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**LEGISLATIVE APPROPRIATIONS REQUEST**  
**FISCAL YEARS 2020 AND 2021**



Submitted to the Governor's Office  
and the Legislative Budget Board

**THE UNIVERSITY OF TEXAS SYSTEM**  
**AVAILABLE UNIVERSITY FUND**

**October 2018**

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**THE UNIVERSITY OF TEXAS SYSTEM AVAILABLE UNIVERSITY FUND  
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<b>Agency Code:</b> 799	<b>Agency Name:</b> Available University Fund	<b>Prepared By:</b> Scott C. Kelley	<b>Date:</b> October 2018	<b>Request Level:</b> Baseline
<p>For the schedules identified below, the Available University Fund either has no information to report or the schedule is not applicable. Accordingly, these schedules have been excluded from the Available University Fund Legislative Appropriations Request for the 2020-21 biennium.</p>				
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**Administrator's Statement**

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THE UNIVERSITY OF TEXAS SYSTEM

PERMANENT UNIVERSITY FUND I AVAILABLE UNIVERSITY FUND ADMINISTRATOR'S STATEMENT

The University of Texas System (UT System) is governed by a board of nine regents appointed by the Governor and confirmed by the Senate. Regents serve six-year, staggered terms, with the terms of three members expiring on February 1 of odd-numbered years. In addition, the Governor appoints a Student Regent for a one-year term that expires on May 31. The members of the board, hometowns and ending dates of terms are as follows:

Chairman Sara Martinez Tucker of Dallas (term expires 2-1-21, but resigned effective 1-15-19); Vice Chairman Paul L. Foster of El Paso (2-1-19); Vice Chairman Jeffrey D. Hildebrand of Houston (2-1-19); Ernest Aliseda of McAllen (2-1-19); R. Steven "Steve" Hicks of Austin (2-1-21); David J. Beck of Houston (2-1-21); James C. "Rad" Weaver of San Antonio (2-1-23); Kevin P. Eltife of Tyler (2-1-23); Janiece Longoria of Houston (2-1-23); Student Regent Brittany E. Jewell representing UT Health Science Center Houston (5-31-19)

The chancellor of the UT System, James B. Milliken, is the chief executive officer, chosen by the Board of Regents of The University of Texas System (UT Board). Chancellor Milliken assumed the role of Chancellor of the UT System beginning in September 2018.

The Permanent University Fund (PUF) is a state endowment fund contributing to the support of twenty institutions and six agencies of the UT System and The Texas A&M University System (Texas A&M System). The Texas Constitution (Constitution) of 1876 established the PUF through the appropriation of land grants previously given to The University of Texas plus one million acres. The land grants to the PUF were completed in 1883 with the contribution of an additional one million acres of land. The UT Board manages the PUF.

Today, PUF lands consist of approximately 2.1 million acres of land primarily located in 24 counties in west Texas (PUF Lands). PUF Lands produce two streams of income: mineral and surface. The UT Board has actively leased the surface and mineral interests of the PUF lands since 1923. The UT Board remits mineral income to the PUF and distributes surface income to the Available University Fund (AUF) as mandated by the Constitution.

Mineral income consists primarily of revenue from the periodic sale of mineral leases, royalties on gross revenues from oil and gas production, and other bonus payments. The Constitution requires that all mineral income and income from the sale of PUF Lands be retained within the PUF and invested in PUF investments.

The total net asset value of the PUF at August 31, 2018, was \$21.9 billion. This amount included securities and cash of \$21.9 billion, and land carried at a nominal value of \$10.0 million. Additions to the PUF during the 2018 fiscal year were \$1.1 billion including \$969.1 million from oil and gas royalties, \$138.6 million from mineral lease rentals, bonuses, and other miscellaneous sources.

