
AGENDA

UNIVERSITY OF HOUSTON SYSTEM FINANCE AND ADMINISTRATION COMMITTEE MEETING

DATE: Thursday, February 23, 2023

TIME: 1:15 PM

PLACE: University of Houston Downtown
UHS Science & Technology Building
Fondren Commons, STB 118
315 N. Main Street
Houston, TX 77002

Chair: John A. McCall, Jr.

Vice Chair: Doug H. Brooks

Members: Alonzo Cantu
Jack B. Moore
Edward Carrizales – Non-voting
Tilman J. Fertitta, Ex Officio

I. **Finance and Administration Committee**

Presenter: Chair John McCall, Jr.

A. Call to Order

Presenter: Chair John McCall, Jr.

B. Approval of Committee Minutes

- November 30, 2022, Finance and Administration Committee Meeting

Action: Approval

C. Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts exceeding \$1 million for the purchase of goods or services, excluding construction contracts, at the University of Houston System

4

Action: Approval

Presenter: Raymond Bartlett, Senior Vice Chancellor for Administration and Finance

- D. Approval is requested to delegate authority to the Chancellor to negotiate and execute construction contracts exceeding \$1 million for projects at the University of Houston System 7

Action: Approval

Presenter: Raymond Bartlett, Senior Vice Chancellor for Administration and Finance

- E. Approval is requested to establish textbook access fees for the University of Houston System institutions. 9

Action: Approval

Presenter: Raymond Bartlett, Senior Vice Chancellor for Administration and Finance

- F. Approval is requested to write off Accounts and Notes Receivable for FY2022 11

Action: Approval

Presenter: Raymond Bartlett, Senior Vice Chancellor for Administration and Finance

- G. Approval is requested to delegate authority to the Chancellor to negotiate and execute insurance policies for Fiscal Year 2023-2024. 13

Action: Approval

Presenter: Raymond Bartlett, Senior Vice Chancellor for Administration and Finance

- H. Approval is requested for the University of Houston System self-insurance fund 17

Action: Approval

Presenter: Raymond Bartlett, Senior Vice Chancellor for Administration and Finance

- I. Approval is requested for the University of Houston System FY2024 Holiday Schedule. 20

Action: Approval

Presenter: Raymond Bartlett, Senior Vice Chancellor for Administration and Finance

II. **Executive Session**

Presenter: Chair John McCall, Jr.

- A. 1. Consultation with System Attorney Regarding Legal Matters, and/or Contemplated Litigation or Settlement Offers.
Texas Gov't Code Section 551.071

2. Deliberations regarding the Purchase, Exchange, Sale or Value of Real Property.
Texas Gov't Code Section 551.072

3. Deliberation Regarding a Prospective Gift.
Texas Gov't Code Section 551.073

4. Personnel Matters Relating to appointment, Employment, Evaluation, Assignment, Duties, Discipline, or Dismissal of Officers or Employees including but not limited to the Chancellor, Presidents, Vice Chancellors, in the Division of Athletics and members of the Board of Regents.
Texas Gov't Code Section 551.074

III. **Report and Action from Executive Session**

Presenter: Chair John McCall, Jr.

IV. **Adjourn**

**UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS AGENDA**

COMMITTEE: Finance and Administration

ITEM: Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts exceeding \$1 million for the purchase of goods or services, excluding construction contracts, at the University of Houston System.

DATE PREVIOUSLY SUBMITTED: N/A

SUMMARY:

Approval is requested for contracts that are expected to exceed \$1 million that are associated with the purchase of goods or services, excluding construction contracts, at the University of Houston System. Board of Regents policy 55.01.01 states that the board must approve any contract, including any amendment, extension, or renewal thereto, that results in the value of the contract exceeding \$1 million throughout the term of the contract.

SUPPORTING DOCUMENTATION: Summary of Contracts

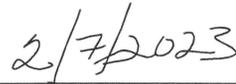
FISCAL NOTE: See supporting documentation for value of each contract.

