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# AVAILABLE UNIVERSITY FUND REPORT

December 2023



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Prepared by

The University of Texas System

Office of Budget and Planning

Report to the Legislature and Governor

Pursuant to Rider No. 5 to Available University Fund Appropriation

HB 1, 88<sup>th</sup> Legislature, Regular Session, Page III-73

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**RIDER NO. 5 TO AVAILABLE UNIVERSITY FUND APPROPRIATION**

The text of Rider No. 5 to the Available University Fund Appropriation in House Bill 1, 88<sup>th</sup> Legislature, Regular Session, is as follows:

**“Reporting.**

a. The University of Texas System Board of Regents and the Texas A&M University System Board of Regents shall report to the Legislature and the Governor no later than December 1 of each year the uses of the Available University Fund (AUF) for each system component and for the system office operations for the two previous years, the current year, and two future years (projected). Each report shall contain detailed information on the following:

- (1) debt service allocations, by component;
- (2) bond proceeds allocations, by component;
- (3) excellence allocations, by component or system office, and their purposes;
- (4) Available University Fund income, interest, beginning-and-end-of-year balances; and
- (5) the rationale used by the respective boards to distribute AUF funds.

b. In addition, by December 1 of each year, authorized managers of permanent funds and endowments whose earnings are appropriated above shall submit an annual financial report which shall include, at a minimum, an income statement and balance sheet and a summary of the investment return of the fund during the preceding fiscal year. The annual financial report shall also contain:

- (1) a summary of all gains, losses and income from investments and an itemized list of all securities held for the fund on August 31;
- (2) any other information needed by the Governor or the Legislative Budget Board to clearly indicate the nature and extent of investments made of the fund and all income realized from the components of the fund.

The annual financial report shall be distributed to the Governor and Legislative Budget Board by December 1 of each year of the biennium.”

## AVAILABLE UNIVERSITY FUND

***RATIONALE FOR DISTRIBUTION FROM PERMANENT UNIVERSITY FUND***

The *Texas Constitution* defines the Available University Fund (AUF) as consisting of distributions from the total return on all investment assets of the Permanent University Fund (PUF) including the net income attributable to the surface of PUF land. The *Texas Constitution* authorizes The University of Texas System (U. T. System) Board of Regents (Board of Regents) to determine the amount of distributions to the AUF from the PUF in a manner intended to provide the AUF with a stable and predictable stream of distributions over time, as well as to maintain the purchasing power of both the PUF assets and annual AUF distributions. Deposits credited to the AUF are administered by the Texas Comptroller of Public Accounts and, along with other funds of the State of Texas, are invested in accordance with State law.

The *Texas Constitution* further limits the discretion of the Board of Regents to determine the amount of PUF distributions in any given year by requiring satisfaction of three tests: 1) PUF distributions to the AUF must not be less than the amount needed to pay the principal and interest due and owing in that fiscal year on PUF bonds and notes; 2) PUF distributions to the AUF cannot increase year to year if the purchasing power of PUF investments has not been preserved over rolling 10-year periods; and 3) annual distributions from the PUF to the AUF cannot exceed seven percent of the average net fair market value of PUF investments as determined by the Board of Regents. The only exception to these provisions is that distributions must be sufficient to meet annual debt service requirements on PUF bonds and notes.

The Board of Regents approved distributions of \$1,231,115,000 and \$1,870,475,000 from the PUF to the AUF for the fiscal years ending August 31, 2023, and August 31, 2024, respectively, which satisfy the constitutional tests (see [Appendix A](#)). The Board of Regents has established Board of Regents' *Rules and Regulations*, [Rule 80303](#) (Regents' Rule 80303) on "Uses of the Available University Fund.", which provides that it shall determine an amount to be distributed to the AUF during the next fiscal year. Regents' Rule 80303 incorporates a model by which the proposed distribution is increased over the prior year's distribution by a rate equal to the Consumer Price Index (CPI) average over the previous 12 quarters plus 2.65 percent (subject to the above limits on annual PUF distributions) provided the distribution is within a range of 3.5 percent to 6.0 percent of the average net fair market value of PUF investments.

*Table 1* presents actual results for the AUF for the prior two fiscal years, budget for the current year and projected results for the two future years. Projected annual PUF distributions for FY 2025 and FY 2026 are based on the estimated CPI average plus 2.65 percent.

Table 1

THE UNIVERSITY OF TEXAS SYSTEM AVAILABLE UNIVERSITY FUND FY 2022 – FY 2026		
	Actual FY 2022	Actual FY 2023
<b>Income and PUF Distributions</b>		
Divisible with Texas A&M University		
Investment Income and Distributions	\$ 1,161,760,000	\$1,231,115,000
Surface and Other Income	95,979,201	121,269,633
Divisible Expenses	<u>(1,196,107)</u>	<u>(1,702,540)</u>
<b>Net Divisible Income and Distributions</b>	1,256,543,093	1,350,682,093
Less: Texas A&M Share (1/3rd)	<u>(418,847,698)</u>	<u>(450,227,364)</u>
U. T. Share (2/3rds)	837,695,396	900,454,728
AUF Interest Income	<u>4,776,095</u>	<u>33,730,908</u>
<b>Income and Distributions Available to the U. T. System</b>	<u>842,471,491</u>	<u>934,185,636</u>
<b>Transfers/Expenditures</b>		
Debt Service on PUF Bonds	(296,536,350)	(287,603,809)
U. T. System Administration:		
Direct Campus Support	(41,459,566)	(61,700,000)
System Administration	(51,803,945)	(56,087,318)
ERP/ Information Security System Development	(8,500,000)	-
U. T. System Initiatives	-	-
U. T. Austin:		
Excellence	(438,885,000)	(479,405,000)
Systemwide Technology and Telecommunications	(1,992,000)	(1,992,000)
Other U. T. Austin Support	<u>(37,200,000)</u>	<u>(100,000)</u>
<b>Total Transfers/Expenditures</b>	<u>(876,376,861)</u>	<u>(886,888,127)</u>
<b>Net Surplus/ (Deficit)</b>	(33,905,371)	47,297,509
<b>Net Assets – Beginning of Year</b>	<u>136,911,018</u>	<u>103,005,647</u>
<b>Net Assets – End of Year</b>	<u>\$ 103,005,647</u>	<u>\$ 150,303,156</u>

Note: FY 2024 Budget and FY 2025-2026 Projections are subject to change due to market conditions and unforeseen emergencies or opportunities.