The UT Board entered into an investment management contract on March 1, 1996, with The University of Texas Investment Management Company, now The University of Texas/Texas A&M Investment Management Company (UTIMCO), to invest the PUF assets in accordance with section 66.08 of the Texas Education Code. PUF investments are invested in a diversified portfolio of equity, fixed income and derivative securities in accordance with the prudent investor standard. In accordance with the Constitution, distributions made from the PUF to the AUF are from the total return on all investment assets of the PUF, including the net income attributable to the surface of PUF Lands. Total return includes income returned as well as realized and unrealized capital gains. Additionally, the Constitution authorizes expenses of managing PUF lands and investments to be paid from PUF assets. The amount of any distributions to the AUF is determined by the UT Board 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

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to the AUF. The distributions to the AUF are subject to the following overriding conditions :

1. A minimum amount equal to the amount needed to pay debt service on PUF bonds;
2. No increase from the preceding year (except as necessary to pay debt service on PUF bonds) unless the purchasing power of PUF investments for any rolling 10-year period has been preserved;
3. A maximum amount equal to 7 percent of the average net fair market value of PUF investments in any fiscal year, except as necessary to pay debt service on PUF bonds.

Distributions to the AUF from the PUF are allocated two-thirds for the benefit of eligible institutions of the UT System and one-third for the benefit of eligible institutions of the Texas A&M System. PUF distributions paid to the AUF are expended by each university system to fund two major programs :

- The Constitution authorizes the UT Board and the Texas A&M System Board (A&M Board) to issue bonds (PUF bonds) payable from their respective interests in PUF distributions to finance capital expenditures. The UT Board and A&M Board are authorized to issue bonds secured by each system's interest in PUF distributions in an amount not to exceed 20% and 10%, respectively, of the book value of PUF assets at the time of issuance. As of August 31, 2018, the UT System had outstanding PUF bonds and notes of \$2,922.9 million. When combined with the outstanding Texas A&M System PUF bonds and notes of \$1,233.1 million, the outstanding debt is approximately 22.8% of the book value of PUF investments, below the Constitutional limit of 30%.
- PUF distributions, after payment of debt service on PUF bonds, are used to fund support and maintenance of The University of Texas at Austin, Texas A&M University, and Prairie View A&M University, along with the two system offices.

Distributions from the Permanent University Fund investments are projected to be as follows:

Actual 2017 - \$839.4 million

Actual 2018 - \$887.3 million

Budgeted 2019 - \$1,014.0 million

Projected 2020 - \$1,061.2 million

Projected 2021 - \$1,110.5 million

The UT Board has established a UT System Board of Regents' Rules and Regulations, Rule 80303 (Regents' Rule 80303), on "Uses of the Available University Fund." Regents' Rule 80303 provides that the UT Board shall determine an amount to be distributed to the AUF during the next fiscal year. For FY 2017, the UT Board approved a PUF distribution of \$839,441,000, which equated to 5.0% of the average net asset value of PUF investments for the trailing 12 quarters ending February 29, 2016. For FY 2018, the UT Board approved a PUF distribution of \$887,250,000, which equated to 5.0% of the average net asset value of PUF investments for the trailing 12 quarters ending February 28, 2017. For FY 2019, the UT Board approved a PUF distribution of \$1,014,000,000, which equated to 5.4% of the average net asset value of PUF

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investments for the trailing 12 quarters ending February 28, 2018. For FY 2020 and FY 2021, the annual PUF distribution amounts are projected to increase from the FY 2019 amount by a rate equal to the Consumer Price Index (CPI) plus 2.65% (not to exceed the Constitutional limits on annual PUF distributions described previously). The goals of this approach are to promote the long-term sustainability of the PUF and to achieve intergenerational fairness by maintaining purchasing power of PUF distributions on a per-student basis.

Overall, the investments of the PUF are broadly diversified and of consistently excellent quality. Risk and return are continuously assessed to assure sound professional results in varied economic circumstances.

