

COMMITTEE MEETING MINUTES  
OF THE BOARD OF REGENTS  
OF  
THE UNIVERSITY OF TEXAS SYSTEM

August 11-12, 2010

Austin, Texas

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/s/ Carol A. Felkel  
Secretary to the Board of Regents  
February 9, 2011

MINUTES  
U. T. System Board of Regents  
Audit, Compliance, and Management Review Committee  
August 11, 2010

The members of the Audit, Compliance, and Management Review Committee of the Board of Regents of The University of Texas System convened at 10:30 a.m. on Wednesday, August 11, 2010, in the Board Meeting Room on the 9th Floor of Ashbel Smith Hall, The University of Texas System, 201 West Seventh Street, Austin, Texas, with the following participation:

Attendance

Regent Hicks, presiding  
Vice Chairman Foster  
Vice Chairman Longoria  
Regent Stillwell

Also present were Chairman McHugh, Regent Dannenbaum, Regent Gary, Regent Kalkwarf, Regent Pejovich, Regent Powell, and Assistant General Counsel to the Board Rabon.

In accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Committee Chairman Hicks called the meeting to order.

**1. U. T. System Board of Regents: Approval to hire external auditor to provide financial auditing services for Fiscal Year 2011**

***Committee Meeting Information***

***Presenter(s):*** Chairman Hicks; Mr. Charles Chaffin, Chief Audit Executive

***Status:*** Approved

***Motion:*** Made by Committee Chairman Hicks, seconded by Vice Chairman Longoria, and carried unanimously

**Discussion at meeting:**

*Committee Chairman Hicks said of the four firms that submitted proposals, Deloitte & Touche provided the most financially attractive offer. In response to Vice Chairman Longoria's question about the delta, Regent Hicks said the difference was \$0.1 million. Regent Dannenbaum wanted to be sure the selection was based on qualifications, and Regent Hicks answered that while the financial aspect was taken into consideration, it was not a primary consideration.*

*Committee Chairman Hicks moved that*

- a. *Deloitte & Touche be hired to provide independent financial auditing services for the audit of the U. T. System, U. T. M. D. Anderson Cancer Center, and*

*The University of Texas Investment Management Company (UTIMCO) financial statements for Fiscal Year 2011 (see edit to this paragraph below);*

- b. the Board find that Deloitte & Touche provides the audit option determined to be most beneficial to U. T. System; and*
- c. U. T. staff be authorized to negotiate and enter into an auditing services contract with the selected firm.*

*The motion was seconded by Vice Chairman Longoria. Prior to the vote, Mr. Chaffin clarified that the portion of the audit related to UTIMCO would be an audit of funds managed by UTIMCO as stated in the Request for Qualifications (RFQ) and as has been done in the past. The motion carried unanimously.*

*For the record, the amended motion that was made and approved at the Board meeting on August 12, 2010, is set forth below:*

- a. Deloitte & Touche be hired to provide independent financial auditing services for the audit of The University of Texas System and The University of Texas M. D. Anderson Cancer Center financial statements for Fiscal Year 2011 and The University of Texas Investment Management Company (UTIMCO) managed funds for Fiscal Year 2011;*
- b. the Board find that Deloitte & Touche provides the audit option determined to be most beneficial to U. T. System; and*
- c. U. T. System staff be authorized to negotiate and enter into an auditing services contract with the selected firm.*

*Secretary's Note:* *The source of funding for this contract is Available University Funds, as approved for the prior contract.*

**2. U. T. System: Report on the internal audit plan for the Fiscal Year 2010**  
**U. T. System Consolidated Annual Financial Report**

**Committee Meeting Information**

**Presenter(s):** *Mr. Charles Chaffin, Chief Audit Executive*

**Status:** *Reported/Discussed*

**Follow-up action:** *Committee Chairman Hicks summarized the discussion of this item by saying the Audit, Compliance, and Management Review Committee strongly supports a continuous process of conducting the Consolidated Annual Financial audit rather than revisiting the matter each August.*

**Discussion at meeting:**

*Mr. Chaffin reported that the consolidation of all reports will be done electronically for the first time, and he noted additional efficiencies are expected to reduce the number of audit hours by 10%, thus freeing time to conduct other audits. Mr. Chaffin said the*

Board has been concerned about the cost of this external financial audit, but through the procurement process the marginal additional cost over what is being paid for the UTIMCO funds audit, the U. T. M. D. Anderson Cancer Center audit, and the fee paid the State Auditor is zero. Chancellor Cigarroa added that the Board had asked that this audit be done as budget-neutral as possible.

Vice Chairman Foster asked Mr. Chaffin to comment on the discussions held in the past by the Committee on the benefits of continuity and costs of doing an external audit every year in terms of hours, efforts, and finances. Committee Chairman Hicks expressed strong support for a continuing process, and Mr. Chaffin said the contract will be set up for possible annual renewals at the direction of the Board. Mr. Chaffin added that switching between external and internal audit groups to perform these audits from year-to-year is inefficient and costly. Vice Chairman Longoria asked if sticking with one group would become more efficient over time, and Mr. Chaffin responded affirmatively.

Committee Chairman Hicks summarized the discussion of this item by saying the Audit, Compliance, and Management Review Committee strongly supports a continuous process of conducting an external independent financial audit rather than revisiting the matter each August.

**3. U. T. System: Report on the Systemwide internal audit activities, including the status of the State Auditor's Office issued State Single Audit Reports; and Internal Audit Department report for U. T. Austin**

**Committee Meeting Information**

**Presenter(s):** Mr. Michael Vandervort, Internal Audit Director, U. T. Austin; Mr. Charles Chaffin, Chief Audit Executive

**Status:** Reported/Discussed

**4. U. T. System: Report on the Systemwide annual audit plan process**

**Committee Meeting Information**

**Presenter(s):** Mr. Charles Chaffin, Chief Audit Executive

**Status:** Reported/Discussed

**Discussion at meeting:**

Vice Chairman Longoria said that information technology (IT) is one of the high-risk areas that is audited across the institutions, and she asked about the consistency in use of institutional security protocols in IT, particularly in reference to mitigating recent security breaches. Board Chairman McHugh agreed a broad discussion of issues concerning potential exposure of student information and the like, such as when employees take laptops home, would be of significant value.

Chancellor Cigarroa said he wants to provide the best secure environment for IT, and he noted the upcoming item on the Board's Executive Session agenda that afternoon that would provide an opportunity to discuss the issue, including a best practices white paper prepared for a compliance effectiveness review of the campuses.

Mr. Chaffin explained that IT functions have traditionally been developed ahead of the auditing function, and the challenge for IT auditors is to stay ahead of the ever-developing IT functions. He said that he and the institutional auditors look forward to the effectiveness review mentioned by the Chancellor to reduce the risks involved. Regent Stillwell asked if IT security, specifically the monitoring of compliance with security protocols, has historically been an internal audit function, and he questioned if a separate security oversight committee is needed or if the capability should be added to Mr. Chaffin's group.

Mr. Chaffin answered that as a result of a security breach at U. T. Austin several years ago, an IT security group was included in the U. T. System compliance function, and the effectiveness review should determine how to get the benefit from both the IT security group and the IT auditing group. Mr. Larry Plutko, Systemwide Compliance Officer, said the IT security profession has changed in terms of being a compliance function, and he is prepared to delve into the issue in terms of skills, governance, etc., and he will share more on this matter in presenting Item 6 of the Committee reports.

Regent Dannenbaum asked about the security of any defense-related research being conducted at the U. T. System institutions. Committee Chairman Hicks answered by saying that by the next Committee meeting and the meeting after that, a high priority should be placed on preventing any more security breaches.

**5. U. T. System: Report on the use of technology to enhance medical billing compliance at U. T. health institutions**

**Committee Meeting Information**

**Presenter(s):** Mr. Lawrence Plutko, Systemwide Compliance Officer; Dr. C. J. Wolf, Assistant Systemwide Compliance Officer

**Status:** Reported/Discussed

**Discussion at meeting:**

Mr. Plutko and Dr. Wolf acknowledged the work on this initiative by Mr. Richard St. Onge, Associate Vice Chancellor for Health Affairs. Executive Vice Chancellor Shine replied to questions from Regent Dannenbaum regarding Medicare Diagnosis-Related Group (DRG) and coding of medical billing, noting especially the use of the MDaudit<sup>TM</sup> software to look at these matters.

## 6. U. T. System: Report on Inter-University Compliance Consortium

### **Committee Meeting Information**

**Presenter(s):** Mr. Lawrence Plutko, Systemwide Compliance Officer

**Status:** Reported/Discussed

**Follow-up action:** Chairman McHugh suggested that a follow-up of Mr. Plutko's presentation be added to the agenda for the next meeting to better understand how the Consortium is working and how it can best help the U. T. System.

### **Discussion at meeting:**

*Vice Chairman Foster asked if this Consortium is an ad hoc organization, and Mr. Plutko responded affirmatively, saying there are professional societies of university compliance officers and health care compliance officers that offer opportunities to share best practices. In reply to a question from Vice Chairman Foster about efforts to include other Texas universities in the Consortium, Mr. Plutko said that could come about as the Consortium is not meant to be exclusive.*

*Board Chairman McHugh asked for a follow-up presentation at the next Committee meeting.*

### RECESS TO EXECUTIVE SESSION

At 11:30 a.m., the Committee recessed to Executive Session pursuant to *Texas Government Code* Section 551.074 to consider the matter listed on the Executive Session agenda as follows:

Personnel Matters Relating to Appointment, Employment, Evaluation, Assignment, Duties, Discipline, or Dismissal of Officers or Employees –  
*Texas Government Code* Section 551.074

U. T. System: Discussion with institutional auditors and compliance officers concerning evaluation and duties of individual System Administration and institutional employees involved in internal audit and compliance functions

### RECONVENE IN OPEN SESSION

The Executive Session ended at 11:34 a.m., and the Committee reconvened in Open Session to adjourn. No action was taken on the item discussed in Executive Session.

### ADJOURNMENT

Committee Chairman Hicks adjourned the meeting at 11:35 a.m.

MINUTES  
U. T. System Board of Regents  
Finance and Planning Committee  
August 11, 2010

The members of the Finance and Planning Committee of the Board of Regents of The University of Texas System convened at 2:50 p.m. on Wednesday, August 11, 2010, in the Board Meeting Room on the 9th Floor of Ashbel Smith Hall, The University of Texas System, 201 West Seventh Street, Austin, Texas, with the following participation:

Attendance

Vice Chairman Foster, presiding  
Regent Gary  
Regent Pejovich  
Regent Powell

Also present were Chairman McHugh, Vice Chairman Longoria, Regent Dannenbaum, Regent Hicks, Regent Kalkwarf, Regent Stillwell, and General Counsel to the Board Frederick.

In accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Committee Chairman Foster called the meeting to order.

1. **U. T. System: Discussion and appropriate action related to approval of Docket No. 143**

***Committee Meeting Information***

***Presenter(s):*** Committee Chairman Foster

***Status:*** Discussed

**Discussion at meeting:**

*Committee Chairman Foster called attention to some of the larger contract items in the Docket:*

- *An agreement between U. T. Austin and Capital Metropolitan Transportation Authority for approximately \$60 million for shuttle bus service on Docket Page 22.*
- *A contract between Bottling Group, LLC and U. T. San Antonio for approximately \$5.4 million for campuswide beverage vending on Docket Page 65.*
- *An extension of the agreement between the Texas Youth Commission and U. T. Medical Branch – Galveston for \$17.4 million for provision of health care services on Docket Page 86.*

- *An agreement between Pricewaterhouse Coopers, LLP and U. T. M. D. Anderson Cancer Center for consulting services to aid in the standardization of business processes on Docket Page 121. The initial amount will not exceed \$20 million, with projects to be negotiated as separate statements of work.*

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

**Committee Meeting Information**

**Presenter(s):** *Dr. Scott C. Kelley, Executive Vice Chancellor for Business Affairs*

**Status:** *Reported*

**Discussion at meeting:**

*In response to a question from Chancellor Cigarroa, Dr. Kelley said this is the first time in recent years that U. T. Medical Branch – Galveston (UTMB) has been able to cover depreciation. Dr. Kelley added that UTMB has always been cash positive, but through cuts and restructuring and additional funds from the Legislature, it has been able to cover depreciation.*

**3. U. T. System Board of Regents: Shared Services Initiative update**

**Committee Meeting Information**

**Presenter(s):** *Dr. Scott C. Kelley, Executive Vice Chancellor for Business Affairs*

**Status:** *Reported*

**Discussion at meeting:**

*Dr. Kelley replied to a question from Regent Powell about ultimate cost savings and efficiencies of the Shared Services program by saying there is more work to be done, such as looking at software opportunities that can be used to tackle business processes like payroll and purchasing. Regent Pejovich asked about additional opportunities in the energy reduction strategy, and Dr. Kelley said the goal is to reduce energy use in terms of cost avoidance or true dollars in the range of 5-10% per year, which becomes more and more difficult. Mr. Philip Aldridge, Vice Chancellor for Finance and Business Development, said the institutions have set goals for energy reduction on a square foot basis. Regent Kalkwarf asked about how projects qualify for this Shared Services program, and Dr. Kelley explained the process and said he is looking for additional opportunities to come forward.*

*Committee Chairman Foster asked about collaboration with institutions in other systems and Dr. Kelley provided examples of such collaboration. In response to a question from Regent Dannenbaum, Dr. Kelley said there are opportunities in the U. T. System energy contracts to take royalties in-kind but in general, that option is not implemented.*



4. **U. T. System: Approval to exceed the full-time equivalent limitation on employees paid from appropriated funds**

**Committee Meeting Information**

**Presenter(s):** Mr. Randy Wallace, Associate Vice Chancellor - Controller and Chief Budget Officer

**Status:** Approved

**Motion:** Made by Regent Gary, seconded by Regent Powell, and carried unanimously

5. **U. T. System Board of Regents: Adoption of a Resolution authorizing the issuance, sale, and delivery of Permanent University Fund Bonds, authorization to designate all or a portion of the bonds as Build America Bonds, and authorization to complete all related transactions**

**Committee Meeting Information**

**Presenter(s):** Mr. Philip R. Aldridge, Vice Chancellor for Finance and Business Development

**Status:** Approved

**Motion:** Made by Regent Powell, seconded by Regent Gary, and carried unanimously

**Discussion at meeting:**

*Committee Chairman Foster asked about the Build America Bonds that expire in December 2010, and Mr. Aldridge said the U. T. System invested in three bond programs that have been a huge benefit to the U. T. System. Instead of issuing traditional tax-exempt debt, taxable debt has been issued and a subsidy has been received from the federal government equal to 35% of the interest, so the net cost has been favorable. He said he hopes the program will be extended another year or two. In reply to a question from Regent Dannenbaum, Mr. Aldridge clarified that the subsidies are for the life of the bonds.*

*Regent Gary asked if the financial ratios and performance measures result in a Triple A rating, and Mr. Aldridge explained that while the rating will be Triple A, the R ratios have not been and will not be uniformly Triple A in and of themselves. Some ratios are more of a Double A standard, and he added that the institutions are held to an investment grade standard, not necessarily to a Triple A standard. Mr. Aldridge said he is aware that some institutional investors are performing their own due diligence as Regent Gary had pointed out, and Dr. Kelley added that investors are attracted to the U. T. System from Europe, particularly because of the Build America Bonds. Mr. Aldridge clarified these are institutional rather than sovereign funds as questioned by Regent Dannenbaum.*

6. **U. T. System Board of Regents: Adoption of a Supplemental Resolution authorizing the issuance, sale, and delivery of Revenue Financing System Bonds, authorization to designate all or a portion of the bonds as Build America Bonds, and authorization to complete all related transactions**

**Committee Meeting Information**

**Presenter(s):** Mr. Philip R. Aldridge, Vice Chancellor for Finance and Business Development

**Status:** Approved

**Motion:** Made by Regent Powell, seconded by Regent Gary, and carried unanimously

**Discussion at meeting:**

See Item 5.

7. **U. T. System Board of Regents: Adoption of resolutions authorizing certain bond enhancement agreements for Revenue Financing System debt and Permanent University Fund debt**

**Committee Meeting Information**

**Presenter(s):** Mr. Philip R. Aldridge, Vice Chancellor for Finance and Business Development

**Status:** Approved

**Motion:** Made by Regent Powell, seconded by Regent Gary, and carried unanimously

**Discussion at meeting:**

See Item 5.