Source: U. T. System Administration Financial Statements, Annual Operating Budget, and projections from the U. T. System Office of Finance.

As of 12.01.2023

Table 1 (Continued)

Budgeted FY 2024	Projected FY 2025	Projected FY 2026
\$ 1,870,475,000	\$ 1,530,835,000	\$ 1,631,870,000
111,918,728	102,749,395	95,749,940
<u>(2,100,000)</u>	<u>(2,100,000)</u>	<u>(2,100,000)</u>
1,980,293,728	1,631,484,395	1,725,519,940
(660,097,909)	(543,828,132)	(575,173,313)
1,320,195,819	1,087,656,263	1,150,346,627
<u>30,000,000</u>	<u>31,865,000</u>	<u>33,916,000</u>
<u>1,350,195,819</u>	<u>1,119,521,263</u>	<u>1,184,262,627</u>
(321,416,637)	(384,496,845)	(423,543,090)
(71,518,345)	(74,379,079)	(77,354,242)
(58,670,988)	(61,017,828)	(63,458,541)
-	-	-
(55,000,000)	-	-
(522,975,000)	(562,025,000)	(594,525,000)
(1,992,000)	(1,992,000)	(1,992,000)
-	-	-
<u>(1,031,572,970)</u>	<u>(1,083,910,752)</u>	<u>(1,160,872,872)</u>
318,622,848	35,610,512	23,389,755
<u>150,303,156</u>	<u>468,926,005</u>	<u>504,536,516</u>
<u>\$ 468,926,005</u>	<u>\$ 504,536,516</u>	<u>\$ 527,926,271</u>

As of 12.01.2023

***USES OF THE AVAILABLE UNIVERSITY FUND BY U. T. SYSTEM***

The AUF is used for four primary purposes:

- (1) to pay interest and principal due on PUF bonds,
- (2) to provide for support and maintenance of the U. T. System Administration,
- (3) to provide for academic excellence and other support for U. T. Austin, and
- (4) to fund special U. T. System initiatives.

***PUF Bond Debt Service***

Bonds supported by income generated by the PUF are periodically issued by the Board of Regents to finance capital improvements, equipment, and library books or materials for U. T. System Administration and all U. T. System institutions. U. T. System institutions eligible for PUF bond funding, as specified in the *Texas Constitution*, are:

U. T. Arlington	U. T. Southwestern Medical Center
U. T. Austin	U. T. Medical Branch - Galveston
U. T. Dallas	U. T. Health Science Center - Houston
U. T. El Paso	U. T. Health Science Center - San Antonio
U. T. Permian Basin	U. T. M. D. Anderson Cancer Center
U. T. Rio Grande Valley	U. T. Health Science Center - Tyler
U. T. San Antonio	U. T. System Administration
Stephen F. Austin State University	
U. T. Tyler	

Capital improvement needs of the institutions are extensively evaluated on an ongoing basis and incorporated in a six-year Capital Improvement Program (CIP). The General Policies applicable to the formulation of the CIP are illustrated in [Appendix B](#).

Issuance of PUF bonds for capital improvements reflects the assessments made in the CIP process, the availability of other resources, and the projected availability of AUF funds to finance the bonds in conformance with the Board of Regents' *Rules and Regulations*, Rule 80303 (Regents' Rule 80303) on "Uses of the Available University Fund" (see [Appendix C](#) for a discussion of this rule).

The first and primary use of AUF funds authorized by the *Texas Constitution* is to service the PUF-backed debt discussed above. [Appendix D](#) provides a history of the U. T. System PUF Bond Proceeds appropriated to each institution through FY 2023 as well as projected appropriations through FY 2026. While U. T. System Administration pays all PUF debt service directly from the AUF, [Appendix E](#) provides estimates of PUF debt service attributable to each institution for FY 2022 through FY 2026.

#### *U. T. System Administration*

A second use of the AUF is for support and maintenance of U. T. System Administration. Chapter 65 of the *Texas Education Code* authorizes “oversight and coordination of the activities of the system and each component institution within the system.” The uses of these funds are further described in [Appendix F](#).

#### *Academic Excellence Funds – U. T. Austin*

Pursuant to the terms of the *Texas Constitution*, U. T. Austin is the only U. T. System institution other than U. T. System Administration eligible to directly receive resources from the AUF for support and maintenance purposes.

For FY 2022 through FY 2026 the Board of Regents approved an allocation to U. T. Austin in compliance with Regents’ Rule 80303.

U. T. Austin depends on academic excellence funding from the AUF for needs such as library enhancement; enhancement of academic department operations; specialized science, engineering, and computing equipment; scholarships and fellowships; and support of special units. These special units conduct research, disseminate research and scholarship information to the general public, and provide public service. Beginning in FY 2018, this excellence allocation includes support for U. T. Austin Dell Medical School. [Appendix G](#) further describes the uses of the AUF transfers to U. T. Austin for excellence purposes.



### *Other Support – U. T. Austin*

In addition to academic excellence, the Board of Regents may elect to make additional support allocations to U. T. Austin.

For FY 2022, approved support allocations to U. T. Austin included:

- \$10.6 million to provide continued support for the Texas Advanced Computing Center to provide continued support for TACC staff dedicated to the U. T. Research Cyberinfrastructure;
- \$0.1 million representing the third installment supporting the work of Dr. John B. Goodenough;
- \$10 million for the William P. Clements, Jr. Center for National Security intended to provide continuing support for Fiscal Years 2023-2027; and
- \$16.5 million for student mental health, student safety, and alcohol education and related initiatives administered by U. T. Austin benefitting all academic and health institutions and intended to provide continuing support for Fiscal Years 2023-2027.

