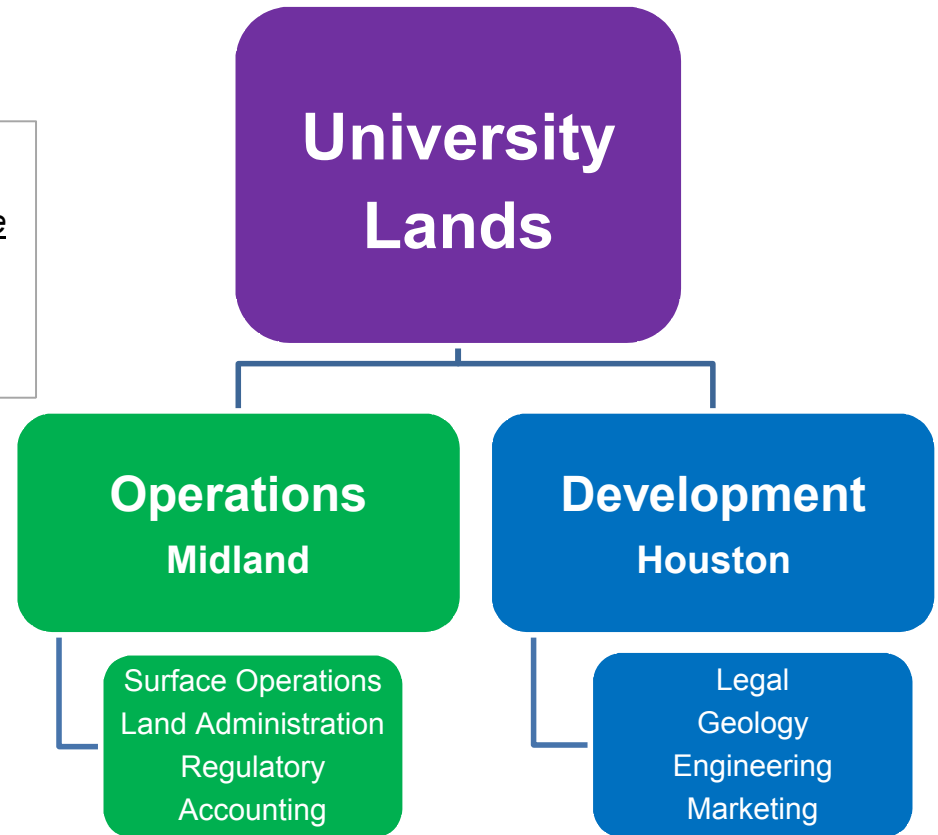
\$ Millions	FY2016 Actual	FY2017 Budget	FY2017 Projected		FY17 Total vs. FY16 Actual
			FY2017 Total	FY2017 Budget Variance	
Annual Volumes					
Oil (MMBL)	9,645	9,645	9,796	2%	2%
Gas (MMCF)	43,500	43,500	48,323	11%	11%
MBOE	16,895	16,895	17,850	6%	6%
Annual Oil Price	\$38	\$45	\$46.81	4%	22%
Annual Gas Price	\$2.10	\$2.50	\$2.84	14%	35%
PUF					
Oil Revenue	372	434	459	6%	23%
Gas Revenue	90	109	137	26%	52%
Water, Caliche, Damages	12	-	2.5		
Bonuses	38	42	66		
	\$512	\$585	\$664	14%	30%
AUF					
Water, Caliche, Damages	-	15	13	-13%	
Grazing	5	5	4	-12%	-12%
Easements & SWD	39	39	33	-15%	-15%
Interest, Penalty, Assign. Fees	1	1	6	306%	306%
	\$45	\$60	\$56	-6%	25%
Total Revenue	\$557	\$644	720	12%	29%
G&A + Opex	23.3	22.5	22.5	0%	-3%
\$/BOE	1.38		1.26		
Net Revenue	\$534	\$622	\$698	12%	31%



UL Organizational Structure

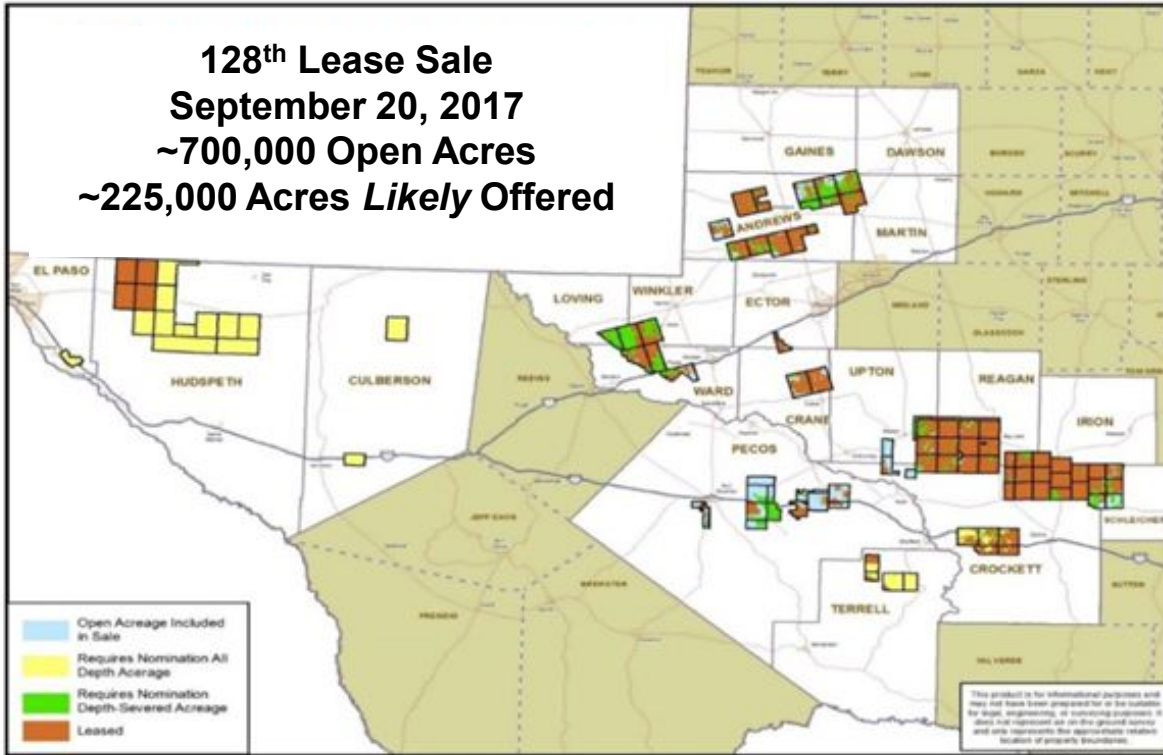
Recent Benchmark Study of Expenses (*preliminary*):

	<u>2017 UL</u>	<u>2016 Peer Average</u>
G&A as % of Revenue	3.6%	9.2%
\$ / BOE Produced	\$1.30 / BOE	\$2.80 / BOE



Upcoming University Lands Lease Sale

128th Lease Sale
September 20, 2017
~700,000 Open Acres
~225,000 Acres *Likely Offered*



