
AVAILABLE UNIVERSITY FUND REPORT

December 2009



Prepared by
The University of Texas System
Office of the Controller

Report to the Legislature and Governor
Pursuant to Rider No. 4 to Available University Fund Appropriations
SB 1, 81st Legislature, Regular Session, Page III-67

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RIDER NO. 4 TO AVAILABLE UNIVERSITY FUND APPROPRIATION

The text of Rider No. 4 to the Available University Fund Appropriation in Senate Bill 1, 81st 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.”

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

The *Texas Constitution*, as amended in November 1999 by adoption of Proposition 17, defines the Available University Fund (AUF) as consisting of distributions from the total return on all investment assets of the Permanent University Fund (PUF). The U. T. System Board of Regents has adopted a policy designed 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 AUF distributions.

The Texas Constitution limits the discretion of the U. T. System Board of Regents to determine the amount of PUF distributions in any given year by stipulating that annual distributions cannot exceed 7% of the average market value of PUF investments. In addition, distributions cannot increase year to year if the purchasing power of PUF investments has not been preserved over rolling 10-year periods. The only exception to these provisions is that distribution must be sufficient to meet annual debt service requirements on PUF bonds and notes.

The Board of Directors of the University of Texas Investment Management Company (UTIMCO) recommended, and the U. T. System Board of Regents approved, total distributions of \$530,932,622 and \$516,419,406 from the PUF to the AUF for the fiscal years ending August 31, 2009 and 2010, respectively. The U. T. System Board of Regents has established a U. T. System Board of Regents' *Rules and Regulations*, [Rule 80303](#) (Regents' Rule 80303) relating to uses of the AUF. The AUF consists of distributions from the PUF. Distributions are set at 4.75% of the trailing 12-quarter average of the net asset value of the PUF for the quarter ending in February prior to the beginning of the new fiscal year. If the average annual rate of return on PUF investments over the trailing 12 quarters exceeds the expected return by 25 basis points or more, the distribution rate becomes 5.00%. For Fiscal Year 2010, the distribution rate was 4.75%, as illustrated in [Appendix A](#), and satisfies the limitations in the Constitution.

Deposits credited to the AUF are administered by the State Comptroller and, along with other funds of the State, are invested in accordance with State law.

Table 1

THE UNIVERSITY OF TEXAS SYSTEM AVAILABLE UNIVERSITY FUND FY 2008 – FY 2012		
	Actual FY 2008	Actual FY 2009
Income and PUF Distributions		
Divisible with Texas A&M University		
Investment Income and Distributions	\$ 448,942,761	\$ 530,932,622
Surface & Other Income	<u>15,122,875</u>	<u>16,072,298</u>
Net Divisible Income and Distributions	464,065,636	547,004,920
Less: A&M Share (1/3)	<u>(154,688,545)</u>	<u>(182,334,973)</u>
U. T. Share (2/3)	309,377,091	364,669,947
AUF Interest Income	<u>11,266,537</u>	<u>7,584,098</u>
Income and Distributions Available to U. T.	<u>320,643,628</u>	<u>372,254,045</u>
Transfers/Expenditures		
Debt Service on PUF Bonds	(98,848,710)	(101,478,812)
U. T. System Administration:		
Administration	(32,361,984)	(33,373,739)
Distance Education	(1,878,465)	(1,463,663)
Systemwide Initiatives	(24,492,435)	(115,000)
Capital Projects	(7,505,000)	-
Return of Project Funds to AUF	-	745,423
U. T. Austin:		
Excellence	(142,540,000)	(165,275,000)
Capital Expenditures	(10,000,000)	-
Regents' Outstanding Teachers Awards	-	(885,000)
Center for Technology Commercialization	-	-
Texas Nanoelectronics Initiative (Emerging Technology Fund)	-	(5,000,000)
Transformational Programs in Undergraduate Education	-	(500,000)
Sandia Research Partnerships	(1,250,000)	-
Faculty Recruitment	-	-
Systemwide Technology & Telecommunications	<u>(1,060,000)</u>	<u>(1,060,000)</u>
Total Transfers/Expenditures	<u>(319,936,594)</u>	<u>(308,405,791)</u>
Net Surplus/(Deficit)	707,034	63,848,254
Net Assets – Beginning of Year	<u>107,168,492</u>	<u>107,875,526</u>
Net Assets – End of Year	<u>\$ 107,875,526</u>	<u>\$ 171,723,780</u>
Note: FY 2010 Budget and FY 2011-12 Projections 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 12.1.2009