**RECOMMENDATION/
ACTION REQUESTED:** Administration recommends approval of this item

COMPONENT: University of Houston System



SENIOR VICE CHANCELLOR Raymond S. Bartlett



DATE



CHANCELLOR Renu Khator



DATE

University of Houston System
Summary of Goods and Services Contracts Greater than \$1 Million
F&A Committee - February 2023

Component	Project	Procurement Method	Vendor	Purpose	Term	Amount	Funding Source	HUB Goal
Goods and Services Contracts Greater than \$1 Million								
UH	Office Supplies	Request for Proposal	TBD	To obtain one or more contract office supply providers for the University of Houston that provides excellent customer service, a guaranteed discount on core items, online ordering, next day delivery, pick up of returned items, accepts multiple payment methods, and provides departmental level billing.	Initial Term: 3 Years Optional Term: 2 Years	Initial Term: \$6,000,000 Optional Term: \$4,000,000	Multiple	21.1%
UH	Mass Spectrometry Equipment	Cooperative Purchasing Program-PROVISTA MR91000	Thermo Fisher Scientific	Purchase and equipment maintenance for high resolution mass spectrometry equipment required for the analysis of various compounds for research related purposes.	Initial Term: 5 years	Initial Term: \$3,000,000	State	0.0%
UH	Residential Laundry Services	Request for Proposal	TBD	Provide equipment, preventative maintenance, and online monitoring and repair need reporting for approximately 600 commercial grade, energy efficient laundry machines in seven residential facilities at the University of Houston.	Initial Term: 3 Years Optional Term 1: 1 Year Optional Term 2: 1 Year	Initial Term: \$600,000 Optional Term 1: \$200,000 Optional Term 2: \$200,000	Auxiliary	26.0%
UHS	Executive Search Firms	Request for Proposal	Multiple (8 firms total)	To increase the maximum amount of the existing Executive Search contract agreements within the current contract period. Executive Search contracts are used for recruiting and interim placements for senior, executive, or other highly specialized positions within the system.	Initial Term: 3 years Optional Term: 2 years	Initial Term: \$1,800,000 Optional Term: \$1,200,000 Amendment: \$2,000,000	Designated	26.0%

University of Houston System
 Summary of Goods and Services Contracts Greater than \$1 Million
 F&A Committee - February 2023

Component	Project	Procurement Method	Vendor	Purpose	Term	Amount	Funding Source	HUB Goal
UHS	Learning Management System (LMS) Compliance Monitoring	Sole Source	Blackboard Ally	To ratify the amendment to the existing LMS compliance monitoring software, Blackboard Ally, extending the agreement by 5 years at a cost increase of \$453K. The software integrates with the LMS to perform reviews of digital academic content to help support accessibility for all users and provides real-time accessibility compliance tools.	Initial Term: 3 years Optional Term 1: 3 years Amended Optional Term 1: 6 years	Initial Term: \$355,000 Optional Term 1: \$282,000 Amended Optional Term 1: \$453,000 (total Optional Term 1: \$735,000)	Designated	0%
UH	University Vehicle Fueling	Request for Proposal	Three L. Inc	To ratify the amendment to the existing bulk fuel agreement, increasing the cost by \$125,000. The December 2022 freeze increased the expected use for the remainder of this agreement.	Initial Term: 5 years Optional Term 1: 6 months	Initial Term: \$900,000 Optional Term 1: \$75,000 Amended Optional Term 1: \$125,000 (total Optional Term 1: \$200,000)	State	26%
Real Property and Lease Contracts BOR 55.01.01								
UHD	Easement	N/A	Texas Historical Commission	UHD will provide a perpetual easement to the Texas Historical Commission that allows them to inspect the building and recommendations to maintain the buildings historical integrity. UHD will receive a 10 year grant for the cost of flood mitigation projects done to protect the One Main building.	Initial Term: 10 years	Initial Term: \$250,000	Designated	N/A

**UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS AGENDA**

COMMITTEE: Finance and Administration

ITEM: Approval is requested to delegate authority to the Chancellor to negotiate and execute construction contracts exceeding \$1 million for projects at the University of Houston System.

DATE PREVIOUSLY SUBMITTED: N/A

SUMMARY:

Approval is requested for contracts that are expected to exceed \$1 million that are associated with construction projects at the University of Houston System as listed in the supporting documentation. Board of Regents policy 55.01.01 states that the board must approve any contract, including any amendment, extension, or renewal thereto, that results in the value of the contract exceeding \$1 million throughout the term of the contract.

SUPPORTING

DOCUMENTATION: Summary of Construction Contracts

FISCAL NOTE: See supporting documentation for value of each contract.