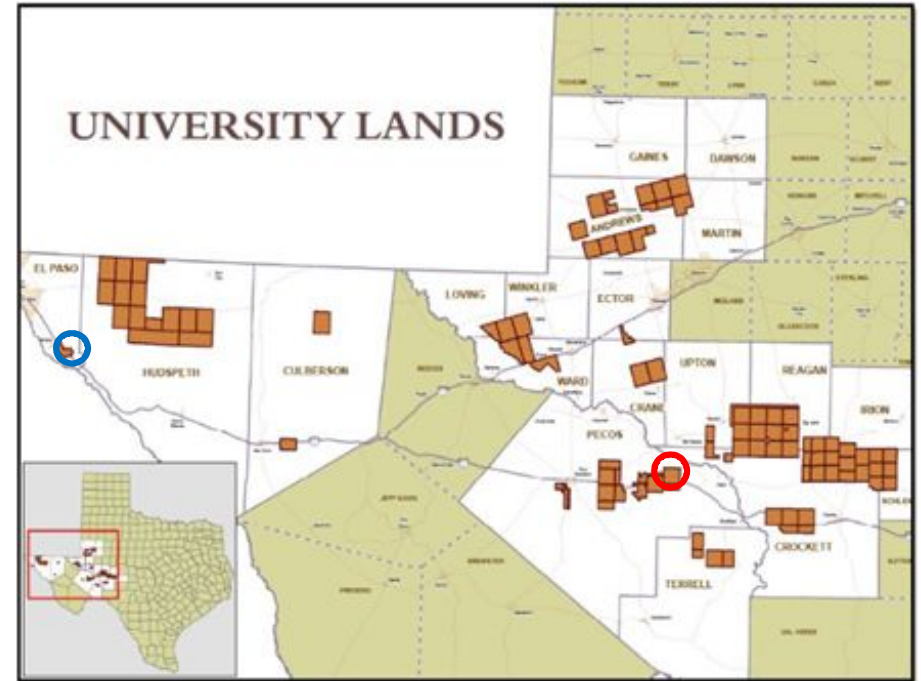
Adjustments to UL Lease:

- Create flexibility to adjust for future market, technology and environmental changes
- Balance landowner protections with mineral development
- Update provisions for horizontal development and changes in law

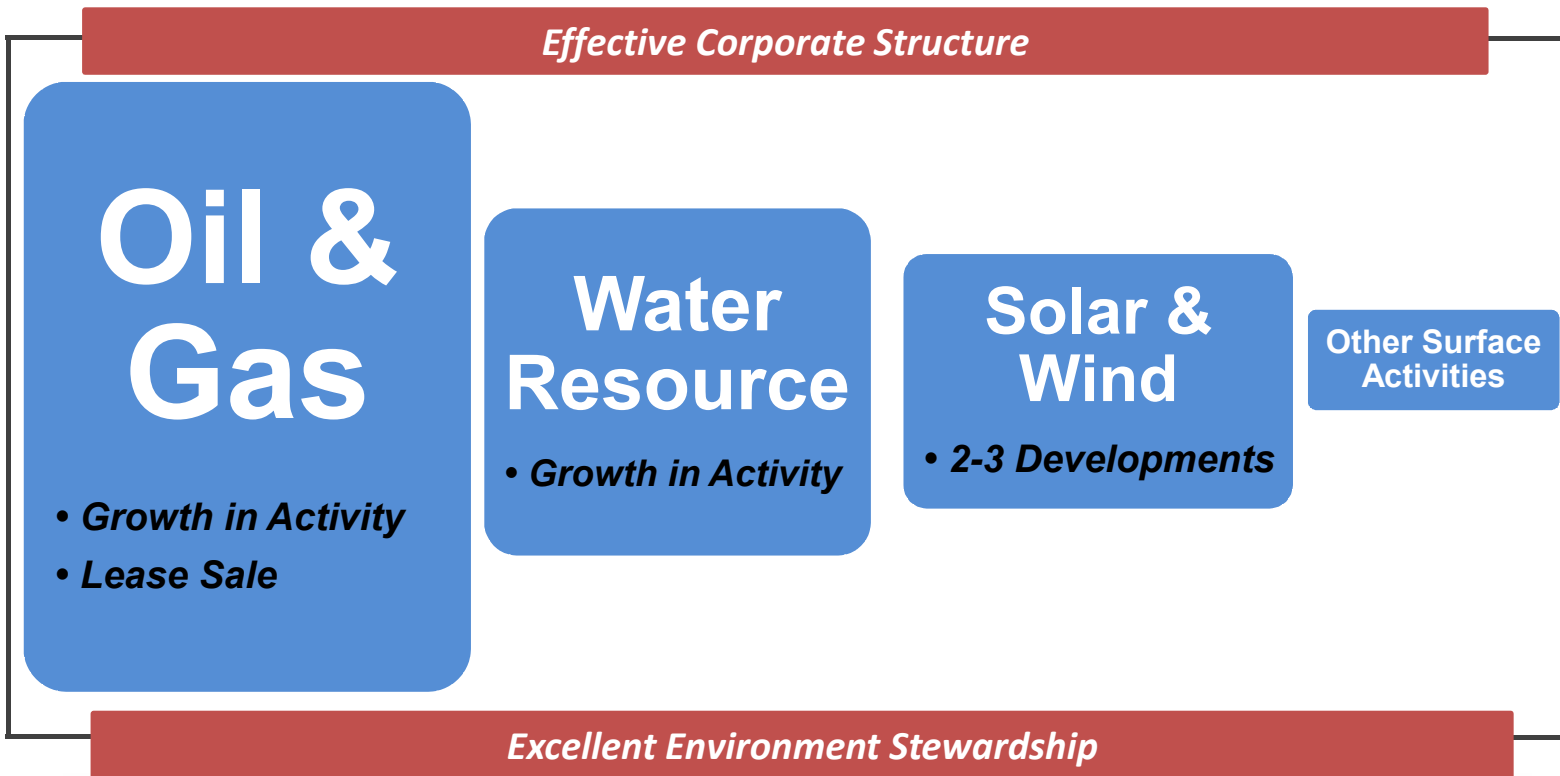


Solar Development Proposals on PUF Lands

- **El Paso County, ~250 acres/25 MW**
 - Proposal for 25 year PPA with U. T. El Paso
 - Discussions ongoing with El Paso Electric
- **Pecos County, ~4,000 acres/~400 MW**
 - Part of larger (500 MW) development; would be largest in Texas



Leading into Fiscal Year 2018



5. U. T. System Board of Regents: The University of Texas Investment Management Company (UTIMCO) Update and Investment Reports for the quarter ended February 28, 2017

INTRODUCTION

Mr. Mark Warner, Interim CEO and Chief Investment Officer, will present an update on The University of Texas Investment Management Company (UTIMCO) using the PowerPoint presentation on the following pages.

The Investment Reports for the quarter ended February 28, 2017, are set forth on [Pages 122 - 125](#).

REPORT

Item I on [Page 122](#) reports activity for the Permanent University Fund (PUF) investments. The fiscal year to date PUF net investment return was 5.62% versus its composite benchmark return of 4.01%. The PUF's net asset value increased by \$898 million during the quarter to \$19,227 million. The increase was due to \$160 million PUF Lands receipts, plus a net investment return of \$738 million. No distribution was made to the Available University Fund (AUF) during the quarter.

Item II on [Page 123](#) reports activity for the General Endowment Fund (GEF) investments. The fiscal year to date GEF net investment return was 5.81% versus its composite benchmark return of 4.01%. The GEF's net asset value increased by \$297 million during the quarter to \$8,912 million.

Item III on [Page 124](#) reports activity for the Intermediate Term Fund (ITF). The fiscal year to date ITF net investment return was 2.58% versus its composite benchmark return of 1.10%. The net asset value increased during the quarter to \$8,119 million due to net investment return of \$268 million and less distributions of \$59 million.

