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Board Meeting: 5/11-12/2005
Austin, Texas

WEDNESDAY, MAY 11

COMMITTEE MEETINGS

9:30 a.m. – 4:30 p.m.

BOARD MEETING

4:30 – 5:30 p.m.

A. CONVENE IN OPEN SESSION

Chairman Huffines

B. RECESS TO EXECUTIVE SESSION PURSUANT TO *TEXAS GOVERNMENT CODE*, CHAPTER 551

1. Consultation with Attorney Regarding Legal Matters or Pending and/or Contemplated Litigation or Settlement Offers – Section 551.071

- a. **U. T. Austin: Discussion and appropriate action regarding the intellectual property lawsuit entitled Board of Regents of The University of Texas System, on behalf of The University of Texas at Austin, and Hydro Quebec v. Nippon Telegraph and Telephone Corporation**

Mr. Burgdorf

- b. **U. T. System: Discussion of legal issues related to Los Alamos National Laboratory**

Mr. Burgdorf

2. Personnel Matters Relating to Appointment, Employment, Evaluation, Assignment, Duties, Discipline, or Dismissal of Officers or Employees – Section 551.074

- a. **U. T. System: Consideration of individual personnel matters relating to evaluation of presidents, U. T. System officers and employees**
- b. **U. T. System: Consideration of individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of presidents, U. T. System officers and employees**

C. RECONVENE IN OPEN SESSION AND CONSIDER ACTION, IF ANY, ON EXECUTIVE SESSION ITEMS AND RECESS

*5:30 p.m.
approximately*

THURSDAY, MAY 12

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F. APPROVAL OF MINUTES	<i>10:00 a.m.</i>	
G. CONSIDER AGENDA ITEMS		
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2. U. T. System: Discussion and appropriate action on U. T. System's Strategic Planning Framework Proposal for 2005-2006	<i>11:10 a.m.</i> Discussion <i>Dr. Malandra</i>	10
3. U. T. Board of Regents: Reappointment of Mr. R. D. Burck as Advisory Director of the Board of Directors of The University of Texas Investment Management Company (UTIMCO)	<i>11:25 a.m.</i> Action	11
H. RECESS FOR MEETINGS OF THE STANDING COMMITTEES	<i>11:30 a.m.</i>	11
I. RECONVENE AS COMMITTEE OF THE WHOLE AND ADJOURN	<i>12:00 p.m.</i> <i>approximately</i>	11

THURSDAY, MAY 12

D. RECONVENE MEETING OF THE BOARD

E. **U. T. System: Annual Meeting with Officers of the U. T. System Student Advisory Council**

The University of Texas System Student Advisory Council will meet with the U. T. System Board of Regents to discuss accomplishments of the Council and plans for the future.

AGENDA

1. Executive and Standing Committee Member Introductions
2. Chairperson's Report and Overview
3. Executive Committee and Standing Committee Remarks and Recommendations

The Student Advisory Council met on February 18-19, 2005 to finalize the recommendations set forth on Pages 3 - 9. Council members scheduled to attend are:

Chair: Mr. Josh Warren, U. T. Arlington, Interdisciplinary Studies

Academic Affairs Committee: Mr. Nick Staha, U. T. Austin, Finance

Student Involvement and Campus Life Committee: Ms. Laura Rashedi, U. T. Dallas, Natural Science and Mathematics

Graduate and Health Affairs Committee: Mr. Casey Townsend, U. T. Arlington, MBA

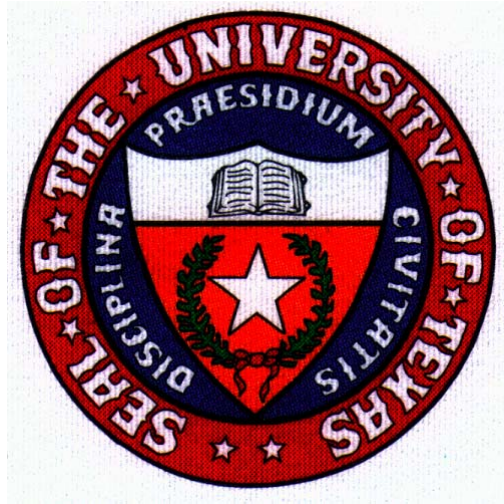
Financial and Legislative Affairs Committee: Mr. Brent Chaney, U. T. Austin, English and Government

BACKGROUND INFORMATION

The University of Texas System Student Advisory Council was established in 1989 to provide input to the U. T. Board of Regents working through and with the Chancellor and U. T. System Administration on issues of student concern. The operating guidelines of the Council require that recommendations have a multicomponent focus and that the Council explore individual campus issues with institutional administrators

prior to any consideration. The Student Advisory Council consists of two student representatives from each U. T. System institution enrolling students and meets three times yearly, usually in Austin. The Standing Committees of the Council are: Academic Affairs, Student Involvement and Campus Life, Graduate and Health Affairs, Financial and Legislative Affairs.

**The University of Texas System
Student Advisory Council**



2004-2005

**Recommendations and Report to the
Board of Regents**

of

The University of Texas System

May 12, 2005



*Student Advisory Council
Josh Warren, Chair*

April 7, 2005

Chancellor Mark G. Yudof
Chancellor, The University of Texas System
601 Colorado St.
Austin, TX 78701

Dear Chancellor Yudof,

Each year, the UT System Student Advisory Council, consisting of two representatives from each institution, meets to discuss issues of importance to students across the system. These recommendations are researched, discussed, and debated until the most salient, relevant recommendations are forwarded for your review. These recommendations represent the efforts of our 28 members over the past year. We trust that they will receive your earnest attention.

This was an innovative year for the Council. With the assistance of the Office of Academic Affairs and the Office of Technology and Information Services we utilized WebBoard, an online threaded discussion tool, to keep our discussions going after our face-to-face meetings in Austin. Our recommendations cover a variety of topics categorized into our four major working groups. This year's committees included academic affairs, graduate and health affairs, financial and legislative affairs, and student involvement and campus life.

The Council would like to thank System Administration for our involvement in a focus group held by the Employee Group Insurance Department. Four representatives from UTSSAC spent half a day in Austin with the staff discussing proposed changes in the non-employee student health insurance program. We were pleased with the process and are happy that many of our suggestions were included in the final Request for Proposal.

We continue to support the United to Serve Initiative held yearly during the National Volunteer Week and acknowledge the time and effort that your staff gives to coordinate that program.

I would also like to take this opportunity to publicly thank and commend the members of the 2004-2005 University of Texas System Student Advisory Council for their service to the Council and to their fellow students. These recommendations show their dedication and effort to serving their fellow students well, and it has been an honor to serve as their Chair.

Finally, I would like to give a special thanks to Margie Harris and Dr. Edward Baldwin. Without their guidance, much of what we have accomplished would not have been possible.

We appreciate the opportunity to present these recommendations on behalf of the 180,000 students in the UT System.

Sincerely,

Josh Warren, Chair
The University of Texas System Student Advisory Council

**THE UNIVERSITY of TEXAS SYSTEM STUDENT ADVISORY COUNCIL RECOMMENDATIONS TO
THE BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM**

After careful consideration we, the members of The University of Texas System Student Advisory Council, respectfully recommend the following recommendations to The University of Texas System Board Of Regents. The findings of the Council show that recommendations presented here concern a wide array of students at multiple institutions in The University of Texas System.

Academic Affairs Committee

The Academic Affairs Committee of The University of Texas System Student Advisory Council submits the following five recommendations:

Recommendation 1

Expand Collaborative Academic and Certificate Programs among member institutions of the System.

The University of Texas System should utilize its diverse programs at member institutions for the benefit of students across the System. This recommendation presents the best solution because it protects the integrity of academic programs at host institutions while allowing opportunities for students who might not otherwise have access to the diverse academic experiences offered across the System.

We request that the Board charge the Office of the Chancellor with the task of exploring potential collaborative academic programs among System institutions. The Chancellor would then report the findings of the study to the Board for further action if appropriate. As this recommendation requires further study, the Council looks forward to working with the Chancellor and the appropriate individuals in further studying this matter.

While implementation of this recommendation would require no changes in current Regents' *Rules*, it would require the assistance of the Offices of Academic Affairs and Health Affairs.

Recommendation 2

Amend the Regents' *Rules* to require each institution to maintain a standing copy of every course section's required course materials (including textbooks and packets) to be on reserve in each institution's respective library.

This issue is important because:

1. the availability of required course materials is essential to the learning experience of a student;
2. a student may not always have sufficient funds to purchase a personal copy of required course materials;
3. there are times, especially at the beginning of a semester, when required course materials are not available at local book stores, and
4. a student may misplace a personal copy of his or her required course materials.

A universal policy will ensure that every student has access to required course materials. This recommendation presents the best solution because a student may not express the dilemma to sympathetic officers of the institution because he or she is embarrassed because he or she lacks resources to acquire a personal copy.

Recommendation 3

Expand the NetLibrary to make available required texts of each section of each course offered at each institution.

The NetLibrary has the potential to significantly reduce costs to students who would use the internet to access required texts. The NetLibrary offers a student enrolled in a particular course the convenience of a private copy of a required text while the System might be able to benefit from economies of scale since the NetLibrary is a System-wide resource and the per-book cost of electronic rights to these required texts could become quite low.

Additionally, System students not enrolled in a particular course could have convenient access to all textbooks without purchasing a personal copy.

This recommendation presents the best solution because it utilizes technology and economies of scale to provide greater access to academic resources for System students.

If the Board concurs with the Council with respect to this recommendation, the Board could act on this recommendation by charging the appropriate officials who oversee the contract with the NetLibrary to see to the inclusion in the NetLibrary of each required text of each section of each course at each institution.

Recommendation 4

Encourage each institution to continue to promote to its community a code of honor or a code of ethical conduct; and if a code of honor or ethical conduct does not presently exist, to develop and advertise to its community a code similar to that which was announced by President Faulkner at The University of Texas at Austin in April of 2004.

The Honor Code of The University of Texas at Austin reads:

"The core values of The University of Texas at Austin are learning, discovery, freedom, leadership, individual opportunity, and responsibility. Each member of the University is expected to uphold these values through integrity, honesty, trust, fairness, and respect toward peers and community."

This issue is important because too frequently negative events on campus, off campus, and in the world at large are reflections of a decided lack of consideration of universally agreed upon values.

If the Board concurs with the Council with respect to this recommendation, the Board could act on this recommendation by taking the following actions:

Recommend, via a letter to the president of each institution, the development of a code of honor or code of ethical conduct along the following guidelines:

- a. The code should expect members of the community to uphold values considered to be universally desirable.
- b. The code should not require punitive action for a perceived failure to follow the expectations of the code.
- c. Publicity for the code should be across the campus and target each constituency of the university community.

Recommendation 5

Ask the Office of the Chancellor to study and report on the effectiveness of the institutional compliance policies to promoting professionalism and ethical conduct within the operations of each System institution, and recommend action to the respective institution when appropriate.

There is concern that the traditional methods for reporting unethical or illegal conduct may not be effective. Of particular concern are institutions which rely on a hierarchical system of reporting inappropriate conduct.

If a student is subjected to the inappropriate conduct of a faculty member, they might have no recourse but to approach that faculty member's particular department chair, and in many cases, the student has no knowledge of relationships between colleagues and might otherwise not report inappropriate behavior out of the inherently intimidating circumstance. Furthermore, many institutions have alternative methods for reporting inappropriate conduct that are underutilized because the campus community is not adequately informed of these methods.

The Council offers the following guidelines it believes are important to be included in an institutional compliance program:

- a. A telephone hotline number regularly available to members of the university community which connects to an officer specifically charged to work with matters of institutional compliance.
- b. Publicity targeting each constituency of the university community advertising the services of the institutional compliance office.

Financial and Legislative Affairs

The Financial and Legislative Affairs Committee of The University of Texas System Student Advisory Council submits the following recommendation:

Recommendation 6

Conduct a study on the impact of new tuition increases on students who do not qualify for financial aid

A student's first job is to be a student. Many of our campuses have seen an increase in hours students are working and even added jobs to pay for the increases in tuition. Students who do not qualify for financial aid and whose parents cannot financially support them are hardest hit by recent tuition hikes. A family's income tax return does not always translate to a student's financial ability. We have seen an increase in students taking junior college classes in order to save money rather than taking the same classes at UT campuses.

If the Board concurs with the Council with respect to this recommendation, the Board could act on this recommendation by taking the following actions:

1. Initiate a study to analyze the problem and specific solutions for financial aid for students who are affected by tuition increases, but do not qualify for financial aid.
2. Based on the results of the study, create a program to address the need of these students.

Graduate and Health Committee

The Graduate and Health Affairs Committee of The University of Texas System Student Advisory Council submits the following two recommendations:

Recommendation 7

Investigate the feasibility of expanding U.T. Austin's nursing hotline so that institutions could "opt-in" to the service.

This recommendation presents the best solution because it allows institutions to take advantage of economies of scale and offer a service that is beneficial to all students. The nursing hotline allows students to call in non-emergency situations and inquire if their illness requires immediate attention. Because many institutions offer reduced-cost health services, students benefit by not having to pay extreme emergency room rates. Because this service is phone-based, it could be expanded to include multiple institutions if they so desired. Each institution should be allowed to determine if they wish to participate, and if they wish to do so, some equitable manner of distributing the cost between the participating institutions should be devised.

This issue is important because as the cost of tuition continues to rise, the importance of cost-savings becomes more critical.

Recommendation 8

Require all U.T. System institutions to make information readily available pertaining to mental health. Specifically, this information should include services provided both on and off-campus that relate to psychiatric issues, substance abuse, sexual harassment, rape crisis, women's health, suicide, and sexually transmitted diseases.

Mental health issues have become a greater concern in recent years. Students rely on their respective institutions for many health issues, and providing information about access to all mental health services available would be a tremendous benefit to students.

Student Involvement and Campus Life

The Student Involvement and Campus Life Committee of The University of Texas System Student Advisory Council submits the following recommendation:

Recommendation 9

Ensure the presence of an administrative position at each institution designed to deal with diversity issues and adequate processes for maintaining diversity at each institution.

This issue is of great importance because of the evolving dynamic of the State of Texas and thus, the students being educated by The University of Texas System.

This position is essential to students because it allows each campus flexibility in dealing with their particular students, faculty, and staff while educating and providing a common forum for each university community to discuss the diversity issues that face their particular institution.

The Council recommends the use of the report formulated by the Committee on Racial Respect and Fairness at The University of Texas at Austin. This document submitted to President Larry Faulkner entailed a plan to create an administrative position whose sole responsibility is to address diversity.

Additionally, the Council recommends that the individual charged to address diversity at each institution oversee a committee comprised of members of each aspect of the campus community.

Each U.T. institution has special-interest organizations dedicated to the promotion of diversity. The new administrative officer and committee would work with those current organizations to further develop programs and policies with diversity in mind.

Furthermore, the Council recommends this individual be charged to ensure diversity in the faculty, staff, and students.

F. APPROVAL OF MINUTES

G. CONSIDER AGENDA ITEMS

1. **U. T. System: Discussion and appropriate action regarding Los Alamos National Laboratory**

Chancellor Yudof will lead a discussion and will recommend appropriate action regarding Los Alamos National Laboratory.

2. **U. T. System: Discussion and appropriate action on U. T. System's Strategic Planning Framework Proposal for 2005-2006**

RECOMMENDATION

Dr. Geri H. Malandra, Associate Vice Chancellor for Institutional Planning and Accountability, will brief members of the Board on the framework and timeline for The University of Texas System Strategic Planning Framework Proposal for 2005-06 as set forth on Pages 10.1 – 10.5, with the goal of completing U. T. System Administration and Board plans by Spring 2006 and completing institution plans in alignment with the accreditation cycle.

The University of Texas System Strategic Planning Framework Proposal for 2005-06

Overview

The UT System has a set of interrelated planning responsibilities for the Board, System support for institutions, System Administration operations, and individual institutional plans. Over the past decade, leaders of The University of Texas System have developed planning documents approximately every five years. Since 2002, the System's administration and Board have begun to add new elements, change the System's planning framework, and introduce new planning processes. UT System institutions are being asked to plan more proactively and consistently through the Compact Process, the UT System's accountability framework establishes expectations for performance in certain high-priority areas, and presidents and officers now submit annual work plans that are also expected to align with these big goals.

It is time once again take a more comprehensive, integrated, and strategic approach to planning. Our vision is that by the end of the 2005-2006, each primary unit of the UT System – Board of Regents, System Administration, and UT System institutions will either have a strategic plan in place, or a commitment to update or develop one on a specific schedule. These plans will align with System-wide goals and priorities, but will provide considerable flexibility in format and content to reflect the distinctive missions of each unit. These plans will, moreover, align with the System's accountability framework and review of executive work plans, so that progress on key priorities is tracked, analyzed, and communicated widely to inform future improvement efforts.

The table on Page 10.4 illustrates the interrelationships and timing of these efforts.

Background

1995 - 1999. The University of Texas System Long Range Plan and Strategic Initiatives for the period 1995-1999 outlined goals and initiatives for students, faculty, patient care, community service, and organizational efficiency. Its viewpoint was System-wide, but it also included short highlights from each institution's plan that aligned with the broad goals and initiatives. It is the longest and most specific of the most recent plans, although it does not outline expected outcomes. In 1998, the System-wide mission statement embedded in this plan was updated.

2000 - 2004. In December 2000, The University of Texas Board of Regents adopted its new long-range plan, *Service to Texas in the New Century*. This plan lays out a vision for System leadership and directions to 2030, and reflects the System's commitment to address *Closing the Gaps*, the State of Texas master plan for higher education. It provides examples from many institutions, but does not document this alignment consistently, nor does it delineate expected outcomes in great detail.

2004 - present. In December 2002, the Board of Regents endorsed a new framework for accountability, linked to the themes and priorities laid out in the long-range plan and mission statement. In March 2004, the Board endorsed the System-wide mission statement originally written in 1998 and also approved a new mission statement for System Administration. Each institution completed its first Compact in August 2004.

The Current Picture

The UT System strives to exert creative and proactive leadership and foster alignment on significant education, research, and health care issues, and to use the System's convening and leveraging power to enhance institutional efforts. In doing so, it aims for high operational performance, reducing time spent on mandates and oversight, and increasing focus on leveraging resources and expertise within System administration and in support of UT System institutions.

More specifically, the UT System's strategic focus, directly or indirectly, is on these themes:

- Improving student success
- Increasing research
- Improving quality of health care
- Making a positive impact on the economy and on society (economic impact; tech transfer)
- Maximizing institutional synergy through collaborations
- Aligning resource development and investments
- Assuring integrity and public trust

Adding Value:

All priorities, strategies, tactics, on behalf of institutions AND on behalf of the System should add value to the big goals, above.

Planning Framework

The System addresses these (and many more specific goals and priorities) through an interrelated set of planning responsibilities:

1. Institutional planning. Support the planning process of UT System institutions and foster alignment among goals, budget, and resource decisions. The content of these plans emanates from the individual campuses, with support from the offices of Academic and Health Affairs.

In addition to their compacts, each institution will be asked to specify a timeframe in which it will develop an updated long-range plan. This timeframe should be aligned with institution needs, including the timeframe for SACS accreditation reviews. The plans will be shared with System officers and the Board of Regents, who will evaluate the fit between institution and System strategic themes and priorities, and recommend adjustments, as appropriate.

The intent is not to usurp primacy of institutions, but to clarify alignment and support of broad goals.

2. System planning. Develop a planning framework and alignment for the goals and priorities for the System as a whole and for each System administration office. The UT System Administration must fulfill certain legal responsibilities. In addition, it seeks to focus System office work on those areas that add value to UT System institutions. Its priorities, delineated in its mission statement, reflect this two-way responsibility; examples are provided below.

Currently, many offices do their own planning, and have an impact on System-wide planning, but we do not have a mechanism to integrate and align office planning and priorities. The UT System Administration should have a plan (not necessarily a formal compact or lengthy written report). In 2005-06, they will be developed in a strategic plan that will outline how these goals will be implemented over the next three to five years.

3. Board planning. Update the Board's statement of strategic vision. The Board of Regents has responsibility to delineate the big, long-range goals, priorities, and areas of emphasis for the UT System. Its most recent plan (2000) outlines areas of emphasis which are still significant in some ways, and many of its priorities are being addressed by the System and institutions. However, the plan as a whole is not being used as actively as a robust plan should be.

By elaborating on and prioritizing work at each level the System can develop a more robust and functional planning framework. Over the past two years, the UT System has begun to refocus and fill in

this planning framework (see table on Page 10.4). The Board of Regents accepted its first accountability and performance report in March 2004, and its second report in February 2005. Institutional compacts were completed, for the first time, in August 2004 and will be updated annually. The March 2004 Washington Advisory Group report recommended steps to enhance the research presence of eight UT System academic institutions. Health Affairs studies address high priorities including enhancements in graduate medical education, public health, and indigent care. Each UT System president and officer submits an annual work plan to the Chancellor; the Chancellor submits a work plan to the Board of Regents.

While the System need not undertake a conventional or mechanical strategic planning process, we recommend focused attention and development of updated plans, aligned with the System's current goals and priorities, on three interrelated levels: institutional planning, System planning, and Board of Regents planning.

By the end of the 2005-2006, each primary unit of the UT System – Board of Regents, System Administration, and UT System institutions – will either have a strategic plan in place, or a commitment to update or develop one on a specific schedule. These plans will align with System-wide goals and priorities, but will provide considerable flexibility in format and content to reflect the distinctive missions of each unit. The plans will, moreover, align with the System's accountability framework and review of executive work plans, so that progress on key priorities is tracked, analyzed, and communicated widely to inform future improvement efforts (see diagram, Page 10.5).

Timeline

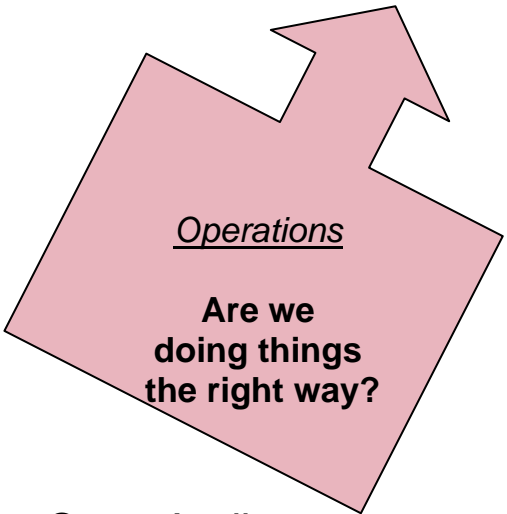
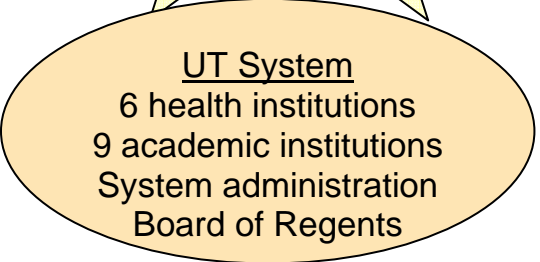
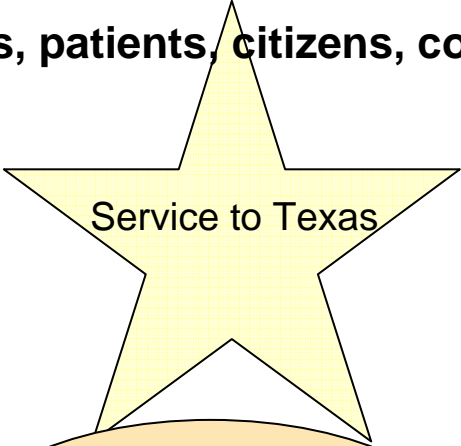
- Brief Board on framework and timeline May 2005 Board meeting.
- Develop outline during spring and summer 2005.
- Implement planning discussions in fall and winter 2005-06.
- Complete System Administration and Board plans by spring 2006
- Complete institution plans in alignment with accreditation cycle.

U. T. System Strategic Planning Framework and Timetable

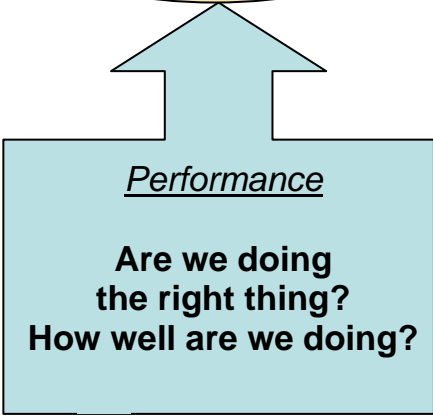
Big Goals: <ul style="list-style-type: none"> ▪ Increasing student success (persistence, graduation, learning outcomes) ▪ Increasing research productivity (faculty recruiting, professional development, infrastructure development) ▪ Improving quality of health care, health profession education and outcomes for patients ▪ Making a positive impact on the economy (economic impact; technology transfer) 					<ul style="list-style-type: none"> ▪ Maximizing institutional synergy through collaborations ▪ Aligning resource development and investments ▪ Assuring integrity and public trust 			
System Planning Activities					Institution Planning Activities			
Planning Activities and Documents	Board of Regents Long Range Plan: "Service to Texas in the New Century"	UT System Mission Statement	System Administration Mission Statement	UT System Accountability and Performance Report	Compacts	Health Institution Strategic Plans	Academic Institution Strategic Plans and Related Activities	SACS Accreditation Preliminary Date of On-Campus Review (preparation begins 18-24 months in advance)
Cycle / schedule	2000-2030	Approved Feb. 2004	Approved Feb. 2004	5 year trends; annual updates	2-year horizon; annual updates	5-10 year horizon; periodic updates	5-10 year horizon; periodic updates	10 year cycle
2004-05	Health Affairs Retreat Academic Affairs Retreat		Retreats on: Mission statement roll-out August 2004 Officer work plans	2 nd edition	Update by August Track key benchmarks	Needed in 2005-06 UTMB to 2005 UTHSC-San Antonio to 2005 UTHSC-Houston	Presidents' Select Committee (UTA, UTEP, UTT) Commission Reports: UT Austin UTB/TSC UTEP UTT	UTMDACC (Spring 2005)
2005-06	Board planning activities Retreat Update plan		System and System office strategic planning Value-added analysis	Update and calibrate with State report	Drafts due May 1 Discuss at joint budget//compact meetings Complete by August	UTHSC-San Antonio planning process, completed Jan 2006	2-3 planning projects	UTEP 4.06
2006-07	Health Affairs Retreat? Academic Affairs Retreat?			"	"	UTHC-Tyler to 2007	2-3 planning projects	UTA Spring 07 UTPA Spring 07
2007-08				"	"		2-3 planning projects	UT Austin Spring 08 UTB/TSC UTHSC-Houston UTMB 4.08 UTHSC-San Antonio Spring 08
2008-09				"	"		2-3 planning projects	UTD UTSWMC
2009-10				"	"	UTSWMC to 2010 +in course adjustments UTMDACC to 2010 + in course adjustments		UTSA Spring 10 UTHSC-Houston 3.10 UTT Spring 10
2010-11								UTPB 12.10

10.4

Students, patients, citizens, communities



State Auditor



State Leadership



LBB

"Everyone is accountable, all of the time."

3. **U. T. Board of Regents: Reappointment of Mr. R. D. Burck as Advisory Director of the Board of Directors of The University of Texas Investment Management Company (UTIMCO)**

RECOMMENDATION

Chairman Huffines requests approval of the proposed reappointment of Mr. R. D. (Dan) Burck as Advisory Director of The University of Texas Investment Management Company (UTIMCO) Board of Directors to serve a term ending March 31, 2006.

BACKGROUND INFORMATION

Mr. Burck has served as an advisory director of the UTIMCO Board of Directors since September 18, 2002. As Chancellor of the U. T. System, Mr. Burck previously served as a member of the UTIMCO Board of Directors from June 1, 2000 to August 1, 2002. When he was Executive Vice Chancellor for Business Affairs, he held an interim appointment to the UTIMCO Board of Directors from February 22, 1996 to April 25, 1996.

H. RECESS FOR MEETINGS OF THE STANDING COMMITTEES AND COMMITTEE REPORTS TO THE BOARD

The Standing Committees of the Board of Regents of The University of Texas System will meet as set forth below to consider recommendations on those matters on the agenda for each Committee listed in the Agenda Book. At the conclusion of each Standing Committee meeting, the report of that Committee will be formally presented to the Board for consideration and action.

Audit, Compliance, and Management Review Committee: Chairman Estrada
No items

Finance and Planning Committee: Chairman Hunt
Agenda Book Page 16

Academic Affairs Committee: Chairman Krier
Agenda Book Page 40

Health Affairs Committee: Chairman Clements
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Facilities Planning and Construction Committee: Chairman Barnhill
Agenda Book Page 60

I. RECONVENE AS COMMITTEE OF THE WHOLE AND ADJOURN



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FOR
AUDIT, COMPLIANCE, AND MANAGEMENT REVIEW
COMMITTEE**

Committee Meeting: 5/11/2005

Austin, Texas

Board Meeting: 5/12/2005

Austin, Texas

Robert A. Estrada, Chairman

Rita C. Clements

Judith L. Craven, M.D.

Woody L. Hunt

Cyndi Taylor Krier

	Committee Meeting	Board Meeting	Page
A. CONVENE	9:30 a.m. <i>Chairman Estrada</i>		
1. U. T. System: Report on Research Time and Effort Initiative	9:35 a.m. Report <i>Dr. Shine Dr. Sullivan</i>	Not on Agenda	12
2. U. T. System: Report on the Legislative Budget Board Management and Performance Review of The University of Texas at Austin	9:40 a.m. Report <i>Mr. Chaffin</i>	Not on Agenda	12
3. U. T. System: Report on the Environmental Health and Safety Compliance Program	9:45 a.m. Report <i>Mr. Pousson Mr. Chaffin</i>	Not on Agenda	13
4. U. T. System: Report on audit peer reviews	9:50 a.m. Report <i>Mr. Chaffin Mr. Peppers</i>	Not on Agenda	14
5. U. T. System: Report on System-wide audit activity	9:55 a.m. Report <i>Mr. Chaffin</i>	Not on Agenda	14
6. U. T. System: Report on status of System-wide Institutional Compliance Program including Compliance Program Peer Reviews	10:00 a.m. Report <i>Mr. Chaffin</i>	Not on Agenda	15
B. RECESS TO EXECUTIVE SESSION PURSUANT TO TEXAS GOVERNMENT CODE, CHAPTER 551	10:05 a.m.		
Personnel Matters Relating to Appointment, Employment, Evaluation, Assignment, Duties, Discipline, or Dismissal of Officers or Employees - Section 551.074	<i>Mr. J. Richard Dawson, Ms. Narita Holmes, Mr. J. Michael Peppers, Ms. Diane Thomas</i>		
U. T. System: Evaluation and duties of System and institution employees involved in audit and compliance functions			
C. RECONVENE TO CONSIDER ANY ACTION FROM EXECUTIVE SESSION AND ADJOURN	10:30 a.m.		

1. **U. T. System: Report on Research Time and Effort Initiative**

REPORT

The Office of the Inspector General of the Department of Health and Human Services regularly conducts compliance audits of higher education institutions, some of which have emphasized time and effort reporting on federal grants provided by the National Institutes of Health. In several recent cases involving non-U. T. institutions, universities have reached settlement agreements and repaid millions of dollars to the federal government.

Dr. Kenneth Shine, Executive Vice Chancellor for Health Affairs, and Dr. Teresa Sullivan, Executive Vice Chancellor for Academic Affairs, will report on U. T. System's activities in response to federal time and effort compliance issues. Time and Effort Reporting Principles were developed to increase the consistency in institutional time and effort reporting policies and consistency within the core elements of the time and effort reporting compliance programs. The Time and Effort Reporting Principles were developed in consultation with both the health and academic institutions.

2. **U. T. System: Report on the Legislative Budget Board Management and Performance Review of The University of Texas at Austin**

REPORT

Mr. Charles Chaffin, Chief Audit Executive and System-wide Compliance Officer, will report on the results of the Legislative Budget Board (LBB) Management and Performance Review of The University of Texas at Austin. The LBB contracted with Pappas Consulting Group, Inc., to conduct the review. The objective of the review was to develop findings, commendations, and recommendations to improve education by:

- developing strategies to streamline and improve the efficiency and effectiveness of budget and academic operations;
- identifying methods to establish and/or maximize the use of off-campus delivery of academic instruction;
- identifying opportunities to reduce costs and maximize available resources; and
- highlighting exemplary programs that can be replicated.

The executive summary of the report, prepared by the LBB, is set forth on Pages 12.1 – 12.4.

EXECUTIVE SUMMARY
UNIVERSITY OF TEXAS AT AUSTIN
MANAGEMENT AND PERFORMANCE REVIEW

In January 2004, the Legislative Budget Board (LBB) Higher Education Performance Review Team conducted a management and performance review of the University of Texas at Austin. The LBB contracted with Pappas Consulting Group, Inc. (Pappas) to conduct the review. In July 2004, Pappas began their review to develop findings, commendations, and recommendations with the goal of improving education by:

- developing strategies to streamline and improve the efficiency and effectiveness of budget and academic operations;
- identifying methods to establish and/or maximize the use of off-campus delivery of academic instruction (e.g., Web-based);
- identifying opportunities to reduce costs and maximize available resources; and
- highlighting exemplary programs that can be replicated.

To achieve these objectives, the review team examined the following areas of the university's organization and management using suggested audit protocols: Instruction and Academic Support, Human Resources, Financial and Asset Management, Instructional Technology, Governmental Relations, and Plant Operation and Maintenance.

The management and performance review of the University of Texas at Austin (UT Austin) noted twenty-six significant accomplishments and made thirty-four recommendations for improvement. The following is a summary of the significant findings of the review.

SIGNIFICANT ACCOMPLISHMENTS

- UT Austin is one of the nation's premier public research universities, consistently ranking in the top twenty nationally and having many nationally ranked departments and colleges (Chapter 1).
- In 2001, UT Austin expended nearly \$300 million on research overall and nearly \$200 million on federal research, ranking it 20th and 14th in these respective areas among public research universities in 2001, the last year for which peer data was available. (By 2003, research expenditures at UT Austin increased to \$380 million.) These rankings are significant accomplishments, especially when considering that UT Austin does not have a medical school or an agricultural school. (Chapter 1).
- In a recent National Survey of Student Engagement (NSSE), UT Austin students

reported significantly higher satisfaction with the quality of their education and their overall experience than students at peer institutions (and national averages) (Chapter 1).

- UT Austin has low administrative costs compared to its peers (Chapter 3).
- The Texas Advanced Computing Center is one of the world's leading academic super computer centers (Chapter 4).
- UT Austin provides information technology services to constituencies of the University of Texas System, state of Texas, and the nation. A number of these "good citizenship" extended services result in aggregately reduced costs and/or enhanced access or services to the external constituencies served (Chapter 4).
- UT Austin's supply side energy conservation measures have limited the increase of natural gas consumption to approximately 4.5 percent while building space has increased nearly 15.5 percent (Chapter 6).

SIGNIFICANT FINDINGS

- According to the Texas Higher Education Coordinating Board's new costing model, UT Austin has significantly higher expenditures per full-time-student-equivalent (FTSE) than any other Texas university resulting from consistently higher expenditures per academic discipline. However, in out-of-state peer comparisons, UT Austin has one of the lowest costs per FTSE (Chapter 1).
- The core academic curriculum has not been revised since 1981 (Chapter 1).
- UT Austin graduates just over a third of its students in four years (36.4 percent) and less than three quarters after six years (70.5 percent for the 1997 cohort). It ranks relatively low on these measures compared to its peers (who range from 27.7 percent to 69.4 percent for four-year graduation rates and from 54.4 percent to 86.3 percent for six-year graduation rates) (Chapter 1).
- UT Austin has nearly twice as many students categorized as seniors than freshman. The university also has a number of practices and policies that inhibit on-time graduation. Many of these have been identified in the report of the Task Force on Enrollment Strategy, but the implementation timeline lacks urgency (Chapter 1).
- The student credit hour production by the bottom 20% of disciplines is very low. Forty-eight of the ninety-five disciplines produce fewer than 10% of the student credit hours (Chapter 2).
- The fees charged to students in addition to tuition are complex and labor intensive to manage (Chapter 3).
- The UT Austin campus has been experiencing declining debt service coverage. This decline may ultimately affect its capacity to meet future demand for capital construction projects (Chapter 3).

- UT Austin uses a highly decentralized model for technology acquisition, development, and support (Chapter 4).
- In the event of a major technology outage, the university would find it difficult to recover its business, academic, and research operations (Chapter 4).
- Capital projects recommended to the Capital Improvement Plan contain a budget amount for design and construction of the project, but future operation and maintenance costs are not identified (Chapter 6).
- Over half of the university's buildings have reached an age requiring maximum investment in capital renewal (Chapter 6).

SIGNIFICANT RECOMMENDATIONS

Recommendation 1–1: Conduct, through an external consultant, an examination of the cost per student and cost per discipline data presented by the Texas Higher Education Coordinating Board, including, if possible, a comparison with national peers. Where costs cannot be adequately justified, measures should be taken to reduce those costs (especially in the low SCH-producing disciplines). It should also examine the peer data to determine what costs are included (for example, instructional costs for medical schools).

Recommendation 1–3: Revise its core curriculum to reflect more current and future needs. It should also ensure that the core curriculum supports its relationship to efficient progress towards graduation.

Recommendation 1–7: Make a priority of significantly increasing both its four- and six-year graduation rates. To accomplish this, it should accelerate some of the recommendations of the Enrollment Strategy Task Force and examine the “best practices” of peers with the highest graduation rates.

Recommendation 2–4: Narrow the variation in its faculty-student ratios across disciplines.

Recommendation 3–1: Determine whether the multiple mandatory and campus-imposed student fees are necessary.

Recommendation 4–5: Give priority to completing the ITS disaster recovery plan, ensure a full functional testing of the plan, and institute mechanisms for annual testing and plan content updates.

Recommendation 6–2: Identify the long-term operating budget of major construction projects forwarded for inclusion to the Capital Improvement Plan, including the costs of future maintenance, operations, and capital renewal.

Recommendation 6–3: Design and implement a method to measure the weekly room usage of departmentally controlled classrooms, including non-organized courses.

Recommendation 6–8: Perform a periodic review (every 3–5 years) of all external properties to determine feasibility for development.

FISCAL IMPACT

	2006	2007	2008	2009	2010	Total 5-year (costs) or savings
Recommendation 1-1	\$2,160,000	\$2,160,000	\$2,650,000	\$2,650,000	\$3,130,000	\$12,750,000
Recommendation. 1-4:	(\$50,000)	(\$50,000)	(\$50,000)	(\$50,000)	(\$50,000)	(\$250,000)
Recommendation. 4-1:	\$308,000	\$308,000	\$308,000	\$308,000	\$308,000	\$1,540,000
Recommendation. 4-3:	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000	\$4,000,000
Recommendation. 6-5:	\$100,000	\$700,000	\$1,050,000	\$1,400,000	\$1,750,000	\$5,000,000
Total Savings (Costs)	\$3,318,000	\$3,918,000	\$4,758,000	\$5,108,000	\$5,938,000	\$23,040,000

2004-05 FINANCIAL DATA

2004-2005 Appropriated Funds			
		FY 2004	FY 2005
A.	Goal: Instruction/Operations	\$301,849,209	\$304,664,252
B.	Goal: Infrastructure Support	\$62,572,990	\$63,169,082
C.	Goal: Special Item Support	\$13,164,391	\$13,164,391
	Totals	\$377,586,590	\$380,997,725

- The Educational and General (E&G) Funds budgeted for academic year 2004-2005 totaled \$558,364,845 (state tax dollars, net tuition, lab fees, overhead on sponsored projects, interest on the sponsored projects funds, and Available University Fund). The E&G budget constituted 36% of all University revenue sources.
- Other sources of revenue include Sponsored Research (primarily federal) at 20% of revenues, Designated Funds (self-supporting educationally related enterprises and operations) at 23.4%, Auxiliary Enterprises (self-supporting such as residence halls, intercollegiate athletics, Texas Union, bus service) at 11.4%, gifts and grants at 9%, and Unexpended Plant Funds (noncapitalized repair and renovation funds) at less than 1%.

3. **U. T. System: Report on the Environmental Health and Safety Compliance Program**

REPORT

Mr. Charles Chaffin, Chief Audit Executive and System-wide Compliance Officer, and Mr. Paul Pousson, Associate Director for Risk Management, will provide a PowerPoint presentation on the Environmental Health and Safety Compliance Program as set forth on Pages 13.1 – 13.5.



THE UNIVERSITY OF TEXAS SYSTEM

Status of Environmental Health and Safety

May 11, 2005

*Paul D. Pousson
Office of Risk Management*



Objective

- **Discuss the high risks associated with Environmental Health and Safety (EH&S)**
- **Describe the history and structure of U.T. System's function**
- **Provide an overview of EH&S rules & policies, as well as risk reduction & monitoring activities**
- **Discuss future EH&S initiatives**

2



EH&S Risks

- **Fire**
- **Chemical**
- **Biological**
- **Radiation**
- **Environmental**

3



Environmental Health and Safety Advisory Committee

- **Established in 1990**
- **EH&S Directors (members)**
- **Representatives from U.T. System (ex officio)**
- **Enhance communication and collaboration**
- **Share best practices**
- **Recommend regulatory compliance strategies**
- **Four Advisory Groups**

4



EH&S Staff by Institution

Institution	# of Technical EHS Staff	Square Footage	Ratio: Staff to Millions of Sq. Ft.
UT Arlington	12	4,660,142	3.0
UT Austin	31	17,681,179	2.0
UT Brownsville	3	1,633,917	2.4
UT Dallas	5	2,030,663	3.0
UT El Paso	6	3,505,833	2.3
UT Pan American	5	1,985,274	3.0
UT Permian Basin	1	728,651	2.7
UT San Antonio	9	2,675,745	3.7
UT Tyler	1	807,828	1.2
UT Southwestern	27	7,051,326	4.1
UT Medical Branch	29	6,161,953	5.0
UT HSC-Houston	24	3,159,879	8.5
UT HSC-San Antonio	18	2,681,500	7.8
UT M. D. Anderson	72	5,948,842	12.8
UT HC-Tyler	2	656,026	6.1
TOTAL (as of 9/30/04)	245	61,368,758	4.0

5



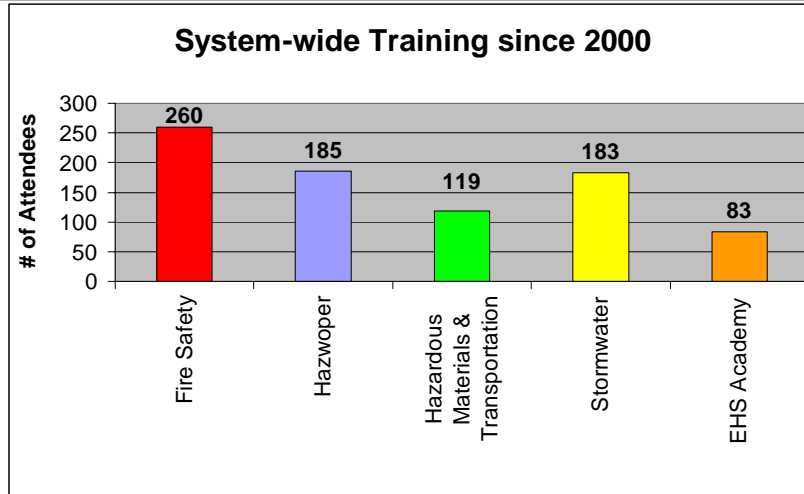
Risk Reduction & Monitoring

- Peer Reviews
- Due Diligence Inspections of Waste Disposal Facilities
- Risk & Exposure Assessment of University facilities, laboratories, etc.
- EH&S Committees
- Collaboration with Facilities Planning and Construction, General Counsel & Real Estate
- EH&S Training Academy
- Miscellaneous Training

6



EH&S Training FY 2000 - 2004



7



Risk Reduction & Monitoring Activities (continued)

- **System-wide Contracts**
 - *Hazardous Waste Disposal*
 - *Medical Waste Disposal*
 - *Radioactive Material Disposal*
 - *Spill Control & Emergency Response*
 - *Disaster Restoration & Recovery*
- **Annual Cost Savings = \$500,000**

8



Future Initiatives

- **Additional System-wide EH&S contracts**
- **Additional grants**
- **Enhance existing programs, policies and procedures**

4. U. T. System: Report on audit peer reviews

REPORT

Mr. Charles Chaffin, Chief Audit Executive and System-wide Compliance Officer, will provide an update on external audit peer review activities at the institutions.

Mr. J. Michael Peppers, Executive Director of Audit, U. T. M. D. Anderson Cancer Center will present the results of the recent U. T. M. D. Anderson Cancer Center External Audit Peer Review report.

5. U. T. System: Report on System-wide audit activity

REPORT

Mr. Charles Chaffin, Chief Audit Executive and System-wide Compliance Officer, will report on System-wide audit activity including progress toward audit plan completion and the status of outstanding significant recommendations for the second quarter of Fiscal Year 2005.

The first quarter activity report on the Status of Outstanding Significant Recommendations is set forth on Pages 14.1 – 14.4. Additionally, a list of other audit reports issued by the System-wide audit program and the State Auditor's Office follows on Page 14.5.

There are two types of audit findings/recommendations: 1) reportable and 2) significant. A "reportable" audit finding/recommendation should be included in an audit report if it is material to the operation, financial reporting, or legal compliance of the audited activity, and the corrective action has not been fully implemented. "Significant" audit findings/recommendations are reportable audit findings/recommendations that are deemed significant at the institutional level by each U. T. institutional internal audit committee or designee.

Significant audit findings/recommendations are submitted to and tracked by the System Audit Office. Quarterly, the chief business officers are asked for the status of implementation; the internal audit directors verify implementation. A summary report is provided to the Audit, Compliance, and Management Review Committee of the U. T. Board of Regents. Additionally, the Committee members receive quarterly a detailed summary of new significant recommendations.

THE UNIVERSITY OF TEXAS SYSTEM
Status of Outstanding Significant Recommendations

Report Date	Institution	Audit	1st Quarter		2nd Quarter		Targeted Implementation Date	Overall Progress Towards Completion (Note 1)	Ranking Significance
			Ranking	# of Significant Findings	Ranking	# of Significant Findings			Material to Institution's Fin. Stmts. ("F"), Compliance ("C"), and/or Operations ("O")
1998-07	UTHSC-H	Federal Contracts & Grants Review		1		1	3/31/2005	Satisfactory	C
2000-04	UTHSC-H	Medical Services, Research and Development Plan Summary of Operations Review		1		1	8/31/2005	Satisfactory	C
2001-08	UTMDACC	Lotus Notes Environment		2		2	11/15/2005	Satisfactory	O
2001-10	UTMDACC	Disaster Recovery/Business Continuity Planning		1		1	7/31/2005	Satisfactory	O
2001-11	UTT	Information Technology General Security Review		1		1	3/1/2005	Satisfactory	O
2002-04	UTB	General Controls Audit of Information Technology		1		1	4/30/2005	Satisfactory	O
2002-05	UTA	Network Support Audit		1		0	4/30/2005	Completed	O
2002-05	UTSYS ADM	Office of Information Resources Follow-up		1		0	1/31/2005	Completed	O
2002-07	UTHSC-H	Healthcare Billing Compliance Review		1		1	4/30/2005	Satisfactory	F, C
2002-08	UTHSC-SA	Institutional Compliance Program		2		2	10/31/2005	Satisfactory	C
2002-08	UTSYS ADM	Travel and Entertainment Expenditures		1		1	3/31/2005	Satisfactory	O, C
2002-10	UTSYS ADM	UTHC-Tyler Clinical Trials		1		0	2/1/2005	Completed	O, F
2002-11	UTMDACC	Temporary Personnel		1		1	6/30/2005	Satisfactory	O
2003-03	UTPA	General Controls		3		0	2/28/2005	Completed	O
2003-05	UTMB Galveston	Delivery of Operating Room Services		2		2	3/31/2006	Satisfactory	O
2003-06	UT Austin	University Data Center		1		1	3/15/2005	Satisfactory	O
2003-06	UTA	Internal Audit Office Peer Review		1		1	6/30/2005	Satisfactory	C, O
2003-06	UTD	General Controls		1		1	3/31/2005	Satisfactory	C, O
2003-08	UTMB Galveston	Pharmacy Costs of Goods Sold Review		1		1	9/30/2005	Satisfactory	O, F
2003-08	UTMB Galveston	School of Medicine Office of Student Affairs		1		1	3/31/2005	Satisfactory	C, O
2003-09	UTHC-T	Medical Services, Research and Development Plan AFR		1		1	8/31/2005	Satisfactory	O, F
2003-09	UTHSC-H	Quality Assessment of the Office of Auditing and Advisory Services		4		1	5/19/2005	Satisfactory	C, O
2003-09	UTSYS ADM	System Available Balances		1		1	3/31/2005	Satisfactory	F
2003-11	UTMDACC	Pharmacy Charge Capture		1		1	5/1/2005	Satisfactory	O

14.1

THE UNIVERSITY OF TEXAS SYSTEM
Status of Outstanding Significant Recommendations

Report Date	Institution	Audit	1st Quarter		2nd Quarter		Targeted Implementation Date	Overall Progress Towards Completion (Note 1)	Ranking Significance
			Ranking	# of Significant Findings	Ranking	# of Significant Findings			Material to Institution's Fin. Stmts. ("F"), Compliance ("C"), and/or Operations ("O")
2003-11	UTSA	Research Development		1		0	2/28/2005	Completed	O
2003-12	UTD	Lab and Biological Safety		1		1	5/31/2005	Satisfactory	C, O
2004-01	UTEP	Information Technology - General Controls Review		1		1	8/31/2005	Satisfactory	O
2004-01	UTMDACC	PeopleSoft Payroll		1		1	8/31/2005	Satisfactory	O
2004-01	UTMDACC	2003 Mainframe Disaster Recovery Test		1		1	12/31/2005	Satisfactory	O
2004-01	UTSA	Lab Safety		1		0	1/1/2005	Completed	C, O
2004-02	UT Austin	Compliance Inspection: Account Reconciliation and Segregation of Duties		1		1	4/30/2005	Satisfactory	C
2004-02	UTHC-T	Inventories Audit FY 2003		1		0	1/31/2005	Completed	F, O
2004-02	UTHSC-SA	MSRDP Front-End Billing		3		3	8/31/2005	Satisfactory	O
2004-02	UTMB Galveston	Compliance Inspection: Account Reconciliation and Segregation of Duties		2		2	3/31/2005	Satisfactory	F, O
2004-03	UT Austin	Information Security Management		2		2	8/31/2005	Satisfactory	C, O
2004-03	UTB	Contracts and Grants		1		1	3/31/2005	Satisfactory	C, O
2004-03	UTPA	Accounts Receivable and Allowance for Bad Debts		2		2	8/31/2005	Satisfactory	C
2004-03	UTSA	Information Technology Organization and Planning Controls		2		2	4/30/2005	Satisfactory	F, O
2004-04	UTHC-T	Capital Assets FYE 8/31/03		2		2	8/31/2005	Unsatisfactory (1) Satisfactory (1)	C, O
2004-04	UTHC-T	Discretionary Funds		2		2	8/31/2005	Satisfactory	F, O
2004-05	UTA	Office of Research - Grants/Contracts		1		1	8/31/2005	Satisfactory	C
2004-06	UTB	Financial and Applications Controls Audit of the Financial Aid Office		1		1	5/31/2005	Satisfactory	C, O
2004-06	UTHSC-SA	Cash and Investments		1		0	1/31/2005	Completed	O
2004-06	UTHC-T	Surgical Services		1		1	5/31/2005	Satisfactory	F, C, O
2004-07	UTEP	Facility Services		1		1	3/31/2006	Satisfactory	O

14.2

THE UNIVERSITY OF TEXAS SYSTEM
Status of Outstanding Significant Recommendations

Report Date	Institution	Audit	1st Quarter		2nd Quarter		Targeted Implementation Date	Overall Progress Towards Completion (Note 1)	Ranking Significance
			Ranking	# of Significant Findings	Ranking	# of Significant Findings			Material to Institution's Fin. Stmts. ("F"), Compliance ("C"), and/or Operations ("O")
2004-07	UTMB Galveston	Basic and Clinical Research Management (BACRM) & Contracts and Grants (C & G)		6		6	8/31/2005	Satisfactory	F, C, O
2004-08	UT Austin	Texas Box Office/Paciolan Ticketing System		1		1	6/30/2005	Satisfactory	O
2004-09	UTPB	Lab Safety		5		4	8/31/2005	Satisfactory	C
2004-09	UTSA	Research Compliance - Time and Effort Reporting		1		1	8/31/2005	Satisfactory	C
2004-09	UTSA	Year End Financial Review for FY 2003		3		2	5/31/2005	Satisfactory	F
2004-09	UTMB Galveston	Agreed Upon Procedures on Financial Statement Fund Balance		4		4	8/31/2005	Satisfactory	F, O
2004-09	UTMB Galveston	Endowment Compliance Program of the Office of University Advancement ("OUA")		3		3	5/31/2005	Satisfactory	C, O
2004-09	UTHC-T	Cash and Cash Equivalents		1		1	4/30/2005	Satisfactory	C, O
2004-09	UTHC-T	Other Receivables		1		0	2/28/2005	Completed	C, O
2004-10	UTB	Physical Plant		3		3	6/30/2005	Satisfactory	C, O
2004-11	UTSA	Scholarship Management				1	8/31/2005	Satisfactory	O
2004-12	UTSA	Texas Administrative Code 202				4	3/15/2005	Satisfactory	O
2005-01	UTPA	NCAA Compliance Camps & Clinics				1	3/31/2005	Satisfactory	C
2005-02	UT Austin	Credit Card Processing				1	3/31/2005	Satisfactory	O
2005-02	UTEP	Sub-recipient Grants				2	5/1/2005	Satisfactory	O
Totals				89		82			

STATE AUDITOR'S OFFICE AUDITS

2002-05	UTMDACC	Statewide Single Audit report for Year Ended August 31, 2001		1		1	6/1/2005	Satisfactory	n/a
2002-09	UTB	A Financial Review		1		1	5/31/2005	Satisfactory	n/a

THE UNIVERSITY OF TEXAS SYSTEM
Status of Outstanding Significant Recommendations

Report Date	Institution	Audit	1st Quarter		2nd Quarter		Targeted Implementation Date	Overall Progress Towards Completion (Note 1)	Ranking Significance
			Ranking	# of Significant Findings	Ranking	# of Significant Findings			Material to Institution's Fin. Stmts. ("F"), Compliance ("C"), and/or Operations ("O")
2002-11	UTMB	Security Over Electronic Protected Health Information at Selected Texas Academic Medical Institutions		1		1	4/20/2005	Satisfactory	n/a
2002-11	UTMDACC	Security Over Electronic Protected Health Information at Selected Texas Academic Medical Institutions		3		3	8/31/2005	Satisfactory	n/a
2004-02	UTSA	Financial Review		3		3	9/30/2005	Satisfactory	n/a
2004-06	UT Austin	Protection of Research Data at Higher Education Institutions		3		3	12/31/2005	Satisfactory	n/a
2004-06	UT Southwestern	Protection of Research Data at Higher Education Institutions		3		3	12/31/2005	Satisfactory	n/a
2004-06	UTHSC-SA	Protection of Research Data at Higher Education Institutions		3		3	8/31/2005	Satisfactory	n/a
2004-06	UTSYS ADM	Protection of Research Data at Higher Education Institutions		3		2	5/31/2005	Satisfactory	n/a
2004-10	UTHSC-H	Cash Controls		9		8	8/31/2005	Satisfactory	n/a
2004-12	UTHSC-H	Compliance with Requirements Related to Historically Underutilized Businesses and Purchases from people with Disabilities				0	2/28/2005	Completed	n/a
Totals				30		28			

14.4

n/a - State Auditor's Office recommendations are significant by definition.

Color Legend:

Any audit with institutionally significant findings. Not necessarily a failure - just an area that needs high level attention. Corrective action will be taken subsequent to the quarter in which the finding was reported.

Significant progress toward resolution was made during the quarter in which the significant finding was first reported.

A red or orange audit becomes a yellow when significant progress continues beyond the quarter in which the significant finding was first reported.

All issues have been appropriately resolved, including any issues resolved during the quarter in which they were first reported.

Note: **Completed** - The institutional Internal Audit Director deems the significant issues have been appropriately addressed and resolved.
Satisfactory - The institutional Internal Audit Director believes that the significant issues are in the process of being addressed in a timely and appropriate fashion.
Unsatisfactory - The institutional Internal Audit Director does not feel that the significant issues are being addressed in a timely and appropriate fashion.

*** OTHER U. T. SYSTEM AUDITS COMPLETED - 12/2004 through 2/2005**

Month Received by System	Institution	Audit
2004-12	UT Dallas	Research Compliance
2004-12	UT Dallas	Quality Assessment Review of the Internal Audit Department at UT Austin
2004-12	UT Southwestern	Financial Internal Controls Testing
2004-12	UT Southwestern	National Pediatric Infectious Disease Foundation FY 2004 Financial Review
2004-12	UT Southwestern	Performance Measures
2004-12	UT Southwestern	Sarbanes-Oxley Act
2004-12	UTMB - Galveston	Joint Admission Medical Program ("JAMP")
2004-12	UTMB - Galveston	Pathology Decentralized Information Technology Operations
2004-12	UTHSC Houston	Follow-up
2004-12	UTHSC Houston	Internal Medicine BuyCard Control Assessment
2004-12	UTHSC Houston	Internal Medicine Clinic Batch Deposits
2004-12	UTHSC Houston	Joint Admission Medical Program ("JAMP")
2004-12	UTHSC Houston	Texas Administrative Code ("TAC") 202 Gap Analysis
2004-12	UTHSC Houston	Quality Assessment Recommendations and Responses
2004-12	UTHSC San Antonio	Family Practice Residency Program AFR Audit
2004-12	UTHSC San Antonio	Joint Admission Medical Program ("JAMP")
2004-12	UTHC Tyler	Family Practice Residency Program AFR Audit
2004-12	UT System Admin	Compliance Review and Change in Management of the Historically Underutilized Business Program
2004-12	UT System Admin	Joint Admission Medical Program ("JAMP")
2004-12	UT System Admin	UTIMCO Management Fees, Custody Fees, Securities Lending, and Entertainment Expense Audit
2005-01	UT Austin	Departmental Audits
2005-01	UT Dallas	Sexual Harassment Compliance Audit
2005-01	UT Pan American	Physical Security
2005-01	UT Pan American	Space Utilization
2005-01	UT Southwestern	Contract Administration and Expenditures
2005-01	UT Southwestern	Medical Service, Research, and Development Plan ("MSRDP) and the Faculty Service Plan ("FSP") Financial Review
2005-01	UT Southwestern	Neurology
2005-01	UT Southwestern	Psychiatry
2005-01	UTMB - Galveston	Family Practice Residency Program AFR Audit
2005-01	MDACC	Accounts Payable - AIX Operating System
2005-01	MDACC	Accounts Payable - Oracle
2005-01	MDACC	CARE System and ClinicStation Access
2005-01	MDACC	Information Security - Procard Review
2005-01	MDACC	Information Security Review per BPM 53-02-96
2005-01	MDACC	Monroe Application
2005-01	UTHC Tyler	Northeast Texas Consortium ("NETnet") for FYs 2002, 2003 and 2004
2005-01	UTHC Tyler	Patient Financial Services
2005-01	UT System Admin	Contract Administration
2005-02	UT Dallas	Emergency Operation Plan
2005-02	UT Dallas	Performance Measures
2005-02	UT El Paso	Sub Recipient Grants
2005-02	UT El Paso	Time and Effort
2005-02	UTHSC Houston	Advanced Research Program/Advanced Technology Program Grants
2005-02	UTHSC Houston	Family Practice Residency Program AFR Audit
2005-02	UTHSC San Antonio	Facilities Management - Renovations
2005-02	UTHC Tyler	Office of the Vice President and Chief Operating Officer
2005-02	UT System Admin	UTSA Intercollegiate Athletics Agreed Upon Procedures FY 2004

*** STATE AUDITOR'S OFFICE AUDITS COMPLETED - 12/2004 through 2/2005**

Report Issuance Date	Institution	Audit
2004-12	UTHSC Houston	Compliance with Requirements Related to Historically Underutilized Businesses and Purchases from People with Disabilities

6. **U. T. System: Report on status of System-wide Institutional Compliance Program including Compliance Program Peer Reviews**

REPORT

Mr. Charles Chaffin, Chief Audit Executive and System-wide Compliance Officer, will report on the status of the System-wide Compliance Program. A report of the 2nd quarter activities is set forth on Pages 15.1 – 15.2. Activity reports are presented to the Audit, Compliance, and Management Review Committee on a quarterly basis.

Mr. Chaffin will then brief the Committee on the status of the Compliance Program Peer Review process. A schedule of institutional peer reviews is set forth on Page 15.3.

**The University of Texas System
Institutional Compliance Program
2nd Quarter Report Summary, FY2005**

Program Executive Summary

The purpose of the Institutional Compliance Program is to ensure that the U. T. System, the 15 institutions and UTIMCO are in compliance with all applicable laws, policies, and regulations of the numerous bodies responsible for oversight of higher education institutions. This is achieved through institutional compliance risk assessments, awareness education, and ongoing monitoring. The System-wide Compliance Officer, Mr. Charles Chaffin, is responsible for apprising the Chancellor and Board of Regents of the institutional compliance functions and activities. Each institution has appointed a compliance officer and established an appropriate reporting mechanism for program activities, using Compliance Committees that meet on average quarterly. During the 2nd quarter, 15 of 17 institutional Compliance Committees met. Additionally, the following significant organizational changes have occurred this quarter: a new Director of Institutional Compliance was appointed at UT Arlington, at UT Dallas a vacancy occurred in the Compliance Coordinator position, at UTMB Galveston a new Associate Director of Compliance and Chief Privacy Officer was appointed, at UT Health Science Center at Houston vacancies occurred in the General Compliance Program Manager and billing compliance positions, and UTIMCO added a position to assist with compliance functions.

Summary of Quarterly Activity

The following monitoring activities were conducted by many of the institutions during the quarter:

Risk Assessments (high risk areas assessed) – employment discrimination, sexual harassment, IT use and password protection standards, SSN publication and privacy issues, account reconciliations, criminal background checks, faculty credentialing, external audits, internal audits, implementation of relevant Sarbanes-Oxley provisions, and comprehensive risk management plans, physician and non-physician licensing, billing compliance, data security and Medicare/Medicaid Enrollment.

Endowments (Endowment compliance) – timely submission and creation of investment income has been evaluated and reports created to encourage Spring awards of non-awarded endowed scholarships and monitoring to ensure compliance with endowment agreements.

Grants and Contracts - Monitoring of time and effort reporting, non-performance and allowable expenditures, HUB contracting requirements and exploration of possible electronic processing of contracts.

Environmental Health & Safety (inspection of waste management) – chemical waste management, safety and occupant loads, radioactive liquid waste disposal, storm water management, and lab inspections were monitored. Additionally equipment/asset monitoring and asbestos removal was monitored.

Student Affairs (compliance with federal standards) - ADA accommodation compliance, FERPA privacy procedures, athletic eligibility monitoring, SSN Remediation and Financial Aid Fund eligibility and processing were monitored.

Human Resources – monitoring of compliance with requirements for timely completion of new employee forms and records.

**The University of Texas System
Institutional Compliance Program
2nd Quarter Report Summary, FY2005**

Information Resources/Security (in clinical billing situations) - monitoring and improving access to data available in the recently implemented clinical billing system.

Research - administration of contracts, grants and cooperative agreements, time and effort reporting and sub-recipient monitoring improvements. Establishing review levels for maximum commitment of effort to assure researchers do not have unattainable effort commitments (including a review of the physician and researchers at risk) and monitoring research conflicts of interest.

Assurance activities included: Endowment creation-timeliness and compliance with risk assessment recommendations and guidelines; Environmental Health and Safety waste management; security assessments; hazardous material shipments; compliance monitoring and tracking of program incomes; evaluation of the administration of student loans; new employee compliance with employee forms and records; follow up inspections of high-risk activities involved with A12.02 Public Information Act; inspections of Callier medical documentation and limitation of liability for claims, automated Statements of Financial Interest. Quality Assurance Reviews were initiated in FY 2005 to validate management certifications, audits/reviews/risk-monitoring activities performed to ensure compliance with applicable laws, rules and guidelines. Additionally, Compliance Program Peer reviews were completed for three of the institutions during the quarter.

Training activities included: New employee training, general compliance training: equal opportunity training and sexual harassment training, specialized training, HIPAA privacy training, social security number training (per BPM-66), ethics training, corporate compliance and investment training, DEFINE training, Environmental Health and Safety training on lab or laser safety, fire safety, housekeeping safety, account reconciliation training, grant training, Federal Income Tax Classification issue training, information security training, inventory training, coder training, international affairs training, et.al.

Action Plan Activities

Many of the items identified in the Action Plans are in progress at this time. These include, but are not limited to the following: ongoing assessment of monitoring programs for high-risk areas through the compliance committee structure, compliance with SSN protections, creation of an Executive Compliance Committee at System Administration, electronic training of various types (employment training, general compliance training, Macromedia Breeze training), orientation of new employees, inspection of high-risk areas to obtain certification letters, expand program support, review risk assessment tools for compliance, utilize peer review recommendations for improvement, conduct annual compliance briefings for all departments in some institutions to establish a perception that the compliance program is a campus-wide program and not simply a Business Affairs program, implementation of a compliance issue tracking program to ensure timely resolution of compliance questions, complete HR staffing needs, improve the risk assessment mechanism, resolution of compliance/fraud/ethics hotline inquiries, staff issued reminders of compliance assurance reports, website updates, ongoing compliance education and management responsibility training.

**U. T. System-wide Compliance Program
Peer Review Status and Schedule**

April 1, 2005

	On-Site Assessment Dates	Institution	Status
1	Dec. 8-9	UT Dallas	Completed
2	Feb. 9-11	UT Pan American	Completed
3	Apr. 6-8	UTHSC Houston	Completed
4	May 5-7	UT El Paso	Completed
5	May 17-19	UT Tyler	Completed
6	May 24-26	UTHC Tyler	Completed
7	Jun. 28-30	UT San Antonio	Completed
8	Jul. 19-21	UT System Administration	Completed
9	Jan. 18-20, 2005	UT Southwestern	Report phase
10	Jan. 31 – Feb. 2, 2005	UT Brownsville	Report phase
11	March 22-24	UTHSC San Antonio	Report phase
12	March/April 2005	UT MD Anderson (external review)	In progress
13	June 13-15, 2005	UT Arlington	Scheduled
14	July 2005	UT Austin	Pending
15	Summer 2005	UT Permian Basin	Pending
16	Summer 2005	UTMB Galveston	Pending
17	Fall 2005	System-wide Compliance Program	Pending
18	TBA	UTIMCO	Pending



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Committee Meeting: 5/11/2005

Austin, Texas

Board Meeting: 5/12/2005

Austin, Texas

Woody L. Hunt, Chairman

John W. Barnhill, Jr.

H. Scott Caven, Jr.

Cyndi Taylor Krier

Robert B. Rowling

	Committee Meeting	Board Meeting	Page
Convene	<i>1:30 p.m.</i> <i>Chairman Hunt</i>		
1. U. T. System: Approval of <i>Docket No. 122</i>	Not on Agenda	Action	16
2. U. T. System: Approval of the Fiscal Year 2006 Budget Preparation Policies and Calendar for budget operations	<i>1:30 p.m.</i> Action <i>Mr. Wallace</i>	Action	16
3. U. T. System: Presentation of Monthly Financial Report	<i>1:35 p.m.</i> Report <i>Mr. Wallace</i>	Not on Agenda	20
4. U. T. Board of Regents: Report on Investments for quarter ended February 28, 2005, Liquidity Profile, and Performance Report by Ennis Knupp + Associates	<i>1:40 p.m.</i> Report <i>Mr. Boldt</i> <i>Mr. Voss</i>	Report	21
5. U. T. Board of Regents: Approval of annual distributions from the Permanent University Fund, the Permanent Health Fund, and the Long Term Fund	<i>1:45 p.m.</i> Action <i>Mr. Boldt</i>	Action	22
6. U. T. Board of Regents: Adoption of Resolutions Amending the First and Fifth Supplemental Resolutions to the Master Resolution establishing the Revenue Financing System Commercial Paper Programs	<i>1:50 p.m.</i> Action <i>Mr. Aldridge</i>	Action	26
7. U. T. System: Permanent University Fund quarterly update	<i>1:55 p.m.</i> Report <i>Mr. Aldridge</i>	Not on Agenda	33
8. U. T. Board of Regents: Regents' <i>Rules and Regulations</i>, Series 10501 - Amendment to increase the amount delegated for lease or purchase of routine medical equipment and services	<i>2:00 p.m.</i> Action <i>Dr. Kelley</i>	Action	34

	Committee Meeting	Board Meeting	Page
9. U. T. Board of Regents: Amendment to the Regents' <i>Rules and Regulations</i>, Series No. 70301 (Matters Relating to Real Property), Section 4	2:05 p.m. Action <i>Ms. Mayne</i>	Action	36
10. U. T. Board of Regents: Amendment to the Regents' <i>Rules and Regulations</i>, Series 80103, Section 2.4 (Solicitation)	2:10 p.m. Action <i>Mr. Burgdorf</i>	Action	37
11. U. T. System: Review of services provided and fees charged by the Office of Facilities Planning and Construction and update on benchmarking study	2:15 p.m. Report <i>Dr. Kelley</i>	Not on Agenda	39
Adjourn	2:30 p.m.		

1. **U. T. System: Approval of Docket No. 122**

RECOMMENDATION

It is recommended that *Docket No. 122*, printed on green paper at the back of the Agenda Book beginning on Page Docket - 1, be approved.

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

2. **U. T. System: Approval of the Fiscal Year 2006 Budget Preparation Policies and Calendar for budget operations**

RECOMMENDATION

With the concurrence of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and the Executive Vice Chancellor for Health Affairs, the Chancellor recommends that the U. T. Board of Regents approve the Budget Preparation Policies and Calendar for use in preparing the Fiscal Year 2006 Operating Budget for the U. T. System as set out below:

U. T. System Fiscal Year 2006 Budget Preparation Policies

General Guidelines - The regulations and directives that will be included in the General Appropriations Act enacted by the 79th Texas Legislature serve as the basis for budget preparation guidelines and policies. In preparing the draft of the Fiscal Year 2006 Operating Budget, the president of each institution should adhere to guidelines and policies as detailed below and to other directives included in the General Appropriations Act. After legislative approval of the General Appropriations Act, the Chancellor will issue detailed instructions regarding the implementation of those regulations and directives into the institutional budget process.

Overall budget totals, including reasonable reserves, 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.

Salary Policy Guidelines - Recommendations regarding salary policy are subject to the following directives:

1. 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.
2. Merit Increases and Promotions - Subject to available resources and resolution of any major salary inequities, institutions should give priority to implementing merit salary increases for faculty and staff.

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

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

To be eligible for a merit increase, staff must have been employed by the institution for at least six consecutive months ending August 31, 2005, and at least six months must have elapsed since the employee's last merit salary increase.

3. Other Increases - Equity adjustments, competitive offers, and increases to accomplish contractual commitments should also consider merit where appropriate, subject to available resources.
4. New Positions - Subject to available resources, new positions are to be included in the budget only when justified by workloads or to meet needs for developing new programs.

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.

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.

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.

Budget Reductions and Limitations - The General Appropriations Act may contain provisions requiring budget reductions and budget restrictions.

2006 Operating Budget Calendar

May 11 - 12, 2005	U. T. Board of Regents approves budget policies
June 2 - 10, 2005	Major goals and priorities/resource allocation hearings with System Administration
June 24, 2005	Draft budget documents due to System Administration
June 30 - July 7, 2005	Technical budget review with System Administration
July 13, 2005	Final budget documents due to System Administration
July 29, 2005	Operating Budget Summaries mailed to U. T. Board of Regents
August 10 - 11, 2005	U. T. Board of Regents approves Operating Budget
August 23, 2005	Approved budget documents due to System Administration

BACKGROUND INFORMATION

The U. T. System FY 2006 Budget Preparation Policies will be consistent with the regulations and directives included in the General Appropriations Act to be enacted by the 79th Legislature. As written, this policy provides general direction to the U. T. System institutions and may be modified as necessary to conform to the legislation, as finally passed.

The planning and execution required to develop a proposed institutional budget prior to approval of a general appropriations act during a legislative year have made it difficult to make determinations on individual employee salary recommendations. A Board Committee, chaired by former Regent Lowell Lebermann, recognized this challenge and recommended that individual salaries not be included in the institutional operating budgets submitted for approval to the Board of Regents but be available for review in separate salary rosters. This recommendation was adopted by the Board in December 1994.

Consistent with ongoing deregulation, oversight, and accountability initiatives, the proposed recommendations do not include the requirement for separate salary rosters to be developed in advance of the August meeting of the U. T. Board of Regents. The proposed change will not impact the current procedure for Board review of the salaries for U. T. System executive officers, presidents, and those reporting directly to the Board. Consistent with current delegation, the Chancellor has approval authority for U. T. System employees and certain employees for whom final salary approval has not been delegated to the presidents. The Board would continue to approve direct reports to the Board and presidents.

3. U. T. System: Presentation of Monthly Financial Report

REPORT

Mr. Randy Wallace, Associate Vice Chancellor - Controller and Chief Budget Officer, will present the March Monthly Financial Report (MFR), representing the operating results of the U. T. System institutions, as follows on Pages 20.1 - 20.26.

The MFR, prepared since 1990 to track the financial results of the institutions, 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.