Table 1 (Continued)

Budgeted FY 2010	Projected FY 2011	Projected FY 2012
\$ 516,419,406	\$ 503,958,232	\$ 481,212,106
<u>13,155,000</u>	<u>13,155,000</u>	<u>13,155,000</u>
529,574,406	517,113,232	494,367,106
<u>(176,524,802)</u>	<u>(172,371,077)</u>	<u>(164,789,035)</u>
353,049,604	344,742,155	329,578,071
<u>4,034,000</u>	<u>4,570,000</u>	<u>7,450,000</u>
<u>357,083,604</u>	<u>349,312,155</u>	<u>337,028,071</u>
(148,028,769)	(156,899,049)	(143,480,121)
(32,123,866)	(33,163,791)	(33,618,796)
(910,010)	(455,005)	-
(6,132,554)	-	-
-	-	-
-	-	-
(160,690,000)	(157,195,000)	(151,665,000)
-	-	-
(1,000,000)	(1,000,000)	(1,000,000)
(2,000,000)	(1,000,000)	(1,000,000)
-	-	-
-	-	-
-	-	-
(5,000,000)	-	-
<u>(1,060,000)</u>	<u>1,060,000</u>	<u>(1,060,000)</u>
<u>(356,945,199)</u>	<u>(350,772,845)</u>	<u>(331,823,917)</u>
138,405	(1,460,690)	5,204,154
<u>171,723,780</u>	<u>171,862,185</u>	<u>170,401,495</u>
<u>\$ 171,862,185</u>	<u>\$ 170,401,495</u>	<u>\$ 175,605,649</u>

As of 12.1.2009

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 the expenses of the U. T. System Administration,
- (3) to provide for academic excellence funds for U. T. Austin, and
- (4) to fund special U. T. System initiatives such as the U. T. System's Telecommunication Services.

PUF Debt Service

Bonds supported by income generated by the PUF are periodically issued by the U. T. System Board of Regents to finance capital improvements, equipment, and library books or materials for U. T. System Administration and 13 of U. T. System's 15 institutions. U. T. System institutions eligible for PUF funding, as specified in the *Texas Constitution*, are:

U. T. Arlington	U. T. Southwestern Medical Center at Dallas
U. T. Austin	U. T. Medical Branch at Galveston
U. T. Dallas	U. T. Health Science Center at Houston
U. T. El Paso	U. T. Health Science Center at San Antonio
U. T. Permian Basin	U. T. M. D. Anderson Cancer Center
U. T. San Antonio	U. T. Health Science Center at Tyler
U. T. Tyler	

U. T. Pan American and U. T. Brownsville are supported by the Higher Education Assistance Fund, which funds similar capital expenditures at institutions not participating in the PUF.

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 Regents' Rule 80303 on "Uses of the Available University Fund " (see [Appendix C](#) for a discussion of this rule).

The first call on the use of AUF funds 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 as well as projected appropriations through FY 2012. While U. T. System Administration pays all PUF debt service directly from the AUF, [Appendix E](#) provides estimates of PUF debt service allocated to each institution for FY 2008 through FY 2012.

U. T. System Administration

A second use of the AUF is to support the U. T. System Administration including information technology and distance education initiatives. The uses of these funds are described in [Appendix F](#).

Excellence Funds – U. T. Austin

Pursuant to the terms of the Texas Constitution, U. T. Austin is the only U. T. System institution eligible to receive resources from the AUF for academic excellence (program enrichment) purposes. According to Regents' Rule 80303, AUF transfers to U. T. Austin for program enrichment purposes must not be less than 45% of the projected U. T. System share of the net divisible AUF annual income and distributions.

U. T. Austin depends on academic excellence funds 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. [Appendix G](#) further describes the uses of the AUF transfers to U. T. Austin for excellence purposes.

Other Projects – U. T. Austin

The U. T. System Board of Regents approved, beginning in FY 2009, \$1 million per year for the next five years for each of two programs: An undergraduate teaching excellence award program that will be offered to faculty who will be evaluated on sustained excellence in teaching, instructional development, curricular design and advising and mentoring and; a commercialization program which effectively establishes the Center for Technology Commercialization (CTC) at U. T. Austin aimed at accelerating the transfer of university discoveries into commercial products and increasing the number of start-up companies. The FY 2009 award for CTC was distributed to U. T. Austin in October 2009.