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

Item IV on [Page 125](#) presents book and market values of cash, debt, equity, and other securities held in funds outside of internal investment pools. Total cash and equivalents, consisting primarily of institutional operating funds held in the Dreyfus and Fidelity money market fund, increase by \$703 million to \$3,068 million during the three months since the last reporting period. Market values for the remaining asset types were debt securities: \$21 million versus \$21 million at the beginning of the period; equities: \$67 million versus \$66 million at the beginning of the period; and other investments: \$305 thousand versus \$3 million at the beginning of the period.



The University of Texas Investment Management Company

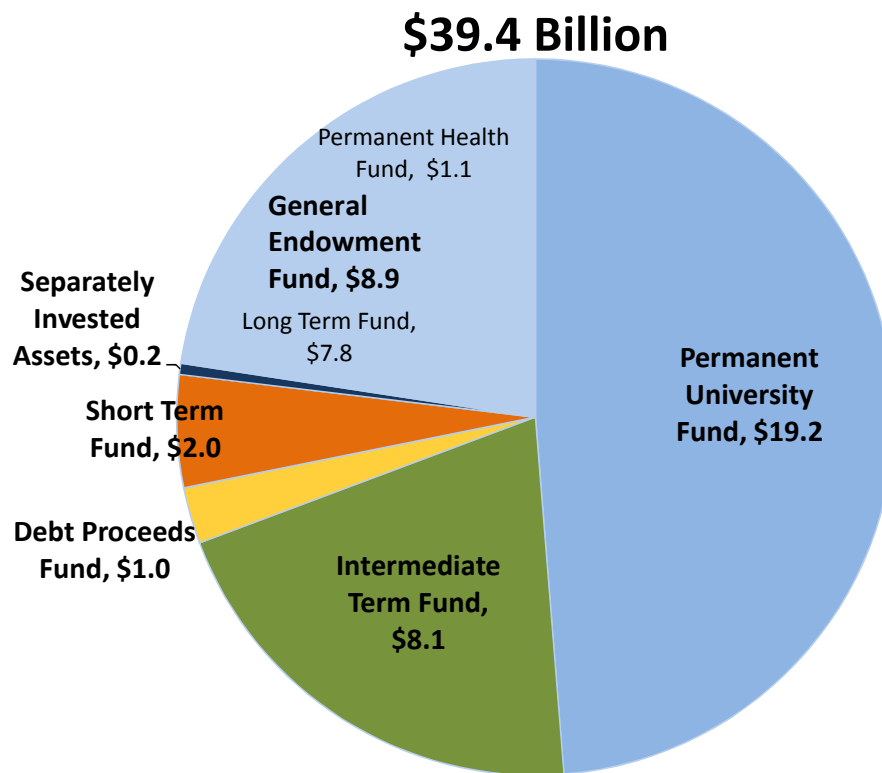
UTIMCO Update

Mr. Mark Warner
Interim Chief Investment Officer

U. T. System Board of Regents' Meeting
Finance and Planning Committee
May 2017

UTIMCO ASSETS UNDER MANAGEMENT

AS OF FEBRUARY 28, 2017



ENDOWMENT PERFORMANCE SUMMARY

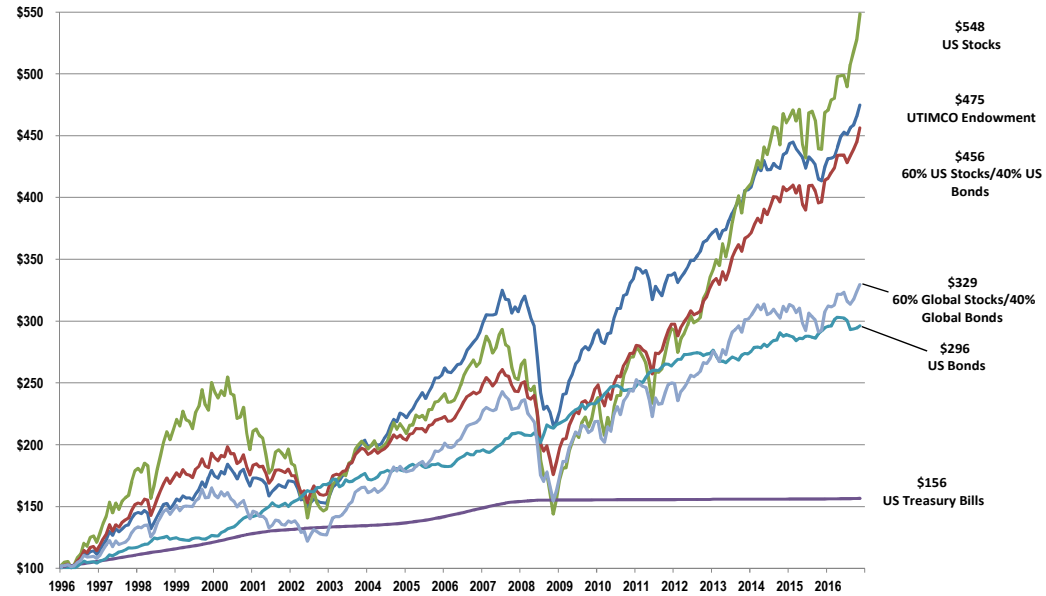


Periods Ending February 28, 2017

	Fiscal YTD Six Months Ended	One Year	Three Years	Five Years	Seven Years	Ten Years
Endowments						
General Endowment Fund	5.81%	15.11%	5.57%	7.25%	7.88%	5.31%
Permanent University Fund	5.62%	14.72%	5.34%	7.08%	7.74%	5.20%
Policy Portfolio Returns						
GEF Actual vs. Policy	1.80%	3.73%	1.44%	1.66%	1.45%	1.94%
PUF Actual vs. Policy	1.61%	3.34%	1.21%	1.49%	1.31%	1.83%
Sharpe Ratio		4.49	1.11	1.53	1.35	0.55
Information Ratio		2.46	0.63	0.75	0.59	0.78