8. **U. T. System: Approval of aggregate amount of \$157,373,000 of equipment financing for Fiscal Year 2011 and resolution regarding parity debt**

**Committee Meeting Information**

**Presenter(s):** Mr. Philip R. Aldridge, Vice Chancellor for Finance and Business Development

**Status:** Approved

**Motion:** Made by Regent Powell, seconded by Regent Gary, and carried unanimously

9. **U. T. System Board of Regents: Approval of amendments to the Investment Policy Statements for the Permanent University Fund, the General Endowment Fund, the Permanent Health Fund, the Long Term Fund, the Intermediate Term Fund, the Short Term Fund, the Separately Invested Funds, and the Derivative Investment Policy**

***Committee Meeting Information***

***Presenter(s):*** Mr. Bruce Zimmerman, Chief Executive Officer and Chief Investment Officer, UTIMCO

***Status:*** Approved

***Motion:*** Made by Regent Gary, seconded by Regent Powell, and carried unanimously

10. **U. T. System Board of Regents: Approval of amendments to The University of Texas Investment Management Company (UTIMCO) Code of Ethics**

***Committee Meeting Information***

***Presenter(s):*** Mr. Bruce Zimmerman, Chief Executive Officer and Chief Investment Officer, UTIMCO

***Status:*** Approved

***Motion:*** Made by Regent Gary, seconded by Regent Powell, and carried unanimously

ADJOURNMENT

Committee Chairman Foster adjourned the meeting at 3:50 p.m.

MINUTES  
U. T. System Board of Regents  
Academic Affairs Committee  
August 12, 2010

The members of the Academic Affairs Committee of the Board of Regents of The University of Texas System convened at 9:00 a.m. on Thursday, August 12, 2010, in the Board Meeting Room on the 9th Floor of Ashbel Smith Hall, The University of Texas System, 201 West Seventh Street, Austin, Texas, with the following participation:

Attendance

Regent Stillwell, presiding  
Vice Chairman Foster  
Vice Chairman Longoria  
Regent Pejovich

Also present were Chairman McHugh, Regent Dannenbaum, Regent Gary, Regent Hicks, Regent Kalkwarf, Regent Powell, and General Counsel to the Board Frederick.

In accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Committee Chairman Stillwell called the meeting to order.

1. **U. T. Pan American: Request to approve renaming the Biology Annex as the Behavioral Neuroscience Building**

***Committee Meeting Information***

***Presenter(s):*** President Robert S. Nelsen, U. T. Pan American

***Status:*** Approved

***Motion:*** Made by Vice Chairman Foster, seconded by Vice Chairman Longoria, and carried unanimously

**Discussion at meeting:**

*In response to a question from Committee Chairman Stillwell, Dr. Nelsen said that while the requested naming is primarily to recognize the use of the facility, the building will house interdisciplinary studies, and some psychology students will move to the facility to work with the biology students.*

**2. U. T. Austin: Honoring naming of the Nano Science and Technology Building as the Larry R. Faulkner Nanoscience and Technology Building**

***Committee Meeting Information***

**Presenter(s):** *President William Powers, Jr., U. T. Austin*

**Status:** *Approved*

**Motion:** *Made by Vice Chairman Longoria, seconded by Vice Chairman Foster, and carried unanimously*

Note: the space in “Nano Science” in the final name of the building was requested to be removed by the institution on July 8, 2011.

**3. U. T. San Antonio: Authorization to enter into the following agreements with the City of San Antonio, Texas, and Bexar County, Texas, related to the funding, construction, operation, and use of U. T. San Antonio's Athletics Complex, Phase 1: a funding agreement with the City of San Antonio for \$5.55 million in funding by the City for the construction of infrastructure in Phase 1 and for the future granting of easements to the City for the construction of Kyle Seale Parkway and the widening of Hausman Road; a grant and development agreement with Bexar County, Texas, for \$15 million in funding by the County for the construction of the athletic facilities in Phase 1; a funding agreement for \$1.5 million in Bexar County funding through the San Antonio Sports Foundation for athletic facilities in Phase 1; and an operating agreement with Bexar County, Texas, to provide Bexar County assurance that the Athletics Complex, Phase 1, will be used for the intended public purpose for the expected life of the facilities**

***Committee Meeting Information***

**Presenter(s):** *President Ricardo Romo, U. T. San Antonio*

**Status:** *Approved*

**Motion:** *Made by Vice Chairman Foster, seconded by Vice Chairman Longoria, and carried unanimously*

**4. U. T. Dallas: Authorization to establish a Ph.D. in Arts and Technology**

***Committee Meeting Information***

**Presenter(s):** *President David E. Daniel, U. T. Dallas*

**Status:** *Approved*

**Motion:** *Made by Vice Chairman Longoria, seconded by Vice Chairman Foster, and carried unanimously*

**Discussion at meeting:**

*Committee Chairman Stillwell asked if the program is expected to attract potential Ph.D. candidates from the outside, and Dr. Daniel responded affirmatively, saying the program is expected to attract candidates across the nation to move to Texas.*

*President Daniel commented on the burgeoning private sector gaming industry in Dallas that has sparked partnerships such as start-up companies.*

*Vice Chairman Longoria commented on the importance of new innovations in education, such as this program, to meet current needs.*

**5. U. T. System: Report on the Science and Technology Acquisition and Retention (STARs) Program**

**Committee Meeting Information**

**Presenter(s):** Executive Vice Chancellor for Academic Affairs David B. Prior  
**Status:** Reported

**Discussion at meeting:**

*Regent Gary commented that the University is in a great position with completion of 22 of the 44 construction projects included in the \$2.5 billion Competitiveness Initiative (2006). He noted that 90% of the projects will be completed in the next 12-14 months, thus, the equipment, space, and research facilities are coming right in line with the talent that is being recruited via the STARs Program.*

*Chairman McHugh noted that this concept and commitment came from former Chairman Huffines, and on behalf of the Board, she reiterated that the commitment to the STARs Program remains, adding there is nothing more important to education than great teachers.*

*In reply to a question from Committee Chairman Stillwell about recruiting outstanding talent, Dr. Prior said a single high-caliber investment will attract other talented individuals and will enhance the University's national and international reputation and visibility. Chancellor Cigarroa added that STARs faculty also attract outstanding graduate students.*

*Committee Chairman Stillwell asked if STARs Program funding is sufficient, and Dr. Prior answered there is general concern about providing support for graduate students, but STARs faculty can generate some funds to support some graduate students. He reiterated that the level of stipends and health care for graduate students is of concern.*

*President Powers, U. T. Austin, commented on the impact of the STARs Program on the atmosphere and quality on campus, saying the University is still far behind its competitors in overall graduate student, faculty, and space support.*

*Executive Vice Chancellor Shine noted that Permanent University Funds (PUF) can be used only for equipment, renovation, and construction, and cannot be used to support stipends for graduate students. Regent Dannenbaum asked if the matter of reduced travel funds might inhibit faculty members reaching out to their peers and recruiting, and President Powers acknowledged that is a problem, saying the STARs money has helped considerably with the entire package campuses are able to offer. President García mentioned that U. T. Pan American and U. T. Brownsville are not in this distribution of STARs money.*

*Note: The Institute for Conventional, Alternative and Renewable Energy (ICARE) mentioned in Slide 14 on Page 276 of the Agenda Book has been renamed to the Texas Sustainable Energy Research Institute (Texas SERI).*

**6. U. T. System: Discussions on academic leadership matters related to the impact of budget cuts**

**Committee Meeting Information**

**Presenter(s):** Executive Vice Chancellor for Academic Affairs David B. Prior; academic presidents

**Status:** Discussed

**Discussion at meeting:**

President Powers, U. T. Austin

- *Budget cuts affect the entire campus.*
- *Strategies are being tied to budgets, and colleges and departments are identifying programs that need to be protected in the event of further cuts.*
- *Higher education is 11% of the budget; a disproportionate 40% of the initial 5% cut came from higher education; protecting public and higher education will be a serious issue for discussion in the next legislative session.*
- *The University was already significantly behind its competitors before and after the recession in every budget and economic measure, e.g., dollars expended per student and administrative costs, which are below the state average.*
- *An additional 10% cut (\$29 million per year) will impact the quality of the educational experience and could mean the loss of 600 jobs; larger class sizes and student:faculty ratio, currently at 18:1; fewer required and basic course sections; reduced progress in increasing the number of advisors, in the freshman research initiative and the general research enterprise (facilities, libraries, collections, etc.), in course redesign, timely graduation, and student success.*

- *All departments need to strive to be major research components, but more budget cuts would require choosing which to sustain as major units.*
- *The process requires identifying and wringing out all inefficiencies on campus, particularly in looking at rate of return on investments in teaching, research, and service, e.g., 40% of high-paid scientists' time is spent on compliance and regulatory work.*

*Regent Gary asked how tuition compares at U. T. Austin and the University of California – Los Angeles (UCLA) in any discipline. Executive Vice Chancellor Kelley responded that tuition at UCLA is \$10,781 and \$8,500-\$9,000 at U. T. Austin. President Powers said U. T. Austin's tuition is 7th out of its 12-school peer group of public universities in the nation. He added that Texas is modest on tuition; other states have used tuition more aggressively. Vice Chairman Longoria asked President Powers if, despite tuition increases, U. T. offers a more valuable education for the dollar, and President Powers answered affirmatively, saying the value of an education from U. T. Austin is among the best values in the country as supported by a study by Kiplinger.*

*Vice Chairman Longoria also asked about the difficulties associated with attracting out-of-state students and the insufficient facilities for in-state demand. President Powers responded that U. T. Austin will always be a largely Texas undergraduate university, and there are approximately 4% out-of-state and 4% international students. He said there has not been an economic need to attract out-of-state students, and in discussing State flexibility and caps in these areas, he said other universities have used this method as a lever for their more robust balance sheets.*

*Regent Kalkwarf asked about the explosion in compliance, and President Powers discussed examples and questioned the rates of return and accountability of compliance requests.*

*President Daniel, U. T. Dallas*

- *An additional 10% budget cut will slow momentum and competitiveness.*
- *His main concern is managing expanding enrollment growth vis-à-vis budget limitations to hire teachers and provide classrooms, etc., to provide a quality education.*
- *U. T. Dallas was also among the top 100 public universities on Kiplinger's list as having the best value of an education.*
- *Tuition has been priced with the expectation that State funding will decrease; enrollment is growing despite increasing tuition.*
- *There is an emphasis on private fundraising with the goal of it exceeding the amount of State support.*
- *The student:faculty ratio is about 22:1.*

*President Nelsen, U. T. Pan American*

- *The institution has had a revenue problem.*
- *The student:faculty ratio is about 26:1.*



- *He has not cut instructional services and believes furloughs are not the answer because too many furlough days would be needed to have a significant impact.*
- *He likened sacrificing sacred cows as told in a Buddhist story to identifying noninstructional services that can be reduced or cut, e.g., community and outreach programs; ways of recruiting; the sustainability programs; information technology such as increasing the bandwidth; faculty development, including conferences and new programs; and combining programs.*
- *It is crucial to keep the American Recovery and Reinvestment Act (ARRA) funds, the institutional enhancement funds, and special items funding.*
- *The lay-offs will begin.*

*Committee Chairman Stillwell asked what can be done to lessen the burden of compliance and reporting on regulations. President Powers said he has talked to a number of legislators and educators, and everyone agrees that something needs to be done. He said he has asked that on his campus, certain reports not be sent to him, and he has delegated signature authority and is always mindful of how much time certain reports might take to prepare. Chancellor Cigarroa also commented on the number of federal, state, and Texas Higher Education Coordinating Board reports and suggested this might be an opportunity to work with legislators to save thousands of hours of time, effort, and dollars that could be reprioritized to the mission.*

*President Spaniolo said the University needs well-informed, articulate advocates to speak to the value of higher education. He said public universities in Texas, which are supported by the Legislature, are contributing jobs and contributing to citizens to make Texas a better place.*

*Executive Vice Chancellor Prior said the return on investment will guide the tough choices that will be made, and budget cuts will have significant impacts on the quality of education that the U. T. System institutions can provide and that will affect the capabilities of the institutions to serve the State of Texas for decades to come. Committee Chairman Stillwell acknowledged the message and said, "we will do what we can."*

*Regent Dannenbaum suggested a bumper sticker that reads, "If you think education is expensive, try the cost of ignorance."*

## ADJOURNMENT

Committee Chairman Stillwell adjourned the meeting at 10:15 a.m.

MINUTES  
U. T. System Board of Regents  
Health Affairs Committee  
August 12, 2010

The members of the Health Affairs Committee of the Board of Regents of The University of Texas System convened at 10:22 a.m. on Thursday, August 12, 2010, in the Board Meeting Room on the 9th Floor of Ashbel Smith Hall, The University of Texas System, 201 West Seventh Street, Austin, Texas, with the following participation:

Attendance

Vice Chairman Longoria, presiding  
Regent Dannenbaum  
Regent Powell  
Regent Stillwell

Also present were Chairman McHugh, Vice Chairman Foster, Regent Gary, Regent Hicks, Regent Kalkwarf, Regent Pejovich, and General Counsel to the Board Frederick.

In accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Committee Chairman Longoria called the meeting to order.

1. **U. T. Health Science Center – Houston: Honorific naming of the Department of Neurosurgery as the Vivian L. Smith Department of Neurosurgery**

***Committee Meeting Information***

***Presenter(s):*** Committee Chairman Longoria

***Status:*** Approved

***Motion:*** Made by Regent Dannenbaum, seconded by Regent Powell, and carried unanimously

2. **U. T. Medical Branch – Galveston: Approval of new logo and brand identity**

***Committee Meeting Information***

***Presenter(s):*** David L. Callender, M.D., President, U. T. Medical Branch – Galveston

***Status:*** Approved

***Motion:*** Made by Regent Stillwell, seconded by Regent Dannenbaum, and carried unanimously

## **Discussion at meeting:**

*Dr. Callender said that in 2007, the institution began looking at its logo and brand identity to address several concerns:*

- *The red, white, and blue colors and the lone star in the logo looked like a bank logo.*
- *There was confusion about the term “medical branch.”*
- *The alumni are wedded to the historical term “medical branch” when the institution was the one and only medical school for The University of Texas.*

*President Callender’s presentation is set forth on Pages 6 - 11, with the comparison of the new and old logos displayed on Page 8. Dr. Callender said the style of “utmb” in lower case in the new logo*

- *is read as “u” “t” “m” “b” whereas if in upper case, would be read as a word*
- *gives the mark personality*
- *is a style to which people can relate*
- *is seen as more progressive*
- *is a way to create a sense of friendliness and approachability*
- *conveys strength and confidence through boldness of the type*
- *conveys motion with the off-centered and leaning approach of the italics type, communicating the institution is a forward-thinking, never-stopping organization always searching for the next idea*
- *is like a target with the orange-red box and is closer to the U. T. System’s orange and a change from the darker red.*

*Dr. Callender said the historical name of The University of Texas Medical Branch at Galveston will be retained on stationery, and as an official member of the Texas Medical Center, signage will be similar to that used by the Center. Dr. Callender requested approval of the tagline, “Working together to work wonders” to reflect the sense of family and collaboration.*

3. **U. T. System: Approval to set The University of Texas System Professional Medical Liability Benefit Plan premium rates for Fiscal Year 2011, distribute a portion of Plan premium returns, and amend the Plan**

**Committee Meeting Information**

**Presenter(s):** Committee Chairman Longoria

**Status:** Approved

**Motion:** Made by Regent Powell, seconded by Regent Stillwell, and carried unanimously

4. **U. T. M. D. Anderson Cancer Center: Authorization for the institution to join the Worldwide Innovative Network (WIN) Association**

**Committee Meeting Information**

**Presenter(s):** Committee Chairman Longoria

**Status:** Approved

**Motion:** Made by Regent Dannenbaum, seconded by Regent Powell, and carried unanimously

5. **U. T. M. D. Anderson Cancer Center: Presentation of strategic vision plan for 2010-2015**

**Committee Meeting Information**

**Presenter(s):** John Mendelsohn, M.D., President, U. T. M. D. Anderson Cancer Center

**Status:** Reported

**Discussion at meeting:**

*Dr. Mendelsohn handed out a brochure on the institution's strategic vision set forth on Pages 12 - 18. While the vision statement states that the institution shall be the premier cancer center in the world, Vice Chairman Longoria commented that the institution is the premier cancer center in the world.*

6. **U. T. System: Discussion of the State of Texas' 2010 Health-Related Institutions Formula Advisory Committee's report to the Commissioner of Higher Education**

**Committee Meeting Information**

**Presenter(s):** Kenneth I. Shine, M.D., Executive Vice Chancellor for Health Affairs; Mr. Kevin Dillon, Executive Vice President, Chief Operating and Financial Officer, U. T. Health Science Center – Houston

**Status:** Reported

**Discussion at meeting:**

*Mr. Dillon's PowerPoint presentation was revised after the Agenda Books were mailed and is set forth on Pages 19 - 26.*

*Dr. Shine summarized the message to legislators and policymakers that for the health institutions to maintain momentum and to be competitive, the formulas for research and infrastructure need to be restored to some approximation of Year 2000 levels.*

*Regent Dannenbaum asked about infrastructure support, and Mr. Dillon answered that it is primarily for utility costs and deferred maintenance, e.g., maintenance of the physical plants.*

**7. U. T. System: Quarterly report on health matters, including Cancer Prevention and Research Institute of Texas funding and health care working group activities**

**Committee Meeting Information**

**Presenter(s):** *Kenneth I. Shine, M.D., Executive Vice Chancellor for Health Affairs*

**Status:** *Reported*

**Discussion at meeting:**

- *Three-quarters of the \$142 million in grants awarded by the Cancer Prevention and Research Institute of Texas (CPRIT) went to U. T. System institutions in June 2010.*
- *U. T. Southwestern Medical Center – Dallas was named a designated cancer center by the National Cancer Institute.*
- *The health institutions are improving ambulatory care; that is the wave of the future.*
- *The Medical Arts and Research Center (MARC) is now open at U. T. Health Science Center – San Antonio as is the U. T. Medical Branch – Galveston Victory Lakes facility at Clear Lake.*
- *Regarding graduate medical education, U. T. Health Science Center – Tyler will have 56 additional residents at Good Shepherd Hospital.*
- *U. T. M. D. Anderson Cancer Center was ranked the Number One cancer hospital in the nation in the last seven of nine years.*
- *The first president of the Worldwide Innovative Network (WIN) Association will be President Mendelsohn, U. T. M. D. Anderson Cancer Center (see related Item 4 on Page 3 of these Minutes).*

- *A U. T. System conference in Dallas on perinatal quality of care was successful; an upcoming conference will be held in Houston on improving performance in emergency rooms; and the second annual Systemwide program on Clinical Effectiveness and Safety will be held in Austin.*
8. **U. T. M. D. Anderson Cancer Center: Authorization to loan sufficient funds to M. D. Anderson Services Corporation to establish a permanent endowment for the use and benefit of the institution**

**Committee Meeting Information**

**Presenter(s):** *Committee Chairman Longoria*

**Status:** *Approved*

**Motion:** *Made by Regent Dannenbaum, seconded by Regent Powell, and carried with Regent Stillwell abstaining from vote.*

**Discussion at meeting:**

*Committee Chairman Longoria said this additional item, attached on Pages 27 - 28, was posted with the Secretary of State, was sent to the Committee in advance, and was before the Committee on yellow paper. She noted that Regent Stillwell will abstain from discussion and vote on this item because of his employment relationship with the donor. (Under Texas Government Code Section 552.1235, the donor's name is confidential.)*

**ADJOURNMENT**

Committee Chairman Longoria adjourned the meeting at 11:00 a.m.