In 2006, the U. T. System Board of Regents authorized the use of up to \$10 million of AUF or PUF bond proceeds for U. T. Austin, U. T. Arlington, and U. T. Dallas to negotiate and enter into a Texas Emerging Technology Fund grant agreement with the Office of the Governor and endowment agreements with Texas Instruments and other industry contributors for creation and implementation of a Texas nanoelectronics initiative. During FY 2009, U. T. Austin received \$5 million to support the recruitment of two world-class researchers in the field.

For FY 2010, the U. T. System Board of Regents authorized \$5 million in one-time funding for faculty recruitment aimed at hiring top faculty talent.

An award of \$1,250,000 was appropriated to U. T. Austin in FY 2008 to support four core research programs for collaborative “grand challenge” projects to be completed jointly by students and faculty at U. T. Austin and Sandia National Laboratories.

Capital Projects – U. T. Austin

During FY 2008, the U. T. System Board of Regents awarded an additional \$10 million for faculty start-up and recruitment related to the Dell Pediatric Research Institute, a new center that will conduct translational research in pediatrics.

Systemwide Telecommunication Services and Other Systemwide Initiatives

The U. T. System Board of Regents has established the U. T. System Office of Telecommunication Services to provide institutions with inter-institutional voice, video, and computer communications in support of their missions of instruction and research.

For FY 2010, the U. T. System Board of Regents approved one-time funding of \$6.1 million to pay Systemwide Microsoft license renewals currently in the 12th year of an agreement with Microsoft Corporation to provide all U. T. System institutions; faculty, staff, and students with the most commonly used Microsoft products. The savings that institutions achieved by not having to pay the license renewal costs individually were directed to be used for recruitment of top faculty talent

U. T. SYSTEM ENDING AVAILABLE UNIVERSITY FUND NET ASSETS

As of August 31, 2009, the AUF cash balance in the State Treasury as reflected in the annual financial report was \$298,737,737. This balance does not include receivables of \$469,320 or payables of \$127,483,277. The payables include \$100,674,095 due to U. T. Austin; \$26,480,027 due to other U. T. System Administration fund groups; and \$329,155 of other obligations. After considering the receivables and payables, the AUF net assets are \$171,723,780.

With a \$16.1 billion original cost investment in physical plant for U. T. System (excluding U. T. Brownsville and U. T. Pan American), additional unexpected needs for repair or replacement could arise at any time. The minimum AUF balance of \$30 million set by the U. T. System Board of Regents would repair or replace less than 1% of the facilities. 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 are primarily accounted for in the administration's Educational and General Fund. As of August 31, 2009, the unexpended net assets resulting from transfers from the AUF were \$1,468,341 for system-wide initiatives and \$8,836,524 for core administration.

In addition to the funds held by U. T. System Administration, U. T. Austin also maintains AUF net assets to meet emergency needs. As of August 31, 2009, U. T. Austin had ending net assets as reflected in its annual financial report of \$56,723,343. This balance includes reservations for encumbrances and prepaid expenses of \$3,845,938. Net of reservations, the AUF net assets at U. T. Austin are \$52,877,405 at August 31, 2009.

Table 2 presents a reconciliation of U. T. System Administration AUF cash held in the State Treasury with net assets for fiscal year 2008 and fiscal year 2009.

Table 2		
Reconciliation of U. T. System AUF Cash		
	At Aug. 31, 2008 (Actual)	At Aug. 31, 2009 (Actual)
Cash in Treasury	\$ 232,610,129	\$ 298,737,737
Receivables	637,222	469,320
Sub-total	233,247,351	299,207,057
Payables	(125,371,825)	(127,483,277)
AUF Net Assets	\$ 107,875,526	\$ 171,723,780
Source: 2008 and 2009 U. T. System Annual Financial Reports		

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Appendices

APPENDIX A – PERMANENT UNIVERSITY FUND MARKET VALUE AND DISTRIBUTION TO THE AVAILABLE UNIVERSITY FUND

The Board of Directors of UTIMCO recommended, and the U. T. System Board of Regents approved, a distribution of \$516,419,406 from the PUF to the AUF for the fiscal year ending August 31, 2010. This distribution is equal to 4.75% of the average market value of PUF assets for the trailing 12 fiscal quarters ended February 28, 2009.

