

MATERIAL SUPPORTING THE AGENDA

Volume XIb

November 1963 - February 1964

This volume contains the Material Supporting the Agenda furnished to each member of the Board of Regents prior to the meetings held on November 7-10, 1963, and February 7-8, 1964.

The material is divided according to the Standing Committees and the meetings that were held and is submitted on three different colors, namely:

- (1) white paper - for the documentation of all items that were presented before the deadline date
- (2) blue paper - all items submitted to the Executive Session of the Committee of the Whole and distributed only to the Regents, Chancellor, and Chancellor Emeritus
- (3) yellow paper - emergency items distributed at the meeting

Material distributed at the meeting as additional documentation is not included in the bound volume, because sometimes there is an unusual amount and other times maybe some people get copies and some do not get copies. If the Secretary were furnished a copy, then that material goes in the appropriate subject folder.



THE BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS

Material Supporting the Agenda

(Including *Attachments Nos. 1 and 2*
and
Amendments to the Annual Budgets)

Meeting No. 618

Name OFFICE COPY

Date NOVEMBER 7-10, 1963

Following P. S-8 near the end of this volume is the following material:

1. Documents from the Chancellor
2. Revision of 10-Year Plan
 - a. Proposed 1964-65 Budget Policies and Limitations
 - b. Proposed Budget Calendar
 - c. Proposals for revising 10-Year Plan
3. Supplementary Agenda Material (mailed five days before meeting)
4. Emergency Items presented at meeting
 - a. M. D. Anderson Hospital building (acceptance of grant for additions and alterations)
 - b. Land and Investment matters.
 - c. Executive Committee item 7T-2

Austin, Texas
October 29, 1963

To: The Regents of The University of Texas

The schedule of official events to be held in Austin and Galveston respectively on November 7, 8, 9, and 10, is as follows. These are detailed on the following pages:

Thursday, November 7

- 10:00 a. m. - Meeting of the Committee of the Whole - Main Bldg. 209
- 12:00 noon - Lunch - MB 101
- 1:00 p. m. - Meeting of the Committee of the Whole - MB 209

Friday, November 8

- 8:30 a. m. - Meeting of the Executive Committee - MB 209
- 9:00 a. m. - Meeting of the Board - MB 212
- 9:30 a. m. - Land and Investment Committee - MB 210
Academic and Developmental Affairs Committee -
MB 209
- 11:00 a. m. - Joint Meeting of Buildings and Grounds and Medical
Affairs Committees - MB 210
- 11:30 a. m. - Medical Affairs Committee - MB 209
Buildings and Grounds Committee - MB 210
- 12:30 p. m. - Lunch - MB 101
- 1:30 p. m. - Committee of the Whole - MB 209

Saturday, November 9

- 9:00 a. m. - Committee of the Whole - MB 209
- 10:30 a. m. - Meeting of the Board - MB 210

Sunday, November 10

Galveston

Betty Anne Thedford
Secretary of the
Board of Regents

cc: Chancellor Ransom
Mr. Cox
Dr. Dolley
Dr. Hackerman
Dr. Haskew
Mr. Landrum
Dr.. Stone

CALENDAR
MEETING OF THE COMMITTEE OF THE WHOLE
OF THE BOARD OF REGENTS
November 7, 1963

Place: Main Building, Room 209

Telephone No. GR 1-1265

10:00 a. m. Committee of the Whole

12:00 noon Lunch - Room 101

1:00 p. m. Committee of the Whole

PURPOSE: At the meeting on September 28, 1963, the Committee of the Whole authorized the Administration to continue with its revision of the Ten-Year Program and approved the Administration's request that a day in November be devoted by the Board to study the proposed revisions.

The Administration advises that the proposed revisions in the Ten-Year Plan are in the state of preparation and that they will be distributed in a separate volume prior to the meeting on November 7. (In the Official Copy of the supporting material kept on file in this office, the separate documents that are distributed will be bound.)

CALENDAR
BOARD OF REGENTS
OF
THE UNIVERSITY OF TEXAS
November 8-9, 1963

Place: Main Building

Telephone No.: GR 1-1265

Friday, November 8:

8:30 a. m. Meeting of the Executive
Committee
Room 209

9:00 a. m. Meeting of the Board
Room 212

9:30 a. m. Meeting of the Standing
Committees

Land and Investment
Committee
Room 210

Academic and Develop-
mental Affairs Committee
Room 209

11:00 a. m. Joint Meeting of the Buildings
and Grounds Committee and
Medical Affairs Committee*
(Followed by separate committee
meetings)
Room 210

11:30 a. m. Buildings and Grounds Committee
(Continue in Room 210)

Medical Affairs Committee
Room 209

12:30 p. m. Lunch - Room 101

1:30 p. m. Meeting of the Committee of the
Whole
Room 209

Saturday, November 9:

9:00 a. m. Meeting of the Committee of the
Whole
Room 209

10:30 a. m. Meeting of the Board
Room 210

* To dispose of those matters of common interest after which Medical
Affairs Committee will convene in Room 209.

(Distribution: Regents, Central Administration Officials, and
Institutional Heads)

NOTE: Though the time may vary, the meetings will follow in this order.

Executive Committee

EXECUTIVE COMMITTEE

Date: Friday, November 8, 1963
 Time: 8:30 a. m.
 Place: Regents' Room, Main Building 209

Members:

Regent Brennan, Chairman
 Regent Connally
 Regent Madden
 Regent McNeese
 Regent Redditt
 Chairman Heath - Ex Officio Member

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1. Report of Interim Actions of Executive Committee, September 28, 1963 - October 29, 1963, for Ratification by Board of Regents.	
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(2) Main University (None)	
(3) Texas Western College (None)	
(4) Medical Branch (None)	
(5) Dental Branch (None)	
(6) M. D. Anderson Hospital and Tumor Institute (None)	
(7) Southwestern Medical School (7T-1)	
(8) Graduate School of Biomedical Sciences (None)	
(9) South Texas Medical School (None)	
b. Amendments to the Budget	
(1) Central Administration (1B-1)	6
(2) Main University (2B-4)	7
(3) Texas Western College (None)	-
(4) Medical Branch (None)	-
(5) Dental Branch (None)	-
(6) M. D. Anderson Hospital and Tumor Institute (6B-1)	9
(7) Southwestern Medical School (7B-1)	9
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(9) South Texas Medical School (None)	-
2. Other Interim Actions since distribution of the material, if any.	

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a. Amendment (Re nurses)	
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5. Appropriation from Etter Fund for CLASP Program (\$2875 - 1964)	13

EXECUTIVE COMMITTEE

1. REPORT OF INTERIM ACTIONS OF EXECUTIVE COMMITTEE, September 28-October 29, 1963, FOR RATIFICATION BY THE BOARD OF REGENTS. -- Since the meeting of the Board of Regents on September 28, 1963, and the Board's approval of the last report of the Executive Committee, the committee has unanimously approved, unless otherwise indicated, the interim requests as set out below. It is called to your attention that there is only one request for travel and four amendments to the 1963-64 Budget. Each request has been submitted by the respective institutional head and concurred in by the Chancellor. For those Regents who are not members of the Executive Committee copies of the requests as submitted to the committee members are incorporated in this volume and follow Page 13.

a. Requests for Permission to Travel

(1) (2) (3) (4) (5) (6) There were no requests for permission to travel from any of the following institutions: Central Administration, Main University, Texas Western College, Medical Branch, Dental Branch, and M. D. Anderson Hospital and Tumor Institute.

(7) Southwestern Medical School

<u>Name</u>	<u>Period of Absence</u>	<u>Destination</u>
Paul C. Peters, M.D., Assistant Professor, Division of Urology - Department of Surgery (7T-1)	October 9 - November 1, 1963	Denver, Colorado; Colorado Springs, Colorado, Los Angeles, California; Long Beach, California; San Francisco, California

Purpose: To present paper at Southcentral Section AUA in Colorado Springs; To attend American College of Surgeons Meeting in San Francisco; to participate in urologic post graduate training at UCLA in Los Angeles, University of Colorado in Denver, and Long Beach Paraplegic Center in Long Beach.

Expenses: \$230.00 for transportation and \$360.00 for Per Diem (24 Days) to be paid from Faculty Gifts from Surgery.

(8) (9) There were no requests for permission to travel from either the Graduate School of Biomedical Sciences or the South Texas Medical School.

b. Budgetary Amendments - Effective September 1, 1963, unless otherwise indicated.

(1) Central Administration

Amend the 1963-64 Central Administration Budget on Page 22 by transferring \$2,245.10 from Geophysical Exploration into the Travel Account for West Texas Lands (Oil Field Supervision and Geophysical Exploration). (1B-1)

(2) Main University

- (a) Amend the 1963-64 Main University Budget by adding to Botany (Geographic Variants) the name of Laurence E. Milliger, by increasing his salary rate from \$2,580 for 1962-63 to \$4,800 for twelve months, payable from Government Contract Funds,* and by changing his title from Laboratory Research Assistant I (F. T.) to Research Scientist Assistant I (1/2 T.) in Botany (Geographic Variants). (2B-4, item 1) *NSF G 1459.
- (b) Amend the 1963-64 Main University Budget on Page 108 by adding the name of William G. Moll, by increasing his salary rate from \$2,115 for 1962-63 to \$6,000 for nine months, funds to come from Departmental Teaching Salaries, and by changing his title from Television Production Assistant II (3/4 T.) to Special Instructor (1/4 T.) in Speech. (2B-4, item 2)
- (c) Amend the 1963-64 Main University Budget on Page 121 by adding the name of Kenneth W. Nordeman, Lecturer (2/3 T.) in General Business, and by increasing his salary rate from \$4,200 for 1962-63 to \$5,200 for nine months, payable from Departmental Teaching Salaries. (2B-4, item 3)
- (d) Amend the 1963-64 Budget for Research in Molecular Physics by adding the name of Robert E. Knight, by increasing his salary rate from \$6,168 for 1962-63 to \$7,800 for twelve months payable from Government Contract Funds,* and by changing his title from Research Scientist Assistant III to Research Scientist Associate III (2/3 T.). (2B-4, item 4) *Ns G 263-63.
- (e) Amend the 1963-64 Budget for the Accelerator Project in Physics by adding the name of Robert Allen Brune, Jr., by increasing his salary rate from \$4,392 for 1962-63 to \$5,784 for twelve months (effective September 23, 1963-March 31, 1964) payable from Government Contract Funds,* and by changing his title from Research Engineer Assistant I to Research Engineer Associate I. (2B-4, item 5)
* AT (40-1) 2972.
- (f) Amend the 1963-64 Auxiliary Enterprises Budget for Main University on Page 14 by adding the name of Robert Lee Henderson, by increasing his salary rate from \$2,172 for 1962-63 to \$5,520 for twelve months, funds to come from Departmental Salaries (effective September 10, 1963-June 9, 1964), and by changing his title from Intramurals Assistant (1/2T.) to Intramurals Assistant Director (1/2 T.) in Intramural Sports for Men. (2B-4, item 6)

- (g) Amend the 1963-64 Auxiliary Enterprises Budget for Main University on Page 14 by adding the name of Marion W. Jennings, by increasing his salary rate from \$2,172 for 1962-63 to \$5,520 for twelve months (effective dates September 16, 1963 - June 15, 1964), funds to come from Departmental Salaries, and by changing his title from Intramurals Assistant (3/8 T.) to Intramural Assistant Director (1/2 T.) in Intramural Sports for Men. (2B-4, item 7)
- (h) Amend the 1963-64 Main University Budget on Page 266 by adding the name of Lynn Wang, by increasing his salary rate from \$2,400 for 1962-63 to \$4,800 for twelve months (effective September 1, 1963 - January 31, 1964), funds to come from Departmental Research Assistants Account, and by changing his title from Laboratory Research Assistant I (F. T.) to Research Scientist Assistant I (P. T.) in the Plant Research Institute. (2B-4, item 8)
- (i) Amend the 1963-64 Main University Budget on Page 52 by increasing the salary rate of Tom J. Mabry from \$7,000 to \$8,500 for nine months, payable from Departmental Teaching Salaries and Government Contract Funds* and by changing his title to Assistant Professor in the Botany and N. S. F. Cooperative Graduate Fellowship Program. (2B-4, item 9) * NSF Graduate Program 1964.
- (j) Amend the 1963-64 Main University Budget on Page 102 by adding the name of Walter H. Lawrence, by increasing his salary rate from \$4,400 for 1962-63 to \$6,000 for nine months, funds to come from Departmental Teaching Salaries, and by changing his title from Teaching Assistant (1/2T.) to Instructor (F. T.) in Romance Languages. (2B-4, item 10)
- (k) Amend the 1963-64 Main University Budget on Page 372 by adding the name of Maureen E. Schmidt, by increasing her salary rate from \$2,064 for 1962-63 to \$4,020 for twelve months, payable from Government Contract Funds* and by changing her title from Laboratory Research Assistant I (.3/5 T.) to Laboratory Research Assistant II (F. T.) in the Genetics Foundation. (2B-4, item 11)
* GM 11609-01.
- (l) Amend the 1963-64 Main University Budget on Page 229 by transferring \$5,000 from Departmental Maintenance and Operation into a travel account for Research in Astronomy - McDonald Observatory. (2B-4, item 12)

(3) (4) (5) There were no proposed amendments either to the Texas Western College Budget, the Medical Branch Budget, or the Dental Branch Budget.

(6) M. D. Anderson Hospital and Tumor Institute

Amend the 1963-64 Budget for M. D. Anderson Hospital and Tumor Institute on Pages 3, 34, and 48, respectively, by transferring the following amounts from the Unappropriated Surplus to: Business Office for 2A Classified Personnel - \$4,392; Department of Patient Care Activity for 3B Equipment - \$26,500; and Department of General Services for 3B Equipment - \$45,700, for a total amount of \$76,592. (6B-1)

(7) Southwestern Medical School

Amend the 1963-64 Budget for Southwestern Medical School on Page 23 by increasing the salary rate of A. C. DeGraff, Jr., Assistant Professor of Internal Medicine, from \$12,500 to \$14,000 for twelve months (effective October 1, 1963) funds to come from U. S. Public Health Service Grant, No. HE-06296. (7B-1)

(8) (9) There were no proposed amendments either to the Graduate School of Biomedical Sciences Budget or the South Texas Medical School Budget.

All except two of these individuals were employed during 1962-63 but were not included in the 1963-64 printed Budget adopted July 13, 1963. Hence, these are actually reappointments and the salary increase recommended is over the salary rate they received in 1962-63.

Notes
From
Secretary

1. Since these items were submitted to the Executive Committee and prepared for this report, I have procured from the Budget Officer and inserted the specific contracts from which the funds for these raises are paid.
2. Committee Chairman Brennan has not had an opportunity to read the foregoing report since it was prepared and it is subject to any changes which he may wish to make.
3. This report is on the Agenda for ratification and approval by the Board at the open meeting on Friday A. M. No action is required by the Committee if this report has the approval of the Committee Chairman and if no other member of the Committee wishes to make any change.

Item No. 2

Other Interim Actions Since Distribution of the Material,
If Any

Item No. 3

Re: Budget Docket

RECOMMENDATION

It is recommended by the Administration that the Budget Docket, dated October 21, 1963, be approved in the form as incorporated in this volume and that it be attached to and made a part of the Minutes.

Subject: Revision of Classified Personnel Pay Plan for nurses; appropriation for salary adjustments of nurses.

Dr. Clark advised Chancellor Ransom on September 26, 1963, of the classified staffing problems in the nursing service at M. D. Anderson. Dr. Clark made an oral report to the Regents on September 27 about the low salaries for nurses in the Houston area. Dr. Clark was authorized to conduct a survey of nursing salaries in the Houston area and to submit recommendations for consideration at the November 8 Regents' meeting.

Dr. Clark and his staff have completed their survey and have submitted to Chancellor Ransom their recommendations. Mr. Jack Holland, System Personnel Advisor, has reviewed the recommendations submitted and recommends favorable consideration.

Chancellor Ransom concurs in Dr. Clark's recommendation that the Classified Personnel Pay Plan of M. D. Anderson Hospital and Tumor Institute be revised effective November 1, 1963, as follows:

(See Attached)

The recommendations for salary range adjustments provide for a minimum of one-step increases for assistant nurse supervisor, nurse supervisor, and assistant director of nursing service. A two-step increase is involved in the classification for nurse aide, vocational nurse, staff nurse, assistant head nurse and head nurse. Dr. Clark states, "I consider the recommended revision of salary levels a minimum requirement to maintain a staff to provide an adequate standard of nursing care."

In order to make a new pay plan effective, it is necessary to increase the budget for M. D. Anderson Hospital and Tumor Institute and we, therefore, recommend that an appropriation of \$79,104.00 be made from General Funds - Unappropriated Surplus to the Department of Patient Care Activities.

Item 2. A. Classified Personnel	\$ 60,264.00
Item 2. B. Wages	18,840.00

The \$60,264 is to provide for salaries adjustment of staff nurses, head nurses, nurse supervisors, and vocational nurses and the \$18,840 is to provide for salary adjustments of nurse attendants.

STUDY OF NURSING SALARIES, HOUSTON AREA

RECOMMENDED REVISIONS

<u>FROM</u>					<u>TO</u>				
<u>CLASS</u>	<u>POSITION TITLE</u>	<u>MONTHLY</u>	<u>ANNUAL</u>	<u>RANGE NUMBER</u>	<u>CLASS</u>	<u>POSITION TITLE</u>	<u>MONTHLY</u>	<u>ANNUAL</u>	<u>RANGE NUMBER</u>
1000	NURSE ATTENDANT	\$142-181	\$1704-2172	12	1000	NURSE ATTENDANT	\$164-215	\$1968-2580	15
1005	VOCATIONAL NURSE	225-279	2700-3348	21	1005	VOCATIONAL NURSE	256-319	3072-3828	24
1010	STAFF NURSE	350-439	4200-5268	31	1010	STAFF NURSE	382-482	4584-5784	33
1019	ASSISTANT HEAD NURSE	382-482	4584-5784	33	1019	ASSISTANT HEAD NURSE	419-539	5028-6468	35
1020	HEAD NURSE	400-514	4800-6168	34	1020	HEAD NURSE	439-565	5268-6780	36
1025	ASSISTANT NURSE SUPERVISOR	439-565	5268-6780	36	1025	ASSISTANT NURSE SUPERVISOR	460-592	5520-7104	37
1026	NURSE SUPERVISOR	482-620	5784-7440	38	1026	NURSE SUPERVISOR	514-650	6168-7800	39
1030	ASSISTANT DIRECTOR, NURSING SERVICE	539-680	6468-8160	40	1030	ASSISTANT DIRECTOR, NURSING SERVICE	565-710	6780-8520	41

Subject: Appropriation from Etter Fund for CLASP Program (\$2875)

At the September meeting of the Board of Regents, approval was given for an appropriation of \$1115 to be set up in an account in the Office of the Chancellor entitled, "CLASP Campaign Expenses." This represented The University of Texas' share of the allocated cost for participating fee, staff services, and materials of Lloyd L. Wagnon and Associates, CLASP coordinators.

The recommendation covered an appropriation to cover CLASP campaign expenses through 1963 and involved the campaigns in Wichita Falls, Beaumont, Port Arthur, Midland, and Odessa.

Chancellor Ransom, after discussion with the Development Board subsequent to the last Regents' meeting, has learned that commitments for the CLASP campaign during 1964 have been made which involve repeat programs at Corpus Christi, Amarillo, Austin, Dallas, and Abilene plus new programs at San Antonio and Lubbock. The total estimated cost of these programs for participating fee, staff services, and materials of Lloyd L. Wagnon and Associates is \$2875.

Chancellor Ransom recommends that an appropriation of \$2875 be provided from the Etter Fund and added to the account carried under the Office of the Chancellor as "CLASP Campaign Expenses."

CLASP Program. --At the meeting of the Committee of the Whole on September 27, it was moved by Regent Redditt, duly seconded by Regent Madden, and unanimously adopted that the consideration of the continuation of CLASP be postponed until the November meeting at which time Chancellor Ransom and Regent Madden, representatives of the Development Board, can report their recommendation as well as the feelings of the Development Board with reference to the continuation of this program.

**Academic and Developmental Affairs
Committee**

ACADEMIC AND DEVELOPMENTAL AFFAIRS COMMITTEE

Date: Friday, November 8, 1963
Time: 9:30 a. m.
Place: Regents' Room, Main Building 209

Members:

Vice-Chairman McNeese, Chairman
 Regent Connally
 Regent (Mrs.) Johnson
 Regent Redditt
 Chairman Heath, Ex Officio Member

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Item No. 1

AMENDMENT TO THE RULES AND REGULATIONS, PART ONE AND PART TWO (FISCAL REGULATIONS).--The Administration presents the following amendments to the Rules and Regulations for the government of The University of Texas, Part One and Part Two, in compliance with Section 29 of the 1963-65 Appropriation Bill that reads as follows:

Sec. 29. FISCAL REGULATIONS. Each of the institutions named in this Article is to revise at least biennially within ninety (90) days after the beginning of the fiscal year a set of regulations which shall include the local rules and regulations for the fiscal management of that institution; reference to the special provisions, prohibitions and requirements of this Article; and reference to the applicable provisions of other State or Federal laws and regulations governing the custody, expenditure and accountability of and for public funds. A copy of these regulations shall be furnished to the State Auditor.

It is recommended that the Current Rules be deleted and that the proposed changes and the new Sections be substituted in lieu thereof.

Part One, Chapter III, Subsection 3.1, Page 21:

Current Rule

3.1 As may be required by current Appropriation Bill, employees, other than those paid from trust funds, must be citizens of the United States, or have instituted naturalization proceedings, in order to be appointed for a period longer than 90 days unless (1) their appointment is for instructional purposes; (2) they are regular students appointed as student assistants or minor employees; (3) they are appointed as nurses or medical or dental technicians at the Medical Branch, Southwestern Medical School, Dental Branch, or M. D. Anderson Hospital and Tumor Institute; or (4) they are employed as librarians at the Main University.

Proposed Rule

3.1 As may be required by current Appropriation Bill, employees, other than those paid from trust funds, must be citizens of the United States, or have instituted naturalization proceedings, in order to be appointed for a period longer than 90 days unless (1) their appointment is for instructional purposes; (2) they are regular students appointed as student assistants or minor employees; (3) they are appointed as nurses or medical or dental technicians at the Medical Branch, Southwestern Medical School, Dental Branch, or M. D. Anderson Hospital and Tumor Institute; (4) they are employed as librarians at the Main University; or (5) they are employed as research workers at the component institutions of The University of Texas.

Part Two, Chapter VI, Sections 1, 3, and 7:

Section 1. Teacher Retirement System. Page 35.Current Rule

1.2 All employees of the University employed on a regular, full-time salary are required by law to participate in the Teacher Retirement System, which became effective for teacher members September 1, 1937, and for auxiliary members September 1, 1949, except persons eligible at those times who executed waivers within the period allowed by law and have not revoked such waiver if later permitted, and members of the Employees Retirement System about which information is given later.

1.4 The annuity payable at retirement is based on the salaries earned by the member. Annuity payments for services rendered prior to September 1, 1955, are based on the average annual salary of the member during the five-year period from September 1, 1950, to August 31, 1955. Annuity payments for services rendered subsequent to August 31, 1955, are based on the actual salary earned during each year of such service, not to exceed \$8,400 of salary for any one year.

Section 3. Group Life InsuranceCurrent Rule

3.1 The University carries a master group life insurance policy, covering all institutions, with the Aetna Life Insurance Company for a "One Year Term Plan." Premiums are payable annually, in advance, increase for each person with each year of age, and are payable entirely by the individual. The program is optional but is available only to full-time employees; new employees are notified of their eligibility by the business offices immediately after employment.

Proposed Rule

1.2 All employees of the University employed on a regular salaried basis are required by law to participate in the Teacher Retirement System, which became effective for teacher members September 1, 1937, and for auxiliary members September 1, 1949, except persons eligible at those times who executed waivers within the period allowed by law and have not revoked such waiver if later permitted, and members of the Employees Retirement System about which information is given later.

1.4 The annuity payable at retirement is based on the salaries earned by the member. Annuity payments are based upon the average salary earned in the ten highest years of creditable service, not to exceed \$8,400 of salary for any one year.

Proposed Rule

3.1 The University carries a master group life insurance policy, covering all institutions, with the Aetna Life Insurance Company for a "One Year Term Plan." Premiums are payable monthly in advance, by payroll deduction, increase for each person with each year of age, and are payable entirely by the individual. The program is optional but is available only to full-time annual faculty and staff; new employees are notified of their eligibility by the personnel office at the time of employment.

Current Rule

- 3.2 The amount of insurance available is equal to the annual salary, or nine months' salary for faculty members on the basis, to the nearest \$100, with a minimum of \$500 and a maximum of \$5,000, renewable annually by the individual. Coverage is adjusted with salary changes, at the option of the employee at the beginning of a fiscal year, but mandatory within the limits above on February 2 of each year, the anniversary date of the policy.
- 3.3 No medical examination is required if application is made for insurance within 90 days from the date of employment. After the 90-day period, an "Evidence of Insurability" form, prepared by the company and available through the business offices, is required. No medical examination is required if this form is accepted by the company after review, but, if it is not so accepted, the applicant must have a medical examination at his expense. Coverage is usually the date the application form is accepted by the business office, but is subject to the conditions indicated above.
- 3.4 Premiums are collected by the business office according to statements sent to the policy holders from that office. Premiums must be paid before January 31 each year.
- 3.5 Beneficiaries are designated by the policyholders on the application forms and may be changed during the life of the policy upon application to the business offices. Each policyholder receives a certificate issued by the company and transmitted through the business offices.

Proposed Rule

- 3.2 The amount of insurance available is equal to the next highest thousand dollars above the annual salary with a maximum of \$20,000. Annual earnings for academic personnel shall be the nine-month or twelve-month academic rate, as applicable. Annual earnings for non-teaching personnel shall be the twelve-month rate. When an employee classification changes, due to increase or decrease in earnings, including Modified Service, the amount of the insurance will be adjusted on the annual renewal date (January 1) following the date of the change provided the employee is available for work.
- 3.3 No medical examination is required if application is made for insurance within 60 days from date of employment. After the 60-day period, an "Evidence of Insurability" form, prepared by the company and available through the personnel office, is required. No medical examination is required if this form is accepted by the company after review, but, if it is not so accepted, the applicant must have a medical examination at his expense.
- 3.4 Beneficiaries are designated by the policyholders on the application forms and may be changed during the life of the policy upon application to the business office or personnel offices. Each policy-holder receives a certificate issued by the company and transmitted through the business office or personnel office.
- 3.5 A policyholder who is less than 60 years of age and who becomes permanently and totally disabled may receive the face amount of the policy in accordance with one of several options. There are no disability benefits after age 60.

Current Rule

- 3.6 Policyholders who go on modified service under the Rules and Regulations of the Board of Regents may continue the policy in the amount held at the time of going on modified service or may have it reduced to conform to the modified service salary. The plan selected at that time cannot be changed later.
- 3.7 A policyholder who is less than 60 years of age and who becomes permanently and totally disabled may receive the face amount of the policy in accordance with one of several options. There are no disability benefits after age 60.
- 3.8 Benefits at death are payable according to one of several options. Upon notification of the death of a policyholder, the business office assists in the preparation of the required records to be sent to the company.

Proposed Rule

- 3.6 Benefits at death are payable according to one of several options. Upon notification of the death of a policyholder, the personnel office assists in the preparation of the required records to be sent to the company.
- 3.7 Participation in the Group Life Insurance Program automatically terminates when employment terminates unless the policyholder retires under the provisions of the Teacher Retirement System or the Employees Retirement System or unless he converts the group policy into one for regular individual life insurance. When an employee retires, the amount of insurance will be reduced to \$5,000 or the amount in force immediately prior to retirement, whichever is less, provided the employee has been insured continuously during the ten years prior to retirement.
- 3.8 The life insurance will cease at the end of the last policy month for which a contribution was made except that if death should occur within thirty-one days thereafter, the death benefits will be payable. Within this thirty-one day period, by making application and paying the first premium to the Aetna Life Insurance Company, one may convert his Group Life Insurance to an individual life insurance policy on any regular Whole Life or Endowment Plan. This individual policy will be issued without medical examination at the Insurance Company's regular rates.

Section 7. Tax Deferred AnnuitiesCurrent Rule

Currently there is no Section 7 in Chapter VI.

Proposed Rule

- 7.1 Under a plan approved by the Board of Regents, University employees may purchase 403B Tax Deferred Annuities from Texas-licensed insurance companies.
- 7.2 The University will contract with any employee to designate a portion of his monthly gross compensation to be used by the institution to purchase an annuity for the employee from the company selected by the employee. This agreement is irrevocable for one year.
- 7.3 The Business Manager of each institution in the University of Texas System is authorized to sign applications for annuities with the company requested by the employee. The University will employ the payroll deduction method for the annuity payments and will forward to each insurance company the amounts contracted for by the employees.
- 7.4 The participation and purchase of 403B, Tax Deferred Annuities shall be in accordance with the authorization provided by Senate Bill Number 17, 57th Legislature, Third Called Session, 1962 and shall be in accordance with the Internal Revenue Code and amendments thereto.
- 7.5 Additional information may be secured from the business office or the personnel office.

Part Two, Chapter VII, Subsections 12.2 and 12.10 (new), Page 47:

Current Rule

12.2 TV Stations Prohibited.--
 "None of the moneys appropriated in this Article may be expended for the acquisition, construction, or operation of television transmitter station; provided, however, this prohibition shall not be construed so as to prevent the medical schools, dental school, general academic teaching institutions or other agencies of Higher Education named in this Article from using closed-circuit television for purely instructional purposes."

12.10 Currently there is no 12.10. This is a new subsection to be added. Page 48.

Proposed Rule

12.2 TV Stations Prohibited.--
 "None of the moneys appropriated in this Article may be expended for the acquisition, construction, or operation of television transmitter station; provided, however, this prohibition shall not be construed so as to prevent the medical schools, dental school, general academic teaching institutions or other agencies of Higher Education named in this Article from using closed-circuit television for purely instructional purposes, or to prevent general academic teaching institutions with existing transmitter stations to use same for educational purposes."

12.10 Full Disclosure of Expenditures.--The expenditure of appropriations made by this Article to the general academic teaching institutions shall be contingent upon the full reporting each fiscal year to the State Auditor, in the manner and at the times prescribed by him, of expenditures made by each program or activity of such institutions, including auxiliary enterprises, of the fund sources of such expenditures, and of the expenditure allocations by programs and purposes out of Federal, private, and other grants and gifts.

Part Two, Chapter VIII, Add the following new Sections: Section 7 and Section 8, Page 52a.

Section 7. Furniture and Furnishings.--The current appropriations bill provides that no money appropriated shall be expended for furniture or furnishings which has been imported from a foreign country.

Section 8. Architectural Fees.--The current appropriations bill provides that no funds appropriated may be expended for architectural fees without the advance written approval of the Governor after obtaining the advice of the Legislative Budget Board.

ITEMS 2a, 2b, 2c, and 2d

On Pages 22 - 25 are items that relate to Campus Services, Inc. Items 2a, 2b, and 2c all require action of the Board. Item 2d is a statement by the Administration based upon the approval of Items 2a, 2b, and 2c.

Subject: Campus Services, Inc. - Report on Retained Earnings for Main University

A. Attached is a three-year report of Retained Earnings of Campus Services, Inc., for Main University as taken from the audit reports.

The Administration requests that there be sent to the Board of Regents a copy of the audit report for Campus Services, Inc., as prepared by Wade, Barton, and Marsh, Certified Public Accountants. (See Attachment A.)

B. 1963-64 proposed budget for Retained Earnings for Main University.

The Administration recommends that the following proposed budget be submitted to the Campus Services, Inc., for expenditures of their earnings held by Main University. (See Attachment B.)

Attachment A

CAMPUS SERVICES, INC.
THE UNIVERSITY OF TEXAS - AUSTIN, TEXAS
(From the Audit Reports)

	Year Ended August 31			Total
	1961	1962	1963	
Gross Receipts	\$75,180.91	\$73,611.76	\$81,156.09	\$229,948.76
Expenses	15,676.52	17,850.42	18,538.14	52,065.08
Net Before University's Share	59,504.39	55,761.34	62,617.95	177,883.68
University's Share of Net Income	37,470.62	36,449.31	37,897.41	111,817.34
Net Income from Operations	22,033.77	19,312.03	24,720.54	66,066.34
Federal Income Tax	6,267.76	5,493.01	7,045.35	18,806.12
Income for the Benefit of UT	15,766.01	13,819.02	17,675.19	47,260.22
Income Used for Benefit of UT	4,348.39	9,876.43	11,004.03	25,228.85
Retained Earnings for Benefit of UT	<u>\$11,417.62</u>	<u>\$ 3,942.59</u>	<u>\$ 6,671.16</u>	<u>\$ 22,031.37</u>
Retained Earnings for Benefit of UT 8-31-63				<u>\$ 22,031.37</u>

Attachment B

PROPOSED BUDGET
for
RETAINED EARNINGS OF CAMPUS SERVICES, INC.
September 1, 1963 - August 31, 1964

Retained Earnings (3-year accumulation)		<u>\$22,031.37</u>
Operation Brainpower	\$ 3,000.00	
Publication of <u>Facts Digest</u>	2,500.00	
Alumni Continuing Education	2,000.00	
Committee of Governing Boards	2,500.00	
Publication costs of monthly program guide for KUT-FM	300.00	
Contribution to cost of feeding Bevo	300.00	
Support of "Law Day"	500.00	
Sub-total	<u>\$11,100.00</u>	
Unallocated appropriation - to be reported to Board as appropriated	<u>\$10,931.37</u>	
		<u>\$22,031.37</u>

Subject: Ex-Students' Association - Campus Services, Inc. - Request for renegotiation
for bottle drink vendors on commission to be paid to Campus Services, Inc.

Austin Coca-Cola Bottling Company, Dr. Pepper Bottling Company and Sandahl Beverages have appealed to the Ex-Students' Association and Campus Services, Inc., for a renegotiation of the commission paid on bottle drink sales. The contract now in effect, provides that a 38 percent commission will be paid to Campus Services, Inc., on bottle drink sales with the bottling companies responsible for the bottle losses. The bottling companies request that this percentage be decreased from 38 percent to 33 percent effective with the beginning fiscal year beginning September 1, 1963.

In the summer of 1963, the wholesale price of bottle drinks was increased from \$1.25 to \$1.40 per case. The proposed reduction of commission from 38 percent to 33 percent would amount to 12¢ per case. Therefore, the bottling companies are asking to increase the price to the University a net of 12¢ per case as against 15¢ per case charged to other wholesale outfits.

Negotiation conferences have been held by Mr. Maguire and Mr. Colvin with the bottlers and investigation has revealed that even under the proposed commission rates proposed by the bottlers, that the University through Campus Services, Inc., would have the best commission rate paid in the Austin area including other state agencies and Bergstrom Field. The present Campus Services, Inc., contract with Neeley Vending Company provides only a 32 percent commission for cold drinks vended in paper cups.

After due consideration to all facts presented, it is the recommendation of Mr. Maguire and Mr. Colvin that authorization be given to Campus Services, Inc., to amend the existing contract to provide for a 33 percent commission on cold drinks vended in bottles and that this rate be in effect effective September 1, 1963.

Subject: Amendment to Memorandum Agreement between the Board of Regents and the Ex-Students' Association for vending machine operations.

Vice-Chancellor Hackerman and Chancellor Ransom concur in the recommendation of Business Manager Colvin that the second paragraph of the Memorandum Agreement by and between the Board of Regents and the Ex-Students' Association be amended by adding "the School of Law" to paragraph 2. It would then read as follows:

"University hereby grants the sole and exclusive right to Association to manage the operation of all vending machines which are installed on the Campus of the Main University, together with all extension thereof in Travis County, Texas, but it is understood and agreed that this right shall not extend to and include vending machines located in the School of Law, Memorial Stadium, Gregory Gymnasium, and Clark Field, but the same are hereby excluded and shall not be subject to the provisions of this agreement."

It is further recommended that Business Manager Colvin be authorized to approve amendments to the contracts between the Ex-Students' Association (Campus Services, Inc.) and Neeley Vending Company, Austin Coca-Cola Bottling Company, Dr. Pepper Bottling Company, and Sandahl Beverages to reflect the above amendment. The vending machines in the school of Law have heretofore been under the contract with the Ex-Students' Association. This recommendation would exclude the School of Law from being included in the contract with the Ex-Students' Association for vending machine operations. In the new addition to the School of Law, there is a food service area consisting of a kitchen, coffee lounge with tables and chairs, and a vending area. Dean Keeton has requested that the Division of Housing and Food Service undertake the supervision and operation of this area. Mr. McConnell, Director of Housing and Food Service, and Business Manager Colvin recommend that the unit be operated as a self-supporting unit of the Division of Housing and Food Service. Messrs. Colvin and McConnell believe that for this unit to be self-supporting, it will be necessary to allocate all of the revenue from the vending machines plus over-the-counter sales to this operation. Assistant to the Chancellor Landrum has reviewed this matter and concurs in the recommendation of Messrs. Colvin and McConnell.

This action, if approved, would reduce the amount accruing to Campus Services by some \$3,000.00.

TO THE MEMBERS OF THE ACADEMIC AND DEVELOPMENTAL AFFAIRS COMMITTEE:

Re: Estimate of Retained Earnings, 1963-64 (For Information - No Action Requested)

The Administration presents the following statements re Estimate of Retained Earnings of Campus Services, Inc., as a result of the proposed amendments to the contract and the proposed changes in commission rates as set out in Items 2b and 2c:

For the year ending August 31, 1963, the Retained Earnings of Campus Services, Inc., amount to \$17,675.19. It is estimated that for this 1963-64 year, the estimated Retained Earnings will be some \$5,000 less.

The cancellation of the vending machine operation at Galveston accounts for some of the \$5,000 even though the income of the Galveston operation was available only to the Galveston campus. The reason for this was that all expenses of the Campus Services, Inc., will now be borne by the Main Campus operation in Austin and the expenses of Campus Services, Inc., will not be reduced by the amount of the expenses heretofore allocated to the Galveston operation. Also, the removal of Townes Hall revenue from under the contract with the Ex-Students' Association and the reduction of the percentage commission on cold drink vending sales will account for the balance of the \$5,000 reduction in income.

It is difficult to fix an amount to each of these factors because the operating expenses reduction is undetermined and the income taxes to be paid by Campus Services will be less as well as the income being less from the overall operation. The Ex-Students' Association estimated that the income should be in the neighborhood of \$12,700 for 1963-64 which is \$1500 more than is being budgeted at this time from the Retained Earnings.

Also, we started the 1963-64 fiscal year with a balance of some \$22,000 and it is the expectation of the Administration that the recommended change herein should be approved by the Regents since the anticipated revenue plus balances on hand October 31, 1963, should give us ample principal for the anticipated expenditures from these funds.

ATHLETIC COUNCIL, MAIN UNIVERSITY.--Below is an exact Xerox copy of the material submitted by the Chancellor with reference to items taken from the Minutes of the meeting of the Athletic Council held on September 26, 1963. You have previously received a copy of the Minutes with the items indicated that would need Board approval.

A. Schedules

As reflected in the minutes of the Athletic Council meeting of September 26, 1963, the Athletic Council recommended that the following schedules be approved. Vice-Chancellor Hackerman and Chancellor Ransom concur in the recommendations.

1963 Cross Country Schedule

October	11, 1963	SMU-Texas at Dallas
	18	Houston-Texas at Houston
	25	A&M-Texas at College Station
November	2	Texas Invitational at Austin
	18	Southwest Conference at Fayetteville, Arkansas
	22-23	NCAA at East Lansing, Michigan

1964 Track Schedule

February	29, 1964	Rice-A&M-Texas at College Station
March	7	Border Olympics at Laredo
	14	West Texas Relays at Odessa
	21	Baylor-SMU-Texas-ACC at Corpus Christi
	28	San Angelo Invitational at San Angelo

(CONTINUED ON FOLLOWING PAGES)

1964 Track Schedule - continued

April	3-4	Texas Relays at Austin
	11	SMU-Baylor-A&M-Texas at Waco
	18	Kansas Relays at Lawrence
	25	Drake Relays at Des Moines
May	2	Rice-A&M-Texas at Austin
	8-9	Southwest Conference Meet at Lubbock
June	18-20	NCAA Meet at Eugene, Oregon

BASKETBALL SCHEDULE

- a. Annual Gator Bowl Basketball Tournament at Jacksonville, Florida, on December 29 and 30, 1964
- b. Home-and-home series with University of Mississippi and LSU as follows:
- Saturday, December 5, 1964, Mississippi-Texas at University, Mississippi
Monday, December 7, 1964, LSU-Texas at Baton Rouge, Louisiana
and
Saturday, December 4, 1965, Mississippi-Texas at Austin
Monday, December 6, 1965, LSU-Texas at Austin

TELEVISION OF BASKETBALL GAMES FOR 1964.

Under the Southwest Conference Television Plan, the following University of Texas basketball games at Austin will be televised at 2 p.m.:

January 4, 1964	Baylor-Texas
January 11, 1964	A&M-Texas

UNIVERSITY OF TEXAS FRESHMAN FOOTBALL SCHEDULE

As in past years, The University of Texas freshman football schedule is as follows:

Thursday, October 10	Baylor Cubs at Waco	7:30 p.m.
Friday, October 25	Rice Owlets at Austin	2:00 p.m.
Friday, November 1	SMU Colts at Austin	2:00 p.m.
Friday, November 8	TCU Polywogs at Ft. Worth	2:00 p.m.
Saturday, November 23	Texas A&M Fish at Austin	2:00 p.m.

FOOTBALL SCHEDULES THROUGH 1971

Athletic Director and Head Football Coach Darrell K. Royal presented the football schedules through 1971.

1962

*September	22	University of Oregon at Austin
	29	Texas Tech at Lubbock
*October	6	Tulane at Austin
	13	Oklahoma at Dallas
*	20	Arkansas at Austin
*	27	Rice at Houston
November	3	S.M.U. at Austin
	10	Baylor at Waco
	17	T.C.U. at Ft. Worth
	22	Texas A&M at Austin

1963

*September	20	Tulane at New Orleans (Friday)
*	28	Texas Tech at Austin
*October	5	Oklahoma State at Austin
	12	Oklahoma at Dallas
	19	Arkansas at Arkansas
*	26	Rice at Austin
November	2	S.M.U. at Dallas
	9	Baylor at Austin
	16	T.C.U. at Austin
	28	Texas A&M at College Station

1964

*September	19	Tulane at Austin
*	26	Texas Tech at Lubbock
*October	3	Army at Austin
	10	Oklahoma at Dallas
*	17	Arkansas at Austin
*	24	Rice at Houston
	31	S.M.U. at Austin
November	7	Baylor at Waco
	14	T.C.U. at Ft. Worth
	26	Texas A&M at Austin

1965

*September	17	Tulane at New Orleans (Friday)
*	25	Texas Tech at Austin
*October	2	Indiana at Austin
	9	Oklahoma at Dallas
	16	Arkansas at Arkansas
*	23	Rice at Austin
	30	S.M.U. at Dallas
November	6	Baylor at Austin
	13	T.C.U. at Austin
	25	Texas A&M at College Station

1966

*September	17	U.S.C. at Austin
*	24	Texas Tech at Lubbock
*October	1	Indiana at Austin
	8	Oklahoma at Dallas
*	15	Arkansas at Austin
*	22	Rice at Houston
	29	S.M.U. at Austin
November	5	Baylor at Waco
	12	T.C.U. at Ft. Worth
	24	Texas A&M at Austin

1967

September	23	U.S.C. at Los Angeles
*	30	Texas Tech at Austin
*October	7	Okla. State at Austin
	14	Oklahoma at Dallas
	21	Arkansas at Arkansas
*	28	Rice at Austin
November	4	S.M.U. at Dallas
	11	Baylor at Austin
	18	T.C.U. at Austin
	23	Texas A&M at College Station

1968

*September	21	_____ at Austin
*	28	Texas Tech at Lubbock
*October	5	Okla. State at Austin
	12	Oklahoma at Dallas
*	19	Arkansas at Austin
*	26	Rice at Houston
November	2	S.M.U. at Austin
	9	Baylor at Waco
	16	T.C.U. at Ft. Worth
	28	Texas A&M at Austin

1969

September	20	_____ Away
*	27	Texas Tech at Austin
*October	4	Navy at Austin
	11	Oklahoma at Dallas
	18	Arkansas at Arkansas
*	25	Rice at Austin
November	1	S.M.U. at Dallas
	8	Baylor at Austin
	15	T.C.U. at Austin
	27	Texas A&M at College Station

Football Schedules Through 1971 - continued

<u>1970</u>			<u>1971</u>		
*September	19	_____ at Austin	September	18	_____ Away
*	26	Texas Tech at Lubbock	*	25	Texas Tech at Austin
*October	3	_____ at Austin	*October	2	University of Oregon at Austin
	10	Oklahoma at Dallas		9	Oklahoma at Dallas
*	17	Arkansas at Austin		16	Arkansas at Arkansas
*	24	Rice at Houston	*	23	Rice at Austin
	31	S.M.U. at Austin		30	S.M.U. at Dallas
November	7	Baylor at Waco	November	6	Baylor at Austin
	14	T.C.U. at Ft. Worth		13	T.C.U. at Austin
	26	Texas A&M at Austin		25	Texas A&M at College Station.

* Night games, probably

PROPOSED FOOTBALL HOME-AND-HOME SERIES WITH UNIVERSITY OF CALIFORNIA

Athletic Director Royal indicated that the University of California was agreeable to meeting The University of Texas in football on the following dates:

September 20, 1969, University of California at Berkeley, California
September 19, 1970, University of California at Austin

Upon the recommendation of Athletic Director Darrell K. Royal, Mr. Scott moved and Dr. Frantz seconded that the home-and-home series with The University of California be approved and that the scheduling of these games be recommended to the Administration and Board of Regents for final approval.

B. Proposed Spring Orange-White football game at San Antonio.

Upon recommendation of Athletic Director Darrell K. Royal, the Athletic Council recommends that the Administration and the Board of Regents approve arrangements for the Longhorn Club to sponsor the Orange-White Spring intrasquad game at San Antonio in the spring, 1964. The Longhorn Club would pay the traveling expenses of the team. Any money remaining after expenses are paid would be used to assist with the athletic program at The University of Texas.

The Longhorn Club has been sponsoring the annual Orange-White intra-squad game at Austin each year under similar arrangements.

Proposed Spring Orange-White football game at San Antonio - continued

It is the recommendation of the administration that the Spring Orange-White football game be continued in Austin. The administration feels that if the game is played in San Antonio, it would set a precedent and introduce being asked to play the spring intrasquad game in other locations in the state on future dates. We believe that this intrasquad game should continue only on our home grounds.

Subject: Revision of Insurance Manual.

Dr. Ransom recommends your consideration of the following report and approval of his recommendations as contained herein.

REVISION OF INSURANCE MANUAL

Several weeks ago Mr. William Hunter McLean, Chairman of the State Board of Insurance, addressed a letter to me in which he requested that a booklet entitled "A Manual of Life, Health, and Accident Insurance" be brought up-to-date and revised to fit the current situation in the insurance industry. This booklet is virtually required reading for prospective life insurance agents taking examination under Article 21.07--1 of the Texas Insurance Code; and since publication some seven or eight years ago, approximately 40,000 copies have been sold.

This booklet was published under the nominal authorship of Dr. Henry Owens, who was then an employee of the Bureau of Business Research. The publication is under the auspices of the Bureau of Business Research and the copyright, which has some little value, is owned by the Board of Regents.

I recommend that the above mentioned Manual be revised and brought up-to-date by our Bureau of Business Research. I further recommend that Dr. John Bickley, senior professor of insurance, be designated as the person to revise this Manual, the copyright to the publication remaining with the Board of Regents of The University of Texas.

Subject: Requirements for admission - Texas Western College

The Faculty Committee on Admissions, the Faculty Council and President Ray of Texas Western College, and Chancellor Ransom recommend adoption of the following regulation to be effective June 1, 1964:

"A student in the first or second quartile of his high school graduating class must make a combined score of 700 or better on the College Entrance Examination Board Scholastic Aptitude Test in order to enter Texas Western College as a regular student. A student in the third or fourth quartile must make a score of 800 or better to enter as a regular student. Students who make less than these required minimums may be admitted as provisional students. Provisional admission status entitles the student to one summer term or one Spring semester of trial, at the end of which provisional status must be removed or admission will be terminated. To be removed from provisional status, the student must either:

(a) earn not less than six semester credit hours in a summer session with an average grade of "C" in all courses taken; courses selected to satisfy this requirement must have the approval of the student's academic dean.

or

(b) earn not less than nine semester credit hours in a Spring semester with an average grade of "C" in all courses taken; courses selected to satisfy this requirement must have the approval of the student's academic dean."

