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# **AVAILABLE UNIVERSITY FUND ADDITIONAL REPORTING REQUIREMENTS – QUARTERLY**

**August 2017**



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**Prepared by  
The University of Texas System  
Office of the Controller**

**Report to the Legislative Budget Board and Governor  
Pursuant to Rider No. 7 (b) to Available University Fund Appropriations  
HB 1, 84th Legislature, Regular Session, Page III-63**

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For questions concerning this report, contact:  
U. T. System Office of the Controller  
512.499.4527



## **RIDER NO. 7 (B) TO AVAILABLE UNIVERSITY FUND APPROPRIATION**

The text of Rider No. 7(b) to the Available University Fund Appropriation (Page III-63) in House Bill 1, 84<sup>th</sup> Legislature, Regular Session (GAA), is as follows:

### **“7. Reporting Requirements for System Office Operations and System Initiatives.**

- b. Additionally, The University of Texas System and Texas A&M University System shall report to the Legislative Budget Board no later than February 28, May 31, and August 31 of each fiscal year an update of any changes to the information reported in subsection (a), including:
  - (1) Expenditure amounts to date for the current fiscal year for each activity, including object of expense detail;
  - (2) Updated Available University Fund allocations to system office operations and system initiatives for the current and two future fiscal years (projected), including any new activities and changes to existing activities, and an explanation for those changes;
  - (3) A summary of any actions taken by the Board of Regents since the most recent report that relate to system office operations or system initiatives; and
  - (4) Any additional information requested by the Legislative Budget Board.”

## **QUARTERLY REPORTING - SYSTEM OFFICE AND SYSTEM INITIATIVES**

### **EXPENDITURE AMOUNTS TO DATE**

Expenditure amounts to date for The University of Texas System Administration (U. T. System Administration) reflects information from September 1, 2016, to July 31, 2017.

Information reported in both System Office Operations and System Initiatives includes Available University Fund (AUF) support and maintenance allocations along with other sources of funds labeled as “institutional funds”. Amounts reported as institutional funds reflect expenditures from sources other than the AUF and include revolving funds expended related to operations, with the exception of claims and related costs for insurance funds managed by U. T. System Administration. The revolving funds presented would normally be eliminated as part of the annual financial report (AFR) preparation process and represent a difference in presentation between this analysis and amounts in the AFR. There may be additional differences between the AFR and this report for activities (e.g. the Lone Star Stroke network) which are not related to System Office Operations or System Initiatives and are not funded with AUF appropriations.

For a detailed description of the purpose and authority for each reported activity, please refer to the AUF report or the annual AUF additional reporting requirements.

### **UPDATED AUF ALLOCATIONS TO SYSTEM OFFICE OPERATIONS AND SYSTEM INITIATIVES**

Updated AUF allocations to date reflect information from September 1, 2016, to August 24, 2017, the date of the regularly scheduled U. T. System Board of Regents meeting for August.

#### *System Office Operations*

No additional AUF allocations have been made for System Office Operations.

#### *U. T. System Initiatives*

On August 24, 2017, the U. T. System Board of Regents conditionally approved an AUF allocation of \$0.7 million for the Talent Matching Program to enhance students and graduates ability to find optimized employment opportunities. Pursuant to Rider 8 of the GAA, appropriate notification (Appendix A) was provided to the Legislative Budget Board (LBB). As the Regents’ requirements for expenditure have not been met, the allocation is not included in this report.

On August 15, 2017, U. T. System Administration provided notification (Appendix B) to the LBB of a proposed System initiative funded with AUF of \$4.5 million to pursue an opportunity with the United States Department of Energy for the management, operation and staffing of the Los Alamos National Laboratory. While no formal action was taken, the Board of Regents, in their August meeting, signaled their support for the pursuit of this opportunity. U. T. System Administration will request approval for the AUF allocation from the Board in a subsequent meeting, once the required 30-day notification period has elapsed.

U. T. System Administration also provided notice (Appendix C) to the LBB regarding an AUF allocation for a proposed deferred compensation plan for peace officers with the intention of having the Board of Regents approve the initiative at their August meeting. A subsequent decision was made by U. T. System Administration to defer presenting this request to the Board, so no action has been taken approving the AUF allocation.

