

STATEMENT BY CHAIRMAN SHIVERS RELATING TO TITLE CHANGES IN REVISION OF REGENTS' RULES AND REGULATIONS, PARTS ONE AND TWO; APPOINTMENT OF POLICY COMMITTEE. --Chairman Shivers read the following statement relating to title changes in the revision of the Regents' Rules and Regulations including the appointment of a Policy Committee:

"The changes in System Administration titles authorized at the last meeting of the Board of Regents, coupled with the amendments to the Regents' Rules and Regulations approved today, complete the implementation of an administrative design initiated about two years ago.

"The University of Texas System is now an immense academic, research, and public service enterprise. It represents an educational opportunity for about 100,000 students, a source of compensation for over 40,000 personnel, an annual budgeted expenditure from all funds for this year in excess of \$750 million, and leadership in higher education for this state and nation which must be effectively and efficiently administered both at operational and executive levels.

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"The Board of Regents is convinced that, in the division of responsibilities between Chancellor LeMaistre as chief executive officer and President Walker as chief operating officer, an administrative design has been found that utilizes the talents and expertise of both men to the maximum benefit of The University of Texas System.

"In recent years the number and importance of external groups and constituencies which have the potential to impact upon The University of Texas System have increased significantly. Higher education has found it essential for survival to develop the competence to deal effectively with those external forces which threaten the integrity and influence the future of higher education. While many of these factors relate to the pervasive influence of the spending power of the federal purse, the concerns of the business and economic community and the field of private philanthropy with regard to the value of higher education have required increased attention. Of necessity, the role of Chancellor, as chief executive officer of the system, has increasingly become an external one designed to ensure and enhance the governmental, business, and philanthropic climate in which The University of Texas System could continue to develop and attain the standards of excellence to which we are all committed.

"Two years ago Chancellor LeMaistre recognized the importance of this trend and recommended that the Chancellor be freed of ongoing day-to-day administration to deal with issues of long-range significance. During the last two years, I have worked closely with Chancellor LeMaistre on most difficult and time-consuming issues of great consequence to The University of Texas System. Chancellor LeMaistre has been eminently successful in a wide range of activities from preservation of the Permanent University Fund to indirect cost support of research, from health manpower policies to higher education's creditability, from international education to maintaining access to higher education for all Texans. These are but a few of those from the past, and the list of upcoming challenges is even more impressive.

"I believe this area to be one of increasingly vital significance to The University of Texas System and one we dare not neglect. Today I am appointing a committee of Regents to be known as the Policy Committee to serve this important need. The Chairman of the Board will chair the committee and Vice-Chairman Williams and Regent Law will serve as members. Working closely with Chancellor LeMaistre, the committee will meet periodically and address itself to the broad question of higher education and public policy as it applies to our institutions. Only by effective and realistic planning and the subsequent translation into policy can The University of Texas System hope to enhance its mandate as a 'University of the first class.'

"With Chancellor LeMaistre's permission, I want to close this statement on a personal note.

"Eighteen months ago, Dr. LeMaistre initiated confidential discussions with regard to his strong personal desire to return to duties more directly related to medical education and administration but only at a time convenient to the Board of Regents. Various combinations of circumstances, political uncertainties, and programmatic brush-fires dictated that I not concur in his desire in the past, and he gracefully accepted my decision each time we discussed the matter.

"Several months ago he again accepted my judgment on the matter, but this time my reasons were different. I know of no other individual who can perform the difficult and sensitive assignments of the Chancellor as well as Dr. LeMaistre, and I hope the Board of Regents joins unanimously in that statement. We are pleased that he will continue in this role."

The statement was unanimously adopted and ordered placed in the Minutes.

COMMITTEE OF THE WHOLE
(Pages 70 - 269)

Chairman Shivers filed the following report of the Committee of the Whole; all action of which had been taken in open session. This report was adopted without objection:

BOARD OF REGENTS: REVISION OF REGENTS' RULES AND REGULATIONS, PARTS ONE AND TWO TO CONFORM TO 1977-78 OPERATING BUDGET AND TO LEGISLATION RELATING TO UNIVERSITY ENACTED BY 65TH LEGISLATURE, R.S., 1977. --In accordance with authorization granted at the July 29, 1977, meeting of the Board of Regents, the Regents' Rules and Regulations, Parts One and Two had been revised by the General Counsel under the direction and supervision of the President of the System, and copies had been circulated to members of the Board of Regents by the Secretary prior to the meeting.

At the request of Chairman Shivers, System President Walker explained the changes in the proposed revision. With two or three exceptions, the changes conform the Rules and Regulations to the 1977-78 Operating Budget adopted at the meeting on July 29, 1977, and to legislation relating to the University that was enacted by the 65th Legislature, R.S., 1977.

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Regent Clark moved, seconded by Regent Bauerle, that the revised Regents' Rules and Regulations, Parts One (Pages 70-158) and Two (Pages 159-230) be substituted for the current Rules and Regulations originally adopted in January 1960 and amended periodically thereafter.

After a discussion, the motion prevailed by unanimous vote, and without objection the necessary rules were waived and the revised Rules and Regulations became effective immediately.

RULES AND REGULATIONS
OF THE
BOARD OF REGENTS
OF
THE UNIVERSITY OF TEXAS SYSTEM
FOR THE GOVERNMENT OF
THE UNIVERSITY OF TEXAS SYSTEM

PART TWO

Adopted by the Board of Regents on September 16, 1977

Explanatory Statement - Part Two

Part Two consists of rules and regulations which are fiscal in nature. These may be deleted or amended by the Board of Regents without the necessity for prior notice or action.

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CHAPTER I

GENERAL

Sec. 1 Gifts to The University of Texas System.

- 1.1 The authority to accept gifts to the System or to any of the component institutions is vested in the Board.
- 1.2 Recommendations for the acceptance of gifts showing details as to value, form, stipulations regarding use, and provisions for custody and disbursement of funds shall be transmitted by the chief administrative officer to the President of the System and by him, with recommendations, to the Board.
- 1.3 The authority to accept gifts to a component institution is delegated to the chief administrative officer when the gift is to a fund, foundation, or enterprise already approved by the Board or is a continuation of a series which has been previously approved by the Board. Each chief administrative officer is empowered to accept cash gifts to a component institution of the System of \$5,000 or less, within the policies of the Board and Legislature governing the acceptability of gifts, and to deposit such gifts to the appropriate accounts. All gifts (except those described in subsection 1.4 below) shall be reported by the dockets of each component institution as prescribed by the Board.
- 1.4 A quarterly report of such gifts of \$5000 or less showing name and address of donor, amount, purpose, and date of the gift shall be filed with the Board within thirty (30) days after August 31, November 30, February 28, and May 31 of each year. Such reports will summarize gifts of \$500 or less showing only total dollars and number of gifts.
- 1.5 Except as provided in the preceding sections, no member of the staff of any institution has the authority to accept gifts of money to the System or to any of its component institutions. Gifts to the component institutions of books or other objects of very small value and very obvious propriety, without conditions attached, may be accepted by individual members of the staffs provided these gifts are reported to the Board.

- 1.6 Neither the System nor any of its component institutions will accept a gift for the benefit of any designated student unless the donor is exempt from Federal Income Taxes as defined by the Commissioner of Internal Revenue.
- 1.7 The acceptance of gifts of real property is prohibited without prior express approval of the Legislature except for establishing scholarships, professorships, or other trusts for educational purposes, provided that such property will not thereafter require legislative appropriations for operation, maintenance, repair, or construction of buildings. (Current Appropriation Bill)

Sec. 2 Fellowships, Scholarships, and Loan Funds.

- 2.1 After gifts for fellowships, scholarships, and loan funds have been accepted by the Board, as indicated previously, they are administered jointly by designated committees and the business office of each component institution.
- 2.2 In the case of scholarships and fellowships, the appropriate committee, or designated individual, receives applications, makes the necessary inquiries, and determines the award. The committee advises the institutional head of the award and he, in turn, approves and forwards the notice of award to the business office. Payments on scholarships and fellowships are made through the business office of the component institution.
- 2.3 In the case of loan funds, the appropriate committee or designated person receives applications for loans, makes the necessary inquiries, and approves or declines the original loan as well as all renewals and extensions. The chairman notifies the business office of the granting of loans, and all records including notes, cash, accounts and collections are thereafter handled by that office. The principal of loan funds is kept intact insofar as possible. The chairman of the awarding committee may be requested by the business office to assist in collection of past due interest or principal.

Sec. 3 Tuition and Other Fees. -- Tuition fees and other charges will be fixed as prescribed or as authorized by statute, and will be set out in the institutional catalogue.

Sec. 4 Fiscal Year. -- The fiscal year of the System shall be September 1 through August 31.

Sec. 5 Policy Against Discrimination. -- No person shall be excluded from participation in, denied the benefits of, or be subject to discrimination under, any program or activity sponsored or conducted by the System or any of its component institutions, on any basis prohibited by applicable law, including, but not limited to, race, color, national origin, religion, sex, or handicap.

Sec. 6 General Admission Policy.

- 6.1 The System will make maximum use of its resources, subject to the limited enrollment policy of the Board, to admit and educate as many qualified students as possible, consistent with accreditation standards and consistent with maintaining a high quality of education. Neither the faculty nor students of any component institution will solicit or recruit for admission to that institution any person who cannot meet the usual academic requirements for admission to that institution.

Other than for the exceptions set forth in the General Appropriation Act, no funds appropriated by the Legislature, including local institutional funds, may be expended for the recruitment of students, whether qualified or unqualified. However, this provision does not prohibit the distribution of informational literature about an institution or a particular program in appropriate schools or among economic or social groups which might have a special interest in a particular institution or educational program. Such information might focus upon, but need not be limited to, programs for which there is a state-wide need for graduates. Nor does it prohibit visits by students, faculty members, or administrators, upon request, with groups of high school or college students or other groups interested in information on higher education, a particular institution, or particular programs when such visits are supported by funds from gifts and bequests.

6.2 All Texas resident applicants to medical schools within the System shall be notified of their eligibility to apply to the State Rural Medical Education Board for financial assistance pursuant to Article 4498 (c), Vernon's Civil Statutes. Article 4498 (c) authorizes the Rules Medical Education Board to make loans, grants or scholarships to medical students who are contractually obligated to practice medicine in rural areas of the State. The notification will also inform applicants that they may seek financial assistance from the State Rural Medical Education Board at any time during medical school should they subsequently determine that they desire to enter the practice of medicine in a rural area. The fact that an applicant has contracted for a loan, grant or scholarship from the State Rural Medical Education Board will be considered by the admissions committee in the overall consideration of the applicant.

Sec. 7 Admission of Nonresident Students. --No nonresident of the State of Texas shall be enrolled as a new or transfer student in any school, college, or degree-granting program at any component institution of the System when all of the three following conditions occur: (1) when there is a limitation on the number of students that will be enrolled in the class of which such nonresident would be a member if he were enrolled; (2) when the result of enrolling such nonresident would be to increase to greater than 10% the percentage of nonresidents enrolled in the class of which such nonresident would be a member if he were enrolled; and (3) when at the time of the proposed enrollment of such nonresident, admission to the school, college, or degree-granting program is being denied to one or more Texas residents who have applied for admission and who reasonably demonstrate that they are probably capable of doing the quality of work that is necessary to obtain the usual degree awarded by the school, college, or degree-granting program.

Sec. 8 Official Seal, Colors, Flag, and Mascot.

8.1 The official seal of the System shall be the seal held in the custody of the Secretary to the Board on which shall be inscribed "Seal of The University of Texas." The official seal of each component institution shall consist of the System seal with such heraldic variations as may be approved by the Board upon recommendation of the head of the component institution and System Administration. This official seal shall be used for the purpose of certifying diplomas, official transcripts for students and for such other official purposes as may be approved by the Board, by System Administration, or by the chief administrative officer of a component institution. Provided, however, that if any component institution has previously adopted and presently uses an institutional seal, such component institution may continue to use such

seal in lieu of the seal hereby provided for. Provided further, however, no component institution shall use as its official seal that seal approved herein as the official seal of the System, unless the full title of the institution as designated in the Rules and Regulations of the Board, Part One, Chapter VIII, Section 4, is also used as an integral part of the seal.

- 8.2 The official colors for the System shall be orange and white; provided, however, that a component institution may adopt other colors to be used only in connection with athletic activities of the institution when approved by the Board upon recommendation of the chief administrative officer of the component institution and System Administration.
- 8.3 The Texas State Flag shall be designated as the official flag of the System, and the official flag of each component institution shall be the Texas State Flag with a streamer with the official name of the component institution in white letters on an orange field. No component institution shall have or display as its official flag or as a flag representative or symbolic of the institution any other flag.
- 8.4 Each component institution may adopt a theme and a mascot to be used in connection with athletic activities, provided same is approved by the Board upon recommendation of the chief administrative officer of the component institution and System Administration.

Sec. 9 Appropriation Act Riders. --The System will comply with the provisions of the current General Appropriation Act insofar as applicable.

CHAPTER II

ACCOUNTING, AUDITING, REPORTING, AND BUDGETARY CONTROL

Sec. 1 Types of Funds.

1.1 Current Funds.

- 1.11 General. --General Funds are those unrestricted operating funds which are available for any purpose. Such funds are expended in accordance with the budgets and appropriations approved by the Board. General Funds balances shall not be reappropriated from one fiscal year to another unless specific approval is given by the President of the System and the Board.
- 1.12 Auxiliary Enterprises. --Auxiliary Enterprises Funds are those funds set aside for operating entities which exist to furnish specified services to students, faculty, or staff, and which charge fees that are directly related to the cost of the service.
- 1.13 Designated. --Designated Current Funds are those funds designated for special activities by the System. The income and expenditures are ordinarily related to a particular department. Expenditures follow the same programs as are found in the General and Restricted Current Funds. Such funds are subject to the same budgetary restrictions as General Funds although balances are automatically reappropriated at the end of each fiscal year.

- 1.14 Restricted. --Restricted Current Funds are those received from federal and local governments, state agencies, individuals, foundations, corporations, etc., or income derived from endowments, to be used only for a particular purpose or project, specified by the donor, such as research, conferences, scholarships, fellowships, etc. The period of use is usually designated in the agreement approved by the Board. The accounting for the funds will be on the accrual basis; however, in financial reporting, the amounts reported as revenues are limited to the expenditures. Unless otherwise specified, balances are automatically reappropriated at the end of each fiscal year.
- 1.2. Loan Funds. --Those funds that have been set aside for loans to be granted to students, faculty, or staff, including interest earned thereon.
- 1.3 Endowment and Similar Funds.
- 1.31 Endowment Funds. --Those funds that donors have stipulated, as a condition of gift, that the principal is to be maintained inviolate in perpetuity, or in the case of "term" endowments to be maintained inviolate for a specified term. All endowment funds are administered by the Office of Investments, Trusts and Lands of System Administration as provided in Part Two, Chapter IX of these Rules and Regulations.
- 1.32 Quasi-endowment Funds. --Funds functioning as endowment as a result of determination by the Board that they are to be retained and invested. All quasi-endowment funds are administered by the Office of Investments, Trusts and Lands of System Administration as provided in Part Two, Chapter IX of these Rules and Regulations.
- 1.4 Annuity and Life Income Funds. --Those funds acquired by the System subject to annuity contracts, living trust agreements, or gifts and bequests reserving life income to one or more beneficiaries. Such funds shall be administered by the Office of Investments, Trusts and Lands of System Administration.
- 1.5 Plant Funds.
- 1.51 Unexpended Plant Funds. --Funds specified by the Board or by external sources for the acquisition, construction, or improvement of physical properties to be used for institutional purposes.
- 1.52 Renewals and Replacement Funds. --Funds specified by the Board or by external sources to be used for the renewal and replacement of plant fund assets. A regular source for such funds shall be the portion of indirect cost allowances represented by use charges on buildings, other improvements and equipment allocated to sponsored programs. (See also Part Two, Chapter XI, Section 7).
- 1.53 Retirement of Indebtedness Funds. --Funds specified by the Board or by external sources to be set aside to meet debt service charges and the retirement of indebtedness on institutional plant assets. All such funds shall be administered by the Office of Investments, Trusts and Lands of System Administration.

1.54 Investment in Plant Funds.--Funds invested in physical properties to be used for institutional purposes.

1.6 Agency Funds.--Those funds received and held by the System as custodian or fiscal agent for others. Agency funds shall be expended in accordance with the limitations of the agency agreement.

Sec. 2 Accounting.

2.1 The financial records of the System shall be kept as nearly as practicable in accordance with the recommendations set forth in "College and University Business Administration, Third Edition," (1974) published by the National Association of College and University Business Officers. Where those recommendations conflict with statutes or with regulations of the Coordinating Board, Texas College and University System, the latter shall be controlling.

2.2 All accounting records and procedures shall be subject to the approval of the chief business officer and the President of the System, or his delegate.

2.3 The business office of each component institution shall be the central office for accounting control for all financial transactions of the institutions. The chief business officer shall confer with departmental and administrative officials and instruct them concerning the records of financial transactions to be kept by the departments, as indicated in the next subsection.

2.4 Each person directly responsible for a department or other administrative unit (hereinafter called "department head") shall keep an account of funds and property for which he is responsible, as detailed as necessary to supplement the business office records.

2.5 All expenditures must be in accordance with the approved institutional operating budget.

2.6 Statements of department or other administrative unit accounts shall be prepared monthly by the business office and shall be sent periodically to the department heads who will compare their records with those of the business office and report any differences promptly to the business office.

2.7 A person in each department or other administrative unit may be designated by the department head, with the approval of the chief business officer, to sign vouchers, requisitions, etc., in the absence of the department head. These designations shall expire upon receipt of notification by the accounting office in writing from the department head or upon termination or transfer of the designee from the department.

Sec. 3 Auditing.

3.1 The chief business officer is initially responsible for the preaudit of all business transactions as a part of the regular accounting procedures of the business office and consistent with the system of internal control.

- 3.2 Postauditing shall be regularly performed with formalized audit programs developed by the chief business officer and the System Comptroller. Each institution is expected to maintain an internal audit staff to perform the basic postaudit functions and to augment the work of the System Comptroller's staff and the State Auditor, unless otherwise exempt from this requirement by the President of the System.
- 3.3 The audit staff of the System Comptroller shall review and/or conduct postaudits of business activities at the component institutions. Such audits shall be conducted in accordance with accepted auditing standards, including necessary tests of the records. Written reports will be prepared for all such audits, calling attention to transactions which may not be in accord with legal requirements, System and institutional accounting principles, policies and regulations. The audit staff shall recommend corrective measures and procedures when appropriate.
- 3.4 The audit staff of the System Comptroller, in addition to the above duties, shall review the internal audit programs of the component institutions, and shall conduct procedural studies and make recommendations for effective, and insofar as practical, uniform systems of accounting and reporting for all component institutions of the System.
- 3.5 The State Auditor, under State law, is responsible for the external audit of the books of the System.

Sec. 4 Reporting.