RETURNS VS. MARKET

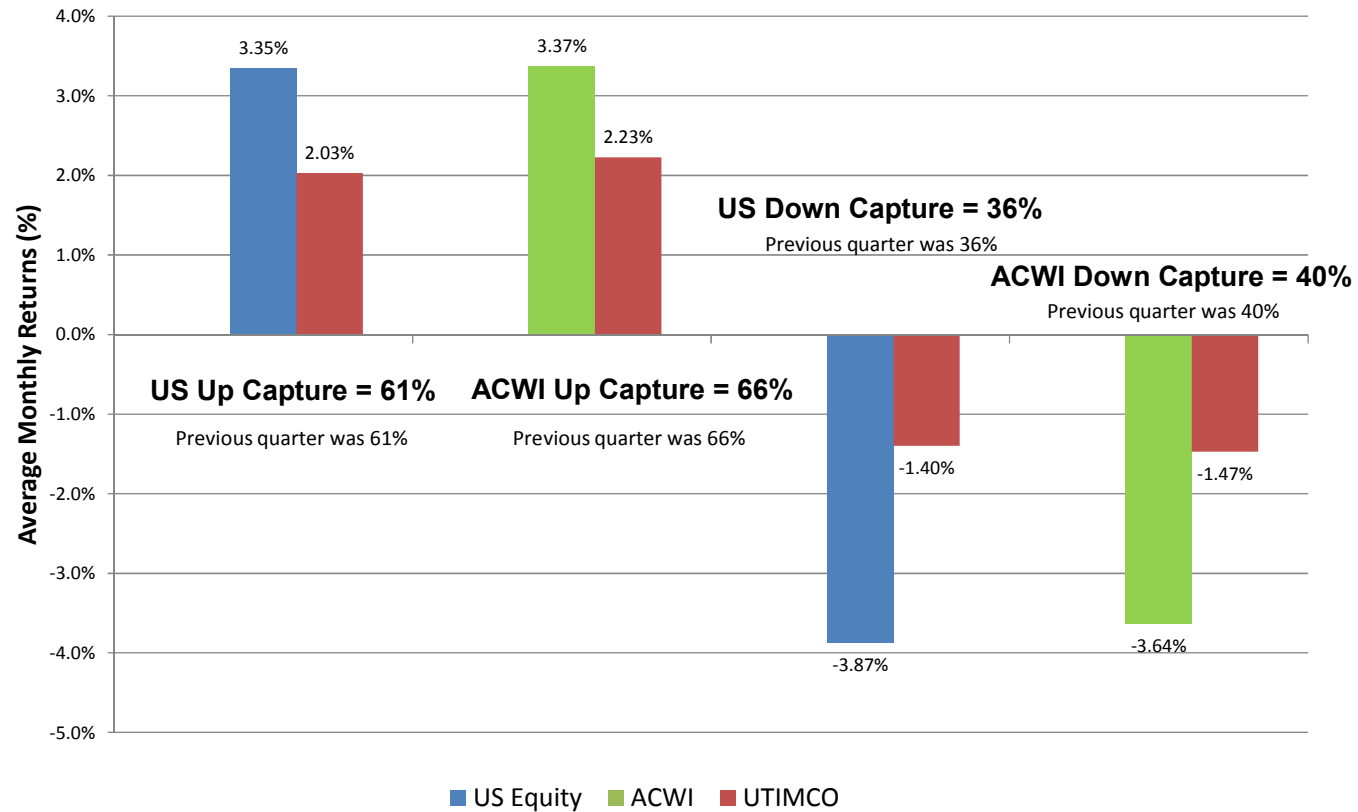


Trailing Annualized Returns Period Ending February 28, 2017

	Six Months	One Year	Three Years	Five Years	Seven Years	Ten Years	Since March 31, 1996
UT Endowments	5.66%	14.81%	5.38%	7.10%	7.75%	5.20%	7.70%
60% US Stocks / 40% US Bonds	5.03%	15.10%	7.52%	9.31%	9.83%	6.58%	7.49%
60% Global Stocks / 40% Global Bonds	2.50%	12.65%	3.04%	5.78%	6.53%	4.21%	5.84%
US Stocks	10.01%	24.98%	10.63%	14.01%	13.87%	7.62%	8.44%
US Bonds	-2.19%	1.42%	2.64%	2.24%	3.47%	4.28%	5.31%
Treasury Bills	0.16%	0.32%	0.13%	0.11%	0.10%	0.59%	2.15%

