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**LEGISLATIVE APPROPRIATIONS REQUEST**  
**FISCAL YEARS 2012 AND 2013**



Submitted to the Governor's Office of Budget, Planning  
and Policy and the Legislative Budget Board

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

**August 2010**

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**THE UNIVERSITY OF TEXAS SYSTEM AVAILABLE UNIVERSITY FUND  
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| <b>Agency Code:</b><br>799   | <b>Agency Name:</b><br>Available University Fund     | <b>Prepared By:</b><br>Randy Wallace | <b>Date:</b><br>August 2010 | <b>Request Level:</b><br>Baseline |
| <p><b>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 2012-13 biennium.</b></p> |  |                                      |                             |                                   |
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**ADMINISTRATOR'S STATEMENT**  
82nd Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/6/2010  
TIME: 4:28:48PM  
PAGE: 1 of 2

Agency code: 799

Agency name: Available University Fund

THE UNIVERSITY OF TEXAS SYSTEM  
PERMANENT UNIVERSITY FUND / AVAILABLE UNIVERSITY FUND ADMINISTRATOR'S STATEMENT

The University of Texas 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:

Colleen McHugh (Chairman), Corpus Christi, 2-1-11; Janiece Longoria, Houston, 2-1-11; Brenda Pejovich, Dallas, 2-1-11; James D. Dannenbaum, Houston, 2-1-13; Paul L. Foster, El Paso, 2-1-13; Printice L. Gary, Dallas, 2-1-13; R. Steven (Steve) Hicks, Austin, 2-1-15; Wm. Eugene "Gene" Powell, San Antonio, 2-1-15; Robert L. Stillwell, Houston, 2-1-15; and Kyle J. Kalkwarf, Student Regent, San Antonio, 5-31-11.

The Chancellor of the UT System is Francisco G. Cigarroa, MD.

The Permanent University Fund (PUF) is a state endowment fund contributing to the support of 18 institutions and 6 agencies of The University of Texas System and The Texas A&M University System. The Texas Constitution of 1876 established the PUF through the appropriation of land grants previously given to The University of Texas at Austin 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 Board of Regents of The University of Texas System (UT Board) manages the PUF.

PUF Lands today consist of approximately 2.1 million acres of land primarily located in West Texas. The UT Board has actively leased the surface and mineral interests of the PUF Lands since 1923. As mandated by the Constitution, all surface lease income is deposited in the Available University Fund (AUF). Annual surface income is approximately \$15.1 million. The Constitution also requires that all income from the sale of PUF Lands and leasing of mineral interests be retained within the PUF and invested in PUF investments.

The UT Board entered into an investment management contract on March 1, 1996, with The University of Texas 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 investments assets of the PUF, including the net income attributable to the surface of PUF land. Total return includes income return as well as realized and unrealized capital gains. Additionally, the expenses of managing PUF land and investments are paid from PUF assets. The amount of any distributions to the AUF is determined by the U. T. 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 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

**ADMINISTRATOR'S STATEMENT**  
82nd Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

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Agency code: 799 Agency name: Available University Fund

of The Texas A&M University 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 University 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. At August 31, 2009, The University of Texas System had outstanding PUF bonds and notes of \$1,524.2 million. When combined with the outstanding Texas A&M University System PUF bonds and notes of \$577.1 million, the outstanding debt is approximately 22.1% of the book value of the PUF; below the constitutional limit of 30%.
- PUF distributions, after payment of debt service on PUF bonds, are used to fund academic programs at UT Austin, Texas A&M University and Prairie View A&M University.

Additions to the PUF during the 2009 fiscal year were \$285,504,277 including \$224,574,072 from oil, gas and sulphur royalties, \$52,827,165 from mineral lease rentals and bonuses, and \$8,103,040 from miscellaneous sources.

The total book value of the PUF at August 31, 2009 was \$9,523,005,985. This amount included securities and cash of \$9,512,978,601, and land carried at a nominal value of \$10,027,384.