**RECOMMENDATION/
ACTION REQUESTED:** Administration recommends approval of this item

COMPONENT: University of Houston System



SENIOR VICE CHANCELLOR

Raymond S. Bartlett



DATE



CHANCELLOR

Renu Khator



DATE

University of Houston System
 Summary of Construction Contracts Greater than \$1 Million
 F&A Committee - February 2023

Component	Project	Procurement Method	Vendor	Purpose	Amount	Funding Source	HUB Goal	Comments
UH	Guy V. Lewis Development Center Men's and Women's Locker Room Renovations	CMAR	TBD	Construction contract. Construction contract for the men's and women's locker room renovations at the Guy V. Lewis Development Center located at the University of Houston.	\$ 4,500,000	Auxiliary, Donor	21.10%	
UH	Electronic Access Control External Doors for Multiple Buildings at UH, UH@SL & Tech. Bridge	RFP	TBD	Construction contract. Construction contract for the installation of access control devices on exterior doors for multiple buildings located at the University of Houston, University of Houston Sugar Land and University of Houston Tech. Bridge.	\$ 2,500,000	HEAF	21.10%	This projects will provide electronic access control devises on all exterior public doors.
UH	Houston Public Media Infrastructure Upgrades	CSP	E Contractors	Construction contract. Construction contract for the installation and infrastructure upgrades to support a new emergency generator located at the University of Houston.	\$ 3,000,000	Donor, Auxiliary Funds	21.10%	
UHS	Architectural Programming Services CSA	RFQ	TBD	CSA Contract: Architectural Programming services to be performed on an as-needed basis for new construction and renovation projects. Contracts available to all campuses.	\$ 3,000,000	Various Project Funds	23.70%	Award three vendors maximum with total contract values not to exceed \$3M. Each contract to have a maximum term of five years (three years with two one year renewal options).

**UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS AGENDA**

COMMITTEE: Finance & Administration

ITEM: Approval is requested to establish textbook access fees for the University of Houston System institutions.

DATE PREVIOUSLY SUBMITTED: N/A

SUMMARY:

The University of Houston System institutions are requesting textbook access fees effective for the Fall 2023 semester. At the University of Houston, the fee would be \$299 per fall and spring semester and \$180 per summer semester for all undergraduate students. At the University of Houston-Clear Lake, University of Houston-Downtown, and University of Houston-Victoria, the fee would be on a per course basis, and would range between \$10-\$120 per course. The fee represents the cost for course materials. The benefit to students is that they will receive course materials on or before the first day of classes and be able to use their financial aid. Students will be notified about the fee when registering for classes and will be able to opt out through the official registration date (twelfth class day). Digital course materials will be provided through the learning management system and physical materials will be available for pick up or shipping through the UH System campus stores. The fee will appear on their fee bill. Textbook access programs are a common practice among peer institutions in Texas and across the nation.

SUPPORTING

DOCUMENTATION: Rationale for Textbook Access Fees Request

FISCAL NOTE: See supporting documentation

**RECOMMENDATION/
ACTION REQUESTED:** Administration recommends approval of this item.

COMPONENT: University of Houston System

Raymond S. Bartlett

SENIOR VICE CHANCELLOR Raymond S. Bartlett

2-7-2023

DATE

Renu Khator

CHANCELLOR Renu Khator

2/16/23

DATE

**Rationale for Textbook Access Fees Request
UH System Textbook Access Programs**

Objective

The objective of this request is to reduce the cost of textbooks and course materials for students and ensure students have access to digital and physical course materials on or before the first day of class.

Rationale

This provides a convenient and seamless delivery mechanism for course materials, uses the current faculty adoption method, saves students between 40-60% of the new textbook prices, and enables the university to bill students on their bill for course materials, and enables students to use their direct financial aid to pay for course materials.