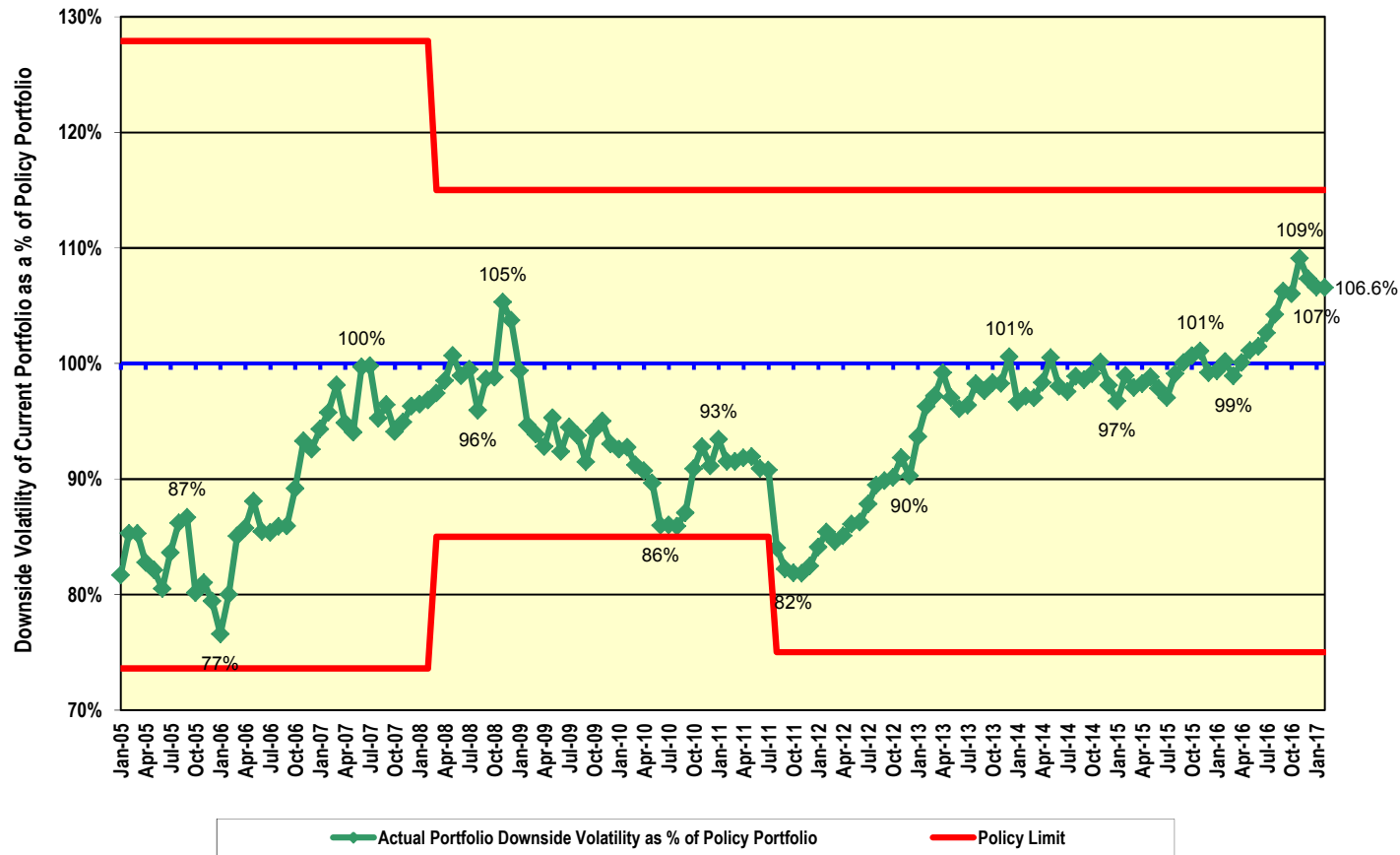


UP-DOWN CAPTURE VS U.S. & WORLD EQUITIES



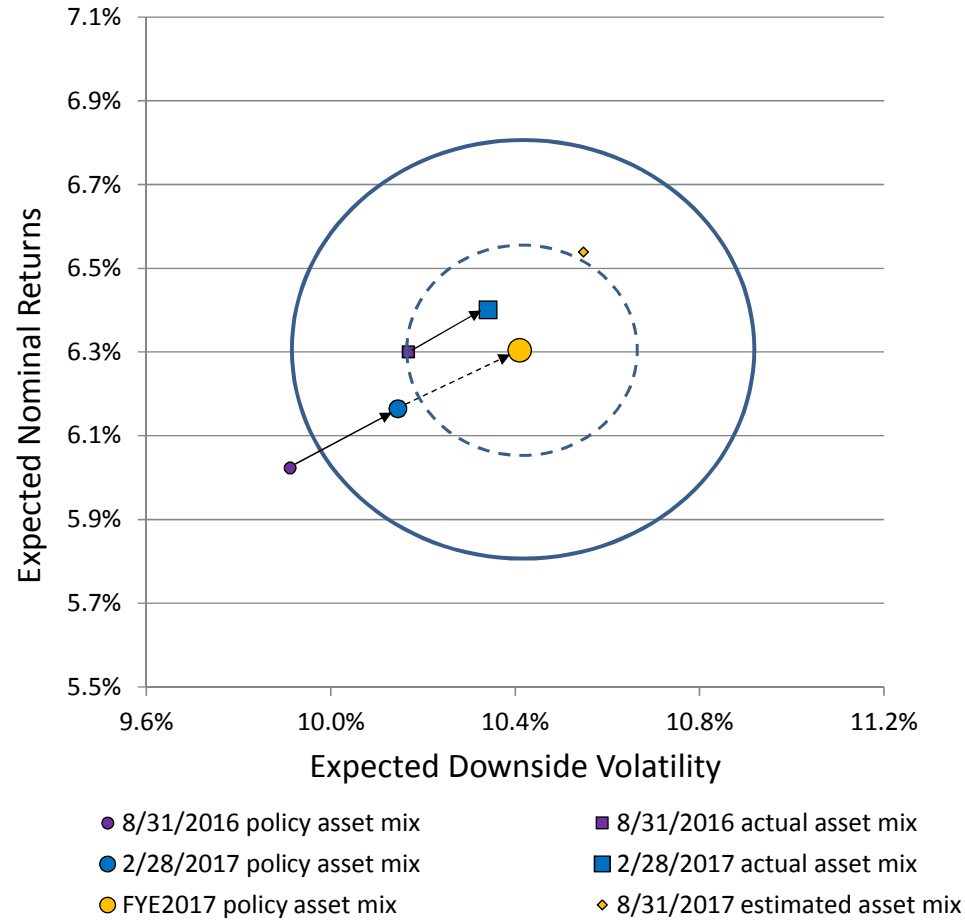
Data from 8/1996 till 2/2017. US equity had 96 down months and 151 up months; ACWI had 102 down months and 145 up months

DOWNSIDE VOLATILITY UTILIZATION OF GEF





EXPECTED RISK AND RETURN





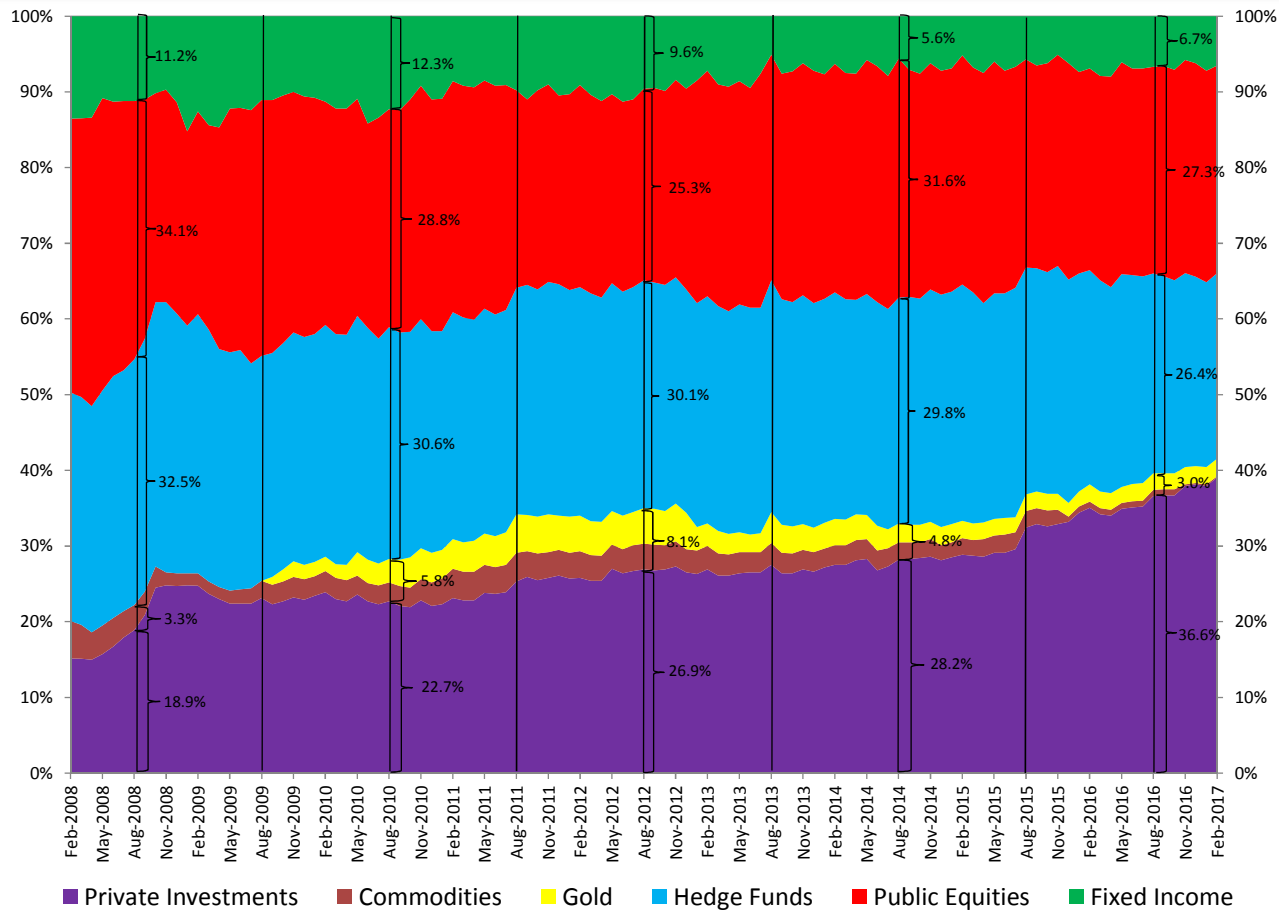
ENDOWMENT EXPOSURE

AS OF FEBRUARY 28, 2017

Asset Group	Asset Class	More Correlated and Constrained (Long Only)		Less Correlated and Constrained (Hedge Funds)		Private Investments		Total	
Fixed Income	Investment Grade Credit-Related	\$2,191	7.8%	\$886	3.1%	\$0	0.0%	\$3,077	10.9%
		31	0.1%	1,005	3.6%	926	3.3%	1,962	7.0%
Fixed Income Total		2,222	7.9%	1,891	6.7%	926	3.3%	5,039	17.9%
Real Assets	Real Estate	315	1.1%	0	0.0%	1,900	6.8%	2,215	7.9%
	Natural Resources	1,382	4.9%	0	0.0%	3,218	11.4%	4,600	16.3%
Real Assets Total		1,697	6.0%	0	0.0%	5,118	18.2%	6,815	24.2%
Equity	Developed Country	3,950	14.1%	4,416	15.7%	3,473	12.3%	11,839	42.1%
	Emerging Markets	2,584	9.2%	515	1.8%	1,347	4.8%	4,446	15.8%
Equity Total		6,534	23.3%	4,931	17.5%	4,820	17.1%	16,285	57.9%
Total		<u>\$10,453</u>	<u>37.2%</u>	<u>\$6,822</u>	<u>24.2%</u>	<u>\$10,864</u>	<u>38.6%</u>	<u>\$28,139</u>	<u>100.0%</u>