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

Actual 2009 \$530.9 million  
Budgeted 2010 \$516.4 million  
Budgeted 2011 \$506.4 million  
Projected 2012 \$487.8 million  
Projected 2013 \$531.6 million

The projected PUF distributions are currently based on the following: 1) an assumed annual investment return of 8.86%, and 2) an annual distribution formula equal to 4.75% of PUF market value of investments for the preceding 12 quarters ending February 28 of each year, unless the average annual rate of return exceeds the expected return by 25 basis points or more, in which case the distribution shall be 5%.

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.

2.A. SUMMARY OF BASE REQUEST BY STRATEGY  
 82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/6/2010  
 TIME: 4:21:11PM

Agency code: 799 Agency name: Available University Fund

| Goal / Objective / STRATEGY   | Exp 2009             | Est 2010             | Bud 2011             | Req 2012             | Req 2013             |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| 1 Provide Management and Administrative Support for Endowment Funds |                      |                      |                      |                      |                      |
| 1 Available University Fund   |                      |                      |                      |                      |                      |
| 2 TEXAS A&M UNIV SYSTEM ALLOCATION                                  | 182,334,973          | 176,821,135          | 173,834,270          | 167,646,538          | 182,239,063          |
| 3 THE UNIV OF TEXAS SYSTEM ALLOCATION                               | 372,254,045          | 358,142,271          | 350,368,541          | 338,569,075          | 369,382,127          |
| TOTAL, GOAL 1   | <b>\$554,589,018</b> | <b>\$534,963,406</b> | <b>\$524,202,811</b> | <b>\$506,215,613</b> | <b>\$551,621,190</b> |
| TOTAL, AGENCY STRATEGY REQUEST                                      | <b>\$554,589,018</b> | <b>\$534,963,406</b> | <b>\$524,202,811</b> | <b>\$506,215,613</b> | <b>\$551,621,190</b> |
| TOTAL, AGENCY RIDER APPROPRIATIONS REQUEST*                         |                      |                      |                      | \$0                  | \$0                  |
| GRAND TOTAL, AGENCY REQUEST   | <b>\$554,589,018</b> | <b>\$534,963,406</b> | <b>\$524,202,811</b> | <b>\$506,215,613</b> | <b>\$551,621,190</b> |
| <u>METHOD OF FINANCING:</u>   |                      |                      |                      |                      |                      |
| Other Funds:  |                      |                      |                      |                      |                      |
| 11 Available University Fund  | 554,589,018          | 534,963,406          | 524,202,811          | 506,215,613          | 551,621,190          |
| SUBTOTAL  | <b>\$554,589,018</b> | <b>\$534,963,406</b> | <b>\$524,202,811</b> | <b>\$506,215,613</b> | <b>\$551,621,190</b> |
| TOTAL, METHOD OF FINANCING  | <b>\$554,589,018</b> | <b>\$534,963,406</b> | <b>\$524,202,811</b> | <b>\$506,215,613</b> | <b>\$551,621,190</b> |

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

2.B. SUMMARY OF BASE REQUEST BY METHOD OF FINANCE  
 82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/6/2010  
 TIME: 4:21:27PM

Agency code: 799 Agency name: Available University Fund

| METHOD OF FINANCING                                   | Exp 2009             | Est 2010             | Bud 2011             | Req 2012             | Req 2013             |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b><u>OTHER FUNDS</u></b>                             |                      |                      |                      |                      |                      |
| <u>11</u> Available University Fund No. 011           |                      |                      |                      |                      |                      |
| REGULAR APPROPRIATIONS                                |                      |                      |                      |                      |                      |
| Estimated Appropriations from MOF Table (2008-09 GAA) | \$502,526,413        | \$540,906,439        | \$529,330,302        | \$506,215,613        | \$551,621,190        |
| Revised Receipts                                      | \$52,062,605         | \$(5,943,033)        | \$(5,127,491)        | \$0                  | \$0                  |
| <b>TOTAL, Available University Fund No. 011</b>       | <b>\$554,589,018</b> | <b>\$534,963,406</b> | <b>\$524,202,811</b> | <b>\$506,215,613</b> | <b>\$551,621,190</b> |
| <b>TOTAL, ALL OTHER FUNDS</b>                         | <b>\$554,589,018</b> | <b>\$534,963,406</b> | <b>\$524,202,811</b> | <b>\$506,215,613</b> | <b>\$551,621,190</b> |
| <b>GRAND TOTAL</b>                                    | <b>\$554,589,018</b> | <b>\$534,963,406</b> | <b>\$524,202,811</b> | <b>\$506,215,613</b> | <b>\$551,621,190</b> |