Table 1 – Fees Requested by UHS Institution

Institution	Program Name	Fee (\$)
University of Houston	Cougar Textbook Access Program	\$299(Fall/Spring) \$180 (Summer)
University of Houston-Clear Lake	Hawk Textbook Access Program	\$10-\$120 (Per Course)
University of Houston-Downtown	Gator Textbook Access Program	\$10-\$120 (Per Course)
University of Houston-Victoria	Jaguar Textbook Access Program	\$10-\$120 (Per Course)

The purpose of the textbook access fees is to provide students with course materials on or before the first day of classes, while providing an opt-out mechanism for students who decide not to participate. In the pilot program at the University of Houston, since Spring 2022, 52,454 students have participated, **saving** more than \$2.9 million off of the price of new course material retail pricing. In surveys to participating UH students, 85% of these students prefer all of their classes to be offered with CTAP included. By implementing the program on a semester basis for all undergraduate students at UH, projected per semester student savings could be as high as \$6.4 million, with a weighted average savings of \$254 per student. Revenues from the UH fee of approximately \$416K per year will offset commission losses for direct book sales with the remainder used for program administration costs. The other UH System institutions would be implementing per course programs, with a goal of implementing a per semester or flat fee program for all undergraduate students after phasing in the program on per course basis, similar to the phasing approach at the University of Houston. Revenues for the other institutions will vary based on course and student participation, with 7% of fees charged retained to cover program administration costs.

Operationalization

Students will see the charge for course materials when registering for their classes and will have the option to opt-out of the program until the official registration date (twelfth class day). Digital materials will be loaded into the learning management system and physical materials will be available to be picked up for no additional cost at the campus store or shipped from the UH System campus stores. The fee should be treated as an incidental fee according to *Section 54.504 of the Texas Education Code*.

**UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS AGENDA**

COMMITTEE: Finance & Administration

ITEM: Approval is requested to write off Accounts and Notes Receivable for FY2022

DATE PREVIOUSLY SUBMITTED: Fiscal Year Write-Off Submitted Annually

SUMMARY:

Approval is requested to write-off Accounts and Notes Receivable totaling \$7,564,441 for Fiscal Year 2022 for the University of Houston, University of Houston-Clear Lake, University of Houston-Downtown, and University of Houston-Victoria, which is approximately 0.63% of the \$1B in revenue that generated the receivables. State Universities are required by law to extend credit to students without consideration of credit history or ability to repay.

	FY 2022	% of Related Revenue	Fed Reserve CC Default Rate	NACUBO Institutional Loan Rate	DOE Student Loan Default Rate
University of Houston	\$ 5,028,238	0.56%			
University of Houston - Clear Lake	350,908	0.28%			
University of Houston - Downtown	1,833,978	1.21%			
University of Houston - Victoria	351,316	0.70%			
	\$7,564,441	0.63%	2.08%	4.1%	2.3%

SUPPORTING

DOCUMENTATION: Schedule of Accounts and Notes Receivable Write-Offs for FY2022. Detailed schedules are on file in the UH Division of Finance Offices.

FISCAL NOTE: \$7,564,441

RECOMMENDATION/ ACTION REQUESTED: Administration recommends approval of this item.

COMPONENT: University of Houston System


 SENIOR VICE CHANCELLOR Raymond S. Bartlett


 DATE


 CHANCELLOR Renu Khator


 DATE

-----Delinquent Accounts and Notes Receivable Written Off in 2022-----

Proposed Write-Off:	Total Delinquent Accounts from 2020 and earlier	UH	UHCL	UHD	UHV
Federal					
Grants & Contracts	-	-	-	-	-
Non-Federal					
Tuition & Fees	7,139,283	4,644,488	347,162	1,796,317	351,316
Sales & Services	425,158	383,751	3,746	37,661	-
Grants & Contracts	-	-	-	-	-
Court Ordered Restitution	-	-	-	-	-
Total Write Off	7,564,441	5,028,239	350,908	1,833,978	351,316

Tuition/Fee Write Off Statistics

FY 2022

Tuition/Fee Write Off as a Percent of Revenue	0.63%	0.56%	0.28%	1.21%	0.70%
Tuition/Fee Revenue	848,070,486	614,528,130	85,071,826	114,342,987	34,127,542

Write Off As a Percent of Related Revenue	0.62%	0.51%	0.39%	1.58%	0.89%
Tuition, Fee, Auxiliary, and Research Revenue	1,222,080,674	977,528,652	89,058,366	116,143,965	39,349,692

FY 2021

Tuition/Fee Write Off as a Percent of Revenue	0.62%	0.60%	0.32%	0.95%	0.63%
Tuition/Fee Revenue	835,830,277	599,720,068	82,353,832	116,397,378	37,358,999

Write Off As a Percent of Related Revenue	0.68%	0.60%	0.54%	1.29%	0.84%
Tuition, Fee, Auxiliary, and Research Revenue	1,114,670,026	869,681,566	84,380,034	117,875,526	42,732,900

All UHS components, accounts and notes receivables, other than federal loan programs, are written off if more than two years past due and collection efforts remain unsuccessful. The write-off is an accounting entry to report receivables at a realistic asset value. These charges remain on student accounts, and all students are reported to the State of Texas via the TINS Warrant Hold system.

**UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS AGENDA**

COMMITTEE: Finance & Administration

ITEM: Approval is requested to delegate authority to the Chancellor to negotiate and execute insurance policies for Fiscal Year 2023-24.

DATE PREVIOUSLY SUBMITTED: February 24, 2022

SUMMARY:

Approval is requested to delegate authority to the Chancellor to negotiate and execute insurance policy renewals for Fiscal Year 2023-24. The State Office of Risk Management (SORM) facilitates the Property, Directors & Officers / Employment Practices / Educators Legal Liability, Builder's Risk, Fine Arts, and Automobile insurance programs. Other insurance policies to protect the University of Houston System are administered by the UH Risk Management department. UHS has staggered renewal dates, with most policies renewing March 1, 2023. The FY2022 annualized insurance expense was \$8.16 million.

The FY23-24 expense is anticipated to increase primarily due to a rise in the property insurance premium, with moderate premium increases on other lines of insurance due to market conditions. The property increase is due to several factors including worldwide natural disasters and the resulting claims, which has resulted in hard market conditions.

Not all policy quotations have been received, thus the exact insurance premiums are unknown at this time. Therefore, we are seeking a Delegation of Authority to the Chancellor to negotiate insurance coverage terms and purchase insurance policies in an amount not to exceed \$10.9 million for FY23-24.

SUPPORTING

DOCUMENTATION: Insurance Renewal Status Report

FISCAL NOTE: Estimated annual premiums not to exceed \$10.9M

**RECOMMENDATION/
ACTION REQUESTED:** Administration recommends approval of this item.

COMPONENT: University of Houston System



SENIOR VICE CHANCELLOR Raymond S. Bartlett



DATE



CHANCELLOR Renu Khator



DATE

University of Houston System

Insurance Renewal Status Report FY23 – FY24

Marketing Projections

Placing the University of Houston’s insurance policies has been an ongoing challenge. The majority of insurance policies expect some form of premium increase, either due to rate increases or increase in risk. Additionally, we anticipate that our property policy will suffer from another increase in premium. Property coverage increases are a result of the market continuing to correct itself from previous soft conditions, additions to the insurance schedule of property from new construction, as well as insurance carriers sustaining extensive claim losses worldwide. The System is also affected by from major property losses due to Hurricane Harvey, the 2021 winter freeze, and the 2022 winter freeze, which will be likely to affect our insurance rates regardless of the level of the System’s claims.

Renewal Process

The UH Risk Management department facilitates the purchase of the majority of insurance policies for the System. This process includes gathering data from multiple sources across the University community, analyzing insurance needs and market trends, and submitting pertinent information in order to obtain quotes. Most lines of insurance are placed through a dedicated broker, Arthur J. Gallagher. However, five lines of coverage are procured through the State Office of Risk Management, as they are state sponsored programs that UH is legislatively required to utilize, and include the property policy. UHS has staggered renewal dates, with most policies renewing March 1, 2023.

Current and Projected Insurance Premiums

The University of Houston System’s insurance program for Fiscal Year 2022 consisted of 26 policies with an aggregate annual cost of approximately \$8,158,071. The System is expecting an approximate 30% increase for FY23 for the property insurance with moderate premium increases for most other lines.

The projected request for Board approval will be \$10.9M due to anticipated property insurance increases, construction projects on campus, and rate increases due to the insurance market conditions. This represents an increase of \$2.7M over actual FY22-23 insurance policy costs. Cost escalation from the FY22-23 to the FY23-24 period are largely driven by an anticipated 30% increase in the property policy, totaling \$2.1M, as well smaller increases for most other policies.

Items for Consideration:

- The property insurance market is currently not favorable to property owners, which is the bulk of the System’s insurance premium budget.
- Insurance markets continue to project rate increases due to worldwide natural disasters, including the February 2021 freeze in Texas and December 2022 freeze.
- The University has continuously increased property values due to new construction and renovation upgrades in existing buildings.
- The System reviewed the replacement value of its buildings with its broker, which resulted

University of Houston System Insurance Renewal Status Report FY23 – FY24

the application of a 4% increase in the replacement cost value of several buildings. This is a necessary adjustment due to increasing costs of construction.