**Budget Overview - Biennial Amounts**  
**86th Regular Session, Agency Submission, Version 1**  
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Appropriation Years: 2020-21

	GENERAL REVENUE FUNDS		GR DEDICATED		FEDERAL FUNDS		OTHER FUNDS		ALL FUNDS		EXCEPTIONAL ITEM FUNDS
	2018-19	2020-21	2018-19	2020-21	2018-19	2020-21	2018-19	2020-21	2018-19	2020-21	2020-21
	<b>Goal: 1. Provide Management and Administrative Support for Endowment Funds</b>										
1.1.2. Texas A&M Univ System Allocation							692,433,490	783,397,667	692,433,490	783,397,667	
1.1.3. The Univ Of Texas System Allocation							1,414,878,313	1,601,335,333	1,414,878,313	1,601,335,333	
<b>Total, Goal</b>							<b>2,107,311,803</b>	<b>2,384,733,000</b>	<b>2,107,311,803</b>	<b>2,384,733,000</b>	
<b>Total, Agency</b>							<b>2,107,311,803</b>	<b>2,384,733,000</b>	<b>2,107,311,803</b>	<b>2,384,733,000</b>	



2.A. Summary of Base Request by Strategy

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Goal / Objective / STRATEGY	Exp 2017	Est 2018	Bud 2019	Req 2020	Req 2021
<b>1</b> Provide Management and Administrative Support for Endowment Funds					
<b>1</b> Available University Fund					
<b>2</b> TEXAS A&M UNIV SYSTEM ALLOCATION	299,458,731	324,342,157	368,091,333	383,474,667	399,923,000
<b>3</b> THE UNIV OF TEXAS SYSTEM ALLOCATION	605,557,973	662,695,646	752,182,667	784,163,333	817,172,000
TOTAL, GOAL <b>1</b>	<b>\$905,016,704</b>	<b>\$987,037,803</b>	<b>\$1,120,274,000</b>	<b>\$1,167,638,000</b>	<b>\$1,217,095,000</b>
TOTAL, AGENCY STRATEGY REQUEST	<b>\$905,016,704</b>	<b>\$987,037,803</b>	<b>\$1,120,274,000</b>	<b>\$1,167,638,000</b>	<b>\$1,217,095,000</b>
TOTAL, AGENCY RIDER APPROPRIATIONS REQUEST*				\$0	\$0
GRAND TOTAL, AGENCY REQUEST	<b>\$905,016,704</b>	<b>\$987,037,803</b>	<b>\$1,120,274,000</b>	<b>\$1,167,638,000</b>	<b>\$1,217,095,000</b>
<u>METHOD OF FINANCING:</u>					
<b>Other Funds:</b>					
11 Available University Fund, est	905,016,704	987,037,803	1,120,274,000	1,167,638,000	1,217,095,000
SUBTOTAL	<b>\$905,016,704</b>	<b>\$987,037,803</b>	<b>\$1,120,274,000</b>	<b>\$1,167,638,000</b>	<b>\$1,217,095,000</b>
TOTAL, METHOD OF FINANCING	<b>\$905,016,704</b>	<b>\$987,037,803</b>	<b>\$1,120,274,000</b>	<b>\$1,167,638,000</b>	<b>\$1,217,095,000</b>

\*Rider appropriations for the historical years are included in the strategy amounts.

**2.A. Summary of Base Request by Strategy**

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**799 Available University Fund**