Table 3	
Permanent University Fund Market Value	
May 2006	10,028,861,545
August 2006	10,313,393,571
November 2006	10,760,220,191
February 2007	11,058,603,363
May 2007	11,763,605,335
August 2007	11,742,780,402
November 2007	12,160,738,716
February 2008	11,905,770,605
May 2008	12,245,951,162
August 2008	11,359,463,077
November 2008	8,837,574,480
February 2009	8,286,887,451
12-quarter average	\$ 10,871,987,492
	X 4.75%
Distribution to the AUF, FY 2010	\$ 516,419,406

APPENDIX B – CAPITAL IMPROVEMENT PROGRAM – GENERAL POLICIES

The Capital Improvement Program (CIP) is a six-year projection of major new construction and repair and rehabilitation projects to be implemented and funded from institution and System-wide revenue sources. The U. T. System 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 campus.

In evaluating the assignment of AUF or PUF funding to a project, the following justification criteria are considered:

- (a) consistency with institutions' mission;
- (b) project need;
- (c) unique opportunity;
- (d) matching funds/leverage;
- (e) cost effectiveness;
- (f) state of existing facility condition, and;
- (g) other available funding sources.

APPENDIX C – BOARD OF REGENTS’ RULES AND REGULATIONS “USES OF AVAILABLE UNIVERSITY FUND”

The U. T. System Board of Regents formalized a long-standing policy on the uses of the AUF in 2004 by creating Regents’ Rule 80303 that was later amended in August 2008.

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 that:

- 1) The forecasted AUF expenditures for program enrichment at U. T. Austin must not be less than 45% of the projected U. T. System share of the net divisible AUF annual income,
- 2) Debt service coverage must not be less than 1.5 times the annual debt service, and
- 3) The forecasted end-of-year AUF balance must not be less than \$30 million.

PUF Bond Ratings

In late 1997 and 1998, the three major rating agencies that rate PUF debt (Moody’s, S&P, and Fitch) assigned to the PUF outstanding bonds the highest rating of Aaa, AAA and AAA, respectively.

On September 3, 2009, Moody’s affirmed the Aaa rating and stated that “Our stable outlook on the PUF-related debt is based on continued strong debt service coverage, credit quality of the System, a still-sizeable PUF corpus, manageable projected borrowing plans, and favorable debt and investment management oversight.”

The U. T. System Board of Regents expects management to implement policies that will help U. T. System achieve 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	UT ARLINGTON	UT AUSTIN	UT DALLAS	UT EL PASO	UT PERMIAN BASIN
1932-1981 \$	303,500,000	6,945,270	-	161,672,121	-	52,912,655	-
1982	-	54,108	-	2,541,532	-	20,765,183	-
1983	54,000,000	48,649	-	75,322,149	-	-	-
1984	67,000,000	130,000	-	10,833,432	-	13,478	-
1985	54,000,000	311,031	-	5,845,680	-	-	-
1986	175,000,000	20,600,250	43,361,000	47,555,060	4,267,553	9,005,067	1,617,000
1987	-	457,470	1,870,138	(3,105,558)	5,950,000	286,158	271,000
1988	25,000,000	1,271,859	6,257,482	25,914,821	23,674,180	2,888,604	493,000
1989	50,000,000	112,327	3,332,000	12,915,383	2,750,000	8,125,000	809,835
1990	165,000,000	2,830,000	12,802,500	14,351,763	2,760,000	1,270,000	525,000
1991	20,000,000	32,202,234	216,639	7,654,983	488,603	50,000	-
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	(15,417,378)	44,386,107	65,605,374	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
Subtotal	2,719,500,000	117,291,106	221,619,649	633,815,185	223,867,619	257,681,586	42,990,860
Est. 2010	-	55,424,800	5,221,751	4,961,090	5,094,407	1,250,000	518,000
Est. 2011	-	-	58,200,728	1,083,069	-	-	-
Est. 2012	-	-	-	-	-	-	-
TOTAL \$	2,719,500,000	172,715,906	285,042,128	639,859,344	228,962,026	258,931,586	43,508,860

As of 12.01.2009

Note: Estimates for FY 2010-12 include projects approved through August 2009. Of the estimated FY10 allocation to U. T. System, \$52.4 million relates to various academic and health initiatives are expected to be allocated to eligible U. T. institutions during FY 2010.