Monthly Financial Report (Unaudited)

System Office:

*The University of Texas
System Administration*

Academic Institutions:

*The University of Texas
at Arlington*

*The University of Texas
at Austin*

*The University of Texas
at Brownsville*

*The University of Texas
at Dallas*

*The University of Texas
at El Paso*

*The University of Texas –
Pan American*

*The University of Texas
of the Permian Basin*

*The University of Texas
at San Antonio*

*The University of Texas
at Tyler*

Health Institutions:

*The University of Texas
Southwestern Medical Center
at Dallas*

*The University of Texas
Medical Branch at Galveston*

*The University of Texas Health
Science Center at Houston*

*The University of Texas Health
Science Center at San Antonio*

*The University of Texas
M.D. Anderson Cancer Center*

*The University of Texas Health
Center at Tyler*

March 2005

**THE UNIVERSITY OF TEXAS SYSTEM
MONTHLY FINANCIAL REPORT
(Unaudited)
FOR THE SEVEN MONTHS ENDING
MARCH 31, 2005**

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

Foreword

The Monthly Financial Report (MFR) for 2005 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
Comparison of Operating Results and Margin
For the Seven Months Ending March 31, 2005

	March Year-to-Date <u>FY 2005</u>	March Year-to-Date <u>FY 2004</u>	<u>Variance</u>	<u>Fluctuation Percentage</u>
Operating Revenues				
Student Tuition and Fees	\$638,789,661	\$535,483,996	\$103,305,665	19.3%
Sponsored Programs	1,222,422,998	1,134,272,897	88,150,101	7.8%
Net Sales and Services of Educational Activities	106,289,095	81,886,737	24,402,358	29.8%
Net Sales and Services of Hospitals	1,220,892,112	1,049,535,337	171,356,775	16.3%
Net Professional Fees	449,969,349	411,225,778	38,743,571	9.4%
Net Auxiliary Enterprises	183,940,654	154,356,573	29,584,081	19.2%
Other Operating Revenues	98,988,315	91,058,214	7,930,101	8.7%
Total Operating Revenues	<u>3,921,292,184</u>	<u>3,457,819,532</u>	<u>463,472,652</u>	<u>13.4%</u>
Operating Expenses				
Salaries and Wages	2,475,226,386	2,248,698,890	226,527,496	10.1%
Payroll Related Costs	592,167,088	541,566,239	50,600,849	9.3%
Professional Fees and Contracted Services	143,036,324	136,347,914	6,688,410	4.9%
Other Contracted Services	169,282,126	154,324,481	14,957,645	9.7%
Scholarships and Fellowships	345,025,562	304,160,525	40,865,037	13.4%
Travel	52,102,190	43,940,176	8,162,014	18.6%
Materials and Supplies	534,330,150	454,783,789	79,546,361	17.5%
Utilities	104,268,899	91,407,540	12,861,359	14.1%
Telecommunications	36,666,904	36,208,397	458,507	1.3%
Repairs and Maintenance	74,585,987	69,474,326	5,111,661	7.4%
Rentals and Leases	52,783,893	45,062,051	7,721,842	17.1%
Printing and Reproduction	18,259,401	18,132,999	126,402	0.7%
Bad Debt Expense	7,157	7,566	(409)	-5.4%
Federal Sponsored Programs Pass-Throughs	11,762,835	8,734,594	3,028,241	34.7%
Depreciation and Amortization	233,839,568	201,958,906	31,880,662	15.8%
Other Operating Expenses	236,166,732	217,006,192	19,160,540	8.8%
Total Operating Expenses	<u>5,079,511,202</u>	<u>4,571,814,585</u>	<u>507,696,617</u>	<u>11.1%</u>
Operating Loss	<u>(1,158,219,018)</u>	<u>(1,113,995,053)</u>	<u>(44,223,965)</u>	<u>-4.0%</u>
Other Nonoperating Adjustments				
State Appropriations	967,053,225	947,255,160	19,798,065	2.1%
Gift Contributions for Operations	151,848,353	112,020,926	39,827,427	35.6%
Net Investment Income	264,546,056	154,396,795	110,149,261	71.3%
Long Term Fund Distribution	98,316,018	93,274,113	5,041,905	5.4%
Interest Expense on Capital Asset Financings	(81,040,666)	(54,423,454)	(26,617,212)	-48.9%
Net Other Nonoperating Adjustments	<u>1,400,722,986</u>	<u>1,252,523,540</u>	<u>148,199,446</u>	<u>11.8%</u>
Adjusted Income (Loss)	242,503,968	138,528,487	103,975,481	75.1%
Adjusted Margin (as a percentage)	4.5%	2.9%		
Available University Fund Transfer	0	0	0	0.0%
Investment Gains (Losses)	1,264,463,976	1,702,854,828	(438,390,852)	-25.7%
Adj. Inc. (Loss) with Investment Gains (Losses)	\$1,506,967,944	\$1,841,383,315	(\$334,415,371)	-18.2%
Adj. Margin % with Investment Gains (Losses)	22.6%	28.5%		

The University of Texas System
Comparison of Year-to-Date FY 2005 Adjusted Income (Loss)
to Year-to-Date FY 2004 Adjusted Income (Loss)
For the Seven Months Ending March 31, 2005

	Year-to-Date FY2005 Adjusted Income (Loss)	Year-to-Date FY2004 Adjusted Income (Loss)	Variance	Fluctuation Percentage	
UT System Administration	\$ 140,996,178	\$ 43,551,193	\$ 97,444,985	223.7%	(1)
UT Arlington	12,433,822	9,498,002	2,935,820	30.9%	
UT Austin	95,065,118	89,287,431	5,777,687	6.5%	
UT Brownsville	4,204,560	313,704	3,890,856	1,240.3%	(2)
UT Dallas	3,962,546	(1,557,868)	5,520,414	354.4%	(3)
UT El Paso	2,127,939	2,180,521	(52,582)	-2.4%	
UT Pan American	1,148,233	3,525,924	(2,377,691)	-67.4%	
UT Permian Basin	(1,436,483) (4)	(1,749,524)	313,041	17.9%	
UT San Antonio	14,894,747	10,582,043	4,312,704	40.8%	
UT Tyler	(1,665,465)	(93,778)	(1,571,687)	-1,676.0%	(5)
UT Southwestern Medical Center - Dallas	18,525,623	7,799,689	10,725,934	137.5%	(6)
UT Medical Branch - Galveston	(38,491,812)	(15,488,086)	(23,003,726)	-148.5%	(7)
UT Health Science Center - Houston	2,496,972	8,368,954	(5,871,982)	-70.2%	(8)
UT Health Science Center - San Antonio	10,683,937	9,195,245	1,488,692	16.2%	
UT MD Anderson Cancer Center	41,315,663	35,012,330	6,303,333	18.0%	
UT Health Center - Tyler	(1,728,860) (9)	1,896,040	(3,624,900)	-191.2%	
Elimination of AUF Transfer	(62,028,750)	(63,793,333)	1,764,583	2.8%	
Total Adjusted Income (Loss)	242,503,968	138,528,487	103,975,481	75.1%	
Investment Gains (Losses)	1,264,463,976	1,702,854,828	(438,390,852)	-25.7%	(10)
Total Adjusted Income (Loss) with Investment Gains (Losses)	\$ 1,506,967,944	\$ 1,841,383,315	\$ (334,415,371)	-18.2%	

THE UNIVERSITY OF TEXAS SYSTEM
EXPLANATION OF VARIANCES ON THE MONTHLY FINANCIAL REPORT
For the Seven Months Ending March 31, 2005

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.

- (1) UT System Administration – The \$97.4 million (223.7%) increase in adjusted income over the same period last year was primarily due to an increase in net investment income which includes a mineral rights lease sale. Due to the elevated price of oil, the lease sale netted a higher than normal sale bonus of \$34.6 million.
- (2) UT Brownsville – The \$3.9 million (1,240.3%) increase in adjusted income over the same period last year was primarily due to increases in the Texas Southmost College contract. The contract increased by \$6.6 million in 2005 for a total contract price of \$23.5 million.
- (3) UT Dallas – The \$5.5 million (354.4%) increase in adjusted income over the same period last year was primarily due to increased state appropriations of \$2.9 million and an increase in designated tuition rates. The appropriation for the University Research Fund was eliminated in 2004, but was restored for 2005. Designated tuition increased from \$46 per semester credit hour in the fall of 2003 to \$88 per semester credit hour in the fall of 2004.
- (4) UT Permian Basin - The \$1.4 million year-to-date net loss was primarily due to additional faculty hired to accommodate increased student enrollment. This loss represents 6.3% of expenses to date. *UT Permian Basin* is anticipating ending the year with a \$2.5 million negative margin.
- (5) UT Tyler – The \$1.6 million (1,676%) increase in adjusted loss over the same period last year was primarily due to increased salaries and wages as well as increases in depreciation expense and interest expense related to three new capital projects. As a result of these factors, *UT Tyler* has a net loss of \$1.7 million. This loss represents 4.4% of expenses to date. *UT Tyler* planned to draw upon prior year net assets to transform from a two-year upper level commuter campus to a full four-year comprehensive university. Expansion is essential in all areas, including additional faculty, leasing of temporary classrooms, construction of new facilities, expanded student services and creation of athletic programs and facilities. *UT Tyler* is anticipating ending the year with a \$3 million negative margin.
- (6) UT Southwestern Medical Center – Dallas – The \$10.7 million (137.5%) increase in adjusted income over the same period last year was primarily due to increased net professional fees resulting from a 106% increase in patient volumes. This increase was slightly offset by a \$1.3 million loss related to the acquisition of Zale Lipshy and St. Paul hospitals in 2005.
- (7) UT Medical Branch – Galveston – The \$23 million (148.5%) increase in adjusted loss over the same period last year was primarily due to funding decreases in Correctional Managed Health Care (CMHC) operations and a decline in hospitals and clinics. *UTMB Galveston* has experienced multiple years of CMHC funding decreases despite increasing inmate populations, aging of the inmate population, increased incidences of inmate chronic diseases and other inflationary expense factors. *UTMB Galveston* has implemented significant cost and operational improvements in CMHC over the last several years, but is now facing a situation where further cost and operational improvement opportunities are becoming limited. *UTMB Galveston* is pursuing funding increases for CMHC and is implementing additional cost saving measures. The institution has requested in excess of \$30 million in emergency appropriations to cover losses in 2005. CMHC represents approximately one-fourth of *UTMB Galveston's* budget.

UTMB Galveston has also experienced a \$14.5 million decline in adjusted income in hospitals and clinics between years. *UTMB Galveston* received a reduction in Medicaid reimbursement rates in 2005 and nominal payment increases from Medicare, commercial and other payors. Additionally, *UTMB Galveston* has been facing severe inflationary pressures on nursing and other patient care provider salaries due to national shortages of these positions. Patient care supplies and other hospital expenses are also increasing.

UTMB Galveston's net loss of \$38.5 million represents 4.7% of expenses to date. *UTMB Galveston's* management is projecting a negative margin of \$59.8 million for 2005. This projected loss includes \$49.5 million in noncash

depreciation expense. Additionally, the projected loss does not include nonoperating revenue for capital gifts from the Sealy and Smith Foundation of \$20.7 million. *UTMB Galveston* is the sole beneficiary of the Sealy and Smith Foundation, and these gifts are integral to *UTMB Galveston's* financial success.

- (8) *UT Health Science Center – Houston* – The \$5.9 million (70.2%) decrease in adjusted income over the same period last year was primarily due to increased expenses in rentals and leases as well as contracted services. While the John Freeman building is demolished and the new facility is constructed, displaced personnel are being housed in rental space. Other contracted services increased due to additional management fees and cleaning costs for the Hermann Professional building and increased expenses related to new software to track resident activity.
- (9) *UT Health Center – Tyler* – The \$1.7 million year-to-date net loss was primarily due to decreased net sales and services of hospitals of \$2.8 million and decreased net professional fees of \$2.4 million. Both of these reductions are as a result of decreases in admissions (12%), inpatient days (21%) and inpatient surgeries (20%). These decreases are region-wide and are not isolated to *UTHC – Tyler*. This loss represents 2.4% of expenses to date. *UTHC – Tyler* anticipates breaking even by year-end.
- (10) *Investment Gains (Losses)* – The \$438.4 million (25.7%) decrease in investment gains over the same period last year was due to weakened financial market conditions. The majority of the year-to-date gains relate to the Permanent University Fund (PUF) for \$824.4 million, the Long Term Fund (LTF) for \$357.3 million and the Permanent Health Fund (PHF) for \$84.7 million.

GLOSSARY OF TERMS

OPERATING REVENUES:

STUDENT TUITION AND FEES – All student tuition and fee revenues earned at the U.T. institution for educational purposes.

SPONSORED PROGRAMS – Funding received from local, state and federal governments or private agencies, organizations or individuals. 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 U.T. 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 U.T. 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 non profit healthcare company revenues, donated drugs, interest on student loans, etc.)

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.

PAYROLL RELATED COSTS – Expenses for all employee benefits paid by the institution or paid by the state on behalf of the institution.

PROFESSIONAL FEES AND CONTRACTED 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 Contracted Services. Includes such items as temporary employment expenses, fully insured medical plans expenses, janitorial services, dry cleaning services, etc.

SCHOLARSHIPS AND FELLOWSHIPS – Payments made for scholarship grants to students authorized by law.

TRAVEL – Payments for travel costs incurred during travel by employees, board or commission members and elected/appointed officials on state business.

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, thermal energy and waste disposal.

TELECOMMUNICATIONS - 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. 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.

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

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

FEDERAL SPONSORED PROGRAMS PASS-THROUGHS – Pass-throughs to other Texas state agencies, including other universities, of federal grants and contracts.

STATE SPONSORED PROGRAMS PASS-THROUGHS – Pass-throughs to other Texas state agencies, including Texas universities.

DEPRECIATION AND AMORTIZATION – Estimated depreciation and amortization expense.

OTHER OPERATING EXPENSES – Other operating expenses not identified in other line items above (e.g., certified non profit healthcare company expenses, property taxes, insurance premiums, credit card fees, hazardous waste disposal expenses, meetings and conferences, etc.).

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 U.T. institutional revenue in meeting operating expenses, such as faculty salaries, utilities, and institutional support.

GIFT CONTRIBUTIONS FOR OPERATIONS – Consist of public and private gifts used in current operations, excluding gifts for capital acquisition and endowment gifts.

NET INVESTMENT INCOME – Interest and dividend income, Permanent Health Fund distributions and patent and royalty income.

LONG TERM FUND DISTRIBUTION – At the institutional level, includes Long Term Fund fixed payouts approved by the Board of Regents. On the MFR, investment income for System Administration has been reduced for the amount of any transfers so as not to overstate investment income.

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) – Total operating revenues less total operating expenses plus net other nonoperating adjustments.

ADJUSTED MARGIN (as a percentage) – Percentage of Adjusted Income (Loss) 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 U.T. 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.

UNAUDITED
The University of Texas System Administration
Comparison of Operating Results and Margin
For the Seven Months Ending March 31, 2005

	March Year-to-Date FY 2005	March Year-to-Date FY 2004	Variance	Fluctuation Percentage
Operating Revenues				
Sponsored Programs	\$5,622,206	\$4,562,400	\$1,059,806	23.2%
Net Sales and Services of Educational Activities	7,701,515	1,570,702	6,130,813	390.3%
Other Operating Revenues	(178,395)	(1,773,057)	1,594,662	89.9%
Total Operating Revenues	13,145,326	4,360,045	8,785,281	201.5%
Operating Expenses				
Salaries and Wages	12,651,875	10,887,007	1,764,868	16.2%
Employee Benefits and Related Costs	2,990,664	2,414,475	576,189	23.9%
Professional Fees and Contracted Services	1,084,049	1,717,778	(633,729)	-36.9%
Other Contracted Services	2,135,646	1,236,450	899,196	72.7%
Travel	779,846	388,589	391,257	100.7%
Materials and Supplies	1,404,352	2,009,054	(604,702)	-30.1%
Utilities	18,833	15,334	3,499	22.8%
Telecommunications	458,813	1,218,753	(759,940)	-62.4%
Repairs and Maintenance	590,367	527,753	62,614	11.9%
Rentals and Leases	268,619	244,406	24,213	9.9%
Printing and Reproduction	125,008	106,901	18,107	16.9%
Depreciation and Amortization	937,642	875,204	62,438	7.1%
Other Operating Expenses	3,648,949	2,978,795	670,154	22.5%
Total Operating Expenses	27,194,663	24,687,499	2,507,164	10.2%
Operating Loss	(14,049,337)	(20,327,454)	6,278,117	30.9%
Other Nonoperating Adjustments				
State Appropriations	582,739	582,742	(3)	0.0%
Gift Contributions for Operations	640,060	328,040	312,020	95.1%
Net Investment Income	154,361,003	60,278,453	94,082,550	156.1%
Long Term Fund Distribution	2,947,255	3,577,551	(630,296)	-17.6%
Interest Expense on Capital Asset Financings	(19,666,870)	(17,172,891)	(2,493,979)	-14.5%
Net Other Nonoperating Adjustments	138,864,187	47,593,895	91,270,292	191.8%
Adjusted Income (Loss)	124,814,850	27,266,441	97,548,409	357.8%
Adjusted Margin (as a percentage)	72.7%	39.4%		
Available University Fund Transfer	16,181,328	16,284,752	(103,424)	-0.6%
Adjusted Income (Loss) with AUF Transfer	140,996,178	43,551,193	97,444,985	223.7%
Adjusted Margin % with AUF Transfer	75.1%	51.0%		
Investment Gains (Losses)	1,266,652,655	1,678,978,832	(412,326,177)	-24.6%
Adj. Inc. (Loss) with AUF Transfer & Invest. Gains (Losses)	\$1,407,648,833	\$1,722,530,025	(\$314,881,192)	-18.3%
Adj. Margin % with AUF Transfer & Invest. Gains (Losses)	97.9%	98.5%		

UNAUDITED
The University of Texas at Arlington
Comparison of Operating Results and Margin
For the Seven Months Ending March 31, 2005

	March Year-to-Date FY 2005	March Year-to-Date FY 2004	Variance	Fluctuation Percentage
Operating Revenues				
Student Tuition and Fees	\$80,592,444	\$64,777,168	\$15,815,276	24.4%
Sponsored Programs	29,904,812	28,293,928	1,610,884	5.7%
Net Sales and Services of Educational Activities	3,666,647	3,178,112	488,535	15.4%
Net Auxiliary Enterprises	14,453,746	11,266,272	3,187,474	28.3%
Other Operating Revenues	3,423,887	2,753,623	670,264	24.3%
Total Operating Revenues	132,041,536	110,269,103	21,772,433	19.7%
Operating Expenses				
Salaries and Wages	85,606,888	77,499,342	8,107,546	10.5%
Employee Benefits and Related Costs	18,538,340	17,177,522	1,360,818	7.9%
Professional Fees and Contracted Services	2,269,024	1,368,790	900,234	65.8%
Other Contracted Services	4,471,038	2,992,061	1,478,977	49.4%
Scholarships and Fellowships	28,806,008	25,341,799	3,464,209	13.7%
Travel	2,080,442	1,630,074	450,368	27.6%
Materials and Supplies	9,741,573	9,415,159	326,414	3.5%
Utilities	3,997,888	4,388,504	(390,616)	-8.9%
Telecommunications	1,453,137	1,422,159	30,978	2.2%
Repairs and Maintenance	4,677,881	4,410,145	267,736	6.1%
Rentals and Leases	1,301,985	1,003,866	298,119	29.7%
Printing and Reproduction	1,105,233	1,335,149	(229,916)	-17.2%
Depreciation and Amortization	7,609,413	5,964,153	1,645,260	27.6%
Other Operating Expenses	4,398,603	3,359,473	1,039,130	30.9%
Total Operating Expenses	176,093,300	157,324,660	18,768,640	11.9%
Operating Loss	(44,051,764)	(47,055,557)	3,003,793	6.4%
Other Nonoperating Adjustments				
State Appropriations	57,349,735	56,447,202	902,533	1.6%
Gift Contributions for Operations	1,479,887	1,098,459	381,428	34.7%
Net Investment Income	1,183,229	845,482	337,747	39.9%
Long Term Fund Distribution	955,668	1,068,895	(113,227)	-10.6%
Interest Expense on Capital Asset Financings	(4,482,933)	(2,906,479)	(1,576,454)	-54.2%
Net Other Nonoperating Adjustments	56,485,586	56,553,559	(67,973)	-0.1%
Adjusted Income (Loss)	12,433,822	9,498,002	2,935,820	30.9%
Adjusted Margin (as a percentage)	6.4%	5.6%		
Investment Gains (Losses)	(52,835)	134,832	(187,667)	-139.2%
Adjusted Income (Loss) with Investment Gains (Losses)	\$12,380,987	\$9,632,834	\$2,748,153	28.5%
Adjusted Margin % with Investment Gains (Losses)	6.4%	5.7%		

UNAUDITED
The University of Texas at Austin
Comparison of Operating Results and Margin
For the Seven Months Ending March 31, 2005

	<u>March</u> <u>Year-to-Date</u> <u>FY 2005</u>	<u>March</u> <u>Year-to-Date</u> <u>FY 2004</u>	<u>Variance</u>	<u>Fluctuation</u> <u>Percentage</u>
Operating Revenues				
Student Tuition and Fees	\$282,183,445	\$240,912,224	\$41,271,221	17.1%
Sponsored Programs	238,640,919	219,340,263	19,300,656	8.8%
Net Sales and Services of Educational Activities	54,294,457	45,068,219	9,226,238	20.5%
Net Auxiliary Enterprises	94,871,075	88,873,385	5,997,690	6.7%
Other Operating Revenues	4,209,900	2,836,194	1,373,706	48.4%
Total Operating Revenues	<u>674,199,796</u>	<u>597,030,285</u>	<u>77,169,511</u>	<u>12.9%</u>
Operating Expenses				
Salaries and Wages	467,735,550	430,327,969	37,407,581	8.7%
Employee Benefits and Related Costs	102,024,113	95,314,005	6,710,108	7.0%
Professional Fees and Contracted Services	15,687,863	16,653,301	(965,438)	-5.8%
Other Contracted Services	31,848,169	26,885,846	4,962,323	18.5%
Scholarships and Fellowships	98,707,647	85,250,352	13,457,295	15.8%
Travel	18,519,433	14,707,267	3,812,166	25.9%
Materials and Supplies	57,583,119	49,633,300	7,949,819	16.0%
Utilities	31,778,949	24,725,732	7,053,217	28.5%
Telecommunications	7,448,726	7,228,432	220,294	3.0%
Repairs and Maintenance	12,739,416	12,281,163	458,253	3.7%
Rentals and Leases	8,001,805	7,250,582	751,223	10.4%
Printing and Reproduction	5,241,058	5,588,816	(347,758)	-6.2%
Federal Sponsored Programs Pass-Thrus	2,727,951	1,038,904	1,689,047	162.6%
Depreciation and Amortization	49,669,229	46,583,864	3,085,365	6.6%
Other Operating Expenses	28,497,830	26,475,497	2,022,333	7.6%
Total Operating Expenses	<u>938,210,858</u>	<u>849,945,030</u>	<u>88,265,828</u>	<u>10.4%</u>
Operating Loss	<u>(264,011,062)</u>	<u>(252,914,745)</u>	<u>(11,096,317)</u>	<u>-4.4%</u>
Other Nonoperating Adjustments				
State Appropriations	192,504,518	190,350,677	2,153,841	1.1%
Gift Contributions for Operations	50,811,818	41,214,978	9,596,840	23.3%
Net Investment Income	14,507,067	7,117,266	7,389,801	103.8%
Long Term Fund Distribution	51,761,617	49,217,201	2,544,416	5.2%
Interest Expense on Capital Asset Financings	(12,537,590)	(9,491,279)	(3,046,311)	-32.1%
Net Other Nonoperating Adjustments	<u>297,047,430</u>	<u>278,408,843</u>	<u>18,638,587</u>	<u>6.7%</u>
Adjusted Income (Loss)	33,036,368	25,494,098	7,542,270	29.6%
Adjusted Margin (as a percentage)	3.4%	2.9%		
Available University Fund Transfer	62,028,750	63,793,333	(1,764,583)	-2.8%
Adjusted Income (Loss) with AUF Transfer	95,065,118	89,287,431	\$5,777,687	6.5%
Adjusted Margin % with AUF Transfer	9.1%	9.4%		
Investment Gains (Losses)	(76,835)	(221,198)	144,363	65.3%
Adj. Inc. (Loss) with AUF Transfer & Invest. Gains (Losses)	\$94,988,283	\$89,066,233	\$5,922,050	6.6%
Adj. Margin % with AUF Transfer & Invest. Gains (Losses)	9.7%	10.1%		

UNAUDITED
The University of Texas at Brownsville
Comparison of Operating Results and Margin
For the Seven Months Ending March 31, 2005

	March Year-to-Date FY 2005	March Year-to-Date FY 2004	Variance	Fluctuation Percentage
Operating Revenues				
Student Tuition and Fees	\$5,580,458	\$3,808,556	\$1,771,902	46.5%
Sponsored Programs	71,681,473	59,685,931	11,995,542	20.1%
Net Sales and Services of Educational Activities	772,353	1,276,053	(503,700)	-39.5%
Net Auxiliary Enterprises	664,027	431,830	232,197	53.8%
Other Operating Revenues	7,111	4,019	3,092	76.9%
Total Operating Revenues	78,705,422	65,206,389	13,499,033	20.7%
Operating Expenses				
Salaries and Wages	25,543,716	23,759,424	1,784,292	7.5%
Employee Benefits and Related Costs	6,037,568	5,428,379	609,189	11.2%
Professional Fees and Contracted Services	972,380	929,072	43,308	4.7%
Scholarships and Fellowships	41,828,153	35,393,428	6,434,725	18.2%
Travel	430,028	358,842	71,186	19.8%
Materials and Supplies	2,344,219	1,860,570	483,649	26.0%
Utilities	1,357,708	1,205,168	152,540	12.7%
Telecommunications	774,892	698,401	76,491	11.0%
Repairs and Maintenance	526,542	402,849	123,693	30.7%
Rentals and Leases	1,223,030	1,125,377	97,653	8.7%
Printing and Reproduction	192,325	210,771	(18,446)	-8.8%
Bad Debt Expense	7,157	7,157	0	0.0%
Federal Sponsored Programs Pass-Thrus	8,566	0	8,566	100.0%
Depreciation and Amortization	1,663,100	1,682,744	(19,644)	-1.2%
Other Operating Expenses	6,081,750	4,770,700	1,311,050	27.5%
Total Operating Expenses	88,991,134	77,832,882	11,158,252	14.3%
Operating Loss	(10,285,712)	(12,626,493)	2,340,781	18.5%
Other Nonoperating Adjustments				
State Appropriations	14,870,779	13,655,869	1,214,910	8.9%
Gift Contributions for Operations	187,670	222,886	(35,216)	-15.8%
Net Investment Income	433,341	173,535	259,806	149.7%
Long Term Fund Distribution	145,717	126,051	19,666	15.6%
Interest Expense on Capital Asset Financings	(1,147,235)	(1,238,144)	90,909	7.3%
Net Other Nonoperating Adjustments	14,490,272	12,940,197	1,550,075	12.0%
Adjusted Income (Loss)	4,204,560	313,704	3,890,856	1,240.3%
Adjusted Margin (as a percentage)	4.5%	0.4%		
Investment Gains (Losses)	(70,047)	40,467	(110,514)	-273.1%
Adjusted Income (Loss) with Investment Gains (Losses)	\$4,134,513	\$354,171	\$3,780,342	1067.4%
Adjusted Margin % with Investment Gains (Losses)	4.4%	0.4%		

UNAUDITED
The University of Texas at Dallas
Comparison of Operating Results and Margin
For the Seven Months Ending March 31, 2005

	March Year-to-Date FY 2005	March Year-to-Date FY 2004	Variance	Fluctuation Percentage
Operating Revenues				
Student Tuition and Fees	\$58,494,075	\$49,798,588	\$8,695,487	17.5%
Sponsored Programs	25,590,182	19,866,937	5,723,245	28.8%
Net Sales and Services of Educational Activities	2,954,433	2,428,667	525,766	21.6%
Net Auxiliary Enterprises	3,619,202	3,071,170	548,032	17.8%
Other Operating Revenues	3,332,836	1,996,061	1,336,775	67.0%
Total Operating Revenues	93,990,728	77,161,423	16,829,305	21.8%
Operating Expenses				
Salaries and Wages	65,795,841	59,903,805	5,892,036	9.8%
Employee Benefits and Related Costs	12,823,131	11,469,802	1,353,329	11.8%
Professional Fees and Contracted Services	2,594,780	1,092,169	1,502,611	137.6%
Other Contracted Services	3,652,387	2,976,578	675,809	22.7%
Scholarships and Fellowships	24,900,825	22,296,556	2,604,269	11.7%
Travel	1,587,649	1,472,995	114,654	7.8%
Materials and Supplies	7,692,414	6,684,635	1,007,779	15.1%
Utilities	3,214,960	3,353,097	(138,137)	-4.1%
Telecommunications	838,338	824,620	13,718	1.7%
Repairs and Maintenance	2,693,315	2,121,802	571,513	26.9%
Rentals and Leases	477,243	403,343	73,900	18.3%
Printing and Reproduction	700,344	543,132	157,212	28.9%
Federal Sponsored Programs Pass-Thrus	293,922	155,135	138,787	89.5%
Depreciation and Amortization	7,245,836	6,569,500	676,336	10.3%
Other Operating Expenses	4,013,646	3,066,857	946,789	30.9%
Total Operating Expenses	138,524,631	122,934,026	15,590,605	12.7%
Operating Loss	(44,533,903)	(45,772,603)	1,238,700	2.7%
Other Nonoperating Adjustments				
State Appropriations	41,690,232	38,826,141	2,864,091	7.4%
Gift Contributions for Operations	3,082,289	2,497,624	584,665	23.4%
Net Investment Income	1,654,120	1,030,456	623,664	60.5%
Long Term Fund Distribution	3,929,797	3,667,767	262,030	7.1%
Interest Expense on Capital Asset Financings	(1,859,989)	(1,807,253)	(52,736)	-2.9%
Net Other Nonoperating Adjustments	48,496,449	44,214,735	4,281,714	9.7%
Adjusted Income (Loss)	3,962,546	(1,557,868)	5,520,414	354.4%
Adjusted Margin (as a percentage)	2.7%	-1.3%		
Investment Gains (Losses)	(376,676)	592,642	(969,318)	-163.6%
Adjusted Income (Loss) with Investment Gains (Losses)	\$3,585,870	(\$965,226)	\$4,551,096	471.5%
Adjusted Margin % with Investment Gains (Losses)	2.5%	-0.8%		

UNAUDITED
The University of Texas at El Paso
Comparison of Operating Results and Margin
For the Seven Months Ending March 31, 2005

	March Year-to-Date FY 2005	March Year-to-Date FY 2004	Variance	Fluctuation Percentage
Operating Revenues				
Student Tuition and Fees	\$43,239,896	\$35,807,051	\$7,432,845	20.8%
Sponsored Programs	50,559,435	50,247,545	311,890	0.6%
Net Sales and Services of Educational Activities	1,888,424	2,259,251	(370,827)	-16.4%
Net Auxiliary Enterprises	14,465,044	12,696,984	1,768,060	13.9%
Other Operating Revenues	8,407	72,109	(63,702)	-88.3%
Total Operating Revenues	110,161,206	101,082,940	9,078,266	9.0%
Operating Expenses				
Salaries and Wages	65,508,284	59,736,124	5,772,160	9.7%
Employee Benefits and Related Costs	14,387,864	13,353,568	1,034,296	7.7%
Professional Fees and Contracted Services	2,093,547	2,844,742	(751,195)	-26.4%
Other Contracted Services	6,380,030	6,094,756	285,274	4.7%
Scholarships and Fellowships	38,724,557	37,058,236	1,666,321	4.5%
Travel	3,200,380	2,689,728	510,652	19.0%
Materials and Supplies	11,605,341	9,386,198	2,219,143	23.6%
Utilities	3,435,733	3,026,471	409,262	13.5%
Telecommunications	697,874	505,166	192,708	38.1%
Repairs and Maintenance	1,971,619	1,891,623	79,996	4.2%
Rentals and Leases	986,885	743,744	243,141	32.7%
Printing and Reproduction	571,848	331,550	240,298	72.5%
Federal Sponsored Programs Pass-Thrus	233,694	191,123	42,571	22.3%
Depreciation and Amortization	5,441,039	5,293,497	147,542	2.8%
Other Operating Expenses	2,775,676	3,004,362	(228,686)	-7.6%
Total Operating Expenses	158,014,371	146,150,888	11,863,483	8.1%
Operating Loss	(47,853,165)	(45,067,948)	(2,785,217)	-6.2%
Other Nonoperating Adjustments				
State Appropriations	45,196,720	42,271,815	2,924,905	6.9%
Gift Contributions for Operations	2,973,442	3,052,715	(79,273)	-2.6%
Net Investment Income	1,637,720	1,348,098	289,622	21.5%
Long Term Fund Distribution	2,423,638	2,342,249	81,389	3.5%
Interest Expense on Capital Asset Financings	(2,250,416)	(1,766,408)	(484,008)	-27.4%
Net Other Nonoperating Adjustments	49,981,104	47,248,469	2,732,635	5.8%
Adjusted Income (Loss)	2,127,939	2,180,521	(52,582)	-2.4%
Adjusted Margin (as a percentage)	1.3%	1.5%		
Investment Gains (Losses)	(112,559)	130,987	(243,546)	-185.9%
Adjusted Income (Loss) with Investment Gains (Losses)	\$2,015,380	\$2,311,508	(\$296,128)	-12.8%
Adjusted Margin % with Investment Gains (Losses)	1.2%	1.5%		

UNAUDITED
The University of Texas-Pan American
Comparison of Operating Results and Margin
For the Seven Months Ending March 31, 2005

	March Year-to-Date FY 2005	March Year-to-Date FY 2004	Variance	Fluctuation Percentage
Operating Revenues				
Student Tuition and Fees	\$32,950,676	\$28,552,321	\$4,398,355	15.4%
Sponsored Programs	49,671,060	45,830,255	3,840,805	8.4%
Net Sales and Services of Educational Activities	3,261,472	3,054,402	207,070	6.8%
Net Auxiliary Enterprises	4,384,660	4,383,512	1,148	0.0%
Other Operating Revenues	550,173	655,506	(105,333)	-16.1%
Total Operating Revenues	90,818,041	82,475,996	8,342,045	10.1%
Operating Expenses				
Salaries and Wages	44,902,264	40,947,905	3,954,359	9.7%
Employee Benefits and Related Costs	10,255,717	9,488,635	767,082	8.1%
Professional Fees and Contracted Services	424,783	370,544	54,239	14.6%
Other Contracted Services	3,060,501	2,933,455	127,046	4.3%
Scholarships and Fellowships	45,198,498	39,879,971	5,318,527	13.3%
Travel	1,291,338	1,283,066	8,272	0.6%
Materials and Supplies	7,204,341	6,652,456	551,885	8.3%
Utilities	3,004,266	2,691,395	312,871	11.6%
Telecommunications	589,505	526,873	62,632	11.9%
Repairs and Maintenance	1,450,136	804,237	645,899	80.3%
Rentals and Leases	325,984	250,730	75,254	30.0%
Printing and Reproduction	399,152	419,226	(20,074)	-4.8%
Federal Sponsored Programs Pass-Thrus	4,495	39,920	(35,425)	-88.7%
Depreciation and Amortization	4,048,814	4,498,676	(449,862)	-10.0%
Other Operating Expenses	2,886,509	2,012,328	874,181	43.4%
Total Operating Expenses	125,046,303	112,799,417	12,246,886	10.9%
Operating Loss	(34,228,262)	(30,323,421)	(3,904,841)	-12.9%
Other Nonoperating Adjustments				
State Appropriations	34,223,418	33,390,914	832,504	2.5%
Gift Contributions for Operations	1,087,940	792,622	295,318	37.3%
Net Investment Income	1,026,992	831,728	195,264	23.5%
Long Term Fund Distribution	483,001	537,167	(54,166)	-10.1%
Interest Expense on Capital Asset Financings	(1,444,856)	(1,703,086)	258,230	15.2%
Net Other Nonoperating Adjustments	35,376,495	33,849,345	1,527,150	4.5%
Adjusted Income (Loss)	1,148,233	3,525,924	(2,377,691)	-67.4%
Adjusted Margin (as a percentage)	0.9%	3.0%		
Investment Gains (Losses)	(81,309)	660,186	(741,495)	-112.3%
Adjusted Income (Loss) with Investment Gains (Losses)	\$1,066,924	\$4,186,110	(\$3,119,186)	-74.5%
Adjusted Margin % with Investment Gains (Losses)	0.8%	3.5%		

UNAUDITED
The University of Texas of the Permian Basin
Comparison of Operating Results and Margin
For the Seven Months Ending March 31, 2005

	March Year-to-Date <u>FY 2005</u>	March Year-to-Date <u>FY 2004</u>	<u>Variance</u>	<u>Fluctuation Percentage</u>
Operating Revenues				
Student Tuition and Fees	\$5,451,129	\$4,636,603	\$814,526	17.6%
Sponsored Programs	3,937,686	3,803,369	134,317	3.5%
Net Sales and Services of Educational Activities	178,761	156,096	22,665	14.5%
Net Auxiliary Enterprises	1,066,717	651,739	414,978	63.7%
Other Operating Revenues	174,624	174,232	392	0.2%
Total Operating Revenues	<u>10,808,917</u>	<u>9,422,039</u>	<u>1,386,878</u>	<u>14.7%</u>
Operating Expenses				
Salaries and Wages	8,659,433	7,747,814	911,619	11.8%
Employee Benefits and Related Costs	1,962,933	1,714,799	248,134	14.5%
Professional Fees and Contracted Services	595,369	597,390	(2,021)	-0.3%
Other Contracted Services	442,384	545,616	(103,232)	-18.9%
Scholarships and Fellowships	4,857,829	4,449,535	408,294	9.2%
Travel	325,408	419,134	(93,726)	-22.4%
Materials and Supplies	1,264,202	1,529,447	(265,245)	-17.3%
Utilities	926,103	862,818	63,285	7.3%
Telecommunications	243,298	231,683	11,615	5.0%
Repairs and Maintenance	320,263	223,763	96,500	43.1%
Rentals and Leases	161,753	197,599	(35,846)	-18.1%
Printing and Reproduction	148,894	229,979	(81,085)	-35.3%
Depreciation and Amortization	1,432,508	1,275,435	157,073	12.3%
Other Operating Expenses	507,388	480,709	26,679	5.5%
Total Operating Expenses	<u>21,847,765</u>	<u>20,505,721</u>	<u>1,342,044</u>	<u>6.5%</u>
Operating Loss	<u>(11,038,848)</u>	<u>(11,083,682)</u>	<u>44,834</u>	<u>0.4%</u>
Other Nonoperating Adjustments				
State Appropriations	9,138,829	9,110,227	28,602	0.3%
Gift Contributions for Operations	1,077,363	525,373	551,990	105.1%
Net Investment Income	74,122	49,328	24,794	50.3%
Long Term Fund Distribution	342,248	326,823	15,425	4.7%
Interest Expense on Capital Asset Financings	(1,030,197)	(677,593)	(352,604)	-52.0%
Net Other Nonoperating Adjustments	<u>9,602,365</u>	<u>9,334,158</u>	<u>268,207</u>	<u>2.9%</u>
Adjusted Income (Loss)	(1,436,483)	(1,749,524)	313,041	17.9%
Adjusted Margin (as a percentage)	-6.7%	-9.0%		
Investment Gains (Losses)	30,936	58,028	(27,092)	-46.7%
Adjusted Income (Loss) with Investment Gains (Losses)	(\$1,405,547)	(\$1,691,496)	\$285,949	16.9%
Adjusted Margin % with Investment Gains (Losses)	-6.5%	-8.7%		

UNAUDITED
The University of Texas at San Antonio
Comparison of Operating Results and Margin
For the Seven Months Ending March 31, 2005

	March Year-to-Date FY 2005	March Year-to-Date FY 2004	Variance	Fluctuation Percentage
Operating Revenues				
Student Tuition and Fees	\$83,044,085	\$65,326,375	\$17,717,710	27.1%
Sponsored Programs	46,787,081	42,048,869	4,738,212	11.3%
Net Sales and Services of Educational Activities	2,865,670	2,266,376	599,294	26.4%
Net Auxiliary Enterprises	10,249,791	2,984,837	7,264,954	243.4%
Other Operating Revenues	528,320	368,632	159,688	43.3%
Total Operating Revenues	143,474,947	112,995,089	30,479,858	27.0%
Operating Expenses				
Salaries and Wages	75,510,353	66,577,859	8,932,494	13.4%
Employee Benefits and Related Costs	17,377,779	14,885,686	2,492,093	16.7%
Professional Fees and Contracted Services	1,810,401	1,388,994	421,407	30.3%
Other Contracted Services	1,587,918	943,405	644,513	68.3%
Scholarships and Fellowships	43,656,686	38,052,975	5,603,711	14.7%
Travel	2,147,231	1,744,968	402,263	23.1%
Materials and Supplies	11,402,370	7,104,128	4,298,242	60.5%
Utilities	3,218,008	3,336,667	(118,659)	-3.6%
Telecommunications	1,594,486	1,176,439	418,047	35.5%
Repairs and Maintenance	3,353,739	2,664,996	688,743	25.8%
Rentals and Leases	1,497,787	1,435,782	62,005	4.3%
Printing and Reproduction	749,084	688,217	60,867	8.8%
Federal Sponsored Programs Pass-Thrus	2,062,220	1,993,741	68,479	3.4%
Depreciation and Amortization	6,968,204	6,502,531	465,673	7.2%
Other Operating Expenses	2,608,110	2,127,237	480,873	22.6%
Total Operating Expenses	175,544,376	150,623,625	24,920,751	16.5%
Operating Loss	(32,069,429)	(37,628,536)	5,559,107	14.8%
Other Nonoperating Adjustments				
State Appropriations	48,376,454	47,982,543	393,911	0.8%
Gift Contributions for Operations	1,694,376	1,353,306	341,070	25.2%
Net Investment Income	1,443,631	1,112,975	330,656	29.7%
Long Term Fund Distribution	869,442	773,897	95,545	12.3%
Interest Expense on Capital Asset Financings	(5,419,727)	(3,012,142)	(2,407,585)	-79.9%
Net Other Nonoperating Adjustments	46,964,176	48,210,579	(1,246,403)	-2.6%
Adjusted Income (Loss)	14,894,747	10,582,043	4,312,704	40.8%
Adjusted Margin (as a percentage)	7.6%	6.4%		
Investment Gains (Losses)	(196,736)	351,486	(548,222)	-156.0%
Adjusted Income (Loss) with Investment Gains (Losses)	\$14,698,011	\$10,933,529	\$3,764,482	34.4%
Adjusted Margin % with Investment Gains (Losses)	7.5%	6.6%		

UNAUDITED
The University of Texas at Tyler
Comparison of Operating Results and Margin
For the Seven Months Ending March 31, 2005

	March Year-to-Date FY 2005	March Year-to-Date FY 2004	Variance	Fluctuation Percentage
Operating Revenues				
Student Tuition and Fees	\$11,177,502	\$8,823,452	\$2,354,050	26.7%
Sponsored Programs	6,050,350	5,655,612	394,738	7.0%
Net Sales and Services of Educational Activities	390,019	278,237	111,782	40.2%
Net Auxiliary Enterprises	1,585,678	731,140	854,538	116.9%
Other Operating Revenues	79,337	149,494	(70,157)	-46.9%
Total Operating Revenues	19,282,886	15,637,935	3,644,951	23.3%
Operating Expenses				
Salaries and Wages	15,422,261	12,991,079	2,431,182	18.7%
Employee Benefits and Related Costs	3,504,827	3,055,516	449,311	14.7%
Professional Fees and Contracted Services	842,523	989,939	(147,416)	-14.9%
Other Contracted Services	1,606,638	1,251,116	355,522	28.4%
Scholarships and Fellowships	7,565,416	6,225,811	1,339,605	21.5%
Travel	517,670	463,680	53,990	11.6%
Materials and Supplies	2,613,322	2,694,438	(81,116)	-3.0%
Utilities	559,359	565,677	(6,318)	-1.1%
Telecommunications	260,444	232,377	28,067	12.1%
Repairs and Maintenance	535,110	741,282	(206,172)	-27.8%
Rentals and Leases	262,653	76,880	185,773	241.6%
Printing and Reproduction	313,282	292,477	20,805	7.1%
Depreciation and Amortization	2,673,678	2,275,000	398,678	17.5%
Other Operating Expenses	531,519	476,273	55,246	11.6%
Total Operating Expenses	37,208,702	32,331,554	4,877,148	15.1%
Operating Loss	(17,925,816)	(16,693,619)	(1,232,197)	-7.4%
Other Nonoperating Adjustments				
State Appropriations	15,202,159	15,271,541	(69,382)	-0.5%
Gift Contributions for Operations	476,881	495,261	(18,380)	-3.7%
Net Investment Income	339,429	202,804	136,625	67.4%
Long Term Fund Distribution	1,298,990	1,230,381	68,609	5.6%
Interest Expense on Capital Asset Financings	(1,057,108)	(600,146)	(456,962)	-76.1%
Net Other Nonoperating Adjustments	16,260,351	16,599,841	(339,490)	-2.0%
Adjusted Income (Loss)	(1,665,465)	(93,778)	(1,571,687)	-1,676.0%
Adjusted Margin (as a percentage)	-4.6%	-0.3%		
Investment Gains (Losses)	(1,820)	3,638	(5,458)	-150.0%
Adjusted Income (Loss) with Investment Gains (Losses)	(\$1,667,285)	(\$90,140)	(\$1,577,145)	-1749.7%
Adjusted Margin % with Investment Gains (Losses)	-4.6%	-0.3%		

UNAUDITED
The University of Texas Southwestern Medical Center at Dallas
Comparison of Operating Results and Margin
For the Seven Months Ending March 31, 2005

	March Year-to-Date FY 2005	March Year-to-Date FY 2004	Variance	Fluctuation Percentage
Operating Revenues				
Student Tuition and Fees	\$9,582,077	\$8,944,793	\$637,284	7.1%
Sponsored Programs	217,157,619	207,523,902	9,633,717	4.6%
Net Sales and Services of Educational Activities	10,391,421	11,925,796	(1,534,375)	-12.9%
Net Professional Fees	140,541,430	119,019,108	21,522,322	18.1%
Net Auxiliary Enterprises	9,100,236	6,997,997	2,102,239	30.0%
Other Operating Revenues	5,725,312	5,726,209	(897)	0.0%
Total Operating Revenues	458,589,239	360,137,805	98,451,434	27.3%
Operating Expenses				
Salaries and Wages	282,854,344	238,336,874	44,517,470	18.7%
Employee Benefits and Related Costs	76,453,293	67,388,252	9,065,041	13.5%
Professional Fees and Contracted Services	7,107,449	7,633,793	(526,344)	-6.9%
Other Contracted Services	34,411,082	33,720,665	690,417	2.0%
Scholarships and Fellowships	4,801,437	4,360,534	440,903	10.1%
Travel	4,232,668	3,926,481	306,187	7.8%
Materials and Supplies	71,379,511	49,726,938	21,652,573	43.5%
Utilities	10,992,032	10,364,122	627,910	6.1%
Telecommunications	3,846,970	3,415,413	431,557	12.6%
Repairs and Maintenance	5,096,293	4,217,548	878,745	20.8%
Rentals and Leases	5,769,837	3,477,293	2,292,544	65.9%
Printing and Reproduction	1,500,536	1,320,612	179,924	13.6%
Federal Sponsored Programs Pass-Thrus	203,381	655,763	(452,382)	-69.0%
Depreciation and Amortization	24,263,634	19,338,809	4,924,825	25.5%
Other Operating Expenses	24,095,511	16,358,781	7,736,730	47.3%
Total Operating Expenses	557,007,978	464,241,878	92,766,100	20.0%
Operating Loss	(98,418,739)	(104,104,073)	5,685,334	5.5%
Other Nonoperating Adjustments				
State Appropriations	68,030,264	67,700,217	330,047	0.5%
Gift Contributions for Operations	26,503,346	17,722,454	8,780,892	49.5%
Net Investment Income	16,436,118	17,804,379	(1,368,261)	-7.7%
Long Term Fund Distribution	14,555,084	13,222,653	1,332,431	10.1%
Interest Expense on Capital Asset Financings	(8,580,450)	(4,545,941)	(4,034,509)	-88.7%
Net Other Nonoperating Adjustments	116,944,362	111,903,762	5,040,600	4.5%
Adjusted Income (Loss)	18,525,623	7,799,689	10,725,934	137.5%
Adjusted Margin (as a percentage)	3.2%	1.6%		
Investment Gains (Losses)	1,892,723	10,205,982	(8,313,259)	-81.5%
Adjusted Income (Loss) with Investment Gains (Losses)	\$20,418,346	\$18,005,671	\$2,412,675	13.4%
Adjusted Margin % with Investment Gains (Losses)	3.5%	3.7%		

UNAUDITED
The University of Texas Medical Branch at Galveston
Comparison of Operating Results and Margin
For the Seven Months Ending March 31, 2005

	March Year-to-Date FY 2005	March Year-to-Date FY 2004	Variance	Fluctuation Percentage
Operating Revenues				
Student Tuition and Fees	\$7,439,489	\$6,284,307	\$1,155,182	18.4%
Sponsored Programs	117,829,001	97,411,158	20,417,843	21.0%
Net Sales and Services of Hospitals	389,975,399	390,373,763	(398,364)	-0.1%
Net Professional Fees	61,201,434	57,037,984	4,163,450	7.3%
Net Auxiliary Enterprises	4,733,914	4,334,562	399,352	9.2%
Other Operating Revenues	12,131,834	12,991,876	(860,042)	-6.6%
Total Operating Revenues	593,311,071	568,433,650	24,877,421	4.4%
Operating Expenses				
Salaries and Wages	418,546,702	395,411,248	23,135,454	5.9%
Employee Benefits and Related Costs	100,373,558	91,282,516	9,091,042	10.0%
Professional Fees and Contracted Services	24,355,692	20,923,888	3,431,804	16.4%
Other Contracted Services	35,805,636	36,779,692	(974,056)	-2.6%
Scholarships and Fellowships	2,980,890	2,452,034	528,856	21.6%
Travel	3,367,083	2,901,912	465,171	16.0%
Materials and Supplies	100,637,079	85,237,996	15,399,083	18.1%
Utilities	13,128,883	12,500,774	628,109	5.0%
Telecommunications	7,627,751	7,372,906	254,845	3.5%
Repairs and Maintenance	16,443,990	17,175,016	(731,026)	-4.3%
Rentals and Leases	6,583,866	6,836,145	(252,279)	-3.7%
Printing and Reproduction	1,040,185	1,379,914	(339,729)	-24.6%
Federal Sponsored Programs Pass-Thrus	2,097,294	595,206	1,502,088	252.4%
Depreciation and Amortization	29,038,590	27,501,659	1,536,931	5.6%
Other Operating Expenses	51,316,139	48,694,624	2,621,515	5.4%
Total Operating Expenses	813,343,338	757,045,530	56,297,808	7.4%
Operating Loss	(220,032,267)	(188,611,880)	(31,420,387)	-16.7%
Other Nonoperating Adjustments				
State Appropriations	162,986,012	159,810,390	3,175,622	2.0%
Gift Contributions for Operations	2,534,166	2,858,128	(323,962)	-11.3%
Net Investment Income	10,582,561	5,061,083	5,521,478	109.1%
Long Term Fund Distribution	7,279,731	7,180,075	99,656	1.4%
Interest Expense on Capital Asset Financings	(1,842,015)	(1,785,882)	(56,133)	-3.1%
Net Other Nonoperating Adjustments	181,540,455	173,123,794	8,416,661	4.9%
Adjusted Income (Loss)	(38,491,812)	(15,488,086)	(23,003,726)	-148.5%
Adjusted Margin (as a percentage)	-5.0%	-2.1%		
Investment Gains (Losses)	(573,842)	700,157	(1,273,999)	-182.0%
Adjusted Income (Loss) with Investment Gains (Losses)	(\$39,065,654)	(\$14,787,929)	(\$24,277,725)	-164.2%
Adjusted Margin % with Investment Gains (Losses)	-5.0%	-2.0%		

UNAUDITED
The University of Texas Health Science Center at Houston
Comparison of Operating Results and Margin
For the Seven Months Ending March 31, 2005

	March Year-to-Date FY 2005	March Year-to-Date FY 2004	Variance	Fluctuation Percentage
Operating Revenues				
Student Tuition and Fees	\$8,720,646	\$8,466,646	\$254,000	3.0%
Sponsored Programs	127,862,506	130,519,644	(2,657,138)	-2.0%
Net Sales and Services of Educational Activities	14,468,935	5,262,540	9,206,395	174.9%
Net Sales and Services of Hospitals	18,016,257	17,408,896	607,361	3.5%
Net Professional Fees	63,678,265	58,711,844	4,966,421	8.5%
Net Auxiliary Enterprises	12,314,861	7,317,990	4,996,871	68.3%
Other Operating Revenues	20,138,859	19,828,041	310,818	1.6%
Total Operating Revenues	265,200,329	247,515,601	17,684,728	7.1%
Operating Expenses				
Salaries and Wages	180,671,438	178,223,413	2,448,025	1.4%
Employee Benefits and Related Costs	41,529,368	39,859,640	1,669,728	4.2%
Professional Fees and Contracted Services	31,349,534	30,500,101	849,433	2.8%
Other Contracted Services	17,665,422	14,210,498	3,454,924	24.3%
Scholarships and Fellowships	1,198,092	1,350,497	(152,405)	-11.3%
Travel	2,694,480	2,188,254	506,226	23.1%
Materials and Supplies	25,644,787	13,523,009	12,121,778	89.6%
Utilities	4,987,778	3,919,888	1,067,890	27.2%
Telecommunications	1,877,544	1,752,480	125,064	7.1%
Repairs and Maintenance	1,777,062	1,838,546	(61,484)	-3.3%
Rentals and Leases	7,547,006	5,588,541	1,958,465	35.0%
Printing and Reproduction	3,006,547	2,430,962	575,585	23.7%
Federal Sponsored Programs Pass-Thrus	2,680,625	2,514,658	165,967	6.6%
Depreciation and Amortization	9,503,796	8,603,382	900,414	10.5%
Other Operating Expenses	26,897,833	22,202,043	4,695,790	21.2%
Total Operating Expenses	359,031,312	328,706,312	30,325,000	9.2%
Operating Loss	(93,830,983)	(81,190,711)	(12,640,272)	-15.6%
Other Nonoperating Adjustments				
State Appropriations	84,600,893	80,356,232	4,244,661	5.3%
Gift Contributions for Operations	9,358,222	4,389,701	4,968,521	113.2%
Net Investment Income	5,896,944	5,012,237	884,707	17.7%
Long Term Fund Distribution	1,992,720	1,905,250	87,470	4.6%
Interest Expense on Capital Asset Financings	(5,520,824)	(2,103,755)	(3,417,069)	-162.4%
Net Other Nonoperating Adjustments	96,327,955	89,559,665	6,768,290	7.6%
Adjusted Income (Loss)	2,496,972	8,368,954	(5,871,982)	-70.2%
Adjusted Margin (as a percentage)	0.7%	2.5%		
Investment Gains (Losses)	(403,685)	962,275	(1,365,960)	-142.0%
Adjusted Income (Loss) with Investment Gains (Losses)	\$2,093,287	\$9,331,229	(\$7,237,942)	-77.6%
Adjusted Margin % with Investment Gains (Losses)	0.6%	2.7%		

UNAUDITED
The University of Texas Health Science Center at San Antonio
Comparison of Operating Results and Margin
For the Seven Months Ending March 31, 2005

	March Year-to-Date FY 2005	March Year-to-Date FY 2004	Variance	Fluctuation Percentage
Operating Revenues				
Student Tuition and Fees	\$10,208,333	\$9,168,792	\$1,039,541	11.3%
Sponsored Programs	105,693,595	104,247,992	1,445,603	1.4%
Net Sales and Services of Educational Activities	1,794,034	1,675,388	118,646	7.1%
Net Professional Fees	47,666,845	45,427,388	2,239,457	4.9%
Net Auxiliary Enterprises	1,483,860	1,053,404	430,456	40.9%
Other Operating Revenues	28,572,549	31,242,102	(2,669,553)	-8.5%
Total Operating Revenues	195,419,216	192,815,066	2,604,150	1.4%
Operating Expenses				
Salaries and Wages	148,266,791	138,049,679	10,217,112	7.4%
Employee Benefits and Related Costs	34,733,970	35,606,914	(872,944)	-2.5%
Professional Fees and Contracted Services	7,038,812	7,636,354	(597,542)	-7.8%
Other Contracted Services	8,429,162	8,393,891	35,271	0.4%
Scholarships and Fellowships	1,699,524	1,981,797	(282,273)	-14.2%
Travel	2,308,881	2,183,774	125,107	5.7%
Materials and Supplies	13,383,179	13,198,641	184,538	1.4%
Utilities	3,878,434	3,512,519	365,915	10.4%
Telecommunications	5,178,191	5,323,984	(145,793)	-2.7%
Repairs and Maintenance	1,154,428	883,625	270,803	30.6%
Rentals and Leases	1,318,630	1,213,741	104,889	8.6%
Printing and Reproduction	912,847	911,702	1,145	0.1%
Federal Sponsored Programs Pass-Thrus	234,660	445,507	(210,847)	-47.3%
Depreciation and Amortization	10,791,667	11,083,333	(291,666)	-2.6%
Other Operating Expenses	51,621,295	57,295,489	(5,674,194)	-9.9%
Total Operating Expenses	290,950,471	287,720,950	3,229,521	1.1%
Operating Loss	(95,531,255)	(94,905,884)	(625,371)	-0.7%
Other Nonoperating Adjustments				
State Appropriations	85,195,048	83,010,473	2,184,575	2.6%
Gift Contributions for Operations	11,584,620	9,298,852	2,285,768	24.6%
Net Investment Income	11,311,621	11,042,889	268,732	2.4%
Long Term Fund Distribution	2,135,511	1,983,858	151,653	7.6%
Interest Expense on Capital Asset Financings	(4,011,608)	(1,234,943)	(2,776,665)	-224.8%
Net Other Nonoperating Adjustments	106,215,192	104,101,129	2,114,063	2.0%
Adjusted Income (Loss)	10,683,937	9,195,245	1,488,692	16.2%
Adjusted Margin (as a percentage)	3.5%	3.1%		
Investment Gains (Losses)	152,836	1,953,406	(1,800,570)	-92.2%
Adjusted Income (Loss) with Investment Gains (Losses)	\$10,836,773	\$11,148,651	(\$311,878)	-2.8%
Adjusted Margin % with Investment Gains (Losses)	3.5%	3.7%		

UNAUDITED
The University of Texas M. D. Anderson Cancer Center
Comparison of Operating Results and Margin
For the Seven Months Ending March 31, 2005

	March Year-to-Date FY 2005	March Year-to-Date FY 2004	Variance	Fluctuation Percentage
Operating Revenues				
Student Tuition and Fees	\$125,406	\$177,120	(\$51,714)	-29.2%
Sponsored Programs	119,672,122	111,052,863	8,619,259	7.8%
Net Sales and Services of Educational Activities	1,051,804	881,154	170,650	19.4%
Net Sales and Services of Hospitals	718,554,719	610,713,048	107,841,671	17.7%
Net Professional Fees	130,635,968	122,428,110	8,207,858	6.7%
Net Auxiliary Enterprises	10,519,870	9,039,250	1,480,620	16.4%
Other Operating Revenues	17,840,143	11,508,742	6,331,401	55.0%
Total Operating Revenues	998,400,032	865,800,287	132,599,745	15.3%
Operating Expenses				
Salaries and Wages	541,782,152	473,487,853	68,294,299	14.4%
Employee Benefits and Related Costs	139,974,711	123,899,632	16,075,079	13.0%
Professional Fees and Contracted Services	40,818,797	37,700,077	3,118,720	8.3%
Other Contracted Services	13,645,524	12,368,556	1,276,968	10.3%
Travel	8,245,391	7,276,611	968,780	13.3%
Materials and Supplies	201,146,974	186,407,036	14,739,938	7.9%
Utilities	18,584,496	15,779,190	2,805,306	17.8%
Telecommunications	3,479,758	3,952,004	(472,246)	-11.9%
Repairs and Maintenance	19,916,025	18,266,802	1,649,223	9.0%
Rentals and Leases	16,355,626	14,089,262	2,266,364	16.1%
Printing and Reproduction	1,777,102	1,829,589	(52,487)	-2.9%
Federal Sponsored Programs Pass-Thrus	901,337	703,299	198,038	28.2%
Depreciation and Amortization	68,396,634	50,581,902	17,814,732	35.2%
Other Operating Expenses	24,421,303	22,296,029	2,125,274	9.5%
Total Operating Expenses	1,099,445,830	968,637,842	130,807,988	13.5%
Operating Loss	(101,045,798)	(102,837,555)	1,791,757	1.7%
Other Nonoperating Adjustments				
State Appropriations	85,318,544	87,096,725	(1,778,181)	-2.0%
Gift Contributions for Operations	34,124,532	24,615,440	9,509,092	38.6%
Net Investment Income	25,751,569	24,563,615	1,187,954	4.8%
Long Term Fund Distribution	7,125,346	5,951,617	1,173,729	19.7%
Interest Expense on Capital Asset Financings	(9,958,530)	(4,377,512)	(5,581,018)	-127.5%
Net Other Nonoperating Adjustments	142,361,461	137,849,885	4,511,576	3.3%
Adjusted Income (Loss)	41,315,663	35,012,330	6,303,333	18.0%
Adjusted Margin (as a percentage)	3.6%	3.5%		
Investment Gains (Losses)	(2,380,360)	8,219,793	(10,600,153)	-129.0%
Adjusted Income (Loss) with Investment Gains (Losses)	\$38,935,303	\$43,232,123	(\$4,296,820)	-9.9%
Adjusted Margin % with Investment Gains (Losses)	3.4%	4.3%		

UNAUDITED
The University of Texas Health Center at Tyler
Comparison of Operating Results and Margin
For the Seven Months Ending March 31, 2005

	March Year-to-Date FY 2005	March Year-to-Date FY 2004	Variance	Fluctuation Percentage
Operating Revenues				
Sponsored Programs	\$5,762,951	\$4,182,229	\$1,580,722	37.8%
Net Sales and Services of Educational Activities	609,150	605,744	3,406	0.6%
Net Sales and Services of Hospitals	28,254,593	31,039,630	(2,785,037)	-9.0%
Net Professional Fees	6,245,407	8,601,344	(2,355,937)	-27.4%
Net Auxiliary Enterprises	427,973	522,501	(94,528)	-18.1%
Other Operating Revenues	2,443,418	2,524,431	(81,013)	-3.2%
Total Operating Revenues	43,743,492	47,475,879	(3,732,387)	-7.9%
Operating Expenses				
Salaries and Wages	35,768,494	34,811,495	956,999	2.7%
Employee Benefits and Related Costs	9,199,252	9,226,898	(27,646)	-0.3%
Professional Fees and Contracted Services	3,991,321	4,000,982	(9,661)	-0.2%
Other Contracted Services	4,140,589	2,991,896	1,148,693	38.4%
Travel	374,262	304,801	69,461	22.8%
Materials and Supplies	9,283,367	9,720,784	(437,417)	-4.5%
Utilities	1,185,469	1,160,184	25,285	2.2%
Telecommunications	297,177	326,707	(29,530)	-9.0%
Repairs and Maintenance	1,339,801	1,023,176	316,625	30.9%
Rentals and Leases	701,184	1,124,760	(423,576)	-37.7%
Printing and Reproduction	475,956	514,002	(38,046)	-7.4%
Federal Sponsored Programs Pass-Thrus	278,843	384,874	(106,031)	-27.5%
Depreciation and Amortization	4,155,784	3,329,217	826,567	24.8%
Other Operating Expenses	1,864,671	1,406,995	457,676	32.5%
Total Operating Expenses	73,056,170	70,326,771	2,729,399	3.9%
Operating Loss	(29,312,678)	(22,850,892)	(6,461,786)	-28.3%
Other Nonoperating Adjustments				
State Appropriations	21,786,881	21,391,452	395,429	1.8%
Gift Contributions for Operations	4,231,741	1,555,087	2,676,654	172.1%
Net Investment Income	1,725,261	1,637,715	87,546	5.3%
Long Term Fund Distribution	70,253	162,678	(92,425)	-56.8%
Interest Expense on Capital Asset Financings	(230,318)	0	(230,318)	100.0%
Net Other Nonoperating Adjustments	27,583,818	24,746,932	2,836,886	11.5%
Adjusted Income (Loss)	(1,728,860)	1,896,040	(3,624,900)	-191.2%
Adjusted Margin (as a percentage)	-2.4%	2.6%		
Investment Gains (Losses)	61,530	83,315	(21,785)	-26.1%
Adjusted Income (Loss) with Investment Gains (Losses)	(\$1,667,330)	\$1,979,355	(\$3,646,685)	-184.2%
Adjusted Margin % with Investment Gains (Losses)	-2.3%	2.7%		

4. **U. T. Board of Regents: Report on Investments for quarter ended February 28, 2005, Liquidity Profile, and Performance Report by Ennis Knupp + Associates**

REPORTS

Pages 21.1 - 21.7 contain the Summary Reports on Investments for the three months ended February 28, 2005.

Item I on Pages 21.1 - 21.2 reports summary activity for the Permanent University Fund (PUF) investments. The PUF's net investment return for the three months was 4.83% versus its composite benchmark return of 2.65%. The PUF's net asset value increased by \$184 million since the beginning of the quarter to \$8,832.2 million. This change in net asset value includes increases due to contributions from PUF land receipts and net investment return, and a decrease of \$255.9 million due to completing the annual distribution for fiscal year ending August 31, 2005.

Item II on Pages 21.3 - 21.5 reports summary activity for the General Endowment Fund (GEF), the Permanent Health Fund (PHF), and the Long Term Fund (LTF). The GEF's net investment return for the three months was 4.79% versus its composite benchmark return of 2.65%. The GEF's net asset value increased \$188.0 million since the beginning of the quarter to \$4,691.7 million.

Item III on Page 21.6 reports summary activity for the Short Intermediate Term Fund (SITF). Total net investment return on the SITF was .40% for the three months versus the SITF's performance benchmark of negative .05%. The SITF's net asset value increased by \$7.4 million since the beginning of the quarter to \$1,206.4 million. This increase in net asset value was due to net contributions to the SITF.

Item IV on Page 21.7 presents book and market value of cash, debt, equity, and other securities held in funds outside of internal investment pools. Total cash and equivalents, consisting primarily of institutional operating funds held in the Dreyfus money market fund, decreased by \$51.7 million to \$2,467.1 million during the three months since the last reporting period. Market values for the remaining asset types were debt securities: \$51.1 million versus \$56.6 million at the beginning of the period; equities: \$296.4 million versus \$217.3 million at the beginning of the period; and other investments: \$2.0 million versus \$.1 million at the beginning of the period.

The February 28, 2005, PUF and GEF Combined Liquidity Profile is attached on Page 21.8.

An Executive Summary of the Performance Report on investments for the quarter ended February 28, 2005, as prepared by Ennis Knupp + Associates is attached on Pages 21.9 - 21.16.

I. PERMANENT UNIVERSITY FUND (1)

a.) Summary Investment Report at February 28, 2005 (2)

(\$ millions)

	FY03-04	FY04-05		
	Full Year	1st Qtr	2nd Qtr	Year-to-Date
Beginning Net Assets	7,244.8	8,087.9	8,648.2	8,087.9
PUF Lands Receipts (3)	146.7	67.7	31.1	98.8
Investment Return	1,070.2	583.9	420.7	1,004.6
Expenses	(25.8)	(6.0)	(11.9)	(17.9)
Distributions to AUF	(348.0)	(85.3)	(255.9)	(341.2)
Ending Net Assets	<u>8,087.9</u>	<u>8,648.2</u>	<u>8,832.2</u>	<u>8,832.2</u>
AUF Distribution:				
From PUF Investments	348.0	85.3	255.9	341.2
From Surface Income	7.6	1.0	2.5	3.5
Total	<u>355.6</u>	<u>86.3</u>	<u>258.4</u>	<u>344.7</u>
Total Net Investment Return	14.73%	7.23%	4.83%	12.40%

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

(2) General - The Investment Summary Report excludes PUF Lands mineral and surface interests with estimated August 31, 2004 values of \$722.1 million and \$164.0 million, respectively.

(3) PUF Land Receipts - As of February 28, 2005: 1,135,462 acres under lease; 513,531 producing acres; 3,138 active leases; and 2,068 producing leases.

I. PERMANENT UNIVERSITY FUND (continued)

b.) Comparison of Asset Allocation Versus Endowment Neutral Policy Portfolio
and Net Investment Return for the three months ended February 28, 2005

	Asset Allocation	Endowment Neutral Policy Portfolio	Actual Net Investment Return	Endowment Neutral Policy Portfolio Return (1)	Benchmark
Cash and Cash Equivalents	0.7%	0.0%	0.53%	0.54%	90 Day T-Bills Average Yield
U.S. Equities	25.1%	25.0%	2.70%	2.41%	80% Russell 3000 Index plus 20% Dow Jones Wilshire Real Estate Securities Index
Global Equities	21.2%	17.0%	8.77%	7.50%	Morgan Stanley Capital International - All Country World Free ex U.S., net
Equity Hedge Funds	9.6%	10.0%	4.66%	1.55%	90 Day T-Bills Average Yield plus 4%
Absolute Return Hedge Funds	14.4%	15.0%	4.26%	1.30%	90 Day T-Bills Average Yield plus 3%
Commodities	5.0%	3.0%	2.03%	1.82%	Goldman Sachs Commodity Index minus 100 basis points
Fixed Income	14.0%	15.0%	1.24%	1.08%	66.7% Lehman Brothers Aggregate Bond Index plus 33.3% Lehman Brothers US Index Treasury Inflation Protected Securities
Total Marketable Securities	90.0%	85.0%	4.29%	2.94%	
Private Capital	10.0%	15.0%	9.87%	1.00%	Venture Economics' Periodic IRR Index
Total	100.0%	100.0%	4.83%	2.65%	

(1) The benchmark return for the endowment neutral policy portfolio is calculated by summing the neutrally weighted index return (% weight for the asset class multiplied by the benchmark return for the asset class) for the various asset classes in the endowment portfolio for the period reported.

II. GENERAL ENDOWMENT FUND (1) (2)

a.) Summary Investment Report at February 28, 2005

(\$ millions)

	FY03-04		FY04-05					
	Full Year		1st Qtr		2nd Qtr		Year-to-Date	
Beginning Net Assets	3,584.8		4,207.6		4,503.7		4,207.6	
Net Contributions	559.5		95.5		118.6		214.1	
Investment Return	559.0		315.0		223.2		538.2	
Expenses	(9.6)		(1.8)		(6.5)		(8.3)	
Allocations (3)	(486.1)		(112.6)		(147.3)		(259.9)	
Ending Net Assets	4,207.6		4,503.7		4,691.7		4,691.7	
Net Asset Value per Unit	117.595		126.278		132.324		132.324	
Units and Percentage Ownership (End of Period):								
PHF	6,923,785	19.4%	6,846,092	19.2%	6,773,278	19.1%	6,773,278	19.1%
LTF	28,857,142	80.6%	28,818,941	80.8%	28,683,029	80.9%	28,683,029	80.9%
Total	35,780,927	100.0%	35,665,033	100.0%	35,456,307	100.0%	35,456,307	100.0%
Total Net Investment Return	14.77%		7.39%		4.79%		12.54%	

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

(2) On March 1, 2001, the Permanent Health Fund (PHF) and Long Term Fund (LTF) purchased units in the newly created General Endowment Fund (GEF). The initial number of units was based on the PHF's and LTF's contribution of its net values as of February 28, 2001.

(3) The GEF allocates its net investment income and realized gain (loss) to its unit holders based on their ownership of GEF units at month end. The allocated amounts are reinvested as GEF contributions. The allocation is proportional to the percentage of ownership by the unit holders, and therefore, no additional units are purchased.

II. GENERAL ENDOWMENT FUND (continued)

b.) Unit Holders' Summary Investment Report at February 28, 2005 (1)

(\$ millions)

	FY03-04	FY04-05		
	Full Year	1st Qtr	2nd Qtr	Year-to-Date
<u>PERMANENT HEALTH FUND</u>				
Beginning Net Assets	745.0	814.4	864.7	814.4
Investment Return	108.6	60.1	41.4	101.5
Expenses	(0.7)	(0.2)	-	(0.2)
Distributions (Payout)	(38.5)	(9.6)	(9.6)	(19.2)
Ending Net Assets	814.4	864.7	896.5	896.5
Net Asset Value per Unit (2)	0.993200	1.054513	1.093241	1.093241
No. of Units (End of Period)	820,000,000	820,000,000	820,000,000	820,000,000
Distribution Rate per Unit	0.04700	0.01175	0.01175	0.023500
Total Net Investment Return	14.60%	7.36%	4.79%	12.50%
<u>LONG TERM FUND</u>				
Beginning Net Assets	2,839.8	3,393.3	3,639.0	3,393.3
Net Contributions	276.5	37.7	22.5	60.2
Investment Return	441.1	253.1	175.4	428.5
Expenses	(6.1)	(3.7)	0.1	(3.6)
Distributions (Payout)	(158.0)	(41.4)	(41.7)	(83.1)
Ending Net Assets	3,393.3	3,639.0	3,795.3	3,795.3
Net Asset Value per Unit (2)	5.585	5.923	6.139	6.139
No. of Units (End of Period)	607,622,749	614,379,162	618,174,345	618,174,345
Distribution Rate per Unit	0.264500	0.067425	0.067425	0.134850
Total Net Investment Return	14.59%	7.36%	4.80%	12.51%

(1) The Permanent Health Fund (PHF) and Long Term Fund (LTF) are internal mutual funds for the pooled investment of endowment funds. The PHF is comprised of endowments for health-related institutions of higher education and the LTF is comprised of privately raised endowments and other long-term funds of U. T. System institutions.