- 4.1 All financial reports shall be prepared in accordance with the provisions of the statutes, official directives of the Coordinating Board, Texas College and University System, and directives of the Board, and in conformity with the manual, "College and University Business Administration, Third Edition," (1974) referred to above. The reports shall be prepared by the chief business officer and approved by the System Comptroller.
- 4.2 Two reports, both of which shall be prepared under the direction of the chief business officer and the System Comptroller, shall be prepared annually:
 - 4.21 Annual Financial Report. --As required by law, printed financial reports, in the format recommended in "College and University Business Administration, Third Edition," (1974), or its successor publication, shall be filed with the Coordinating Board, Texas College and University System, and other State offices as specified by law.
 - 4.22 Salary Payment Report. --On or before December 31, each year, an itemized report in format prescribed by System Administration shall be prepared of salaries and wages paid all employees for services during the preceding fiscal year out of any funds from any source or character under the control and/or custody of the Board, listing for each employee the total amount paid from each source during the twelve months of the fiscal year, the title of the position held or kind of service rendered. Copies of this report shall be furnished the Secretary to the Board, the System Budget Director, and the System Comptroller.
- 4.3 Monthly financial reports, in the form prescribed by the System Comptroller, shall be prepared by each institutional chief business officer

and distributed to the chief administrative officer, the Secretary to the Board, the System Budget Director, and the System Comptroller.

Sec. 5 Operating Budgets.

- 5.1 Operating Budgets for all the component institutions shall be approved annually by the Board within the budget estimates of income prepared by the chief business officer and the chief administrative officer and approved by the President of the System.
- 5.2 General policies for the budget preparation shall be recommended by the President of the System to the Board and shall be followed in preparing the budgets. Instructions for details of budget preparation shall be furnished to the chief administrative officers by System Administration.
- 5.3 The institutional chief administrative officer shall issue local instructions and shall furnish forms to the budget-recommending officials. Their recommendations for salaries, maintenance and operation, equipment, travel, and other pertinent items shall be reviewed by the chief administrative officer. The budget as finally recommended by the chief administrative officer shall be forwarded to the President of the System for further review and recommendation to the Board.
- 5.4 Rules and procedures for budget administration shall be prepared by System Administration, approved by the Board, and shall be included in the completed budgets.
- 5.5 A copy of each budget, and any subsequent amendment thereto, shall be filed by the Secretary to the Board with the Legislative Reference Library to be available for public inspection, and also with such other State offices as required by law.

Sec. 6 Legislative Budget Requests.

- 6.1 Legislative budget requests, biennial or otherwise, as may be required shall be submitted to the Coordinating Board, Texas College and University System, to the Legislative Budget Board, and to the Executive Budget Office in the form and at the time prescribed.
- 6.2 These legislative budget requests shall be prepared in conformity with the same general procedures, as outlined above in Section 5, for the annual budgets in the following sequence:
 - 6.21 Approval of budget request writing policies by the Board upon recommendation of the President of the System.
 - 6.22 Preparation of a recommended budget request of expenditures by the chief administrative officer in conformity with these policies.
 - 6.23 Approval of the completed budget request by the President of the System and the Board.

CHAPTER III

RECEIPT, CUSTODY, AND DISBURSEMENT OF MONEYS; ABSENCE
FROM USUAL AND REGULAR DUTIES INCLUDING TRAVEL

Sec. 1. Receipts, Admission Tickets, and Charges.

- 1.1 No department, division, or individual staff member is authorized to receive money in the name of a component institution of the System

unless authorized by the chief business officer and chief administrative officer.

- 1.2 An official receipt in the form prescribed by the chief business officer shall be issued to payors for all moneys received unless the chief business officer has specifically authorized exceptions for certain types of collections.
- 1.3 All moneys received shall be recorded and handled under appropriate internal accounting controls.
- 1.4 Admission tickets, including complimentary tickets, shall have the price of admission indicated thereon, and all such tickets shall be prenumbered, except for certain events where the section, row, and seat number are shown. Admission tickets and coupon books shall be purchased for delivery to the institutional business office and issued to the department concerned. Unused tickets or books shall be returned along with a prescribed ticket report to the business office within 30 days from the date of the event, and a list showing the names of all persons receiving complimentary tickets shall be a part of the prescribed ticket report.
- 1.5 All unpaid (including complimentary, free, or discounted) charges for sales or service of auxiliary enterprises, organized activities, or service departments or similar activities shall be reported to and recorded by the chief business officer or his delegate under appropriate internal accounting controls. A list or other documentation showing the authorization and names of all persons receiving complimentary, free, or discounted goods or services and the values thereof shall be furnished the business office within 30 days from the date such goods were issued or such services were rendered by any auxiliary enterprise, organized activity, or service department or similar activity.

Sec. 2. Deposits with Institutional Business Office.

- 2.1 Money received by all departments from all sources shall be deposited, using an official form, in the institutional business office, unless depositing directly to a special bank account has been specifically authorized by the System Comptroller. The deposits shall be daily if the receipts are \$50 or more, and weekly even if the accumulation is less than \$50. Except for mail deposits authorized under subsections 2.11 and 2.12, the deposit shall be made in person by a departmental representative to whom an official receipt is issued.
 - 2.11 Mail deposits by on campus departments are authorized if the amount of each deposit is less than \$100 and does not contain cash (currency).
 - 2.12 Mail deposits by off campus activities are authorized if such deposit does not contain cash (currency).
- 2.2 Departments or activities mailing deposits shall maintain adequate record of such deposits, including detailed description of negotiable instruments.
- 2.3 Cash overages or shortages shall be reported to the business office with each deposit. Cash overages shall be deposited in the business office.

- 2.4 Petty cash funds shall be provided only on approval of, and by arrangement of, the department with the chief business officer. Special petty cash fund bank accounts may be established only with the approval of the System Comptroller.

Sec. 3. Deposits with the State Treasurer.

- 3.1 The statutes and the current appropriation act require that all cash receipts of the general academic teaching institutions be deposited in the State Treasury with the exception of those from auxiliary enterprises, noninstructional services, matriculation fees collected in lieu of student activity fees, agency and restricted funds, endowment funds, student loan funds, and Constitutional College Building Amendment Funds.
- 3.2 Institutional receipts required to be deposited in the State Treasury shall be so deposited in the manner prescribed in the statutes and the current appropriation act.
- 3.3 Component institutions of the System are authorized by the current appropriation act to establish Revolving Funds under certain prescribed procedures to facilitate the payment of nominal expenses and to pay bills within cash discount periods, as well as for regular monthly payrolls, weekly, and special payrolls. Such Revolving Funds are authorized, subject to approval of the System Comptroller.

Sec. 4. Local Institutional Funds.

- 4.1 All local income not required to be deposited in the State Treasury, must by law be deposited in official depository banks for safekeeping.
- 4.11 Depository agreements with official depository banks shall be negotiated, as necessary, by the System Comptroller with those banks approved by the Board and in accordance with the then current policies of the Board. Such depository agreements shall be executed by the Chairman of the Board.
- 4.12 Requests for authorized signatures, or changes thereto, for bank accounts maintained in all depository banks, shall be forwarded to the System Comptroller, who, after review and approval, shall refer such requests to the President of the System for notification of the banks concerned.
- 4.2 Depository banks selected shall furnish adequate surety bonds or securities to assure safety of these funds. Local funds shall be deposited in the depository banks as soon as possible, but in no event later than seven days from the date of collection. Demand deposits and time deposits will be maintained in accordance with the current policies of the Board.
- 4.3 The Board and the chief administrative officers may not, by law, borrow money from any person, firm, or corporation to be repaid from local funds except as specifically authorized by the Legislature.
- 4.4 Interest on Time Deposits. --As permitted by statute, interest received from depository banks for funds on time deposit shall be credited to appropriate accounts in either general funds or trust funds in relationship to the sources of balances on time deposit, provided that disposition of such earning was not specified by the grantor. Interest received from Current Restricted funds (Trust Funds) time deposits shall be subject to further appropriation or transfer by the Board for any lawful purpose.

Sec. 5. Vouchers for Expenditures.

- 5.1 Properly approved and fully supported vouchers are the authorization for cash disbursements.
- 5.11 The Chairman of the Board or his delegate or the chief administrative officer or his delegate must approve all vouchers. One of these delegates shall be the chief business officer who shall select the other delegates from his staff. Such approval is based upon satisfactory supporting documentation evidencing that goods or services were properly ordered, that the vendor has submitted invoice and certification, and that the goods or services have been received by the institution and are acceptable to the requisitioning department.
- 5.2 Appropriate internal accounting controls shall be exercised over the vouchering and disbursement procedures.
- 5.21 To the extent that centralized receiving facilities are available, delivery of all purchased supplies, materials, and equipment should be received at a centralized location under the direction of the chief business officer.
- 5.22 Vouchers should be prepared centrally in the business offices of those component institutions having centralized receiving operations.
- 5.3 Vouchers are to be coded in the business offices within the approved expenditure codes, and if payable by warrant drawn by the State Treasurer, with the proper expenditure classifications furnished by the State Comptroller, as well as complying with other current requirements of the State Comptroller and the State Board of Control.

Sec. 6. Cash Discounts. --The accounting procedures should be designed to assure realization of advantageous cash discounts allowed by vendors.

Sec. 7. Outstanding Checks. --Outstanding checks shall be carried on the official accounting records for the two fiscal years following the year in which they are issued.

Sec. 8. Institutional Membership Dues. --General funds of the System may be used to pay membership fees only in educational, scientific, or other associations, in which the System, or a component institution thereof, is an institutional member, with memberships approved by the chief administrative officers. Such other approvals as may be required by law shall also be secured.

Sec. 9. Payrolls.

- 9.1 There are three general types of payrolls, those for (1) regular monthly salaried employees; (2) weekly salaried employees; and (3) hourly salaried employees.
- 9.2 All payrolls shall be prepared or verified in the business office from regular budgets, appointment documents, authorizations, time cards, or other documentation, and approved by the chief business officer or a person designated by him.
- 9.3 If payment for regular salaried employees is for less than a month, the salary calculated shall be figured proportionately on the basis of the actual number of working hours in such month.

- 9.4 Deductions for income tax, retirement, social security, and programs authorized by the Board, such as group insurance, are made where applicable on all payrolls.
- 9.5 Dates for distribution of salary checks vary at the component institutions and will be announced by the respective business offices.

Sec. 10. Absence from Usual and Regular Duties, Authorization for Absence, Including Travel, and Travel Expense Reimbursement.

- 10.1 Approvals of travel shall not be routine or perfunctory, but shall be made only after the chief administrative officer or his authorized representative have carefully examined the purpose and need for each trip with a view to the economic and effective utilization of all travel funds.
- 10.2 Approvals of travel by the chief administrative officer or his authorized representative shall be made only:
 - 10.21 When such travel is on state business, which shall include among other purposes, the formal presentation of original research by an employee before a national, international, regional, or state learned society; and
 - 10.22 When appropriate provisions are made to carry on the duties of the absent person without additional expense to the institution.
- 10.3 Authorization for Absence for Staff Members Whose Regular Duties Do Not Require Travel. -- Authorization for absence from usual and regular duties, including travel from the city or town where the officer or employee is regularly stationed, will be granted by the Board, or by the administrative officer as hereinafter delegated by the Board, only in advance, as follows:
 - 10.31 Requests for authorization to be absent for a period not in excess of two weeks (fourteen calendar days) shall be transmitted through proper administrative channels to the chief administrative officer of the component institution for approval.
 - 10.32 Requests for authorization to be absent for a period in excess of two weeks, but not in excess of twenty-nine days, including travel on official business, shall be transmitted through proper administrative channels to the President of the System for approval prior to such absence.
 - 10.33 Requests for authorization to be absent for a period in excess of twenty-nine days, (excluding holidays approved by the Board), including travel on official business, shall be transmitted through proper administrative channels to the President of the System for approval prior to such absence. Such approvals are to be reported in the regular dockets of the institutions affected.
 - 10.34 Requests for authorization to be absent by the administrative officers and staff of System Administration shall be approved by the President of the System.
 - 10.35 Any travel that contemplates reimbursement from funds appropriated by the Legislature for travel expenses incurred must have the advance written approval of the Governor, with the exception of travel to, in, and from the several states, United States possessions, Mexico, and Canada.
 - 10.36 In lieu of any of the delegations of authority to approve absence from usual and regular duties, including official travel, specified in the above subsections, the President of the System may exercise such authority.

10.37 The chief administrative officers of the component institutions shall keep records of all approved absences which shall be available for review by the President of the System and the Board, or their delegate.

10.4 Travel Expense Reimbursements.

10.41 Travel expenses shall be reimbursed only from funds appropriated or authorized for travel. The chief administrative officers shall plan the travel of all employees under their authority to achieve maximum economy and efficiency.

10.411 Each travel voucher submitted for reimbursement shall include such a description as to identify persons or places contacted and/or the nature of the official business of the State performed within the legal responsibilities of the institution.

When recruiting of faculty and staff is involved, names of persons contacted are required.

10.412 In submitting travel vouchers for payment from funds in the State Treasury, component institutions should recognize the regulations of the State Comptroller with respect to such claims.

10.42 Travel vouchers for reimbursement of all official travel authorized pursuant to the foregoing provisions shall be approved and signed as follows:

10.421 System Administration - Reimbursement for all travel by employees of the System Administration shall be approved either by the President of the System or his delegate, or the Director of Accounting or Assistant Director of Accounting of The University of Texas at Austin.

10.422 Component Institutions - Reimbursement for all travel by employees of the component institutions shall be approved either by the President of the System or by the institutional administrative officers designated below:
chief administrative officer or
chief business officer or other
senior administrative or fiscal
officers as may be delegated in
writing by the chief administrative officer and the chief business officer. Such delegations shall be approved by the President of the System and filed with the Secretary to the Board and the State Comptroller of Public Accounts, together with the names of the individuals occupying the positions named.

10.43 Allowances for Meals and Lodging (Including Per Diem), Transportation and Related Expenses. --Provisions of the applicable current appropriations act and the Travel Regulations Act of 1959 (Article 6823a VTCS), as amended, shall govern such allowances.

10.431 Exceptions to Per Diem Allowance--

10.4311 Chief administrative officers shall be reimbursed for their actual meals, lodging, and incidental expenses (exclusive of expenses

related to motor vehicles for which transportation is paid) when traveling on official business either in or out of state.

- 10.4312 Partial Per Diem Allowance for Meals and Lodging.--An employee who is traveling on official University business for a continuous period of a minimum of six (6) hours but less than twenty-four (24) hours which does not involve over-night stay will be reimbursed a partial per diem for meals in lieu of actual expenses, for both in-state and out-of-state travel. System Administration shall prescribe such reimbursement within the limitations established by the current appropriations act.
- 10.4313 In addition to employees, these provisions apply to reimbursement of travel expenses for prospective employees as provided in the statutes.
- 10.432 Reimbursement for Dues or Membership Fees.-- Reimbursement will not be allowed for dues or membership fees incurred in joining or attending any type of organization or association unless the membership is in the name of the State of Texas and/or the System or a component institution thereof. Such dues or membership fees will not normally be included for reimbursement on a travel claim, but will be separately approved and paid. (See Section 8.)
- 10.44 Special Exceptions to Foregoing Travel Provisions.-- The foregoing provisions apply to all employees and all funds but employees may elect to take advantage of the specific exceptions authorized below:
- 10.441 Contracts.--Travel allowances under research or other contracts, which are 100 percent reimbursable, will follow the terms of the contract, and in the absence of specifications the travel rules and regulations covering payments from gifts, grants, and designated funds will apply.
- 10.442 Gifts, Grants, and Designated Funds.--Reimbursement of travel expenses paid from Gifts, Grants, and Designated Funds will be as follows:
- (a) For grants from or derived from Federal or State agencies, travel allowances shall be paid as specified in the foregoing provisions.
 - (b) For other gifts, grants, trust or designated funds travel allowances may be for actual expenses for meals, lodging and airport parking, not to exceed \$40 per day. The transportation allowances will be as specified in the foregoing provisions.
- The provisions of both (a) and (b) above are subject to the terms, provisions and conditions of the particular gifts, grants, or funds involved. Further exceptions to these provisions may be in accordance with specific authorization by the Board with certain designated funds. Likewise, when anticipated living costs are unusually low for those engaged in travel, the

person authorizing the travel may reduce the allowance for all or any part of the travel, provided that the employee shall be notified of such reduced allowance before being allowed to incur any expense. When not otherwise prohibited by the terms of the gift or grant, employees may also be reimbursed for required registration fees or similar expenses incurred in attending meetings of organizations or associations. Receipts for lodging, registration fees, or similar expenses shall be obtained and attached to the expense voucher. Project Directors, Principal Investigators, Departmental Chairmen, or other authorized personnel under a gift or grant who travel in their personally owned airplanes on necessary official business may be reimbursed at the rate of twenty-three cents (23¢) per highway mile for in-state travel. The same rate shall apply to out-of-state travel, subject to the limitation that the mileage reimbursement shall not exceed the amount equal to the number of persons flying by private plane times the lowest available airline fare.

- 10.443 Intercollegiate Athletics.--Actual expenses will be paid at no per diem limit, provided such expenditures in the amount of \$4.00 or more are supported by signed receipts.
- 10.45 Travel Advances.--As provided by statute, the System, including component institutions may establish procedures for making advances for travel expenses incurred by employees in the exercise of their official duties. Any such procedures established shall be in accordance with the statute, based on guidelines provided by the State Comptroller, and provide for prompt recovery of any such advances.
- 10.46 Institutional Travel Regulations.--Component institutions shall issue institutional travel regulations to implement the provisions of this Section 10.4 for guidance of all personnel concerned. Copies of all such regulations shall be filed with the System Comptroller, who shall also issue clarifying instructions as appropriate.

Sec. 11. Insurance on Money and Securities; Fidelity Bonds.

- 11.1 Insurance on Money and Securities.--As approved by the Board, the System carries a blanket System-wide policy insuring against loss of money or securities at any of the component institutions. The premium paid by each institution is separately computed and is based on the coverage applicable at each institution. At the time any loss occurs at any institution, the Vice President for Operations shall be notified by the appropriate chief business officer and shall approve all loss claims and settlements. Any settlement over \$2,000 and under \$10,000 shall be reported to the Board for ratification. Settlements in the amount of \$10,000 or more must have the approval of the Board. Money and Securities coverage may be combined with the blanket position fidelity bond.
- 11.2 Fidelity Bonds.
- 11.21 As approved by the Board, the System shall carry a blanket position (fidelity) bond that shall cover employees of all component institutions. All employees shall be covered in the amount of not less than \$5,000 each. For total coverage in excess of \$10,000, approval of the State Auditor is necessary.

- 11.22 The Secretary of State and the State Comptroller of Public Accounts shall be each furnished with an original of the bond.
- 11.23 The premium for the bond is prorated to the component institutions on the basis of the number of employees covered for which a premium charge is made and the excess coverage thereon.
- 11.24 At the time a loss occurs, the Vice President for Operations shall be notified by the chief business officer and shall approve all loss claims and settlements. Any settlement over \$2,000 and under \$10,000 shall be reported to the Board for ratification. Settlements in the amount of \$10,000 or more must have the approval of the Board.
- 11.25 The blanket position fidelity bond coverage may be combined with money and securities coverage.