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

FISCAL YEAR	ALLOCATIONS				
	UT SAN ANTONIO	UT TYLER	UT SWMC DALLAS	UTMB GALVESTON	UTHSC HOUSTON
1932-1981 \$	-	-	50,439,127	46,440,519	6,292,106
1982	-	-	(2,650,000)	16,260,000	3,650,000
1983	-	-	10,480,000	459,409	290,000
1984	-	-	(2,784,250)	(3,100,000)	3,320,000
1985	-	-	-	(44,324)	-
1986	2,859,110	4,364,394	4,776,925	6,350,417	11,601,600
1987	1,529,000	330,000	487,165	2,005,000	10,000
1988	4,830,546	580,300	16,454,523	2,660,527	4,063,843
1989	14,258,390	303,000	2,236,000	20,925,000	2,388,000
1990	4,332,490	423,000	21,649,051	1,087,000	3,755,000
1991	500,000	11,800,000	500,000	4,125,000	-
1992	3,700,000	1,038,000	3,216,000	2,943,204	4,399,000
1993	599,120	360,000	20,925,000	648,000	856,000
1994	500,000	985,482	800,000	(504,000)	3,500,000
1995	1,216,200	719,716	375,000	393,540	950,000
1996	13,537,160	410,000	22,461,000	1,721,000	2,000,000
1997	7,754,433	4,847,000	4,500,000	2,272,000	1,100,000
1998	241,000	670,000	5,700,000	451,115	1,695,000
1999	1,150,000	225,000	(1,462,990)	1,350,000	11,850,000
2000	51,032,154	1,030,000	2,350,000	2,094,855	20,504,148
2001	55,750	14,500,000	89,000,000	4,192,000	(200,433)
2002	56,390,000	1,050,000	1,800,000	1,909,000	2,015,763
2003	2,446,303	2,970,474	2,400,000	20,165,489	51,714,373
2004	2,902,500	13,135,000	2,100,000	2,720,857	2,290,000
2005	7,851,307	2,549,776	3,400,000	7,630,000	2,500,000
2006	3,200,000	1,200,000	6,418,517	4,398,182	11,866,911
2007	49,152,183	9,445,152	48,390,000	4,844,369	61,914,307
2008	2,629,903	1,500,000	6,730,000	3,497,011	22,546,376
2009	2,225,676	1,310,979	3,145,000	3,826,107	4,466,929
Subtotal	234,893,225	75,747,273	323,836,068	161,721,277	241,338,923
Est. 2010	1,250,000	507,000	37,238,033	1,996,000	6,985,807
Est. 2011	-	-	6,021,967	-	38,210,418
Est. 2012	-	-	-	-	20,889,582
TOTAL \$	236,143,225	76,254,273	367,096,068	163,717,277	307,424,730

As of 12.01.2009

Note: Estimates for FY 2010-12 include projects approved through August 2009.

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

FISCAL YEAR	ALLOCATIONS				TOTAL ALL INSTITUTIONS
	UTHSC SAN ANTONIO	UTMDA CANCER CENTER	UTHSC TYLER		
1932-1981	\$ -	12,052,125	-		336,753,923
1982	-	-	-		40,620,823
1983	-	-	-		86,600,207
1984	-	-	-		8,412,660
1985	-	-	-		6,112,387
1986	3,372,711	2,520,000	821,000		163,072,087
1987	19,556,053	-	440,000		30,086,426
1988	3,873,813	2,997,040	592,349		96,552,887
1989	13,363,927	5,923,000	1,150,000		88,591,862
1990	9,440,399	(1,410,000)	1,490,000		75,306,203
1991	2,943,417	-	-		60,480,876
1992	2,261,582	963,000	3,200,200		55,827,542
1993	30,000	29,452	917,000		14,292,568
1994	(124,160)	545,000	5,730,000		9,913,133
1995	(823,000)	414,000	603,000		25,247,380
1996	(61,917)	556,555	746,628		54,855,348
1997	11,140,200	2,133,315	2,093,650		60,618,547
1998	6,200,000	-	502,500		35,390,778
1999	(519,000)	1,263,000	1,350,000		23,818,010
2000	10,699,712	32,097,915	3,720,000		171,223,783
2001	16,000,000	(128)	2,370,000		146,366,805
2002	16,520,290	1,219,349	1,999,022		182,544,211
2003	8,700,000	2,051,048	805,472		128,122,428
2004	2,800,000	403,000	2,284,531		60,861,152
2005	4,520,000	1,897,485	1,850,000		103,249,218
2006	590,000	3,070,000	2,000,000		88,405,920
2007	53,899,588	5,839,000	2,355,476		360,314,466
2008	12,503,197	33,400,000	2,150,000		213,019,822
2009	14,649,981	4,873,560	11,994,995		183,681,651
Subtotal	211,536,793	112,837,716	51,165,823		2,910,343,103
Est. 2010	1,260,000	19,936,049	1,260,000		142,902,937
Est. 2011	-	18,176,049	-		121,692,231
Est. 2012	-	11,823,951	-		32,713,533
TOTAL	\$ 212,796,793	162,773,765	52,425,823		3,207,651,804