**RIDER 7(B)(1) - EXPENDITURE AMOUNTS TO DATE FOR THE CURRENT FISCAL YEAR (FY 2017) FOR EACH ACTIVITY, INCLUDING OBJECT OF EXPENSE DETAIL**

The University of Texas Administration - System Office Operations  
Report of Expenditure Activity - September 1, 2016 to July 31, 2017

		Board of Regents	System Administration
<b>Method of Finance:</b>			
011	Available University Fund	\$ 2,001,370.95	\$ 104,946,125.30
	Institutional Funds	155,377.54	98,519,608.78
	Total Method of Finance	<u>\$ 2,156,748.49</u>	<u>\$ 203,465,734.08</u>
<b>Objects of Expense:</b>			
<b>Account # / Name</b>			
1001	Salaries & Wages	\$ 1,472,224.94	\$ 76,245,830.56
1002	Other Personnel Costs	320,447.17	13,067,523.26
1005	Faculty Salaries (Higher Ed only)	-	-
1010	Prof Salaries - Faculty Equivalent	-	-
2001	Professional Fees & Svcs	49,813.43	11,997,300.59
2002	Fuel & Lubricants	-	160,978.35
2003	Consumable Supplies	6,985.00	182,904.28
2004	Utilities	138.66	966,162.83
2005	Travel	9,177.14	2,077,382.13
2006	Rent - Building	1,252.00	6,248,891.50
2007	Rent - Machine & Other	12,732.40	301,146.14
2008	Debt Service	-	-
2009	Other Operating Expense	283,977.75	87,055,399.44
3001	Client Services	-	2,348,873.91
5000	Capital Expenditures	-	2,813,341.09
	Total, Objects of Expense	<u>\$ 2,156,748.49</u>	<u>\$ 203,465,734.08</u>
<b>AUF Net Position per Activity</b>			
	Beginning Balance (AUF)	-	20,922,040.17
	Allocations (AUF)	2,001,370.95	104,946,125.30
	Less Lapse (AUF)	-	-
	Less Expenses (AUF)	(2,001,370.95)	(104,946,125.30)
	<b>AUF Net Position - End of Period</b>	<u>\$ -</u>	<u>\$ 20,922,040.17</u>



The University of Texas Administration - System Initiatives  
Report of Expenditure Activity - September 1, 2016 to July 31, 2017

		AUF Online and On- campus Enrollment Growth	Clinical Trials Network	Diabetes and Obesity Control	Engineering Initiative	Entrepreneurship Academy	External Audit Function Review
<b>Method of Finance:</b>							
011	Available University Fund	\$ 23,906,331.54	\$ 1,162,014.34	\$ 1,273,236.21	\$ -	\$ 656,928.37	\$ -
	Institutional Funds	9,301.55	-	-	-	762.55	-
	Total Method of Finance	\$ 23,915,633.09	\$ 1,162,014.34	\$ 1,273,236.21	\$ -	\$ 657,690.92	\$ -
<b>Objects of Expense:</b>							
<b>Account # / Name</b>							
1001	Salaries & Wages	\$ 4,118,927.92	\$ 9,281.04	\$ -	\$ -	\$ -	\$ -
1002	Other Personnel Costs	619,109.44	1,416.03	-	-	-	-
1005	Faculty Salaries (Higher Ed only)	-	-	-	-	-	-
1010	Prof Salaries - Faculty Equivalent	-	-	-	-	-	-
2001	Professional Fees & Svcs	2,960,954.99	1,147,798.00	14,896.00	-	44,507.93	-
2002	Fuel & Lubricants	-	-	-	-	-	-
2003	Consumable Supplies	4,328.45	-	-	-	-	-
2004	Utilities	510.84	-	-	-	-	-
2005	Travel	80,075.16	-	12,297.46	-	8,874.27	-
2006	Rent - Building	3,330.89	-	85,814.73	-	-	-
2007	Rent - Machine & Other	-	-	-	-	-	-
2008	Debt Service	-	-	-	-	-	-
2009	Other Operating Expense	5,319,237.52	3,519.27	-	-	604,308.72	-
3001	Client Services	-	-	-	-	-	-
5000	Capital Expenditures	10,809,157.88	-	1,160,228.02	-	-	-
	Total, Objects of Expense	\$ 23,915,633.09	\$ 1,162,014.34	\$ 1,273,236.21	\$ -	\$ 657,690.92	\$ -
<b>AUF Net Position per Activity</b>							
	Beginning Balance (AUF)	\$ 60,028,575.25	\$ 1,229,761.83	\$ 1,472,079.18	\$ 23,348.27	\$ 2,114,539.80	\$ 30,585.97
	Allocations (AUF)	-	-	-	-	-	-
	Less Lapse (AUF)	(21,021,216.00)	-	-	(23,348.27)	(900,000.00)	(30,585.97)
	Less Expenses (AUF)	(23,906,331.54)	(1,162,014.34)	(1,273,236.21)	-	(656,928.37)	-
	<b>AUF Net Position - End of Period</b>	<b>\$ 15,101,027.71</b>	<b>\$ 67,747.49</b>	<b>\$ 198,842.97</b>	<b>\$ 0.00</b>	<b>\$ 557,611.43</b>	<b>\$ 0.00</b>