Dr. Ray has furnished the following statement in support of the recommendation.
(see attached.)



Office of the President

Texas Western College

OF THE UNIVERSITY OF TEXAS

October 11, 1963

at El Paso
79902

Subject: Admission Policy for Texas Western College

Explanatory statement from President Joseph M. Ray

The request for approval of a new admissions policy at Texas Western College is based upon the declared intention of the institution to seek increased quality in all of its affairs. The MISSION '73 study group recommended that the College change its enrollment policies to comport more nearly with the role and scope envisioned for the institution. Texas Western College does not plan to deny entrance to any qualified high school graduate, but rather to admit on provisional status those who do not show promise of college-level performance. Correspondence with other state-supported institutions indicates that most of them have plans for limiting enrollment. Texas Western College wants to take action now which will indicate its desire to merit its position as a component member of The University of Texas System; it does not wish to wait until most other state institutions have put their plans into effect. The College believes that this method of placing academically poor students on provisional status will strengthen its undergraduate program and help to establish a desirable pattern for the future of the institution.

High school rankings and College Entrance Examination Board Scholastic Aptitude Test scores are not available for all Texas Western College freshmen entering in 1962-63 and 1963-64. Our records, however, show that of the 686 freshmen entering in the Fall Semester of 1962, for whom full statistics are available, 262 (or approximately 39% of these entering freshmen) would have been placed on provisional status. Of these 262 students, 223 made less than a "C" average during the 1962-63 school year. In September, 1963, complete records on 796 entering freshmen were available. Provisional status would have been required for 265 of these (or approximately 33%.) These students represent a very small fraction of the total enrollment.

We believe that this proposed system of admissions would improve the quality of Texas Western College.

Item No. 6

Subject: Mission '73

Dr. Ray recommends, and Chancellor Ransom concurs in the recommendation, that the Board of Regents pass a resolution expressing appreciation to the members of Mission '73 for their work and report. It is also recommended that the members of the group be notified that upon receipt of the report by the Board of Regents, the group is now discharged.

Item No. 7

TO MEMBERS OF THE ACADEMIC AND DEVELOPMENTAL AFFAIRS
COMMITTEE:

Re: Docket (Attachment No. 2)

RECOMMENDATION

It is recommended that the Docket of Chancellor Ransom dated October 21, 1963, be approved in the form as distributed in this volume with authority to the Secretary to make editorial changes on the Official Copy of the Minutes and to notify those to whom the Secretary distributes the Minutes the changes that have been made and, of course, to indicate in the transmittal letter to the Regents all such changes.

The Docket (Attachment No. 2) is in this volume following the Budget Docket. Immediately preceding the Docket is an outline by the Secretary with your attention directed to those items in all CAPS.

At the close of the outline is a summary of the Gifts and Grants as reported in the Docket.

Buildings & Grounds Committee

BUILDINGS AND GROUNDS COMMITTEE

Date: Friday, November 8, 1963
 Time: 11:00 a. m.
 Place: Main Building, Room 210 (Office of the Secretary)

Members:

Regent Redditt, Chairman
 Regent Brenan
 Regent Johnson
 Regent McNeese
 Chairman Heath, Ex Officio Member

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* There is no documentation.

THE UNIVERSITY OF TEXAS
OFFICE OF THE COMPTROLLER
AUSTIN 12

RECOMMENDATIONS TO REGENTS'
BUILDINGS AND GROUNDS COMMITTEE

October 22, 1963

1. MEDICAL BRANCH - APPROVAL OF ADDITIONAL TRANSFER BETWEEN APPROPRIATIONS FOR NEW OUTPATIENT-CLINICAL DIAGNOSTIC BUILDING.--At the time the contract was awarded for the construction of the New Outpatient-Clinical Diagnostic Building at the Medical Branch, a Contingency Allowance of \$30,000.00 was set up with authority to Comptroller Sparenberg to issue change orders to the contract within this amount, and at the Regents' Meeting held July 13, 1963, an additional \$20,000.00 was authorized for this purpose. It now appears that before this project is completed, it will be desirable to issue additional change orders over and above the amount already authorized. It is, therefore, recommended by the Medical Branch staff, the Associate Architects, and the Comptroller's Office that \$13,000.00 be transferred from Account No. 85-9146-0800 - Medical Branch - New Outpatient-Clinical Diagnostic Building - Allotment Account to Account No. 85-9146-0816 - Medical Branch - New Outpatient-Clinical Diagnostic Building - Spaw-Glass, Inc. Contract - Contingency Allowance, with authority to Comptroller Sparenberg to approve change orders in this additional amount.

2. M. D. ANDERSON HOSPITAL AND TUMOR INSTITUTE - APPROVAL OF PRELIMINARY PLANS FOR MAJOR ADDITIONS AND SOME ALTERATIONS AND REMODELING TO M. D. ANDERSON HOSPITAL BUILDING.--The letter quoted below has been received by Chancellor Ransom from Dr. R. Lee Clark, Director of M. D. Anderson Hospital and Tumor Institute:

"At the December 1, 1962 meeting, the Board of Regents authorized the Consulting Architects, Jessen, Jessen, Millhouse and Greeven and the Associate Architects MacKie and Kamrath of Houston to revise and complete the preliminary plans and outline specifications and the working drawings and specifications for the additions to the M. D. Anderson Hospital and Tumor Institute Building, the project also to include some remodeling. The cost of new construction was estimated to be \$6,250,000 with \$250,000 for alterations and remodeling for a total project cost of \$6,500,000. The project called for an estimated 209,000 square feet of new construction.

"The preliminary plans are now approaching completion and it is recommended that these plans be submitted to the Board of Regents for their approval at the meeting of November 8-9, 1963. It is further recommended that the Associate Architects, MacKie and Kamrath, be instructed to proceed with the completion of final plans and specifications so that a contract can be awarded for this project at the earliest possible date.

"Part of the financing for this project is from federal funds and a part of the funds allocated will lapse unless a firm construction contract is awarded prior to July 1, 1964.

"The cost estimates submitted to the board December 1, 1962 will be followed; however, based on the revised preliminary plans, the square footage of new construction will be approximately 218,000.

"It is further recommended that authorization be given to submit the final plans and specifications to the necessary State and Federal Agencies for their approval, as well as to the Board of Regents.

"Funding of this project will be from other than state funds and this will be reported to the Board for their approval prior to advertising for bids and the award of a construction contract."

The recommendations contained in this letter have been concurred in by Comptroller Sparenberg and Chancellor Ransom, and it is recommended that they receive the approval of the Board and also that the Board approve the preliminary plans and outline specifications as prepared by the Consulting Architects.

3. M. D. ANDERSON HOSPITAL AND TUMOR INSTITUTE - AUTHORIZATION FOR REMODELING OF PHYSICAL PLANT AREA AND SOME ANIMAL AREAS FOR OTHER USES, AND APPOINTMENT OF ARCHITECTS THEREFOR.--The following recommendations have been made by Mr. Joe E. Boyd, Jr., Administrator, and Dr. R. Lee Clark, Director of the M. D. Anderson Hospital and Tumor Institute:

"Upon completion of the (2) temporary buildings now in the final planning stages, the physical plant shops and offices will be relocated in one of these temporary buildings. The area being vacated is adjacent to the present experimental animal and experimental surgery area. These two research activities have been extremely short of space and it has been planned for this vacated area to be remodeled for their use. This will provide an additional operating suite for experimental surgery, provide space for specialized laboratories for the experimental animal section, experimental surgery and experimental anesthesiology. The areas to be remodeled include some adjacent animal areas, as well as the physical plant area.

"The estimated cost of the project is not to exceed \$100,000, including architects fees.

"It is recommended that funds for this project be taken from general funds unappropriated surplus. Funds are available in excess of the amount shown in the regents budget for 1963-64. It is further recommended that the firm MacKie and Kamrath, Architects of Houston, Texas be authorized to proceed with the preparation of the necessary plans and specifications for this remodeling project, at a fee of 6%, including supervision."

These recommendations are concurred in by Comptroller Sparenberg and Chancellor Ransom, and it is recommended that they be approved by the Board. It should be pointed out, in connection with the appointment of MacKie and Kamrath as Architects for this remodeling project at a fee of 6%, that the Consulting Architects, Brooks and Barr, have agreed to relinquish their usual responsibilities for preliminary plans, etc. on this project.

4. SOUTHWESTERN MEDICAL SCHOOL - APPROVAL OF PROPOSED PLAQUE FOR RADIATION RESEARCH SECTION IN BASEMENT OF DANCIGER RESEARCH LABORATORIES BUILDING.-- Because certain funds, which Southwestern Medical Foundation is planning to use in making payment of the Foundation's pledge towards the construction of the Danciger Research Laboratories Building at Southwestern Medical School,

are limited to cancer research, it is desired that the radiation research section in the basement of this building be designated as a cancer research laboratory, and that a plaque be installed in this section, worded as follows:

THE DREYFUSS LABORATORY
FOR CANCER RESEARCH
provided by
SOUTHWESTERN MEDICAL FOUNDATION
from the
ABBIE K. DREYFUSS FUND

The wording of the plaque was suggested by Mr. G. L. MacGregor, President of Southwestern Medical Foundation, and has been discussed with Mr. John Zuber, representing the Trustees of the Danciger Foundation, who has indicated that the matter has been discussed with the Southwestern Medical Foundation and with the Danciger Trustees and has the approval of the Danciger Trustees.

It is recommended by Dean Gill and the Chancellor's Office that the Board approve the placing of such a plaque in the radiation research section in the basement of the Danciger Research Laboratories Building.

5. SOUTH TEXAS MEDICAL SCHOOL - APPROVAL OF PRELIMINARY PLANS FOR SOUTH TEXAS MEDICAL SCHOOL BUILDING.--At the Regents' Meeting held April 28, 1962, Consulting Architects Brooks and Barr were authorized to proceed with the preparation of preliminary plans and outline specifications for the Medical Sciences Building at the South Texas Medical School, with a total overall cost of \$5,250,000.00; at the meeting held December 1, 1962, this authorization was extended to cover a physical plant with a total overall cost of \$12,000,000.00. Several interim reports have been made to the Board orally concerning the progress of the plans and the developments on the financing of the project, and the Consulting Architects have submitted brochures for the Board's information during the preparation of these plans. The preliminary plans and outline specifications on the enlarged project have now been completed and have been approved by Dean Berson, Comptroller Sparenberg, and Chancellor Ransom. It is recommended that they be approved by the Board. The Chancellor's Office recommends that authorization be given to the Associate Architects, Bartlett Cocke and Associates and Phelps and Simmons and Associates, to proceed with the preparation of working drawings and specifications.

6. MAIN UNIVERSITY - APPROVAL OF PRELIMINARY PLANS FOR NEW ROTC RIFLE RANGE BUILDING.--At the Regents' Meeting held May 25, 1963, an appropriation was made for a New ROTC Rifle Range Building and authorization was given to Consulting Architects Brooks and Barr to proceed with the preparation of preliminary plans and outline specifications for the structure. At that time it was pointed out that the new building might be designed as an addition to the ROTC Building, but that question needed further study. It has now been determined that, mainly because of the noise factor, it would be better not to build the rifle range as an addition to the ROTC Building, but rather that a separate building should be constructed. The Consulting Architects have proceeded on this basis, and the preliminary plans and outline specifications have been completed by the Consulting Architects and approved by the Main University Faculty Building Committee, Comptroller Sparenberg, and Chancellor Ransom. It is recommended that they be approved by the Board, and that the Board also approve the preparation of working drawings and specifications by the Consulting Architects, Brooks and Barr, to be presented to the Board for approval at a later date. This recommendation that the Consulting Architects be appointed to prepare the final plans and specifications, rather than appointing another firm as Associate Architect, is being made because of the small size of the project, the total appropriation being only \$90,000.00.

7. MAIN UNIVERSITY - ACCEPTANCE OF NATIONAL SCIENCE FOUNDATION GRANT ON CONSTRUCTION OF WILL C. HOGG GEOLOGY BUILDING.--At the time the appropriation was made for the Will C. Hogg Geology Building, it was pointed out that any grants and gifts received for construction or equipment would be used to replace funds appropriated. Word has now been received that National Science Foundation has approved a grant of \$401,500.00 for the "Construction of Facilities for Graduate and Post-doctoral Research in Geology." It is, therefore, recommended that the Board accept this grant from National Science

Foundation for the construction of the Will C. Hogg Geology Building, reducing the appropriation from the Available University Fund account entitled "New Building Construction, Utilities Expansion, and Air-Conditioning Projects" by the amount of \$401,500.00.

8. MAIN UNIVERSITY - EXPANSION OF ELECTRICAL POWER GENERATING FACILITIES - APPROPRIATION THEREFOR AND APPROVAL OF SPECIFICATIONS FOR POWER GENERATING EQUIPMENT.--At the Regents' Meeting held June 30, 1962, authorization was given for the Main University Physical Plant staff to prepare specifications for a power generating unit of approximately 10,000 KW capacity and necessary related equipment. At that time it was pointed out that the total cost of this equipment and the building in which it is to be housed would be approximately \$1,800,000.00, but no appropriation for any part of the project was made. The specifications authorized (for power generating equipment only) have now been completed and have been approved by Business Manager Colvin, Comptroller Sparenberg, and Chancellor Ransom. It is recommended that they be approved by the Board and that \$1,800,000.00 to cover the estimated cost of the entire project, including the building to house the equipment, be appropriated from the Available University Fund Account No. 63-1002-0000 - New Building Construction, Utilities Expansion, and Air Conditioning Projects. It is further recommended that upon approval of the specifications, Comptroller Sparenberg be authorized to advertise for bids on this power generating equipment, these bids to be presented to the Board for approval at a later meeting.

OTHER MATTERS TO BE CONSIDERED BY THE
REGENTS' BUILDINGS AND GROUNDS COMMITTEE

Medical Branch - Oral Report on Remodeling in State Psychopathic Hospital and Old Frame Building on Northwest Corner of this Area to Provide Child Psychiatry Unit

Main University - Report on Sale of President's Home

Main University - Lila B. Etter Alumni House - Report on Status of Revision of Plans and Specifications

Texas Western College - Approval of Proposed Small Addition to Warehouse-Shops Building and Appointment of Architects Therefor

Medical Affairs Committee

MEDICAL AFFAIRS COMMITTEE

Date: Friday, November 8, 1963

Time: 11:00 a. m.

Place: Main Building, Room 210 (Office of the Secretary) -
After the Joint Meeting with B&G Committee, will
meet in the Regents' Room (209)

Members:

Regent Connally, Chairman
Regent Erwin
Regent Madden
Regent Olan
Chairman Heath, Ex Officio Member

	<u>Page No.</u>
A. Joint Meeting of Medical Affairs and Buildings and Grounds Committees (11:00 a. m.)*	*
1. Medical Branch	
a. New Outpatient-Clinical Diagnostic Building: Approval of Additional Transfer Between Appropriations	36
b. Child Psychiatry Unit: <u>Oral Report on</u> Remodeling in State Psychopathic Hospital and Old Frame Building on Northwest Corner of this area	**
2. M. D. Anderson Hospital and Tumor Institute	
a. M. D. Anderson Hospital Building: Approval of Preliminary Plans for Major Additions and Some Alterations and Remodeling	36
b. Physical Plant Area and Some Animal Areas: Authorization for Remodeling for Other Uses and Appointment of Architects Therefor	37
3. Southwestern Medical School	
Danciger Research Laboratories Building: Approval of Proposed Plaque for Radiation Research Section in Basement	37
4. South Texas Medical School	
South Texas Medical School Building: Approval of Preliminary Plans	38

* The report of these items will be in the report of the
Buildings and Grounds Committee.

** No Documentation

- B. Meeting of the Medical Affairs Committee (11:30 a. m. ,
Regents' Room, 209)

Items for Discussion and Possible Action

- | | | |
|----|--|----|
| 1. | Proposed School of Nursing in connection with
South Texas Medical Center, South Texas
Medical School | 42 |
| 2. | Pathology and Radiology Programs,
Medical Branch | 43 |

Organization and Budgeting as
Presented by Doctor Truslow

Subject: Proposed School of Nursing in conjunction with the South Texas Medical Center in San Antonio.

Reproduced below is a letter received from Dr. Merton Minter pertaining to the possibility of establishing a School of Nursing in connection with the South Texas Medical Center.

Chancellor Ransom wishes to discuss with the Regents the policy question of establishing the School of Nursing and the agency which would establish the school. Since Dr. Berson will not be present at the November 8-9 meeting of the Board, Dr. Ransom will express Dr. Berson's views on this matter.

MINTER CLINIC
NIX PROFESSIONAL BUILDING
SAN ANTONIO 5, TEXAS

MERTON M. MINTER, M.D., F.A.C.P.

*ARC
for desc.
CJM*
October 11, 1963

Dr. Harry Ransom
The University of Texas
Austin 12, Texas

Dear Doctor Ransom:

As chairman of a committee of the San Antonio Medical Foundation to explore the possibility of establishing a school of nursing to be operated in conjunction with the South Texas Medical School and the Bexar County Hospital District, I wrote to you June 24, 1963.

That letter was for your information and stated that Texas Womens University had approached the San Antonio Medical Foundation with the idea of exploring the possibility of establishing a school of nursing here.

Now that vacations are over it seems wise to get down to serious exploration of the above proposition.

As stated in my previous letter, I believe the University has at least veto power over what may go into the Medical Center and I presume the University has priority in such matters.

I would, therefore, like to request the University of Texas to take some official action as to the following:

1. Does the University of Texas intend to establish a school of nursing in the South Texas Medical Center?
2. If not, would they have any objection to the Medical Center's proceeding with exploratory negotiations with Texas Womens University?

I would appreciate hearing from you.

Sincerely yours,

Merton Minter

MMM:emc

CC Mrs. Jack Bowman, 202 Bushnell, San Antonio, Texas
Reagan Houston III, Alamo National Building, San Antonio
Dr. John Guinn, Texas Womens University, Denton, Texas
Dr. John L. Matthews, Nix Professional Buiding, San Antonio
Mr. William Forster, Bexar County Hospital District

Subject: Pathology and Radiology Programs - Organization and Budgeting

At the last meeting of the Board of Regents, an emergency item of a salary increase for Dr. Green in the Department of Pathology was approved by the Board after the matter was presented by Dr. Truslow. At this meeting, Dr. Truslow brought out that he had presented to the Chancellor a document setting out some of the considerations on organizing and budgeting of the Pathology and Radiology Programs. Dr. Ransom presents, for the Regents' review and consideration, Dr. Truslow's proposal of 18 pages. This information is presented without recommendation from Dr. Ransom at this time, but will be discussed at the Regents' meeting.

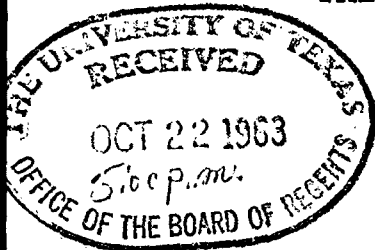
PATHOLOGY AND RADIOLOGY PROGRAMS

SOME CONSIDERATIONS ON ORGANIZATION AND BUDGETING

THE UNIVERSITY OF TEXAS MEDICAL BRANCH

GALVESTON, TEXAS

September 16, 1963



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to be considered
by BR in
Nov.
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I. INTRODUCTION

Pathology and Radiology Departments and Services in a University Medical Center have so many characteristics and problems in common (and in contrast with other clinical services) that a brief background picture may be helpful to understanding of some proposals we suggest for future organization and budgeting.

Each of them has a huge patient-service load - distinguished from patient-care by the fact that the service is primarily carried out by a large number of technicians whose accuracy must be constantly supervised, whose supplies and equipment are expensive and whose determinations must be meaningfully interpreted by the professional staff. While the heaviest load of these services is within the 40 hour week, they must be available 24 hours a day, seven days a week. To be sure, each is involved in patient care, but without responsibility for anything but the accuracy of the testing and of the report requested by the responsible physician. In almost all cases, the patient is taken to each of these departments and this, in turn involves a large number of transportation employees and a complex system of requisitioning.

Each of these services is responsible today for delivering an ever-expanding load of service over which they have no control, and of doing this on a relatively fixed budget.

Each of these services is composed of a number of distinct divisions with minimal area for overlap budgetarily, administratively and professionally, and each of the subdivisions has rather well delineated service, teaching and research programs.

Thus in Pathology: General Tissue Pathology, including Autopsy and Medico-Legal services for Galveston County; Surgical Pathology; Clinical Laboratories; and a School of Medical Technology. And in Radiology: Diagnostic Radiology; Radiotherapy; Biophysics and Isotopes; and a School of X-ray Technology.

Finally, each is a relative shortage field nationally, and in terms of faculty recruitment today must compete for the best in a market place able to offer \$18,000 to \$30,000 as a starting salary on the completion of residency training, and with guaranteed annual increments in many areas.

II. SUMMARY OF THE COMPARABLE PROBLEMS IN PATHOLOGY AND RADIOLOGY AT THE MEDICAL BRANCH TODAY

Both departments for a number of reasons are understaffed at the professional level. One of the major reasons, in each instance, is the long period of operation in crowded and poorly planned quarters - which, for Radiology will be completely changed with the opening of the lower floors of the new clinical diagnostic building in six to eight months; but for Pathology will be only partially relieved with the remodeling of Keiller Building. (Clinical Laboratory space will be provided on the 5th Floor to be added to the clinical diagnostic building, but the Autopsy Suite awaits the plans and construction of the Clinical Science Building.)

Equally important reasons for current understaffing include the need for competitive salaries, and the present concentration of almost all faculty efforts upon the hospital-service load, at the expense of education and at the practical sacrifice of research. Operational procedures in both areas are presently undergoing thorough study and revision, and technical schools in each department need some reorganization and revitalizing. The residency programs in Pathology and Radiology are the only ones incompletely filled in the whole hospital.

Summary of the staff needs in each of these departments to sustain the service load in a 1000-bed hospital, to carry on educational programs at the undergraduate and graduate levels, to run first-rate technology schools, and to produce respectably in research, is herewith presented in tabular form. More detailed discussion will follow in the sections on each department.

Pathology and Radiology Programs

Page 3

Column A is the number of faculty on the budget as approved by the Regents, effective September 1, 1963.

Column B is the number of faculty on the budget today.

Column C is the number of faculty effectively carrying their load.

Column D is the minimal faculty justifiable to meet our needs - assuming each carries his load.

Column E is the number needed as soon as possible (Column D minus Column C).

(A 6th Column will be added later in this report, describing optimum staffing in the new quarters.)

DEPARTMENT	A	B	C	D	E
Pathology	13	13	9	16	7
Radiology	8	5	5	10	5

Within the budget, as approved by the Regents to be effective September 1, 1963, there are four (4) positions in Pathology presently filled by individuals not carrying their load; and among these one individual plans to leave by November 30, and two (2) are actively seeking appointments in private practice. In Radiology, there are three (3) vacancies, principally because the salary levels are far from competitive. Competition must be regarded as relative to salaries in private practice, and also salaries in University Medical Centers where there is a basic faculty in numbers above the level of maintaining the service load.

At the Medical Branch today, relative to other University Medical Centers, our faculty in Pathology and Radiology are so few in numbers and so overwhelmed with service duties that any creative and promising young recruit will realize that our first concern is for routine diagnostic service. Repeatedly we have discovered that with \$16,000-\$18,000

we could recruit qualified candidates at the Instructor-Assistant Professor level if our departments were properly staffed to distribute the service load equitably and reasonably; but that under the present circumstances that man must be bought with \$20,000 to \$22,000 and iron-clad promises of additional recruitment immediately. Such high salaries are also needed now to keep those we have on the faculty today (see below):

1. The contrast between the salary we can offer to an Assistant or an Associate Professor in either department and the \$30,000 - \$40,000 his skills can command in the market place, can be countered only by "conditions of employment," which include opportunities for research, time for teaching and some release from the awful service load.
2. Presently all income to our professional staff in Pathology and Radiology is limited to their University salaries. Private patient income is deposited to the Current Restricted Funds. However desirable this may be, the time may have arrived when either additional personal income ceilings should be authorized or larger allocations of Current Restricted Fund to total salaries approved.
3. While recruiting with all possible persuasion we can muster, we have the increasingly pressing obligation to protect our current faculty stalwarts against the blandishments of other schools offering more money and release from our acutely overwhelming service load. Immediate salary adjustments for key people here are therefore absolutely emergency in their necessity.

Recommendations relating to each department will be presented in the paragraphs to follow. They reflect administrative acknowledgment of the subsections of each department and factors of salary scales, space and equipment.

III. THE DEPARTMENT OF PATHOLOGYA. FACULTY, SALARIES, DUTIES AND ABILITIES

In the Pathology Department Budget, as approved for September 1, 1963, there are thirteen (13) academic appointments supported by the Medical School Budget, the Hospital Budget, the Current Restricted Fund and U.S.P.H.S. Grants, as follows:

RANK AND NAME	MEDICAL SCHOOL BUDGET	HOSPITAL BUDGET	CURRENT RESTRICTED	U.S.P.H.S.	TOTAL
<u>Professor</u>					
Howard C. Hopps	18,000	----	7,000	----	25,000
Elwood E. Baird	15,500	----	9,500	----	25,000
Raymond H. Rigdon	11,500	----	6,500	----	18,000
<u>Associate Professor</u>					
Frank L. Jennings	13,000	----	8,500	----	21,500
A.W.B. Cunningham	11,000	----	7,000	----	18,000
<u>Assistant Professor</u>					
William O. Green, Jr.	13,500	----	7,000	----	20,500
Julian M. Chen	5,800	----	4,800	2,900	13,500
Mary E. Pinkerton	-----	10,000	-----	----	10,000
<u>Instructor</u>					
John D. Waggener	9,500	----	6,000	1,500	17,000
Donald D. Van Fossan	12,500	----	-----	----	12,500
Joe H. Fulcher, Jr.	9,000	----	-----	----	9,000
Alfonso J. Strano	6,500	----	6,000	----	12,500
Angel Gaurie	11,000	----	6,000	----	17,000
TOTALS:	136,800	10,000	68,300	4,400	219,500

The resignation of Dr. Hopps as Chairman, the search for a new Chairman, and the appointment of Dr. Jennings as Acting Chairman since July 1, 1963 culminating in his nomination as permanent Chairman, effective September 1, 1963, have combined to stimulate thorough study and inventory of these individuals in relation to their performance and capacity to

Pathology and Radiology Programs
Page 6

carry their load in the face of a total departmental assignment of teaching 150 medical students, a full complement of residents plus those rotating from other services, the heavy loads of Clinical Pathology, Surgical Pathology and Autopsy Service in a 1000-bed teaching hospital, the community obligation of medical-legal and autopsy service for Galveston County and a first-rate School of Medical Technology.

Summarized in Section II above were the presently approved complement of thirteen (13) faculty members; the present complement of thirteen (13) (with Jennings recommended for the chairmanship to replace Hopps; and Rodin replacing Jennings); the evaluation of four (4) of the thirteen (13) as failing to carry their load; and the recommendation of a total of sixteen (16) fully effective faculty as a reasonable minimum to meet the immediate work-load.

This recommendation for sixteen (16) as a reasonable minimum, and justification for an eventual total of twenty-two (22), can be more clearly understood at this point in relation to the subdivisions of the Pathology Department functions:

1. Primarily Education and Research - These faculty members must carry the load of medical student and graduate student teaching, and in strong departments should include one or two primarily research scientists. Basic Faculty refers to tenure positions primarily. Faculty in Training acknowledges our obligations in this field and presumes a 2 to 4 year appointment leading to promising appointments in other medical schools.
2. Primarily Service - These faculty members must carry the load of patient service in the 1000-bed University Hospitals - including Clinical Labs, Surgical Pathology and Tissue Pathology (Autopsy and Histology).

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AREA	PRESENTLY CARRYING THEIR LOAD	NUMBER	MINIMAL NUMBER NEEDED	OPTIMUM 1965-66
1. <u>Primarily Education and Research</u>				
<u>Basic Faculty:</u>	Jennings Rodin Waggener	3	5	6
<u>Faculty in Training:</u>	Van Fossan Fulcher	2	2	3
2. <u>Primarily Service</u>				
<u>Clinical Labs:</u>	Baird Pinkerton	2	4	5
<u>Surgical Pathology:</u>	Green	1	2	3
<u>Tissue Pathology:</u>	Chen	1	3	5
	TOTAL NUMBERS:	9	16	22

Of the four (4) not carrying their load, three (3) are likely to leave this year; although in the case of the two without tenure, Drs. Strano and Gaurie, whose interests and abilities are clearly in the area of practice rather than education and research we believe we are fully justified in recommending salary increases to hold them until academically well-qualified faculty can be recruited. Every loss in total numbers presently carrying the heavy service load compounds the problem of recruitment and raises the price dangerously. The third, an Associate Professor with tenure, has resigned, effective November 30, 1963; and we are hopeful of filling this spot with the September 15, 1963 appointment of Dr. DeWitt Hunter at the rank of Assistant Professor. The fourth, a tenure position, will be resolved in a year or two, hopefully, by redefining his responsibilities and rendering him eligible for outside funds.

With respect to the nine (9) faculty members in Pathology who we regard as forming the nucleus for a strong department three or four years hence under new departmental leadership, we

believe certain of these require and deserve substantial salary adjustments at this time. In the case of the two (2) members (Waggener and Green) regarded by Dr. Jennings as the most valuable and vital to the department, I can vouch for the fact that their rejection of bona fide offers from other faculties of medicine depends upon the approval of these recommendations.

Pending before the Central Administration and the Board of Regents, with my most urgent approval, are the following:

F. Lamont Jennings, Associate Professor, at \$21,500 to Professor and Chairman at \$26,000.

John Waggener, Instructor, at \$17,000 to Assistant Professor at \$20,000.

Attached to this memorandum is an equally critical recommendation:

William O. Green, Jr., Assistant Professor, at \$20,500 to Assistant Professor at \$23,000.

This recommendation reflects a decision on my part to reject the recommendation of Dr. Jennings and an 8 to 1 endorsement of this recommendation by the Executive Faculty of the School of Medicine to award an Associate Professorship at this time - provided that the salary is approvable at \$23,000 a year. My reasons for not endorsing the promotion are several:

1. Totally inadequate bibliography, even though I agree this is largely a factor of his overwhelming service load in Surgical Pathology.
2. Only three years in rank of Assistant Professor.
3. Judgment that Executive Faculty recommendation was based overwhelmingly upon full endorsement of Dr. Green's service performance and skills and his potential in research, plus their belief that promotion was the only way to get necessary salary.
4. My conviction that the latter reason has plagued medical faculties too long and too expensively.

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Page 9

5. Sincere belief that the \$23,000 salary for a strictly full-time Assistant Professor of Pathology is competitive and realistic. This would compare with an \$18,000 salary elsewhere, plus the privilege of \$5,000 income from professional fees, the opportunity for which does not exist for surgical pathologists in the Galveston area.

Finally, it is urgently recommended that Dr. Jennings be given approval in principle of the enlargement of his faculty and professional staff over the current biennium to a total of 16 fully-effective appointees when and as funds become available - based upon replacement of four (4) current appointees plus three (3) new positions.

SUMMARY OF FACULTY ADJUSTMENTS REQUESTED:

<u>SPECIFIC REQUEST</u>	<u>INCREASE IN BUDGET</u>		
	Univ.	Current Restricted	GRANT
<u>Step 1 - As soon as possible:</u>			
Jennings - to Professor and Chairman at \$26,000	2,000	-1,000	-----
Rodin (replacement of Jennings) at 19,000	-1,000	-1,500	-----
Green - increase to 23,000	-----	2,500	-----
Waggener to Assistant Professor and 20,000	-----	2,500	500
Gaurie to Assistant Professor and 19,000	-----	2,000	-----
Strano to 13,000	-----	-1,500	2,000
Hunter (replacement of Cunningham) at 19,000	1,250	4,250	-----
	<hr/>	<hr/>	<hr/>
TOTAL CHANGE IN CURRENT BUDGET	2,250	7,250	2,500
<hr/>			
<u>Step 2 - During Fiscal 1963-64:</u>			
New Position	12,000	7,000	-----
New Position	12,000	7,000	-----
Replacement of Gaurie	-----	-----	-----
Replacement of Strano	-----	-----	-----
Chen to 15,000	1,500	-----	-----
Van Fossan to 14,000	1,500	-----	-----
Fulcher to 15,000	3,000	2,000	-----
	<hr/>	<hr/>	<hr/>
	27,000	16,000	-----
<hr/>			
<u>Step 3 - During fiscal 1964-65:</u>			
New Position	12,000	7,000	-----
	<hr/>	<hr/>	<hr/>
	12,000	7,000	-----

B. ORGANIZATION AND EFFICIENCY

Without reflection upon the academic stature and performance of Dr. Howard C. Hopps, his chairmanship was characterized by a studied disinterest in the responsibilities and duties of his double appointment as Director of University Laboratories. In the areas of Clinical Laboratory and Surgical Pathology services particularly, he neither provided nor supported nor delegated the leadership necessary to make these appropriately stimulating and efficient units.

Even during his Acting Chairmanship, Dr. Jennings has not only improved the morale, working conditions, routines and efficiency of these areas immeasurably; he has engaged the enthusiastic support of all members of these subdivisions and of the clinical faculty in other departments for his energetic leadership. Areas of accountability have been clearly delineated. New tests have been introduced. Dependability of the "first reports" has been restored. He has shown the necessary courage to reward and to discharge individual personnel; and the results are most gratifying.

Maintenance of this improvement however depends upon implementation of his proposals for academic salary increases and additional professional appointments. Space relief is also a factor.

After about 9 - 12 months some space problems will be greatly relieved with completion of Keiller renovation (Education and Research Area plus Histology Lab), and the remodeling of space in John Sealy Hospital vacated by Radiology's move into the new Clinical Diagnostic Building (Surgical Pathology); and after two years with the completion of Floors 4, 5 and 6 of the Outpatient Diagnostic Building (Clinical Laboratories). The Autopsy Service must remain for 4 or 5 years in its miserable location, until the Clinical Science Building is completed. Accordingly, there may be some minor renovations requested along the way.

C. SUMMARY

All told, in the area of Pathology, we are focusing realistically on high quality service education and research, and estimating the price in terms of additional funds along the following lines:

1. For fiscal 1963-64 - over and above presently budgeted items for 1963-64:

Pathology and Radiology Programs
Page 11

	MEDICAL SCHOOL BUDGET	CURRENT RESTRICTED	OTHER
On An Annual Basis:	29,250	23,250	2,500
Estimated Actual:	18,000	12,000	2,500

2. For fiscal 1964-65 - over and above presently budgeted items for 1963-64:

	MEDICAL SCHOOL BUDGET	CURRENT RESTRICTED	OTHER
On an Annual Basis:	41,250	30,250	2,500

Perhaps \$25,000 in minor remodeling.

Perhaps a major adjustment in budgetary of the Clinical Laboratory Services.

D. SPECIFIC REQUEST

Approval of Central Administration in principle to this program as presented is urgently requested. Each step of the way will be presented in terms of availability of funds.

IV. THE DEPARTMENT OF RADIOLOGYA. FACULTY

In the Radiology Department Budget as approved for September 1, 1963, there are eight academic appointments supported by the Medical School Budget, the Current Restricted Radiology Fees, and the Markle Foundation Fellowship Fund, as follows:

RANK AND NAME	Department Budget	Hospital Budget	Current Restricted	Markle Fellowship	TOTAL
<u>Professor</u>					
Robert N. Cooley	17,000	-----	9,500	-----	26,500
Martin Schneider	15,000	-----	7,500	-----	22,500
<u>Associate Professor</u>					
Caroline W. Rowe	12,500	-----	2,500	-----	15,000
<u>Assistant Professor</u>					
Melvyn H. Schreiber	11,500	-----	3,500	2,000	17,000
Lawrence R. Nickell	11,500	-----	5,500	-----	17,000
Carlos Bazan, Jr.	11,000	-----	4,000	-----	15,000
<u>Instructor</u>					
Clyde R. Danks	6,000	-----	6,000	-----	12,000
Max B. Roeder	6,000	-----	4,000	-----	10,000
TOTALS	90,500	-----	42,500	2,000	135,000

An awful series of unforeseeable events occurred in Radiology this past year, and set in motion another sequence of events which now present us with an acute emergency in this area.

The plight of this department today cannot be overstated. We are now in the throes of a vicious cycle of "the fewer left, the heavier the load and therefore: (1) the greater chance of more resignations and (2) the more desperate and discouraging are our efforts for recruitment.

The simple fact is that of the eight academic appointments approved, only five are filled today. Dr. Nickell resigned after only two weeks on duty; but he was replaced by a Dr. Thornton from Houston, one of our poorer residents of two years ago. Dr. Bazan resigned to go into private practice. Drs. Danks and Roeder, senior residents last year, did not

accept these budgeted appointments, and have gone into private practice.

In the face of my genuine interest in and support for Radiology over the years, my confidence in Dr. Cooley, and the prospect of moving into magnificent new quarters for diagnostic and therapeutic radiology in less than a year, this state of affairs is both shocking and difficult to understand.

It is my best judgment that the "downward turn" was conditioned by several fortuitous circumstances - yet even if this be so, it suggests the brittleness of the relative excellence I thought we enjoyed. Some personality factors may also be involved, but these do not seem critical at the moment.

You are probably aware that radiological physics and radiobiology are (in your phrase) the hyphenated sciences on the Radiology side of the isotopic coin; of which the clinical obverse is the new specialty of Nuclear Medicine. In University Medical Centers over the nation, the developing use of isotopes clinically and experimentally on humans has been characterized by combined efforts of the Departments of Radiology and Internal Medicine (and where they exist, Biophysics) which vary from full cooperation to mutual suspicion.

About five or six years ago, we began developing in the Department of Radiology, a modest laboratory of radiological physics under a young Dutchman, Dr. Lucas B. Beentjes. A radiologist, Dr. Carlos Bazan, began to take an interest in clinical isotope work, but the development of the whole unit was slow and colorless as far as its impact upon students or practicing clinicians was concerned. A year ago, a splendid opportunity presented itself in the person of Dr. Thomas Haynie, a Texan with seven years' experience in Nuclear Medicine in the outstanding unit at the University of Michigan. He is an internist by formal training, and was strongly recommended by Dr. Gregory. Both prior to his arrival last summer, and subsequently in spite of Dr. Haynie's tireless diplomacy, this appointment was regarded by Radiology as a threat to "their" operation rather than in the light of augmentation and support of the effort, as it was fully intended to be. A measure of Dr. Haynie's inspiration of, interest in, and use of this area is that since March 1, 1963, the monthly patient load was sixty (60). During August, 360 patients were seen on the Nuclear Medicine service!

So great was the depression which gripped the whole Department of Radiology (for whom the radiological physics laboratory had become in recent years the escape from an overwhelming service load and the distinction of the department) that now, in retrospect, it seems to have been the straw that broke the camel's back. Beentjes and Bazan have resigned. McClure Wilson's decision to accept

an offer at Scott & White was undoubtedly influenced by the department's poor morale. Several residents have resigned, and our new ones are wanting in numbers and quality.

In the face of the fact that in nine months we enter the most modern and well-planned Radiotherapy and Diagnostic X-ray Units in the nation - this adds up to a very serious situation. It may be that we have to take a really good look at the leadership; but in reference both to Dr. Cooley and Dr. Schneider I am most reluctant to do so, not only because I believe them to be able clinicians and medical scientists (though a little weak in administration) but also because I believe there are Hospital and Medical Branch Administration measures which perhaps should have been taken sooner, but can still be taken with high promise of success in support of Drs. Cooley and Schneider.

There is no question about the fact that we have been understaffed in Radiology for many years in relation merely to the overwhelming and ever-increasing service load. Research was a casualty of this more than five years ago; and for a year teaching has suffered.

Reorganization studies and inventories of all aspects of hospital service radiology are now underway, including the School of X-ray Technology. While some additional funds may be necessary in this area, our preliminary impression is that there is considerable room for increased efficiency and morale through organizational changes and personnel upgrading within the present budget.

The key to the resolution of the problem is professional staff worthy of academic appointment and the crux of this situation is the contrast between the exorbitant incomes awaiting graduating residents in their first year in private practice and the salaries we are offering to Instructors and then all the way up. Here, again, we are considering a recommendation of permitting private practice income or additional Current Restricted Fund allocations to Professors up to \$10,000, Associate Professors up to \$7,500 and Assistant Professors up to \$5,000 - over and above substantial salaries in the order of \$20,000 - \$25,000, \$17,500 - \$20,000 and \$15,000 - \$18,000 in the respective professional ranks. These are the facts of medical center life.

In terms of numbers, it is our conservative estimate that a realistic faculty would number twelve (including a Physicist) rather than our presently approved eight, to handle:

The current service load in diagnostic radiology;

The expected expansion of service load in Radiotherapy (when in 9 - 12 months we have our first installation of real tools of this profession);

The radiological physics laboratory;

The teaching programs in the residency and undergraduate areas;

The research interests; and

The School of X-ray Technology.

Our present faculty numbers five (5) plus one (1) resident with the title (without salary other than his resident's stipend) of Associate I

The following table presents our immediate needs in terms of augmentation of and to our present faculty in the months ahead. Suggestion will then be presented as step-by-step approaches to meeting these needs.

Pathology and Radiology Programs
Page 16

DIAGNOSTIC RADIOLOGY

	Present Salary			Proposed Salary			
	Dept. Budget	Current Restricted	TOTAL	Dept. Budget	Hospital Budget	Current Restricted	TOTAL
Cooley	17,000	9,500	26,500	15,000	5,000	7,500	27,500 **
New Position	---	---	---	15,000	---	5,000	20,000 **
Rowe	12,500	2,500	15,000	10,000	---	5,000	15,000 **
Schreiber	11,500	3,500	17,000	14,000	---	3,000	19,000
		(*2,000)				(*2,000)	
Thornton	11,500	2,500	14,000	12,000	---	6,000	18,000**
New Position	---	---	---	12,000	---	6,000	18,000 **
Vacancy	11,000	7,000	18,000	12,000	---	6,000	18,000 **
Vacancy	6,000	6,000	12,000	6,000	---	---	6,000
Vacancy	6,000	4,000	10,000	---	---	---	---
JOB-TOTALS	75,500	37,000	112,500	96,000	5,000	40,500	141,500

RADIOLOGY

Schneider	15,000	7,500	22,500	15,000	5,000	5,000	25,000 **
New Position	---	---	---	15,000	---	5,000	20,000
New Position	---	---	---	12,000	---	6,000	18,000 **
Resident Instr.	--	---	---	6,000	---	---	6,000
JOB-TOTALS	15,000	7,500	22,500	48,000	5,000	16,000	69,000

RADIOLOGICAL PHYSICS

New Position	---	---	---	12,000	---	6,000	18,000
Physicist	---	---	---	10,000	---	5,000	15,000
JOB-TOTALS	---	---	---	22,000	---	11,000	33,000

GRAND TOTALS 90,500 44,500 135,000 166,000 10,000 67,500 243,500

INCREASE 75,500 10,000 23,000 108,500

Markle Fellowship

* Indicates recommendation for private practice ceilings by rank.

SUMMARY AND RECOMMENDATIONS

The situation in Radiology is critical with respect to personnel and programs, and calls for extraordinary measures at once. Thorough inventory and studies of the service program are now in progress; likewise of the School of X-ray Technology. Academic faculty appointments must be made to fill vacancies and expand operations for the new quarters, but the crux of this problem is salary scale and income privileges.

A reasonable faculty roster has been suggested in the summary table above. Justifiable at the present moment (if the money were available and if recruiting could be achieved at once), this reasonable goal must be reached by steps. To this end the following steps are recommended urgently for approval in principle, and only when and if funds become available:

STEP 1 - for presentation to the Regents, in September if approved by Central Administration:

- a. Authorize reclassification of salaries to permit immediate recruitment of New Position #2 and Vacancy #5 as listed in Proposed Salary Column.
- b. Authorize New Positions #9 and #11.

TOTAL COST OF STEP 1: \$28,500 additional to the Departmental Budget, plus \$13,500 additional to the Current Restricted Radiology Fees Budget - on an annual basis.

STEP 2 - sometime during the first year of the new biennium:

- a. Authorize reclassification of salaries to permit recruitment to Vacancy #7.
- b. Authorize New Position #12.
- c. IF Step 1 has been achieved and if morale and efficiency have markedly improved, authorize proposed salary adjustments for Dr. Cooley and Dr. Schneider.

TOTAL COST OF STEP 2: \$20,000 additional to the Departmental Budget; \$10,000 to Hospital Budget, and \$6,500 to Current Restricted Radiology Fees Budget - all on an annual basis.

STEP 3 - in the second year of the biennium:

Achieve as much as possible of the balance of the proposed adjustment.

TOTAL BALANCE: \$27,000 in the Departmental Budget and \$3,000 in the Current Restricted Radiology Fees Budget.

Committee of the Whole

COMMITTEE OF THE WHOLE
Chairman Heath, presiding

Date: Friday, November 8, 1963

Time: 1:30 p.m.

Place: Regents' Room, Main Building 209

1. Items Previously Scheduled, If Any (2:00 p. m.)
2. ITEMS PRESENTED BY CHANCELLOR
3. EMERGENCY ITEMS BY INSTITUTIONAL HEADS, IF ANY
 - a. Texas Western College (Doctor Ray)
 - b. Medical Branch (Doctor Truslow)
 - c. Dental Branch (Doctor Olson)
 - d. M. D. Anderson Hospital and Tumor Institute (Doctor Clark)
 - e. Southwestern Medical School (Doctor Gill)
 - f. Graduate School of Biomedical Sciences at Houston (Doctor Taylor)
 - g. South Texas Medical School (Doctor Berson)
4. ITEMS REFERRED BY STANDING COMMITTEES, IF ANY
 - a. Executive Committee
 - b. Academic and Developmental Affairs Committee
 - c. Buildings and Grounds Committee
 - d. Land and Investment Committee

e. Medical Affairs Committee

5. REPORTS REFERRED BY SPECIAL COMMITTEES, IF ANY

6. SPECIAL ITEMS BY MEMBERS OF THE BOARD

a. Chairman Heath

b. Vice-Chairman McNeese

c. Regent Brenan

d. Regent Connally

e. Regent Erwin

f. Regent (Mrs.) Johnson

g. Regent Madden

h. Regent Olan

i. Regent Redditt

Land & Investment Committee

LAND AND INVESTMENT COMMITTEE

Date: Friday, November 8, 1963
Time: 9:30 a. m.
Place: Main Building, Room 210 (Office of the Secretary)

Members:

Regent Madden, Chairman
Regent Brennan
Regent Erwin
Regent Olan
Chairman Heath, Ex Officio Member

- A. Detailed Agenda for the Land and Investment Committee as Prepared by the Endowment Officer (Pages i and ii)
- B. Trust and Special Funds Grouped for Investment
 - Recommendations for Additions--for action by Committee only (Item II.A. 2)
- C. Outline by Secretary of Recommendations of the Administration to the Land and Investment Committee and Attachment No. 1.
- D. Report of Permanent University Fund Investments--1962-63 (Exhibit "A" following Page L-16)
- E. Discussion Matters
 - 1. Brackenridge Tract
 - 2. Appraiser, Cotton Estate (Chamizal Settlement)*

* Added by Secretary in view of letter from Regent Madden.

LAND AND INVESTMENT COMMITTEE
November 8, 1963

I. PERMANENT UNIVERSITY FUND

A. INVESTMENT MATTERS:

1. Report of Purchases and Calls of Securities.
2. Permanent University Fund Investment Program - Report on Permanent University Fund Investments for the Fiscal Year Ended August 31, 1963.