CHAPTER IV

PURCHASING

Sec. 1 Authority to Obligate Institutional Funds. --The official purchasing agents of the component institutions shall have sole authority to obligate institutional funds for purchases of supplies, materials, services, and equipment unless otherwise provided in these regulations or otherwise specifically approved by the component chief administrative officer and the President of the System or by the Board. No liability can be assumed for payment of obligations except those incurred in accordance with authority thus granted.

Sec. 2 Purchasing Ethics.

- 2.1 First consideration shall be given to the objectives and policies of the System and its component institutions.
- 2.2 Every effort shall be made to obtain the maximum ultimate value for each dollar of expenditure.
- 2.3 Honesty in sales representation shall be demanded, whether offered through the medium of oral or written statement, an advertisement, or a sample of the product.
- 2.4 Purchasing agents and their staffs and others authorized by or under these regulations to make purchases shall not accept personal gifts or gratuities that might in any way result in an obligation to individuals or firms seeking business.
- 2.5 All qualified, reputable bidders shall be given equal opportunity to submit bids on a uniform basis when competition is possible.
- 2.6 No bidder shall receive special consideration or be allowed to revise his bid after the time set for opening bids.
- 2.7 Any violations of these purchasing ethics shall be reported promptly by the chief business officer to the President of the System.

Sec. 3 Contacts with the State Board of Control. --All contact, whether oral or written, with the State Board of Control and with vendors are handled through the official purchasing agents and the divisions, departments, or offices to whom the purchasing function has been specifically delegated, unless advance written authorization is obtained from the purchasing agent or the chief business officer for other persons to do so.

Sec. 4 Purchases of Supplies and Equipment.

- 4.1 Unless otherwise provided in these Rules and Regulations or specifically approved by the Board, the State Purchasing Act of 1957 shall govern the purchasing policies of the System.
- 4.2 Under the provisions of the State Purchasing Act of 1957, purchases of the following items may be made without approval of the Board of Control:
 - (a) Supplies, materials, services, and equipment for resale.
 - (b) Supplies, materials, services, and equipment for Auxiliary Enterprises.
 - (c) Supplies, materials, services, and equipment for Organized Activities Relating to Educational Departments.
 - (d) Supplies, materials, services, and equipment purchased with gift and grant funds, including contract funds.

Sec. 5 Purchasing Procedures.

- 5.1 The official purchasing agent of each component institution shall promulgate procedures to facilitate and expedite the purchasing function. Such procedure shall be developed in accordance with sound business practices and applicable state law. Purchasing procedures shall be implemented only after review and approval of the chief business officer.
- 5.2 Closed or noncompetitive specifications shall not be used except in unusual instances clearly justified as being essential to efficient operating performance. Reports of all such exceptions shall be maintained by the chief business officer.

Sec. 6 Space Leases.

- 6.1 Space leases involving buildings and paid from State appropriations must, by law, be approved by the State Board of Control and may not extend beyond a ten-year period.
- 6.2 Proposals for space leases require the advance approval of the President of the System or his delegate. Lease contracts drawn in accordance with such approval shall be executed by the System Comptroller, and submitted for ratification by the Board through the institutional docket.
- 6.3 A proposal shall be approved and the lease completed prior to occupancy of any space for office, storage, or other purposes. The proposal must show type of space and purpose of its use, approximate number of square feet, location, whether janitor service and/or utilities will be furnished by the lessor, period of lease, and any other requirements.

- Sec. 7 Purchases from Employees. --Purchases are not permitted from any officer or employee of the System unless the cost is less than that from any other known source and until approved by the component chief administrative officer, the President of the System, and the Board. Details of such transactions shall be reported in the dockets or Minutes of the Board.

CHAPTER V

PERSONNEL

- Sec. 1 Classified Personnel. --The Policy of the Board on the Development and Coordination of the Classified Personnel Programs is and includes:
- 1.1 System Personnel Director.
The System Personnel Director serves as a staff officer advising the President of the System.
 - 1.2 The development and coordination of the System-wide Classified Personnel Program.
 - 1.21 The Classification Plan.
 - 1.211 Coverage. --The Classified Plan of the System shall include all positions which do not entail significant instructional responsibilities or responsibilities for the administration of instructional or research organizations. The chief administrative officer or his delegate of each component institution shall determine the inclusiveness of the Classification Plan within this general definition.
 - 1.212 Type of Plan. --Uniform use shall be made of the job grading procedure method system of job evaluation. Job descriptions shall be prepared according to the Procedure for Writing Job Specifications provided by the System Personnel Office.
 - 1.213 Job Titles. --Standardized job titles shall be used for similar job classes common to two or more of the component institutions in order that a particular job title shall describe similar work to the extent possible. Classes unique to a component institution shall have suitable descriptive titles.
 - 1.214 Job Code. --A uniform job code shall be used to designate job classes.
 - 1.215 Job Descriptions. --Standardized job descriptions shall be used for similar job titles common to two or more component institutions when practicable.
 - 1.22 The Pay Plan.
 - 1.221 A uniform system of salary steps providing for an increase of approximately 3.4 percent, to the nearest dollar, above each preceding step shall be used for all pay plans. All salaries shall be on salary steps, or a fractional part thereof.
 - 1.222 A System-wide Personnel Pay Plan setting forth the salary ranges for each job classification shall be

- utilized encompassing the salary ranges reflected in the component unit pay plans.
- 1.223 A classified employee appointed to a part-time paid teaching rank shall be paid at the rate applicable to each position.
- 1.224 Salary ranges for each job classification shall be dependent upon the competitive labor market situation for each institution.
- 1.23 The Policies and Rules.
- 1.231 Each institution shall operate its Classified Personnel Program under a policy statement covering the appointment, compensation, and working conditions of classified employees.
- 1.232 Formal approval of the policies and rules developed by each institution was obtained from the Board at the time each program was formally adopted.
- 1.233 Changes in the policies and rules require the approval of the chief administrative officer or his delegate, the System Personnel Director, and the President of the System.
- 1.234 Uniform policies shall be followed in providing vacation, sick leave, etc., within the limitations imposed by local operating conditions.
- 1.24 Approval of additions to and changes in the Classified Personnel Program.
- 1.241 Formal approval of the Classification Plan and System-wide Personnel Pay Plan, including annual revision thereto, is obtained annually from the Board. Such approval shall be secured prior to the effective date of the plan.
- 1.242 Changes in the Classification Plan and System-wide Personnel Pay Plan involving the following require only the approval of the chief administrative officer or his delegate, the System Personnel Director, and the President of the System.
- (a) Type A. Adjustment of a salary range in a component unit plan within the established System-wide salary range, which when approved, will not change the System-wide Personnel Pay Plan in any way.
- (b) Type B. Adjustments to the component unit personnel pay plan, which when approved, will change the System-wide Personnel Pay Plan in some way.
- (1) Deletion of Title
- (2) Change in title only
- (3) Change in code number only
- (4) Addition of a title to a component unit pay plan that is in the System-wide Plan and the salary range requested is within the established System-wide salary range.
- 1.243 Changes in the Classification Plan and System-wide Personnel Pay Plan involving the following must have approval of the chief administrative officer or his delegate, the System Personnel Director, and

the President of the System. In addition, such changes require ratification of the Board through the docket procedure.

- (a) The addition of a title to a component unit pay plan which is not included in the the System-wide Plan.
- (b) The addition of a title to a component unit pay plan which is included in the System-wide Plan, but the salary range being proposed is not within the established System-wide salary range.
- (c) Adjustment of a salary range in a component unit pay plan that would change the established System-wide salary range.

1.25 Institutional Personnel Officer.

1.251 The chief business officer of each institution shall designate an institutional personnel officer to be responsible for the development and operation of the Classified Personnel Program.

1.252 Functional direction and help on technical personnel matters shall be provided each institutional personnel officer by the System Personnel Director.

Sec. 2 General Personnel.

2.1 Leave for Military Duty.

2.11 A leave of absence not to exceed fifteen working days in any one calendar year is granted faculty or staff members who, as members of the National Guard or Official Militia of Texas or members of any of the Reserve Components of the Armed Forces, shall be engaged in authorized training or duty, ordered or authorized by proper authority. During such periods, the employee is absent without loss of efficiency rating, vacation time, or salary, and when relieved from military duty, is restored to the position and status he previously held.

2.12 A leave of absence with full pay shall be provided any employee who is called to active duty with the National Guard by the Governor of Texas. Such leave shall in no way be charged against the employee's vacation or sick leave privileges.

2.13 The chief business officer of each institution may prescribe forms and procedures for such leaves.

2.2 Maternity Leave

2.21 Any employee, whether faculty, classified, or administrative, who expects to be, or who becomes temporarily disabled due to pregnancy, or a pregnancy related illness, may request and receive a leave of absence without pay for a "reasonable period" of time, provided the request is made under the following terms and conditions:

2.22 If possible, the employee must notify the department head at least three (3) months prior to the beginning date for the maternity leave.

2.23 The employee and the department head will submit a request to the chief administrative officer through channels. The request will include a statement, from the department head, detailing the manner in which the responsibilities of the employee will be assumed. A statement encompassing the details of a maternity leave shall be entered in the remarks section of the appropriate personnel action form.

- 2.24 "Reasonable period," as used herein, shall normally not exceed six (6) months, provided the six (6) month period may be extended upon proper medical evidence.
 - 2.25 Accrued sick leave and vacation leave shall be granted in conjunction with maternity leave and shall be governed by the current law and policy on sick leave and vacation leave. Also, vacation leave and sick leave do not accrue while on maternity leave.
 - 2.26 An employee, returning from temporary disability leave, shall have the right to return to the former position or to a position of like nature and salary class.
 - 2.27 The employee will furnish a statement from a duly licensed physician certifying that the employee is medically capable of resuming normal working duties.
 - 2.28 In the case of faculty on maternity leave, the date for return to work will coincide with the beginning of the next semester, following the period of absence, if the chief administrative officer determines that such beginning date is necessary in order to obtain a temporary replacement or to maintain the integrity of the academic program of the institution.
 - 2.29 A replacement may be provided on a temporary basis during the absence of an employee on maternity leave.
- 2.3 Overtime.
- 2.31 The schedule of activities shall be so organized that employees are not required to work in excess of established work periods except when operating necessities demand it. Any overtime services actually required must have the advance written approval of the chief administrative officer or the chief business officer, or both.
 - 2.32 With the exception of professional medical personnel and bona fide executive, administrative, and professional positions, regular, full-time employees required to work in excess of forty hours per week shall be compensated for such overtime either:
 - 2.321 By receiving equivalent time off during the same biennium in which the overtime was accrued. If possible, the equivalent time off should be granted within the same pay period in which the overtime was accrued; or
 - 2.322 In cases where granting compensatory time is impracticable, by receiving pay equivalent to one and one-half times the regular rate of pay.
 - 2.33 Compensatory time for those employees excepted from this provision, shall be determined by the chief administrative officer of the institution involved.
 - 2.34 Institutions paying overtime shall maintain a monthly record of overtime paid indicating the number of employees so compensated and the total amount paid.
- 2.4 Patent Policy.
- 2.41 Statement of Basic Philosophy and Objectives.
While the discovery of patentable processes or inventions is not the primary objective of the System, for any such discoveries made, it is the objective of the Board to provide a patent policy which will encourage the development of such inventions for the best interest of the public, the inventor, and the sponsor whenever an invention occurs, and will permit the timely disclosure of any patentable discoveries, whether by

patent, publication or both. The policy is further intended to protect the respective interests of all concerned by ensuring that the benefits of patents accrue to the public, to the inventor, to the System and to sponsors of specific research in varying degrees of protection, monetary return and recognition, as circumstances justify or require.

2.42

General Policy.

- 2.421 The patent policy as adopted shall apply to all persons employed by the component institutions of the System, to anyone using System facilities under the supervision of System personnel, and to postdoctoral and predoctoral fellows.
- 2.422 It is the intent of this policy to permit staff members maximum freedom in respect to their findings, consistent with their obligations to the System. Any person affected by this policy who, as a result of his or her researches makes a discovery, other than on certain government or other sponsored research projects, where individual grant agreements provide otherwise, should retain the ultimate right to decide how it is to be made public--by publication, by patenting, or both.
- 2.423 Property rights in inventions will be based on the degree of System support, as hereinafter specified.
- 2.424 The System will provide patent review and management services either by its own staff, through a related Foundation, or by other means.
- 2.425 It is a basic policy of the System that patents be developed primarily to serve the public interest. This objective usually will require patent development by non-exclusive licensing but the public interest may best be promoted by the granting of a limited exclusive license or even an exclusive license for the period of the patent. These determinations will be recommended and made in accordance with the administrative procedures hereinafter set out and with the approval of the Board.

2.43

Institutional Patent Committees and System Patent Office.

- 2.431 Patent Committees: To help administer the patent policy at each component institution and to make recommendations to chief administrative officers for further referral to the President of the System and Board (in those cases when action by the President of the System and/or the Board is required), Institutional Patent Committees shall be established as directed by the President of the System.
- 2.432 System Patent Office: To assist the Institutional Patent Committees to provide technical advice to individual faculty and staff members in patent matters, and to coordinate details in respect to patent procedures, a System Patent Office shall be established.

2.44

Classification of Discoveries by Source of Research Support.

- 2.441 The patentable idea has developed as a result of the individual's efforts on his own time, with no direct System support or use of System facilities.
- 2.442 The patentable idea has resulted from research performed by the individual on System time, with support by State funds, or using System facilities.

- 2.443 The patentable idea has resulted from research supported by a grant or contract with the Federal Government or an agency thereof, or with a non-profit foundation, or by a private gift to the System.
- 2.444 The patentable idea has resulted from research supported by commercial concerns or industry.
- 2.45 Property Rights and Obligations:
- 2.451 Patentable ideas developed on an individual's own time and without direct System support or use of System facilities (see 2.441) are the exclusive property of the inventor, and the System has no interest in any patent obtained, and no claim to any profits resulting therefrom. Should the inventor choose to offer his invention to the System, the Institutional Patent Committee shall recommend as to whether the System should support and finance the patent application and manage the patent development. If the inventor makes his offer after obtaining the patent, the Institutional Patent Committee shall recommend as to whether the System should reimburse the inventor for his expenses in obtaining the patent. If the Patent Committee recommends and the invention is accepted for patent management by the System, the procedures to be followed and the rights of the parties shall be those set out in Subsection 2.4524 following.
- 2.452 Patentable ideas resulting from research performed on System time, with support by State funds, or using System facilities (see 2.442).
- 2.4521 The inventor may choose to publish the details of his research and not to patent.
- 2.4522 Before or after publishing, if the inventor decides to patent ideas resulting from research done on System time, with support by State funds, or using System facilities, he shall submit such ideas to the Institutional Patent Committee for determination of the System's interest. In those instances, however, where delay would jeopardize obtaining the patent, the inventor may, with the approval of the Chairman of the Institutional Patent Committee and the chief administrative officer, file the patent application prior to the Committee and administrative review provided in the following two subsections. If the request is granted, the inventor may proceed with the filing of his patent application pending the determination of the System's interest as provided therein; provided, however, that the inventor shall be reimbursed for his expenses in filing the patent application if the decision of the System is to assert and exploit its interests. The Chairman of the Institutional Patent Committee shall notify the System Patent Office of any such application.
- 2.4523 If the Institutional Patent Committee recommends that the System not assert and

foundations and thereby obtain more favorable treatment for the inventor and the System, every effort will be made to do so after consultation with the Institutional Patent Committees and the chief administrative officer.

- 2.454 Patentable ideas resulting from research supported by a grant or contract with commercial concerns and industry. (see 2.444)
- 2.4541 The System recognizes the academic advantages which can come from close scientific cooperation between the research staffs of the System and the research staffs of industry.
- 2.4542 The provisions of joint research arrangements with industry shall take into account (a) the extent of the industrial participant's contribution of funds and other services, including unique knowledge; (b) the import of the joint effort to the research and educational program of the System; (c) the protection of the personal achievements of the System participant or participants; and (d) most importantly, the interests of the State and its citizens who provide basic fiscal support.
- 2.4543 Balancing the equities between these different interests may require the joint arrangement to contain provisions for (a) non-exclusive licensing; (b) granting exclusive information prior to publication or patent application; (c) royalty free non-exclusive license; (d) exclusive license for some limited period of time; (e) exclusive license for the life of the patent; or (f) such other provisions as will properly equate the equities involved, including the right of the System to terminate an exclusive license upon failure of the industrial participant to develop or exploit the invention in a manner which will enhance the interests of the public.
- 2.4544 All such arrangements or contracts with industrial participants shall be approved in advance by the Institutional Patent Committee and recommended and approved by the chief administrative officer, the President of the System, and the Board.
- 2.4545 Any agreement altering the basic patent policy of the System as set out in the preceding sections shall have the advance approval of the Patent Committee, the chief administrative officer, the President of the System and the Board.
- 2.46 University Income from Patents.
The portion of the net income the System retains from royalty or other patent-related income shall be used first to defray

the expenses of the System Patent Office, if any, and thereafter, as approved by the Board, for research purposes at the component institutions where the invention originated.

2.47 Implementation of Revised Patent Policy.

A Patent Procedures Manual shall be developed to provide more detail as to procedures to be followed under the various provisions of this policy.

Sec. 3 Certain Provisions in Current Appropriation Act. --The Rules and Regulations of the Board are subject to and shall comply with the provisions appearing in the current Appropriation Act, including the following pertaining to personnel:

3.1 Use of Alcoholic Beverages. --"None of the moneys appropriated under this Act shall be used for the payment of salaries to any employee who uses alcoholic beverages while on active duty. None of the funds appropriated under this Act for travel expenses may be expended for alcoholic beverages."

3.2 Advocating Overthrow of the Government. --"None of the funds appropriated to the agencies and institutions of higher education enumerated in this Act shall be expended in payment of salary or other compensation of any faculty member or employee who advocates the overthrow of the Government of the United States of America, or of any State, by force, violence or any other unlawful means."

Sec. 4 Employee Training, Education, and Development.

4.1 The Texas State Employees Training Act of 1969, Chapter 283, Acts of the 61st Legislature, Regular Session, 1969 (Article 6252-11a, Vernon's Texas Civil Statutes), recognizes that the State departments and other State institutions, including the System, must develop a more comprehensive Training Program as an integral part of a successful personnel program. The System Personnel Director, as delegated by the President of the System, is responsible for promulgating the necessary policies and procedures for implementation of the State Employees Training Act, consistent with the guidelines already approved by the Governor of the State of Texas and the Regents' rules.

4.2 Through implementation of the State Employees Training Act, the System will provide programs that will greatly benefit most employees. In addition, the use of various types of training programs will also encourage the initiative of young, talented employees and stimulate and motivate less productive employees. Organized training programs will, moreover, help identify those employees who are willing to exercise their initiative and prove their performance and also find the areas where employees are resisting change and improved procedures and programs.