EVOLUTION OF ASSET MIX





ENDOWMENT RISK DASHBOARD

AS OF FEBRUARY 28, 2017

Underperformance

<u>FY2017TD</u>	<u>3-years</u>	<u>5-years</u>	<u>10-years</u>
5.7%	5.4%	7.1%	5.2%

Market

Beta		
<u>U.S. Equity</u>	<u>Rates</u>	<u>Currency</u>
0.767	(0.335)	(0.139)

Scenarios

	<u>China Hard Landing</u>	<u>US Liquidity Squeeze</u>	<u>Japan Implosion</u>	<u>50% Oil Drop</u>
Expected Returns:	-22.5%	-20.6%	-16.2%	1.1%

Downside Volatility

	<u>1 stdev</u>	<u>2 stdev</u>
Expected returns	-5.0%	-20.0%
VIX:	12.9%	

Active Management

	1-year	3-years	10-years
<u>Value-Add</u>			
bps	347	129	187
\$	\$844M	\$1,022M	\$4,637M
<u>Return/Volatility</u>			
Sharpe	4.49	1.11	0.55
IR	1.53	0.56	0.76

Transparency

	<u>Full</u>	<u>Full but Lagged</u>	<u>Partial</u>	<u>None</u>
	31%	39%	27%	3%

Concentration

	<u>Manager</u>		<u>Securities (Top 10)</u>	
	<u>US</u>	<u>Top 10</u>	<u>Bonds</u>	<u>Stocks</u>
	54%	21%	5.6%	5.4%

Illiquidity

	<u>90 day liquidity</u>	<u>1 year liquidity</u>	<u>Unfunded Commitments</u>
Endowments	33.5%	54.1%	21.6%
ITF	59.2%	89.2%	

Leverage

	<u>LCC</u>	<u>LCC ex-FI</u>	<u>Endowments</u>
Gross	2.26	1.68	1.00
Net	0.24	0.59	1.00

Permanent Loss of Capital

	<u>Invested Capital (\$B)</u>	<u>Realized Loss (\$M)</u>	<u>Anticipated/Unrealized Loss (\$M)</u>	<u>Total Loss (\$M)</u>	<u>Annualized Loss (%)</u>
MCC	\$33.7	\$622	-	\$622	0.31%
LCC	13.2	240	198	438	0.46%
PI	<u>14.5</u>	<u>327</u>	<u>202</u>	<u>529</u>	<u>0.81%</u>
Total	<u>\$61.4</u>	<u>\$1,189</u>	<u>\$400</u>	<u>\$1,589</u>	<u>0.44%</u>



ITF PERFORMANCE SUMMARY

Periods Ending February 28, 2017

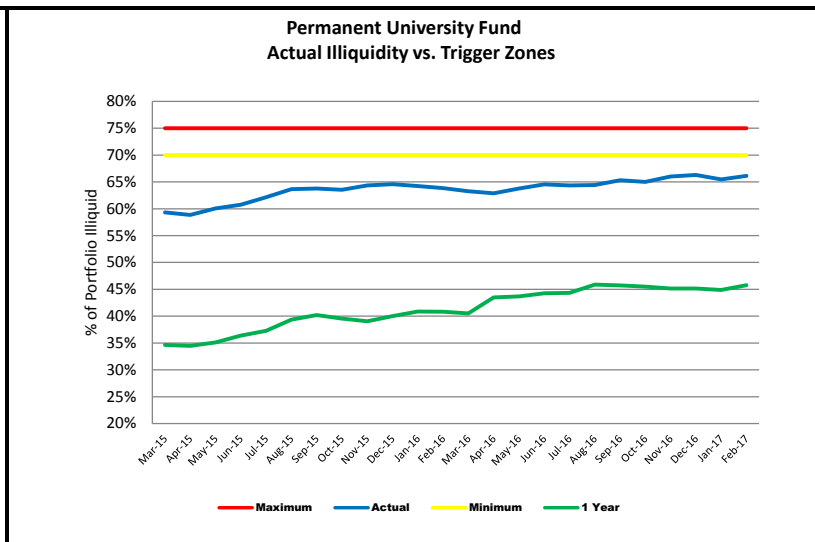
	Fiscal YTD Six Months Ended	One Year	Three Years	Five Years	Seven Years	Ten Years
ITF						
Actual Returns	2.58%	10.65%	1.96%	3.76%	5.01%	3.76%
Policy Portfolio Returns	1.10%	8.47%	1.05%	2.28%	3.38%	1.72%
Actual vs. Policy	1.48%	2.18%	0.91%	1.48%	1.64%	2.04%
CPI + 3%	2.65%	5.82%	4.27%	4.40%	4.73%	4.87%
Actual vs. CPI + 3%	-0.07%	4.83%	-2.31%	-0.64%	0.28%	-1.11%
Cash	0.29%	0.46%	0.21%	0.17%	0.18%	0.91%
Actual vs. Cash	2.29%	10.19%	1.75%	3.59%	4.83%	2.85%
Sharpe Ratio		2.63	0.38	0.77	0.83	0.37
Information Ratio		2.01	0.72	1.17	1.14	1.31

I. PERMANENT UNIVERSITY FUND
Investment Reports for Periods Ended February 28, 2017

Prepared in accordance with Texas Education Code Sec. 51.0032

	Fiscal Year to Date						
	Asset Allocation		Returns		Value Added		
	Actual	Policy	Portfolio	Policy Benchmark	Tactical Allocation	Active Management	Total
More Correlated and Constrained:							
Investment Grade	8.4%	7.0%	-3.58%	-5.06%	-0.06%	0.10%	0.04%
Credit-Related	0.1%	0.0%	1.55%	3.72%	0.00%	0.00%	0.00%
Real Estate	1.1%	1.3%	-1.28%	-3.11%	0.04%	0.04%	0.08%
Natural Resources	4.9%	5.1%	7.01%	2.82%	-0.01%	0.27%	0.26%
Developed Country	13.9%	16.3%	10.21%	7.78%	-0.14%	0.35%	0.21%
Emerging Markets	<u>9.1%</u>	<u>9.7%</u>	<u>6.29%</u>	<u>5.51%</u>	<u>-0.04%</u>	<u>0.04%</u>	<u>0.00%</u>
Total More Correlated and Constrained	37.5%	39.4%	5.34%	3.71%	-0.21%	0.80%	0.59%
Less Correlated and Constrained	24.1%	27.2%	4.19%	3.07%	0.07%	0.28%	0.35%
Private Investments	<u>38.4%</u>	<u>33.4%</u>	<u>6.83%</u>	<u>5.09%</u>	<u>0.22%</u>	<u>0.45%</u>	<u>0.67%</u>
Total	<u>100.0%</u>	<u>100.0%</u>	<u>5.62%</u>	<u>4.01%</u>	<u>0.08%</u>	<u>1.53%</u>	<u>1.61%</u>

	Summary of Capital Flows		
(\$ millions)	Fiscal Year Ended August 31, 2016	Quarter Ended February 28, 2017	Fiscal Year Ended August 31, 2017
Beginning Net Assets	\$17,490	\$18,329	\$17,880
PUF Lands Receipts	512	160	340
Investment Return (Net of Expenses)	651	738	1,007
Distributions to AUF	<u>(773)</u>	<u>0</u>	<u>0</u>
Ending Net Assets	<u>\$17,880</u>	<u>\$19,227</u>	<u>\$19,227</u>