B. LAND MATTERS:

1. Surface Lease No. 1791, Charles F. Tompkins, Pecos County.
2. Surface Lease No. 1792, (renewal of 602), U. S. Natural Gas Corporation, Andrews County.
3. Surface Lease No. 1793, City of Big Lake, Reagan County.
4. Surface Lease No. 1794, Humble Pipe Line Company, Crockett County.
5. Pipe Line Easement No. 1795, Northwest Production Corporation, Reagan County.
6. Pipe Line Easement No. 1796, (renewal of 589), Gulf Oil Corporation, Ward County.
7. Pipe Line Easement No. 1797, Gulf Oil Corporation, Crockett County.
8. Power Line Easement No. 1798, El Paso Electric Company, El Paso County.
9. Surface Lease No. 1799, (renewal of 593), Humble Pipe Line Company, Reagan County.
10. Surface Lease No. 1800, Cecil A. Robinson, Winkler County.
11. Pipe Line Easement No. 1801, El Paso Natural Gas Company, Crockett County.
12. Pipe Line Easement No. 1802, (renewal of 609), Southern Union Gas Company, Ward County.
13. Surface Lease No. 1803, Harry Holt Oil Construction Company, Ward County.
14. Grazing Lease No. 892, (renewal of 758), P. H. Coates, Reagan County.
15. Grazing Lease No. 893, (renewal of 761), Bill A. Friend, Reagan and Crockett Counties.
16. Grazing Lease No. 894, (renewal of 759), Walter Young, Reagan County.
17. Grazing Lease No. 895, (renewal of 762), Louis Brooks, Crockett County.
18. Grazing Lease No. 896, (renewal of 765), Escondido Ranch, Inc., Pecos County.
19. Grazing Lease No. 897, (renewal of 764), Mrs. Velma C. Rounsaville, Culberson County.
20. Grazing Lease No. 898, (renewal of 760), Way and Schneemann, a Partnership, Reagan and Crockett Counties.
21. Grazing Lease No. 899, (renewal of 763), Max Schneemann, Crockett County.
22. Grazing Lease No. 900, (renewal of 766), J. W. Langford, Upton County.
23. Grazing Lease No. 901, (renewal of 773), Blake Bonham, Lamar County.

II. TRUST AND SPECIAL FUNDS

A. INVESTMENT MATTERS:

1. Report of Purchases, Sales and Calls of Securities.
- *2. Funds Grouped for Investment - Recommendations re Additions.

B. REAL ESTATE MATTERS:

1. Hogg Foundation: W. C. Hogg Memorial Fund - Proposed Oil and Gas Lease to Southland Leasehold, Inc., Old Humble Field (Scranton Hanszen Fee Land #19), Harris County.
2. Hogg Foundation: W. C. Hogg Memorial Fund - Proposed Mineral Leases to John A. Hill, Wharton County.
3. Texas Western College - Renewal of Farming Lease to John T. Bean on Cotton Estate Acreage, El Paso, Texas.
4. Archer M. Huntington Museum Fund - Extension of Grazing Lease on Huntington Lands, Galveston County, to Joe M. Robinson.
5. Hogg Foundation: Will C. Hogg Memorial Fund - Lease for Additional Term to Simpson Dining Car, Inc., on Property at Main and Bell (White Property in Houston).
6. Archer M. Huntington Museum Fund - Proposal from Wm. W. Sherrill, Trustee, for Purchase of Wilson Point Area of Huntington Lands, S. C. Bundick League, Galveston County.

C. DISCUSSION MATTERS:

1. Brackenridge Tract.

*For action by the Land and Investment Committee only. For information of other members.

November 8, 1963

To the Members of the Regents' Land and Investment Committee
The University of Texas

Subject: FUNDS GROUPED FOR INVESTMENT

Gentlemen:

It is recommended that the following additions, representing new money and funds transferred, made to the "Funds Grouped for Investment" as of September 1, 1963, be approved, pursuant to the policy adopted by the Committee on July 9, 1948;

Albert A. Bennett Mathematics Prizes (\$4,487.14 already in Grouped)	\$ 115.63
Florence Ralston Brooke Fund for Library Books (\$17,635.18 already in Grouped)	45.97
W. J. Bryan Prize in Government (\$1,808.79 already in Grouped)	68.54
Chimes Scholarship Fund (\$1,137.39 already in Grouped)	103.01
Curtain Club Scholarship (\$4,223.23 already in Grouped)	276.26
Kate J. Decherd Bible Scholarships (\$4,377.27 already in Grouped)	100.00
Edward Louis Dodd and Alice Laidman Dodd Fellowship Fund (\$27,500.00 already in Grouped)	9,500.00
Clara Driscoll Scholarship for Research in Texas History (\$9,738.23 already in Grouped)	365.22
The F. B. Plummer Scholarship Recognition Fund in Petroleum Engineering (College of Engineering Foundation) (\$1,113.04 already in Grouped)	85.42
Lucy Barton Scholarship (College of Fine Arts Foundation) (\$3,397.50 already in Grouped)	20.00
I. Friedlander Building and Loan Prize (\$1,420.00 already in Grouped)	137.61
Mary E. Gearing Bequest for Child Welfare and Parent Education Foundation (\$17,176.14 already in Grouped)	122.33
Hal P. Bybee Memorial Fund (Geology Foundation) (\$62,856.83 already in Grouped)	335.00
Robert H. Cuyler Memorial Scholarship (Geology Foundation) (\$10,472.42 already in Grouped)	50.00
Dr. F. L. Whitney Memorial Scholarship Fund (Geology Foundation) (\$7,370.00 already in Grouped)	300.00
German Play Scholarship Fund - Various Donors (\$1,305.50 already in Grouped)	46.46
Home Economics Club Scholarship (\$11,104.30 already in Grouped)	400.00
S. H. Osmond Scholarship Fund (\$826.69 already in Grouped)	42.78

FUNDS GROUPED FOR INVESTMENT
(Continued)

The Senior Class Endowment Fund (Pharmaceutical Foundation) (\$4,831.95 already in Grouped)	\$ 75.00
Mattie B. Randall Scholarship Fund (\$5,000.00 already in Grouped)	734.67
Aaron Schaffer Memorial Scholarship Fund (\$4,750.17 already in Grouped)	25.04
David M. Warren and Alvah Meyer Warren Journalism Scholarship Fund (\$13,396.55 already in Grouped)	499.74
O. B. Williams Memorial Fund (\$1,716.79 already in Grouped)	65.44
	<hr/>
Additional Total Added to Funds Grouped 9/1/63	<u>\$13,514.12*</u>

*(The above total of \$13,514.12, submitted for approval, supplements additions to Funds Grouped for Investment on September 1, 1963, in the amount of \$45,684.24, previously approved by the Land and Investment Committee.)

It is also recommended that the following additions, representing cash being added to endowment funds already in Funds Grouped as of December 1, 1963, be approved:

Lillian Barkley Scholarship (\$2,687.51 already in Grouped)	\$ 200.00
Lucy Barton Scholarship (College of Fine Arts Foundation) (\$3,417.50 already in Grouped)	250.00
Department of Drama Ex-Students Scholarship Fund (College of Fine Arts Foundation) (\$318.65 already in Grouped)	328.00
Hal P. Bybee Memorial Fund (Geology Foundation) (\$63,191.83 already in Grouped)	1,551.75
Robert H. Cuyler Memorial Scholarship (Geology Foundation) (\$10,522.42 already in Grouped)	270.00
Dr. F. L. Whitney Memorial Scholarship Fund (Geology Foundation) (\$7,670.00 already in Grouped)	50.00
Frank Kell Library Fund (\$26,200.00 already in Grouped)	1,000.00
The Senior Class Endowment Fund (Pharmaceutical Foundation) (\$4,906.95 already in Grouped)	100.00
Arild E. Hansen Lectureship Fund (Medical Branch) (\$5,460.18 already in Grouped)	500.00
	<hr/>
Additions to be made to Funds Grouped 12/1/63	<u>\$4,249.75</u>

Respectfully submitted

STAFF INVESTMENT COMMITTEE

J. C. Dolley, Vice Chancellor (Fiscal Affairs)
Wm. W. Stewart, Endowment Officer
Mary E. Cook, Assistant to the Endowment Officer

OUTLINE
RECOMMENDATIONS OF ADMINISTRATION
TO
LAND AND INVESTMENT COMMITTEE

The Secretary has outlined the Recommendations of the Administration to the Land and Investment Committee (Attachment No. 1, L-1 through L-16) with your attention directed to those items in all CAPS:

	<u>Page No.</u>
I. Permanent University Fund	
A. Investment Matters - PURCHASES and CALLS Since Last Report	
1. Corporate Bonds \$743,560.00 Purchased (Total Principal Cost)	L-1
2. COMMON STOCKS \$3,733,178.86 Purchased (Principal Cost Including Commissions)	L-1
3. Calls of Corporate Securities \$67,048.50	L-8
B. Investment Program: <u>REPORT</u> on Investments for the Fiscal Year Ending August 31, 1963*	L-8
C. Land Matters	
1. Easements Nos. 1791-1803 (Documents Authorized)	L-9
2. Grazing Leases Nos. 892-900 (Documents Authorized)	L-10
3. Grazing Lease No. 901, LAMAR COUNTY (Renewal of 773) - Document Authorized)	L-11
II. Trust and Special Funds	
A. Report of Securities	
1. PURCHASES Approximately \$173,423.10 (Principal Cost)	L-12
2. SALES \$9,937.41	L-12
3. CALLS \$8,138.10 (Total Principal Proceeds)	L-13
B. Real Estate Matters	
1. Hogg Foundation - W. C. Hogg Memorial Fund	
a. Proposed Oil and Gas Lease to Southland Leasehold, Inc., Old Humble Field (Scranton Hanszen Fee Land #19) Harris County, Texas (Document Authorized)	L-14
b. Proposed Mineral Leases to John A. Hill, Wharton County (Documents Authorized)	L-14

* Exhibit "A" follows Page L-16. The bound volume will be distributed at the meeting.

	<u>Page No.</u>
c. LEASE for Additional Term to Simpson Dining Car, Inc. , on Property at Main and Bell (White Property in Houston) (Document Authorized)	L-15
2. Texas Western College: Renewal of Farming Lease to John T. Bean on Cotton Estate Acreage, El Paso, Chamizal Zone (Document Authorized)	L-14
3. Archer M. Huntington Museum Fund; Galveston County	
a. Extension of Grazing Lease on Huntington Lands to Joe M. Robinson (Document to be filed)	L-15
b. Proposal from William W. Sherrill, Trustee, for PURCHASE of Wilson Point Area of Huntington Lands , S. C. Bundick League (Documents Authorized)	L-15

THE UNIVERSITY OF TEXAS

Report on

PERMANENT UNIVERSITY FUND INVESTMENTS

FOR THE

FISCAL YEAR ENDED AUGUST 31, 1963

Approved by the

BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS

November 9, 1963

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Appendix A--Detailed List of Securities Held for the Permanent University Fund as of August 31, 1963	15
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BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS
As of August 31, 1963

OFFICERS

W. W. Heath, Chairman
A. G. McNeese, Jr., Vice Chairman
Betty Anne Thedford, Secretary

MEMBERS

Terms Expire January, 1965

W. W. Heath	Austin
Wales H. Madden, Jr.	Amarillo
A. G. McNeese, Jr.	Houston

Terms Expire January, 1967

Walter P. Brennan	San Antonio
H. F. Connally, Jr., M. D.	Waco
John S. Redditt	Lufkin

Terms Expire January, 1969

Frank C. Erwin, Jr.	Austin
Mrs. J. Lee Johnson III	Fort Worth
Rabbi Levi A. Olan	Dallas

REGENTS' LAND AND INVESTMENT COMMITTEE

Wales H. Madden, Jr., Chairman
Walter P. Brennan
Frank C. Erwin, Jr.
Rabbi Levi A. Olan

Central Administration--Staff Investment Committee
As of August 31, 1963

J. C. Dolley, Vice Chancellor (Fiscal Affairs), Chairman
Wm. W. Stewart, Endowment Officer
Mary E. Cook, Assistant to the Endowment Officer

PERMANENT UNIVERSITY FUND OF THE UNIVERSITY OF TEXAS
INVESTMENTS AS OF AUGUST 31, 1963

INVESTMENT POLICY

PURSUANT TO the provisions of a self-enacting amendment to Section 11a, Article VII, Constitution of the State of Texas, approved at the General Election of November 6, 1956, by which the Board of Regents of The University of Texas was authorized to invest up to 50% of the Permanent University Fund in corporate securities, the Board adopted revised policies as to investments for the Fund on January 12, 1957. The revised investment program has been in operation since May 7, 1957. From time to time, various amendments to the "Policies Governing Permanent University Fund of The University of Texas Investment Program" have been approved by the Board of Regents. The general provisions of the investment policies for the Fund as adopted on January 12, 1957, and as amended to date, are as follows:

Purchase of securities are to be limited exclusively to corporate securities until the Permanent University Fund distribution as to types is as follows (the percentages to be based on book value--cost or amortized cost--of all securities purchases)--

Government Securities (Issued by the United States, State of Texas, and Texas Municipalities)	50%
Corporate Bonds (Including rail equipment trust certificates) and Preferred Stocks.	10
Common Stocks	40

Exceptions to the above provision, regarding exclusive purchase of corporate securities until the distribution is 50% in corporate securities, are as follows--

1. Temporary investment in United States Treasury Bills is authorized when a large amount of cash is received (for example, from bonus payments on mineral leases or from bond maturities).
2. Exchange of United States Treasury securities held by the Fund into refunding offers made by the Treasury Department is authorized, provided that those Treasury securities maturing prior to 1965 are not exchanged for Treasury securities with maturities extending beyond 1965.

It is not contemplated that government bond holdings will be sold in order to provide funds for the purchase of corporate securities. However, such sales may be authorized by the Board of Regents when government bonds can be sold advantageously.

To be eligible for purchase, corporate bonds (including bonds issued by wholly-owned subsidiaries), preferred stocks, and common stocks must be issued by corporations which have been formally approved by the Board of Regents, with the following exception for corporate bonds:

Bonds issued by corporations not on the approved list must meet both the requirements of the Constitutional Amendment and the financial statement ratio standards and price requirements as set out hereinafter in the policies.

The following minimum investment standards to determine eligibility for purchase of corporate securities are set out in the policies:

Standards as to Quality--

- *1. Stock must be issued by a company incorporated within the United States.
- *2. Except for bank and insurance shares, stock must be listed on a registered security exchange.
- *3. Stock must have an unbroken dividend payment record over the preceding ten years prior to purchase.
- *4. Not more than 1% of the Permanent University Fund may be invested at any one time in securities issued by any one corporation.
- *5. Not more than 5% of the voting stock in any one corporation may be owned by the Permanent University Fund at any one time.
6. Issuer must be one of the leading corporations in its industry group.
7. Corporate bonds must be rated "A" or higher by either Moody's or Standard & Poor's. Bonds offered by private placement, by custom not rated, will be considered to carry the same rating as comparable bonds issued by the same company which have been rated "A" or better.
8. The corporation must measure up to the following minimum financial statement ratio standards, these standards applying to initial purchase only--
 - a. Bonded Debt to Book Value of Total Investment#

Public Utilities--	not to exceed 55%
Railroads	--not to exceed 45%
Industrials	--not to exceed 30%
 - b. Times Bond Service Covered (before income taxes)--

Public Utilities--	average of at least 5 times during past 5 years
Railroads	--average of at least 6 times during past 5 years
Industrials	--average of at least 7 times during past 5 years
 - c. Net Profit (after income taxes) to Book Value of Total Investment--

Public Utilities and Financial Corporations--	average of at least 4-1/2% during past 5 years
Railroads	--average of at least 4-3/4% during past 5 years
Industrials	--average of at least 6% during past 5 years

*Required by provisions of Constitutional Amendment authorizing investment of up to 50% of the Permanent University Fund in corporate securities.

#Total Investment is Fixed Liabilities plus Net Worth.

Standards as to Price--

As a general rule, corporate bonds and preferred stocks will be purchased to the extent possible at yields to exceed the yield on the longest term Treasury Bond by the following minimum margins--

- Corporate Bonds -- 1/4%
- Preferred Stocks -- 1/2%

Dollar Averaging Principle--

Corporate securities are to be purchased on the dollar cost averaging principle, averaging to be based on industry groupings rather than on individual companies, that is--

1. When funds become available, securities are to be purchased without any attempt to appraise the short-term market trend.
2. Percentage allocations to the various industry groupings as set out in the policies are to be maintained substantially as approved. However, purchases of stocks within each industry group will be weighted in favor of the companies considered to have better than average long-term investment merit and growth potentials. Size becomes a factor in weighting only when considered in relation to the Constitutional Amendment restriction that not more than 5% of the voting stock of any one corporation may be owned by the Permanent University Fund at any one time.

Broad Diversification Patterns--

The broad diversification patterns set out in the policies are as follows--

1. Corporate Bonds and Preferred Stocks--
 - a. Industrials 15.0%
 - b. Public Utilities. 80.0
 - c. Railroads (including rail equipment). 2.0
 - d. Financial Corporations. 3.0
2. Common Stocks--
 - a. Industrials 63.0%
 - b. Public Utilities. 24.5
 - c. Railroads 2.0
 - D. Financial Corporations. 10.5

The provisions of the policies with respect to purchases and sales of corporate and government securities are as follows:

1. As funds become available, the Endowment Office is authorized to purchase corporate and government securities within the policies and program as approved by the Board of Regents.
2. Sales of corporate and government securities, except for sales of temporary investments in Treasury Bills, require prior approval of the Board of Regents.
3. All purchases and sales of corporate and government securities must be reported at the next subsequent meeting of the Board of Regents for ratification and approval.

(A full copy of the policies governing the investment program, including the list of corporations approved for bonds, preferred stocks, and common stocks, is available upon request to the Endowment Office--Securities Division.)

To aid in the development of a sound revised investment program and in the carrying out of the policies adopted by the Board of Regents, the firm of Lionel D. Edie & Company, Inc., of New York City, has been under contract as Investment Adviser since March, 1957.

In addition to the Investment Adviser, an Investment Advisory Committee, comprised at present of four members selected from the senior officers of investment and trust department staffs of the larger commercial banks and insurance companies in Texas, was authorized by the Board of Regents. The initial Committee was appointed in 1957, the first four members being replaced on a staggered yearly interval basis beginning with the 1959-60 fiscal year, subsequent members being appointed for a four-year term each.

To carry out the program and policies as adopted, the Board of Regents has also delegated operating authority to a Staff Investment Committee, comprised of the Vice-Chancellor (Fiscal Affairs)(Chairman), the Endowment Officer, and the Assistant to the Endowment Officer, all on the University's staff, all transactions requiring the approval of the Chairman. The purchases and sales transactions are carried out by the Securities Division of the Endowment Office. Under the policies, the Staff Investment Committee is empowered to determine the following:

1. The weights to be assigned to the companies within each industry group for the purchase of common stocks.
2. The specific corporate and government securities to be purchased and the timing of such purchases as cash becomes available for investment.
3. The timing of sales as authorized by the Board of Regents.

The Staff Investment Committee also initiates recommendations for changes in the investment policies.

SUMMARY OF INVESTMENT CHANGES DURING 1962-63 FISCAL YEAR

ADDITIONS TO the Permanent University Fund during the 1962-63 fiscal year amounted to \$17,555,883.36. The sources of the additions during the year and the amount received from each source were as follows: Oil and gas royalties, \$14,776,924.23; mineral lease rentals, \$172,563.90; bonuses on Mineral leases sold or extended, \$2,139,940.28; water rights and royalties, \$98,556.07; water lease rentals, \$2,761.47; brine royalties, \$12,808.38; transfer from Board for Lease 1% Fee Fund, \$100,000.00; and gains on sales and calls of securities, \$252,329.03 (gain from calls of securities, \$134,576.16, and gain from sale of municipal bonds, \$117,752.87).

Cash received for investment during the year consisted of the additions of new money as stated above together with proceeds from the following: Calls of securities, \$3,184,687.24, as detailed on pages 6 and 7 following; sale of Texas municipal bonds, \$6,389,934.42, as detailed on page 8 following; sale of stock distributions, fractional stock shares and unused stock rights, \$32,822.34; maturing securities, \$4,344,000.00; and net amortization of premium in excess of amortization of discount, \$60,185.90; making the total cash received for investment during the 1962-63 fiscal year, \$31,567,513.26.

Purchases of securities during the year were made in the aggregate amount of \$30,822,971.76, of which \$6,556,875.00 was invested in United States Treasury Bonds, \$8,570,465.00 in corporate bonds, and \$15,695,631.76 in common stocks, as shown in the statement of cash receipts and disbursements on page 9 following.

Securities were called for payment during the 1962-63 fiscal year as shown in the schedule below:

Securities Called for Payment	Amount Called		Principal Redemption Proceeds	Gains or (Losses) on Redemption
	Par Value	Amortized Book Value		
MUNICIPAL BONDS --				
City of Nacogdoches, Texas, 2-3/4% & 2-1/2% Waterworks and Sewer System Revenue Bonds, dated 11/15/50, due 1977-80, called 3/1/63 at par	\$ 50,000	\$ 49,912.40	\$ 50,000.00	\$ 87.60
(Entire holding called)				
Harris County, Texas, 3% Park Bonds, dated 3/10/53, due 1972-73, called 3/10/63 at par.	100,000	99,252.87	100,000.00	747.13
(Entire issue called)				
Guadalupe County, Texas, 3% Road Bonds, dated 5/15/48, due 1965-69, called 8/15/63 at par	144,000	144,000.00	144,000.00	-
(Entire issue called)				
TOTAL Municipal Bonds Called	\$ 294,000	293,165.27	294,000.00	834.73
CORPORATE BONDS --				
Baltimore Gas & Electric Co. 4-7/8% First Ref. Mtge. SF Bonds, due 6/1/80, called 9/6/62 at 101.51%.	40,000	40,586.39	40,604.00	17.61
(\$412,000 p. v. not called)				
Duke Power Co. First & Ref. Mtge. 5-1/8% Bonds, due 2/1/90, called 9/24/62 at 107.13%.	500,000	511,028.60	535,650.00	24,621.40
(Entire issue called)				
Public Service Electric & Gas Co. 4-3/4% Debs., due 10/1/81, called 10/1/62 at 102.27%.	6,000	6,134.15	6,136.20	2.05
(\$494,000 p. v. not called)				
Consolidated Edison Co. of N. Y., Inc., First & Ref. Mtge. Bonds, 5-1/4% Series Q, due 12/1/89, called 11/2/62 at 106.07%	500,000	506,970.70	530,350.00	23,379.30
(Entire issue called)				
Northern Illinois Gas Co. First Mtge. 5% Bonds, due 6/1/84, called 12/13/62 at 100.67%.	5,000	5,030.77	5,033.50	2.73
(\$241,000 p. v. not called)				
Wisconsin Power & Light Co. First Mtge. Bonds, 4-5/8% Series J, due 3/1/89, called 12/31/62 at 100.54%.	1,000	1,005.04	1,005.40	0.36
(\$249,000 p. v. not called)				

Securities Called for Payment	Amount Called		Principal Redemption Proceeds	Gains or (Losses) on Redemption
	Par Value	Amortized Book Value		
CORPORATE BONDS (Continued) --				
Southwestern Public Service Co. First Mtge. 4-1/2% Bonds, due 2/1/91, called 2/1/63 at 100% (\$245,000 p. v. not called)	\$ 2,000	\$ 2,000.00	\$ 2,000.00	\$ -
Commonwealth Edison Co. 4-5/8% SF Debs., due 1/1/2009, called 2/25/63 at 101.45% (\$240,000 p. v. not called)	10,000	10,034.59	10,145.00	110.41
Commonwealth Edison Co. 4-3/4% SF Debs., due 12/1/2011, called 2/25/63 at 101.25% (\$724,000 p. v. not called)	26,000	26,319.04	26,325.00	5.96
Duquesne Light Co. 5% SF Debs., due 3/1/2010, called 3/1/63 at 100.92% (\$230,000 p. v. not called)	4,000	4,034.66	4,036.80	2.14
Dallas Power & Light Co. 5-1/4% First Mtge. Bonds, due 12/1/89, called 3/8/63 at 106.76% (Entire issue called)	250,000	255,165.64	266,900.00	11,734.36
Florida Power Corp. 4-3/4% First Mtge. Bonds, due 10/1/90, called 4/1/63 at 101.40% (\$484,000 p. v. not called)	9,000	9,375.88	9,126.00	(249.88)
Southwestern Electric Power Co. First Mtge. Bonds, 5-1/8% Series H, due 5/1/89, called 5/3/63 at 105.29% (Entire issue called)	250,000	252,171.00	263,225.00	11,054.00
Consolidated Natural Gas Co. 4-7/8% Debs., due 6/1/82, called 6/1/63 at 100.93% (\$483,000 p. v. not called)	5,000	5,041.34	5,046.50	5.16
Dayton Power & Light Co. 5-1/8% First Mtge. Bonds, due 3/1/90, called 6/6/63 at 104.95% (Entire issue called)	250,000	250,857.52	262,375.00	11,517.48
American Telephone & Telegraph Co. 5% Debs., due 11/1/83, called 6/10/63 at 106.461% (Entire issue called)	500,000	505,766.65	532,305.00	26,538.35
TOTAL Corporate Bonds Called	<u>\$2,358,000</u>	<u>2,391,521.97</u>	<u>2,500,263.40</u>	<u>104,741.43</u>
PREFERRED STOCK --				
Commonwealth Edison Co. 5.25% Cumulative Preferred Stock, called 12/6/62 at 105 (Entire issue called)	No. Shs. 5,000	500,000.00	525,000.00	25,000.00
TOTAL Securities Called.		<u>\$3,184,687.24</u>	<u>\$3,319,263.40</u>	<u>\$134,576.16</u>

Pursuant to authorization by the Board of Regents, an advertised competitive sale was held on December 4, 1962, of \$6,540,000 various Texas Municipal Bonds, the results being shown in the table below:

Par Value	Description of Bonds	Amortized Book Value	Principal Sales Proceeds	Gain or (Loss) over Book Value
440,000	Austin 2-3/4% Various Purposes GO's	\$ 428,022.88	\$ 421,960.00	(\$ 6,062.88)
50,000	Brady 2-3/4% ISD Refunding, Series 1950. . .	50,185.64	45,342.40	(4,843.24)
200,000	Bryan 3-1/2% Utility System Revenue	196,325.74	205,818.00	9,492.26
500,000	Dallas 3-1/4% Various Purposes GO's	498,068.68	523,675.90	25,606.32
200,000	Denison 3-1/4% Waterworks & Sewer Impr. and Extension Revenue, Series 1952. . . .	202,481.40	197,800.00	(4,681.40)
100,000	Denton 3% Electric Revenue, Ser. B 1955. . .	97,157.24	92,013.30	(5,143.94)
150,000	El Paso 2-3/4% & 2.80% Water & Sewer Revenue, Series 1956.	138,089.19	138,748.50	659.31
100,000	El Paso 3-1/2% Water & Sewer Revenue	98,550.52	101,920.00	3,369.48
68,000	Fort Worth 2-3/4% Street Impr., Ser. 74. . . .	67,912.03	68,463.50	551.47
400,000	Fort Worth 2-1/2% ISD Schoolhouse.	337,135.14	349,596.00	12,460.86
334,000	Galveston Co. 2-1/2% Road, Ser. 1948	327,278.39	307,500.00	(19,778.39)
50,000	Greenville 3-1/2% Water, Sewer & Electric System Jr. Lien Revenue, Series 1955. . . .	50,481.14	50,100.00	(381.14)
474,000	Houston 2-1/2% Various Purposes GO's	462,387.60	435,948.34	(26,439.26)
93,000	Houston 3% Various Purposes GO's	92,066.68	92,466.65	399.97
460,000	Houston 3-1/2% Street Right-of-Way	461,070.62	481,240.50	20,169.88
500,000	Houston 3-3/4% Various Purposes GO's	500,000.00	536,201.50	36,201.50
638,000	Houston 3% ISD, Series 1953.	616,810.44	614,703.80	(2,106.64)
50,000	Hunt Co. 2-1/2% Road, Series B	49,162.34	47,887.50	(1,274.84)
75,000	Lubbock Co. 3-1/2% ISD Schoolhouse	73,769.54	79,560.00	5,790.46
105,000	McKinney 3% ISD School Building.	105,381.33	99,449.00	(5,932.33)
110,000	Midland 3-1/2% GO's, Series 1957	109,413.37	116,200.00	6,786.63
50,000	Midland 3-3/8% ISD Schoolhouse	48,555.05	50,480.00	1,924.95
55,000	Pampa 3.10% GO's, Series 1956.	51,559.89	55,847.00	4,287.11
200,000	Port Arthur 3-1/2% Waterworks & Sewer System Revenue.	201,045.35	200,790.00	(255.35)
51,000	Rosenberg 3-1/4% Waterworks & Sewer Ref. & Improvement Revenue	52,562.88	52,137.30	(425.58)
112,000	San Angelo 3-1/2% ISD Ref., Series 1957-A. . .	107,895.27	113,941.00	6,045.73
200,000	San Antonio 3-3/4% Gen. Impr., Ser. 1956-A. .	202,892.48	218,200.00	15,307.52
400,000	San Antonio 3-5/8% ISD Building, Site & Equipment	395,621.75	423,080.00	27,458.25
100,000	Sweetwater 3-3/8% Waterworks & Sewer Sys. Revenue, Series of 1957	97,163.60	103,810.00	6,646.40
75,000	Uvalde Co. 3-1/4% Road, Ser. of 1948	75,804.46	78,000.00	2,195.54
200,000	Victoria 3% ISD Schoolhouse, Ser. 1953 . . .	193,083.78	204,800.00	11,716.22
<u>\$6,540,000</u>	T O T A L S	<u>\$6,389,934.42</u>	<u>\$6,507,687.29</u>	<u>\$117,752.87</u>

The sales proceeds were reinvested in United States Treasury Bonds (\$6,500,000 par value) to yield 3.89% to maturity as compared to 3.35% for the bonds sold, thus providing an annual yield improvement of 0.54%.

TABLE I following presents a summary of the money received and the investments made during the 1962-63 fiscal year:

TABLE I
PERMANENT UNIVERSITY FUND
Statement of Cash Receipts and Disbursements
(September 1, 1962 through August 31, 1963)

Cash Receipts

<u>Receipts Increasing the Fund:</u>	
Oil and Gas Royalties	\$14,776,924.23
Mineral Lease Rentals	172,563.90
Bonuses on Mineral Leases	2,137,940.28
Water Rights and Royalties	98,556.07
Water Lease Rentals	2,761.47
Brine Royalties	12,808.38
Transfer from Board for Lease 1 ¹ / ₂ Fee Fund	100,000.00
Gains on Sales and Calls of Securities.	<u>252,329.03</u>
Total	\$17,555,883.36
<u>Receipts from Calls and Sales of Securities:</u>	
Calls of Securities	3,184,687.24
Sale of Municipal Bonds	6,389,934.42
Sale of Miscellaneous Stock Distribu- tions, Fractional Shares, and Unused Stock Rights	<u>32,822.34</u>
Total	9,607,444.00
<u>Receipts from Maturing Securities and Amortization:</u>	
Matured U. S. Treasury Bonds	4,200,000.00
Matured Texas Municipal Bonds	144,000.00
Net Amortization of Premium in Excess of Amortization of Discount	<u>60,185.90</u>
Total	<u>4,404,185.90</u>
<u>Total Cash Receipts</u>	31,567,513.26
<u>Cash Balance on Hand:</u>	
August 31, 1963	2,552,340.98 ¹
September 1, 1962	<u>1,807,799.48</u>
Increase in Cash Balance	<u>744,541.50</u>
Total Cash to Be Accounted for	<u>\$30,822,971.76</u>

Cash Disbursements

<u>Purchase of Bonds:</u>	
U. S. Treasury Bonds (\$6,500,000 par value)	\$ 6,556,875.00
Corporate Bonds (\$8,500,000 par value)	8,570,465.00
<u>Purchase of Corporate Stocks:</u>	
Common Stocks (277,574 shares)	<u>15,695,631.76</u>
<u>Total Cash Disbursements</u>	<u>\$30,822,971.76</u>

¹Actual cash of \$3,375,700.45 in State Treasury as of August 31, 1963, less cash required in amount of \$323,449.47 to pay for securities purchased through August 31, 1963, with settlement due after the end of the fiscal year (\$500,000.00 due on corporate bonds and \$323,449.47 on common stocks).

TABLE II
 PERMANENT UNIVERSITY FUND
 Summary of Investments Held as of August 31, 1963¹

Type of Security	Par Value	Book Value			Market Value ²		
		Total Investments	Percentage of Investments	Rate of Return ³	Total Investments	Percentage of Investments	Rate of Return ³
<u>Government Securities:</u>							
U. S. Government Securities--							
Marketable Treasury	\$249,671,000	\$250,566,872.70	62.15%	3.58%	\$224,694,808.75	54.72%	3.21%
Nonmarketable-							
Investment Series A, due 10/1/65	1,235,000	1,235,000.00	0.31	2.50	1,200,605.25	0.29	3.60
Savings, Various Maturities	400,000	400,000.00	0.10	2.76	394,800.00	0.10	3.46
Sub-Total - U. S. Government	(251,306,000)	(252,201,872.70)	(62.56)	(3.21)	(226,290,214.00)	(55.17)	(3.91)
Texas Municipal Bonds	5,162,000	4,894,703.85	1.21	3.53	4,780,308.70	1.17	3.62
Total Government Securities	<u>256,468,000</u>	<u>257,096,576.55</u>	<u>63.77</u>	<u>3.22</u>	<u>231,070,522.70</u>	<u>56.34</u>	<u>3.90</u>
<u>Corporate Securities:</u>							
Bonds	54,813,000	55,231,834.88	13.70	4.55	56,180,671.59	13.70	4.44
Preferred Stocks		60,645.01	0.24	4.76	1,017,187.50	0.25	4.49
Common Stocks		87,320,018.83	21.66	3.86	112,327,277.52	29.02	2.82
Total Corporate Securities		<u>143,512,498.72</u>	<u>35.60</u>	<u>4.13</u>	<u>176,534,136.61</u>	<u>43.04</u>	<u>3.35</u>
<u>Other Securities:</u>							
Old Land Notes		219.34	-	-	219.34	-	-
TOTAL SECURITIES		<u>400,609,294.61</u>	<u>99.37</u>	<u>3.54%</u>	<u>407,604,878.65</u>	<u>99.38</u>	<u>3.42%</u>
<u>Cash on Hand:</u>							
As of August 31, 1963 ⁴		2,552,340.98	0.63		2,552,340.98	0.62	
TOTAL INVESTMENTS AND CASH		<u>\$403,161,635.59</u>	<u>100.00%</u>		<u>\$410,157,219.63</u>	<u>100.00%</u>	

¹Including all investment transactions through August 31, 1963.

²Market value 8/30/63 for marketable Treasury securities (Bid prices by national Treasury security dealer); redemption value 9/1/63 for U. S. Savings Bonds and Investment Series A Treasury Bonds; market value 8/30/63 for Texas Municipal Bonds (estimated by recognized municipal bond dealer); market value 8/30/63 for corporate securities (market close, The Wall Street Journal, if available, otherwise, bid price or asked price, Standard & Poor's Bond Guide).

³Based on full year's return, yield to maturity on bonds, current yield on stocks based on 8/30/63 indicated dividend rates.

⁴After deducting \$23,449.47 for corporate securities purchased prior to 8/31/63 with payment due after the end of the fiscal year (\$500,000.00 due on corporate bonds and \$23,449.47 on common stocks).

TABLE III
 PERMANENT UNIVERSITY FUND
Historical Rate of Return on Investments Held
 (1932-1963)

Year	Total Investments	U. S. Government Securities	Texas Municipal Bonds	State of Texas Bonds	Corporate		
					Bonds	Preferred Stocks	Common Stocks
1932-33	4.09%	3.92%	4.71%	3.63%	-	-	-
1933-34	4.12	3.89	4.68	3.63	-	-	-
1934-35	3.88	3.48	4.58	3.63	-	-	-
1935-36	3.71	3.22	4.48	3.63	-	-	-
1936-37	3.58	3.19	4.24	3.63	-	-	-
1937-38	3.47	3.09	4.18	3.63	-	-	-
1938-39	3.37	3.00	4.14	3.63	-	-	-
1939-40	3.25	2.86	4.15	3.63	-	-	-
1940-41	3.18	2.80	4.15	3.63	-	-	-
1941-42	3.12	2.77	4.15	3.63	-	-	-
1942-43	3.00	2.69	4.12	3.63	-	-	-
1943-44	2.82	2.59	4.11	3.63	-	-	-
1944-45	2.75	2.57	4.11	3.63	-	-	-
1945-46	2.63	2.47	4.11	3.63	-	-	-
1946-47	2.59	2.45	4.11	3.63	-	-	-
1947-48	2.55	2.44	3.73	3.63	-	-	-
1948-49	2.52	2.42	3.59	3.63	-	-	-
1949-50	2.51	2.42	3.49	3.63	-	-	-
1950-51	2.67	2.61	3.44	3.63	-	-	-
1951-52	2.67	2.62	3.42	3.63	-	-	-
1952-53	2.70	2.66	3.33	3.63	-	-	-
1953-54	2.74	2.70	3.26	3.63	-	-	-
1954-55	2.75	2.72	3.30	3.63	-	-	-
1955-56	2.79	2.76	3.25	3.63	-	-	-
1956-57	2.84	2.78	3.39	3.63	4.48%	-	4.16%
1957-58	2.95	2.79	3.38	3.63	4.50	5.25%	4.14
1958-59	3.04	2.80	3.36	3.63	4.61	5.15	3.79
1959-60	3.15	2.84	3.35	- *	4.72	5.06	3.82
1960-61	3.32	3.01	3.33	- *	4.66	4.9	3.80
1961-62	3.50	3.19	3.43	- *	4.60	4.93	3.78
1962-63	3.54	3.21	3.53	- *	4.55	4.76	3.86

*Retired on 9/1/59.

United States Government Securities

United States Government securities are now held for the Permanent University Fund in the total amount of \$251,306,000 par value, with a book value as of August 31, 1963, of \$252,201,872.70, this holding representing 62.56% of the total Fund.

Rate of Return.--The current rate of return, based on book value, on the United States Government securities owned at the date of this report is 3.21%. The rate of return on United States Government securities purchased during the fiscal year at a total cost of \$6,556,875.00 was 3.89%.

Maturities.--Calculating the time to run on the basis of final maturity, the distribution of maturities on United States Government securities held is as follows, the average being about 23.46 years:

<u>Maturing within</u>	<u>Amount</u>	<u>Percent of Total</u>
5 Years	\$ 2,585,000	1.03%
6-10 Years	15,900,000	6.33
11-15 Years	3,000,000	1.19
16-20 Years	68,617,000	27.30
21-25 Years	64,700,000	25.75
26-30 Years	25,145,000	10.01
Over 30 Years	<u>71,359,000</u>	<u>28.39</u>
TOTALS	<u>\$251,306,000</u>	<u>100.00%</u>

Calculated on the basis of their earliest optional dates, the average length of the United States Government securities held is about 22.18 years, the distribution being as follows:

<u>Callable within</u>	<u>Amount</u>	<u>Percent of Total</u>
3 Years	\$ 2,585,000	1.03%
4-5 Years	9,400,000	3.74
6-10 Years	6,500,000	2.59
11-15 Years	54,500,000	21.68
16-20 Years	17,117,000	6.81
21-25 Years	64,700,000	25.75
26-30 Years	25,145,000	10.01
Over 30 Years	<u>71,359,000</u>	<u>28.39</u>
TOTALS	<u>\$251,306,000</u>	<u>100.00%</u>

Texas Municipal Bonds

Texas city, independent school district, and county bonds, referred to in this report as Texas "Municipals," held for the Permanent University Fund, have a total par value of \$5,162,000 and a book value as of August 31, 1963, of \$4,894,703.85, this holding representing 1.21% of the total Fund. Reference to the list in Appendix A, page 16, will show that the Municipals held are comprised of the obligations of 22 cities with bonds having an aggregate par value of \$3,496,000 which includes \$2,257,000 par value revenue bonds of 15 cities; the obligations of 8 counties with bonds of an aggregate par value of \$413,000; and the obligations of 6 independent school districts with bonds of an aggregate par value of \$1,253,000.

Rate of Return.--The current rate of return, based on book value, on the Municipals held as of August 31, 1963, is approximately 3.53%.

Maturities.--The maturities of the Municipals are fairly well distributed, the heaviest being in the 11-20 year range. The average length to maturity for all Municipals held for the Fund is about 13.38 years. The following tabulation indicates the distribution of the Municipals by five- and ten-year maturity periods:

<u>Maturing within</u>	<u>Amount</u>	<u>Percent of Total</u>
1 Year	\$ 6,000	0.12%
2- 5 Years	732,000	14.18
6-10 Years	940,000	18.21
11-20 Years	2,462,000	47.69
21-30 Years	1,022,000	19.80
Over 30 Years	-0-	-0-
TOTALS	<u>\$5,162,000</u>	<u>100.00%</u>

Corporate Bonds

Corporate bonds held for the Permanent University Fund as of August 31, 1963, amounted to \$54,813,000 par value with a book value of \$55,231,834.88. This holding represents 13.70% of the total Fund.

Rate of Return.--The current rate of return, based on book value on the corporate bonds held as of August 31, 1963, is 4.55%. The rate of return on corporate bonds purchased during the fiscal year at a total cost of \$8,570,465.00 was 4.35% as compared to 4.46% for corporate bonds purchased during the previous fiscal year.

Maturities.--The average length to maturity on corporate bonds purchased during the year was 31.28 years as compared to 30.56 years for those purchased during the previous fiscal year. Calculating the time to run on the basis of final maturity, the average length to maturity on all corporate bonds held is about 27.54 years. The distribution of maturities on corporate bonds held is as follows:

<u>Maturing within</u>	<u>Amount</u>	<u>Percent of Total</u>
16 Years	\$ 1,000,000	1.82%
17-20 Years	5,639,000	10.29
21-25 Years	13,739,000	25.07
26-30 Years	20,741,000	37.84
Over 30 Years	<u>13,694,000</u>	<u>24.98</u>
TOTALS	<u>\$54,813,000</u>	<u>100.00%</u>

Preferred Stocks

Only three issues of preferred stocks were held for the Permanent University Fund as of August 31, 1963, consisting of a total of 10,000 shares purchased at a total cost of \$960,645.01 to yield 4.76%. This holding represents 0.24% of the Fund.

Common Stocks

As of August 31, 1963, the Permanent University Fund held 2,128,061 shares of common stocks, including shares received in stock distributions, stock dividends, and stock splits, with a total cost value, after writedowns from sales of various stock distributions, fractional shares, and unused stock rights, of \$87,320,018.83. This holding represents 21.66% of the Fund.

Rate of Return.--The current rate of return, based on indicated dividend rates as of August 31, 1963, is 3.86%. The rate of return on common stocks purchased during the fiscal year at a total cost of \$15,695,631.76 was 3.13% as compared to 2.91% for those purchased during the previous fiscal year.

The following schedule presents the average initial purchase yield by fiscal year totals, with subsequent yields pertaining at the end of each fiscal year:

Invested from	Total Amount Purchased*	Initial Purchase Yield	Fiscal Year-End Yields#					
			8/31/58	8/31/59	8/31/60	8/31/61	8/31/62	8/31/63
1/57 - 8/31/57	\$ 5,097,312	4.13%	4.14%	4.33%	4.61%	4.80%	5.01%	5.32%
1/57 - 8/31/58	14,454,430	4.03	4.05	4.20	4.44	4.63	4.84	5.15
1/58 - 8/31/59	19,655,185	3.19	-	3.28	3.47	3.61	3.77	3.97
1/59 - 8/31/60	9,387,799	3.03	-	-	3.08	3.22	3.35	3.53
1/60 - 8/31/61	9,597,474	2.90	-	-	-	2.97	3.09	3.27
1/61 - 8/31/62	13,465,009	2.91	-	-	-	-	2.99	3.17
1/62 - 8/31/63	<u>15,662,810</u>	<u>3.13</u>	-	-	-	-	-	<u>3.21</u>
CUMULATIVE	<u>\$87,320,019</u>	<u>3.28%</u>	<u>4.07%</u>	<u>3.76%</u>	<u>3.80%</u>	<u>3.80%</u>	<u>3.78%</u>	<u>3.86%</u>

*Adjusted for all items sold, including sale of stock distributions, fractional shares, and unused stock rights.

#Yields based on dividend rates in effect at the end of each fiscal year.