The University of Texas Administration - System Initiatives  
Report of Expenditure Activity - September 1, 2016 to July 31, 2017

		Horizon Fund	Information Security	Institute for Transformational Learning	New South Texas University Planning (UTRGV)	Oracle Advanced Security	PeopleSoft Remediation	Productivity and Excellence Framework
<b>Method of Finance:</b>								
011	Available University Fund	\$ 2,322,273.25	\$ 1,632,322.10	\$ 963,368.49	\$ 190,436.69	\$ -	\$ 4,068,940.73	\$ 177,416.96
	Institutional Funds	12,532.10	11,065.46	20,999.57	-	-	377,024.43	-
	Total Method of Finance	\$ 2,334,805.35	\$ 1,643,387.56	\$ 984,368.06	\$ 190,436.69	\$ -	\$ 4,445,965.16	\$ 177,416.96
<b>Objects of Expense:</b>								
<b>Account # / Name</b>								
1001	Salaries & Wages	\$ -	\$ 3,841.27	\$ 511,299.03	\$ -	\$ -	\$ 2,041,451.03	\$ 67,875.13
1002	Other Personnel Costs	-	612.69	83,202.53	-	-	310,435.71	5,186.33
1005	Faculty Salaries (Higher Ed only)	-	-	-	-	-	-	-
1010	Prof Salaries - Faculty Equivalent	-	-	-	-	-	-	-
2001	Professional Fees & Svcs	2,462.29	-	905.99	190,436.69	-	920,282.96	17,667.90
2002	Fuel & Lubricants	-	-	-	-	-	-	-
2003	Consumable Supplies	-	85.46	409.03	-	-	-	-
2004	Utilities	-	-	-	-	-	-	-
2005	Travel	5,587.98	606.49	2,762.36	-	-	-	4,551.60
2006	Rent - Building	-	-	1,010.00	-	-	-	-
2007	Rent - Machine & Other	-	-	1,830.00	-	-	-	-
2008	Debt Service	-	-	-	-	-	-	-
2009	Other Operating Expense	2,326,755.08	1,632,130.93	382,949.12	-	-	1,173,795.46	82,136.00
3001	Client Services	-	-	-	-	-	-	-
5000	Capital Expenditures	-	6,110.72	-	-	-	-	-
	Total, Objects of Expense	\$ 2,334,805.35	\$ 1,643,387.56	\$ 984,368.06	\$ 190,436.69	\$ -	\$ 4,445,965.16	\$ 177,416.96
<b>AUF Net Position per Activity</b>								
	Beginning Balance (AUF)	15,237,592.99	9,286,833.73	17,685,582.37	\$ 190,436.69	\$ 11,216.22	5,572,011.71	867,953.50
	Allocations (AUF)	-	-	-	-	-	-	-
	Less Lapse (AUF)	-	-	(8,480.41)	-	(11,216.22)	(1,576,324.27)	-
	Less Expenses (AUF)	(2,322,273.25)	(1,632,322.10)	(963,368.49)	(190,436.69)	-	(4,068,940.73)	(177,416.96)
	<b>AUF Net Position - End of Period</b>	\$ 12,915,319.74	\$ 7,654,511.63	\$ 16,713,733.47	\$ 0.00	\$ (0.00)	\$ (73,253.29)	\$ 690,536.54

The University of Texas Administration - System Initiatives  
Report of Expenditure Activity - September 1, 2016 to July 31, 2017