(2) The asset allocation of the PHF and LTF is representative of the asset allocation for the GEF.
A nominal amount of cash is held in PHF and LTF to pay expenses incurred separately by these funds.

II. GENERAL ENDOWMENT FUND (continued)

c.) Comparison of Asset Allocation Versus Endowment Neutral Policy Portfolio
and Net Investment Return for the three months ended February 28, 2005

	Asset Allocation	Endowment Neutral Policy Portfolio	Actual Net Investment Return	Endowment Neutral Policy Portfolio Return (1)	Benchmark
Cash and Cash Equivalents	-0.2%	0.0%	0.53%	0.54%	90 Day T-Bills Average Yield
U.S. Equities	25.0%	25.0%	2.68%	2.41%	80% Russell 3000 Index plus 20% Dow Jones Wilshire Real Estate Securities Index
Global Equities	21.3%	17.0%	8.87%	7.50%	Morgan Stanley Capital International - All Country World Free ex U.S., net
Equity Hedge Funds	9.6%	10.0%	4.61%	1.55%	90 Day T-Bills Average Yield plus 4%
Absolute Return Hedge Funds	14.6%	15.0%	4.29%	1.30%	90 Day T-Bills Average Yield plus 3%
Commodities	5.1%	3.0%	2.00%	1.82%	Goldman Sachs Commodity Index minus 100 basis points
Fixed Income	14.2%	15.0%	1.16%	1.08%	66.7% Lehman Brothers Aggregate Bond Index plus 33.3% Lehman Brothers US Index Treasury Inflation Protected Securities
Total Marketable Securities	89.6%	85.0%	4.26%	2.94%	
Private Capital	10.4%	15.0%	9.66%	1.00%	Venture Economics' Periodic IRR Index
Total	100.0%	100.0%	4.79%	2.65%	

(1) The benchmark return for the endowment neutral policy portfolio is calculated by summing the neutrally weighted index return (% weight for the asset class multiplied by the benchmark return for the asset class) for the various asset classes in the endowment portfolio for the period reported.

III. SHORT INTERMEDIATE TERM FUND (1)

Summary Investment Report at February 28, 2005

(\$ millions)

	FY03-04	FY04-05		
	Full Year	1st Qtr	2nd Qtr	Year-to-Date
Beginning Net Assets	1,435.3	1,178.0	1,199.0	1,178.0
Net Contributions (Withdrawals)	(261.3)	22.8	9.5	32.3
Investment Return	33.2	4.3	4.9	9.2
Expenses	(0.6)	(0.2)	-	(0.2)
Distributions of Income	(28.6)	(5.9)	(7.0)	(12.9)
Ending Net Assets	1,178.0	1,199.0	1,206.4	1,206.4
Net Asset Value per Unit	9.927	9.911	9.894	9.894
No. of Units (End of Period)	118,671,708	120,971,065	121,930,268	121,930,268
Total Net Investment Return	2.49%	0.34%	0.40%	0.74%

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

IV. SEPARATELY INVESTED ASSETS

Summary Investment Report at February 28, 2005

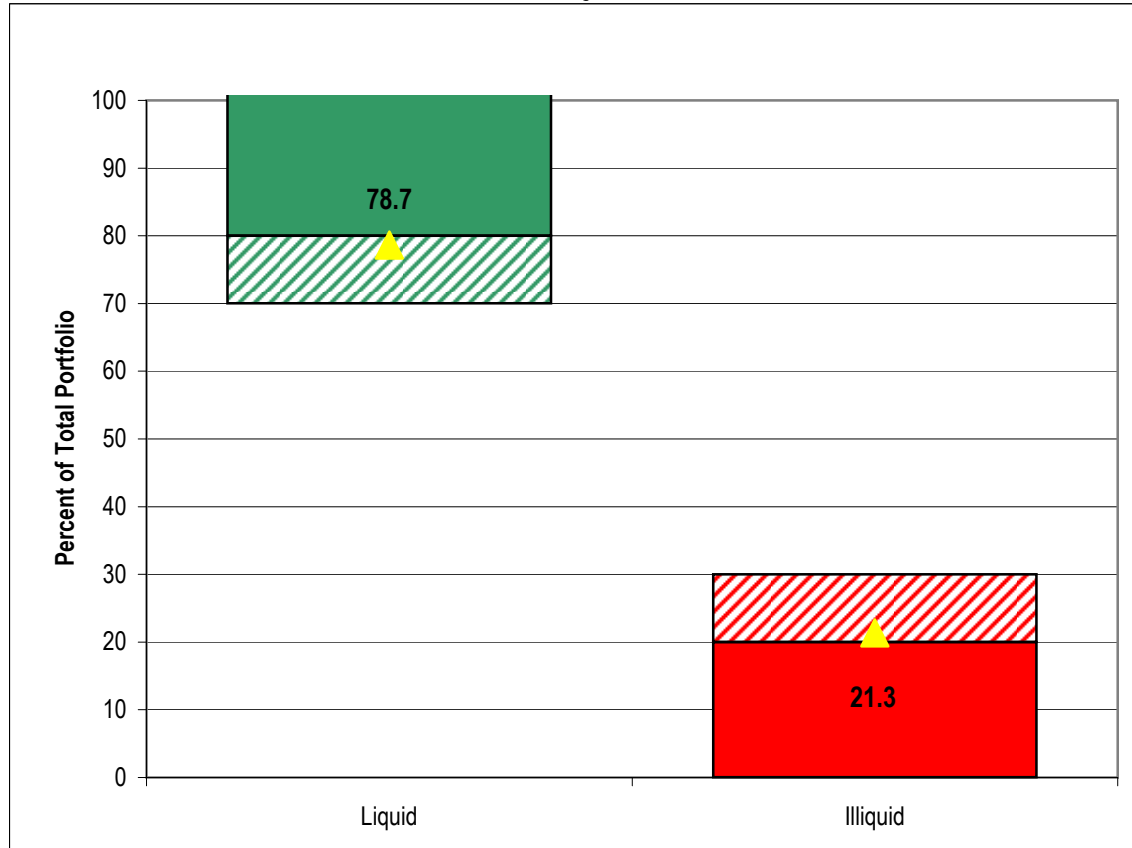
(\$ thousands)

	FUND TYPE													
	CURRENT PURPOSE				ENDOWMENT & SIMILAR FUNDS		ANNUITY & LIFE INCOME FUNDS		AGENCY FUNDS		OPERATING FUNDS		TOTAL	
	DESIGNATED	RESTRICTED	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET
ASSET TYPES														
Cash & Equivalents:														
Beginning value 11/30/04	4,211	4,211	2,259	2,259	57,017	57,017	561	561	-	-	2,454,805	2,454,805	2,518,853	2,518,853
Increase/(Decrease)	(1,490)	(1,490)	(32)	(32)	14,391	14,391	1,985	1,985	2	2	(66,575)	(66,575)	(51,719)	(51,719)
Ending value 02/28/05	2,721	2,721	2,227	2,227	71,408	71,408	2,546	2,546	2	2	2,388,230	2,388,230	2,467,134	2,467,134
Debt Securities:														
Beginning value 11/30/04	-	-	263	206	40,110	40,358	15,326	16,083	-	-	-	-	55,699	56,647
Increase/(Decrease)	-	-	-	1	(5,381)	(5,369)	239	(167)	-	-	-	-	(5,142)	(5,535)
Ending value 02/28/05	-	-	263	207	34,729	34,989	15,565	15,916	-	-	-	-	50,557	51,112
Equity Securities:														
Beginning value 11/30/04	46	9,100	1,956	1,598	39,560	44,529	20,820	23,281	-	-	173,293	138,791	235,675	217,299
Increase/(Decrease)	(12)	373	(81)	(121)	1,440	1,674	84	556	-	-	75,179	76,655	76,610	79,137
Ending value 02/28/05	34	9,473	1,875	1,477	41,000	46,203	20,904	23,837	-	-	248,472	215,446	312,285	296,436
Other:														
Beginning value 11/30/04	-	-	24	24	9	9	202	64	-	-	-	-	235	97
Increase/(Decrease)	-	-	1,893	1,893	(6)	(6)	4	22	-	-	-	-	1,891	1,909
Ending value 02/28/05	-	-	1,917	1,917	3	3	206	86	-	-	-	-	2,126	2,006

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

Details of individual assets by account furnished upon request.

PUF and GEF Combined Liquidity Profile February 28, 2005



The solid bar on the left indicates the Policy range for investments categorized as "liquid". The solid bar on the right indicates the Policy range for investments categorized as "illiquid". The shaded sections of the bars indicate trigger zones requiring special action by the UTIMCO Board or the Liquidity Committee. For example, the allowable range for illiquid investments is 0% to 30% of the total portfolio. However, any illiquid investments made in the 20% to 30% trigger zone requires prior approval by the Liquidity Committee or the UTIMCO Board.

U.T. System Board of Regents
Report on Investments

Quarter Ending
February 28, 2005



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As of February 28, 2005

CHANGE IN MARKET VALUE

(\$ in millions)

	PUF	GEF	Total Endowments (PUF + GEF)	Operating Funds	Total
Beginning Market Value (11/30/04)	\$8,648	\$4,504	\$13,152	\$3,793	\$16,945
Contributions	+31	+23	+54	+94	+148
Distributions & Withdrawals	-268	-59	-327	-88	-415
Changes due to Transfers:	-237	-35	-272	+6	-266
Income	+57	+31	+88	+8	+96
Appreciation/Depreciation	+363	+192	+555	+4	+559
Changes from Investment Activities:	+421	+223	+644	+11	+655
Ending Market Value (2/28/05)	\$8,832	\$4,692	\$13,524	\$3,810	\$17,334
Change in Market Value	\$184	\$188	\$372	\$17	\$389

- As illustrated above, the PUF (\$184 million) and GEF (\$188 million) both saw increases in market value during the second fiscal quarter, as did the Operating Funds (\$17 million).

RETURN SUMMARY

ENDING 2/28/05¹

	Quarter Ending 2/28/2005	1 Year Ending 2/28/2005	3 Years Ending 2/28/2005	5 Years Ending 2/28/2005
Permanent University Fund	4.8%	11.7%	10.9%	5.4%
Endowment Performance Benchmark ²	2.6	10.6	9.9	4.3
Long Term Fund	4.8	11.7	11.0	5.5
Endowment Performance Benchmark ²	2.6	10.6	9.9	4.3
Permanent Health Fund	4.8	11.7	11.0	5.3
Endowment Performance Benchmark ²	2.6	10.6	9.9	4.3
Short Term Fund	0.5	1.5	1.4	2.9
ML 90-day T-Bill	0.5	1.5	1.4	2.8
Short Intermediate Term Fund	0.4	1.1	2.1	4.4
Performance Benchmark	-0.1	0.0	2.7	4.8
BGI U.S. Debt Index Fund	1.0	2.4	5.6	7.6
LB Aggregate Bond Index	1.0	2.4	5.6	7.5
BGI Equity Index Fund	3.0	7.0	4.7	-1.0
S&P 500 Index	3.0	7.0	4.6	-1.0

- Each of the endowment portfolios outperformed the performance benchmark over all periods shown above. The Short Term Fund has approximated the returns of its benchmark over all periods shown, while the Short Intermediate Term Fund has outperformed over the trailing quarter and year, but underperformed over the longer-term periods shown.

¹ Rates of return greater than one year are annualized. UTIMCO reports its performance data net of all costs.

² Reflects the U.T. System Board of Regents approved asset allocation policy targets and benchmarks beginning January 1, 2004. Performance prior to January 1, 2004, represents historical endowment policy portfolio data provided by UTIMCO. The Endowment Performance Benchmark shown here does not agree with benchmark data shown in UTIMCO reports. UTIMCO made certain retroactive changes in its benchmark reporting that have not been approved by the Board of Regents.

As of February 28, 2005

PUF POLICY COMPLIANCE
ASSET ALLOCATION AS OF 2/28/05
(\$ in millions)

	Total	Percent Of Total	Policy	Policy Ranges	In Compliance?
Traditional US Equities	\$1,773	20.1%	20%	15-45%	Yes
REITs	441	5.0	5%	0-10	Yes
U.S. Equity	\$2,214	25.1%	25%	15-45%	Yes
Non-U.S. Developed Equity	\$1,556	17.6%	10%	5-15%	No
Emerging Markets Equity	318	3.6	7%	0-10	Yes
Global ex-U.S. Equity	\$1,874	21.2%	17%	5-25%	Yes
Total Traditional Equity	\$4,088	46.3%	42%	20-60%	Yes
Equity Hedge Funds	\$847	9.6%	10%	5-15%	Yes
Absolute Return Hedge Funds	1,274	14.4	15%	10-20	Yes
Total Hedge Funds	\$2,121	24.0%	25%	5-25%	Yes
Venture Capital	\$127	1.4%	6%	0-10%	Yes
Private Equity	752	8.5	9%	5-15	Yes
Total Private Capital	\$879	10.0%	15%	5-15%	Yes
Commodities	\$444	5.0%	3%	0-5%	No
Traditional Fixed Income	\$845	9.6%	10%	10-30%	No
TIPS	395	4.5	5%	0-10	Yes
Total Fixed Income	\$1,240	14.0%	15%	10-30%	Yes
Cash	\$61	0.7%	--	0-5%	Yes
Total Permanent University Fund	\$8,832	100.0%	100%		
Liquidity Requirement					Yes

- As of quarter end, the PUF's allocation to traditional fixed income remained below its allowable minimum. The allocation to commodities was slightly above (though within rounding error) the allowable maximum. The allocation to non-U.S. developed equity remained in excess of the allowable maximum, and was actually further from compliance than at fiscal first quarter end. During the quarter, the PUF's allocation to hedge funds increased while the allocation to equities decreased. The PUF remains overweight equities and commodities and underweight private capital.
- The asset allocation figures shown above include the impact of UTIMCO internal derivative investment exposures, such as positions in futures contracts.

As of February 28, 2005

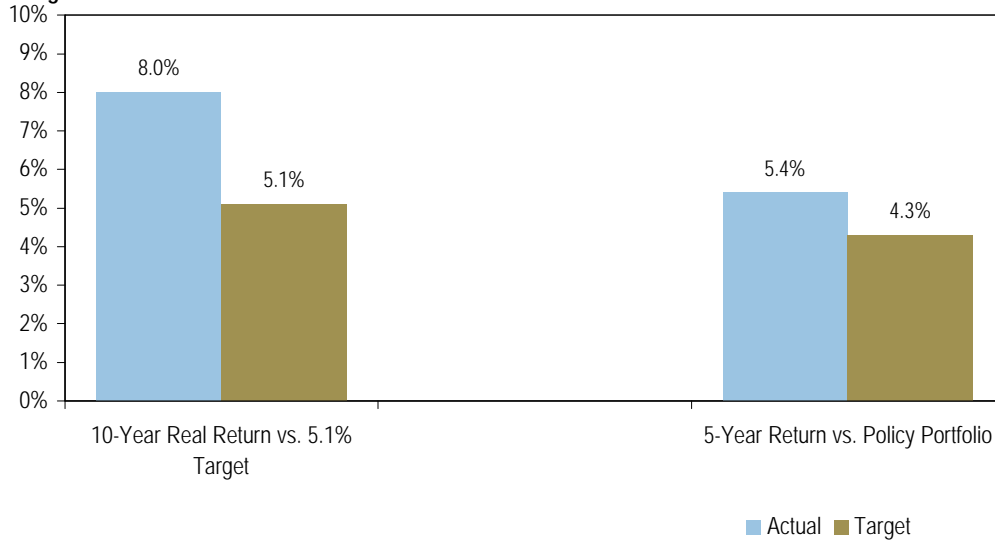
GEF POLICY COMPLIANCE
ASSET ALLOCATION AS OF 2/28/05
(\$ in millions)

	Total	Percent Of Total	Policy	Policy Ranges	In Compliance?
Traditional US Equities	\$944	20.1%	20%	15-45%	Yes
REITs	228	4.9	5%	0-10	Yes
U.S. Equity	\$1,172	25.0%	25%	15-45%	Yes
Non-U.S. Developed Equity	\$824	17.6%	10%	5-15%	No
Emerging Markets Equity	178	3.8	7%	0-10	Yes
Global ex-U.S. Equity	\$1,002	21.3%	17%	5-25%	Yes
Total Traditional Equity	\$2,174	46.3%	42%	20-60%	Yes
Equity Hedge Funds	\$450	9.6%	10%	5-15%	Yes
Absolute Return Hedge Funds	686	14.6	15%	10-20	Yes
Total Hedge Funds	\$1,136	24.2%	25%	15-25%	Yes
Venture Capital	\$86	1.8%	6%	0-10%	Yes
Private Equity	403	8.6	9%	5-15	Yes
Total Private Capital	\$489	10.4%	15%	5-15%	Yes
Commodities	\$237	5.0%	3%	0-5%	No
Traditional Fixed Income	\$455	9.7%	10%	10-30%	No
TIPS	210	4.5	5%	0-10	Yes
Total Fixed Income	\$665	14.2%	15%	10-30%	Yes
Cash	-\$8	-0.2%	--	0-5%	No
Total General Endowment Fund	\$4,692	100.0%	100%		
Liquidity Requirement					Yes

- As of quarter end, the GEF's allocation to traditional fixed income remained below its allowable minimum. The allocation to commodities was slightly above (though within rounding error) the allowable maximum. The allocation to non-U.S. developed equity remained in excess of the allowable maximum, and was actually further from compliance than at fiscal first quarter end. During the quarter, the GEF's allocation to hedge funds increased while the allocation to equities decreased. The GEF remains overweight equities and commodities and underweight private capital.
- The asset allocation figures shown above include the impact of UTIMCO internal derivative investment exposures, such as positions in futures contracts.

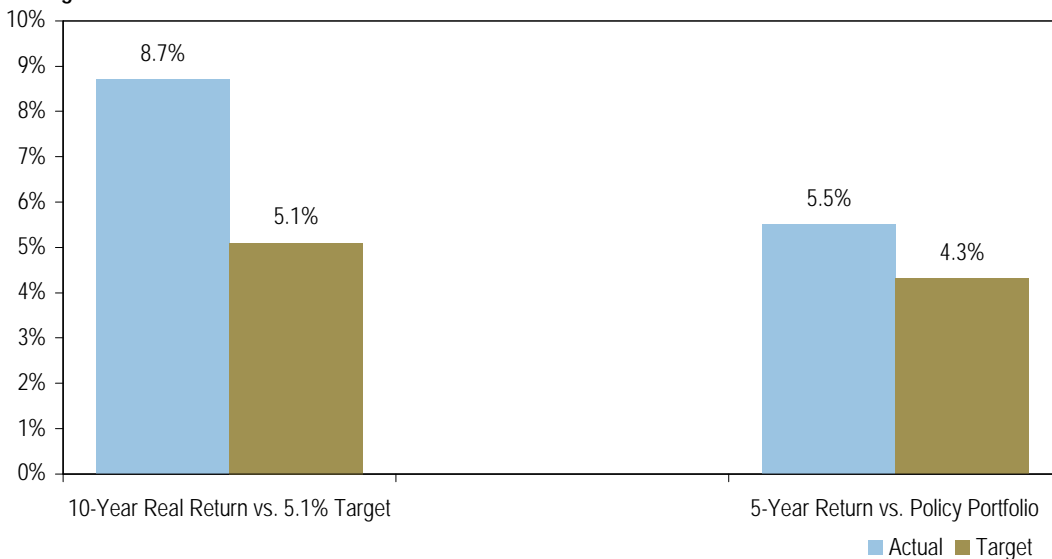
As of February 28, 2005

**Permanent University Fund
Analysis of Investment Objectives
Ending 2/28/05**



The primary investment objective of the PUF and GEF is to preserve the purchasing power of their respective assets and annual distributions by earning an average annual real return of 5.1% over rolling ten-year periods or longer. The secondary fund objective is to generate a fund return in excess of the Policy Portfolio benchmark over rolling five-year periods or longer. These objectives have been met over the periods analyzed.

**General Endowment Fund
Analysis of Investment Objectives
Ending 2/28/05**



An additional objective of the PUF and the GEF is to outperform the median fund in a universe¹ of similar endowments over rolling five-year periods or longer. Over the five years ending 12/31/2004 (the most recent date for which peer data is available), both the PUF and the GEF have achieved that objective.

¹ Universe consists of 134 colleges and universities. Data provided to UTIMCO by Cambridge Associates, Inc.

As of February 28, 2005

Permanent University Fund**RETURN SUMMARY**

ENDING 2/28/05

	Quarter Ending 2/28/2005	1 Year Ending 2/28/2005	3 Years Ending 2/28/2005	5 Years Ending 2/28/2005	Since Inception	Inception Date
Permanent University Fund	4.8%	11.7%	10.9%	5.4%	9.9%	8/31/1991
Endowment Performance Benchmark ¹	2.6	10.6	9.9	4.3	11.2	
U.S. Equity	2.7	10.6	7.6	3.2	11.0	8/31/1991
U.S. Equity Performance Benchmark	2.4	10.4	7.3	-0.6	11.0	
Global Ex U.S. Equity	8.8	15.4	16.0	0.2	7.4	3/31/1993
MSCI AC World Ex-U.S. Free Index	7.5	19.7	15.7	0.9	7.3	
Equity Hedge Funds	4.7	8.5	--	--	11.1	12/31/2003
90-Day T-Bill + 4%	1.5	5.6	--	--	5.5	
Absolute Return Hedge Funds	4.3	11.5	11.5	12.9	12.9	2/29/2000
Absolute Return Benchmark	1.3	4.6	5.2	6.8	6.8	
Private Capital²	9.9	20.0	5.4	-0.9	10.4	1/31/1989
Private Capital Benchmark	1.0	14.6	10.5	2.7	15.8	
Commodities	2.0	16.1	--	--	21.6	12/31/2003
Goldman Sachs Commodity Index - 1%	1.8	22.1	--	--	26.4	
Total Fixed Income	1.2	5.0	8.2	8.6	9.0	8/31/1985
Fixed Income Benchmark	1.1	3.1	6.0	7.8	8.5	

- The Permanent University Fund outperformed the Endowment Performance Benchmark by 2.2 percentage points during the fiscal quarter ending February 28, 2005. Each asset class added value over its respective benchmark during the quarter, with private capital being the stand-out performer on both a relative and an absolute basis.
- Over the one-year period, the Permanent University Fund added 1.1 percentage points of value over its benchmark. Asset class results were generally positive, with only commodities and global ex US equities lagging their respective benchmarks. Strong returns from the private capital and absolute return hedge fund components accounted for the bulk of the outperformance.

¹ Reflects the U.T. System Board of Regents approved asset allocation policy targets and benchmarks beginning January 1, 2004. Performance prior to January 1, 2004, represents historical endowment policy portfolio data provided by UTIMCO.

² Actual returns for the private capital component are presented on a time-weighted basis. The Private Capital Benchmark represents the Venture Economics Private Capital Benchmark beginning January 1, 2004; returns through December 31, 2003 represent the Dow Jones Wilshire 5000 +4%.

As of February 28, 2005

General Endowment Fund**RETURN SUMMARY**

ENDING 2/28/05

	Quarter Ending 2/28/2005	1 Year Ending 2/28/2005	3 Years Ending 2/28/2005	5 Years Ending 2/28/2005	Since Inception	Inception Date
General Endowment Fund	4.8%	11.7%	11.1%	5.5%	10.6%	8/31/1991
Endowment Performance Benchmark ¹	2.6	10.6	9.9	4.3	11.2	
U.S. Equity	2.7	10.4	7.6	2.2	11.0	8/31/1991
U.S. Equity Performance Benchmark	2.4	10.4	7.3	-0.6	11.0	
Global Ex U.S. Equity	8.9	15.8	16.2	0.2	6.8	3/31/1993
MSCI AC World Ex-U.S. Free Index	7.5	19.7	15.7	0.9	7.3	
Equity Hedge Funds	4.6	8.5	--	--	11.1	12/31/2003
90-Day T-Bill + 4%	1.5	5.6	--	--	5.5	
Absolute Return Hedge Funds	4.3	11.7	11.6	13.8	11.5	7/31/1998
Absolute Return Benchmark	1.3	4.6	5.2	6.8	7.4	
Private Capital²	9.7	20.4	4.7	-1.3	10.3	11/30/1986
Private Capital Benchmark	1.0	14.6	10.5	2.7	15.8	
Commodities	2.0	16.3	--	--	21.7	12/31/2003
Goldman Sachs Commodity Index - 1%	1.8	22.1	--	--	26.4	
Total Fixed Income	1.2	5.1	8.4	8.7	11.0	8/31/1981
Fixed Income Benchmark	1.1	3.1	6.0	7.8	10.3	

- The General Endowment Fund outperformed the Endowment Performance Benchmark by 2.2 percentage points during the fiscal quarter ending February 28, 2005. Each asset class added value over its respective benchmark during the quarter, with private capital being the stand-out performer on both a relative and an absolute basis.
- Over the one-year period, the General Endowment Fund added 1.1 percentage points of value over its benchmark. Asset class results were generally positive, with only commodities and global ex US equities lagging their respective benchmarks. Strong returns from the private capital and absolute return hedge fund components accounted for the bulk of the outperformance.

¹ Reflects the U.T. System Board of Regents approved asset allocation policy targets and benchmarks beginning January 1, 2004. Performance prior to January 1, 2004, represents historical endowment policy portfolio data provided by UTIMCO.

² Actual returns for the private capital component are presented on a time-weighted basis. The Private Capital Benchmark represents the Venture Economics Private Capital Benchmark beginning January 1, 2004; returns through December 31, 2003 represent the Dow Jones Wilshire 5000 +4%.

As of February 28, 2005

Operating Funds**RETURN SUMMARY**

ENDING 2/28/05

	Quarter Ending 2/28/2005	1 Year Ending 2/28/2005	3 Years Ending 2/28/2005	5 Years Ending 2/28/2005	Since Inception	Inception Date
Short Term Fund	0.5%	1.5%	1.4%	2.9%	4.1%	8/31/1992
ML 90-day T-Bill	0.5	1.5	1.4	2.8	4.0	
Short Intermediate Term Fund	0.4	1.1	2.1	4.4	4.9	2/28/1993
Performance Benchmark ¹	-0.1	0.0	2.7	4.8	5.1	
BGI U.S. Debt Index Fund	1.0	2.4	5.6	7.6	6.8	5/31/1999
LB Aggregate Bond Index	1.0	2.4	5.6	7.5	6.7	
BGI Equity Index Fund	3.0	7.0	4.7	-1.0	0.2	5/31/1999
S&P 500 Index	3.0	7.0	4.6	-1.0	0.1	

- The Short Term Fund approximated the performance of the benchmark during the periods shown above.
- The Short Intermediate Term Fund outperformed the Index during the fiscal quarter and trailing one-year period. Longer term performance is below-benchmark
- The BGI U.S. Debt Index approximated the performance of the benchmark during the periods shown above. Participants investing in the BGI U.S. Debt Index liquidated their positions during April of 2004.
- The BGI Equity Index Fund approximated the performance of its benchmark during the periods shown above.

¹ Returns for this benchmark from inception through July 31, 2004 have been supplied by UTIMCO. The composition of the benchmark is understood as including six government bond components obtained from Bloomberg in a weighted average composite. Beginning August 1, 2004 returns are those of the Merrill Lynch 1-3 Year Treasury Index.

5. **U. T. Board of Regents: Approval of annual distributions from the Permanent University Fund, the Permanent Health Fund, and the Long Term Fund**

RECOMMENDATION

The 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

- a. the fiscal year distribution from the Permanent University Fund (PUF) to the Available University Fund (AUF) be increased by 4.7% from \$341,174,270 to \$357,337,255 effective September 1, 2005. The distribution is an amount equal to 4.75% of the trailing 12-quarter average of the net asset value of the PUF. The increase in the distribution is a direct result of the increase in the market value of the PUF, as reflected in the trailing 12-quarter average;
- b. the distribution rate for the Permanent Health Fund (PHF) be increased from \$0.0470 per unit to \$0.0482 per unit effective November 30, 2005; and
- c. the distribution rate for the U. T. System Long Term Fund (LTF) be increased from \$0.2697 per unit to \$0.2764 per unit effective November 30, 2005.

BACKGROUND INFORMATION

For comparative purposes, the recommended distributions from the PUF, PHF and LTF represent 4.05%, 4.41%, and 4.50%, of each respective fund's market value as of February 28, 2005.

The PUF Investment Policy states that the annual distribution from the PUF to the AUF shall be an amount equal to 4.75% of the trailing 12-quarter average of the net asset value of the PUF for the quarter ending February of each fiscal year. Per this formula, the amount to be distributed from the PUF for Fiscal Year 2005-2006 is \$357,337,255 as calculated on the following page.

Quarter Ended	Net Asset Value
5/31/02	7,303,322,636
8/31/02	6,738,274,515
11/30/02	6,397,124,818
2/28/03	6,299,971,921
5/31/03	6,850,946,583
8/31/03	7,244,827,576
11/30/03	7,655,088,067
2/29/04	8,218,934,425
5/31/04	7,997,992,228
8/31/04	8,087,877,617
11/30/04	8,648,150,213
02/28/05	8,832,164,283
	\$ 90,274,674,882
Number of Quarters	12
Average Net Asset Value	\$ 7,522,889,574
Distribution Percentage	4.75%
FY 2005-06 Distribution	\$ 357,337,255

Article VII, Section 18 of the Texas Constitution requires that the amount of distributions to the AUF be determined by the U. T. Board of Regents in a manner intended to provide the AUF with a stable and predictable stream of annual distributions and to maintain over time the purchasing power of PUF investments and annual distributions to the AUF. The Constitution further limits the U. T. Board's discretion to set annual PUF distributions to the satisfaction of three tests:

1. The amount of PUF distributions to the AUF in a fiscal year must be not less than the amount needed to pay the principal and interest due and owing in that fiscal year on PUF bonds and notes. The proposed distribution of \$357,337,255 is substantially greater than PUF bonds debt service of \$105,305,880 projected for Fiscal Year 2005-2006.

System	Debt Service
U. T.	\$ 86,681,122
TAMU	18,624,758
Total	\$ 105,305,880

Sources: U. T. System Office of Finance
Texas A&M University System Office of
Treasury Services

2. The U. T. Board may not increase annual PUF distributions to the AUF (except as necessary to pay PUF debt service) if the purchasing power of PUF investments for any rolling 10-year period has not been preserved. As the schedule on the following page indicates, the average annual increase in the rate of growth of the value of PUF investments (net of expenses, inflation, and distributions) for the trailing 10-year period ended February 28, 2005, was 5.03%.

Average Annual	Percent
Rate of Total Return	10.71%
Mineral Interest Receipts	1.35%
Expense Rate	(0.15)% (1)
Inflation Rate	(2.43)%
Distribution Rate	(4.45)%
Net Real Return	5.03%

(1) Paid from AUF until 1/01/00

3. The annual distribution from the PUF to the AUF during any fiscal year made by the U. T. Board may not exceed an amount equal to 7% of the average net fair market value of PUF investment assets as determined by the U. T. Board (except as necessary to pay PUF bonds debt service). The annual distribution rate calculated using the trailing 12-quarter average value of the PUF is within the 7% maximum allowable distribution rate.

Value of PUF Investments (1)	Proposed Distribution	Proposed Distribution as a % of Value of PUF Investments	Maximum Allowed Rate
\$7,522,889,574	\$357,337,255	4.75%	7.00%

(1) Source: UTIMCO

The spending policy objectives of the PHF and LTF are to

- provide a predictable stable stream of distributions over time;
- ensure that the inflation-adjusted value of the distributions is maintained over the long term; and
- ensure that the inflation-adjusted value of the assets of the PHF and the LTF, as appropriate after distributions, is maintained over the long term.

The goal is for the average spending rate of the PHF or the LTF, as appropriate, over time not to exceed the average annual investment return of such fund after inflation in order to preserve the purchasing power of such fund's distributions and underlying assets.

Unless otherwise established by UTIMCO and approved by the U. T. Board, the spending formula under the PHF Investment Policy and the LTF Investment Policy increases distributions at the rate of inflation subject to a distribution range of 3.5% to 5.5% of the average market value of the LTF assets and PHF assets for each fund's respective trailing 12 fiscal quarters. The Investment Policies expressly reserve to the

U. T. Board the ability to approve a per unit distribution amount for the PHF and the LTF, as appropriate, that, in the Board's judgment, would be more appropriate than the formula rate calculated by the spending policy provisions.

The distribution rate for the PHF had been held at \$.0470 for four years since Fiscal Year 2002 because the PHF's net asset value was less than the original PHF contributions of \$820.0 million due to difficult financial markets in the initial years of the PHF. However, as of November 30, 2004, the PHF's net asset value was \$864.7 million. The 2.6% increase in the PHF distribution rate of \$.0470 to \$.0482 per unit is recommended based on the PHF Investment Policy to increase the distributions by the average rate of inflation for the trailing 12 quarters. The increase in the consumer price index for the prior three years as of November 30, 2004, was 2.5%. The PHF's distribution rate calculated using the prior 12-quarter average value of the PHF is 5.2%, within the range of 3.5% to 5.5% set forth in the PHF Investment Policy. The recommended distribution rate of \$.0482 per unit was approved by the UTIMCO Board on March 31, 2005.

In addition to the spending policy objectives for the LTF (described above), the LTF Investment Policy expressly recognizes that, under the Uniform Management of Institutional Funds Act, the U. T. Board may distribute from the LTF the net appreciation, realized and unrealized, in the fair market value of LTF assets over the historic dollar value of the fund. The 2.5% increase in the LTF distribution rate from \$0.2697 to \$0.2764 per unit is recommended based on the LTF Investment Policy to increase the distributions by the average rate of inflation for the trailing 12 quarters. The increase in the consumer price index for the prior three years as of November 30, 2004, was 2.5%. The LTF's distribution rate calculated using the prior 12-quarter average value of the LTF is 5.3%, within the range of 3.5% to 5.5% set forth in the LTF Investment Policy. The recommended distribution rate of \$.2764 per unit was approved by the UTIMCO Board on March 31, 2005.

6. **U. T. Board of Regents: Adoption of Resolutions Amending the First and Fifth Supplemental Resolutions to the Master Resolution establishing the Revenue Financing System Commercial Paper Programs**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs that the U. T. Board of Regents

- a. adopt the third and first resolutions amending the First and Fifth Supplemental Resolutions to the Master Resolution, substantially in the form presented to the Board on Pages 27 - 32, providing for additional defeasance provisions; and
- b. authorize appropriate officers and employees of the U. T. System to take any and all actions necessary to carry out the intentions of the U. T. Board of Regents.

BACKGROUND INFORMATION

On February 9, 1995, the U. T. Board of Regents adopted the Amended and Restated First Supplemental Resolution to the Master Resolution Establishing the Revenue Financing System Commercial Paper Notes, Series A Program. On May 13, 2004, the U. T. Board of Regents reauthorized the Fifth Supplemental Resolution to the Master Resolution Establishing the Revenue Financing System Taxable Commercial Paper Notes, Series B Program. Chapter 1207 of the *Texas Government Code* now provides a broader list of eligible securities that may be deposited into an escrow account to defease outstanding debt. Adoption of the proposed Resolutions will amend the First and Fifth Supplemental Resolutions to make the list of eligible defeasance securities consistent with current State law and will allow all future refunding transactions involving outstanding commercial paper notes to be accomplished in a more efficient manner.

THIRD AMENDING RESOLUTION
AMENDING THE AMENDED AND RESTATED
FIRST SUPPLEMENTAL RESOLUTION
TO THE MASTER RESOLUTION
ESTABLISHING THE REVENUE FINANCING SYSTEM
COMMERCIAL PAPER PROGRAM

WHEREAS, on April 12, 1990, the Board adopted a Master Resolution Establishing The University of Texas System Revenue Financing System, as amended and restated on February 14, 1991 and further amended on October 8, 1993 and August 14, 1997 (referred to herein as the "Master Resolution"); and

WHEREAS, unless otherwise defined herein, terms used herein shall have the meaning given in the Master Resolution; and

WHEREAS, the Master Resolution establishes the Revenue Financing System (the "Financing System") comprised of the institutions now or hereafter constituting components of The University of Texas System which are designated "Members" of the Financing System by action of the Board and pledges the Pledged Revenues attributable to each Member of the Financing System to the payment of Parity Debt to be outstanding under the Master Resolution; and

WHEREAS, the Amended and Restated First Supplemental Resolution to the Master Resolution Establishing The University of Texas System Revenue Financing System was adopted by the Board on February 9, 1995 and amended by resolutions of the Board adopted on November 13, 1997 and August 8, 2002 (the "First Supplement") to establish an interim financing program pursuant to which the Board has issued its Revenue Financing System Commercial Paper Notes, Series A (the "Notes") to provide interim financing for capital improvements and to finance equipment purchases; and

WHEREAS, the Board deems it necessary to amend the First Supplement to conform the defeasance provisions relating to Notes to those used in other Revenue Financing System obligations as authorized by Chapter 1207, *Texas Government Code*, as amended.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM THAT:

Section 1. In addition to the definitions set forth in the preamble of this Resolution, the terms used in this Resolution and not otherwise defined shall have the meanings given in the Master Resolution or in Exhibit "A" to the First Supplement.

Section 2. The First Supplement is hereby amended by adding a new Section 6.12 to read as follows:

"Section 6.12. Additional Defeasance Provisions.

Notwithstanding the provisions of Section 12(c) of the Master Resolution, in connection with the defeasance of the Notes pursuant to Section 12 of the Master Resolution, the term Government Obligations shall mean (i) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of the purchase thereof are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the Issuer adopts or approves the proceedings authorizing the financial arrangements are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent."

Section 3. The Chairman of the Board, the Vice-Chairmen of the Board, the Counsel and Secretary to the Board of Regents of The University of Texas System, the U. T. System Representatives, and the other officers, employees, and agents of the Board are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to effectuate the purposes of this Resolution. In addition, the Chairman of the Board, the Vice-Chairmen of the Board, the Chancellor, the Executive Vice Chancellor for Business Affairs, the Associate Vice Chancellor for Finance, the Director of Finance, and Bond Counsel are hereby authorized to approve, subsequent to the date of the adoption of this Resolution, any technical amendments to this Resolution as may be required by (i) Fitch Investors Service, L.P., Moody's Investors Service, Inc., or Standard & Poor's Ratings Group, a Division of McGraw-Hill, Inc. as a condition to the granting or maintenance of a rating on the Notes acceptable to a U. T. System Representative or (ii) by the Attorney General's office in connection with the review of this Resolution.

Section 4. This amendment to the First Supplement shall take effect when none of the Notes outstanding on the date of adoption of this Resolution are outstanding.

Section 5. The recitals set forth in the preamble to this Resolution are hereby incorporated into this Resolution and made a part hereof for all purposes.

Section 6. It is hereby found and determined that each of the officers and members of the Board was duly and sufficiently notified officially and personally, in advance, of the time, place, and purpose of the Meeting at which this Resolution was adopted, and that this Resolution would be introduced and considered for adoption at said meeting; that said meeting was open to the public, and public notice of the time, place, and purpose of said meeting was given, all as required by Chapter 551, *Texas Government Code*.

PASSED AND ADOPTED, this

ATTEST:

Counsel and Secretary to the
Board of Regents of
The University of Texas System

(SEAL)

FIRST AMENDING RESOLUTION
AMENDING THE REAUTHORIZATION OF FIFTH
SUPPLEMENTAL RESOLUTION TO THE MASTER
RESOLUTION ESTABLISHING THE REVENUE FINANCING
SYSTEM TAXABLE COMMERCIAL PAPER PROGRAM

WHEREAS, on April 12, 1990, the Board adopted a Master Resolution Establishing The University of Texas System Revenue Financing System, as amended and restated on February 14, 1991 and further amended on October 8, 1993 and August 14, 1997 (referred to herein as the "Master Resolution"); and

WHEREAS, unless otherwise defined herein, terms used herein shall have the meaning given in the Master Resolution; and

WHEREAS, the Master Resolution establishes the Revenue Financing System (the "Financing System") comprised of the institutions now or hereafter constituting components of The University of Texas System which are designated "Members" of the Financing System by action of the Board and pledges the Pledged Revenues attributable to each Member of the Financing System to the payment of Parity Debt to be outstanding under the Master Resolution; and

WHEREAS, the Reauthorization of the Fifth Supplemental Resolution to the Master Resolution Establishing The University of Texas System Revenue Financing System was adopted by the Board on May 13, 2004 (the "Fifth Supplement") to establish a taxable interim financing program pursuant to which the Board has issued its Revenue Financing System Commercial Paper Notes, Series B (the "Taxable Notes") to provide taxable interim financing for capital improvements and to finance equipment purchases; and

WHEREAS, the Board deems it necessary to amend the Fifth Supplement to conform the defeasance provisions relating to Taxable Notes to those used in other Revenue Financing System obligations as authorized by Chapter 1207, *Texas Government Code*, as amended.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM THAT:

Section 1. In addition to the definitions set forth in the preamble of this Resolution, the terms used in this Resolution and not otherwise defined shall have the meanings given in the Master Resolution or in Exhibit "A" to the Fifth Supplement.

Section 2. The Fifth Supplement is hereby amended by adding a new Section 6.11 to read as follows:

"Section 6.11. Additional Defeasance Provisions.

Notwithstanding the provisions of Section 12(c) of the Master Resolution, in connection with the defeasance of the Notes pursuant to Section 12 of the Master Resolution, the term Government Obligations shall mean (i) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of the purchase thereof are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the Issuer adopts or approves the proceedings authorizing the financial arrangements are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent."

Section 3. The Chairman of the Board, the Vice-Chairmen of the Board, the Counsel and Secretary to the Board of Regents of The University of Texas System, the U. T. System Representatives, and the other officers, employees, and agents of the Board are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to effectuate the purposes of this Resolution. In addition, the Chairman of the Board, the Vice-Chairmen of the Board, the Chancellor, the Executive Vice Chancellor for Business Affairs, the Associate Vice Chancellor for Finance, the Director of Finance, and Bond Counsel are hereby authorized to approve, subsequent to the date of the adoption of this Resolution, any technical amendments to this Resolution as may be required by (i) Fitch Investors Service, L.P., Moody's Investors Service, Inc., or Standard & Poor's Ratings Group, a Division of McGraw-Hill, Inc. as a condition to the granting or maintenance of a rating on the Taxable Notes acceptable to a U. T. System Representative or (ii) by the Attorney General's office in connection with the review of this Resolution.

Section 4. This amendment to the Fifth Supplement shall take effect when none of the Taxable Notes outstanding on the date of adoption of this Resolution are outstanding.

Section 5. The recitals set forth in the preamble to this Resolution are hereby incorporated into this Resolution and made a part hereof for all purposes.

Section 6. It is hereby found and determined that each of the officers and members of the Board was duly and sufficiently notified officially and personally, in advance, of the time, place, and purpose of the Meeting at which this Resolution was adopted, and that this Resolution would be introduced and considered for adoption at said meeting; that said meeting was open to the public, and public notice of the time, place, and purpose of said meeting was given, all as required by Chapter 551, *Texas Government Code*.

PASSED AND ADOPTED, this

ATTEST:

Counsel and Secretary to the
Board of Regents of
The University of Texas System

(SEAL)

7. U. T. System: Permanent University Fund quarterly update

Mr. Philip R. Aldridge, Associate Vice Chancellor for Finance, will update the Committee on changes in the forecasted distributions from the Permanent University Fund (PUF) to the Available University Fund (AUF) and the resulting impact on remaining PUF debt capacity, U. T. Austin Excellence Funds, and the AUF balance.

REPORT

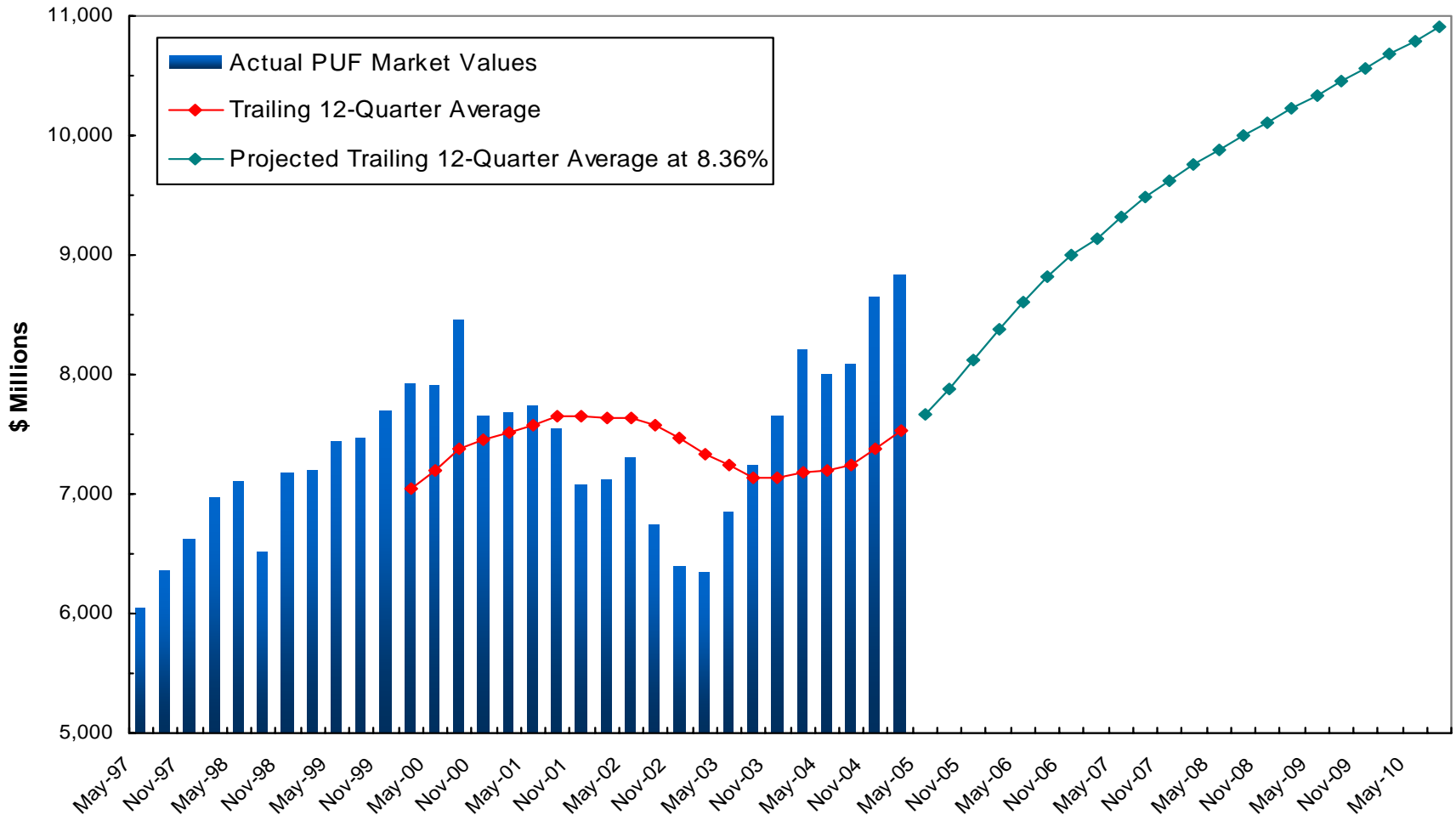
A summary of the assumptions used in calculating the PUF debt capacity is provided on Page 33.1. As of February 28, 2005, the market value of the PUF was \$8.8 billion compared to \$8.6 billion as of November 30, 2004 (Figure A on Page 33.2). During Fiscal Year 2006, \$357.3 million is estimated to be distributed to the AUF, compared to \$341.2 million in Fiscal Year 2005 (Figure B on Page 33.3). PUF distributions to the AUF are projected to steadily increase beginning in Fiscal Year 2006 and are not projected to be capped due to constitutional purchasing power restrictions.

There is an estimated \$448 million of additional debt capacity through Fiscal Year 2010 beyond the PUF projects currently approved, assuming a 8.36% investment return (Figure C on Page 33.4). This PUF debt capacity incorporates the \$6.4 million of present value debt service savings generated through the PUF Series 2005A&B advance refunding transaction executed on March 10, 2005. PUF debt capacity is affected by various factors, some of which are determined by the Board while others are dependent on future market conditions (Figure D on Page 33.5).

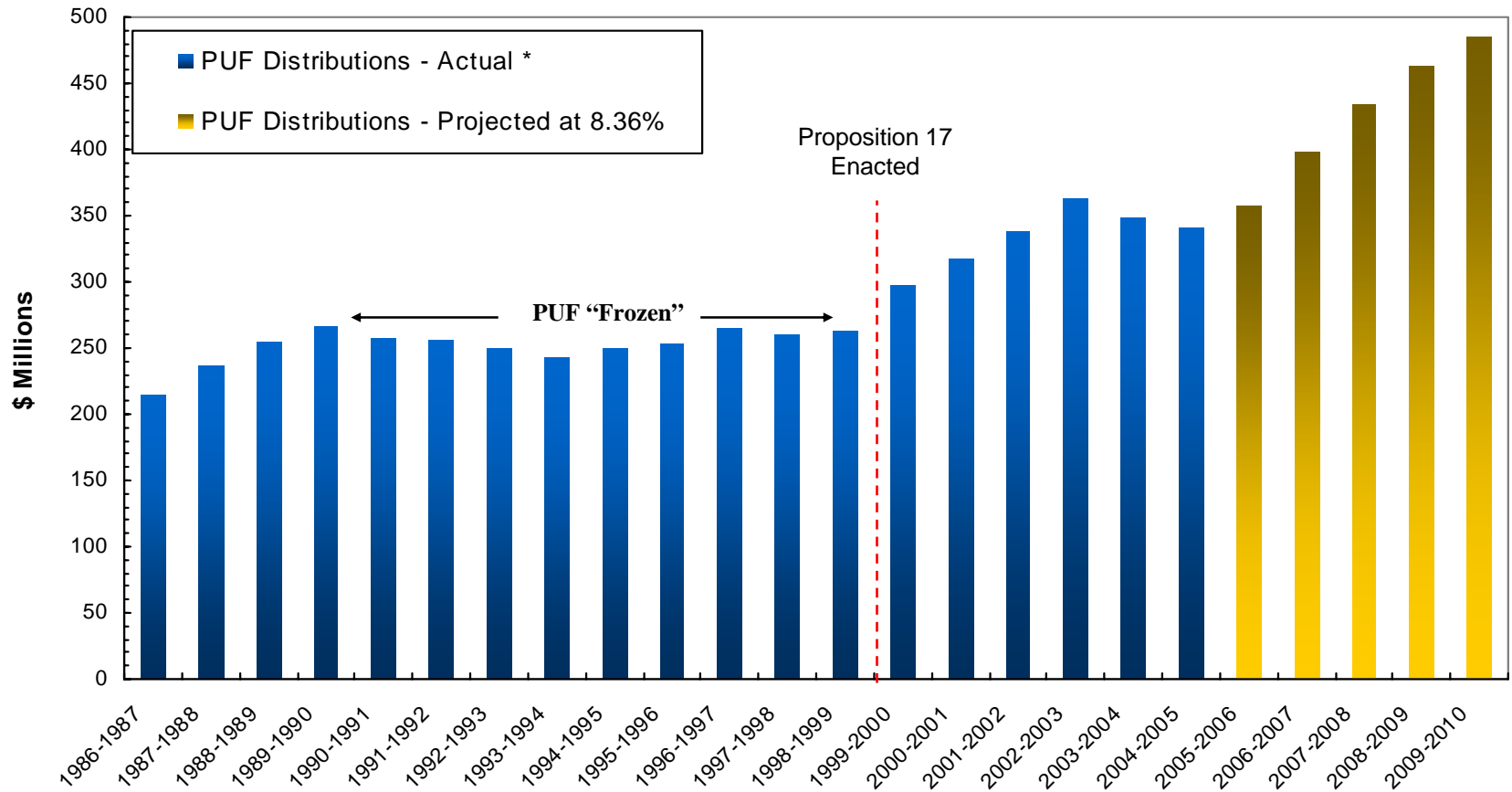
PUF Debt Capacity Base Case Assumptions

- PUF Distribution equals 4.75% of the average PUF net asset value for the trailing 12 quarters, unless restricted by Constitutional purchasing power requirements.
- U. T. Austin Excellence Funds equal 45% of the income available to U. T. System.
- Includes all PUF projects approved through March 2005.
- Forecasted PUF distribution amounts provided by UTIMCO based on long-term expected average annual rate of return of 8.36% starting from the PUF market value as of February 28, 2005.
- Annual Library, Equipment, Repair and Rehabilitation (“LERR”) appropriations of \$30 million are projected to continue from FY 2006 through FY 2010, along with an additional \$10 million LERR appropriation to U. T. Dallas projected in FY 2006 associated with Project Emmitt.
- PUF debt service on additional capacity structured as 20-year, tax-exempt debt with level debt service.

Projected Trailing 12-Quarter PUF Market Value Average



Permanent University Fund Distributions



* Effective September 1, 1997, a statutory amendment changed the distribution of income from cash to an accrual basis, resulting in a one-time distribution adjustment to the AUF of \$47.3 million that is not reflected.

PUF Debt Capacity-Base Case at 8.36%

Additional PUF Debt Capacity (\$448.1 Million)		\$0.0	\$234.3	\$0.0	\$66.1	\$92.3	\$55.4
Cumulative Additional PUF Debt Capacity		\$0.0	\$234.3	\$234.3	\$300.4	\$392.7	\$448.1
Available University Fund Operating Statement Forecast Data (\$ Millions)	Actual	Projected					
	FY 04	FY 05	FY 06	FY 07	FY 08	FY 09	FYE 10
PUF Distribution Amount	\$348.0	\$341.2	\$357.3	\$398.3	\$434.3	\$463.3	\$485.6
Surface and Other Income	7.6	6.4	6.4	6.7	6.7	6.7	6.7
Divisible Income	355.6	347.6	363.8	405.0	441.0	470.1	492.4
U. T. System Share (2/3)	237.1	231.7	242.5	270.0	294.0	313.4	328.2
AUF Interest Income	3.0	4.0	4.3	4.6	4.8	5.1	5.3
Income Available to U. T. System	240.1	235.7	246.8	274.5	298.8	318.5	333.6
TRANSFERS:							
U. T. Austin Excellence Funds (45%)	(108.3)	(105.3)	(111.1)	(123.6)	(134.4)	(143.3)	(150.1)
PUF Debt Service on Approved Projects	(71.6)	(80.2)	(105.4)	(106.1)	(108.5)	(110.8)	(113.6)
PUF Cash Defeasance	(60.0)	-	-	-	-	-	-
PUF Debt Service on Additional Debt Capacity	-	-	(18.6)	(18.6)	(23.9)	(31.5)	(36.1)
System Administration	(27.9)	(27.7)	(28.9)	(29.8)	(30.7)	(31.6)	(32.6)
Other	(4.5)	(1.1)	(1.1)	(1.1)	(1.2)	(1.2)	(1.2)
Debt Service (Austin Building Revenue Bonds)	(3.4)	-	-	-	-	-	-
Net Surplus/(Deficit)	(35.7)	21.5	(18.2)	(4.6)	(0.0)	(0.0)	(0.0)
Ending AUF Balance - System	46.3	67.8	49.6	45.0	45.0	45.0	45.0
PUF Debt Service Coverage	3.35:1	2.94:1	1.99:1	2.20:1	2.26:1	2.24:1	2.23:1

PUF Debt Capacity Sensitivities at 8.36%

	Board-Determined	Board-Determined	Board-Determined	Market-Dependent	Market-Dependent	Additional Debt Capacity (\$ Millions)						TOTAL	Projected PUF
	Annual LERR	U.T. Austin Excellence	PUF Distribution Rate	PUF Investment Return	Change in Tax-Exempt Rates	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY 2005-FY 2010	Market Value in FY 2030
	\$30 Million	45.0%	4.75%	8.36%	NA	0.0	234.3	0.0	66.1	92.3	55.4	448.1	23,701,317,468
	\$30 Million	45.0%	4.75%	8.36%	NA	0.0	234.3	0.0	66.1	92.3	55.4	448.1	23,701,317,468
	\$20 Million	45.0%	4.75%	8.36%	NA	0.0	244.3	10.0	76.1	102.3	65.4	498.1	23,701,317,468
	\$10 Million	45.0%	4.75%	8.36%	NA	0.0	254.3	20.0	86.1	112.3	75.4	548.1	23,701,317,468
	None	45.0%	4.75%	8.36%	NA	0.0	264.3	30.0	96.1	122.3	85.4	598.1	23,701,317,468
	\$30 Million	40.0%	4.75%	8.36%	NA	0.0	397.9	0.0	90.2	104.4	64.6	657.1	23,701,317,468
	\$30 Million	45.0%	4.75%	8.36%	NA	0.0	234.3	0.0	66.1	92.3	55.4	448.1	23,701,317,468
	\$30 Million	50.0%	4.75%	8.36%	NA	0.0	70.5	0.0	42.1	80.3	46.2	239.1	23,701,317,468
	\$30 Million	45.0%	4.50%	8.36%	NA	0.0	185.7	0.0	9.7	87.2	53.6	336.2	25,137,265,135
	\$30 Million	45.0%	4.75%	8.36%	NA	0.0	234.3	0.0	66.1	92.3	55.4	448.1	23,701,317,468
	\$30 Million	45.0%	5.00%	8.36%	NA	0.0	282.9	0.0	122.4	97.4	56.9	559.6	22,333,381,989
	\$30 Million	45.0%	4.75%	7.36%	NA	0.0	233.7	0.0	58.0	77.6	34.0	403.3	18,512,924,940
	\$30 Million	45.0%	4.75%	8.36%	NA	0.0	234.3	0.0	66.1	92.3	55.4	448.1	23,701,317,468
	\$30 Million	45.0%	4.75%	9.36%	NA	0.0	234.9	0.0	74.0	107.1	77.1	493.2	30,202,024,112
	\$30 Million	45.0%	4.75%	8.36%	+ 50 bps	0.0	217.6	0.0	61.8	87.4	52.1	419.0	23,701,317,468
	\$30 Million	45.0%	4.75%	8.36%	HA	0.0	234.3	0.0	66.1	92.3	55.4	448.1	23,701,317,468
	\$30 Million	45.0%	4.75%	8.36%	-50 bps	0.0	252.2	0.0	70.6	97.6	58.9	479.3	23,701,317,468

33.5

8. **U. T. Board of Regents: Regents' Rules and Regulations, Series 10501 - Amendment to increase the amount delegated for lease or purchase of routine medical equipment and services**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Health Affairs, and the Vice Chancellor and General Counsel that the Regents' *Rules and Regulations*, Series 10501 be amended as set forth below in congressional style to allow the health institutions to purchase or lease routine medical equipment and services with a value of more than \$1 million if the institutions follow all statutory and regulatory standards for procurement under the group purchasing program.

2. Rule and Regulation

...

Sec. 4 Contracts Not Requiring Board Approval. The following contracts or agreements, including purchase orders and vouchers, do not require prior approval by the Board of Regents regardless of the contract amount.

...

4.5 Routine Supplies Items. Contracts or agreements for the purchase of routinely purchased supplies.

4.6 Group Purchases. Purchases made under a group purchasing program that follow all applicable statutory and regulatory standards for procurement.

...

4.15 Health Operations. Contracts or agreements for the procurement of routine services or the purchase or lease of routine medical equipment, required for the operation or support of a hospital or medical clinic, if the services or equipment were competitively procured.

...

3. Definitions

...

Group Purchasing Program - for purposes of this Series, a purchasing program established by (1) a state agency that is authorized by law to procure goods and services for other state agencies, such as the Texas Building and Procurement Commission and the Texas Department of Information Resources; or (2) a group purchasing organization in which the institution participates, such as Novation, Premier, Western States Contracting Alliance, and U.S. Communities Government Purchasing Alliance.

.....

BACKGROUND INFORMATION

The proposed amendments to the Regents' *Rules and Regulations*, Series 10501, relating to the exemption from required Board approval of contracts with a value of more than \$1 million associated with purchases made under a group purchasing program, are explanatory amendments that (1) define the term "group purchasing program" and (2) clarify that purchases under group purchasing programs must follow all applicable statutory and regulatory standards for procurement. These amendments will facilitate the appropriate use of the group purchasing program exemption.

The proposed amendments add a new exemption from required Board approval of contracts with a value of more than \$1 million for contracts or agreements associated with the purchase or lease of routine medical equipment or services, required for the operation or support of a hospital or medical clinic, if the equipment or services were competitively procured.

9. **U. T. Board of Regents: Amendment to the Regents' Rules and Regulations, Series 70301 (Matters Relating to Real Property), Section 4**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs and the Vice Chancellor and General Counsel that the Regents' *Rules and Regulations*, Series 70301, Section 4, regarding matters relating to real property, be amended by adding a new Section 4.4 as follows:

Sec. 4 Delegation of Authority. . . .

4.4 If approval of the Board of Regents is required by Section 3 of Series 10501 of the Regents' Rules and Regulations before the real property may be sold or leased to a third party, the following information shall be provided to the Board of Regents with the request for approval:

- (a) a description of the process used to select the third party and the rationale for using the process described;
- (b) a description of the process used to set the consideration to be received by U. T. System; and
- (c) a statement of the appraised value as determined by an independent appraisal conducted no earlier than 12 months prior to the Board of Regents' meeting date at which the sale or lease is to be presented for approval.

BACKGROUND INFORMATION

The proposed amendment to the Regents' *Rules and Regulations*, Series 70301, Section 4 formalizes and documents the process by which sales and leases of U. T. System-owned real property in excess of \$1 million in value are submitted to the Board of Regents for approval.

10. **U. T. Board of Regents: Amendment to the Regents' Rules and Regulations, Series 80103, Section 2.4 (Solicitation)**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs and the Vice Chancellor and General Counsel that the Regents' *Rules and Regulations*, Series 80103, Section 2.4, related to solicitation, be amended as set forth below in congressional style:

- 2.4 Services. Any offering of services and related products by a third party or by U. T. System and/or one or more of its institutions on behalf of a third party (a "Third Party Service Offering") established and maintained primarily for the convenience of students, staff, faculty, or patients. Such Third Party Service Offering must be established and maintained pursuant to a written agreement between the third party and the affected U. T. System entity or entities and such written agreement:
- (a) Clearly sets forth the nature and scope of the solicitation activities that the third party is permitted to undertake on U. T. System property, and is construed to prohibit any solicitation activities not specifically enumerated in such written agreement;
 - (b) Is of specified duration with defined renewal procedures and periods; and
 - (c) Includes appropriate provisions to protect the privacy of students, faculty, staff, and patients and require compliance with Section 2 above.

~~Any service or service facility for the convenience of the students, staff, faculty, patients, or bona fide visitors that is operated or maintained by the U. T. System or any of its institutions or by a subcontractor or lessee of either, under an approved written agreement, including, but not limited to: (1) any bookstore, specialty store, laundry, pharmacy, cafeteria, or food service; (2) a child care facility limited to children or bona fide dependents of students, faculty, or staff; (3) a State or federal credit union with membership limited primarily to students, faculty, and staff of the U. T. System or any of its institutions and other area institutions of higher education, and the officers and employees of organizations closely related to the component institution's educational mission, such as officially recognized alumni associations and cooperative bookstores; (4) private post office boxes under an approved written agreement that limits the use to students, faculty, and staff of the institution; (5) unmanned teller machines and drop-boxes for express delivery services that are located and maintained under an approved written agreement that prohibits advertising the location of the unmanned teller machine or drop-boxes to~~

~~the general public; or (6) a travel agency under an approved written agreement that limits the use primarily to students, faculty, and staff of the institution and prohibits advertising the institutional location of the travel agency to the general public.~~

BACKGROUND INFORMATION

The proposed amendment to the Regents' *Rules and Regulations*, Series 80103, Section 2.4, will authorize U. T. System officers to exercise additional flexibility to allow private contractors to offer services and products on campus property, provided the offerings are primarily for the convenience of students, staff, faculty, or patients. The proposed amendment clarifies that more expansive service offerings are permitted, if targeted to the convenience of an institution's constituents, and puts in place a process to ensure such service offerings are carefully planned and renewed in coordination with the U. T. System Offices of Business Affairs and General Counsel.

Section 1 of Series 80103 of the Regents' *Rules and Regulations* prohibits solicitation on property owned or controlled by U. T. System or its institutions, unless permitted by the *Rules*. The remainder of Series 80103 consists of exceptions to the general prohibition on solicitation.

The current Section 2.4 provides an exception to allow services or service facilities on U. T. property for the convenience of students, staff, faculty, or patients pursuant to an approved written agreement with the U. T. institution and further provides a list of certain types of services and service facilities expressly excepted from the general prohibition. The current language in Section 2.4 states that the excepted services and service facilities include, but are not limited to, those named in the list. This apparent contradiction with the prohibition on solicitation in Section 1 has caused difficulty in interpreting the intended scope of Section 2.4.

The proposed amendments to Section 2.4 will eliminate the current list of expressly excepted services and service facilities, and instead allow the offering of services on campus if provided primarily for the convenience of students, staff, faculty, or patients under a written agreement satisfying specified conditions.

11. **U. T. System: Review of services provided and fees charged by the Office of Facilities Planning and Construction and update on benchmarking study**

REPORT

Dr. Scott C. Kelley, Executive Vice Chancellor for Business Affairs, will present a review of services provided and fees charged by the Office of Facilities Planning and Construction and an update on the benchmarking study, using a PowerPoint presentation as set out on Pages 39.1 - 39.10.

BACKGROUND INFORMATION

The current fee schedule was established by the U. T. Board of Regents on March 6, 1996 (via Executive Committee Letter 96-12).



THE UNIVERSITY OF TEXAS SYSTEM

Review of Services Provided and Fees Charged by OFPC

The University of Texas System Board of Regents
Finance and Planning Committee
May 11, 2005



Questions to be considered

- What project management services are required?
- **Are the fees charged by OFPC competitive?**
- Is the service provided by OFPC meeting expectations?



What project management services are required?

- Manage procurement process for A/E and/or programmer
- Manage procurement process for construction firm and technical service providers
- Negotiate contracts
- Manage programming phase
- Manage design phase
- Manage construction phase
- Manage project close-out

3



Are the fees charged by OFPC competitive?

- Current fee schedule established by Board of Regents in 1996
- As standard in the industry, the fee is a percentage of the project construction costs
- The percentage varies based on size and type of the project

4



Are the fees charged by OFPC competitive?

Dormitories, Garages, Warehouses %

New Projects Cost Range	U. T.
Over \$100,000,000	1.75
Over \$50,000,000	2.00
Over \$25,000,000	2.25
Over \$15,000,000	2.50
Over \$10,000,000	2.75
Over \$1,000,000	3.00

5



Are the fees charged by OFPC competitive?

Classrooms, Offices, Other %

New Projects Cost Range	U. T.
Over \$100,000,000	2.00
Over \$50,000,000	2.25
Over \$25,000,000	2.50
Over \$15,000,000	2.75
Over \$10,000,000	3.00
Over \$1,000,000	3.25

6



Are the fees charged by OFPC competitive?

Clinical, Research, Special Education %

New Projects Cost Range	U. T.
Over \$100,000,000	2.25
Over \$50,000,000	2.50
Over \$25,000,000	2.75
Over \$15,000,000	3.00
Over \$10,000,000	3.25
Over \$1,000,000	3.50

7



Are the fees charged by OFPC competitive?

Fees were benchmarked against rates charged by private firms for similar services

- Soliciting input from campuses, OFPC selected seven firms for comparison
- OFPC provided its standard scope of services to provide basis for fee comparison
- Early this year, a survey of the seven selected firms was conducted and compiled by the System Audit Office

(continued)

8



Are the fees charged by OFPC competitive? (continued)

- Five firms responded to the survey:
 - *Jacobs Facilities*
 - *Herndon and Stauch*
 - *Maddox Group*
 - *3DI*
 - *Project Control*
- Fee data was also gathered on what other Texas institutions/agencies were charging for similar services

9



Are the fees charged by OFPC competitive?

Dormitories, Garages, Warehouses %

New Project Cost	U. T.	Company A	Company B	Company C	Company D	Company E	Average	% U. T. Fee is Below Benchmark
Over \$100M	1.75	3.90	N/A	4.00	2.00	2.00	2.98	41%
Over \$50M	2.00	4.10	2.00-3.00	4.00	3.00	3.70	3.46	42%
Over \$25M	2.25	4.20	3.00-4.00	5.00	4.00	4.90	4.32	48%
Over \$15M	2.50	4.50	4.00-10.00	6.00	5.00	4.90	5.48	54%
Over \$10M	2.75	5.30	4.00-10.00	6.00	6.00	N/A	6.08	55%
Over \$1M	3.00	6.40	N/A	8.00	10.00	N/A	8.13	63%

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Are the fees charged by OFPC competitive?

Classrooms, Offices, Other %

New Project Cost	U. T.	Company A	Company B	Company C	Company D	Company E	Average	% U. T. Fee is Below Benchmark
Over \$100M	2.00	3.90	2.00	5.00	3.00	2.00	3.18	37%
Over \$50M	2.25	4.10	2.00-3.00	5.00	4.00	3.70	3.86	42%
Over \$25M	2.50	4.20	3.00-4.00	6.00	5.00	4.90	4.72	47%
Over \$15M	2.75	4.50	4.00-10.00	7.00	6.00	4.90	5.88	53%
Over \$10M	3.00	5.30	4.00-10.00	7.00	7.00	N/A	6.58	54%
Over \$1M	3.25	6.40	N/A	9.00	12.00	N/A	9.13	64%

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Are the fees charged by OFPC competitive?

Clinical, Research, Special Education %

New Project Cost	U. T.	Company A	Company B	Company C	Company D	Company E	Average	% U. T. Fee is Below Benchmark
Over \$100M	2.25	4.00	2.00	6.00	4.00	2.00	3.72	40%
Over \$50M	2.50	4.30	2.00-3.00	6.00	5.00	5.30	4.62	46%
Over \$25M	2.75	4.40	3.00-4.00	7.00	6.50	5.50	5.38	49%
Over \$15M	3.00	4.70	4.00	8.00	7.50	5.50	5.94	49%
Over \$10M	3.25	5.50	N/A	8.00	9.00	N/A	7.50	57%
Over \$1M	3.50	6.00	N/A	10.00	16.00	N/A	10.87	68%

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Are the fees charged by OFPC competitive?

Comparison to other Texas institutions/agencies

Institution/Agency	New Build Rate	% U. T. Fee is Below Other Institution/Agency
U. T. System	2.79	
Texas A&M Univ. System	3.75	26%
Texas Tech Univ. System	3.33	16%
Texas Building and Proc. Commission	3.58	22%
Univ. of Houston System	3.00	7%
Univ. of North Texas System	4.50 - 6.00	38% - 54%

Would it make sense for the U. T. System to offer services to other institutions/agencies?

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Are the fees charged by OFPC competitive?

Oversight Services

Provide System-wide oversight of design and construction procurement and reporting on behalf of the System Administration and Board.

Project Management Services

Provide "cradle-to-grave" project management services for large scale capital construction. Services are comprehensive from RFQ through project close-out.

Value-Added Services

Provide a variety of specialized facility-related services on an as-needed basis.

← Scope of OFPC Fee Benchmarking →

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Are the fees charged by OFPC competitive?

Oversight Services

- Manage Capital Improvement Program (CIP)
- Manage interactions with Texas Higher Education Coordinating Board
- Provide support for Board of Regents' Facilities Planning and Construction Committee
- Develop and maintain standard and uniform contract documents
- Perform compliance monitoring and reporting for delivery of major capital projects
- Provide official document archival and records retention for all documentation regarding delivery of the facility
- Review pending legislative initiatives and proposed bills, amendments, and riders
- Provide institutions with liaison to System Administration and all regulatory agencies with regard to delivering major capital projects
- Develop and maintain facilities renewal model and facilitate institutional reporting

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Are the fees charged by OFPC competitive?

Value-Added Services

- Provide campus master planning support and expertise
- Provide campus infrastructure evaluations and recommendations
- Provide analysis for proposed real property acquisition
- Pre-CIP project submittal support and assistance
- Provide historical cost and schedule models for various building types and geographic areas
- Post-occupancy services including forensic analysis, warranty assistance, and claims management
- Provide professional, technical, and process training and standard forms based on industry "Best Practices"
- Coordinate administration of the U. T. System Rolling Owner-Controlled Insurance Program (ROCIP)
- Maintain web-based repository of requirements, processes, and Best Practices for delivery of major capital projects for U. T. System (OFPC eManual)

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Are the fees charged by OFPC competitive?

Why are OFPC fees less?

- No profit margin
- Volume – economies of sale
- Possibly not recouping all costs through fees
- Stability and competence of work force

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Is the service provided by OFPC meeting expectations?