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<b>Goal / Objective / STRATEGY</b>	<b>Exp 2017</b>	<b>Est 2018</b>	<b>Bud 2019</b>	<b>Req 2020</b>	<b>Req 2021</b>
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2.B. Summary of Base Request by Method of Finance  
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Agency code: 799		Agency name: Available University Fund				
METHOD OF FINANCING		Exp 2017	Est 2018	Bud 2019	Req 2020	Req 2021
<b><u>OTHER FUNDS</u></b>						
<b><u>11</u></b> Available University Fund No. 011						
REGULAR APPROPRIATIONS						
Regular Appropriations from MOF Table (2016-17 GAA)						
		\$889,399,222	\$0	\$0	\$0	\$0
Regular Appropriations from MOF Table (2018-19 GAA)						
		\$0	\$889,729,453	\$910,818,520	\$1,167,638,000	\$1,217,095,000
BASE ADJUSTMENT						
Revised Receipts						
		\$15,617,482	\$97,308,350	\$209,455,480	\$0	\$0
<b>TOTAL,</b>	<b>Available University Fund No. 011</b>	<b>\$905,016,704</b>	<b>\$987,037,803</b>	<b>\$1,120,274,000</b>	<b>\$1,167,638,000</b>	<b>\$1,217,095,000</b>
<b>TOTAL, ALL</b>	<b>OTHER FUNDS</b>	<b>\$905,016,704</b>	<b>\$987,037,803</b>	<b>\$1,120,274,000</b>	<b>\$1,167,638,000</b>	<b>\$1,217,095,000</b>
<b>GRAND TOTAL</b>		<b>\$905,016,704</b>	<b>\$987,037,803</b>	<b>\$1,120,274,000</b>	<b>\$1,167,638,000</b>	<b>\$1,217,095,000</b>

**2.B. Summary of Base Request by Method of Finance**

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Agency code: **799**

Agency name: **Available University Fund**

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**METHOD OF FINANCING**

**Exp 2017**

**Est 2018**

**Bud 2019**

**Req 2020**

**Req 2021**

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**FULL-TIME-EQUIVALENT POSITIONS**

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**TOTAL, ADJUSTED FTES**

**NUMBER OF 100% FEDERALLY FUNDED  
FTEs**

2.C. Summary of Base Request by Object of Expense

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799 Available University Fund

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OBJECT OF EXPENSE	Exp 2017	Est 2018	Bud 2019	BL 2020	BL 2021
2009 OTHER OPERATING EXPENSE	\$905,016,704	\$987,037,803	\$1,120,274,000	\$1,167,638,000	\$1,217,095,000
<b>OOE Total (Excluding Riders)</b>	<b>\$905,016,704</b>	<b>\$987,037,803</b>	<b>\$1,120,274,000</b>	<b>\$1,167,638,000</b>	<b>\$1,217,095,000</b>
<b>OOE Total (Riders)</b>					
<b>Grand Total</b>	<b>\$905,016,704</b>	<b>\$987,037,803</b>	<b>\$1,120,274,000</b>	<b>\$1,167,638,000</b>	<b>\$1,217,095,000</b>

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**2.D. Summary of Base Request Objective Outcomes**  
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 Automated Budget and Evaluation system of Texas (ABEST)

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**799 Available University Fund**

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Goal/ Objective / Outcome	Exp 2017	Est 2018	Bud 2019	BL 2020	BL 2021
1 Provide Management and Administrative Support for Endowment Funds 1 Available University Fund					
<b>KEY</b> <b>1 Permanent University Fund (PUF) Expense as Basis Points of Net Assets</b>					
	27.60	27.60	27.60	27.60	27.60

**2.F. Summary of Total Request by Strategy**  
 86th Regular Session, Agency Submission, Version 1  
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DATE : 10/15/2018  
 TIME : 2:51:28PM

Agency code: 799 Agency name: Available University Fund

<b>Goal/Objective/STRATEGY</b>	<b>Base 2020</b>	<b>Base 2021</b>	<b>Exceptional 2020</b>	<b>Exceptional 2021</b>	<b>Total Request 2020</b>	<b>Total Request 2021</b>
<b>1</b> Provide Management and Administrative Support for Endowment Fun						
<b>1</b> Available University Fund						
<b>2</b> TEXAS A&M UNIV SYSTEM ALLOCATION	\$383,474,667	\$399,923,000	\$0	\$0	\$383,474,667	\$399,923,000
<b>3</b> THE UNIV OF TEXAS SYSTEM ALLOCATION	784,163,333	817,172,000	0	0	784,163,333	817,172,000
<b>TOTAL, GOAL 1</b>	<b>\$1,167,638,000</b>	<b>\$1,217,095,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,167,638,000</b>	<b>\$1,217,095,000</b>
<b>TOTAL, AGENCY STRATEGY REQUEST</b>	<b>\$1,167,638,000</b>	<b>\$1,217,095,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,167,638,000</b>	<b>\$1,217,095,000</b>
<b>TOTAL, AGENCY RIDER APPROPRIATIONS REQUEST</b>						
<b>GRAND TOTAL, AGENCY REQUEST</b>	<b>\$1,167,638,000</b>	<b>\$1,217,095,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,167,638,000</b>	<b>\$1,217,095,000</b>