APPENDIX A

DETAILED LIST OF
SECURITIES HELD FOR THE PERMANENT UNIVERSITY FUND
As of August 31, 1963

1. United States Government Securities

<u>Description</u>	<u>Par Value</u>	<u>Book Value</u>
<u>Marketable Treasury Securities:</u>		
Treasury 4-3/4%, due 5/15/64.	\$ 950,000	\$ 950,000.00
Treasury 2-1/2%, due 6/15/72-67.	4,400,000	4,342,070.24
Treasury 2-1/2%, due 12/15/72-67.	5,000,000	4,920,677.47
Treasury 4%, due 8/15/72.	6,500,000	6,552,967.88
Treasury 3-1/4%, due 6/15/83-78.	54,500,000	55,957,860.10
Treasury 4%, due 2/15/80.	3,000,000	3,017,630.25
Treasury 3-1/2%, due 11/15/80.	14,117,000	14,424,073.00
Treasury 3-1/4%, due 5/15/85.	64,700,000	64,402,671.76
Treasury 3-1/2%, due 2/15/90.	25,145,000	24,903,835.69
Treasury 3%, due 2/15/95.	54,775,000	54,576,005.68
Treasury 3-1/2%, due 11/15/98.	<u>16,584,000</u>	<u>16,512,079.73</u>
TOTAL MARKETABLE TREASURY SECURITIES.	<u>242,671,000</u>	<u>250,566,872.70</u>
<u>Nonmarketable Investment Treasury Bonds:</u>		
Treasury 2-1/2%, Series A, due 10/1/65.	\$ 1,235,000	\$ 1,235,000.00
<u>Nonmarketable Savings Bonds:</u>		
2.76%, Series K, due 7/1/64.	\$ 200,000	\$ 200,000.00
2.76%, Series K, due 8/1/66.	<u>200,000</u>	<u>200,000.00</u>
TOTAL NONMARKETABLE SAVINGS BONDS.	<u>400,000</u>	<u>400,000.00</u>
TOTAL UNITED STATES GOVERNMENT SECURITIES.	<u>251,306,000</u>	<u>252,201,872.70</u>

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2. Texas Municipal Bonds

<u>Description</u>	<u>Par Value</u>	<u>Book Value</u>
City of Abilene Revenue	\$ 400,000	\$ 404,081.48
City of Austin	397,000	318,451.48
Blanco County	8,000	8,153.08
City of Brownfield Revenue	75,000	75,305.69
Bryan Independent School District	150,000	150,000.00
City of Cameron Revenue	36,000	35,494.10
City of Dallas	130,000	130,873.28
Dallas Independent School District	1,000,000	848,237.62
Dallas County	75,000	70,631.51
City of Denton	22,000	21,930.16
City of Denton Revenue	200,000	193,153.44
City of Fort Worth	183,000	183,788.28
Gillespie County	8,000	8,100.18
Grayson County	157,000	157,914.15
Guadalupe County	10,000	10,097.38
Harris County	50,000	45,887.19
City of Houston	120,000	121,764.99
Houston Independent School District	20,000	17,370.88
City of Houston Revenue	60,000	62,013.00
City of Jacksonville Revenue	40,000	40,000.00
Kerrville Independent School District	33,000	32,597.16
City of Laredo Revenue	210,000	220,862.40
Longview Independent School District	25,000	23,189.68
City of Lubbock Revenue	142,000	126,255.04
Lubbock County	20,000	20,843.18
City of Lufkin Revenue	165,000	165,472.77
McLennan County	85,000	85,808.05
City of Palestine Revenue	75,000	75,000.00
City of Pampa Revenue	165,000	163,082.03
Port Arthur Independent School District	25,000	23,026.60
City of Port Arthur Revenue	100,000	99,056.65
City of San Angelo	8,000	8,019.86
City of San Angelo Revenue	20,000	19,011.88
City of San Antonio	279,000	263,777.89
City of San Marcos	4,000	4,007.25
City of Taylor	1,000	1,004.36
City of Temple	33,000	30,114.90
City of Waco	62,000	62,331.04
City of Waco Revenue	400,000	392,105.86
City of Weatherford Revenue	160,000	162,888.66
TOTAL TEXAS MUNICIPAL BONDS	<u>5,162,000</u>	<u>4,904,703.85</u>

3. Corporate Bonds

<u>Description</u>	<u>Par Value</u>	<u>Book Value</u>
<u>Industrial Corporations Bonds:</u>		
Armco Steel Corp. 4-1/2% S. F. Debentures, dated 6/1/61, due 6/1/86	\$ 500,000	\$ 496,548.62
Borden Co. 4-3/8% S. F. Debentures, dated 12/1/61, due 12/1/91	1,000,000	988,106.38
Caterpillar Tractor Co. 4-5/8% S. F. Debentures, dated 6/15/61, due 6/15/86 .	500,000	497,601.72
Container Corp. of America 4.40% S. F. Debentures, dated 6/1/62, due 6/1/87 . .	500,000	500,000.00
Continental Oil Co. 4-1/2% Debentures, dated 5/1/61, due 5/1/91	500,000	496,495.52
Deere & Co. 4-1/2% Debentures, dated 10/31/61, due 10/31/86	500,000	496,473.59
Flintkote Co. 4-5/8% S. F. Debentures, dated 4/1/61, due 4/1/81	500,000	501,691.64
Kirberly-Clark Corp. 4-5/8% S. F. Deben- tures, dated 8/1/61, due 8/1/86	250,000	250,000.00
P. Lorillard Co. 4-7/8% S. F. Debentures, dated 6/1/61, due 6/1/86	250,000	247,693.56
Minneapolis-Honeywell Regulator Co. 4-1/2% S. F. Debentures, dated 4/15/61, due 4/15/86	500,000	502,392.76
Pet Milk Co. 4-1/4% S. F. Debentures, dated 6/1/62, due 6/1/82	500,000	496,803.82
Philip Morris, Inc. 4-7/8% S. F. Deben- tures, dated 6/1/50, due 6/1/70	500,000	495,979.84
Republic Steel Corp. 4-3/8% S. F. Deben- tures, dated 9/1/60, due 9/1/85	500,000	495,494.60
Sears, Roebuck and Co. 4-3/4% S. F. Deben- tures, dated 9/1/58, due 8/1/83	750,000	757,052.40
Shell Oil Co. 4-5/8% S. F. Debentures, dated 8/1/61, due 8/1/86	500,000	498,849.08
Standard Oil Co. of California 4-3/8% S. F. Debentures, dated 7/1/58, due 7/1/83	500,000	498,487.60
Standard Oil Co. (Indiana) 4-1/2% Deben- tures, dated 10/1/58, due 10/1/83	500,000	495,898.36
Sunray DX Oil Co. 4-1/4% S. F. Debentures, dated 5/1/62, due 5/1/87	1,000,000	987,982.72
United States Steel Corp. 4% S. F. Deben- tures, dated 7/15/58, due 7/15/83	500,000	502,002.80
Ditto, 4-1/2% S. F. Debentures, dated 4/15/61, due 4/15/86	500,000	496,544.02
Total United States Steel Bonds	(1,000,000)	(998,546.82)
 TOTAL INDUSTRIAL CORPORATIONS BONDS	 10,750,000	 10,702,099.03

3. Corporate Bonds
(Continued)

Description	Par Value	Book Value
<u>Public Utility Corporations Bonds:</u>		
Alabama Power Co. First Mtge. Bonds, 5 th Series, dated 4/1/60, due 4/1/90	\$ 213,000	213,593.46
Ditto, 4-1/2 th Series, dated 3/1/61, due 3/1/91	250,000	253,876.32
Ditto, 4-3/8 th Series, dated 6/1/62, due 6/1/92	500,000	499,395.06
Total Alabama Power Bonds	(963,000)	(966,864.84)
American Telephone & Telegraph Co. 4-3/4 th Debentures, dated 11/1/60, due 11/1/92	500,000	507,636.96
Ditto, 4-3/8 th Debentures, dated 10/1/62, due 10/1/96	1,000,000	1,013,170.96
Ditto, 4-3/8 th Debentures, dated 5/1/63, due 5/1/99	500,000	500,000.00
Total American Tel. & Tel. Bonds	(2,000,000)	(2,020,807.92)
Atlantic City Electric Co. First Mtge. Bonds, 4-1/2 th Series, dated 3/1/61, due 3/1/91	250,000	255,266.80
Baltimore Gas & Electric Co. 4-7/8 th Series First Refunding Mtge. S. F. Bonds, dated 6/1/60, due 6/1/80	412,000	417,780.18
Bell Telephone Co. of Pennsylvania 4-3/4 th Debentures, dated 5/1/61, due 5/1/2001	750,000	767,770.44
Ditto, 4-3/8 th Debentures, dated 2/1/63, due 2/1/2003	500,000	508,032.72
Total Bell Tel. Co. of Pennsylvania Bonds	(1,250,000)	(1,275,803.16)
Carolina Power & Light Co. First Mtge. Bonds, 4-7/8 th Series, dated 4/1/60, due 4/1/90	250,000	250,885.60
Ditto, 4-1/2 th Series, dated 11/1/61, due 11/1/91	750,000	753,514.05
Total Carolina Power & Light Bonds	(1,000,000)	(1,004,399.65)
Central Power & Light Co. First Mtge. Bonds, 4-3/4 th Series I, dated 4/1/59, due 4/1/89	250,000	255,271.76
Chesapeake & Potomac Telephone Co. of Maryland 4-3/8 th Debentures, dated 1/1/63, due 1/1/2002	500,000	514,221.13
Cincinnati Gas & Electric Co. First Mtge. Bonds, 4-1/8 th Series, dated 5/1/57, due 5/1/87	500,000	496,995.20
Ditto, 5 th Series, dated 5/1/60, due 5/1/90	250,000	254,413.42
Total Cincinnati Gas & Electric Bonds	(750,000)	(751,408.62)
Columbus & Southern Ohio Electric Co. First Mtge. Bonds, 4-3/8 th Series, dated 5/1/62, due 5/1/92	250,000	249,089.98
Commonwealth Edison Co. 4-5/8 th S. F. Debentures, dated 1/1/59, due 1/1/2009	240,000	240,820.82
Ditto, 4-3/4 th S. F. Debentures, dated 12/1/61, due 12/1/2011	724,000	732,793.05
Total Commonwealth Edison Bonds	(964,000)	(973,613.87)

3. Corporate Bonds
(Continued)

Description	Par Value	Book Value
<u>Public Utility Corporations Bonds:</u>		
(Continued)		
Consolidated Edison Co. of New York, Inc.		
First & Refunding Mtge. Bonds, 5%		
Series N, dated 10/1/57, due 10/1/87 . . .	\$ 500,000	\$ 503,182.55
Ditto, 5% Series S, dated 12/1/60, due 12/1/90	100,000	101,835.90
Ditto, 4-5/8% Series U, dated 11/1/61, due 11/1/91	900,000	917,546.88
Total Consolidated Edison Bonds	(1,500,000)	(1,522,565.33)
Consolidated Natural Gas Co. 4-7/8% Debentures, dated 6/1/57, due 6/1/82		
	483,000	486,993.12
Ditto, 4-3/8% Debentures, dated 8/1/58, due 8/1/83	500,000	504,373.60
Ditto, 4-3/4% Debentures, dated 5/1/61, due 5/1/86	250,000	251,685.44
Total Consolidated Natural Gas Bonds . .	(1,233,000)	(1,243,052.16)
Consumers Power Co. First Mtge. Bonds, 4-1/2% Series, dated 10/1/58, due 10/1/88		
	500,000	504,208.01
Ditto, 4-5/8% Series, dated 8/1/59, due 8/1/89	250,000	242,302.44
Ditto, 4-5/8% Series, dated 8/1/61, due 8/1/91	250,000	250,044.72
Total Consumers Power Bonds	(1,000,000)	(997,455.17)
Detroit Edison Co. General & Refunding Mtge. Bonds, Series Q, 4-5/8%, dated 6/1/59, due 6/1/89		
	500,000	491,339.92
Duquesne Light Co. 5% S. F. Debentures, dated 3/1/60, due 3/1/2010		
	230,000	231,922.92
El Paso Electric Co. First Mtge. Bonds, 4-5/8% Series, dated 2/1/62, due 2/1/92		
	250,000	252,902.44
Florida Power Corp. First Mtge. Bonds, 4-3/4% Series, dated 10/1/60, due 10/1/90		
	484,000	504,213.92
Florida Power & Light Co. First Mtge. Bonds, 5% Series, dated 6/1/59, due 6/1/89		
	250,000	251,686.88
General Telephone Co. of California First Mtge. Bonds, 4-5/8% Series N, dated 12/1/61, due 12/1/91		
	750,000	750,000.00
Gulf States Utilities Co. First Mtge. Bonds, 5-1/4% Series A, dated 12/1/59, due 12/1/89		
	250,000	255,740.44
Ditto, 4-7/8% Series, dated 7/1/60, due 7/1/90	250,000	251,952.61
Total Gulf States Utilities Bonds	(500,000)	(507,702.99)
Houston Lighting & Power Co. First Mtge. Bonds, 4-3/4% Series, dated 11/1/59, due 11/1/87		
	500,000	514,770.56
Ditto, 4-7/8% Series, dated 8/1/59, due 8/1/89	250,000	250,574.50
Total Houston Lighting & Power Bonds . .	(750,000)	(767,345.08)

3. Corporate Bonds
(Continued)

Description	Par Value	Book Value
<u>Public Utility Corporations Bonds:</u> (Continued)		
Idaho Power Co. First Mtge. Bonds, 4-1/2% Series, dated 10/15/58, due 10/15/98 . . .	250,000	250,000.00
Illinois Bell Telephone Co. First Mtge. 4-7/8% Bonds, Series G, dated 7/1/60, due 7/1/97	500,000	511,550.42
Iowa-Illinois Gas & Electric Co. First Mtge. Bonds, 5% Series, dated 4/15/60, due 4/15/90	250,000	252,252.34
Iowa Power & Light Co. First Mtge. Bonds, 4-5/8% Series, dated 1/1/61, due 1/1/91.	250,000	250,227.85
Lone Star Gas Co. 4-1/2% S. F. Debentures, dated 4/1/62, due 4/1/87	500,000	502,401.22
Ditto, 4-3/8% Series, dated 9/1/63, due 9/1/88	500,000	500,000.00
Total Lone Star Gas Bonds	(1,000,000)	(1,002,401.22)
Long Island Lighting Co. First Mtge. Bonds, Series H 4.40%, dated 4/1/63, due 4/1/93	500,000	500,000.00
Michigan Bell Telephone Co. 4-5/8% Deben- tures, dated 8/1/60, due 8/1/96	250,000	254,021.38
Monongahela Power Co. First Mtge. Bonds, 4-3/4% Series, dated 4/1/59, due 4/1/84.	250,000	253,087.84
Montana Power Co. First Mtge. Bonds, 4-1/2% Series, dated 4/1/50, due 4/1/80.	350,000	350,283.84
Mountain States Telephone & Telegraph Co. 5% Debentures, dated 4/1/60, due 4/1/2000	250,000	255,277.68
Ditto, 4-1/2% Debentures, dated 6/1/62, due 6/1/2002	1,000,000	1,022,239.80
Total Mountain States Tel. & Tel. Bonds	(1,250,000)	(1,278,217.42)
New England Telephone & Telegraph Co. 4-5/8% Debentures, dated 4/1/61, due 4/1/99	500,000	504,745.52
New York Telephone Co. Refunding Mtge. 4-5/8% Bonds, Series M, dated 1/1/62, due 1/1/2002	1,500,000	1,545,335.20
Ditto, 4-1/4% Bonds, Series N, dated 1/1/63, due 1/1/2000	500,000	503,704.75
Total New York Telephone Bonds	(2,000,000)	(2,049,040.04)
Niagara Mohawk Power Corp. General Mtge. Bonds, 4-3/4% Series, dated 4/1/60, due 4/1/90	500,000	503,599.10
Northern Illinois Gas Co. First Mtge. Bonds, 5% Series, dated 6/1/59, due 6/1/84	241,000	242,451.10
Northwestern Bell Telephone Co. 4-7/8% Debentures, dated 6/1/60, due 6/1/98 . . .	500,000	506,012.30

3. Corporate Bonds
(Continued)

Description	Par Value	Book Value
<u>Public Utility Corporations Bonds:</u>		
(Continued)		
Ohio Edison Co. First Mtge. Bonds, 4-1/2% Series, dated 4/1/59, due 4/1/89	\$ 350,000	\$ 351,201.20
Ditto, 4-3/4% Series, dated 6/1/61, due 6/1/91	250,000	253,753.68
Total Ohio Edison Bonds	(600,000)	(604,954.88)
Ohio Power Co. First Mtge. Bonds, 4-5/8% Series, dated 4/1/59, due 4/1/89	350,000	355,200.52
Pacific Gas & Electric Co. First & Refunding Mtge. Bonds, 4-1/2% Series DD, dated 12/1/58, due 6/1/90	500,000	500,000.00
Ditto, 5% Series EE, dated 6/1/59, due 6/1/91	500,000	500,000.00
Ditto, 4-5/8% Series FF, dated 6/1/60, due 6/1/92	500,000	500,000.00
Ditto, 4-1/4% Series II, dated 12/1/62, due 6/1/95	500,000	500,000.00
Total Pacific Gas & Electric Bonds	(2,000,000)	(2,000,000.00)
Pacific Telephone & Telegraph Co. 4-5/8% Debentures, dated 11/1/58, due 11/1/90	750,000	762,304.25
Ditto, 5-1/8% Debentures, dated 2/1/60, due 2/1/93	500,000	505,369.50
Total Pacific Tel. & Tel. Bonds	(1,250,000)	(1,267,763.84)
Pennsylvania Electric Co. First Mtge. Bonds, 5% Series, dated 5/1/60, due 5/1/90	250,000	251,409.40
Pennsylvania Power & Light Co. First Mtge. Bonds, 4-5/8% Series, dated 12/1/61, due 12/1/91	750,000	758,700.48
Potomac Electric Power Co. First Mtge. Bonds, 5-1/4% Series, dated 12/1/59, due 12/1/94	250,000	255,482.26
Ditto, 5% Series, dated 12/15/60, due 12/15/95	500,000	510,214.15
Ditto, 4-3/8% Series, dated 2/15/63, due 2/15/98	500,000	509,368.82
Total Potomac Electric Power Bonds	(1,250,000)	(1,275,765.23)
Public Service Co. of Colorado First Mtge. Bonds, 4-5/8% Series, dated 5/1/59, due 5/1/89	250,000	252,646.28
Public Service Co. of New Hampshire First Mtge. Bonds, 4-5/8% Series M, dated 7/1/62, due 7/1/92	500,000	506,701.90
Public Service Electric & Gas Co. First & Refunding Mtge. Bonds, 4-5/8% Series, dated 8/1/58, due 8/1/88	750,000	763,702.50
Ditto, 4-3/4% Series, dated 9/1/60, due 9/1/90	250,000	254,357.65
Ditto, 4-3/4% Debenture Bonds, dated 10/1/61, due 10/1/81	494,000	504,754.05
Total Public Service Electric & Gas Bonds	(1,494,000)	(1,522,910.20)

3. Corporate Bonds
(Continued)

Description	Par Value	Book Value
<u>Public Utility Corporations Bonds:</u>		
(Continued)		
Puget Sound Power & Light Co. First Mtge. Bonds, 5-1/2% Series, dated 11/1/59, due 11/1/89	\$ 250,000	\$ 253,266.30
Ditto, 4-5/8% Series, dated 2/1/61, due 2/1/91	250,000	249,058.40
Total Puget Sound Power & Light Bonds.	(500,000)	(502,324.70)
San Diego Gas & Electric Co. 4-5/8% S. F. Debentures, dated 1/15/59, due 1/15/84	250,000	250,000.00
Southern Bell Telephone & Telegraph Co. 4-5/8% Debentures, dated 12/1/58, due 12/1/93	500,000	505,707.16
Ditto, 4-3/8% Debentures, dated 3/1/61, due 3/1/98	500,000	504,741.80
Total Southern Bell Tel. & Tel. Bonds	(1,000,000)	(1,010,448.96)
Southern California Edison Co. First & Refunding Mtge. Bonds, 4-5/8% Series K, dated 9/1/58, due 9/1/83	500,000	504,560.04
Ditto, 4-1/2% Series N, dated 4/1/61, due 4/1/86	500,000	505,543.46
Ditto, 4-1/4% Series P, dated 11/1/62, due 11/1/87	500,000	501,840.44
Total Southern California Edison Bonds	(1,500,000)	(1,511,952.94)
Southern Counties Gas Co. of California First Mtge. Bonds, 4-3/4% Series D, dated 8/1/60, due 8/1/85	248,000	252,852.76
Southern New England Telephone Co. 4-3/8% Debentures, dated 12/1/62, due 12/1/2001	500,000	505,103.56
Southwestern Bell Telephone Co. 4-5/8% Debentures, dated 8/1/60, due 8/1/95	1,000,000	1,011,973.12
Southwestern Public Service Co. First Mtge. Bonds, 4-1/2% Series, dated 2/1/61, due 2/1/91	245,000	245,000.00
Tampa Electric Co. First Mtge. Bonds, 4-1/2% Series, dated 5/1/63, due 5/1/93	500,000	509,375.00
Texas Electric Service Co. 5-1/4% S. F. Debentures, dated 2/1/60, due 2/1/85	250,000	254,539.94
Texas Power & Light Co. 4-5/8% S. F. Debentures, dated 1/1/62, due 1/1/87	250,000	252,624.48
Utah Power & Light Co. First Mtge. Bonds, 4-1/2% Series, dated 6/1/62, due 6/1/92	500,000	512,088.04
Ditto, 4-1/2% Series, dated 4/1/63, due 4/1/93	500,000	506,875.00
Total Utah Power & Light Bonds	(1,000,000)	(1,018,963.04)

3. Corporate Bonds
(Continued)

Description	Par Value	Book Value
<u>Public Utility Corporations Bonds:</u> (Continued)		
Virginia Electric & Power Co. First & Refunding Mtge. Bonds, 4-5/8% Series F, dated 9/1/60, due 9/1/90	\$ 250,000	\$ 251,671.20
Ditto, 4-7/8% Series G, dated 6/1/61, due 6/1/91	250,000	252,772.56
Total Virginia Electric & Power Bonds. (500,000)	(500,000)	(504,443.76)
Wisconsin Power & Light Co. First Mtge. Bonds, 4-5/8% Series J, dated 3/1/59, due 3/1/89	240,000	250,245.92
 TOTAL PUBLIC UTILITY CORPORATIONS BONDS	 <u>41,313,000</u>	 <u>41,739,667.80</u>
<u>Railroad Corporations Bonds:</u>		
Belt Railway Co. of Chicago First Mtge. 4-5/8% S. F. Bonds, Series A, dated 8/15/62, due 8/15/87	\$ 250,000	\$ 251,254.56
Southern Railway Co. First & General Mtge. Bonds, 4-5/8% Series A, dated 6/1/63, due 6/1/88	1,000,000	1,000,000.00
 TOTAL RAILROAD CORPORATIONS BONDS.	 <u>1,250,000</u>	 <u>1,251,254.56</u>
<u>Financial Corporations Bonds:</u>		
C. I. T. Financial Corp. 4-5/8% Debentures, dated 1/1/59, due 1/1/79.	\$ 500,000	\$ 496,107.02
Ditto, 4-7/8% Promissory Notes, dated 9/15/59, due 9/15/79	500,000	403,521.11
Total C. I. T. Financial Bonds (1,000,000)	(1,000,000)	(989,628.13)
Household Finance Corp. 4-3/8% Debentures, dated 11/15/62, due 7/1/87	500,000	498,155.36
 TOTAL FINANCIAL CORPORATIONS BONDS.	 <u>1,500,000</u>	 <u>1,487,783.49</u>
 TOTAL CORPORATE BONDS.	 <u>54,813,000</u>	 <u>55,231,334.89</u>

4. Corporate Stocks - Preferred

Description	No. Shares	Book Value
Gulf States Utilities Co. \$5.08 Cumulative Preferred (Par Value \$100)	2,500	\$ 256,562.50
R. J. Reynolds Tobacco Co. 3.60% Cumulative Preferred (Par Value \$100).	2,500	204,082.51
Virginia Electric & Power Co. \$4.80 Cumulative Preferred (Par Value \$100).	5,000	500,000.00
 TOTAL PREFERRED STOCKS	 <u>10,000</u>	 <u>960,645.01</u>

5. Corporate Stocks - Common or Capital

<u>Description</u>	<u>No. Shares</u>	<u>Book Value</u>
<u>Industrial Corporations Common Stocks:</u>		
Addressograph-Multigraph Corporation. . .	15,304	724,280.60
Allied Chemical Corporation	9,300	425,652.54
Aluminum Company of America	5,400	300,264.01
American Can Company.	7,500	340,213.12
American Cyanamid Company	9,100	440,602.07
American Home Products Corporation. . . .	25,000	1,148,515.34
American Smelting & Refining Company. . .	8,000	450,752.07
American Tobacco Company.	16,200	425,066.64
Armco Steel Corporation	12,700	752,105.16
Armstrong Cork Company.	14,400	626,251.41
Bendix Corporation.	7,665	451,050.35
Bethlehem Steel Corporation	15,500	700,510.20
Borden Company.	16,020	725,533.58
Bristol-Myers Company	4,300	372,184.67
Caterpillar Tractor Company	27,000	240,624.08
Coca-Cola Company	12,600	726,057.52
Continental Can Company, Inc.	8,200	402,004.10
Continental Oil Company	15,200	821,205.22
Corn Products Company	30,500	978,396.26
Corning Glass Works	5,400	676,206.58
Dow Chemical Company.	13,637	874,410.32
E. I. du Pont de Nemours & Company. . . .	6,000	1,310,182.24
Eastman Kodak Company	12,600	905,672.92
Ex-Cell-O Corporation	11,400	450,646.86
Federated Department Stores, Inc.	26,200	702,556.47
Firestone Tire & Rubber Company	12,045	426,802.21
Ford Motor Company.	17,400	653,350.20
General American Transportation Corp. . . .	12,000	751,422.27
General Electric Company.	23,000	1,750,375.62
General Foods Corporation	24,000	1,252,225.32
General Motors Corporation	10,250	207,427.64
B. F. Goodrich Company.	3,700	251,251.22
Goodyear Tire & Rubber Company.	19,846	640,100.21
Gulf Oil Corporation.	25,112	899,722.92
Ingersoll-Rand Company.	5,700	427,432.47
Inland Steel Company.	16,600	723,577.22
International Business Machines Corp. . . .	5,201	1,527,464.72
International Paper Company	19,715	598,540.98
Johns-Manville Corporation.	10,100	252,652.35
Kennecott Copper Corporation.	4,800	451,369.62

5. Corporate Stocks - Common or Capital
(Continued)

Description	No. Shares	Book Value
<u>Industrial Corporations Common Stocks:</u> (Continued)		
Kimberly-Clark Corporation.	10,216	\$ 602,204.25
Kroger Company.	17,200	526,080.61
Libbey-Owens-Ford Glass Company	12,400	627,349.87
McGraw-Edison Company	12,200	450,953.02
Merck & Company, Inc.	11,100	775,325.02
Minneapolis-Honeywell Regulator Company	7,700	855,143.94
Minnesota Mining & Manufacturing Company.	21,300	978,735.90
Monsanto Chemical Company	10,537	424,205.63
National Biscuit Company.	23,700	722,679.86
National Cash Register Company.	5,023	323,047.13
National Dairy Products Corporation	15,000	740,955.70
National Lead Company	5,500	408,076.57
Otis Elevator Company	23,400	927,941.28
Owens-Illinois Glass Company.	7,300	574,404.14
Parke, Davis & Company.	10,200	402,700.91
J. C. Penney Company, Inc.	14,900	524,685.52
Chas. Pfizer & Company, Inc.	15,600	425,360.51
Phillips Petroleum Company.	11,200	548,558.86
Pittsburgh Plate Glass Company.	9,025	509,332.44
Procter & Gamble Company.	19,200	951,478.86
Republic Steel Corporation.	14,300	725,862.66
F. J. Reynolds Tobacco Company.	39,300	1,324,552.16
Scott Paper Company	19,700	576,671.70
Sears, Roebuck & Company.	16,600	771,671.48
Shell Oil Company	22,100	799,760.19
Sinclair Oil Corporation.	5,900	303,116.67
Smith Kline and French Laboratories, Inc.	15,900	775,462.66
Socony Mobil Oil Company, Inc.	10,500	553,261.87
Standard Oil Company of California.	15,985	800,492.51
Standard Oil Company (New Jersey)	16,253	876,236.68
Texaco, Inc.	31,482	1,352,409.05
Union Carbide Corporation	8,000	870,669.35
United States Gypsum Company.	14,300	1,251,036.52
United States Steel Corporation	22,000	1,453,038.47
Westinghouse Electric Corporation	23,700	851,766.55
TOTAL INDUSTRIAL CORPORATIONS COMMON STOCKS	<u>1,107,512</u>	<u>54,235,212.65</u>

5. Corporate Stocks - Common or Capital
(Continued)

Description	No. Shares	Book Value
<u>Public Utility Corporations Common Stocks:</u>		
American Electric Power Company, Inc.	30,630	* 875,018.21
American Telephone & Telegraph Company.	15,675	1,304,660.55
Baltimore Gas & Electric Company.	34,500	899,931.22
Carolina Power & Light Company.	15,300	578,001.23
Central & South West Corporation.	26,300	874,910.33
Cincinnati Gas & Electric Company	32,200	599,031.32
Cleveland Electric Illuminating Co.	23,900	575,835.30
Commonwealth Edison Company	30,479	901,712.13
Consumers Power Company	19,200	602,408.33
Detroit Edison Company.	25,100	600,426.64
Florida Power & Light Company	22,700	1,148,115.49
General Telephone & Electronics Corp.	20,500	451,293.03
Gulf States Utilities Company	21,100	576,859.15
Houston Lighting & Power Company.	35,200	876,383.21
Ohio Edison Company	18,100	598,705.65
Oklahoma Gas & Electric Company	55,080	875,710.43
Pacific Gas & Electric Company.	30,032	601,592.35
Philadelphia Electric Company	25,356	599,280.23
Potomac Electric Power Company.	54,868	901,642.17
Public Service Company of Colorado.	29,418	575,149.18
Public Service Co. of Indiana, Inc.	24,100	609,162.39
Public Service Electric & Gas Company	18,800	898,889.94
Southern California Edison Company.	31,480	601,395.85
Southern Company.	19,600	873,261.00
Texas Utilities Company	31,400	1,152,934.77
Utah Power & Light Company.	17,900	601,718.83
Virginia Electric & Power Company	39,637	1,126,999.91
Wisconsin Electric Power Company.	29,088	573,472.60
TOTAL PUBLIC UTILITY CORPORATIONS COMMON STOCKS	777,643	21,445,405.54
<u>Railroad Corporations Common Stocks:</u>		
Atchison, Topeka & Santa Fe Railway Co.	24,600	* 600,445.91
Norfolk & Western Railway Company	6,800	571,370.37
Union Pacific Railroad Company.	18,500	574,231.90
TOTAL RAILROAD CORPORATIONS COMMON STOCKS	49,900	1,746,048.18
<u>Financial Corporations Common Stocks:</u>		
Aetna Life Insurance Company.	2,993	* 276,331.73
Bank of America National Trust & Savings Association	10,176	447,853.79
Bankers Trust Company	9,944	443,205.66
C. I. T. Financial Corporation.	19,400	577,422.06
Chase Manhattan Bank.	7,177	426,262.89

5. Corporate Stocks - Common or Capital
(Continued)

Description	No. Shares	Book Value
<u>Financial Corporations Common Stocks:</u>		
(Continued)		
Chemical Bank New York Trust Company . . .	6,900	\$ 426,220.60
Commercial Credit Company	17,900	599,794.17
Connecticut General Life Insurance Co. . .	2,800	255,150.00
Continental Casualty Company	4,800	253,203.00
Continental Illinois National Bank and Trust Company of Chicago	11,400	300,155.80
Federal Insurance Company	5,110	252,200.00
First City National Bank of Houston . . .	8,454	286,614.97
First National Bank of Boston	3,514	180,240.21
First National Bank of Chicago	5,220	282,137.50
First National Bank in Dallas	3,832	141,415.50
First National City Bank (New York) . . .	4,293	286,407.39
Hartford Fire Insurance Company	4,100	179,756.66
Household Finance Corporation	15,968	573,981.65
Insurance Company of North America . . .	3,800	257,102.33
Lincoln National Life Insurance Company .	2,550	266,552.20
Mellon National Bank and Trust Company . .	4,795	281,775.40
Morgan Guaranty Trust Co. of New York . .	2,410	288,050.00
National Bank of Detroit	5,396	288,707.94
National Life and Accident Insurance Co. .	5,030	260,912.50
Republic National Bank of Dallas	5,073	293,635.90
St. Paul Fire & Marine Insurance Company .	3,968	182,303.87
Security First National Bank	7,618	422,677.52
Travelers Insurance Company	2,700	266,212.50
United States Fidelity & Guaranty Company	5,695	188,068.57
TOTAL FINANCIAL CORPORATIONS COMMON STOCKS	<u>193,006</u>	<u>9,193,352.46</u>
TOTAL COMMON OR CAPITAL STOCKS	<u>2,128,061</u>	<u>87,320,018.83</u>
6. <u>Old Land Notes</u>		\$ <u>219.24</u>
TOTAL SECURITIES		<u>400,609,294.61</u>
7. <u>Uninvested Cash on Hand August 31, 1963.</u>		\$ <u>2,552,340.99</u>
TOTAL INVESTMENTS AND CASH HELD FOR THE PERMANENT UNIVERSITY FUND AS OF AUGUST 31, 1963		<u>\$403,161,635.50</u>

APPENDIX B

HISTORICAL SUMMARY OF PERMANENT UNIVERSITY FUND
INVESTMENTS THROUGH AUGUST 31, 1963

Year	Total Investments and Cash	U. S. Government Securities	Texas Municipal Bonds	Old Land Notes	Corporate Bonds and Pfd. Stocks	Common Stocks	Cash
1935-36	\$ 23,270,835.70	\$ 10,035,862.50	\$ 7,142,072.92	\$6,007,872.55*	\$ -	\$ -	\$ 85,027.73
1936-37	25,265,300.17	12,022,056.65	7,827,452.06	5,382,872.55*	-	-	32,918.91
1937-38	27,495,269.27	14,553,806.66	8,158,000.21	4,672,298.83*	-	-	111,163.57
1938-39	28,937,515.61	16,532,327.68	8,363,641.19	3,952,128.33*	-	-	89,418.41
1939-40	29,951,465.16	18,337,428.27	8,223,726.12	3,162,041.82*	-	-	228,269.75
1940-41	30,753,194.00	20,147,828.89	8,095,608.25	2,416,883.59*	-	-	92,873.27
1941-42	32,067,613.46	22,489,583.61	7,892,275.64	1,651,883.59*	-	-	33,870.62
1942-43	35,266,673.06	25,586,481.93	7,290,917.30	776,730.44*	-	-	1,612,543.39
1943-44	47,006,740.83	36,410,895.45	7,066,861.04	4,826.00	-	-	3,524,158.34
1944-45	51,275,454.12	44,472,293.54	6,563,762.21	4,826.00	-	-	234,572.37
1945-46	60,079,526.99	53,705,377.68	6,310,090.10	4,626.00	-	-	59,433.21
1946-47	66,819,446.03	59,856,536.92	6,061,665.34	3,573.52	-	-	897,670.25
1947-48	84,045,192.63	75,204,960.23	7,860,537.21	3,529.11	-	-	976,166.08
1948-49	96,805,434.97	87,193,755.73	8,999,551.08	2,185.61	-	-	609,942.55
1949-50	105,491,430.26	95,773,716.22	9,579,197.19	2,185.61	-	-	136,331.24
1950-51	122,040,377.17	111,203,237.96	9,883,766.87	1,985.61	-	-	951,386.73
1951-52	145,014,094.22	134,745,682.99	9,732,280.91	1,985.61	-	-	534,144.71
1952-53	178,878,009.29	165,336,265.98	12,951,070.22	1,831.70	-	-	588,841.39
1953-54	204,259,175.96	189,618,303.29	13,998,279.71	764.33	-	-	641,828.63
1954-55	228,163,846.94	214,082,041.60	14,022,205.01	302.60	-	-	59,297.73
1955-56	265,425,875.52	250,529,807.34	14,219,195.89	302.59	-	-	676,569.70
1956-57	287,304,125.10	260,308,702.36	19,019,362.20	302.59	1,001,675.00	5,531,249.68	1,442,833.27
1957-58	306,449,806.42	254,274,028.44	18,664,341.02	219.34	4,536,344.04	21,394,614.59	7,580,258.99
1958-59	330,914,641.98	254,233,143.72	18,353,587.01	219.34	16,138,515.16	41,332,212.74	856,964.01
1959-60	349,689,948.96	254,149,733.94	17,407,214.06	219.34	26,657,499.90	49,833,619.17	1,641,662.55
1960-61	366,705,459.61	253,906,098.47	17,124,397.84	219.34	36,610,615.26	58,192,200.47	871,928.23
1961-62	385,605,752.23	249,914,451.67	11,700,108.60	219.34	50,525,963.73	71,657,209.41	1,807,799.48
1962-63	403,161,635.59	252,201,872.70	4,894,703.85	219.34	56,192,479.89	87,320,018.83	2,552,340.98

*Includes University of Texas and Texas A. & M. Building Bonds, purchased with Permanent University Fund cash and paid off from income from investments in the Fund.

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APPENDIX C
PERMANENT UNIVERSITY FUND RECEIPTS FROM THE BEGINNING
THROUGH AUGUST 31, 1963

Fiscal Year	TOTAL	Oil and Gas Royalties	Water Royalties and Rentals	Rentals on Mineral Leases	Sales	Bonuses on Mineral Leases
Prior to 1942	\$ 870,984.70	\$ 16,611.75	\$ -	\$ 203,343.36	\$ 651,029.59 ¹	-
1924-25	239,166.22	231,883.74	-	3,480.00	-	3,802.48
1925-26	3,853,257.60	3,853,257.60	-	-	-	-
1926-27	2,553,574.23	2,553,574.23	-	-	-	-
1927-28	2,610,077.92	2,576,885.17	-	33,192.75	-	-
1928-29	3,860,790.89	2,704,056.92	-	27,633.77	-	1,129,100.20
1929-30	2,783,593.61	1,142,444.89	-	11,292.72	950,000.00 ²	679,856.00
1930-31	1,379,307.26	1,366,735.26	-	12,572.00	-	-
1931-32	1,138,256.19	1,115,096.19	-	23,160.00	-	-
1932-33	823,279.51	786,759.21	-	20,488.30	-	16,032.00
1933-34	1,164,834.91	846,071.88	-	45,648.63	-	273,114.40
1934-35	882,577.27	776,048.57	-	80,984.70	-	25,544.00
1935-36	1,109,136.32	700,680.52	-	61,298.80	-	347,157.00
1936-37	1,994,464.47	759,962.85	-	74,043.92	-	1,160,457.70
1937-38	2,229,969.10	761,016.07	-	69,740.79	-	1,399,212.24
1938-39	1,442,152.17	673,155.54	-	65,233.20	-	703,763.43
1939-40	1,013,949.10	678,516.56	-	42,577.88	-	292,854.66
1940-41	801,726.29	719,760.62	-	42,064.67	-	39,901.00
1941-42	1,314,419.46	812,048.15	-	26,773.01	7,748.30 ³	467,850.00
1942-43	3,199,056.60	761,254.30	-	23,016.83	860.47 ³	2,413,925.00
1943-44	11,741,775.96	1,196,777.27	-	48,478.69	-	10,496,500.00
1944-45	4,268,661.29	1,733,929.60	-	88,121.69	-	2,446,610.00
1945-46	8,804,080.27	2,216,298.05	1,994.00	92,588.22	-	6,493,200.00
1946-47	6,739,766.30	3,530,163.75	23,421.00	122,181.55	-	3,064,000.00
1947-48	17,225,744.64	6,612,745.64	8,205.66	107,293.34	-	10,497,500.00
1948-49	12,760,877.49	8,177,304.71	15,297.60	99,515.18	1,210.00 ³	4,467,550.00
1949-50	8,685,995.29	7,087,867.16	21,644.58	138,983.55	-	1,437,500.00
1950-51	16,548,902.11	8,210,838.56	25,718.06	150,145.49	-	8,162,200.00
1951-52	22,973,717.05	7,581,904.74	27,238.38	231,573.93	-	15,133,000.00
1952-53	33,863,915.07	8,451,771.62	39,655.26	278,488.19	-	25,094,000.00
1953-54	25,381,166.67	10,202,726.41	50,242.84	324,697.42	-	14,803,500.00
1954-55	23,904,670.98	11,274,602.53	44,643.12	361,925.33	-	12,223,500.00
1955-56	37,262,028.58	13,558,821.95	45,114.54	352,902.37	-	23,305,189.72
1956-57	21,878,249.58	17,502,323.55	44,578.43	340,591.88	-	3,990,755.72
1957-58	19,145,681.32	15,087,845.43	47,080.81	268,303.22	22,905.96 ⁴	3,719,545.90 ⁵
1958-59	24,464,835.56	16,823,966.90	92,590.29	262,284.03	52,584.13 ⁴	7,233,410.21
1959-60	18,775,306.98	15,557,180.13	97,561.00 ⁷	243,607.98	52,619.88 ⁸	2,824,337.9 ⁶
1960-61	17,015,510.69	14,754,716.31	106,498.80 ⁹	181,638.76	120,806.03 ¹⁰	1,851,850.75
1961-62	18,000,292.62	15,695,999.25	125,886.29 ¹¹	178,688.79	2,798.73 ¹²	2,896,919.56
1962-63	17,555,883.36	14,776,924.23	114,125.92 ¹³	172,563.90	252,329.03 ¹⁴	2,239,940.28 ¹⁵
TOTALS	\$403,161,635.59	\$223,870,547.81	\$931,496.58	\$4,911,118.84	\$2,114,892.12	\$171,333,580.24

¹Proceeds from land sales.

²Judgment collected from Reagan County Purchasing Company.

³Condemnation of land by United States Government.

⁴Gains on sales of securities.

⁵Includes \$972,879.69 transferred from Board for Lease Special 1% Fee Fund.

⁶Includes \$100,000.00 transferred from Board for Lease Special 1% Fee Fund.

⁷Includes \$100.00 from brine royalty.

⁸Consists of \$47,053.88 from gains on sales of securities and \$5,566.00 from sale of land (sold to Federal Government for interstate highway right-of-way exclusively).

⁹Consists of \$91,672.95 from water royalties, \$5,406.42 from water lease rentals, and \$9,419.43 from brine royalties.

¹⁰Consists of \$72,452.93 from gains on calls of corporate bonds and \$48,353.10 from gains on sales of common stocks.

¹¹Consists of \$101,165.16 from water royalties, \$697.96 from water lease rentals, and \$24,023.17 from brine royalties.

¹²Consists of \$2,966.16 from gain on sale of Texas Municipal bonds and \$167.43 loss on calls of corporate bonds.

¹³Consists of \$98,556.07 from water royalties, \$2,761.47 from water lease rentals, and \$12,808.38 from brine royalties.

¹⁴Consists of \$134,576.16 from gain on calls of securities and \$117,752.87 from gain on sale of Texas Municipal bonds.

¹⁵Includes \$100,000.00 transferred from Board for Lease Special 1% Fee Fund.

Meeting of the Board

AGENDA
MEETING OF THE BOARD OF REGENTS
OF
THE UNIVERSITY OF TEXAS
NOVEMBER 8-9, 1963

- I. Invocation
(November 8, Friday, 9:00 a.m.)
- II. Approval of Minutes, September 27-28, 1963
- III. Reports by Chancellor
- IV. Report of Interim Actions of Executive Committee (Com. Chr. Brennan)
- V. Reports by Regents, If Any
 1. Chairman Heath
 2. Vice-Chairman McNeese
 3. Regent Brennan
 4. Regent Connally
 5. Regent Erwin
 6. Regent (Mrs.) Johnson
 7. Regent Madden
 8. Regent Olan
 9. Regent Redditt
- VI. Recess for Committee Meetings
(November 8, Friday, 9:30 a.m.)
- VII. Special Items
(November 9, Saturday, 10:30 a.m.)
 - A. Institutional Heads (None has been submitted)
 1. Central Administration and Main University
(Chancellor Ransom)
 2. Texas Western College (Doctor Ray)
 3. Medical Branch (Doctor Truslow)
 4. Dental Branch (Doctor Olson)
 5. M. D. Anderson Hospital and Tumor Institute
(Doctor Clark)
 6. Southwestern Medical School (Doctor Gill)
 7. Graduate School of Biomedical Sciences at
Houston (Doctor Taylor)
 8. South Texas Medical School (Doctor Berson)
 - B. Chancellor
 - C. Regents

- VIII. Report of Committee of the Whole by Chairman Heath
- IX. Reports of Standing Committees
 - A. Executive Committee by Committee Chairman Brennan
 - B. Academic and Developmental Affairs Committee by Committee Chairman McNeese
 - C. Buildings and Grounds Committee by Committee Chairman Redditt
 - D. Land and Investment Committee by Committee Chairman Madden
 - E. Medical Affairs Committee by Committee Chairman Connally
- X. Report of Board for Lease of University Lands by Regent Madden
- XI. Reports of Special Committees, If Any
- XII. Scheduled Meetings of the Board
- XIII. Items for the Record, If Any
- XIV. Adjournment

OUTLINE OF DOCKET
(Attachment No. 2)

Referred to Academic and
Developmental Affairs
Committee

Below is an outline of Chancellor Ransom's Docket (Attachment No. 2) which is prepared and assembled by the Administration. Customary procedure is for the Secretary of the Board to outline this document in order that each Regent may easily pinpoint items or locate those areas in which he is particularly interested. Your especial attention is directed to items in all CAPS.

	<u>Page No.</u>
I. <u>Central Administration (C-1)</u>	
A. GIFTS (5) Totaling Approximately \$5,505.00	1
B. Approval of Issuance of Change Order to Rockford Furniture Associates Contract- Undergraduate Library and Academic Center, Main University, Recommendation of the Comptroller	1
II. <u>Main University (M-1 through M-20)</u>	
A. Research Contracts with Federal Government (31)* Totaling Approximately \$1,774,325.75	1
B. CONTRACTS, Miscellaneous (4), 30 Interagency Contracts and Gas Service Agreements	5
C. USE OF TEXTBOOKS WRITTEN BY FACULTY MEMBERS (56), Royalty ranges from 5% to 18 3/4 %	8
D. Faculty LEGISLATION (2)	11
E. NEPOTISM (2) Prior to the Adoption of the new rule at the September Meeting and (2) under the new rule	12
F. Outside Employment (1)	12
G. TRAVEL PAID FROM NON-TRAVEL ITEMS (1)	12
H. Gifts and Grants (85) Totaling Approximately \$256,981.76	13
Additional Non-Monetary Gifts (9) Totaling Approximately \$21,393.00	19
I. Sale of University Property	20
J. National Defense Student Loan Fund	7

* Last two are not Government Contracts.

	<u>Page No.</u>
III. <u>Texas Western College (W-1 through W-6)</u>	
A. Inter-Agency CONTRACT	1
B. Business CONTRACT Items (2)	1
C. USE OF TEXTBOOKS WRITTEN BY FACULTY MEMBERS (6),	1
D. Purchase of Air-Conditioning Equipment	2
E. Gifts and Grants (38) Totaling Approximately \$29,429.06	2
CORRECTION in Docket for Meeting No. 617 Gift Item No. 18 changed to \$250.00	5
F. Government Contracts and Grants (9) Totaling approximately \$146,303.00	5
CORRECTION in Docket for Meeting No. 617 Government Contracts and Grants Item No. 9 changed to DA 36-039-AMC-03218 (E)	6
IV. <u>Medical Branch (G-1 through G-7)</u>	
A. THE JAMES W. MCLAUGHLIN FELLOWSHIP FUND	1
B. Membership, Medical Staff of The University of Texas Medical Branch Hospitals (5)	2
C. NEPOTISM (2)	2
D. Government Contracts and Grants (21) Totaling Approximately \$550,343.00	2
E. Agreements (Business) (6) (Interagency Contracts) Totaling Approximately \$40,166.64	5
F. Gifts and Grants (15) Totaling Approximately \$134,816.00	6
V. <u>Dental Branch (D-1)</u>	
A. Faculty (Without Salary and Without Tenure)	1
B. Gift and Grant (1) Totaling Approximately \$9,454.00	1
C. Government Grant (1) Totaling Approximately \$48,600.00	1

VI.	<u>M. D. Anderson Hospital and Tumor Institute</u> (A-1 through A-2)	
A.	Government Contracts and Grants (8) Totaling Approximately \$733,995.00	1
B.	Contracts and Agreements (Academic) (1) Totaling Approximately \$4,000	2
C.	Gifts of \$100 or Less	2
D.	GIFTS and Grants (5) Totaling Approximately \$236,654.50	2
VII.	<u>Southwestern Medical School (S-1 through S-8)</u>	
A.	Clinical Faculty (Appointments and Resignations)	1
B.	Fellows (Appointments and Resignations)	1
C.	Purchase of Airconditioner	2
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E.	Changes in Grants Previously Awarded (2)	2
F.	Grant Refund (1) Totaling Approximately \$1,539	2
G.	Grant Termination	2
H.	Gifts and Grants (5) Totaling Approximately \$4,983.03	3
I.	Government Contracts and Grants (21) Totaling Approximately \$382,470.00 5 Interagency Contracts	3
J.	Non-Government Contracts, Grants and Other Agreements (5) Totaling Approximately \$16,995.00	7
K.	National Defense Student Loan Program	8

SEE THE FOLLOWING PAGE FOR A SUMMARY OF GIFTS AND GRANTS

Below is a SUMMARY of GIFTS AND GRANTS and FEDERAL CONTRACTS as REPORTED in the Docket:

<u>Institution</u>	<u>Gifts and Grants</u>	<u>Government Contracts</u>
Central Administration	\$ 5,505.00	\$-----
Main University	\$256,981.76 *	1,774,325.75
Texas Western College	29,429.06	146,303.00
Medical Branch	134,816.00	550,343.00 **
Dental Branch	9,454.00	48,600.00
M. D. Anderson Hospital and Tumor Institute	236,654.50	733,995.00
Southwestern Medical School	4,983.03***	382,470.00
Graduate School of Biomedical Sciences at Houston	-----	-----
South Texas Medical School	-----	-----
Refunds	<u>1,539</u>	<u>-----</u>
Totals	<u>\$676,284.35</u>	<u>\$3,636,036.75</u>

* Also non-monetary gifts of \$21,393.00

** Also interagency contracts of \$40,166.64

*** Also research grants non-government of \$16,995.00

Possible Action

1. R. F. appointees

2. Fields' successor

3. Policy re Clasp

4. ¹ R. F., ² P. → C. →

the U.C. Hogg Bldg. (→ Biology Bldg)

5. ¹ R. F., ² P. → Biology Bldg

1 / unmodulated (→, the Will C.

Hogg Bldg. The new Bldg (Biol Bldg)

is Deal. Bureau of Eco Biol. &

academic activities 2, 2

→ Will C. Hogg Bldg

X → Deal Bldg. 3

1) Some activities of Biol. Sciences

2) Computation (?)

3) Hogg Foundation

6. Policy re Speakers on Campus:

Chapter VII, Part Two, P. 43 - Check

further on this →

7) R. F. for the Deal } 2018 act
Biol. Sciences
P. 43

8) Chapt. VI, Part One: is this a copy X

Must lie over 30 days. (over)

Check Polignac International studies

DOCUMENTS FROM THE CHANCELLOR

MEETING OF THE BOARD OF REGENTS

November 8-9, 1963

TABLE OF CONTENTS

1. Reports of the Chancellor
2. Early Use of the Academic Center
3. Graduate Faculty Status and
The Graduate School of Biomedical Sciences
4. Texas Commission on Higher Education:
Graduate School of Biomedical Sciences
5. Biomathematic Program at Houston
6. Graduate Education in the University System
7. Report of Progress from Medical Branch
8. Nursing Education in the Center at San Antonio
9. Accreditation Report on College of Engineering
10. Historical Markers on the Campus
11. Fall Semester Registration 1963-64
12. Annual Report of the Chancellor to the General Faculty

REPORTS OF THE CHANCELLOR

November 8-9, 1963

REPORTS OF THE CHANCELLOR

APPROVAL OF CONFERENCE CENTER BY GOVERNOR AND LEGISLATIVE BUDGET BOARD

The administration has received unofficial word that the plans for the Thompson Conference Center have received or will receive approval of both the Governor and the Legislative Budget Board. This will allow us to proceed with plans for the building and with our report to the donors.

OK

CONTINUED INQUIRY ABOUT PRIVATE SUPPORT FOR A BAND HALL

In view of the inclusion of a Band Hall in the tentative Ten-Year Plan, we will now seek confirmation of several pledges toward this project. The present prospect of private donation is under \$50,000.