- Initial survey and anecdotal information is positive
- Need to continue to gather data
- In response to customer input, OFPC has implemented Memorandum of Understandings with two campuses to provide more institutionally managed new construction services

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Summary

- The OFPC fee schedule is 37% to 68% below the market average and 7% to 54% below that of other institutions/agencies
- The current model allows oversight services and value-added services to be provided at no additional cost to the campuses
- U. T. System Administration believes OFPC provides quality customer service, but will continue to gather data, evaluate, and work to improve this area
- OFPC may explore offering OFPC services to other State institutions and/or agencies

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TABLE OF CONTENTS FOR ACADEMIC AFFAIRS COMMITTEE

Committee Meeting: 5/11/2005
Austin, Texas
Board Meeting: 5/12/2005
Austin, Texas

Cyndi Taylor Krier, Chairman
H. Scott Caven, Jr.
Judith L. Craven, M.D.
Robert A. Estrada
Robert B. Rowling

	Committee Meeting	Board Meeting	Page
Convene	<i>10:30 a.m.</i> <i>Chairman Krier</i>		
1. U. T. System: Reports from institutional presidents	<i>10:30 a.m.</i> Report <i>Presidents</i>	Not on Agenda	40
2. U. T. El Paso: Discussion of compact priorities	<i>10:45 a.m.</i> Report <i>Dr. Natalicio Dr. Sullivan</i>	Not on Agenda	40
3. U. T. Permian Basin: Discussion of compact priorities	<i>10:55 a.m.</i> Report <i>Dr. Watts Dr. Sullivan</i>	Not on Agenda	41
4. U. T. Pan American: Health Services Administration Building - Amendment of the FY 2004-2009 Capital Improvement Program and the FY 2004-2005 Capital Budget to include project; appropriation of funds and authorization of expenditure; and authorization of institutional management	<i>11:05 a.m.</i> Action <i>Mr. Sanders</i>	Action	42
5. U. T. Arlington: Authorization to establish a Ph.D. in Educational Leadership and Policy Studies	<i>11:10 a.m.</i> Action <i>Mr. Spaniolo</i>	Action	43
6. U. T. San Antonio: Authorization to establish a Ph.D. degree program in Applied Statistics/Demography	<i>11:15 a.m.</i> Action <i>Dr. Romo</i>	Action	44
7. U. T. System: Discussion of graduation rates and planned initiative to improve rates	<i>11:20 a.m.</i> Discussion <i>Chancellor Yudof Dr. Sullivan</i>	Not on Agenda	47
Adjourn	<i>11:45 a.m.</i>		

1. U. T. System: Reports from institutional presidents

REPORT

The academic presidents will report briefly on new developments taking place at each campus. These oral reports may include areas such as new research grants, significant collaborations with external agencies, or other topics deemed to be important by the academic president. This is a quarterly update to the Academic Affairs Committee of the U. T. Board of Regents.

2. U. T. El Paso: Discussion of compact priorities

REPORT

President Natalicio and Executive Vice Chancellor Sullivan will lead a discussion about compact priorities for The University of Texas at El Paso as set out in the compact on Pages 40.1 – 40.20.

BACKGROUND INFORMATION

The U. T. System Institution Compacts were sent to the Board of Regents in September 2004. The compact process was first introduced by Chancellor Yudof at the December 2002 meeting of the Board. The compacts have been integrated into the accountability and strategic framework for the U. T. System.

The compacts are written agreements between the Chancellor and the presidents of each of the academic and health institutions summarizing the institution's major goals and priorities, strategic directions, and specific tactics to achieve its goals.

These compacts reflect the unique goals and character of each institution, highlighting action plans, progress, and outcomes. Faculty, staff, and students helped to create these compacts, so that a shared plan and vision resulted. The U. T. System Administration's commitment of resources and time to support each institution's initiatives is included in every compact.

Covering the fiscal years ending 2005 and 2006, the compacts were completed in Summer 2004. They will be updated annually; updates for the second year of the cycle will be completed in August 2005.

To enhance understanding of the compacts, compact priorities for each institution will be discussed at Board meetings in the coming year.

The University of Texas at El Paso
Compact with The University of Texas System
2004-05

I. Introduction: Institution Mission and Goals

The University of Texas at El Paso (UTEP) is dedicated to teaching and to the creation, interpretation, application, and dissemination of knowledge. UTEP prepares its students to meet lifelong intellectual, ethical, and career challenges through quality educational programs, excellence in research and in scholarly and artistic production, and innovative student programs and services, which are created by responsive faculty, students, staff, and administrators.

As a component of The University of Texas System, UTEP accepts as its mandate the provision of higher education to the residents of El Paso and the surrounding region. Because of the international and multicultural characteristics of this region, the University provides its students and faculty with distinctive opportunities for learning, teaching, research, artistic endeavors, cultural experiences, and service.

Through its strategic planning process, UTEP has adopted the following institutional goals:

1. Learning and Teaching—Prepare UTEP students to meet lifelong intellectual, ethical and career challenges and to be the leaders of the 21st Century.
2. Research, scholarship, and artistic production—Create, interpret, evaluate, apply, and disseminate knowledge; encourage the addition of perspectives based on UTEP's geographic and social setting; and contribute to the formation of a broader intellectual and artistic foundation for the 21st Century.
3. Administration—Provide infrastructure support for the achievement of UTEP's mission in learning, teaching, research, scholarship, artistic production, and public service through responsive, effective, and efficient administrative and staff services.
4. Public Service—Work in partnership with public and private agencies, institutions and organizations, including business and industry, to improve the quality of life in our region and world by providing appropriate university expertise and leadership.

A Doctoral/Research Intensive university, UTEP extends the greatest possible access to a region that has been geographically isolated and whose people have had limited economic and educational opportunities. In Fall 2003, UTEP enrolled 18,542 students, an all-time record enrollment and an increase of 7.6 percent over Fall 2002. Approximately 80 percent of UTEP's students come from El Paso County, and the ethnic composition of the student population mirrors that of the community: more than 70 percent of UTEP's students are Hispanic. Mexican nationals, most commuting from homes across the Rio Grande in Cd. Juárez, comprise approximately 11 percent of UTEP's student population. In addition to being majority-Hispanic, UTEP is majority-female, with women comprising approximately 55 percent of the student population. Graduate students comprise 19 percent of the total student population, and UTEP currently enrolls 260 doctoral students, an increase of more than 11 percent since Fall 2002. Approximately 50 percent of UTEP's students are first-generation college students.

In Fall 2003, UTEP had 884 total faculty, 441 of whom were tenured or tenure-track. Of the total faculty, 298 (33%) taught on a part-time basis. In Fall 2002, the last year for which these data are available, 95 percent of the tenured/tenure-track faculty held the terminal degree (e.g., Ph.D., Ed.D., or MFA in the fine arts). UTEP is making a concerted effort to recruit more minority faculty. In Fall 2003, 26 percent of the total faculty and 19 percent of the tenured and tenure-track faculty were Hispanic; and 41 percent of the total faculty and 28 percent of the tenured and tenure-track faculty were women.

II. Major Ongoing Priorities and Initiatives

A. Short-Term

Priority 1. Resource Development to Build Capacity

Capital funding needs continue to be a major challenge for UTEP. A large, aging campus requires significant ongoing repair and renovation, as well as reconfiguration for conversion to new programs and activities. A growing student population requires additional infrastructure development, ranging from classrooms and laboratories, to student services, parking, and recreational facilities. Growth in externally funded research requires additional laboratory space and equipment. Demand for enhanced technology infrastructure comes from all sectors of the campus. Since the current annual allocation of PUF resources is not adequate to meet all of these capital-funding needs, UTEP will work to increase support from a variety of sources.

Objectives

1. Secure legislative approval of Tuition Revenue Bonds (TRB's) to provide funding for major infrastructure development and a new College of Health Sciences facility
2. Move toward an end to the disparity in annual capital funding between those institutions that receive funds through the PUF and those that receive funds from the HEAF
3. Continue to secure capital investments in UTEP by the UT System, the State, federal agencies, corporations, foundations, and individuals

Strategies

UTEP has prepared two TRB proposals for the 2005 legislative session: one for a broad range of infrastructure repair, renovation, technology and building completion projects, and the second for a new College of Health Sciences facility. At the same time, UTEP will continue to work with the UT System to seek strategies to unify the voices of the components most adversely affected by the PUF/HEAF capital funding disparity in preparation for the next legislative session. During that session, UTEP's President and senior administrators will monitor developments in the Legislature related to funding for universities and will work with the UT System to ensure that the infrastructure needs of UTEP and other Texas universities are addressed.

UTEP also seeks support from the UT System's excess medical liability fund to support collaborative health-related research with the UT Houston School of Public Health and Texas Tech, as well as an investment from the Governor's Enterprise Fund for the development of high-potential research in Engineering related to regional economic development. In addition, UTEP is closely monitoring the Texas LEARN initiative to ensure that this resource is extended to the El Paso area.

UTEP's Office of Institutional Advancement (OIA) is placing a high priority on increasing support for the University's operations from alumni, community leaders, other individuals, corporations, foundations, and civic organizations. As part of the long-range plans described below, UTEP will undertake a capital campaign leading up to its 100th anniversary celebration in 2014. To establish a solid foundation for this campaign, OIA must immediately start reaching out to non-donors and small donors with the strategy of identifying those who might make a major donation to the campaign. OIA plans to increase the donor base by raising membership levels in the Alumni Association and donor recognition societies. There are more than 86,000 former UTEP students worldwide, and OIA is committed to improving its contact information database on them, with the goal of cultivating the top prospective donors from among them. OIA is also committed to increasing the number of proposals submitted to corporations and foundations by expanding the prospect base and strengthening relationships with faculty. With the goal of ensuring that contributions from corporations and foundations represent 30-40 percent of the total raised in the

next capital campaign, OIA will enhance relationships with existing funding sources and identify and cultivate new potential grantmakers.

Resources

Currently available human resources

Progress Measures

1. TRB requests endorsed by UT System and submitted to Legislature
2. Approval of TRB requests
3. PUF/HEAF disparity mitigation strategy prepared before 2005 legislative session
4. Successful resolution of PUF/HEAF disparity during 2005 Legislature
5. Successful inclusion of El Paso in near-term LEARN implementation plan
6. 5% increase in the response rate to annual fund appeals
7. 5% annual increase in Alumni Association membership
8. Identification of UTEP alumni and other individuals who are likely to become Top 100 prospects
9. Establishment of the University's Centennial Commission

Major Obstacles to Progress

Economic conditions in Texas may prevent the Legislature from funding fully the TRB requests and, in the longer term, addressing the PUF/HEAF disparity. The Office of Institutional Advancement faces constraints on staff size and travel that inhibit efforts to cultivate alumni, corporations, and foundations.

Priority 2. Research Development

In the short term, UTEP will lay the groundwork for a major expansion in research productivity, an expansion that is in line with UT System and State priorities for increasing external research funding. Major initiatives include improving the University's capability to effectively apply for and succeed in securing external funding for research and sponsored projects, and re-shaping the institutional culture to better integrate research and academic programs, particularly at the doctoral level. UTEP will also continue to develop the external relationships and the institutional culture to enhance capacity in the area of technology transfer and commercialization.

Objectives

1. Increase proposals submitted and awards received in areas of strategic importance to the University and aligned with new doctoral programs
2. Invest in new research emphases that are aligned with the University's mission and region, e.g., health-related research
3. Achieve a broader Coordinating Board definition of research that will optimize reporting of research expenditures at UTEP and other public universities in Texas
4. Increase UT System and State investment in research capacity-building at UTEP
5. Increase the efficiency and effectiveness of the Office of Research and Sponsored Projects (ORSP)
6. Improve ORSP customer service
7. Improve communication between ORSP and UTEP faculty and staff
8. Improve and extend training to faculty and staff in funding searches, proposal writing, and other areas related to research and sponsored projects
9. Increase the number of faculty who submit grant proposals
10. Recruit new faculty with strong research experience/potential.
11. Enhance UTEP's technology transfer portfolio
12. Enhance UTEP's role as a catalyst for regional economic development

Strategies

To strengthen research activity in areas that most closely respond to opportunities and reflect the unique mission and character of the University and the region, UTEP has identified seven areas of emphasis—Biomedical and Health Sciences; Environment, Energy, and Geosciences; Materials and Advanced Manufacturing; Communication and Information Technology; Transportation Policy and Infrastructure; Education; and Business, Policy, and Social and Economic Development. As part of annual requests for federal funding for research support, UTEP has developed proposals for specific initiatives in line with these priorities. The Vice President for Research and Sponsored Projects, in close collaboration with the President, Provost, VPIA, and other senior administrators, will take leadership in developing and refining the University's strategies in line with these and any new priority areas of research.

Leveraging their recent grant from NIH to establish a Hispanic Health Disparities Research Center in El Paso, UTEP and UT Houston School of Public Health will seek UT System excess medical liability funds to support collaborative efforts to build health-related research capacity in El Paso. Leveraging a recent grant from the Kauffman Foundation, UTEP will seek support from the Governor's Enterprise Fund to foster entrepreneurship collaborations between UTEP faculty researchers and investors in this region.

UTEP will continue its efforts to promote a change in the Coordinating Board's excessively narrow "restricted research" expenditures definition as an appropriate measure of research productivity in Texas universities. As a consequence of this flawed definition and related audits, UTEP and other UT System institutions are now seriously underreporting their research and externally funded activities and stand to lose potential excellence funding.

To provide greater support to faculty and staff who are seeking external funding for their research, UTEP will achieve greater efficiency within ORSP by reorganizing office functions. ORSP will work with Information Technology to implement a new electronic Research Management System developed by UT Austin to streamline the process of developing, managing, and administering research proposals and grants. Following installation of the system, ORSP staff will be trained in its use.

To improve its service functions, ORSP is surveying UTEP faculty and staff who have used its services in the past two years. Results of this survey will inform the reorganization, training, and development activities of ORSP. A Faculty Research Advisory Council has been established to provide a forum for review and discussion of research and sponsored project policies and practices, gather and disseminate information to the faculty and staff, and provide a faculty and research staff voice to the University administration on matters related to research and sponsored projects. Finally, to increase the number of faculty who consistently prepare and submit grant proposals, ORSP plans to expand training opportunities in such areas as funding source searches, proposal writing, budget development, institutional compliance, contract negotiation, and electronic proposal processing.

ORSP's Office of Technology Transfer works with faculty to ensure that they understand technology transfer implications of their research and that they make the appropriate intellectual property disclosures and patent applications. The Office is also expanding efforts to link researchers with businesses that might be interested in their work, a task that will be facilitated with the opening of the new EDA-supported Paso del Norte Economic Development Complex, which will house a technology incubator and staff who will link UTEP researchers with emerging entrepreneurs.

Resources

Indirect cost return, excellence funding, TRB and PUF funding for research infrastructure development, EDA funding for Economic Development Complex, research capacity-building grants from NIH and other federal agencies, private sector investment.

Progress Measures

1. 4% increase in total number of proposals submitted and awards administered by ORSP
2. 4% increase in number of faculty who submit proposals for external research funding
3. 4% increase in the number of proposals submitted and awards received in areas of strategic research development and emerging doctoral programs
4. UT System investment of excess medical liability or PUF funds in collaborative UTEP/UT Houston School of Public Health research capacity-building initiative
5. Federal funding of targeted initiatives related to strategic research areas
6. Broadened State definition of research
7. Increased customer satisfaction with ORSP as measured by annual surveys
8. Implementation of electronic grants management system
9. Implementation of enhanced training for both ORSP staff and research faculty and staff
10. Second-phase funding from EDA for renovation of Kelly Hall
11. 15% increase in numbers of patents, patent applications, and intellectual property disclosures
12. 10% growth in income derived from license agreements
13. Enterprise Fund investment in UTEP business creation initiative, leveraging the recent Kauffman grant and capitalizing on UTEP research
14. Development of at least one new company with ties to UTEP's intellectual property holdings

Major Obstacles to Progress

Major obstacles include: constraints on state funding, deficit-related cutbacks on federal funding for research, and insufficient faculty awareness of intellectual property issues

Priority 3. Improving Undergraduate Student Success

UTEP is a national leader in the education of Hispanic students, consistently ranking near the top in the production of Hispanic baccalaureate degree recipients. In spite of our many successes and national recognition (e.g., by NSSE), UTEP is not satisfied with its overall graduation rate. UTEP's six-year graduation rate continues to average approximately 25 percent, comparable to those at other minority-serving and urban universities in the UT System and elsewhere, but not nearly as high as we believe it can be. Most studies of minority-student retention have focused on the freshman year, since data show that this is where most attrition occurs. UTEP has also targeted entering students, through the creation of the University College; the development of nationally recognized programs such as the Freshman Seminar and CirCLES programs; and an ongoing review of admissions policies and collaborations with El Paso Community College to deliver lower-division, especially developmental, programs.

If we are to increase graduation rates, however, we must also focus on the years after the freshman year. Far too many students drop out, stop out, or "stall out" along the way, i.e., they do not make consistent and timely progress toward their baccalaureate degrees. Much of the literature on student retention suggests that many students who drop or stall out do so because of financial pressures that lead them to work off campus, or family responsibilities such as caring for children or other family members. But an institution's policies and procedures, and its level of attentiveness to student needs and wants—both professional/academic and personal—may also have a significant impact on students' academic progress.

During the next two years, in preparation for SACS (Southern Association of Colleges and Schools) re-accreditation, UTEP has an opportunity to discover the factors that impede student success and to develop a plan that will address those barriers. As part of the SACS reaffirmation process, institutions are now required to develop a "Quality Enhancement Plan (QEP)" that is designed to focus strategic planning activities on one issue of major importance and to develop a plan to improve institutional performance in that area. UTEP has developed preliminary plans to focus the QEP on identifying and removing institutional barriers to successful completion of undergraduate degrees in a timely manner. Although

some of these barriers may be discipline-specific, they are expected to involve such issues as inadequate advising, excessively complex curricula, infrequency or irregularity of course offerings, and embedded prerequisites. In addition, student engagement will be examined as a factor in both student learning and degree completion.

Objectives

1. Determine institutional issues affecting student throughput at the program and College level
2. Determine institutional capacity constraints—e.g., space and human/financial resources—on improving student success
3. Improve campus climate to encourage students to spend more non-class time on campus
4. Ensure that recent and projected tuition increases do not adversely affect student persistence
5. Develop Departmental/College strategies and plans of action for Quality Enhancement Plan
6. Integrate College plans into an institutional Quality Enhancement Plan that will meet SACS requirements

Strategies

An oversight committee composed of the Dean and one faculty member from each College has been established. In turn, each College is charged with establishing its own committee, chaired by the College's faculty representative on the University committee. The committees will examine data—e.g., information on enrollment patterns such as numbers of hours taken, academic major changes, academic standing, etc.; engage the college in discussions of strategies; and develop a plan of action. UTEP has submitted a proposal to a foundation that, if funded, will enable the University's Center for Institutional Evaluation, Research and Planning (CIERP) to supplement College-level data analyses with surveys, interviews and focus groups targeting a range of students, including graduates, current students, students who have left the University, and students who are returning after having been away from the University for a period of time. Surveying our graduates will give us an idea of what leads to persistence. Surveying those who have dropped, stopped, or stalled out will give us an idea of what students perceive as factors that have interrupted their education. College plans will include benchmarks and time lines along with measures of success. College plans will be integrated into a University Quality Enhancement Plan that will be submitted to SACS in January 2006.

The Division of Student Affairs and academic colleges are seeking strategies to encourage UTEP's largely commuter student population to spend more non-scheduled time on the campus. Additional campus housing and recreational facilities are being planned, group study areas are being developed in colleges, and programs are being designed to foster greater student participation. To the extent possible, efforts are being made to create additional student employment on campus.

Resources

Formula funding, grant support, efficiency measures

Progress Measures

1. Development of College plans to improve student success
2. Integration of College plans into University QEP
3. Submission of QEP to SACS
4. Completion of plans for new student housing and additions to recreational facilities on campus

Major Obstacles to Progress

No major obstacles to progress are anticipated. Progress will likely be more significant, however, with grant support to add dedicated staff to student progress data-collection and analysis. It will also be

important to ensure that the process is perceived as faculty-driven, with the support of key administrators. In the longer term, budgetary constraints could hamper implementation of policies and interventions that would address barriers to throughput.

Priority 4. Graduate Program Development and Expansion

UTEP has experienced robust graduate program growth, particularly at the doctoral level, during the past ten years. This rapid growth has created a need to assess academic program resource allocations, and build a campus culture/climate that fosters successful graduate program activity. Major priorities in graduate education include enhancement and expansion of doctoral degree offerings; the continued development of innovative, workforce-linked master's and certificate programs such as the Professional Science Master's degree; and the resolution of problems involving two cooperative graduate programs: the Master in Public Health program with the UT Houston School of Public Health and the UT Austin Cooperative Pharmacy program.

Objectives

1. Develop Ph.D. program proposals in areas that enhance UTEP's research capacity and contribute to Ph.D. diversity on a national level, particularly in science and engineering
2. Secure UT System and THECB approval for new programs
3. Ensure that recently approved programs attract high-quality and diverse students and provide excellent educational and research opportunities
4. Work with existing programs to recruit an appropriately diverse student population, focusing particularly on recruitment of Hispanics, women, and students from Mexico
5. Develop strategies to foster a campus culture that is supportive of graduate education
6. Substantially increase the proportion of graduate students supported on research grants
7. Recruit highly qualified faculty from large and diverse candidate pools
8. Develop a program of professional development opportunities for graduate students
9. Working with the newly constituted U.T. System Health Affairs task force on public health, develop a clearly articulated plan for aggressive development of a truly cooperative UTEP/UTHSC-SPH program in education and research, including joint research grant proposals, faculty and facilities sharing, and graduate program alignment
10. Resolve funding challenges related to cooperative Pharm.D. program with UT Austin

Strategies

UTEP currently has primary responsibility for 11 doctoral degrees. Three of these (International Business, Civil Engineering, and Composition and Rhetoric) have been approved in the past year and will require start-up support and close monitoring to ensure a successful launch. Approval is currently pending for the Ph.D. in Interdisciplinary Health Science at the Texas Higher Education Coordinating Board. Proposals for new Ph.D. programs in Computer Science, Computational Science, and Education will be forwarded to the UT System during 2004. Proposals for Ph.D. programs in Chemistry and Mechanical Engineering should be completed during 2004 and plans for a program in policy/social sciences finalized by 2005. UTEP also plans to redefine the Ph.D. program in Psychology to permit greater breadth and flexibility in its approach and focus.

The Graduate School will work with academic departments and University research centers to develop master's and certificate-level programs aligned with regional workforce needs.

UTEP administrators, including the President, will negotiate with both UTHSC-SPH and UT Austin to resolve problems—both structural and financial—arising from the two cooperative programs

Resources

Formula funding, institutional capacity-building grants (e.g., Sloan, AGEP), research grants, support from other UT System institutions for cooperative programs.

Progress Measures

1. Approval of additional doctoral programs in Interdisciplinary Health Science, Computer Science, Education, and Computational Science
2. More diverse demographic profiles of applicants and those admitted to doctoral programs
3. Increase from 33% to at least 50% in the percentage of doctoral students supported on extramurally funded grants in science and engineering
4. Implementation of a professional development program for doctoral students
5. Planning for additional professional master's programs and certificates in social science, science, and technology areas
6. Planning document developed by UTEP and UTHSC-SPH by August 31, 2004
7. Tuition Revenue Bond (TRB) request for a jointly occupied (UTEP/UTHSC-SPH) Health Sciences facility submitted through the UT System to the Legislature
8. Cooperative grant proposals submitted by UTEP and UTHSC-SPH faculty
9. Short-term investment (ca. \$250,000) from UT Austin to support current year's Pharm.D. program
10. Completed plan for long-term sustainability for the Pharm.D. program or, failing that, an exit strategy that protects currently enrolled students

Major Obstacles to Progress

Funding constraints present the major obstacles to both doctoral program development and the resolution of issues related to the two cooperative programs. The cooperative programs will also require good will and resource commitments from other institutions in the UT System.

Priority 5. Increased Efficiency

UTEP is experiencing robust enrollment growth at a time of significant State appropriations reductions. Although tuition increases may offer some relief, UTEP's student population is resource-constrained, and the University has to weigh carefully passing along any increased costs to students. In this context, it is critical that the University seek to increase the efficiency of all University operations. In the short-term, UTEP plans to improve services through greater use of technology, and to use enhanced data retrieval and analysis to achieve efficiencies in the use of the University's human, financial, and physical assets.

Objectives

1. Improve efficiency of student/faculty/staff services through the implementation of technology-based self-service options
2. Improve financial data accessibility and enable more aggressive data analysis through implementation of user-friendly, web-based formats
3. Coordinate more effectively current information resources, and optimize future investments in technology infrastructure
4. Improve recruitment and hiring processes for faculty and staff positions and improve yield on highly competitive position searches
5. Increase efficiency in the scheduling, use, and maintenance of the University's physical plant

Strategies

UTEP is proceeding to make greater use of web-based applications for such transactions as tuition/fees payments, parking decals, transcripts, and fines. The Division of Finance and Administration will implement a data warehouse that will provide campus account administrators financial data in a more user-friendly, web-based format; procurement activities will be web-based by the beginning of 2005. Capabilities for updating basic human resource and payroll-related information will also become web-based.

UTEP is also working to improve the quality of and access to information relating to academic program decision-making, including student demand for courses and programs, and progress toward degrees. Improved communication between the Center for Institutional Evaluation, Research and Planning (CIERP) and department chairs and deans, as well as more timely and relevant data availability, are key. The highest short-term priority is to recruit as new leadership for CIERP an individual with strong data analysis and assessment experience as well as good interpersonal skills to interact successfully with a broad range of customers.

A comprehensive strategic planning process is underway in Information Technology to ensure that future investments in UTEP's technology infrastructure are based on informed and thorough analyses, with a goal of maximizing efficiency and containing costs. This planning effort is also focused on coordination of IT functions across the campus, to reduce redundancy and enhance the security of all information resources.

The Office of Human Resource Services is developing a new intake model for certain campus positions, utilizing the services of a temporary services firm for the first six months of employment. To increase the effectiveness of the recruitment process, the Office will also develop and/or acquire quality recruitment materials that highlight the assets of both the region and the University.

An effort will also be made to improve the size, diversity, and quality of applicant pools, particularly for faculty and administrative positions, by providing technical assistance and training to those responsible for search processes. To achieve greater competitiveness and yield in search processes, strategies will be implemented to improve the efficiency of all hiring procedures, e.g., streamlining timelines and coordinating campus visits.

In Facilities Services, ongoing efforts are being made to achieve energy efficiencies by retrofitting older buildings across the campus with new lighting, windows and other modern energy-saving devices. A plan is being developed to convert the majority of the University's grounds to xeriscaping to address the region's growing water shortage and rapidly rising water costs, and to reduce grounds maintenance costs. The Division of Finance and Administration will form a cross-departmental team of representatives from the CIERP, Facilities Services, the Registrar's Office, and Academic Affairs to develop an ongoing monitoring and reporting system for facilities usage. This process will improve communication and coordination in an effort to maximize classroom utilization rates and to improve facilities use data reported to the Texas Higher Education Coordinating Board.

Resources

Re-allocation of currently available resources, as efficiencies are identified

Progress Measures

1. Implementation of web-based applications for payment of tuition and fees, parking decals, transcripts, and fines
2. Implementation of data warehouse and web-based capability for updating human resource and payroll information

3. Completion of Information Technology strategic plan
4. Implementation of new intake model for certain staff positions
5. Development and dissemination to departments of recruitment materials, especially web-based
6. Completion of lighting retrofit project in older facilities to achieve energy efficiency
7. Development of xeriscaping plan for entire campus
8. Development of a new process for assessing demand and monitoring facilities usage
9. Recruitment of CIERP director with appropriate leadership skills

Major Obstacles to Progress

None are anticipated in the short term.

B. Longer Term

Priority I. Resource Development, Re-allocation and Sustainability

To achieve its goals of creating excellence within a context committed to access, UTEP must increase its sustainable revenue stream. Although tuition increases may offer short-term relief to offset state appropriation reductions, the demographics of UTEP's student population preclude tuition as a sustainable source of continued revenue growth. UTEP must therefore continue to augment its state- and tuition-based funding with increased grant support from public and private sector organizations and from individual donors, including alumni.

Capital funding continues to be the single largest constraint on growth of UTEP's graduate and research programs. Facilities and technology infrastructure are inadequate to support continued institutional development. Although Tuition Revenue Bonds provide some relief, they do not substitute for the annual capital-funding stream provided to HEAF institutions for ongoing infrastructure repair, renovation and upgrades.

UTEP is an institution in transition, as graduate and research programs grow in importance and require additional support. In this context, UTEP must carefully assess all internal resource allocations to ensure maximum effectiveness of institutional investments, and to support competitiveness of UTEP salaries with those at peer institutions.

Objectives

1. Increase funding from external (non-state, non-tuition) sources
2. Eliminate annual capital funding disparities among public universities in Texas
3. Optimize use of faculty resources
4. Improve competitiveness of faculty salaries

Strategies

Efforts will continue to be made to articulate clearly and convincingly the shortsightedness of starving UTEP and other emerging PUF institutions of the capital funding needed to systematically develop their infrastructure to support graduate programs and build research capacity. Support in making this case will be sought from the UT System. To build on current efforts to secure external funding for a variety of programs and capital projects, UTEP's offices of Institutional Advancement and Research/Sponsored Projects will provide technical assistance to faculty and staff to identify funding sources and develop competitive proposals. The Center for Institutional Evaluation, Research and Planning will work with the division of Finance and Administration to provide decision-makers with requisite tools to assess the effectiveness of current resource allocations and point toward re-allocations, where appropriate.

Analyses of faculty salary and workload comparisons with peer institutions will be undertaken to ensure both efficiencies and competitiveness.

Resources

Current and future human resources; increased support from UT System and/or State

Progress Measures

1. Steady annual increase in overall external funding from non-state, non-tuition sources
2. Passage of legislation to provide UTEP and other PUF universities with sustained capital support
3. Parity in UTEP faculty size and workload with peer institutions
4. Parity in UTEP faculty salaries with peer institutions

Priority 2. Stabilization, Competitiveness and Sustainability of Graduate Programs

UTEP has successfully proposed and implemented more than ten new doctoral programs during the past fifteen years. Many of these programs have recently been implemented and require continued investment and monitoring to ensure their successful stabilization. Others are more mature, but continue to require investment, especially in terms of new faculty recruitment to enhance their competitiveness. All require more aggressive efforts to recruit highly talented students, especially women and minorities.

Objectives

1. Increase funding and related support for new graduate programs to foster their development and stabilization
2. Secure approval for newly proposed graduate programs
3. Recruit and retain high-quality faculty to ensure the competitiveness of graduate programs
4. Develop new and strengthen current strategies to recruit high-quality graduate students, particularly women (in science and engineering), Hispanic Americans and Mexican nationals.

Strategies

UTEP will work to strengthen the interactions between doctoral programs and interdisciplinary research centers to generate additional external resources to support doctoral students. Efforts will be made to make the recruitment of high-potential faculty more efficient and competitive through technical assistance from a variety of campus offices. The recruitment of minority and women faculty in several colleges will be greatly enhanced through a major grant from NSF's ADVANCE program. A new NSF grant (AGEP) will facilitate the recruitment of Hispanic doctoral students. Improvements will be made in graduate student recruitment tools, especially enhanced web-based access to all graduate programs.

Resources

Formula funding and support from foundations (e.g., Texas Instruments and Sloan), as well as support for graduate students from individual investigator research grants and other federal sources.

Progress Measures

1. 20% increase in total number of applicants/enrollees in master's and doctoral programs
2. 25% increase in the number of women applicants/enrollees in master's and doctoral programs, especially in science and engineering
3. 20% increase in number of Hispanic applicants/enrollees in master's programs
4. 35% increase in number of Hispanic applicants/enrollees in doctoral programs

5. 35% increase in number of Mexican national applicants/enrollees in doctoral programs
6. 50% or more graduate students in science and engineering supported on external funds
7. Stabilized enrollment in new doctoral programs
8. 80% of doctoral graduates are employed in research-related positions within one year of degree completion.
9. Each program will articulate specific goals for placement of graduates and expansion of research productivity.
10. 25% of doctoral program graduates will be under-represented minorities.
11. 80% of Ph.D. program graduates will have peer reviewed publications.
12. 80% of Ph.D. program graduates will secure research-related positions within one year.
13. Ph.D. programs/departments in STEM disciplines will expand externally funded research by 4% per year.

Priority 3. Enrollment Management and Recognition as National Model for the Education of Hispanics

During the past 30 years, UTEP has been converted from a small, primarily Anglo, comprehensive institution into a large urban research university whose student population mirrors the Hispanic-majority demographics of the region it serves. As a result of this transformation, UTEP has earned national recognition for its success in educating a first-generation, Hispanic-majority, low-income student population, and for its systemic approach to preK-16 educational reform. The El Paso Collaborative for Academic Excellence continues to serve as a national model for a successful partnering between a university, a community college and school districts. Since more than 80 percent of UTEP's student population comes from school districts in El Paso County, and UTEP produces an estimated 60 percent of all area teachers, there is clear mutuality of interests in working collaboratively to meet the education needs of this region.

UTEP has also worked hard to develop a strong Entering Student Program to provide a safety net for students during their first year of enrollment at the university and is working more closely with the El Paso Community College to address the needs of under-prepared students. The challenge now is to focus attention on enhancing progress toward degree completion. We must understand better the internal and external impediments to degree completion, and adjust institutional policies and practices to increase the percentage of students who complete their degrees, as well as reduce the average time required for degree completion. This initiative should not only foster greater student success at UTEP, but also provide models for other universities whose demographics are becoming more like UTEP's.

Objectives

1. Increase UTEP's six-year graduation rate
2. Reduce the number of entering students to whom UTEP provides developmental education courses
3. Improve availability and quality of academic advising
4. Improve accessibility to student information resources
5. Streamline degree requirements and make them more transparent
6. Reduce the total number of credit hours required for undergraduate degrees at UTEP to no more than 132, unless additional hours are required by accrediting bodies
7. Create alternative pathways to baccalaureate degrees
8. Maintain an affordable tuition and fees cost structure for UTEP students

Strategies

UTEP will continue to participate actively in the El Paso Collaborative for Academic Excellence to improve the K-12 preparation of young people in this under-educated region and encourage their higher education participation. Increased attention will be paid to building closer ties with the El Paso

Community College to address the needs of under-prepared high school graduates in this region, with the expectation that a growing portion of developmental education will be shared with EPCC. UTEP will continue to work toward streamlining degree programs, designing alternative pathways to degrees, and improving academic advising to optimize students' progress toward degrees. Foundation funding is being sought to support this initiative, and it will be the focus of the Quality Enhancement Plan in the SACS re-accreditation process. UTEP will continue to participate in NSSE and related projects which help to develop new perspectives on student achievement, especially in "non-traditional" environments.

Resources

Grant funding (NSF, Title V, foundations), resource re-allocations

Progress Measures

1. 25% reduction in the number of students to whom UTEP provides developmental courses
2. 10% annual increase in the number of students who complete developmental education requirements within one year of enrollment
3. Increase in student enrollment from an average of 11.3 credit hours to 13 credit hours per semester within five years
4. 50% increase in number of academic advisors within five years
5. Acceptance by SACS of UTEP's Quality Enhancement Plan and execution of that plan
6. Increase in six-year graduation rate to 50% in ten years
7. Implementation of two inverted degrees and one on-line degree program within five years.

Priority 4. Sustained Growth of Externally Funded Research Enterprise

UTEP has made enormous progress in building its research capacity during the past 15 years, moving from approximately \$3 million in annual expenditures in 1988 to more than \$33 million in 2003. UTEP's traditional strengths in science and engineering have been at the forefront of this development, but other programs such as education and psychology have contributed significantly as well. Continued incremental growth in the externally funded research portfolio can be expected as a result of institutional efforts to recruit new faculty with research experience and potential, provide additional technical assistance in the identification of possible funding sources and the preparation of proposals, and foster a campus climate that is more conducive to research productivity. A new ADVANCE grant from NSF will foster the recruitment and retention of minority and women faculty. More aggressive growth in the research enterprise cannot be accomplished, however, without additional investment by the UT System and the State to build infrastructure and recruit and retain highly productive researchers and the graduate students who work with them.

Objectives

1. Increase annual capital funding from the Legislature or other sources
2. Increase State investment in emerging research institutions such as UTEP
3. Recruit and retain highly productive research faculty and staff, especially women and minorities
4. Develop institutional research infrastructure, including laboratory facilities, technology, and instrumentation
5. Re-locate the College of Health Sciences to a new facility with enhanced research infrastructure and potential for collaborations with faculty in other UTEP programs
6. Increase number of faculty who prepare and submit proposals to generate external funding for research
7. Increase the number of proposals submitted annually
8. Increase funding yield on proposals submitted
9. Increase annual research expenditures

10. Promote a re-direction of Advanced Research Program (ARP) funds administered by the Texas Higher Education Coordinating Board

Strategies

UTEP will enhance its efforts to create regional, national, and international research partnerships in identified areas of strategic interest to our mission and overall goals. Such partnerships will be further enhanced by appropriate leveraging of state funding increases designed to achieve our research objectives. The Office of Research and Sponsored Projects, in close collaboration with the University's senior administrators, will also take leadership in refining and developing the institution's overall strategic research directions and priorities.

The offices of Research and Sponsored Projects and Institutional Advancement will provide added technical assistance to faculty and staff who have an interest in securing external funding, and stimulate interest among those who are not participating in these efforts. UTEP will seek the support of other institutions and the UT System to make the allocation of resources from the Coordinating Board's Advanced Research Program (ARP) an incentive for seeking external funding rather than a substitute for such funding. UTEP will continue to seek capital funding equity, which is critical to the development of research and information technology infrastructure across the campus. UTEP will seek additional investment from the UT System and the State to develop the physical and human resources infrastructure necessary for more aggressive growth in research activity.

Resources

Indirect cost return, excellence funding, research capacity-building grants from federal agencies and foundations

Progress Measures

1. 6% increase in the number of faculty who prepare and submit proposals for external funding
2. 6% increase in number of proposals submitted annually
3. 7% per year increase in annual research expenditures*
4. Research infrastructure improvements supported by TRB funding
5. Construction of new College of Health Sciences building
6. Parity with HEAF institutions in annual capital funding from the Legislature or other System/State sources
7. Shift in the use of ARP funds to make them an incentive—rather than a substitute for—other competitive funding

*This target, which achieves the goal of \$100 million in annual research expenditures within ten years, will depend in large measure on sustained and significant State funding increases to support research capacity-building at UTEP.

III. Future Initiatives of High Strategic Importance

1. Implement Centennial Fund-Raising Campaign and Strategic Planning Process
2. Achieve designation as Carnegie "Research Extensive" Institution, or the equivalent
3. Serve as a major catalyst for Regional Economic Development
4. Define new metrics for measuring the effectiveness of UTEP and other universities that serve low-income, first-generation, minority-majority student populations

IV. Other Critical Issues Related to Institutional Priorities

A. Impact of Initiatives (Provide a brief summary of the impact your initiatives may have on the following areas, and your initial ideas for addressing them (if not discussed in sections II or III above)—Enrollment Management, Diversity of faculty and staff, Community and Institutional Relations, Finances, Facilities, Other infrastructure issues)

These areas are all at the core of the initiatives outlined above, and the impact of our initiatives on them has been discussed above.

B. Unexpected Opportunities or Crises (Briefly discuss any opportunities your institution is pursuing that fall outside the Compact framework, and any crises that have had an impact on the priorities and actions your institution is taking to address the high-priority initiatives.

All of the major opportunities that UTEP is pursuing have been incorporated in this Compact.

C. Use of Tuition Increase Revenue for New Faculty Positions

For the 2004-2005 academic year, authorization has been given to hire 55 new faculty at a total estimated cost of \$3,336,000. Of this 43 positions (\$2,733,000) are being funded through E&G. The remaining 12 positions are being funded through grants and other external sources. The Table below lists the departments and the positions.

College/Department	Position	Relationship to Institutional Priorities
College of Business		
Economics and Finance	Assistant Professor	II 2, II 4
CIS	Assistant Professor	II 2, II 4
	Assistant Professor CIS	II 2, II 4
Marketing and Management	Assistant Professor	II 2, II 4
Business (general)	Associate Professor	II 2, II 4
College of Education		
Ed Psyche	Assistant Professor Special Education	II 4
	Assistant Professor Counseling	II 4
Teacher Education	Associate/Full Professor	II 2, II 4
	Assistant Professor	II 2, II 4
	Assistant Professor	II 2, II 4
	Assistant Professor	II 2, II 4
	Assistant Professor – Grant Supported	II 2, II 4
Ed. Leadership	Chair/ Professor	II 2, II 4
	Associate Professor - Finance	II 2, II 4
College of Engineering		
Civil	Assistant Professor	II 2, II 4
Computer Science	Assistant Professor	II 2, II 4
	Assistant Professor	II 2, II 4
Electrical	Assistant Professor	II 2, II 4
	Assistant Professor	II 2, II 4
Mechanical and Industrial	Assistant Professor	II 2, II 4
	Assistant Professor	II 2, II 4

College of Health Sciences		
Kinesiology	Assistant Professor	II 2, II 4
Nursing	Associate Professor	II 2, II 4
	Assistant Professor	II 2, II 4
	Assistant Professor	II 2, II 4
Speech Language Pathology	Assistant Professor	II 2, II 4
PT/OT	Assistant Professor	II 2, II 4
Health Sciences	Associate Professor	II 2, II 4
	Assistant Professor – Tobacco supported	II 2, II 4
	Assistant Professor – Tobacco supported	II 2, II 4
College of Liberal Arts		
Art	Assistant Professor	II 4
	Assistant Professor	II 4
Communication	Associate Professor – Spanish Lang. Media	II 2, II 4
	Assistant Professor	II 4
English	Assistant Professor	II 2, II 4
English	Assistant Professor – grant funded	II 2, II 4
English/Lang and Ling	Assistant Professor	II 2, II 4
History	Assistant Professor	II 2, II 4
Lang and Ling	Professor/Chair	II 4
Music	Assistant Professor	II 4
	Assistant Professor	II 4
MPA Program	Assistant Professor	II 2, II 4
	Assistant Professor	II 2, II 4
Psychology	Assistant Professor-grant funded	II 2, II 4
	Assistant Professor –Health funded	II 2, II 4
	Assistant Professor –Health funded	II 2, II 4
College of Science		
Biology/CERM	Assistant Professor	II 2, II 4
Biology	Assistant Professor – grant funded	II 2, II 4
	Assistant Professor – grant funded	II 2, II 4
Chemistry	Professor/Endowed Chair	II 2, II 4
Geology/CERM	Assistant Professor	II 2, II 4
Mathematics	Assistant Professor	II 2, II 4
	Assistant professor- grant funded	II 4
Physics/Materials	Assistant Professor	II 2, II 4
Physics	Assistant Professor	II 2, II 4
Science Education	Assistant Professor – grant funded	II 4
	Assistant Professor – grant funded	II 4

V. System and State Priorities

The System and State priorities have been addressed above.

VI. Compact Development Process

Departments and divisions on campus have an ongoing and interactive strategic planning process that leads to a vision and mission statement for each, as well as a set of departmental goals that support the University's overall strategic directions. Planning documents outline strategies for achievement of these goals, generally over a two-year period, and give timelines for completion and performance measures. For most divisions, the compact is a summary of its strategic planning efforts, with an emphasis on major initiatives that merit inclusion in the overall University Compact. A number of the Compact initiatives (e.g., research and graduate program development) were also informed by the preparation for the campus visit of the Washington Advisory Group in Fall 2003.

In Academic Affairs, Deans were asked to develop Compacts for their colleges based on annual reports prepared by all departments, with extensive faculty engagement. Each dean solicited both formal and informal comments from faculty in his/her college as the Compact was developed. Beginning in November 2003, extensive parts of three Deans' Council meetings were devoted to discussing priorities for Academic Affairs. These discussions led to the identification of two-year, five-year, and ten-year priorities, and a draft Compact was developed and distributed to the Deans with a request to secure as much additional faculty input as possible. Input was also received from the Executive Council of the Faculty Senate. The revised document was presented to the UTEP President.

This Compact document represents a compilation of the key cross-cutting institutional priorities contained in the Compacts presented by each of the five Vice Presidents. All sections of this Compact have been reviewed by and commented on by the Vice Presidents in an interactive process.

A series of individual meetings to review the compacts submitted to the President by each of the five Vice Presidents will be conducted to review each set of priorities within the broader institutional context and ensure cross-divisional alignment. Re-drafts of division compacts will then be prepared and re-submitted to the President.

VII. System Contributions

- Make connection with Health Affairs to pursue Master in Public Health Issues (Academic Affairs; Health Affairs)
- Capital investment (PUF and HEAF) (Academic Affairs, Governmental Relations)
- Excess medical liability funds (Governmental Relations)
- Development -- Capital campaign (External Relations and Development)
- Revenue generation (Governmental Relations)

VIII. Appendices

Budget Overview

**The University of Texas at El Paso
Operating Budget
Fiscal Year Ending August 31, 2004**

	FY 2003 Adjusted Budget	FY 2004 Operating Budget	Budget Increases (Decreases) From 2003 to 2004	
			Amount	Percent
Operating Revenues:				
Tuition and Fees	\$ 50,586,698	57,124,221	6,537,523	12.9%
Federal Sponsored Programs	38,115,000	51,900,000	13,785,000	36.2%
State Sponsored Programs	6,314,331	6,491,129	176,798	2.8%
Local and Private Sponsored Programs	45,883	50,000	4,117	9.0%
Net Sales and Services of Educational Activities	2,953,821	2,911,718	(42,103)	-1.4%
Net Sales and Services of Hospital and Clinics	-	-	-	-
Net Professional Fees	-	-	-	-
Net Auxiliary Enterprises	23,403,999	23,488,763	84,764	0.4%
Other Operating Revenues	60,000	60,000	-	0.0%
Total Operating Revenues	121,479,732	142,025,831	20,546,099	16.9%
Operating Expenses:				
Instruction	60,994,284	62,050,420	1,056,136	1.7%
Academic Support	12,578,459	11,436,113	(1,142,346)	-9.1%
Research	17,276,513	26,350,566	9,074,053	52.5%
Public Service	6,767,114	9,801,169	3,034,055	44.8%
Hospitals and Clinics	-	-	-	-
Institutional Support	18,902,237	18,415,423	(486,814)	-2.6%
Student Services	8,947,445	10,006,988	1,059,543	11.8%
Operations and Maintenance of Plant	16,074,489	15,347,796	(726,693)	-4.5%
Scholarships and Fellowships	23,486,511	22,933,681	(552,830)	-2.4%
Auxiliary Enterprises	29,468,202	30,669,466	1,201,264	4.1%
Total Operating Expenses	194,495,254	207,011,622	12,516,368	6.4%
Operating Surplus/Deficit	(73,015,522)	(64,985,791)	8,029,731	-11.0%
Nonoperating Revenues (Expenses):				
State Appropriations & HEAF	79,406,982	70,880,395	(8,526,587)	-10.7%
Gifts in Support of Operations	4,121,687	4,270,398	148,711	3.6%
Net Investment Income	4,369,023	4,310,000	(59,023)	-1.4%
Other Non-Operating Revenue	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-
Net Non-Operating Revenue/(Expenses)	87,897,692	79,460,793	(8,436,899)	-9.6%
Transfers and Other:				
Transfers From Endowments	-	-	-	-
Transfers (To) Endowments	-	-	-	-
AUF Transfers Received	-	-	-	-
AUF Transfers (Made)	-	-	-	-
Transfers From (To) Unexpended Plant	-	-	-	-
Transfers for Debt Service	(11,425,028)	(10,712,327)	712,701	-6.2%
Other Additions and Transfers	8,136,287	10,743,411	2,607,124	32.0%
Other Deductions and Transfers	(10,256,736)	(13,461,386)	(3,204,650)	31.2%
Total Transfers and Other	(13,545,477)	(13,430,302)	115,175	-0.9%
Surplus/(Deficit)	\$ 1,336,693	1,044,700	(291,993)	-21.8%
Total Revenues	\$ 209,377,424	221,486,624	12,109,200	5.8%
Total Expenses and Debt Service Transfers	(205,920,282)	(217,723,949)	(11,803,667)	5.7%
Surplus (Deficit)	\$ 3,457,142	3,762,675	305,533	

Statistical Profile

El Paso					
	1999	2000	2001	2002	2003
Undergraduate Headcount	12,533	12,955	13,642	14,384	
Graduate and Professional Headcount	2,162	2,269	2,578	2,848	
Total enrollment	14,695	15,224	16,220	17,232	18,542
	year of matriculation				
	1998	1999	2000		
1st year persistence	64.3%	64.3%	64.6%		
	year of matriculation				
	1995	1996	1997	1998	
4-year graduation rate	2.1%	2.9%	2.5%	3.6%	
5-year graduation rate	14.4%	14.8%	14.8%		
6-year graduation rate	25.1%	24.4%			
	1999	2000	2001	2002	
Baccalaureate degrees granted	1,740	1,695	1,651	1,692	
Master's degrees	442	419	449	466	
Doctorate degrees	18	17	28	27	
Faculty headcount	862	867	923	956	
Classified staff	1,005	994	990	1,036	1,053
Non-Classified staff	1,953	2,032	2,056	2,218	2,314
	99	00	01	02	03
FTE student/FTE faculty ratio	18 to 1	18 to 1	18 to 1	19 to 1	19 to 1
Federal research expenditures	1999	2000	2001	2002	2003
	\$23,871,117	\$22,972,030	\$22,872,682	\$19,796,441	\$17,022,000
Revenue/FTE student	\$10	\$11	\$11	\$9	\$9
Endowment total value	\$97,445,000				\$107,008,000

3. U. T. Permian Basin: Discussion of compact priorities

REPORT

President Watts and Executive Vice Chancellor Sullivan will lead a discussion about compact priorities for The University of Texas of the Permian Basin as set out in the compact on Pages 41.1 – 41.17. Dr. Watts will make a PowerPoint presentation as set forth on Pages 41.18 – 41.20.

BACKGROUND INFORMATION

The U. T. System Institution Compacts were sent to the U. T. System Board of Regents in September 2004. The compact process was first introduced by Chancellor Yudof at the December 2002 meeting of the Board. The compacts have been integrated into the accountability and strategic framework for the U. T. System.

The compacts are written agreements between the Chancellor and the presidents of each of the academic and health institutions summarizing the institution's major goals and priorities, strategic directions, and specific tactics to achieve its goals.

These compacts reflect the unique goals and character of each institution, highlighting action plans, progress, and outcomes. Faculty, staff, and students helped to create these compacts, so that a shared plan and vision resulted. The U. T. System Administration's commitment of resources and time to support each institution's initiatives is included in every compact.

Covering the fiscal years ending 2005 and 2006, the compacts were completed in Summer 2004. They will be updated annually; updates for the second year of the cycle will be completed in August 2005.

To enhance understanding of the compacts, compact priorities for each institution will be discussed at Board meetings in the coming year.

The University of Texas of the Permian Basin

**Compact with The University of Texas System
2004-05**

I. Mission and Activities

Mission

Our Vision:

Transform the University in size and scope from a commuter school to a University that values high quality learning and research that serves traditional students, while continuing excellence in service to commuter students.

In concert with The University of Texas System:

The mission of The University of Texas of the Permian Basin is to provide quality education to all qualified students in a supportive educational environment; to promote excellence in teaching, research, and service; and to serve as a source for the intellectual, social, economic, and technological advancement of our diverse constituency in West Texas.

To Our Students:

The University is committed to promoting the widest level of **participation** within our region by focusing on the potential of each student. As a regional institution, the University offers to both traditional and nontraditional students an environment of support and collegiality with a personal concern for each student's **successful** completion of his or her educational goals. Undergraduate programs balance a curriculum in the liberal arts and sciences with preparation for professional specializations. Graduate programs provide regionally appropriate professional and academic studies. All academic programs ensure our graduates may compete globally. Continuing Education programs ensure community wide participation from the non-traditional lifelong learning students.

To Our Faculty and Staff:

The University seeks to foster an atmosphere conducive to professional growth. We are dedicated to maintaining an environment that allows each of our faculty and staff to reach his or her professional goals. Through the success of our faculty and staff, and by their integrative efforts, centers of **excellence** will be created and enhanced.

To Our Community:

The University recognizes its responsibility to help advance the economic base of the Permian Basin and West Texas. By serving as a resource for intellectual, social, economic, and technological advancement, the University serves as a valuable research asset for the region's economic development. Continuing and professional education programs assist employers with maintaining the professional development for non-credit students. Our greatest contributions are providing well-prepared graduates to West Texas employers and instilling in our graduates a love of life-long learning.

Activities

The University of Texas of the Permian Basin provides baccalaureate and graduate level instruction, continuing and professional education, applied research and service that extends community outreach to West Texas, and conducts research in the disciplines of its degrees. Currently, undergraduate degrees are offered in 30 major fields and graduate degrees are offered in 18 fields. Outreach and institutional research focuses on the needs of West Texas. Additionally, the John Ben Shepperd Public Leadership

Institute of U. T. Permian Basin has a statewide mandate to promote leadership development for young Texans targeted on increasing their participation in public service.

While its programs focus on the needs of West Texas, the University's student body comes from across the state. In the fall of 2003, the student body included individuals from 105 of Texas' 254 counties. Since the University gained four-year status in 1991, it has continuously increased its recruitment of students from a local focus to a regional and now a statewide focus. Expansion of its recruitment focus is important to the University and the state. It is important to the University since growth is needed for the University to reach the size to be fully supported by formula without supplemental funding. It is important to the state both because the growth increases the efficiency of program delivery and to help close the gaps in participation.

U. T. Permian Basin has been designated a Hispanic Serving Institution (HSI). Its entering freshman class is 42% Hispanic, reflecting the graduating high school classes of West Texas. West Texas is increasingly growing Hispanic and U.T. Permian Basin's outreach to the Hispanic community is important for its growth and "closing the gaps" in West Texas. The undergraduate student body has recently changed so that a majority of undergraduate students are considered "traditional students" with approximately 45% being non-traditional commuter students.

The University of Texas of the Permian Basin is the only baccalaureate and master's institution in a ninety-mile radius of the Odessa-Midland metropolitan area. The closest public universities to UTPB are Angelo State University, 120 miles from campus, Sul Ross State University, 150 miles away, and Texas Tech University, 140 miles from UTPB. Private universities and colleges are located in Abilene, 175 miles from campus and Hobbs, New Mexico, 90 miles from campus. Four community colleges serve the region—Howard College (HC) in Big Spring, Midland College (MC), Odessa College (OC), and Western Texas College in Snyder.

In addition to its instructional and research activities, U.T. Permian Basin reaches out to the entire region and the state in non-credit instruction, applied research, and other outreach activities to fulfill its mission of being a resource for the intellectual, social, economic, and technological growth of West Texas. Many of these outreach programs are conducted by the Schools of Business and Education and the College of Arts and Sciences. Outreach and applied research programs are conducted by the Office of Continuing and Professional Education, the Center for Energy and Economic Diversification (CEED), the EDA University Center, and the Small Business Development Center (SBDC).

Distance Education is one of the four centers of excellence for the University. U. T. Permian Basin with 67 courses and 229 students in the Fall, 2004 is second only to U. T. Arlington in the number of courses it serves through the UT TeleCampus (UTTC). The institution locally supports a number of additional online courses at least ? as the number offered through the UTTC. Courses and programs are offered via interactive television to Midland, Big Spring, San Angelo, Alpine, and Snyder. In addition, faculty travel to the Midland College campus to deliver courses. The Master of Kinesiology Online program that U. T. Permian Basin leads in the UT TeleCampus has gained national recognition for quality.

Leadership Studies has become a center of excellence through the John Ben Shepperd Public Leadership Institute, a statutorily created public service center within the University. It has a statewide mission to educate young Texans in leadership skills and to promote public service.

Energy Studies is the University's third center of excellence. Research and service activities are related to the oil and gas industry, the long-time economic engine for the region.

The fourth center of excellence for the University is Educator Preparation. Education is the single largest employer in West Texas. Education in the information age is essential to the economic growth of the

region. It is thus essential that U. T. Permian Basin develop its program for educator preparation as a center of excellence.

U. T. Permian Basin is going through a transformation in recent years. It is moving from a "commuter school" to a University *with* a student body drawn from across the state and beyond. It is moving from a locally oriented school to a University delivering programs throughout the region and state. It is moving from a school that disseminates knowledge to one that is increasingly creating and disseminating knowledge. The continuation of that transformation is essential for U. T. Permian Basin to reach its potential for service to Texas and the nation.

II. Major Short-Term Initiatives

Initiative One: Growth

Priority: 1

Objectives: Growth is essential for the success of U. T. Permian Basin. The University's full-time student equivalent is approximately 2,130. The Texas Higher Education Coordinating Board pathway guidelines estimate that it requires approximately 3,500 FTSE to reach the point where the formula funding will cover the fixed costs of operating the University. Other estimates have produced a lower estimate to break even on the formula, but all are considerably higher than U. T. Permian Basin's current enrollment.

Its low FTSE means U. T. Permian Basin must rely on special item funding to operate with quality. In the past, the Legislature has been willing to provide that special item funding to provide access to West Texans, but special item funding is always subject to political winds. To reduce its need for special item funding, U. T. Permian Basin has undertaken an ambitious program of growth.

Quality education requires breadth and depth in academic programs, research, and student activities. A core number of faculty are necessary in each discipline for quality instruction and research. Collaborative research is supported by colleagues who can only exist in programs that are supported by students. Graduate student participation in research can exist with larger programs. Diverse curricula can be maintained in a university of larger enrollment than U. T. Permian Basin. Quality education and quality research are enhanced by a growing university.

Strategies: To obtain growth, U.T. Permian Basin is initiating new academic degree programs, expanding and enhancing student services, and expanding enrollment management efforts. The University is working to develop, gain Regents' and Coordinating Board approvals, and implement several new degree programs in the next two years. These include a Master of Arts in Spanish, Master of Public Administration, Master of Arts in Communications, Bachelor of Science in Industrial Technology, Master of Science in Computer and Information Sciences, and a Bachelor of Science in Athletic Training.

New student housing is being added, increasing the number of beds in student housing from 224 in fall 2003 to 422 in fall 2004. New athletic programs are being opened to attract students from across the state and region. The freshman seminar was initiated in fall 2003 to help increase freshman retention and great effort is being made to retain students. Scholarship programs have been expanded and targeted at enrollment growth, a new enrollment management database is being installed, and new student recruiting expanded. Additional scholarships are needed for students from all over Texas and Eastern New Mexico.

Continued development of programs to increase student success and retention is a key element in the University's growth strategies. It is exploring the creation of a Reading or Literacy Center to strengthen

students' reading skills in the same manner as the Writing and Math Centers strengthen skills in their areas. Grant proposals have been submitted to create a Literacy Center in cooperation with Howard College in Big Spring. If this or other grant proposals for the Literacy Center are funded, implementation will begin in the next year. The Center is something the University needs and UTPB will be seeking funding from various sources to create the Center.

The Freshman Seminar, implemented in the fall of 2003, is being evaluated and revised to continue and improve its very positive impact on student retention. A detailed study of student retention is being undertaken to identify the causes for students leaving the University before graduation in order that programs can be developed to address those causes.

Resources: New resources of every type are needed if growth is to occur. New faculty are needed for course sections to provide students with schedule alternatives. New faculty are also needed for new degree programs. New staff members are needed to ensure continued levels of high support throughout the University community. The University is currently in a space deficit, according to THECB calculations which makes growing the schedule difficult with the small number of classrooms available on campus. To bring students to UTPB from outside its immediate geographic area, new student housing is a must as current housing is oversubscribed. New student athletic, recreation, and activity facilities and staff are needed.

New staff will be needed to meet the growing enrollments. A staffing plan for staff growth along with faculty growth will need to be developed in the coming 18-24 months. Fulfilling the plan will take longer as the University believes significant budgetary resources will be needed.

Progress Measures: Student credit hour enrollment will grow by 5.5% per year.

Freshman to sophomore retention will grow toward the 75% mark.

Major obstacles: Space for instruction and faculty offices is a growing constraint. The University now has a space deficit of approximately 5,000 square feet. The lack of space makes it difficult to schedule classes when needed. Four classrooms have been added through the use of temporary buildings and three more are scheduled for fall 2004. The University has developed the basic designs for a Science and Technology Complex that will help meet its instructional space needs. This building will be proposed for tuition revenue bond funding in the next round of Legislative requests. Until it can be built, the University will have to rely on temporary buildings and off-campus teaching locations to meet space needs.

A second obstacle is the hiring of well-qualified faculty fast enough to meet demand for enrollment growth. Funding from formula always has a one to two year lag from when growth occurs. It often will take a full year to hire terminally qualified faculty. University salaries are 6.4% below those of nationally comparable institutions. All of these combine to make it difficult to maintain terminally degreed faculty coverage in courses. The recent tuition increase, approved in November 2003, is designed to allow the University to recruit more faculty members immediately. It will also provide for a modest salary increase to move toward market salaries. Maintaining professional staff is needed and that requires keeping salaries and benefits at market comparable levels.

Initiative Two: Quality

Priority: 2.5

Objectives: The "Closing the Gaps" and U. T. System Long Range Plan call for enhancing excellence at all universities. U. T. Permian Basin currently provides a high quality education to its students, but

often that quality is not recognized. It seeks some of that recognition through obtaining professional accreditations. The University is working to earn accreditation in Art, Business, Computer Science, Education, Industrial Technology, and Social Work.

Strategy: U. T. Permian Basin has chosen to seek national specialized accreditation as a primary driver for quality improvement. Specialized accreditation sets important standards in faculty research as well as program support. Another reason to seek specialized accreditation is that it is often required for broader recognition. For example, the U.S. News and World Report rankings of professional business schools only consider schools that are accredited by the Association for the Advancement of Collegiate Schools of Business (AACSB-International). Seeking specialized accreditation is also important because of the process and issues the institution must face in order to meet the accreditation standards. The accreditation process requires the entire institution to address issues of curriculum development and assessment, faculty development, and student recruitment and support.

Resources: Generally the specialized accreditation requires faculty development, assessment activities, facilities, and student services. The University has been in AACSB candidacy for the past three years. In that time the number of terminally qualified faculty in business has been increased, classroom technology upgraded, and curriculum reviewed. Faculty development efforts have included increasing the research productivity of the faculty as measured by publications and professional conference presentations. A number of new faculty positions and upgrades in positions from non-tenure track to tenure-track have been tentatively included in the FY 05 budgets.

The School of Business is currently conducting a "mock self-study" in preparation for a visit by consultants acting as a visiting team in the spring. If this review finds no major areas of concern, the School will then prepare its actual self-study and prepare for an AACSB team in spring 2005.

The Art Program also brought a consultant in for a review. Based on the consultant's recommendations, faculty and staff have been added and equipment in the Art studios upgraded. The Art Program will be conducting its self-study in the next year.

The School of Education and College of Arts and Sciences faculties are working toward obtaining NCATE (National Council for the Accreditation of Teacher Education) accreditation. Significant progress on obtaining this accreditation will be achieved.

Progress Measures: NASAD accreditation should be received by Spring 2006.

AACSB accreditation should be received by Spring 2006.

Obstacles: There are no foreseen major obstacles for either of the two specialized accreditations coming up for review in the next three years. The results of consultant reviews this summer may identify needs, however.

Initiative Three: Research

Priority: 2.5

Objectives: U. T. Permian Basin seeks to build its research productivity. This is a long-range direction of the institution, the U.T. System, and the "Closing the Gaps" Plan. Strengthened research will help the quality of University instruction, aid in the economic growth of West Texas, and help the University in developing the faculty needed to start doctoral programs in the future.

Strategies: The University will develop, gain approval for, and implement new promotion and tenure policies, research release policies, and annual review criteria, placing specific emphasis on faculty research productivity. The new policies will insist on research productivity and accountability for research support for a faculty member to receive satisfactory evaluations or to receive future research support.

The University will continue to develop its four centers of excellence—Energy Studies, Leadership Studies, Distance Education, and Educator Preparation. Research in these four areas will be integrated with the instructional and public service activities in these fields. New external funding will be sought in Bilingual Education, Energy Security, and other fields within the four centers of excellence.

U.T. Permian Basin will also seek to take advantage of its recent recognition as a Hispanic Serving Institution to attract external funding. Many funding agencies target research funding to HSI institutions.

When hiring new faculty, a strong preference will be given to candidates with proven research records or potential. Increased starting salaries may call for a study of faculty salary equity.

Resources: To recruit and retain faculty with strong research records may require salaries to be increased to be competitive.

- Progress Measures:**
- New policies and criteria will be implemented.
 - The University's externally funded research will increase by 5% per year.
 - The percentage of tenured or tenure-track faculty submitting grant proposals for externally funded grants will increase by 10% per year.
 - The percentage of tenured or tenure-track faculty having refereed journal publications or juried artistic works will increase.
 - The percent of tenured or tenure-track faculty receiving externally funded grants.
 - Peer bench marks for research will also be developed.

Obstacles: Increasing U. T. Permian Basin research calls for structures and processes that support a climate for research. The University will continue its evolution to one that values research. This will require a commitment to re-examining University incentives, support structures, and operating processes for the encouragement of research. As the institution grows, it will be able to grow in research capabilities as well as in enrollments.

Initiative Four: Partnerships

Priority: 4

Objectives: U. T. Permian Basin needs to build partnerships to maximize the efficient use of resources, improve services to its students, and build community support. A significant opportunity for such partnerships is with the community colleges in West Texas.

Strategies: The general strategy for building partnerships with the area's community colleges is to find ways for U. T. Permian Basin to work jointly with each college in ways that are mutually beneficial. How that is done varies with each college. In addition to partnerships with area community colleges,

there are other essential partnerships with the U.T. System units, other universities, local and state governments, and private industry for instruction, research, and outreach.

Midland College seeks to build its "University Center" concept whereby upper division courses and full bachelor's degrees are offered on the MC campus. This need was identified by the Midland 2000 community planning effort. It sought to increase the access to higher education for Midland area residents. U. T. Permian has been offering upper division courses on the MC campus during the 2003-2004 academic year. In fall 2004, the University plans to offer its first full degree program on the MC campus. The University is also partnering with Odessa College and the City of Andrews to open a center in Andrews.

Howard College seeks to build transfer efforts and programs to increase the number of certified teachers in the Big Spring area. U. T. Permian Basin is working with Howard College on a collaborative Hispanic Serving Institutions' grant to increase the transfer of HC teacher education students to UTPB. UTPB is also starting to offer teacher certification courses on the HC campus through interactive television.

Being literally a few blocks apart, the partnership efforts between UTPB and Odessa College have taken a different emphasis than those with MC and HC. The OC/UTPB efforts have looked at sharing resources—faculty, facilities, and staff.

Distance learning is a center of excellence for U.T. Permian Basin that has already earned the institution regional and national recognition for quality. Much of the University's work in distance learning is conducted in collaboration with the UT TeleCampus and U.T. System components. Interactive television courses from U.T. Permian Basin to other sites or from other institutions such as Sul Ross University and U.T. Medical Branch-Galveston (UTMB) are important to the institution's efforts to offer quality programs or to offer programs in West Texas that would otherwise not be possible. One example of such a program is the new bachelor's of science degree in clinical laboratory sciences that is currently being implemented in partnership with UTMB.

The CEED, EDA University Center, Small Business Development Center, Center for Professional Development in Teaching, and Continuing and Professional Education Office all work with local and regional governments and business firms. This ranges from working with the Permian Basin Petroleum Association in holding a regional conference on CO₂ well technology to having a small community host an applied study on its economic development. As the work of these programs expands, new partnerships will be needed.

U.T. Permian Basin has a partnership with the Autonomous University of Chihuahua (UACH). This partnership includes student exchanges, faculty exchanges and development programs, and collaborative research. In addition, the School of Business partners with Monterrey Technological Institute in Juarez, Mexico for collaborative education and research.

Resources: Partnership efforts require new ways of doing business. This may mean sharing business affairs' functions or sharing faculty. At HC and MC, the community college partner provides facilities and educational support while UTPB provides faculty teaching resources to deliver courses on the two campuses.

Progress Measures:

- Growth in Courses at Midland College.
- Delivery of 5-7 degree programs on the MC campus.
- Delivery of at least one Education course per term on the Howard College campus

Signing of the "Direct Connect" seamless transfer agreements with Howard and Odessa Colleges.

Complete the implementation of the UTMB/UTPB B.S. in Clinical Laboratory Sciences Program.

Growth in partnering with local school districts in expanding educational opportunities for their teachers, staff, and students.

Establishment of a network of clinical sites for the new Social Work program at social service agencies throughout the region.

Exploration of other health related collaborations with U.T. components and other higher education institutions.

Expansion of industry and government partners in CEED, SBDC, EDA University Center, and Continuing and Professional Education activities.

Continued development of the partnership with UACH and Monterrey Tech—Juarez.

Obstacles: There are no specific obstacles to building partnerships other than time. It takes time and continual effort to find areas of mutual interests essential to a strong partnership.

III. Future Initiatives of High Strategic Importance

Future initiatives of high strategic importance are focused on the same four issues as the current initiatives—Growth, Quality, Research, and Partnerships. They will develop over the next five years or so. The exact nature of any new staffing requirements will be determined as the long-term initiatives are transformed into short-term program plans.

Initiative One: Growth

Priority: 1

Objectives: To grow in headcount or credit hours at a rate of 5.5% per year.

Strategies: Numerous strategies will be used to promote enrollment growth. These include:

1. Having an aggressive scholarship program to ensure student access is not blocked because of financial circumstances.
2. Expanding recruiting efforts statewide
3. Creating new degree programs from the centers of excellence and will be from areas of need in West Texas. Secure foundation funding to help facilitate the process.
4. Expanding student academic success services to increase retention and graduation rates.
5. Expanding housing and other student services to make U. T. Permian Basin more attractive to traditional students.
6. Expanding course and program offerings to Midland and other communities. Time Period: ?
7. Expanding facilities with new instructional buildings.
8. Developing new opportunities for students to be involved in research as part of their degree programs.

Resources: Growth will be funded from many sources. External funding will be sought for scholarships and special programs. Tuition and state appropriations will be used to fund scheduling expansion and the hiring of new faculty and staff. Funding for new instructional buildings will be sought through tuition revenue bonds.

Progress Measures: Annual enrollment growth of 5.5%.

Increased retention and graduation rates to the level of appropriate institutional peers.

Initiative Two: Research

Priority: 2.5

Objective: In the next decade, U.T. Permian Basin seeks to reach the top quarter of master's comprehensive universities with similar programs in terms of externally funded research and faculty research. As a benchmark, UTPB will work to achieve \$4,000,000 in research funding by the year 2010, the target recommended by the Washington Advisory Group.

Strategies: Strategies for increasing externally funded research include:

1. Continue the transformation of the institution's internal culture to an institution where research is highly valued.
2. Develop metrics and data sources for comparing U.T. Permian Basin research to that of other universities in terms such as:
 - Percentage of tenured or tenure-track faculty submitting grant proposals and receiving awards.
 - Percentage of tenured or tenure-track faculty with refereed journal articles.
 - Amount of externally funded research per tenured or tenure-track faculty member.
3. Create new degree programs in disciplines where externally funded research is common.
4. Put more emphasis on research capabilities and output in faculty hiring, annual evaluations, and promotion and tenure.

Resources: Institutional resources for research expansion are being set aside. Over \$200,000 has been identified for FY 05. Addition funding will be identified in future budget years. New program creation will come from enrollment growth as will the funding for new faculty positions. The Library's collection of material and reference databases to support research will have to be expanded.

Progress Measures: Percentage of tenured or tenure-track faculty submitting grant proposals and receiving external funding.

Percentage of tenured or tenure-track faculty with refereed journal articles.

Amount of externally funded research per tenured or tenure-track faculty member.

The number of grants faculty receive.

The total external funding for the University will grow at a rate of 5% per year.

Obstacles: The long-term obstacles to enhancing U.T. Permian Basin's research productivity are the same as its short-term obstacle, the need for growth.

Initiative Three: Quality

Priority: 2.5

Objectives: Increased regional and national recognition of U. T. Permian Basin programs as high quality programs.

Strategies: Strategies for increasing the quality of U. T. Permian Basin programs include:

1. Moving U. T. Permian Basin faculty salaries and support to levels comparable to those at institutions of recognized quality.
2. Gaining specialized accreditations.
3. Continuing to use the program review process to identify ways to increase the quality of individual programs.
4. Enhancing University communications to regional and national audiences that will help build its reputation for quality among its peers.

Resources: The improvement in program quality will come from growth in enrollments and increased tuitions.

Progress Measures: NCATE (National Council for Accreditation of Teacher Education) Accreditation will be earned.

Other specialized accreditations will be earned.

U. T. Permian Basin will have more programs gain national recognition.

Initiative Four: Partnerships

Priority: 4

Objectives: U. T. Permian Basin will increase its service to Texas and the region at lower costs through building partnerships with other institutions of higher education, state and local government, and private industry.

Strategies: U. T. Permian Basin will seek partners to work on a number of program initiatives. These include:

1. Collaborating with U. T. Health Science Centers on the development of allied health programs for West Texas.
2. Working with U.T. System components and other state and national universities and agencies to develop research programs.
3. Working with engineering programs within the U. T. System for the delivery of engineering education in the Permian Basin.

4. Working with one or more U. T. System components on the collaborative delivery of a doctoral program in Educational Leadership to the Permian Basin.
5. Working with Midland College in the delivery of degree programs in Midland.
6. Working with Odessa College to reduce administrative costs, share courses, and build efficiencies.
7. Working with Western Texas College and Howard College to improve transfer and meet unique distance education needs in their service areas.
8. Working with the community arts groups to build academic programs in Music, Drama and the Fine Arts.
9. Working with area industry and local governments to build research and academic programs addressing the needs of West Texas.

Resources: The resources needed with each partnership will vary by the nature of the partnership.

Progress Measures: Increased program and course offerings on community college campuses.

Increased degree programs in allied health, engineering, and doctoral education.

Increased externally funded research.

IV. Other Critical Issues

The University of Texas of the Permian Basin, like most universities, must address numerous issues in shaping its future. Three stand out as particularly critical for U. T. Permian Basin—the institution’s small size, the need to enhance united community support, and the need for new campus facilities.

A. Size. The institution’s small size is the greatest issue facing the institution. Small enrollments mean there is a small faculty. Many disciplines with only one or two faculty members have no senior faculty to mentor new faculty in their professional activities. Small enrollments limit the ability of the University to take advantage of economies of scale or to shift loads between faculty teaching, research, and service activities in order to take advantage of the unique strengths of individual faculty. Size matters.