For FY 2023, approved support allocations to U. T. Austin include:

- \$0.1 million as the final installment supporting the work of Dr. John B. Goodenough.

### *U. T. System Initiatives*

The AUF is used to support operational programs at U. T. System Administration and various strategic priorities and initiatives undertaken by the Board of Regents, all of which benefit U. T. System institutions and students. As with the many operational programs provided by U. T. System Administration, each of the initiatives either provides a service across a broad number of institutional campuses or provides oversight and coordination of activities that benefit a broad number of institutions and the students of those institutions. In addition to a review by U. T. System Administration staff, the Board of Regents makes a determination that the system initiatives represent an appropriate use of the AUF and meets the applicable constitutional standards.

If there are any System Initiatives identified, U. T. System provides advanced 30-day notification to the Legislative Budget Board prior to the Board of Regents taking action as required by Rider 7 of the AUF within the *General Appropriations Act*.

For FY 2024, the UT System Board of Regents approved funding for the Regents Research Excellence Program to support faculty and post-doctoral research.

**U. T. SYSTEM ENDING AVAILABLE UNIVERSITY FUND NET ASSETS**

As of August 31, 2023, the AUF cash balance in the State Treasury as reflected in the annual financial report was \$977.4 million. This balance does not include receivables of \$11.1 million or payables of \$838.1 million. The payables include \$711.4 million due to U. T. Austin; 123.5 million due to other U. T. System Administration fund groups; and \$3.3 million of other obligations. After considering the receivables and payables, the AUF net assets are \$150.3 million.

The minimum AUF balance of \$50 million set by Regents' Rule 80303 would repair or replace less than 1 percent of the facilities in the event unexpected needs for repair or replacement should arise. Additionally, the AUF balance serves as a financial cushion against capital market volatility, which can adversely impact future PUF distributions to the AUF. In the event of any negative variance between projected and actual distributions from the PUF or unexpected capital needs, the AUF balance would be used to support the operating expenses or to pay PUF debt service.

AUF-funded operations of U. T. System Administration and most special initiatives are primarily accounted for in the Educational and General (E&G) Fund. As of August 31, 2023, the unexpended net assets resulting from transfers from the AUF and available for expenditure were approximately \$139.2 million including those held for System Administration operations and for Systemwide initiatives, excluding balances associated with \$10.1 million of investment assets held for the U. T. Horizon Fund.

In addition to the funds held by U. T. System Administration, U. T. Austin also maintains AUF net assets. As of August 31, 2023, U. T. Austin had ending net assets in its E&G fund as reflected in its annual financial report of \$435.5 million. This balance includes reservations for encumbrances and prepaid expenses of \$15.5 million. Net of reservations, the AUF E&G net assets at U. T. Austin are \$420.0 million at August 31, 2023.

Table 2 presents a reconciliation of U. T. System Administration AUF cash held in the State Treasury with net assets for FY 2022 and FY 2023.

<b>Reconciliation of U. T. System AUF Cash</b>		
	<b>At Aug. 31, 2022 (Actual)</b>	<b>At Aug. 31, 2023 (Actual)</b>
Cash in Treasury	873,425,102	977,396,448
Receivables	10,817,415	11,051,510
Sub-total	884,242,517	988,447,958
Payables	(781,236,870)	(838,144,801)
AUF Net Assets	\$ 103,005,646	\$ 150,303,156

# Appendices

**APPENDIX A – PERMANENT UNIVERSITY FUND DISTRIBUTION TO THE AVAILABLE UNIVERSITY FUND FOR FY 2024**

The Board of Regents approved a distribution of \$1,870,475,000 for FY 2024. Article VII, Section 18 of the Texas *Constitution* provides that the Board of Regents will determine the annual distribution from the PUF to the AUF and requires that the amount of any distribution to the AUF be determined by the Board of Regents in a manner intended to provide the AUF with a stable and predictable stream of annual distributions and to maintain over time the purchasing power of PUF investments and annual distributions to the AUF. The *Constitution* further limits the Board of Regents’ discretion to set annual PUF distributions to the satisfaction of three tests (based on information available at the time of approval):

1. The amount of PUF distributions to the AUF in a fiscal year must be not less than the amount needed to pay the principal and interest due and owing in that fiscal year on PUF bonds and notes. The proposed distribution of \$1,870,475,000 is substantially greater than PUF bond debt service of \$522,000,000 projected for FY 2024.

System	Debt Service
U. T.	\$313,700,000
TAMU	\$208,300,000
<b>Total</b>	<b>\$522,000,000</b>

Sources: U. T. System Office of Finance

Texas A&M University System Office of Treasury Services

2. The Board of Regents may not increase annual PUF distributions to the AUF (except as necessary to pay PUF debt service) if the purchasing power of PUF investments for any rolling 10-year period has not been preserved. As the schedule below indicates, the average annual increase in the rate of growth of the value of PUF investments (net of expenses, inflation, and distributions) for the trailing 10-year period ended February 28, 2023, was 5.54 percent, which indicates that the purchasing power test was met.

Annual Average	Percent
Rate of Total Return, Net of Investment Manager Fees	8.09
Mineral Interest Receipts	4.83
Expense Rate <sup>1</sup>	(0.20)
Inflation Rate	(2.63)
Distribution Rate	(4.55)
<b>Net Real Return</b>	<b>5.54</b>

<sup>1</sup>The expense rate as shown is a 10-year annualized average and includes PUF Land Expenses and PUF investment management costs other than investment manager fees. Investment management fees are a reduction to the Rate of Total Return.

**APPENDIX A – PERMANENT UNIVERSITY FUND DISTRIBUTION TO THE AVAILABLE UNIVERSITY FUND FOR FY 2024 (CONTINUED)**

3. The annual distribution from the PUF to the AUF during any fiscal year made by the Board of Regents may not exceed an amount equal to 7.00 percent of the average net fair market value of PUF investment assets as determined by the Board of Regents (except as necessary to pay PUF bond debt service). The annual distribution rate calculated using the trailing 20-quarter average value of the PUF is within the 7.00 percent maximum allowable distribution rate.