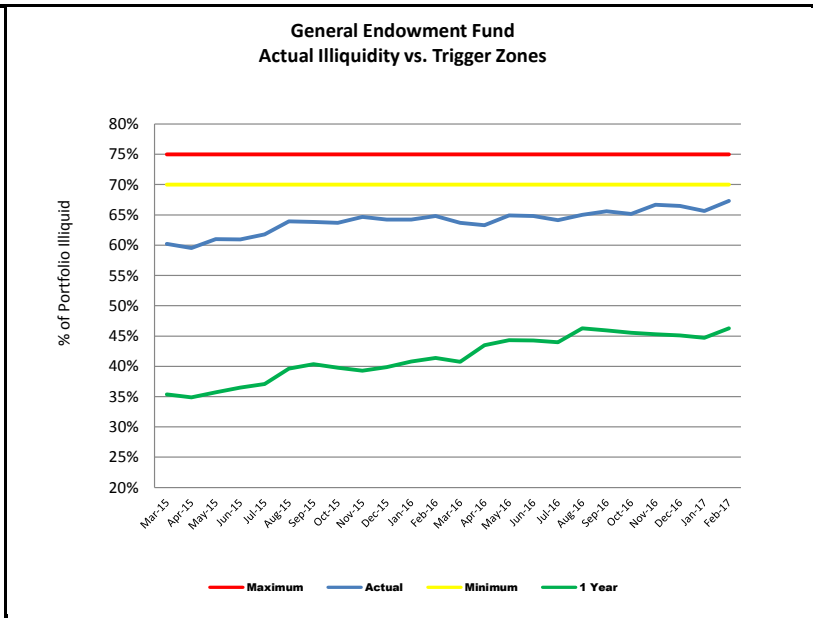
II. GENERAL ENDOWMENT FUND

Investment Reports for Periods Ended February 28, 2017

Prepared in accordance with Texas Education Code Sec. 51.0032

	Fiscal Year to Date						
	Asset Allocation		Returns		Value Added		
	Actual	Policy	Portfolio	Policy Benchmark	Tactical Allocation	Active Management	Total
More Correlated and Constrained:							
Investment Grade	6.5%	7.0%	-2.92%	-5.06%	-0.04%	0.16%	0.12%
Credit-Related	0.1%	0.0%	1.55%	3.72%	0.00%	0.00%	0.00%
Real Estate	1.2%	1.3%	-1.27%	-3.11%	0.04%	0.04%	0.08%
Natural Resources	5.0%	5.1%	7.06%	2.82%	-0.01%	0.28%	0.27%
Developed Country	14.3%	16.3%	10.21%	7.78%	-0.13%	0.33%	0.20%
Emerging Markets	<u>9.4%</u>	<u>9.7%</u>	<u>7.55%</u>	<u>5.51%</u>	<u>-0.04%</u>	<u>0.17%</u>	<u>0.13%</u>
Total More Correlated and Constrained	36.5%	39.4%	5.89%	3.71%	-0.18%	0.98%	0.80%
Less Correlated and Constrained	24.5%	27.2%	4.19%	3.07%	0.06%	0.27%	0.33%
Private Investments	<u>39.0%</u>	<u>33.4%</u>	<u>6.83%</u>	<u>5.09%</u>	<u>0.22%</u>	<u>0.45%</u>	<u>0.67%</u>
Total	<u>100.0%</u>	<u>100.0%</u>	<u>5.81%</u>	<u>4.01%</u>	<u>0.10%</u>	<u>1.70%</u>	<u>1.80%</u>

Summary of Capital Flows			
(\$ millions)	Fiscal Year Ended August 31, 2016	Quarter Ended February 28, 2017	Fiscal Year Ended August 31, 2017
Beginning Net Assets	\$8,237	\$8,615	\$8,500
Contributions	361	62	136
Withdrawals	(21)	(1)	(4)
Distributions	(411)	(108)	(214)
Investment Return (Net of Expenses)	<u>334</u>	<u>344</u>	<u>494</u>
Ending Net Assets	<u>\$8,500</u>	<u>\$8,912</u>	<u>\$8,912</u>

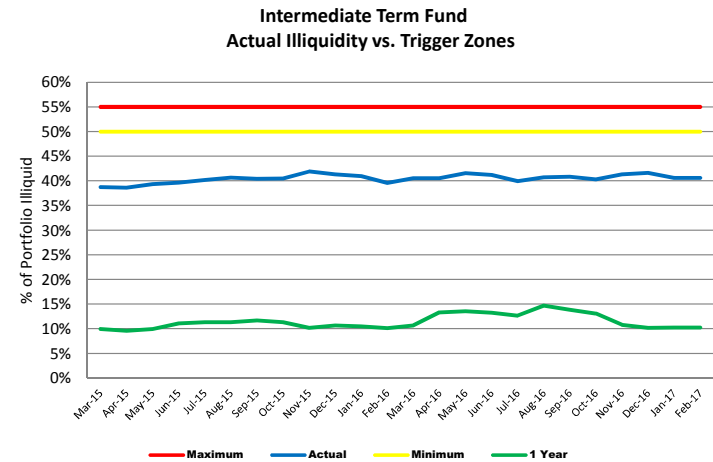


III. INTERMEDIATE TERM FUND Investment Reports for Periods Ended February 28, 2017

Prepared in accordance with Texas Education Code Sec. 51.0032

	Fiscal Year to Date						
	Asset Allocation		Returns		Value Added		
	Actual	Policy	Portfolio	Policy Benchmark	Tactical Allocation	Active Management	Total
More Correlated and Constrained:							
Investment Grade	32.3%	30.0%	-3.35%	-5.06%	-0.08%	0.57%	0.49%
Credit-Related	0.0%	0.0%	0.00%	0.00%	0.00%	0.00%	0.00%
Real Estate	1.8%	1.7%	-1.22%	-3.11%	0.02%	0.03%	0.05%
Natural Resources	4.9%	4.6%	6.87%	2.82%	-0.02%	0.23%	0.21%
Developed Country	10.6%	12.0%	10.20%	7.78%	-0.10%	0.24%	0.14%
Emerging Markets	<u>6.3%</u>	<u>6.7%</u>	<u>7.52%</u>	<u>5.51%</u>	<u>-0.01%</u>	<u>0.11%</u>	<u>0.10%</u>
Total More Correlated and Constrained	55.9%	55.0%	1.26%	-0.52%	-0.19%	1.18%	0.99%
Less Correlated and Constrained	44.1%	45.0%	4.19%	3.07%	-0.08%	0.57%	0.49%
Private Investments	0.0%	0.0%	0.00%	0.00%	0.00%	0.00%	0.00%
Total	<u>100.0%</u>	<u>100.0%</u>	<u>2.58%</u>	<u>1.10%</u>	<u>-0.27%</u>	<u>1.75%</u>	<u>1.48%</u>

Summary of Capital Flows			
(\$ millions)	Fiscal Year Ended August 31, 2016	Quarter Ended February 28, 2017	Fiscal Year Ended August 31, 2017
Beginning Net Assets	\$7,037	\$7,910	\$7,836
Contributions	1,009	165	455
Withdrawals	(248)	(165)	(253)
Distributions	(220)	(59)	(120)
Investment Return (Net of Expenses)	<u>258</u>	<u>268</u>	<u>201</u>
Ending Net Assets	<u>\$7,836</u>	<u>\$8,119</u>	<u>\$8,119</u>



IV. SEPARATELY INVESTED ASSETS
Summary Investment Report at February 28, 2017
 Report prepared in accordance with *Texas Education Code Sec. 51.0032*