The paramount critical issue for U. T. Permian Basin as a result of its small size is the vulnerability of funding. The Texas Higher Education Coordinating Board estimates that it takes 3,500 student FTE for the funding formula to cover the fixed cost of a university. U. T. Permian Basin has a student FTE of approximately 2,130. Until growth in either enrollments or external funding increases, the University will be dependent on general special item appropriations. Such line items are very vulnerable during times of the state budget reductions. To be free from this vulnerability, U. T. Permian Basin must grow in both students and research productivity.

B. Community Support. A second issue that must be addressed is the continued effort to build support from all communities of the Permian Basin, especially Midland and Odessa. The Permian Basin has a long history of competition within the Basin. In recent years that competition has decreased as Midland, Odessa, and surrounding communities have come to the realization that they are more interdependent on each other than many had thought in the past. The communities have grown to realize that working together in partnership leads to the entire region growing. This is exemplified in the new dual branding of Midland-Odessa as “Two Cities: No Limits”.

It is important that The University of Texas of the Permian Basin be a part of this movement. It must build partnerships throughout the region. It must work to serve the entire region. U. T. Permian Basin

must be viewed as the Basin's, not just Odessa's University, if it is to thrive. To be viewed that way, U. T. Permian Basin must continuously seek to serve the entire Basin.

C. Facilities. A major constraint facing the University is the lack of facilities for growth in enrollments, research, or public service. The University will be seeking funding for a new Science and Technology Complex in the next Legislature to help address a critical need for science instructional labs and research space. In addition, the campus will need to build new housing and student activities facilities for its growing "traditional" student body.

D. Tuition Increases and Faculty Hiring

The 78th Texas Legislature deregulated tuition at Texas public higher education institutions. With the authority granted through this deregulation, U.T. Permian Basin requested and received approval from the Board of Regents for a five dollar per semester credit hour increase in the spring 2004 semester and an additional nine dollar per semester credit hour increase for the 2004-2005 academic year. The request to the Regents was the result of a campus-wide consultative process that focused on the strategic needs of the University and the financial ability of students.

The spring 2004 tuition increase will pay for the addition of a new staff member in the Academic Advising Office, a major element in the University's effort to increase retention. The remaining revenues from the spring 2004 tuition increase will go to increase departmental maintenance and operating (M&O) expenses. The M&O funding has not been increased since fall 2001 and is proving inadequate to cover the demands of recent enrollment growth.

The 2004-2005 academic year tuition will primarily go to cover new faculty positions. The University will be adding approximately ten new positions. The positions are in support of the four short-run and long run initiatives. A position in Industrial Technology will lead the development of the program. The Business School is upgrading a lecturer position from the rank of lecturer to assistant professor to meet the AACSB accreditation standards. Several positions are being added in key areas of the Arts and Sciences and Education to meet the needs of growth and research development.

Growth:	History Position Criminal Justice Administration Position Educational Leadership Position Social Work Director Position (New Program) Social Work Field Dir. Position (New Program) Industrial Technology Position (New Program) Music Position (New Program)
Quality:	Accounting Position (Needed for AACSB International Accreditation) Art Position (Needed for NASAD Accreditation)
Research:	Biology Position at Assistant Professor level rather than at the lecturer level Kinesiology-Biomechanics Positions
Partnership:	Clinical Lab Sciences/Biology Lecturer Position (Needed for the UTMB/UTPB B.S. in CLS on the UTPB campus)

A strategic incentive program is being funded by the new tuition. This incentive program provides added funding to upgrade positions in rank, improve initial offers, and provide research start-up funds to candidates recommended by faculty search committees that either (1) increase the diversity of the faculty or (2) significantly add to the research capabilities of a discipline.

V. System and State Priorities

The Texas Higher Education Coordinating Board "Closing the Gaps" Plan and The University of Texas System Long-range Plan is built around four strategic directions—Participation, Success, Excellence, and Research. The short-range and long-range goals of U. T. Permian Basin are focused on those four strategic directions. Increased growth in programs, services, and enrollment management will lead to increased participation and success. Efforts to enhance the quality of its programs will lead to increased excellence and increased recognition of the University's excellence. The movement to build partnerships will allow the University to leverage its resources to more effectively and efficiently meet its goals.

Collaborations with other U. T. System components are a key area of partnership for the campus. U. T. Permian Basin already benefits from many System collaborations including the UT TeleCampus, the Digital Library, shared accounting systems (DEFINE), and shared information technology resources. In the spring of 2004, the University will deliver the U. T. Medical Branch-Galveston Bachelor of Science in Clinical Laboratory Sciences degree on the U. T. Permian Basin campus.

In the future, increased collaborations with U. T. System components will be important strategic elements for the campus. U. T. Permian Basin will be seeking to begin degree programs in fields such as allied health, engineering, and doctoral level educational leadership where there is no or limited on-campus expertise. It will need assistance from other collaborations among U. T. System institutions, particularly academic-health institution collaborations.

The University's goal to increase externally funded research is perfectly aligned with the U. T. System goals for research expansion. So too, are U. T. Permian Basin goals for quality enhancement aligned with the System goal to bring recognition of program excellence.

The improvement of alumni relations is not directly identified in the critical strategies of the University. Improved alumni relations are continually being sought. Many of U. T. Permian Basin's alumni live and work in West Texas and thus good alumni relations are important to building community partnerships. The Institutional Advancement office is continuing to increase and refine the database of alumni addresses. Good alumni relations are also critical for the recruitment of scholarly funding and other gifts essential for building program quality.

VI. Compact Development Process

This compact between The University of Texas of the Permian Basin and The University of Texas System was developed in the following manner:

- A draft of the compact was prepared by the Office of the Vice President for Academic Affairs based on the University's existing strategic plan draft and annual budget resource hearing material.
- The draft was reviewed by the University's Executive Council and revised as needed.
- The revised draft was posted on the University's web site. Faculty and staff were sent an e-mail directing their attention to the draft and inviting comment. Comments could be sent by individuals, departments, or any other group.
- The draft was presented at the University's Administrative Council that includes representation from all administrative areas of the University, the Faculty Senate, the Student Government, and the Staff Advisory Council.

- The following groups were asked to make formal recommendations for revisions to the draft:
 - The Faculty Senate
 - The Staff Advisory Council
 - The Student Government
 - The Academic Council
 - The Business Affairs' Directors
 - The Student Services' Directors
 - Administrative Council

- The proposed revisions were reviewed by the Executive Staff and incorporated where appropriate. The revised draft has been sent to each representative body and is now posted on the institution's website for further comment while it is under review by the U. T. System Administration.

VII. System Contributions

- Academic Affairs. Encourage collaboration by other U. T. System components on U. T. Permian Basin degree program initiatives. Degree program partnerships might be through the distance delivery of a program from a U.T. component to meet a need of the West Texas region or through collaborative delivery of such programs. Areas where the academic degree programs are envisioned include:
 - Doctoral Level Programs in Educational Leadership or Administration.
 - Engineering programs.
 - Rehabilitative services, nursing, occupational therapy, and other allied health fields.

- Academic Affairs. Encourage collaboration by other U.T. System components' faculty members with U.T. Permian Basin faculty. This is especially important in mentoring new U.T. Permian Basin faculty in disciplines where there may not be any senior faculty members.

- Academic Affairs. Support in developing research infrastructure.

- Academic Affairs. Support in academic program development in areas where U. T. Permian Basin does not currently have on-campus expertise.

- Governmental Relations. Support in obtaining Legislative approval for tuition revenue bonds for new academic buildings and continued line and special item support.

- Facilities Planning and Construction. Facilities planning assistance for new instructional and research space.

VIII. Appendices

Budget Summary

**The University of Texas of the Permian Basin
Operating Budget
Fiscal Year Ending August 31, 2004**

	FY 2003 Adjusted Budget	FY 2004 Operating Budget	Budget Increases (Decreases) From 2003 to 2004	
			Amount	Percent
Operating Revenues:				
Tuition and Fees	\$ 6,478,397	7,988,090	1,509,693	23.3%
Federal Sponsored Programs	2,270,513	4,223,173	1,952,660	86.0%
State Sponsored Programs	594,738	671,722	76,984	12.9%
Local and Private Sponsored Programs	75,000	575,000	500,000	666.7%
Net Sales and Services of Educational Activities	45,775	80,000	34,225	74.8%
Net Sales and Services of Hospital and Clinics	-	-	-	-
Net Professional Fees	-	-	-	-
Net Auxiliary Enterprises	269,000	689,913	420,913	156.5%
Other Operating Revenues	20,441	14,782	(5,659)	-27.7%
Total Operating Revenues	9,753,864	14,242,680	4,488,816	46.0%
Operating Expenses:				
Instruction	8,812,299	9,790,984	978,685	11.1%
Academic Support	2,142,484	2,022,764	(119,720)	-5.6%
Research	1,018,607	886,145	(132,462)	-13.0%
Public Service	1,302,445	1,152,241	(150,204)	-11.5%
Hospitals and Clinics	-	-	-	-
Institutional Support	4,146,083	4,370,818	224,735	5.4%
Student Services	1,032,633	1,011,883	(20,750)	-2.0%
Operations and Maintenance of Plant	3,177,067	3,143,953	(33,114)	-1.0%
Scholarships and Fellowships	2,198,020	4,716,495	2,518,475	114.6%
Auxiliary Enterprises	1,384,383	1,973,885	589,502	42.6%
Total Operating Expenses	25,214,021	29,069,168	3,855,147	15.3%
Operating Surplus/Deficit	(15,460,157)	(14,826,488)	633,669	-4.1%
Nonoperating Revenues (Expenses):				
State Appropriations & HEAF	16,637,437	15,614,616	(1,022,821)	-6.1%
Gifts in Support of Operations	586,611	515,153	(71,458)	-12.2%
Net Investment Income	195,000	608,922	413,922	212.3%
Other Non-Operating Revenue	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-
Net Non-Operating Revenue/(Expenses)	17,419,048	16,738,691	(680,357)	-3.9%
Transfers and Other:				
Transfers From Endowments	-	-	-	-
Transfers (To) Endowments	-	-	-	-
AUF Transfers Received	-	-	-	-
AUF Transfers (Made)	-	-	-	-
Transfers From (To) Unexpended Plant	-	-	-	-
Transfers for Debt Service	(2,134,192)	(2,052,898)	81,294	-3.8%
Other Additions and Transfers	-	111,486	111,486	-
Other Deductions and Transfers	-	(111,486)	(111,486)	-
Total Transfers and Other	(2,134,192)	(2,052,898)	81,294	-3.8%
Surplus/(Deficit)	\$ (175,301)	(140,695)	34,606	-19.7%
Total Revenues	\$ 27,172,912	30,981,371	3,808,459	14.0%
Total Expenses and Debt Service Transfers	(27,348,213)	(31,122,066)	(3,773,853)	13.8%
Surplus (Deficit)	\$ (175,301)	(140,695)	34,606	

Statistical Profile

The University of Texas of the Permian Basin					
	Fall semester				
	1999	2000	2001	2002	2003
Undergraduate headcount	1,970	1,979	2,077	2,292	2,638
Graduate and professional Headcount	254	293	332	380	390
Total enrollment	2,224	2,272	2,409	2,672	3,028
	Year of matriculation				
	1998	1999	2000	2001	2002
1st year persistence	58.9%	64.9%	55.6%	61.1	63.7
	Year of matriculation				
	1995	1996	1997	1998	1999
4-year graduation rate	10.0%	9.3%	15.2%	17.0%	*
5-year graduation rate	20.0%	19.5%	25.9%	*	*
6-year graduation rate	24.0%	23.2%	29.5	* not yet available	
	Fiscal year				
	1999	2000	2001	2002	2003
Baccalaureate degrees granted	342	334	329	417	345
Master's degrees granted	86	92	87	68	101
	Fall semester				
	1999	2000	2001	2002	2003
Faculty fall headcount	137	150	139	158	192
Classified staff	136	146	144	144	159
Non-classified staff	175	174	200	216	249
	Academic year				
	1998-99	1999-00	2000-01	2001-02	2002-03
FTE student/FTE faculty ratio	16 to 1	17 to 1	17 to 1	17 to 1	17 to 1
	Fiscal year				
	1999	2000	2001	2002	2003
Federal research expenditures	\$155,219	\$233,075	\$147,629	\$138,194	\$166,777
	Fiscal year				
	1999	2000	2001	2002	2003
Revenue/FTE student	\$11	\$14	\$14	\$13	\$11
	Fiscal year				
	1999	2000	2001	2002	2003
Endowment total value	\$10,170,000				\$10,582,000

U.T. Permian Basin Compact Process



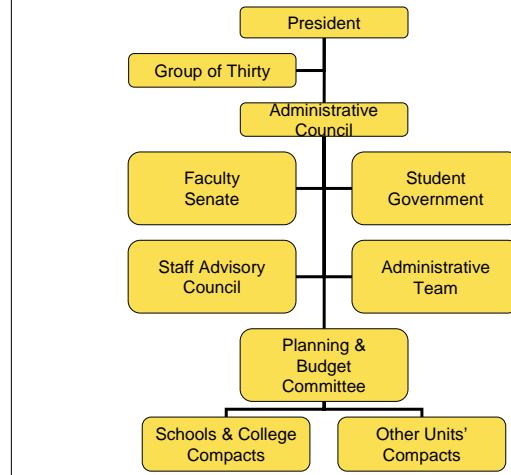
1

Initiatives

Growth
Quality
Research
Partnerships

2

U.T.P.B. Process



3

Long-Range Planning

- Listening Tour of Communities in West Texas
- Group of Thirty
 - Thirty Leaders of West Texas
 - Presentations by Experts on Change
 - Review Results of the Listening Tours
 - Make Recommendations for UTPB Future Directions in November 2005

4

Issues

- Tying Budget to Compacts
- Consensus Development
- Needs of State and Region

5

Performance Measures

- **Growth**
 - 24% Enrollment in 2 years
 - Retention Rate Climbing, now 68%
- **Quality**
 - Professional Accreditation Efforts in Business, Art, and Education on track
- **Research**
 - External Grants in first 7 months of FY 05 already at FY 04 level
 - Grant & Publication Activity Increasing
- **Partnerships**
 - Midland Teaching Site
 - Andrews Center

6

4. U. T. Pan American: Health Services Administration Building - Amendment of the FY 2004-2009 Capital Improvement Program and the FY 2004-2005 Capital Budget to include project; appropriation of funds and authorization of expenditure; and authorization of institutional management

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Cárdenas that the U. T. Board of Regents amend the FY 2004-2009 Capital Improvement Program and the FY 2004-2005 Capital Budget to include the Health Services Administration Building project at The University of Texas - Pan American as follows:

Architecturally or Historically Significant:

Yes No

Project Delivery Method: Competitive Sealed Proposals

Substantial Completion Date: July 2006

Total Project Cost:	<u>Source</u> Designated Tuition	<u>Proposed</u> \$1,500,000
----------------------------	-------------------------------------	--------------------------------

- a. approve a preliminary project cost of \$1,500,000 with funding from Designated Tuition;
- b. appropriate funds and authorize expenditure of \$1,500,000 from Designated Tuition; and
- c. authorize U. T. Pan American to manage the total project budgets, appoint architects, approve facility programs, prepare final plans, and award contracts.

BACKGROUND INFORMATION

Project Description

The proposed project would renovate an existing 3,000 gross square foot building to approximately 7,500 gross square feet to house the healthcare services administration for the Health and Kinesiology Physiology/Recreation Center project.

U. T. Pan American Facilities Management personnel have the experience and capability to manage all aspects of the work.

This proposed off-cycle project has been approved by U. T. System staff and meets the criteria for inclusion in the Capital Improvement Program.

5. **U. T. Arlington: Authorization to establish a Ph.D. in Educational Leadership and Policy Studies**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Spaniolo that authorization be granted to establish a Ph.D. in Educational Leadership and Policy Studies degree program at U. T. Arlington and to submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action. In addition, the Coordinating Board will be asked to change the U. T. Arlington Table of Programs to reflect authorization for the proposed degree program.

Upon approval by the Coordinating Board, the next appropriate catalog published at U. T. Arlington will be amended to reflect this action.

BACKGROUND INFORMATION

Program Description

The proposed doctoral program in Educational Leadership and Policy Studies seeks to engage graduate students in education and other leaders in the Dallas/Fort Worth/Arlington Metroplex in research driven policy and policy discussions that affect the future course of Kindergarten through Post Secondary (K-16) education. To that end, the Department of Educational Leadership and Policy Studies will offer the major curriculum for K-16 Educational Leadership. Each course will include a research focus and requirement.

The Ph.D. program will prepare students for scholarship and teaching and further research contributions to the knowledge base. In addition, the Educational Leadership and Policy Studies doctoral program will prepare candidates from within the Metroplex and other geographic locales for professional assignments in the Metroplex or similar urban/metropolitan contexts/environments. Located in the heart of the Dallas/Fort Worth/Arlington Metroplex, the proposed doctoral program will be offered in the rich urban laboratory of more than 150 cities, 200 school districts, and thousands of business enterprises. The area serves a population of approximately five million and provides multiple opportunities for student research, internships, and employment advancements.

Currently no other doctoral program in Texas has the preparation of K-16 educational leaders as its primary goal. All other existing programs have either a K-12 or a Higher Education focus, rather than the seamless alignment as proposed in this K-16 approach. The primary goal of the proposed program is to produce highly qualified graduates who can apply critically demanded research skills in K-16 academic settings.

Students will participate in scholarly work with their mentors, including grants, research, and publications throughout their course of study. The program is designed to fully prepare graduates of the program to be faculty at research-intensive/extensive universities.

Program Quality

Full-time tenured and tenure-track faculty from the College of Education will form the core of this program. These faculty currently support the existing Master of Education, as well as the Ph.D. degree in the School of Urban and Public Affairs. In addition, two full-time tenure-track faculty will be added effective September 2005 and three full-time tenure-track faculty will be added in the next three years, totaling 13 full-time tenured and tenure-track faculty to support the program. A limited number of highly qualified part-time faculty will be selected for their unique expertise in particular areas. Full-time tenured and tenure-track faculty from other university departments, specifically Political Science, Sociology, Psychology, Urban and Public Affairs, and Social Work, will support the program. No graduate students will teach courses; however, graduate assistants will be required to assist faculty research efforts.

Program Cost

Estimated expenditures for the first five years of the proposed Ph.D. in Educational Leadership and Policy Studies total \$1,773,023. This includes \$963,775 in new faculty salaries; \$180,000 reallocated for program administration; \$308,448 for new graduate assistants; \$90,800 for clerical support; \$2,500 for supplies and materials; \$5,000 for new library and information technology resources; \$9,000 for equipment; and \$213,500 for summer school salaries.

U. T. Arlington will commit \$180,000 of existing resources in addition to \$1,239,147 generated from formula income beginning the third year, \$180,000 from Graduate Incremental Tuition, and \$235,980 from other funding coming from Designated Tuition.

6. U. T. San Antonio: Authorization to establish a Ph.D. in Applied Statistics/Demography

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Romo that authorization be granted to establish a Ph.D. in Applied Statistics/Demography at U. T. San Antonio and to submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action. In addition, the Coordinating Board will be asked to change the U. T. San Antonio Table of Programs to reflect authorization for the proposed degree program.

Upon approval by the Coordinating Board, the next appropriate catalog published at U. T. San Antonio will be amended to reflect this action.

BACKGROUND INFORMATION

Program Description

U. T. San Antonio proposes to offer the Ph.D. in Applied Statistics/Demography degree program. This proposed program will be offered by the Department of Management Science and Statistics in the College of Business. It will draw on the extensive health-related expertise of faculty at U. T. Health Science Center - San Antonio and on U. T. San Antonio-based faculty from the U. T. Health Science Center - Houston School of Public Health. The proposed program is designed to prepare students with the ability to make predictions and forecasts, design experiments, and analyze large complex data sets that are requisite to success in the fields of biostatistics and applied demography.

The proposed program requires 48 semester credit hours of organized coursework and 12 semester credit hours of dissertation beyond the Master's degree. Students would be able to specialize in either Biostatistics/Bioinformatics or Applied Demography. The Biostatistics/Bioinformatics track will train students to collaborate with medical researchers to design clinical trials, evaluate new treatment for diseases, and assess the safety and effectiveness of medications. The Applied Demography tracks will focus on demography related to health-care issues, such as marketing and planning health-related projects, or related to policy issues undertaken by governments, school districts, and various local, regional, and federal agencies. Both the Biostatistics/Bioinformatics track and the Applied Demography tracks are designed to prepare students to work in academic and nonacademic research settings.

Need and Student Demand

There is substantial growth in biomedical research occurring at both the national and state levels, yet only 81 Ph.D. degrees in biostatistics were awarded in 2002, the most recent year for which data are available. Similarly, there is a significant growth in the demand for individuals with doctoral training in demography, yet only 20 doctorates were awarded in this field in 2002, and none of the awarding institutions offered a degree with an applied focus. Currently, only one other public institution in the State of Texas offers a doctorate degree in Statistics. Two public state institutions offer Ph.D. degrees in Demography, but neither has the multidisciplinary, applied focus of the proposed program.

The proposed program is designed to meet the needs of students from a number of fields, including Statistics, Sociology, Biology, and Public Health. A recent survey conducted to assess the level of interest in the proposed program among prospective students found it to be very high, with approximately one-half of the 49 surveyed students expressing interest in a biostatistics concentration and the remainder being interested in an applied demography concentration. Respondents to a survey of prospective employers also expressed a need for and interest in the proposed program.

Program Quality

Eleven members of the Department of Management Science and Statistics will contribute to the delivery of the program. Two additional tenured or tenure-track faculty from other departments at U. T. San Antonio, three faculty members at U. T. Health Science Center - San Antonio, and nine faculty members at U. T. Health Science Center - Houston's School of Public Health, San Antonio location, will contribute to the delivery of the program. All contributing faculty members are active publishing researchers who are capable of teaching courses and supervising student research in the proposed program. It is estimated that four tenure-track faculty members will be hired during the first five years of the proposed program and will contribute approximately 50% of their time to its delivery. These positions are included in the College of Business' faculty hiring plan.

Existing facilities and equipment are adequate to support the proposed doctoral program. The Department of Management Science and Statistics is housed in a state-of-the-art building that is less than five years old. There is sufficient available space for office and classroom needs associated with delivery of the proposed program. The building houses two computing facilities that have sophisticated technology to support the computing and other technological needs of students and faculty involved in the proposed program.

Program Cost

The cost of operating the program in the fifth year, when the program is fully developed, is approximately \$1,734,430. This includes \$1,005,430 for faculty salaries, \$700,000 for graduate student support and \$29,000 for supplies, materials, equipment, and IT resources. Revenues of \$1,379,590 from formula funding, \$100,000 in external funding, and the reallocation of \$1,517,000 in existing university resources are expected to be sufficient to fully fund the program.

7. **U. T. System: Discussion of graduation rates and planned initiative to improve rates**

PURPOSE

Chancellor Yudof and Executive Vice Chancellor Sullivan will lead a discussion on improving graduation rates for academic institutions. Dr. Sullivan will present a PowerPoint presentation on an overview of graduation rates as set forth on Pages 47.1 – 47.5.

Reference will be made to tables listing the cumulative graduation rates, composite graduation and persistence rates, and community college transfer graduation rates for U.T. System academic institutions as set forth on Pages 47.6 – 47.8. A major System-wide initiative will be proposed to improve graduation rates.

BACKGROUND INFORMATION

Each fall approximately 50,000 to 60,000 students enter Texas public universities for the first time. Of these students, approximately 43,000 enroll in at least 12 semester credit hours (SCH) and are considered to be full-time students. The Texas Higher Education Coordinating Board estimates that of those enrolled full-time 52.6% had graduated with a baccalaureate degree six years later since first-time enrollment. Moreover, the Coordinating Board studies estimate that 33.3% of those students were no longer enrolled and had not graduated.



THE UNIVERSITY OF TEXAS SYSTEM

Graduation Rates Overview

*Prepared by the Office of Academic Affairs
May 11, 2005*



Graduation Rates

- **The conventional graduation rate is defined as the percentage of all first-time, full-time, degree-seeking freshman students who graduate in four, five, or six years.**
- **Institutions are required to report the six-year graduation rate by federal law.**

2



Factors that Affect Graduation Rates

Research shows that the following student characteristics are associated with lower graduation rates:

- *open access*
- *poorly prepared students*
- *low income students*
- *high proportions of part-time and non-traditional students*
- *minority students*
- *geographically mobile students*

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Factors that Affect Graduation Rates, cont.

Although not research based, some institutional factors are assumed to be correlated with lower graduation rates:

- *poor academic advising*
- *poor articulation agreements*
- *low levels of financial aid*
- *complex degree requirements*

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Factors that Affect Graduation Rates, cont.

Because of the way that the graduation rate is defined, the following institutional arrangements are also likely to lead to lower graduation rates:

- *The CAP program*
- *Large numbers of transfer students*
- *Articulation agreements with community colleges*

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2003 Graduation Rates for Major Texas Public Universities

University	2003 Total Headcount	% Minority*	Overall Graduation Rate			6-year Minority Graduation Rate*
			4-year	5-year	6-year	
Texas A&M University	44,813	11.3%	36.4%	72.0%	79.2%	67.8%
The University of Texas at Austin	51,426	16.5%	42.1%	69.2%	73.8%	63.2%
Texas Tech University	28,549	13.8%	25.4%	55.5%	64.0%	38.8%
University of North Texas	31,065	20.2%	16.9%	37.8%	47.2%	41.9%
University of Houston	35,066	31.4%	11.5%	32.7%	46.7%	35.8%

Information compiled by the Office of Academic Affairs
* Black, Hispanic, and Native American

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2003 Graduation Rates for U.T. Austin and Similar Institutions

University	2003 Total Headcount	% Minority*	Overall Graduation Rate			6-year Minority Graduation Rate*
			4-year	5-year	6-year	
University of Illinois at Urbana/Champaign	28,472	14.1%	58.1%	78.5%	81.0%	63.8%
University of Wisconsin at Madison	27,711	5.2%	39.5%	70.7%	75.8%	58.2%
The University of Texas at Austin	51,426	16.5%	42.1%	69.2%	73.8%	63.2%
University of Washington at Seattle	25,059	7.3%	45.8%	65.6%	71.3%	61.5%
Ohio State University	34,816	10.7%	29.2%	55.8%	62.1%	43.6%
University of Minnesota - Twin Cities	28,273	6.9%	27.6%	48.2%	54.4%	37.1%

Information compiled by the Office of Academic Affairs
 * Black, Hispanic, and Native American

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2003 Graduation Rates for Select Hispanic-Serving Institutions

University	2003 Total Headcount	% Minority*	Overall Graduation Rate			6-year Minority Graduation Rate*
			4-year	5-year	6-year	
Texas A&M University-Corpus Christi	7,861	61.4%	20.3%	44.6%	48.3%	33.0%
Florida International University	19,980	69.2%	17.7%	37.4%	47.3%	48.2%
The University of Texas of the Permian Basin	3,028	37.5%	16.5%	31.3%	36.6%	31.8%
The University of Texas at San Antonio	24,665	51.6%	7.5%	25.6%	35.4%	27.8%
California State University - Los Angeles	11,975	55.2%	6.4%	20.8%	33.9%	30.7%
Eastern New Mexico University	2,643	39.3%	9.3%	23.3%	31.0%	24.5%
The University of Texas-Pan American	15,915	87.1%	8.9%	20.7%	29.6%	25.4%
The University of Texas at El Paso	18,542	73.7%	4.8%	17.8%	28.4%	24.4%

Information compiled by the Office of Academic Affairs
 * Black, Hispanic, and Native American

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Ratio of Degrees Awarded to Freshmen Enrollment

Institution	Fall-2002 Freshman Enrollment	2002-03 Degrees Awarded	Ratio
U. OF TEXAS AT ARLINGTON	2,114	3,150	1.49
U. OF TEXAS AT AUSTIN	7,832	8,463	1.08
U. OF TEXAS AT BROWNSVILLE*	N/A	N/A	N/A
U. OF TEXAS AT DALLAS	905	1,605	1.77
U. OF TEXAS AT EL PASO	2,310	1,798	0.78
U. OF TEXAS-PAN AMERICAN	2,082	1,634	0.78
U. OF TEXAS OF THE PERMIAN BASIN	218	345	1.58
U. OF TEXAS AT SAN ANTONIO	3,002	2,873	0.96
U. OF TEXAS AT TYLER**	293	619	2.11

Source: 2004-2005 The University of Texas System Board of Regents Accountability and Performance Report

* Most freshmen enter Texas Southmost College

** U.T. Tyler began accepting freshmen in 1998

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**SIX-YEAR COMPOSITE GRADUATION AND PERSISTENCE RATES
AT ANY TEXAS PUBLIC INSTITUTION
Academic Institutions**

	Enrolled Fall	Graduating from Same University	Graduating from Another Texas Public Institution	Persisting at Same Institution	Persisting at Another Public Texas Institution	Composite Graduation and Persistence Rate
Arlington	1995	30.6%	7.7%	8.6%	9.8%	56.7%
	1996	36.4	7.2	8.7	9.3	61.6
	1997	36.7	6.6	8.1	10.6	62.0
Austin	1995	69.9	3.7	3.9	4.3	81.8
	1996	71.9	3.2	3.2	3.8	82.1
	1997	70.1	3.8	3.7	4.3	81.8
Dallas	1995	55.2	6.5	4.3	6.9	72.9
	1996	51.8	12.8	5.2	5.8	75.6
	1997	56.2	6.7	5.6	4.3	72.8
El Paso	1995	25.1	3.3	14.1	10.2	52.7
	1996	24.4	2.4	16.0	8.9	51.7
	1997	25.6	2.8	14.5	8.8	51.7
Pan American	1995	22.9	2.0	13.3	12.1	50.3
	1996	24.6	3.8	13.1	11.1	52.6
	1997	26.2	3.4	12.5	11.0	53.0
Permian Basin	1995	24.0	2.0	10.0	7.0	43.0
	1996	23.2	6.5	2.8	15.7	48.2
	1997	29.5	7.1	8.9	11.6	57.1
San Antonio	1995	26.6	9.8	8.4	12.2	57.0
	1996	25.5	9.3	9.1	12.4	56.3
	1997	27.6	7.8	9.4	11.7	56.5

Notes:

Graduation and persistence rates are for first-time, full-time, degree-seeking undergraduates who begin in the summer/fall of the enrollment year. The composite rates **represent cumulative graduation and persistence rates at any public institution in Texas** at the end of the sixth fiscal year following the summer/fall of first enrollment.

Brownsville and Tyler are not included because Brownsville first-time undergraduates typically matriculate at Texas Southmost College and Tyler did not admit freshmen until summer/fall 1998.

Source: Texas Higher Education Coordinating Board data

**FOUR-YEAR GRADUATION RATES
OF COMMUNITY COLLEGE TRANSFER STUDENTS*
Academic Institutions**

Enrolled Fall	1996	1997	1998	1999	2000
Arlington	45.2%	47.0%	49.6%	51.8%	49.2%
Austin	60.3	57.0	60.7	60.8	63.6
Dallas	52.7	53.1	56.4	54.4	57.2
El Paso	33.8	35.4	35.5	42.3	30.5
Pan American	33.0	35.5	42.6	46.7	50.0
Permian Basin	43.5	39.0	47.5	47.4	51.9
San Antonio	42.1	43.1	45.9	44.5	48.4
Tyler	53.7	59.3	57.2	53.9	67.6

*First-time students transferring with 30 or more semester credit hours from a community college who received an undergraduate degree within four years of enrolling at a U.T. Institution.

Source: Texas Higher Education Coordinating Board data

**4, 5 AND 6-YEAR CUMULATIVE GRADUATION RATES
FROM SAME INSTITUTION
Academic Institutions**

	Enrolled Fall	4-year	5-year	6-year
Arlington	1995	9.6	22.4	30.6
	1996	13.2	29.3	36.4
	1997	12.7	30.6	36.7
	1998	12.3	29.5	
	1999	14.5		
Austin	1995	35.6	63.2	69.9
	1996	39.2	65.2	71.9
	1997	36.5	63.5	70.1
	1998	38.9	66.9	
	1999	41.3		
Dallas	1995	32.0	48.3	55.2
	1996	30.3	46.0	51.8
	1997	31.7	51.5	56.2
	1998	37.7	50.9	
	1999	29.6		
El Paso	1995	2.1	14.4	25.1
	1996	2.9	14.8	24.4
	1997	2.5	14.8	25.6
	1998	3.6	16.0	
	1999	4.5		
Pan American	1995	5.3	15.3	22.9
	1996	5.9	15.8	24.6
	1997	6.2	17.7	26.2
	1998	7.8	18.0	
	1999	8.4		
Permian Basin	1995	10.0	20.0	24.0
	1996	9.3	19.5	23.2
	1997	15.2	25.9	29.5
	1998	17.0	26.8	
	1999	15.5		
San Antonio	1995	5.2	18.7	26.6
	1996	5.5	17.8	25.5
	1997	6.3	18.7	27.6
	1998	6.3	19.6	
	1999	6.1		
Tyler	1998	26.3	36.4	
	1999	49.7		

Notes:

Graduation rates are for first-time, full-time, degree-seeking undergraduates who begin in the summer/fall of the enrollment year and graduate at the same institution. The cumulative rates represent the sum of degrees conferred at the end of the fourth, fifth and sixth fiscal year following the summer/fall of first enrollment.

Brownsville is not included because first-time undergraduates typically matriculate at Texas Southmost College.

Tyler did not admit freshmen until summer/fall 1998.



TABLE OF CONTENTS FOR HEALTH AFFAIRS COMMITTEE

Committee Meeting: 5/11/2005
Austin, Texas
Board Meeting: 5/12/2005
Austin, Texas

Rita C. Clements, Chairman
H. Scott Caven, Jr.
Judith L. Craven, M.D.
Cyndi Taylor Krier
Robert B. Rowling

	Committee Meeting	Board Meeting	Page
Convene	<i>12:30 p.m.</i> <i>Chairman Clements</i>		
1. U. T. System: Amendment to the U. T. System Professional Medical Liability Benefit Plan to add U. T. System institutions	<i>12:30 p.m.</i> Action <i>Dr. Shine</i>	Action	48
2. U. T. Health Science Center - Houston: Approval of a Doctor of Nursing Practice (DNP) degree program	<i>12:40 p.m.</i> Action <i>President Willerson</i>	Action	50
3. U. T. M. D. Anderson Cancer Center: Authorization to acquire approximately 42.4 acres of unimproved real property at Ellington Field in Houston, Harris County, Texas ("Ellington Site"), to exchange with the U.S. Government Department of Defense for approximately 18 acres of land and improvements located at 1850 and 1902 Old Spanish Trail, Houston, Harris County, Texas ("DOD Site"); authorization to lease back the DOD Site to the U.S. Government; and finding of public purpose	<i>12:45 p.m.</i> Action <i>President Mendelsohn</i> <i>Mr. Burgdorf</i> <i>Ms. Mayne</i>	Action	52
4. U. T. System: Report on the Chancellor's Health Fellows	<i>12:50 p.m.</i> Report <i>Dr. Shine</i>	Not on Agenda	56
5. U. T. System: Report on Public Health in Texas	<i>1:00 p.m.</i> Report <i>Dr. Shine</i>	Not on Agenda	58
6. U. T. Health Science Center - Houston: Discussion of compact priorities	<i>1:15 p.m.</i> Report <i>President Willerson</i> <i>Dr. Shine</i>	Not on Agenda	59
Adjourn	<i>1:30 p.m.</i>		

1. **U. T. System: Amendment to the U. T. System Professional Medical Liability Benefit Plan to add U. T. System institutions**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and the Vice Chancellor and General Counsel that The University of Texas System Professional Medical Liability Benefit Plan be amended in congressional style as shown below, to be effective immediately and to apply retroactively to liability claims filed after September 1, 2003:

**THE UNIVERSITY OF TEXAS SYSTEM
PROFESSIONAL MEDICAL LIABILITY BENEFIT PLAN**

. . .

**ARTICLE II
DEFINITIONS**

Unless otherwise required by the context, the following definitions shall control:

A. ***Plan Participant*** shall mean:

1. Staff physicians and dentists who are medical doctors, oral surgeons, oral pathologists, dentists, doctors of osteopathy, or podiatrists appointed to the full-time faculty of a medical or dental school or hospital of the System, medical doctors employed in health services at and by a general academic institution of the System;
2. Residents and fellows enrolled in a residency program or fellowship at a System medical or dental school who are duly licensed, credentialed, and registered to practice their profession;
3. Medical doctors, oral surgeons, oral pathologists, dentists, doctors of osteopathy, and podiatrists appointed to the faculty of a medical school or hospital of the System on a part-time or volunteer basis, and who either devote their total professional service to such appointments or provide services to patients by assignment from the department chairman. For purposes of the Plan, such persons are "Plan Participants" only when providing services to patients in conjunction with supervision of medical or dental students or residents by assignment from the department chairman and shall become Participants in the Plan only as provided in Article IV, Section 2; ~~and~~

4. Medical or dental students of a medical or dental school of the System and only when participating (with prior approval of such medical or dental school) in a patient-care program of a duly accredited medical or dental school under the direct supervision of a faculty member of the school conducting such program; and
5. System institutions against which a liability claim, as that term is defined in Article IIB. below, is made that arises from the treatment or lack of treatment by a Plan Participant in 1-4 above.

B. **Liability Claim** means a claim, lawsuit or cause of action based upon treatment or lack of treatment within the United States of America, its territories or possessions, or Canada that departs from accepted standards of medical or dental care which proximately results in injury to or death of a patient, whether the claim or cause of action sounds in tort or contract, subject to the exclusions described in Article V, Section 4, below.

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BACKGROUND INFORMATION

Authority for the establishment of a self-insurance program to indemnify U. T. System physicians was granted to the Board of Regents by Senate Bill 391, Acts of the 65th Legislature, effective March 10, 1977 (later codified as *Texas Education Code*, Section 59.01 et seq.). The Plan for Professional Medical Malpractice Self-Insurance (renamed on February 12, 1998) was originally approved by the Board of Regents on April 15, 1977. The Plan has been amended several times, with the most recent amendments on August 12, 2004, to add coverage for physicians and other Plan Participants in actions before state licensing boards.

The tort reform legislation (House Bill 4, Acts of the 78th Legislature, effective September 1, 2003) made numerous statutory changes affecting health care liability claims. A significant change affected governmental entities and their employees, including The University of Texas System. A provision contained in the tort reform legislation was designed to discourage plaintiffs from suing both the individual U. T. System physician and the institution, forcing an election of remedies and shifting liability to the institutions (Section 11.05, Chapter 204, Acts of the 78th Legislature, Regular Session, 2003, revising Section 101.106, *Texas Civil Practice & Remedies Code*). Under the election of remedies provisions

- a. a plaintiff must make an irrevocable election to sue either the employee or the governmental unit; the law then bars suit against the other;

- b. if a plaintiff fails to make the election and sues both an employee and the governmental unit, the court must immediately dismiss the individual; and
- c. if suit is brought against an individual employee but could have been brought under the Tort Claims Act against the governmental unit, the suit is considered to be against the employee in the employee's official capacity only, and the court must dismiss the suit against the individual employee unless the plaintiff's pleadings are amended to substitute the governmental unit for the employee.

Under the new law, personal liability for public servants, now including physicians, is limited to \$100,000. Institutional liability is capped at \$250,000.

The shifting liability resulting from these election of remedies provisions has already left U. T. System health institutions (and some academic institutions) facing financial burdens from medical liability claims. There is no existing mechanism for the institutions to predict or to bear the costs of judgment, settlements, or litigation expenses related to medical liability claims. Because there is general statutory authority for governmental units to establish self-insurance funds under *Texas Government Code* Section 2259.031 and because the existing Professional Medical Liability Benefit Plan is financially sound, it is recommended including U. T. System institutions as Plan Participants to establish a predictable method for bearing the costs of health care liability claims, regardless of whether the individual physician or the institution is the defendant.

2. U. T. Health Science Center - Houston: Approval of a Doctor of Nursing Practice (DNP) degree program

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President Willerson that authorization be granted to establish a Doctor of Nursing Practice (DNP) degree program at U. T. Health Science Center - Houston and to submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action.

Upon approval by the Coordinating Board, the next appropriate catalog published at U. T. Health Science Center - Houston will be amended to reflect this action.

BACKGROUND INFORMATION

Program Description

A task force of the American Association of Colleges of Nursing (AACN) has worked for the past two years on its vision for a new practice doctorate since the Ph.D. and Doctor of Science in Nursing programs are both research degrees. Additionally, a nationally standardized curriculum that will assure the public and other professionals of a standard set of competencies for the DNP graduates has been developed by the AACN task force. The DNP degree program is designed to prepare recognized Advanced Practice Nurses (APNs) to be credentialed for hospital staff privileges and will allow them to demonstrate high-level clinical skills. DNP graduates will be able to fill the gap between scientific findings of research and standard practice by taking research findings and incorporating them into existing protocols. They will be trained to work across settings, i.e., following a patient from an ambulatory setting to a hospital ICU and comanaging the acute care with a physician specialist, then following the patient back into the home setting for maintenance of previous treatment plans. At the doctoral level there will be more individualized analysis and examination of evidence-based literature and correct protocols. As an added bonus, the DNP program has the potential for increasing the number of nurses qualified to teach in nursing schools. This would increase the number of entry-level nurses that are needed in the State of Texas and the nation.

Program Quality

There will be a decision-making faculty group to be designated as the DNP Council. The Council will be made up of faculty who represent various clinical specialties. U. T. Health Science Center - Houston has specialty programs in the following areas: Emergency Care, Acute Care, Family Health, Adult Health, Pediatrics, Oncology, Women's Health, Gerontology, Psychiatric/Mental Health, Neonatal, Nurse Anesthesia, and Occupational Health. A number of physicians and nurses with expertise in acute and critical care will assist in the teaching.

New faculty will have expertise to teach masters courses in acute care, primary care, and gerontology. They will be expected to have a doctoral degree, teaching experience, and an active research program.

Program Cost

Implementation of the proposed DNP will require no new State funds. The program will be funded from a reallocation of resources within the school through changes in the Master of Science in Nursing (MSN) degree program in three areas: (1) because of the difficulty currently in recruiting faculty for the Nurse Anesthesia program, the enrollment of this program will be reduced by 33% (from 15 to 10 students); (2) dual specialty

programs will be discontinued (12 students) because of changes in the regulations of the Board of Nurse Examiners (BNE) that have adversely impacted recruitment; and (3) similarly, the BNE has proposed new rules to limit the titles for APNs.

It is projected that this program will cost \$509,500 the first year, increasing to \$685,500 in the second year and thereafter when additional plans are in place. No new facilities or facility alterations are planned.

3. **U. T. M. D. Anderson Cancer Center: Authorization to acquire approximately 42.4 acres of unimproved real property at Ellington Field in Houston, Harris County, Texas ("Ellington Site"), to exchange with the U.S. Government Department of Defense for approximately 18 acres of land and improvements located at 1850 and 1902 Old Spanish Trail, Houston, Harris County, Texas ("DOD Site"); authorization to lease back the DOD Site to the U.S. Government; and finding of public purpose**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Health Affairs, the Vice Chancellor and General Counsel, and President Mendelsohn that authorization be granted by the U. T. Board of Regents, on behalf of U. T. M. D. Anderson Cancer Center, to

- a. acquire approximately 42.4 acres of unimproved real property at Ellington Field in Houston, Harris County, Texas ("Ellington Site") for a price not to exceed the fair market value as determined by an independent appraisal, plus all due diligence expenses, closing costs, and other costs and expenses to complete the acquisition of the property as deemed necessary or advisable by the Executive Vice Chancellor for Business Affairs or the Executive Director of Real Estate, for the purpose of conveying the Ellington Site to the U.S. Government Department of Defense, together with cash, in exchange for the conveyance by the U.S. Government Department of Defense to the U. T. System of approximately 18 acres of land and improvements located at 1850 and 1902 Old Spanish Trail, Houston, Harris County, Texas ("DOD Site");
- b. enter into a lease with the U.S. Government Department of Defense to occupy the DOD Site land and improvements during the Department of Defense's construction of the Ellington Site joint Reserve facilities, estimated to be four years;
- c. determine that the lease of the DOD Site and the improvements thereon to the U.S. Government for the stated reasons serves a public purpose appropriate to the function of U. T. M. D. Anderson Cancer Center, and

that the consideration to the U. T. System and U. T. M. D. Anderson Cancer Center for the lease of the DOD Site is adequate; and

- d. authorize the Executive Vice Chancellor for Business Affairs or the Executive Director of Real Estate to execute all documents, instruments, and other agreements, subject to approval of all such documents as to legal form by the Office of General Counsel, and to take all further actions deemed necessary or advisable to carry out the purpose and intent of the foregoing recommendations.

BACKGROUND INFORMATION

The U. T. M. D. Anderson Cancer Center's long-term strategic plan calls for the development of the U. T. Research Park on land located south of Old Spanish Trail in Houston. The Cancer Center recently completed the first of several research buildings on that property; other buildings and infrastructure are currently under construction.

As part of its strategic plan, the Cancer Center has been working on acquiring the adjacent DOD Site for several years. The U. T. Board of Regents authorized the acquisition of the DOD Site at fair market value at its meeting on November 12, 1998. In 1999, the Texas Legislature authorized the U. T. System to acquire the site by purchase, gift, or exchange (Chapter 854, 1999 Texas General Laws 3524, 76th Legislature, Regular Session). The DOD Site encompasses approximately 18 acres of land on the south side of Old Spanish Trail and is adjacent to the U. T. Research Park land. The Army, Navy, and Marine Corps Reserves currently use two facilities on the DOD Site.

The DOD Site lies between U. T. M. D. Anderson Cancer Center's Mid-campus Area and its U. T. Research Park (South Campus) land, squarely in the southward path of growth of the Cancer Center and the Texas Medical Center. The DOD site is contiguous to M. D. Anderson's 35 acres south of Old Spanish Trail.

Federal law previously required that U. T. M. D. Anderson Cancer Center acquire replacement land; construct new, replacement facilities; and then exchange that land and facilities for the DOD Site. In 2004, Congress passed new legislation that enables the Cancer Center to acquire replacement land and immediately transfer that land, plus cash as appropriate, for the DOD Site. The obligation to construct new, replacement facilities under the 2004 legislation resides with the U.S. Government and, during the construction period, the U.S. Government will lease the DOD Site from the Cancer Center for the use of the Reserve units.

The Attorney General of the State of Texas has advised in Opinion No. MW-373 (1981), that, for the use of space in university facilities without cash rental payments to comply with the Texas Constitution, three requirements must be met: (1) the use of the property must serve a public purpose, appropriate to the function of the university; (2) adequate consideration must be received by the university; and (3) the university

must maintain controls over the user's activities to ensure that the public purpose is achieved. In lieu of cash rental, the public purpose and consideration for the leaseback are described in the following paragraphs.

In 2004, when Congress authorized the method of acquiring the DOD Site, campus and U.S. Government representatives implicitly understood that not charging rent to the U.S. Government during the expected four-year occupation of the DOD Site by the Army, Navy, and Marine Corps Reserves was adequate consideration for establishing the purchase price now rather than when the new military facility at the Ellington Site is completed in about four years. The legislation allows the Cancer Center to acquire the property at an established price as soon as possible, which benefits the Cancer Center in light of the escalating value of all property in the area of the U. T. Research Park. The 2004 legislation allows U. T. M. D. Anderson Cancer Center to make a lump-sum payment, avoiding market risk, development risk, and the financial responsibility for any changes in scope to the new facilities.

Acquisition of the DOD Site enhances the overall value of the contiguous U. T. Research Park land by approximately \$3.8 million according to a March 2005 appraisal report. The increase in value results from the DOD Site providing connectivity to the Texas Medical Center Mid-campus and core areas; multiple, direct access to Old Spanish Trail; increased visibility; and development flexibility. Furthermore, only land south of Old Spanish Trail is unencumbered by Texas Medical Center rules limiting commercial uses, giving U. T. M. D. Anderson Cancer Center the flexibility to integrate activities with private entities.

Because activities of the Reserves on the DOD Site are important to the defense of the nation, particularly at the present time, their activities cannot be suspended while a new joint use facility is constructed. As there are no other Army, Navy, and Marine Corps Reserves facilities in Houston, these entities must continue to occupy the DOD Site until their new facility at the Ellington Site is completed and the military relocates activities, about four years after the exchange.

In summary, U. T. M. D. Anderson Cancer Center has determined that acquisition of the DOD Site advances the mission of U. T. M. D. Anderson Cancer Center and the future development of the U. T. Research Park. Effecting the exchange at this time, pursuant to the 2004 federal legislation, and leasing back the site to the U.S. Government for the above-stated consideration and public purpose, provides substantial benefit to the U. T. System, and establishes a fixed price at current appraised value in an escalating market. The long and extensive acquisition effort for the DOD Site has included discussions with the Department of Defense, the City of Houston, and members of the Texas Congressional Delegation leading to the subsequent passage of legislation. Moreover, inasmuch as the DOD Site cannot be acquired by condemnation, M. D. Anderson's best chance of acquiring the DOD Site is the proposed transaction. The terms and conditions of the purchase of the Ellington Site and the leaseback of the DOD Site are reflected in the summary of the transactions on the following page.

Summary of Proposed Real Estate Transactions

Acquisition of Ellington Site

Institution:	U. T. M. D. Anderson Cancer Center
Type of Transaction:	Purchase
Total Area:	Approximately 1,845,202 square feet (42.4 acres)
Improvements:	Primarily vacant land, with private drives and 2,000 square-foot storage shed
Location:	Ellington Field, Houston, Texas
Seller:	City of Houston
Purchase Price:	\$1,383,902
Appraised Value:	\$3,228,000 (Gerald A. Teel Company, January 13, 2005) Acquisition of a second appraisal for submission to the Coordinating Board is pending.
Source of Funds:	Institutional funds
Intended Use:	For immediate exchange to the U.S. Government Department of Defense for the DOD Site on Old Spanish Trail

Lease of DOD Site to U.S. Government

Institution:	U. T. M. D. Anderson Cancer Center
Type of Transaction:	Lease
Total Area:	Army: 8.26 acres Navy and Marine Corps: 9.98 acres

Improvements: Army, Navy, and Marine Corps Reserves facilities; special use buildings incorporating office, classroom, and open drill hall and storage facilities; small outbuildings are for storage, vehicle maintenance, and similar uses
Army: 90,160 gross square feet in one main building and in two outbuildings; approximately 400-425 parking spaces
Navy and Marine Corps: 97,953 gross square feet in three main buildings and in several outbuildings; 511 parking spaces

Location: 1850 and 1902 Old Spanish Trail, Houston, Texas

Tenant: U.S. Government

Consideration: In lieu of cash rent, consideration for lease is enhanced value and usefulness of adjoining Cancer Center property and recognition that 2004 federal legislation removes risk to Cancer Center that was inherent in obligation under prior federal law to provide complete replacement facility to the Department of Defense

Term: Until the U.S. Government completes construction of the joint reserve facilities at the Ellington Site, estimated to be four years after the property exchange

Appraised Value: Fee simple: \$20,850,000 (Gerald A. Teel Company, January 13, 2005)

Intended Use: Army, Navy, and Marine Corps Reserves training facilities

4. U. T. System: Report on the Chancellor's Health Fellows

REPORT

The Chancellor has approved an initiative proposed by the Executive Vice Chancellor for Health Affairs. This initiative, known as the Chancellor's Health Fellows, is intended to encourage faculty participation, bring added value, and enhance collaborations. After consultation with the presidents, Dr. Shine was authorized to appoint up to four Fellows during a one-year period, which began April 1, 2004. Each Fellow will be awarded a \$25,000 academic enhancement fund, which can be used for appropriate research and educational purposes. Salary support will not be provided. Fellows will be faculty members or staff, selected for their expertise, who are willing to facilitate System-wide efforts to enhance achievements in selected areas.

This year, Fellows have been appointed in the areas of

- a. Medical Education: L. Maximilian Buja, M.D., Executive Vice President for Academic Affairs at The University of Texas Health Science Center at Houston, serves as the first Chancellor's Health Fellow in medical education. With collaboration from the various campuses Dr. Buja organized the first System-wide symposium on Innovations in Medical Education held on October 21-22, 2004. This event focused on medical student undergraduate education with an emphasis on experiences with interdisciplinary education involving other members of the health-care professions. Over 80 faculty members and staff from the six health institutions participated in this program. The exchange of information and ideas was very successful. The participants strongly endorsed a continuing activity so that a steering committee chaired by Dr. Buja has been created. The steering committee recommended a program which includes an annual symposium, a website for sharing web-based curriculum, a small grants program for innovation in education, a System-wide award for innovation in education, and an expansion of programs content to include graduate medical education.
- b. Quality of Care and Patient Safety: Sharon Martin, M.Ed., MT (ASCP) SC, Vice President for Quality Management at The University of Texas M. D. Anderson Cancer Center, is the appointed chair for this important issue. The purpose of this fellowship is to create a multidisciplinary program focused on intensive care unit (ICU) quality initiatives that will enhance patient safety, utilization of resources, and health-care provider satisfaction. In addition, the fellowship will facilitate collaboration among participating institutions to improve practices through shared knowledge. The ultimate goal is to create an infrastructure for an enduring program of collaborative quality improvement among University of Texas health-care ICU personnel, including the establishment of a website to facilitate knowledge sharing.
- c. Science: Allan Brasier, M.D., Leon Bromberg, M.D., Professor in Internal Medicine; Senior Scientist at the Sealy Center for Molecular Science; and Associate Director at the Proteomics Center at The University of Texas Medical Branch at Galveston, organized and led the first U. T. System Science Symposium on Molecular Medicine on February 21-22, 2005. The Symposium brought together over 240 active scientists from the U. T. System and other research institutions in the state. Over 96 posters were presented and a number of research collaborations arose from the Symposium. The steering committee led by Dr. Brasier has proposed a number of ongoing activities to strengthen U. T. System programs in health research.
- d. Additional Fellows will be appointed this year in Nursing and Public Health.

5. **U. T. System: Report on Public Health in Texas**

REPORT

Dr. Kenneth I. Shine, Executive Vice Chancellor for Health Affairs, convened a Task Force on the Future of Public Health in Texas in the Spring of 2004 to examine the role of U. T. System's public health campuses and the overall picture of public health in Texas. The report of this Task Force on Pages 58.1 - 58.70 is provided for information and discussion. Dr. Shine will discuss the Executive Summary of the report on Pages 58.3 - 58.5, provide an overview of the key conclusions and recommendations, and discuss the plan for dissemination and follow-up of the report.

The Future of Public Health in Texas

A Report by the Task Force on the Future of Public Health in Texas

The University of Texas System
2005

This report is available online at www.utsystem.edu/hea/publichealth.pdf

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Executive Summary

“Public Health” has been defined as “organized community efforts aimed at the prevention of disease and promotion of health.” Public health is sometimes confused with publicly funded healthcare or medically indigent care. Although responsibility for these functions sometimes overlaps in communities, the emphasis of Public Health is focused on the protection of the population as a whole.

The Task Force on the Future of Public Health in Texas was created to address the challenges facing public health in Texas. The Task Force, which included representatives from campuses throughout The University of Texas System as well as local public health practitioners, held four meetings that included a variety of presentations on the delivery of public health services, education and research efforts.

As a result of these meetings and additional conversations, the overarching conclusions of the Task Force are:

1. The four regional campuses of The University of Texas Health Science Center at Houston School of Public Health (School of Public Health) have contributed to the public health education, research and service efforts in Texas. However, these campuses will fulfill their potential only when they become part of a shared vision between the School of Public Health and the host campuses. Such a vision is expressed in the creation of joint research programs, joint education programs, joint faculty and leadership recruitment, and joint evaluation and planning of personnel and programs. The Brownsville, El Paso, and San Antonio regional campuses have a unique opportunity to establish a consortium to address public health issues along the Texas border with Mexico.
2. Additional resources will be required to strengthen the regional public health campuses. It is essential that the resources be expended consistent with the concepts described above. The regional campuses require carefully articulated and focused research agendas and a range of educational programs, many of which will benefit from distance education efforts involving Houston and the other campuses.
3. These regional campuses are particularly well positioned to take advantage of opportunities to interact closely with local departments of public health and their surrounding communities. Both research and education efforts should be structured to take advantage of these opportunities.

4. The health of Texans can be substantially improved through the increase of state resources for the delivery of public health services. A reasonable goal would be to move Texas from the state’s current level of 50% of the national average in per capita public health expenditures to 75% of the national average for such services by the year 2010. These resources should be allocated to support the essential public health services already identified in Texas statute, such as monitoring the health status of individuals; investigating community health hazards; enforcing laws and rules that protect the public health; and researching new insights and innovative solutions to community health problems. In addition to prevention efforts, these funds must be used to address emerging threats facing Texas such as bioterrorism, the obesity crisis, critical mental health and local environmental health issues. The expenditure of these funds must recognize and build upon the role of local public health efforts and foster collaboration between public health providers and researchers.

Additional conclusions of the Task Force include:

- The overall state of public health in Texas is poor in comparison to national averages, and is likely to further deteriorate in the absence of corrective action. Substantial disparities in health status exist.
- The support of public health in Texas is inadequate, as demonstrated by counties lacking public health infrastructure/poor salaries for personnel and level of training of these personnel. State and local public health expenditures are well below the national average.
- There is a shortage of well-trained public health professionals and this shortage will increase substantially over the next decade.
- The three Schools of Public Health in Texas should collaborate with other institutions in Texas to significantly increase opportunities for public health education, including additional masters of public health students and the development of undergraduate degrees and certificates in public health.
- Educational and research collaborations between public health and other health professions will be an essential part of improving public health.
- The regional public health campuses lack a critical mass of faculty and vary substantially in the extent to which they have developed synergies with academic

and/or health science campuses where they are located.

- Texas will receive significant economic benefits from proper funding of public health in Texas, including decreased medical costs, a healthier and more productive workforce, and increased federal public health research funding.
- Creation of a new fully accredited school of public health in Texas is not warranted at the present time. Stronger collaborations between the public health programs and other education institutions, including community colleges, universities and health science centers, and local health departments, would enhance the public health efforts in Texas.

In response to these conclusions, the Task Force makes the following recommendations:

1. **Increase the diversity of educational opportunities in public health, which includes:** offering a bachelor of public health; developing certificate programs for public health practitioners; increasing distance-learning opportunities; explicitly increasing the public health education content in the curriculum of medical, nursing, dental and allied health schools; and exploring collaborations to provide annual educational and/or research programs for professionals and the community.
2. **Curriculum issues to be addressed include:** making sure the eight new areas considered core competencies for public health in the 21st century, i.e., genomics, informatics, communication, cultural competency, community based participatory research, policy and law, global health and public health ethics are incorporated into the curriculum of the School of Public Health as well as at the regional campuses; and establishing incentives for cross-institutional teaching and research which involves individuals at both academic and public health faculties.
3. **Regional Campuses:** The recruitment of regional deans and faculty should be done jointly by the School of Public Health with the associated host campus. Faculty members should be recruited to the regional campuses on the basis of their research and education interests in order to create a critical mass of faculty around particular subjects. Opportunities should be developed so that doctoral candidates may take their course work through distance learning and do their thesis at a regional campus. The UT System should review its policies regarding tenure to facilitate opportunities for joint appointments to academic campuses and

health science center campuses. A clear focus for the strategic, educational and research programs at each regional campus should be identified and maintained with appropriate benchmarks for evaluating success. Because solving public health problems emphasizes a model that recognizes the importance of other disciplines, including sociology, anthropology, urban planning, law, business, engineering, political science, etc., the specialty strengths of a particular regional campus and host campus should be exploited to offer programs unique to the campus. Such collaborations could create a niche for particular research funding as well.

The Brownsville, El Paso, and San Antonio regional campuses have a unique opportunity to establish a consortium to address public health issues along the Texas border with Mexico. While these issues will confront many aspects of Hispanic health, they must also include a broad category of general public health challenges. This consortium, in conjunction with the host campuses and other academic campuses, could extend education and training opportunities and provide hands-on research opportunities in this growing, yet underserved, region. Such a consortium could encourage collaboration among campuses and disciplines.

While it is premature to endorse such a consortium as a separate School of Public Health, it could build on the strengths of the individual campuses and provide for the growth of both education and training and research opportunities of each.

The School of Public Health has expressed interest in a regional campus in Austin. The University of Texas at Austin's outstanding schools of nursing, law and public affairs would be a logical potential collaborator with the School of Public Health, and the establishment of a regional campus in Austin should be considered in light of the potential research collaborations and potential student base. Any such collaborative effort must be done in a manner consistent with themes expressed in this report.

4. **Faculty development:** Each new faculty member should have a clearly identified mentor. The mentor may be a research mentor or a professional development mentor or both. Promotion and tenure decisions should be made by a process that involves a significant number of faculty from the regional campus and its host campus, as well as individuals from the School of Public Health at Houston. Division Directors in the School of Public Health should follow closely the progress of faculty at the regional campuses, provide regular assessment and feedback and contribute whenever possible to minimizing any potential sense of isolation.

5. **Collaborative Programs:** While the School of Public Health has a range of dual degree programs, further opportunities for dual degrees should be explored. Examples for additional programs include programs with other schools of nursing, medicine, dentistry and allied health. UT Austin, with outstanding schools of nursing, law and public affairs, would be a logical potential collaborator with the School of Public Health. Serious consideration should be given to recruiting an outstanding health economist in collaboration with the Department of Economics at UT Austin. Any such collaborative effort must be done in a manner consistent with themes expressed in this report.

The UT System should consider its role in fostering collaboration and interdisciplinary training and research efforts in public health.

The UT System, in conjunction with the School of Public Health, could conduct a forum on public health and medicine, with a focus on health disparities in Texas.

6. **Research:** In addition to research opportunities enhanced by greater collaborative efforts, there are specific changes to the research infrastructure that could enhance the research enterprise within the School of Public Health and the regional campuses. The UT System should look at policies for institutional review boards to allow for a mutual agreement among the UT Health Science Center at Houston, the School of Public Health, and the regional campuses that recognizes reviews

at each of the institutions so that a research project initiated at one of the campuses is subjected to only one review. To expand research activity, the establishment of a research faculty track could be considered. Financial and administrative barriers should be addressed so that greater attention could be paid to the development of research partnerships with institutes and centers on the academic health science center campus, the academic campus, the Veterans Administration, and related agencies.

7. **Resources Required:** In addition to the state support needed to reach the 75% of the national average per capita spending on public health, state funding should be provided for a Texas Cancer Registry that meets national standards. Such a registry would better position Texas researchers to compete for funding from the National Institutes of Health.

The regional campuses need additional resources to expand faculty from 9 full-time equivalents to 15 FTE. Additional faculty is necessary to establish a critical mass of faculty so the core curriculum can be provided and a focus on important research could be achieved.

Additional financial support is needed for the School of Public Health to increase core support for distance learning efforts and to address additional intellectual disciplines in the expanded core competencies being required of public health programs nationwide.

The Task Force looks forward to the opportunity to review the responses to this report in a follow up meeting at the end of 2005.

Introduction

The UT System, through the provision of education, research and patient care, plays a major role in providing for the health of Texans. “Public Health” has been defined as “organized community efforts aimed at the prevention of disease and promotion of health.” This Task Force was created to address the challenges facing the future of public health in Texas.

The members of the Task Force include:

Ronald Angel (UT Austin), Gordon Green (University of Texas Southwestern Medical Center at Dallas), Fernando Guerra (Director of the San Antonio Metropolitan Health District), Robert Haley (UT Southwestern), David Lahey (University of Texas Health Center at Tyler), Bernard Levin (University of Texas M.D. Andersen Cancer Center), Scott Lillibridge (UTHSC-Houston), Brad Pollock (University of Texas Health Science Center at San Antonio), Elizabeth Poster (University of Texas at Arlington), Ben Raimor (University of Texas Medical Branch at Galveston), Eric Thomas (UTHSC-Houston), Leonel Vela (UTHSC-San Antonio), and Paul Villas (University of Texas-Pan American). Ex-officio members of the Task Force include W.S. “Chip” Riggins (Texas Department of Health Services, Public Health Regional Director—Region 8, San Antonio), David Warner (UT Austin), and Kenneth Shine (UT System).

The task force held four meetings that included a variety of presentations addressing the delivery of public health services, education and research efforts. The task force engaged two outside consultants to conduct site visits to the School of Public Health and two of its regional campuses (El Paso and San Antonio). A few of these presentations and the findings of the consultants are included as Appendices to this report.

The Task Force has concluded that regional campuses of the School of Public Health have contributed to the public health education, research and service efforts in Texas. However, these campuses will fulfill their potential only when they become part of a shared vision between the School of Public Health and the host campuses. Such a vision is expressed in the creation of joint research programs, joint education programs, joint faculty and leadership recruitment, and joint evaluation

and planning of personnel and programs. The Brownsville, El Paso, and San Antonio regional campuses have a unique opportunity to establish a consortium to address public health issues along the Texas border with Mexico. Establishment of a regional campus in Austin should be considered in light of potential research collaborations and potential student base. Any such collaborative effort must be done in a manner consistent with themes expressed in this report.

Additional resources are required to strengthen the regional campuses. It is essential that the resources be expended consistent with the concepts described above. The regional campuses require carefully articulated and focused research agendas and a range of educational programs, many of which will benefit from distance education efforts involving the School of Public Health and the other campuses.

The School of Public Health’s regional campuses, which include Brownsville, Dallas, El Paso, and San Antonio, are particularly well positioned to take advantage of opportunities to interact with local departments of public health and the surrounding communities. Both research and education efforts should be structured to take advantage of these opportunities.

The health of Texans can be substantially improved through the increase of state resources for the delivery of public health services to move Texas from 50% of the national average to 75% of the national average for such services by the year 2010. These resources should be allocated to support the essential public health services already identified in Texas statute, such as monitoring the health status of individuals; investigating community health hazards; enforcing laws and rules that protect the public health; and researching new insights and innovative solutions to community health problems. In addition to prevention efforts, these funds must be used to address emerging threats facing Texas such as bioterrorism, the obesity crisis, critical mental health and local environmental health issues. The expenditure of these funds must recognize and build upon the role of local public health efforts and foster collaboration between public health providers and researchers

The Institute of Medicine has defined 'public health' as "organized community efforts aimed at the prevention of disease and promotion of health" (1988 IOM Report, The Future of Health). The Public Health Functions Project of the United States Public Health Service has identified the functions of public health as¹:

- Prevents epidemics and the spread of disease
- Protects against environmental hazards
- Prevents injuries
- Promotes and encourages healthy behaviors
- Responds to disasters and assists communities in recovery
- Assures the quality and accessibility of health services.

The Project also identifies 'essential public health services' as:

- Monitor health status to identify community health problems
- Diagnose and investigate health problems and health hazards in the community
- Inform, educate, and empower people about health issues
- Mobilize community partnerships to identify and solve public health programs
- Develop policies and plans that support individual and community health efforts
- Enforce laws and regulations that protect health and ensure safety
- Link people to needed personal health services and ensure the provision of health care when otherwise unavailable
- Assure a competent public health and personal healthcare workforce
- Evaluate effectiveness, accessibility and quality of personal and population based health services
- Research for new insights and innovative solutions to health problems

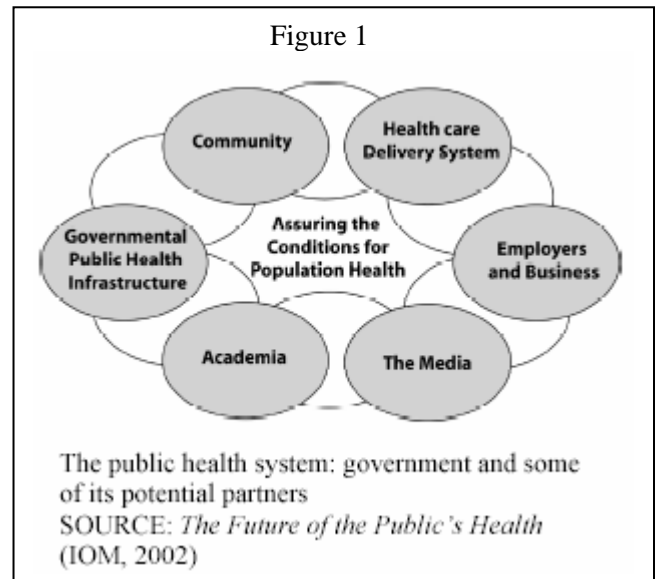
Public health is sometimes confused with publicly funded healthcare or medically indigent care. Although responsibility for these functions sometimes overlaps in communities, the emphasis of Public Health is focused on the protection of the population as a whole.

As described in the 2002 Institute of Medicine Report, The Future of the Public's Health, the public health system involves a variety of components including community healthcare delivery systems, employers and business, the media, academia, and governmental public health infrastructure. (See Figure 1)

This review by The UT System Task Force for The Future of Public Health in Texas is based on an understanding of the core competencies necessary for public health professionals and the responsibility to "work collaboratively with other professional schools to assure quality public health content in their programs." It recognizes the increasing interactions and in some cases overlap between public health and other health professions including medicine, nursing, pharmacy, dentistry, and allied health.

This report begins with a review of the overall health of Texans and presents the current public health structure and workforce needs. The report looks at the economic benefit of public health efforts and the education efforts in Texas, with special attention focused on the role of regional campuses in public health and the role that they may play in the future.

The Task Force has made a series of recommendations designed to inform and enhance public health in Texas. The Task Force is grateful to Patrick Francis who served as staff director for the study and to the many presenters, participants and discussants in its deliberations.



Public Health in Texas

Overall Health of Texans

Texas trails the nation on numerous health statistics. Vaccine-preventable disease rates are at their lowest level ever and immunizations have been a key to this success.² Yet for children 19 to 35 months, Texas, with 75% of children immunized, is below the national average immunization coverage, tied at 47th with 3 other states (only two others have lower rates of coverage).³

In national comparisons, Texans rank poorly, and significant health disparities exist between racial and ethnic groups. Compared with 2003 national averages, Texans had a higher percentage of residents identified as binge alcohol drinkers, residents with a sedentary lifestyle, and residents who are overweight and obese.⁴ There was a higher percentage of Texans with diabetes and with high cholesterol.

Estimated Vaccination Coverage Children Aged 19 – 35 Months	
Connecticut	1 st
Massachusetts	2 nd
North Carolina	3 rd
Texas	47 th

(Source: Center for Disease Control, "Morbidity and Mortality Weekly Report," July 30, 2004. Survey of 50 states and District of Columbia)

While the lack of health insurance is a national issue, the rate of uninsured in Texas is dramatically higher. The absence of health insurance results in the lack of early diagnosis and treatment. When finally treated, the costs are often much greater.

Another significant difference between Texas and the rest of the nation is the percentage of women over 40 who have had a mammogram within the last two years — 69% in Texas compared to 76.3% in the United States.

Environmental factors are an important public health component. Fifty percent of Texans live in areas that fail to meet federal air quality standards.⁵ Additionally, the 1,000 mile border with Mexico includes some of the most extreme environmental problems faced by either Mexico or the United States.⁶ Concerns about water resources and poor air quality resulting from industrial emission and vehicle exhaust are critical issues for the border.

A recent study of polybrominated diphenyl ethers (PBDEs) showed Texas residents with PBDE levels 10 to 100 times higher than levels in Europe.⁷ PBDEs have a chemical structure similar to PCBs and have the potential to damage the nervous system and cause cancer.⁸ Such findings highlight the need for continued research on the levels of PBDE in people and food, and the resulting health risks.

There are areas in which Texas does very well. Over the last 40 years there have been steady declines in the resident death rate, including infant (except for 2002), maternal and fetal deaths.⁹ Lung cancer (except for 2002), female breast cancer, and cardiovascular disease death rates continue to decline and the incidence rates of tuberculosis and syphilis continue to decline.

Health Disparities

While the death rates for whites, African Americans and Latinos from many common diseases have declined during the last decade, the Centers for Disease Control reports that “relatively little progress has been made in eliminating racial/ethnic disparities on a range of health indicators.”¹⁰

Some examples of disparities include¹¹:

- Mortality rates for African Americans are higher than other groups for breast, colon, prostate, and lung cancer.
- Among patients with diabetes,

	Homicide	Lung Cancer	Female Breast Cancer Deaths	Diabetes Mellitus
All Races	6.3	55.1	24.7	32.1
White *	3.6	60.8	24.9	23.5
African-American	16.6	69.8	35.4	57.8
Hispanic	6.9	26.6	18.0	55.4

* White includes "Other"
Source: Texas Department of State Health Services, Center for Health Statistics.

high blood pressure, or heart disease, Latino and Asian Americans are least likely to receive clinical services important to monitoring and controlling these chronic conditions.

- Latinos are less likely than whites or African Americans to receive preventive services, and, in particular, are less likely to be screened for cancers.

Even when controlling for insurance status and income, racial and ethnic minorities tend to have less access to health care and have lower quality of health care than non-minorities.¹² Hidden in some of the health successes in Texas are similarly large health disparities among race/ethnic groups. Health disparities also exist based on geography and age in Texas.

While the infant mortality rate per 1,000 live births for Texas as a whole was 6.4 in 2002, the rate was 5.7 for Whites, 5.5 for Hispanics and 13.5 for African-Americans.¹³

Whites	5.7
Hispanics	5.5
<u>African-Americans</u>	<u>13.5</u>
Texas as a Whole	6.4

(Source: Texas Department of State Health Services, Bureau of Vital Statistics 2002 Annual Report.)