Value of PUF Investments <sup>1</sup>	Proposed Distribution	Proposed Distribution as a % of Value of PUF Investments	Maximum Allowed Rate
\$26,721,088,387	\$1,870,475,000	7.00	7.00

<sup>1</sup>Source: UTIMCO

**APPENDIX B – CAPITAL IMPROVEMENT PROGRAM – GENERAL POLICIES**

U. T. System Board of Regents' *Rules and Regulations*, [Rule 80301](#) establishes the Capital Improvement Program (CIP). The CIP, which details the U. T. System's long-range plan to preserve and enhance facility assets, is a six-year projection of major new construction and repair and rehabilitation projects to be implemented and funded from institution and Systemwide revenue sources. The Board of Regents has established criteria for adding projects to the CIP and for appropriating funds from the AUF or from PUF bond proceeds for those projects. The CIP is to reflect the institutions' continuous processes of strategic planning and master planning for institutional programs, as well as for the future development and preservation of the physical plant of the institution.

In evaluating the assignment of AUF or PUF funding to a project, the following justification criteria documented in Regents' Rule 80303 are considered:

- (1) consistency with institution's mission;
- (2) project need;
- (3) unique opportunity;
- (4) matching funds/leverage;
- (5) cost effectiveness;
- (6) state of existing facility condition; and
- (7) other available funding sources.

**APPENDIX C – U. T. SYSTEM BOARD OF REGENTS’ RULE 80303 ON “USES OF AVAILABLE UNIVERSITY FUND”**

Regents’ Rule 80303 establishes procedures for the approval of PUF-funded projects, criteria for project selection, minimum debt service coverage, and a minimum reserve balance. The rule specifies:

“No project will be recommended for approval, if in any of the forecasted years the required appropriations from AUF or PUF bond proceeds would cause:

- (a) the forecasted AUF expenditures for program enrichment at U. T. Austin to fall below the previously approved percentage of the sum of the projected U. T. System share of the net divisible AUF annual income and interest income on AUF balances [subject to the limits imposed by (b) and (c) below];
- (b) debt service coverage to be less than 1.50:1.00; and
- (c) the forecasted end-of-year AUF balance to be less than \$50 million.”

***PUF Bond Ratings***

In late 1997 and 1998, the three major rating agencies that rate PUF debt (Moody’s, Standard & Poor’s, and Fitch) assigned to the PUF outstanding bonds the highest rating of Aaa, AAA and AAA, respectively. These ratings continue to be reaffirmed and were most recently reaffirmed in 2023 by each credit rating agency.

In its March 2023 report, Moody’s Investors Service affirmed The University of Texas System’s long-term Aaa rating, stating “The stable outlook for PUF debt reflects strong coverage by pledged revenues, constitutional limitations on additional PUF debt issuance and spending and the fund’s diversified asset allocation. It also incorporates strong investment oversight provided by UTIMCO.”

Standard & Poor’s affirmed its AAA long-term rating in its February 2023 report, citing “the robust value of the PUF, substantial coverage of PUF debt, and moderate PUF debt plans.”

**APPENDIX C – U. T. SYSTEM BOARD OF REGENTS’ RULE 80303 ON “USES OF AVAILABLE UNIVERSITY FUND” (CONTINUED)**

Fitch affirmed its AAA long-term rating in February 2023, stating “The 'AAA' rating is supported by the PUF's highly diversified investment holdings, which had a market value (MV) of \$30.9 billion at FYE Aug. 31, 2022 and \$32.2 billion MV (estimated) at Jan. 31, 2023, excluding land value. The PUF lands have been separately valued at about \$11.1 billion as of Aug. 31, 2022. The University of Texas/Texas A&M Investment Management Company (UTIMCO) is responsible for managing the PUF's investment assets. Credit risks are minimal due to Texas state constitutional debt limits and resulting strong debt service coverage.”

The Board of Regents expects management to implement policies that will help U. T. System continue to maintain the highest possible credit ratings while pursuing its mission, thereby allowing debt to be issued at the lowest possible rates.