Premium Summary

Premium by Policy Type

Policy	Annual Expense FY21	Annual Expense FY22	Est Annual Expense FY23	Policy Period
Property including Equipment Breakdown & Terrorism, Buy Down	6,947,620	7,142,283	9,284,967	Apr 30 - Apr 30
Directors & Officers / Employment Practices Liability	199,169	220,190	231,200	Sept 1 - Sept 1
Medical Malpractice	141,984	157,388	180,996	Mar 1 - Mar 1
Automobile	234,563	269,157	\$337,709	Sept 1 - Sept 1
Builder's Risk – University of Houston Master Program	149,886	31,247	\$428,530	May 1 - May 1
All Others Policies and Broker Fees	293,616	337,807	435,883	Varies
Total	\$7,966,838	\$8,158,072	\$10,899,285	

Premium Allocation by University

Campus	Annual Expense FY21	Annual Expense FY22	Est Annual Expense FY23
UH	5,899,261	6,258,285	7,749,392
UH Downtown	690,620	666,292	882,842
UH Clear Lake	723,655	749,195	991,835
UH Victoria	470,089	484,299	643,058
UH System	183,213	481,101	632,158
Total	\$7,966,838	\$8,158,072	\$10,899,285

Insurance Policies Not Purchased by Risk Management

In addition to the insurance policies referenced above, Risk Management assists other departments and University organizations with the acquisition of specific insurance coverages.

These insurance policies do not currently fall under Risk Management's purview to purchase, and are not included in the delegation of authority for this agenda item. They are provided in the table below for informational purposes.

University of Houston System Insurance Renewal Status Report FY23 – FY24

Department & Policy	Annual Premium 2021	Annual Premium FY22	Est Annual Premium FY23
College of Business Foundation: Commercial Crime, Primary & Excess Directors & Officers/Empl Practices	5,400	5,400	5,400
Cougar Investment Fund, LLC: Errors and Omissions Policy	17,252	17,252	\$7,252
Special Event Liability: Bed Races	0	0	1,000
Lawyer’s Professional	200	200	200
Athletics: NCAA Medical Accident Stop Loss Policy & Claim Administrative Fee	547,500	547,500	547,500
Total	\$570,352	\$570,352	\$571,352

Informational Items

Workers’ Compensation/Risk Management Services Assessment

The State Office of Risk Management assesses annual fees to each component campus for administering the university’s workers’ compensation self-insurance program and for providing risk management services such as the administration of enterprise-level insurance purchases for various state agencies. These expenses are not included in the delegation authority for this agenda item as participation in this program is mandated by state law and an interagency agreement has already been executed for FY22 – FY23.

Campus	WC/SORM Final Assessment FY2021	WC/SORM Final Assessment FY2022	WC/SORM Initial Assessment FY2023
UH	1,055,812	971,469	1,045,300
UH Downtown	123,902	120,144	129,275
UH Clear Lake	144,130	130,237	140,135
UH Victoria	50,307	45,614	49,081
UH System	6,845	6,738	7,810
Total	\$ 1,380,996	\$ 1,274,202	\$ 1,371,601

Student Health Insurance

The Student Health Insurance Advisory Committee negotiates the procurement of student health insurance. The coverage is optional for domestic students yet mandatory for international students. The total estimated premium for the 2022-2023 is projected to be approximately \$16.4 million. The student health insurance program is not included in the delegation of authority for this agenda item as the premium costs are borne by the individual students that purchase the coverage.

**UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS AGENDA**

COMMITTEE: Finance & Administration

ITEM: Approval is requested for the University of Houston System self-insurance fund.

DATE PREVIOUSLY SUBMITTED: N/A

SUMMARY:

Approval is requested for the University of Houston System self-insurance fund for medical professional liability for correctional health activities. The fund will maintain a minimum balance of \$750,000. Oversight of claim negotiation, settlement, and payment will be provided by the Office of the General Counsel.