**2.F. Summary of Total Request by Strategy**  
 86th Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE : 10/15/2018

TIME : 2:51:28PM

Agency code: 799 Agency name: Available University Fund

<b>Goal/Objective/STRATEGY</b>	<b>Base 2020</b>	<b>Base 2021</b>	<b>Exceptional 2020</b>	<b>Exceptional 2021</b>	<b>Total Request 2020</b>	<b>Total Request 2021</b>
<b>Other Funds:</b>						
11 Available University Fund, est	\$1,167,638,000	\$1,217,095,000	\$0	\$0	\$1,167,638,000	\$1,217,095,000
	<b>\$1,167,638,000</b>	<b>\$1,217,095,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,167,638,000</b>	<b>\$1,217,095,000</b>
<b>TOTAL, METHOD OF FINANCING</b>	<b>\$1,167,638,000</b>	<b>\$1,217,095,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,167,638,000</b>	<b>\$1,217,095,000</b>

FULL TIME EQUIVALENT POSITIONS



**2.G. Summary of Total Request Objective Outcomes**  
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Date : 10/15/2018

Time: 2:51:28PM

Agency code: 799

Agency name: Available University Fund

Goal/ Objective / Outcome

	<b>BL 2020</b>	<b>BL 2021</b>	<b>Excp 2020</b>	<b>Excp 2021</b>	<b>Total Request 2020</b>	<b>Total Request 2021</b>
1						
1						
<b>KEY</b>						
<b>1 Permanent University Fund (PUF) Expense as Basis Points of Net Assets</b>						
	27.60	27.60			27.60	27.60

**799 Available University Fund**

GOAL: 1 Provide Management and Administrative Support for Endowment Funds  
 OBJECTIVE: 1 Available University Fund Service Categories:  
 STRATEGY: 2 Texas A&M Univ. System Available Univ. Fund Allocation, estimated. Service: 19    Income: A.2    Age: B.3

CODE	DESCRIPTION	Exp 2017	Est 2018	Bud 2019	BL 2020	BL 2021
<b>Objects of Expense:</b>						
2009	OTHER OPERATING EXPENSE	\$299,458,731	\$324,342,157	\$368,091,333	\$383,474,667	\$399,923,000
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$299,458,731</b>	<b>\$324,342,157</b>	<b>\$368,091,333</b>	<b>\$383,474,667</b>	<b>\$399,923,000</b>
<b>Method of Financing:</b>						
11	Available University Fund, est	\$299,458,731	\$324,342,157	\$368,091,333	\$383,474,667	\$399,923,000
<b>SUBTOTAL, MOF (OTHER FUNDS)</b>		<b>\$299,458,731</b>	<b>\$324,342,157</b>	<b>\$368,091,333</b>	<b>\$383,474,667</b>	<b>\$399,923,000</b>
<b>TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)</b>					<b>\$383,474,667</b>	<b>\$399,923,000</b>
<b>TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)</b>		<b>\$299,458,731</b>	<b>\$324,342,157</b>	<b>\$368,091,333</b>	<b>\$383,474,667</b>	<b>\$399,923,000</b>

**FULL TIME EQUIVALENT POSITIONS:**

**STRATEGY DESCRIPTION AND JUSTIFICATION:**

The Available University Fund allocable to the Board of Regents of Texas A&M University is hereby requested for the purpose of retiring obligations incurred under the authority of Article VII, Section 18 of the Texas Constitution, and may be expended for permanent improvements, new construction, equipment, repairs, and physical plant operation and maintenance, minority student scholarships and student recruitment, and educational and general activities of the Texas A&M University System pursuant to Article VII, Sections 11(a) and 18 of the Texas Constitution.