**APPENDIX D – ANALYSIS OF PERMANENT UNIVERSITY FUND BONDS ISSUED AND ALLOCATIONS**

FISCAL YEAR	PUF BONDS/ VAR. RATE NOTES ISSUED	ALLOCATIONS					
		UT SYSTEM ADMIN	UT ARLINGTON	UT AUSTIN	UT DALLAS	UT EL PASO	UT PERMIAN BASIN
1932-1991 \$	913,500,000	64,963,198	67,839,759	361,501,366	39,890,336	95,316,145	3,715,835
1992	70,000,000	7,292,184	4,595,000	7,815,000	6,298,803	4,698,569	3,407,000
1993	-	-	(582,153)	(11,500,000)	641,149	600,000	769,000
1994	40,000,000	165,348	(4,128,000)	(397,207)	557,246	552,424	1,731,000
1995	-	(18,991,942)	1,844,438	34,196,322	1,410,000	1,054,106	1,886,000
1996	25,000,000	(223,631)	3,934,989	1,246,914	5,259,774	2,806,876	460,000
1997	85,000,000	2,300,000	8,015,015	5,598,930	1,939,004	6,335,000	590,000
1998	52,000,000	5,314,606	4,241,735	5,620,000	1,689,074	2,512,000	553,748
1999	30,000,000	-	1,750,000	3,646,100	1,350,000	1,625,000	240,900
2000	70,000,000	-	5,273,646	5,037,806	31,799,347	2,470,000	3,114,200
2001	100,000,000	3,845,250	14,304,633	499,733	1,600,000	-	200,000
2002	234,000,000	(284,632)	1,900,427	43,629,994	33,990,000	19,104,998	1,300,000
2003	125,000,000	1,830,910	15,322,500	3,381,859	2,100,000	10,500,000	3,734,000
2004	100,000,000	1,752,879	2,359,600	4,266,717	19,691,465	2,994,603	1,160,000
2005	125,000,000	23,250,329	7,989,541	15,254,316	13,739,061	9,002,474	1,814,929
2006	100,000,000	14,599,048	5,199,762	11,513,900	18,726,000	4,649,600	974,000
2007	100,000,000	23,585,912	6,825,267	63,510,045	10,011,360	17,410,559	3,131,248
2008	300,000,000	(15,417,377)	44,386,107	65,605,373	28,525,000	4,085,232	879,000
2009	250,000,000	3,309,025	30,547,383	13,388,016	4,650,000	71,964,000	13,330,000
2010	260,000,000	28,297,567	1,866,735	47,924,991	19,249,413	20,600,000	518,000
2011	-	29,192,627	3,375,241	4,722,986	40,762,000	2,899,035	777,500
2012	75,000,000	(9,134,488)	2,514,353	19,892,431	6,709,390	5,242,678	2,254,700
2013	133,000,000	(10,508,449)	10,010,000	356,137	12,732,531	15,555,000	2,684,200
2014	267,500,000	23,151,829	11,369,999	127,753,932	91,384,568	3,410,000	2,278,400
2015	294,500,000	(4,277,754)	6,944,491	30,168,700	14,719,242	5,757,243	1,974,455
2016	502,500,000	210,759,033	37,481,644	47,191,439	50,041,476	6,123,377	4,283,999
2017	175,000,000	12,206,518	7,417,958	51,794,214	9,039,623	13,778,000	6,452,641
2018	300,000,000	(17,351,147)	11,292,543	22,169,322	94,445,812	6,096,559	18,542,503
2019	295,000,000	(904,708)	8,674,931	130,541,815	4,580,000	5,374,995	11,783,060
2020	260,000,000	(2,623,028)	4,130,000	45,503,010	3,952,736	3,759,995	1,564,484
2021	335,000,000	(666,643)	64,581,962	22,762,004	5,140,500	11,900,000	4,950,923
2022	280,000,000	(601,455)	4,163,304	12,538,577	6,024,999	85,069,896	1,939,747
2023	350,000,000	14,254,206	11,119,783	137,296,704	19,609,047	63,005,100	9,917,3269
Subtotal	6,247,000,000	389,085,214	406,562,595	1,334,431,446	602,258,956	506,253,463	112,912,796
Est. 2024	-	7,000,000	4,980,190	5,811,068	4,997,776	4,767,403	2,636,913
Est. 2025	-	-	-	-	-	-	-
Est. 2026	-	-	-	-	-	-	-
TOTAL \$	6,247,000,000	396,085,214	411,542,785	1,340,242,514	607,256,732	511,020,866	115,549,709

As of 12.01.2023

Note: Estimates for FY 2024 include Library, Equipment, Repair, and Rehabilitation (LERR) and Faculty STARS projects approved through November 2023.

**APPENDIX D – ANALYSIS OF PERMANENT UNIVERSITY FUND BONDS ISSUED AND ALLOCATIONS (CONTINUED)**

ALLOCATIONS						
FISCAL YEAR	UT RIO GRANDE VALLEY	UT SAN ANTONIO	STEPHEN F. AUSTIN STATE UNIVERSITY	UT TYLER	UT SOUTHWESTERN	UTMB GALVESTON
1932-1991 \$	-	28,309,536	-	17,800,694	101,588,541	97,168,548
1992	-	3,700,000	-	1,038,000	3,216,000	2,943,204
1993	-	599,120	-	360,000	20,925,000	648,000
1994	-	500,000	-	985,482	800,000	(504,000)
1995	-	1,216,200	-	719,716	375,000	393,540
1996	-	13,537,160	-	410,000	22,461,000	1,721,000
1997	-	7,754,433	-	4,847,000	4,500,000	2,272,000
1998	-	241,000	-	670,000	5,700,000	451,115
1999	-	1,150,000	-	225,000	(1,462,990)	1,350,000
2000	-	51,032,154	-	1,030,000	2,350,000	2,094,855
2001	-	55,750	-	14,500,000	89,000,000	4,192,000
2002	-	56,390,000	-	1,050,000	1,800,000	1,909,000
2003	-	2,446,303	-	2,970,474	2,400,000	20,165,489
2004	-	2,902,500	-	13,135,000	2,100,000	2,720,857
2005	-	7,851,307	-	2,549,776	3,400,000	7,630,000
2006	-	3,200,000	-	1,200,000	6,418,517	4,398,182
2007	-	49,152,183	-	9,445,152	48,390,000	4,844,369
2008	-	2,629,903	-	1,500,000	6,730,000	3,497,011
2009	-	2,225,676	-	1,310,979	3,145,000	3,826,107
2010	-	2,020,000	-	506,768	2,760,000	2,050,000
2011	-	1,974,006	-	877,465	7,798,666	5,383,077
2012	-	25,902,064	-	1,227,460	10,662,964	1,911,931
2013	-	2,847,360	-	4,983,300	8,123,017	1,978,944
2014	19,898,597	4,289,270	-	954,543	1,205,000	2,418,438
2015	63,422,600	3,898,649	-	7,090,500	19,202,307	35,816,597
2016	96,795,623	10,014,834	-	12,211,208	50,749,449	3,200,000
2017	6,691,946	14,512,494	-	3,862,500	5,318,589	12,752,201
2018	26,534,029	6,397,124	-	2,935,871	5,450,000	5,944,649
2019	13,077,552	7,104,746	-	1,077,963	46,950,000	5,101,294
2020	61,211,205	11,527,327	-	2,838,212	7,450,000	4,715,644
2021	11,733,048	78,144,802	-	2,273,844	6,412,000	6,323,733
2022	46,194,128	5,394,663	-	1,681,478	101,524,838	3,378,120
2023	9,185,844	85,009,763	-	39,191,228	6,400,000	34,170,000
Subtotal	354,744,573	493,930,327	-	157,459,613	603,842,898	286,865,906
Est. 2024	3,832,089	4,945,201	5,000,000	3,529,360	5,900,000	5,900,000
Est. 2025	-	-	-	-	-	-
Est. 2026	-	-	-	-	-	-
<b>TOTAL \$</b>	<b>358,576,662</b>	<b>498,875,528</b>	<b>5,000,000</b>	<b>160,988,973</b>	<b>609,742,898</b>	<b>292,765,906</b>

As of 12.01.2023

Note: Estimates for FY 2024 include Library, Equipment, Repair, and Rehabilitation (LERR) and Faculty STARs projects approved through November 2023.