		Proteomics Research Core Infrastructure	Public Health Initiative	Regents Outstanding Teaching Award (UT Austin)	Research Experts Data Warehouse	Spend Analytics	Strength in Numbers	Texas FreshAIR Program
<b>Method of Finance:</b>								
011	Available University Fund	\$ (14,762.83)	\$ 1,330,329.02	\$ 82.28	\$ 1,688,961.81	\$ 692,547.09	\$ -	\$ 94,936.80
	Institutional Funds	54,285.03	20,719.90	1,587.50	-	-	-	-
	Total Method of Finance	\$ 39,522.20	\$ 1,351,048.92	\$ 1,669.78	\$ 1,688,961.81	\$ 692,547.09	\$ -	\$ 94,936.80
<b>Objects of Expense:</b>								
<b>Account # / Name</b>								
1001	Salaries & Wages	\$ 43,483.95	\$ 15,690.95	\$ -	\$ 65,416.70	\$ 38,844.83	\$ -	\$ -
1002	Other Personnel Costs	7,535.44	2,795.15	-	11,282.26	6,827.76	-	-
1005	Faculty Salaries (Higher Ed only)	-	-	-	-	-	-	-
1010	Prof Salaries - Faculty Equivalent	-	-	-	-	-	-	-
2001	Professional Fees & Svcs	-	421.40	82.28	37,412.00	99,307.74	-	1,427.12
2002	Fuel & Lubricants	-	-	-	-	-	-	-
2003	Consumable Supplies	-	2,239.12	-	-	-	-	710.36
2004	Utilities	-	153.96	-	-	-	-	-
2005	Travel	36.75	-	-	-	-	-	2,585.11
2006	Rent - Building	-	2,286.00	-	-	-	-	13,805.00
2007	Rent - Machine & Other	-	1,212.00	-	-	-	-	32,364.40
2008	Debt Service	-	-	-	-	-	-	-
2009	Other Operating Expense	(11,533.94)	1,266,481.34	1,587.50	1,574,850.85	547,566.76	-	44,044.81
3001	Client Services	-	-	-	-	-	-	-
5000	Capital Expenditures	-	59,769.00	-	-	-	-	-
	Total, Objects of Expense	\$ 39,522.20	\$ 1,351,048.92	\$ 1,669.78	\$ 1,688,961.81	\$ 692,547.09	\$ -	\$ 94,936.80
<b>AUF Net Position per Activity</b>								
	Beginning Balance (AUF)	\$ 380,339.90	4,292,989.92	3,274,101.39	\$ 2,606,604.42	\$ 6,999,764.38	792,278.47	\$ 85,920.25
	Allocations (AUF)	-	-	-	-	-	-	-
	Less Lapse (AUF)	-	-	(2,965,331.56)	(400,000.00)	-	(792,278.47)	14,015.55
	Less Expenses (AUF)	14,762.83	(1,330,329.02)	(82.28)	(1,688,961.81)	(692,547.09)	-	(94,936.80)
	<b>AUF Net Position - End of Period</b>	\$ 395,102.73	\$ 2,962,660.90	\$ 308,687.55	\$ 517,642.61	\$ 6,307,217.29	\$ -	\$ 4,999.00

The University of Texas Administration - System Initiatives  
Report of Expenditure Activity - September 1, 2016 to July 31, 2017

		Transformation in Medical Education Initiative (TIME)	UTRGV Communication and Marketing	Virtual Health Care Network	Clinical Data Network	CONACYT	National Security Network	Education Data Analytics
<b>Method of Finance:</b>								
011	Available University Fund	\$ 934,621.45	\$ 107,515.97	\$ 953,214.45	\$ 399,428.40	\$ 138,062.76	\$ 10,000,000.00	\$ 1,162,220.00
	Institutional Funds	-	-	-	\$ -	\$ -	\$ -	\$ -
	Total Method of Finance	\$ 934,621.45	\$ 107,515.97	\$ 953,214.45	\$ 399,428.40	\$ 138,062.76	\$ 10,000,000.00	\$ 1,162,220.00
<b>Objects of Expense:</b>								
<b>Account # / Name</b>								
1001	Salaries & Wages	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1002	Other Personnel Costs	-	-	-	-	-	-	-
1005	Faculty Salaries (Higher Ed only)	-	-	-	-	-	-	-
1010	Prof Salaries - Faculty Equivalent	-	-	-	-	-	-	-
2001	Professional Fees & Svcs	-	22,895.97	-	-	-	-	-
2002	Fuel & Lubricants	-	-	-	-	-	-	-
2003	Consumable Supplies	-	-	-	-	-	-	-
2004	Utilities	-	-	-	-	-	-	-
2005	Travel	-	-	-	-	-	-	-
2006	Rent - Building	-	-	-	-	-	-	-
2007	Rent - Machine & Other	2,562.00	-	-	-	-	-	-
2008	Debt Service	-	-	-	-	-	-	-
2009	Other Operating Expense	932,059.45	84,620.00	953,214.45	399,428.40	138,063	10,000,000.00	1,162,220.00
3001	Client Services	-	-	-	-	-	-	-
5000	Capital Expenditures	-	-	-	-	-	-	-
	Total, Objects of Expense	\$ 934,621.45	\$ 107,515.97	\$ 953,214.45	\$ 399,428.40	\$ 138,062.76	\$ 10,000,000.00	\$ 1,162,220.00
<b>AUF Net Position per Activity</b>								
	Beginning Balance (AUF)	\$ 2,661,663.02	\$ 2,400,893.68	\$ 10,581,833.98	\$ 12,400,000.00	5,000,000.00	\$ -	\$ -
	Allocations (AUF)	-	-	-	-	-	10,000,000.00	1,162,220.00
	Less Lapse (AUF)	-	(2,246,519.68)	-	-	-	-	-
	Less Expenses (AUF)	(934,621.45)	(107,515.97)	(953,214.45)	(399,428.40)	(138,062.76)	(10,000,000.00)	(1,162,220.00)
	<b>AUF Net Position - End of Period</b>	\$ 1,727,041.57	\$ 46,858.03	\$ 9,628,619.53	\$ 12,000,571.60	\$ 4,861,937.24	\$ -	\$ -