4.3 The following general objectives of the overall training effort will lead to the System's gaining more efficiency and economy in its overall personnel program:

4.31 Developing well trained staffs, both professional and supportive;

4.32 Assisting all employees toward achieving their highest potential usefulness;

4.33 Motivating employees and stimulating a sense of participation and involvement;

4.34 Insuring that the System receives a fair return on its investment in training and education.

- 4.4 The program elements for this general training program are:
- 4.41 Identifying staff members who need staff development in order to determine the exact kind and scope of program needed;
 - 4.42 Training individuals for current assignments and developing them for future assignments, as a means of improving the quality and quantity of work done;
 - 4.43 Developing all supervisors to enable them to assume and discharge their primary responsibility for the maximum utilization of personnel, the training of their staff members, and the maintenance of sound employee relations;
 - 4.44 Advising and assisting employees with respect to continuing education, and means by which they can improve their usefulness;
 - 4.45 Evaluating all training and education activities to determine whether they have effectively met the needs of the System.
- 4.5 With these objectives and general program elements as a background, four specific training programs are established. The administration and implementation of the following training programs at each component is to be primarily the task and responsibility of the institutional personnel officer, with approval of the chief administrative officer. The System Personnel Director shall have the responsibility of coordinating all training programs through review and approval of training policies promulgated by the component institution.
- 4.6 College or University Degree Program.
- 4.61 Definition: This program will provide graduate or undergraduate level training leading to a degree. Basically, it provides for fulltime student enrollment and is to be for selected, qualified employees of the System. This program will be provided by the System on the basis of need of the System and to the extent funds are available.
 - 4.62 Objectives: To provide a college or university education for qualified System employees specifically required in their area of employment.
 - 4.63 Program Elements: This training is essentially of only one type: to provide full-time student enrollment in a graduate or undergraduate program leading to a degree.
 - 4.64 Administration: Eligibility Requirements
 - 4.641 Selected employees must have necessary academic qualifications to meet all entrance requirements of the college or university where training is provided.
 - 4.642 Degree training must be directly related to an existing job or job series used by the System.
 - 4.643 Selected employees must be scheduled for appointment to a job requiring the degree training on completion of schooling.
 - 4.644 Selected employees must have been successfully evaluated as to competence and aptitude for training granted and recommended through the chief administrative officer and approved by the System Personnel Director.
 - 4.645 Selected employees on educational stipend shall be considered as employees on official leave of absence while in student status. Vacation, sick leave, group insurances, and other benefits will be governed under appropriate rules regarding such official leaves of absence.

- 4.65 Administration: Obligations. Employees who receive financial assistance under this program from the System, in completion of either undergraduate or advanced degrees, will be obligated to fulfill the following terms and conditions:
- 4.651 An agreement to be bound by the rules and regulations contained herein and such other policies, rules, and procedures as may be promulgated by the System Personnel Director applicable to the college degree training program.
 - 4.652 An agreement to return to the System as an employee upon graduation and attainment of the degree and to remain in the employment of the System for a period of time subsequent to his graduation that is proportionate either to the period of time the employee has received financial assistance to attend college or university or to the amount of financial assistance he has received.
 - 4.653 An agreement to execute, as required by the System Personnel Director, a formal obligatory document between the System and the recipient of assistance under this program, to repay in a lump sum or such alternate arrangement as the System Personnel Director may prescribe, the amount of money expended by the System for the cost of such college education if the individual for any reason, except circumstances beyond his control, fails to complete the training or otherwise defaults in any provision of the agreement between the System and himself.
- 4.7 In-Service Training and Education Program.
- 4.71 Definition: This training and education is job-oriented training that is provided essentially within the System. It may include on-the-job training, training in preparation for job assignment, and continuing training programs that are basically job oriented. This program is for selected individual staff members and will be provided on the basis of need and to the extent funds are available.
 - 4.72 Objectives: To equip an individual to perform a particular task within a particular situation and/or to equip the employee to deal with new technological and legal developments, to develop additional work capabilities, or increase his level of competence.
 - 4.73 Program Elements: In-service training and education programs are divided into the following three principal categories
 - 4.731 Orientation serves the purpose of acquainting the employee to a new job situation. It does not include the development of skills for that particular job situation.
 - 4.732 Basic Training for a Specific Task includes pre-employment and recruit type training involving job knowledge and/or the development of skills required for a specific task. It also includes training in supervisory and managerial skills.
 - 4.733 Advanced In-Service Training includes the development of a higher level of skill, an increase in job knowledge, and instruction in new concepts and changing aspects of job responsibility.

- 4.74 Administration: Eligibility Requirements. It is a basic responsibility of the System to provide training as the individual situation may require. It is recognized that the need for some of these programs will vary according to skills required and the availability of pre-employment training. Manpower needs and the availability of skilled applicants may also be a determining factor. With this general background as reference, employees will be identified, selected, trained, and evaluated according to the needs of the System.
- 4.75 Administration: Obligations. The employee has an obligation to successfully complete the training program and should recognize that the System will use this type of training as a continuation of the selection process.
- 4.8 Out-of Agency Staff Development Program.
- 4.81 Definition: This program is to provide training through workshops, seminars, institutes, training sessions, extension courses, college or university courses (with or without academic credit), and other special programs or activities offered either within or outside the State. Such programs must be of concentrated, precise content and designed to improve the individual's professional or technical knowledge in the performance of his present or prospective duties and responsibilities. This program is for selected individual staff members and will be provided on the basis of need of the System and to the extent funds are available.
- 4.82 Objectives: To improve and enhance the individual's professional and technical knowledge and ability in the performance of his present or prospective duties and responsibilities.
- 4.83 Program Elements: This program is generally the type that meets the following criteria: relatively short term; specific in content; and presented outside the employing agency.
- 4.84 Administration: Eligibility Requirements.
- 4.841 Out-of-Agency Staff Development education and training authorized by the System will be conducted primarily for the benefit of the System.
- 4.842 The training and education must be related to the employee's current or prospective duty assignment during the period of his participation.
- 4.843 Such training and education must be approved by the chief administrative officer or someone delegated by him on recommendation of the head of the employing department or unit.
- 4.85 Administration: Obligations. Employees receiving Out-of Agency Staff Development authorized by the System will be obligated to fulfill such terms and conditions as the chief administrative officer may prescribe, compatible with the nature and extent of the training or education.
- 4.9 Internship Training Program.
- 4.91 Definition: Internship training is intended to provide the type of learning experience that can be obtained only through actual work experience. Internship programs will normally be of a longer duration than training mentioned under the headings of Out-of-Agency Staff Development and In-Service Training and Education. This training will be provided to those individuals selected under the standards listed below in 4.95, Eligibility

- Requirements. This training will be provided on the basis of need of the System and to the extent funds are available.
- 4.92 Objectives: This type of training and education has a broader objective than other types of training in that it serves not only the System but also the State of Texas in the following ways:
- 4.921 It allows the System and/or the State of Texas to screen potential employees while simultaneously enjoying an advantageous recruiting position.
- 4.922 It facilitates the infusion of new people and new ideas into the information interchange which is continually taking place between State government and the System.
- 4.923 It will allow the System and/or the State to gain trained personnel who can carry a heavier work load in a relatively short period of time.
- 4.924 Internship programs produce a work product, although this is not the justification for any internship program.
- 4.93 Program Elements: Type I Internships are those that are within the System for Non-Employees of the State.
- 4.931 Type I Internships are held with the System by persons who are not employed by the State or the System.
- 4.932 Such internships relate to the educational program of the person serving the internship, which suggests that there will be a constant interchange and evaluation between both the System and the sponsor of the person's educational program.
- 4.933 These internships should be initiated only to the extent that the System can provide a meaningful working role and learning experience.
- 4.934 Type I Internships are not designed primarily to produce a work product. (Example: The employee of a private data processing equipment firm observing and being trained in the Data Processing Department of a component institution which serves as the training ground.)
- 4.94 Program Elements: Type II Internship Programs are for the State of Texas and/or System employees.
- 4.941 Type II (a) internships provide for the State of Texas to be the trainee represented by a person in the employ of a State agency other than the System. [Example: An employee of another state agency (State Auditor's Office) serving as an intern trainee with the System.]
- 4.942 Type II (b) internships provide for the State of Texas to be the trainee represented by a person in the employ of the System. A Type II (b) internship may be served either within the System or with another State agency. Employees on Type II (b) internship status should be considered as employees of the System as they would if they were physically present on the job. (Example: An employee of a System component serving as an intern trainee at another System component or with another State agency, i. e. , an accountant from a component business office serving as a trainee in the business office of another component or in the State Auditor's Office.)

- 4.943 The primary objective sought by both of the Type II Internship programs is for the trainee to gain skills from the training agency and to promote the ability of persons to work with broader situations and more competently in the multi-levels of administration of the State or the System.
- 4.944 A "No Proselyting" agreement should be secured in both of the Type II Internship programs.
- 4.95 Administration: Eligibility Requirements.
 - 4.951 Internship education and training authorized by the System will be conducted primarily for the benefit of the System.
 - 4.952 Internship training and education must be approved by the chief administrative officer or someone delegated by him on recommendation of the head of the employing department or unit.
- 4.96 Administration: Obligations.
 - 4.961 Type I - No obligatory arrangement is required.
 - 4.962 Type II - The following standards should be observed:
 - 4.9621 The need for these programs will vary according to skills required and the availability of pre-employment training within the State of Texas and/or the System.
 - 4.9622 The employee has an obligation to successfully complete the training program and should recognize that the State of Texas and the System will use this type of training as a continuation of the selection process.
 - 4.9623 Employees receiving internship training authorized by the System will be obligated to fulfill such terms and conditions as the System Personnel Director may prescribe, compatible with the nature and extent of the training or education.

Sec. 5 Other Regulations Concerning Personnel are Reported in the Rules and Regulations of the Board, Part One, as follows:

Physical Examination - Chapter III, Sec. 1.7

Employment of Aliens - Chapter III, Sec. 3

Indebtedness to the System or the State - Chapter III, Sec. 28

Appointment of Relative (Nepotism Rule) - Chapter III, Sec. 5

Holidays - Chapter III, Sec. 14

Vacation - Chapter III, Sec. 15

Sick Leave - Chapter III, Sec. 19

Leave for Jury Duty - Chapter III, Sec. 20

Absence from Usual and Regular Duties - Chapter III, Sec. 21

Leaves of Absence Without Pay - Chapter III, Sec. 16

Office Hours - Chapter III, Sec. 12

Outside Employment - Chapter III, Sec. 13

Acceptance of Money from Students - Chapter III, Sec. 26

Textbooks and Other Materials Prescribed for the Use of Students - Chapter III, Sec. 24

Institutional Employees as Students - Chapter III, Sec. 30

Power to Authorize Expenditures out of the System Funds - Chapter III, Sec. 27

Division of Salaries for Staff Engaged in Teaching and Non-teaching Activities - Chapter III, Sec. 18

Compensation for Correspondence and Extension Teaching of Full-time Staff Members - Chapter III, Sec. 23

Classified Personnel Systems - Chapter III, Sec. 2

Code of Ethics - Chapter III, Sec. 4

Tenure, Promotion, and Termination of Employment - Chapter III, Sec. 6

Retirement and Modified Service - Chapter III, Sec. 31

Faculty Development Leaves - Chapter III, Sec. 17

CHAPTER VI

STAFF BENEFITS

(Staff benefits may be subject to change by State and Federal Laws.
Application in specific instances should be verified.)

Sec. 1. Teacher Retirement System.

- 1.1 Effective September 1, 1977, there is only one class of membership in the Teacher Retirement System. The single class of membership includes those previously defined as "teacher" and "auxiliary" members.
- 1.2 Effective September 1, 1974, any employee of the System employed at least one-half time, whether paid on a monthly or hourly basis, and provided his employment will continue for a period of four and one-half (4-1/2) months cumulative within one (1) fiscal year, is eligible for and 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:
 - 1.21 persons eligible at those times who executed waivers within the period allowed by law and have not revoked such waiver if later permitted;
 - 1.22 members of the Employees Retirement System, about which information is given later; and

- 1.23 participants under the Optional Retirement Program, about which information is given later.
- 1.24 a person who may be for the first time employed at 60 years of age or older.
- 1.25 a person who is solely employed by a public institution of higher education which requires as a condition of employment that the person be enrolled as a student in that institution.
- 1.3 An employee may purchase withdrawn service credit for any year in which he was employed for four and one-half (4-1/2) cumulative months by rendering service for two (2) subsequent consecutive creditable years or a period of continuous service equal to the length of absence and depositing an amount equal to the deposits and dues he would have paid for each year of prior service credit, plus a reinstatement fee of five percent (5%) per annum up to redeposit or reinstatement, or both.
- 1.4 Annual membership dues in the Teacher Retirement System are \$5, which amount is deducted from the first salary payment in a fiscal year. Members contribute 6.65 percent of their salary up to and including \$25,000 per year, with the maximum contribution of \$1,662.50 per year which amount is deducted from the monthly salary payment. The contributions are sent monthly by the business offices to the Teacher Retirement System. Each year members receive a statement from the Teacher Retirement System, through the business offices, of their total contributions, plus accumulated interest through August 31 of the preceding year. The State contributes 7.5 percent of each member's salary, up to and including \$25,000 per year, with the maximum contribution of \$1,875 per year.
- 1.5 The annuity payable at retirement is based on the salary earned by the member. Annuity payments are based upon the average salary earned in the five highest years of creditable service, not to exceed \$25,000 of salary for any one year beginning September 1, 1969. Years of service for the period September 1, 1957, through August 31, 1969, have a maximum limit of \$8,400.
- 1.6 When a member leaves the employment that requires membership in the Teacher Retirement System, he or she may withdraw the amount of their contribution, plus accumulated interest, upon application, or he or she may leave the funds at interest for not more than five out of six consecutive years during which period he or she pays the annual membership dues. The performance of a period of active military duty by a member shall not be construed as absence from service; nor shall absence from service terminate membership if the member does not withdraw their accumulated contributions and has ten (10) or more years of creditable service, regardless of age, at or before the time he or she ceases employment that requires membership in the Teacher Retirement System.
- 1.7 If a member dies before retirement, his or her beneficiary, depending upon the relationship to the member, will be entitled to death benefit payments or survivor benefit payments, whichever renders the greater advantage to the beneficiary. If there is no beneficiary with an insurable interest, payment will be limited to the accumulated contributions plus interest standing to the account of the member with the Teacher Retirement System.

- 1.8 Eligibility for retirement benefits is as follows:
- 1.81 With ten years creditable service upon reaching age 65, member is entitled to retire with full benefits based on service rendered and salary earned. Members are entitled to minimum benefits of \$75 per month.
 - 1.82 With ten years creditable service upon reaching age 55, member is entitled to retire at reduced actuarial equivalent of benefit payable at age 65.
 - 1.83 With twenty years creditable service upon reaching age 60, member is entitled to retire with full benefits based on service rendered and salary earned. Members are entitled to minimum benefits of \$130 per month.
 - 1.84 With twenty years creditable service upon reaching age 55 or with thirty years creditable service at any age, member is entitled to retire with a percentage of the standard annuity designated by Teacher Retirement System tables.
- 1.9 Creditable service consists of prior service, former membership service, and current membership service. "Prior service" means service by such person as a teacher or auxiliary employee prior to (A) September 1, 1937, as relates to any person who became a member or who at any time on or before August 31, 1949, was eligible for membership in the Teacher Retirement System, or (B) September 1, 1949, as relates to any person who for the first time became eligible for membership in the Teacher Retirement System on or after September 1, 1949.
- 1.(10) Information pertaining to options under which retirement benefits may be drawn and to reciprocal service between the Teacher and Employees Retirement Systems, as well as other information, may be secured from the component institution business or personnel office, the System Personnel Office, or the Teacher Retirement System in Austin.
- 1.(11) Few employees of The University of Texas System are members of the Employees Retirement System because they are no longer eligible for initial membership in this system. Only those who were eligible between September 1, 1947, and August 31, 1949, and who did not waive membership as of September 1, 1947, are now members. Beginning September 1, 1949, new employees who would previously have been eligible for this plan became eligible for membership in the Teacher Retirement System. Contributions, membership fees, and benefits shall be in accordance with Article 6228a, V.T.C.S.

Sec. 2. Optional Retirement Program.

- 2.1 Pursuant to Chapter 729, Acts of the 60th Legislature, Regular Session, 1967 (Article 2922-li, Vernon's Texas Civil Statutes), as amended, the Board of the System has authorized:
- 2.11 The establishment of an Optional Retirement Program in lieu of active membership in Teacher Retirement System of Texas to become effective September 1, 1968.
 - 2.12 Any insurance or annuity company qualified and admitted to do business in this State to offer an Optional Retirement Plan to eligible employees of the System.
 - 2.13 The ceiling on both the employee's contribution and the State's matching contribution to the Optional Retirement Plan to be the same as is in effect for contributions to the Teacher Retirement System.

- 2.14 Compliance with the terms and provisions of the Act, and further compliance with prescribed rules and regulations of the State Board of Insurance and the System.
- 2.2 Eligibility - The following types of employees are eligible to participate in the Optional Retirement Program:
- 2.21 All full-time faculty members appointed at least 4-1/2 months.
- 2.22 All full-time administrative, research or professional personnel appointed for at least 4-1/2 months, excluding any person employed in a position which is in the classified personnel pay plan of a component institution of the University.
- 2.23 A full-time person who enters the program and later reduces to part-time status will remain eligible for the Program.
- 2.24 Any employee who becomes ineligible for the Optional Retirement Program, but is nevertheless eligible for Teacher Retirement, must rejoin Teacher Retirement [A.G.Op. No. M-647 (1970)].
- 2.3 Effective Date of Participation
- 2.31 Eligible employees in the System employed as of September 1, 1968, shall elect to participate in the Optional Retirement Program no later than the first day of August 1969. An eligible employee not exercising the option to participate in the Optional Retirement Program by August 1, 1969, is deemed to have chosen to continue membership in the Teacher Retirement System.
- 2.32 Eligible employees of the System employed September 2, 1968, or later, shall within ninety days following date of employment, elect to participate or not to participate in the Optional Retirement Plan. A person is automatically considered a member of the Teacher Retirement System Program unless he elects to participate in the Optional Retirement Program during the first ninety days of employment.
- 2.4 Contributions to Retirement Plan shall be as follows:
- 2.41 The Optional Retirement Act authorizes a salary ceiling for contributions equivalent to the Teacher Retirement System. This ceiling, effective September 1, 1977, is 6.65 percent of the salary ceiling of \$25,000 per year for employee contributions. This ceiling, effective September 1, 1977, is 7.5 percent of the salary ceiling of \$25,000 for employer contributions.
- 2.5 The Office of the President of the System will approve the companies authorized to offer to eligible employees an Optional Retirement Program in accordance with the Conditions and Procedures To Be Met By Insurance Carrier To Be Authorized To Write Annuity Contracts Under The Optional Retirement Program For The University of Texas System. The Conditions and Procedures will be issued by the Director, System Personnel Office, with the concurrence of the Office of General Counsel in accordance with Sections 51.351 through 51.358, Texas Education Code, Attorney General's Opinions, Internal Revenue Service Rulings, and other applicable federal and State laws and agency regulations.
- 2.6 The eligible member electing to participate in the Optional Retirement Plan shall elect the company he chooses if that company has been approved by the System.
- 2.7 There can only be one change in Optional Retirement Program carriers per year, and such change may be made on the first day of any month.