**APPENDIX D – ANALYSIS OF PERMANENT UNIVERSITY FUND BONDS ISSUED AND ALLOCATIONS (CONTINUED)**

ALLOCATIONS					
FISCAL YEAR	UTHSC HOUSTON	UTHSC SAN ANTONIO	UT MD ANDERSON	UTHSC TYLER	TOTAL ALL INSTITUTIONS
1932-1991 \$	35,370,549	52,550,320	22,082,165	4,493,349	992,590,341
1992	4,399,000	2,261,582	963,000	3,200,200	55,827,542
1993	856,000	30,000	29,452	917,000	14,292,568
1994	3,500,000	(124,160)	545,000	5,730,000	9,913,133
1995	950,000	(823,000)	414,000	603,000	25,247,380
1996	2,000,000	(61,917)	556,555	746,628	54,855,348
1997	1,100,000	11,140,200	2,133,315	2,093,650	60,618,547
1998	1,695,000	6,200,000	-	502,500	35,390,778
1999	11,850,000	(519,000)	1,263,000	1,350,000	23,818,010
2000	20,504,148	10,699,712	32,097,915	3,720,000	171,223,783
2001	(200,433)	16,000,000	(128)	2,370,000	146,366,805
2002	2,015,763	16,520,290	1,219,349	1,999,022	182,544,211
2003	51,714,373	8,700,000	2,051,048	805,472	128,122,428
2004	2,290,000	2,800,000	403,000	2,284,531	60,861,152
2005	2,500,000	4,520,000	1,897,485	1,850,000	103,249,218
2006	11,866,911	590,000	3,070,000	2,000,000	88,405,920
2007	61,914,307	53,899,588	5,839,000	2,355,476	360,314,466
2008	22,546,376	12,503,197	33,400,000	2,150,000	213,019,822
2009	4,466,929	14,649,981	4,873,560	11,994,995	183,681,651
2010	4,760,000	2,108,100	4,559,998	1,260,000	138,481,571
2011	3,065,994	5,436,151	8,105,373	2,118,070	116,488,191
2012	2,095,604	22,768,325	5,397,958	25,853,700	123,299,071
2013	2,945,661	125,054,375	7,594,485	5,250,000	189,606,562
2014	3,427,216	62,145,300	9,229,448	3,875,000	366,791,539
2015	5,942,478	59,809,000	6,380,484	3,080,000	259,928,993
2016	9,839,306	4,519,330	13,467,139	10,277,000	566,954,856
2017	11,006,005	14,580,000	10,868,184	41,870,214	222,151,088
2018	5,384,590	33,342,550	6,032,225	2,550,000	229,766,630
2019	6,659,180	1,083,284	4,683,730	2,431,148	248,218,990
2020	36,236,103	6,336,302	77,298,375	500,000	264,400,365
2021	5,633,012	85,957,345	7,175,127	2,300,000	314,621,658
2022	5,577,006	58,373,850	5,747,649	6,925,348	343,932,147
2023	66,125,362	7,767,673	49,438,259	198,547,942	751,038,237
Subtotal	410,036,441	700,818,379	328,816,150	358,004,245	7,046,023,000
Est. 2024	5,900,000	5,900,000	5,900,000	-	77,000,000
Est. 2025	-	-	-	-	-
Est. 2026	-	-	-	-	-
<b>TOTAL \$</b>	<b>415,936,441</b>	<b>706,718,379</b>	<b>334,716,150</b>	<b>358,004,245</b>	<b>7,123,023,000</b>

As of 12.01.2023

Note: Estimates for FY 2024 include Library, Equipment, Repair, and Rehabilitation (LERR) and Faculty STARS projects approved through November 2023.

**APPENDIX E – ANALYSIS OF ESTIMATED PERMANENT UNIVERSITY FUND BOND DEBT SERVICE**

INSTITUTION	FISCAL YEAR				
	2022	2023	2024	2025	2026
UT System Administration	\$ 20,865,539	18,692,493	20,180,176	24,302,237	25,353,754
UT Arlington	19,081,107	17,247,595	17,641,149	21,181,974	23,143,338
UT Austin	51,788,697	44,570,459	54,636,169	65,832,565	72,743,538
UT Dallas	32,509,483	27,469,701	29,609,204	34,361,668	37,477,170
UT El Paso	16,128,062	18,434,948	22,418,014	26,917,920	29,508,344
UT Permian Basin	5,665,979	5,119,594	5,700,852	6,815,011	7,510,367
UT Rio Grande Valley	23,201,494	21,359,468	22,172,146	26,846,844	30,194,665
UT San Antonio	19,835,789	14,717,649	20,437,980	24,527,392	26,917,699
UT Tyler	4,968,574	4,493,685	6,928,519	7,395,255	8,100,420
UT Southwestern	16,548,180	20,844,411	21,887,499	26,343,256	29,338,883
UTMB Galveston	9,170,756	8,312,506	9,504,084	11,301,979	12,061,904
UTHSC Houston	17,209,146	15,647,054	17,143,100	20,584,185	22,938,256
UTHSC San Antonio	36,076,933	34,872,714	36,141,267	43,549,263	48,595,161
UT MD Anderson	14,641,936	15,983,658	16,566,611	19,915,857	22,138,071
UTHSC Tyler	8,844,676	19,837,871	20,449,869	24,621,441	27,521,519
	\$ 296,536,350	287,603,809	321,416,637	384,496,845	423,543,090

As of 12.01.2023

Note: This schedule includes estimated allocations of PUF bond debt service paid by the AUF. In reality, the debt is not serviced by individual institutional allocations, but as a Systemwide total. The allocation is based on a rolling 20-year average of PUF appropriations received by each institution. Stephen F. Austin State University is not included in the schedule because there is no historical data on which to base a projection for future years.