**APPENDIX A – REQUIRED NOTIFICATION TO THE LEGISLATIVE BUDGET BOARD  
FOR THE U. T. SYSTEM INITIATIVE – TALENT MATCHING PROGRAM**



THE UNIVERSITY of TEXAS SYSTEM  
FOURTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

Office of Governmental Relations  
210 West 6th Street  
Austin, Texas 78701-2980  
512-499-4255  
WWW.UTSYSTEM.EDU

July 25, 2017

Ms. Ursula Parks  
Director, Legislative Budget Board  
1501 North Congress, Fifth Floor  
Austin, Texas 78701  
INTERAGENCY MAIL

Dear Ms. Parks:

Pursuant to Rider 8 of the General Appropriations Act (Senate Bill 1 from the 85<sup>th</sup> Regular Legislative Session at Page III-64), The University of Texas System is providing the required 30 days advance notice that the following proposed System initiative funded with Available University Fund (AUF) appropriations for FY 2018 may be submitted to the Board of Regents for approval, in open session, at its meeting on August 24<sup>th</sup>, 2017:

U. T. System: \$700,000 from the Available University Fund for the Talent Matching Program that uses the size and scale of U.T. System in partnership with the U.T. System institutions to enhance students' and graduates' ability to find optimized employment opportunities.

In approving this item, the Board will be asked to make a finding that the expenditure of the AUF for this purpose is appropriate in furtherance of U. T. System's responsibility to provide oversight and coordination of the activities of the U. T. System and that the expenditure benefits a broad number of U.T. System institutions. Additional details regarding this item are attached, as required by Rider 8.

If you have any questions about this notification or would like to discuss it further, please contact me.

Sincerely,

David E. Daniel  
Deputy Chancellor

C: Chancellor William H. McRaven  
Executive Vice Chancellor Scott C. Kelley  
Executive Vice Chancellor Steven W. Leslie  
Executive Vice Chancellor Raymond S. Greenberg  
Vice Chancellor and General Counsel Daniel H. Sharporn  
Vice Chancellor Barry R. McBee  
Associate Vice Chancellor – Controller and Chief Budget Officer Randy Wallace  
General Counsel to the Board Francie A. Frederick

<b>Program:</b>	<b>System Initiative</b>
<b>Activity Name:</b>	<b>Talent Matching Program</b>
<b>AUF Allocation:</b>	<b>\$ 700,000</b>

**Description:**

The U. T. System Office of Innovation and Strategic Investment (OISI) has been piloting a talent matching program designed to expand access to Texas-based employment opportunities for U. T. students and to help Texas employers, particularly small and mid-sized organizations, connect with talent from all U. T. institutions. The program uses a patent-pending analytics system and a proven campus/community partnership model to create a cost efficient and highly effective electronic labor exchange that matches students and employers based on key attributes, candidate interests, and required skills. Originally conceived as a solution for high growth entrepreneurial companies, the program now includes employers of all sizes in response to requests from several U. T. institutions.