**799 Available University Fund**

GOAL: 1 Provide Management and Administrative Support for Endowment Funds  
 OBJECTIVE: 1 Available University Fund Service Categories:  
 STRATEGY: 2 Texas A&M Univ. System Available Univ. Fund Allocation, estimated. Service: 19 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2017	Est 2018	Bud 2019	BL 2020	BL 2021
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**EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:**

**EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):**

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		<u>BIENNIAL</u>	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
<u>Base Spending (Est 2018 + Bud 2019)</u>	<u>Baseline Request (BL 2020 + BL 2021)</u>	<u>CHANGE</u>	<u>\$ Amount</u>	<u>Explanation(s) of Amount (must specify MOFs and FTEs)</u>
\$692,433,490	\$783,397,667	\$90,964,177	\$90,964,177	For FY 2020-21, the annual PUF distribution amounts are projected to increase from the FY 2019 amount by a rate equal to the Consumer Price Index plus 2.65%.
			<b>\$90,964,177</b>	<b>Total of Explanation of Biennial Change</b>

**799 Available University Fund**

GOAL: 1 Provide Management and Administrative Support for Endowment Funds  
 OBJECTIVE: 1 Available University Fund Service Categories:  
 STRATEGY: 3 The Univ. of Texas System Available Univ. Fund Allocation, estimated. Service: 19 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2017	Est 2018	Bud 2019	BL 2020	BL 2021
<b>Objects of Expense:</b>						
2009	OTHER OPERATING EXPENSE	\$605,557,973	\$662,695,646	\$752,182,667	\$784,163,333	\$817,172,000
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$605,557,973</b>	<b>\$662,695,646</b>	<b>\$752,182,667</b>	<b>\$784,163,333</b>	<b>\$817,172,000</b>
<b>Method of Financing:</b>						
11	Available University Fund, est	\$605,557,973	\$662,695,646	\$752,182,667	\$784,163,333	\$817,172,000
<b>SUBTOTAL, MOF (OTHER FUNDS)</b>		<b>\$605,557,973</b>	<b>\$662,695,646</b>	<b>\$752,182,667</b>	<b>\$784,163,333</b>	<b>\$817,172,000</b>
<b>TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)</b>					<b>\$784,163,333</b>	<b>\$817,172,000</b>
<b>TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)</b>		<b>\$605,557,973</b>	<b>\$662,695,646</b>	<b>\$752,182,667</b>	<b>\$784,163,333</b>	<b>\$817,172,000</b>

**FULL TIME EQUIVALENT POSITIONS:**

**STRATEGY DESCRIPTION AND JUSTIFICATION:**

The Available University Fund allocable to The University of Texas System is hereby requested for the purpose of retiring obligations incurred under the authority of Article VII, Sections 18 of the Texas Constitution and, pursuant to the authorization of Article VII, Section 11(a) and 18 of the Constitution, for permanent improvements, new construction, equipment, repairs and rehabilitation, physical plant operation and maintenance, and education and general activities of The University of Texas System Administration and The University of Texas at Austin.

**799 Available University Fund**

GOAL: 1 Provide Management and Administrative Support for Endowment Funds  
 OBJECTIVE: 1 Available University Fund Service Categories:  
 STRATEGY: 3 The Univ. of Texas System Available Univ. Fund Allocation, estimated. Service: 19 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2017	Est 2018	Bud 2019	BL 2020	BL 2021
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**EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:**

**EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):**

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		<u>BIENNIAL</u>	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
<u>Base Spending (Est 2018 + Bud 2019)</u>	<u>Baseline Request (BL 2020 + BL 2021)</u>	<u>CHANGE</u>	<u>\$ Amount</u>	<u>Explanation(s) of Amount (must specify MOFs and FTEs)</u>
\$1,414,878,313	\$1,601,335,333	\$186,457,020	\$186,457,020	For FY 2020-21, the annual PUF distribution amounts are projected to increase from the FY 2019 amount by a rate equal to the Consumer Price Index plus 2.65%.
			<b>\$186,457,020</b>	<b>Total of Explanation of Biennial Change</b>

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**SUMMARY TOTALS:**

<b>OBJECTS OF EXPENSE:</b>	<b>\$905,016,704</b>	<b>\$987,037,803</b>	<b>\$1,120,274,000</b>	<b>\$1,167,638,000</b>	<b>\$1,217,095,000</b>
<b>METHODS OF FINANCE (INCLUDING RIDERS):</b>				<b>\$1,167,638,000</b>	<b>\$1,217,095,000</b>
<b>METHODS OF FINANCE (EXCLUDING RIDERS):</b>	<b>\$905,016,704</b>	<b>\$987,037,803</b>	<b>\$1,120,274,000</b>	<b>\$1,167,638,000</b>	<b>\$1,217,095,000</b>
<b>FULL TIME EQUIVALENT POSITIONS:</b>					

**3.A.1. PROGRAM-LEVEL REQUEST SCHEDULE**  
86th Regular Session, Agency Submission

Agency Code: 799		Agency: Available University Fund				Prepared By: Scott Kelley					
Date:						18-19	Requested	Requested	Biennial Total	Biennial Difference	
Goal	Goal Name	Strategy	Strategy Name	Program	Program Name	Base	2020	2021	20-21	\$	%
A	Manage/Administer Endowment Funds	A.1.1	Texas A&M University System Allocation	A.1.1	Texas A&M University System Allocation	\$692,433,490	\$383,474,667	\$399,923,000	\$783,397,667	\$90,964,177	13.1%
A	Manage/Administer Endowment Funds	A.1.2	The University of Texas System Allocation	A.1.2	The University of Texas System Allocation	\$1,414,878,313	\$784,163,333	\$817,172,000	\$1,601,335,333	\$186,457,020	13.2%
Total Strategies						\$2,107,311,803	\$1,167,638,000	\$1,217,095,000	\$2,384,733,000	\$277,421,197	13.2%

**SCHEDULE 1  
ESTIMATES OF INCOME**

Agency Code: 799	Name of Agency: The University of Texas System Administration Available University Fund	Prepared by: Scott C. Kelley	Date: October 2018			
		<b>INCOME</b>				
Item No.	Description	Actual 2017	Actual 2018	Budgeted 2019	Requested 2020	Requested 2021
Divisible with A&M University						
1.	Permanent University Fund Distributions	\$ 839,441,000	\$ 887,250,000	\$ 1,014,000,000	1,061,150,000	\$ 1,110,495,000
2.	Grazing and Hunting Lease Rental	3,975,544	5,876,398	6,000,000	6,000,000	6,000,000
3.	Surface Easements and Leases	32,770,274	54,230,820	53,000,000	55,000,000	55,000,000
4.	Exploration Permits	1,751,604	451,515	155,000	155,000	155,000
5.	Other Income - West Texas Lands	20,137,772	26,965,124	33,119,000	30,119,000	30,119,000
6.	Wine Royalties	300,000	125,000	300,000	300,000	300,000
7.	Divisible Expenses - Damage Reimbursement Payments	<u>0</u>	<u>(1,872,387)</u>	<u>(2,300,000)</u>	<u>(2,300,000)</u>	<u>(2,300,000)</u>
8.	Net Divisible Income	898,376,194	973,026,470	1,104,274,000	1,150,424,000	1,199,769,000
9.	Less: 1/3 to A&M University	<u>299,458,731</u>	<u>324,342,157</u>	<u>368,091,333</u>	<u>383,474,667</u>	<u>399,923,000</u>
10.	Net 2/3 Share to The University of Texas System	598,917,463	648,684,313	736,182,667	766,949,333	799,846,000
Non-Divisible:						
11.	Interest on Daily AUF Balances	<u>6,640,510</u>	<u>14,011,332</u>	<u>16,000,000</u>	<u>17,214,000</u>	<u>17,326,000</u>
12.	Estimated Net Income, The University of Texas System Share (Schedule 2, Item No. 1)	<u>\$ 605,557,973</u>	<u>\$ 662,695,646</u>	<u>\$ 752,182,667</u>	<u>\$ 784,163,333</u>	<u>\$ 817,172,000</u>