- 2.8 Application blanks of authorized insurance carriers will not be furnished by the component institutions because of the possible large number of insurance carriers that may be authorized under the program. It is the responsibility of each individual interested in participating in the Optional Retirement Program to contact the authorized insurance carrier of his choice for an application blank.
- 2.9 Optional Retirement programs provide for vesting of benefit rights after one year of participation in the program by the employee. Vesting is to be effective on the first day of employment after one year's participation in the program under the System. Participation may be with more than one approved carrier [A. G. Op. M-420 (1969)].

Sec. 3 Tax Deferred Annuities.

- 3.1 Under a plan approved by the Board, employees of the System may purchase 403 (b) Tax Sheltered Annuities from Texas-licensed insurance companies.
- 3.2 An employee desiring to participate in this program may enter into an agreement with his component institution and designate a portion of his monthly gross compensation to be used by the component institution to purchase an annuity for the employee from the company selected by the employee. There can be only one change of Tax Sheltered Annuity Program carriers per year, and such change may be made on the first day of any month.
- 3.3 The chief business officer, or his delegate, of each component institution in the System is authorized to sign applications for annuities with the company requested by the employee. The payroll reduction method will be employed for the annuity payments and the amounts contracted for by the employees will be forwarded to each insurance company after the payroll reductions therefor.
- 3.4 The Office of the President of the System will approve the companies authorized to offer to eligible employees a Tax Sheltered Annuity Program in accordance with the Conditions and Procedures to be Met by Insurance Carrier to be Authorized to Write Tax Sheltered Annuities for The University of Texas System. The Conditions and Procedures will be issued by the Office of the President of the System with the concurrence of the Office of General Counsel in accordance with Article 6228a-5, Vernon's Texas Civil Statutes, Attorney General's Opinions, Internal Revenue Service Rulings, other applicable federal and State laws and agency regulations.

Sec. 4 Group Hospitalization and Medical Benefit Plan.

- 4.1 A System-wide contract is in effect to provide group hospitalization and medical insurance coverage on an optional basis for employees of all component institutions of the System subject to approval of the President of the System and the Board.
- 4.2 Any employee employed at least one-half time or more is eligible for coverage. An insured employee's spouse and unmarried children between the ages of 19 and 25 may also be covered.

- 4.3 Employees may enroll within 60 days after they become eligible for coverage. Employees who do not enroll within 60 days may then do so only during the annual enrollment period.
- 4.4 The anniversary date of the contract is September 1 of each year. The annual enrollment period will fall during the month of September.
- 4.5 The contract offers three benefit schedules that provide each employee with options to determine the most suitable plan consistent with his income. The premium rates for coverage depend on the plan selected by the employee and the number of persons in the family to be covered.
- 4.6 Under the In-Patient and Out-of-Hospital portions of the contract, specified percentages of costs are provided for under the three plans.
- 4.7 An insurance continuation provision is available for employees who leave the employment of the System or who retire.

Sec. 5 Group Term Life Insurance.

- 5.1 The System carries a master group term life insurance policy, applicable to all component institutions, with the Aetna Life Insurance Company for a "One Year Term Plan." Premiums are payable monthly by payroll deduction and increase with each year of age. The program is optional and is available to any employee employed at least one-half time or more; new employees are notified of their eligibility by the personnel office at the time of employment.
- 5.2 The amount of insurance available is based on a schedule that may not exceed two times annual earnings with a maximum of \$100,000 or 200% of annual compensation, whichever is the lesser amount. The amount of insurance for any employee who does not elect to change to the new schedule will continue to conform to the Insurance Table in effect prior to September 1, 1975. Annual earnings for academic personnel shall be the nine-month or twelve-month academic rate as applicable. Annual earnings for nonteaching 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 insurance will be adjusted on the annual renewal date (January 1) following the date of the change provided the employee is available for work.
- 5.3 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 accepted, the applicant must have a medical examination at his expense.
- 5.4 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 policyholder receives a certificate issued by the company and transmitted through the business office or personnel office.
- 5.5 A policyholder who is less than 60 years of age and who becomes permanently and totally disabled may receive benefits not to exceed 50% of the maximum amount in the two times earnings schedule of benefits. Insurance coverage in excess of the aforementioned amount may be retained for estate purposes with automatic premium waiver. There are no disability benefits after age 60.

- 5.6 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.
- 5.7 Participation in the Group Life Insurance Program automatically terminates when employment terminates unless (1) the policyholder retires under the provisions of the Teacher Retirement System, the Optional Retirement Program, or the Employees Retirement System with at least 10 years of coverage under the insurance; (2) the policyholder has attained 62 years of age with at least 10 years of coverage under the insurance; or (3) the policyholder 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 10 years prior to retirement.
- 5.8 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.

Sec. 6 Supplemental Cash Value Paid-Up at Age 65 Life Insurance Plan.

- 6.1 Supplemental Group Cash Value Paid-Up at Age 65 Life Insurance was made available to employees of the System by a rider to the group term life insurance master policy with the Aetna Life Insurance Company. Premiums remain level and are based on the age of the insured at the time he enrolls or, if he increases coverage, his age at the time he changes the amount of insurance. The program is optional and is available to any employee insured under the maximum (two times annual earnings) group term life insurance who has not attained age 65. In order to be eligible for group term life insurance, an individual must be employed at least one-half time or more. New employees are notified of their eligibility at the time of employment. The plan became effective initially April 1, 1972.
- 6.2 The amount of insurance available is based on a schedule of annual earnings and is in units of \$5,000, \$10,000, or \$15,000. Annual earnings for academic personnel shall be the nine month or twelve month rate, as applicable. Annual earnings for nonacademic personnel shall be the twelve month rate. For personnel paid on an hourly basis, the annual earnings shall be the hourly rate times 2,080 hours. When an employee becomes eligible for a greater amount of insurance, a new request form must be completed, and coverage will become effective on the annual renewal date, April 1, of this plan.
- 6.3 No medical examination is required if application is made for insurance within sixty (60) days from date of employment. After sixty (60) days the insurance company will require that the employee furnish evidence of insurability at his own expense before he can obtain the insurance.

- 6.4 If an employee elects a lesser amount of insurance than annual earnings permit, or does not take an insurance increase that he is eligible for, he will be unable to elect an additional amount of insurance, regardless of the circumstances, without evidence of insurability. No medical examination is required if evidence of insurability is accepted by the company after review, but if it is not accepted, the applicant must have a medical examination at his own expense.
- 6.5 Beneficiaries are designated by the insured on the application forms and may be changed during the life of the policy upon application to the business or personnel offices. Each insured receives a certificate issued by the company and transmitted through the business office or personnel office.
- 6.6 The Plan provides employees with the option, upon retirement at age 65, to elect either the cash value of the policy or life insurance protection after age 65 that is paid-up, and requires no further premium payments. If an employee leaves the System prior to retirement, he has the option of electing the cash value of the policy or taking his paid-up insurance with him.
- 6.7 A waiver of premium is provided for an insured who becomes totally and permanently disabled before age sixty (60). Provided disability has lasted nine months and proofs of disability are accepted, contributions will cease and no further contributions will be required as long as the employee remains disabled.
- 6.8 Benefits at death are payable to the beneficiary in lump sums or in regular installments. Upon notification of death of an insured, the personnel officer assists in the preparation of the required records to be sent to the insurance company.
- 6.9 Participation in this plan terminates when the employee terminates unless the insured retires under bona-fide retirement provisions of the Teacher Retirement System, the Employee's Retirement System, or the Optional Retirement Program. A person may continue to keep the coverage, however, during a period of temporary lay-off or official leave of absence by paying a sufficient amount in advance through the business office of the appropriate component institution to cover contributions that will become due during the period of leave.
- 6.(10) The life insurance under this plan will cease at the end of the last policy month for which a contribution was made, except, that if death should occur within 31 days thereafter, the death benefits will be payable. Within this 31-day period, by making application and paying the first premium to the Aetna Life Insurance Company, one may convert a part of his cash value insurance to an individual life insurance policy or any regular whole life or endowment plan. The part that is convertible is the difference between the amount of insurance in force and the amount of paid-up insurance available in accordance with the non-forfeiture provision of the plan. The premiums will be based on the age of the insured at the time of conversion.
- 6.(11) When an employee terminates and he does not wish to convert to another insurance plan, he may elect to withdraw the cash value or keep the amount of paid-up insurance he is entitled to without making another premium payment. Cash value is available only upon termination of employment.

6. (12) The insured employee may not borrow against the cash value of his policy.

Sec. 7 Group Long Term Disability Income Insurance.

- 7.1 The System carries a master group long term disability income insurance policy, covering all component institutions, with the Aetna Life Insurance Company. Premiums are payable monthly by payroll deduction, and the rate applies to the monthly rate of basic earnings of each covered employee regardless of age. The program is optional and is available to any employee employed at least one-half time or more. New employees are notified of their eligibility by the personnel office at the time of employment. The plan became effective initially on October 1, 1965.
- 7.2 Monthly rate of basic earnings is the rate in effect on the March 1 before the start of an individual's disability. Furthermore, monthly rate of basic earnings is defined as 1/9 of the base rate for academic personnel paid on a nine-month basis and 1/12 of the base annual rate for non-teaching employees or any other person paid on a twelve-month basis. In no case shall monthly rate of basic earnings exceed \$4,166.66 per month. All premiums and benefits are payable 12 months per year.
- 7.3 The plan guarantees benefits of 65% of the monthly rate of pay up to maximum monthly benefits of \$2,708.33 per month, and any extra compensation is excluded. The plan will pay all of the 65% guarantee if the insured is not eligible for "other income benefits." If he is eligible for "other income benefits," the plan will add to the total of "other income benefits" to make up this 65% guarantee. In general, the plan counts as "other income benefits" any wages, salary, or other remuneration a person might receive from his component institution, or from any other employer, while he is eligible for income benefits from the plan. Also counted are any disability benefits payable under any law or under any plan sponsored by the System.
- 7.4 Covered employees will be eligible for the first income payment from the plan after having been "totally disabled" throughout a qualifying period of 90 days. Payments will be made as of the end of each calendar month. Benefits continue to be paid as long as a person is "totally disabled"; however, all income payments will stop when a person recovers, dies, or reaches age 65, whichever happens first.
- 7.5 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.
- 7.6 Each policyholder receives a certificate issued by the company which is prepared and transmitted through the business office or personnel office.
- 7.7 The insurance of any employee under this policy shall terminate at the earliest time specified below:
7.71 Upon discontinuance of the policy.
7.72 At the end of a policy month during which the employee's

employment with the System in the classes eligible for the insurance terminates.

7.73 On the date the employee attains the age of 65 years.

7.8 A person may continue to keep the coverage during periods of official Leave of Absence upon the direct payment of premiums through the business office of the appropriate component institution.

Sec. 8 Group Accident Insurance.

8.1 Group Accident Insurance was made available to employees of the System by a rider to the Long Term Disability Insurance Master Policy with the Aetna Life Insurance Company. The Group Accident Plan became effective February 1, 1968, and is available to any employee under age 70 employed at least one-half time or more. Eligible employees can join the plan either during the first 60 days of their employment or during an annual enrollment period in December of each year for coverage effective February 1.

8.2 Coverage under the Group Accident Plan is provided to insure against accidental death (in such areas as travel by automobile and travel on an aircraft being used solely for the transportation of passengers, and the coverage is extended to travel outside of the United States). The death benefit is also provided if an individual becomes totally disabled while insured before age 60 as a result of an accident of the type covered by the plan. Scheduled dismemberment benefits are also provided for specified losses.

8.3 The amount of coverage that may be selected ranges in multiples of \$10,000 from the minimum of \$20,000 to the maximum of \$200,000; however, no eligible employee may select an amount of coverage that exceeds 10 times his annual salary (for academic personnel the 12-month equivalent of their 9-month contract salary is used in computing the maximum amount of coverage allowable). Employees who select coverage for themselves may also take coverage for their spouses in an amount between \$10,000 up to a maximum of 50 percent of the amount actually taken for themselves. Unmarried children under age 19 are automatically covered for \$1,000 from the spouse's coverage, unless waived by the employee. Also, unmarried children 19 years of age and over who are regularly attending school and depend solely upon the employee for support are eligible as dependents until their 23rd birthday.

Sec. 9 Workers' Compensation Insurance.

9.1 The Workers' Compensation Insurance Program is on a System-wide, self-insuring basis, financed by setting aside not more than 2 percent of the annual payroll of covered employees, and provides certain benefits for injuries sustained on the job. These benefits include payments for reasonable medical aid, hospitalization, etc.; total or partial incapacity; specific losses; and death.

9.2 The System Personnel Director, with the cooperation and assistance of other appropriate officials of the System or its component institutions, investigates accidents and injuries, and endeavors to develop, publish, and enforce safety rules and regulations. His office keeps a

complete record of all injuries on the job and is responsible for reporting them to the Industrial Accident Board. His office is responsible for the System-wide coordination of occupational safety and health activities, and for administration and enforcement of state and national laws and standards applicable to occupational safety and health.

- 9.3 All employees whose names appear on the payrolls are eligible.
- 9.4 Eligible employees who do not wish coverage may waive all rights to the benefits at the time of appointment. However, the waiver may be revoked at any time during continuous employment.
- 9.5 The institution shall give notice to all workers that such insurance has been provided.
- 9.6 The percentage of annual payroll, within the 2 percent mentioned in Subsection 9.1 above, is approved by the Board, and the amount is set aside from available appropriation other than itemized salary appropriations. Institutional chief business officers shall prepare and send to the System Personnel Director a monthly report of covered employees showing the source of their salaries and a check and/or state warrant for the amount due. These checks will be deposited in a depository bank and the State Comptroller will be requested to transfer the amounts due on payrolls paid from State funds to the Workers' Compensation Insurance Fund.
- 9.7 The System shall furnish such medical aid, hospital services, and medicines as may reasonably be required at the time of the injury, and at any time thereafter to cure and relieve the injured employee from the effects naturally resulting from the injury.
 - 9.71 Each employee shall have the right to select or choose the persons or facilities to furnish medical aid, chiropractic, osteopathic, podiatric, hospital and nursing services.
 - 9.72 Excessive charges or unreasonable expenses for services can be appealed to the Industrial Accident Board by the System.
 - 9.73 Although the employee has the right to select or choose the person or facilities to furnish reasonable treatment, each component institution may provide guidance in that choice, if the employee desires, by referring the injured employee to reputable specialists or general practitioners, depending on the nature of the injury.
- 9.8 The supervisor of a covered employee who is injured during the course of employment must file a complete report with the supervisor of the Workers' Compensation Insurance Office whether or not time is lost from work. If time is lost, a supplemental report is filed when the employee returns to work. When the time lost is over 60 days, this report is filed at the end of each 60-day period. The same form is used if the employee is disabled later due to the original injury. In the event of death of the injured employee, the form is filed immediately.
- 9.9 The employees' supervisors are also responsible for keeping in close touch with injured employees and their attending physicians and investigating medical attention to see that unnecessary aid and visits are avoided. They approve the statement from the physician as to services rendered although not actual charges for treatment.

9. (10) A covered employee disabled from work due to an on-the-job injury may remain on the payroll until his earned vacation and sick leave are exhausted or may request use of any reasonable portion thereof, during which time full medical benefits will remain available. Should an employee continue to remain disabled from work after earned vacation and sick leave are exhausted, provided such accrued leave totals seven days or more, there will be no waiting period before weekly compensation benefits accrue. Employees who have no sick leave or vacation accrued will be subject to a 7-day waiting period, for which they will be compensated in the event disability lasts 28 days or more. Vacation and sick leave used due to an on-the-job injury, are not charged against holidays, weekends, or other authorized days off.
9. (11) The weekly compensation benefit for a covered employee injured in the course of his work is equal to 66 2/3 percent of the average weekly earnings for the 12 months immediately preceding injury, though not more nor less than the amount set forth in Article 8306, Section 29, Vernon's Texas Civil Statutes. Compensation to an employee on less than a full work day basis is not more than 66 2/3 percent of his average weekly earnings, with the same maximum as the amount set forth in Article 8306, Section 29, Vernon's Texas Civil Statutes. Benefits may be paid for no longer than 401 weeks from date of removal from payroll for total incapacity and no longer than 300 weeks for partial incapacity for work. For specific injuries, the supervisor has information available on request concerning benefits for specific injuries such as the loss of a hand or eye. In case of death, benefits shall be the same as those provided in Article 8306, Section 8, Vernon's Texas Civil Statutes.
9. (12) Payment for medical aid, hospitalization and compensation is through the System Personnel Office.
9. (13) The System Personnel Office shall issue an annual report through proper channels to the President of the System and to the Secretary to the Board for the information of the members of the Board which shall include at least the following information for each component institution: the total claims and number of days lost, total compensation and medical benefits paid, receipts, and total expenditures including allocation of overhead. The report shall also include the balance in the fund at the beginning of the fiscal year, total receipts including interest, total disbursements, and balance in the fund at the end of the fiscal year.

Sec. 10 Unemployment Compensation Program.

- 10.1 The System Unemployment Compensation Program, effective January 1, 1972, and thereafter, is administered on a System-wide basis. Under the program, certain weekly benefits are payable to former employees who were separated from employment with the System under conditions specified in the Texas Unemployment Compensation Act and are unable to find suitable employment. Two methods of funding the cost of approved claims for such former employees will be in effect, as follows:
- 10.11 For former employees whose salaries were paid from State General Revenue Funds, the cost of approved claims chargebacks are paid by the State Comptroller as provided in the current State General Appropriation Act. Initially, the Texas

Employment Commission (TEC) pays approved claims and, quarterly, notifies the State Comptroller's Office and the appropriate System component institution of the claims amounts paid by individual. TEC bills the State Comptroller's Office, which makes payments to TEC from State General Revenue Funds appropriated for this purpose. Administration of claims, periodic reporting of salaries paid, and other aspects of administering the program for employees whose salaries are paid out of State General Revenue are the same as for those whose salaries are not paid out of State General Revenue, except that the assessments provided in Subsection 10.4 are not applied to salaries paid from State General Revenue Funds, or such other exceptions as are deemed by the System Personnel Director to be necessary for effective administration.

10.12 For former employees whose salaries were paid from funds other than State General Revenue, the cost of approved claims chargebacks is paid initially by the State Comptroller as specified under 10.11 above. Quarterly, or periodically as otherwise required by the State Comptroller, the System, by check made payable to the State Comptroller, reimburses the State General Revenue Fund from the System Unemployment Compensation Insurance Fund, a self-insurance fund described in Subsection 10.4.

10.2 The System Personnel Director, working in close cooperation with the System Comptroller and other appropriate officials of the System and its component institutions, is responsible for:

10.21 Administering the Unemployment Compensation Program for all employees of the System, with the assistance of appropriate institutional officials.

10.22 Determining the System's official position regarding claims protests in questionable cases, and assisting component officials in protest hearings.