As of 12.01.2009

Note: Estimates for FY 2010-12 include projects approved through August 2009.

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

INSTITUTION	FISCAL YEAR				
	FY08	FY09	FY10	FY11	FY12
SYSTEM ADMINISTRATION	\$ 5,416,909	4,312,850	6,291,223	6,668,210	6,097,905
ARLINGTON	5,446,564	8,240,080	12,019,936	12,740,203	11,650,586
AUSTIN	13,621,351	14,531,764	21,197,720	22,467,942	20,546,355
DALLAS	9,687,174	9,254,868	13,500,224	14,309,193	13,085,387
EL PASO	5,298,291	8,087,861	11,797,893	12,504,854	11,435,366
PERMIAN BASIN	1,443,191	1,968,689	2,871,758	3,043,842	2,783,514
SAN ANTONIO	12,108,967	10,452,318	15,246,963	16,160,602	14,778,452
TYLER	3,657,402	3,470,575	5,062,584	5,365,947	4,907,020
SWMC DALLAS	13,591,698	12,075,979	17,615,424	18,670,987	17,074,134
MB GALVESTON	4,616,235	3,450,280	5,032,978	5,334,568	4,878,324
HSC HOUSTON	10,151,763	10,360,987	15,113,737	16,019,393	14,649,320
HSC SAN ANTONIO	8,669,032	8,473,481	12,360,402	13,101,071	11,980,590
MDA CANCER CENTER	3,222,468	4,414,328	6,439,251	6,825,109	6,241,385
HSC TYLER	1,917,665	2,384,752	3,478,676	3,687,128	3,371,783
	\$ 98,848,710	101,478,812	148,028,769	156,899,049	143,480,121

As of 12.01.2009

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 System-wide total. The allocation is based on a rolling 20-year average of PUF appropriations received by each institution.

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.

INSTITUTIONAL SUPPORT

Office of the Board of Regents. This budget item supports operations of the staff, travel, meeting arrangements, and other expenses associated with the activities of the U. T. System Board of Regents.

System Operations. The U. T. System Administration is the central administrative office providing leadership and administrative support for the 15 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, and various business operation support activities. The business operations include financial reporting, the historically underutilized businesses program, budget, finance, human resources, employee benefits, security, planning, and construction of facilities, information resources, and real estate. U. T. System also provides support for the development programs of the institutions.

Staff Benefits. Matching and employer contributions for social security, retirement, unemployment compensation insurance, workers' compensation insurance, longevity pay, accrued vacation and sick leave, and premium sharing payments are available for U. T. System Administration staff members whose salaries are paid from the AUF.

U. T. System Administration – Uses of AUF		
	FY 2009 (Actual)	FY 2010 (Budget)
Institutional Support		
Board of Regents	\$ 1,189,588	\$ 1,276,505
System Operations	27,624,392	25,679,761
Staff Benefits	4,559,759	5,097,600
Total Administration	\$ 33,373,739	\$ 32,053,866
Distance Ed Services	\$ 1,463,663	\$ 980,010
Systemwide Initiatives	\$ 115,000	\$ 6,132,554
Funds Returned to AUF	\$ (745,423)	-

APPENDIX F – U. T. SYSTEM ADMINISTRATION APPLICATION OF AVAILABLE UNIVERSITY FUND (CONTINUED)***DISTANCE EDUCATION SERVICES***

The U. T. TeleCampus is under the direction of the Executive Vice Chancellor for Academic Affairs and is the support center for distance education and online degrees from U. T. System and its 15 institutions. TeleCampus-based courses and degree programs can be completed entirely at a distance and meet all of the same criteria as the onsite equivalent.

