

ACADEMIC AFFAIRS COMMITTEE  
SUBSTITUTE AGENDA ITEM  
FEBRUARY 14, 2002

1. U. T. Austin: Request for Approval of Infrastructure Charge to Students to Provide Funding for Repair and Renovation and Essential Capital Budgets

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Faulkner that the U. T. Board of Regents approve the creation of an infrastructure charge to students beginning with the 2002–2003 academic year as authorized under Texas Education Code Section 55.16.

It is recommended that a flat rate be charged to all students for the fall and spring semesters and the summer session, and that, during the 2002–2003 academic year, the charge be: (i) \$150 per long session semester for a student taking seven or more semester credit hours and \$75 per long session semester for a student taking at least one and no more than six semester credit hours; and (ii) \$100 per summer for a student taking seven or more semester credit hours and \$50 per summer for a student taking at least one and no more than six semester credit hours. It is further recommended that authorization be granted for the charge to be increased annually as follows through the 2007–2008 academic year: (i) long session charge increase - \$50 in 2003–2004, \$85 in 2004–2005, \$85 in 2005–2006, \$30 in 2006–2007, and \$30 in 2007–2008; and (ii) summer session charge increase - \$30 per year through 2007–2008.

BACKGROUND INFORMATION

U. T. Austin has conducted a detailed analysis of its past and current funding and its funding projections for the next five years. This analysis focuses upon the U. T. Austin Core Budget, consisting of the essential operating budget (funds the basic academic and administrative operating activities); the essential repair and renovation budget (funds repair and renovation activities, including those deferred to subsequent years); and the essential capital budget (funds capital improvement activities including construction and major renovations). The conclusion has been reached that the level of State financial support and fees raised from existing sources will no longer support either the maintenance of or the enhancement of U. T. Austin and its mission.

Over the last decade, U. T. Austin has largely funded the delivery of its mission by deferring plant maintenance, repair, and renovation; increasing student fees; granting below market salary increases; expanding research grants and contracts;

and increasing reliance on gifts and endowments. U. T. Austin must raise \$150.7 million in new annual recurring funding over the next five years to offset projected budget deficiencies. If U. T. Austin does not obtain substantial additional funding, significant structural changes would have to take place campus-wide, including operating under a continuing deficit, being nationally noncompetitive on salaries, reducing services and programs, allowing buildings to deteriorate, and canceling or deferring essential building and safety projects.

U. T. Austin will be pursuing a number of steps to increase revenues and to achieve greater efficiencies in operations. The proposed infrastructure charge is an important part of the funding plan. It will bring repair and renovation within a reasonable range over five years and will provide funding for half of the essential capital shortfall. Other funding actions will be necessary to address the programmatic issues and essential capital needs that are not resolved by the infrastructure charge (e.g., core budget deficit, salary adjustments, faculty start-up and expansion, and new program initiatives).

A substantial portion of U. T. Austin's buildings and other facilities, constructed during the 1950s through the 1980s, now require significant repair and renovation. Income from the charge will be approximately \$15.1 million during 2002–2003, growing to approximately \$43 million during 2007–2008. The charge income will be dedicated for the repair, renovation, and essential capital improvement of U. T. Austin's educational and general facilities. U. T. Austin will provide financial aid to cover the charge for teaching assistants, assistant instructors, and graduate fellows who receive paid tuition benefits and will fund additional scholarships in an amount equivalent to 15% of the annual charge income to cover additional costs for students in need. Approximately one-half of the infrastructure charge income will be dedicated to paying for essential repairs and renovations. The remainder of the infrastructure charge income will be bonded and used to pay debt service on essential capital projects funded by such bonding, many related to fire and life safety upgrades and water control and environmental health issues.

The proposed infrastructure charge at U. T. Austin is being processed as an Agenda item rather than a Docket item since additional time was needed for campus-wide meetings and consultations. President Faulkner has had several campus-wide and smaller group meetings with students, faculty, and staff to discuss the infrastructure charge proposal. Based upon these discussions, the amount of the infrastructure charge recommended in this Agenda item has been changed from that discussed with the Academic Affairs Committee in January. The annual amount of the charge has been decreased on the front end and increased an additional year on the back end to ease the transition but still provide critical funding needed for the repair and renovation and capital budgets.