<b>State Authority</b>	<b>Texas Constitution - Article 7, Section 10 &amp; 18</b>
<b>State Authority</b>	<b>Education Code Section 65 &amp; Section 51.353</b>

<b>Method of Finance:</b>	<b>FY 2018 Budget</b>	<b>FY 2019 Estimated</b>	<b>FY 2020 Estimated</b>	<b>FY 2021 Estimated</b>	<b>FY 2022 Estimated</b>
011 Available University Fund	\$ 700,000	\$ -	\$ -	\$ -	\$ -

**Objects of Expense**

<b>Account # / Name</b>	<b>FY 2018 Budget</b>	<b>FY 2019 Estimated</b>	<b>FY 2020 Estimated</b>	<b>FY 2021 Estimated</b>	<b>FY 2022 Estimated</b>
1001 Salaries & Wages	\$ -				
1002 Other Personnel Costs					
1005 Faculty Salaries (Higher Ed only)					
1010 Prof Salaries - Faculty Equivalent					
2001 Professional Fees & Svcs					
2002 Fuel & Lubricants					
2003 Consumable Supplies					
2004 Utilities					
2005 Travel					
2006 Rent - Building					
2007 Rent - Machine & Other					
2008 Debt Service					
2009 Other Operating Expense	\$ 700,000				
3001 Client Services					
5000 Capital Expenditures					
Total, Objects of Expense	\$ 700,000	\$ -	\$ -	\$ -	\$ -

<b>AUF Net Position per Activity</b>	<b>FY 2018 Budget</b>	<b>FY 2019 Estimated</b>	<b>FY 2020 Estimated</b>	<b>FY 2021 Estimated</b>	<b>FY 2022 Estimated</b>
Beginning Balance (AUF)	\$ -	\$ -	\$ -	\$ -	\$ -
Allocations (AUF)	\$ 700,000	\$ -	\$ -	\$ -	\$ -
Less Expenses (AUF)	\$ (700,000)	\$ -	\$ -	\$ -	\$ -
<b>AUF Net Position - End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

<b>Full-Time-Equivalents (FTEs)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
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**APPENDIX B – REQUIRED NOTIFICATION TO THE LEGISLATIVE BUDGET BOARD  
FOR THE U. T. SYSTEM INITIATIVE – LOS ALAMOS NATIONAL LABORATORY BID**





August 15, 2017

Ms. Ursula Parks  
Director, Legislative Budget Board  
Robert E. Johnson Building  
1501 North Congress, Fifth Floor  
Austin, Texas 78701  
INTERAGENCY MAIL

Dear Ms. Parks:

Pursuant to Rider 8 of the current General Appropriations Act (Senate Bill 1 from the 85<sup>th</sup> Regular Legislative Session at Page III-64), The University of Texas System is providing the required 30 days advanced notice for the following proposed System initiative funded with Available University Fund (AUF) appropriations:

U. T. System: \$4,500,000 from the Available University Fund to pursue a funding opportunity with the Department of Energy for the management, operation and staffing of Los Alamos National Lab.

The Board of Regents may grant approval in their August 23<sup>rd</sup>-24<sup>th</sup> 2017 meeting to pursue this funding opportunity. If approval to pursue the bid is granted, it is expected that System Leadership will come back to the Board in a subsequent meeting after the 30-day notification period to seek formal approval for the expenditure of the System Initiative.

In approving the expenditure of the AUF to pursue the bid, the Board will be asked to make a finding that the expenditure of AUF for this purpose is appropriate in furtherance of U. T. System's responsibility to provide oversight and coordination of the activities of the U. T. System and that the expenditure benefits a broad number of U.T. System institutions. Additional details regarding this item are attached, as required by Rider 8.

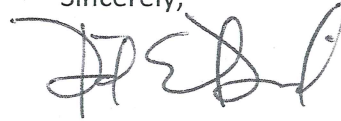
Ms. Ursula Parks

August 15, 2017

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If you have any questions about this notification or would like to discuss if further, please contact me.

Sincerely,

A handwritten signature in black ink, appearing to read 'DE Daniel', written over a horizontal line.

David E. Daniel  
Deputy Chancellor

C: Chancellor William H. McRaven  
Executive Vice Chancellor Scott C. Kelley  
Executive Vice Chancellor Steven W. Leslie  
Executive Vice Chancellor Raymond S. Greenberg  
Vice Chancellor and General Counsel Daniel H. Sharphorn  
Vice Chancellor Barry R. McBee  
Associate Vice Chancellor – Controller and Chief Budget Officer Randy Wallace  
General Counsel to the Board Francie A. Frederick

<b>Program:</b>	<b>System Initiative</b>
<b>Activity Name:</b>	<b>Los Alamos</b>
<b>AUF Allocation:</b>	<b>\$ 4,500,000</b>