**FULL-TIME-EQUIVALENT POSITIONS**

**TOTAL, ADJUSTED FTES**

2.B. SUMMARY OF BASE REQUEST BY METHOD OF FINANCE  
82nd Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/6/2010  
TIME: 4:21:31PM

Agency code: 799

Agency name: Available University Fund

| METHOD OF FINANCING                  | Exp 2009 | Est 2010 | Bud 2011 | Req 2012 | Req 2013 |
|--------------------------------------|----------|----------|----------|----------|----------|
| NUMBER OF 100% FEDERALLY FUNDED FTEs | 0.0      | 0.0      | 0.0      | 0.0      | 0.0      |



2.C. SUMMARY OF BASE REQUEST BY OBJECT OF EXPENSE  
 82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/6/2010  
 TIME: 4:21:46PM

| OBJECT OF EXPENSE                   | Exp 2009             | Est 2010             | Bud 2011             | BL 2012              | BL 2013              |
|-------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| 2009 OTHER OPERATING EXPENSE        | \$554,589,018        | \$534,963,406        | \$524,202,811        | \$506,215,613        | \$551,621,190        |
| <b>OOE Total (Excluding Riders)</b> | <b>\$554,589,018</b> | <b>\$534,963,406</b> | <b>\$524,202,811</b> | <b>\$506,215,613</b> | <b>\$551,621,190</b> |
| <b>OOE Total (Riders)</b>           |                      |                      |                      |                      |                      |
| <b>Grand Total</b>                  | <b>\$554,589,018</b> | <b>\$534,963,406</b> | <b>\$524,202,811</b> | <b>\$506,215,613</b> | <b>\$551,621,190</b> |

**2.F. SUMMARY OF TOTAL REQUEST BY STRATEGY**  
 82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE : 8/6/2010  
 TIME : 4:21:58PM

Agency code: 799      Agency name: Available University Fund

| <i>Goal/Objective/STRATEGY</i>                                    | Base<br>2012         | Base<br>2013         | Exceptional<br>2012 | Exceptional<br>2013 | Total Request<br>2012 | Total Request<br>2013 |
|---|----------------------|----------------------|---------------------|---------------------|-----------------------|-----------------------|
| 1 Provide Management and Administrative Support for Endowment Fun |                      |                      |                     |                     |                       |                       |
| 1 Available University Fund                                       |                      |                      |                     |                     |                       |                       |
| 2 TEXAS A&M UNIV SYSTEM ALLOCATION                                | \$167,646,538        | \$182,239,063        | \$0                 | \$0                 | \$167,646,538         | \$182,239,063         |
| 3 THE UNIV OF TEXAS SYSTEM ALLOCATION                             | 338,569,075          | 369,382,127          | 0                   | 0                   | 338,569,075           | 369,382,127           |
| TOTAL, GOAL 1   | <b>\$506,215,613</b> | <b>\$551,621,190</b> | <b>\$0</b>          | <b>\$0</b>          | <b>\$506,215,613</b>  | <b>\$551,621,190</b>  |
| <b>TOTAL, AGENCY STRATEGY REQUEST</b>                             | <b>\$506,215,613</b> | <b>\$551,621,190</b> | <b>\$0</b>          | <b>\$0</b>          | <b>\$506,215,613</b>  | <b>\$551,621,190</b>  |
| <b>TOTAL, AGENCY RIDER APPROPRIATIONS REQUEST</b>                 |                      |                      |                     |                     |                       |                       |
| <b>GRAND TOTAL, AGENCY REQUEST</b>                                | <b>\$506,215,613</b> | <b>\$551,621,190</b> | <b>\$0</b>          | <b>\$0</b>          | <b>\$506,215,613</b>  | <b>\$551,621,190</b>  |