OK

HAROLD BYRD'S OFFER TO TRANSFER AN AIRPLANE TO THE UNIVERSITY

Harold Byrd of Dallas has offered to give the University one of his planes, a Lodestar in good condition. Our earlier experience with a "surplus" plane does not suggest that the University can profitably undertake responsibility for operation. But the plane which Colonel Byrd offers is a very different piece of property from the Beechcraft which we acquired and did not use.

OK

COUNCIL OF COLLEGE PRESIDENTS: ATTITUDE TOWARD GRADUATE PROGRAMS

The administration feels that a serious problem is arising from the obvious reluctance of the Council of College Presidents (state institutions only) and its committees to consider realistically the financial support of graduate education. If this lack of realism obtains, the University will have to join A and M, Tech, and other institutions with serious concern for these programs in separate consideration of the problem. In view both of the Ten-Year Plan and the oncoming report of the Governor's committee, it may well be that the University will be forced to consider its own problems separately from other institutions. We have a long record of "cooperation" with institutions preoccupied with undergraduate work and "teacher-training." There is a serious question about the limitations of such a policy if it binds us to mediocrity in graduate work.

OK

DEVELOPMENT BOARD PROGRAM

I hope to discuss several aspects of our general development program in connection with the Ten-Year Plan staff study prepared by Dr. Haskew.

We have had several applications for the position vacated by Mr. Triolo. None of them promises much. Meanwhile, Mr. Blunk is doing an effective job of guiding that office.

Membership in the new Board can probably be settled at this meeting. Our delay in confirming the whole list of new members has been due to the uncertainty of several individual prospects confirmed by the Regents. Mr. Leonard McCollum, President of Continental Oil Company, has asked to be considered in a later year. Both Mr. Gus Wortham and Mr. Morgan Davis, who have expressed deep interest in membership, have held up their final answers until next week. Mr. Perry Bass of Fort Worth has decided that he cannot become a member of the Board at this time. Firm acceptances have been received from Mr. Furbush of Galveston, Mr. McLaughlin of Snyder, and Mr. Thompson of Dallas (who has now decided that he wishes to withdraw from the Athletics Council and join the Development Board).

CLASP commitments made by Mr. Triolo have been confirmed. Members of the Development Board, with one exception, have expressed the opinion that the University should continue in the program. I think that the most serious objection to CLASP can be met if the staff is instructed clearly NOT to conduct a high-pressure campaign in Austin, where a good deal of dissatisfaction rose last year because of rambunctious tactics.

PROBLEMS IN THE COMMITTEE OF TWENTY-FIVE

The sub-committees of the Governor's committee on higher education have continued their studies, sometimes with encouraging results and sometimes with a good deal of contradiction and confusion.

The most serious problem of the Committee is the resignation of President A.B. Martin of Amarillo College as executive director of the staff. A substitute has not yet been appointed, and there is no general agreement on this appointment.

MEETING OF THE AMERICAN ASSOCIATION OF UNIVERSITIES

The meeting of the A.A.U. in New York, October 21-22, found the University of Texas in the most favorable comparative position among these major institutions in many years. By comparison, our development program and our general academic policies and operation are tremendously encouraging. Major problems considered: federal support, faculty recruitment, library development, Conant's report of the education of teachers, and cooperation with British, German, and Latin-American universities.

SPEAKERS ON CAMPUS

Informal discussion among A.A.U. universities during the past two years has indicated that every institution has had problems in its program of lectures and speeches. Wallace at Yale, Oppenheimer at Princeton, Mme. Nhu at Princeton, alumni propagandists for the radical left on Big Ten campuses, Goldwater at Colorado...a long list of incidents, protests, charges and counter-charges make it clear that universities do not always confront ideas from the outside impassively.

I wish to report that the policy established by the Regents for political and other speakers on the Texas campus seems to me both wise and workable. We have had about equal numbers of protest against Cousins, Goldwater, YAF representatives, Nhu, et al. We have continued to refuse platforms to speakers who were clearly bent on subversion, useless controversy, and frivolous self-promotion.

BUILDING NAMES: HOGG-GEOLOGY

The problems involved in the present name of a new building (The Will C. Hogg Geology Building) seem to me both insurmountable and full of later prospects of dissatisfaction. I have talked at great length both to Miss Ima Hogg and all the faculty, alumni, foundation, and professional people involved.

Without giving details here (they can be supplied at the regular meeting) I now recommend that the new building be called the Geology Building and that the present Geology Building, with such remodeling as we have regularly anticipated, be called the Will C. Hogg Building. The former would house Geology, the Economic Bureau of Geology, and such general academic activities as may be assigned to it from time to time. The Will C. Hogg Building would house some of the activities of the biological sciences and computation AND the Hogg Foundation.

I think that all contestants in the matter (some of whom are quite vigorous) will be satisfied with this solution.

REMINDER

November 10. Sealy-Smith dinner at Galveston
November 15-16. Dedication of the new Art building and museum
Thanksgiving. U.T. bus will be available for Austin-College Station trip to the game. The Regents are included in the A and M pre-game luncheon invitation.



OFFICE OF THE CHANCELLOR
THE UNIVERSITY OF TEXAS
AUSTIN, TEXAS 78712

EARLY USE OF THE ACADEMIC CENTER:

The University Librarian has made the following comment on the early use of the Academic Center. Apart from "library development," to be reported by the Chancellor separately, this comment from the library-staff point of view may interest the Regents.

HR:np

The use and acceptance of services in the Undergraduate Library and Academic Center has exceeded my expectations, which were not unduly modest. The attached table is a record of the use of the Undergraduate Library section during the first seven days of operation. Beginning with the first class day, the number of people entering the building built up steadily through Thursday as was anticipated. This number no doubt includes a considerable number of sightseers, particularly in the first two days. However, with the beginning of the following week there were 8,300 people entering the building on Monday, and 8,100 entering on Tuesday, as compared to the 6,700 and 7,700 on the respective days of the preceding week. It appears that we may average about 45,000 people per week entering the building.

The time of heaviest occupancy in the Undergraduate Library is from about 7:30 to 9:30 p.m. the first four days of the week. The staff on the second and third floors reported that for a short time on floors 2 and 3 between the hours of 8:00 and 9:00 in the evening there were no unoccupied seats. We have run a number of checks at 11:15 to determine occupancy, and find that there seems to be about 100 to 115 students in the building at 11:15 p.m.

The Audio Room is not in full operation as yet. We have only this week opened it for the full anticipated schedule; however, the supply of tapes is limited and tapes have been provided for only one course in music. There are available in the room tapes for four language courses.

The conference rooms on the second and third floor are very popular with students, as are the smoking rooms. I have been particularly impressed by the low level of noise. Students using the library police themselves very well. It appears that a large number of students come to the Undergraduate Library to study, rather than use library materials. However, the circulation has been very creditable. During the seven days, 12,500

October 2, 1963

books were circulated from the Open Shelf Collection for home use. The reserved book use has not yet reached the figure that can be expected later, but should never be as high as it has been because many books that were previously on closed reserve have been placed in the open stacks on three-day reserve.

The comments of the students have been largely favorable, to the effect that it is an excellent place to study; another student regretting that she is a senior and will only be able to use the building one year through the remark "well, they finally went all out for us."

I have heard of some negative criticism, but that is to be expected; a complaint that the Guards are in uniform--not about the way they were doing their work, but simply that they were in uniform; and, of course, the inevitable complaint on the part of the faculty that faculty members should not be subjected to having books checked out by the Guards.

Mrs. Bowden reports many visitors on the fourth floor, describing the crowd the first days of the week as similar to a crowded bargain basement. A great deal of attention was paid to the exhibits which, incidentally, are excellent, the study rooms, the roof garden and the Hoblitzelle garden were used extensively. She reports, however, relatively few readers in the main reading room.

In closing, let me say that I am extremely enthusiastic about the building and the use being made of it. It far exceeds my expectations for the initial reception of the building and, from my somewhat prejudiced point of view, I regard it as the most important building on the campus.

UNDERGRADUATE LIBRARY
September 23-29, 1963

<u>Date</u>	<u>Recorded Circulation</u>			<u>Pro-grams</u>	<u>Audio Pro-grammed Hours</u>	<u>Ear-Phones Used</u>	<u>Entered the Building</u>
	<u>Open Shelf</u>	<u>Reserved Books</u>					
Sept.	Home Use	Home Use	Room Use				
23 Mon.	491	42	58	2	8	48	6,765
24 Tues.	426	75	178	4	28	69	7,766
25 Wed.	338	70	209	7	49	221	8,333
26 Thur.	379	131	228	5	35	367	8,851
27 Fri.	547	65	203	5	35	275	6,500
28 Sat.	166	62	48	6	18	68	2,357
29 Sun.	190	82	18	-	-	-	2,825
Totals	2,537	527	942	29	173	1,048	43,397

e
J. A.

GRADUATE FACULTY STATUS AND THE
GRADUATE SCHOOL OF BIOMEDICAL SCIENCES

This memorandum is written as a comment on the letter from Rabbi Olan to Judge Heath dated September 25.

I believe that Rabbi Olan is completely right in his principles but at some point misinformed concerning facts. The purpose of my comment is (1) to support as strongly as possible the principles (from which The University of Texas has never varied and from which no member of the administration has ever made even a tentative recommendation that we vary in the future) and (2) to clarify facts.

The principle that recommendation for graduate faculty status be initiated by a committee of the candidate's peers and forwarded through proper channels to the governing board is recognized by all topflight American universities.

At The University of Texas we have had three geographical patterns since 1951 for carrying out this process of selection. At the Main University, the Graduate Faculty historically has been organized according to departments, in each of which there has been a Committee on Graduate Studies composed of graduate professors whose recommendations on membership were forwarded to the Dean of the Graduate School of the Main University.

Among the medical branches, there has been some variation, depending upon development of individual graduate programs from time to time. In general, the Medical Branch at Galveston and Southwestern Medical School have sent their recommendations, not through the respective institutional heads--Dr. Truslow and Dr. Gill--but through the associates assigned to oversee graduate studies in their respective institutions. At the Anderson Institute (where the administration was instructed some years ago to develop a topflight program of research and education), only special membership in the Graduate Faculty has been allowed. (This inequality imposed upon topflight scholars at

Anderson has been the subject of criticism of visiting scientists to Texas for years. Without regard to the Graduate School of Biomedical Sciences, the inequality should have been corrected before this.)

The third graduate organization is at Texas Western College. It is largely independent of the organization and process of the offices in Austin, except for final approvals by the Chancellor's Office (formerly the Office of the President of the University System).

As a practical matter, as well as a point in proper educational administration, it seems obvious to me that membership in the graduate faculties of The University of Texas System should be uniform, uniformly rigorous, and uniformly fair.

In proposing a Graduate Faculty organization in Houston, the administration has made it clear that the cadre of the new graduate organization there would be limited to members of the academic community (Dental School and Anderson Institute) who are already approved as members of the Graduate Faculty or as associate members. There has never been the slightest inclination to admit to Graduate Faculty membership in Houston or elsewhere any man, whatever his academic status, who did not qualify according to the usual standards.

Ultimately, of course, the standards of any institution are made by the standards of individual divisions and individual departments. Given a minimum high standard of eligibility, however, departments will vary according to the level which they set themselves above that high minimum. For example, there are certain departments at the Main University which have raised their standards of initial recommendation far above the high minimum standard regularly required by our Graduate Faculty rules.

We will proceed to develop the Graduate Faculty at Houston--as I have repeatedly told both institutional heads there and the academic staffs with whom I have met--according to a more rigorous standard than that used by either the Medical Branch or Southwestern Medical School in the past five years.

The administrative process contemplated for the four medical groups (including the future graduate faculty at San Antonio) does not leave any one of these groups "autonomous" in the sense that they will grant degrees, admit students, or grant graduate faculty membership independently of the regular procedures of the general administration and the Board of Regents. Indeed, my conviction that this process should impose increasingly high standards throughout the medical faculties was the reason for my recommendation of Dr. Wilson Stone to oversee this development.

It is quite clear that the present organization of the Main University Graduate School is not designed to develop graduate faculties outside Austin. This fact can be illustrated by innumerable instances, including the point of interminable delay which Rabbi Olan mentions in his letter.

All of us would have been glad to see the graduate program at Houston developed without any organizational connection with the Postgraduate School of Medicine. Such a complete separation seemed at the beginning--and in the event proved to be--a legislative impossibility. It is the intention of the administration, however, to deal with the Division of Continuing Education as a quite distinct program. Perhaps it can be legally severed in a later Legislature. I must point out that in connection with this program, much higher standards have sometimes been imposed upon part-time "clinical faculty members" in this program than have been in force at either Galveston or Dallas in the selection and use of "clinical" appointments part-time. In some phases of the P.S.M. program--especially those outside Houston--academic standards have been low. We intend to terminate all these programs outside Houston. To paraphrase Rabbi Olan, there is nothing in any document which I have written and nothing in any plan which I have proposed for Houston which would "confuse the standards of the University with those who are not a part of it."

It would, of course, have been desirable to appoint a distinguished dean of graduate studies in Houston immediately. Inasmuch as the Legislature was late in passing the bill, and the administration and Board of Regents therefore delayed in activation, no scientist could have accepted the position. It was not legally authorized. We have, however, discussed the deanship with a number of eminent scientists and expect to recommend a dean as soon as possible.

I would remind the Regents that in Dr. Olan's terms there is already "an established situation" of very long standing at Houston. However and whenever appointed, the new dean would have inherited the graduate process already under way in Anderson Institute and the Dental School. It has been a part of the University, approved by both the Regents and the Commission. I might add that I think, having heard the testimony of topflight scientists outside Texas, that the prospect of this inheritance would now encourage an oncoming dean.

The appointment of a temporary dean at Houston was necessary mainly because of the prospect of research grants and contracts in connection with plans for the new graduate organization. As for standards and academic policy generally, Dr. Stone has been given the assignment to oversee in detail each step of the new process. He has been to Houston repeatedly, has joined me in conferences at Austin with the institutional

heads from Houston, and is quite as determined as I am to raise rather than lower the standards set by the highly competent scientists already engaged in this work in Houston.

To sum up. We do indeed need a distinguished dean as soon as possible. Presumably we must keep the continuing education program (which we have been instructed by the Regents to improve) quite separate from the Graduate Faculty organization, although we should not arbitrarily exclude any eminent individual qualified to become a member of the graduate staff. Finally, we should give all academic personnel at Houston the same treatment given similar staff members at Austin, El Paso, and the medical units in Galveston, Dallas, and San Antonio.

TEXAS COMMISSION ON HIGHER EDUCATION: GRADUATE SCHOOL OF BIO-MEDICAL SCIENCES

At the most recent meeting of the Commission the following motion was passed. It provides for the development of graduate and research programs in the basic sciences related to medicine. It also implies the significance of the distinction between the Anderson Institute (research and education, according to the policies adopted by the Board three years ago) and the Anderson Hospital (patient care). It clearly removes continuing education in clinical fields from the realm of regular graduate work.

"I move that the Commission approve the following programs leading to the degree of Master of Science and Doctor of Philosophy in biomedical sciences at The University of Texas Graduate School of Biomedical Sciences at Houston:

1. Biology including, but not restricted to, areas of emphasis in radiation biology, biomathematics, genetics, cytology, fine structure-electron microscope-analysis, molecular biology, with biochemistry and biophysics, microbiology and virology
2. Biochemistry including, but not restricted to, areas of emphasis in molecular biology and chemical physiology
3. Physics including, but not restricted to, areas of emphasis in biophysics, nuclear medicine, and isotope studies

with the stipulation that all areas of emphasis to be added in the future shall come within the three categories listed above (i.e. Biology, Biochemistry, and Physics) and that the areas of emphasis be restricted to biomedical sciences that are adapted to the research facilities of the M. D. Anderson Hospital and Tumor Institute.

I move further that the proposed program in psychology be deferred for further study."

COMMISSION STAFF RECOMMENDATIONS CONCERNING BIO-MEDICAL SCIENCES

The staff recommendations which preceded the motion are listed here:

Request for approval of the instructional program at The University of Texas Graduate School of Biomedical Sciences at Houston. The proposed programs leading to the degree of Master of Science and Doctor of Philosophy are as follows:

1. Biology (including, but not restricted to, radiation biology, biomathematics, genetics, cytology, fine structure-electron microscope-analysis, molecular biology, with biochemistry and biophysics, microbiology and virology)
2. Biochemistry (including, but not restricted to, molecular biology and chemical physiology)
3. Physics (including, but not restricted to, biophysics, nuclear medicine, and isotope studies)
4. Psychology (only medical psychology: a special program to familiarize psychologist doing research with physicians with patient problems and including an understanding of the physiology and treatment of patients, especially in handling psychological problems associated with diagnosis and treatment of cancer. This does not overlap the field of clinical psychology.)

NOTE: The enabling act, H.B. 500 of the 58th Legislature, specifically provides that the "Board of Regents shall not operate this institution as a general academic graduate school." Because of the special background, training and interests of the faculty to be appointed to the Graduate School of Biomedical Sciences, it would be difficult to define in advance the areas of emphasis within the above-mentioned programs. It is the intent of the staff in presenting its recommendations that the areas of emphasis within the programs approved not be subject to Commission approval so long as they are directly associated with and basic to medical needs.

Recommendation: Approval of master's and doctoral level programs as requested in biology, biochemistry, and physics and deferral of the graduate program in psychology for further study.

Justification:

- A. Background of request: H.B. 500 which created the Graduate School of Biomedical Sciences was passed by the 58th Legislature and became effective on August 23, 1963. At the meeting of the Commission held on February 8, 1963, the Commission unanimously endorsed the proposal for the establishment of the school. As previously noted, H.B. 500 specifies that the degree programs to be offered be approved by the Commission. The bill further provides that the Board of Regents shall not operate "this institute as a general academic graduate school."

- B. The staff is of the opinion that with the possible exception of graduate programs in psychology, the requested programs are justified and come within the purposes for which the school was created. The staff further recommends that all research areas of emphasis which are biomedically oriented and which fall within the programs of biology, biochemistry, or physics should not be subject to approval of the Commission. For example, a doctoral student majoring in biochemistry may concentrate his research efforts on chemical physiology. While another may be doing his major research on amino acids. The areas of specialization will vary according to the interests and training of the faculty and these areas of specialization and research should remain flexible in order to meet the continuing changes in medical education and to better utilize the training of the faculty. It would be somewhat cumbersome for The University of Texas to be required to present to the Commission specific requests for areas of specialization within the approved programs at the Graduate School of Biomedical Sciences.
- C. Advantages of proposed programs: There are a group of 19 scientists at the M. D. Anderson Hospital and the Dental Branch in Houston who already are full members or associate members of the Graduate Faculty of The University of Texas. In addition there are 20 to 25 other scientists employed at the M. D. Anderson Hospital and Tumor Institute who likely will be appointed to associate membership. It has been estimated that these scientists could train and direct some 90 graduate students if given the time and support. Doctoral and postdoctoral students, therefore, will be able to take advantage of some of the best minds and the most unique facilities in the United States.

In order to avoid future misunderstanding of the Commission's intent, it should be reiterated that doctoral programs and areas of emphasis be restricted to those fields which are directly associated with and basic to medical problems. There would seem to be no justification for offering a program at this school if it could better be provided at the Main University.

BIOMATHEMATIC PROGRAM AT HOUSTON

The following summary has been prepared at the Chancellor's request by Dr. Grant Taylor. The prospects of a central biomathematics program at Houston are very bright. Cooperative programs are already under way with Oklahoma, Tulane, and other university centers. Similar cooperation among University of Texas institutions, the University of Houston, Rice, and the Medical Center is being planned.

Program in Biomathematics and Computer Science

Grant Support

Approved grants for the current year provide \$231,410 in support of biomathematics and computer services and research, with an additional amount of \$120,596 pending approval by the Public Health Service.

During the next three years \$724,212 has been committed by granting agencies for support of our facilities. An additional amount of \$281,048 is pending approval, for total support during the next 3 years of \$1,005,260.

A grant application is in process of preparation for a much larger program in biomathematics and computer science.

In addition to grant support, we are expending in excess of \$250,000 annually for support of the Program in Biomathematics and Computer Science.

The amount of \$25,000 is available to employ a Director for the Program.

Personnel

Employees working on various phases of the Program include:

1	Program Director (Acting)
1	Associate for Program Development
1	Assistant Biometrician
1	Applied Mathematician
1	Manager of Computer Operations
3	Research Associate
2	Research Assistant
2	Computer Programmer III
4	Computer Programmer II
2	Computer Programmer I
1	Machine Accountant
2	Tabulating Equipment Operator
1	Senior Keypunch Operator
4	Keypunch Operator
1	Secretary

In addition, a computer project on patient monitoring employs 7 personnel working full or part-time, and the Department of Epidemiology employs 7 people who work on the analysis of statistical data concerning patients.

Equipment

The following IBM computer and supporting equipment is available to the Program:

1710 - 1620 System
1620 Processing Unit
1622 Card-Read Punch
1623 Core Storage - 40,000 Characters
1711 Data Converter
1712 Multiplexer and Terminal Unit
1311 Disc Storage - 2,000,000 Characters

Auxiliary equipment:
026 Card Punch (2)
056 Verifier
083 Sorter
085 Collator
407 Accounting Machine
514 Reproducer
557 Interpreter

This system is used primarily as a research tool. It has analog to digital conversion capability, is an excellent machine for education purposes, provides a means for statistical analysis, data reduction, hypothesis testing, simulation problems and other uses in assisting the research effort.

1401 System
1401 Processing Unit - 16,000 Core Storage
1402 Card Read Punch
1403 Printer
1405 Disc Storage - 10,000,000 Characters
1406 Storage
1407 Console Inquiry Station
729 Magnetic Tap Unit (6)

Auxiliary equipment:
514 Reproducer (mark sense capability)
077 Collator
101 Statistical Sorter
083 Sorter
082 Sorter
056 Verifier (2)
552 Interpreter
024 Card Punch (4)

This high speed system is used for both biomedical and administrative data processing. Some functions include report generation, file maintenance (both administrative and biomedical), business office data processing and sorting of large quantities of medical record data.

CHAPTER VI

GRADUATE EDUCATION IN THE UNIVERSITY SYSTEM

Sec. 1. Authority and Function. The Graduate Faculty of The University of Texas is the system wide organization, The Graduate School. It is composed of full members (with vote) and associates (without vote) of the graduate faculty, and such special members as need be approved, from all component institutions in the system. All policy recommendations of the Graduate Faculty are recommended through channels to the Chancellor. The Chancellor may call upon any member of the central administration or other officer to advise him concerning policy, plans and operation of the Graduate School. At each institution, the Graduate School or the graduate program is a responsibility of the institutional head, who reports concerning it to the Chancellor. The Chancellor may delegate to other members of the administration, central or institutional, authority and responsibility for specific aspects of planning and operation. Institutional heads affected by any delegation will be kept informed. The Graduate School and its constituent faculty and councils are actively responsible for the graduate program--graduate studies, membership in the Graduate Faculty, and other activities in graduate education. The graduate program, however, shall not include the M.D. and D.D.S. degrees at the medical institutions, nor the LL.B. and LL.M. degrees of the School of Law.

Sec. 2. The Dean of the Graduate School.---The Dean of the Graduate School shall be appointed upon recommendation of the Chancellor. On all matters of policy and planning related to the Graduate School, he will advise the Chancellor (through the Vice Chancellor for Academic Affairs). The Dean shall be the responsible administrative officer of the Graduate School.

2.1 The Dean of the Graduate School shall keep the chief administrative officers of the component institutions affected, and the undergraduate deans of the schools or colleges of the Main University directly involved, fully informed at all stages in planning and development, and shall submit all recommendations of policy and action to the chief administrative officers of the institutions in any way concerned, who shall in turn transmit these recommendations to the Chancellor with their own comments and recommendations.

2.2 He shall consult and advise with the Vice Chancellor for Academic Affairs in the preparation of the annual budgets of the teaching departments of the Main University and the research budgets directly related to graduate instruction at that institution; and he shall consult and advise with the chief administrative officers of the other component institutions concerning their graduate teaching budgets and their research budgets which are directly related to graduate instruction.

2.3 Research assignments or grants at the Main University involving reduced teaching loads recommended by the Graduate Dean, or by committees or councils responsible to him, shall have the prior approval of the dean of the undergraduate school or college affected,

and shall be transmitted for approval to the Vice Chancellor for Academic Affairs.

Sec. 3. Institutional Graduate School Administrators.--Each component institution of The University of Texas shall have a graduate school administrator. At the Main University this shall be the Dean of the Graduate School, at the Graduate School of Biomedical Sciences this shall be the dean, at other institutions this shall be a Director of Graduate Studies. The Dean of the Graduate School shall recommend the Director of Graduate Studies at each component institution, with the advice and consent of the institutional head, to the Chancellor to serve until replaced.

Sec. 4. Graduate Advisers.--One member of the Committee on Graduate Studies in each academic area shall be appointed as Graduate Adviser by the Graduate Dean, after consultation with the department chairman and undergraduate dean concerned and with members of the Committee on Graduate Studies. His duties and responsibilities shall include the following:

- 4.1 He shall be the representative of the Graduate Dean in all matters pertaining to the advising of graduate students taking major work in that academic area.
- 4.2 He shall register each graduate student and act on adds, drops, section changes, and special examinations.
- 4.3 He shall receive a record of each student's work for previous degrees and copies of registrations and grades in work at this University.
- 4.4 He shall send students to the Graduate Dean for exceptions requiring action by the Dean.

- 4.5 He shall give students information about graduate work and shall send students to other faculty members for advice about courses.
- 4.6 He shall act as an assistant to the Dean of the Graduate School in all matters that may be assigned.
- 4.7 In institutions outside Austin he shall be appointed by and report to the Director of Graduate Studies, or, in the case of the Graduate School of Biomedical Sciences at Houston, to the Dean.

Sec. 5. The Graduate Faculty.

- 5.1 Membership.--Nominations for membership in the Graduate Faculty shall be made by the appropriate Committee on Graduate Studies; however, in exceptional cases, the Graduate Assembly may accept applications initiated in other ways.
- 5.11 Nominations, after their initiation, shall be considered by the Committee on Membership of the Graduate Assembly and Dean (see below). Recommendations by the Committee on Membership shall go to the Graduate Assembly at their next regular meeting. Their action will be conveyed by the Chairman of the Assembly to the Chancellor, with notification of the Graduate Dean and the institutional head, the Vice Chancellor for Academic Affairs in the case of faculty at Austin, and to the Committee on Graduate Studies of the department concerned.
- 5.12 Considerations in making nominations for regular membership with vote.--The nominating committee, ordinarily the Committee on Graduate Studies of a department, shall consider the several qualifications of a member of the Graduate Faculty. These would include high competence and national reputation as a

scholar, highly significant productive of scholarly work, research or artistic creations, active interest and effectiveness as a teacher of graduate students through the M.A. and Ph.D. degrees.

5.121 Exceptions in qualifications may be made for particularly outstanding men from government, industry or the professions.

5.2 Associates.

5.21 Associates of the Graduate Faculty shall be appointed by the Dean upon recommendation of the appropriate Committee on Graduate Studies. All such appointments shall terminate on August 31 of even-numbered years.

5.22 An Associate shall be eligible to supervise master's theses; and under exceptional circumstances and by request of the appropriate Committee on Graduate Studies and on approval of the Dean of the Graduate School, an Associate may be permitted to supervise specific doctoral dissertations, in general not exceeding a total of three during the entire period of his status as an Associate of the Graduate School.

5.23 Authorization to teach graduate courses other than thesis or dissertation courses shall not constitute appointment as an Associate of the Graduate Faculty.

Sec. 6. The Graduate Assembly.

6.1 Composition of the Assembly.--The Graduate Assembly shall consist of the following members:

6.11 Ex officio Members without Vote.--The Chancellor of the University, the Vice Chancellor for Academic Affairs, heads of the component institutions, the Dean of the Graduate School, the Associate Dean of the Graduate School, administrative heads of colleges and schools (which are not subdivisions of colleges), and the Director of graduate studies at the other component institutions. However, the administrative heads of the Graduate School of Library Science and the Graduate School of Social Work shall be entitled to seats with vote until such time as there shall be in such designated school one or more members of the Graduate School eligible for nomination and election to the Assembly. Ex officio members of the Assembly shall not be eligible for nomination and election to the Assembly.

6.12 Elected Members with Vote:--The elected voting members shall be apportioned among the following branches, and electoral divisions of the Main University:

6.121 Main University:

College of Arts and Sciences:

Electoral Group A - Astronomy, Bacteriology,
Botany, Chemistry, Geology, Physics, Zoology,
Home Economics, Mathematics

Electoral Group B - Anthropology, Economics,
Geography, Government, History, Philosophy,
Psychology, Sociology

Electoral Group C - Classical Languages, English,
Germanic Languages, Romance Languages

Electoral Group D - School of Journalism

College of Engineering

College of Education

College of Business Administration

College of Fine Arts

College of Pharmacy

School of Architecture

Graduate School of Library Science

Graduate School of Social Work

(Subsection 6.121--Amendment No. 4 to September 1960 revision,
Meeting No. 600, July 1961)

6.122 School of Medicine (Medical Branch, Galveston), two
members.

6.123 Southwestern Medical School, Dallas, two members.

6.124 Texas Western College, El Paso, two members.

6.125 South Texas Medical School, San Antonio, two members
when a committee of graduate studies of at least six
members has been elected to the Graduate Faculty.

Meanwhile the Dean shall have a vote.

6.126 The interests of the M. D. Anderson Hospital and Tumor
Institute and the Dental Branch will be represented
through The Graduate School of Biomedical Sciences at
Houston, which shall have two members.

6.2 Future Apportionment of Seats.

6.21 Until 1960 the apportionment of seats on the Assembly
among the electoral divisions of the Main University remained
as adopted in 1956. In 1964, and every fourth year thereafter,
the Dean of the Graduate School shall appoint a committee to
recommend to the Assembly a plan for apportioning
its seats among the electoral divisions, which, when adopted by
the Assembly, shall become effective at the next election.

6.22 Each component institution of the University shall be entitled

to further elective representation on the Assembly whenever the number of faculty members directing graduate work at such unit, in relation to the ratio of representation at the Main University, warrants such representation.

6.3 Method of Election.

6.31 The members of the Graduate Faculty of each electoral division having two or more members shall nominate and elect their representatives in a primary and final election, the latter to be conducted according to an equitable system of proportional representation. The names of the candidates receiving the highest number of votes in the primary equal to twice the number of places to be filled shall be placed on the final election ballot.

6.32 The members of the Graduate Faculty of each electoral division having one representative shall nominate and elect their representative in a primary and an election, the election ballot to contain the names of the two receiving the largest number of votes in the primary.

6.33 No department shall have more than two members on the election ballot.

6.4 Time of Election; Terms of Members.

6.41 Primary elections shall be held on the third Tuesday in April of odd-numbered years.

6.42 Final elections shall be held on the second Tuesday in May following the primary election.

6.43 Special elections to fill vacancies shall be held as occasion arises.

6.44 The Secretary of the Graduate Assembly shall be responsible for the holding and conduct of primaries and elections provided

herein. The Secretary may request the assistance of the heads of branches, colleges, and schools in carrying out this responsibility.

6.45 The elected members of the Assembly shall serve for a term of four years, and no members shall be eligible to serve for more than two full non-successive terms. Half the members of the Assembly shall be elected every two years.

6.46 Members of the Assembly shall take office on the third Monday in September following their election. Members filling vacancies shall take office immediately after their election.

6.5 Attendance by Members of Graduate Faculty at Assembly Meetings.-- Any member of the Graduate Faculty of the University may attend meetings of the Assembly and, with permission of the Assembly, may speak.

6.6 Organization of Graduate Assembly.

6.61 The Assembly shall elect one of its members who has served two years as Chairman for the remaining two years. He shall serve only one term. He shall have a casting vote. In his absence a Chairman pro tempore shall be elected from the Assembly. No Dean or higher administrative official may be Chairman.

6.62 The Secretary of the Assembly shall be elected from members of the Assembly in the same fashion as the Chairman. He shall:

6.621 Send out all notices and communications; prepare the agenda; keep an attendance record and record of proceedings; receive all communications; and preserve all records of the Assembly.

- 6.622 Supervise the conduct of primaries and elections.
- 6.623 Classify all legislation as (a) Emergency, (b) Minor, or (c) Major. This classification may be revised by the Assembly.
- 6.624 Report recommendations of the Assembly for the Chairman to the Chancellor, Graduate Dean, and administrative heads of component institutions.
- 6.625 Refer all matters classified as major to the members of the Graduate Faculty at all branches.
- 6.626 Distribute minutes of meetings to members of the Assembly, to all other graduate faculty members who request copies, to all institutional heads, and to the Chancellor and the Board of Regents through the Secretary of the Board.
- 6.627 Present an annual report to the Graduate Faculty at all component institutions; also copies to the secretaries of the General Faculty at the Main University and of the appropriate faculties of the other institutions.
- 6.63 Meetings.--The Graduate Assembly shall meet the first Tuesday in October, February and May, and at other times if need be. At least two of the meetings will be held in Austin.
- 6.64 Procedure.
- 6.641 The general authority shall be Robert's Rules of Order.
- 6.642 A quorum shall be a majority of the elected voting membership.
- 6.643 Three elected members may demand a record vote.
- 6.644 The Order of Business shall be determined by the Assembly.

6.65 Committees.--The Graduate Assembly may create from time to time such standing or special committees as it may desire consisting of its own members, or of nonmembers entitled to vote in the election of voting members of the Assembly, or of a combination of the two.

6.651 The Graduate Assembly shall have one permanent committee, the Membership Committee of the Graduate Faculty. The committee shall be selected in the following way. The Chairman of the Assembly shall select four members from elected members of the Assembly, who have served two years, including one each from two branches outside Austin. The Graduate Dean shall elect four members from the membership of the University of Texas Graduate School. The terms of the members of the committee shall be two years. All correspondence concerning membership shall go to this committee, who shall report on any nominees at the next regular meeting of the Assembly. Qualifications for candidates are described generally in 5 above. The Secretary of the Graduate Assembly shall be Secretary and presiding officer (without vote) of the Committee on Membership in the Graduate Faculty. All votes shall be recorded. Any recommendation shall be made on a majority vote.

6.7 Authority and Functions of the Graduate Assembly.--In general, the Graduate Assembly shall exercise all legislative powers and duties for the University as a whole that formerly were exercised for the Main University by the Graduate Faculty of the Main University, and its legislative authority shall supersede

that of the Graduate Faculty of the Main University. These powers and duties shall include:

- 6.71 Determination of standards for the admission and retention of students in the Graduate School.
 - 6.72 Recommendation of new graduate degree programs and their requirements as well as changes in existing graduate programs.
 - 6.73 Approval of graduate courses.
 - 6.74 Establishment of criteria for membership in the Graduate Faculty.
 - 6.75 Establishment of policies relating to graduate studies, research, and faculties for the University as a whole.
 - 6.76 Elect members of the Graduate Faculty on the recommendation of the Committee on Membership.
- 6.8 Emergency and Minor Legislation.--Emergency and minor legislation enacted by the Graduate Assembly shall be referred to the appropriate institutional head for transmission with recommendation to the Chancellor and the Board of Regents. Emergency legislation shall be in effect from the date of its enactment and continue in effect unless disapproved by the Chancellor or Board of Regents.
- 6.9 Major Legislation.
- 6.91 The Assembly's initial decisions with respect to major legislation shall not go into effect for a period of two weeks after such decisions are made. Such major legislation shall within this period be circularized among the regular members of the Graduate Faculty of The University of Texas. In the event that any five regular members of the University shall request it within the two-week period, the Assembly shall reconsider its initial action on such major legislation at a special meeting

called promptly thereafter for the purpose, at which meeting those presenting the request and other voting members may appear to oppose the final enactment of such legislation. After such hearing the Assembly shall send its final recommendations to the appropriate institutional head for transmission with his recommendations to the Chancellor and the Board of Regents.

6.92 Major legislation may be initiated outside the Assembly by any five regular members of the Graduate Faculty of the University, which proposals the Assembly shall be required to consider. Any of the ex officio members of the Assembly may initiate legislation within the Assembly as may voting members.

6.(10) Appeals by Faculty from Recommendations of Assembly.--Appeals concerning recommendations of the Graduate Assembly may be addressed to the Chancellor and the Board of Regents by the Graduate Faculty in any component institution of The University of Texas where graduate work is offered or proposed. When an appeal has been voted by the faculty in any component institution, the Secretary of the Graduate Assembly shall notify the secretaries of the faculties in all the other component institutions for study and action by those faculties.

6.(11) Special Meetings of the Graduate Faculties of Component Institutions.--Special meetings of the Graduate Faculty of the Main University or of the voting members of the other component institutions of the University may be held whenever the Graduate Dean or the administrative head of such other component

institution shall desire, or upon petition of five members of the Graduate Faculty of the Main University, or of five voting members in other component institutions. Such meetings may recommend legislation for submission to the Assembly.

Sec. 7. Committees on Graduate Studies.

7.1 Membership.--In each major academic area in which graduate work is offered, as determined by the Graduate Assembly, there shall be a Committee on Graduate Studies. This Committee shall be composed of all persons in that area who have been appointed as members of the Graduate Faculty. The Committee shall select its own chairman.

7.2 Duties.

7.21 Recommendations concerning new degree programs, new graduate courses, changes in graduate courses, and designation of teachers of graduate courses shall be made by the Committee on Graduate Studies of the appropriate academic area to the Graduate Dean. These recommendations shall be reviewed by the undergraduate dean concerned, or by the appropriate administrative officer of the budgetary unit of the University, relative to their budgetary and personnel implications, and then sent to the Graduate Dean for his approval. If they involve general policy decisions, the Graduate Dean should have these reviewed by the Assembly.

7.22 Each Committee on Graduate Studies shall be in charge of the admission to candidacy for all graduate degrees in its academic area.

7.23 The Committee on Graduate Studies shall recommend suitable faculty members for full membership in the Graduate Faculty. Such recommendations shall go to the Secretary of the Graduate Assembly for action by the Assembly Committee on Membership and then by the Assembly.

All recommendations should be sent to the Secretary of the Assembly at least three weeks before the meeting date of the Assembly in order for the membership committee to review them to report at the meeting.

Sec. 8. Authorization to Teach Graduate Courses.--Authorization to teach graduate courses shall be given by the appropriate Committee on Graduate Studies subject to approval by the Graduate Dean and the institutional head.

REPORT OF PROGRESS FROM MEDICAL BRANCH

In addition to specific agenda items (and docket material regularly reported), the following comments on activities of the Medical Branch have been received from Dr. Truslow and Mr. Harding:

A. ACADEMIC PROGRAMS

1. Steady increase in number and quality of medical school applicants.
2. Best record to date on National Board Examinations, Part II.
3. Marked decrease in Freshman Class attrition rate (from a range of 13% to 20% the past two decades) to 8.6% in the class entering in September 1961 and less than 6% in the class entering in September 1962. (National average this year was 7.64%.) This has resulted from increased individual faculty attention and use of electives for make-up work, as well as higher quality students.
4. Fourth Annual Student Research Forum, attracting 23 student papers from other medical schools (as far away as Duke, Western Reserve and Tufts) in addition to our own 29 student papers. This has been widely copied now in other medical schools.
5. Enrollment in the School of Nursing has increased 33% this year alone; and with expected matriculation in September will have doubled since 1960-61.
6. Special emphasis is now being placed on revision of teaching programs and active recruitment toward larger and better quality enrollment in the Schools of Medical Technology, X-ray Technology and Physiotherapy.

B. MAJOR FACULTY APPOINTMENTS

1. Dean of Nursing: Miss Betty Rudnick, a member of the Faculty.
2. Director of Research Computation Center: Dr. John E. Overall, from Kansas State, present holder of an N.I.H. Career Research Development Award. His appointment insures our \$300,000 Research Computation Center grant from N.I.H. - effective September 1, 1963.
3. Visiting Professor in Pediatrics (one year): Dr. Sheamus Dundon, Chairman of the Department of Pediatrics at the University of Dublin, Ireland - effective July 1, 1963.
4. Full-time Veterinarian to head the Animal Care Center - effective July 1, 1963.

C. BUILDING AND RENOVATION - MAJOR ITEMS

1. Legislative approval of Land Purchase program, and Regental approval of Master Plan Development.
2. Completion this winter of the basement and Floors 1, 2 and 3 of the new Outpatient Diagnostic Building (\$3,600,000) and pending award of contracts for Floors 4, 5 and 6 (\$2,200,000) toward completion date 18-24 months hence.
3. Completion of Surgical Research Building and Physical Plant Building (\$371,000).
4. Highest priority for procedure on preliminary plans and specifications for Animal Care Center and Basic Science Building.
5. Keiller Building remodeling for completion next spring (\$830,000)
6. Remodeling of Red Building for temporary housing of expanding teaching and research programs in Microbiology (Virology), Physiology, Pharmacology (and Biochemistry).

D. MAJOR DEVELOPMENTS IN RESEARCH SUPPORT

1. Opening of Clinical Study Center - June 26, 1963 (\$367,991 this year; total 7-year grant to maximum of \$1,827,000).
2. About 12% increase in medical research grants this year over last (total project grants awarded this year totaled more than \$2,000,000).
3. General Research Support Grant from N.I.H. - \$158,712.
4. General Research Grant from National Science Foundation - \$12,300.

E. BUSINESS OFFICE - HOSPITAL DEVELOPMENTS AND INCOME

1. Full operation of new charge system with somewhat greater income increase than anticipated.
2. Steady improvement in Outpatient Department and Emergency Ward operation.
3. Improvement of food-service to patients and staff - so noticeable in only four weeks of operation that it has drawn compliments from all three of our most outspoken critics on the medical staff.
4. Several more steps toward our pioneering I.B.M. "Hospital Information Service."
5. Three areas of strong possibility for substantial income increases:

- a. Interim burn program to be sponsored by the Shriners of North America; seven beds at the rate of \$50.00 per patient per day, effective about October 1, 1963. (Net increase in income: about \$50,000.)
- b. Carry-over of unexpended balance from first as well as second year of the current biennium interagency contract for the programs in Child Psychiatry. (Possible increase: about \$180,000.)
- c. Promising possibilities of negotiations with Vocational Rehabilitation Administration to raise \$17.00 a day flat rate reimbursement to a reimbursement based on charges, and for a larger number of eligible patients. (Possible increase: about \$50,000.)

F. RELATED MEDICAL CENTER DEVELOPMENTS

- 1. Completion next spring of Sealy & Smith Professional Building, designed for professional and health agency offices.
- 2. Completion next summer of new wing on St. Mary's Infirmary.
- 3. Construction of Shriners Burns Institute - for completion in the summer of 1965 (cost: about \$3,000,000) - and awarded to Galveston in close affiliation with The University of Texas following site visits and studies of 21 leading medical centers in the Nation.
- 4. Progress on Interagency Contract transferring Moody State School for Cerebral Palsied Children to Medical Branch operation, effective September 1, 1963.
- 5. Further possibilities in the next few years:
 - a. Transfer from Ottine to Galveston of the Texas Elks Hospital for Crippled Children, in close affiliation with the Medical Branch.
 - b. Erection of an Eye Institute supported by the Research to Prevent Blindness Foundation which has already established two or three "Eye Centers" over the Nation (e.g., U.C.L.A. and the University of Miami). This development would be related to our success in recruitment of Dr. Monte G. Holland, now Associate Professor of Ophthalmology at Tulane, to succeed Dr. Wendell Gingrich as Chief of the Division of Ophthalmology.

development of the 500 bed Teaching Hospital will produce a tremendous demand for nurses. There is, literally, no alternative to meeting the needs for trained nurses by recruiting on the National market through an interim period of several years, but it is obviously wise to plan on expansion of the recruitment and training of nurses locally as rapidly as that can be well done.

Since the University of Texas has had substantial experience and still operates a very excellent program in nursing education leading to the Bachelor's Degree, it is logical to plan to develop a program leading to a Bachelor's Degree with at least its clinical portion conducted in the new Medical Center. This program obviously should supplement and not replace the program for hospital trained nurses and it should be developed at some time after the new Teaching Hospital has been fully activated and the Medical School is operating effectively. By that time it is to be hoped that the Degree program of Incarnate Word will have developed up to its present potential.

In planning the facilities to be constructed first - that is, the Teaching Hospital and the Medical School itself - rather generous provisions are being made for nursing education. We are not, at the present time, planning the development of housing for students in any category although a suitable area within the 100 acres owned by the University has been identified for such use at the appropriate time.

It is my own belief that the hospital training program for nurses now conducted and to be expanded by the Hospital District should remain legally the responsibility of the District but that it will require the very strong support of the medical faculty. I am also convinced that any Degree program or graduate programs to be developed within the Medical Center should be the responsibility of The University of Texas.



OFFICE OF THE CHANCELLOR
THE UNIVERSITY OF TEXAS
AUSTIN, TEXAS 78712

ACCREDITATION REPORT ON COLLEGE OF ENGINEERING:

The following report has been received by the Chancellor from the Engineers' Council for Professional Development (ECPD), the chief accrediting agency for university engineering programs.

To the extent that this is an official (and confidential) document, the report is worth attention of the Regents. It does not reflect, however, the oral comments of the visiting committee at every point. For example, those oral comments confirmed our own impression that the Department of Chemical Engineering is one of the most distinguished in its field. The report itself is quite moderate in its comment.

At the time when budget plans are reviewed in terms of the future development of schools and colleges (such as Law, Business, Engineering, etc.), I think that this report should be given special consideration.

HR:np

October, 1963

UNIVERSITY OF TEXAS

The following statement is based on an evaluation of information presented to the Education and Accreditation Committee of Engineers' Council for Professional Development. It is hoped that the suggestions by such an outside group may be helpful to the institution in its planning for the future.

This should not be regarded as necessarily a balanced appraisal of strengths and weaknesses. Emphasis is in general given to those aspects in which further study and constructive action appear desirable. Also, unless specifically indicated to the contrary, the ideas expressed are for consideration by the faculty and administration rather than requirements for ECPD accreditation.

Any questions or requests for additional information may be addressed to the chairman of the region in which the institution is located as given in the Annual Report of ECPD.

STATEMENT

The College of Engineering on the Austin Campus of the University of Texas is to be commended for its sound and forward-looking program. The faculty is well-trained and capable. The transition to a new college administration appears to have been accomplished smoothly despite numerous innovations. There is reason to believe that with continuance of good support from the general administration, the College of Engineering will strengthen its already good position of leadership.

In a few departments there are danger signs of inbreeding, even though the Texas-trained faculty members are competent. Variety of viewpoints is needed.

College-wide facilities such as the computation center and the engineering library are housed and managed with fair adequacy. Both, however, should be expected to grow and to require more space and funds in the near future. A growing graduate enrollment will force the acquisition of many reference books and journal series and will require additions to the engineering library professional staff. It is recommended that steps be taken as soon as possible to increase the library space very substantially in preparation for a higher level of use, and then to improve the budget for books, periodicals, and professional staff.

A number of comments should be made regarding service courses for engineers. Several non-engineering departments are to be strongly commended for their interest in the education of engineers. Such interest was especially noted in the Physics Department and among several, but not all, mathematics faculty members. A number of Engineering faculty members felt that the mathematical instruction of engineers, while not yet fully satisfactory, is improving.

English instruction is alive to the needs of the students. Lines of communication are open between the College of Engineering and the departments of English, History, Government, and Economics.

Consideration might profitably be given to the development of a more carefully selected group of humanities and social studies. It is suggested that a strong attack be made by an interdepartmental group to insure a program in these areas which will put the engineer in touch with some of the great ideas of human history. Such a program, it is believed, depends more on a dedicated staff that has a clear understanding of the goal than it does on adding more credit hours in these fields.

Instruction in engineering drawing presents a special problem. The courses are carefully planned and well-administered. The course content is complete; basic principles are well-covered and instruction is thorough and meticulous. Standards of student performance are high but reasonable. Grading is carefully done. But the problems used are, as a rule, starkly traditional, old-fashioned and uninteresting. Little attempt is made in problem statements to relate principles to actual engineering situations. Hypothetical multishaped blocks, unsophisticated data curves, and bare-bones descriptive geometry examples get the principles across, but do nothing to stimulate the students' interest in engineering. It is hoped that the lectures include examples to motivate the student and stir his interest in engineering. The drawing exercises and test problems, however, are almost completely sterile in this respect and provide no opportunity to make the students look forward to engineering as an exciting, challenging field in which graphical communications play an important role.

AERO-SPACE ENGINEERING

In general, the engineering curriculum in aero-space is adequate and in line with modern trends and developments in this area. Departmental leadership, the quality of the staff, and excellence of instruction are outstanding. Recommendations of the previous ECPD accreditation committee have been largely carried out; long-range planning is sound and exciting.