# ***a bold new brand***

---

## **U. T. Medical Branch – Galveston Proposed New Brand Identity**

**Presentation to  
The University of Texas System  
Board of Regents  
August 12, 2010**

# The Richards Group

- **Completed spherical branding process with award-winning Richards Group before Hurricane Ike**
  - Involved broad base of UTMB and community representatives
  - Underscored that everything we do is focused on improving health (“Better health. Better life. Better world.”)
  - Identified questions about “Medical Branch”
- **Hurricane Ike (Ike) put process on hold until late 2009, when the Richards Group conducted follow-up research to determine what, if anything, Ike had changed**
- **Final recommendations developed after review with multiple internal and external stakeholder groups**



# Logo Comparison



# Proposed Stationery

6

**utmb Health**

Mr. John Doe  
1234 Any Street  
Anytown, USA 75483

Dear John:

The public rarely sees a letterhead without a typewritten message on it. When a letter is typed on the System Letterhead, in a sense the design of the letterhead is completed. The style or format of the letter is an important part of the overall design of your company's stationery.

This is a sample of one typewritten format on company stationery. As you can see, all the typewritten elements are "flush left" on the page. This format is double-spaced between paragraphs but single-spaced within the paragraph. There are no paragraph indentations. The date and complimentary close are also aligned flush left with the paragraphs.

This particular letter format presents a clean and businesslike appearance. A consistent typewritten style as well as an error-free letter will commu

Sincerely,  
*David L. Callendar*  
David L. Callendar, MD, MBA, FACS  
President

David L. Callendar, MD, MBA, FACS  
President  
301 University Boulevard  
Galveston, Texas 77555-0129  
P 409.772.1902 F 409.772.5064  
E dcallendar@utmb.edu

**utmb Health**

David L. Callendar, MD, MBA, FACS  
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**utmb Health**

University Hospital Clinics  
1004 Harborside Dr.  
Galveston, Texas 77555  
O 409.772.2222 F 409.000.0000  
M 409.000.0000 P 409.000.0000  
E dcallendar@utmb.edu

**utmb.edu** The University of Texas Medical Branch at Galveston  
Member, Texas Medical Center®

**utmb.edu** The University of Texas Medical Branch at Galveston | Member, Texas Medical Center®



Freestanding Signage - Appearance Option 2

1' = 1'-0"



UTMB Health  
 Sign Type Development - Issued 07.26.10

This drawing and the ideas expressed remain the confidential property of INNERFACE. This drawing and its ideas are not to be reproduced, copied, or disclosed to any other person or entity without the express written consent of a representative of INNERFACE.



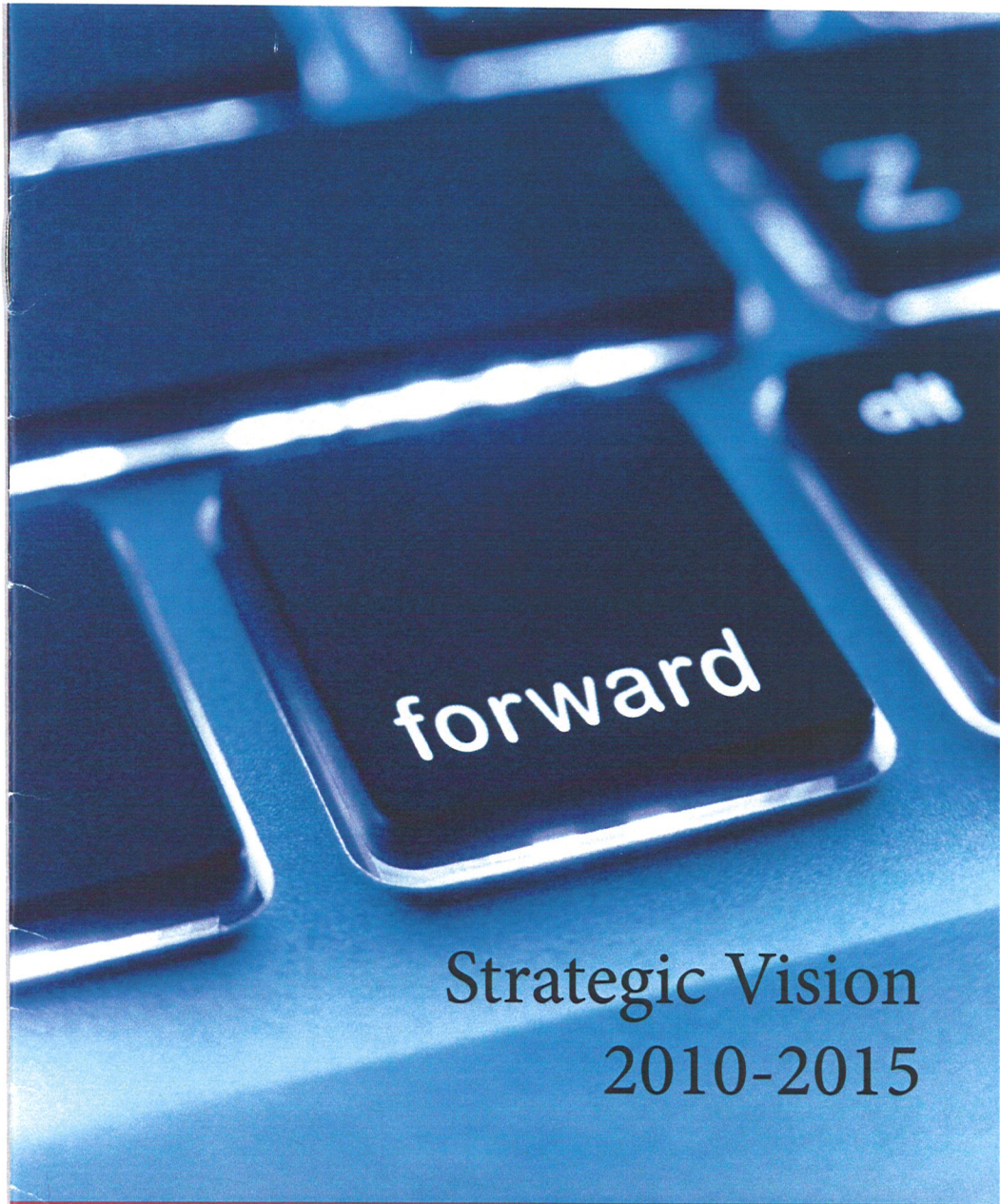
Ati sunt eossimus pe id quist venisti bustio molutem rese  
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**We wonder if it's possible to grow new lungs.**

m quo enis dios aut alis cum fuga. Em rat videllis aut adiar  
 cuscipsant quis etus, sum et ute plaborias remosa nus  
 remque eturessit quisitae saperit ibusae consequi nis eter  
 explandam eni qui incipsandit quatibe Ferumae occup  
 ta tqunt, sint ut odi volupta turem. Am quatep orempi  
 iaepratur? El inctiori tecepero bla net quam, ocellera.



***Working together to work wonders.***



Strategic Vision  
2010-2015

Making Cancer History<sup>®</sup>

THE UNIVERSITY OF TEXAS  
MD Anderson  
~~Cancer~~ Center

## Our values guide our actions

### We are MD Anderson

#### Caring

By our words and actions, we create a caring environment for everyone.

- We are sensitive to the concerns of our patients and our co-workers.
- We are respectful and courteous to each other at all times.
- We promote and reward teamwork and inclusiveness.

#### Integrity

We work together to merit the trust of our colleagues and those we serve.

- We hold ourselves, and each other, accountable for practicing our values.
- We communicate frequently, honestly and openly.
- By our actions, we create an environment of trust.

#### Discovery

We embrace creativity and seek new knowledge.

- We help each other to identify and solve problems.
- We seek personal growth and enable others to do so.
- We encourage learning, creativity and new ideas.

## President's message

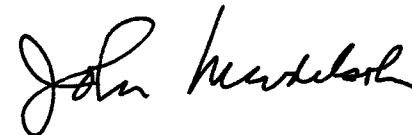
At MD Anderson, we have a deep and enduring commitment to eliminating cancer as a health threat. Here, our diverse group of more than 19,000 caregivers, researchers, educators, business professionals and volunteers come together to provide research-driven patient care, seek new knowledge about cancer, educate others, explore ways to prevent cancer and manage the substantial resources entrusted to us.

The challenges ahead of us in this journey are formidable, but the opportunities today also are great. Our achievements must keep pace with an increasing demand for our services. It is essential that we balance and manage our growth by creating shared, measurable goals that set our targets, guide our work, inspire us and move us forward.

The 2010-2015 Strategic Vision, with seven fundamental goals, is a pathway for us to follow in our four mission areas – patient care, research, education and prevention – as well as in our efforts to increase our collaborations outside of the institution, build and sustain our facilities and technical infrastructure, and recruit and retain the best people by creating a culture that encourages and rewards employees and volunteers.

We have recently revised this document to capture additional priorities for us in the coming years, such as enhancing survivorship and customer service initiatives, striving for increased research funding, employing more rigorous metrics for measuring our progress, and growing our institutional knowledge and expertise globally.

I look forward to working with you in our joint efforts to achieve the ambitious goals we have set for ourselves over the next several years. I am grateful to each of you for your passion, dedication and capabilities that are Making Cancer History® for our patients and for people everywhere.



John Mendelsohn, M.D.

President

April 2010

# Goals for Future Advancement

- 1 Patient Care**  
Enhance the quality and value of our patient care throughout the cancer care cycle.
- 2 Research**  
Enhance existing research programs and develop priority programs for the future.
- 3 Education**  
Provide educational programs of the highest quality to fully address the needs of all learners.
- 4 Prevention**  
Accelerate the discovery and translation of new knowledge about cancer risk assessment and prevention in the laboratory, the clinic and the community.
- 5 Our People**  
Enhance our most valuable asset, the people who work, volunteer and contribute to advancing our mission.
- 6 Collaboration**  
Enhance and disseminate our knowledge in all mission areas through collaborative and productive relationships locally, nationally and worldwide.
- 7 Resources**  
Safeguard and enhance our resources.



Enhance the quality and value of our patient care throughout the cancer care cycle.

**Strategy 1.1** We will enhance our clinical excellence and leadership in multidisciplinary, research-driven patient care throughout each phase of the cancer care cycle: prevention and early detection, diagnosis and treatment, and survivorship and end-of-life care.

**Strategy 1.2** We will increase the quality, safety and value of our clinical care.

**Strategy 1.3** We will focus our clinical care on those patients who can benefit most from our specialized services and those who are candidates for our clinical research, and offer advice on the best available care to those we do not serve.

**Strategy 1.4** We will collaborate with health care providers in our community, our country and throughout the world to deliver optimal cancer care to our patients and make use of enhanced information-sharing technologies.

**Strategy 1.5** We will enhance productivity, access and efficiency by strengthening our infrastructure and support systems.

**Strategy 1.6** We will enhance the experience of our patients by providing counseling, hope, education and compassion in a supportive environment.



# 2 Research

Enhance existing research programs and develop priority programs for the future.

**Strategy 2.1** We will strengthen the quality and impact of our basic, translational, clinical and population-based research by providing superior leadership, infrastructure and resources, and by optimizing efficiencies and benefiting from rigorous internal and external reviews.

**Strategy 2.2** We will lead in the personalization of cancer diagnosis and treatment by detecting and targeting specific genetic and molecular abnormalities in a patient's cancer and the tissue microenvironment, enhancing immune responses, and improving targeted radiation and surgical treatments.

**Strategy 2.3** We will invest and redirect resources to seize emerging research opportunities and to reward excellence and innovation. Our investigators will leverage institutional research support by continuing to increase funding from extramural sources.

**Strategy 2.4** We will create new research programs and strategically expand or contract existing programs based on scientific merit and contribution to our mission.

**Strategy 2.5** We will improve our information systems, bioinformatics and computational capabilities in order to collect, integrate and analyze large clinical and research databases, and to generate new knowledge and enhance its usefulness.

**Strategy 2.6** We will investigate ways to reduce and ameliorate undesired short- and long-term effects of cancer and its treatment, and to enhance the lives of cancer survivors.

**Strategy 2.7** We will convert scientific discoveries into useful products and devices through enhanced technology development and transfer.



# 3 Education

Provide educational programs of the highest quality to fully address the needs of all learners.

**Strategy 3.1** We will have preeminent undergraduate and graduate degree-granting programs.

**Strategy 3.2** We will recruit outstanding and diverse students and trainees to our programs and provide education in the knowledge, skills, code of conduct, and core and cultural competencies necessary for career success.

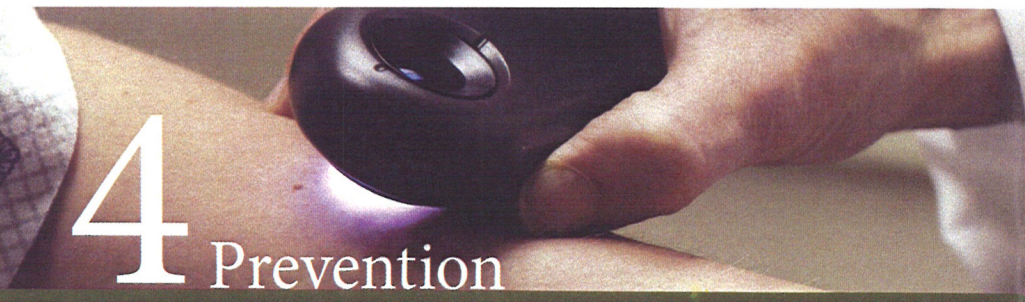
**Strategy 3.3** We will provide educational programs that support the career development and effectiveness of our people.

**Strategy 3.4** We will provide education and information to our patients, their caregivers and the public, including those at increased risk for cancer.

**Strategy 3.5** We will provide continuing education to health care professionals and scientists at MD Anderson, and worldwide, that will enhance their skills and knowledge.

**Strategy 3.6** We will develop the highest quality curricula, teaching methods and programs, and evaluate and improve the effectiveness of these educational activities using internal and external reviews.





# 4 Prevention

Accelerate the discovery and translation of new knowledge about cancer risk assessment and prevention in the laboratory, the clinic and the community.

**Strategy 4.1** We will pursue research to gain a greater understanding of the roles that biologic, genetic, environmental, behavioral and social factors play in cancer development and translate those findings into more effective strategies to assess and reduce cancer risks.

**Strategy 4.2** We will investigate behavioral, surgical, medical and social interventions that can prevent or reduce the risk of cancer development.

**Strategy 4.3** We will conduct research on the differential impact of cancer in minority and medically underserved populations, particularly where the burden of cancer is excessive.

**Strategy 4.4** We will enhance and expand clinical screening, preventive services, and genetic and behavioral counseling to serve people at risk of developing cancer and cancer survivors.

**Strategy 4.5** We will develop, implement and disseminate programs to reduce the burden of cancer in all populations, with particular emphasis on effective outreach to underserved and vulnerable populations.

**Strategy 4.6** We will collaborate with our colleagues and community and global partners to advance research, public policy, clinical practice, and public and professional education in cancer prevention.