While the overall vaccination rates in Texas are similar, the pertussis morbidity rate among Hispanic infants (73 per 100,000) was almost twice that of non-Hispanic Whites (40 per 100,000).¹⁴

Obesity rates differ among racial and ethnic groups in Texas: 72.8% of African-American, 67% Hispanic, 33.9% Asian, and 58.7% of non-Hispanic white adults were overweight or obese in 2003.¹⁵

Hispanic infants	73 per 100,000
Non-Hispanic infants	40 per 100,000

(Source: Texas Department of State Health Services, Immunization Branch 2004.)

“In 2002, about 62 percent of Texans under age 65 – and for whom their income status was known – had private health insurance. For the entire population under age 65, rates of private coverage varied according to race and ethnicity, with 79 percent Anglo, 59 percent African American, and 43 percent Hispanic.”¹⁶

Again, the disparities exist not only in the rate of disease, but in the access to care. For instance, African-American females have lower rates of breast cancer, but die more frequently from the disease than other groups of women.¹⁷

While there is limited mental health data specific to Texas, nationwide there are significant disparities in the degree to which racial and ethnic minorities seek and receive mental health treatment.¹⁸ Research shows that mental health is key to overall physical health and the World Health Organization has identified mental illnesses as the leading causes of disability worldwide; accounting for nearly 25% of all disability across major industrialized countries.¹⁹

The stigma surrounding mental illness that prompts many people to hide symptoms and avoid treatment is particularly pronounced among older adults, ethnic and racial minorities, and residents of rural areas. Suicide, the leading cause of violent deaths worldwide, outnumbering homicide or war-related deaths, is one serious public health challenge. The vast majority of people who die by suicide have a mental illness – often undiagnosed or untreated.²⁰

Critical Public Health Issues in Texas

In his June 2004 presentation to the Task Force, Eduardo Sanchez, Commissioner of the Texas Department of State Health Services (formerly the Texas Department of Health), identified a number of public health challenges for the state. These included:

- Exploding healthcare costs
- Highest rate of uninsured
- Rapid population growth
- Low immunization rate
- Threat of bioterrorism
- Epidemic of obesity
- Challenges of border region
- Sharp health disparities
- Mental health challenges
- Substance abuse challenges

At that time Commissioner Sanchez indicated that the five top priorities for the Texas Department of Health were:

- Improving immunization rate
- Focusing on fitness
- Eliminating health disparities
- Better preparation for public health disasters and bioterrorism
- Improving our business practices

The previous section on the “Overall Health of Texas” presented figures on how Texas compares to the rest of the country on key health indicators. Even if Texas compared more favorably to the rest of the United States, it is worth considering that while the United States ranks first in the world in health care spending, it is 27th in life expectancy.²¹

To highlight one of challenges raised by Commissioner Sanchez, in 2001 treatment for overweight or obesity-related conditions in Texas amounted to \$10.5 billion in medical care and other costs.²² Based on the current trend, these costs could reach \$15 billion by 2010 and \$39 billion in 2040.²³

Texas Demographics

Demands on the public health workforce must be viewed in the context of the changing face of Texas. State demographer Steven Murdock reported to the Task Force that the population of Texas grew by 22.8% between 1990 and 2000. The population of Texas was 20.85 million in 2000.

Murdock predicts that the population will reach 35.8 million in 2040, assuming that the rate of net migration into this state is equal to one half of that between 1990 and 2000. If the same rate of migration persisted as that which occurred between 2000 and 2002, the estimated population in 2040 would be 45.4 million.

Although the overall population is relatively young, the greatest percentage change in population will occur among those over 75 years of age. Between 2000 and 2040, the population over 75 is anticipated to increase three-fold. This older population has increased vulnerability to illness, particularly chronic diseases.

In 2000 32% of the population of Texas was Hispanic, while 11.6% was Black, and 53.1% Anglo. The United States Census Bureau reports that in 2003, Anglos made up 49.5% of the 21.5 million people living in Texas. This rate of changes occurred more rapidly than most had predicted. Hispanics increased to 35.3% and African Americans accounted for 10.8%. Asians were 3.03%. All others including Native Americans were just over 1%. The evidence strongly suggests that Texas will continue to be a rapidly growing state, and that the proportion of Hispanics in the state will continue to increase. The absolute number of individuals aged 75 will increase substantially. The population growth itself indicates greater demands

Obesity in Texas

Five out of the eight fattest cities in the United States in 2004 were in Texas:

2. Houston,
3. Dallas
4. San Antonio
6. Fort Worth
8. Arlington

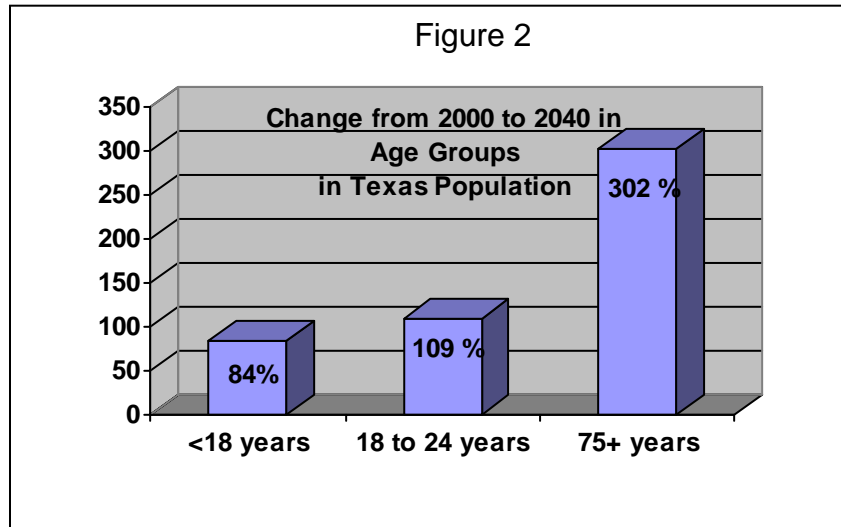
(Source: *Men's Fitness* magazine)

Obesity carries with it a prevalence of diabetes, high blood pressure and an increased incidence of some cancers. Commissioner Sanchez estimates that even medium growth in the number of obese adults in Texas would result in 8 million obese adults in 2040, with cost implications over \$25 billion.

Year	Anglo	Black	Hispanic	Other	TOTAL
2000	11,074,716	2,421,653	6,669,666	685,785	20,851,820
Assuming Rates of Net Migration Equal to One-Half 1990-2000					
2010	11,533,980	2,754,737	9,080,466	961,460	24,330,643
2020	11,796,479	3,052,412	11,882,993	1,273,908	28,005,792
2030	11,789,292	3,268,611	15,140,088	1,632,588	31,830,579
2040	11,525,083	3,403,176	18,804,297	2,028,603	35,761,159
Assuming Rates of Net Migration Equal to 2000-2002					
2010	11,587,971	2,826,849	9,877,268	1,117,442	25,409,530
2020	11,908,234	3,217,037	14,090,715	1,726,191	30,942,177
2030	11,960,333	3,539,340	19,449,030	2,569,996	37,518,699
2040	11,749,690	3,786,341	26,153,290	3,698,715	45,388,036
<i>Source:</i> Steve H. Murdock, July 30, 2004 presentation to the UT System Task Force on Public Health.					

for public health including programs ranging from immunization to infectious disease control, and public health attempts to minimize obesity.

The aging population emphasizes the increased health care requirements for this population. The continued growth of Hispanics as a percentage of the population underscores the need for opportunities for public health professional preparation in the Hispanic population in addition to efforts for Anglos, African Americans and other racial and ethnic groups.



Public Health Structure in Texas

Figure 1 of this report (page 9) presents the various entities (government, community, health care system, employers, media and academia) involved in public health efforts. Federal, state and local health departments are assisted by private non-profits, community based organizations, the personal health services industry and private industry, and education institutions.²⁴ In essence, "...individuals from many sectors of a community (e.g., education and economic development) must be involved to produce health and well-being for citizens."²⁵

The Texas Department of State Health Services (TDSHS) has a statutory responsibility to address the health needs of the state. In addition to the Texas Cancer Registry discussed at the end of this section, TDSHS uses local organizations to deliver many of its prevention activities and sets state level goals for improving health.

State law allows for the creation of local health departments, but does not require local governments to establish such departments. Local departments include city and county departments, joint city-county departments and public health districts.

There is great diversity of local health departments in Texas. Some local health departments offer a full array of services, while other local departments offer very limited services (such as septic inspections and animal control).²⁶ In Texas' 254 counties, 140 have health departments; 114 do not. In counties without a local public health department, one of TDSHS's eight regional offices fills that role.

The diversity of interactions required of a public health professional highlights the range of skills needed. The diversity of local health departments indicates that some public health professionals will need to act in numerous capacities at any one time. These interactions between community and government, health care and employers, academia and media and everything in between highlights that there are opportunities for partnership between the sectors.

The Association of Academic Health Centers is one of many groups that have highlighted the need for more formal relationships between academic health centers and public health departments. Exposure of health professions faculty and students to public health efforts beyond the classroom facilitates research efforts and can enhance community health.²⁷

Another section of this report highlights some of the economic benefits of public health efforts. Not only the lives saved, but the health and disability costs avoided as a result of public health efforts indicates that there are reasons for businesses to invest in public health efforts. In light of private sector willingness to fund health research, efforts should be made to attract such funding for public health related research.

The Texas Cancer Registry is just one piece of the state effort to address cancer issues. Although cancer is the second leading cause of death in Texas, the cancer registry administered by the TDSHS fails to meet national standards.²⁸ Per capita funding for cancer registration in Texas is \$0.16 compared to an average \$0.40 for states with a nationally certified cancer registry.²⁹ TDSHS indicates that the "...registry is essential for assessing the burden of cancer, and evaluating the successes of cancer prevention and control efforts at the state, region, and local community levels."³⁰ Such data is needed to identify populations at increased risk of cancer for targeting health resources and intervention efforts. Biomedical researchers in Texas are at a disadvantage in competing for National Institutes of Health grants because of the incompleteness of the Texas Cancer Registry.

"Texas' public health infrastructure remains alarmingly fragile. Health registries, (particularly the Texas Cancer Registry), local health departments, and disease detection and response systems are floundering in the midst of years of under-funding. These seemingly mundane but vital tools must be upgraded to protect and improve the health of our vast and diverse populations."

(Source: Letter from Robert W. Sloane, MD, chair of the Texas Medical Association's Council on Legislation to Texas Legislators, March 5, 2001.)

Table 3
Health Care Program Rankings (2000)

	Texas	U.S. Average	Texas Compared to U.S.
<i>Local</i> government per-capita spending on public health	\$62	\$85	73%
<i>State</i> government per-capita spending on public health	\$49	\$98	50%

Source: Texas Health Care Primer, Center for Public Policy Priorities, November 2003.

Workforce Needs

The Institute of Medicine (IOM) study *Who will keep the Public Healthy?* defines a “public health professional as a person educated in public health or related discipline who is employed to improve health through a population focus.” As discussed earlier in the report, such individuals are employed by local, state (including agriculture, environment and education departments) and federal government health agencies, but they also include those in academia who educate, train and conduct research, and employees at private sector health care delivery organizations.³¹

Only 20 percent of the nation’s estimated 400,000 to 500,000 public health professionals have the education and training needed to do their jobs most effectively.³²

In 1995 the estimated 17,700 public health professionals represented less than 3 percent of Texas’ total health workforce. An estimated 7 percent had formal public health education.³³ In Texas, Dr. Eduardo Sanchez estimates that less than 15% of those working in public health in the state would qualify under the IOM definition of “public health professional.”

As underlined by the eight core competencies recommended for public health preparation -- informatics, genomics, communication, cultural competence, community-based participatory research, global health, policy and law, and public health ethics -- continued dependence on a public health workforce in which 85% of the participants have no public health professional training will compromise the public health in Texas.

According to a Pew Health Professions Commission report entitled *Critical Challenges: Revitalizing the Health Professions for the Twenty-First Century*: “The needs of the integrated systems will not be met simply by hiring [new] public health professionals [but by] substantial and ongoing retraining of nurses, physicians, allied health personnel, and managers...[who are] required to apply the skills in new contexts.”³⁴

The eight core competencies listed above indicate that the education and training of health professions must be done in collaboration with a range of academic disciplines and a range of academic levels. Understanding how advances in genomics and biomedicine will impact public health reflects the importance of medical schools and public health programs working together.³⁵ The intersection of environmental and behavioral issues, the need for technical skills and to communicate effectively with government and community leaders, reflects a broad skill set that demands an integration of the education efforts.

The limited spending on public health, particularly in Texas, is reflected in relatively low salaries in the profession and makes it difficult to attract large numbers of students into masters and doctoral programs in public health. There is a need for a public health workforce with a background and training in a variety of public health issues, but it is unlikely the current salaries will attract practitioners with increased level of public health. If salaries remain low, consideration must be given to the level and amount of training provided to ensure training for some of the most basic public health workforce needs are met.

Public Health Workforce?

Environmental Engineers
 Environmental Engineering Technician and Technologists
 Environmental Scientists and Specialists
 Health Educators
 Occupational Safety and Health Specialists
 Occupational Safety and Health Technicians/Technologists
 Health Services Managers or Administrators
 Public Health Policy Analysts
 Biostatisticians
 Epidemiologists
 Public Health Physicians, Nurses, Dentists, Dental Workers,
 Veterinarians, Nutritionists, Attorneys, Laboratory Scientists,
 Laboratory Technicians and Technologists, and Community
 Social Workers
 Mental Health and Substance Abuse Social Workers
 Psychologists, Mental Health Providers
 Alcohol and Substance Abuse Counselors
 Mental Health Counselors
 Health Information Systems Specialists

Source: Kennedy and Moore, “A Systems Approach to Public Health Workforce Development,” *Journal of Public Health Management and Practice*, July 2001.

Economic Benefits of Public Health Efforts

While life expectancy has increased by 30 years between 1900 and 2000, 25 of these years have been attributed to public health measures and 5 to medical care advances.³⁶ A few public health efforts over the last century that have saved lives and money include³⁷:

- Control of Infectious Diseases – clean water and improved sanitation have reduced the role of typhoid and cholera as a cause of illness and death;
- Motor-Vehicle Safety – engineering efforts have made vehicles and highways safer;
- Safer and Healthier Foods – identifying essential micronutrients and establishing food fortification programs have reduced major nutritional deficiency diseases such as rickets, goiter, and pellagra;
- Work-related Health – safer workplaces have resulted in a reduction of approximately 40% in the rate of fatal occupational injuries; and
- Fluoridation of drinking water has helped prevent tooth decay and loss.

The United States ranks first in the world in health care spending and 27th (out of 192 countries) in life expectancy.³⁸ There is a question about the balance of health efforts – approximately 74 percent of health care spending supports physicians, hospitals, drugs and professional services, while only 3 percent is invested in public health.³⁹

Human and financial resources can be saved by the prevention and controlling of disease and illness. According to the Health Resources and Services Administration (HRSA, which is part of the U.S. Department of Health and Human Services), approximately half of the 2 million deaths in the U.S. each year could be prevented. HRSA confirms that “Public health professionals – in their roles as environmental monitors, inspectors, and health care providers – significantly reduce the number of preventable deaths.”⁴⁰

A better understanding of the costs of disease and illness creates a greater perspective of the value of public health. In his proposal entitled “Texas Center for Health Promotion Economics,” Guy Parcel, Dean at the Houston School of Public Health, notes “...some 40% of deaths are caused by behaviors that could be modified by prevention interventions...A major obstacle to giving greater priority to health promotion is the fact that there is insufficient evidence on economic factors that influence specific programs, practices, and policies that affect health decisions made by people and those responsible for health policies and programs in public health, health care delivery, and educational systems, as well as their counterparts in business and other private sector enterprises, governments and governmental agencies.”⁴¹

In Texas the top three leading causes of death have remained the same the last four decades: Diseases of the Heart, Malignant Neoplasms, and Cerebrovascular Diseases. Injuries (including car crashes, falls, and fires) are the fourth leading cause of death in the state, costing an estimated \$18.2 billion annually.⁴²

While genetics plays a factor in the development of many cancers, heredity alone does not explain cancer.⁴³ In December 2001, The Cost of Cancer in Texas estimated the total cost of cancer in Texas in 1998 at \$14 billion (\$4.9 billion in direct medical costs and \$9.1 billion indirect costs from lost productivity).⁴⁴

Eduardo Sanchez, Commissioner of the Texas Department of State Health Services, in a June 2004 presentation to the Task Force, projected billions of dollars lost if current projections of overweight and obesity in Texas are correct.

A greater understanding of the primary and secondary prevention tools, as well as the cost-effectiveness of prevention efforts is a critical piece of the public health enterprise. Cost-effectiveness should be viewed not only in monetary terms, but should include quality of life – avoidance of misery factors.

Public health in action

The Texas Department of Health's influenza surveillance system collects cultures throughout Texas. The purpose is to screen for the misdiagnosis of influenza and obtain information early on to determine what influenza strains are circulating. This helps determine whether the current vaccine will likely protect against the confirmed influenza in Texas. Having the appropriate vaccine can help reduce the illnesses and work days lost during the flu season.

(Source: “Disease Prevention News,” Texas Department of Health, December 9, 2002.)

The Role of Academia

The traditional role of academia includes:

1. educating students who will enter the public health professions;
2. conducting research which adds to the body of knowledge that is used to enhance efforts to improve public health; and
3. serving the community through the knowledge and expertise of its faculty and students.

As emphasized in Figure 1 (page 9), these academic functions must interact with and synergize with the other elements required for population health including: the media, employers and business, the healthcare delivery system, community and the governmental public health infrastructure. Population health in this formulation refers to “the health of a population as measured by health status indicators and as influenced by social economic and physical environments, personal health practices, individual capacity and coping skills, human biology, early childhood development and health services” (Federal Prudential Territorial Committee on Population Health, 1997).

More recently the Institute of Medicine (IOM) report, *Who will keep the Public Healthy? Educating health professionals for the 21st Century*, determined that academic public health has six major responsibilities. These are to:

1. Educate the educators, practitioners, researchers as well as the public health leaders and managers;
2. Serve as a focal point for multi-school trans-disciplinary research as well as traditional health research to improve the health of the public;
3. Contribute to policy that advances the health of the public;
4. Work collaboratively with other professional schools to assure quality public health content in their programs;
5. Assure access to life-long learning for the public health workforce; and
6. Engage actively with various communities to improve the public’s health.

These responsibilities reflect the complex set of interactions described earlier.

Traditionally schools of public health have been organized to teach in five core areas. These include epidemiology, biostatistics, environmental health, health services administration, and social and behavioral sciences. Accreditation of schools of public health requires instruction in all five core areas. As will be noted later in this report this has posed serious challenges for small regional public health campuses. Moreover, the 2003 IOM report emphasized the need for instruction in eight content areas. These include informatics, genomics, communication, cultural competence, community based participatory research, global health, policy and law, and public health ethics. The report notes that “these areas are natural outgrowths of traditional core public health sciences as they have evolved in response to ongoing social, economic, technological, and demographical changes”.

This list of core competencies as well as responsibility to “work collaboratively with other professional schools to assure quality public health content in their programs” emphasizes the increasing interactions and in some cases overlap between public health and other health professions including medicine, nursing, pharmacy, dentistry and allied health.

Public Health Education in Texas

The University of Texas Health Science Center at Houston School of Public Health

The School of Public Health was authorized in 1947. The Texas Legislature first appropriated funds for the School of Public Health in 1967. The school admitted its first class in the fall of 1969. By the end of 2003 graduates of the School of Public Health numbered more than 4,000. Some 50% of the school's graduates work in Texas with the remainder addressing public health issues in the United States and abroad.

The main campus of the School of Public Health is in Houston in the Texas Medical Center, in the 10-story Ruel A. Stallones Building. The building was first occupied in 1976 and has more than 167,000 square feet of space. In the past four years the school has expanded to include 2.5 floors of the University Center Towers. The school offers four degree programs, the Master of Public Health (MPH), the Doctor of Public Health (DrPH), the Master of Science in Public Health (MS), and the Doctor of Philosophy in Public Health (PHD). Areas of specialization open to those pursuing a MPH or a DrPH include community health practice, disease control, health promotion, health education, health services organization, international and family health, and occupational and environmental health. Students pursuing an MS or PHD degree may major in biological sciences, biostatistics, environmental sciences, epidemiology, behavior sciences and management and policies science.

There are four regional campuses of the School of Public Health – San Antonio, El Paso, Dallas and Brownsville. These provide MPH education to individuals in areas geographically distanced from Houston. The regional campuses have their own resident faculty and onsite course offerings. Interactive video courses are broadcast and received at each of the school's five campuses.

At least four concurrent degree programs are also available, including a JD/MPH with the University of Houston Law Center, a MD/MPH with the UTHSC-Houston Medical School, a MS/MPH with the UTHSC-Houston School of Nursing, and a MSW/MPH with the University of Houston Graduate School of Social Work. The School of Public Health is accredited by the Council on Education for Public Health and other appropriate accrediting bodies. The fact sheet on students, tuition and budget is shown in Appendix 1.

The School of Public Health has achieved considerable distinction in many areas. Among 34 schools of public health nationally, it is 4th in student enrollment, 5th in number of faculty, 7th in NIH funding, and 1st in enrolled

Hispanic students in the continental United States. It is also ranked 1st among doctoral programs in health education. The operating budget for the school in 2004 was \$58.3 million with \$18.8 million from state sources. Contracts and grants are 64% of the budget and tuition revenue is less than 2% of the budget. The school will experience a decrease in its budget of 2% in fiscal year 2005 as a result of decreased state funding. The 2005 reduction is in on top of reductions in state funding for 2003 and 2004.

Regional Campuses

Each of the four regional campuses offers a Masters of Public Health degree. Each campus has approximately nine faculty positions and in Fall 2003 enrolled between 16 and 66 degree seeking students. For a snapshot of the four campuses, see Appendix 2.

Established in 1979, the San Antonio regional campus is the oldest of the four. There were 66 degree seeking students in Fall 2003. The majority of the 614 graduates of this campus come from its local partners, the majority of which had military connections. The interests of the students and faculty have been primarily in community health problems, disease control, administration, environmental health, occupational health, and veterinary public health. New extramurally funded research awards for FY 2002-FY 2004 total \$1,512,470.

The El Paso regional campus, established in 1992, is the second oldest and enrolled 44 degree seeking students in Fall 2003. Much of its research focuses directly on assessing local public health problems, evaluating the effectiveness of local programs, or developing new approaches to solve local problems. New extramurally funded research awards for FY 2002-FY 2004 total \$1,313,434.

The Dallas regional campus was established in 1998. It had 47 degree seeking students for Fall 2003 and new extramurally funded research awards for FY 2002-FY 2004 total \$11,526,958. The research efforts include on-going collaborations on effect of secondary smoking, hypertension, breast cancer, asthma prevention, alcohol-related trauma and alcohol dependence treatment.

Established in 2001, Brownsville is the youngest regional campus and served 16 degree seeking students in Fall 2003. Located less than a mile from the Mexico border, the health challenges in the Rio Grande Valley (LRGV) have substantial economic importance because of the relative poverty of the area. The estimated cost of medical care, based on national averages, and on prevalence of disease in the LRGV, for diabetes, obesity and cancer is 11.2% of the LRGV per capita income,

whereas nationally the cost is only about 4.4%.⁴⁵ The new extramurally funded research awards for FY 2002-FY 2004 total \$7,533,699.

Success of the regional campuses, as measured by the number of students and graduates and by the amount of extramural research funds, has been mixed. The most success has occurred in instances where the establishment of the program, recruitment of the assistant dean, and the development of the program, were carried out in close collaboration with the host institution.

Table 4
Public Health Graduates from HSC Houston and Regional Campuses

	Academic Year 2001-02			Academic Year 2002-03		
	Master's	Doctoral	TOTAL	Master's	Doctoral	TOTAL
HSC Houston	89	31	120	90	28	118
Brownsville	0	0	0	0	0	0
Dallas	8	0	8	6	0	6
El Paso	9	0	9	9	0	9
San Antonio	17	0	17	14	0	14
TOTAL	123	31	154	119	28	147

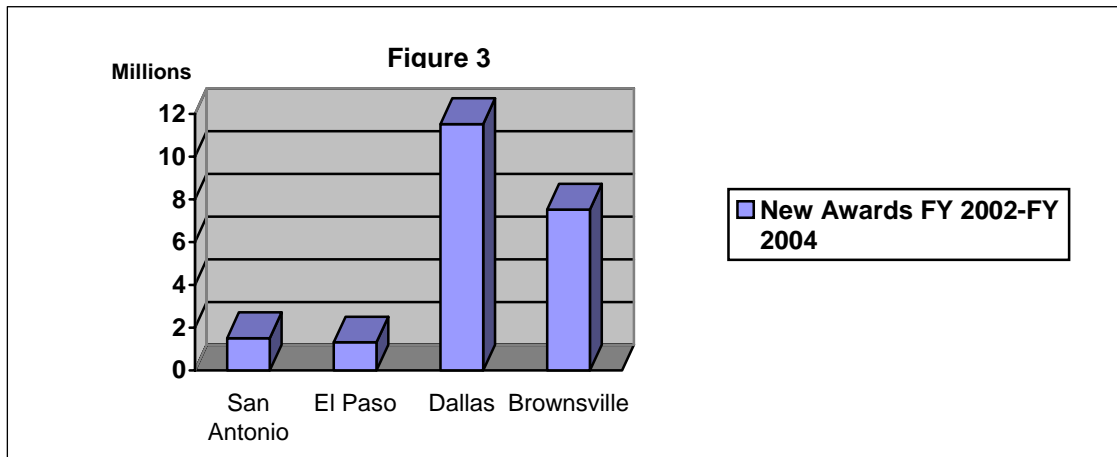
Successful research programs occurred at campuses that had a strong energetic visionary assistant dean as leader. This dean had a proven history of successful research programs and research funding. The research program often became the centerpiece for recruiting faculty and attracting additional research dollars. In the absence of such a figure, regional campuses

research programs did not do well.

Assessment of Regional Campuses

The Task Force heard testimony from the Assistant Deans at each of the regional public health campuses, from faculty members at each campus and from academic leadership of the host institution where the regional public health campus is located. Although longevity of the campus and the specific history underlying its establishment had a profound impact on

When the regional campus had a clear research focus, the opportunities to recruit faculty with the right skills and expectations have been substantial. At the same time, faculty reported that the necessity to have a faculty member at the regional campus to teach each of the five core areas of the curriculum limited the opportunities to create a critical mass around important research initiatives.



the experiences at each campus, the task force identified certain themes which emerged from the presentations and consultants' site visits.

Faculty at the campuses expressed concerns about a sense of isolation from the main campus and the academic programs on the host campus, lack of appropriate mentoring and concerns about academic

recognition and promotion. A recurrent theme was the difficulty in obtaining graduate students to work with them on research programs.

Several faculty from regional campuses expressed considerable enthusiasm and pleasure with the opportunity to carry out research that was community-based. They saw this as one of the important strengths of the regional campuses.

The amount of research at each of these campuses varies greatly.

Host institution leaders expressed frustration regarding their lack of understanding of the long-term vision for the regional public health campuses with which they are associated. They felt that important opportunities for synergisms in recruitment and program development were sometimes missed and that communications with the School of Public Health at Houston were sometimes inadequate. There were some indications that these communications have improved with the appointment of the new dean at Houston. Host institution leaders and public health faculty express general concern about the capacity of the regional campuses to grow because of the limited number of faculty positions available.

Joe McCormick, assistant dean of the regional campus at UT Brownsville was quite clear that he anticipates growth based on grants and other sources of non-state money. He also urged that the building for the Regional Academic Health Center at Brownsville be completed in order to further expand programs at that campus. While this general approach is endorsed by the assistant dean of the regional campus at UT Southwestern (Dallas campus), the strategy was much less clear for the schools at San Antonio and El Paso.

Faculty at the regional campuses was particularly sensitive to the notion that the appointments and promotions committee evaluating their progress was in Houston and did not feel that a full appreciation of their contributions was always feasible at distance. Both the faculty and assistant deans expressed satisfaction with their efforts at education.

The majority of students came from the local area around the school. Many of these students worked at regular employment while seeking degrees and therefore took more than the usual time to complete their programs. At UT Southwestern there was considerable success of the MD/MPH and a significant portion of the student body were physicians. The impact of the public health faculty on medical student education was much less clear and by some observers was thought to be much less than optimum. This again may reflect the limited faculty size available in public health.

Public Health Efforts in Austin

School of Public Health believes there are few resources for public health education or research in central Texas and is interested in establishing a regional campus in Austin.

The Texas A&M Health Science Center School of Rural Public Health recently began offering distance education classes in Austin, with a majority of the 20 students being employees of the Texas Department of State Health Services (TDSHS). A need for graduate education would include employees at the Travis County (Austin) Health Department, the Central Texas Veterans Health Care System and other public health workers in central Texas. Additionally, UT Austin's Society of Public Health Students currently has 300 students, which reflects interest from current undergraduates.

Collaborative research opportunities exist with UT Austin, UT Medical Branch at Galveston which has medical students in Austin, and TDSHS. Of particular interest to UT Austin faculty is collaboration with public health researchers in the areas of biostatistics and epidemiology.

The vision for a regional campus in Austin would begin with a core public education program to support undergraduate or graduate degree programs at UT Austin and provide a public health certificate program for public health professionals. The second phase would be the development of the program to offer masters and doctoral degrees in public health and the establishment of a focused research program in public health.

The core courses in public health would be offered on the UT Austin campus with local or distance education formats by UTHSC Houston School of Public Health faculty. Cooperative relationships with UT Austin faculty in academic fields related to public health have been established to make effective use of expertise already available in Austin. Priority for new faculty would be to compliment existing strength and programs at UT Austin and UTMB and would include epidemiology, biostatistics, health promotion, health policy and economics, and health outcomes research.

Course offerings could be used to meet requirements for interdisciplinary minors and majors in public health and the plan is to develop a "4+1" degree program in which students receive a baccalaureate degree in four years and a MPH degree in one year.

Other Public Health Programs in Texas

In addition to the Graduate Program in Public Health at the University of Texas Medical Branch at Galveston, which offers a MPH degree, the University of North

Texas Health Science Center and Texas A&M Health Science Center have schools of public health. While three community colleges offer an associate degree in “Community Health Services,” nearly all others offer some course work but no degree in this field.

The UNT HSC School of Public Health was authorized by its board in 1997, but the HSC had been offering an MPH in collaboration with the University of North Texas as early as 1995. In the Fall 2003 the School enrolled 201 master's students and 43 doctoral.

The Texas A&M HSC School of Rural Public Health (SRPH) was established by the Texas Legislature in 1995 and the first class enrolled in September 1998. The school enrolls approximately 160 students in its three masters programs (Public Health, Science in Public Health, and Health Administration). A Doctor of Public Health was initiated in Fall 2004. In the Fall 2002 the SRPH began offering a Rural Public Health Certificate Program. This five-course program provides a general overview of core function and disciplines in public health. Students can use the program simply for additional training or as the beginning of graduate work.

Academic Institutions and Public Health Practitioners

As mentioned throughout this report, the public health system involves a variety of components and there are increasing interactions between public health and other health professionals. In addition to exposing public health students to technical skills, students need exposure to survival skills in the field.

Enhanced collaboration and integration between academic public health programs and state and local public health practitioners would benefit Texans as a whole. This collaboration and integration should extend beyond practiced-based educational opportunities (service-learning, preceptorships, and internships) to include research and service efforts as well.

In addition to education degree seeking students, such collaborations could provide for learning (certificate) opportunities for local public health practitioners. Preparing these “lower level” practitioners, whether at a community college, university or health science center, could serve as pathways for some individuals to learn more about public health options and whether to pursue additional education.

While some relationships between academia and local health departments exist, many are informal and based on personal initiative of a faculty member and local health department. Efforts should be made to maintain these relationships and build institutional structures to support and expand such relationships.

Education institutions should consider ways to utilize exemplary public health practitioners in teaching, research and service activities, perhaps in the form of a “practitioner faculty track.”

Research Opportunities

As noted previously, the School of Public Health at Houston ranks 7th in the nation in NIH funding and has well-developed research programs in a wide variety of areas. There is a substantial need in Texas for increased expertise in health services research, health economics, and health policy.

The School of Public Health has launched a new institute in health policy which will attempt to address a number of these issues. Although Texas offers important opportunities for research related to health disparities and border health, these general descriptors require highly focused initiatives in order to effectively add to the body of knowledge.

Integrated multi-disciplinary research programs around such issues as obesity, HIV AIDS, diabetes, hypertension, in the context of health disparities and/or border health have not been fully developed. While expertise in some of the proposed core competencies was present, the genomics effort led by Eric Boerwinkle being an excellent example, there was less evidence for creative activities in informatics, global health, policy and law, and public health ethics. The School of Public Health has recently agreed to offer a dual degree with the School of Health Information Sciences and formed a task force to transition the International and Family Health degree to an educational program in global health. As noted in the recommendations, opportunities for developing some of these areas in collaboration with the general academic campus are quite attractive, for example, law at UT Austin, ethics at UT Health Science Center at San Antonio, etc.

Lastly, new public health programs dealing with the interface between health and security such as the Center for Biosecurity and Public Health Preparedness have been extremely successful in terms of funding, collaborative engagement and flexibility to adapt to new opportunities for growth. Because of the pivotal role of public health in this arena, this interface is an area where the UT School of Public Health can provide leadership.

Conclusions and Recommendations

Conclusions

1. The overall state of public health in Texas is poor in comparison to national averages for many parameters and is likely to further deteriorate in the absence of corrective action. Substantial disparities in health status exist.
2. The support of public health in Texas is inadequate, as demonstrated by counties lacking public health infrastructure/poor salaries for personnel and level of training of these personnel. State and local public health expenditures are well below the national average. (State per capita expenditures are 50% of the national average.)
3. There is a shortage of well-trained public health professionals and this shortage will increase substantially over the next decade.
4. Schools of Public Health should collaborate with academic campuses to significantly increase opportunities for public health education, including additional MPH students and the development of undergraduate degrees and certificates in public health.
5. Educational and research collaborations between public health and other health professions will be an essential part of improving public health.
6. The regional campuses of the UTHSC School of Public Health will reach their full potential only if they are more fully integrated with other academic and health science campuses in education, research and public service.
7. The concept of regional public health campuses is sound, but the campuses lack a critical mass of faculty and vary substantially in the extent to which they have developed synergies with academic and/or health science campuses where they are located.
8. Significant economic benefits will be derived from proper funding of public health in Texas, including decreased medical costs, a healthier and thus more productive workforce, and increased federal public health research funding.
9. Creation of a new fully accredited School of Public Health in Texas is not warranted at the present time. Stronger collaborations between the public health programs and other education institutions, including community colleges, universities and health science centers, and local health departments could enhance the public health efforts in Texas.

Recommendations

The major public health problems in Texas reach beyond any one school or academic discipline. These issues require the capacities of the academic institutions in engineering, behavioral science, social science including economics and sociology, law, business, public affairs, exercise physiology, pharmacy, and communications as well as medical and nursing. All of these disciplines are needed to do the training, research and community outreach necessary to meet the challenges Texas faces.

These recommendations attempt to address the institutional structure that will foster such collaboration and enhance the capacity of the public health system to address the state's needs.

1. **Increase the diversity of educational opportunities in public health**
 - a. Offer a bachelor of public health to undergraduates on those university campuses in which there is a school of public health regional campus.
 - b. Develop certificate programs for public health practitioners needing further education in a specific area but not requiring a full MPH degree.
 - c. Increase the distance-learning opportunities for candidates for the MPH degree. These could include internet based or tele-campus type programs.

- d. Explicitly increase the public health education content in the curriculum of medical, nursing, dental and allied health schools.
- e. Explore collaborations to provide annual educational and/or research programs for professionals and the community

2. Curriculum issues

- a. The eight new areas considered core competencies for public health in the 21st century, i.e., genomics, informatics, communication, cultural competency, community based participatory research, policy and law, global health and public health ethics should be incorporated into the curriculum of the School of Public Health as well as at the regional campuses. The School of Public Health should continue to work with the Association of Schools of Public Health to develop competencies in the additional areas and assess the need to expand existing courses and develop new courses to address the competencies. Successful implementation of this approach could require a further development of a matrix of courses taught through the internet or via telemedicine such that faculty expertise in the particular area can be made available at multiple campuses and other remote sites.
- b. Incentives will be required for cross-institutional teaching and research which involves individuals at both academic and public health faculties.

3. Regional Campuses

- a. The Brownsville, El Paso, and San Antonio regional campuses have a unique opportunity to establish a consortium to address public health issues along the Texas border with Mexico. While these issues will confront many aspects of Hispanic health, they must also include a broad category of general public health challenges. This consortium, in conjunction with the host campuses and other academic campuses, could extend education and training opportunities and provide hands-on research opportunities in this growing, yet underserved region. Such a consortium could encourage collaboration among campuses and disciplines.

While it is premature to endorse such a consortium as a separate school of public health, it could build on the strengths of the individual campuses and provide for the growth both education and training and research opportunities of each.

- b. The School of Public Health has expressed interest in a regional campus in Austin. UT Austin's outstanding schools of nursing, law and public affairs, would be a logical potential collaborator with the School of Public Health and the establishment of a regional campus in Austin should be considered in light of the potential research collaborations and potential student base. Any such collaborative effort must be done in a manner consistent with themes expressed in this report.
- c. Recruitment of regional deans and faculty should be done jointly by the school of public health with the associated host campus. There should be clear lines of responsibility of administrators at the regional, host and main campuses so that faculty and students know who can address issues as they arise and to establish lines of accountability.
- d. If the matrix of course work described above is adopted, faculty members should be recruited to the regional campuses on the basis of their research interests in order to create a critical mass of faculty around particular subjects. So long as expertise is available at one of the various campuses in order to teach basic courses, it is not necessary that every campus have representation in each core competency.

Opportunities should be developed so that doctoral candidates may take their course work through distance learning and do their thesis at a regional campus. Opportunities for PhD candidates to be mentored by faculty in the academic campus should be developed. The UT System should review its policies regarding tenure to facilitate opportunities for joint appointments to academic campus and public health campuses. A clear focus for the strategic, educational and research programs at each regional campus should be identified and maintained with appropriate benchmarks for evaluating success.

- e. Because solving public health problems emphasizes a model that recognizes the importance of other disciplines, including sociology, anthropology, urban planning, law, business, engineering, political science, etc., the specialty strengths of a particular regional campus and host campus should be exploited to offer programs unique to the campus. The PhD in Psychology in conjunction with regional campus faculty expertise in health promotion and

behavioral change is one such example. Such collaboration could create a niche for particular research funding as well.

4. **Faculty Development**

- a. Faculty members should be recruited to the regional campuses on the basis of their research and education interests and their potential to contribute to a critical mass of investigators and teachers around a series of focused objectives within the regional campus.
- b. Each new faculty member should have a clearly identified mentor. The mentor may be a research mentor or a professional development mentor or both. Mentoring is a critical element in the success of new faculty. Mentors should be selected on the basis of their proven capacity to perform and function well. Individuals with less than broad experience may require some instruction in the mentoring process.
- c. Promotion and tenured decisions should be made by a process that involves a significant number of faculty from the regional campus, its host campus as well as individuals from the School of Public Health.
- d. Division Directors in the School of Public Health should follow closely the progress of faculty at the regional campuses, provide regular assessment and feedback and contribute whenever possible to minimizing the sense of isolation.
- e. Faculty should be recruited conjointly with those in the host campus and efforts should be made to create collegial intellectual relationships that go beyond the regional public health campus.

5. **Collaborative Programs**

- a. While the School of Public Health has a range of dual degree programs, including programs with the School of Nursing at that campus and with the University of Houston's Law School and School of Social Work, further opportunities for dual degrees should be explored. Examples for additional programs include other schools of nursing, medicine, dentistry and allied health. UT Austin, with outstanding schools of nursing, law and public affairs, would be a logical potential collaborator with the School of Public Health. Any such collaborative effort must be done in a manner consistent with themes expressed in this report.
- b. Serious consideration should be given to recruiting an outstanding health economist in collaboration with the Department of Economics at UT Austin. The Department of Economics at that campus is considered one of the best in the country. Although it has largely eschewed applied economics, the need for a top ranked scholar in health economics recruited in collaboration with the School of Public Health would be a great asset to the state. Additional joint programs with the LBJ School could strengthen the health policy and health services aspect of the state.
- c. A role for the UT System to foster collaboration and interdisciplinary training and research efforts in public health should be developed.
- d. The UT System, in conjunction with the School of Public Health, could conduct a forum on public health and medicine, with a focus on health disparities in Texas.

6. **Research**

- a. In addition to the research opportunities fostered by greater collaboration efforts, there are some specific changes to the research infrastructure that could enhance the research enterprise within the School of Public Health and the regional campuses.
- b. The UT System should look at policies for institutional review boards to allow for a mutual agreement among UTHSC-Houston, the School of Public Health, and the regional campuses that recognizes reviews at each of the institutions so that a research project initiated at one of the campuses is subjected to only one review.
- c. To expand research activity, the establishment of a research faculty track could be considered. It would include Research Assistant Professor, Research Associate Professor, and Research Professor titles. Faculty in a research track would participate in educational activities by supervising student work on research projects, mentoring students, and serving on student thesis and dissertation committees. Research faculty would be expected to raise all of their financial support through research, although research assistant professors should receive some temporary support for several years until they are able to develop their research portfolio.

- d. Greater attention should be paid to the development of research partnerships with institutes and centers on the academic health science center campus, the academic campus, the Veterans Administration, and related agencies. While relationships do exist with many of these entities, there are current financial and administrative barriers preventing the full realization of the advantages of such relationships.

7. **Resources Required**

- a. State funding for the delivery of public health services should be increased so that Texas reaches the 75% of the national average for such services by 2010. These resources should be allocated to support the essential public health services already identified in Texas statute, such as monitoring the health status of individuals; investigating community health hazards; enforcing laws and rules that protect the public health; and researching new insights and innovative solutions to community health problems. In addition to prevention efforts, these funds must be used to address emerging threats facing Texas such as: bioterrorism, the obesity crisis, critical mental health and local environmental health issues. The expenditure of these funds must recognize and build upon the role of local public health efforts and foster collaboration between public health providers and researchers.

Additional state funding should be provided for a Texas Cancer Registry that meets national standards. An additional \$1.2 million would be needed the first year, and \$1 million annually thereafter. Such a registry would better position Texas researchers to compete for funding from the National Institutes of Health.

- b. The existing regional campuses need additional support to expand faculty from 9 full-time equivalents to 15 FTE. A total of approximately \$3.7 million annually in additional funding would be needed. This expansion of faculty is necessary to establish a critical mass of faculty so that the core curriculum can be addressed and a focus on important research could be achieved. If a similar program is established in Austin, another \$1.9 million would be needed, primarily for faculty salaries.

Additionally, the building that houses the Brownsville campus needs to complete remaining shelled lab space. The cost for the build-out of the shell space is \$4 million. At the present time the remaining campuses operate in space provided by the host campus or rented space. As these programs mature in the next four to six years and the needs of the host campuses expand, these regional campuses will need their own facility. The total cost for the three remaining campuses would be \$30 million. A similar facility would be needed if a program is established in Austin, adding \$10 million to the total.

- c. Additional support is needed for the Houston campus to increase core support for distance learning efforts and to address additional intellectual disciplines in the expanded core competencies referenced above. Approximately \$1.5 million annually in additional funding would be needed.

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**OBSERVATIONS AND RECOMMENDATIONS
FOR THE UNIVERSITY OF TEXAS SYSTEM
TASK FORCE ON PUBLIC HEALTH**

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General Observations

University of Texas (UT) Houston School of Public Health

1. Like many if not most state-supported schools of public health, the UT Houston School of Public Health is suffering from serious budget cuts and underfinancing. This is hampering its ability to meet the modern public health challenges of the new and re-emerging infections, health disparities, the growing incidence and prevalence of obesity, and associated chronic illness and related issues.
2. The UT Houston School of Public Health is a good school of public health with a national reputation and special strengths in important public health areas. It has an established faculty that is well-balanced between junior and senior faculty and well-funded research programs that address important public health problems. There are a number of community-based projects that contribute to public health practice in the state of Texas.
3. The School is undergoing substantial reorganization, changing from a matrix or functional structure to a departmental or divisional structure. There are new divisional directors who are defining their roles and responsibilities, and the School is developing policies and procedures reflecting the new organizational model. While progressing well, this change will take the energy and focus of the School's leadership in the near future.
4. Extensive strategic planning has been done by the School as part of its upcoming re-accreditation by the Council on Education in Public Health, and it benefits from the presence on its staff of an Associate Dean for Strategic Program Planning. The School is currently reviewing and revising its degree programs and curricula to ensure consistency across all programs, identify deficiencies, and enhance interdisciplinary programs.
5. The incentives for research in the School are good. The School receives approximately 50% of the UT Houston Health Science Center's research indirect cost recovery generated by the School, and that, along with the School's Faculty Incentive Plan, stimulates good research productivity.
6. The UT Houston School of Public Health is geographically well positioned within the UT Houston Health Science Center for interaction with other Houston-based health professional schools. There are dual professional degrees with the Schools of Dentistry, Medicine, Nursing, the Health Information Sciences, and with the Graduate School of Biomedical Sciences.
7. The School has excellent ITV facilities for communicating with students and faculty at its regional campuses. Students are generally satisfied with the quality of courses offered through distance learning, provided the instructors are trained to effectively utilize ITV.
8. The regional campus system is unique among accredited schools of public health. While generally supported by the School's current leadership, there are clearly concerns and tensions with the system. The School faces the challenge of the substantial resources necessary for infrastructure support of the regional campus system. This includes the development and support of the campuses including the faculty and students at each campus, ITV facilities and associated support services, database development and management, campus space, and coordination of regional campus activities, including research.
9. The regional campuses are not yet fully staffed to reach a critical mass that can appropriately implement the teaching, research, and service expectations within each region.
10. While constructive efforts are being made, the regional campuses and their associated health science center host campus are missing opportunities for closer collaboration and integration. This is also true for linkages between the regional campus and its host academic campus.
11. The administrative bureaucracy of the UT Health Science Center system is a barrier to achieving greater integration, collaboration, and benefit from the regional campus concept. This is particularly true in regard to research collaboration.
12. The regional campuses are viewed by the UT Health Science Center leadership as contributing positively to the educational and research missions of the Center rather than being a drain on its resources. However, the Health

Sciences Center leadership support is passively rather than actively involved in the planning, direction, and evaluation of the regional campuses.

13. Each regional campus is unique and offers different opportunities and challenges; a common model is neither feasible nor desirable, although some general policies need to be developed. The School recognizes that there are particular issues at the different regional campuses and the importance of recruiting excellent assistant deans at the regional campuses.

14. The UT Houston School of Public Health and its regional campuses need considerable effort to make the entire system greater in both education and research than the sum of its parts. This is not the situation currently. Provided the various entities develop a common vision, goals, and commitment, there are excellent opportunities to strengthen and enhance the existing system. [NOTE: The entire system should include not only the UT Houston School of Public Health and its regional campuses, but also the host institutions and health science centers of each of the regional campuses.]

UT El Paso (UTEP) Regional Campus - PW

1. The University of Texas at El Paso is uniquely situated to provide educational access to the Mexican-American community. It is rapidly expanding both its educational and research activities through a diverse array of disciplines that offer many opportunities for multi-disciplinary activities. There is a large undergraduate student enrollment and increasing graduate enrollment.
2. There are many community-based research opportunities in El Paso given the campus location on the Mexican border. "Border health" is a subset of global health that is focused primarily on Texas communities bordering Mexico and includes health disparities, risk of particular infectious and chronic diseases, obesity, unhealthy environmental conditions, and cultural and communication problems. There is considerable faculty expertise in "border health" on the El Paso and other campuses, and funded research in this area provides an excellent opportunity for collaborative relationships among faculty from Houston, the regional and host campus at El Paso, and other regional campuses.
3. Unfortunately, the relationship between the UT El Paso host campus and the UT Houston School of Public Health is very strained. UTEP feels there is little commitment or parity in the relationship with Houston. It has little or no input on regional campus faculty hires or in the promotion or tenure of the regional campus faculty. The regional faculty members are answerable only to Houston.
4. UTEP finds too little evidence of joint activities between host campus faculty and the regional campus faculty such as joint appointments and joint degrees. As a result, the El Paso host campus is considering an MPH degree offered jointly by El Paso and the Houston campus.
5. In general, there is a sense that the UTEP regional campus has been exploited by the UT Houston Health Science Center and School of Public Health. Since the inception of the El Paso regional campus, there has been no formal oversight, assessment, or evaluation of the UTEP regional campus by the UT Health Science Center's leadership or by the UT higher education system. There was an agreement between the two institutions (Houston and El Paso) when the regional campus was established in 1992; however, this agreement has not been revised even though the situation has changed considerably since then.
6. Good communication is one of the biggest challenges of the Houston School, the El Paso regional campus, and the El Paso host campus. There is a lack of a common vision and goals for the regional campus and little understanding of what is important to each entity. The lack of trust among the entities is probably the biggest barrier.
7. There is a new Assistant Dean for the El Paso regional campus, an experienced administrator who has the potential to provide strong leadership to the El Paso public health faculty and to enhance the relationship with both the UTEP host campus and the UT Houston School of Public Health.
8. UTEP regional campus faculty members feel they do a number of things with the UTEP host faculty that are not recognized or valued by the UTEP leadership, nor do they feel that what they do is recognized or valued by the Houston School of Public Health. They feel like second-class citizens at both campuses.

9. Faculty located at the El Paso regional campus face too many barriers in developing research activities. They must undergo human subject review not only at their UTEP host campus but also at the UT Houston Health Sciences Center. The Office of Research at the Houston Health Science Center is perceived to be inflexible and often does not understand regional campus research projects. Interestingly, the UT Houston School of Public Health faculty also felt there were barriers in working with the UT Houston Health Science Center's Office of Research.
10. The El Paso regional campus faculty, who are graduates of the UT Houston School, have particularly strong loyalties to the Houston campus.
11. Regional campuses appear to have been developed with the aim of having at least two faculty members representing each of the five core public health disciplines—biostatistics, epidemiology, environmental health, health services, and social and behavior science—yielding a total of 10. This distribution of faculty expertise provides for the teaching of core courses in each of the five disciplines. There is a strong desire to have a critical mass of at least 12 at each of the regional campuses.

UT San Antonio (UTSA) Regional Campus – SS

1. Relationships between UTSA and the Houston campus appear reasonably good, but both parties recognize the need and opportunity for greater and more effective collaboration.
2. This is particularly true in regard to:
 - a. expansion of shared teaching opportunities
 - b. greater involvement of UTSA faculty in the policy-making and decision-making processes of the Houston campus
 - c. greater involvement of the UTSA Assistant Dean in the review and oversight of UTSA faculty
 - d. greater standardization of research and grants administration
 - e. continued attention to assuring adequate IT resources for effective instruction

Recommendations

The regional campus system needs to be streamlined and enhanced to achieve its potential in education, research, and service. Given the geographic distribution of the Texas population, the sheer size of the state, available resources, and the nature of the public health challenges facing the state, the regional public health campus strategy is generally sound. However, for a variety of reasons (outlined below), it is not achieving its potential.

Education

Graduate Education: streamline teaching of core public health courses and expand specialty degree programs at the regional campuses

1. While it is reasonable to have two faculty in each public health discipline at each regional campus, the need for faculty to teach the five core public health courses at each campus and the Houston School of Public Health is unclear. With an excellent ITV system at Houston and each regional campus, there is no need for each campus to teach all of the core public health courses. Core courses could be taught at Houston, where there is more faculty depth in each discipline, or a course could be taught at a regional campus with strengths in a particular core area or regularly rotated among all the sites. This would free faculty at Houston and the regional campuses to teach other courses in their specialty and/or to do more research.
2. The new approach to understanding and solving public health problems emphasizes the ecological model that recognizes the importance of other disciplines in addressing public health problems. These disciplines include sociology, anthropology, urban planning, law, business, engineering, political science, etc., in addition to the usual biomedical sciences. Many of the regional host campuses have faculty and programs in these disciplines and in other areas related to public health and should be utilized in the teaching and research programs of the regional campuses. The specialty strengths of a particular regional and host campus should be exploited to offer public health programs unique to that campus.

3. For example, UTEP offers a PhD in Psychology with a concentration in health, while several of the El Paso regional campus faculty members have expertise in health promotion and behavioral change. This could be a focus of the regional campus at El Paso that would utilize the combined expertise of the host and regional campus faculty. These faculty could contribute to the overall public health educational system by offering through ITV the core course in social and behavior sciences, in addition to a PhD in that area. Additional collaboration in research with the Houston CDC Center for Health Promotion and Prevention Research could capture the opportunities provided by the Hispanic Health Disparities Research Center at El Paso.
4. To enhance the quality of distance education there should be special training for faculty at all campuses on effective ways to teach using the ITV system.
5. Regional campuses should be utilized to provide education and training for the current Texas public health workforce.
6. There is a need for more effective mentoring of junior faculty at the regional campuses. In part, this can be accomplished through the Houston School's new reorganization, in which division chairs have closer contact with faculty at the regional campuses in their respective division.
7. To encourage further integration of faculty, it is recommended that the Assistant Deans at the regional campuses play an active role in reviewing their respective faculty for merit and promotion, reviewing of their teaching evaluations, and providing support for corrective action and related activities.
8. There should be more cross listing of courses between the regional campus, the academic health science center, and the academic campus host institution.
9. Search committees at all schools should involve at least one regional campus faculty member relevant to the position being recruited.
10. The possibility of a joint MPH degree program between Houston and El Paso should NOT be considered at this time. Rather, full consideration should be given to the recommendations in this report to promote more effective collaboration between these two campuses.

Undergraduate Public Health Education: develop undergraduate public health education

The large undergraduate enrollment at UTEP and Austin provide an opportunity to enlarge the public health workforce pipeline. The looming public health workforce crisis and the recommendations in the Institute of Medicine report on "Educating Public Health Professionals" encourage undergraduate public health education. Several schools of public health now offer a bachelor's degree in public health, while other schools offer an undergraduate public health minor. UTEP and the El Paso regional campus are well positioned to offer undergraduate public health education now. A minor could be developed with relatively few new courses by utilizing undergraduate courses already available at UTEP. If successful, this program could develop a major in several years which would provide an excellent pipeline to graduate programs in public health and also to the local public health workforce. Undergraduate public health opportunities should also be explored at the Austin campus.

Research: streamline the UT Houston Health Science Center's research enterprise to facilitate faculty research and increase productivity

1. The research infrastructure must work more efficiently and effectively to facilitate increased faculty research. Regional campus faculty must also have appropriate support to help them identify potential funding opportunities; develop research proposals, including budgets and clear, transparent processes for UT Houston Health Science Center grant and contract sign-off; and human subjects review and/or institutional review board approval.
2. For human subjects and institutional review boards, there should be mutual agreement among the UT Houston Health Science Center, the UT Houston School of Public Health, and the regional campuses that recognizes reviews at each of the institutions so that a research project initiated at one of the campuses is subjected to only one review.

3. Faculty at the regional campuses should be encouraged to develop collaborative research activities with the UT Houston School of Public Health and the regional host campus by explicit criteria in the School's promotion and tenure guidelines.
4. To expand research activity, the establishment of a research faculty track could be considered. It would include Research Assistant Professor, Research Associate Professor, and Research Professor titles. Faculty in a research track would participate in educational activities by supervising student work on research projects, mentoring students, and serving on student thesis and dissertation committees. Research faculty would be expected to raise all of their financial support through research, although research assistant professors should receive some temporary support for several years until they are able to develop their research portfolio.
5. Regular track faculty should be encouraged to "buy out" of teaching using research funding, provided their state funding is returned to the teaching unit to pay for other faculty teaching. Ideally, in a research-intensive institution, faculty should teach no more than two or three courses a year.
6. The Office of the Associate Dean for Research at the Houston School of Public Health should provide research support for faculty not only in Houston but for all of the regional campuses. Given their location on the Houston campus, this office provides a critical link to the UT Houston Health Science Center's Office of Research.
7. Greater attention should be paid to the development of research partnerships with institutes and centers on the academic health science center campus, the academic campus, the Veterans Administration, and related agencies. While relationships do exist with many of these entities, there are current financial and administrative barriers preventing the full realization of the advantages of such relationships.

Increasing communication/participation/and enhancing decision-making

1. Within the context of the reorganization at the Houston campus, the regional campus deans should participate in the School of Public Health's monthly deans meeting. Some may be able to do this in person while others should be involved through the ITV.
2. In similar fashion, the faculty located at the regional campuses should participate in the monthly meeting of their respective divisions—Biostatistics, Epidemiology, etc. Again, some will be able to do this in person while others should participate via the ITV.
3. The Houston leadership needs to be better acquainted with each of the regional campuses. In order for the Houston School of Public Health leadership to understand the culture and setting of each regional campus, regular (at least annual) visits to each of the regional campuses should be made by the dean, associate deans, and division directors. During these visits they should meet with faculty, students, alumni, the leadership of the host campus, and, to the extent possible, with local health leaders.
4. The school should consider developing an annual or semi-annual system-wide research symposium with participation and involvement of doctoral students. Selected faculty from each of the regional campuses would be invited to give presentations. The location should be alternated among the Houston campus and the various regional campuses. Those that cannot attend in person should participate via ITV.
5. Consideration should be given to selecting one or two "system-wide public health visiting faculty" who, for a given semester or year, would rotate among the various regional campuses and give major lectures, meet with faculty and students, and provide overall scholarly advice. It would be considered an honor to be selected as a "system-wide scholar," and the individual would be given some release time from their usual activities in order to perform this function.
6. Each regional campus should establish a practice/policy advisory council that would work with its faculty and students to address the public health problems in their locale.
7. Each regional campus should put on public health educational programs for their health science center colleagues.
8. As appropriate, linkages should be forged with the other two Schools of Public Health at Texas A&M and the University of North Texas around shared interests that could benefit all parties in the state.

System planning and building for the regional campus system

1. While strategic plans have been developed for each regional campus, the plans are fairly generic and don't reflect the unique attributes and opportunities at each campus. Strategic plans for each regional campus should be developed with input not only from Houston, but also from the host campuses to ensure that there is a common vision for each regional campus and goals that are shared by all partners.
2. The Associate Dean for Planning at the UT Houston School of Public Health should assist all regional campuses in developing their strategic plans. The UT Houston Health Sciences Center and the Houston School of Public Health should also develop a strategic plan with a vision and goals for the UT Regional Campus Public Health Education System.
3. Faculty at each of the regional campuses (public health and host) and those in Houston need to have opportunities to learn more about each other's expertise and research interests.
4. There needs to be either an affiliation agreement or a memorandum of understanding between the Houston Health Sciences Center and each of the regional campuses that describes the expectations for each with a timeline of what will be accomplished over a five-year period based on their strategic plans.
5. Faculty searches at the regional campuses should involve representation from the regional campus, the host campus, and the UT Houston School of Public Health. Over-representation of faculty who are graduates of the Houston School of Public Health should be balanced by graduates from other schools of public health.
6. The UT Houston School of Public Health needs to adopt promotion and tenure criteria used by other accredited schools of public health that recognize and value contributions made by faculty to academic public health practice. These activities are particularly appropriate for regional campus faculty as well as for Houston-based faculty.
7. Measures need to be developed for tracking the UT Public Health Educational Regional Campus System to determine if it is accomplishing the desired education and research goals. Such metrics could include the number of public health graduates at each campus; the employment of public health graduates, especially in local and state public health departments as well as academic and research institutions; the federal research expenditures of each campus (in total and per faculty); the number of grants submitted, the number of successful submissions, and the number of faculty peer-reviewed publications; and student and employer satisfaction and alumni participation.

Resources

1. Sufficient funding should be provided as soon as possible so that each regional campus has a core faculty of 12 members.
2. Additional resources should be made available to improve the information technology infrastructure and database management linking the regional campuses and the Houston campus.

Barriers to be removed

1. An overall "process improvement" task force should be established to examine all aspects of the administrative mechanisms currently in operation to facilitate the work of faculty, staff, and students between and among all of the campuses. Specific examples that were mentioned by a number of parties during the course of our interviews included:
 - a. The length of time it takes to get grant and contract approval on research proposals—up to four months.
 - b. There should be a single human subjects or institutional review board approval process.
 - c. The need to standardize forms and biographical sketches throughout the system—apparently each campus has a slightly different way of handling these presently.
 - d. Procedures for cross listing of courses, approving courses, and so on.
 - e. Procedures for student registration, student financial aid, and receipt of health services; for example, should some of this be decentralized to each regional campus?
 - f. Specific attention should be given to the financial barriers that currently exist for faculty across different schools on campuses who wish to engage in joint research. The same holds true for those who wish to engage in activities at the VA and related outside entities. For example, consideration might be given to

- removing the indirects for outside funders such as the VA and private foundations that do not pay indirects or have a much lower rate than federal agencies.
- g. Consideration might also be given to eliminating indirects on all subcontracts involving schools within the UT higher education system.
 - h. Where possible, the regional campus School of Public Health should be physically located as close as possible to its host health science center complex in order to facilitate student, faculty, and staff interaction.

Other recommendations

1. Consideration might be given to starting a system-wide Forum on Public Health and Medicine. The purpose would be to explore creative ideas for collaboration between public health and medicine that would benefit the citizens of Texas.
2. School of Public Health faculty should provide more input and involvement in teaching in the medical school and in other health professional schools curricula.
3. Consideration should be given to developing a “statewide initiative on health disparities,” with particular focus on Hispanic and minority health and the problems of obesity, diabetes and related chronic illness. Such an initiative would play to the strength of the regional campuses with their involvement in outreach to a number of minority groups throughout the state. Such an initiative should be viewed as an *investment* by the state of some basic core support, which could then be leveraged and measured in terms of accountability by the amount of National Institutes of Health and related grant support generated.

Overall Conclusion

A fourth accredited school of public health in the State of Texas is NOT warranted at this time. Adequate resources should be provided to the existing three accredited schools of public health—UT Houston and its regional campuses, University of North Texas, and Texas A&M. There is opportunity for enhanced research and education at each of the existing institutions, especially through the Houston regional campuses if they are adequately resourced and significant attention is paid to streamlining the system by the UT higher education system and UT Houston Health Sciences Center. Any future expansion of public health education might begin with an accredited Master of Public Health program at a regional campus.

Implementation of the regional campus concept, started in 1978, has been uneven on a number of dimensions, but, overall, reasonably good progress has been made to date. The concept is quite fragile, however, and its success in various regions determined largely by the quality of leadership. With additional resources to arrive at a nucleus of faculty around 12 and with implementation of many, if not most of the recommendations contained herein, it is believed that the regional campus concept can achieve its potential and thereby enhance the ability of academic public health in the state to more effectively address the public health challenges facing Texans.

Pursuing the above strategy will enable an assessment to be made over the next three to five years to see if one or more of the current regional campuses might develop in such a fashion that even further impact could be achieved by formally designating that site as a “school” of public health. Such a school would, however, have to be appropriately “scaled up” by its considerable integration with the host health science center campus and academic campus at large and have a considerable research-funding base, such that any state resources allocated to a new school would be appropriately leveraged.

Methodology

Observations are based on the meetings and discussions of:

Dr. Wahl on August 3 and 4:

- University of Texas School of Public Health at Houston (UTSPH-H)
 - Executive Dean
 - Associate Deans
 - Division Directors
 - Students
 - Center for Health Promotion (CDC Prevention Research Center)
 - Senior Executive Vice President & Chief Operating Officer of University of Texas Health Sciences Center (UTHSC)
 - Dean, School of Medicine at UTHSC

University of Texas at El Paso (UTEP)*

- President
- Associate Vice President for Academic Affairs
- Graduate School Dean
- College of Health Sciences Dean
- Biological Sciences Chair
- a Professor

UTSPH at El Paso (UTSPH-EP) – a UTSPH-H Regional Campus

- Regional Campus Dean
- Co-director of Hispanic Health Disparities Research Center
- Faculty members

* Vice President for Health Affairs – UTHSC attended all meetings at El Paso

Dr. Shortell on August 10 and 11:

- San Antonio Regional Campus
 - Dean of the College of Nursing
 - President of UT HSC San Antonio
 - Regional Academic Health Center, CEO
 - Associate Dean for Research
 - Dean of the School for Allied Health and Sciences
 - Interim Assistant Dean
 - Faculty
- School of Public Health at Houston
 - Executive Dean
 - Associate Deans
 - Medical School Dean
 - Regional Campus Assistant Deans
 - Division Directors
 - Students
 - Research Center Directors

*Whoever wishes to investigate medicine properly
should proceed thus:*

*In the first place to consider the seasons of the year,
and then the winds.*

One should consider most attentively the water...

*— and the mode in which the inhabitants live,
and what are their pursuits, whether they are fond
of drinking to excess,*

*and given to indolence, or are fond of exercising
and labor*

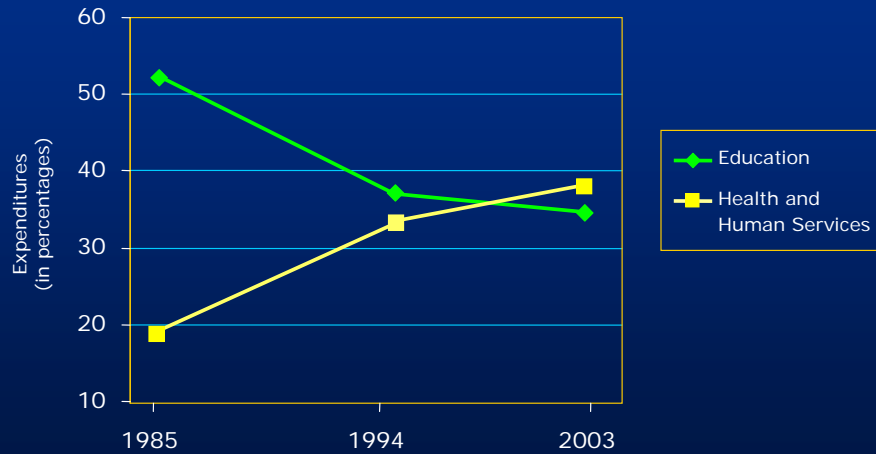
-Hippocrates, 400 B.C.

Task Force on Public Health

Eduardo J. Sanchez, M.D., MPH

Commissioner, Texas Department of
State Health Services

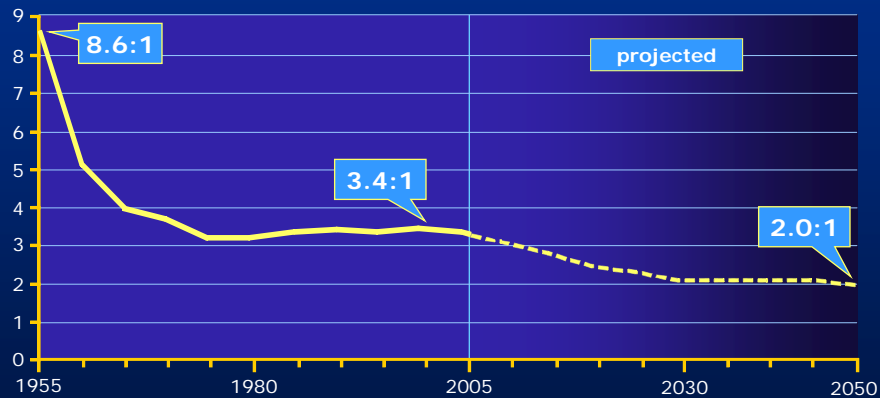
Texas Expenditure History by Function 1985-2003



Source: Texas Comptroller of Public Accounts.

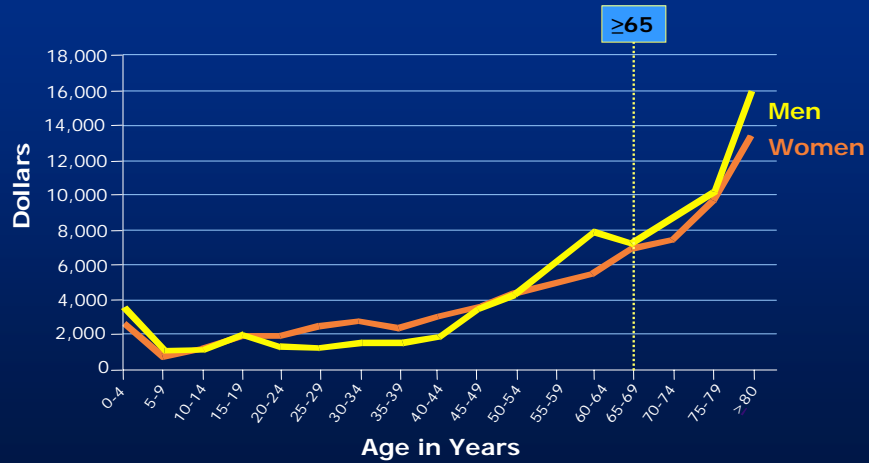
Worker-to-Retiree Ratio Drops

Projected number of workers paying into social security fund compared with number of retirees withdrawing from the fund



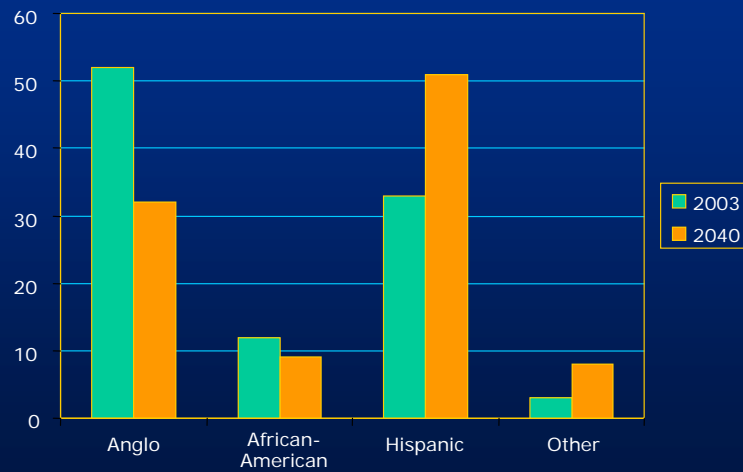
Source: Eugene Streuerle and Adam Carasso, Urban Institute. Based on data from the 2001 Social Security Trustees Report. *USA Today*, December 4, 2001.

Estimated Per Capita Health Expenditures by Age and Sex, 1995



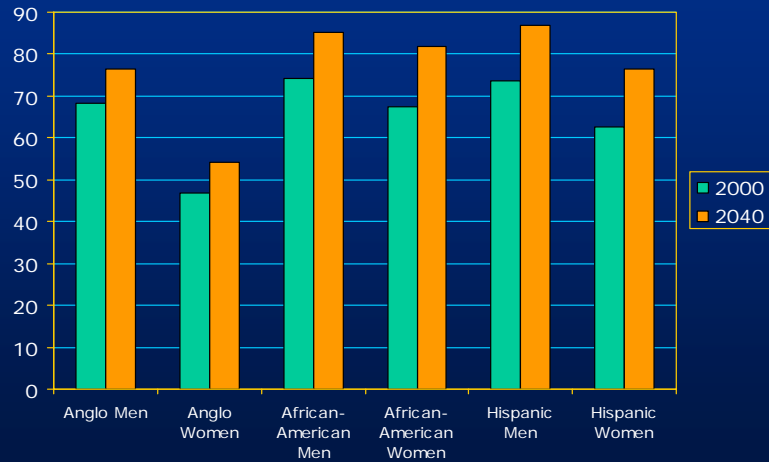
Source: From Baby Boom to Elder Boom: Providing Health Care for an Aging Population Copyright 1996, Watson Wyatt Worldwide.

Texas Population 2003 and 2040 Projection



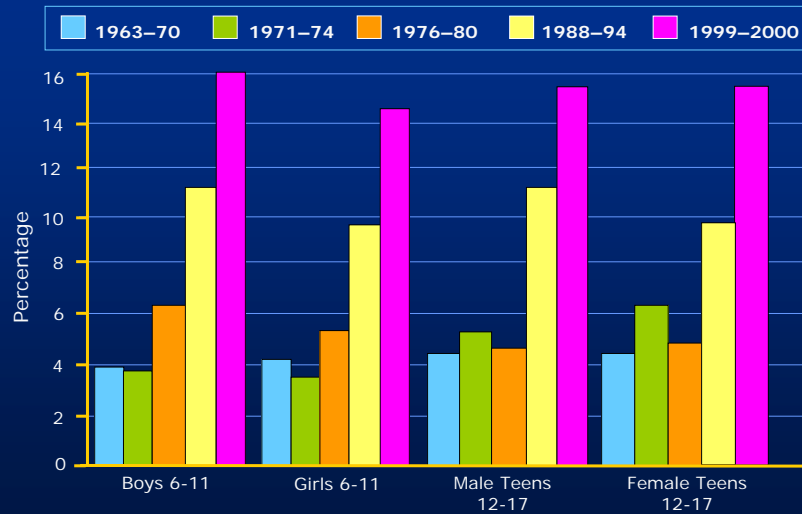
Source: Texas State Data Center, Texas A&M University.

Overweight and Obese Adults by Sex and Race — 2000 and 2040 Projection



Source: Texas Department of Health.

Percentage of Overweight Children and Teens



Source: Ogden CL, et al. Prevalence and trends in overweight among US children and adolescents, 1999-2000. JAMA 288: 1728-32.2002.

America's Fattest Cities – 2004

1. Detroit
2. Houston
3. Dallas
4. San Antonio
5. Chicago
6. Fort Worth
7. Philadelphia
8. Arlington, TX

Source: Men's Fitness Magazine.