**SCHEDULE 2**  
**PROPOSED UTILIZATION OF NET AVAILABLE FUND INCOME**

Agency Code: 799	Name of Agency: The University of Texas System Administration Available University Fund	Prepared by: Scott C. Kelley			Date: October 2018	
Item No.	Description	Actual 2017	Actual 2018	Budgeted 2019	Requested	
					2020	2021
1.	Estimated Net Income - The University of Texas System Share (Schedule 1, Item No. 12)	\$ 605,557,973	\$ 662,695,646	\$ 752,182,667	\$ 784,163,333	\$ 817,172,000
	Less Debt Service:					
	Permanent University Fund:					
2.	Series 2005A	-	-	-	-	-
3.	Series 2005B	-	-	-	-	-
4.	Series 2006B	14,851,563	14,851,563	14,851,563	39,591,563	39,594,563
5.	Series 2008A	19,480,468	19,364,577	19,359,401	19,397,307	19,390,157
6.	Series 2009A	13,155,000	13,155,000	13,155,000	13,155,000	13,155,000
7.	Series 2014A	12,017,000	12,017,000	12,017,000	12,017,000	12,017,000
8.	Series 2014B	9,191,000	9,191,000	9,191,000	9,191,000	9,191,000
9.	Series 2015A	31,653,725	31,771,125	31,773,625	6,999,375	7,003,375
10.	Series 2015B	17,515,900	17,515,900	17,517,400	17,514,650	17,511,900
11.	Series 2015C	4,763,556	4,763,556	4,763,556	4,763,556	4,763,556
12.	Series 2016A	9,478,938	9,478,738	9,476,988	9,475,238	9,477,988
13.	Series 2016B	17,952,917	17,951,000	17,950,000	17,953,500	17,955,500
14.	Series 2017A	-	6,442,466	10,217,126	10,217,126	10,217,126
15.	Other Bonds/Notes	1,899,848	24,478,159	94,727,341	109,564,870	124,926,014
16.	Subtotal, Debt Service	<u>151,959,915</u>	<u>180,980,084</u>	<u>255,000,000</u>	<u>269,840,185</u>	<u>285,203,179</u>
17.	Net Available University Fund Income	<u>\$ 453,598,058</u>	<u>\$ 481,715,562</u>	<u>\$ 497,182,667</u>	<u>\$ 514,323,148</u>	<u>\$ 531,968,821</u>
	Allocations to:					
	System Administration					
18.	Operating Budget - System Operations	\$ 70,989,934	\$ 53,475,878	\$ 53,879,228	53,879,228	53,879,228
19.	Operating Budget - Direct Campus Support	40,407,527	42,319,122	41,915,772	41,915,772	41,915,772
20.	System-Wide Initiatives	13,600,464	11,500,000	-	-	-
	The University of Texas at Austin					
	For Educational Programs and Projects (over and above					
21.	General Appropriation)	271,560,000	338,480,000	398,660,000	415,610,000	433,105,000
22.	U. T. Medical School	25,000,000	-	-	-	-
23.	System-wide Technology and Telecommunications	1,060,000	1,992,000	1,992,000	1,992,000	1,992,000
24.	Other UT Austin Support	42,210,410	17,302,933	-	-	-
25.	Net Allocations of Available University Fund Income	<u>\$ 464,828,335</u>	<u>\$ 465,069,933</u>	<u>\$ 496,447,000</u>	<u>\$ 513,397,000</u>	<u>\$ 530,892,000</u>