ASSET TYPES	(\$ thousands)															
	FUND TYPE															
	CURRENT PURPOSE DESIGNATED		RESTRICTED		ENDOWMENT & SIMILAR FUNDS		ANNUITY & LIFE INCOME FUNDS		AGENCY FUNDS		TOTAL EXCLUDING OPERATING FUNDS		OPERATING FUNDS (DEBT PROCEEDS AND SHORT TERM FUND)		TOTAL	
	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET
Cash & Equivalents:																
Beginning value 11/30/16	-	-	2,243	2,243	52,764	52,764	1,639	1,639	1,968	1,968	58,614	58,614	2,306,291	2,306,573	2,364,905	2,365,187
Increase/(Decrease)	-	-	667	667	41,707	41,707	1,107	1,107	(465)	(465)	43,016	43,016	660,087	660,027	703,103	703,043
Ending value 02/28/17	-	-	2,910	2,910	94,471	94,471	2,746	2,746	1,503	1,503	101,630	101,630	2,966,378	2,966,600	3,068,008	3,068,230
Debt Securities:																
Beginning value 11/30/16	-	-	7	6	12,111	11,955	9,231	8,655	-	-	21,349	20,616	-	-	21,349	20,616
Increase/(Decrease)	-	-	-	-	396	505	(533)	(378)	-	-	(137)	127	-	-	(137)	127
Ending value 02/28/17	-	-	7	6	12,507	12,460	8,698	8,277	-	-	21,212	20,743	-	-	21,212	20,743
Equity Securities:																
Beginning value 11/30/16	-	-	363	2,508	42,380	51,891	11,824	12,081	-	-	54,567	66,480	-	-	54,567	66,480
Increase/(Decrease)	-	-	(42)	(30)	(2,161)	334	(842)	(246)	-	-	(3,045)	58	-	-	(3,045)	58
Ending value 02/28/17	-	-	321	2,478	40,219	52,225	10,982	11,835	-	-	51,522	66,538	-	-	51,522	66,538
Other:																
Beginning value 11/30/16	-	-	1,954	1,954	7	7	5	5	876	876	2,842	2,842	-	-	2,842	2,842
Increase/(Decrease)	-	-	(1,832)	(1,832)	(5)	(5)	(1)	(1)	(699)	(699)	(2,537)	(2,537)	-	-	(2,537)	(2,537)
Ending value 02/28/17	-	-	122	122	2	2	4	4	177	177	305	305	-	-	305	305
Total Assets:																
Beginning value 11/30/16	-	-	4,567	6,711	107,262	116,617	22,699	22,380	2,844	2,844	137,372	148,552	2,306,291	2,306,573	2,443,663	2,455,125
Increase/(Decrease)	-	-	(1,207)	(1,195)	39,937	42,541	(269)	482	(1,164)	(1,164)	37,297	40,664	660,087	660,027	697,384	700,691
Ending value 02/28/17	-	-	3,360	5,516	147,199	159,158	22,430	22,862	1,680	1,680	174,669	189,216	2,966,378	2,966,600	3,141,047	3,155,816

Details of individual assets by account furnished upon request.

6. **U. T. System Board of Regents: Discussion and appropriate action related to proposed appointments to the Board of Directors of The University of Texas Investment Management Company (UTIMCO)**

RECOMMENDATION

Chairman Foster and The University of Texas Investment Management Company (UTIMCO) Chairman Hildebrand may make recommendations concerning appointments to the UTIMCO Board of Directors.

BACKGROUND INFORMATION

Texas Education Code Section 66.08 and *Regents' Rules and Regulations*, Rule 10402, Section 6 require that the U. T. System Board of Regents appoint seven members to the UTIMCO Board of Directors of whom three must be members of the Board of Regents, three must have a substantial background and expertise in investments, and one must be a qualified individual who may be the Chancellor.

The approved UTIMCO bylaws allow external directors to serve a maximum of three terms of three years each.

7. **U. T. System Board of Regents: Discussion and appropriate action regarding amendments to Articles of Incorporation and Bylaws of The University of Texas Investment Management Company (UTIMCO) related to the legal name of the corporation**

RECOMMENDATION

The Chancellor, the Deputy Chancellor, and the Executive Vice Chancellor for Business Affairs concur in the recommendation of the Board of Directors of The University of Texas Investment Management Company (UTIMCO) that the U. T. System Board of Regents authorize amendments to the UTIMCO Articles of Incorporation and Bylaws to change the legal name of the corporation to The University of Texas/Texas A&M Investment Management Company.

BACKGROUND INFORMATION

On April 20, 2017, the UTIMCO Board of Directors approved amendments to the UTIMCO Articles of Incorporation and Bylaws to change the name of the corporation as shown above. Investment policy statements and all other governing documents will be amended editorially to reflect the name change.

8. U. T. System Board of Regents: Approval of annual distributions from the Permanent Health Fund, the Long Term Fund, and the Intermediate Term Fund

RECOMMENDATION

The Chancellor concurs with the Deputy Chancellor and the Executive Vice Chancellor for Business Affairs in the recommendation that

- a. the distribution rate for the Permanent Health Fund (PHF) be increased from \$0.0612 per unit to \$0.0619 per unit for Fiscal Year 2018 (effective with November 30, 2017 distribution),
- b. the distribution rate for the U. T. System Long Term Fund (LTF) be decreased from \$0.3507 per unit to \$0.3481 per unit for Fiscal Year 2018 (effective with November 30, 2017 distribution); and
- c. the distribution rate for the U. T. System Intermediate Term Fund (ITF) remain at 3.0% per annum (paid monthly) for Fiscal Year 2018.

BACKGROUND INFORMATION

To balance the needs and interests of present beneficiaries with those of future beneficiaries, the spending policy objectives guiding the recommended distribution rates for the LTF and PHF are to:

- a. provide a predictable, stable stream of distributions over time;
- b. ensure that the inflation-adjusted value of distributions is maintained over the long term; and
- c. ensure that the inflation-adjusted value of each endowment's assets after distributions is maintained over the long term.

On February 9, 2017, the Board of Regents authorized a maximum 0.60% allocation (60 basis points) from the market value of the LTF to provide more adequate funding for development operations at U. T. System institutions to substantially increase philanthropic revenue.

The proposed LTF distribution rate of \$0.3481 per unit or 4.90% of the market value of the LTF plus the previously approved 0.60% development allocation would result in a total LTF spending rate of 5.50% of the prior 12-quarter average value of the LTF.

The increase in the consumer price index for the prior three years as of November 30, 2016, was 1.17%. The recommended 1.1% increase in the PHF distribution rate of \$0.0612 to \$0.0619 per unit will increase the distributions by the average rate of inflation for the trailing 12 quarters. The PHF's distribution rate calculated using the prior 12-quarter average value of the PHF is 4.7%.

The distribution rate for the ITF was originally set at 3.0% per annum for Fiscal Year 2007 by the U. T. Board on May 11, 2006, and has continued at that rate for each succeeding fiscal year. The recommendation for Fiscal Year 2018 is to continue a distribution rate of 3.0%.

Under the Uniform Prudent Management of Institutional Funds Act, Chapter 163, *Texas Property Code*, the Board of Regents may appropriate for expenditure or accumulate so much of an endowment fund as is determined prudent for the uses, benefits, purposes, and duration for which the endowment is established.

9. **U. T. System Board of Regents: Update on the U. T. System Internal Lending Program**

DISCUSSION

Executive Vice Chancellor for Business Affairs Kelley will provide an update on the U. T. System Internal Lending Program using the PowerPoint presentation set forth on [Pages 324 - 336](#).