Americans and Fast Food



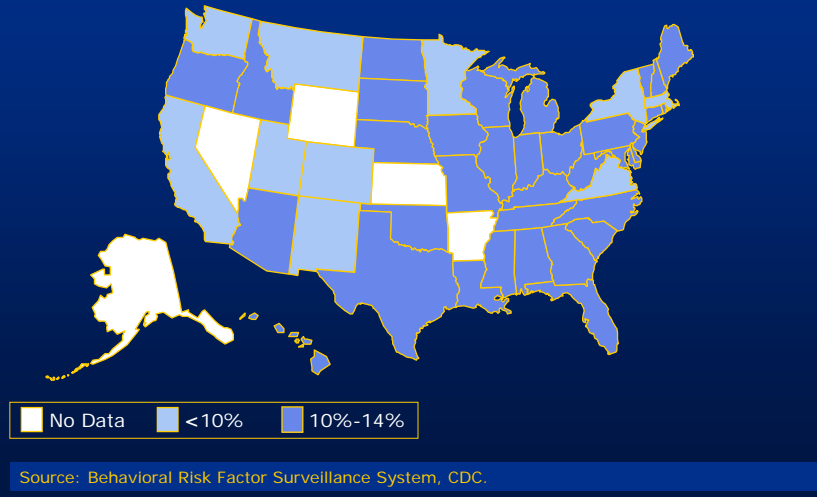
1970
\$6 billion

2001
\$110 billion

2010
\$?

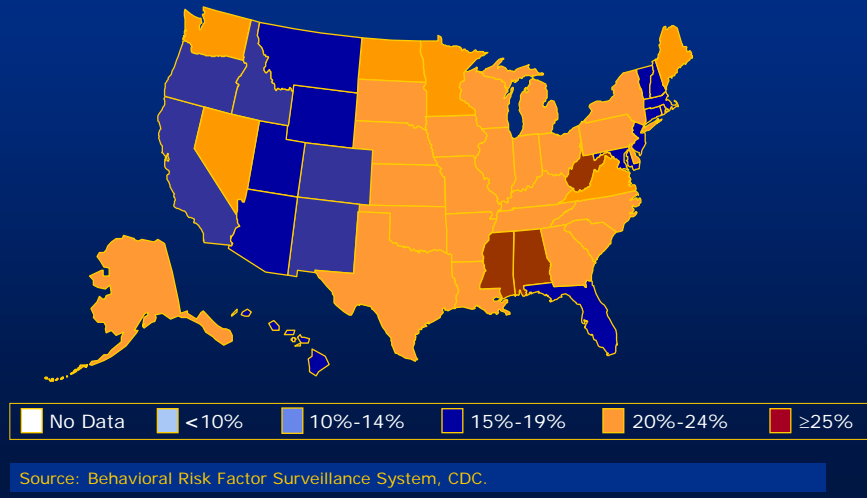
Obesity Trends* Among U.S. Adults BRFSS, 1990

(*BMI ≥ 30 , or ~ 30 lbs overweight for 5'4" woman)



Obesity Trends* Among U.S. Adults BRFSS, 2002

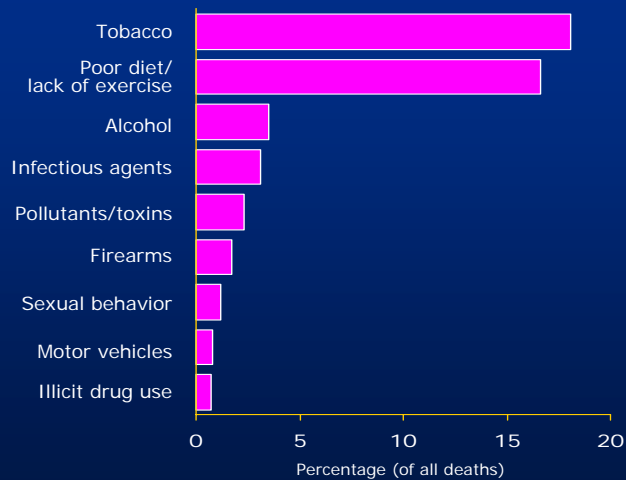
(*BMI ≥ 30 , or ~ 30 lbs overweight for 5'4" woman)



THE PERFECT STORM

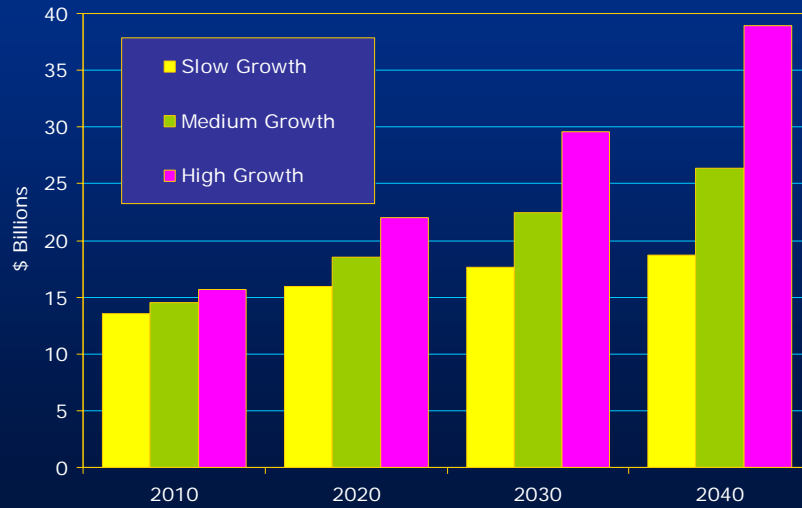


Actual Causes of Death in U.S., 2000

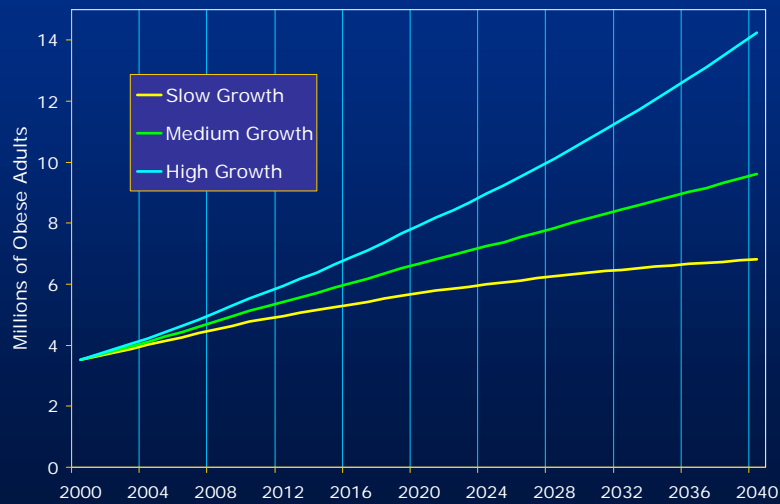


Sources: * National Center for Health Statistics. Mortality Report. Hyattsville, MD: US Department of Health and Human Services; 2002
† Adapted from McGinnis Foege, updated by Mokdad et. al.

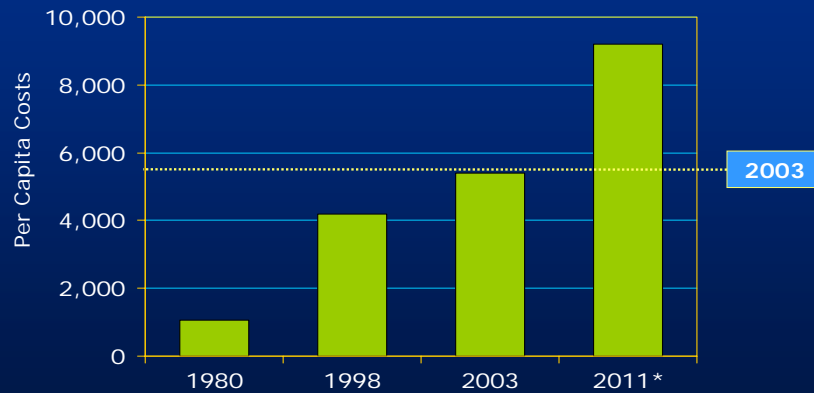
Projected Cost of Overweight and Obesity in Texas, 2010-2040



Projected Number of Obese Adults in Texas, 2000-2040



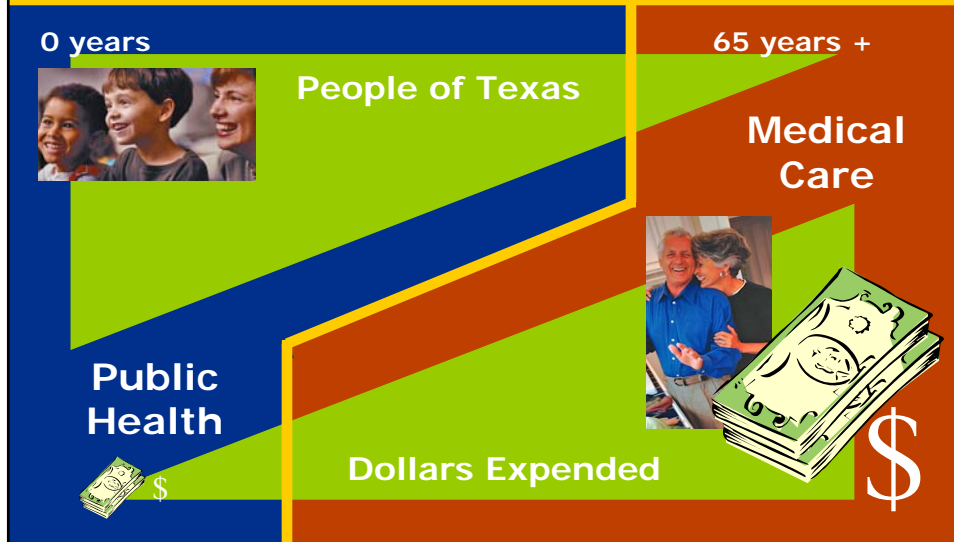
Growth in National Health Expenditures 1980–2011*



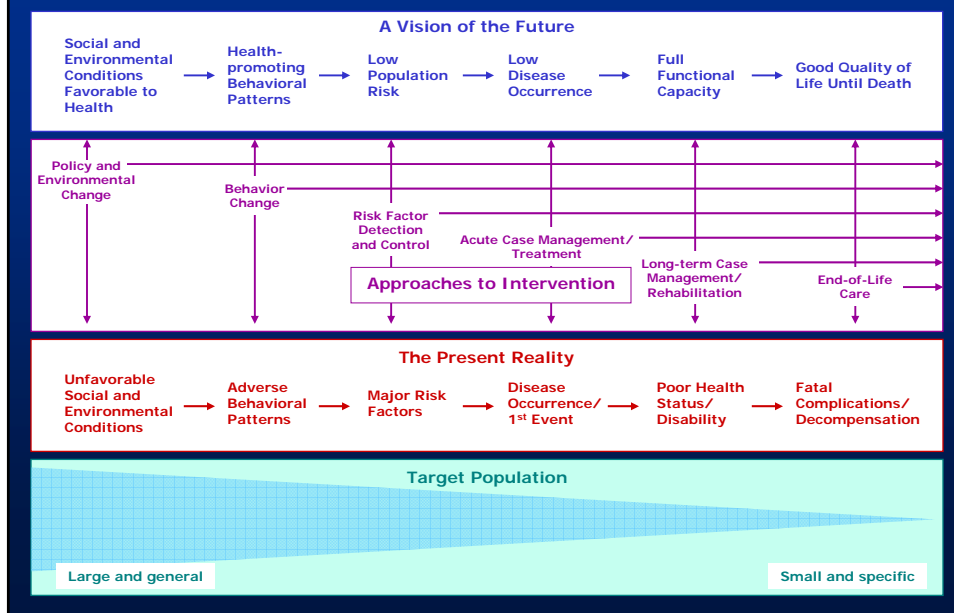
Source: Levit et al. Health Affairs 2002;21:172–181.
*Projection from Heffler et al. Health Affairs 2002;21:207–218.



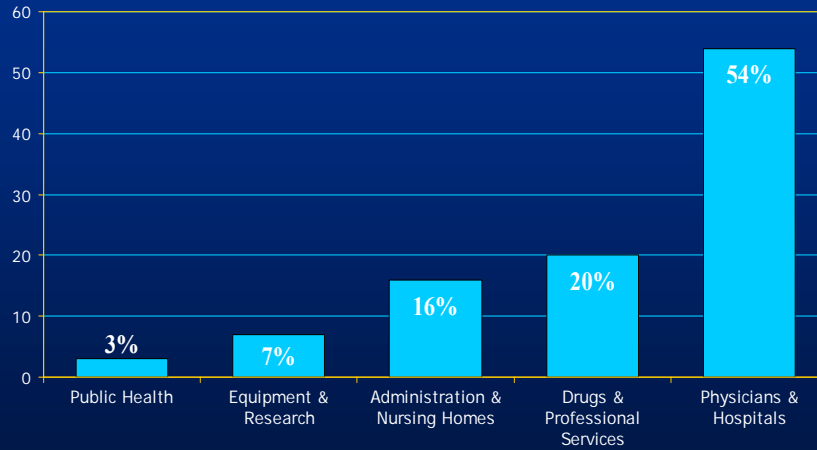
Health Care: Are We Getting Our Money's Worth?



Framework on Public Health Intervention



2002 Health Care Spending



Source: CMS, Office of the Actuary.

The Price is Not Right

The U.S. Ranks:

Health Care Spending 1st

Life Expectancy 47th

Source: New York Times, April 19, 2004.

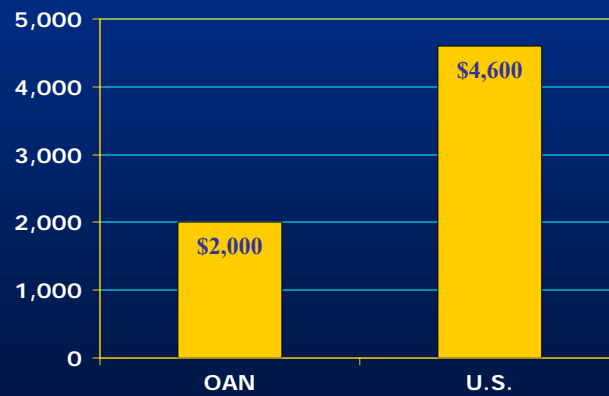
Cost of Gastric Bypass Surgeries



\$30,000
x 1 million
\$30 Billion

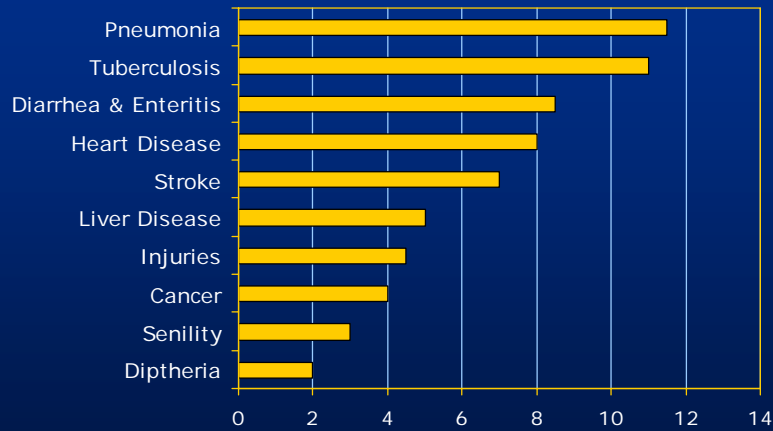
U.S. vs. 30 Other Advanced Nations (OAN)

Per Capita Health Care Spending 2000:



Source: Alliance for Health Reform, January 2003, Health Affairs, May 6, 2003.

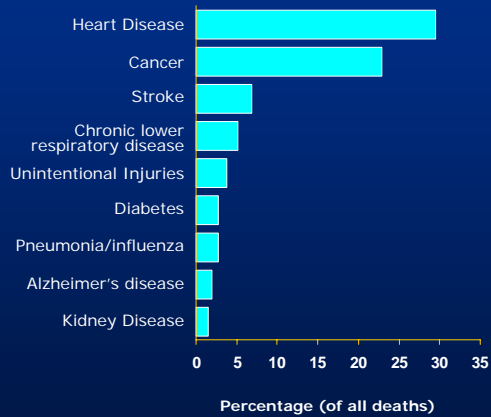
Leading Causes of Death – 1900



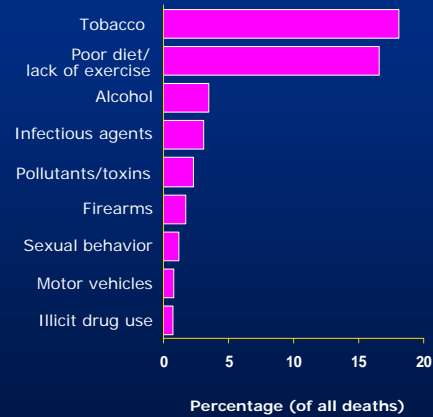
Source: Achievements in Public Health, 1900-1999: Control of Infectious Diseases. MMWR, July 30, 1999.

Causes of Death in United States – 2000

Leading Causes of Death*

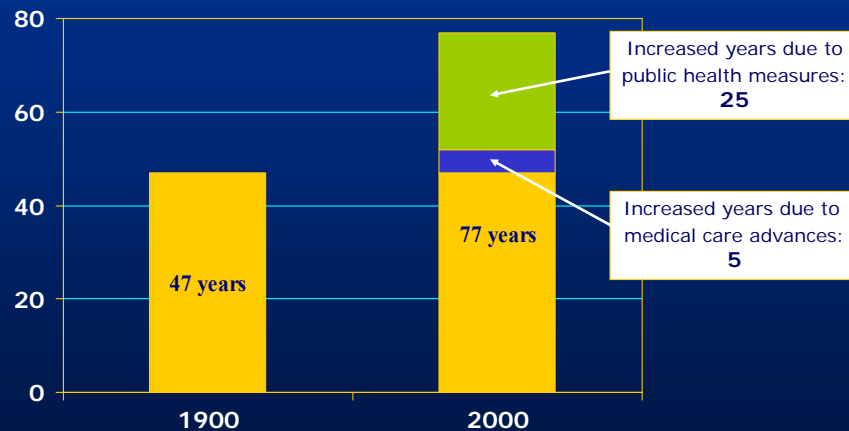


Actual Causes of Death†



Sources: * National Center for Health Statistics. Mortality Report. Hyattsville, MD: US Department of Health and Human Services; 2002
 † Adapted from McGinnis Foege, updated by Mokdad et. al.

Increased Life Expectancy



Source: Centers for Disease Control and Prevention (CDC).

Texas Public Health Structure

- **254 counties**
 - 140 with health departments
 - 114 without health departments
- **80% of population live in 15 counties**
- **8 public health regions**
 - House state programs
 - Local public health provider/enforcer
 - Liaison

Public Health Challenges

- Exploding costs
- Highest rate of uninsured
- Rapid population growth
- Low immunization rates
- Threat of bioterrorism
- An epidemic of obesity
- Challenges of border region
- Sharp health disparities
- Mental Health challenges
- Substance abuse challenges

Five TDH Priorities

- Improving immunization rates
- Focusing on fitness
- Eliminating health disparities
- Better preparing for public health disasters and bioterrorism
- Improving our business practices



Texas State Strategic Health Partnership

Nearly 100 Organizations

- Government agencies
- Voluntary health agencies
- Hospitals
- Nonprofit organizations
- Educational institutions
- Professional organizations
- Health advocates
- Community organizations



Texas State Strategic Health Partnership

Partners Include:

- United Way
- American Cancer Society
- American Heart Association of Texas
- Texas Medical Association
- Texas Association of Nurses
- Mental Health Association of Texas
- Hospitals
- Foundations
- Educational institutions
- Community organizations



Texas State Strategic Health Partnership

Academic Partners:

- University of Texas School of Public Health, Houston
- University of Texas School of Public Health, San Antonio Regional Campus
- Texas A&M University, School of Rural Public Health
- University of Texas Health Science Center, Houston
- University of Texas Health Science Center, Tyler
- University of Texas Medical Branch at Galveston
- LBJ School of Public Affairs, Center for Health & Social Policy
- University of Texas Health Science Center at San Antonio – Center for South Texas Programs
- Southwest Texas State University
- Texas Higher Education Coordinating Board



Texas State Strategic Health Partnership

Health Status Goals:

- Promote healthy nutrition and physical activity
- Promote healthy choices with regard to risky behavior
- Recognize mental health as a public health issue
- Increase rates of high school graduation, adult literacy and college attendance to improve socioeconomic and health status
- Reduce health threats due to environmental and consumer hazards
- Reduce infectious disease

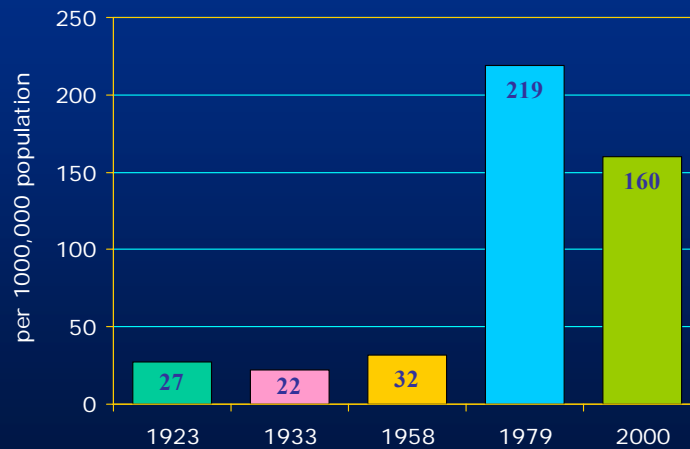


Texas State Strategic Health Partnership

Health System Goals By 2010:

- Ensure public health services are available in all Texas communities
- Ensure collaboration between governmental and non-governmental entities to meet public health needs
- Educate Texas communities regarding the structure, function and availability of public health resources
- Train the public health system workforce to meet evolving public health needs
- Develop funding flexibility to efficiently and effectively meet community needs
- Develop a statewide data collection and reporting system for health indicators to guide decision-making

Ratio of Public Health Workers to Population



Source: H. Tilson and K. Gebbie. 2004. The Public Health Workforce, *Annual Review of Public Health* 25: 341-56.

Public Health Worker Density

- Local workers 34%
- State workers 33%
- Federal workers 19%

Source: H. Tilson and K. Gebbie. 2004. The Public Health Workforce, *Annual Review of Public Health* 25: 341-56.



Core Subject Areas of Public Health

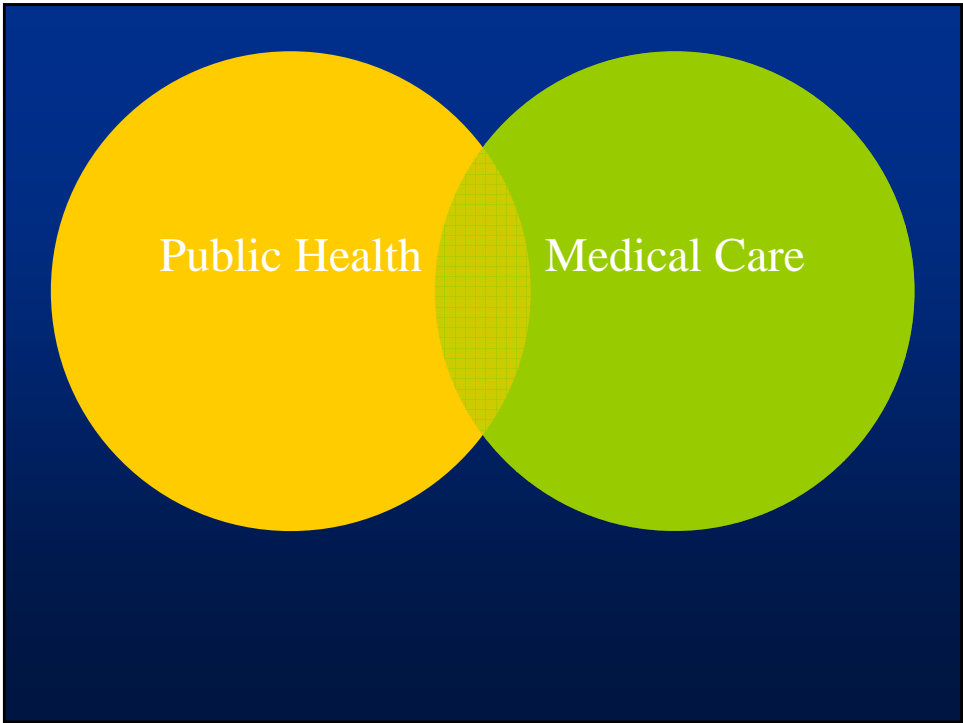
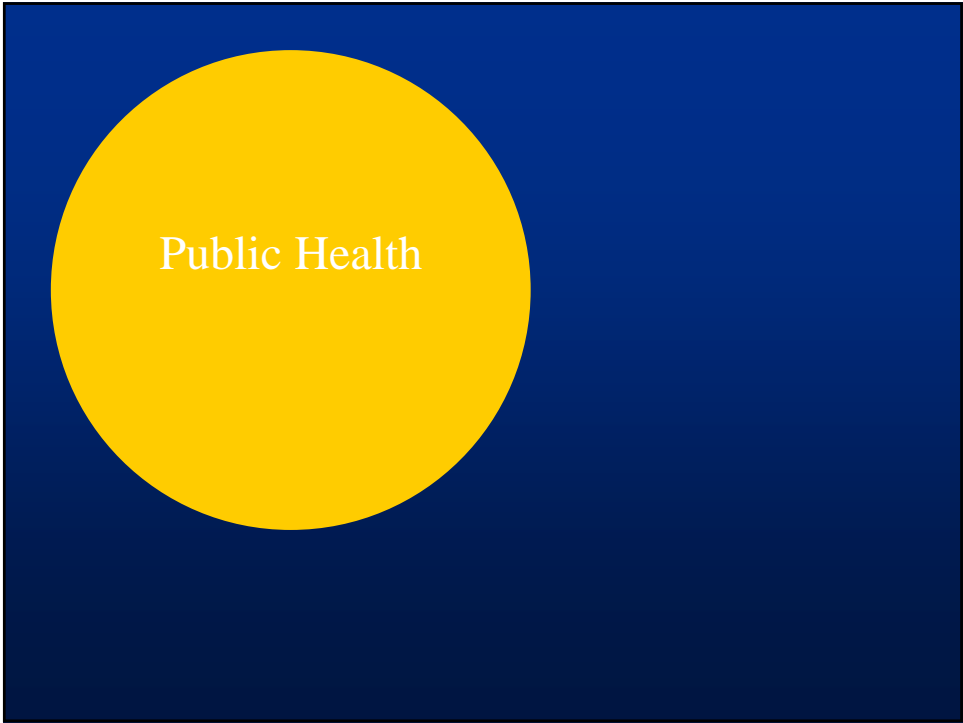
- Biostatistics
- Epidemiology
- Behavioral and social sciences
- Environmental sciences
- Health services

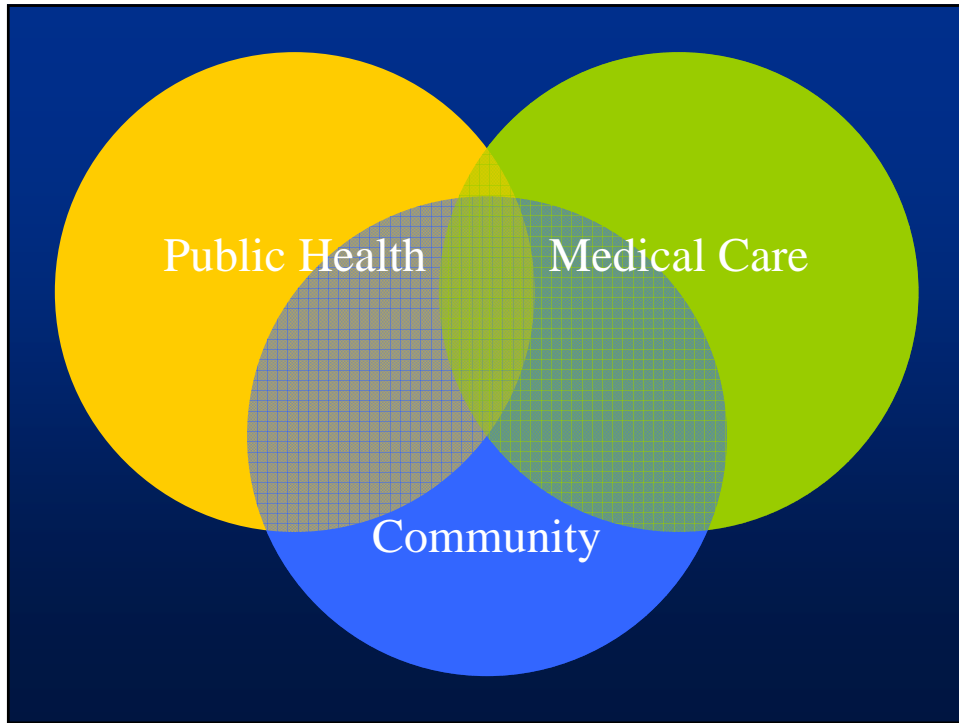
Source: H. Tilson and K. Gebbie. 2004. The Public Health Workforce, *Annual Review of Public Health* 25: 341-56.

Potential Public Health Areas

- Informatics
- Genomics
- Cultural competency
- Communications
- Community-based participatory research
- Law
- Policy and ethics
- Global health

Source: H. Tilson and K. Gebbie. 2004. The Public Health Workforce, *Annual Review of Public Health* 25: 341-56.





The Future of Public Health in the 21st Century

- Adopt public health approach based on multiple determinates of health
- Strengthen the public health infrastructure
- Develop a new generation of partnerships
- Develop systems of accountability to assure quality and availability
- Make evidence the foundation of decision making
- Strengthen communications

Source: Institute of Medicine, 2003.

Key Questions For Public Health Educators

- Is the size and scope of the academic public health enterprise in Texas adequate?
- Does Texas need additional schools of public health?
- Are we producing enough public health graduates to meet the needs of Texas?
- Are they being properly prepared for the 21st Century?
- Is academic research on target?
- What are the needs of the public health workforce in Texas?
- What important prevention initiatives should we undertake?



UT Task Force on Public Health

April 23, 2004

The University of Texas
School of Public Health at Houston

A part of The University of Texas Health Science Center at Houston

The University of Texas School of Public Health at Houston

Making Health Happen...

Schools of Public Health

- ★ 34 Accredited schools of public health nationally
- ★ 3 schools of public health in Texas
- ★ Accredited by the Council on Education for Public Health (CEPH)
- ★ Association of Schools of Public Health (ASPH)

The University of Texas School of Public Health at Houston

- ★ 4th in student enrollment
- ★ 5th in number of faculty
- ★ 7th in NIH funding
- ★ 1st in enrolled Hispanic students (except Puerto Rico SPH)
- ★ Ranked 1st among doctoral programs in health education

Resources

1969

The University of Texas School of Public Health at Houston

Making Health Happen...

2004

Budget Overview FY 2004

- ★ \$58.3 million operating budget in FY 2004
- ★ Less than 1/3 (\$18.8M) is State funds
- ★ Contracts and grants are 64% of budget
- ★ Tuition revenue is less than 2% of budget
- ★ 2% reduction for FY 2005

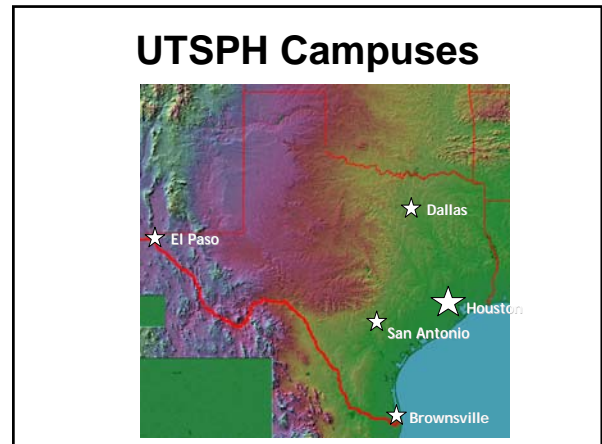
Relative Financial Rankings

- ★ UTSPH rankings in FY 2002 ASPH financial survey (31 SPHs reporting):
 - 2nd – State/university support
 - 7th – Unrestricted operating funds
 - 9th – Total operating funds
 - 7th – Federal contracts & grants – direct costs
 - 9th – Total contracts & grants – direct costs
 - 20th – Gifts to endowment and capital
 - 22nd – Tuition and fees revenue

• 2004

Academic Program

1969 The University of Texas School of Public Health at Houston Making Health Happen...



Degree Programs

Professional Degrees:
MPH
DrPH

Academic Degrees:
MS
PhD

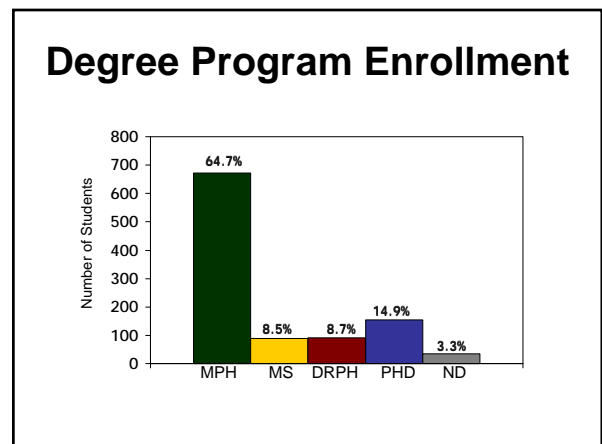
Major Courses of Study

Areas of Specialization
Community Health Practice
Disease Control
Health Promotion/Health Education
Health Services Organization
International and Family Health
Occupational and Environmental Health

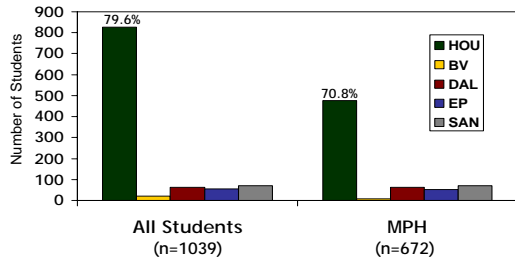
Concentrations:
Behavioral Sciences
Biological Sciences
Biostatistics
Environmental Sciences
Epidemiology
Management & Policy Sciences

Student Demographics

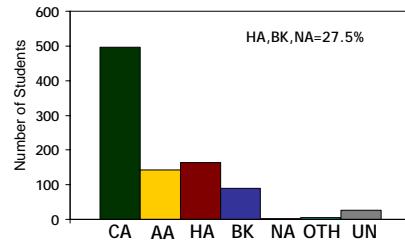
**Unduplicated Head Count,
Fall 2002-Spring 2003**



Students Per UTSPH Campus

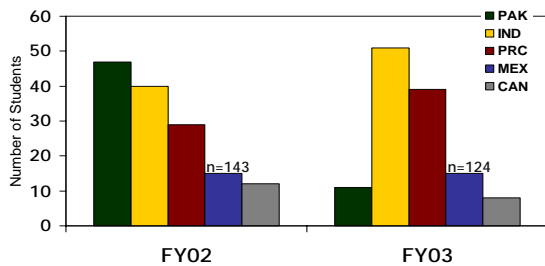


Ethnicity of UTSPH Students



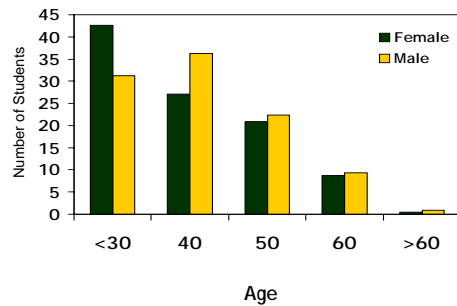
Foreign nationals not included in analysis.

International Students: Most Common Countries



Total international students = 229 in each FY

Student Age and Gender



Median age:
F=32 years
M=35 years

Gender:
F=68.9%
M=31.1%

Research Program

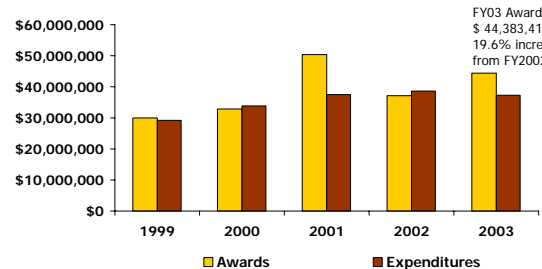


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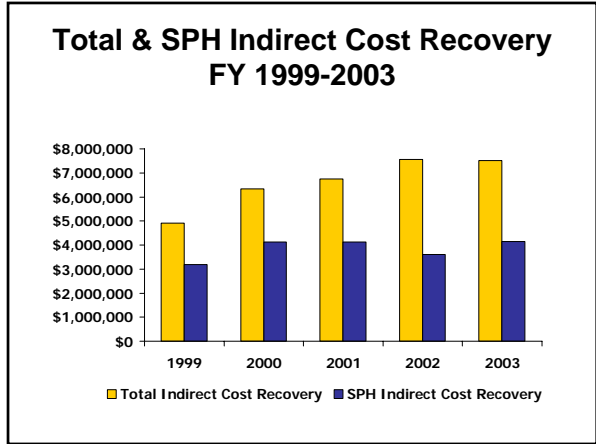
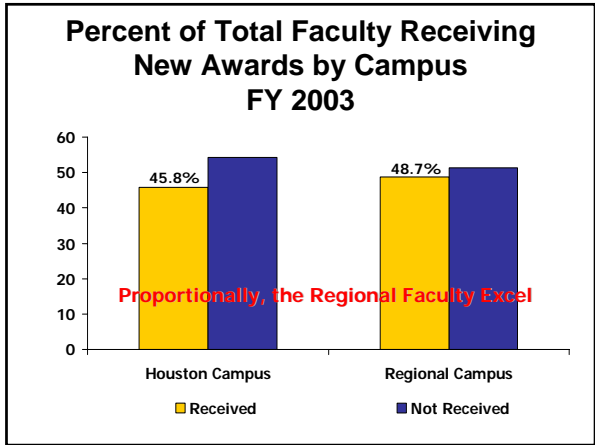
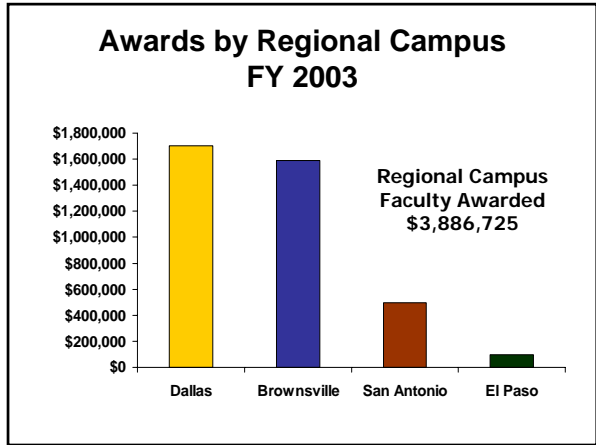
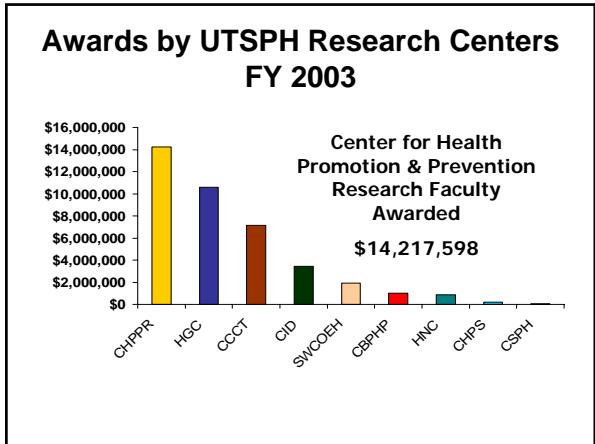
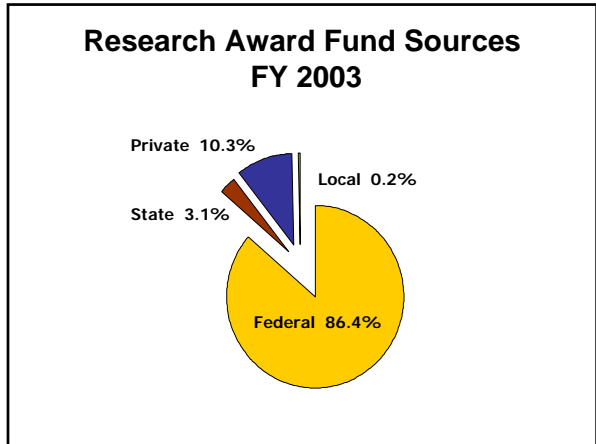
The University of Texas School of Public Health at Houston

Making Health Happen...

Total Research Awards & Expenditures FY 1999-2003



FY03 Awards
\$ 44,363,411
19.6% Increase
from FY2002



Regional Campus System

1969 ————— 2004

The University of Texas School of Public Health at Houston

Making Health Happen...

San Antonio Regional Campus



- ★ 9 faculty – one vacant TT position
- ★ 66 students enrolled fall 2003
- ★ 7 staff
- ★ 614 MPH graduates since 1979
- ★ Moved into 10,000 sq ft of new space – May 2003
- ★ Last fall 32.7% of our MPH students were enrolled at a regional campus

El Paso Regional Campus

- ★ 9 faculty
- ★ 44 students enrolled fall 2003
- ★ 3 staff
- ★ Began in 1992
- ★ Through new collaborative programs with UTEP, we now offer MPH concentrations in environmental sciences and behavioral sciences
- ★ Added 1200 gsf of new space in Stanton Bldg



Dallas Regional Campus

- ★ 9 faculty
- ★ 47 students enrolled fall 2003
- ★ 2 faculty associates
- ★ 12 staff
- ★ Began September 1998
- ★ Many students and faculty activities affiliated with UT Southwestern host campus



Brownsville Regional Campus

- ★ 9 faculty – one vacant TT position
- ★ 16 students enrolled fall 2003
- ★ 24 staff
- ★ Established in 2001
- ★ MBA/MPH and MD/MPH dual degree programs
- ★ UTSPH 26,000 gsf building



Austin Initiative

- ★ Central Texas Institute for Research & Education in Medicine & Biotechnology (CTI)
- ★ Formed to expand medical education and research in Central Texas
- ★ Participants include:
 - Central Texas Veterans Healthcare Network
 - Greater Austin Chamber of Commerce
 - St. David's Healthcare Partnership
 - Daughters of Charity Health Services (Seton Medical Center/Brackenridge Hospital-Austin)
 - The University of Texas at Austin
 - The University of Texas Health Science Center at Houston (UTSPH)
 - The University of Texas Medical Branch at Galveston

Public Health Practice & Service

1969

The University of Texas School of Public Health at Houston

Making Health Happen...

2004

Trends in Public Health Practice

- ★ Emphasis on determinants of health for defining population needs/planning and implementing interventions (IOM's ecological approach)
- ★ Community systems development and "best practices" to address community health priorities
- ★ Implications for certification and accreditation programs

Trends in Academic Public Health

- ★ Increased interaction with practice agencies in the community system
- ★ Increase in funded workforce development training/technical assistance
- ★ Greater integration of practice issues in formal courses and practice-based research
- ★ Policy development in professional associations, government, and academia

UTSPH Initiatives

Workforce Development

- ★ Texas Public Health Training Center;
- ★ Center for Biosecurity and Public Health Preparedness
- ★ SW Center for Occupational and Environmental Health
- ★ Center for Health Promotion and Prevention Research

Academic Practice Connection

- ★ Practica/Internship – 242 students completed in 2003
- ★ Health Policy Internships – 4 students in 2003 Legislative Session
- ★ Practice Council
- ★ Texas State Strategic Health Partnership

Academic Practice Connection Outreach Projects

Widespread activity in all campuses; some examples:

- ★ Center for Health Promotion and Prevention Research – CATCH project adopted by many school districts in the state
- ★ Brownsville – K thru 12 Science Program
- ★ San Antonio – Community Health Assessment Course
- ★ El Paso – El Paso Community Health Data Book

The Institute for Health Policy

The missing link for academic health centers

•Prevention Research
•Clinical Research
•Health Services Research

"Translation"
→

Health Policy
Recommendations
and Programs

The Institute for Health Policy

The missing opportunity for academic health centers



The Institute for Health Policy

Four Principal Functions:

- ★ **Translation** - providing the missing link between scientific research and practical solutions
- ★ **Design and Development** - developing viable action alternatives
- ★ **Analysis** - providing non-partisan issue analysis for policy deliberations
- ★ **Education and Advocacy** - to equip others with translation, design and dissemination skills

The Institute for Health Policy

The State-wide Survey Collaborative

- ★ Tracking Changes in the Health of Texans
- ★ Identifying Policy Opportunities
- ★ Design and Development of Policy Options
- ★ Dissemination of Results

2004

The University of Texas
School of Public Health
at Houston

Vision

1969

The University of Texas School of Public Health at Houston

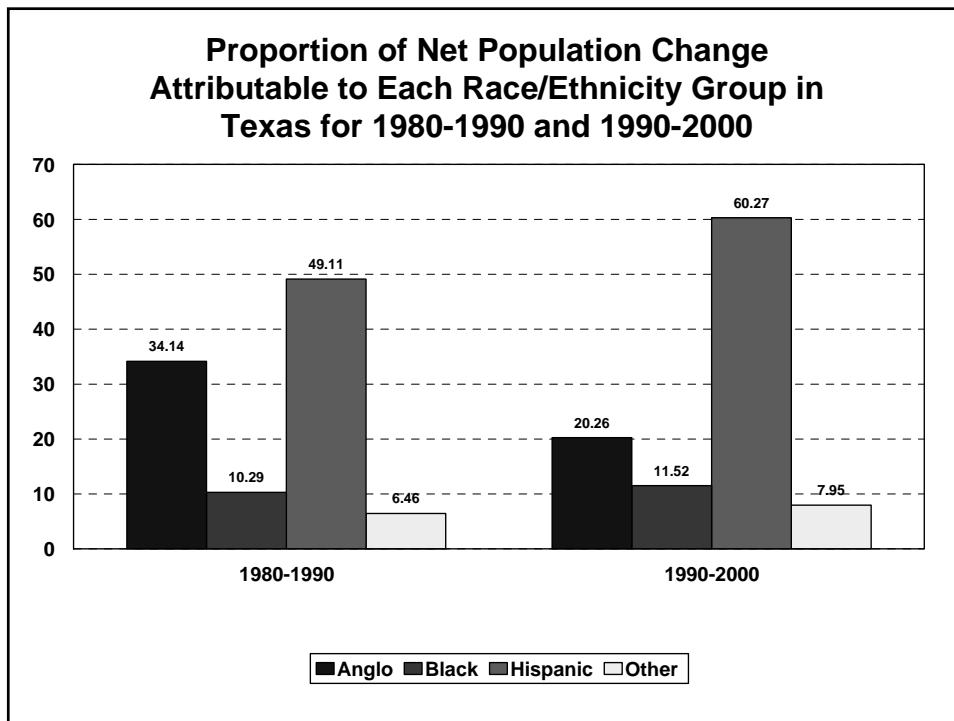
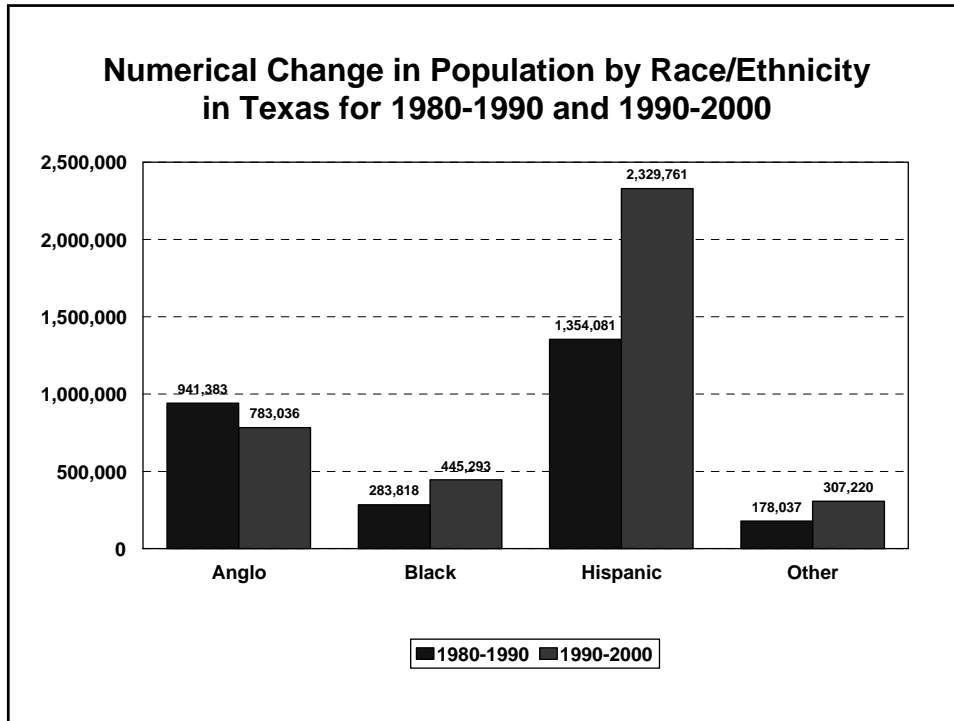
Making Health Happen...

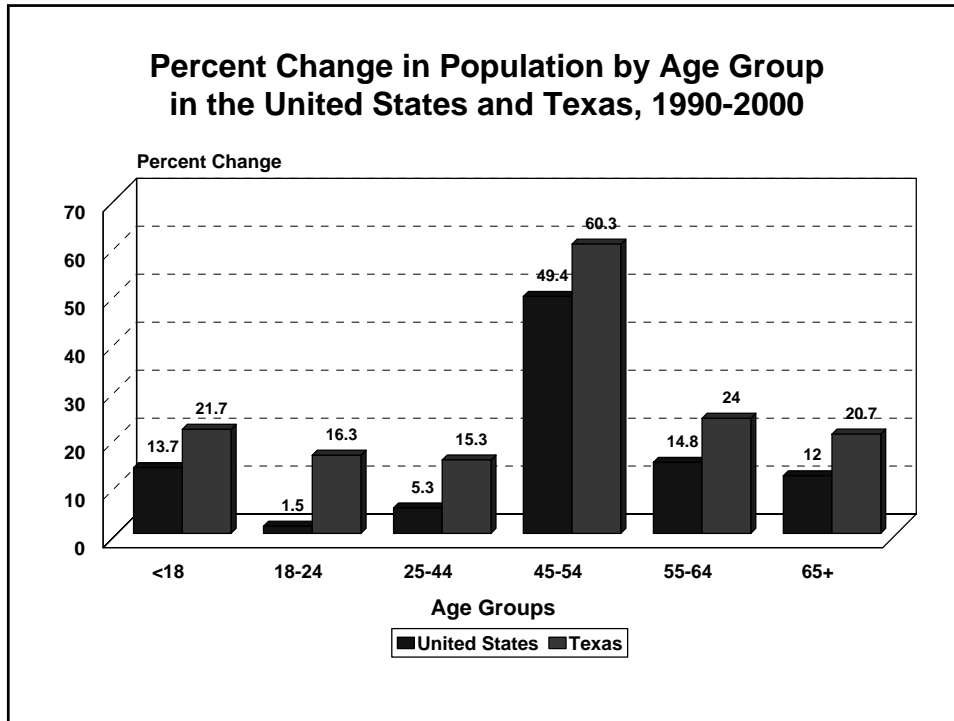
Our vision is to build an integrated program of teaching, research, and service that will:

- establish the school as a pre-eminent research institution in public health
- effectively apply new scientific knowledge to graduate education and community-based programs
- build dynamic partnerships with academic institutions and state and local agencies
- translate what we learn through research to effective health programs and policies

**The UT System
center of excellence
in public health
serving the state of Texas**

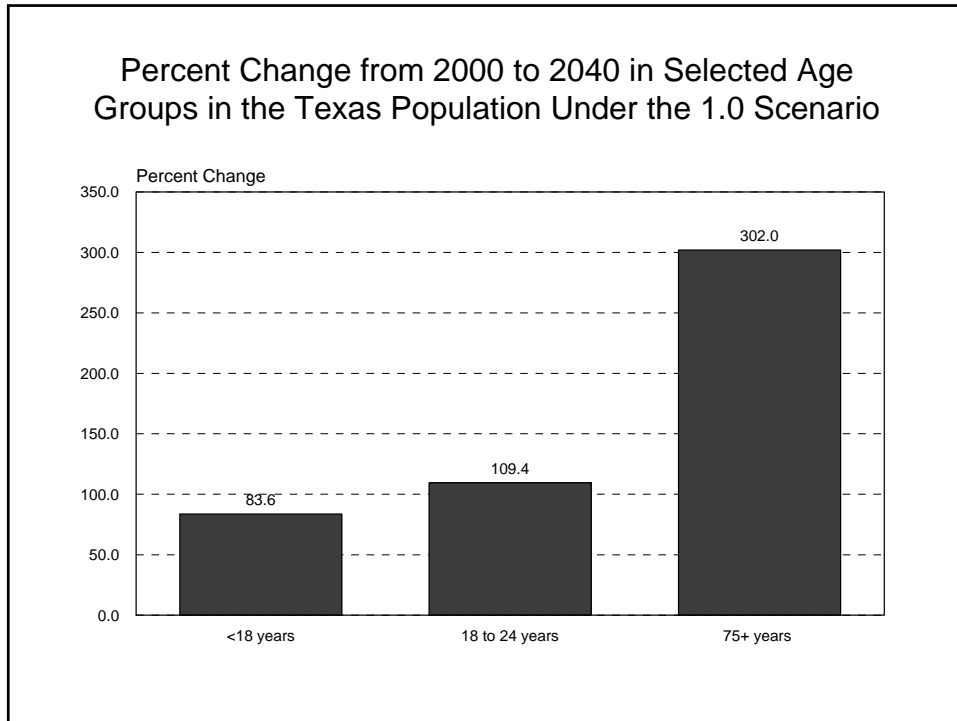
	UTSPH Regional Campuses											
	El Paso		San Antonio		Dallas		Brownsville		RC Support		RC Totals	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
State & Designated Funds Combined												
Faculty Salaries	8.90	705,641	8.50	786,865	9.00	757,384	8.25	726,847	0.30	49,696	34.95	3,026,433
Classified Salaries	3.00	100,310	4.00	130,703	3.00	109,606	7.11	245,522	2.75	105,016	19.86	691,157
Student Salaries	1.00	20,400	0.50	10,200	1.00	20,400	1.57	40,350	0.00	0	4.07	91,350
Wages		0		3,000		3,500		660		0		7,160
Employee Benefits (Desingated Funds Only)		0		0		0		57,488		0		57,488
M & O		17,720		17,000		15,320		28,046		8,913		86,999
Facility Lease		0		176,313		0		0		0		176,313
Travel		9,000		6,000		6,000		6,000		0		27,000
Capital Equipment (all but BV in central budget)		0		0		0		21,357		0		21,357
Contract w/Host Campus for Local Support												0
Wages		1,500		0		0		0		0		1,500
M & O		40,200		52,928		58,400		45,830		0		197,358
Travel		31,100		23,900		19,300		23,900		0		98,200
Reserve for Contingencies		4,000		4,000		4,000		4,000		0		16,000
Subtotal: Local Operating Contract		76,800		80,828		81,700		73,730		0		313,058
Total Operating Budgets	12.90	929,871	13.00	1,210,909	13.00	993,910	16.93	1,200,000	3.05	163,625	58.88	4,498,315





Population in Texas by Race/Ethnicity in 2000 and Projections of the Population in Texas by Race/Ethnicity from 2010 to 2040

Year	Anglo	Black	Hispanic	Other	Total
2000	11,074,716	2,421,653	6,669,666	685,785	20,851,820
<u>Assuming Rates of Zero Net Migration</u>					
2010	11,331,893	2,627,284	8,060,578	783,204	22,802,959
2020	11,381,151	2,771,391	9,336,524	841,641	24,330,707
2030	11,171,425	2,823,276	10,576,281	878,111	25,449,093
2040	10,733,074	2,796,626	11,662,262	893,139	26,085,101
<u>Assuming Rates of Net Migration Equal to One-Half of 1990-2000</u>					
2010	11,533,980	2,754,737	9,080,466	961,460	24,330,643
2020	11,796,479	3,052,412	11,882,993	1,273,908	28,005,792
2030	11,789,292	3,268,611	15,140,088	1,632,588	31,830,579
2040	11,525,083	3,403,176	18,804,297	2,028,603	35,761,159
<u>Assuming Rates of Net Migration Equal to 1990-2000</u>					
2010	11,740,016	2,888,449	10,252,219	1,177,909	26,058,593
2020	12,227,555	3,361,702	15,226,371	1,921,057	32,736,685
2030	12,442,104	3,783,657	21,871,382	3,020,447	41,117,590
2040	12,376,303	4,140,670	30,604,621	4,585,895	51,707,489
<u>Assuming Rates of Net Migration Equal to 2000-2002</u>					
2010	11,587,971	2,826,849	9,877,268	1,117,442	25,409,530
2020	11,908,234	3,217,037	14,090,715	1,726,191	30,942,177
2030	11,960,333	3,539,340	19,449,030	2,569,996	37,518,699
2040	11,749,690	3,786,341	26,153,290	3,698,715	45,388,036



6. U. T. Health Science Center - Houston: Discussion of compact priorities

REPORT

President Willerson and Executive Vice Chancellor Shine will lead a discussion about compact priorities for U. T. Health Science Center - Houston as set out in the compact on Pages 59.1 - 59.25. Dr. Willerson's PowerPoint presentation is on Pages 59.26 - 59.29.

BACKGROUND INFORMATION

The U. T. System Institution Compacts were sent to the Board of Regents in early September 2004. The compact process was first introduced by Chancellor Yudof at the December 2002 meeting of the Board. The compacts have been integrated into the accountability and strategic framework for the U. T. System.

The compacts are written agreements, between the Chancellor and the presidents of each of the academic and health institutions, that summarize the institution's major goals and priorities, strategic directions, and specific tactics to achieve its goals.

These compacts reflect the unique goals and character of each institution, highlighting action plans, progress, and outcomes. Faculty, staff, and students helped to create these compacts, so that a shared plan and vision resulted. The U. T. System Administration's commitment of resources and time to support each institution's initiatives is included in every compact.

Covering the fiscal years ending 2005 and 2006, the compacts were completed in Summer 2004. They will be updated annually; updates for the second year of the cycle will be completed in August 2005.

To enhance understanding of the compacts, compact priorities for each institution will be discussed at Board meetings in the coming year.

The University of Texas Health Science Center at Houston

**Compact with The University of Texas System
Fiscal Years 2005-2006**

I. Introduction: Institutional Mission and Goals

As the most comprehensive health science center in the southwest region of the United States, The University of Texas Health Science Center at Houston (UTHSC-H) is uniquely positioned to serve the health needs of the State of Texas.

Mission

Teaching, Searching, Serving

The University of Texas Health Science Center at Houston is a comprehensive health science university composed of six schools, an institute of molecular medicine and a psychiatric center. UTHSC-H's mission is to treat, cure and prevent disease now and in the future by educating health science professionals; discovering and translating advances in social and biomedical sciences; and modeling the best practices in clinical care.

To fulfill its mission, UTHSC-H:

1. Educates health professionals and scientists in a diverse interdisciplinary academic community.
2. Creates and evaluates new knowledge—through basic science and applied research—as it relates to disease prevention, treatment and cure.
3. Provides leadership and advances scholarship in biomedical sciences, health professions, health promotion, public health policy and health care delivery.
4. Models appropriate and compassionate clinical care.
5. Addresses the health needs of the community at large through public health expertise, information, outreach and service.
6. Develops the expanding field of health information science.

As mentioned above, one of UTHSC-H's primary goals is to educate health professionals and scientists in a diverse interdisciplinary academic community. Fall 2003 enrollment demographics include 61.6 percent (2,106) female and 38.4 percent (1,311) male. Of these 3,417 students, 56.7 percent are Caucasian, 13 percent are Asian, 12.5 percent are Hispanic and 5.6 percent are African American. The university's 1,215 faculty are 71.6 percent Caucasian, 17.1 percent Asian, 6.3 percent Hispanic and 4.4 percent African American.

Also as part of its mission, UTHSC-H provides an average of \$100 million in un-reimbursed clinical care, most of which benefits the underserved of Southeast Texas.

Vision

"Excellence above all" in the quest to be an acknowledged leader in the collaboration to treat, cure and prevent the most common diseases of our time through education, research and clinical practice

The University of Texas Health Science Center at Houston aspires to be a leader in the collaboration to treat, prevent, and cure the most common diseases of our time by:

1. Utilizing the distinctive capabilities of its schools, clinics, institutes and centers;
2. Collaborating with colleagues in the University of Texas System, the Texas Medical Center and throughout the world;
3. Being an academic health science center that is nationally and internationally recognized in teaching, research and service;
4. Serving as a home for the visionaries and scholars who will lead the way in defining and creating the future of the health sciences; and
5. Providing a diverse work environment that is ethically-based, service-oriented and community-sensitive.

Of the university's six schools, two (Nursing and Public Health) are nationally ranked within the top10 percent of their peer groups. The Dental Branch is the oldest dental school in the state. The Graduate School of Biomedical Sciences is a successful collaboration between UTHSC-H and UT M.D. Anderson Cancer Center. The School of Public Health, with four regional campuses in addition to the main campus in Houston, is the only school of its kind within the University of Texas System. Moreover, UTHSC-H is strategically located in the Texas Medical Center, the largest medical center in the world. This location provides the opportunity for collaboration with six major hospitals, two of whom have Level 1 trauma centers, two schools of nursing (Texas Woman's University and Prairie View A&M University) and one medical school (Baylor College of Medicine).

II.A. Major Ongoing Priorities and Initiatives: Short Term Goals and Priorities

UTHSC-H has identified three short term priorities: (1) develop facilities for education, research and clinical practice; (2) increase the scope of the university's research enterprise; and (3) enhance educational excellence.

Priority: Develop facilities for education, research and clinical practice

Objective: *Equip the Center for Nursing Research (CNR) in the new School of Nursing and Student Community Center building*

Strategies

1. Achieve fund raising target
2. Equip the Nursing Research Laboratory

Resources

1. Center for Nursing Research
Philanthropy: \$1 million (\$950,000 raised to date)
Reallocation of indirect cost recoveries: only if fund raising target not met

Progress Measures

1. Amount of grant support generated by August 31, 2006

Major Obstacles

1. None anticipated

Objective: *Complete the Medical School recovery plan on schedule and within budget*

Strategies

1. Complete the Surgical and Clinical Skills Center
2. Complete flood mitigation project to elevate Medical School switchgear and vault
3. Complete basement level Vivarium support
4. Complete Tropical Storm Allison recovery project: basement mechanical, electrical, and plumbing (MEP) infrastructure

Resources

1. Surgical and Clinical Skills Center (\$14 million est. Total Project Cost [TPC])
Insurance: \$500,000
Tuition Revenue Bonds: \$3.5 million
Philanthropy: \$10 million
2. Medical School switchgear and vault (\$4,251,000 est. TPC)
Insurance: \$750,000
FEMA: \$2,250,750
Tuition Revenue Bonds: \$1,250,250
3. Medical School basement level Vivarium support (\$267,000 est. TPC)
Insurance: \$267,000
4. Medical School basement mechanical, electrical, and plumbing (MEP) infrastructure (\$4,950,000 est. TPC)

Insurance: \$3,372,000
Tuition Revenue Bonds: \$1,578,000

Progress Measures

1. Percent of projects completed both on time and within budget

Major Obstacles

1. Ability to achieve fund raising goal

Objective: *Complete construction of the Brown Foundation Institute of Molecular Medicine*

Strategies

1. Oversee work of architects and contractors
2. Review funding sources for maintenance and operation costs of the building

Resources

1. IMM building (\$120 million est. TPC)
Tuition Revenue Bonds: \$15 million
PUF: \$50 million
Philanthropy: \$55 million

Progress Measures

1. Percent of projects completed both on time and within budget

Major obstacles

None at this time

Objective: *Complete the purchase and assume management control of the Hermann Professional Building (HPB) and parking garage*

Strategies

1. Secure Letter of Intent
2. Perform all due diligence activities in a timely manner
3. Establish baseline data on deferred maintenance and the building's energy profile
4. Secure final approval for use of \$19.5 million in tuition revenue bonds to purchase the building
5. Assume maintenance and operation of the building in a seamless process that will not adversely affect current tenants

Resources

1. HPB and garage purchase (\$30.95 million est. TPC)
Tuition Revenue Bonds: \$19.5 million
Revenue Financing System: \$11.45 million

Progress Measures

1. Meet or exceed revenue targets from office rentals and parking garage

Major obstacles

None at this time

Objective: *Upgrade teaching laboratories and patient care operatories at the Dental Branch by September 2005*

Strategies

1. Replace equipment and upgrade Preclinical lab B-54
2. Complete replacement of clinic dental chairs/delivery systems as required
3. Expand technology in preclinical labs
4. Replace small clinical equipment
5. Develop/purchase cost effective computerized patient simulators
6. Perform due diligence on environmental health and safety issues
7. Use institution's project management process to support the necessary infrastructure changes
8. Complete projects both on time and within budget

Resources

- Teaching laboratories/patient care operatories (\$3 million est. TPC)
 - Available Dental Branch funds: \$375,000
 - FEMA: \$35,000
 - Reallocation of existing resources: amount TBD
 - Philanthropy: amount TBD

Progress Measures

- Percent of fund raising target realized

Major obstacles

- Raising funds as needed
- Adapting new equipment to an antiquated building

Objective: *Finance and plan for a new Dental Branch building*

Strategies

- Continue the work of the school's Building Working Group in developing building designs and plans
- Identify and secure resources; prepare legislative request for Tuition Revenue Bond authority
- Identify potential philanthropic partners: major corporations and foundations
- Involve Dental Branch alumni
- Complete plans

Resources

- Dental Branch Building (\$80 million est. TPC)
 - Tuition Revenue Bonds: \$45 million
 - Philanthropy: \$35 million

Progress Measures

- Achieving fund raising goals

Major Obstacles

- Receipt of Tuition Revenue Bond authority in the upcoming Legislative session.
- Raising \$35 million

Priority: Increase the scope of the institution's research enterprise

Objective: *Develop an ongoing, university-wide Bridging Grants Fund program that will provide temporary support for investigators who experience a hiatus in funded research*

Strategies

- Establish guidelines by September 1, 2004 that define the eligibility of investigators for support under the bridging grant program.
- Appoint peer review panels by January 2005 that will review and prioritize bridging grant applications.
- Establish a fund of approximately \$600,000 by September 1, 2005 to support bridging grant proposals. This fund will be supported by revenues generated by increased indirect cost recovery for non-federal and federal research grant awards.

Resources

- Bridging Grants program
 - Reallocation of current indirect cost recoveries and a proposed increase in the indirect cost rate from clinical services agreements: \$600,000

Progress Measures

- Percent of successful NIH competitive renewal grant applications
- Total number and dollar amount of renewal awards

Major Obstacles

- Demand for bridging grants is likely to exceed available funds
- Inability to fund needed grants will cause a disruption in research activity

3. If increased indirect cost recoveries do not materialize, UTHSC-H must find other ways to support this program

Objective: *Develop interdisciplinary and inter-institutional research programs*

Strategies

1. Establish a task force by August 31, 2006 to examine ways to reduce the administrative and academic impediments to the development of inter-institutional research programs particularly with institutions within the Texas Medical Center, the Houston – Galveston research zone and with the other components of the University of Texas System.
2. Increase awareness in the UTHSC-H research community for new opportunities for inter-institutional research included under the NIH RoadMap initiative by August 31, 2006 via an institutional newsletter and presentations to research councils and investigators.
3. Increase UTHSC-H's participation in inter-institutional research programs such as the Gulf Coast Consortium, the NIAID Regional Center of Excellence and the programs of the regional campuses of the School of Public Health.

Resources

1. NIH RoadMap grant submissions
 Small Molecule Screening Center NIH : \$6.5 million
 Philanthropy: \$5 million
 Training Grant in Pharmacoinformatics NIH: \$3 million
2. Reallocation of existing resources (amount TBD)

Progress Measures

1. Number of research grant awards to faculty for inter-institutional research grants
2. Number of inter-institutional research contracts initiated by UTHSC-H faculty
3. Number of peer-reviewed research publications authored by UTHSC-H faculty that include co-authors from one or more additional institutions

Major Obstacles

1. The logistical and administrative issues that confront faculty developing inter-institutional research programs.
2. Changing priorities for federally funded research support suggest increased availability of and greater competition for funds for both inter-institutional and interdisciplinary research initiatives.
3. Approval of NIH funds for RoadMap

Objective: *Develop the infrastructure necessary to support the management of research*

Strategies

1. Implement an electronic system to support the preparation, review and storage of human subjects research protocols (the iRIS IRB management software system)
2. Implement a series of procedures to improve the usability of the institutional Financial Management System (PeopleSoft) by the research community. Continue to refine the software to support research needs

Resources

1. iRIS IRB management software
 NIH grant: \$500,000
2. FMS improvements for research
 PUF request (FMS upgrade): \$750,000
 Reallocation of existing information technology funds (amount TBD)

Progress Measures

1. Number of electronic research protocols submitted to the IRB
2. The transition to an all-electronic IRB environment by September 2004
3. Level of functionality with the FMS system by research faculty and staff

Major Obstacles

1. Training large numbers of faculty and support staff in both electronic research management systems
2. Making changes to the PeopleSoft system that will reduce impediments to the conduct of research and lessen the burden in terms of time and resources allocated by research personnel to the operation of the system
3. Reallocating \$750,000 from existing funds in order to fund this required upgrade if PUF funds do not materialize

Priority: Enhance educational excellence

Enhancement of educational excellence at UTHSC-H is an important priority for the institution. UTHSC-H is a comprehensive health science center with a reputation for fine academic programs in medicine, dentistry, public health, nursing, health informatics, and graduate biomedical sciences. Our academic programs involve a faculty of over 1,200 and a student body of over 3,400.

Objective: *Implement a plan for the recruitment and retention of a diverse student body*

Strategies

1. Receive approval from U.T. System on a proposal submitted April 29, 2004 to use race and ethnicity as one of many factors in the recruitment and financial aid processes
2. Continue the efforts of the new Diversity Council in implementing the Institutional Diversity Plan
3. Continue to monitor and update the university's Uniform Recruitment and Retention Plan in light of the State's *Closing the Gaps* initiative
4. Support current recruitment efforts including summer enrichment and research programs for high school and college students and visitations to high school and college campuses
5. Support current retention efforts including pre-entry programs providing introduction to the professional school curriculum, alternate pathway in the Medical School which allows certain students to take two years to complete the first-year curriculum, tutorial programs, and mentoring and counseling programs directed by the various Associate Deans for Student Affairs
6. Embark on a new fund raising effort targeted at student scholarships

Resources

1. School-based recruitment and retention efforts
State funds: approx. \$575,000 (formal programs in 2003)
2. Enhanced scholarship funds
Philanthropy: \$1-2 million goal

Progress Measures

1. Metrics of entering students, including GPA and standardized test scores
2. Increases in underrepresented minorities in the student body
3. Student graduation rates
4. Performance on national board type examinations at or above the national average
5. Progress in fundraising for student scholarships

Major Obstacles

1. The limited pool of underrepresented minorities for entry into the student body of our professional schools
2. Difficulties in identifying and recruiting qualified women and minorities for faculty positions as role models for students
3. Freeing up resources for educational initiatives requires re-budgeting within available funds unless the next Legislature chooses to fully fund the formula, a proposal UTHSC-H fully supports

Objective: *Recruit and retain an exemplary and diverse faculty, staff, and student body*

Strategies

1. Develop a strategic marketing plan for UTHSC-H in order to enhance and promote the reputation of UTHSC-H with the expectation of improved recruitment of students, faculty and staff
2. Request special item funding for recruiting nationally and internationally recognized faculty and researchers
3. Support the new Diversity Council in its efforts to oversee attention to diversity in the recruitment and retention processes as well as cultural adjustments to foster diversity in the institution

Resources

1. Recruitment and retention
Special Item funding request: \$16 million over the FY 2006-2007 biennium for UTHSC-H's World's Best Scientists initiative

Progress Measures

1. Recruit 10 to 20 new faculty for the World's Best Scientists initiative
2. Increase in number of women and underrepresented minority faculty and staff

Major Obstacles

1. If additional general revenue and special item funding is not obtained from the next Legislature, UTHSC-H will need to re-budget within existing funds in order to free up resources for this objective

Objective: *Identify and emulate best practices in educational excellence*

Strategies

1. The UTHSC-H Academic Council will identify best practices among our schools for faculty development as educators. These include mentoring programs, teaching awards, an educational scholars fellowship program involving educational collaboration between UTHSC-H and Baylor, and a Master Teachers Program at the Medical School in which funds have been allocated to pay a portion of the salaries of 25 faculty engaged in innovative teaching and curriculum development activities
2. The Academic Council also is conducting an ongoing curriculum review to assess progress in meeting educational objectives, opportunities for interdisciplinary education, collaborative teaching programs, and integration of new programs and new content to build the desired skills and attributes in our students and to ensure that each program becomes linked to competency-based and outcomes-oriented objectives

Resources

1. Master Teacher Program
State funds (Medical School): \$480,000
2. Innovative Teaching faculty grants
State funds (Academic Affairs): \$40,000

Progress Measures

1. Number of program participants
2. Transferability of best practices to other UTHSC-H schools and departments

Major Obstacles

None at this time

Objective: *Enhance support for academic information technology*

Strategies

1. Enhance educational efforts through the use of instructional technology for interactive and distance education. These efforts include expanded use of the Internet2, Blackboard online course management system, videoconferencing capabilities, and The University of Texas TeleCampus
2. Train faculty and staff in the use of this technology

Resources

1. Instructional technology

State funds (in FY 2005 budget): \$249,315

Progress Measures

1. Increased use of educational software and distance learning courses

Major Obstacles

None at this time

II.B. Major Ongoing Priorities and Initiatives: Longer Term Goals and Priorities

UTHSC-H has established the following four longer term priorities: (1) provide facilities to support academic excellence; (2) recruit and retain outstanding educators, researchers, clinical practitioners, students, administrators and staff; (3) increase the scope of the institutions' research enterprise; and (4) launch an integrated marketing initiative to increase visibility and support for the university.