10.23 Representing the institutions in all cases where claims are appealed to Appeals Tribunal or Commission Review and assisting the State Attorney General as required in representing the System with institutional participation in all cases in court actions provided for in the law.

10.24 Establishing and maintaining such additional policies and procedures as are necessary for the effective administration of the program as provided under existing statutes and these Rules and Regulations, including requirements for employee separation and claims administration, informing affected personnel about the Unemployment Compensation Program, and analyzing statistical data as needed.

10.25 Administering the Unemployment Compensation Insurance Fund and all policies and procedures necessary to bring about effective fund management and loss control for the Unemployment Compensation Program.

10.26 Maintaining records of all claims filed and paid, all chargebacks, and other records necessary to separate approved claims information applicable to student employment and extending such record-keeping to any additional group(s) of employees for which such analysis may be deemed by the System Personnel Director to be necessary for effective administration, including records necessary to determine individual

"benefit ratios" under Subsection 10.61 for each of the following categories of fund sources:

10.261 State General Revenue

10.262 Other than State General Revenue

- (a) Organized Research (including contract research and services)
- (b) Educational Service Agreements (including training grants)
- (c) Organized Activities Related to Educational Departments (including hospitals and clinics)
- (d) Auxiliary Enterprises
- (e) All Other

- 10.3 All services performed in the employ of the System are deemed to constitute employment and are provided for under the Unemployment Compensation Program. However, benefits based on service in an instructional, research, or principal administrative capacity are not payable between two contractual periods of service, as specified in the Texas Unemployment Compensation Act.
- 10.4 The System-wide Unemployment Compensation Insurance Fund is established January 1, 1972, to accumulate necessary funds to pay reimbursements to the State Comptroller for claims of former employees whose salaries were not paid out of State General Revenue Funds. Sources of all salaries other than State General Revenue are charged an assessment beginning on the effective date and each month or payroll period thereafter. Checks covering these charges will be forwarded monthly to the System Personnel Director for deposit in the Unemployment Compensation Insurance Fund. Following the close of each calendar quarter, or such other reporting period as may be deemed by the System Personnel Director to be necessary for effective administration, institutional chief business officers will prepare and send to the System Personnel Office reports itemizing by employees the salaries reported to the TEC and the amounts of such salaries subject to assessment. The reported assessable salaries will be reconciled to the checks submitted monthly in payment of the assessments. The reports will also contain such other information as may be required for effective reporting. In instances in which amounts may be due the Unemployment Compensation Insurance Fund from the State Comptroller for adjustments on claims paid, assessments, or as otherwise deemed necessary by the institutional chief business officers for effective and commensurate allocation of assessments or approved claims chargebacks, the State Comptroller is requested to issue a State warrant for the amount due.
- 10.5 Separate and apart from all other System monies or funds, an Unemployment Compensation Fund, administered under the same custodianship as other monies administered by the System, is established and maintained in one or more regular depositories of the System, secured by collateral in accordance with state statutory requirements. The fund consists of all assessments collected, all interest earned on deposits of any monies in the fund, and all other monies received for the fund from any other source. This fund is designated as a "revolving fund" under the "University of Texas Central Services Account" provision of the current General Appropriation Act. Expenditures from the Unemployment Compensation Insurance Fund are restricted to direct costs: payments and chargebacks of approved Unemployment Compensation claims, and System administrative costs not to exceed five percent per year of the balance in the fund at the beginning of

each preceding year. Investments or time deposits of such funds are in accordance with regular System policies.

- 10.6 The System Unemployment Compensation Insurance Fund operates under principles and methods generally consistent with those established by the Texas Unemployment Compensation Act for operation of the State Unemployment Compensation Fund.
- 10.61 After an initial development period (as provided in Subdivision 10.62) assessment rates will be computed based upon principles and methods consistent with provisions in the Texas Unemployment Compensation Act for determination of "Contribution" rates. In applying these principles, "benefit ratios" will be developed for determination of basic rates which will be adjusted (decreased or increased, respectively) by one-tenth of one percent for each \$25,000 or fraction thereof by which the amount in the Unemployment Compensation Insurance Fund exceeds \$1,755,000 or is less than \$1,215,000. Such computation will be made at the beginning of each calendar year, and the assessment rate(s) so calculated, but in no event less than one-tenth of one percent, will be applicable to the fiscal year beginning within that calendar year.
- 10.62 Compensation experience and fund balances will be developed during the period January 1, 1972 through August 31, 1976. Assessment rates during this initial development period are as follows:
- 10.621 January 1, 1972 through August 31, 1973, the assessment rate is 2.7 percent applied to salaries and wages up to \$4,200 per employee per calendar year.
- 10.622 September 1, 1973 through August 31, 1976, the assessment rates are subject to approval of the Board based upon determinations by System Administration after review of all available data on loss experience and levels of fund balances.
- 10.63 A single assessment rate is charged to all affected fund sources on a nondiscriminatory basis throughout the System, unless differential rates are found to be desirable as between categories of funding sources and such differential rates are approved by the Board.
- 10.7 In the event that the amount in the Unemployment Compensation Insurance Fund is fully depleted and further reimbursement payments create a deficit in the fund, at the end of any month, such deficit will be recovered by additional emergency assessments which the component institutions will fund by distribution of the costs to all accounts based upon the covered wages which had been charged to the accounts during the month and paid from funds other than State General Revenue.
- 10.8 The System Personnel Office will issue an annual report to include separate reporting of income and disbursements by institution, fund categories, and such other information as may be deemed necessary for effective administration.

Sec. 11 Social Security (Old Age and Survivors Insurance).

- 11.1 As an employer, the System complies with the relevant provisions of the Social Security Act. All employees are required to participate in the Federal Social Security Program as a condition of employment.

Sec. 12 Deferred Compensation Plan.

- 12.1 As an employer, the System complies with the relevant provisions of Senate Bill 872, 63rd Legislature, Regular Session, which authorized the Deferred Compensation Plan for public employees (Article 6252-3b, Vernon's Texas Civil Statutes).
- 12.2 The State Comptroller is the administrator of the program. The System Administration has been authorized by the Board to develop administrative and fiscal procedures for operation of the program.

Sec. 13 Premium Sharing.

- 13.1 The System provides each full-time employee with the full amount of Premium Sharing specified in the current Appropriations Bill, for payment of certain group insurance premiums. Employees appointed half-time or more, but less than full-time, are provided an amount of Premium Sharing which is proportionate to the percentage of time employed.
- 13.2 Each employee employed half-time or more will automatically be covered under a basic plan of insurance effective September 1, 1977, or on the first date of employment following that date. Each such employee may elect optional coverages within 60 days of the automatic coverage date, or waive at any time subsequent to the automatic coverage date. Only those employees who do not elect optional coverages shall be provided automatic coverages. The total premium for the basic coverages provided under the automatic coverage plan shall not exceed the amount of the employer contributions to which the employee is entitled.

Sec. 14 U. S. Savings Bonds.

- 14.1 The System provides each employee with the opportunity to participate in the purchase of U. S. Savings Bonds by payroll deduction.

CHAPTER VII

PHYSICAL PROPERTIES

- Sec. 1 Except as otherwise specifically authorized, property of the System shall be used only for official business. Only library books and other items of similar nature of well-established use may be used for the personal benefit or pleasure of employees. The chief administrative officer of each component institution shall designate a property manager.

Sec. 2 Inventories.

- 2.1 An actual physical inventory of property of the System shall be made each fiscal year in accordance with the State Property Act, as amended (Article 6252-6, Vernon's Texas Civil Statutes), and in compliance with appropriate regulations issued thereunder. The chief business officer of each component institution shall issue the necessary implementing instructions.
- 2.2 Department heads are responsible for all System property in their care and for the taking of the inventory on the prescribed record forms.
- 2.3 Inventories as of August 31 include all equipment on hand as defined by the State Board of Control under the State Property Act. Items that

are worn out or discarded shall be deleted in accordance with the regulations of the State Board of Control.

Sec. 3 Motor Vehicles.

- 3.1 Any motor vehicles permitted under State law to be owned and operated by the System shall be used only on official business. Each vehicle shall carry an inscription on both sides as prescribed by law.
- 3.2 As required by statutes, a daily report shall be prepared by the person using the vehicle on the forms approved by the State Auditor and shall be filed within ten days in a central location designated by the chief business officer.
- 3.3 The operators of System-owned vehicles must hold, at their expense, an appropriate operator's license for the type of vehicle operated.
- 3.4 System-owned vehicles are subject to the compulsory inspection required by law.
- 3.5 It shall be the obligation of the chief business officer of each of the component institutions to see that all employees who are required to drive System-owned vehicles are fully informed of their personal responsibility and liability for their negligent operation.
- 3.6 Each component institution shall be cognizant of and render reports on operation of motor vehicles as required by the current appropriations bill.

Sec. 4 Insurance on Property of the System.

- 4.1 The following types of insurance coverage shall be maintained on a System-wide basis:
 - Fire and Extended Coverage Insurance
 - Boiler and Machinery Insurance
 - Blanket Position (Fidelity) Bond
 - Money and Securities Insurance
 - Motor Vehicle Liability Insurance on State Owned Vehiclesmay be one policy
- 4.2 The terms of the policies covering the risks indicated above are negotiated by the Vice President for Operations in accordance with procedures approved by the President of the System and the Board.
- 4.3 When it is necessary or advisable to insure risks on a basis other than System-wide, insurance policies covering such risks shall be approved by the Vice President for Operations on an individual basis upon recommendation by the chief business officer of the component institution affected.
- 4.4 At the time a loss occurs applicable to either System-wide or individual insurance policies, the Vice President for Operations shall be notified by the chief business officer, and shall approve all loss claims and settlements. Any settlement over \$2,000 and under \$10,000 shall be reported to the Board for ratification. Settlements in the amount of \$10,000 or more must have the approval of the Board.

Sec. 5 Safe and Vault Combinations. --The combinations to all vaults and safes used by component institutions shall be filed under seal with the chief business officer.

Sec. 6 Police and Security Officers.

- 6.1 Police and other security officers are employed at the component institutions to protect and safeguard the property of the institution.
- 6.2 Employees shall cooperate in the security program by exercising caution to safeguard the equipment and supplies in their offices.

Sec. 7 Telephones. --The director of physical plant, or the chief business officer, shall be responsible for the installation of telephones and the administration of all telephone facilities. Personal toll calls shall not be charged to institutional telephones. Charges for telephones and toll calls shall be under the supervision of the persons named above.

Sec. 8 Disposal of Property of the System.

- 8.1 Whenever any item of equipment becomes obsolete or useless for the needs and purposes of the department concerned, a written report of such fact shall be made to the chief business officer. Upon receipt of such report, it shall be the responsibility of the chief business officer to determine whether or not such item of equipment is needed by any other department and, if so, to transfer and assign the equipment to such department.
- 8.2 If the chief business officer shall determine that the equipment is not needed for any department and that it is not practicable to store the equipment for possible future use, he shall proceed to sell the item concerned.
- 8.3 For items of little value or limited use where sale on competitive bids is not practicable, the chief business officer shall have the authority to dispose of the property on the basis of negotiated bids in amounts under \$2,000.
- 8.4 Sale of property estimated to bring \$2,000 or more shall be made on a basis of competitive bids.
- 8.5 Sales in amount of \$10,000 or more shall be approved in advance by the President of the System and ratified by the Board through the institutional docket.
- 8.6 Sales to U. T. Employees. --Sales of surplus equipment may be made to employees of the System or of any of its component institutions only after authorization by the chief administrative officer and approval of the President of the System. Such sales shall be reported in the institutional docket.

Sec. 9 Transfer of Property. --Property may be transferred from one State agency to another when it becomes surplus. Such transfers from one component institution to another, or from a component institution to another State agency shall have the advance approval of the chief business officer concerned and shall be reported to the chief administrative officer. The chief business officer or his delegate shall advise departments and administrative offices as to the procedure to be followed in disposing of or acquiring property by this means.

CHAPTER VIII

PHYSICAL PLANT IMPROVEMENTS

Sec. 1 New Building Construction Exceeding the Amount of \$5,000 per Project.

- 1.1 After the Board approves the construction of new buildings, the procedures shall be as follows:
 - 1.11 The Institutional Building Advisory Committee shall hold necessary hearings and make proper investigations to translate the approved academic program into priorities for new construction, with suggestions as to total project area and function, and make such recommendations to the chief administrative officer.
 - 1.12 The Institutional Building Advisory Committee shall be relieved of further direct responsibility whenever a building contract is awarded, but shall be available for consultation as the building progresses, as requested by the chief administrative officer, the President of the System, or his delegate, and the project architect.
 - 1.13 New projects shall be submitted to the Board for approval, including proposed funding, upon recommendation of the chief administrative officer, the President of the System, or his delegate.
- 1.2 Project Development.
 - 1.21 The Board will employ a project architect for each new major building project at all component institutions.
 - 1.22 The chief administrative officer may appoint according to the Institutional Handbook of Operating Procedure an Ad Hoc Project Building Committee composed of but not limited to representatives of the departments or divisions that will occupy the building. The committee shall work with the Office of Facilities Planning and Construction to prepare a detailed program of the needs for each project.
 - 1.23 The chairman of the Institutional Building Advisory Committee, or his delegate, shall be an ex officio member of each Ad Hoc Project Building Committee.
 - 1.24 The project architect shall be given the detailed program and will work in conjunction with the Office of Facilities Planning and Construction to prepare preliminary plans, exterior design, outline specifications, cost estimates, etc., which shall be submitted to the Board for approval upon the recommendation of the institutional head, the President of the System, or his delegate.
 - 1.25 After approval of the preliminary plans, the Board shall authorize the preparation of the working drawings and specifications. In the preparation of the final plans and specifications, the project architect shall work with the Ad Hoc Project Building Committee and the Office of Facilities Planning and Construction.
 - 1.26 The final working drawings and specifications shall be submitted to the Board for approval upon the recommendation of the institutional head, the President of the System, or his delegate.

- 1.3 Bidding and Construction Phase of Project.**
- 1.31** After the Board approves the final plans and specifications, the Board shall authorize the Office of Facilities Planning and Construction to advertise for bids. Advertisements for bids for buildings shall be in accordance with State law and shall be published for four consecutive weeks unless the urgency, limited scope of work, or economy, as determined by the President of the System, shall justify a lesser period of time.
 - 1.32** The President of the System, or his delegate, shall receive and open bids, with the project architect and others, tabulate and study such bids, and make recommendations to the Board.
 - 1.33** The Board will award the contracts for all work in excess of the amounts of \$5,000 for new construction and \$50,000 for major remodeling/repair projects. The contract will be signed by the contractor(s) involved and the Chairman of the Board and approved by the Board in accordance with law.
 - 1.331** In the event the lowest bidder is found to be not responsible, or other facts and circumstances necessitate award of contract to other than the lowest bidder, the bidder(s) submitting proposal(s) lower than the bidder to whom award is proposed shall be notified of the Board's proposed decision for award.
 - 1.332** If the lowest bidder fails to timely state his protest of such award and requests to present evidence, the Board's proposed award will be final.
 - 1.333** If the lowest bidder timely files notice of protest, the Board will hear the protest or will delegate to the President of the System the authority to appoint a Hearing Officer who shall promptly convene and conduct a hearing and subsequently prepare and submit a report of his findings through the President of the System to the Board. The Board shall make a final decision based upon the records of the hearing before the Hearing Officer.
 - 1.334** The contract documents will be prepared by the Project Architect and approved by the President of the System, or his delegate, and the General Counsel for the System, or his delegate, before submission to the Chairman of the Board.
 - 1.335** At the time contracts are awarded, additional appropriations will be made if required.
 - 1.34** The President of the System, or his delegate, shall approve contractor's estimates, sign change orders, and provide general supervision of all new construction. He shall advise the Board if developments during construction require additional funds or other decisions of the Board.
 - 1.35** The President of the System, or his delegate, shall inspect the completed building and recommend final acceptance and final payment.

Sec. 2 New Building Construction Involving Less than \$5,000 per Project.--New construction that involves a total expenditure of \$5,000 or less per project may be handled at the component institution. Necessary funds must have been approved through the proper procedure. In each case, the project must have been approved by the director of physical plant, the chief business officer, and the chief administrative officer of the institution involved.

- Sec. 3 Minor Repairs and Remodeling and Improvements other than Buildings.--Minor repairs and remodeling of the physical plant and construction of improvements other than buildings involving proposed expenditures of less than \$50,000 per project shall be made under the supervision of the director of physical plant and the chief business officer at the component institutions, with the approval of the chief administrative officer, provided that necessary funds have been approved through proper procedure.
- Sec. 4 Major Repairs and Remodeling and Improvements other than Buildings.
- 4.1 Any repair or remodeling project of the Physical Plant and construction of improvements other than buildings involving an estimated expenditure of \$50,000 or more shall be deemed a construction project.
- 4.2 Unless otherwise approved by the Board, the procedures and regulations pertaining to new building construction shall apply to major repairs and remodeling projects.
- Sec. 5 Professional Services.--Each component institution is authorized to make use of architects, engineers, and other professional services up to a maximum cost of \$3,000 with the approval of the President of the System on recommendation of the chief business officer.
- Sec. 6 Constitutional and Legislative Restrictions.
- 6.1 Section 18, Article VII, of the Texas Constitution requires approval by the Legislature, or an agency designated by the Legislature, prior to the construction of physical improvements financed by bonds authorized under this section at the component institutions other than The University of Texas at Austin and at El Paso.
- 6.2 Under the provisions of the current Appropriation Bill, prior to the allocation, expenditure or encumbrance of any funds provided under the authority of Article VII, Sections 17 and 18, of the Texas Constitution, for individual building construction projects costing in excess of Twenty-five Thousand Dollars (\$25,000), other than classroom, library and laboratory building projects. Notice of intent shall be filed with the Legislative Budget Board and the Governor's Budget Office.
- 6.3 New construction projects not otherwise authorized by law, in excess of \$100,000 and all major repair and rehabilitation projects in excess of \$100,000, must be approved by the Coordinating Board, Texas College and University System, as to purpose and gross dimensions. Format for submission will be as prescribed by the Coordinating Board. Submission will be prepared by the component institution, in consultation with and assisted by the Office of Facilities Planning and Construction, if necessary, and forwarded to System Administration for review, approval and handling of submission. It is the objective to submit the necessary documents to the Coordinating Board when the project scope and estimated cost are sufficiently defined to meet the Coordinating Board's requirements for approval. Normally, submission will be made when the Board approves preliminary plans and specifications and the related cost estimate.

Sec. 7 Modification of Bids.

- 7.1 No bid shall be changed, amended, or modified by telegram or otherwise after it has been submitted or filed in response to an advertisement for bids in connection with the construction or erection of permanent improvements at any of the component institutions of the System under Article 2593, Revised Civil Statutes of Texas, 1925.
- 7.2 The substance of this requirement shall be stated in the advertisement for such bids; provided, however, that this requirement shall not be construed to prohibit the submission of filing of more than one separate and independent bid by any bidder.

Sec. 8 Institutional Building Advisory Committees.