# 5 Our People

Enhance our most valuable asset, the people who work, volunteer and contribute to advancing our mission.

**Strategy 5.1** We will cultivate an inclusive culture that will help us attract and keep the most engaged people committed to achieving our mission through individual effort and teamwork.

**Strategy 5.2** We will offer learning and mentoring opportunities for personal and professional growth that prepare outstanding individuals to assume increased competence, responsibility and accountability.

**Strategy 5.3** We will develop and recognize leadership to enable our people to achieve extraordinary results.

**Strategy 5.4** We will promote health and well-being through programs that help our people maintain wellness and balance their lives, at work and at home.

**Strategy 5.5** We will act in alignment with our core values.

# 6 Collaboration

Enhance and disseminate our knowledge in all mission areas through collaborative and productive relationships locally, nationally and worldwide.

**Strategy 6.1** We will advance interdisciplinary research and collaboration to increase knowledge and accelerate the translation of scientific discoveries into clinical trials and translation of clinical observations into scientific investigation, with the goal of improving patient care.

**Strategy 6.2** We will share our expertise and experience with global communities to benefit patients and professionals, and sustain our mission.

**Strategy 6.3** We will encourage worldwide educational partnerships that expand understanding of the causes, management and prevention of cancer.

**Strategy 6.4** We will develop new methods to collaborate and exchange knowledge more effectively with health care providers, extramural researchers, academic institutions, industry and organizations involved in cancer control.

# 7 Resources

Safeguard and enhance our resources.

**Strategy 7.1** We will continuously improve our administrative infrastructure to support the efforts of our people in achieving our mission through health information technology and quality improvement education and research.

**Strategy 7.2** We will employ metrics and rigorous internal and external review to prioritize proposed and existing programs, in order to grow in strategic areas and consolidate in others.

**Strategy 7.3** We will maintain an operating margin, cash reserves and the appropriate financial metrics required to sustain our mission.

**Strategy 7.4** We will provide transparent and complete financial and operational information, and hold leaders and managers accountable for their performance.

**Strategy 7.5** We will be good stewards of the resources entrusted to us by patients, donors, sponsors, partners and governmental entities.

**Strategy 7.6** We will develop action plans and performance measures that reflect our brand and advance the goals of this Strategic Vision.

# Making Cancer History<sup>®</sup>

## Mission

The mission of The University of Texas MD Anderson Cancer Center is to eliminate cancer in Texas, the nation and the world through outstanding programs that integrate patient care, research and prevention, and through education for undergraduate and graduate students, trainees, professionals, employees and the public.

## Vision

We shall be the premier cancer center in the world, based on the excellence of our people, our research-driven patient care and our science. We are Making Cancer History<sup>®</sup>.

## Using this document

Each department and operating unit at MD Anderson should identify the strategies to which they can make contributions and develop tactics that will be effective in their work environment. These deliberations should include selection of performance measures. Collaborative plans between departments may often be required.

Through this process, every employee and volunteer will have the opportunity to contribute to our goals and our aim of Making Cancer History<sup>®</sup>.

THE UNIVERSITY OF TEXAS  
**MD Anderson**  
**Cancer Center**

Making Cancer History<sup>®</sup>

Produced by the MD Anderson Cancer Center Communications Office  
1515 Holcombe Blvd., Houston TX 77030 • [www.mdanderson.org](http://www.mdanderson.org) 04/2010

# State Formula Funding for Health-Related Institutions

Mr. Kevin Dillon

Executive Vice President

Chief Operating and Financial Officer

The University of Texas Health Science Center at Houston

U. T. System Board of Regents' Meeting

Health Affairs Committee

August 2010



# State Formula Funding for Health-Related Institutions (HRIs)

Primary source of funding for HRIs' educational and administrative activities.

## Five formulas:

1. Instruction & Operations Formula (per student, “weighted” by discipline: e.g., Allied Health, Nursing, Public Health, Dental, Medicine, etc.)
2. Infrastructure Formula (per predicted square footage)
3. Research Enhancement (per research expenditure dollar)
4. Graduate Medical Education (per medical resident)
5. Mission-specific formulas for U. T. M. D. Anderson (Texas cancer cases) and U. T. Health Science Center – Tyler (chest cases)



# Four Main State Formula Funding for HRIs

	FYs 2000 & 2001	FYs 2010 & 2011	% Change
<b>1. Instruction and Operations (I&amp;O) Formula:</b>			
Formula "Base" Rate <sup>A</sup> :	\$11,383	\$11,129	(2.2%)
Formula "Driver" – Full-Time Student Equivalents:	12,631	18,386	45.6%
Total State General Revenue Funding <sup>A</sup> :	\$750 million	\$971 million	29.5%
<b>2. Infrastructure Formula<sup>B</sup>:</b>			
Formula Rate <sup>A</sup> :	\$11.18	\$7.98	(28.6%)
Formula "Driver" – Predicted Square Footage <sup>C</sup> :	10.2 million	16.9 million	66.2%
Total State General Revenue Funding <sup>A</sup> :	\$216 million	\$250 million	15.6%

<sup>A</sup> These figures are not adjusted for inflation.

<sup>B</sup> MDACC and UTHSC-Tyler have somewhat different infrastructure formula rates that are excluded here.

<sup>C</sup> Predicted Square Footage is based on the Space Projection Model and incorporates numbers (and levels) of students, faculty, actual clinic space, plus research and E&G expenditures. It supports physical plant and utility costs.



## State Formula Funding for HRIs (Continued)

	FYs 2000 & 2001	FYs 2010 & 2011	% Change
<b>3. Research Enhancement Formula:</b>			
Formula Rate <sup>A</sup> :	2.85%	1.48%	(47.4%)
Formula "Driver" – Research Expenditures:	\$584 million	\$1.55 billion	164.5%
Total State General Revenue <sup>A</sup> :	\$58.7 million	\$71.2 million	21.3%
<b>4. Graduate Medical Education Formula:</b>			
Formula Rate:	N/A	\$6,653	N/A
Formula "Driver" – Medical Residents:	N/A	5,944	N/A
Total State General Revenue <sup>A</sup> :	N/A	\$79.1 million	N/A

<sup>A</sup> These figures are not adjusted for inflation.



# HRI Formula Funding Advisory Committee Recommendations – 2008 & 2010

Return to FY 2000 – 2001 biennial rates for all formulas

- Include growth (i.e., in enrollment, sq. ft., research, medical residents) for all formulas

Instruction & Operations Support

- No additional disciplines
- No weight changes for existing disciplines

	2000-2001 Rates	2008-2009 Rates	<i>2010-2011 Actual Rates</i>	<i>2012-2013 Requested Rates</i>
Instruction & Operations	\$ 11,383	\$ 10,840	<i>\$ 11,129</i>	<i>\$ 11,383</i>
Infrastructure Support	\$ 11.18	\$ 7.98	<i>\$ 7.96</i>	<i>\$ 11.18</i>
Research Enhancement	2.85%	1.53%	<i>1.48%</i>	<i>2.85%</i>

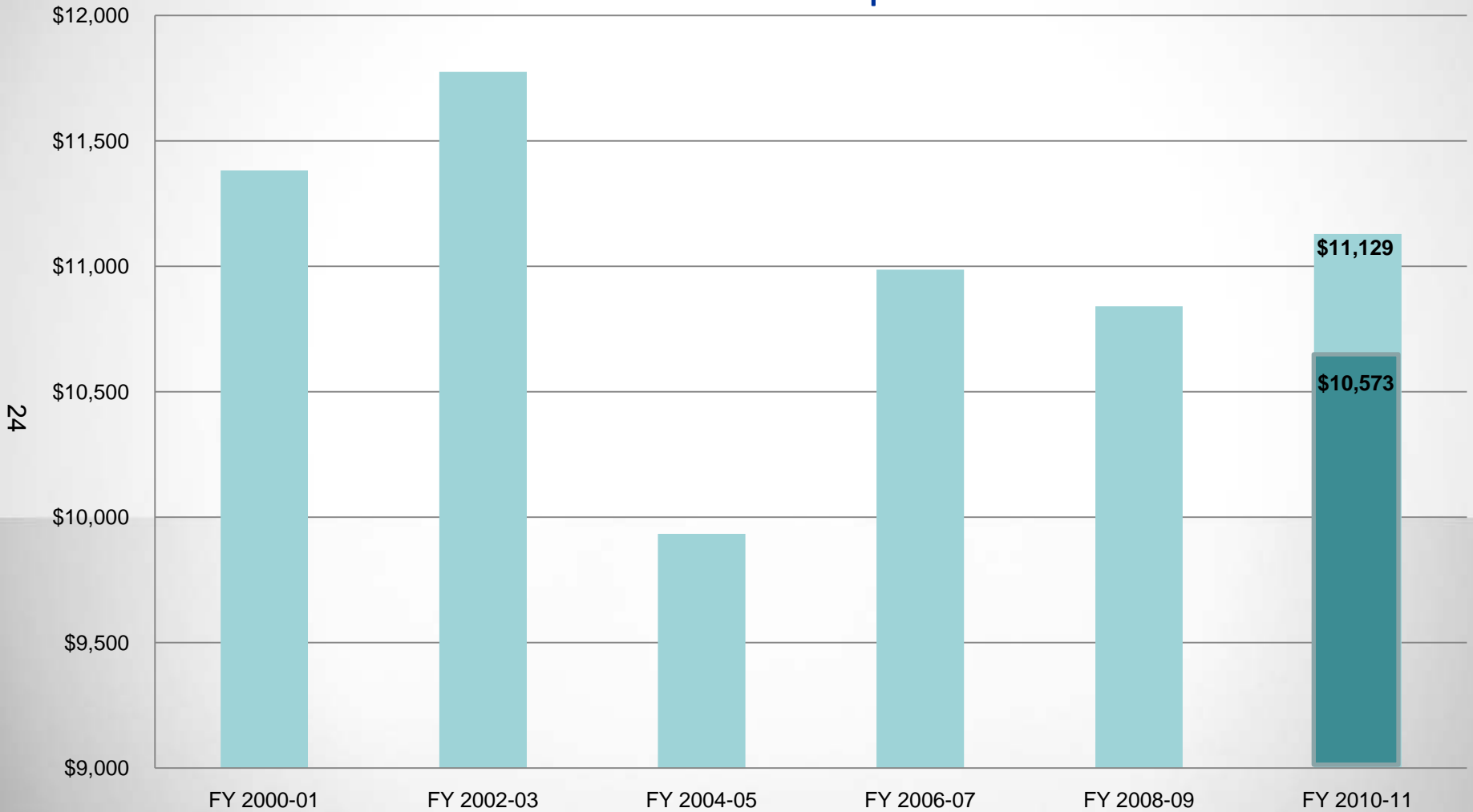
Some success with I&O formula; little progress with Infrastructure and Research





# HRIs Formula Funding 2000 & 2001 Through 2010 & 2011

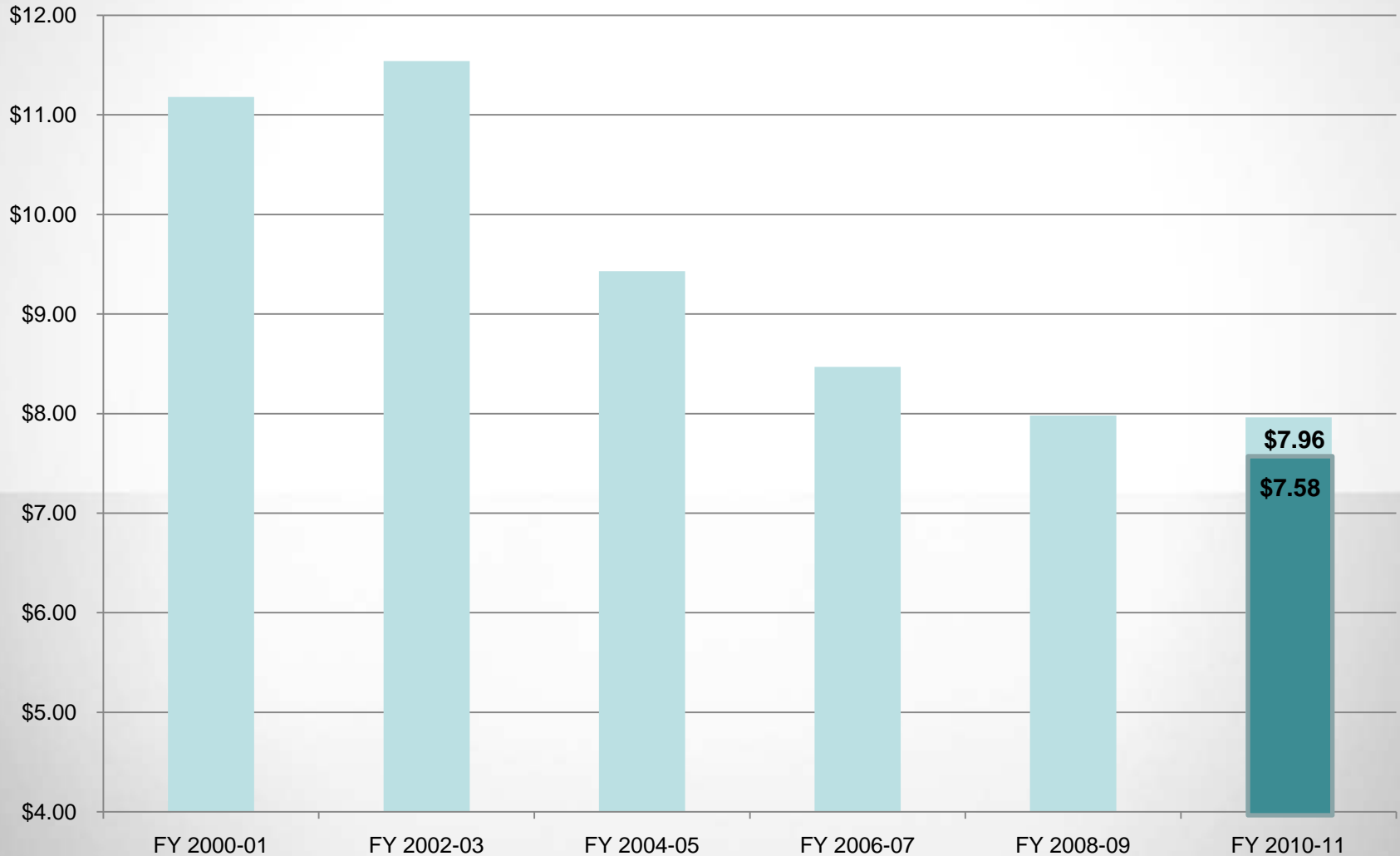
## Instruction & Operations



24



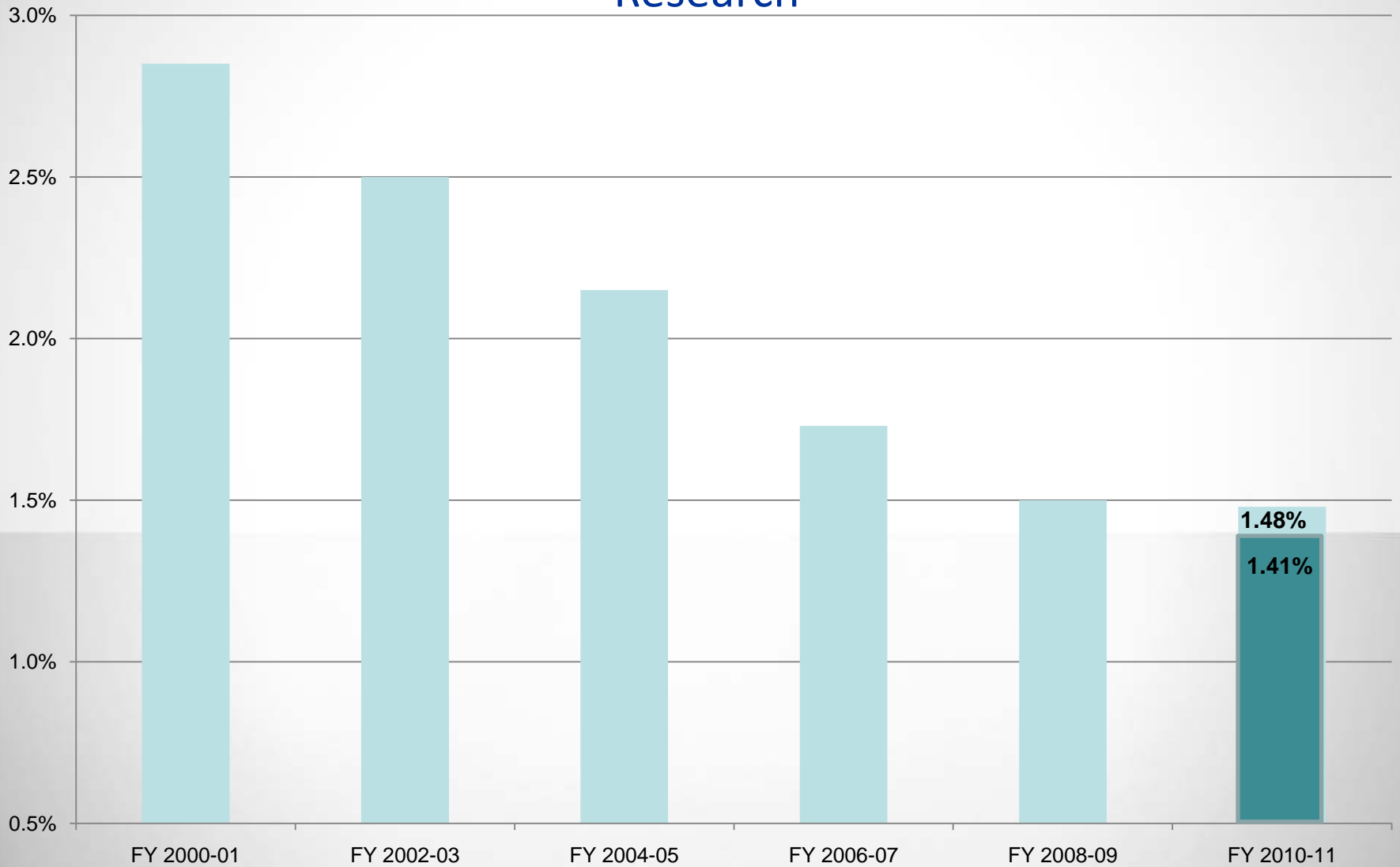
# HRIs Formula Funding 2000 & 2001 Through 2010 & 2011 Infrastructure



25



# HRIs Formula Funding 2000 & 2001 Through 2010 & 2011 Research



26



**ADDITIONAL ITEM  
HEALTH AFFAIRS COMMITTEE  
August 11-12, 2010**

8. **U. T. M. D. Anderson Cancer Center: Authorization to loan sufficient funds to M. D. Anderson Services Corporation to establish a permanent endowment for the use and benefit of the institution**

**RECOMMENDATION**

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs, the Vice Chancellor and General Counsel, the Vice Chancellor for External Relations, and President Mendelsohn that the U. T. System Board of Regents authorize U. T. M. D. Anderson Cancer Center to:

- a. loan sufficient funds from existing cash reserves to M. D. Anderson Services Corporation to establish a permanent endowment for the use and benefit of U. T. M. D. Anderson Cancer Center; and
- b. execute all documents, instruments, and other agreements, subject to approval of all such documents 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 recommendation.