**Description:** The UT System Board of Regents may grant approval in their August 23rd-24th meeting to pursue an opportunity with the U.S. Department of Energy. The proposal is for the management, operation and staffing of Los Alamos National Lab (LANL) to accomplish the missions assigned to LANL by the National Nuclear Security Administration (NNSA): to achieve Presidential and Congressional directives; to fully support the Nuclear Posture Review; to enhance and promote communication, cooperation, integration, interdependency that will result in improvements in the performance of the National Security Enterprise (NSE) as a whole; to perform the Laboratory's role as a lead element for the nuclear weapons; to provide cross-site coordination with NNSA's other NSE elements for program and project management; and integrate excellence in Laboratory operations, business operations, and laboratory management with the performance of world-class science and technology. If approval to pursue the bid is granted, System leadership is expected to come back to the Board in a subsequent meeting after the 30 day notification period to seek formal approval for the expenditure funds from the Available University Fund for the system initiative. The requested AUF funds of up to \$4.5 million dollars represent the estimated cost of developing and submitting the proposal to the Department of Energy.

<b>State Authority</b>	<b>Texas Constitution - Article 7, Section 10 &amp; 18</b>
<b>State Authority</b>	<b>Education Code Section 65 &amp; Section 51.353</b>

<b>Method of Finance:</b>	<b>FY 2018 Budget</b>	<b>FY 2019 Estimated</b>	<b>FY 2020 Estimated</b>	<b>FY 2021 Estimated</b>	<b>FY 2022 Estimated</b>
011 Available University Fund	\$ 4,500,000	\$ -	\$ -	\$ -	\$ -

**Objects of Expense**

<b>Account # / Name</b>	<b>FY 2018 Budget</b>	<b>FY 2019 Estimated</b>	<b>FY 2020 Estimated</b>	<b>FY 2021 Estimated</b>	<b>FY 2022 Estimated</b>
1001 Salaries & Wages	\$ -	\$ -	\$ -	\$ -	\$ -
1002 Other Personnel Costs					
1005 Faculty Salaries (Higher Ed only)					
1010 Prof Salaries - Faculty Equivalent					
2001 Professional Fees & Svcs	\$ 4,500,000				
2002 Fuel & Lubricants					
2003 Consumable Supplies					
2004 Utilities					
2005 Travel					
2006 Rent - Building					
2007 Rent - Machine & Other					
2008 Debt Service					
2009 Other Operating Expense					
3001 Client Services					
5000 Capital Expenditures					
Total, Objects of Expense	\$ 4,500,000	\$ -	\$ -	\$ -	\$ -

<b>AUF Net Position per Activity</b>	<b>FY 2018 Budget</b>	<b>FY 2019 Estimated</b>	<b>FY 2020 Estimated</b>	<b>FY 2021 Estimated</b>	<b>FY 2022 Estimated</b>
Beginning Balance (AUF)	\$ -	\$ -	\$ -	\$ -	\$ -
Allocations (AUF)	\$ 4,500,000	\$ -	\$ -	\$ -	\$ -
Less Expenses (AUF)	\$ (4,500,000)	\$ -	\$ -	\$ -	\$ -
<b>AUF Net Position - End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

<b>Full-Time-Equivalents (FTEs)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
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**APPENDIX C – REQUIRED NOTIFICATION TO THE LEGISLATIVE BUDGET BOARD  
FOR THE U. T. SYSTEM INITIATIVE - DEFERRED COMPENSATION FOR PEACE  
OFFICERS**



July 25, 2017

Ms. Ursula Parks  
Director, Legislative Budget Board  
1501 North Congress, Fifth Floor  
Austin, Texas 78701  
INTERAGENCY MAIL

Dear Ms. Parks:

Pursuant to Rider 8 of the General Appropriations Act (Senate Bill 1 from the 85<sup>th</sup> Regular Legislative Session at Page III-64), The University of Texas System is providing the required 30 days advance notice that the following proposed System initiative funded with Available University Fund (AUF) appropriations may be submitted to the Board of Regents for approval, in open session, at its meeting on August 24<sup>th</sup>, 2017:

U. T. System: \$10,000,000 from the Available University Fund to be deployed over five fiscal years, beginning in FY 2018, to support the establishment of a deferred compensation plan for peace officers across the fourteen institutions of the U.T. System and U.T. System Administration to serve as a recruitment and retention incentive.

In approving this item, the Board will be asked to make a finding that the expenditure of the AUF for this purpose is appropriate in furtherance of U. T. System's responsibility to provide oversight and coordination of the activities of the U. T. System and that the expenditure benefits a broad number of U.T. System institutions. Additional details regarding this item are attached, as required by Rider 8.