- 8.1 At each of the component institutions there shall be an institutional building advisory committee.
- 8.2 The committee shall be appointed by the chief administrative officer in the same manner as other institution-wide committees are appointed.
- 8.3 The composition of the institutional building advisory committee shall be set forth in the Institutional Handbook of Operating Procedure of each component institution.
- 8.4 The President of the System, or his delegate, and the chief business officer of the institution shall be ex officio members of such committees.

CHAPTER IX

MATTERS RELATING TO THE OFFICE OF INVESTMENTS,
TRUSTS AND LANDS

Sec. 1 Authorizations re Sales, Assignments, Conveyances, Receipt of Property and Proxies.

- 1.1 Authority to Purchase, Exchange, and Sell Securities for and on Behalf of the Permanent University Fund of The University of Texas (hereinafter sometimes referred to as "PUF") and the Board. --The President of the System or his delegate, or the Executive Director for Investments, Trusts and Lands, or the investment officer, are each authorized to purchase, exchange and sell any and all securities for and on behalf of the PUF or the Board, and to execute any and all documents necessary to the consummation of any purchases or exchanges.
- 1.2 Authority to Assign and Transfer Securities Held by the PUF and the Board of the System. --The President of the System, the Executive Director for Investments, Trusts and Lands or any trust officer may assign and transfer any and all securities of any description, whatever, and execute any and all documents necessary to the consummation of any sale, assignment or transfer of any securities registered in the name of the PUF or the Board, or in any other form of registration of such securities held for the account of the PUF or the Board in whatever manner, including all fiduciary capacities, and including those registered in the names of trusts or foundations managed and controlled by said Board.

- 1.3 Authority to Execute Instruments Relating to Land and Mineral Interests. --The Chairman of the Board, the Vice-Chairman, the President of the System, and the Executive Director for Investments, Trusts, and Lands are each authorized to execute conveyances, deeds, surface and/or mineral leases, easements, rights of way, oil and gas division orders, and transfer orders, geophysical and material source permits, water contracts, pooling and unitization agreements and any other instruments as may be necessary or appropriate from time to time, relating to the handling, management, control, and disposition of any real estate or mineral interests held or controlled by the Board as a part of the PUF or as a part of any trust or special fund.
- 1.4 Authority to Receive and Collect Money and/or Property. --The President of the System, the Executive Director for Investments, Trusts and Lands, or any trust officer are each authorized and empowered to ask, demand, collect, recover, and receive any and all sums of money, debts, dues, rights, property, effects, or demands, whatever, due, payable, or belonging, or that may become due, payable, or belonging to any of the above funds, from any person or persons, whatever, and to execute any and all necessary or proper receipts, releases, and discharges therefor.
- 1.5 Authority to Execute Proxies. --The President of the System or the Executive Director for Investments, Trusts and Lands, or any trust officer, or the director of stock research are each authorized to execute proxies within the approved investment policies.

Sec. 2 Investment Policy for PUF.

- 2.1 Investments Authorized for Purchase.
- 2.11 Bonds of the United States, the State of Texas or counties of said State, or in school bonds of municipalities, or in bonds of any city of said State, or in bonds issued under and by virtue of the Federal Farm Loan Act approved by the President of the United States, July 17, 1916, and amendments, thereto.
- 2.12 Bonds or other obligations issued, insured, or guaranteed in any manner by the United States Government or any of its agencies.
- 2.13 Bonds, debentures, or obligations, and preferred and common stocks issued by corporations, associations, or other institutions.
- 2.14 Convertible securities, of all kinds, issued by corporations on the approved list.
- 2.2 Standards as to Quality.
- 2.21 Corporate Stocks:
- 2.211 Stocks eligible for purchase shall be restricted to stocks of companies incorporated within the United States which have paid dividends for five (5) consecutive years or longer immediately prior to the date of purchase.
- 2.212 Except for bank and insurance shares, stock must be listed upon an exchange registered with the Securities and Exchange Commission or its successors.
- 2.213 Common stocks and convertible securities are eligible for purchase if they are issued by corporations which have been approved by the Board.

- 2.22 Corporate Obligations and Preferred Stocks: Corporate Bonds and Preferred Stocks must be rated "A" or better by Moody's Investors Service, Inc., or by Standard and Poor's Corporation. Bonds or preferred stocks offered by private placement and not rated may be purchased if in the opinion of the University's Investment Counsel they are of "A" quality or better. Commercial Paper must be rated in the two highest quality classes by Moody's Investors Service, Inc., or Standard and Poor's Corporation to be eligible for purchase.
- 2.23 FHA Mortgage Loans:
- 2.231 Loan Standards:
- 2.2311 The security for the loans shall be single family, owner occupied residences (including Row or Town Houses) of good design and construction, in good condition, and comparable in value to other homes in the neighborhood.
- 2.2312 Borrower must have a good credit rating and have adequate income to support the loan.
- 2.2313 Loans shall be for \$10,000 or more and shall be fully insured by the FHA to the maximum extent permitted under the law.
- 2.2314 Title and hazard insurance policies, written by companies acceptable to the Board, shall be furnished with respect to each loan purchased. Hazard insurance policies must be written by companies having a Best's rating of A-BBB or better.
- 2.2315 No loan shall be purchased from any Seller-servicer until a formal contract has been entered into with such Seller-servicer on a form approved by the Board.
- 2.232 Minimum standards for Seller-servicers from which FHA loans are purchased:
- 2.2321 The Seller-servicer must be an approved FHA Mortgagee, and must have satisfactory credit rating, and an unimpaired capital and surplus of at least \$250,000.
- 2.2322 It must have been actively engaged for at least five years in the mortgage loan business, and except for commercial banks, the mortgage loan business must be its principal business, and must have a capable and experienced organization, together with the necessary equipment to furnish timely accountings on a block basis.
- 2.2323 It must be servicing at least \$25,000,000 of loans, and its clients (other than Federal National Mortgage Association) must include at least three institutional investors, and must have a capability of producing not less than \$1,000,000 per year in FHA loans.
- 2.2324 It must carry a Mortgage Bankers Blanket Bond in an amount not less than \$250,000.

- 2.233 Implementation of FHA Mortgage Loan Purchase program: The President of the System, the Executive Director for Investments, Trusts and Lands or any trust officer, are each authorized
- 2.2331 To recommend the Seller-servicers with which Purchase and Servicing Agreements should be made, and after approval by the Board, to execute the Purchase and Servicing Agreements on the approved forms.
- 2.2332 To perform such acts and execute such documents as may be necessary from time to time in carrying out the provisions of any such Purchase and Servicing Agreement, including authority to accept or reject loans tendered under such agreements, to execute releases of the liens securing any loan or loans when paid in full, and to execute assignments of any notes and liens when appropriate to do so.
- 2.2333 To take any and all steps as may be considered necessary or advisable to protect the interest of the PUF in event of default occurring with respect to any FHA Insured First Mortgage note held by such Fund. Not by way of limitation, but by way of illustration only, such authority shall include power to acquire title on behalf of the Board to the property securing any such note, by Trustees sale, foreclosure, or otherwise; to execute on behalf of the Board the necessary deed conveying the properties so acquired to the Federal Housing Administration; to handle any properties so acquired pending conveyance to the Federal Housing Administration; and to incur and pay such reasonable expenses as may be necessary in the acquisition and care of any such properties.
- 2.3 Diversification.
- 2.31 Not more than 5% of the voting stock of any one (1) corporation shall be owned at any given time by the PUF.
- 2.32 Not more than 1% of the book value of the PUF shall be invested at any given time in securities issued by any one (1) corporation.
- 2.4 Standard of Care.
- 2.41 Prudent Man Rule: In making or retaining each and all investments for the PUF, and in management, purchase, and sale of such investments from time to time, there shall be exercised the judgment and care under the circumstances then prevailing that men of ordinary prudence, discretion, and intelligence exercise in the management of their own affairs, not in regard to speculation, but in regard to the permanent disposition of their funds, considering the probable income therefrom as well as the probable safety of their capital.

- 2.5 Policies with Respect to Stock Rights, Fractional Shares, and Proxies.
- 2.51 As a general rule, stock rights received are to be exercised. In each instance, exercise or sale of the rights is to be made at the discretion of the President of the System or the Executive Director for Investments, Trusts and Lands.
- 2.52 As a general rule, fractional shares received from stock dividends, etc., are to be sold. In each instance, the decision to round out fractional shares or to sell will be made by the President of the System or the Executive Director for Investments, Trusts and Lands.
- 2.53 As a general rule voting stocks held are to be voted by returning proxies to present management. When the Executive Director for Investments, Trusts and Lands determines that a vote with management would not be in the shareholder's best financial interest, or when a proposal under consideration is of a social nature, the matter will be referred to the President of the System or, in his absence, to the Chairman of the Land and Investment Committee.
- 2.6 Implementation of Policies.
- 2.61 Approved List. A list of companies whose stocks are considered suitable for purchase or retention shall, after consultation with the Staff Investment Committee, the Investment Counsel, and the Investment Advisory Committee, be submitted by the President of the System, or the Executive Director for Investments, Trusts and Lands for approval by the Board through the Regents' Land and Investment Committee. This list will be reviewed annually.
- 2.62 Authority regarding purchase and sale of securities. Within the limitations of these Rules and Regulations, the President of the System or the Executive Director for Investments, Trusts and Lands is authorized to buy, sell or exchange, from time to time, securities issued by the companies within the approved list, provided that sales in any one calendar month of stocks owned shall not exceed 2 1/2% of the book value of the PUF. With the approval of the Chairman of the Land and Investment Committee, or the Chairman of the Board, the President of the System or the Executive Director for Investments, Trusts and Lands may sell stocks in excess of 2 1/2%, but not in excess of 5%, of the value of the PUF. Sales of stocks in any one month in excess of 5% of the value of the PUF require prior approval of the Board.
- 2.63 Exchange of Bonds. The President of the System or the Executive Director for Investments, Trusts and Lands is authorized to exchange bonds owned from time to time, on a par for par basis (with such cash adjustments as may be required) for other eligible bonds or obligations. In any such exchange the cost of the bonds exchanged out (plus or minus the cash adjustment involved) shall be carried forward as the cost of the bonds or obligations acquired, even though the sale and purchase may be effected through different brokers.
- 2.64 Advice of Investment Advisory Committee. --The President of the System or the Executive Director for Investments, Trusts and Lands shall seek the advice and counsel of the Investment Advisory Committee at its regular quarterly meetings on all of the major matters involving the PUF.

- 2.65 Reports of purchases, sales, and exchanges of Investments.-- All purchases, sales, and exchanges of investments shall be reported for ratification by the Board through the Regents' Land and Investment Committee at each meeting of the Board.

Sec. 3 Investment Policy for Trust and Special Funds.

3.1 Investments authorized for purchase:

- 3.11 Unless otherwise limited by the terms of the instrument by which the fund was created, trust and special funds under the control of the Board shall be invested and reinvested in such securities and investments as are permitted by the Texas Trust Act as legal investments for funds held by trustees.
- 3.12 Except as broadened by the foregoing Section 3.11, the general statement of policies outlined in Section 2 with respect to the PUF shall likewise apply to the investment and management of any trust or special funds under the control of the Board.

- 3.2 Implementation of Policies.--The provisions of Section 2.6 with respect to the implementation of policies for the investment and management of the PUF shall likewise apply to trust and special funds, provided that approval of the Board shall be required before any stock is purchased which is not on the approved list.

Sec. 4 Investment Policy for Common Trust Fund. --The policies for the investment and management of funds for the System Common Trust Fund shall be the same as those outlined in Section 3 with respect to trust and special funds.

Sec. 5 Staff Investment Committee.

- 5.1 Membership.--The Staff Investment Committee shall consist of the President of the System, the Executive Director for Investments, Trusts and Lands, the investment officer, and such other members as may be designated from time to time by the President of the System or the Executive Director for Investments, Trusts and Lands.
- 5.2 Duties.--The Staff Investment Committee shall cooperate and advise with the President of the System or the Executive Director for Investments, Trusts and Lands on matters relating to the management of investments for which he is responsible.

Sec. 6 Investment Advisory Committee. --The Investment Advisory Committee is and has been established in order to assist and advise the President of the System and the Executive Director for Investments, Trusts and Lands with respect to matters relating to the management of investments for which said Executive Director is responsible. The following rules shall apply to such Committee:

- 6.1 Membership.--Five members of the Committee shall be selected because of their particular qualifications and experience in the field of investments, including experience in bond and corporate stock investments.
- 6.2 Selection Procedure.--Appointments to such Committee shall be made by the Board after recommendation by the President of the System or the Executive Director for Investments, Trusts and Lands.

6.3 Term of Office. --Each member shall serve a five year term on a rotating basis, with the term of one member expiring each August 31.

6.4 Meetings. --Meetings shall be held quarterly and at such other dates as may be considered advisable by the President of the System or the Executive Director for Investments, Trusts and Lands.

Sec. 7 Investment Transactions: Sales, purchases and exchanges shall be effected through investment dealers or brokers in accordance with normal investment practices, if, in the judgment of the President of the System or the Executive Director for Investments, Trusts and Lands, these services will produce the maximum benefit to the System.

CHAPTER X

AUXILIARY ENTERPRISES

Sec. 1 Auxiliary Enterprises are those operated primarily for service to students and staff. Such enterprises are expected to be self-supporting. Examples of such enterprises are residence halls, dining halls, student hospitals, student unions, bookstores, and any activities supported from fees collected as Student Activities Fees, whether such fees are optional or mandatory.

Sec. 2 Annual budgets for these activities shall be prepared and submitted through regular administrative channels, and expenditures shall be within budgets approved by administrative officials and the Board. Income of Auxiliary Enterprises is not deposited with the State Treasurer, however, and any balances or deficits at the end of a fiscal year may be reappropriated for the succeeding year.

Sec. 3 With the exception of intercollegiate athletic departments, to which the general and special provisions of the Appropriation Bill do not apply, the same regulations and applicable laws shall govern as apply to the budgeting and expenditure of general funds unless otherwise specifically authorized. The Board, upon recommendation of appropriate administrative officials, approves the regulations for the management and operation of athletic departments.

Sec. 4 Rentals and related policies and rates for dormitories and housing facilities shall be approved in advance by the chief administrative officer, the President of the System, and the Board.

Sec. 5 Rules and regulations for the administration of dormitories, other housing facilities, dining halls, and other eating facilities, shall be promulgated by administrative officials and the chief administrative officer at the institution concerned.

Sec. 6 The money values of meals, lodging, and other services the employees are authorized to receive in lieu of additional wages or salary, are recommended to the chief administrative officer by the chief business officer and approved by the President of the System and the Board.

Sec. 7 Statutory Provisions Currently in Effect. --Auxiliary Budgets shall comply with statutory provisions and rider provisions of current Appropriation Bill.

Sec. 8 Student Publications (The University of Texas at Austin).

8.1 All assets of the former Texas Student Publications, Inc., now vested

in the Board of the System shall be delivered to, and recorded in the accounting records of, The University of Texas at Austin, to be used for the maintenance and support of student publications as an auxiliary enterprise of The University of Texas at Austin. The recording, budgeting and expenditure of these assets will be in accordance with the Rules and Regulations for the management of this type of funds and account.

- 8.2 The day-to-day operations of student publications on the campus of The University of Texas at Austin are under the control and jurisdiction of a Publishing Board, constituted as hereinafter set out. The Publishing Board shall transact all business connected with student publications on the campus of The University of Texas at Austin, pursuant to these Rules and Regulations.
- 8.3 The Publishing Board is responsible for the issuance, publication, and distribution of the student publications on the campus of The University of Texas at Austin. Such publications presently consist of The Daily Texan, The Summer Texan, The Texas Ranger Magazine, Cactus, Peregrinus, Texas Engineering and Science Magazine, and Riata. The Publishing Board may authorize other publications.
- 8.4 The Publishing Board shall consist of eleven voting members, composed as follows:
- (1) Four undergraduate students out of the Journalism Department of The University of Texas at Austin elected (two to be elected in even-numbered years and two to be elected in odd-numbered years after the initial election; at the initial election under these rules all four shall be elected with provision for staggered terms as hereinafter set out) by those students certified by the chairman of such department as being journalism majors. Said election is to be held at least three weeks before the spring government election each year pursuant to the rules established by the Publishing Board. No student shall be eligible to be a candidate for a position on the Publishing Board unless he has completed or will have completed by the end of the spring semester in which the election is held twelve hours of journalism courses; is in good standing (not on scholastic probation); and has completed at least one semester in residence in the long term at The University of Texas at Austin. The eligibility of a candidate must be certified to by the Chairman of the Department of Journalism prior to the time of said election.
 - (2) Two undergraduate students elected at large from the student body of The University of Texas at Austin (one to be elected in even-numbered years and one to be elected in odd-numbered years after the initial election; at the first election under these rules both shall be elected with provision for staggered terms as hereinafter set out) at the same time as the editor of The Daily Texan pursuant to Subsection 8.(10) of this section. If the President of the Students' Association is not one of the students elected at the election, then the President of the Students' Association shall serve as an ex officio member of the Publishing Board without vote.
 - (3) Two members of the faculty out of the voting faculty of the Department of Journalism and one member of the faculty out of the voting faculty of the College of Business Administration, all three to be appointed directly by the chief administrative officer of The University of Texas at Austin.

- (4) Two professional newspapermen appointed by the chief administrative officer of The University of Texas at Austin.
- 8.5 Voting members of the Publishing Board shall serve a term of two years beginning June 1 of each calendar year. However, in order to provide staggered terms, the following procedure shall be used concerning the first Publishing Board selected under this section, to take office June 1, 1972.
- (1) The four journalism students elected from the Department of Journalism shall draw lots in the presence of a quorum of the Publishing Board to determine which two shall serve initial terms of one year and which two shall serve initial terms of two years.
 - (2) The two undergraduate students elected at large from the student body of The University of Texas at Austin shall draw lots in the presence of a quorum of the Publishing Board to determine which one shall serve an initial term of one year and which one shall serve on initial term of two years.
 - (3) The chief administrative officer of The University of Texas at Austin shall appoint one of the faculty out of the Department of Journalism for an initial term of one year, and he shall appoint the other journalism faculty member for an initial term of two years. The chief administrative officer of The University of Texas at Austin shall appoint the remaining faculty member for an initial term of two years.
 - (4) The chief administrative officer of The University of Texas at Austin shall appoint one of the professional newspapermen for an initial term of one year, and shall appoint the other professional newspaperman for an initial term of two years.
- 8.6 Should any voting member or members of the Publishing Board resign, become ineligible, or for any other reason fail to serve, the chief administrative officer of The University of Texas at Austin shall, after consultation with the Publishing Board, select a successor or successors to fill the unexpired term.
- 8.7 In addition to the aforementioned voting members of the Publishing Board, the following persons shall serve as ex officio, nonvoting members: the Dean of Students or his representative; the Editorial Manager of The Daily Texan; the General Manager of the publications; the Editor and Managing Editor of The Daily Texan; and the student editors of all other publications published by the Publishing Board.
- 8.8 The number and method of selection of the Publishing Board may be changed only by amendment to these rules.
- 8.9 The officers of the Publishing Board shall be a President, a Vice President, and a Secretary and such other officers as the Publishing Board may from time to time find necessary to carry on the business of the publications. Officers shall be elected from among the voting members of the Publishing Board at the first meeting after June 1 of each year. Officers' terms shall be for one year, but a person is eligible to serve one additional one-year term.
- 8.(10) At least three weeks prior to the spring student government elections there shall be a student publications election on the campus of The University of Texas at Austin. At such election there shall be elected the Editor of The Daily Texan by the students of The University of

Texas at Austin, but voting members of the Board shall appoint the Editor of The Daily Texan in the case of a vacancy. The eligibility of a candidate for Editor of The Daily Texan must be certified to by the Publishing Board on standards set out in their Handbook prior to the time of said election. The Publishing Board shall set out in its Handbook the conditions under which said elections may be held, including length of the campaign. The Editor of The Daily Texan shall serve for a term of one year beginning June 1. There shall also be elected at this election the two student members of the Publishing Board (one student to be elected each year after the first spring election) as provided in Subsection 8.4(2).