**BACKGROUND INFORMATION**

On February 7, 2007, the U. T. System Board of Regents approved a \$50 million philanthropic donation to U. T. M. D. Anderson Cancer Center, with a proviso to increase the corpus of the donation to \$500 million through matching or investment funds to create a permanent endowment to generate income for the use and benefit of the institution. The \$50 million donation was delivered to M. D. Anderson Services Corporation, a charitable corporation under the control of the U. T. System Board of Regents and dedicated to furthering the public mission of U. T. M. D. Anderson Cancer Center.

Through a quasi-endowment held by the U. T. System Board of Regents, U. T. M. D. Anderson Cancer Center has accumulated sufficient funds and earnings to fully finance the balance needed to create the permanent endowment. To fund the permanent endowment, it will be necessary for funds to be transferred from the quasi-endowment and the institution to M. D. Anderson Services Corporation. To meet the legal requirements for the fund transfer, U. T. M. D. Anderson Cancer Center proposes to loan the funds to M. D. Anderson Services Corporation with the obligation for M. D. Anderson Services Corporation to repay the loan through transfer of all annual earnings generated

by the new permanent endowment to U. T. M. D. Anderson Cancer Center for its use and benefit to further its public purpose of conducting research to advance the diagnosis and cure of cancer diseases.

MINUTES  
U. T. System Board of Regents  
Special Health Affairs Committee Meeting  
August 11, 2010

The members of the Health Affairs Committee of the Board of Regents of The University of Texas System convened at 1:40 p.m. on Wednesday, August 11, 2010, in the Board Meeting Room on the 9th Floor of Ashbel Smith Hall, The University of Texas System, 201 West Seventh Street, Austin, Texas, with the following participation:

Attendance

Vice Chairman Longoria, presiding  
Regent Dannenbaum  
Regent Powell  
Regent Stillwell

Also present were Chairman McHugh, Vice Chairman Foster, Regent Gary, Regent Hicks, Regent Kalkwarf, Regent Pejovich, and General Counsel to the Board Frederick.

In accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Committee Chairman Longoria called the meeting to order.

**U. T. System: Panel discussion with U. T. System health institution presidents on the impact of recently enacted health care legislation on the provision of health care and on the administration of Medicaid in Texas**

***Committee Meeting Information***

***Presenter(s):*** Vice Chairman Longoria; Kenneth I. Shine, M.D., Executive Vice Chancellor for Health Affairs; health presidents  
***Status:*** Discussed

**Discussion at meeting:**

*Committee Chairman Longoria provided opening remarks excerpted from the Agenda materials and then opened the discussion to the health presidents.*

***I. How can excellence and quality of care be maintained with the increased patient demand in light of workforce shortages and lower reimbursement rates?***

*Dr. Shine noted the U. T. System is responsible for educating 70% of the health care professionals in the state.*

President Podolsky, U. T. Southwestern Medical Center – Dallas

*Dr. Podolsky said with certainty there will be an accentuation of demand for care and the need for an expanded workforce at a time when the baseline is short, particularly in Texas. In Massachusetts, where he worked during two years of reform legislation implementation and where the baseline of per capita health care workforce is higher than in Texas, the embedded shortages in certain areas became even more evident, particularly in primary care, and gave rise to the common phenomenon that coverage does not equal access. A secondary consequence of the absence of outpatient care was a disproportionate increase in emergency room visits that can also be expected in Texas. Dr. Podolsky spoke about addressing the bottlenecks to expanding the workforce, particularly for physicians by, for instance, focusing on residency training opportunities in Texas.*

President Kaiser, U. T. Health Science Center – Houston

- *There are many more uninsured in Texas than in Massachusetts and nationwide.*
- *Expect access to primary care physicians to be more of a challenge, and health plans will cost more.*
- *By 2025, the U.S. will see a significant shortfall in physicians partly because of capping postgraduate residency slots.*
- *Nurse practitioners will rise to the occasion.*

President Henrich, U. T. Health Science Center – San Antonio

*Committee Chairman Longoria asked if there is any resistance from physicians to add nurse practitioners to the workforce, and Dr. Henrich thought that would not be a problem. He said if the number of graduate medical education (GME) slots in Texas does not increase, Texas will become even more of an exporter of physicians. He commented on the need to assimilate nurse practitioners and physician assistants to handle the increased number of patients.*

**II. New means of delivering care**

*Dr. Shine suggested that new means of delivering care will be needed. Dr. Podolsky suggested the medical home model that integrates physicians and nonphysicians will provide some efficiencies and will reduce the burden of longer term, complex diseases. Leveraging technology and more efficient and frequent communication with patients are other ways to get more care per provider.*

President Calhoun, U. T. Health Science Center – Tyler  
*Changes are coming in*

- *universal health care for Americans*
- *getting everyone on an electronic medical record*
- *creating medical homes where physicians will play the role of team leader*
- *comparative effectiveness research (doing research in areas that really work to improve patient care at low cost).*

*Dr. Shine asked about new ways of providing care to high-risk, high-cost populations.*

President Callender, U. T. Medical Branch – Galveston (UTMB)

*While much of the reform legislation is aimed at coverage rather than efficiencies or cost reductions, UTMB is looking for efficiencies and effectiveness such as in the continuum of care (how to transition outpatient-inpatient-outpatient care) and in community health programs, which has resulted in reduced use of emergency rooms by 80%, decreased hospitalization by 50%, and improved health overall. Dr. Kaiser said it costs more to take care of poor people, so managing the care of those individuals will help reduce the costs of health care.*

*Dr. Henrich spoke about accountable care organizations, which he defined as a physician's practice and a hospital that together manage chronic diseases for a better outcome than if care is provided separately. He noted the two parties are wholly communicative, usually unified by electronic health records, and there is a need to have tight partnerships. Dr. Shine added that health improvement zones included in the new legislation provide opportunities for academic health centers to develop ways to care for populations through medical homes or accountable care organizations.*

**III. Costs**

*Committee Chairman Longoria and Dr. Shine then opened the discussion about costs in relation to the U. T. System health institutions: who will take care of Medicaid patients; how will the reimbursement rates affect the academic health centers; and describe the vulnerability considering the size and scope of the practice plans.*



President Mendelsohn, U. T. M. D. Anderson Cancer Center

- *Medicare pays about 85% of patient costs; more is usually lost with Medicaid patients.*
- *There will be more insured people in Houston, they will expect service, and the institution's costs will not be covered.*
- *The bottom line is figuring out how to do this cheaper. There is no incentive or gain to become more efficient because the institution will not be paid for the outcomes.*
- *There is talk of pilot projects to incentivize.*
- *The uninsured will have access, costs will not be covered, and he has not seen evidence of a payment system that will bring costs down.*
- *Transparent data is needed on measured outcomes and costs; maybe in the future, information about doctors and hospitals will be more transparent, and doctors will be chosen in the same way as one buys cars and houses nowadays: by consumer reports, information on the web, etc.*

*Dr. Calhoun said the U. T. Health Science Center – Tyler is dependent on Medicare and Medicaid patients, and receives Medicare Disproportionate Share Hospital (DSH) payments as does UTMB. He said under the new legislation, many commercial payors will adopt many of the same rules and payment systems as Medicare and Medicaid, and he spoke about the uncertainties of the reform legislation, saying it will be prudent to watch that the U. T. System interests are protected.*

*Committee Chairman Longoria asked Dr. Callender to explain the DSH program. Dr. Callender said DSH is designed to offset the gap of the failure to cover the full cost of providing care for hospitals, physicians, and practitioners that have a disproportionate share of Medicaid patients. There is a State contribution and a federal contribution, with the money typically coming back to the provider; however, State institutions in Texas do not directly receive that funding, which goes back into the General Revenue fund for the State. Therefore, U. T. Health Science Center – Tyler and UTMB generate additional funds for the State, and the State in turn tries to offset the funding by investing in the institution(s) with, for example, formula funds.*

*Dr. Callender mentioned the need to be proactively involved in the State's Medicaid reimbursement system, and he suggested an incentive for private practitioners to take on a proportion of Medicaid patients as the system changes. Dr. Kaiser suggested that as in the Massachusetts situation discussed earlier, people will be buying health care plans that have high deductibles or limited coverage to escape the penalties that come with the*

mandate. He said the penalties for some corporations may be attractive enough for these companies to give up their health insurance programs and instead, provide employees with extra money to buy their own plans. With these insurance exchanges, it is expected there will be less opportunity for cost-shifting because there will be fewer commercial payors to cover the Medicare and Medicaid shortfalls.

Dr. Shine again disclosed that he is a director of a health insurance company. He said the commercial insurance companies will be pushing back on reimbursements to not be seen as the source of funds for the shortfall. These companies are also interested in new reimbursement models.

Dr. Podolsky said as more individuals are covered at government payor rates under health care reform, significant numbers of providers will "sit out" as they are already doing and public, urban institutions will be the default place where those newly insured will go for their care. The second phase of implementation, he predicted, will be a movement away from employer-based insurance into health exchanges or basically, government payor rates. He noted that all but one of the insurers in Massachusetts is facing insolvency.

**IV. How does the new legislation affect educating health professionals at U. T. System institutions?**

Dr. Henrich said medical care is being delivered more by teams, and students are learning from interprofessional education, e.g., learning skills from being around other professionals. He thought this will improve efficiencies in how health care is delivered. Regent Dannenbaum asked if continuing education is being offered to nurse practitioners as well as undergraduate and graduates going into nursing, and Dr. Henrich replied affirmatively.

In response to a question from Chancellor Cigarroa, Dr. Podolsky said there will be a greater challenge going forward for the revenues generated by the practice plan to be available to the same degree to directly support the other missions (e.g., career development, education, clinical care, advance technology, biomedical research). He suggested the question be turned around to ask what would it take to deliver that care, and he said this will be the subject of a strategic effort this fall. Dr. Shine provided some examples to show that the practice plans provide a substantial subsidy to the institutions for educating students and conducting research, and he said that as the new legislation applies pressure, there will be secondary effects on research and education.

**V. The mandate for electronic health records**

*Noting that Dr. Jack W. Smith, Dean of the School of Biomedical Informatics at U. T. Health Science Center – Houston, made a presentation to the Gulf Coast Health Services Steering Committee, Committee Chairman Longoria asked about the mandate for electronic health records under the new legislation. Dr. Kaiser speculated the majority of physicians practicing today will begin using electronic medical records, and although patient safety might be improved, implementation will be difficult and increased cost savings has not been demonstrated. He said the existing systems do not necessarily communicate with each other, productivity will decrease since entering data takes more time, and the program might require hiring additional people. He noted privacy and security of records as issues, but portability will be a benefit.*

*Dr. Mendelsohn added the success of this initiative can only come with a standardized structure for medical forms, i.e., if hospitals and doctors all over the country can download similar documents from insurance companies, it could reduce the workforce by a significant margin. He noted U. T. M. D. Anderson Cancer Center's proprietary, homegrown method can be shared with physicians at different locations as long as they are in the institution's network.*

*Dr. Callender noted this as an opportunity for U. T. System health institutions to collaborate, and he added some institutions already operate on the same platforms. Dr. Podolsky concluded by agreeing that the U. T. System institutions can serve as a laboratory for health care delivery. Dr. Shine added that most U. T. System institutions are close to meeting the requirements of "meaningful use" that health care providers must meet in the area of information technology and thus, be eligible for Medicare/Medicaid funding to expand those activities. The challenge, he noted, will be with the small group physicians.*

*Dr. Shine summarized the discussion as follows:*

- *Institutions are continuing to innovate ways to deliver care and reimbursement models.*
- *Health homes, bundling of care, and accountable care organizations will offer cost-effective care for a growing population while maintaining quality, clinical effectiveness, and patient safety.*
- *Institutions will continue to develop new educational models to prepare the workforce to function effectively in this new environment.*
- *Texas policymakers should be encouraged to continue financial support for expanded educational opportunities for medical students and health*

*professionals, especially for GME programs. He noted the institutions have been gearing up to produce more medical students but the limited number of residency positions will drive a significant number of students out of state, with potential return to practice in Texas of only one-half.*

- *To reduce the burden on health institutions, local, State, and federal policymakers should improve the way in which Medicare and Medicaid reimbursements work and encourage the new delivery models to decrease the unwillingness of community physicians to see Medicare and Medicaid patients.*
- *Although more will be covered, urban centers could still have upwards of 16-18% of uninsured patients, and there will be a need to discharge that burden as well.*
- *Monies from clinical activities are important to underwrite faculty time, education, and research.*
- *There is a need to adapt to a rapidly changing environment to maintain the missions of the health institutions.*

#### ADJOURNMENT

Committee Chairman Longoria adjourned the meeting at 2:45 p.m.

MINUTES  
U. T. System Board of Regents  
Facilities Planning and Construction Committee  
August 11, 2010

The members of the Facilities Planning and Construction Committee of the Board of Regents of The University of Texas System convened at 3:55 p.m. on Wednesday, August 11, 2010, in the Board Meeting Room on the 9th Floor of Ashbel Smith Hall, The University of Texas System, 201 West Seventh Street, Austin, Texas, with the following participation:

Attendance

Regent Gary, presiding  
Regent Dannenbaum  
Regent Hicks  
Regent Powell

Also present were Chairman McHugh, Vice Chairman Foster, Vice Chairman Longoria, Regent Kalkwarf, Regent Pejovich, Regent Stillwell, and General Counsel to the Board Frederick.

In accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Committee Chairman Gary called the meeting to order. The PowerPoint presentation concerning all items is set forth on Pages 9 - 41.

**Comments by Committee Chairman Gary**

***Follow-up actions re investment metrics for construction projects:***

- 1. Present resolution of Regent Powell's concerns from May 2010 at a future meeting.*
- 2. Present the definition of metrics, and see that metrics are more consistently applied across academic and health projects.*

**Discussion at meeting:**

Committee Chairman Gary reported that Regent Powell has helped get the U. T. San Antonio Athletics Complex project underway.

To follow up from the May 12, 2010 Committee meeting on the matter of investment metrics for construction projects, Regent Gary said Regent Powell's concerns are being addressed, and Regent Powell has seen a draft paper that will be presented at a future meeting.

Also at the May 12, 2010 Committee meeting, Regent Gary had noted inconsistencies in investment metrics in agenda items, and today (August 11) he reported that in terms of the strategic plan, metrics have been more qualitative than quantitative. He said staff

is working with the offices of Vice Chancellor for Strategic Initiatives Woodley and Executive Vice Chancellor for Business Affairs Kelley to review the definition of metrics to see that they are more consistently applied across the academic and health institutions.