**APPENDIX F – U. T. SYSTEM ADMINISTRATION APPLICATION OF AVAILABLE UNIVERSITY FUND**

The University of Texas System Administration depends on funding from the AUF for needs such as major repairs and rehabilitation, equipment, maintenance and operation, salaries, and support for units that provide assistance to the Board of Regents and the U. T. institutions.

The categories of spending from the AUF are shown in *Table 4* and are explained further in the following sections.

**ADMINISTRATION**

<b>U. T. System Administration – Uses of AUF</b>		
	<b>FY 2023 (Actual)</b>	<b>FY 2024 (Budget)</b>
<b>Administration</b>		
Board of Regents	\$ 2,278,850	\$ 2,410,169
System Operations	51,236,988	54,833,319
<b>Total Administration</b>	<b>\$ 53,515,838</b>	<b>\$ 57,243,488</b>
Direct Campus Support	\$ 61,700,000	\$ 71,518,345
External Audit	\$ 2,571,480	\$ 1,427,500
System Initiatives	-	\$ 55,000,000

**Board of Regents.** This budget item supports operations of the staff and other expenses associated with the activities of the Office of the Board of Regents. This item includes associated staff benefits. No AUF is expensed or budgeted for Board travel, food or meeting arrangements.

**System Administration Operations.** As directed by *Texas Education Code* Section 65.16, U. T. System Administration is the central administrative office providing oversight, coordination, leadership and administrative support for the fourteen institutions of the U. T. System. Among the areas requiring more specialized expertise, which can be more efficiently provided by a central administrative unit, are compliance management, internal audit, legal counsel, intellectual property protection, governmental relations, policy planning and development for academic and health-related programs, information security, and various business operation support activities. The business operations include financial reporting, historically underutilized businesses program, budget, finance, human resources, employee benefits, security, planning of facilities, information resources, and real estate. U. T. System Administration also provides assistance to the development programs of the institutions. The amount reported is inclusive of associated staff benefits.

**APPENDIX F – U. T. SYSTEM ADMINISTRATION APPLICATION OF AVAILABLE UNIVERSITY FUND (CONTINUED)***DIRECT CAMPUS SUPPORT*

U. T. System Administration also administers a shared administrative computing system (ERP) and provides relief from Systemwide shared technology, risk, and digital library assessments. The amount reported is inclusive of associated staff benefits.

*EXTERNAL AUDIT*

The Board of Regents continues to engage an external audit firm to conduct an audit of the annual financial report of the U. T. System. This cost is expected to be recurring.

*SYSTEM INITIATIVES*

No System Initiatives were funded in FY 2022 or 2023. For FY 2024, the U. T. System Board of Regents approved funding for the Regents Research Excellence Program to support faculty and post-doctoral research. Funding is expected to be recurring once the program is fully implemented.

**APPENDIX G – U. T. AUSTIN APPLICATION OF AVAILABLE UNIVERSITY FUND**

	Actual FY 2023	Budget FY 2024
<b>EXCELLENCE IN MISSION</b>		
<b>INSTRUCTIONAL EXCELLENCE</b>		
Enhanced Academic Programs	\$ 112,085,555	\$ 207,508,318
Instructional Program Services	11,952,333	15,795,033
Instructional Initiatives and Programs	4,033,676	28,335,587
Academic Infrastructure (Libraries, Instructional Technology)	27,681,533	32,310,009
Student Programs and Services	13,908,164	10,501,925
<b>RESEARCH EXCELLENCE</b>		
Research Competitiveness	31,604,247	30,084,248
<b>OUTREACH EXCELLENCE</b>		
Academic Program/Community Interface	4,422,317	4,758,886
<b>TOTAL</b>	<b>205,687,825</b>	<b>329,294,006</b>
<b>RECRUITMENT AND RETENTION OF TALENT</b>		
Faculty	18,740,425	758,206
K-12 Outreach and Undergraduate Students	20,717,518	28,831,213
Graduate Students	51,518,591	49,860,095
<b>TOTAL</b>	<b>90,976,534</b>	<b>79,449,514</b>
<b>INSTITUTIONAL ACCOUNTABILITY AND ENHANCED CONNECTIONS TO THE PUBLIC</b>	77,557,714	<b>79,818,366</b>
<b>DELL MEDICAL SCHOOL</b>	31,468,886	<b>25,696,801</b>
<b>SYSTEMWIDE TECHNOLOGY AND TELECOMMUNICATIONS FUND</b>	9,216,080	<b>3,118,313</b>
<b>TOTAL</b>	<b>\$414,907,039</b>	<b>\$517,377,000</b>

**APPENDIX G – U. T. AUSTIN APPLICATION OF AVAILABLE UNIVERSITY FUND (CONTINUED)****EXPLANATION OF U. T. AUSTIN AUF EXPENDITURES**

The mission of U. T. Austin is to achieve excellence in the interrelated areas of undergraduate education, graduate education, research, and public service. And all sources of funds (appropriated, AUF, tuition, grants, and gifts) are expended to this end.

According to the *Texas Constitution*, one of the permitted uses of the AUF is the support and maintenance of U. T. Austin. Over the years, the AUF has provided the margin of excellence that permits U. T. Austin to achieve and maintain its place as one of the premier public institutions of higher education in the nation. The margin of excellence and operations support of U. T. Austin are described below:

**EXCELLENCE IN MISSION:***INSTRUCTIONAL EXCELLENCE*

**Enhanced Academic Programs.** Academic initiatives at the college and departmental level enhanced by the AUF include curriculum innovation, development of new degree programs, interdisciplinary program planning and coordination, honors programs, internship programs, academic technology and facility support, K-12 and community outreach activities, and continuing education. It also includes reserves to be allocated by executive leadership.