**2.F. SUMMARY OF TOTAL REQUEST BY STRATEGY**  
 82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE : 8/6/2010  
 TIME : 4:22:02PM

| Agency code: 799      Agency name: Available University Fund |  |               |               |                     |                     |                       |                       |
|--|--|---------------|---------------|---------------------|---------------------|-----------------------|-----------------------|
| <i>Goal/Objective/STRATEGY</i>                               |  | Base<br>2012  | Base<br>2013  | Exceptional<br>2012 | Exceptional<br>2013 | Total Request<br>2012 | Total Request<br>2013 |
| <b>Other Funds:</b>  |  |               |               |                     |                     |                       |                       |
| 11 Available University Fund                                 |  | \$506,215,613 | \$551,621,190 | \$0                 | \$0                 | \$506,215,613         | \$551,621,190         |
|  |  | \$506,215,613 | \$551,621,190 | \$0                 | \$0                 | \$506,215,613         | \$551,621,190         |
| <b>TOTAL, METHOD OF FINANCING</b>                            |  | \$506,215,613 | \$551,621,190 | \$0                 | \$0                 | \$506,215,613         | \$551,621,190         |
| <b>FULL TIME EQUIVALENT POSITIONS</b>                        |  |               |               |                     |                     |                       |                       |

**3.A. STRATEGY REQUEST**  
 82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/6/2010  
 TIME: 4:22:15PM

Agency code: 799      Agency name: Available University Fund

GOAL:            1    Provide Management and Administrative Support for Endowment Funds      Statewide Goal/Benchmark:    2    0  
 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 2009             | Est 2010             | Bud 2011             | BL 2012              | BL 2013              |
|--|---------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Objects of Expense:</b>                         |                           |                      |                      |                      |                      |                      |
| 2009   | OTHER OPERATING EXPENSE   | \$182,334,973        | \$176,821,135        | \$173,834,270        | \$167,646,538        | \$182,239,063        |
| <b>TOTAL, OBJECT OF EXPENSE</b>                    |                           | <b>\$182,334,973</b> | <b>\$176,821,135</b> | <b>\$173,834,270</b> | <b>\$167,646,538</b> | <b>\$182,239,063</b> |
| <b>Method of Financing:</b>                        |                           |                      |                      |                      |                      |                      |
| 11   | Available University Fund | \$182,334,973        | \$176,821,135        | \$173,834,270        | \$167,646,538        | \$182,239,063        |
| <b>SUBTOTAL, MOF (OTHER FUNDS)</b>                 |                           | <b>\$182,334,973</b> | <b>\$176,821,135</b> | <b>\$173,834,270</b> | <b>\$167,646,538</b> | <b>\$182,239,063</b> |
| <b>TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)</b> |                           |                      |                      |                      | <b>\$167,646,538</b> | <b>\$182,239,063</b> |
| <b>TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)</b> |                           | <b>\$182,334,973</b> | <b>\$176,821,135</b> | <b>\$173,834,270</b> | <b>\$167,646,538</b> | <b>\$182,239,063</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.

**EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:**

**3.A. STRATEGY REQUEST**  
 82nd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/6/2010  
 TIME: 4:22:18PM

Agency code: 799      Agency name: Available University Fund

GOAL:            1    Provide Management and Administrative Support for Endowment Funds  
 OBJECTIVE:    1    Available University Fund  
 STRATEGY:    3    The Univ. of Texas System Available Univ. Fund Allocation. Estimated.