**1. U. T. System: Capital Improvement Program Update**

**Committee Meeting Information**

**Presenter(s):** Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction

**Status:** Reported

**Discussion at meeting:**

*Regent Dannenbaum asked if cost benefits were being realized with the soft construction economy, and Mr. O'Donnell replied affirmatively, remarking on the good timing of the U. T. System Competitiveness Initiative, which called for construction of 44 projects. He added that most projects have been below budget and more projects have been built out than otherwise could have been.*

**2. U. T. System Board of Regents: Amendment of Section 3 regarding definition of criteria of major projects in Regents' Rules and Regulations, Rule 80301 (Capital Improvement Program); Rule 80402 (Major Construction and Repair and Rehabilitation Projects); and Rule 80404 (Institutional Management of Major Construction and Repair and Rehabilitation Projects)**

**Committee Meeting Information**

**Presenter(s):** Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction

**Status:** Approved

**Motion:** Made by Regent Dannenbaum, seconded, and carried unanimously

**3. U. T. Arlington: FY 11 High Priority Fire and Life Safety Corrections - Amendment of the FY 2010-2015 Capital Improvement Program to include project; approval of total project cost; appropriation of funds; and authorization of institutional management (Final Board approval)**

**Committee Meeting Information**

**Presenter(s):** Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction

**Status:** Approved

**Motion:** Made, seconded, and carried unanimously

4. **U. T. Austin: FY 11 High Priority Fire and Life Safety Corrections - Phase 3 - Amendment of the FY 2010-2015 Capital Improvement Program to include project; approval of total project cost; appropriation of funds; and authorization of institutional management (Final Board approval)**

**Committee Meeting Information**

**Presenter(s):** Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction

**Status:** Approved

**Motion:** Made, seconded, and carried unanimously

5. **U. T. Medical Branch – Galveston: FY 09/FY 10 High Priority Fire and Life Safety Projects - University Hospital Clinics Building - Amendment of the FY 2010-2015 Capital Improvement Program to redesignate the project as the FY 09/FY 10/FY 11 High Priority Fire and Life Safety Project - University Hospital Clinics Building; approval to increase the total project cost; and appropriation of additional funds (Final Board approval)**

**Committee Meeting Information**

**Presenter(s):** Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction

**Status:** Approved

**Motion:** Made, seconded, and carried unanimously

6. **U. T. Health Science Center – San Antonio: FY 11 Fire and Life Safety Projects - Amendment of the FY 2010-2015 Capital Improvement Program to include project; approval of total project cost; appropriation of funds; and authorization of institutional management (Final Board approval)**

**Committee Meeting Information**

**Presenter(s):** Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction

**Status:** Approved

**Motion:** Made, seconded, and carried unanimously

7. **U. T. Arlington: Energy Conservation Measures 2010-2011 - Amendment of the FY 2010-2015 Capital Improvement Program to include project; approval of total project cost; appropriation of funds; and authorization of institutional management (Final Board approval)**

**Committee Meeting Information**

**Presenter(s):** Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction

**Status:** Approved

**Motion:** Made, seconded, and carried unanimously

8. **U. T. Austin: Darrell K Royal - Texas Memorial Stadium - Athletics Offices Infill and Stadium Maintenance and Renovation - Amendment of the FY 2010-2015 Capital Improvement Program to include project; approval of total project cost; appropriation of funds; and resolution regarding parity debt (Final Board approval)**

**Committee Meeting Information**

**Presenter(s):** Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction

**Status:** Approved

**Motion:** Made, seconded, and carried unanimously

9. **U. T. Dallas: Academic Laboratory and Support Space Renovations - Amendment of the FY 2010-2015 Capital Improvement Program to include project; approval of total project cost; authorization of institutional management; appropriation of funds; and resolution regarding parity debt (Final Board approval)**

**Committee Meeting Information**

**Presenter(s):** Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction

**Status:** Approved

**Motion:** Made, seconded, and carried unanimously

10. **U. T. Dallas: Renovation of the Student Union Phase I - Amendment of the FY 2010-2015 Capital Improvement Program to include project; approval of total project cost; authorization of institutional management; appropriation of funds; and resolution regarding parity debt (Final Board approval)**

**Committee Meeting Information**

**Presenter(s):** Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction

**Status:** Approved

**Motion:** Made, seconded, and carried unanimously



11. **U. T. San Antonio: John Peace Library Building Renovations - Amendment of the FY 2010-2015 Capital Improvement Program to include project; approval of total project cost; appropriation of funds and authorization of expenditure; and authorization of institutional management (Final Board approval)**

**Committee Meeting Information**

**Presenter(s):** Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction

**Status:** Approved

**Motion:** Made, seconded, and carried unanimously

**Discussion at meeting:**

Mr. O'Donnell mentioned the Library was named after former Chairman of the Board John Robert Peace who died in 1974.

12. **U. T. M. D. Anderson Cancer Center: Clinical Research Building Animal Area Renovation - Amendment of the FY 2010-2015 Capital Improvement Program to include project; approval of total project cost; appropriation of funds; and authorization of institutional management (Final Board approval)**

**Committee Meeting Information**

**Presenter(s):** Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction

**Status:** Approved

**Motion:** Made, seconded, and carried unanimously

13. **U. T. El Paso: University Parking Garage II – Amendment of the FY 2010-2015 Capital Improvement Program to increase the total project cost; approval of design development; appropriation of funds and authorization of expenditure; approval of evaluation of alternative energy economic feasibility; and resolution regarding parity debt (Final Board approval)**

**Committee Meeting Information**

**Presenter(s):** Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction

**Status:** Approved

**Motion:** Made, seconded by Regent Hicks, and carried unanimously

**Discussion at meeting:**

*Regent Dannenbaum asked if non-University people will be able to park in the garage. Mr. O'Donnell said this is all paid parking, and Vice Chairman Foster said it would not be convenient for external guests to park there.*

- 14. U. T. Southwestern Medical Center – Dallas: New University Hospital - Amendment of the FY 2010-2015 Capital Improvement Program to revise the funding sources; approval of design development; appropriation of funds and authorization of expenditure; approval of evaluation of alternative energy economic feasibility; and resolution regarding parity debt (Final Board approval)**

**Committee Meeting Information**

**Presenter(s):** Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction

**Status:** Approved

**Motion:** Made, seconded, and carried with Regent Gary abstaining from vote

**Discussion at meeting:**

*Because of his pre-existing interest in real property near the proposed hospital site, Committee Chairman Gary abstained from discussion and vote on this agenda item.*

*Regent Dannenbaum asked about all-weather enclosed facilities for the transfer of patients from Children's Hospital to University Hospital, and Mr. O'Donnell deferred the question to President Podolsky who said the location of programmatic services and such needs are under review.*

- 15. U. T. M. D. Anderson Cancer Center: Demolish Old Spanish Trail (OST) Buildings - Amendment of the FY 2010-2015 Capital Improvement Program to increase the total project cost and appropriation of additional funds (Final Board approval)**

**Committee Meeting Information**

**Presenter(s):** Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction

**Status:** Approved

**Motion:** Made, seconded, and carried unanimously

**Follow-up action:** Office of Facilities Planning and Construction to assist the institution to implement the project at less cost.

**Discussion at meeting:**

*See Item 16.*

**16. U. T. M. D. Anderson Cancer Center: Houston Main Building Demolition and Infrastructure - Amendment of the FY 2010-2015 Capital Improvement Program to increase the total project cost and appropriation of additional funds (Final Board approval)**

**Committee Meeting Information**

**Presenter(s):** Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction

**Status:** Approved

**Motion:** Made, seconded, and carried unanimously

**Follow-up action:** Office of Facilities Planning and Construction to assist the institution to implement the project at less cost.

**Discussion at meeting:**

*Regent Dannebaum was assured that there are plans to move a sculpture that is in front of the building.*

*Vice Chairman Foster commented on the request for more funds for the two demolition projects [Item 15 on the previous page and Item 16]. Mr. O'Donnell responded the scope of work is now better known than when the original figures were submitted. He explained that Agenda Item 15 includes military facilities and the project scope was somewhat unknown until institutional personnel could access the buildings and know what is inside to be demolished. Mr. O'Donnell said he is assured the institution will implement the project at less cost if possible, and Board Chairman McHugh suggested the U. T. System assist U. T. M. D. Anderson Cancer Center to do that.*

**17. U. T. M. D. Anderson Cancer Center: South Campus Vivarium Retrofit - Amendment of the FY 2010-2015 Capital Improvement Program to increase the total project cost and appropriation of additional funds (Final Board approval)**

**Committee Meeting Information**

**Presenter(s):** Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction

**Status:** Deferred for presentation to the full Board on August 12, 2010, and was approved at that time.

**Follow-up action:** If scope of work or cost changes significantly, bring project back to Board for reapproval.

**Discussion at meeting:**

*Chairman McHugh commented that when such a significant change is being proposed to the Capital Improvement Program (CIP), it appears to be a different project, and she suggested the project be brought back to the Board. Mr. O'Donnell*

*agreed that the scope of the project has expanded, and Committee Chairman Gary agreed the material change is significant compared to what the Board saw originally.*

*Executive Vice President Leach explained how this is a change in the scope of the project, and he added this is one of the most expensive types of projects because of the sterile environment that is required. Regent Dannenbaum thought the expense might be due in part to the elevation that is required to protect against flooding. Regent Powell asked that the project be brought to the full Board for discussion tomorrow (August 12), and Regent Hicks agreed. Executive Vice Chancellor Kelley commented on the process, saying this proposal is like an addition to the CIP that would come back for design development approval, and he endorsed the proposed presentation to the full Board.*

## ADJOURNMENT

Committee Chairman Gary said that Regent Hicks has assumed responsibility from former Regent Huffines for approving the design development plans for the Liberal Arts Building project at U. T. Austin. On May 12, 2010, the Board approved the plans, subject to approval of the requisite material mockups by Regent Huffines who represented the Facilities Planning and Construction Committee. Regent Huffines reviewed the mockups on June 12, 2010, and Regent Hicks reviewed subsequent mockups on July 30, 2010 and on August 11, 2010, prior to this Committee meeting. At this meeting, Regent Hicks distributed a) a handout showing samples of colors that have been used on the exterior buildings on the campus, and b) a final rendition of the building that reflects toning down of the scale and tone of the colors proposed for the building as set forth on Page 42. Regent Hicks commented that he thinks this will be a great project.

Committee Chairman Gary adjourned the meeting at 4:35 p.m.

# Agenda Items

**Mr. Michael O'Donnell, Associate Vice Chancellor**

U. T. System Board of Regents' Meeting  
Facilities Planning and Construction Committee  
August 2010



# The University of Texas System

FY 2011-2016

## Capital Improvement Program Update

10



# The University of Texas System FY 2011-2016 Capital Improvement Program Update

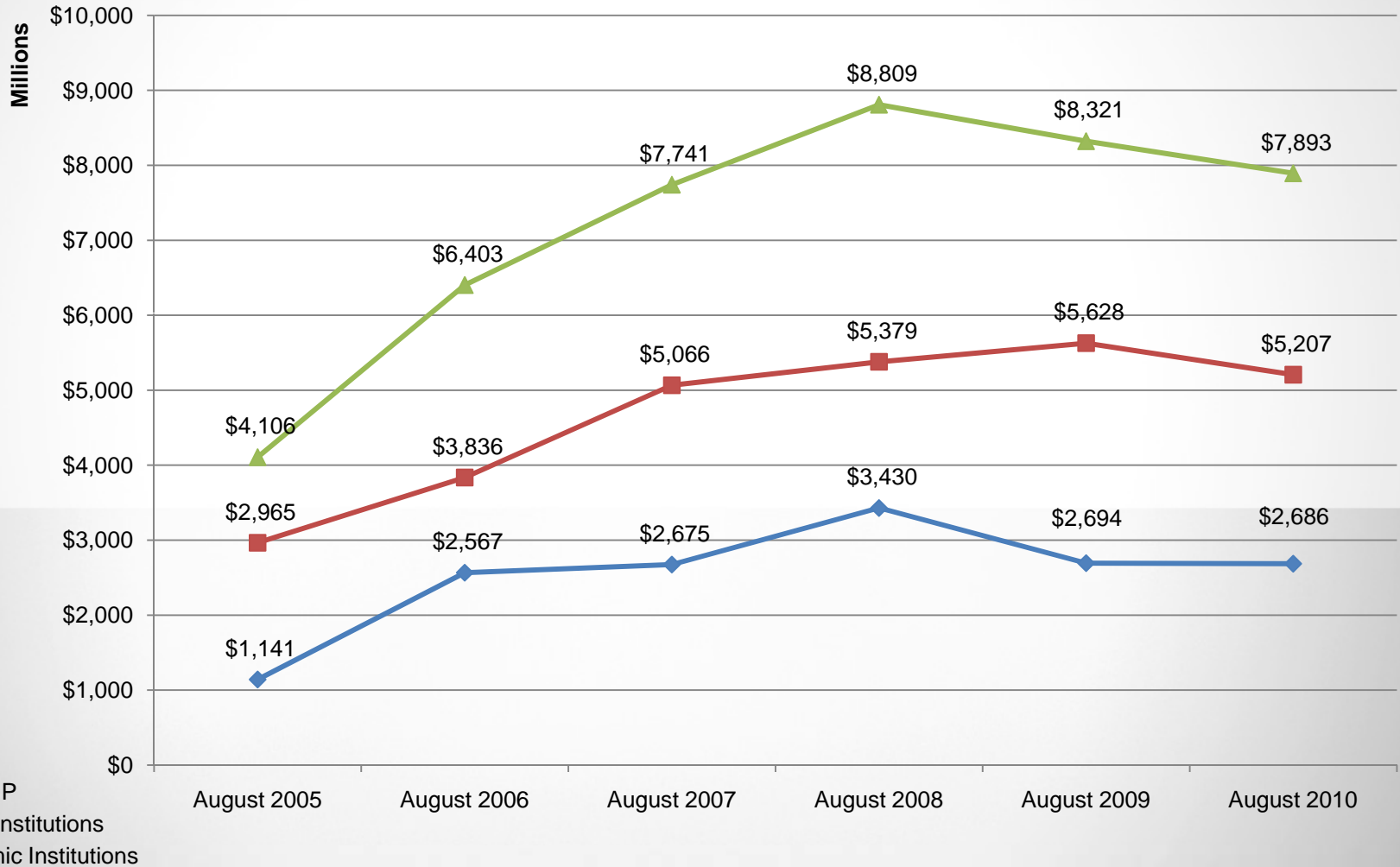
- The current CIP totals \$7.89 billion.
- Totals include projects approved through August 12, 2010.
- The CIP currently includes 150 projects with 71 managed by OFPC and 79 managed by the institutions.