U. T. System has developed a new business model that expands the governance of the U. T. TeleCampus, improves Systemwide decision making, and eliminates its financial dependence on the AUF by 2012. A shared services model has been created to include an executive committee from among the stakeholders within U. T. System. The executive committee, with input from U. T. TeleCampus leaders, will restructure the financial plan and identify new revenue-generating opportunities. With more formal involvement in U. T. TeleCampus operations, the campuses will be instrumental in helping to streamline the U. T. TeleCampus' activities towards the goals of a centralized, coordinated and cost-effective program.

SYSTEMWIDE INITIATIVES

During FY 2009, \$115,000 of AUF was committed to U. T. System Administration to administer the Regents' Outstanding Teachers Awards Program. For FY 2010, the one-time payment of the U. T. System Microsoft License renewal has been reflected.

FUNDS RETURNED TO AUF

Miscellaneous Systemwide initiatives and capital projects were completed at lower than anticipated costs resulting in the return of excess funds to the AUF.

APPENDIX G – U. T. AUSTIN APPLICATION OF AVAILABLE UNIVERSITY FUND—FY 2009 ACTUAL AND FY 2010 BUDGETED

	Actual FY 2009	Budget FY 2010
EXCELLENCE IN MISSION		
INSTRUCTIONAL EXCELLENCE		
Enhanced Academic Programs	\$ 12,757,866	\$ 9,313,193
Instructional Program Services	7,284,357	2,344,050
Instructional Initiatives and Programs	2,464,018	6,006,383
Academic Infrastructure (Libraries, Instructional Technology)	39,172,642	37,816,144
Student Programs and Services	4,625,551	4,531,965
RESEARCH EXCELLENCE		
Research Competitiveness	23,368,389	20,759,504
OUTREACH EXCELLENCE		
Academic Program/Community Interface	4,420,516	4,285,381
TOTAL	94,093,339	85,056,620
RECRUITMENT AND RETENTION OF TALENT		
Faculty	3,832,631	5,457,285
K-12 Outreach and Undergraduate Students	16,002,089	16,816,271
Graduate Students	29,670,154	33,072,315
TOTAL	49,504,874	55,345,871
INSTITUTIONAL ACCOUNTABILITY AND ENHANCED CONNECTIONS TO THE PUBLIC	17,397,864	19,576,030
REGENTS' OUTSTANDING TEACHERS AWARDS	885,000	1,000,000
CENTER FOR TECHNOLOGY COMMERCIALIZATION	-	1,000,000
TRANSFORMING UNDERGRADUATE EDUCATION PROGRAM	57,236	442,764
TEXAS NANOELECTRONICS RESEARCH SUPERIORITY AWARD	860	4,999,140
FACULTY RECRUITMENT	-	5,000,000
SYSTEMWIDE TECHNOLOGY AND TELECOMMUNICATIONS FUND	1,520,998	1,771,479
TOTAL	\$163,460,171	\$174,191,904

APPENDIX G – U. T. AUSTIN APPLICATION OF AUF - FY 2009 ACTUAL AND FY 2010 BUDGETED (CONTINUED)**EXPLANATION OF AUF EXPENDITURES SHOWN ON PAGE 21****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.

Instructional Program Services. These services include college computing 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 U. T. Elementary School, and coordination of University-wide K-12 activities.

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 initiatives include providing students with visiting lecturers, and specialized centers for bilingual education, education technology, science education, clinical legal, pharmacy and nursing experiences, student education field experience, fine arts productions, and the master teacher institute.

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, the Benson Latin American Collection, and the Law Library.

APPENDIX G – U. T. AUSTIN APPLICATION OF AUF - FY 2009 ACTUAL AND FY 2010 BUDGETED (CONTINUED)

Student Programs and Services. These services encompass new student orientation, welcoming and mentoring programs, student organizations, campus and community involvement, Greek life, services for students with disabilities, student governance, judicial services and volunteer and service learning, the University Honors Center, the International Office, and study abroad programs. Funds for classroom renovations will also enhance the classroom experience.