Priority: Provide facilities to support academic excellence

Objective: *Demolish John Freeman Building & construct a new Research and Vivarium Facility*

Strategies

1. Build a mitigated facility designed to withstand the effects of flooding and other natural disasters
2. Deliver an expansion of research space
3. Restore the Vivarium using NIH grant support

Resources

1. Research and Vivarium Facility (\$55.53 million est. TPC)
 - Tuition Revenue Bonds: \$23.6 million
 - Insurance: \$16.6 million
 - Philanthropy: \$9.33 million
 - NIH Grants: \$6 million

Progress Measures

1. Completing project both on-time and within budget
2. Percent increase in research activity upon building's completion
3. Draw down of Vivarium-related NIH grants (2 grants at \$3 million each)
4. Meet established milestones

Major Obstacles

1. Meeting construction deadlines imposed by FEMA and NIH grants

Objective: *Finance and plan for a new Mental Sciences Institute building*

Strategies

1. Confirm that funds are available
2. Confirm site and all necessary approvals
3. Complete plans

Resources

1. Mental Sciences Institute (\$16.5 million est. TPC)
 - UTMDACC: \$15 million
 - TDMHMR: \$1.5 million

Progress Measures

1. Patient satisfaction

Major Obstacles

1. Securing site
2. Securing funding

Objective: *Establish the Institute for Health Policy*

Strategies

1. Commence plans for the establishment of an interdisciplinary Institute for Health Policy as a resource to translate research and new knowledge into practices and policies that can improve health care and public health programs

Resources

1. Institute for Health Policy
Special Item funding request: \$1.5 million over the FY 2006-2007 biennium for core infrastructure

Progress Measures

Progress in the establishment of the Institute for Health Policy

Major Obstacles

1. Receipt of special item funding during the upcoming Legislative session

Objective: *Begin plans to expand the School of Public Health building to house the Institute for Health Policy*

Strategies

1. Identify and secure resources
2. Involve School of Public Health alumni
3. Complete plans

Resources

1. Institute for Health Policy (\$40 million est. TPC)
Tuition Revenue Bonds: \$15 million
Philanthropy: \$25 million

Progress Measures

1. Increase in interdisciplinary activities

Major Obstacles

1. Receipt of Tuition Revenue Bond authority in the upcoming Legislative session
2. Raising \$25 million

Objective: *Begin construction on the Public Health building at the School of Public Health regional campus in Brownsville*

Strategies

1. Identify and secure resources
2. Complete plans and begin construction

Resources

1. School of Public Health Regional Campus in Brownsville (\$4 million est. TPC)
Tuition Revenue Bonds: \$2 million
Philanthropy: \$2 million

Progress Measures

1. Student satisfaction

Major Obstacles

1. Receipt of Tuition Revenue Bond authority in the upcoming Legislative session
2. Raising \$2 million

Objective: *Assist in the development of the Advanced Imaging Center at the UT Research Park*

Strategies

1. Successfully partner with UTMDACC in the design and construction of the Center
2. Continue work on attracting potential tenants to the Research Park

Resources

1. Texas Enterprise Fund: \$25 million

Progress Measures

1. Completion of plans both on-time and within budget
2. Number of viable potential tenants reached

Major Obstacles

1. Achieving the job requirements attached to the Texas Enterprise Fund

Objective: *Establish a long-term plan for new parking facilities*

Strategies

1. Identify need
2. Identify space deficit

Resources

None needed for planning stage

Progress Measures

1. Develop a deliverable plan

Major Obstacles

1. Texas Medical Center space constraints

Objective: *Establish a long-term plan for deferred maintenance*

Strategies

1. Study UTHSC-H's current indirect cost recovery formula allocation relative to deferred maintenance needs
2. Increase visibility for deferred maintenance needs
3. Increase focus on scheduled maintenance in order to contain the growth of deferred maintenance projects

Resources

None needed for planning stage

Progress Measures

1. Develop a deliverable plan

Major Obstacles

1. Reallocating funds to cover identified deferred maintenance needs

Priority: Recruit and retain outstanding educators, researchers, clinical practitioners, students, administrators and staff

Continued progress in advancement of UTHSC-H is inextricably linked to progress in the recruitment and retention of faculty. This is an overarching priority since success of the institution is largely based on the productivity and achievement of the faculty. Faculty success in turn is linked to recruitment and retention of excellent administrators, staff and students.

Objective: *Recruit leaders in biomedical research to key academic and research leadership positions*

Strategies

1. Hire a permanent Dean for the Dental Branch
2. Hire a permanent Dean for the School of Public Health
3. Hire a permanent Dean for the School of Health Information Sciences

Resources

1. Recruitment of leaders
Reallocate existing funds: amount TBD

Special Item funding request: \$16 million over the FY 2006-2007 biennium for UTHSC-H's World's Best Scientists initiative

Progress Measures

1. Appointment of outstanding individuals to key leadership positions at UTHSC-H
2. Improvement in faculty and staff retention and turnover rates
3. Progress in faculty promotion and tenure as measured by the number of faculty advancing in rank and gaining tenure
4. Increase in number of faculty, staff and administrators

Major Obstacles

1. Acquisition of additional funds is a major obstacle to faculty retention and recruitment. UTHSC-H supports having U.T. System make full formula funding and funding for faculty salary increases and salary increases for classified staff and A&P personnel a major priority in the next Legislative session. Also, UTHSC-H seeks U.T. System support in obtaining additional general revenue and/or special item funding for recruitment of additional outstanding scientists in order to expand the faculty at UTHSC-H. Locally, UTHSC-H will vigorously pursue philanthropic support for faculty growth and development.

Objective: *Recruit and retain new faculty with expertise in research (related to objective on page 14: increase start-up funds for research)*

Strategies

1. Continue to support and promote programs designed to enhance faculty retention: mentoring programs, annual reviews that foster mutual agreement between the chair and faculty member regarding progress and expectations, and an Academic Leadership Development Program that is aimed at equipping selected faculty with the knowledge and skills to foster advancement
2. Fill faculty vacancies within the existing budget in order to enhance the institution's academic programs

Resources

1. Recruit and retain new faculty
Reallocate existing funds: amount TBD
Special Item funding request: \$16 million over the FY 2006-2007 biennium for UTHSC-H's World's Best Scientists initiative.

Progress Measures

1. Faculty participation in and satisfaction with current retention programs
2. Percent of faculty vacancies filled within budget
3. Percentage of candidates who accept faculty positions

Major Obstacles

1. Acquisition of additional funds is a major obstacle to faculty retention and recruitment. UTHSC-H supports having U.T. System make full formula funding and funding for faculty salary increases and salary increases for classified staff and A&P personnel a major priority in the next Legislature session. Also, UTHSC-H seeks U.T. System support in obtaining additional general revenue and/or special item funding for recruitment of additional outstanding scientists in order to expand the faculty at UTHSC-H. Locally, UTHSC-H will vigorously pursue philanthropic support for faculty growth and development.

Objective: *Establish a merit pool for faculty and staff*

Strategies

1. Develop mechanisms for annual increases in faculty salaries in order to promote recruitment and retention

2. Develop a similar program for classified staff and administrative and professional (A&P) managers as they are vital to the success of the faculty

Resources

1. Recruit and retain new faculty
Reallocate existing funds: amount TBD
Special Item funding request: \$16 million over the FY 2006-2007 biennium for UTHSC-H's World's Best Scientists initiative.

Progress Measures

1. Improve faculty and staff retention and turnover rates

Major Obstacles

1. Acquisition of additional funds is a major obstacle to faculty and staff retention and recruitment. UTHSC-H supports having U.T. System make funding for faculty salary increases and salary increases for classified staff and A&P personnel a major priority in the next Legislative session. Also, UTHSC-H seeks U.T. System support in obtaining additional general revenue and/or special item funding for recruitment of additional outstanding scientists in order to expand the faculty at UTHSC-H. Locally, UTHSC-H will vigorously pursue philanthropic support for faculty growth and development.

Objective: *Increase start-up funds for research*

Strategies

1. Obtain additional funds to support measured growth in numbers of faculty. The average salary and benefits for a junior faculty member is approximately \$150,000, requiring a recurrent funding source, while an average start-up package for a new researcher is in the range of \$600,000.

Resources

1. Research start-up funds
Special Item funding request: \$16 million over the FY 2006-2007 biennium for UTHSC-H's World's Best Scientists initiative

Progress Measures

1. Increase in leveraged start-up funds for extramural grant awards

Major Obstacles

1. Receipt of special item funding during the upcoming Legislative session

Priority: Increase the scope of the institution's research enterprise

Objective: *Sustain the growth of the research enterprise at a level that matches or exceeds the growth in federal biomedical research support (related to objective above: increase start-up funds for research)*

Strategies

1. Recruit new research scientists to UTHSC-H
2. Implement training programs to support the research career development of "new" investigators
3. Improve the research infrastructure through the development of new resources to support biomedical, clinical and community-based research programs
4. Develop new interdisciplinary and inter-institutional research programs
5. Introduce new research initiatives in areas of biodefense, biotechnology and nanobiology

Resources

1. Sustain research growth
Reallocation of existing funds: amount TBD
University Research Fund: amount TBD

Progress Measures

1. Growth of research expenditures at a rate that either matches or exceeds the rate of growth in federal expenditures in support of biomedical research
2. Maintenance of a rate of publications in peer - reviewed journals by the institutional faculty that matches or exceeds the rate of publications in 1998-2003

Major Obstacles

1. Allocating institutional resources to the research enterprise in ways that have the greatest impact on the growth of research

Objective: *Enhance research productivity through improvements in resources for research management*

Strategies

1. Implement a system for electronic grants preparation and submission
2. Operate of an electronic IRB management system
3. Implement an electronic system for the management of chemical, biologic and radiation safety reporting

Resources

1. Enhance research productivity
 Reallocation of existing information technology resources: amount TBD

Progress Measures

1. Time of transition to electronic grants, IRB and safety management systems

Major Obstacles

1. Supporting while at the same minimizing the burden of compliance with federal state and institutional requirements that regulate the conduct of research
2. Using automated systems for the pre-award processing of sponsored research projects to assure compliance with regulations while simplifying the procedures

Priority: Launch an integrated marketing initiative to enhance the image and reputation of, and increase support for, the UT Health Science Center at Houston

Objective: *Launch the integrated marketing initiative in FY 2005 with full implementation by the end of FY 2006*

Strategies

1. Support the "Best Places to Work" initiative proposed by the Work-Life Program to empower employees and develop brand champions
2. Market the university practice plans to UT Health Science Center employees
3. Produce a four color magazine to complement **Distinctions**; mail to 30,000 addresses, including all alumni, donors and friends
4. Develop an institutional speaker's bureau. Focus on placing speakers that will enhance the image of the health science center and increase patient volumes at the medical, nursing and dental practice plans
5. Expand internal communications to include **Insight**, an employee information service, that will complement **UT Leader** and **News on the Go**
6. Produce signature special events that will enhance image and reputation
7. Be visible in at least ten community events each year
8. Produce a broadcast news release series that focuses on research and clinical achievements
9. Expand **Health Leader** as the portal to the UT Health Science Center at Houston Health Information Network
10. Expand marketing services available to schools, institutes and centers
11. Support the Dental Branch in its Centennial celebration
12. Support the "Making Health Happen" campaign in the School of Public Health

Resources

1. \$388,000 from the Public Affairs budget

2. Contributed funds from the academic units for specific events and activities

Progress Measures

1. Publication of the new university publication; responses from readers
2. Monthly reports on placement of institutional speakers; responses from audiences
3. Web page activity reports
4. Reader responses to **Health Leader** articles
5. Monthly reports on placement of news stories with the media
6. Employee satisfaction studies

Major Obstacles

1. 2% institutional budget reduction for FY 2005
2. Reallocation of funds to underwrite the publication of an institutional magazine

III. Future Initiatives of High Strategic Importance

UTHSC-H has identified the following two future initiatives of high strategic importance: completing the Institute of Molecular Medicine and developing the University of Texas Research Park.

Future Initiative: Complete the development of the Brown Foundation Institute of Molecular Medicine for the Prevention of Human Diseases (IMM)

The University of Texas created the Institute of Molecular Medicine for the Prevention of Human Diseases in 1995 under the leadership of Dr. James T. Willerson and Dr. Hans Muller-Eberhard to address the diseases of our time. Following Dr. Muller-Eberhard's untimely death in 1998, Ferid Murad, M.D., Ph.D., who was later named a Nobel Laureate, became director of the institute. Today, the institute consists of six key research centers; Cardiovascular Diseases, Cell Signaling, Human Genetics, Immunology & Autoimmune Diseases, Protein Chemistry, and Vascular Biology.

In 2001 UTHSC-H launched a \$200 million campaign to build and equip a state-of-the-art home for the IMM, to recruit and retain the world's best molecular and genetic scientists, and to provide them with the resources they need to excel. As evidence of its support for this important project, the Board of Regents committed \$50 million in Permanent University Funds toward the cost of the building, releasing those funds when the campaign reached \$70 million in gifts and grants. To date the campaign has raised \$157 million toward its goal. In recognition of the Brown Foundation's significant contribution of \$20 million, the Regents also approved the addition of the Brown Foundation's name to the IMM.

With the vision of Dr. Willerson, and the leadership of Dr. Murad, UTHSC-H will embark on its second phase. As a part of this phase, the IMM will expand its current exploration into the genetic and molecular aspects of disease and enhance its current efforts aimed at disease prevention and cure. The Institute will also add the efforts of biomedical engineering and biotechnology to provide translational support to all of the IMM research centers. Once fully established, the IMM will lead the way in Texas to new discoveries, higher levels of education, increased collaboration among our sister Texas Medical Center institutions, more effective patient care, and ultimately, prevention of common human diseases.

Measurable outcomes for this initiative include:

1. number of faculty members hired
2. number of faculty awards and honors
3. number and dollar amount of new and renewed contracts and grants

Future Initiative: Develop the University of Texas Research Park

UTHSC-H will partner with UT M.D. Anderson Cancer Center, and collaborate with other Texas Medical Center entities, in the development of a research center designed to foster the growth of the life sciences industry in Texas through new business formation, expansion of existing businesses, technology transfer, and education of a highly skilled technology workforce. When developed, the park will contain more than 1.2 million square feet of modern, well-equipped research, laboratory, office and support space for

public-private partnerships and not-for-profit research and will bring together a critical mass of technological interests in the basic, translational and clinical sciences available in Houston.

Supported by funding from a multitude of private and governmental sources, the park will boast state-of-the-art laboratories, offices, training centers and conference or business resource/support facilities to assist new companies in testing the viability of their ideas.

UT M. D. Anderson projects already open or under construction include:

1. The R. E. "Bob" Smith Research Building, focused on cancer biology, metastasis and pediatrics
2. A recently opened facility for immunology and hematological malignancies, and a facility under construction for molecular therapeutics, gastrointestinal oncology and molecular pathology.
3. A \$125 million Proton Therapy Center, a public-private partnership under construction, will bring the most advanced radiation technology in the world to the park. When it opens in 2006, it will exemplify the type of academic and commercial collaborations envisioned for the park. Participants include M.D. Anderson, Hitachi and General Electric. Investors include the Houston Police and Fire Departments' retirement funds.

The City of Houston and Harris County have committed \$40 million toward the UT Research Park infrastructure, and the Texas Legislature is providing an additional \$20 million for infrastructure. The General Land Office has been working with a group of venture capital and merchant banking firms and their client companies. This working group, together with Bio-Houston, has developed a strategy that could position Houston and the State of Texas as a viable contender for the next significant biotechnology cluster in the United States.

Measurable outcomes for this initiative include:

1. Number and dollar amount (indirect and direct) of contracts and grants
2. Number and dollar amount of technology transfer that result from new discoveries
3. Number of partnerships or collaborations with participating private companies

IV.A. Other Critical Issues Related to Institutional Priorities: Impact of Initiatives

1. Enrollment Management

Please refer to the section on page 7 regarding recruitment and retention.

2. Diversity of Faculty and Staff

Please refer to pages 7-8.

3. Community and Institutional Relations Maintaining cordial relationships with the community and other institutions is a vital factor in managing UTHSC-H's image and reputation, as well as cultivating support from those sources. In support of both short term and long term goals, the institution provides the following offices that perform community and institutional relations activities:

- a. The Office of Development
 - Donor Relations
 - Capital Campaigns
 - Endowment Campaigns
- b. The Office of Governmental Relations
 - Federal Relations
 - State Relations
- c. The Office of Public Affairs
 - Media Relations
 - Community Services

Health Information Services
Publications

- d. The Office of Community and Educational Outreach
 - K-12 partnerships and collaborations
 - Career education
- e. The Office of International Programs
 - International affiliations
 - International education

4. **Finances (tuition and market issues)**

In addition to revenue sources identified elsewhere in this document to support meeting our institutional priorities, UTHSC-H has already earmarked new revenue generated from increasing tuition beginning with the 2004-2005 academic year (6.8 percent overall increase over FY 2003) to enhance the quality of our educational programs and the recruitment and retention of excellent faculty. All of the new tuition revenue (estimated at \$1.3 million) will go directly to the schools and will be used to support faculty recruitment and retention efforts, improve the quality of teaching, provide basic student services and ensure that the infrastructure is in place to support our academic programs and the development of outreach efforts through distance education. This new revenue will facilitate our efforts to ensure that our academic programs remain competitive and further our ability to attract the best faculty and students.

5. **Facilities**

Please refer to pages 3-5 and 10-12.

6. **Other Infrastructure Issues**

Not applicable

IV.B. Other Critical Issues Related to Institutional Priorities: Unexpected Opportunities or Crises

In FY 2003, UTHSC-H faced the dual challenge of major administrative restructuring in order to improve efficiency and reduce expenditures coupled with a reduction in general revenue appropriations. While these measures have been implemented, they have left the institution in a state of significantly constrained finances.

V. System and State Priorities

1. **Increasing Student Access and Success** In accordance with the State's Uniform Recruitment and Retention Strategy and *Closing the Gaps* initiative, UTHSC-H has several programs in place to attract, enroll, retain, educate, and graduate students who reflect the socio-cultural and ethnic composition of Texas. Select programs include:

- a. InterCon (*Inter-University and Public School Connections for the Advancement of Education and Research in the Health Professions, Health Sciences and Biotechnology*)
- b. Medical Assured and Dental Early Acceptance Programs
- c. Medical School and Dental Branch Summer Enrichment Programs.
- d. Medical School Alternate Pathway Program
- e. Medical School Pre-Entry Program

2. **Collaborations among U.T. System Institutions** Collaboration among UTHSC-H faculty, both within and without the university, is a critical factor in helping advance the health of the people of the State of Texas. UTHSC-H has several collaborative efforts in place with other U.T. System components; a brief listing of those (as included in the U. T. System Collaboration Survey) is as follows:

- a. The University of Texas Graduate School of Biomedical Sciences at Houston joint program with the University of Texas M. D. Anderson Cancer Center
- b. The Center for Academic and Reading Skills (CARS)
- c. The Gulf Coast Consortia
- d. Support of Human Subjects Protection Program at UTHSC-H and Regional Consortium of IRBs
- e. Programs in Biotechnology
- f. Hispanic Health Research Center (HHRC) (Lower Rio Grande Valley)
- g. Collaborative Doctoral Degree in Nursing program with UT El Paso
- h. Collaborative Master of Public Health Degree Program with UTEP

3. **Increasing External Research Funding**

UTHSC-H at Houston's FY 2003 research expenditures totaled \$149.6 million, a one-year increase of 8.9 percent. In the past five years, research expenditures rose 39.8 percent and while the past decade has seen a 112.5 percent increase. Over the next five years, we anticipate a 3 percent to 4 percent increase in federal research expenditures each year.

As the NIH decreases funds allocated to research, growth in research expenditures will likely follow the downward trend. However, recruitment efforts are underway for the Brown Foundation Institute of Molecular Medicine for the Prevention of Human Diseases and school-based research programs. As new faculty come on line, growth in research expenditures will likely follow.

4. **Increasing Tangible Marks of Academic and Health Care Excellence**

- a. UTHSC-H National Institutional Rankings Summary
 - #83 in FY 2001 science and engineering expenditures (NSF, 2003)
 - In top 26-50 of public research universities (Lombardi Center, 2003)
- b. UTHSC-H National School Rankings Summary
 - School of Nursing – top 10 percent of graduate programs (*U.S. News*, 2003)
 - School of Public Health – in top 12 nationally (*U.S. News*, 2002)
- c. UTHSC-H Faculty Strength
 - 1 Nobel Prize laureate
 - 1 Prince Mahidol Award for Medicine winner
 - 4 Institute of Medicine members
 - 1 National Academy of Science member
 - 3 Academy of Arts and Sciences Fellows
 - 13 American Academy of Nursing Fellows
 - 2 American College of Medical Informatics Fellows
 - 6 American Association for the Advancement of Science Fellows
 - 8 American Society for Clinical Investigation members
 - 19 faculty members named as *America's Top Doctors*

5. **Development and Alumni Relations**

With respect to Development activities, the past two years have been the most productive in the University's history. In the past two fiscal years alone, more than \$110 million has been philanthropically committed, and more than \$65 million in cash gifts (not counting new pledges) during that same period of time. Prior to FY 2002, the most ever raised in total commitments during a given year was \$28 million and the biggest cash year produced \$22 million.

Most, though not all, of the dramatic increase in fund raising can be attributed to the success to date of the New Frontiers Campaign, began in 2001, to raise \$200 million for the Brown Foundation Institute of Molecular Medicine for the Prevention of Human Disease (IMM). Less than three years into the effort, the campaign total stands at close to \$160 million. The campaign has

produced the five largest gifts in University history, including the \$20 million pledge that led to the naming of the IMM, plus four others ranging from two \$10 million pledges to \$3 million.

Though the New Frontiers Campaign continues in high gear, the University development operation is also now helping to focus on the priority needs of the various schools. One example is the \$10-million effort to help fund the new Surgical and Clinical Skills Center at the University of Texas Medical School at Houston and another is the \$1 million campaign to purchase equipment for the Center for Nursing Research at the University of Texas School of Nursing. Within each of the six schools, endowments for student scholarships and faculty are among the most important fund raising priorities.

VI. Compact Development Process

Within the past year UTHSC-H has seen many changes in Executive-level positions. A new Senior Executive Vice President and Chief Operating Officer, as well as new Executive Presidents for Academic Affairs, Research, Clinical Affairs, and Finance are providing the university with fresh perspective and opportunity. Recognizing that strategic planning is essential during such a time of change, UTHSC-H leaders welcomed the chance to create a Compact with The U. T. System that could also serve as a springboard to the university's re-energized strategic planning process. UTHSC-H President Willerson initiated the university's compact development process by appointing a seven member executive-level steering team. Rather than create the Compact amongst them, the team strove to create an inclusive process and enlisted the help and support of each dean, executive vice president and vice president on their respective short- and long-term priorities. The team then formulated a matrix of these priorities and made presentations to university constituencies, including the Executive Council and the faculty, student and staff governance organizations. Input received from these constituencies allowed the team to develop the priority lists contained in this Compact.

When the draft compact was complete, the Steering Team assigned "owners" to each objective. Each owner is to take the lead in accomplishing his or her objective. Under the direction of the Senior Executive Vice President and Chief Executive Officer, owners must also prepare a quarterly report to the university's Executive Council on the status of their objective(s). The first of these quarterly meetings was held on May 26, 2004, with a follow-up scheduled for June 24, 2004. During the May meeting, owners reiterated the stated objective, strategy, funding, etc. If the objective appeared on track, they so stated. At this point, other Executive Council members were asked to bring forth any questions or concerns about the objective. If there was no discussion, the Council moved on to the next objective. If concerns or recommendations were made, the Council discussed them, modified the write-up if required, made decisions to address concerns, or set follow-up meetings as necessary. The next quarterly meeting is scheduled for September 2004.

In addition to the priorities listed in this Compact document, there are others that fall outside the Compact's FY 2005-2006 period. For this reason, UTHSC-H plans to create and maintain a longer-term planning document that will allow the development of a more strategic process to include:

1. the creation of a mechanism to tie planning to budgeting;
2. the use of metrics to include not only the measures, but also responsible parties; and
3. implementation of quarterly and/or annual reports as appropriate

UTHSC-H leadership views this as a dynamic process that will evolve over time and contribute to the university's long term strength and stability.

VII. System Contributions

1. Legislative funding (Governmental Relations)
2. Capital building (Facilities Planning and Construction)

3. Salaries for faculty (Governmental Relations; External Relations and Development)
4. Marketing health science by the entire U.T. System (Health Affairs; Public Affairs)

Appendices

Appendix 1: Budget Summary

**The University of Texas Health Science Center at Houston
Operating Budget
Fiscal Year Ending August 31, 2004**

	FY 2003 Adjusted Budget	FY 2004 Operating Budget	Budget Increases (Decreases) From 2003 to 2004	
			Amount	Percent
Operating Revenues:				
Tuition and Fees	\$ 12,623,083	14,585,501	1,962,418	15.5%
Federal Sponsored Programs	100,841,187	118,200,108	17,358,921	17.2%
State Sponsored Programs	31,742,977	25,475,673	(6,267,304)	-19.7%
Local and Private Sponsored Programs	100,111,487	111,035,109	10,923,622	10.9%
Net Sales and Services of Educational Activities	13,626,113	13,539,247	(86,866)	-0.6%
Net Sales and Services of Hospital and Clinics	8,000,000	8,790,350	790,350	9.9%
Net Professional Fees	98,510,257	99,895,626	1,385,369	1.4%
Net Auxiliary Enterprises	17,069,442	13,767,770	(3,301,672)	-19.3%
Other Operating Revenues	7,698,801	5,891,025	(1,807,776)	-23.5%
Total Operating Revenues	390,223,347	411,180,409	20,957,062	5.4%
Operating Expenses:				
Instruction	224,564,164	237,175,049	12,610,885	5.6%
Academic Support	20,453,174	22,492,473	2,039,299	10.0%
Research	112,764,601	120,529,511	7,764,910	6.9%
Public Service	12,846,502	13,284,167	437,665	3.4%
Hospitals and Clinics	77,274,079	69,400,966	(7,873,113)	-10.2%
Institutional Support	58,415,807	54,168,118	(4,247,689)	-7.3%
Student Services	3,203,124	4,602,680	1,399,556	43.7%
Operations and Maintenance of Plant	23,030,647	20,077,523	(2,953,124)	-12.8%
Scholarships and Fellowships	1,838,272	2,207,789	369,517	20.1%
Auxiliary Enterprises	24,288,925	14,401,061	(9,887,864)	-40.7%
Total Operating Expenses	558,679,295	558,339,337	(339,958)	-0.1%
Operating Surplus/Deficit	(168,455,948)	(147,158,928)	21,297,020	-12.6%
Nonoperating Revenues (Expenses):				
State Appropriations & HEAF	150,719,860	137,753,540	(12,966,320)	-8.6%
Gifts in Support of Operations	4,728,767	5,368,278	639,511	13.5%
Net Investment Income	9,366,922	5,262,936	(4,103,986)	-43.8%
Other Non-Operating Revenue	3,806,660	4,287,655	480,995	12.6%
Other Non-Operating (Expenses)	-	-	-	-
Net Non-Operating Revenue/(Expenses)	168,622,209	152,672,409	(15,949,800)	-9.5%
Transfers and Other:				
Transfers From Endowments	-	-	-	-
Transfers (To) Endowments	-	-	-	-
AUF Transfers Received	-	-	-	-
AUF Transfers (Made)	-	-	-	-
Transfers From (To) Unexpended Plant	-	-	-	-
Transfers for Debt Service	(6,409,180)	(8,391,593)	(1,982,413)	30.9%
Other Additions and Transfers	3,797,660	4,080,823	283,163	7.5%
Other Deductions and Transfers	(5,558,159)	(4,432,912)	1,125,247	-20.2%
Total Transfers and Other	(8,169,679)	(8,743,682)	(574,003)	7.0%
Surplus/(Deficit)	\$ (8,003,418)	(3,230,201)	4,773,217	-59.6%
Total Revenues	\$ 558,845,556	563,852,818	5,007,262	0.9%
Total Expenses and Debt Service Transfers	(565,088,475)	(566,730,930)	(1,642,455)	0.3%
Surplus (Deficit)	\$ (6,242,919)	(2,878,112)	3,364,807	

Appendix 2: UTHSC-H Statistical Profile

	1999	2000	2001	2002	2003
Fall UG headcount enrollment					
Dental	76	78	74	78	
Nursing	186	186	258	281	
Fall Grad/professional headcount enrollment					
Biomedical Sciences	424	416	443	465	
Dental branch	325	330	370	362	
Health Info. Sciences	36	45	64	62	
Medical School	831	817	830	825	
Nursing	392	395	390	402	
Public Health	922	910	890	885	
Total enrollment	3,192	3,177	3,319	3,360	3,405
	year of matriculation				
	1999	2000	2001	2002	
Undergrad degrees awarded					
Dental	31	35	39	34	
Baccalaureate awards					
Nursing	91	91	97	116	
Grad/Professional degrees awarded					
Nursing	113	122	135	92	
Health Information Sciences	0	3	15	12	
Dental	111	111	104	122	
Biomedical Science	98	74	67	75	
Public Health	151	142	147	154	
Medical	195	201	186	214	
Total	668	653	654	669	
Accredited GME resident programs	51				53
Residents in GME accredited programs	698				761
	1999	2000	2001	2002	2003
Federal research expenditures	\$72,684,141	\$82,991,431	\$91,267,003	\$101,738,767	\$111,170,193
	1999	2000	2001	2002	2003
Faculty fall headcount	1,085	1,080	1,187	1,270	
Staff fall headcount					
Classified	2,893	3,016	2,972	2,941	3,622
Non-Classified	279	293	283	1,602	1,140
Hospital admissions, hospital days, clinic visits					
Hospital admissions	5,263	5,186	5,700	6,135	
Hospital days	276,273	248,045	221,127	243,315	
Clinic visits	1,100,253	838,448	553,976	671,891	
Un-sponsored charity care	\$56,869,784	\$82,152,677	\$90,024,051	\$103,279,853	
Endowment total value	\$77,088,000				\$99,139,000

5-year enrollment trends

School	Fall '99	Fall '00	Fall '01	Fall '02	Fall '03
Dental Branch	379	374	414	413	410
Graduate School	424	415	443	465	490
Health Info Sci	36	45	64	62	74
Medical School	831	818	830	825	837
Nursing	578	581	646	683	698
Public Health	922	910	890	887	908
UTHSC-H Total	3,170	3,416	3,287	3,335	3,417
Student FTEs	2,668.32	2,638.57	2,734.46	2,823.74	2,891.69

Retention & Graduation Rates

School - Program	Matric 98	Matric 99	Matric 00	Matric 01
Dental Branch - DDS	85%	85%	95%	--
Dental Branch - Hygiene	88%	95%	95%	87%
Health Info Sci - MS	58%	50%	23%	--
Health Info Sci - PhD	--	--	--	--
Medical School - MD	78%	87%	86%	
Nursing - BSN	91%	89%	91%	91%
Nursing - MSN	96%	90%	96%	
Nursing - DSN	67%	--	--	--
Public Health - MPH	50%	48%	43%	36%
Public Health - MS	44%	65%	50%	25%
Public Health - DrPH	42%	9%	20%	13%
Public Health - PhD	87%	67%	67%	--

Faculty & Staff FTEs

Employees	Fall '99	Fall '00	Fall '01	Fall '02	Fall '03
Faculty	1,040.49	1,036.19	1,090.07	1,083.76	1,186.91
Staff (Class., A&P)	3,178.97	3,171.11	3,194.38	3,214.20	3,169.47
UTHSC-H Total	4,219.46	4,207.30	4,284.45	4,297.96	4,356.38

FTE Student/FTE Faculty Ratio

Ratio	Fall '99	Fall '00	Fall '01	Fall '02	Fall '03
Ratio	1:0.39	1:0.39	1:0.40	1:0.38	1:0.41

Degrees/Faculty FTE Ratio

Ratio	Fall '99	Fall '00	Fall '01	Fall '02	Fall '03
Degrees Conferred	789	779	790	819	805
Ratio	1:1.32	1:1.33	1:1.38	1:1.32	1:1.47

Instructional Expenditures/FTE Student Ratio

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
Instruct'l Exp.	\$188,384,819	\$194,417,699	\$197,066,378	\$210,931,085	\$224,179,029
Ratio	\$70,601:1	\$73,683:1	\$72,068:1	\$74,699:1	\$77,525:1

Endowment Total Value

Book Value	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
Book Value	\$27,218,275	\$33,147,882	\$41,986,448	\$46,068,781	\$56,048,814

Appendix 3: Institution-specific Information

Peer Analysis

UTHSC-H is looking at ways to benchmark progress against a set of comparative and aspirational peer institutions. Comparative peer institutions are likely to include UT Southwestern Medical Center, UTMB-Galveston, UTHSC-San Antonio, University of North Carolina-Chapel Hill and the University of Michigan. Aspirational peer institutions could include University of Washington-Seattle, University of California San Diego, University of California San Francisco, University of California Los Angeles, Johns Hopkins University, Stanford University, Harvard University, Yale University and Washington University St. Louis.

Appendix 4: Links to Web Resources

UTHSC-H *Fact Book 2004*

www.uth.tmc.edu/factbook/2004/index.html

U. T. System Accountability and Performance Report

www.utsystem.edu/cha/Accountability.htm



Short Term Priorities

- Develop facilities to support mission
 - School of Nursing
 - Medical School
 - Dental Branch
 - Institute of Molecular Medicine
- Increase scope of research enterprise
 - Interdisciplinary and interinstitutional programs
 - Bridging grants
 - Infrastructure
- Enhance educational excellence
 - Recruit and retain exemplary faculty, staff and students
 - Benchmark best practices



Long Term Priorities

- Complete campus improvement plan
- Recruit and retain faculty and staff
- Increase research
- Develop U. T. Research Park
- Implement a marketing initiative
- Conduct a comprehensive campaign





Summary

- We included many in the process
- We focused on mission and vision
- We focused our priorities
- We reallocated our resources
- We will use the Compact strategically
 - Strategic Planning
 - Capital Campaign
 - SACS Self-study





TABLE OF CONTENTS FOR FACILITIES PLANNING AND CONSTRUCTION COMMITTEE

Committee Meeting: 5/11/2005

Austin, Texas

Board Meeting: 5/12/2005

Austin, Texas

John W. Barnhill, Jr., Chairman

H. Scott Caven, Jr.

Rita C. Clements

Robert A. Estrada

Woody L. Hunt

	Committee Meeting	Board Meeting	Page
Convene	<i>2:30 p.m. Chairman Barnhill</i>		
1. U. T. System: Consideration of designation of the U. T. Austin Applied Research Lab Expansion - Phase II project as architecturally or historically significant	<i>2:35 p.m. Action Mr. Sanders</i>	Not on Agenda	60
2. U. T. Austin: Institute for Geophysics and Advanced Computing Center - Amendment of the FY 2004-2009 Capital Improvement Program and the FY 2004-2005 Capital Budget to increase the total project cost; approval to revise funding sources; approval of design development; approval of evaluation of alternative energy economic feasibility; appropriation of funds and authorization of expenditure; and resolution regarding parity debt	<i>2:38 p.m. Action Mr. Sanders</i>	Action	60
3. U. T. Austin: MRI Imaging Center, Phase I and II - Amendment of the FY 2004-2009 Capital Improvement Program and the FY 2004-2005 Capital Budget to reduce appropriation of funds; approval to increase funding source; appropriation of funds and authorization of expenditure; and resolution regarding parity debt	<i>2:43 p.m. Action Mr. Sanders</i>	Action	62
4. U. T. Dallas: Parking Garage I - Request for approval of design development; approval of evaluation of alternative energy economic feasibility; appropriation of funds and authorization of expenditure; and resolution regarding parity debt	<i>2:48 p.m. Action Mr. Sanders</i>	Action	64
5. U. T. Pan American: Student Housing Phase II - Amendment of the FY 2004-2009 Capital Improvement Program and the FY 2004-2005 Capital Budget to decrease total project cost; approval of design development; approval of evaluation of alternative energy economic feasibility; appropriation of funds and authorization of expenditure; and resolution regarding parity debt	<i>2:53 p.m. Action Mr. Sanders</i>	Action	66

	Committee Meeting	Board Meeting	Page
6. U. T. San Antonio: Biotechnology, Sciences and Engineering Building, Phase II (formerly East Campus Building Phase I) - Amendment of the FY 2004-2009 Capital Improvement Program and the FY 2004-2005 Capital Budget to reduce the total project cost; approval of design development; and approval of evaluation of alternative energy economic feasibility	<i>2:58 p.m.</i> Action <i>Mr. Sanders</i>	Action	68
7. U. T. San Antonio: Recreation and Wellness Facilities, Phase II - Amendment of the FY 2004-2009 Capital Improvement Program and the FY 2004-2005 Capital Budget to reduce the total project cost; approval to revise funding sources; approval of design development; approval of evaluation of alternative energy economic feasibility; appropriation of funds and authorization of expenditure; and resolution regarding parity debt	<i>3:03 p.m.</i> Action <i>Mr. Sanders</i>	Action	70
8. U. T. San Antonio: Thermal Energy Plant No. 2 - Amendment of the FY 2004-2009 Capital Improvement Program and the FY 2004-2005 Capital Budget to increase the total project cost; appropriation of additional funds and authorization of expenditure; and resolution regarding parity debt	<i>3:08 p.m.</i> Action <i>Mr. Sanders</i>	Action	72
9. U. T. San Antonio: University Center Expansion Phase III - Amendment of the FY 2004-2009 Capital Improvement Program and the FY 2004-2005 Capital Budget to decrease the total project cost; approval of design development; approval of evaluation of alternative energy economic feasibility; appropriation of funds and authorization of expenditure; and resolution regarding parity debt	<i>3:13 p.m.</i> Action <i>Mr. Sanders</i>	Action	73
10. U. T. Southwestern Medical Center - Dallas: Biosafety Level Three Laboratory - Amendment of the FY 2004-2009 Capital Improvement Program and the FY 2004-2005 Capital Budget to increase the total project cost; approval to revise funding sources; approval of design development; approval of evaluation of alternative energy economic feasibility; appropriation of funds and authorization of expenditure; resolution regarding parity debt; and redesignation of project as the Clean Rodent Housing/Biosafety Level Three Laboratory	<i>3:18 p.m.</i> Action <i>Mr. Sanders</i>	Action	76
11. U. T. Health Science Center - Houston: Replacement Research Facility - Amendment of the FY 2004-2009 Capital Improvement Program and the FY 2004-2005 Capital Budget to increase total project cost and appropriation of funds and authorization of expenditure	<i>3:21 p.m.</i> Action <i>Mr. Sanders</i>	Action	78
12. U. T. Health Science Center - San Antonio: Teaching/Learning Lab - Laredo - Request for approval of design development; approval of evaluation of alternative energy economic feasibility; appropriation of funds and authorization of expenditure; and resolution regarding parity debt	<i>3:24 p.m.</i> Action <i>Mr. Sanders</i>	Action	80

	Committee Meeting	Board Meeting	Page
13. U. T. M. D. Anderson Cancer Center: Honorific naming of the animal facility in the Clinical Research Building as The John H. Jardine Center for Veterinary Medicine and Surgery	<i>3:28 p.m.</i> Action <i>Mr. Sanders</i>	Action	82
Adjourn	<i>3:30 p.m.</i>		

1. **U. T. System: Consideration of designation of the U. T. Austin Applied Research Lab Expansion - Phase II project as architecturally or historically significant**

RECOMMENDATION

It is recommended that the Committee review the following project scheduled for architectural selection for possible designation as architecturally or historically significant pursuant to the Regents' *Rules and Regulations*, Series 80302:

U. T. Austin

Applied Research Lab Expansion - Phase II
 Proposed Project Cost: \$2,500,000
 Anticipated Delivery Method: Construction Manager at Risk

2. **U. T. Austin: Institute for Geophysics and Advanced Computing Center - Amendment of the FY 2004-2009 Capital Improvement Program and the FY 2004-2005 Capital Budget to increase the total project cost; approval to revise funding sources; approval of design development; approval of evaluation of alternative energy economic feasibility; appropriation of funds and authorization of expenditure; and resolution regarding parity debt**

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Faulkner that the U. T. Board of Regents approve the recommendations for the Institute for Geophysics and Advanced Computing Center project at The University of Texas at Austin as follows:

Project Number: 102-128

Architecturally or Historically Significant: Yes No

Project Delivery Method: Construction Manager at Risk

Substantial Completion Date: September 2006

Total Project Cost:	<u>Source</u>	<u>Current</u>	<u>Proposed</u>
	Designated Tuition	\$18,000,000	
	Revenue Financing System Bond Proceeds		\$16,944,000
	Interest on Local Funds		<u>\$ 3,500,000</u>
			\$20,444,000

- a. amend the FY 2004-2009 Capital Improvement Program (CIP) and the FY 2004-2005 Capital Budget to increase the total project cost;
- b. revise the funding sources;
- c. approve design development plans;
- d. approve the evaluation of alternative energy economic feasibility;
- e. appropriate funds and authorize expenditure of funds; and
- f. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
 - parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;
 - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. Board of Regents relating to the Financing System; and
 - U. T. Austin, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. Board of Regents of tax-exempt parity debt in the aggregate amount of \$16,944,000.

BACKGROUND INFORMATION

Debt Service

The \$16,944,000 debt service in Revenue Financing System debt will be repaid from indirect cost recovery from the building use and the John A. and Katherine G. Jackson endowment. Total annual debt service on the project is estimated at \$1,165,839. Debt service coverage on the project is expected to be at least 5.99 times.

Previous Board Action

On August 8, 2001, the project was included in the CIP with a preliminary project cost of \$18,000,000 with funding from Designated Tuition.

Project Description

The project will consist of a three-story facility with approximately 95,000 gross square feet to include research offices, work areas, seminar and training areas for the Institute for Geophysics, and offices and a computer machine room for the Texas Advanced Computing Center (TACC). Common spaces include a reception area, display areas, a lunch room, and parking. The project site is located on the J. J. Pickle Research Campus.

The increase in total project cost is necessary to provide a new, three-story connection between the existing Bureau of Economic Geology Building and the new building. The new connecting lobby of the new John A. and Katherine G. Jackson School of Geosciences will allow interaction of personnel between the buildings on three levels. The increase will also provide funding for 24 additional offices for the TACC. Changing the funding for the current planned scope of the project will adjust the financial model to optimize the amount of debt on the project.

This facility is needed to provide advanced computing resources, including both computing systems and software, and conducting research development activities that enhance the capabilities of advanced computing resources.

Texas Government Code Section 2166.403 requires the governing body of a State agency to verify in an open meeting the economic feasibility of incorporating alternative energy devices into a new State building. Therefore, the Project Architect prepared an evaluation for this project in accordance with the Energy Conservation Design Standards for New State Buildings. This evaluation determined that alternative energy devices such as solar, wind, biomass, or photovoltaic energy are not economically feasible for the project.

The economic impact of the project will be reported to the U. T. Board of Regents as part of the design development presentation.

3. **U. T. Austin: MRI Imaging Center, Phase I and II - Amendment of the FY 2004-2009 Capital Improvement Program and the FY 2004-2005 Capital Budget to reduce appropriation of funds; approval to increase funding source; appropriation of funds and authorization of expenditure; and resolution regarding parity debt**

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Faulkner that the U. T. Board of Regents approve the recommendations for the MRI Imaging Center, Phase I and II project at The University of Texas at Austin as set forth on Page 63.

Project Number: 102-197

Architecturally or Historically Significant: Yes No

Project Delivery Method: Construction Manager at Risk

Substantial Completion Date: November 2005

Total Project Cost:	<u>Source</u>	<u>Current</u>	<u>Proposed</u>
	Unexpended Plant Funds	\$2,100,000	\$1,500,000
	Revenue Financing System Bond Proceeds	\$2,550,000	\$3,150,000
	Gifts	<u>\$ 850,000</u>	<u>\$ 850,000</u>
		\$5,500,000	\$5,500,000

- a. amend the FY 2004-2009 Capital Improvement Program (CIP) and the FY 2004-2005 Capital Budget to reduce the appropriation of \$2,100,000 to \$1,500,000 from Unexpended Plant Funds;
- b. increase the funding source from \$2,550,000 to \$3,150,000 from Revenue Financing System Bond Proceeds;
- c. appropriate funds and authorize expenditure of additional funds of \$600,000; and
- d. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
 - parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;
 - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. Board of Regents relating to the Financing System; and
 - U. T. Austin, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. Board of Regents of tax-exempt parity debt in the aggregate amount of \$600,000.

BACKGROUND INFORMATION

Debt Service

The additional \$600,000 in Revenue Financing System debt will be repaid from net lease revenues generated by the project. Annual debt service on the total \$3,150,000 is estimated at \$204,912. Debt service coverage on the project is expected to be at least 1.25 times and average 1.36 times over the first five years of operation.

Previous Board Actions

On February 4, 2004, the project was included in the CIP with a preliminary project cost of \$5,500,000 with funding from Grants. On August 12, 2004, the Board approved the design development plans and revised the funding sources for a total project cost of \$5,500,000 with funding of \$2,100,000 from Unexpended Plant Funds, \$2,550,000 from Revenue Financing System Bond Proceeds, and \$850,000 from Grants.

Project Description

The MRI Imaging Center, Phase I and II at U. T. Austin will construct a facility containing approximately 9,000 gross square feet to house a 3-Tesla MRI. U. T. Austin will utilize the new MRI Imaging Center to focus on education and research in the fields of imaging, bio-behavioral substance abuse disorders, and bioengineering. Modifying the funding sources will more specifically reflect the actual and final financing for the project and will allow completion of construction.

U. T. Austin has developed a relationship with the Central Texas Veterans Health Care System (CTVHCS) and The University of Texas Medical Branch at Galveston to establish a joint imaging center. CTVHCS will use the MRI Center primarily for research concerning the aging process, brain and spinal cord injuries, dementia and neuronal degeneration, major psychosis, mood disorder and stress, sensory disorder, and substance abuse.

- 4. U. T. Dallas: Parking Garage I - Request for approval of design development; approval of evaluation of alternative energy economic feasibility; appropriation of funds and authorization of expenditure; and resolution regarding parity debt**

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Jenifer that the U. T. Board of Regents approve the recommendations for the Parking Garage I project at The University of Texas at Dallas as set forth on Page 65.

Project Number: 302-206

Architecturally or Historically Significant: Yes No

Project Delivery Method: Competitive Sealed Proposals

Substantial Completion Date: August 2006

Total Project Cost:	<u>Source</u>	<u>Current</u>
	Revenue Financing System Bond Proceeds	\$8,000,000

- a. approve design development plans;
- b. approve the evaluation of alternative energy economic feasibility;
- c. appropriate funds and authorize expenditure of funds; and
- d. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
 - parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;
 - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. Board of Regents relating to the Financing System; and
 - U. T. Dallas, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. Board of Regents of tax-exempt parity debt in the aggregate amount of \$8,000,000.

BACKGROUND INFORMATION

Debt Service

The \$8,000,000 debt service in Revenue Financing System debt will be repaid from net revenues generated by increases for parking decals and parking fees that went into effect last year. Total annual debt service on the project is estimated at \$581,191. Debt service coverage on the project is expected to be at least 1.40 times and average 1.58 times over the first six years of operation.

Previous Board Action

On August 8, 2003, the project was included in the CIP with a preliminary project cost of \$8,000,000 with funding from Revenue Financing System Bond Proceeds.

Project Description

The project will consist of 160,000 gross square feet and provide an additional 500 parking spaces on the southeast side of campus to accommodate increased parking needs for all users on campus. The parking structure will house 1,500 gross square feet of office space for the parking and transportation department.

Texas Government Code Section 2166.403 requires the governing body of a State agency to verify in an open meeting the economic feasibility of incorporating alternative energy devices into a new State building. Therefore, the Project Architect prepared an evaluation for this project in accordance with the Energy Conservation Design Standards for New State Buildings. This evaluation determined that alternative energy devices such as solar, wind, biomass, or photovoltaic energy are not economically feasible for the project.

The economic impact of the project will be reported to the U. T. Board of Regents as part of the design development presentation.

- 5. **U. T. Pan American: Student Housing Phase II - Amendment of the FY 2004-2009 Capital Improvement Program and the FY 2004-2005 Capital Budget to decrease total project cost; approval of design development; approval of evaluation of alternative energy economic feasibility; appropriation of funds and authorization of expenditure; and resolution regarding parity debt**

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Cárdenas that the U. T. Board of Regents approve the recommendations for the Student Housing Phase II project at The University of Texas - Pan American as follows:

Project Number: 901-125

Architecturally or Historically Significant: Yes No

Project Delivery Method: Design/Build

Substantial Completion Date: August 2006

Total Project Cost:	<u>Source</u>	<u>Current</u>	<u>Proposed</u>
	Revenue Financing System Bond Proceeds	\$12,800,000	\$12,500,000

- a. decrease total project cost;
- b. approve design development plans;
- c. approve the evaluation of alternative energy economic feasibility;
- d. appropriate funds and authorize expenditure of funds; and
- e. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
 - parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;
 - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. Board of Regents relating to the Financing System; and
 - U. T. Pan American, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. Board of Regents of tax-exempt parity debt in the aggregate amount of \$12,500,000.

BACKGROUND INFORMATION

Debt Service

The \$12,500,000 in Revenue Financing System debt will be repaid from net revenues generated on the project. Total annual debt service on the student housing project is estimated at \$1,045,992. Overall debt service coverage for Student Housing is expected to average 1.43 times over the next five years of operation.

Previous Board Action

On March 10, 2005, the project was included in the Capital Improvement Program (CIP) with a preliminary project cost of \$12,800,000 with funding from Revenue Financing System Bond Proceeds.

Project Description

The project will contain dormitory style housing with 400 beds in two residential buildings with four floors. This state-of-the-art residential facility will house undergraduate

students and be arranged in a suite configuration. Common areas will include study rooms, computer rooms, meeting rooms, and support areas. The total project cost was decreased to match the debt capacity to move the project forward.

Two dormitories built in 1969 house a total of 384 beds. The Student Housing Phase I project completed in May 2000 provided housing for approximately 225 students. Even with this project, occupancy for on-campus housing is full. Because of the 1,000 additional freshmen anticipated for Fall 2006 from the UTPA GEARUP program to encourage students to take a college-track program in high school and prepare for college attendance, the new residence hall will attract more students to stay on campus.

Texas Government Code Section 2166.403 requires the governing body of a State agency to verify in an open meeting the economic feasibility of incorporating alternative energy devices into a new State building. Therefore, the Project Architect prepared an evaluation for this project in accordance with the Energy Conservation Design Standards for New State Buildings. This evaluation determined that alternative energy devices such as solar, wind, biomass, or photovoltaic energy are not economically feasible for the project.

The economic impact of the project will be reported to the U. T. Board of Regents as part of the design development presentation.

6. **U. T. San Antonio: Biotechnology, Sciences and Engineering Building, Phase II (formerly East Campus Building Phase I) – Amendment of the FY 2004-2009 Capital Improvement Program and the FY 2004-2005 Capital Budget to reduce the total project cost; approval of design development; and approval of evaluation of alternative energy economic feasibility**

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Romo that the U. T. Board of Regents approve the recommendations for the Biotechnology, Sciences and Engineering Building, Phase II project (formerly East Campus Building Phase I) at The University of Texas at San Antonio as follows:

Project Number: 401-205
Architecturally or Historically Significant: Yes No
Project Delivery Method: Competitive Sealed Proposals
Substantial Completion Date: December 2007

Total Project Cost:	<u>Source</u>	<u>Current</u>	<u>Proposed</u>
	Revenue Financing System Bond Proceeds	\$72,000,000	
	Gifts	\$ 3,000,000	
	Funding source to be identified at a later date:	-	<u>\$56,000,000</u>
		<u>\$75,000,000</u>	

- a. amend the FY 2004-2009 Capital Improvement Program (CIP) and the FY 2004-2005 Capital Budget to decrease the total project cost;
- b. approve design development plans; and
- c. approve the evaluation of alternative energy economic feasibility.

BACKGROUND INFORMATION

Previous Board Actions

On November 13, 2003, the project was added to the CIP as the East Campus Building Phase I with a preliminary project cost of \$75,000,000 with funding of \$72,000,000 from Revenue Financing System Bond Proceeds and \$3,000,000 from Gifts. On April 12, 2004, the Chancellor approved the non-honorific name change for the project.

Project Description

The project will consist of approximately 150,000 gross square feet to house research facilities for the College of Engineering and the Department of Physics and Astronomy in the College of Sciences. Planning includes seminar rooms and conferencing facilities, research laboratories, faculty and staff offices, and student and faculty support facilities. The decrease in the total project cost will provide the four-story research building with two of the four levels shelled pending additional funding. Approval of funding sources will be revised and authorization of any spending and debt will occur at a later date.

The new Biotechnology, Sciences, and Engineering Building, Phase II will support new research programs in engineering and physics being pursued in areas of bioengineering, biomolecular modeling, emerging infectious agents, oncology, bioinformatics, aerospace research, environmental sciences, and neurobiology as well as enabling the recruitment of high-quality research faculty.

Texas Government Code Section 2166.403 requires the governing body of a State agency to verify in an open meeting the economic feasibility of incorporating alternative energy devices into a new State building. Therefore, the Project Architect prepared an evaluation for this project in accordance with the Energy Conservation Design Standards for New State Buildings. This evaluation determined that alternative energy devices such as solar, wind, biomass, or photovoltaic energy are not economically feasible for the project.

The economic impact of the project will be reported to the U. T. Board of Regents as part of the design development presentation.

7. **U. T. San Antonio: Recreation and Wellness Facilities, Phase II - Amendment of the FY 2004-2009 Capital Improvement Program and the FY 2004-2005 Capital Budget to reduce the total project cost; approval to revise funding sources; approval of design development; approval of evaluation of alternative energy economic feasibility; appropriation of funds and authorization of expenditure; and resolution regarding parity debt**

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Romo that the U. T. Board of Regents approve the recommendations for the Recreation and Wellness Facilities, Phase II project at The University of Texas at San Antonio as follows:

Project Number: 401-212

Architecturally or Historically Significant: Yes No

Project Delivery Method: Competitive Sealed Proposals

Substantial Completion Date: July 2007

Total Project Cost:	<u>Source</u>	<u>Current</u>	<u>Proposed</u>
	Revenue Financing System Bond Proceeds	\$44,000,000	\$39,000,000
	Unexpended Plant Funds		\$ 1,000,000
	Student Fees		<u>\$ 2,000,000</u>
			\$42,000,000

- a. amend the FY 2004-2009 Capital Improvement Program (CIP) and the FY 2004-2005 Capital Budget to decrease the total project cost;
- b. revise the funding sources;
- c. approve design development plans;
- d. approve the evaluation of alternative energy economic feasibility;
- e. appropriate funds and authorize expenditure of funds; and
- f. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
 - parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;
 - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the

Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. Board of Regents relating to the Financing System; and

- U. T. San Antonio, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. Board of Regents of tax-exempt parity debt in the aggregate amount of \$39,000,000.

BACKGROUND INFORMATION

Debt Service

The \$39,000,000 in Revenue Financing System debt will be repaid from net revenues generated from an increased fee for Health Services. Total annual debt service on the project is estimated at \$2,833,308. Debt service coverage for Health Services is expected to be at least 1.21 times and average 1.41 times over the next five years of operation.

Previous Board Action

On August 12, 2004, the project was included in the Capital Improvement Program (CIP) with a preliminary project cost of \$44,000,000 with funding from Revenue Financing System Bond Proceeds.

Project Description

The project will consist of 131,473 gross square feet of new construction to include indoor and outdoor pools, gymnasiums, jogging track, new locker areas, student services, and support areas. The second element of the project will renovate approximately 30,986 gross square feet to create recreation areas, support spaces, health services, and parking areas. The decrease in the total project cost is due to the removal of the Child Development Center, Phase II component.

This facility is needed to provide quality recreation and wellness opportunities essential to student services while keeping pace with enrollment growth including renovation to existing space and life safety upgrades.

Texas Government Code Section 2166.403 requires the governing body of a State agency to verify in an open meeting the economic feasibility of incorporating alternative energy devices into a new State building. Therefore, the Project Architect prepared an evaluation for this project in accordance with the Energy Conservation Design Standards for New State Buildings. This evaluation determined that alternative energy devices such as solar, wind, biomass, or photovoltaic energy are not economically feasible for the project.

The economic impact of the project will be reported to the U. T. Board of Regents as part of the design development presentation.

8. U. T. San Antonio: Thermal Energy Plant No. 2 - Amendment of the FY 2004-2009 Capital Improvement Program and the FY 2004-2005 Capital Budget to increase the total project cost; appropriation of additional funds and authorization of expenditure; and resolution regarding parity debt

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Romo that the U. T. Board of Regents approve the recommendations for the Thermal Energy Plant No. 2 project at The University of Texas at San Antonio as follows:

Project Number: 401-177

Architecturally or Historically Significant: Yes No

Project Delivery Method: Competitive Sealed Proposals

Substantial Completion Date: April 2006

Total Project Cost:	<u>Source</u>	<u>Current</u>	<u>Proposed</u>
	Revenue Financing System Bond Proceeds	\$16,500,000	\$25,900,000

- a. amend the FY 2004-2009 Capital Improvement Program (CIP) and the FY 2004-2005 Capital Budget to increase the total project cost from \$16,500,000 to \$25,900,000 with additional funding of \$9,400,000 from Revenue Financing System Bond Proceeds;
- b. appropriate additional funds and authorize expenditure of funds; and
- c. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
 - parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;
 - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. Board of Regents relating to the Financing System; and

- U. T. San Antonio, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. Board of Regents of tax-exempt parity debt in the aggregate amount of \$9,400,000.

BACKGROUND INFORMATION

Debt Service

The additional \$9,400,000 debt service in Revenue Financing System debt will be repaid from parking fees generated by the project. Total annual debt service on the project is estimated at \$682,900. Debt service coverage for Parking Operations is expected to be at least 1.33 times and average 1.50 times over the first five years of operation.

Previous Board Actions

On August 7, 2003, the project was included in the Capital Improvement Program (CIP) with a preliminary project cost of \$8,000,000 with funding from Designated Tuition. On November 5, 2004, the Board approved design development plans and increased the total project cost to \$16,500,000 with funding from Revenue Financing System Bond Proceeds.

Project Description

The scope of the project will be increased with the addition of a five-level, 530-space parking garage. The thermal energy plant will support the University Center Expansion Phase III; Biotechnology, Sciences and Engineering Building, Phase II; and the Recreation and Wellness Facilities, Phase II.

9. **U. T. San Antonio: University Center Expansion Phase III - Amendment of the FY 2004-2009 Capital Improvement Program and the FY 2004-2005 Capital Budget to decrease the total project cost; approval of design development; approval of evaluation of alternative energy economic feasibility; appropriation of funds and authorization of expenditure; and resolution regarding parity debt**

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Romo that the U. T. Board of Regents approve the recommendations for the University Center Expansion Phase III project at The University of Texas at San Antonio as set forth on Page 74.

Project Number: 401-174

Architecturally or Historically Significant: Yes No

Project Delivery Method: Competitive Sealed Proposals

Substantial Completion Date: November 2007

Total Project Cost:	<u>Source</u>	<u>Current</u>	<u>Proposed</u>
	Revenue Financing System Bond Proceeds	\$32,200,000	\$25,000,000
	Parking Fees		<u>\$ 200,000</u>
			\$25,200,000

- a. amend the FY 2004-2009 Capital Improvement Program (CIP) and the FY 2004-2005 Capital Budget to decrease the total project cost;
- b. approve design development plans;
- c. approve the evaluation of alternative energy economic feasibility;
- d. appropriate funds and authorize expenditure of funds; and
- e. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
 - parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;
 - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. Board of Regents relating to the Financing System; and
 - U. T. San Antonio, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. Board of Regents of tax-exempt parity debt in the aggregate amount of \$25,000,000.

BACKGROUND INFORMATION

Debt Service

The \$25,000,000 in Revenue Financing System debt will be repaid from net revenues generated by the project. Total annual debt service on the project is estimated at \$1,816,223. Upon completion, the project is expected to achieve debt service coverage of at least 1.35 times.

Previous Board Action

On August 7, 2003, the project was included in the Capital Improvement Program (CIP) with a preliminary project cost of \$32,200,000 with funding from Revenue Financing System Bond Proceeds.

Project Description

The project will consist of facilities to include meeting rooms, food services and dining facilities, student advising and administrative offices, program and reception space for student organizations including a large function venue, student lounges, study spaces, an art gallery, and storage/support areas. The decrease in total project cost is due to the removal of the parking garage component that will be included with the Thermal Energy Plant No. 2 project (see Item 8 on Page 72).

This expansion is needed to provide essential student services while keeping pace with enrollment growth including renovation to existing space and life safety upgrades.

Texas Government Code Section 2166.403 requires the governing body of a State agency to verify in an open meeting the economic feasibility of incorporating alternative energy devices into a new State building. Therefore, the Project Architect prepared an evaluation for this project in accordance with the Energy Conservation Design Standards for New State Buildings. This evaluation determined that alternative energy devices such as solar, wind, biomass, or photovoltaic energy are not economically feasible for the project.

The economic impact of the project will be reported to the U. T. Board of Regents as part of the design development presentation.

10. U. T. Southwestern Medical Center - Dallas: Biosafety Level Three Laboratory - Amendment of the FY 2004-2009 Capital Improvement Program and the FY 2004-2005 Capital Budget to increase the total project cost; approval to revise funding sources; approval of design development; approval of evaluation of alternative energy economic feasibility; appropriation of funds and authorization of expenditure; resolution regarding parity debt; and redesignation of project as the Clean Rodent Housing/Biosafety Level Three Laboratory

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and President Wildenthal that the U. T. Board of Regents approve the recommendations for the Biosafety Level Three Laboratory project at The University of Texas Southwestern Medical Center at Dallas as follows:

Project Number: 303-203

Architecturally or Historically Significant: Yes No

Project Delivery Method: Construction Manager at Risk

Substantial Completion Date: December 2007

Total Project Cost:	<u>Source</u>	<u>Current</u>	<u>Proposed</u>
	Grants	\$7,200,000	
	Unexpended Plant Funds	\$2,400,000	
	Revenue Financing System Bond Proceeds	-	\$25,000,000
		\$9,600,000	\$25,000,000

- a. amend the FY 2004-2009 Capital Improvement Program (CIP) and the FY 2004-2005 Capital Budget to increase the total project cost;
- b. revise the funding sources;
- c. approve design development plans;
- d. approve the evaluation of alternative energy economic feasibility;
- e. appropriate funds and authorize expenditure of funds;
- f. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
 - parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;

- sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. Board of Regents relating to the Financing System; and
 - U. T. Southwestern Medical Center - Dallas, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. Board of Regents of tax-exempt parity debt in the aggregate amount of \$25,000,000; and
- g. redesignate the project as the Clean Rodent Housing/Biosafety Level Three Laboratory.

BACKGROUND INFORMATION

Debt Service

The \$25,000,000 debt service in Revenue Financing System debt will be repaid from indirect cost recovery revenues. Total annual debt service on the project is estimated at \$2,179,614. Debt service coverage on the project is expected to be at least 1.24 times and average 1.85 times over the first seven years of operation.

Previous Board Action

On August 7, 2001, the project was included in the CIP with a preliminary project cost of \$9,600,000 with funding of \$7,200,000 from Grants and \$2,400,000 from Unexpended Plant Funds.

Project Description

The proposed facility is projected to be four stories containing 75,780 gross square feet. Two floors will initially be finished-out as barrier-free vivarium facilities to include areas for animal holding, procedures, cage-washing, autoclave, and associated material handling and storage. The remaining two floors will initially be shell space for future research and support. The building will require two loading docks, one for clean incoming material and one for dirty outgoing material.

This building is necessary to provide a facility to house and conduct research using pathogen-free rodents. The south campus has only a small area for pathogen-free animal holding and research. This area is too small to support the research activities on the south campus. In addition, the autoclave equipment serving the area is at the end of its useful life and cannot support the pathogen-free area. Several studies were prepared to evaluate the feasibility of remodeling existing space. Those studies

indicated that it was more costly and disruptive to remodel than to build a new building. After the new building is occupied, the existing pathogen-free area will be converted to non-pathogen-free space.

Texas Government Code Section 2166.403 requires the governing body of a State agency to verify in an open meeting the economic feasibility of incorporating alternative energy devices into a new State building. Therefore, the Project Architect prepared an evaluation for this project in accordance with the Energy Conservation Design Standards for New State Buildings. This evaluation determined that alternative energy devices such as solar, wind, biomass, or photovoltaic energy are not economically feasible for the project.

The economic impact of the project will be reported to the U. T. Board of Regents as part of the design development presentation.

11. U. T. Health Science Center - Houston: Replacement Research Facility - Amendment of the FY 2004-2009 Capital Improvement Program and the FY 2004-2005 Capital Budget to increase total project cost and appropriation of funds and authorization of expenditure

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and President Willerson that the U. T. Board of Regents approve the recommendations for the Replacement Research Facility project at The University of Texas Health Science Center at Houston as follows:

Project Number: 701-160

Architecturally or Historically Significant: Yes No

Project Delivery Method: Competitive Sealed Proposals

Substantial Completion Date: August 2005

Total Project Cost:	<u>Source</u>	<u>Current</u>	<u>Proposed</u>
	Tuition Revenue Bond Proceeds	\$23,600,000	\$23,600,000
	Insurance Claims	\$16,600,000	\$16,600,000
	Gifts	\$ 9,330,000	\$34,330,000
	Grants	<u>\$ 6,000,000</u>	<u>\$ 6,000,000</u>
		\$55,530,000	\$80,530,000

- a. amend the FY 2004-2009 Capital Improvement Program (CIP) and the FY 2004-2005 Capital Budget to increase the total project cost; and
- b. appropriate additional funds and authorize expenditure of funds of \$25,000,000 from Gifts.

BACKGROUND INFORMATION

Previous Board Actions

- Medical School Building - Rooftop Vivarium and Exterior Elevator:

On November 13, 2002, the Vivarium project was added to the Capital Improvement Program (CIP) with a preliminary project cost of \$38,000,000 with funding from Insurance Proceeds. On August 7, 2003, the Board approved appropriation of \$7,300,000 from Tuition Revenue Bond Proceeds for the Vivarium project.

- Basic Science Research Building (formerly Freeman Replacement Building):

On August 8, 2001, the project was included in the CIP with a preliminary project cost of \$80,000,000. On August 12, 2004, the projects were combined and redesignated as the Replacement Research Facility and the preliminary project cost and funding were revised to a preliminary project cost of \$55,530,000 with funding of \$23,600,000 from Tuition Revenue Bond Proceeds, \$9,330,000 from Gifts, \$16,600,000 from Insurance Claims, and \$6,000,000 from Grants.

On November 5, 2004, the Board approved design development plans and appropriated and authorized expenditure of a preliminary project cost of \$55,530,000 with funding of \$23,600,000 from Tuition Revenue Bond Proceeds, \$9,330,000 from Gifts, \$16,600,000 from Insurance Claims, and \$6,000,000 from Grants.

Project Description

The project consists of a six-story, 208,000 gross square foot research and vivarium building with two completed vivarium floors, one completed research floor and three shell floors.

The scope of the project will be increased to include the build out of three shelled floors. The completion of the build out at this time is important to avoid increased moving costs and to avoid disruption of the students, faculty, and research subjects by the noise and inconvenience of ongoing construction after occupancy of the building.

12. U. T. Health Science Center - San Antonio: Teaching/Learning Lab - Laredo - Request for approval of design development; approval of evaluation of alternative energy economic feasibility; appropriation of funds and authorization of expenditure; and resolution regarding parity debt

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and President Cigarroa that the U. T. Board of Regents approve the recommendations for the Teaching/Learning Lab - Laredo project at The University of Texas Health Science Center at San Antonio as follows:

Project Number: 402-136

Architecturally or Historically Significant: Yes No

Project Delivery Method: Construction Manager at Risk

Substantial Completion Date: September 2007

Total Project Cost:	<u>Source</u> Tuition Revenue Bond Proceeds	<u>Current</u> \$12,700,000
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- a. approve design development plans;
- b. approve the evaluation of alternative energy economic feasibility;
- c. appropriate funds and authorize expenditure of funds; and
- d. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
 - parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;
 - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. Board of Regents relating to the Financing System; and

- U. T. System institutions, which are "Members" as such term is used in the Master Resolution, possess the financial capacity to satisfy their direct obligation as defined in the Master Resolution relating to the issuance by the U. T. Board of Regents of tax-exempt parity debt in the aggregate amount of \$12,700,000.

BACKGROUND INFORMATION

Debt Service

Annual debt service on the \$12,700,000 of Tuition Revenue Bonds is projected to be \$1,107,244. While the annual debt service is payable from Pledged Revenues, it is expected that the debt service on Tuition Revenue Bonds will be reimbursed through General Revenue Appropriations.

Previous Board Action

On August 8, 2001, the project was included in the Capital Improvement Program (CIP) with a preliminary project cost of \$12,700,000 with funding from Tuition Revenue Bond Proceeds.

Project Description

The project will provide approximately 38,337 gross square feet dedicated to instruction and research. The primary activity areas include an instructional skills lab, clinic simulation, instruction classrooms, a library, office administration, and a shell area for future laboratory space. The project will also include renovation of approximately 1,240 square feet in the existing D. D. Hachar Building.

Texas Government Code Section 2166.403 requires the governing body of a State agency to verify in an open meeting the economic feasibility of incorporating alternative energy devices into a new State building. Therefore, the Project Architect prepared an evaluation for this project in accordance with the Energy Conservation Design Standards for New State Buildings. This evaluation determined that alternative energy devices such as solar, wind, biomass, or photovoltaic energy are not economically feasible for the project.

The economic impact of the project will be reported to the U. T. Board of Regents as part of the design development presentation.

13. **U. T. M. D. Anderson Cancer Center: Honorific naming of the animal facility in the Clinical Research Building as The John H. Jardine Center for Veterinary Medicine and Surgery**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, the Vice Chancellor for External Relations, and President Mendelsohn that the U. T. Board of Regents approve the naming of the animal facility in the Clinical Research Building as The John H. Jardine Center for Veterinary Medicine and Surgery.

BACKGROUND INFORMATION

The animal facility contains 54,857 square feet in the basement of the Clinical Research Building, which opened in 1999. The space includes five operating rooms, two specialized surgical laboratories, an intensive care unit, a microsurgery suite for training reconstructive and plastic surgeons, diagnostic imaging equipment for MRI and CT scans, comprehensive pathology and laboratory medicine suites, a cobalt radiotherapy unit, a clinic devoted to non-surgical procedures, a tumor biology laboratory, specialized housing for large animals, and offices for the veterinary faculty and staff.

The late John H. Jardine, D.V.M., became U. T. M. D. Anderson Cancer Center's first veterinarian when he joined the staff in 1962. For almost 30 years, he directed the veterinary medical and surgical services that were an increasingly important part of the institution's contributions to cancer research and patient care. When he retired in 1991 as head of the Division of Veterinary Medicine and Surgery, U. T. M. D. Anderson had the largest program supporting animal research at a comprehensive cancer center in the country.

Dr. Jardine was born in Birmingham, Alabama, and received his bachelor's degree from Louisiana Polytechnic Institute in 1954. He served in the U.S. Air Force, including active duty during the Korean conflict, before receiving his doctor of veterinary medicine degree from Texas A&M University in 1962. That same year, U. T. M. D. Anderson President R. Lee Clark invited Dr. Jardine to join his staff and develop an animal care program. Probably because Dr. Clark was an accomplished cancer surgeon and Dr. Jardine enjoyed the surgical part of veterinary care, the two men formed a bond that led to many pioneering research advances at U. T. M. D. Anderson Cancer Center.

Soon after joining the U. T. M. D. Anderson Cancer Center staff, Dr. Jardine began directing an animal oncology referral service for owners of pets (primarily dogs and cats) diagnosed with cancer. Surgery, radiation, chemotherapy and immunotherapy or in many cases a combination of similar treatments available to humans were provided. Remissions in some cancers, notably canine lymphoma, were achieved for as long as seven years. The pet referral program was discontinued after board certification in veterinary oncology was initiated and these specialists were available in the community.

Dr. Jardine was largely responsible for turning Dr. Clark's dream of the two-unit Science Park in Bastrop County into reality. Dr. Jardine coordinated plans for the Department of Veterinary Sciences, which was established in 1975, to provide multiple animal species needed for research at U. T. M. D. Anderson Cancer Center along with other U. T. System institutions and by state agencies.

Dr. Jardine was a frequent consultant for new research animal buildings and an advisor about animal research programs at other institutions. He was a charter member of the American Society of Laboratory Animal Practitioners in 1966 and active in several other major professional organizations. He received the 1983 Distinguished Achievement Award from the Texas Veterinary Medical Association and the 1993 Distinguished Alumnus Award from Texas A&M University's College of Veterinary Medicine. He published more than 50 papers in scientific journals and participated in many public education programs about animal health and welfare.

Today, U. T. M. D. Anderson's Clinical Research Building animal facilities contain the most advanced housing, clinic and surgery units, laboratory medicine and pathology laboratories, diagnostic imaging and radiotherapy equipment, all of which were inspired by the vision and perseverance of Dr. Jardine.

The proposed naming of the animal facility in the Clinical Research Building at U. T. M. D. Anderson Cancer Center to recognize the distinguished contributions of Dr. John H. Jardine, who died in 1997, is consistent with the Regents' *Rules and Regulations*, Series 80307, relating to honorific naming of facilities.