11



# FY 2011-2016 Capital Improvement Program Update

## Recent Trend in Growth

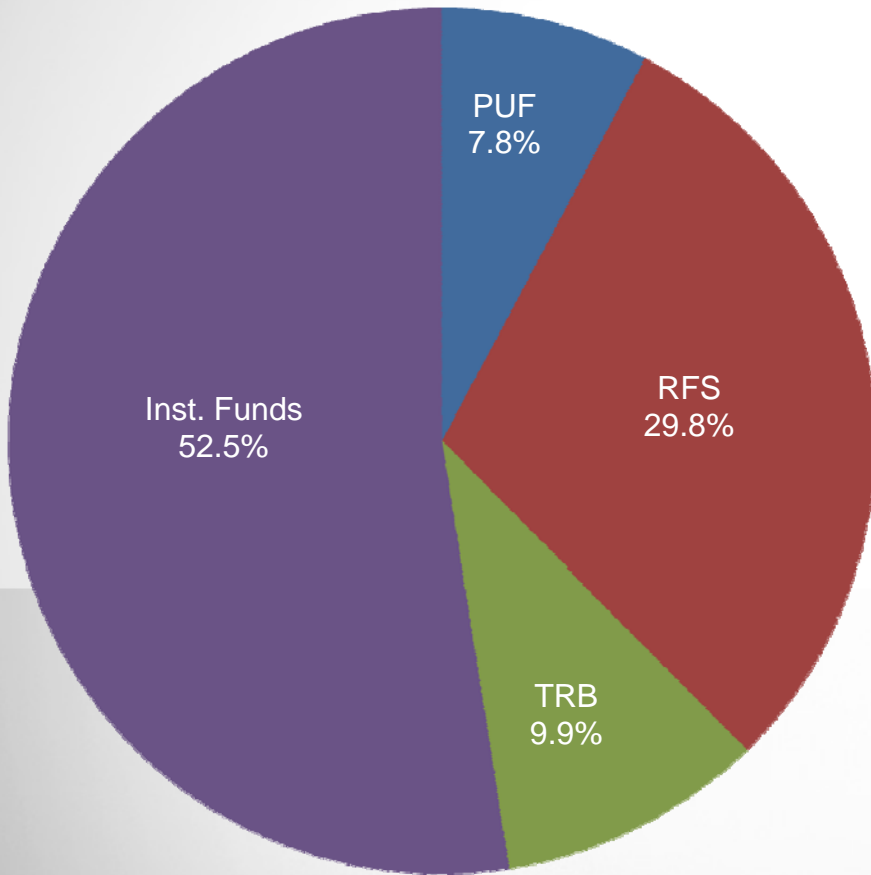


12

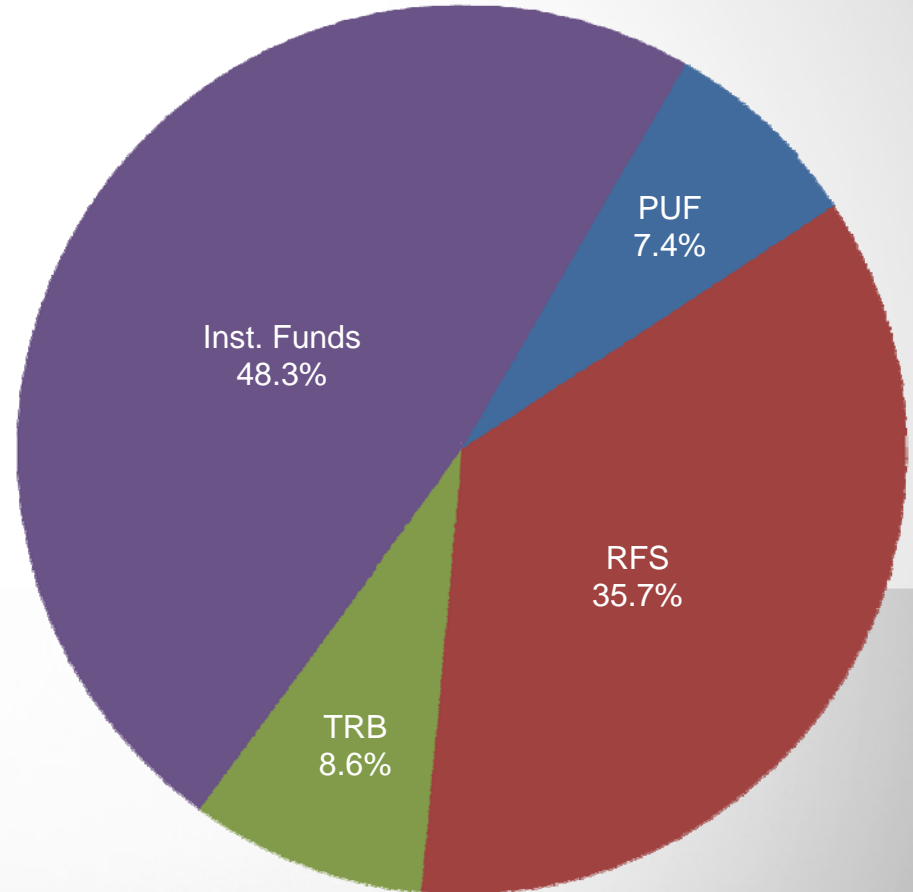




# FY 2011-2016 Capital Improvement Program Update Funding Comparison to August 2009 CIP



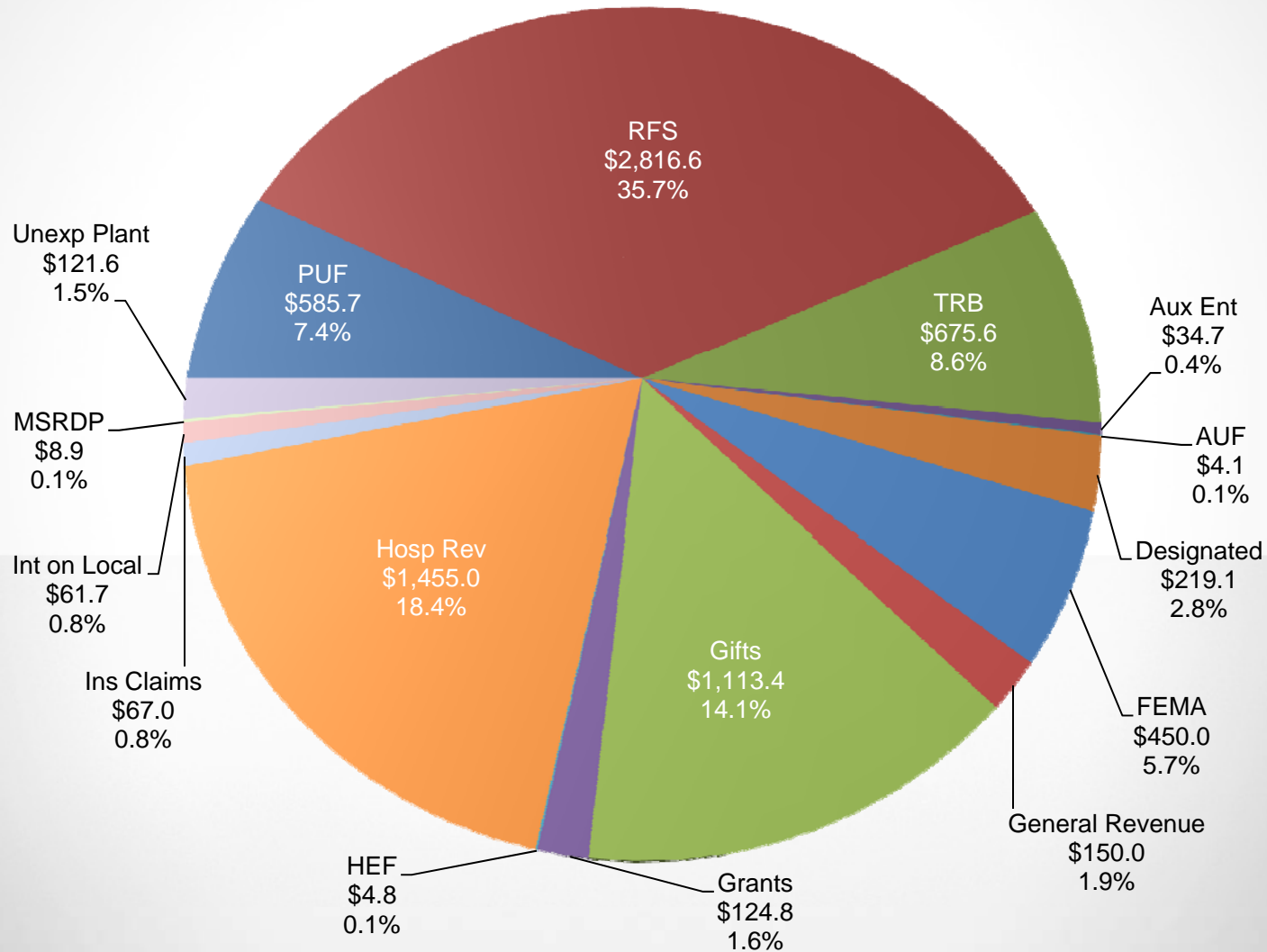
FY 2010-2015 CIP August 2009



FY 2011-2016 CIP August 2010



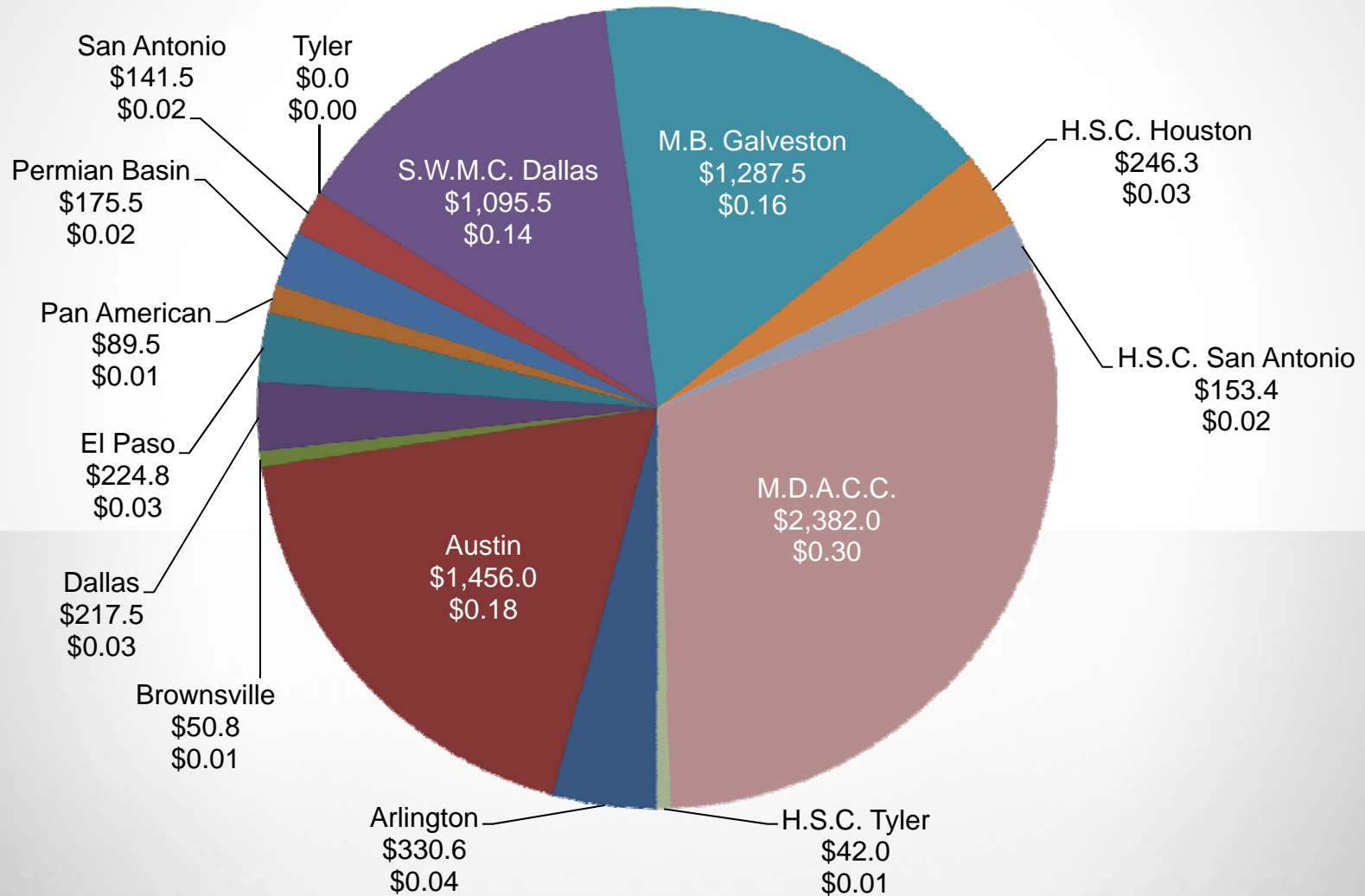
# FY 2011-2016 Capital Improvement Program Update Funding Breakdown (\$ Million)



14



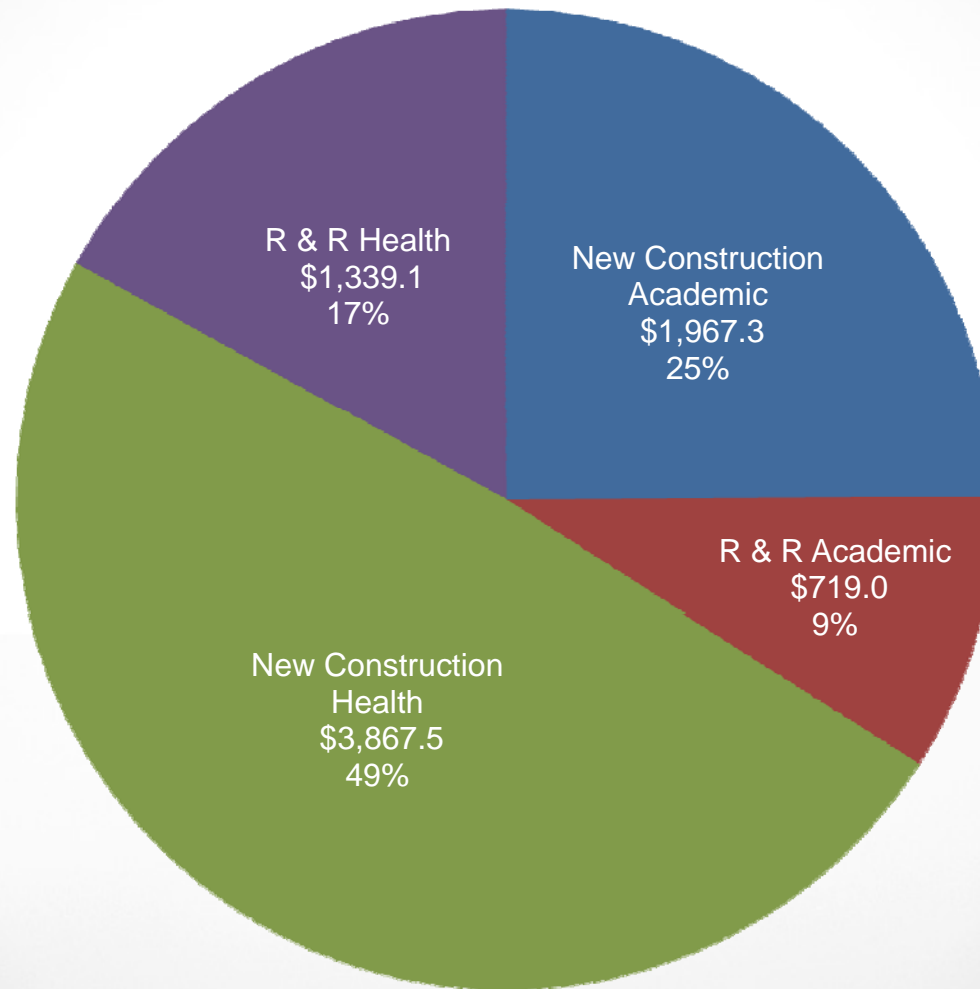
# FY 2011-2016 Capital Improvement Program Update By Institution (\$ Million)



15



# FY 2011-2016 Capital Improvement Program Update By Academic/Health



16



# The University of Texas System

## Amendment to Regents' *Rules and Regulations*

Amendment of Section 3 revising definition of criteria for major projects in Regents' *Rules and Regulations*, Rules 80301, 80402, and 80404

17



## FY 11 High Priority Fire and Life Safety Projects

- Third allocation of PUF approved in August 2008 for high priority fire and life safety projects
  - U. T. Arlington \$1,300,000
  - U. T. Austin \$4,700,000
  - U. T. Medical Branch - Galveston \$ 600,000
  - U. T. Health Science Center - San Antonio \$1,700,000
- Projects include fire protection and fire alarm systems, correction of egress deficiencies, handrail corrections and emergency lighting and door hardware.

Amendment to FY 2011-2016 CIP



# Consideration of Project Additions to the FY 2011-2016 Capital Improvement Program

## Five Academic Projects

- U. T. Arlington Energy Conservation Measures 2010-2011 \$ 9,901,000
- U. T. Austin DKR-TMS Athletics Offices Infill and Stadium Maintenance and Renovation \$17,700,000
- U. T. Dallas Academic Laboratory and Support Space Renovations \$11,400,000
- U. T. Dallas Renovation of the Student Union Phase I \$ 1,850,000
- U. T. San Antonio John Peace Library Building Renovations \$ 5,500,000

## One Health Project

- U. T. M. D. Anderson Cancer Center Clinical Research Building Animal Area Renovation \$10,000,000

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# U. T. Arlington

## Energy Conservation Measures 2010-2011

- The project objective is to modernize the campus infrastructure, reducing utility, maintenance and operating costs.
- U. T. Arlington is requesting Institutional Management of the project.
- The Total Project Cost is \$9,901,000 with funding from Grants via the American Recovery and Reinvestment Act and the Texas State Energy Conservation Office.

Addition to FY 2010-2015 CIP





## U. T. Austin

### Darrell K Royal – Texas Memorial Stadium – Athletics Offices Infill and Stadium Maintenance and Renovation

- The project includes infill of the seventh floor of the north end zone of the Stadium to provide new offices for the Intercollegiate Athletics Department. The project will also address structural repairs, waterproofing and bleacher replacement in the older sections of the stadium as well as other maintenance and renovation work.
- The Total Project Cost is \$17,700,000 with funding of \$12,000,000 from Revenue Financing System Bond Proceeds and \$5,700,000 from Gifts.

Addition to FY 2010-2015 CIP



## U. T. Dallas

### Academic Laboratory and Support Space Renovations

- The project will convert and update existing space into modern fully functional modular research laboratories as well as offices and support spaces in several buildings on campus.
- U. T. Dallas is requesting Institutional Management of the project.
- The Total Project Cost is \$11,400,000 with funding of \$7,900,000 from Revenue Financing System Bond Proceeds and \$3,500,000 from Unexpended Plant Funds.

Addition to FY 2010-2015 CIP



# U. T. Dallas

## Renovation of the Student Union Phase I

- The project will renovate first floor space in the south wing, consolidating all student media functions and creating additional general meeting space.
- U. T. Dallas is requesting Institutional Management of the project.
- The Total Project Cost is \$1,850,000 with funding from Revenue Financing System Bond Proceeds.