**Instructional Program Services.** These services include educational innovation, student success initiatives, college computing and networking services, instructional and technology enhanced teaching support, provision of web-based student-faculty communication platforms, teaching effectiveness services, credit by examination, new and experienced faculty training, assessment methods, student course-instructor evaluations, the UT Elementary School, and coordination of University-wide K-12 activities. Services also includes administration and coordination of classroom space for the College of Natural Sciences.



**APPENDIX G – U. T. AUSTIN APPLICATION OF AVAILABLE UNIVERSITY FUND (CONTINUED)**

**Instructional Initiatives and Programs.** The School of Undergraduate Studies was developed to enhance the education for all undergraduates through core curriculum, advising, learning communities, signature courses, interdisciplinary programs, and research. Other instructional initiatives and programs include course transformation and innovation as well as visiting lecturers. Students have access to specialized centers for design and creative technology; pharmacy and nursing experiences; and fine arts productions. Instructional initiatives also includes funds for support for Texas Student Media as well as the Distinguished Service Academy.

**Academic Infrastructure (Libraries and Instructional Technology).** Instructional technology services include providing access to computing, voice and data networks, internet, and email. Library services include access to comprehensive print and digital resources supporting all disciplines, and access to specialized collections within the Humanities Research Center, and the Benson Latin American Collection.

**Student Programs and Services.** These services encompass new student orientation, career services, welcoming and mentoring programs, enrollment management, student organizations, campus and community involvement, Greek life, services for students with disabilities, student governance, judicial services and volunteer and service learning. Services include funding for the Center for Career Exploration and Development to help students achieve the skills, experiences, and co-curricular knowledge needed for life after graduation. Funding is included for the Graduation Help Desk as well as AUF student support for the College of Natural Sciences.

**RESEARCH EXCELLENCE**

**Research Competitiveness.** Support is provided for the critical research infrastructure required for faculty to be competitive for federal, state, and private sector research grant funding, to meet the ever increasing regulatory and compliance requirements associated with this external funding, to provide specialized services for areas such as animal care and high performance computing, and to help support research centers and institutes targeting areas critical to the economic development of Texas and the nation. Additionally, debt service funding for a centralized portion of Dell Medical School's Health Discovery Building is included. In FY 2023 this also includes AUF support for the new Civitas Institute.

**APPENDIX G – U. T. AUSTIN APPLICATION OF AVAILABLE UNIVERSITY FUND (CONTINUED)***OUTREACH EXCELLENCE*

**Academic Program/Community Interface.** These programs help define and characterize the role of a flagship institution within the larger community and include such units as: Texas Performing Arts, Blanton Museum, and Winedale Historical Center.

**RECRUITMENT AND RETENTION OF TALENT:***FACULTY*

U. T. Austin is committed to continuing to advance as one of the world's finest universities. Achieving this goal is directly connected to the ability to recruit and retain faculty of the highest caliber. U. T. Austin must compete for this top talent.

*K-12 OUTREACH AND UNDERGRADUATE STUDENTS*

Funds for various admission, scholarship, and retention programs help ensure the quality and diversity of students and make a high quality education affordable and accessible to qualified students. The University Outreach Centers provide an intensive college preparatory program for underrepresented students beginning in eighth grade and continuing through high school. The purpose is to increase the number of educationally disadvantaged students who graduate from Texas high schools prepared to matriculate and be successful in Texas colleges and universities.

*GRADUATE STUDENTS*

The intellectual and research accomplishments of the University depend critically on the ability to recruit and retain the very best graduate students from across the nation. These funds provide the scholarships, fellowships, and infrastructure support necessary for U. T. Austin to compete with peer institutions for these excellent students. Funding includes support for the graduate student investment initiative providing fellowship funds to selective colleges/programs to improve quality of students and to enable graduate student support and funding packages competitive with peer universities. Funding is included for teaching assistants and assistant instructor salaries and to support recruitment fellowships. In FY 2023, this includes additional funds for fellowships in science, technology, engineering, and math programs.

**APPENDIX G – U. T. AUSTIN APPLICATION OF AVAILABLE UNIVERSITY FUND (CONTINUED)****INSTITUTIONAL ACCOUNTABILITY AND ENHANCED CONNECTION TO THE PUBLIC:**

Institutional accountability programs and offices are dedicated to providing support services for excellence in teaching, research, and public service. Development efforts expand private support by presenting evidence of the University's distinctive character, valuable service, and efficient management. University Communications has leadership responsibility for the institution's interaction with the media and with the public at large. The Office of the Executive Vice President and Provost serves as the chief academic officer of the University overseeing the academic programs on campus. The Office of Institutional Reporting, Research, and Information Systems provides information and analytical support to University decision makers and submits numerous reports to the Texas Higher Education Coordinating Board and the Department of Education. Financial and Administrative Services is dedicated to enhancing the development and delivery of most supporting services for oncampus clients, including public and environmental safety and the integrity of the physical infrastructure of the institution. Project Information Quest uses business intelligence tools to provide critical information to University decision makers. Support also includes funding for Workday, the Senior Vice Provost for Global Engagement, and the Division of Investigation and Adjudication, which investigations allegations of discrimination, harassment and other prohibited conduct. FY 2023 includes funding for Enterprise Business Information Technology Solutions.

**DELL MEDICAL SCHOOL:**

The Dell Medical School at The University of Texas at Austin improves health in Travis County and throughout the country by training new physicians, providing treatment in a new teaching hospital and conducting research to expand knowledge of medicine and medical technology.

**SYSTEMWIDE TECHNOLOGY AND TELECOMMUNICATIONS FUND:**

The U. T. System Office of Telecommunication Services and the Network Bandwidth were established by the U. T. Board of Regents to provide other U. T. campuses with inter-institutional voice, video, and computer communications in support of their missions of instruction and research. These services are managed by U. T. Austin, and therefore, appear in U. T. Austin's budget. Funding includes Cyberinfrastructure Support to provide additional computing power for research throughout the U. T. System.