Statewide Goal/Benchmark:    2    0  
 Service Categories:  
 Service: 19    Income: A.2    Age: B.3

| CODE   | DESCRIPTION               | Exp 2009             | Est 2010             | Bud 2011             | BL 2012              | BL 2013              |
|--|---------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Objects of Expense:</b>                         |                           |                      |                      |                      |                      |                      |
| 2009   | OTHER OPERATING EXPENSE   | \$372,254,045        | \$358,142,271        | \$350,368,541        | \$338,569,075        | \$369,382,127        |
| <b>TOTAL, OBJECT OF EXPENSE</b>                    |                           | <b>\$372,254,045</b> | <b>\$358,142,271</b> | <b>\$350,368,541</b> | <b>\$338,569,075</b> | <b>\$369,382,127</b> |
| <b>Method of Financing:</b>                        |                           |                      |                      |                      |                      |                      |
| 11   | Available University Fund | \$372,254,045        | \$358,142,271        | \$350,368,541        | \$338,569,075        | \$369,382,127        |
| <b>SUBTOTAL, MOF (OTHER FUNDS)</b>                 |                           | <b>\$372,254,045</b> | <b>\$358,142,271</b> | <b>\$350,368,541</b> | <b>\$338,569,075</b> | <b>\$369,382,127</b> |
| <b>TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)</b> |                           |                      |                      |                      | <b>\$338,569,075</b> | <b>\$369,382,127</b> |
| <b>TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)</b> |                           | <b>\$372,254,045</b> | <b>\$358,142,271</b> | <b>\$350,368,541</b> | <b>\$338,569,075</b> | <b>\$369,382,127</b> |

**FULL TIME EQUIVALENT POSITIONS:**

**STRATEGY DESCRIPTION AND JUSTIFICATION:**

The Residue of 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, Section 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.

**EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:**

**3.A. STRATEGY REQUEST**  
82nd Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/6/2010  
TIME: 4:22:18PM

**SUMMARY TOTALS:**

|   |               |               |               |               |               |
|---|---------------|---------------|---------------|---------------|---------------|
| <b>OBJECTS OF EXPENSE:</b>                    | \$554,589,018 | \$534,963,406 | \$524,202,811 | \$506,215,613 | \$551,621,190 |
| <b>METHODS OF FINANCE (INCLUDING RIDERS):</b> |               |               |               | \$506,215,613 | \$551,621,190 |
| <b>METHODS OF FINANCE (EXCLUDING RIDERS):</b> | \$554,589,018 | \$534,963,406 | \$524,202,811 | \$506,215,613 | \$551,621,190 |
| <b>FULL TIME EQUIVALENT POSITIONS:</b>        |               |               |               |               |               |

SCHEDULE 1  
SUMMARY BY APPROPRIATION BILL PATTERN  
EXPENSES OF REVENUE BEARING PROPERTY

| Agency<br>799 | Agency Name: The University of Texas System Administration<br>Available University Fund   | Prepared By:<br>Randy Wallace | Date:<br>August 2010     |                       |                       |                       |
|---------------|---|-------------------------------|--------------------------|-----------------------|-----------------------|-----------------------|
| Item<br>No.   |   | Expended                      |                          |                       | Requested             |                       |
|               |   | Actual<br>2009                | Estimated<br>Actual 2010 | Budgeted<br>2011      | 2012                  | 2013                  |
| 1             | The Available University Fund allocable to the Board of Regents of Texas A&M University is hereby appropriated 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, estimated at . . . . .   | \$ 182,334,973                | \$ 176,821,135           | \$ 173,834,270        | \$ 167,646,538        | \$ 182,239,063        |
| 2.            | The Residue of the Available Fund allocable to The University of Texas System is hereby appropriated for the purpose of retiring obligations incurred under the authority of Article VII, Section 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 educational and general activities of The University of Texas System Administration, and The University of Texas at Austin, estimated at . . . . . | 372,254,045                   | 358,142,271              | 350,368,541           | 338,569,075           | 369,382,127           |
| 3.            | <b>TOTAL AVAILABLE UNIVERSITY FUND estimated at . . . . .</b>   | <b>\$ 554,589,018</b>         | <b>\$ 534,963,406</b>    | <b>\$ 524,202,811</b> | <b>\$ 506,215,613</b> | <b>\$ 551,621,190</b> |