SUPPORTING

DOCUMENTATION: University of Houston Self Insurance Fund establishment document

FISCAL NOTE: minimum balance \$750,000

**RECOMMENDATION/
ACTION REQUESTED:** Administration recommends approval of this item.

COMPONENT: University of Houston System



SENIOR VICE CHANCELLOR

Raymond S. Bartlett

2-13-2023

DATE



CHANCELLOR

Renu Khator

2/16/23

DATE

Background

The University of Houston System recommends the establishment of a self-insured fund for medical professional liability for correctional health activities as the most cost-effective option. Few insurers will provide coverage, with the best quote at a cost of approximately \$792K per year with a \$100K deductible for a \$1M individual claim limit. Based on the professional liability history for the Harris County Jail system, the System's average annual losses are estimated to be \$317K with a claim exceeding \$1M to occur approximately one time every 10 years. A \$750K fund, established via monthly payments from Harris Health, will cover the average annual claims and provide sufficient fund for infrequent large claims.

Fund Establishment

Pursuant to Chapter 59, subchapter A of the Texas Education Code, the University of Houston will establish a self-insurance fund for medical professional liability for correctional health activities (the "Fund"). The purpose of the fund is to pay any damages ruled in a court of competent jurisdiction or a settlement of any health care liability claim against a health care professional, staff member, or student arising from the exercise of the member's or student's appointment, duties, or training with the University of Houston for activities associated with our duties and obligations under the Affiliation and Services Agreement with Harris Health.

Fund Administration

The University of Houston System General Counsel and the Risk Management Department will create a Professional Medical Liability Plan that will address all necessary conditions for participation, coverage, and administration.

The Fund will at all time maintain a minimum balance of \$750,000, to be provided by Harris Health via the Affiliation and Services Agreement's provision for overhead. The University of Houston's Tilman J. Fertitta Family College of Medicine will bill Harris Health each month. Additional billing will continue to occur even after the minimum balance is reached to ensure that claims are incurred and paid and that the minimum balance is maintained. Funds will be deposited in the University of Houston Operating Bank Account, under the administration of the Division of Administration and Finance, and interest accrued to the fund will be accounted for on a monthly basis.

The University of Houston System General Counsel has full authority for and oversight of the negotiation, settlement, and payment of claims against the fund up to the maximum claim amount of \$1M. Valid claims against the fund, as confirmed by the University of Houston System General Counsel, will be managed by the Risk Management Department. Claim amounts exceeding \$1M will require further Board approval.

The Fund will be maintained at least for five (5) years after the life of the Harris Health Affiliation and Services Agreement.

Statutory Authority

TEC Sec. 59.02. HEALTH CARE PROFESSIONAL LIABILITY FUND.

(a) Each board may establish a separate self-insurance fund to pay any damages adjudged in a court of competent jurisdiction or a settlement of any health care liability claim against a health care professional staff member or student arising from the exercise of the member's or student's appointment, duties, or training with The University of Texas System, The Texas A&M University System, the Texas Tech University System, the Texas State University System, the University of Houston System, Stephen F. Austin State University, or the University of North Texas System.

(b) The boards may pay from the funds all expenses incurred in the investigation, settlement, defense, or payment of claims described above on behalf of the health care professional staff members or students.

(c) On the establishment of each fund, transfers to the fund shall be made in an amount and at such intervals as determined by the board. Each board may receive and accept any gifts or donations specified for the purposes of this subchapter and deposit those gifts or donations into the fund. Each board may invest money deposited in the fund, and any income received shall be retained in the fund. The money shall be deposited in any of the approved depository banks of The University of Texas System, The Texas A&M University System, the Texas Tech University System, the Texas State University System, the University of Houston System, Stephen F. Austin State University, or the University of North Texas System. All expenditures from the funds shall be paid pursuant to approval by the boards.

Sec. 59.03. RULES.

Each board may adopt rules for the establishment and administration of the fund and the negotiation, settlement, and payment of claims as necessary to carry out the purpose of this subchapter. Each board may establish by rule reasonable limits on the amount of claims to be paid from the fund or to be provided in purchased insurance.

University of Houston System Holiday Schedule Fiscal Year 2024 (Proposed)

Labor Day	Monday, 9/4/2023	1
Thanksgiving	Thursday & Friday, 11/23 – 11/24/2023	2
Winter Holiday	Monday, 12/25/2023 – Monday, 1/1/2024	6
Martin Luther King Day	Monday, 1/15/2024	1
Memorial Day	Monday, 5/27/2024	1
Emancipation Day	Wednesday, 6/19/2024	1
Independence Day	Thursday, 7/4/2024	1
TOTAL:		13