If you have any questions about this notification or would like to discuss it further, please contact me.

Sincerely,

David E. Daniel  
Deputy Chancellor

C: Chancellor William H. McRaven  
Executive Vice Chancellor Scott C. Kelley  
Executive Vice Chancellor Steven W. Leslie  
Executive Vice Chancellor Raymond S. Greenberg  
Vice Chancellor and General Counsel Daniel H. Sharphorn  
Vice Chancellor Barry R. McBee  
Associate Vice Chancellor – Controller and Chief Budget Officer Randy Wallace  
General Counsel to the Board Francie A. Frederick

<b>Program:</b>	<b>System Initiative</b>
<b>Activity Name:</b>	<b>457(f) Deferred Compensation Plan for Peace Officers at UT System</b>
<b>AUF Allocation:</b>	<b>\$ 10,000,000</b>

**Description:** Commissioned peace officers in Texas, such as those at the Department of Public Safety, receive a higher level of retirement compensation than do those at U. T. System. This is due to differences in eligibility for the LECOSRF. This leads to recruitment and retention challenges at campuses, particularly in the younger to middle ranks of officers. To make U. T. System more competitive in recruitment and retention of first-rate law enforcement officers, it is proposed to augment the retirement program of commissioned police officers with a supplemental 457(f) deferred compensation plan. The total annual cost of the plan for all 602 commissioned police officers is approximately \$2 million per year. The Board of Regents will consider a request for \$10 million to fund the program for 5 years. At the end of the 5-year period, the Board is expected to determine whether to continue the program and, if so, whether to continue to fund it entirely from U. T. System funds.

<b>State Authority</b>	<b>Texas Constitution - Article 7, Section 10 &amp; 18</b>
<b>State Authority</b>	<b>Education Code Section 65 &amp; Section 51.353</b>

<b>Method of Finance:</b>	<b>FY 2018 Budget</b>	<b>FY 2019 Estimated</b>	<b>FY 2020 Estimated</b>	<b>FY 2021 Estimated</b>	<b>FY 2022 Estimated</b>
011 Available University Fund	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000

#### Objects of Expense

<b>Account # / Name</b>	<b>FY 2018 Budget</b>	<b>FY 2019 Estimated</b>	<b>FY 2020 Estimated</b>	<b>FY 2021 Estimated</b>	<b>FY 2022 Estimated</b>
1001 Salaries & Wages	\$ -	\$ -	\$ -	\$ -	\$ -
1002 Other Personnel Costs					
1005 Faculty Salaries (Higher Ed only)					
1010 Prof Salaries - Faculty Equivalent					
2001 Professional Fees & Svcs					
2002 Fuel & Lubricants					
2003 Consumable Supplies					
2004 Utilities					
2005 Travel					
2006 Rent - Building					
2007 Rent - Machine & Other					
2008 Debt Service					
2009 Other Operating Expense	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
3001 Client Services					
5000 Capital Expenditures					
<b>Total, Objects of Expense</b>	<b>\$ 2,000,000</b>	<b>\$ 2,000,000</b>	<b>\$ 2,000,000</b>	<b>\$ 2,000,000</b>	<b>\$ 2,000,000</b>

<b>AUF Net Position per Activity</b>	<b>FY 2018 Budget</b>	<b>FY 2019 Estimated</b>	<b>FY 2020 Estimated</b>	<b>FY 2021 Estimated</b>	<b>FY 2022 Estimated</b>
Beginning Balance (AUF)	\$ -	\$ 8,000,000	\$ 6,000,000	\$ 4,000,000	\$ 2,000,000
Allocations (AUF)	\$ 10,000,000	\$ -	\$ -	\$ -	\$ -
Less Expenses (AUF)	\$ (2,000,000)	\$ (2,000,000)	\$ (2,000,000)	\$ (2,000,000)	\$ (2,000,000)
<b>AUF Net Position - End of Year</b>	<b>\$ 8,000,000</b>	<b>\$ 6,000,000</b>	<b>\$ 4,000,000</b>	<b>\$ 2,000,000</b>	<b>\$ -</b>

<b>Full-Time-Equivalents (FTEs)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
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**Note:** LECOSRF is the Law Enforcement and Custodial Officer Supplemental Retirement Fund and is available to certified peace officers and custodial officers who participate in the Employees Retirement System of Texas. Officers within U. T. System participate in the Teacher Retirement System and are not eligible for LECOSRF.