**SCHEDULE 2  
ESTIMATES OF INCOME**

| Agency Code: 799              | Name of Agency: The University of Texas System Administration<br>Available University Fund                         | Prepared by:<br>Randy Wallace | Date:<br>August 2010     |                       |                       |                       |
|-------------------------------|--|-------------------------------|--------------------------|-----------------------|-----------------------|-----------------------|
|                               |  | INCOME                        |                          |                       |                       |                       |
| Item No.                      | Description  | Actual<br>2009                | Estimated<br>Actual 2010 | Budgeted<br>2011      | Requested             |                       |
|                               |  |                               |                          |                       | 2012                  | 2013                  |
| Divisible with A&M University |  |                               |                          |                       |                       |                       |
| 1.                            | Permanent University Fund Distributions  | \$ 530,932,622                | \$ 516,419,406           | \$ 506,395,811        | \$ 487,832,613        | \$ 531,610,190        |
| 2.                            | Interest on AUF Daily Balances   | -                             | -                        | -                     | -                     | -                     |
| 3.                            | Grazing and Hunting Lease Rental   | 4,051,483                     | 4,550,000                | 4,350,000             | 4,350,000             | 4,350,000             |
| 4.                            | Surface Easements and Leases   | 10,687,793                    | 8,624,000                | 9,600,000             | 9,600,000             | 9,600,000             |
| 5.                            | Exploration Permits  | 5,500                         | 2,000                    | 4,000                 | 4,000                 | 4,000                 |
| 6.                            | Other Income - West Texas Lands  | 1,008,772                     | 524,000                  | 784,000               | 784,000               | 784,000               |
| 7.                            | Wine Royalties   | 318,750                       | 344,000                  | 369,000               | 369,000               | 369,000               |
| 8.                            | Gross Divisible Income   | 547,004,920                   | 530,463,406              | 521,502,811           | 502,939,613           | 546,717,190           |
| 9.                            | Less: 1/3 to A&M University (Schedule 1, Item No. 1)   | 182,334,973                   | 176,821,135              | 173,834,270           | 167,646,538           | 182,239,063           |
| 10.                           | Net 2/3 Share to The University of Texas System  | 364,669,947                   | 353,642,271              | 347,668,541           | 335,293,075           | 364,478,127           |
| Non-Divisible:                |  |                               |                          |                       |                       |                       |
| 11.                           | Interest on Daily AUF Balances   | 7,584,098                     | 4,500,000                | 2,700,000             | 3,276,000             | 4,904,000             |
| 12.                           | Estimated Net Income, The University of Texas System Share<br>(Schedule 2a, Item No. 1 and Schedule 1, Item No. 2) | <u>\$ 372,254,045</u>         | <u>\$ 358,142,271</u>    | <u>\$ 350,368,541</u> | <u>\$ 338,569,075</u> | <u>\$ 369,382,127</u> |