- 8.(11) In the performance of all of its duties and in the exercise of all of its powers the Publishing Board shall be subject to the direction of the Regents' Rules and Regulations. The Publishing Board shall conduct its meetings in strict adherence to Roberts' Rules of Order.
- 8.(12) There shall be an Executive Committee of the Publishing Board to be composed of three faculty members and two journalism students to be elected by the Publishing Board from its membership.
- 8.(13) The Executive Committee shall appoint a General Manager who shall be selected annually during the month of May for the fiscal year beginning September 1. The Executive Committee shall determine the compensation of the General Manager. The duties of the General Manager shall be prescribed by the Executive Committee, subject to basic policies set forth by the Publishing Board. The Editorial Manager(s) will be appointed by the Executive Committee, subject to basic policies set forth by the Publishing Board. The Executive Committee shall determine compensation of the Editorial Manager(s). The Editorial Manager of The Daily Texan shall be authorized to coordinate the activities between The Daily Texan and the Department of Journalism so as to secure the most effective use of the journalism laboratories and classes in the preparation of material for The Daily Texan. The Executive Committee shall fix the compensation of all editorial workers on student publications, subject to the final approval of the Publishing Board. The Executive Committee shall appoint and fill all vacancies for Editor and Managing Editor of every publication, except The Daily Texan, and shall fix their compensation subject to final approval of the Publishing Board at its next regular meeting.
- 8.(14) The Executive Committee is authorized to implement, and is responsible for implementation of, the policies of the Publishing Board between meetings of the Publishing Board.
- 8.(15) A definitive relationship between the Department of Journalism of The University of Texas at Austin and The Daily Texan published by the Publishing Board must exist. Accordingly, the chief administrative officer of The University of Texas at Austin shall promulgate an operating procedure to establish this relationship. The operating procedure may be amended from time to time by mutual agreement between the Department of Journalism, through its chairman, and the Publishing Board, with the concurrence of the chief administrative officer of The University of Texas at Austin. In the event the Chairman of the Department and the Board of Directors are unable to agree on amendments, the chief administrative officer of The University of Texas at Austin shall make the final decision.

8. (16) There shall be established within the Publishing Board a Review Committee which shall be composed of one member of the journalism faculty, one journalism student, and one professional newspaperman. Such members are to be elected by the Publishing Board out of its membership. All appeals on material withheld from publication by the Editorial Manager, or respective publications supervisors, shall be considered by the Review Committee within 24 hours of the action. A decision of the Review Committee may be appealed to the Publishing Board, but seven affirmative votes of the Publishing Board are required to overrule said decision of the Review Committee. In all such matters, the actions of the Publishing Board shall be final and complete without review outside the Publishing Board.
8. (17) It shall be the duty of the Publishing Board to furnish on request to the chief administrative officer of The University of Texas at Austin, the President of the System, and the Board of the System, within two weeks of such request, any special reports requested by such officials.
8. (18) At least eighteen copies of the minutes of all meetings of the Publishing Board shall be delivered promptly to the chief administrative officer of The University of Texas at Austin for distribution to the President of the System, the Vice President for Academic Affairs, the members of the Board, the Secretary to the Board, and such members of The University of Texas at Austin administration as the chief administrative officer of The University of Texas at Austin may direct. No action of the Publishing Board shall have any force or effect unless included in the minutes and until it has been approved by the chief administrative officer of The University of Texas at Austin, except actions of the Publishing Board pertaining to decisions of the Review Committee, and except as to actions of the Publishing Board with respect to the appointment, discipline, or removal of editors, which actions need only be reported in the minutes for information, but are not reviewable outside the Publishing Board.
8. (19) No budget or budget amendment adopted by the Publishing Board shall have any force or effect until such budget or budget amendment has been approved by the Board.
8. (20) No expenditure shall be made by the Publishing Board unless it is made in accordance with and pursuant to a budget item that has been previously adopted by the Publishing Board and approved by the Board.
8. (21) Within 90 days following the close of each fiscal year, the chief administrative officer of The University of Texas at Austin shall be furnished for distribution to the President of the System and to the members of the Board, the Secretary to the Board, and to such members of The University of Texas at Austin administration as the chief administrative officer of The University of Texas at Austin may direct, at least fifteen copies of a complete audit of the fiscal year.
8. (22) All employees, editors, editorial workers, and staff members employed to work on student publications under the control and jurisdiction of the Publishing Board, including all employees of the former corporation known as Texas Student Publications, Inc., holding office or employed as of the effective date of this section of these rules and regulations shall continue in office or employment (unless disciplined

or removed from office in accordance with this section) at the same wage rates and under the same terms of their current office or employment (unless changed by the Publishing Board in accordance with this section).

8. (23) Subject to Subsection 8.22 of this section, the Publishing Board shall have the authority: (1) to appoint the Managing Editor of The Daily Texan, from among qualified students; (2) to take disciplinary action against the employees, editors, editorial workers, and staff members of student publications, including the removal from office after due notice, for a violation of the policies of the Publishing Board or for nonperformance of duties; such removal shall require a majority vote (action of the Publishing Board in the matter of the appointment discipline, and removal of editors shall be final and complete); provided, however, that no action taken by the Publishing Board with respect to the employment, dismissal, salary, or duties and responsibilities of either the General Manager or the Editorial Manager(s) shall have any force or effect until it has been approved by the Board; and (3) to determine the character and policies of all student publications.
8. (24) Since all funds utilized in the operations of student publications are under the direct control of an agency of the university. The Publishing Board, the Vice President for Business Affairs of The University of Texas at Austin, and the director of The University of Texas at Austin Personnel Office shall immediately make arrangements for assuring that all appropriate personnel are placed under the budgetary and personnel regulations applicable to other University of Texas at Austin employees.
8. (25) The Publishing Board shall promulgate and implement a handbook which shall contain the operating policies of the Publishing Board.
8. (26) As an interim measure, to assure the uninterrupted operation of student publications on the campus of The University of Texas at Austin, the chief administrative officer of The University of Texas at Austin shall appoint two journalism faculty members, one college of business administration faculty member, two professional newspapermen, and six students, who shall serve only until June 1, 1972, when a Publishing Board selected under procedures set out in this section will take office. This interim board will arrange for the election of the Editor of The Daily Texan and Publishing Board members as required under Subsections 8.4 and 8. (10) for the new year of offices beginning June 1, 1972.

Sec. 9 The Texas Union (The University of Texas at Austin).

9. 1 Subject to all relevant provisions of the Rules and Regulations of the Board of Regents and the rules and regulations of The University of Texas at Austin, the Board of Directors of the Texas Union shall recommend to the chief administrative officer of The University of Texas at Austin rules, regulations, and procedures regarding the operation and use of the Texas Union, shall review the Texas Union Budget, shall advise the chief administrative officer in the appointment of the Union Director and shall be involved in the future development of the Texas Union. The Texas Union is designed to provide facilities, services and programs for the students, faculty and staff of The University of Texas at Austin, including the coordination of beneficial co-curricular activities of students and faculty members, programs for intellectual,

social, cultural and recreational development, for the promotion of genuine democracy, for the cultivation of a more intelligent interest in and deeper affection for The University of Texas at Austin.

- 9.2 The Board of Directors of the Texas Union shall consist of nine voting members: Six students and three faculty members. The Dean of Students, or his/her delegate, the Secretary of the Board of Directors, and the Union Director shall be ex officio members without vote.
- 9.21 The faculty members shall be appointed by the chief administrative officer for three-year overlapping terms, one to be appointed each year. New faculty member appointments shall become effective on May first of each year.
- 9.22 The six student members of the Board shall be as follows: the President of the Students' Association, the Coordinator of the Texas Union Program Council, and four other students to be appointed for two-year overlapping terms. The four non-ex officio student members shall be registered for at least six semester hours during each long session semester of service and shall be selected as follows: A public announcement of Union Board vacancies shall be published in The Daily Texan and an interview process shall be conducted by the Executive Officers of the Students' Association, or by the appropriate committee of the Students' Association. Appointments shall be ratified by a 2/3 vote of the Student Senate. New student appointments shall become effective on May first of each year.
- 9.3 The officers of the Board of Directors of the Texas Union shall be as follows: Chairman; Vice-Chairman; Secretary; and Union Director. The Chairman shall be elected each year from the student membership of the Board of Directors by the voting members of the Board. In order to qualify for election as Chairman, a student shall have at least one year's experience on either the Texas Union Program Council or the Board of Directors. The Vice-Chairman shall be the President of the Students' Association, and the Secretary and the Union Director shall be elected by the voting members of the Board of Directors. The officers of the Board of Directors shall perform the usual duties of their respective offices.
- 9.31 The Chairman shall be elected each year to serve a term to extend from the first official Board meeting of the Fall Semester until May 15th.
- 9.32 An Interim Chairman shall be elected each year to serve a term from May 15th until the first official Board meeting of the following Fall Semester. The Interim Chairman shall have the same qualifications as the Chairman.
- 9.4 The Board of Directors may, at its discretion, authorize any three voting members of the Board to serve as an executive committee acting for the Board of Directors between meetings, but only during the period from May 15th until the first day of registration for the fall semester, or during official UT semester break or holiday periods. All actions taken by the Executive Committee are subject to later ratification by the Board of Directors.
- 9.5 At least two copies of the minutes of all meetings of the Board of Directors and the Executive Committee shall be delivered promptly to the chief administrative officer of The University of Texas at Austin.

No budget or budget amendment adopted by the Board of Directors of the Texas Union, or of any committee or subcommittee of such Board, shall have any force or effect until such budget or budget amendment has been approved by the Board of Regents.

- 9.6 No expenditure shall be made by the Board of Directors of the Texas Union, unless it is made in accordance with and pursuant to a budget item which has previously been adopted by the Board of Directors of the Texas Union and approved by the Board of Regents.
- 9.7 Within ninety days following the close of each fiscal year of the Texas Union, there shall be furnished to the chief administrative officer of The University of Texas at Austin for distribution to the President of the System, to the members of the Board of Regents, to the Secretary to the Board of Regents, and to such other members of the administration as the chief administrative officer of The University of Texas at Austin may direct, at least 15 copies of a complete audit of the fiscal affairs of the Texas Union during the preceding fiscal year.
- 9.8 The Board of Directors of the Texas Union shall meet at least once a month during each Long Session, setting its own date for meetings, formulating its own rules of procedure, setting up and appointing such committees as it may deem necessary and desirable for the proper use of the facilities of the Union Building, and exercising all powers not specifically assigned herein.
- 9.9 The Union Director shall serve as chief executive official in the Union Building. The Board of Directors of the Texas Union shall recommend annually on June 1 through the chief administrative officer of The University of Texas at Austin to the President of the System and the Board of Regents the appointment of the Union Director. His term of service shall extend from September 1 through the following August 31. The Union Director shall have the responsibility for the day-to-day operation of the Union Building and its programs or activities. He shall be charged with coordinating the various functions of the Building and the interests of the various groups served by the Building. The Union Director shall consult with the Texas Union Board of Directors regarding the appointment of appropriate staff members. He shall employ, supervise, and direct the work of all subordinate employees. The Union Director shall be a member of all committees without vote. On May 1 annually he shall make a complete report to the Board of Directors of the Texas Union covering the activities in the Union Building. The report shall be transmitted through the chief administrative officer of The University of Texas at Austin to the President of the System, to the Board of Regents, to the Secretary to the Board of Regents, and to such other members of the administration as the chief administrative officer of The University of Texas at Austin may direct. The Union Director shall perform such additional services as may be required by the Board of Directors and approved by the Board of Regents.
- 9.(10) While various parts and facilities of the Union Building are reserved primarily for the general use of students and faculty, provision is made by extending the use of portions of the Building to special groups for their exclusive use when this can be done in such manner as not to interfere with the regular program of the Union, and in such cases a rental price may be charged. However, when persons, groups, or organizations officially designated by the chief administrative officer of The University of Texas at Austin, by the President of the System, or by the Board of Regents as guests of the University desire to use the facilities of the Union, such privilege shall be granted and shall

be granted without cost to the guest group. It is understood, of course, that all requests for the use of the facilities of the Union shall be subject to the principle that prior reservations will be respected, and for that reason requests for the use of the Building or any part of it should be made as early as possible.

- 9.(11) Notwithstanding any other provision of this section, every action of the Board of Directors of the Texas Union, and every action of any committee or subcommittee of such board, shall be reviewed by the chief administrative officer of The University of Texas at Austin and the chief administrative officer of The University of Texas at Austin may approve, reverse, or modify each such action. After reviewing the minutes of the Board of Directors, the chief administrative officer of The University of Texas at Austin shall deliver to the President of the System two copies of such minutes and a copy of the action, if any, taken by the chief administrative officer with regard to the approval, modification, or reversal of any action of the Board of Directors. Nothing in this section shall be deemed to limit or restrict the authority of the Board of Regents.

Sec. 10 Athletics Council (The University of Texas at Austin).

- 10.1 At least two copies of the minutes of all meetings of the Athletics Council at The University of Texas at Austin shall be delivered promptly to the chief administrative officer of The University of Texas at Austin. No budget or budget amendment adopted by the Athletics Council, or of any committee or subcommittee of such Council, shall have any force or effect until such budget or budget amendment has been approved by the Board.
- 10.2 The chief administrative officer of The University of Texas at Austin shall review the minutes of all meetings of the Athletics Council and may subsequently approve, reverse, or modify any action therein. After reviewing the minutes of a meeting of the Athletics Council, the chief administrative officer of The University of Texas at Austin shall deliver to the President of the System two copies of such minutes and a copy of the action, if any, taken by the chief administrative officer with regard to the approval, modification, or reversal of any action of the Athletics Council. Nothing in this section shall be deemed to limit or restrict the authority of the Board.

Sec. 11 Employment of a Students' Attorney.

- 11.1 If an attorney is retained in any manner by a component institution or by a Students' Association or other agency of student government at any component institution of the System to serve as a students' attorney, said attorney shall not act as counsel of record nor represent any student, faculty member, or staff member, or any group of combination of students, faculty members, or staff members, or System Administration or any component institution of the System:
- 11.11 In any matter that required an administrative decision to be made by any officer, committee, board, or agency of a component institution of the System, the System, or the Board.
- 11.12 At any stage of any criminal proceeding in any federal, state, county, or local court.
- 11.13 At any stage of any civil proceeding in any federal, state, county, or local court where such proceeding is directly or indirectly against or antagonistic to the interest of the System

or any component institution thereof, or against or antagonistic to the interests of any person who is sued in his official capacity as an officer of the System or any component institution thereof.

- 11.2 Any contract or agreement for legal services entered into by a Students' Association or other agency of student government or other agency of a component institution with an attorney whose remuneration will be paid from funds under the control and management of the Board, including funds from student fees whether mandatory or optional, is expressly subject to the applicable provisions of the Regents' Rules and Regulations, including, but not limited to, the foregoing provisions of this Section 11 and the following:

Section 8.8 of Chapter I of Part One;
Section 1.1 of Chapter III of Part One;
Section 1.3 of Chapter III of Part One;
Section 11 of Chapter III of Part One;
Section 5.15 of Chapter VI of Part One; and
Section 5.21 of Chapter VI of Part One.

CHAPTER XI

CONTRACTS AND GRANTS FOR RESEARCH, TRAINING, AND EDUCATIONAL SERVICES, INCLUDING INSTITUTIONAL SUPPORT GRANTS

- Sec. 1 Contracts, grants, and agreements from or with outside agencies for research, training, and educational services, including institutional support grants, (except as provided in Subsection 1.1 below) shall be approved by the chief administrative officer and ratified by the Board via the institutional dockets.
- 1.1 Contracts or agreements with foreign governments, agencies thereof, and with institutions, enterprises or individuals subject to the jurisdiction of foreign governments, shall be submitted to System Administration for prior review sufficiently in advance of effective date for prior approval of the Board, if such prior approval is deemed appropriate by the Office of General Counsel and the President of the System.
- 1.2 The Office of the President of the System will issue special instructions for those contracts and grants requiring special approvals other than as provided in this section.
- 1.3 Funds shall not be encumbered or expended under any contract or grant prior to the approval of the contract or grant as indicated above.
- 1.4 Institutional support grants include NSF Institutional Grants for Science, NIH General Research Support Grants, Health Professions Education Improvement and/or Capitation Grant Programs, and other such grants awarded on a formula basis rather than a budgeted project basis.
- Sec. 2 Proposals for such contracts, grants and agreements, whether with government agencies, industry, foundations, or other private granting agencies, shall

be initiated by the faculty member (or other appropriate official who will direct the work) and shall be approved by designated administrative officials, including the chief administrative officer. These proposals will receive such System Administration review and approval as directed by the President of the System. Proposals to private foundations for support should be forwarded via the Office of the System Comptroller to the Chancellor for further approval. The chief business officer at each component institution is responsible for the business aspects of the proposals.

- Sec. 3 Copies of contracts, grants, and agreements specified in Section 1 of this chapter shall be filed with the Secretary to the Board, together with a copy of the proposal or application, if any, that resulted in the contract, grant, or agreement.
- Sec. 4 Detailed budgets are generally included in the proposals that result in a contract or grant for a specific research, training, or educational project, and expenditures should conform to such budgets, unless amended by authorized procedures. For those institutional or "formula" type grants identified in Subsection 1.3 of Section 1 of this chapter, a proposed budget must be submitted to the Office of the President of the System for review, approval, and submission to the Board.
- Sec. 5 Proposals as to overhead rates and specialized rates for fringe benefits, computers, and other facilities chargeable to cost-reimbursement contracts and other government contracts and grants shall be worked out in preliminary form by the chief business officer concerned and shall be reviewed and approved by the System Comptroller before being submitted. Subject to approval of the President of the System, the System Comptroller shall negotiate all such rates for the component institutions of the System.
- Sec. 6 Information as to overhead and specialized rates applicable to the type of contract, grant or agreement to be entered into shall be secured from the System Comptroller via the business officers and/or the appropriate research administration officer.
- Sec. 7 To the extent that indirect cost recoveries from the application of overhead rates are derived from use charges for buildings, other improvements, or equipment, the funds so derived shall be designated for renewals and replacements of plant fund assets or for other purposes specified and approved in the budgetary processes as related to the indirect cost recoveries.