Addition to FY 2010-2015 CIP



# U. T. San Antonio

## John Peace Library Building Renovations

- The project will renovate approximately 225,891 gross square feet in the existing John Peace Library Building. The work will update electrical equipment, built-in specialties and equipment and interior finishes.
- U. T. San Antonio is requesting Institutional Management of the project.
- The Total Project Cost is \$5,500,000 with funding from Designated Funds.

Addition to FY 2010-2015 CIP



# U. T. M. D. Anderson Cancer Center Clinical Research Building Animal Area Renovation

- The project includes renovation and expansion of the North Campus Vivarium (NCV) housing, procedure and support facilities. It will also augment the NCV infrastructure by semi-automating the cage wash operations.
- M. D. Anderson is requesting Institutional Management of the project.
- The Total Project Cost is \$10,000,000 with funding from Hospital Revenues.

Addition to FY 2010-2015 CIP



# CIP Additions

PUF Fire and Life Safety Projects	\$8,300,000
Five Academic Projects	\$46,351,000
One Health Project	<u>\$10,000,000</u>
Total CIP Additions	\$64,651,000

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# Consideration of Design Development

- U. T. El Paso  
University Parking Garage II
- U. T. Southwestern Medical Center – Dallas  
New University Hospital

27



# U. T. El Paso University Parking Garage II



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# U. T. El Paso University Parking Garage II

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# U. T. El Paso University Parking Garage II



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

**View from Schuster Avenue**

22

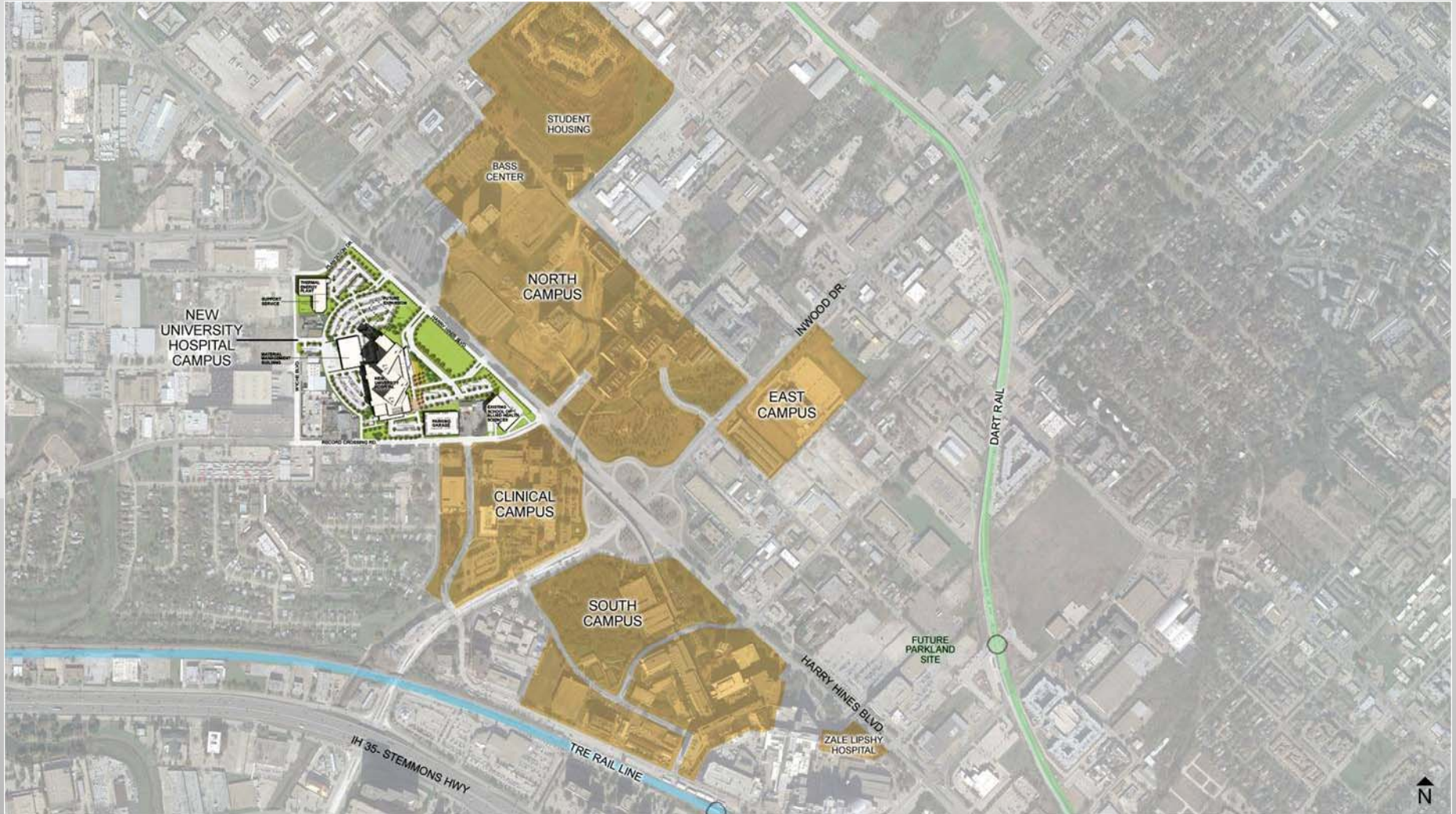
## U. T. El Paso University Parking Garage II

- The Total Project Cost is \$12,430,000 with funding of \$5,000,000 from Revenue Financing System Bond Proceeds and \$7,430,000 from Unexpended Plant Funds.
- Investment Metrics
  - By 2011
    - Increase University parking capacity in a developing area of campus
    - Ease campus arterial traffic congestion on Schuster Avenue and related parking lots



# U. T. Southwestern Medical Center - Dallas New University Hospital

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# U. T. Southwestern Medical Center - Dallas New University Hospital



# U. T. Southwestern Medical Center - Dallas New University Hospital



34



# U. T. Southwestern Medical Center - Dallas New University Hospital



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

**View from East**

# U. T. Southwestern Medical Center - Dallas New University Hospital



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

**View from North Entry**

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# U. T. Southwestern Medical Center - Dallas

## New University Hospital

- The Total Project Cost is \$800,000,000 with funding of \$434,000,000 from Revenue Financing System Bond Proceeds, \$200,000,000 from Gifts and \$166,000,000 from Designated Funds.
- Investment Metrics
  - By 2020
    - To reach 150,000 hospital patient days
    - To reach 24,000 hospital inpatient admissions



# U. T. M. D. Anderson Cancer Center Demolish Old Spanish Trail (OST) Buildings

- The Total Project Cost is \$5,500,000 from Hospital Revenues.
- The project is Institutionally Managed.
- The increase in Total Project Cost more accurately reflects the cost of demolishing the buildings.

Modification to FY 2010-2015 CIP



# U. T. M. D. Anderson Cancer Center Houston Main Building Demolition and Infrastructure

- The Total Project Cost is \$17,500,000 from Hospital Revenues.
- The project is Institutionally Managed.
- The increase in Total Project Cost is the result of a better defined scope and will allow demolition to commence.

Modification to FY 2010-2015 CIP



# U. T. M. D. Anderson Cancer Center South Campus Vivarium Retrofit

- The Total Project Cost is \$14,000,000 from Hospital Revenues.
- The project is Institutionally Managed.
- The increase in Total Project Cost is the result of an expanded scope of work and will encompass renovation of additional space.

Modification to FY 2010-2015 CIP



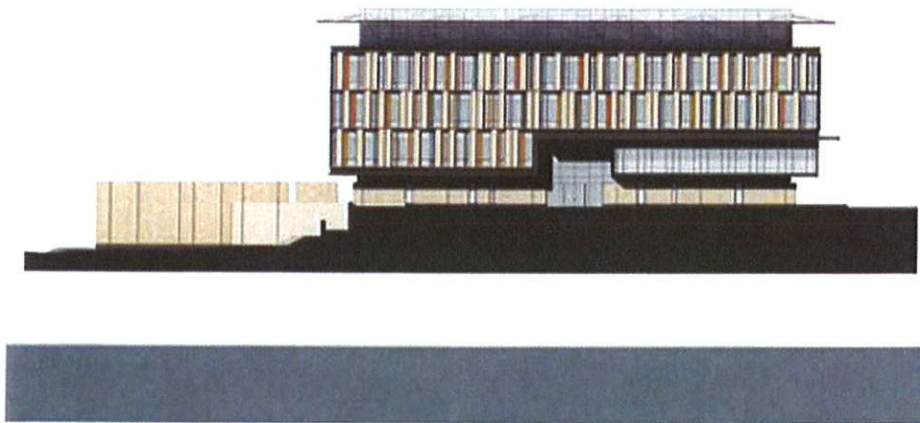
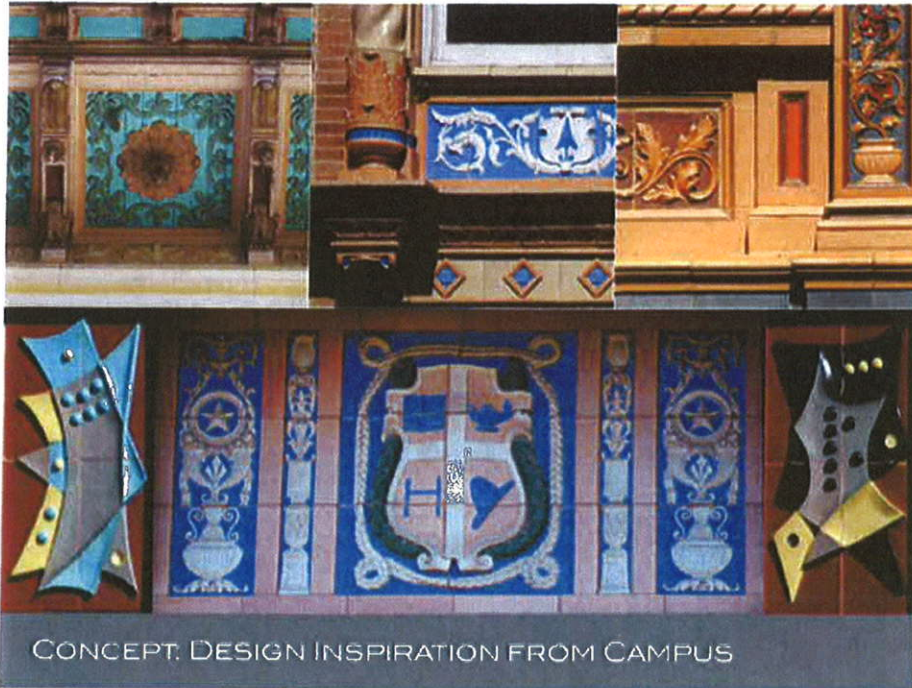
# U. T. System FY 2011-2016 Capital Improvement Program

CIP Total prior to today's meeting	\$ 7,808,834,398
CIP Additions	\$ 64,651,000
CIP Modifications including DD	\$ 19,430,000
Total Change in CIP	<u>\$ 84,081,000</u>
CIP Total as of today	\$ 7,892,915,398

This represents a 1.1% increase in the CIP.



U. T. Austin Liberal Arts Building



MINUTES  
U. T. System Board of Regents  
Student, Faculty, and Staff Campus Life Committee  
August 11, 2010

The members of the Student, Faculty, and Staff Campus Life Committee of the Board of Regents of The University of Texas System convened at 9:35 a.m. on Wednesday, August 11, 2010, in the Board Meeting Room on the 9th Floor of Ashbel Smith Hall, The University of Texas System, 201 West Seventh Street, Austin, Texas, with the following participation:

Attendance

Regent Dannenbaum, presiding  
Regent Gary  
Regent Hicks  
Regent Pejovich

Also present were Chairman McHugh; Vice Chairman Foster; Vice Chairman Longoria; Regent Kalkwarf; Regent Stillwell; Mr. Joel Helmke, Chair, Employee Advisory Council (EAC); Dr. Dan Formanowicz, Chair, Faculty Advisory Council (FAC); Mr. Christof Straub, Chair, Student Advisory Council (SAC); Dr. Elmer Bernstam, FAC Health Affairs Committee Co-Chair, U. T. Health Science Center – Houston; Dr. Timothy Allen, FAC Chair-Elect, U. T. Health Science Center – Tyler; and Assistant General Counsel to the Board Rabon.

In accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Committee Chairman Dannenbaum called the meeting to order.

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

***Committee Meeting Information***

***Presenter(s):*** Dr. Formanowicz, Chair

***Status:*** Reported

***Follow-up actions:***

1. *Regarding Slide 12 on graduate stipends at several U. T. System institutions and other institutions outside the U. T. System, Committee Chairman Dannenbaum asked Dr. Formanowicz to present stipends relative to the cost of living in those identified locations so there is some metric of the relative degree of competitiveness of the U. T. System institutions.*
2. *Regent Dannenbaum asked for more data on the success rate of recruiting graduate students to the U. T. System institutions so that programs can be reviewed for attractiveness based on their own merit or for those that might need a boost, and to look at solutions.*
3. *Regent Dannenbaum suggested improving the Systemwide approach of requesting support/donations through philanthropy.*

4. Vice Chairman Longoria offered to help the Faculty Advisory Council (FAC) frame a succinct message for the Legislature related to retaining the best and brightest graduate students in the state following President Obama's recent speech on higher education on the U. T. Austin campus and considering the State's desire to attract and invest in more faculty and to increase graduation rates.

#### **Discussion at meeting:**

*Chancellor Cigarroa committed to continuing to work with the Legislature to attract graduate students to Texas.*

*In reply to a question from Regent Stillwell about tuition waivers and health care costs, Dr. Formanowicz said these are legislative matters. Executive Vice Chancellor Shine said the health benefit for graduate students was eliminated in 2003 due to the State budget crunch, and efforts have been made at the legislative level to reinstate the benefit without success. Regent Stillwell asked about the amount involved, and Dr. Shine said it is roughly more than \$20 million and would have to be applied to all graduate students at public institutions. He noted that part of the sensitivity with respect to tuition waivers is that tuition would be charged to the respective institution, and Dr. Formanowicz pointed out that is happening already in the form of, for example, fellowships. Dr. Shine acknowledged that more philanthropic support is being received for graduate students, and more is needed.*

*Regarding Slide 12 (attached on Page 4) on graduate stipends at several U. T. System institutions and other institutions outside the U. T. System, Committee Chairman Dannenbaum asked Dr. Formanowicz to present stipends relative to the cost of living in those locations so there is some metric of the relative degree of competitiveness of the U. T. System institutions.*

*Committee Chairman Dannenbaum asked about donor sources for stipends, and Dr. Shine said that support is minimal (i.e., partial fellowship support) but is a fundraising priority for the institutions. Regent Dannenbaum asked if there would be more potential if prospective donors would be asked rather than relying on spontaneity of giving, and Dr. Formanowicz said the ability to "ask" varies from institution to institution and from department to department. He added that an investment in each graduate student is actually for three to five years, rather than a one-time commitment.*

*Regent Dannenbaum asked for more data on the success rate of recruiting graduate students to the U. T. System institutions so that programs can be reviewed for attractiveness based on their own merit or for those that might need a boost, and to look at solutions. Dr. Formanowicz said the success varies even within an institution and with the economy.*



*In the current economic situation, there are more students applying for graduate school. Regent Dannenbaum suggested improving the Systemwide approach of asking for more support/donations through philanthropy and maybe asking the Legislature for matching funds that could in turn be used to leverage donors.*

*Noting President Obama's recent speech on higher education on the U. T. Austin campus, Regent Dannenbaum asked if the matter of eligibility of graduate students for Pell grants might be an item for the legislative agenda. Dr. Formanowicz replied that it would be interesting to look at where graduate students get loans. Dr. Mansour El-Kikhia, former FAC Chair, U. T. San Antonio, agreed this is an important matter for Texas to help institutions with the problem of the high rate of graduate student loans.*

*Considering the State's desire to attract and invest in more faculty and to increase graduation rates (as Dr. El-Kikhia pointed out) and to emphasize the importance of the role of graduate students (as Dr. Formanowicz pointed out), Vice Chairman Longoria offered to help the FAC to frame a succinct message for the Legislature related to retaining the best and brightest graduate students in the state.*

#### ADJOURNMENT

Committee Chairman Dannenbaum adjourned the meeting at 10:20 a.m.

# Graduate Stipends

	<b>English</b>	<b>History</b>	<b>Biology</b>
U. T. Arlington	\$14,000	\$14,700	\$16,200
U. T. Dallas	\$10,500	\$10,500	\$18,000
U. T. El Paso	\$10,900	\$ 8,476	\$11,180
U. T. Pan American	\$10,000	\$10,000	\$10,000
University of South Florida	\$17,045	-----	\$16,534
University of Central Florida	\$12,411	-----	\$15,524
University of Oklahoma	\$15,745	\$18,004	\$19,072
Oklahoma State University	\$15,541	\$13,725	\$16,596
University of Arkansas	\$12,800	\$12,800	\$16,333
University of Albany - SUNY	\$18,760	\$14,602	\$20,666
Oregon State University	\$12,338	\$13,224	\$29,625
University of Central Oklahoma	\$12,832	\$12,607	\$15,933

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