Even though additional interdepartmental laboratories are planned, the undergraduate curriculum in aero-space will continue to need the support of departmental laboratories. Such basic equipment as a universal testing machine and supporting instrumentation would strengthen the structures laboratories.

It is suggested that more modern textbooks could be used in some of the structures courses. Student morale was found to be excellent, and the diversity of research is being used to enrich the undergraduate program.

ARCHITECTURAL ENGINEERING

The examining committee was favorably impressed with the Architectural Engineering Department and the work it is doing.

The faculty of the Architectural Engineering Department is capable, well organized, and doing very effective teaching. The cooperation and correlation of work between the Architectural Engineering and Civil Engineering Departments is commendable. The program is progressive and the curriculum is well designed. The morale of the faculty and the students both appear to be high.

The average teaching load is not excessive. There is, however, an undesirable overload being carried by key men. Research, graduate teaching, and executive duties are poorly distributed. The chairman is doing excellent work but appears to be overburdened. The welfare of the entire department could be improved if some of this work could be delegated to others.

The faculty is working together effectively and attaining good results. However, inbreeding is high. The educational effort would be enriched if the faculty possessed a greater diversification of educational backgrounds. Special attention should be given to filling vacancies with people from other parts of the country.

The public impression of the Architectural Engineering program created by the general catalog could be improved by using titles for a number of courses which accurately describe their content.

CIVIL ENGINEERING

This department is to be ranked high on the list of better departments of civil engineering in this country. It has an able and active staff, quarters that are generally adequate, and an extensive research program which appears to be fairly well distributed among the various areas. There is no indication that the research program interferes with the department's concern for the undergraduate, and its impact on the quality of the undergraduate program is clearly evident. The number of graduate students (in particular, the number enrolled for the Ph.D.) and the caliber of the new staff members that have been added since the last ECPD visit testify to the quality of this department.

Instructional laboratories appear to be generally adequate, but "housekeeping" could be improved in a few cases.

The revised curriculum is well balanced, and it is particularly gratifying to note the large number of technical electives. On the other hand, the program in mathematics is somewhat deficient in terms of ECPD

standards, and in comparison with all but one of the other engineering departments. Also, the advisability of omitting geology as a prerequisite for soil mechanics may be questioned. Although for the civil engineering student who follows the regular program geology will have preceded soil mechanics, it appears that the architectural engineer who elects Group I courses in that department will be taking soil mechanics with civil engineering students and without benefit of geology.

The staff of this department is especially noteworthy in respect to its lack of inbreeding, and it is to be hoped that it will resist the tendency of departments with large numbers of graduate students to recruit new staff largely from this source.

ELECTRICAL ENGINEERING

The Electrical Engineering Department is well organized and well managed. The Department is to be commended for having an up-to-date curriculum and for the recent addition of several excellent new young faculty members.

In view of the expanding research and graduate programs it is suggested that attention be paid to the question of providing adequate time for departmental administration and planning. At present, the Chairman of the Department is teaching two courses and it is doubtful whether this leaves adequate time to make plans for the future growth and development of the Department in addition to normal administrative duties.

MECHANICAL ENGINEERING

The faculty in Mechanical Engineering are a high-potential group of competent engineers and enthusiastic teachers. They are optimistic in their outlook and feel that their efforts are well-supported and encouraged by the Administration. They are incorporating modern concepts, theories and techniques in their courses and as a group they are striving to challenge their students to develop their creative abilities. They are in the process of modernizing most of their laboratory facilities and instruction and are developing advanced as well as sound basic instruction.

Several precautionary conclusions are as follows:

The increased stress on statistical approaches to many subjects such as thermodynamics, laboratory experimentation and operations research indicates a need for basic instruction in mathematical probability and statistics.

A rather dominant emphasis on creativity in such courses as machine design and manufacturing processes, if continued, may weaken these courses rather than strengthen them. Some of the student innovations seem somewhat elementary, and even crude, and one gains the impression that the rigor of applying basic subject matter concepts and principles may become neglected just to push tricky and superficial creativity gimmicks. A careful balance is needed in this area.

The basic industrial engineering courses seem sound but staunchly traditional and not reaching beyond the frontiers as is the case of the energy and design areas.

An outsider talking to individual staff members hears no one boast of his research projects and no ready evidence of research setups is found. If this department is to attain its established goals, research sponsorship will need to be sought diligently and soon, and staff time will have to be made available to carry on the research work and supervise the graduate students involved.

Laboratory instruction is being directed away from conventional performance tests of equipment toward experimentation in basic phenomena on a sophisticated level. It seems apparent, however, that unless more staff members participate actively in this development, the rate of progress will not be sufficient to meet the goals.

Staff members appear to be encouraged to assert their individuality as teachers and to develop their areas of specialty to the full extent of their talents. This is a wholesome situation, but not without a hazard. The staff are varied in their interests and abilities. The Department embraces a wide range of subject matter. This means that unless the Department has strong guidance and firm coordination it could become a group of prima donnas going their separate ways. The new chairman faces a tremendous challenge in welding his staff into a coordinated team of strong individuals directing their efforts jointly toward common goals.

PETROLEUM ENGINEERING

The Petroleum Engineering Department is vigorous, alert and forward-looking. It has an excellent faculty which is academically well-trained, diversified in background, and rich in good industrial experience. It supports an excellent and quite large graduate and research program and yet appears to be properly concerned with effective classroom instruction in the B.S. program.

The curriculum is well-balanced and arranged to cater both to those students seeking the B.S. as a terminal degree as well as to those who intend graduate study. The Geology content of the curriculum appears to be minimal and some consideration might be given to increasing the

Geology content beyond the current twelve semester hours. While economics is handled implicitly in the analysis and design courses, it appears that more explicit treatment of the economic factors of Petroleum Engineering might be included in the curriculum, either in the present courses or in the requirement of an engineering course specifically designed to meet this need. In addition, consideration might be given to the use of the non-technical elective in the curriculum for an elective in the Economics Department.

There is an urgent need for improving the laboratories connected with the Petroleum Engineering 310 and 430 courses. The present Physical facilities for these laboratories are old and worn and the equipment is insufficient in extent as well as in quality and quantity. It is recommended that separate rooms with modernized facilities be provided for each of these laboratories, possibly in the present location, which is of adequate size. It is also recommended that direct responsibility for these laboratories be assigned to permanent faculty members and that the use of graduate students be minimized. The Department is aware of this one outstanding need in their otherwise outstanding program. It is believed that improvement of these laboratories may also help in the attraction of undergraduates to Petroleum Engineering and thus help with the problems which further decline in undergraduate enrollment would present.

A report submitted by January 1, 1965, describing progress which has been made in the areas enumerated will be the basis upon which further accreditation action will be based.

CHEMICAL ENGINEERING

The University of Texas is to be commended for a good undergraduate program in Chemical Engineering.

The Chemical Engineering staff is competent, dedicated to good teaching, and research, and is well-balanced with respect to education, experience, age, and engineering interests. Most of the staff are engaged in significant research and meaningful professional activities.

In general, the facilities and curriculum are satisfactory. However, the program should be strengthened as suggested in the following:

1. Every effort should be made to ensure that mathematics course work is taught by professorial-rank staff, many of whom have real interest in applied mathematics. The teaching of mathematics for engineering students by Mathematics Department graduate students is seldom satisfactory.

2. The Chemistry program should be strengthened by emphasis on instrumental analysis and physical chemistry in the quantitative analysis course.

3. The chemical engineering core experience should be strengthened by ensuring that all chemical engineering students take a significant amount of work in organic engineering materials and process dynamics, and additional course work in chemical-reaction kinetics. Also, the chemical engineering laboratory experience might be broadened and should include projects involving large-scale as well as small-scale equipment and involving greater emphasis of the design process.

4. A good course in economics should be included as a part of the required Humanities and Social Sciences program.

HISTORICAL MARKERS ON THE CAMPUS

In connection with Mrs. Johnson's suggestion about the acquisition of works of art, I should like to make this interim report on another kind of campus "decoration" (exclusive of the official markers on buildings). The Regents will remember that I have suggested a plaque for the entrance of the Academic Center listing all Regents from Ashbel Smith onward, and allowing room for the names of future Regents. This plaque is clearly historical; it will provide a running account--not now available in any state file--of the governance of the University from its beginning.

The principal markers and plaques now on the campus:

1. Littlefield War Memorial Fountain (1932-1933)

This memorial presented to The University of Texas by Major George W. Littlefield consists of a fountain and associated statuary. The statuary in its entirety was executed by Pompeo Coppini.

The fountain is symbolic of the perpetual flowing of American patriotism and American enlightenment. The associated statuary is of men most admired by Major Littlefield as America's great men.

Woodrow Wilson
James S. Hogg
John H. Reagan

Jefferson Davis
Albert S. Johnston
Robert E. Lee

This memorial fountain is dedicated to boys of The University of Texas who died so that American democracy might spread all over the world. It is located on 21st Street at its intersection with University Avenue. The statuary is located in the fountain and along the south mall.

2. Texas Memorial Stadium (1924)

This structure was conceived to honor the war dead of World War I. It is located along 23rd Street between San Jacinto Boulevard and Red River Street. Plaques are located at the various entrances and at the top of the north end inside of the stadium.

3. Texas Memorial Museum (1936-1937)

This museum was conceived --

"TO COMMEMORATE THE HEROIC PERIOD OF EARLY TEXAS HISTORY AND TO CELEBRATE A CENTURY OF INDEPENDENCE AND PROGRESS OF TEXAS AS A REPUBLIC AND STATE AND DEDICATED TO THE STUDY OF THE NATURAL SCIENCES AND CIVIC HISTORY."

4. Statue of George Washington (1955)

This first monument in Texas of The Father of Our Country was wrought by Pompeo Coppini. It was erected on the South Mall of the campus by the Texas Society, Daughters of the American Revolution.

5. Constitution Oak

This tree was planted on the north side of the east entrance to Main Building by the Colonial Dames of America in commemoration of the 150th anniversary of the establishment of the Constitution of the United States.

6. Santa Rita No. 1 Rig

This historic rig has been erected on a plot at the intersection of San Jacinto Boulevard and Trinity Street. The Samson post, the pitman, the walking beam, the bull wheel, and the band wheel were a part of the rig of the discovery oil well on University property. The well "blew in" on May 28, 1923.

The Story of Santa Rita No. 1 is related by public address facilities at the site every twenty minutes. There are three bronze plaques to cover the basic facts about the Santa Rita No. 1.

7. The Littlefield Home.

This residence located at the intersection of Whitis Avenue and 24th Street was constructed by Major George W. Littlefield. It is a striking example of early 20th Century residential architecture. This residence bears a Texas Historical Building Medallion.

8. The Old Library Building (1910)

This library structure was designed by a renowned architect--Cass Gilbert. It now houses the Barker Texas History Center honoring the memory of Dr. Eugene C. Barker. As its name implies, it houses a great wealth of historical material and the headquarters of The Texas State Historical Association.

This lovely building is located near Main Building at the head of the West Mall.

9. Cornerstone of the Original Main Building (1882)

The cornerstone of the original Main Building is on display on the east end of the loggia of the present Main Building.

An excerpt from the address of Ashbell Smith at the laying of this cornerstone on November 17, 1882, follows:

"The cornerstone of The University of Texas now about to be laid far surpasses in solemn importance and in weighty, widely diffusive and long reaching consequences, any cornerstone of any building hitherto laid, or likely hereafter to be laid, in the broad territory among the future millions of Texas."

This cornerstone bears the following inscriptions:

On the West Side

BOARD OF REGENTS
Ashbell Smith, Pres.
Thos. D. Wooten
Thos. M. Harwood
Smith Ragsdale
M. L. Crawford
James H. Jones
A. T. McKinney
E. J. Simpkins
A. P. Wooldridge, Secy.

On the East Side

F. E. Ruffini, Arch.
A. H. Cook, Cont.

On the South Side

University of Texas
November 16, A. D. 1882

10. Plaque from The East Wing of the Original Main Building (1898)

This marble plaque is mounted in the east wall of an ante-room just north of the reception room of the Chancellor's Office on the first floor of Main Building. It bears the following inscription:

BOARD OF REGENTS
1898

T. D. Wooten
F. W. Ball
W. L. Prather
G. W. Brackenridge

R. E. Cowart
T. S. Henderson
Beauregard Bryan
F. M. Spencer

J. L. O'Connor, Arch.
D. Mahoney, Contractor

11. Plaque of the University Building Era 1925-1937

This large bronze plaque is mounted on east wall of the front foyer of Main Building. It bears the following inscription:

"FROM 1925 TO 1933 THE UNIVERSITY AVAILABLE FUND WAS BY LAW DEDICATED MAINLY TO THE CONSTRUCTION OF BUILDINGS. A CONSTITUTIONAL AMENDMENT ADOPTED IN 1930 AUTHORIZED THE REGENTS TO BORROW FROM THE UNIVERSITY PERMANENT FUND FOR BUILDING PURPOSES. DURING 1933-36 FUNDS BY LOAN AND GRANT WERE RECEIVED FROM THE UNITED STATES GOVERNMENT FOR THE CONSTRUCTION OF SIX BUILDINGS. FUNDS FOR BUILDING WERE ALSO RECEIVED BY REQUEST FROM MAJOR GEORGE W. LITTLEFIELD, BY GIFTS SECURED FROM THE EX-STUDENTS' ASSOCIATION AND BY THE SALE OF A CENTENNIAL HALF-DOLLAR PROMOTED BY THE AMERICAN LEGION OF TEXAS. FROM THESE RESOURCES TWENTY-FOUR BUILDINGS WERE ERECTED."

12. Plaque Honoring the Memory of Leslie Waggener

This plaque is located on the second floor of the east wing of Main Building. It honors Leslie Waggener --

Chairman of the Faculty 1884-1894
President ad interim 1895-1896

13. Plaque Honoring the Memory of William Lambdin Prather

This plaque is located on the second floor of the east wing of Main Building. It honors William Lambdin Prather --

Member of Board of Regents 1887-1899
Chairman of the Board 1899
President of the University 1899-1905

14. Plaque Honoring the Memory of R. L. Batts

This plaque is located near the west, ground floor entrance to Batts Hall. It honors R. L. Batts --

Chairman of the Board of Regents 1930-1933

15. Plaque Honoring the Memory of S. E. Mezes

This plaque is located near the west, ground floor entrance of Mezes Hall. It honors S. E. Mezes --

President of The University of Texas 1908-1914

16. Plaque Honoring the Memory of H. Y. Benedict

This plaque is located near the west, ground floor entrance to Benedict Hall. It honors H. Y. Benedict --

President of The University of Texas 1927-1937

17. Plaque Honoring the Memory of Thomas Watt Gregory

This plaque is located in the foyer of Gregory Gymnasium. It honors Thomas Watt Gregory --

Regent of The University of Texas 1899-1907

Fall Semester Registration 1963-1964

Preliminary Report as of Close of Business on October 5, 1963

1. Comparison of registration for Fall Semester of 1963-1964 and Fall Semester of 1962-1963

	FALL SEMESTER 1963-64 (as of Oct. 5, 1963)			FALL SEMESTER 1962-63 (as of Oct. 6, 1962)		
	MEN	WOMEN	BOTH	MEN	WOMEN	BOTH
ALL STUDENTS:						
Architecture	329	19	348	311	16	327
Arts and Sciences	4890	4064	8954	4958	3968	8926
Business Administration	2716	483	3199	2793	468	3261
Education	256	1682	1938	261	1486	1747
Engineering	2210	8	2218	2248	8	2256
Fine Arts	257	494	751	264	444	708
Graduate	2309	659	2968	2044	546	2590
Law	1224	37	1261	966	25	991
Pharmacy	<u>472</u>	<u>87</u>	<u>559</u>	<u>487</u>	<u>97</u>	<u>584</u>
TOTAL	14663	7533	22196	14332	7058	21390

2. Registration by Mode of Admission, All Students

READMIT TO UNIV:	10850	5203	16053	10517	4647	15164
SECONDARY SCHOOLS:	1640	1099	2739	1750	1195	2945
Texas	1484	1000	2484	1609	1129	2738
Out of State	156	99	255	141	66	207
COLLEGE TRANSFERS:	2160	1222	3382	2053	1210	3263
Texas Senior	907	482	1389	815	519	1334
Texas Junior	621	387	1008	699	377	1076
Out of State Senior	615	303	918	523	256	779
Out of State Junior	17	50	67	16	58	74
INDIVIDUAL APPROVAL EXAMS, ETC:	<u>13</u>	<u>9</u>	<u>22</u>	<u>12</u>	<u>6</u>	<u>18</u>
TOTAL	14663	7533	22196	14332	7058	21390

Compiled in The
Registrar's Office
October 5, 1963



THE UNIVERSITY OF TEXAS
AUSTIN 12, TEXAS

SYSTEM OFFICES
CHANCELLOR

October 31, 1963

To members of the Board of Regents:

This is a season when each member of the Board receives more mail than anybody can be expected to read.

Despite this fact, I am sending you a copy of the "annual report" which I made to the General Faculty of the Main University on October 29.

This stated meeting of the Faculty and the annual report are long established customs. The meeting was preceded as usual by written questions submitted several days in advance.

All questions, except one oral inquiry after the session, were on the subject of integration. They dwelt on three points: (1) What has happened recently? (2) What can be expected? (3) What is the position of the Chancellor in this matter?

Two questions from the floor were on specific matters: the trimester system and the integration of intercollegiate athletics.

In general, the press quoted my comments accurately, but out of context. It is the context, therefore, that I would emphasize in circulating this report to the Board.

Harry Hanson

ANNUAL REPORT OF THE CHANCELLOR
TO THE GENERAL FACULTY

October 29, 1963

The "annual report"

Among American universities, annual administrative reports have become a universal but by no means uniform phenomenon. Some describe the university's operation during the previous year. Some serve as means of internal communication within the university. Some are acts of public trusteeship; others are devices of public advertisement.

At the University of Texas, both the substance and the format of such reports have varied. In 1963-64, it is clear that there is a primary need of defining policy and reporting fact to the University's several institutions. In the course of the year, therefore, special written and oral reports will be made to the faculties and their committees on topics related to development, faculty welfare, and future plans. These reports will be made in three major contexts: the progress of the University since the Report of the Committee of 75, the proposed operation of the University under the Ten-Year Plan (which will be reviewed and revised by the Board of Regents in meetings which begin with the November session of the Board), and the future prospects of the University in long-range terms--including the provisions of the report of the Governor's Committee of 25, expected next year.

The present discussion is addressed to fundamental issues of policy and administration which I believe to be of first consequence to the General Faculty now, and of immediate import to these operations of the University in Austin about which the Faculty has expressed special interest or in which the Faculty has regularly undertaken essential responsibilities.

Administrative organization

The unification of University administrative offices last spring returned to the organizational pattern which obtained for many years. This pattern recognizes the Main University in Austin as the focal point of the University System. Thus all general administrative officers will serve both for the Main University and for the institutions outside Austin. In this new organization, the Vice-Chancellor for Academic Affairs, Dr. Hackerman, and the System Adviser on Graduate Education and Research, Dr. Stone, will join the Chancellor and other officers of general administration in all activities of the Central Administration with the purpose of unifying our academic operation, clarifying our academic plans, and implementing joint programs of development concerned with the whole University.

The Vice-Chancellorship for Medical Affairs has been discontinued. Mr. W. D. Blunk has been approved by the Regents as Assistant to the Chancellor. He will continue to act as director of the Development Board staff until the development program is reorganized; thereafter he will serve as a member of the general administration to co-ordinate development projects undertaken directly by the Chancellor's office. Dr. John Meaney has been appointed Assistant to the Chancellor in charge of studies and developmental projects specifically concerned with new academic programs--especially those involving faculty committee studies in the several branches and communications projects involving interdepartmental, intercollege, and interinstitutional planning.

Studies of organization

During the year, organization and operation of certain administrative divisions and joint programs will be the subject of special study by faculty committees and the general administration.

The Regents have approved the Chancellor's proposal to reconsider the System-wide program in graduate education and research. Dr. Hackerman, Dr. Stone, and Dr. Whaley have already submitted tentative suggestions for this new program. The creation of new

graduate organizations in other state institutions; the establishment of independent graduate and research centers in metropolitan areas such as Dallas, San Antonio, and Houston; the activation of the University's Graduate School of Bio-medical Sciences in Houston; the studies of the Texas Commission on Higher Education; the prospect of the report of the Committee of 25; and the almost universal American emphasis upon graduate education and research all make clear the special importance of the University's plan in this field.

Focused more specifically within the University of Texas, but equally important in the educational development of the System, are the interdepartmental and "trans-discipline" programs already established or proposed. The new School of Communications, the several programs dealing with international studies, the tremendous development among the computer sciences, and the opportunities of co-operation among the natural sciences related to medicine are all of first consequence in these immediate plans.

Apart from regional and interinstitutional programs, perhaps the most significant development in American university organization in the decade is the special "institute" or "center." In most universities, these internal organizations have served as means of associating scholars with common interests but different departmental residence. They have sometimes been able to solve budgetary problems by pooling of resources; occasionally, they have been merely rhetorical means of academic promotion. They can be great intellectual assets; they may become sources of tremendous administrative confusion. The University of Texas has been both moderate and successful in the operation of such programs--including those of older foundation such as the Latin American Institute and those of newer promise, such as the center for the study of water resources. It is clear that there is a limit to the number of special institutes which any one university can support. It is equally clear that among these special developments there should be a unity of purpose related to the main purposes of a university.

Faculty participation

In more general areas of administration, representative faculty groups are essential both to correct perspective and efficient operation. On every score, the Faculty Council should be the University's central academic forum. Its long history of faculty representation and its present vitality are among the University's greatest assets. I would suggest only that in this period of transition it can become even more effective as a means of communication on all topics of joint concern to the faculties, the staff, and the administration.

Among the specific faculty committees, I would call particular attention to one. The Committee on Budget and Personnel Policy was appointed several years ago as a committee of counsel to the administration. Like the Faculty Welfare Committee, it has pursued its work with both energy and imagination. As university problems have changed, it has broadened its scope. Today it might better be named the Advisory Committee on Policy. Several points concerning its operation should be clarified. First, it is a representative committee. Second, it is strictly a faculty body; so far as I am aware, no member of the administration attends its deliberations except by invitation of the committee. Third, since it often considers personal issues or controversial matters or highly perplexed budgetary problems, it should be privileged to withhold information either out of respect for an individual faculty member's rights or in view of the general welfare of the University. Under the chairmanship of Professor George Watt it has proved both courageous and wise. I hope that the faculty will continue to use this committee as one of the major means of expressing faculty opinion, individual and collective.

Programmatic development

Throughout the country, development of university programs of instruction and research today receive more attention than at any earlier point in American history. It may be some comfort to discover

that all American universities--especially large state universities--seem to face the same problems. It is a comfort, but it is no solution.

For example, the whole public is stirred by the problem of the scientific development in higher education. There is the necessity of national defense. There is the obligation of national welfare. There is the astronomical cost (and the almost astronomical waste of useless duplication). There is the real--the very real--problem of institutional competition for prestige. There is the imbalance--often real, sometimes imaginary--between "science" broadly defined and the professions, arts, social sciences, and humanities considered as specific university disciplines.

I would suggest that the University is making steady progress not only in scientific development but also in whole-university planning. We recognize the importance of the sciences, not only as sciences but as one of the bases of our culture. We do not have here, and we must not countenance, unreasonable imbalances in salary. We do not have here, and we must not encourage, unequal opportunities in University-sponsored research.

This is not to say that we have found solutions to all the problems of federal support. It is not to imply that we have means of supporting every worthy cause. We must somehow gain wisdom in the uses of new and unusual subsidy of programs essential to the University. We must obtain funds for essential programs which have no present prospect of support, public or private. Let me add that the budget deans and their offices, including the affiliated internal foundations, have already demonstrated the necessary gumption and foresight to achieve these ends.

International studies

Among the prospects touching a great variety of departmental and personal interests perhaps the least clearly defined is that of international studies. There are so many semiofficial reports, muddled misquotations, and unofficial rumors in this field that I believe that clarity can be arrived at best in joint meetings of all

committees concerned with these programs and all administrative officers charged with budgetary responsibility for them. I expect to call such meetings.

One point needs clarification here, however. The Board of Regents has taken only one action and announced only one policy, general or specific, concerning international studies. Several years ago, the Board voted--on recommendation of the administration--that the University enter only those international programs essential to the academic progress of the University, with the understanding that our geographical location and those international programs already well established called for special emphasis on Latin America.

Undergraduate teaching

In the midst of so many specializations and in the course of necessary development of our graduate programs, the significance of undergraduate teaching may be obscured. It is heartening that within the faculty and administration and the Board there is no such obscurity. The development of the best possible faculty and the best possible facilities for freshmen and sophomores remains central to any ten-year or century-round prospect of the University of Texas.

Minority groups in the University

In planning for faculty and staff, in the improvement of the whole undergraduate experience, and in the development of graduate and research opportunities, we still face the local, state, regional, national, and international problem of minorities. On October 20, 1960, I addressed a general communication to the faculty which I think bears repetition today:

"Let me point out that the questions concerning minority groups are numerous, and some of them are exceedingly complicated. Like a great many other universities, Texas has confronted in the past quarter-century public and academic concern for 'integration' (a phrase now customarily used in special reference to American Negroes); rights and opportunities of foreign students of differing cultural, religious, and racial backgrounds; threats at various times of latent

or explicit anti-Semitism in America and elsewhere; withdrawal by or discrimination against certain Protestant denominations and sects with deep conscientious objection to certain standard American university practices; problems of Catholic students in certain social programs--including fraternities and sororities--and in certain instructional programs--including religious education; objections of non-Christian students generally to accustomed Christian formalities and rituals at university ceremonies and meetings; open conflict in recent years among non-Christian groups concerned about international developments outside this country; and (in my opinion, above and beyond these problems) the most important minority of all: the individual who according to conscience finds it necessary to assert himself against the regular order of the university community, the details of University regulations, and other customs and laws governing the society of which he is a part."

Since that time, the Board of Regents has received directly--or through the Central Administration--numerous objections, recommendations, petitions, and appeals concerning individuals and groups. The whole national situation, the condition of numerous Southern institutions in the Southern Association of Colleges and Schools, and the particular situations in Texas have tended to focus on the rights of the American Negro.

As the faculty knows, this issue was joined in a suit filed in the autumn of 1961 on the eve of a Board Meeting. I am neither eligible nor able to report to the faculty on the present state of this suit. I can report that without regard to it, the Regents during this period have abolished rules governing public areas in the dormitories, dining and visiting privileges, and other living-unit activities which the student body, the faculty, and the administration found unfair and unworkable. On recommendation of the administration, the Board has approved integration of the Texas Relays and the Longhorn Band and opened the facilities of the stadium to the whole university community.

I would make several other points of fact. No petition or recommendation from any source has been tabled permanently or removed from consideration in successive meetings of the Board. The next such meeting is scheduled for November 8-9. In this meeting, as in previous meetings since 1951, the Board will represent not a monolithic opinion, but nine separate opinions of public trustees who feel a joint obligation to the people of the state and the university as an institution.

I have been asked by members of the Faculty to comment on the function of the Chancellor in such deliberations. By definition, the Chancellor is the representative of the student body, the faculties, the staff, and the administration to the Board. Any Chancellor who fails in that representation on any point of definiteness, clarity, promptness, or emphasis neglects his duty. I have tried not to neglect mine.

By the same definition (the Rules and Regulations of the Regents), the Chancellor is the "executive officer of the Board." Certain areas of university operation are delegated to him, as are the formulation of certain policies. The policy concerning integration has not been delegated to the administration.

The office of the Chancellor is therefore an agency of communication. In that communication, I must add, the chancellor's lot is not always an easy one. However difficult it may be, I will continue to assure the faculty and all of its committees that every means, personal and official, will be used to represent their convictions fully and promptly to the Board. In continuing review of the problem at the November and later meetings, I will give the Board the same assurance of my prompt and full communication to the faculty.

It has sometimes been suggested that the main difficulty for such a communicator is his in-betweenness. It is clear that no chancellor could hold office--much less perform his duties--if he faced a sense of no-confidence among the hundreds of members of the

faculty. It is equally clear that his usefulness ends when he confronts a sense of no-confidence among nine members of the governing board.

There is a still greater difficulty than this necessary middle position in the University's process of communication and government. It lies in the obligation not to substitute personal conviction, opinion, or interpretation where official faculty recommendations and official Regental policies are involved. In the end, this is a matter of conscience.

Neither personal nor official conscience is something for the future tense. It is a daily imperative. Yet I for one could not confront this dailiness of obligation if I did not believe that the future of the University would be, must be, defined by the individual rights of each member of the student body, the faculty, the staff, the administration, and the Board. I could not believe in that future if I did not believe that each of those rights, founded in law but protected everywhere by what surely is still an American conscience, will be given the freedom which the Church, the State, and the University have always declared was the essential dignity of man.



OFFICE OF THE CHANCELLOR
THE UNIVERSITY OF TEXAS
AUSTIN, TEXAS 78712

Office copy
to the board

October 30, 1963

MEMORANDUM TO THE BOARD OF REGENTS

Judge Heath, Chairman
Mr. McNeese, Vice Chairman
Mr. Brennan
Dr. Connally
Mr. Erwin
Mrs. Johnson
Mr. Madden
Rabbi Olan
Senator Redditt

Although the enclosed report carries my name and that of the Central Administration, it is actually a staff study made by Larry Haskew. There has been no opportunity for the staff to review it in detail.

As usual, Larry has done a remarkable job of digging into facts and programs. I think that all members of the administration would agree that here we have (a) the makings of a first-rate revision of the ten-year plan and (b) valuable information about the financial prospect of the University (including the presentation of a clear set of alternatives about use of bonds).

In connection with discussion of these materials (and the "Ten-Year Plan" in its broader concept) on Thursday, November 7, I should like to have time to emphasize the importance of our programs in (a) the professions arts, social sciences, and humanities in balance with the sciences, (b) specific prospects of library development, and (c) some implications of the Plan for our Development office and activity.

Sincerely yours,


Harry Ransom
Chancellor

HR:np

cc: Miss Betty Anne Thedford

1964-65 BUDGET POLICIES AND LIMITATIONS

The second year of the biennium affords limited opportunity for additional improvement of salaries or expansion of services, because general revenue appropriations for that year are little changed from the amounts provided for the first year. With that situation in mind, it is recommended that the policies listed below be followed in the preparation of operating budgets for the year 1964-65.

1. Over-all budget totals, including reasonable reserves, must be limited to the funds available for the year.
2. Only selective salary advances should be provided for the teaching and professional staff.
3. Merit salary advances for classified personnel who have been in the position for at least six months should not exceed 1/2 of the total institutional staff.
4. New positions should be provided only where increased work-load justifies.
5. Maintenance, Operation, and Equipment items should be based only on such amounts as are needed, but increases are not to exceed 10% in total over amounts budgeted in 1963-64.

Justify all increases in Maintenance and Operation and Travel with performance type data. Prior year expenditures are not to be considered as adequate justification.

6. Travel funds are to be shown as separate line items.
7. All requests for Special Equipment must be supported with detailed description and justification.
8. Use of Available University Fund - Main University
For operating budget purposes, use of the Available University Fund is limited to \$3,185,000. (If either plan 1 or 2 is approved, this figure will be changed.) The Excellence Program is to be included in the Main University 1963-64 budget at \$1,500,000. The budget for the Excellence Program is to be presented with the regular operating budget. The format should be detailed by project and summarized by elements of institutional cost.

BUDGET CALENDAR

<u>Time Schedule</u>	<u>Annual Budget 1964-65</u>
November 9, 1963	Board or Executive Committee approval of policies
November 15	Draft of Budget Instructions
December 10	Executive Committee review of budget plan for each unit
December 20	Budget detail <u>due from Departmental Chairmen</u> to academic Dean (or Division Head)
January 15, 1964	Recommendations <u>due from Dean</u> (or Division Head) to Executive Head of institution
February 15	Draft copy (including summaries of budget) due from Executive Head to Central Administration
March 16 - 20	Budget Hearings with Central Administration
April	To Board of Regents
May 15	Auxiliary Enterprises Budgets due to Central Administration
June	Auxiliary Enterprises Budgets to Board of Regents

PROPOSALS AND SUPPORTING
MATERIAL

for

A REVISED TEN YEAR PLAN
for applying University Available Fund
resources to program improvement
and maintenance of present momentum.

Submitted to the
Board of Regents of The University of Texas
for consideration on
November 7, 1963

by
Chancellor Harry Ransom
and Central Administration

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An Overview

The materials submitted herewith have important content and embarrassing bulkiness. A terse overview may assist the Regents with their study.

A new ten-year span is viewed herein, from 1963-64 through 1972-73. During that period, conservative estimates indicate, the Regents will have a minimum of 86 to 90 million dollars in Available Fund resources to apply. Both long-range and year-by-year planning are indicated.

Two long-range Plans are presented as alternates. Both propose attainment of the same objects. They differ in calendar for achieving these objects, reflecting different schemes for using unencumbered Available Fund resources existent at the end of 1963-64.

Each Plan carries a built-in annual reserve which can be used to protect and to forward the proposed objectives year-by-year. This reserve ranges from \$6,000,000 to \$2,000,000 annually and averages \$3,000,000 each year. Each Plan proposes to maintain present program momentum and meet basic needs for physical facilities. Specific projects to accomplish this are identified, each to be weighed on its merits. Both plans propose a significant upward push in faculty salary levels at The Main University. Both also propose strategic investments in added stature as a graduate-research university system. Again, specific projects are identified.

To implement these objects, strategic selections must be made from among desirable projects. Physical facilities are seen as integral with people in maintaining momentum and in accelerating it. Also, implementation requires painstaking financial forecasts year by year. These forecasts clearly reveal that any advance is dependent upon utilizing Permanent University Fund Bond proceeds chiefly to provide physical facilities. In September, 1963 the University has outstanding principal due on Permanent University Fund Bonds in the amount of \$25,500,000. Plan One proposed would increase that to only \$37,000,000 in 1973; Plan Two to only \$41,000,000.

A tabular financial picture of the two Plans completes the overview.

FINANCIAL SUMMARY		
	Plan One	Plan Two
1. Available Fund Usable Resources	\$86,000,000	\$90,280,000
2. Proposed Applications		
a. To Main University Operating Budget	\$63,380,000	\$62,475,000
b. To Capital Outlay (facilities)	20,767,000	24,056,000
c. Total Expenditure Applications	\$84,147,000	\$86,481,000
3. Per Cents of Expenditure Applications		
a. To Main U. Operating Budget	75%	72%
b. To Capital Outlay, Systemwide	25%	28%
4. New PUF Bonds Issued	\$36,000,000	\$42,000,000
5. Gross Expenditures including PUF Bond Proceeds	\$120,147,000	\$127,531,000
6. Beginning Ten Year Plan Reserve 9/1/64	\$1,900,000	\$6,225,000
7. Closing Ten Year Plan Reserve, estimated 8/31/73	\$2,560,000	\$4,583,000

A REVISED TEN YEAR PLAN

October 15, 1963

Following are analyses and recommendations submitted by Chancellor Ransom and the officers of Central Administration for consideration by the Regents.

Nature and Limitations

This is one of a continuous series of revisions in a Ten Year Plan first adopted by the Regents in September, 1960. The original Plan was made to be revised. In adopting it, and in adopting revisions, the Regents have specified that they approve a document which is only a tentative, flexible guide. Any element of the Plan is made effective only by subsequent specific action of the Regents. However, the Plan does fix until it is revised a strategy and policy to be followed by the administration as directed by the Regents.

For clarity, it seems desirable to submit a complete document rather than one addressed exclusively to revisions proposed. Most of its substance is drawn from the original. New or changed elements are identified as such. For assistance in arriving at decisions, some projections are extended through 1972-73.

This document, in common with the original, is not a ten year plan for comprehensive development of The University of Texas System. It is addressed to only a small portion of such planning. Specifically, it is a Ten Year Plan for applying the Available University Fund plus matching grant funds from Federal agencies. It is more than financial, however. It proposes the achievement of certain program purposes as expenditures are made from the Available Fund.

I. ESTIMATES OF FINANCIAL RESOURCES

Before tentative allocations for expenditures can be proposed, decisions must be reached upon the financial base on which they are erected. In this plan, concern is with only three sources of funds.

General Revenue Appropriations for Teaching Salaries Only. The size of this each biennium determines the amount from Available Fund cash which must be used to attain a target level for Main University faculty salaries. The estimates proposed for use are:

1961-62 (actual)	\$ 8,078,963
1963-64 (actual)	9,920,000
1964-65 (actual)	10,000,000
1965-66	11,500,000
1966-67	11,600,000
1967-68	12,750,000
1968-69	13,000,000
1969-70	14,500,000

Obviously, such forecasting deals with imponderables. The "estimates" are merely projections of the past 10 years into the future, with some reduction. The hope that they are much below what will transpire is strong, and the chance that they are not too large is perhaps even. Similarly-based forecasts made in 1960 proved to be only \$80,000 below the actual appropriation for 1963-64.

Available University Fund Usable Income. The University of Texas share of the Available Fund can be estimated with reasonable accuracy, judging by the experience of the past ten years. Here also, many imponderables exist, but conservative forecasting offers some protection.

Not all of the income is usable for purposes of this plan, however. Some must fund the Central Administration operating budget each year. A sizeable amount each year services Permanent University Bonds issued through July 1, 1963.

Proposed estimates of Available Fund usable income follow. The figures do not include Unappropriated Balances brought forward from preceding years. Estimates used are those prepared previously in connection with prospectuses for Permanent University Fund Bond issues. In each of the past seven years, actual realizations have exceeded these estimates by 6 to 8 per cent. For information to the Regents, Column 5 shows the cumulative effect of a 3 per cent over-realization each year in the future. However, Column 4 contains the proposed amounts used in preparing the plan submitted herewith.

AVAILABLE FUND INCOME AND USABLE

INCOME ESTIMATES (in thousands of dollars)

	1. Total University Share	2. Deduct for Cent. Adm.	3. Deduct for Service on Prev. Bonds	4. Usable Income	5. Cumulative Amounts of 3% Increase
1963-64	10,011	325	2,233	7,454	(300)
1964-65	10,300	325	2,274	7,702	(610)
1965-66	10,700	350	2,253	8,097	(931)
1966-67	11,100	350	2,193	8,557	(1,264)
1967-68	11,500	375	2,278	8,846	(1,610)
1968-69	11,900	375	2,256	9,269	(2,167)
1969-70	12,100	375	1,638	10,087	(2,530)
1970-71	12,300	375	1,628	10,299	(2,899)
1971-72	12,500	375	1,632	10,493	(3,274)
1972-73	12,700	375	1,620	10,705	(3,655)

It is repeated that the figures in Column 4 are in addition to Unappropriated Balances brought forward. For the 1963-64 Available University Fund budget \$750,000 was estimated to be brought forward. In effect, at least this amount can be counted on as operating margin in each year as a carry forward item in addition to the Column 4 amounts.

These estimates constitute one reason for revising the 1960 Ten Year Plan. In 1959-60, The University was just beginning its experience with transfer of some Permanent University Fund investments to equities. Further, great uncertainty existed on the future of oil production allowables and what, if anything, would be added to the PUF from lease sales and bonuses. Wisely, estimates of future income were kept extremely conservative. For examples, the book value of the Permanent Fund in 1962-63 was estimated to be \$379,000,000 against a realization of \$383,600,000; average yield was estimated at 3.34 per cent against a realized 3.50 per cent; net income to the University was estimated at \$8,800,000 against a realization of approximately \$9,800,000. The 1960 estimates were recommended as a safety precaution in making continuing commitments; annual surpluses could be used by the Regents to enrich the basic plan. This meant, however, that long-range improvement efforts were restricted. In 1963-64 it is proposed that still conservative estimates can be used to undergird more upward movement of permanent nature. A comparison of the 1960 estimates and those now proposed is presented in the following tabulation.

COMPARISONS OF 1960 AND 1963 ESTIMATES

(in thousands of dollars)

	1960 Estimates			1963 Estimates (actual through 1963-64)		
	Book Value Perm. Fund	Yield %	Net UT Income	Book Value Perm. Fund	Yield %	Net UT Income
1961-62	363,200	3.28 %	\$ 8,296	366,000	3.31 %	\$ 9,239
1962-63	379,600	3.34	8,800	383,600	3.50	9,814
1963-64	396,000	3.39	9,290	403,161	3.59	10,011
1964-65	412,400	3.43	9,764	410,000	3.65	10,300
1965-66	428,800	3.46	10,218	420,000	3.71	10,700
1966-67	445,200	3.48	10,648	430,000	3.76	11,100
1967-68	461,600	3.49	11,054	440,000	3.81	11,500
1968-69	478,000	3.50	11,460	450,000	3.86	11,900
1969-70	494,400	3.50	<u>11,836</u>	456,000	3.88	<u>12,100</u>
Totals, 1963-64 through 1969-70			\$74,270			\$77,611

(Net UT Income includes grazing lease rentals. Management expenses have been deducted.)

Note that for safety in the 1963 estimates the annual increments to the Permanent Fund after 1962-63 are reduced to \$10,000,000, in spite of a preceding 3-year average of \$19,000,000 a year. Despite this extra precaution, \$3,400,000 more seems safely usable 1963-64 through 1969-70 than was employed in making the 1960 Plan.

Construction grants from Federal Government Sources and University-Related Private Foundations. To carry out the construction program proposed for the Medical Branch, Southwestern Medical School, and M. D. Anderson Hospital and Tumor Institute will require sizeable grants from local private foundations. The requisite grant from the Sealy and Smith Foundation is committed, sizeable commitments to M. D. Anderson are also existent, but approximately \$1,000,000 more must be secured; Southwestern Medical has some assured private grant funds with the remainder in reasonable prospect. The proposed Plan is based upon only these private gifts. Other areas of comprehensive planning for development will rely heavily upon additional private gifts. Please note especially that this plan does not utilize the private gifts so imperative for advancement in non-construction areas of program, nor is it addressed to acquisition of facilities and libraries through private gifts, another important area of long-range planning. Chancellor Ransom will present proposals for those areas at a later date.

In the specific construction projects proposed in this plan, realistic estimates of Federal funds in prospect have been included. Obviously, none of the amounts are assured. Without them, some proposed construction projects cannot go forward. However, prospects have been based only upon existing legislation. Federal funds beyond those contemplated might become available if pending proposals before Congress go through. It is proposed that, in general, The University take advantage of all Federal assistance on construction made available under satisfactory terms. It is quite possible that under the policy considerable Available Fund money can be released from construction costs presented herein.

This plan does not include construction, or grants therefor, at South Texas Medical School or the Graduate School of Biomedical Sciences at Houston since it is concerned primarily with uses of the Available Fund.

II. APPLICATIONS OF USABLE AVAILABLE FUND INCOME

Subsequent sections of this document will present details of the proposals using the format of standard budgetary presentations and of the existing Ten Year Plan for comparative purposes. It is necessary at this point to give a summary preview as a basis for understanding the recommendations made.

Annual (and tentative) applications of AF Usable Income (defined on page 2) are recommended for four types of objects:

- A. Reserves
- B. Maintaining present status.
- C. One upward push for faculty salary levels.
- D. Selective advancement toward research-graduate eminence

A. Reserves. Object here is to have in each year a sufficient sum of Available Fund resources (over and beyond the normal operating balances of \$750,000 or more) to (1) protect against over-estimates of General Revenue appropriations, (2) protect against inflated costs for projects recommended, (3) protect reasonably against disasters, and (4) afford the Regents and administration line opportunity to make additions to the long-range plan as situations change. It is recommended that this reserve never be less than \$2,000,000 in any year. The method of calculation used, it should be noted, does not include in the reserve or elsewhere any increases over estimated receipts; in practice, these would be added to the Reserve for any given year. It is contemplated that Regents will make appropriations from the Reserve almost every year; in fact, this can account for major additional advances after 1968-69. But, the Reserve establishes a basis for continuous prudence.

B. Maintaining present status. As a direct consequence of the existing Ten Year Plan, the entire University of Texas System is moving forward and meeting needs for buildings, for personnel, for improved performance, and for some specific new ventures. Relative to what should be, this status is far from pleasing. Relative to the past, it is encouraging and meritorious. Its dynamics must not be lost. Hence, the plan presented herewith proposes continuation of an austere but reasonably adequate building program at all component institutions, staying abreast of needs. It also proposes continuation, but in some instances with less Available Fund support, of most of the academic aspects of the present Ten Year Plan. To do this will require annual Available Fund amounts ranging from \$2,700,000 to \$3,500,000.

C. One upward push for faculty salary levels at The Main University. Presently, Available Fund additions to General Revenue appropriations for Teaching Salaries Only are categorized under (B) above. The proposed revision would pull them out for extra attention with one goal suggested: over a two year span raise the level (average salary figure) to a point certain to be above the median in state university members of the Association of American Universities, and hold to at least this level in subsequent years. The years to do this, if at all, will depend upon a decision described in Section III. To provide this push, if started in 1964-65, would require \$2,346,000 total from Available Fund that year, and amounts of \$2,746,000 to \$1,278,000 in succeeding years. These figures include continuation of the present additions. The debatable point is when to start, occasioned by the AF income picture.

D. Selective advancement toward research-graduate eminence. Described in detail later, this "package" takes some elements now categorized as Excellence Fund in the present plan, expands them somewhat, and adds new elements to accomplish recognizable strides forward over the next five years. From \$2,670,000 in 1964-65 up to \$3,900,000 in 1969-70 would be required from the Available Fund for this package.

To Summarize:

A. Reserves	At least \$2,000,000 each year
B. Present Status	\$2,700,000 up to \$3,500,000 yearly
C. Salary Levels	\$2,346,000 to \$1,278,000 yearly
D. Research-Graduate	\$2,670,000 to \$3,500,000 yearly

What has been referred to in the past as "Main University Operating Budget" and "Excellence Fund" are included above. For purposes of legislative appropriation requests, it is recommended that the "Excellence Fund" heading continue in use, but in Regental planning for expenditures The Main University Budget would be considered as a unified whole. Also included above are the categories now labeled "Buildings" and "Program Expenditures." In brief, all recommended applications of Available Fund Usable Income are included.

III. DETERMINATIVE POLICY DECISIONS INVOLVED

The plan presented rests upon tentative assumptions of policy which only the Regents should determine. This section attempts to make some of those explicit for consideration.

1. Federal funds. Use of grants for construction is contemplated, always with a proviso for acceptability of terms and sane balance. Is this assumption to be used as policy in planning?

2. Main University Enrollment. Current head count is 22,196. Assumption is that this will approximate 25,000-26,000 in 1969-70; no more than that, fewer if feasible. The Regents further tentatively defined this policy in October, 1962, to include (a) no change for the present in Admission Test cutting points, (b) seek to hold Lower Division (freshman and sophomore) enrollment constant at ~~6,000~~ ^{10,500} or lower, (c) accept and encourage increases in qualified students at Junior and Senior levels, (d) make marked increase in Graduate enrollment. Thus, The Main University would remain a major institution for freshmen and sophomores, but become distinctive as an Upper Division-Graduate center. Changes in retention standards were made as one step toward these goals.

Preliminary analyses of Fall 1963 enrollments are encouraging. Admissions from high school totaled 2,739 against 2,945--fewer by 206. Combined freshmen-sophomores will be well above the target figure of ~~6,000~~ ^{2,500}, but show no increase. New retention standards do not take effect until this year. Graduate enrollment increased by 470, from 2,590 to 2,968. This accounts for 55 per cent of the total Main University increase. Even with the 20 per cent jump in Texas high school graduates impending for next year, it appears that admissions from high school will not exceed appreciably the 3,000 set as a desirable ceiling.

Are these goals the ones that a Ten Year Plan should envisage?

3 Provision of classroom, teaching laboratory, and faculty office space. In projecting future classroom and teaching laboratory construction, three factors enter: (1) enrollment policy, (2) distribution of class sections throughout the day and week, (3) extent of single-use space. Assumed enrollment policy has been described above. Policies on scheduling and limitation of "reserved" space in the proposals submitted are assumed to be extensions of the present ones. Specifically, scheduling will insist upon significant utilization of classrooms and laboratories in late afternoons, at night, and on Saturday mornings. This causes some inconveniences and considerable complaint, but the total situation is defensible. Adherence to this policy means relatively little new classroom-laboratory construction between 1964 and 1969. On the other hand, if Main University and Texas Western were to achieve the same low degree of classroom utilization reported by the Median Texas college in 1962-63, some \$4,000,000 to \$5,000,000 more than is proposed would be necessary 1964-69 for classroom and teaching laboratory construction. Shall the prevailing policy be continued?