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, to support the U. T. Press, and to help support research centers and institutes targeting areas critical to the economic development of Texas and the nation.

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: KUT Radio, Performing Arts Center, Blanton Museum, Texas Memorial Museum, and Winedale Historical Center.

RECRUITMENT AND RETENTION OF TALENT:**FACULTY**

The faculty development program and the recruitment and start-up package funds will enable U. T. Austin to add 300 new faculty positions over a ten year period to lower the student/faculty ratio. Lowering this ratio will improve undergraduate educational programs and will increase institutional adaptability, which are major institutional goals for this decade. Steady progress must be made annually to achieve these goals.

APPENDIX G – U. T. AUSTIN APPLICATION OF AUF - FY 2009 ACTUAL AND FY 2010 BUDGETED (CONTINUED)***K-12 OUTREACH AND UNDERGRADUATE STUDENTS***

The University Outreach centers provide an intensive college preparatory program for under-represented 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. Funds for various admission, scholarship, and retention programs (Gateway, National merit scholarships, Multicultural Information Center, etc.) help ensure the quality and diversity of students.

GRADUATE STUDENTS

The intellectual and research accomplishments of U. T. Austin depend critically on its 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 its peer institutions for these excellent students.

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. Public Affairs has leadership responsibility for the institution's interaction with the media and with the public at large. The Office of Information Management and Analysis 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. University Operations is dedicated to enhancing the development and delivery of most supporting services for on-campus clients, including public and environmental safety and the integrity of the physical infrastructure of the campus. Project Information Quest (IQ) uses business intelligence tools to provide critical information to U. T. Austin decision makers.

APPENDIX G – U. T. AUSTIN APPLICATION OF AUF - FY 2009 ACTUAL AND FY 2010 BUDGETED (CONTINUED)***REGENTS' OUTSTANDING TEACHER AWARDS***

The awards program will recognize tenured, tenure-track and other instructional faculty for outstanding teaching, personal commitment to students and the learning process, and the ability to inspire and motivate students in the classroom. The program will provide a framework that fosters excellence in teaching at all levels, rewards outstanding teachers, stimulates innovation in education, and promotes continuous quality improvement in education. This program will require a demonstration of sustained excellence in teaching, instructional development and curricular design, and advising and mentoring.

CENTER FOR TECHNOLOGY COMMERCIALIZATION

The proposed implementation details and organizational structure for the Center for Technology Commercialization recognize the importance of accelerating university discoveries into commercial products, increasing the number of start-up companies, and decreasing the time from an idea generation to final stage commercialization. The Center will be created to bring together the distinct and complementary capabilities and resources of the Office of Technology Commercialization and the Austin Technology Incubator. The Center will accelerate commercialization and new venture activities by providing dedicated specialists to structure start-up ventures, negotiate licenses, and increase other transactions relating to university inventions.

TRANSFORMING UNDERGRADUATE EDUCATION PROGRAM

The purpose of the Transforming Undergraduate Education Program is to stimulate creative approaches to instruction that increase student access and success while being cost-efficient or reducing instructional costs. Strategies to achieve this include: promoting proven pedagogical techniques that result in the most effective student learning; stimulating development of high quality learning tools that address new learning styles; stimulating new technological applications, reducing instructional costs and increasing student learning and successes and; exploring redesign of campus facilities and alternatives to reduce costs in building new facilities.

APPENDIX G – U. T. AUSTIN APPLICATION OF AUF - FY 2009 ACTUAL AND FY 2010 BUDGETED (CONTINUED)***TEXAS NANO-ELECTRONICS INITIATIVE (EMERGING TECHNOLOGY FUND)***

Funding provides start-up packages associated with the recruitment of two world-class researchers to U. T. Austin in support of the Texas Nanoelectronics Initiative.

SYSTEMWIDE TECHNOLOGY AND TELECOMMUNICATIONS FUND

The U. T. System Office of Telecommunication Services and the Network Bandwidth were established by the U. T. System Board of Regents to provide all U. T. System institutions with inter-institutional voice, video, and computer communications in support of the missions of instruction and research. At the request of U. T. System, these services are managed by U. T. Austin and therefore appear in U. T. Austin's budget.