SCHEDULE 2a  
PROPOSED UTILIZATION OF NET AVAILABLE FUND INCOME

| Agency Code: 799 | Name of Agency: The University of Texas System Administration<br>Available University Fund                          | Prepared by:<br>Randy Wallace |                       |                       | Date:<br>August 2010  |                       |
|------------------|---|-------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Item No.         | Description   | EXPENSE                       |                       |                       |                       |                       |
|                  |   | Actual 2009                   | Projected Actual 2010 | Budgeted 2011         | Requested             |                       |
|                  |   | 2012                          | 2013                  |                       |                       |                       |
| 1.               | Estimated Net Income - The University of Texas System Share<br>(Schedule 2, Item No. 12 and Schedule 1, Item No. 2) | \$ 372,254,045                | \$ 358,142,271        | \$ 350,368,541        | \$ 338,569,075        | \$ 369,382,127        |
|                  | Less Debt Service:  |                               |                       |                       |                       |                       |
|                  | Permanent University Fund:  |                               |                       |                       |                       |                       |
| 2.               | Refunding Bonds, Series 2002A   | 16,129,167                    | 16,145,833            | -                     | -                     | -                     |
| 3.               | Refunding Bonds, Series 2004A   | 9,218,708                     | 9,217,333             | 9,210,125             | 9,211,458             | 9,210,167             |
| 4.               | Bonds, Series 2004B   | 10,144,263                    | 10,144,263            | 10,144,263            | 10,144,263            | 10,144,263            |
| 5.               | Refunding Bonds, Series 2005A   | 5,039,800                     | 5,039,800             | 13,980,875            | 13,972,208            | 14,008,667            |
| 6.               | Bonds, Series 2005B   | 3,422,325                     | 3,422,325             | 3,422,325             | 3,422,325             | 3,422,325             |
| 7.               | Refunding Bonds, Series 2006A   | 26,710,733                    | 26,711,375            | -                     | -                     | -                     |
| 8.               | Refunding Bonds, Series 2006B   | 14,851,563                    | 14,851,563            | 14,851,563            | 14,851,563            | 14,851,563            |
| 9.               | Bonds, Series 2006C   | 4,585,286                     | 4,585,286             | 6,110,053             | 6,118,186             | 6,071,145             |
| 10.              | Bonds, Series 2008A   | 12,341,355                    | 14,740,275            | 19,391,596            | 19,383,513            | 19,384,271            |
| 11.              | Bonds, Series 2009A   | -                             | 7,046,451             | 8,550,750             | 8,550,750             | 8,550,750             |
| 12.              | Other Bonds/Notes   | (964,388)                     | 1,124,265             | 72,524,999            | 50,759,043            | 67,580,011            |
| 13.              | Subtotal, Debt Service  | <u>101,478,812</u>            | <u>113,028,769</u>    | <u>158,186,549</u>    | <u>136,413,309</u>    | <u>153,223,162</u>    |
| 14.              | Net Available University Fund Income  | <u>\$ 270,775,233</u>         | <u>\$ 245,113,502</u> | <u>\$ 192,181,992</u> | <u>\$ 202,155,766</u> | <u>\$ 216,158,965</u> |
|                  | Allocations to:   |                               |                       |                       |                       |                       |
|                  | System Administration   |                               |                       |                       |                       |                       |
| 15.              | Operating Budget  | \$ 33,373,739                 | \$ 32,123,866         | \$ 30,910,629         | \$ 32,342,648         | \$ 33,312,927         |
| 16.              | System Administration Transfer for Regents' Outstanding   |                               |                       |                       |                       |                       |
|                  | Teacher Awards  | 885,000                       | 1,000,000             | 1,000,000             | 1,000,000             | 1,000,000             |
| 17.              | Distance Education  | 1,463,663                     | 2,910,010             | 490,000               | -                     | -                     |
| 18.              | System-Wide Initiatives   | 115,000                       | 30,132,554            | -                     | -                     | -                     |
| 19.              | Return of Project Funds to AUF  | (745,423)                     | -                     | -                     | -                     | -                     |
|                  | The University of Texas at Austin   |                               |                       |                       |                       |                       |
| 20.              | For Educational Programs and Projects (over and above   |                               |                       |                       |                       |                       |
|                  | General Appropriation)  | 165,275,000                   | 220,690,000           | 157,670,000           | 152,360,000           | 179,225,000           |
| 21.              | Center for Technology Commercialization   | -                             | 2,000,000             | 1,000,000             | 1,000,000             | 1,000,000             |
| 22.              | Texas Nanoelectronics Initiative  | 5,000,000                     | -                     | -                     | -                     | -                     |
| 23.              | Transformational Projects in Undergraduate Education  | 500,000                       | -                     | -                     | -                     | -                     |
| 24.              | Faculty Recruitment   | -                             | 20,000,000            | -                     | -                     | -                     |
| 25.              | System-wide Technology and Telecommunications   | 1,060,000                     | 1,060,000             | 1,060,000             | 1,060,000             | 1,060,000             |
| 26.              | Net Allocations of Available University Fund Income   | <u>\$ 206,926,979</u>         | <u>\$ 309,916,430</u> | <u>\$ 192,130,629</u> | <u>\$ 187,762,648</u> | <u>\$ 215,597,927</u> |