Faculty office space, unfortunately, presents a less-rosy picture. Reference here is exclusively to faculty offices used in connection with faculty membership--not offices for research projects, developmental and service operations, graduate student headquarters, and so on. In Fall, 1963 Main University has 200 people housed in offices with two or more additional occupants. In some departments, lack of office space is a serious deterrent to necessary faculty recruitment; in still more it is a serious deterrent to faculty efficiency. Size of faculty is only partially related to total enrollment; Main University and, to some degree, Texas Western must expand faculty size (head count) much more than they expand enrollments. In the proposals made, it is assumed that faculty office space should average 90-100 sq. ft. per person (e.g. Two faculty members occupy a 12' x 15' office). This is much lower than recommended standards, but represents considerable change from the present. Is this reasonable and proper?

4 Use of Permanent University Fund Bond proceeds for construction. Continuation of the policy adopted in 1960 for the Ten Year Plan is recommended. This policy can be summarized thus: (1) project estimated Available Fund expenditures for construction on the assumption that bonds will be issued for all eligible projects, but (2) anticipate accumulation of reserves in Available Fund cash which the Regents may decide to substitute for bond issuance from time to time, and (3) issue bonds only as they are actually needed to defray construction costs during an ensuing year, investing the proceeds promptly to secure maximum interest. This policy was adopted for just one purpose--to free Available Fund cash for application to non-construction objects such as faculty salaries, Excellence Fund, library improvement, and support of research. An indication of the results secured by this policy is indicated by the following:

1. Cost of Ten Year Plan Construction Projects, completed 1960-1963 with PUF bond proceeds (Law School, Gregory Gym and Engineering-Sciences)	\$9,450,000
2. AF cash used to defray bond service on these bonds, 1960-1963 (Series 1961 and 1962)	<u>1,150,000</u>
3. Difference, 1-2	<u>\$8,300,000</u>
4. AF cash appropriated to Main University Operating Budgets (incl. Excellence Fund) 1960-61, 1961-62, 1962-63	\$11,643,000
5. Subtract line 3, assuming construction projects paid for with AF cash	<u>-8,300,000</u>
6. Amount remaining which could have been applied to operating budgets (compare with Line 4)	\$3,343,000

Without the use of bond proceeds for construction during this period, two alternatives would have been confronted: either not construct the buildings, or write the Main University operating budget at only \$1,100,000 a year above the legislative appropriation. Obviously, an interest charge is paid for using bond proceeds; over 20 years, \$334,000 on each \$1,000,000 of proceeds received (based on 1962 and 1963 bond sales). No one wants to incur such charges unless they constitute wise and prudent investments of the Available Fund. For that reason, the policy now prevailing in connection with the Ten Year plan is that bonds are issued only when the program advances and continuing support purchased with Available Fund cash are considered by the Regents to be worth more than the interest charges created thereby. Available Fund cash is spent for construction (some \$3,000,000 on Ten Year Plan projects alone in 1960-63, for example), and annually the Regents review the status of reserves on hand vis a vis future program commitments as they determine the wisdom of authorizing issuance of bonds. However, the present Ten Year Plan is built around forecast of using bonds instead of cash for most construction since in no other way can sufficient sums to improve the program be in sight. If they are not in sight, planning for faculty enrichment, for example, becomes impossible except on a year-to-year basis. Yet, if Available Fund cash reserves do accumulate, projected bond issues can be replaced by cash reserves at the discretion of the Regents.

The proposals submitted rest upon continuation of the policy described above. If a different policy is considered wise by the Regents, quite drastic revisions may be necessary in non-construction expenditures proposed as well as in construction projects recommended.

5. Application of existing reserves. This is the key question with relation to the revisions proposed. In essence, the "new" elements recommended will over-tax the Usable Income (p. 5) estimated for the Available Fund in the years 1964-65 through 1968-69 if safe amounts of uncommitted funds are retained each year. After 1968-69, they can be accomplished with something to spare.

Therefore, we present two Plans, as alternates. One rather completely postpones the salary push and the graduate-research package until current Usable Income amounts are sufficient to cover them. Some advance can be made, but very little until 1968-69.

The second provides for immediate (1964-65) start on the "new" elements, and proposes to fund them by partial use of accumulated cash reserves from the Available Fund.

As has been noted, actual income to the Available Fund has exceeded Ten Year Plan estimates each year. Expenditures from the Available Fund have been less than Ten Year Plan estimates. As a result, \$4,325,000 not immediately used was accumulated. In accord with custom, this was appropriated to three future building projects in order to clear it from Available Fund Unappropriated Balances on financial reports. Each of these buildings had been scheduled for construction from bond proceeds; when cash appropriations therefor were made it was pointed out to the Regents that subsequent replacement with bond proceeds was possible at their discretion. In addition, the Ten Year Plan itself called for setting aside an annual Ten Year Plan Reserve. This now amounts to \$1,000,000. Still further, of the \$3,000,000 Available Fund appropriation for "New Construction, etc." in 1963-64, at least \$900,000 will be uncommitted at the end of the year. To summarize the accumulated reserves:

Approp. to Biological Sciences Research Building	\$1,375,000
Approp. to Thompson Conference Center	700,000
Approp. to Will C. Hogg Geology Building	2,250,000
Ten Year Plan Reserve	1,000,000
Rem. from 1963-64 New Construction	900,000
Total	\$6,225,000

The issue is whether some (not all) of the cash now appropriated to the three buildings would be more wisely invested in immediate program advancements. The administration recommends that this be done. Obviously, however, the Regents cannot judge the merit of this recommendation without weighing the details of difference between Plan One and Plan Two. These proposed plans are now set forth.

IV. THE PLANS PROPOSED

Before presenting financial summaries it seems desirable to describe each project included. (For further information, appended is a separate list of projects seriously considered but not proposed, with reasons therefor). Following the Project List are two Summary Tabulations for convenient reference. Following those are (1) A Project Comparison of the Two Plans, and (2) A Financial Comparison of the Two Plans. The latter is supported by a series of explanatory schedules.

MASTER PROJECT LIST

This list includes all projects, those in the present Ten Year Plan and proposed new ones. Letters preceding project numbers are used to identify projects with p. 4 objects:

- B. Maintaining present status
- C. Upward push for faculty salary levels
- D. Research-Graduate package

IV(A). Main University Operating Budgets

B1. Priming Investments. \$300,000 per year. In present Excellence Fund. Used as "starter" support for new ventures which can later be financed from other sources. This fund, for example, started the Computation Center; it can be used to underwrite temporarily a research center for water resources or a special enterprise to improve teaching in freshman mathematics. Generally, such investments bring grants or legislative support later.

B2. Divisional Effectiveness. Starts at \$500,000 in 1964-65 to \$300,000 in 1966-67 and thereafter. In present Excellence Fund. Very carefully applied to support departmental ventures aimed at improved teaching and enriched programs; very little research is involved, but support is for improvement projects--not regular operations or salaries for faculty members.

B3. Institutional Effectiveness. \$800,000 (1964-65) to \$1,000,000 (1966-67 and thereafter) per year. In present Available Fund appropriation to regular Main University budget. One particular new object is to establish and maintain an Office of Institutional Studies for management studies and research on University operations system-wide. Funds in this category make up the well-known deficiencies in General Revenue appropriations delivered by formula for instructional administration, departmental maintenance and operation, general institutional expense, and similar categories.

C4. Salary Level Push. Amounts differ between Plan One and Plan Two. Some salary-level money is presently carried in Available Fund appropriations for regular Main University operating budget. This proposal would, at some point in time, increase the amount sharply. One end is in view--for once, get Main University average faculty salary level above the median of AAU state universities. Doing this would be more than an exercise in equity; it would give Main University all sorts of commendation in such publications as those of the AAUP and create in academic circles a reputation that would long persist. Recruitment and retention would be aided significantly thereby.

To start this in 1964-65 and complete it in 1965-66 (Plan Two) would raise the average salary level from \$9,465 in 1963-64 to \$11,000 in 1965-66. Available Fund allocation for this purpose would increase from \$1,451,000 in 1963-64 to \$3,243,400 in 1966-67, decline thereafter. In making this increase it is contemplated that (a) much of it will be allocated to individuals on a basis of merit, but (b) some scale increases would be necessary in some ranks, always excepting non-deserving individuals, and (c) the amounts of increase in average-salary-level in the various ranks would be adjusted to give us the best competitive advantage. The important fact is that in 1965-66 it could be stated that the Main University is at last in the top echelon of AAU state universities.

Calculations on the feasibility of such a move are displayed in Supporting Schedule 1, page 28. It appears that the targets set forth cannot be achieved by 1965-66 unless some of the existing reserves (see page 7) are applied thereto. Plan One abandons this object for the immediate future and proposes that it be contemplated for 1967-68 and 1968-69. Salary-level assistance from Available Fund until then would be calculated to maintain the present competitive position, barring unprecedented increases in General Revenue. But, by 1968-69 all trends indicate that the competitive average salary level would be \$12,300 instead of \$11,000 in 1965-66, calling for a push larger than the one in Plan Two.

In both Plan One and Plan Two these facts prevail: (1) Modest increases in faculty size are included, reflecting only the expected gross increase in enrollment and the expected shift to higher proportions of class sections at junior, senior and graduate levels. This shift will lower students-per-teacher ratio from the present 17.5-1 to 16.5-1. But, these projections do not include the additional individuals necessary to get to front rank in graduate-research capability. (2) The gross salary amounts include an amount for conducting an expanded-enrollment summer session, but do not include the \$2,000,000 to \$2,500,000 increased annual cost of operating on a trimester system. (3) The salary targets will not hold us in competitive position; the proposal is to use Available Fund to get to a dollar-average and hold there; additional advances would have to come from increases over the estimated General Revenue appropriations. Neither would the targets put us equal competitively with California, Michigan, Harvard, Chicago, Wisconsin et al; we would be in the top twenty perhaps, but hardly among the top ten. The Available Fund can do no more, apparently.

D5. Research Faculty. Annual amounts differ between Plan One (\$200,000 up to \$600,000) and Plan Two (\$500,000 to \$600,000). Modest expenditures of this character are presently made from Available Fund appropriations to regular Main University operating budget. This is a key proposal for attaining graduate-research status in all fields--the humanities, social sciences, natural sciences, professional school divisions. The money would be used to pay the salaries of additional (to what is contemplated in C4) individuals added to the faculty. These individuals will be both teachers and research scholars. As at present, nearly all Graduate Faculty members will continue to teach undergraduates, but most selected persons will teach fewer sections at the undergraduate level, devote 25 to 50 per cent more time to research and the accompanying training of doctoral and post-doctoral students. The number of undergraduate sections taught by "top scholars" will actually increase. Likewise, research time per Graduate Faculty member will increase. Selection of departments and individuals to receive these additions will be made with utmost care; no blanket reduction of teaching load is contemplated. For years, advocacy of this sort of move has come vigorously from evaluative groups outside and inside The University as the essential prerequisite to providing a graduate university. The latest recommendation from our Graduate Council makes a convincing case for the expenditure of more than \$1,000,000 a year on salaries for this purpose. Plan Two proposes a decisive and influential move at once; Plan One would provide little improvement over present status until 1966-67. It is pointed out that the pressure for research in the absence of permanent faculty-expansion funds, results in overloading not only the Graduate Faculty member but also the teacher of undergraduates who inevitably gets saddled with the teaching load left by those who "go half-time on research assignment."

D6. Adding Major Eminence Fields. In Plan One, annual amounts from \$200,000 in 1965-66 to \$800,000 by 1969-70. In Plan Two, start in 1964-65 with \$200,000 up to \$800,000 by 1966-67. This project continues, but makes more explicit and more intensified, a policy consciously adopted after the recommendations of the Committee of 75. Currently, some \$75,000 to \$100,000 a year of the Available Fund appropriation to the regular Main University budget and the Excellence Fund is devoted specifically to this purpose. The rhetoric is this: The Main University has some nationally eminent departments. It needs a few more. It has some near-eminent which, with deliberate strengthening, can achieve eminence. Since there is not enough Available Fund money to underwrite eminence for all strategic divisions, choose three or four and concentrate enough money thereon to secure real advance. Private funds and legislative appropriations may be secured to add others to the list, but reasonable certainty for three or four is preferable to mild advances across the span of ten or twelve candidates.

This policy was applied to Linguistics, Philosophy, Classical Studies, and Nuclear Physics with gratifying results. At the same time such eminent departments as Chemistry, Zoology, Accounting and Law continued their upward movement, and other divisions such as Mathematics, Microbiology, Engineering, and Educational Psychology made rapid strides toward near-eminence. Now it is proposed to intensify this approach for:

1. Computer Science (this spreads from the upper reaches of mathematical theory, through information storage and retrieval (Library Science), through linguistics, through Psychology, through applied research in Business Administration and all of the natural sciences. In effect, this is a science of electronic extension of the human brain. Main University is very near eminence in many sub-fields of this science now, could emerge quite soon not only in this field but also in several sciences dependent upon this one).
2. Theoretical Physics. (Here we depart from the near-eminence criterion in one sense; this specialty would be a de novo effort largely. But, closely allied components are already strong--Mathematics, physical and mathematical sections of Chemistry, the biological sciences, Engineering. Because Theoretical Physics is essential for eminence in almost all scientific fields and because its cost is chiefly for personnel, not physical facilities, it is nominated).
3. One social science or humanity. (Choice would be made about 1965-66 in terms of achievements and strategic positions at that time).
4. Perhaps astronomy. (Developments over the next two or three years would determine).

The Available Fund allocations proposed are for personnel and other operating budget items. These must be accompanied by some Capital Outlay amounts for physical facilities; such amounts are proposed in subsequent items. For personnel expenditures, it is necessary to carry forward the initial acquisition cost into future years in calculating obligations of the Available Fund, and this has been done. In practice, of course, such expenditures would appear as regular budget entries--not as a special fund. The estimates used are probably sound in total amount, but the years in which expenditures will be made must vary with the success in hiring real talent; the sums indicated would not be spent simply because they are allocated.

D7. Library Services. Annual amounts of \$700,000 (1964-65) up to \$1,000,000 (1966-67). This item is a component of present Available Fund appropriation to Main University operating budgets and Excellence Fund. The formulae for library costs have never recognized the Main University library as a major operation, much less as a regional research-serving enterprise. The amounts proposed are minimal to achieve the kinds of personnel services and materials a graduate university must have; they are at least \$500,000 per year lower than graduate-research eminence will require. (Not included here are matching amounts to secure library collections; those appear under Capital Outlay).

D8. Research Grants. Annual amounts starting at \$600,000 in Plan One; \$800,000 in Plan Two. These are the same as those originally contemplated in the Ten Year Plan, but current level is much lower (some \$220,000 from Available Fund sources). Again, this is a highly strategic item, especially for the social sciences, the humanities, professional divisions such as Business Administration, and the College of Fine Arts. Younger faculty members are afforded an opportunity to establish themselves for consideration by outside granting agencies; junior-level researchers are trained; established faculty members can undertake creative work without waiting for some agency to confer a program including it; individual research can balance somewhat the financial emphasis on project research. The record of achievements under the very limited program of the University Research Institute over the past three years is most encouraging. With some real money, the research potential of the Main University could rise significantly. In one sense this is "seed corn money" for outside support of major research, but it is also a University counter-balance to governmental research. None of these funds go to increase salaries of faculty members; most grants are of very modest size and go for assistants, materials, gathering data, securing computer time, and similar costs. While there would be no prohibition against certain fields because of existent outside support, confident expectation is that the majority of these funds will add research and doctoral-training stature in the humanities and social sciences.

D9. Scholar Acquisition. Annual amounts proposed are much smaller than they should be; \$250,000 to \$350,000. It is essential that these funds be tripled or quadrupled; private gifts, legislative appropriations, and governmental grants will be sought vigorously. Three specific objects are comprehended: (a) Annual supplements for such positions as the Ashbel Smith Professorships. (b) Extras necessary to bring, or hold, an outstanding faculty scholar's complete team. This would occur very sparingly, but in some instances it is essential. (c) Stipends for doctoral students with outstanding scholarly prominence. No graduate work ever rises much higher than the caliber of its top students; in today's academic world it is necessary to support these students to get them.

(The numbers 10-19 are unused, to facilitate insertion of new or revised projects desired by the Regents.)

II(B). Capital Outlay at All Component Institutions

MEDICAL BRANCH:

B20. Present "Five Year Plan". Details have been covered in recent documents and are not repeated here. Total costs, \$8,700,000. From University of Texas, \$1,100,000 in Available Fund cash and \$2,000,000 from PUF bond proceeds.

B21. Library Building. 1969T 40,000 sq. ft.; \$1,000,000 total cost; University share \$500,000 PUF bonds. (This and all other building projects with date of 1968 or later are tentative indications of likelihood, carried herein acquaint the Regents with presumable needs. The "T" after a date signifies that adoption now does not indicate intention).

B22. School of Nursing Building. 1968T. 60,000 sq. ft., \$1,250,000 total University share \$600,000 PUF bonds. Administrative space for Medical Branch included in estimate; may be separate structure, made larger by gifts.

B23. Miscellaneous Remodeling. 1969-73T. \$400,000 total, Available Fund cash. Estimated amount is pure guess.

M. D. ANDERSON HOSPITAL AND TUMOR INSTITUTE

B24. Added Wing. To be financed entirely from gifts and grants. Exact size and nature dependent upon funds available, but \$5,000,000 to \$6,000,000 addition has tentative approval of Regents. 1964 is hoped-for date.

B25. Other Projects. Additional space needs are inevitable 1966-73, but no definitive plan has been agreed upon. However, it is assumed that capital outlay will be from sources other than the Available Fund and PUF bonds.

DENTAL BRANCH:

B26. Addition. 1968T. 70,000 sq. ft., \$2,000,000 total, University share \$1,000,000 PUF bonds. By 1967, the state will face a decision to establish another Dental School or add to the student capacity of the Dental Branch. If a new school is established, under present legislation the capital outlay funds must come from non-University sources. To add 50 students per class to present Dental Branch, estimated plant cost is minimal (present building cost \$5,900,000 in 1955).

SOUTHWESTERN MEDICAL SCHOOL:

B27. Current Plan, consisting of (A) Research Laboratories additional to Danciger Building, \$1,100,000; (B) Library Unit, \$600,000; (C) Animal Building, \$450,000; (D) Auditorium-Continuation, \$1,000,000; (E) Student Center, \$250,000; (F) Central Heating and Chilling Station. Total University share, \$1,000,000 PUF bonds. No dates certain. Some projects may be combined; gifts may afford increase in size and scope of some structures.

B28. Specialty Structures. 1968-70T. In addition to basic research activities, it seems likely that Southwestern Medical School will be the site for an increasing number of specialty institutes, categorical research establishments, and centers for post-doctoral study and research allied with the Graduate Research Center of the Southwest, or independent. At least \$1,000,000 of University PUF bond funds should be contemplated as a live need for 1968-73.

TEXAS WESTERN COLLEGE:

B29. Physical Sciences Building. 1963. 90,000 sq. ft., \$2,000,000, from PUF bonds (to be reduced by amount of any Federal grants obtainable). This project was on the original Ten Year Plan, but scheduled for 1965 authorization and \$1,000,000 size. Growth of Texas Western accounts for present revision of date to authorize preparation of preliminary plans and specifications. All who have inspected the situation, and this has been done closely, are convinced of a real need for this building. While a 60,000 sq. ft. building could meet the present acute need, an addition within four years would be essential and the extra cost would in all probability exceed the interest charges involved in completing the structure under one contract. This building would be occupied by Physics, Chemistry and Mathematics--freeing their present space for the biological sciences and several other divisions. The entire development at Texas Western seems to underwrite the wisdom of this project; the pleas from the faculty and administration there are urgent.

B30. Addition to Library. 1968. 30,000 sq. ft. \$750,000 from PUF bonds. Not in 1960 Ten Year Plan, but indicated as likely by 1970. Faculty building committee there urges this for immediate construction. Although present library is crowded, situation is not intolerable. Growth of the school and recent very encouraging expansion in the library holdings seem to warrant advancing authorization date to 1968.

B31. Classroom Building. 1970T. 60,000 sq. ft., \$1,000,000 from PUF bonds plus matching by gifts or grants. Every indicator used for predicting growth shows Texas Western needing at least 60,000 sq. ft. of classroom-laboratory-office space by 1970. This may be best allocated among several additions to existing buildings, but one more large structure presently appears preferable.

MAIN UNIVERSITY, Capital Outlay:

B32. South Mall Office-Classroom Building. 1964. 52,000 sq. ft.; \$1,400,000 from PUF bonds. In 1960 Plan, but now revised upward by \$150,000. Primarily offices (100 to 140 faculty members), with 10 to 12 small classrooms. Intended primarily for English and Foreign Language faculty and seminars. Office space is urgently needed and immediate start on this construction is urged. This is a small building, completing the West side of the South Mall between English and Music.

B33. Will C. Hogg Geology Building. \$2,250,000. Authorized and preliminary plans approved; final plans well along. Listed because Plan Two proposes change in source of funds to PUF bonds.

B34. North Campus Office-Classroom. 1966. 100,000 sq. ft.; \$2,250,000 PUF bonds. Not in 1960 Plan. Now proposed as the second installment on meeting faculty office needs. Site is south of Health Center, now occupied by Nursery School, and was designated in 1960 Plan for a Women's Residence Hall. Subsequent developments indicate site would be much better-used for instructional purposes; this can be done without blocking future expansion of Health Center. Location is very convenient for women residents and one of the few remaining ones within a 10-min. interval of other instructional buildings. Classrooms built here will release other classrooms across campus for conversion to offices; this structure would also be chiefly offices and seminar rooms. Hopefully, reserves in Available Fund by 1966 could permit a higher-rise building than is estimated here; site can carry 160,000 sq. ft.

B35. Pearce Hall Replacement. 1970T. 90,000 sq. ft.; \$2,000,000 PUF bonds. Not scheduled in 1960 Plan, but shown as post-1970 addition. If enrollment policy prevails, this will bring classroom space levels to 1963-64 status or better. This project is not given time-priority over B34 because present Pearce Hall uses would have to be absorbed during construction and new space is needed to do that. One feature of the Ten Year Plan proposed is illustrated here. If enrollment or other reasons make it necessary to construct this building two years earlier than planned, the fiscal capacity required is only \$140,000 per year and reserves will certainly provide that. The same applies to any other individual building.

B36. Engineering Teaching Center. 1969T or 1970T. 160,000 sq. ft.; \$3,200,000 total; University matching \$1,600,000 PUF bonds. Not scheduled in 1960 Plan, but shown as post-1970 project. Located where Engineering Shops now are; high-rise. This will provide teaching space and offices as contrasted with research-graduate space. Label may be misleading; classrooms will be for all sciences. Thus the science-row quadrant of the campus should be cared for to 1975 with classroom space.

The preceding items raise the problem of ground-space utilization on the campus. Exploration of this with the aid of maps is anticipated for the November 7 meeting.

B37. University Junior High School Building Remodeling. 1966. \$500,000 from AF cash. Not in 1960 Plan, but shown as a possibility. Exact use is not yet pinned down, but in any event air conditioning and partitioning will be involved. For the time being, projects B37, B38, and D39 should be considered as a flexible master plan which can be accomplished within the monies indicated, but one in which sites can be interchanged. Tentatively, it is proposed that the Division of Extension and certain on-campus offices (e.g. School of Social Work, School of Nursing, and some bureaus) be moved into UJH building.

B38. Deposit Libraries. 1966. 35,000 sq. ft.; \$600,000 plus possible Federal matching funds. Not in 1960 Plan. After exhaustive study of alternatives, the Faculty Building Committee, Library Committee, and administration are convinced this offers the only solution to the acute book-housing problem for the Main Library. This project provides the first two in a series of low-cost structures to store low-use materials. Proposed location is the grounds of University Junior High. This makes books directly accessible to users, and also convenient for messenger service. Parking space for users is available also. While structure would be low-cost, they can be architecturally pleasing also. Later, specialty libraries (e.g. The Texas Collection) can be incorporated in the same complex. Something big must be done to accommodate library growth; this seems to be the cheapest and most efficient solution.

MAIN UNIVERSITY, Capital Outlay, continued:

D39. Research and Project Offices. 1968. 120,000 sq.ft.; \$2,000,000 total, University share \$1,500,000 PUF bonds. Not in 1960 Plan. Site proposed is Little Campus (or UJH grounds with B38 to Little Campus). Plans would be to raze all present Little Campus structures when Division of Extension move to UJH, erect there--in units--a pleasing set of structures to house research-development laboratories for the social sciences, humanities, professional divisions such as Education, and others. "Laboratories" for this type of research are really office space--room for people, files, simple machines. This type of space is an acute need at present, and of growing importance if recruitment and retention of scholars is to continue. The project is an integral portion of the graduate-research package proposed. Although all researchers want space in the center of the campus, adjacent to their existing offices, they can and will move this far off-campus to get facilities, it is believed. Recent experience with some projects indicates that this idea is perfectly feasible and can overcome one of Main University's greatest present handicaps--as well as replace an eyesore with something suitably impressive. Federal government matching funds should be available in reasonable amounts.

D40. Biological Sciences Research Building I. 1963. 130,000 sq.ft.; \$3,600,000 total, University share \$1,800,000. In 1960 Plan at smaller size. Authorized by Regents at September 1963 meeting. Listed here because Plan Two proposes substitution of PUF bonds for \$1,375,000 of AF cash now appropriated; this would leave \$425,000 as AF cash appropriation to structure.

D41. Physical Sciences Research Building. 1965 (Plan Two) or 1968 (Plan One). 300,000 sq. ft.; \$6,000,000 total, University share \$3,000,000 PUF bonds. In 1960 Plan as a "matching basis" possibility called Engineering-Sciences II and III. Provision of space for research and graduate training is as important as any other factor in securing and supporting the scientists who will achieve eminence. Each natural science, including Engineering which would also use this structure, is up against a defeating lack of space for scientists, and the seriousness of this lack is growing almost monthly. Piece-meal, small additions to existing buildings or earmarked spaces for each department will not meet this need, besides being comparatively high in cost. Without exception, the sciences concerned resist the thought of splitting their operations between on-campus and off-campus locations--although this is an inevitable necessity at some future date. This project proposes partial utilization of the remaining campus site suitable for major research-graduate expansion--Women's Playing Field. Thereon would be erected this multi-science structure just as soon as possible. In the future, it can be followed by two units of similar capacity. The ground space can carry easily high-rise structures of 12 floors or so; the problem is to design units within the money available at one time which can be added to with minimum extra cost. The Consulting Architects will study this problem carefully, and are reasonably certain that an economical procedure is available.

D42. Off-Campus Project Research Space. 1967T. 60,000 sq.ft.; \$1,000,000 total, University share \$500,000 PUF bonds. In 1960 Plan as an alternate under "Matching Basis." Proposal is to provide matching funds for quick, inexpensive construction of facilities at Balcones or Brackenridge for new projects. This is hard-headed realism in planning for research-graduate advance. Many projects which Main University wants and needs go elsewhere because facilities are not available. At off-campus locations we can move quickly to furnish low-cost space, quickly erected as a condition of grant. At the same time, incentive is offered to get scientists willing to go off-campus for research. Affiliations with such agencies as NASA are thereby established quickly and the Main University can get in on the ground floor of new developments.

D43. Biological Sciences Research Building II. 1968T. 130,000 sq. ft.; \$3,600,000 total, University share \$1,800,000 PUF bonds. Not in 1960 Plan. Site is Women's Playing Field, northward extension of D40. May not be earmarked for biological sciences, but this much additional space for natural science research is an inevitable need by 1970.

D44. Computers. 1967 (Plan One) or 1965 (Plan Two). \$6,000,000 total, University share \$3,000,000 PUF bonds. Not in 1960 Plan. Updating the central computer facility for the University System is an integral part of advancement at almost every component institution. It is absolutely essential if Computer

MAIN UNIVERSITY, Capital Outlay, continued:

D44. Continued:

Science is chosen, as recommended, for intensive attention at Main University. The price-tag is a large one and the "advanced" installation proposed here is almost certain to be obsolescent within five years. But, it is argued, this not primarily an investment in hardware; it is a direct support for people and their productivity essential to high-level research in almost every scholarly field. The money invested in computer hardware might be invested more profitably in other objects, but after weighing many alternatives the judgment of the administration is that this particular object belongs in the graduate-research advancement package. However, some doubt exists as to the legitimacy of using PUF bond proceeds for purchase of equipment not integral with building construction. Until that is resolved this project must remain uncertain since the estimates of Available Fund resources do not comprehend purchase from AF cash.

D45. Research Equipment. 1965 (Plan One) or 1964 (Plan Two) through 1972-73. \$2,000,000 total, University share, \$1,000,000. In 1960 Plan on "Matching Basis." Building cost estimates do not include costly items of research equipment, certain to be needed. Almost all will be eligible for matching grants. The financial schedule contemplates an average of \$50,000 a year from AF cash, \$500,000 in all from PUF bond proceeds for items connected with construction.

D46. Defense Research Laboratory. 1964. \$1,100,000. This project was explained to the Regents in September, 1963. Construction is predicted upon an amortization contract or other form of re-capture for capital outlay, but initial construction cost will have to be assumed by The University. Hence, it must be taken into account in estimating expenditures; although amortization payments will offset capital outlays, they do not appear as Available Fund income.

D47. McDonald Observatory. 1968T. \$2,000,000 to \$3,000,000 total, University share \$1,000,000 PUF bond proceeds. Not in 1960 Plan. Listing this is a safety precaution. The Regents have made a \$250,000 appropriation to McDonald. If developments go as hoped, it is almost obligatory to have future capacity to meet opportunities in Astronomy. Therefore, tentative reservation of funds for this contingency is proposed.

B48. Modernization of Existing Buildings. 1964 and 1965. \$607,000 AF cash. In 1960 Plan, but revised here. This is for air-conditioning with accompanying remodeling to capture added space in existing buildings. From the original list, the following are not yet authorized to start: Petroleum Engineering, R.O.T.C., Service Building, Old Geology Building. However, the re-modeling for Old Geology Building is covered by a separate appropriation already made by the Regents and may now be deleted from the list. To the three buildings listed, it is proposed that the remainder of the Main Building Tower (\$175,000) and Speech Building (\$100,000) be added, producing a total of \$607,000. All permanent-type structures except Little Campus, gymnasiums, dormitories and Pearce Hall will then be air-conditioned. Further detail on justifications will be supplied orally, if desired.

B49. Power Generation. 1965 and 1968T. \$2,000,000 PUF bonds for 1965 project; \$2,000,000 PUF bonds for second installment. First installment was in 1960 Plan; second was not. First addition is imperative as soon as engineering specifications (already authorized by the Regents) can be completed. Timing for second addition depends on volume of new construction completed. At that time, a decision must be made between one final addition to the present power plant, or starting a new series at a new location. As of now, the latter appears highly preferable.

B50. Utilities Expansion. 1965 and 1968T. Each installment, \$500,000 PUF bonds. In 1960 Plan. This is for streets, walks, tunnels, utility conduits and lines, and so forth. Again, date for second installment is dependent upon volume of construction program.

B51. Central Water Chilling Plants. 1966, 1968T and 1970T. \$500,000 PUF bonds for each of three installments. The Regents authorized a \$500,000 addition at the September, 1963, meeting. These three projects will be necessary to keep abreast of building completion if Plan Two is adopted. With Plan One, two of them may be sufficient.

MAIN UNIVERSITY, Capital Outlay, continued:

B52. Physical Plant Warehouse. 1964. \$250,000. In 1960 Plan. On present Service Building site.

B53. Thompson Conference Center. 1965. \$1,000,000 total, University share \$700,000. Authorized and preliminary plans nearly complete, awaiting Governor's approval as required by law. The Regents have appropriated \$700,000 in AF cash; listed because Plan Two proposes substitution of PUF bonds.

B54. Library Collections. Each year. \$250,000 to \$350,000 AF cash for matching on gifts. This continues the existing program of acquisitions through gifts which has been very gratifying.

B55. Band Hall. 1964. \$250,000 total; University share \$125,000 PUF bonds. In 1960 Plan. This modest recognition of a decided University asset--the Longhorn Band--seems thoroughly justified even in Plan with almost exclusive focus on essential academic development. The Regents are asked to consider making a request to the Athletic Council to provide the \$125,000 in matching funds over a two-year period, since it is apparent that no suitable outside gift is in sight and this would be a diversionary object for special efforts to secure private funds.

B56. Updating Teaching Equipment. 1964, 1965. \$125,000 AF cash each year. This completes schedule in 1960 Plan for bringing maps, projectors, microscopes, etc. up to satisfactory status.

B57. Miscellaneous Construction and Rehabilitation. Each year. \$250,000 to \$350,000 annually. In 1960 Plan. The Legislature does not appropriate funds to The Main University for major repairs and rehabilitation and the formula amounts for physical plant maintenance and operation are totally inadequate to keep abreast of rehabilitation (e.g. replacing a roof) in a plant this size. Also included are such items as grading Archway for a new Women's Playing Field.

IV(C). Projects Not Included

Many other projects, some highly strategic, have not been included in Plan One or Plan Two. In most cases the explanation is simply one of judged priorities within severely limited funds. Since inclusions and exclusions are matters of policy, however, some excluded items are listed for Regental consideration.

A. Physical Plants for "New" Component Institutions. No projects have been listed for South Texas Medical School nor for the Graduate School of Biomedical Sciences at Houston, nor for any additional branches or units of The University System which might result from such studies as that being conducted by the Governor's Committee for Education Beyond the High School. This does not imply lack of forethought regarding such institutions, but merely reflects the fact that under existing statutes and legislative attitude no applications of Available Fund income can be involved. Excluded also is any further addition to Townes Hall at The Main University, since the matter of statewide policy regarding new Schools of Law enters here. Current thought is that it would be extremely unfortunate to force our School of Law to go beyond 1,500 in enrollment (the capacity of Townes Hall).

B. Other "Program" Support at The Main University. It has been indicated that the Plans provide only a small fraction of the dollar difference between the present and the desired program level for The Main University. Other

MAIN UNIVERSITY, Capital Outlay, continued:

program objects were given serious consideration; their exclusion was based on judgments as to (a) their strategic influence, (b) the sizes of future commitments implied, or (c) the lack of sufficient funds to make a real advance possible. Some of the objects omitted are:

(1) Faculty additions to make relative size and qualifications of staff comparable to that in the eminent universities. Conservatively, this would cost \$6,000,000 to \$7,000,000 over the ten-year period.

(2) In lieu of (1) additional faculty and development funds for 10 to 15 average or above-average teaching departments capable of becoming superior in national circles. Typical appeals: Pharmacy, Botany, Economics, Sociology, Education, Journalism, Romance Languages, Music, Management, etc. Gross cost over ten years would approximate \$3,000,000.

(3) Remove the handicap of inadequate departmental operating expense allowances. Over 10 years, cost would be at least \$2,500,000.

(4) Increase the quantity of work-stipends for graduate students to breakthrough levels. The proportion of our bachelor's degree graduates going on to graduate study is one of the smallest in the nation; yet, Texas needs doctoral students. Beyond the amounts suggested in the Plans, \$3,000,000 over ten years could be invested with great profit in this object.

(5) Assure keeping abreast of competitive faculty salary levels. If this were done from Available Fund sources it could cost \$8,000,000 in ten years, over and above the amounts in the Plans; however, this amount should be forthcoming from improved General Revenue support.

Many other improvements are important, and can be presented orally if the Regents so desire.

C. Campus Land Acquisition, Main University. Many see it as inevitable that more land will be needed contiguous to the present campus. It is argued that such land should be acquired now before improvements on it raise the price. The Faculty Building Committee and many others have consistently recommended purchases aggregating \$2,000,000 to \$5,000,000 in estimated cost. This matter was given extensive review prior to action on the 1960 Plan; decision then was to go no further than acquiring the Archway property. Most vigorously pushed at the present time is a proposal to purchase the two blocks between 19th and 21st Streets, bounded by Speedway and Wichita. Cost is estimated at \$1,500,000 to \$2,000,000. This would add a campus area almost as large as the Man's Playing Field. It can be used for classrooms and offices in the future, because of its location. Or, fifteen years hence a Women's Gym could go at the north end and a Women's Playing Field occupy the south end--thus freeing additional ground space for the natural sciences research complex. Many eye the location wistfully now as a parking site.

Other candidates. (a) The strip along Park Place, north of Townes Hall to carry property line to street, afford parking room, give better access to Townes Hall, Thompson Conference Center and Museum. (b) Two half blocks on each side of Whitis, 21st to 20th Streets for faculty-staff parking and future office buildings. (c) Two to three blocks between Sabine and East Avenue for remote parking with shuttle bus service.

The proposed Plans include no allowances for land acquisition. However, this constitutes an important policy decision which deserves the full attention and consideration of the Regents.

MAIN UNIVERSITY, Capital Outlay, continued:

D. Parking. The Master Campus Plans at Medical Branch, Texas Western, and Southwestern Medical School at least provide possibilities for living with the parking provisions which can be made. At M. D. Anderson and Dental Branch the problem is an almost paralyzing headache with the major hope for relief revolving around a Texas Medical Center plan which has many complications and uncertainties. At the Main University, the Plans do nothing to "take care" of the problem. This is really deliberate. Apparently, the situation must get worse before it can be made better. One alternative is to purchase high-cost land contiguous to the campus and devote it to parking; so far, demand is too low to give a favorable prognosis on collecting parking fees sufficient to pay for preparing the lots and policing them. Another alternative is a multi-story parking garage; again, there seems to be no hope of amortizing construction costs at present and the nature of University traffic hardly fits the garage solution anyhow. A third alternative is distant parking with shuttle-bus service and it is clear that no such arrangement would secure patronage now. In sum, it is not believed that the Main University parking problem can be alleviated any time soon through expenditure of the Available Fund (not legal now) or Revenue Bond proceeds.

E. Facilities for Student Activities, Food Service, and Residential Housing. Assuming that all such facilities will be financed, if and when constructed, by Revenue Bond proceeds the Plans exclude them. At Texas Western, some expansion appears inevitable. Main University policy with regard to residential housing is a matter for separate consideration, later, by the Regents.

F. Additional Capital Outlay Items. There are many. Listed are only those which might be considered for Available Fund financing:

1. Major Libraries (collections). In addition to the matching amounts included in the Plans there is some possibility that \$5,000,000 to \$7,500,000 might be needed to match gifts for the acquisition of one or more major libraries of international reputation.
2. Medical Branch: Auditorium. \$1,000,000.
3. Main University: Drama Theater. \$1,500,000.
4. Main University: Addition to Music Building. \$1,300,000.
5. Main University: Addition to Texas Memorial Museum. \$600,000.
6. Main University: Specialty Library Buildings (e.g. The Texas Collection). \$1,000,000-\$2,000,000.
7. Main University: Field House-Coliseum. \$5,000,000.
8. Main University: Addition to Women's Gymnasium. \$400,000.

In addition, at Main University there is constant demand for new buildings or additions to existing buildings based upon departmental arguments. The Plans presented largely disregard departmental lines in calculating space needs and in providing space; inevitably, some departments will be inconvenienced. At present, Pharmacy, Education, Chemistry, Foreign Languages and Journalism (to some extent) are making strong representations for new departmental quarters. While the construction recommended in the Plans will give workable adequacy of space, it is true that many departments will not have completely satisfactory working conditions. To develop adequate plant on a department-by-department basis will require more ground space than is now in sight or will force us to move some departments or divisions to Brackenridge Tract. Also, considerably more construction money will be required.

The items numbered 1-7 above are considered by the administration to be well-justified; certainly they should be prime candidates for gift support and should be considered seriously in later applications of Ten Year Plan reserves.

SUMMARY TABULATIONS OF
PROJECTS PROPOSED

These tabulations constitute the expenditure portion of Plan One and Plan Two. All Main University Operating Budget (IVA) items are from AF Cash. Capital Outlay (IVB) items indicated as from PUF Bond proceeds are translated in the final columns to AF Cash by entering estimated total bond service charges for each project. Estimates are calculated by allowing a two-year lapse between authorized start of a project and the need for construction funds (present average lapse is 2.5 years), and entering \$70,000 per year thereafter for each million dollars of bonds issued (present average is \$67,000).

IV(A). Main University Operating Budgets
(000s omitted)

PROJECT *In 1960 Plan *-at smaller amts.	Year Start		Range in Annual Amts.		Total Cost to AF Cash 1964-65 - 1972-73	
	Plan One	Plan Two	Plan One	Plan Two	Plan One	Plan Two
B1. Priming Investments*	64-5	64-5	\$ 300	\$ 300	\$ 2,700	\$ 2,700
B2. Divisional Effectiveness*	64-5	64-5	3-500	3-500	3,000	3,000
B3. Institutional Effectiveness*-	64-5	64-5	8-1000	8-1000	8,600	9,000
C4. Salary Level Push	67-8	64-5	18-3800	23-3300	22,230	16,825
D5. Research Faculty	64-5	64-5	2-600	5-600	4,300	5,200
D6. Adding Major Eminence Fields*-	65-6	64-5	2-800	2-800	4,600	7,000
D7. Library Services*	64-5	64-5	7-1000	7-1000	7,500	7,500
D8. Research Grants*-	64-5	64-5	6-1000	8-1000	7,800	8,600
D9. Scholar Acquisition*	64-5	64-5	250-350		2,650	2,650
Totals, Operating Budgets					63,380	62,475

IV(B) CAPITAL OUTLAY PROJECTS

(000s omitted)

Institution and Project *In 1960 Plan *-at lower cost	Total Price	Univ. Share	Year Begin		Source of Univ. Funds		Cost to AF Cash 1964-65 to 1972-73	
			Plan One	Plan Two	Bonds	Cash	Plan One	Plan Two
Medical Branch								
B20. Present Five Year Plan*	8,700	3,100	64-5	64-5	2,000	1,100	2,010	2,010
B21. Library Building	1,000	500	69T	69T	500		105	105
B22. School of Nursing	1,250	600	68T	68T	600		120	120
B23. Remodeling	300	300	69T	69T		300	300	300
M. D. Anderson								
B24. Added Wing*	6,000	0	65	65			0	0
B25. Other Projects	?	0					0	0
Dental Branch								
B26. Addition	2,000	1,000	68T	68T	500		175	175
Southwestern Medical								
B27. Current Plan*	3,400- 5,600	1,000	65	65	1,000		525	525
B28. Specialty Structures	3,000 (?)	1,000	68T	68T	1,000		245	245
Texas Western College								
B29. Physical Sciences*	2,000	2,000	64	64	2,000		1,190	1,190
B30. Addition: Library	750	750	68	68	750		220	220
B31. Classroom Bldg.	1,500	1,000	70T	70T	1,000		140	140
Sub-totals	35,500	11,250			9,350	1,400	5,030	5,030
MAIN UNIVERSITY								
B32. South Mall Offices*	1,400	1,400	64	64	1,400		840	840
B33. Will C. Hogg*	2,250	2,250	63	63	2,250	Approp	0	1,316
B34. North Campus Classroom	2,250	2,250	66	66	2,250		842	842
B35. Pearce Replacement	2,000	2,000	70T	70T	2,000		140	140
B36. Engineering Teaching Center	3,200	1,600	70T	69T	1,600		265	265
B37. UJH Remodeling	500	500	66	66		500	500	500
B38. Deposit Libraries	750	600	66	66	600		260	260
D39. Research Project Offices	2,000	1,500	68	68	1,500		350	350
D40. Biol. Sci. Research I*	3,600	1,800	63	63	1,375	Approp	0	645
D41. Physical Sci. Research *-	6,000	3,000	68	65	3,000		840	1,260
D42. Off-Campus Res.	1,000	500	67T	67T	500		140	140
D43. Biol. Sci. (?) Research II	3,600	1,800	68T	68T	1,800		270	270
D44. Computers	6,700	3,000	67	65	3,000		1,050	1,470
D45. Res. Equipment*-	2,000	1,000	65	64	500	450	594	662
D46. Defense Res. Lab	1,100	1,100	64	64	1,100		720	720
D47. McDonald Observa.	3,000	1,000	68T	68T	1,000		385	385
B48. Moderniza. Proj.*	607	607	64	64		607	607	607
B49. Power Generation*-	4,000	4,000	65,68	65,68	4,000		1,400	1,400
B50. Utilities Expan.*	1,000	1,000	65,68	65,68	1,000		350	350
B51. Central Water Chilling*-	1,500	1,500	66	66	1,500		350	420
B52. Phys. Plant Whse.*	250	250	64	64	250		162	162
B53. Thompson Conf. Ctr*	1,000	700	65	65	700	Approp	0	350
B54. Library Coll.*	9,000	2,650	64	64		2,650	2,650	2,650
B55. Band Hall*	250	125	64	64	125		72	72
B56. Update Equip.*	250	250	64	64		250	250	250
B57. Miscellaneous*	2,700	2,700	64	64		2,700	2,700	2,700
Sub-totals, Main Univ.	61,907	39,082			31,450	7,157	15,737	19,026
Totals, CAPITAL OUTLAY	97,407	50,332			40,800	8,557	20,767	24,056
GRAND TOTALS, ALL PROJECTS	160,787	113,712					84,147	86,531
For information:								
Deduct. "T" Projects and DRL	21,850	11,300			10,500		2,285	2,285
Resulting Totals	138,937	102,412			30,300		81,862	84,246

V. ANALYTICAL AND SUMMARY
TABULATIONS

PROJECT COMPARISON OF
PLAN ONE WITH PLAN TWO

1. Projects in Plan One <u>not</u> in Plan Two	0	
2. Projects in Plan Two <u>not</u> in Plan One	0	
3. Projects with larger expenditures in Plan Two than in Plan One	11	
B3. <u>Institutional Effectiveness</u> for 64-65 and 65-66.....	\$400,000	
D5. <u>Research Faculty</u> for 64-65, 65-66, 66-67 and 67-68.....	\$900,000	
D6. <u>Major Eminence</u> for 64-65 through 68-69.....	\$1,400,000	
D8. <u>Research Grants</u> for 64-65 through 67-68.....	\$800,000	
B33. <u>Will C. Hogg Geology Building</u> , shifted to PUF Bond funds.....	\$1,316,000	
D40. <u>Biological Sciences Research Building</u> , with \$1,375,000 shifted to PUF Bond funds.....	\$645,000	
D41. <u>Physical Sciences Research Building</u> , advanced in start from 1967 to 1965.....	\$420,000	
D44. <u>Computers</u> , advanced in purchase from 1967 to 1965.....	\$420,000	
D45. <u>Research Equipment</u> , for 64-65 and 65-66.....	\$68,000	
B51. <u>Water Chilling Capacity</u> , one additional unit.....	\$70,000	
B53. <u>Thompson Conference Center</u> , shifted to PUF Bond funds.....	\$350,000	
Total of additions	\$6,789,000	
4. Difference in C4. <u>Salary Level Push</u> :		
	<u>Plan One</u>	<u>Plan Two</u>
Total Amount, 64-65 through 66-67	\$5,780,000	\$8,335,000
Total Amount, 67-68 and 68-69	6,550,000	4,683,000
Total Amount, 68-69 through 72-73	9,900,000 ⁽¹⁾	3,812,000 ⁽¹⁾
Totals	\$22,230,000	\$16,825,000

(1) The difference here is due to a Plan One "commitment" to maintain a \$12,300 average salary level, contrasted with an \$11,000 "committed" level in Plan Two. While Plan Two provides reserve funds 1968-73 which the Regents could use to achieve a \$12,300 level during those years, these are not applied as expenditures in Plan Two. Please see Supporting Schedule 1 for further data on C4. Salary Level Push.

FINANCIAL COMPARISONS
OF THE TWO PLANS BY YEARS
(000s omitted)

Year	Plan One		Plan Two	
	AF Cash Expenditures	Cumulative New PUF Bonds Issued ⁽¹⁾	AF Cash Expenditures	Cumulative New PUF Bonds Issued ⁽¹⁾
	\$	\$	\$	\$
1964-65	6,505	2,300	8,191	3,300
1965-66	7,102	4,425	9,011	6,925
1966-67	8,220	8,860	10,651	13,235
1967-68	9,055	14,350	10,027	18,725
1968-69	10,760	18,000	10,007	22,375
1969-70	10,150	23,800	9,096	28,175
1970-71	11,360	30,850	10,087	35,225
1971-72	10,150	35,000	9,533	39,875
1972-73	<u>10,845</u>	<u>36,000</u>	<u>9,978</u>	<u>40,875</u>
Totals	<u>84,147</u>	36,000	<u>86,481</u>	41,000

For Information

All PUF Bond Principal Outstanding 7/1/73 ⁽²⁾	\$37,000	\$42,000
Permissible PUF Bonds, 7/1/63 ⁽³⁾	\$66,000	\$66,000
Bond Service Charges 1973-74 ⁽⁴⁾	\$4,620	\$5,000
Per Cent this Bond Service is of Available Fund Income 1973-74	35.4%	38.4%

(1) Figures are the maximum bond proceeds needed. In practice, size and timing of each bond sale depends upon market and actual construction schedules. Also, figures based on no use of reserves to fund construction with AF Cash--a contingency not likely to occur. Note also that all "T" projects are included.

(2) Bonds are serial. Figures are liberal estimates of principal outstanding at beginning of fiscal year 1973-74. For comparison, on 9/1/63 principal outstanding is approximately \$25,500,000.

(3) Constitutional limit is 13.67 per cent of value of Permanent University Fund, estimated here at only \$480,000,000. Another practical limit is income from U. S. Treasury bonds held by the Permanent Fund. Assuming the investment schedule of 1963-64, the 1973-74 U. S. Treasury Bond interest should be at least 1.3 Times the annual debt service requirement.

(4) Extending 1963-64 debt service payment of \$2,233,000 on \$29,076,000 bond total to \$60,000,000 and \$65,000,000 series respectively.

FINANCIAL COMPARISONS OF
THE TWO PLANS BY OBJECTS
(000s omitted)

Objects	Plan One			Plan Two		
	Total AF Cash Used	AF Other Than Bond Service Used	Bond Proceeds Used	Total AF Cash Used	AF Other Than Bond Service Used	Bond Proceeds Used
Main Univ. Operating Budgets	\$63,380 (75%)	\$63,380 (88%)		\$62,475 (75%)	\$62,475 (86%)	
Capital Outlay	\$20,767 (25%)	\$8,557 (12%)	\$36,000	\$24,056 (25%)	\$9,607 (14%)	\$41,000
Totals	\$84,147	\$71,937	\$36,000	\$86,531	\$72,082	\$41,000
B. Maintaining Present Status	\$ 30,718 (37%)	\$ 22,857	\$ 23,600	\$ 34,204 (39%)	\$ 23,757	\$ 27,225
C. Faculty Salary Push	22,230 (26%)	22,230		16,825 (20%)	16,825	
D. Research-Graduate Advancement	31,399 (37%)	26,850	12,400	35,502 (41%)	31,400	13,775
TOTAL EXPENDITURES, AF CASH AND BOND PROCEEDS		Plan One \$120,147		Plan Two \$127,531		

SUMMARY TABULATION
 INCOME AND EXPENDITURES THE
 AVAILABLE UNIVERSITY FUND
 1963-64 through 1972-73

This attempts to show all proposed allocations of the Available Fund income year by year. Only exclusion is the Unappropriated Available Fund operating margin of \$750,000 which remains untouched by either Plan; it is present but not shown each year. "Reserves" are the unspent portions of the AF resources each year, carried forward to the ensuing year. These are explained on p. 4. In 1964-65, Plan One assumes \$1,900,000 in reserves brought forward, consisting of \$900,000 of 1963-64 New Construction appropriation which will be unencumbered, and \$1,000,000 in the existing Ten Year Plan Reserve. In 1964-65, Plan Two assumes \$6,225,000 in reserves brought forward, as explained on p. 7.

1963-64 (For Information)

1.	Total Estimated Net Income		\$10,011,000
2.	Less, pre-1964 PUF Bond Service		- 2,233,000
3.	Less, Central Administration Budget		- 325,000
4.	Net available		7,454,000
5.	Add, Unappropriated Balance		750,000
6.	Total Estimated Available		8,204,000
7.	Appropriations		
	Main University Operating Budget and Excellence	\$4,236,000	
	Other Ten Year Plan objects	625,000	
	New Construction, etc.	<u>3,000,000</u>	7,861,000
8.	Estimated Unappropriated Balance 8/31/64		343,000

1964-65

1.	Total Estimated Net Income		\$10,300,000
2.	Less, pre-1964 PUF Bond Service		-2,274,000
3.	Less, Central Administration Budget		- 325,000
4.	Net Income Available		7,702,000
		<u>Plan One</u>	<u>Plan Two</u>
5.	Ten Year Plan Reserves brought forward	\$1,900,000	\$ 6,225,000
6.	Total Cash Resources	9,602,000	14,327,000
7.	Allocations		
	a. Main U. Operating Budget	- 5,080,000	-6,546,000
	b. Capital Outlay	- 1,425,000	-1,545,000
	Total	<u>- 6,505,000</u>	<u>-8,191,000</u>
8.	Remaining Ten Year Plan Reserves	\$3,097,000	\$ 6,136,000

1965-1966

1. Total Estimated Net Income	\$10,700,000
2. Less, pre-1964 PUF Bond Service	- 2,253,000
3. Less, Central Administration Budget	- 350,000
4. Net Income Available	8,847,000

	<u>Plan One</u>	<u>Plan Two</u>
5. Ten Year Plan Reserves brought forward	\$3,097,000	\$ 6,136,000
6. Total Cash Resources	11,944,000	14,983,000
7. Allocations		
a. Main U. Operating Budget	- 5,550,000	- 7,196,000
b. Capital Outlay	- 1,552,000	- 1,815,000
Total	- 7,102,000	- 9,011,000
8. Remaining Ten Year Plan Reserves	\$ 4,842,000	\$ 5,972,000

1966-1967

1. Total Estimated Net Income	\$11,100,000
2. Less, pre-1964 PUF Bond Service	- 2,193,000
3. Less, Central Administration Budget	-350,000
4. Net Income Available	8,557,000

	<u>Plan One</u>	<u>Plan Two</u>
5. Ten Year Plan Reserves brought forward	\$4,842,000	\$ 5,972,000
6. Total Cash Resources	13,399,000	14,529,000
7. Allocations		
a. Main U. Operating Budget	- 6,350,000	- 8,293,000
b. Capital Outlay	- 1,870,000	- 2,358,000
Total	- 8,220,000	-10,651,000
8. Remaining Ten Year Plan Reserves	\$ 5,179,000	\$ 3,878,000

1967-1968

1. Total Estimated Net Income	\$11,500,000
2. Less, pre-1964 PUF Bond Service	-2,278,000
3. Less, Central Administration Budget	- 375,000
4. Net Income Available	8,847,000

	<u>Plan One</u>	<u>Plan Two</u>
5. Ten Year Plan Reserves brought forward	\$5,179,000	\$ 3,878,000
6. Total Cash Resources	14,026,000	12,725,000
7. Allocations		
a. Main U. Operating Budget	- 7,250,000	-7,644,000
b. Capital Outlay	- 1,805,000	-2,383,000
Total	-9,055,000	-10,027,000
8. Remaining Ten Year Plan Reserves	\$ 4,971,000	\$ 2,698,000

1968-1969

1. Total Estimated Net Income		\$11,900,000
2. Less, pre-1964 PUF Bond Service		-2,256,000
3. Less, Central Administration Budget		-375,000
4. Net Income Available		9,269,000
	<u>Plan One</u>	<u>Plan Two</u>
5. Ten Year Plan Reserves brought forward	\$4,971,000	\$ 2,698,000
6. Total Cash Resources	14,240,000	11,967,000
7. Allocations		
a. Main U. Operating Budget	-8,700,000	-7,439,000
b. Capital Outlay	-2,060,000	-2,568,000
Total	<u>-10,760,000</u>	<u>-10,007,000</u>
8. Remaining Ten Year Plan Reserves	\$3,480,000	\$1,960,000

1969-1970

1. Total Estimated Net Income		\$12,100,000
2. Less, pre-1964 PUF Bond Service		-1,638,000
3. Less, Central Administration Budget		- 375,000
4. New Income Available		10,087,000
	<u>Plan One</u>	<u>Plan Two</u>
5. Ten Year Plan Reserves brought forward	\$3,480,000	\$1,960,000
6. Total Cash Resources	13,567,000	12,047,000
7. Allocations		
a. Main U. Operating Budget	- 7,800,000	-6,378,000
b. Capital Outlay	- 2,350,000	-2,718,000
Total	<u>-10,150,000</u>	<u>-9,096,000</u>
8. Remaining Ten Year Plan Reserves	\$3,417,000	\$2,951,000

1970-1971

1. Total Estimated Net Income		\$12,300,000
2. Less, pre-1964 PUF Bond Service		-1,628,000
3. Less, Central Administration Budget		- 375,000
4. Net Income Available		10,299,000
	<u>Plan One</u>	<u>Plan Two</u>
5. Ten Year Plan Reserves brought forward	\$3,417,000	\$2,951,000
6. Total Cash Resources	13,716,000	13,250,000
7. Allocations		
a. Main U. Operating Budget	-8,350,000	-6,779,000
b. Capital Outlay	-3,010,000	-3,308,000
Total	<u>-11,360,000</u>	<u>-10,087,000</u>
8. Remaining Ten Year Plan Reserves	\$2,356,000	\$3,163,000

1971-1972

1. Total Estimated Net Income	\$12,500,000
2. Less, pre-1964 PUF Bond Service	-1,632,000
3. Less, Central Administration Budget	- 375,000
4. Net Income Available	10,493,000

	<u>Plan One</u>	<u>Plan Two</u>
5. Ten Year Plan Reserves brought forward	\$2,356,000	\$3,163,000
6. Total Cash Resources	12,849,000	13,656,000
7. Allocations		
a. Main U. Operating Budget	- 6,850,000	-5,950,000
b. Capital Outlay	- 3,300,000	-3,633,000
Total	<u>-10,150,000</u>	<u>-9,533,000</u>
8. Remaining Ten Year Plan Reserves	\$2,699,000	\$4,126,000

1972-1973

1. Total Estimated Net Income	\$12,700,000
2. Less, pre-1964 PUF Bond Service	-1,620,000
3. Less, Central Administration Budget	- 375,000
4. Net Income Available	10,705,000

	<u>Plan One</u>	<u>Plan Two</u>
5. Ten Year Plan Reserves brought forward	\$2,699,000	\$4,126,000
6. Total Cash Resources	13,404,000	14,831,000
7. Allocations		
a. Main U. Operating Budget	-7,450,000	-6,250,000
b. Capital Outlay	-3,395,000	-3,728,000
Total	<u>-10,845,000</u>	<u>-9,978,000</u>
8. Remaining Ten Year Plan Reserves	\$2,559,000	\$4,853,000

Supporting Schedule 1

ESTIMATES FOR C4. SALARY LEVEL PUSH

A. No. of Full-Time-Equivalent Teaching Staff:

<u>Year</u>	<u>Faculty with Rank</u>	<u>Teaching Assistants</u>
1963-64	955	172
1964-65	975	200
1965-66	1025	200
1966-67	1080	190
1967-68	1100	190
1968-69	1125	180
1969-70	1160	180
1970-71	1180	190
1971-72	1190	200
1972-73	1200	200

B. Average Salary Levels and Costs Thereof

Keys to these estimates are the General Revenue appropriations for Teaching Salaries Only. On the next page, in the estimates for Plan One the General Revenue figures are conservative projections of experience over the four preceding bienniums. The "Cost to Ten Year Plan" is the gross cost of funding the average salary figures shown at the left, including Summer Session, minus General Revenue appropriations. For Plan Two we carried out the same calculations using \$11,000 as the salary/FTE from 1965-66 onward. The amounts shown under "Cost to Ten Year Plan" will finance a \$11,000 salary level using the same General Revenue appropriations estimated for Plan One. But, in order to furnish an additional comparison, we used optimistic but practically possible projections of General Revenue in the tabulation for Plan Two. The resulting Salary/FTE is shown at the left. To repeat, the figures under "Cost to the Ten Year Plan" are the allocations suggested for Plan Two; the only tentative "commitment" is to achieve the \$11,000 figure and hold there.

B. Average Salary Levels and Cost Estimates

Year	Average Sal./FTE		Gross Cost	Estimated General Revenue Teaching Salary Only Appropriation	Cost to Ten Year Plan
	With Rank	Teaching Assts.			
<u>PLAN ONE</u>					
	\$	\$	\$	\$	\$
1963-64	9,445	5,000	11,371,000	9,920,000 <i>- actual</i>	1,451,000
1964-65	9,575	5,000	11,780,000	10,000,000 <i>- actual</i>	1,780,000
1965-66	10,100	5,400	13,400,000	11,500,000	1,900,000
1966-67	10,100	5,400	13,700,000	11,600,000	2,100,000
1967-68	11,100	5,600	15,500,000	12,750,000	2,750,000
1968-69	12,300	5,600	16,800,000	13,000,000	3,800,000
1969-70	12,300	5,600	17,200,000	14,500,000	2,700,000
1970-71	12,500	5,800	17,700,000	14,500,000	3,200,000
1971-72	12,700	5,800	17,200,000	15,500,000	1,700,000
1972-73	12,900	6,000	17,800,000	15,500,000	2,300,000
<u>PLAN TWO</u>					
	\$	\$	\$	\$	\$
1963-64	9,445	5,000	11,371,000	9,920,000	1,451,000
1964-65	10,000	5,400	12,346,000	10,000,000	2,346,000
1965-66	11,000	6,000	14,426,000	11,500,000	2,746,000
1966-67	11,000	6,000	14,843,000	11,600,000	3,243,000
1967-68	11,400	6,000	15,594,000	13,250,000	2,344,000(2)
1968-69	11,600	6,000	15,839,000	13,500,000	2,339,000
1969-70	11,900	6,000	16,528,000	15,250,000	1,278,000
1970-71	12,100	6,000	17,100,000	15,500,000	1,629,000
1971-72	12,300	6,000	17,800,000	17,000,000	800,000
1972-73	12,500	6,000	18,600,000	17,500,000	1,100,000

SUMMARY OF ACTIONS FOR CONSIDERATION

(not necessarily in chronological order)

1. Approve a Plan (Plan One, Plan Two, or modifications thereof) as to projects, approximate yearly allocations and objects. Approval is to be construed only as adoption of a flexible guide and not as authorization of any project. This would adopt appropriate or modified material from pp. 8 to 20.
 - 1.1 In connection therewith, order revision of The Main University Master Campus Plan to conform.
 - 1.2 In connection therewith, decide upon the nature of publicity, if any, which is to be given to the revisions.
 - 1.3 In connection therewith, direct the Comptroller to initiate an appropriate recording and reporting system to reflect to the Regents periodic status of the Plan.
2. Approve a general policy regarding construction grants from Federal Sources. See p. 3.
3. If any change is desired in Main University enrollment goals (p. 5), so indicate.
4. In connection with the adoption of budget-writing policies for 1964-65, authorize Main University to prepare its operating budget using the Available Fund appropriation given approval in the Plan adopted. The Main University budget would then implement the Plan objects.
5. If included in the Plan adopted by the Regents, authorize the Buildings and Grounds Committee at its November 8 meeting to consider and recommend upon a request for authorization to proceed with preparation of preliminary plans and specifications for the Texas Western College Physical Sciences Building as described in Project B29.

SUPPLEMENTARY AGENDA

BOARD OF REGENTS

OF

THE UNIVERSITY OF TEXAS

MEETING NO. 618

NOVEMBER 7-10, 1963

NAME

Office Copy

SUPPLEMENTARY AGENDA

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EXECUTIVE COMMITTEE

INTERIM REQUESTS SINCE OCTOBER 29, 1963. -- Since the Material Supporting the Agenda distributed on October 29 was prepared, the following amendments to the 1963-64 Budget and to the 1963-64 Classified Personnel Pay Plan for Main University have been distributed either to Committee Chairman Brenan or to the full membership of the Executive Committee. As many of these items as have been approved by the Executive Committee on November 7 will be incorporated in the report of interim actions to be presented to the Board by Committee Chairman Brenan for ratification at the meeting of the Board on Friday, November 8. If any one of these requests has not been unanimously approved by the Executive Committee at that time, the Secretary of the Board will so report to the Committee Chairman so that it may be considered at the Executive Committee meeting on Friday morning at 8:30.

1. Amendments to the 1963-64 Budget

a. Main University (2B-5)

- (1) It is recommended that the following budget for the Journalism Foundation for 1963-64 as approved by the Board of Grants of the Journalism Foundation be adopted. This budget is in accordance with the purposes for which the various donors have contributed to the Journalism Development Program.

From Account No. 30-9233-9500:

Journalism Foundation: E. S. Fentress Awards

A -- Fellowships	\$ 1,200
B -- Two summer internships	1,600

From Account No. 30-8817-9000 -- Journalism Foundation - Various Donors:

A -- Salaries	\$ 6,292
B -- Development Program Expenses - School of Journalism	<u>10,000</u>

For operations, maintenance, travel, scholarships, and fellowships, and other expenses essential to the Journalism Development Program.

Note: As other contributions are added to the Journalism Foundation during the year, they shall be added to Account No. 30-8817-9000, unless otherwise directed by the donor, and expended under Item B. (2B-5, Item 1)

- (2) Amend the 1963-64 Main University Budget on Page 131 by adding the name of Jacob W. Blankenship, by increasing his salary rate from \$4,000 for 1962-63 to \$5,400 for nine months (effective September 1, 1963), funds to come from Departmental Teaching Salaries, and by changing his status from Teaching Assistant to Lecturer in Curriculum and Instruction. (2B-5, Item 2)
- (3) Amend the 1963-64 Main University Budget on Page 120 by adding the name of Royce L. Abrahamson, by increasing his full-time salary rate from \$4,000 for 1962-63 to \$5,200 for nine months (effective September 16, 1963 - January 31, 1964), funds to come from the Office of the Dean, College of Business Administration - Teaching Salary Reserve, and by changing his status from Teaching Assistant to Lecturer (1/4 T) in General Business. (2B-5, Item 3)
- (4) Amend the 1963-64 Main University Budget on Page 126 by adding the name of James E. Stafford, by increasing his full-time salary rate from \$3,771 for 1962-63 to \$6,000 for nine months (effective September 1, 1963), funds to come from Departmental Teaching Salaries, and by changing his status from Training Specialist I (Division of Extension) to Lecturer (1/2 T) in Marketing Administration. (2B-5, Item 4)
- (5) Amend the 1963-64 Main University Budget on Page 172 by transferring \$300 from Departmental Maintenance and Operation into the Travel Account for the Drama Department. (2B-5, Item 5)
- (6) Amend the 1963-64 Main University Budget on Page 174 by appointing Earl W. Gates as Lecturer (1/3 T.) in the Music Department at a full-time salary rate of \$6,600 for nine months effective September 1, 1963, thereby reducing his present status as Librarian II, Music, in the Library from full-time to 2/3 time. Mr. Gates' appointment in the Library does not require approval of the Board and thus does not appear either in the printed budget or in any budget docket presented to the Board. (2B-5, Item 6)
- (7) The 1963-64 Main University Budget reflects the appointment of James H. Leech as Research Scientist Associate IV without indication of time or salary rates for 1962-63 and 1963-64. It is

recommended that the Budget be amended on Page 256 by indicating the time 100%, the 1962-63 salary rate \$7,440* and the 1963-64 salary rate \$8,520 for twelve months (effective September 1, 1963), funds to come from Departmental Salaries. (2B-5, Item 7)

- (8) Amend the 1963-64 Main University Budget on Page 264 by adding the name of Daniel G. Harrington, by increasing his salary rate from \$4,200 for 1962-63 to \$6,300 for nine months (effective September 1, 1963 - May 31, 1964), funds to come from Departmental Accounts - Research Assistants (\$1,100); Maintenance and Operation (\$3,700); and Programmatic Recording (\$1,500); and by changing his status from Teaching Assistant to Special Instructor (at no salary) in Germanic Languages and to Director of Language Laboratory. (2B-5, Item 8)
- (9) Amend the 1963-64 Main University Budget on Page 267 by adding the name of Frederick J. Pearson, (for 1963-64 Only) by increasing his salary rate from \$4,800 for 1962-63 to \$6,780 for twelve months (effective October 15, 1963-June 1, 1964) funds to come from Departmental Salaries, and by changing his status from Research Scientist Assistant II to Research Scientist Associate II in the Radiocarbon Dating Laboratory. (2B-5, Item 9)
- (10) Amend the 1963-64 Main University Budget on Page 420 by adding the name of Mical K. Wood, by increasing his full-time salary rate from \$2,940 for 1962-63 to \$4,800 for twelve months (effective September 1, 1963), payable from Current Restricted Funds - Clayton Foundation Grant, Research in Biochemistry, and by changing his status from Laboratory Research Assistant II to Research Scientist Assistant I (1/2 T) in the Clayton Foundation Biochemical Institute. (2B-5, Item 10)
- (11) Amend the 1963-64 Main University Budget on Page 160 by adding the name of Dwight A. Caughfield, by increasing his full-time salary rate from \$5,000 for 1962-63 to \$6,000 for nine months (effective September 1, 1963), funds to come from Departmental Teaching Salaries. Mr. Caughfield is appointed as an Instructor (1/2 T.) in Engineering Mechanics. (2B-5, Item 11)

* Paid from Government Contract Funds.

- (12) Amend the 1963-64 Main University Budget on Page 160 by adding the name of J. H. Gaines, Instructor (1/2 T.) in Engineering Mechanics, and by increasing his full-time salary rate from \$5,000 for 1962-63 to \$6,000 for nine months (effective September 1, 1963), funds to come from Departmental Teaching Salaries. (2B-5, Item 12)

b. Texas Western College (3B-1)

Amend the 1963-64 Texas Western College Budget on Page 75 in the following manner to be paid for from Government Contract DA-29-040-ORD-2410 (E), effective October 11, 1963:

- (1) By appointing William M. Hite, Jr., and Samuel K. Wilson as Research Engineer Scientists (Unclassified) at salary rates of \$9,600 and \$7,800 respectively for twelve months, in the Schellenger Research Laboratory.
- (2) By increasing the salary rate of Ivan D. Jones from \$6,468 to \$11,400 for twelve months and by changing his status from Research Engineer Scientist Associate II to Research Engineer Scientist (Unclassified) in the Schellenger Research Laboratory.
- (3) By appointing Daniel E. Neary, Laboratory Research Assistant II, presently on an hourly basis, to Research Engineer Scientist (Unclassified) in the Schellenger Research Laboratory at a salary rate of \$10,020 for twelve months.
- (4) And by appointing Dorothy A. Thiele (listed in the printed Budget as an Administrative Assistant at a salary rate of \$4,800, later resigned and reemployed on an hourly basis) as a Research Engineer Scientist (Unclassified) at a salary rate of \$7,104 for twelve months.

c. Southwestern Medical School (7B-2)

Amend the 1963-64 Budget for Southwestern Medical School on Page 19 by adding the name of William T. Moore* Fellow in Biochemistry, and by increasing his salary rate from \$6,000 for 1962-63 to \$8,200 for twelve months (effective October 1, 1963), funds to come from Departmental Teaching Salaries** (7B-2)

* Mr. Moore presently holds this status but is paid from the Robert A. Welch Foundation Funds.

** The effective date of this increase is dependent upon the date of approval by the Executive Committee.

November 1963
Meeting

2. Amendments to the 1963-64 Classified Personnel Pay Plan, Main University

Amend the Classified Personnel Pay Plan for Main University, effective November 1, 1963:

a. 4-CL-63 - By adding the following position:

ADD:

<u>Code</u>	<u>Title</u>	<u>Monthly Range</u>	<u>Annual Range</u>	<u>Step No.</u>
6312	Intramurals Trainer	\$256 - 350	\$3072-4200	24

b. 5-CL-63 - By deleting the following and by adding the following:

DELETE:

<u>Code</u>	<u>Title</u>	<u>Monthly Range</u>	<u>Annual Range</u>	<u>Step No.</u>
6633	Television Art Supervisor	\$482-592	\$5784-7104	38

ADD:

6633	Television Art Director	\$514-650	\$6168-7800	39
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THE UNIVERSITY OF TEXAS
OFFICE OF THE COMPTROLLER
AUSTIN 12

SUPPLEMENT TO
RECOMMENDATIONS TO REGENTS'
BUILDINGS AND GROUNDS COMMITTEE

October 29, 1963

9. MEDICAL BRANCH - APPOINTMENT OF NEGOTIATOR FOR ACQUISITION OF PROPERTIES.--The Board of Regents, at their September meeting, authorized the Administration to negotiate with Mr. J. W. McKenzie of Galveston in regard to his availability and the fee he would charge to act as the University's negotiator in the acquisition of properties in Galveston.

Mr. Walker, Mr. Waldrep, and Mr. Landrum met with Mr. McKenzie on October 15 to discuss with Mr. McKenzie what was expected of him in the event he was approved as negotiator for the University. We have now received Mr. McKenzie's proposal and it is recommended by Mr. Walker, concurred in by Mr. Landrum, Mr. Waldrep, and Dr. Dolley, that a contract be executed with Mr. McKenzie to act as negotiator for a fixed fee of \$30,000. In addition, Mr. McKenzie would be paid \$100 per day for time served during court hearings or time involved in such cases as well as travel expenses and other unusual expenses he might incur in acquiring the properties.

Since there are some seventy-six individual owners of the property to be acquired, it is felt that a fee of \$30,000 is reasonable. Copies of Mr. McKenzie's proposal and Mr. Walker's letter of recommendation are attached for your information.

10. MEDICAL BRANCH - APPRAISER FOR PROPERTIES TO BE ACQUIRED AT MEDICAL BRANCH.--At the September meeting of the Board of Regents, Mr. T. A. Waterman was approved as appraiser for properties to be acquired in Galveston. Mr. Landrum wishes to make an oral report and discuss the developments and certain facts to be considered in connection with the appointment of Mr. Waterman.

THE UNIVERSITY OF TEXAS - MEDICAL BRANCH
GALVESTON

The School of Medicine
The School of Nursing
The Technical Curricula
The Post-Graduate Program

The John Sealy Hospital
The Children's Hospital
The Psychopathic Hospital
The Rosa and Henry Ziegler Hospital

October 27, 1963

Mr. G. W. Landrum
Assistant to the Chancellor
The University of Texas
Austin 12, Texas

Dear Graves:

Attached is the letter proposal from Mr. McKenzie in which he offers a fixed fee of \$30,000 to serve as negotiator for purchase of the property adjacent to the Medical Branch.

I have reviewed the various points emphasized by Mr. McKenzie as to some of the difficulties which he feels are inherent in negotiating sales agreements in this area, and I agree with the conclusion he has reached.

The dates of payment are indicative of a time schedule and Mr. McKenzie has no objection to making whatever changes the University feels would be in order.

If you need any additional information, please let me know.

Sincerely yours,

/s/ Don

E. D. Walker
Business Manager and
Comptroller of Hospitals

EDW:br
encl.

JACK W. McKENZIE
Real Estate - Insurance
National Hotel Building
Galveston, Texas 77550

October 17, 1963

Mr. E. D. Walker
Business Manager and Comptroller of Hospitals
Administration Building, John Sealy Hospital
Galveston, Texas

Dear Sir:

With reference to the meeting I had with Mr. Landrum, Mr. Waldrep and yourself in your office on October 15, regarding the prospects of acquiring the property adjacent to the University of Texas Medical School in Galveston, Texas, I wish to advise that I have gone into the matter very thoroughly and the following is my impression of the proposed transaction.

As I understand it my responsibility would begin when I receive an appraisal on each location, which will be furnished by an appraiser designated by you, and would end when I have completed negotiation and have had Contract of Sale, form to be approved by you, signed by owners. I am sure that you are already aware that this area is very congested and is mainly composed of one house to each 42 foot 10 inch by 120 foot lot. However, there are some corner lots that have three or four houses.

I have also made a careful examination of the type and age of these property owners and find that they are mostly elderly people and a good number of them have lived in these homes practically all of their lives and the majority are satisfied to stay there.

After I receive the appraisals there will be considerable negotiating as these people know that the limited amount of unimproved land in Galveston prohibits new construction where so many people are involved. This will necessitate them being able to purchase land and improvements for the amount they realize from the sale of their property and with this volume of replacement sales in the short space of time will make the transfer difficult.

After taking everything into consideration I have come to the conclusion that \$30,000.00 payable in equal amounts on January 15, 1964, July 15, 1964, January 15, 1965 and April 15, 1965 plus \$100.00 a day served during court hearings or time involved in such cases and any other expense incurred in acquiring this property. I wish to assure you that I consider this a fair and reasonable charge as when I met with your committee I produced contracts and commissions that I have used on previous real estate deals which were considerably higher than the figures I am quoting you confidentially.

Yours very truly,

/s/ Jack W. McKenzie

Jack W. McKenzie

JWMcK:a

TO THE MEMBERS OF THE MEDICAL AFFAIRS COMMITTEE:

Re: Southwestern Medical School--Exchange and Transfer of Land
for Children's Hospital Site to be Used as a Teaching Facility--
Authorization for Reversionary Interest in Approximately 20,000
Square Feet of Land for Out-Patient Clinic

BACKGROUND INFORMATION

In September 1960 the Board of Regents of The University of Texas authorized an exchange of land with the Dallas County Hospital District in order to furnish a construction site for the proposed children's hospital which will be used as a teaching hospital facility by Southwestern Medical School.

Chapter 113, Acts 57th Legislature, R.S. 1961 (Art. 2603j, V.C.S.), authorized the exchange of lands and a conveyance to the Children's Medical Center. The Center has advised the University that it desires to use certain funds of the Richmond Freeman Memorial Clinic, but such use is subject to a reverter in favor of the Freeman heirs if the same is not used as a hospital. In February of 1963 the Board of Regents authorized an exclusion from the acreage to be conveyed of 10,000 square feet upon which an out-patient clinic will be constructed as a part of the Children's Hospital. The Medical Center now advises that a new survey indicates approximately 20,000 square feet will be needed.

RECOMMENDATIONS

1. It is recommended that this amount of land be carved out of the conveyance, to which the reverter will attach in favor of the Freeman heirs. The reverter only applies when and if the tract is no longer used for hospital purposes.
2. All parties are in agreement as to the instruments to be executed to conclude the transaction. The Board of Regents at Meeting No. 607 on April 28, 1962, authorized the Chairman to execute an affiliation agreement, an exchange deed which will convey 10 acres of land to the Dallas County Hospital District in exchange for 8.063 acres upon which the hospital will be constructed, and a warranty deed from the Board to the Children's Medical Center. It is further recommended that the Chairman be authorized to perform any and all other acts necessary to effect the transfer of land and complete the teaching program contemplated.

SPECIAL ITEM

RENTAL OF SPACE FOR UNIVERSITY LANDS, GEOLOGY, AND OIL FIELD SUPERVISION AND UNIVERSITY LANDS, SURFACE LEASING.--On the basis of appropriate requisitions and approval by Vice-Chancellor Dolley and Endowment Officer Stewart, the State Board of Control has made awards of leases for space and prepared rental agreements as follows:

Rental agreement between The University of Texas and Oil and Gas Building, covering approximately 3,429.55 square feet of floor space located at 105 West Wall Street, Midland, Texas, to be used as the offices of University Lands, Geology, for a two-year period beginning September 1, 1963, at a monthly rental rate of \$720.20.

Rental agreement between The University of Texas and Oil and Gas Building, covering approximately 479 square feet of floor space located at 105 West Wall Street, Midland, Texas, to be used as the offices of Oil Field Supervision and University Lands, Surface Leasing, for the two-year period beginning September 1, 1963, at a monthly rental rate of \$100.59.

It is recommended that the Board of Regents approve the award of these two rental agreements by the State Board of Control, which will be executed by the Comptroller in accordance with authority already delegated to him by the Board of Regents.

COMMITTEE OF THE WHOLE

MCDONALD OBSERVATORY

a & b. ORAL REPORT BY DOCTOR HACKERMAN. -- Doctor Hackerman will present an oral progress report on McDonald Observatory, and at the same time will recommend to the Board adoption of the following amendments to existing agreements with authorization to the Chairman to execute same when they have been approved as to form by Attorney Waldrep and as to content by Vice-Chancellor Hackerman:

1. Amendment to agreement between the Board of Regents of The University of Texas and The University of Chicago, dated July 23, 1962.
2. Amendment to the agreement of The University of Texas, The University of Chicago, and The University of Indiana.

Copies of the proposed amendments are on the following pages.

A G R E E M E N T
Amendment to
W. J. McDonald Observatory Agreement

THE STATE OF TEXAS }
COUNTY OF TRAVIS }

This AGREEMENT made and entered into this _____ day of _____, 1963, by and between the Board of Regents of The University of Texas, an institution provided for in the Constitution of Texas, acting in their capacity as Trustee of the W. J. McDonald Observatory Fund, and the University of Chicago, a nonprofit corporation under the laws of the State of Illinois, of Chicago, Illinois,

W I T N E S S E T H :

WHEREAS, the parties have heretofore joined in the execution of that certain agreement, dated July 23, 1962, and it is the intent of this agreement to implement certain provisions of the prior agreement concerning the maintenance, staffing, use and further development of the W. J. McDonald Observatory of The University of Texas; and

WHEREAS, the parties desire to modify and amend said agreement to the extent and in the manner hereinafter provided:

NOW, THEREFORE, in consideration of the premises and the mutual covenants and undertakings herein contained, it is understood and agreed by and between the Board of Regents of The University of Texas and the University of Chicago that the agreement, dated July 23, 1962, referred to above, be amended, and said agreement is hereby amended by adding thereto the following:

1. As of December 1, 1963, the operation of the W. J. McDonald Observatory shall become the full responsibility of The University of Texas, with the guarantees to the University of Chicago of observing time, general operation and consultation to remain as specified in the agreement of July 23, 1962. It is agreed that all financial rights which

may accrue to the University of Chicago, if any, by reason of those certain agreements by and between the Board of Regents of The University of Texas and the University of Chicago, as Parties of the First Part, and the University of Indiana, as Party of the Second Part, dated May 24, 1941, and amended February 16, 1948, to which agreement and the amendment thereof reference is here made, are hereby terminated and of no further force and effect.

2. As of December 1, 1963, all employees of the W. J. McDonald Observatory shall become employees of The University of Texas, thereby ceasing employment with the University of Chicago. This transfer shall be made without loss of real salary to any employee, including a reasonable computation of the financial equivalent of any difference in fringe benefits. It is agreed that consideration will be given to accrued vacation time, sick leave and creditable service time for retirement of each Observatory employee if the same meets the legal requirements of the laws of the State of Texas.

3. As of December 1, 1963, property at the W. J. McDonald Observatory shall remain or become the property and the responsibility of The University of Texas, including supplies, furnishings of houses and vehicles. However, use of the facilities shall remain equally the privilege of the University of Chicago as specified in the agreement of July 23, 1962. The only exceptions to this provision are certain auxiliary instruments (e.g., the prime focus spectrograph), constructed by or for the Yerkes Observatory or certain of its staff members, which shall remain the property of the University of Chicago. Prior to January 1, 1964, an inventory shall be completed, at which time the property of The University of Texas shall be listed and labeled where required, but the property of the University of Chicago shall be separately listed. This separation of the property of the University of Chicago shall be the responsibility of the Director of the

Yerkes Observatory, in consultation with the Director of the McDonald Observatory.

4. All bills, charges and costs of any character incurred in connection with the W. J. McDonald Observatory after December 1, 1963, shall be the responsibility of The University of Texas. However, any financial commitments in connection with the W. J. McDonald Observatory made or incurred by the University of Chicago prior to December 1, 1963, shall remain the responsibility of the University of Chicago, unless explicitly accepted for The University of Texas by the Director of the W. J. McDonald Observatory and the Business Manager of The University of Texas.

5. As of December 1, 1963, the monthly payment made by The University of Texas to the University of Chicago as a proportional share of the operating costs of the Observatory shall cease. In return for the guarantee of observing time at the W. J. McDonald Observatory, as specified in the agreement of July 23, 1962, the University of Chicago agrees to make quarterly payments to The University of Texas of a sum (which for the first year of this agreement shall be paid at an annual rate of \$27,500, but which shall be subject to negotiation on one year's notice by either party to this agreement) to be deposited by The University of Texas in a fund to be employed by the Director of the W. J. McDonald Observatory toward the use, the maintenance, and particularly the improvement of the W. J. McDonald Observatory.

6. The agreement of July 23, 1962, referred to above, shall be further amended hereby as follows:

- a. On page 4, line 5, of said agreement the phrase "as well as any expended" shall be deleted.
- b. At the conclusion of paragraph A--Utilization of Facilities--page 4, line 9, there shall be added the following sentence: "The use of any

expanded living-and-working facilities, and of any new general purpose auxiliary equipment for the 82-inch and 36-inch telescopes shall also be shared as specified in this agreement, but use of any new telescopes and their associated facilities shall be the subject of separate negotiation in each case."

- c. In the agreement of July 23, 1962, all references to the phrase "Director of Yerkes Observatory" shall be deleted and the phrase "Chairman of the Astronomy Department at the University of Chicago" shall be inserted in lieu thereof.

It is agreed and understood that the agreement, dated July 23, 1962, except as hereby amended, shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed by their respective officers on the dates shown below.

ATTEST:

Secretary

BOARD OF REGENTS OF
THE UNIVERSITY OF TEXAS

By _____ Chairman
Date _____

ATTEST:

Secretary

THE UNIVERSITY OF CHICAGO

By _____ President
Date _____

Approved as to Form:

University Attorney

Date _____

Approved as to Content:

Date _____

A G R E E M E N T
Amendment to
University of Indiana Agreement

THE STATE OF TEXAS |
 |
COUNTY OF TRAVIS |

This AGREEMENT made and entered into this _____ day of _____, 1963, by and between the Board of Regents of The University of Texas, an institution provided for in the Constitution of Texas, acting in their capacity as Trustee of the W. J. McDonald Observatory Fund, Party of the First Part, and the University of Indiana, an institution organized under the Constitution and laws of the State of Indiana, Party of the Second Part,

W I T N E S S E T H :

WHEREAS, the parties hereto under date of May 24, 1941, entered into an agreement which provided for the participation of the second party in the study of astronomical science being carried on at the W. J. McDonald Observatory of The University of Texas; and

WHEREAS, on February 16, 1948, a further agreement was executed concerning modification of payments; and

WHEREAS, the parties hereto desire to modify and amend said agreements to the extent and in the manner hereinafter provided:

NOW, THEREFORE, in consideration of the sum of One Dollar (\$1.00) and other good and valuable considerations to each in hand paid by the other, the receipt whereof is hereby acknowledged, and of the mutual covenants and undertakings herein contained, it is hereby agreed by and between the parties hereto as follows:

1. That the said agreements of May 24, 1941, and February 16, 1948, shall be, and the same are hereby, modified and amended by striking the words and figures "Two Thousand Dollars (\$2,000.00) appearing in the fourth line of paragraph (4)

of said contract, and by substituting in lieu thereof the following words and figures "Three Thousand Dollars (\$3,000.00)."

2. That the effective date of said modification and amendment shall be May 1, 1964.

3. That the said agreements of May 24, 1941, and February 16, 1948, except as herein specifically modified and amended shall remain in full force and effect for and during the term therein provided for.

IN WITNESS WHEREOF the parties hereto have caused this agreement to be executed by their respective officers on the dates shown below.

ATTEST:

Secretary

BOARD OF REGENTS OF
THE UNIVERSITY OF TEXAS

By _____
Chairman

Date _____

ATTEST:

Secretary

THE UNIVERSITY OF INDIANA

By _____

Date _____

Approved as to Form:

University Attorney

Date _____

Approved as to Content:

Date _____

THE UNIVERSITY OF TEXAS
OFFICE OF THE COMPTROLLER
AUSTIN 12

SUPPLEMENT TO
RECOMMENDATIONS TO REGENTS'
BUILDINGS AND GROUNDS COMMITTEE

November 5, 1963

11. M. D. ANDERSON HOSPITAL AND TUMOR INSTITUTE - ACCEPTANCE OF HILL-BURTON GRANT ON ADDITIONS AND ALTERATIONS TO M. D. ANDERSON HOSPITAL BUILDING.-- In accordance with application made to the Texas State Department of Health for Hill-Burton Funds to assist in the construction of Additions and Alterations to M. D. Anderson Hospital Building, the following letter has been received by Dr. Clark from Dr. J. E. Peavy, Commissioner of Health for the State of Texas:

"It gives me pleasure to inform you that the Board of Health at its meeting on October 20, 1963 has allocated \$1,000,000.00 to assist in the expansion of the diagnostic and treatment facility for M. D. Anderson Hospital. Unfortunately, insufficient funds were available to allocate any Part "C" (general hospital) funds to assist in the remainder of the proposed expansion of the M. D. Anderson Hospital. The number of applications on hand with relatively higher priority for assistance was the determining factor in the Board's action.

"The Division of Hospital Services will obtain from you the necessary information and documentary evidence which will permit the preparation of the formal application forms."

It is recommended that this grant be accepted and that the formal application forms mentioned in Dr. Peavy's letter be completed and signed by Comptroller Sparenberg in accordance with the usual practice.

ADDITIONAL DOCKET ITEMS

LAND AND INVESTMENT COMMITTEE

November 8, 1963

PERMANENT UNIVERSITY FUND - LAND MATTERS.--

SURFACE LEASE NO. 1804, H. L. BROWN, ANDREWS COUNTY.--This request for a salt water disposal well covers 5 acres in Section 39, Block 4, Andrews County. Mr. H. L. Brown, operator of several oil leases in the McFarland Queen Field, wishes to dispose of salt water produced from adjacent oil and gas leases on University Lands into a recently drilled unproductive well. The lease would be for a period of 10 years, November 1, 1963, through October 31, 1973, at annual rental of \$100 per year, payable in advance. Approval is requested at this meeting due to negotiations between Mr. Brown, and the oil company holding the lease on which the unproductive well is located, as to release of responsibility of plugging unproductive wells as required by University procedures. With the abandonment of this well, the oil and gas lease expires under its terms. Approval of this surface lease is recommended.

TRUST AND SPECIAL FUNDS - REAL ESTATE MATTERS.--

HOGG FOUNDATION: W. C. HOGG MEMORIAL FUND - RECOMMENDATION RE PROSPECTS FOR SALE OF MAIN AND CLAY PROPERTY IN HOUSTON.--On January 14, 1963, the Board of Regents authorized the staff to notify Mr. John I. Hill, Houston realtor, that it would sell the Hogg Foundation property at Main and Clay at \$50 per square foot, with commission at 5%, to a purchaser of the remainder of the block, this commitment not being an exclusive listing and to extend only to February 14, 1963. On February 16, 1963, the time was extended to April 15, 1963.

Mr. Hill has continued to work on the sale of this block and has kept the Endowment Office advised as to his prospects, though no firm offer has yet been obtained. Mr. Hill is now working on the sale of the block to a well known Houston corporation for a building, and other owners in the block are cooperating with him on these sales efforts. One of the owners, who has been most anxious to sell his part of the block, has placed a deed in escrow for acceptance by the prospective purchaser by January 15, 1964. It is recommended that the Board of Regents authorize the staff to notify Mr. Hill that, without an exclusive listing, the Board will sell its part of the block for \$50 per square foot, with 5% commission, such commitment to extend only to January 15, 1964.

ARCHER M. HUNTINGTON MUSEUM FUND - PROPOSED OIL, GAS, AND MINERAL LEASE TO HUMBLE OIL & REFINING COMPANY ON WILSON POINT ACREAGE OF HUNTINGTON LANDS, S. C. BUNDICK LEAGUE, GALVESTON COUNTY.--At the sealed bid sale of leases on Public School Lands held on November 5, Humble Oil & Refining Company acquired oil and gas leases on certain blocks in the area of Wilson Point in Galveston West Bay, one of these being Block 80 adjoining the Huntington Lands acreage on Wilson Point on three sides. Humble paid \$75 per acre bonus for a five-year oil and gas lease with 1/6 royalty on oil and gas and delay rentals at \$5 per acre on Block 80. On the 6th, Humble contacted the University for an oil, gas, and mineral lease on approximately 312.64 acres on Wilson Point, being part of the Huntington Lands owned by the Board

Additional Docket Items, Land and Investment Committee, November 8, 1963

of Regents. They have now proposed \$80 per acre bonus, \$10 per acre delay rental, and 1/6 royalty on oil and gas for a five-year lease. These terms appear to be in line, and it is believed that the lease will not interfere with sale or development of the acreage. As to the use of the surface, the lease will provide for small drilling sites for approximately each 40 acres. It is recommended that this proposal be accepted, and that the Chairman of the Board of Regents be authorized to execute the lease when approved as to form by the Land and Trust Attorney and as to content by the Endowment Officer.

to G W L

Mr. Redditt

THE UNIVERSITY OF TEXAS SOUTHWESTERN MEDICAL SCHOOL

(Submit two copies to the Office of the Dean for trips of seven days or more accompanied by the usual Request for Permission to be Absent forms.)

No. 7T-2

To Chancellor Harry Ransom

In compliance with the Rules and Regulations of the Board of Regents, Part Two, Chapter III, Subsections 13.22 and 13.23, Page 15, I should like to present for your approval, and recommendation to the Executive Committee, where appropriate, the following travel item:

NAME AND TITLE: P. O'B. Montgomery, Jr., M.D. - Professor of Pathology

PERIOD OF ABSENCE: July 20, 1964 thru August 21, 1964

DESTINATION: Oxford, England; London, England; Paris, France; Frankfurt, Germany

PURPOSE: (1) Vacation (2) To present scientific papers at the 2nd. International Congress of Histo- and Cytochemistry and the 4th. International Photobiology Congress (3) Visitation to Derby Luminescents of London, England for phosphor research (4) Visitation to the Institute for Cancer Research in Paris, France for discussion with Dr. Bernhard.

SOURCE OF SALARY DURING ABSENCE: National Institutes of Health Career Development Award

SOURCE OF FUNDS FOR TRAVEL EXPENSES: None requested - To be paid for by personal funds

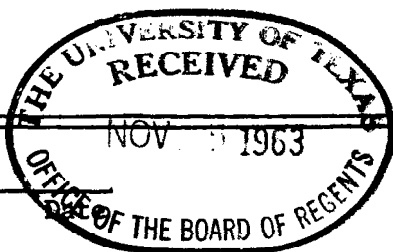
ESTIMATED EXPENSES TO BE REIMBURSED: None TRANSPORTATION; None PER DIEM (___ Days)

DISPOSITION OF WORK DURING ABSENCE: Laboratory research work will be carried on by collaborators

JUSTIFICATION: (Attach separate sheet if necessary)

The period of absence requested will be counted as vacation time. During this period of time it is my intention to present scientific papers at the 4th. International Photobiology Congress in Oxford, England and the 2nd. International Congress of Histo- and Cytochemistry in Frankfurt, Germany. These two conferences deal directly with the major research areas which I have been investigating for the past ten years. These areas of research investigation are supported by grants from the Damon Runyon Memorial Fund, the Atomic Energy Commission, the Tobacco Industry Research Committee and the National Aeronautics and Space Administration. During the period of time that I am in England I plan to visit the Derby Luminescents Corporation. For the past five years this corporation has supplied our laboratory with a variety of experimental ultra-violet emitting phosphors. The majority of the research program has been financed at no cost to the laboratory. This visit will serve the purpose of keeping these beneficial collaborative efforts proceeding in the proper direction. During my visitation to Paris, France I plan to discuss nucleolar research problems with Dr. Bernhard. Dr. Bernhard is the outstanding authority in the world on some aspects of nucleolar function which directly relate to investigations in If reimbursement is to be from General Funds, will the remaining balance in the travel account charged be adequate for the balance of the fiscal year? Yes; No. If no, attach a statement justifying overspending the original budget.

Date



[Signature]
Institutional Head

APPROVED: 11/7/63

DISAPPROVED: _____
Date

REMARKS:

[Signature]
Harry Ransom, Chancellor

APPROVED: _____
Date

APPROVED: [Signature] Nov. 7-1963
Date

DISAPPROVED: _____
Date

DISAPPROVED: _____
Date

Walter P. Brenan, Chairman

[Signature]
Member
cc: Mr. Heath
Chancellor's Office
Institutional Head

Executive Committee: Mr. Brenan
Dr. Connally
Mr. Madden
Mr. McNeese
Mr. Redditt

Continuation Page

our own laboratory. The purpose of the visit to Frankfurt, Germany is to present a scientific paper at the 2nd. International Congress of Histo- and Cytochemistry. In addition I wish to engage in scientific discussions with Dr. Walter Sandritter, Professor of Pathology at Giessen. Dr. Sandritter is working in many of the areas of investigation which concern this laboratory. In the fall of 1963 Dr. Sandritter is sending a research fellow to our laboratory for the purpose of training him in the various methods for television microscopy which have been developed here.