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**THE UNIVERSITY OF TEXAS  
SYSTEM ADMINISTRATION**

**ALLOCATION OF PERMANENT UNIVERSITY FUND  
BOND PROCEEDS RESERVES FOR  
LIBRARY, EQUIPMENT, REPAIR AND REHABILITATION  
AND FACULTY STARS**



**FISCAL YEAR 2020**

Adopted by the U. T. System Board of Regents  
August 15, 2019

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# The University of Texas System

Fiscal Year 2020

## RESERVE ALLOCATIONS FOR LIBRARY, EQUIPMENT, REPAIR AND REHABILITATION AND FACULTY SCIENCE AND TECHNOLOGY ACQUISITION AND RETENTION (STARs)

### Summary

PUF Allocation				
	Library & Equipment	Repair & Rehabilitation	Faculty STARs Program	Total
<b>Academic Institutions</b>				
The University of Texas at Arlington	\$ 1,000,000	1,000,000	-	2,000,000
The University of Texas at Austin	150,000	3,500,000	-	3,650,000
The University of Texas at Dallas	1,000,000	1,300,000	-	2,300,000
The University of Texas at El Paso	1,200,000	750,000	-	1,950,000
The University of Texas Permian Basin	139,091	877,500	-	1,016,591
The University of Texas Rio Grande Valley	960,000	1,360,000	-	2,320,000
The University of Texas at San Antonio	2,500,000	-	-	2,500,000
The University of Texas at Tyler	200,000	838,409	-	1,038,409
Subtotal Academic Institutions	7,149,091	9,625,909	-	16,775,000
<b>Health Institutions</b>				
The University of Texas Southwestern Medical Center	-	2,200,000	-	2,200,000
The University of Texas Medical Branch at Galveston	1,200,000	1,100,000	-	2,300,000
The University of Texas Health Science Center at Houston	750,000	1,500,000	-	2,250,000
The University of Texas Health Science Center at San Antonio	1,700,000	600,000	-	2,300,000
The University of Texas M. D. Anderson Cancer Center	-	1,950,000	-	1,950,000
The University of Texas Health Science Center at Tyler	-	2,725,000	-	2,725,000
Subtotal Health Institutions	3,650,000	10,075,000	-	13,725,000
<b>The University of Texas System Administration</b>				
Academic Library Collection Enhancement Program	4,500,000	-	-	4,500,000
Faculty STARs Program - Academic Institutions	-	-	17,500,000	17,500,000
Faculty STARs Program - Health Institutions	-	-	17,500,000	17,500,000
Subtotal System Administration	4,500,000	-	35,000,000	39,500,000
<b>Grand Total</b>	<b>\$ 15,299,091</b>	<b>19,700,909</b>	<b>35,000,000</b>	<b>70,000,000</b>

## The University of Texas System

Fiscal Year 2020

### RESERVE ALLOCATIONS FOR LIBRARY, EQUIPMENT, REPAIR & REHABILITATION AND FACULTY SCIENCE AND TECHNOLOGY ACQUISITION AND RETENTION (STARs)

INSTITUTION/NAME OF PROJECT	LIBRARY AND EQUIPMENT		REPAIR AND REHABILITATION		FACULTY STARs
	TOTAL PROJECT COST	PUF ALLOCATION	TOTAL PROJECT COST	PUF ALLOCATION	PUF ALLOCATION
<b>ACADEMIC INSTITUTIONS</b>					
<b>The University of Texas at Arlington</b>					
Energy Management HVAC Control System Upgrade - Phase 1			1,400,000	1,000,000	
Network Wireless Distribution Access Switch Upgrade - Phase 2	1,000,000	1,000,000			
<b>TOTAL</b>	<b>\$ 1,000,000</b>	<b>1,000,000</b>	<b>1,400,000</b>	<b>1,000,000</b>	<b>-</b>
<b>The University of Texas at Austin</b>					
Information Security Office - Vulnerability Management Program	150,000	150,000			
Proprietary Supervising Station Alarm System Upgrade Phase 1			1,650,000	1,500,000	
Flammable and Toxic Gas Monitoring System			300,000	250,000	
Bureau of Economic Geology Fire Sprinkler Upgrade			2,100,000	1,750,000	
<b>TOTAL</b>	<b>\$ 150,000</b>	<b>150,000</b>	<b>4,050,000</b>	<b>3,500,000</b>	<b>-</b>
<b>The University of Texas at Dallas</b>					
Academic Affairs Science and Engineering Laboratory Equipment	1,000,000	1,000,000			
Elevator Repair and Upgrades Various Buildings			600,000	600,000	
Roof Replacement and Envelope Repairs for Waterview Science and Technology and Green Hall			700,000	700,000	
<b>TOTAL</b>	<b>\$ 1,000,000</b>	<b>1,000,000</b>	<b>1,300,000</b>	<b>1,300,000</b>	<b>-</b>
<b>The University of Texas at El Paso</b>					
Research and Technology Infrastructure for New Faculty	1,000,000	1,000,000			
High Performance Computing Enhancement	300,000	200,000			
Bioscience Building Mechanical and HVAC Repair and Rehabilitation			250,000	250,000	
Campus Fire Alarm Network Upgrades			200,000	200,000	
Magoffin Auditorium			225,000	225,000	
Engineering Core Biomedical and Bioinformatics Annex Cracked Precast Stone Replacement			75,000	75,000	
<b>TOTAL</b>	<b>\$ 1,300,000</b>	<b>1,200,000</b>	<b>750,000</b>	<b>750,000</b>	<b>-</b>

## The University of Texas System

Fiscal Year 2020

### RESERVE ALLOCATIONS FOR LIBRARY, EQUIPMENT, REPAIR & REHABILITATION AND FACULTY SCIENCE AND TECHNOLOGY ACQUISITION AND RETENTION (STARs)

INSTITUTION/NAME OF PROJECT	LIBRARY AND EQUIPMENT		REPAIR AND REHABILITATION		FACULTY STARs
	TOTAL PROJECT COST	PUF ALLOCATION	TOTAL PROJECT COST	PUF ALLOCATION	PUF ALLOCATION
<b>The University of Texas Permian Basin</b>					
Complete Renovation of Mesa Building 4th Floor			600,000	600,000	
Install Whiteboards for Instructional Purposes	32,091	32,091			
Stand Alone Boiler-Science and Technology Complex			187,500	187,500	
Install Lighting and Control System for Instructional Purposes	10,000	10,000			
Replace or Upgrade Musical Instruments	97,000	97,000			
Mesa Building Interactive Way Finding			55,000	55,000	
Remodel Center for Energy and Economic Diversification Auditorium for Acoustical Treatments			35,000	35,000	
TOTAL	\$ 139,091	139,091	877,500	877,500	-
<b>The University of Texas Rio Grande Valley</b>					
* Deferred Maintenance Facilities Projects			1,480,000	1,360,000	
Deferred Maintenance - Technology Phase I	960,000	960,000			
TOTAL	\$ 960,000	960,000	1,480,000	1,360,000	-
<b>The University of Texas at San Antonio</b>					
North Thermal Plant Chiller Replacement Project	2,750,000	2,500,000			
TOTAL	\$ 2,750,000	2,500,000	-	-	-
<b>The University of Texas at Tyler</b>					
College of Arts and Science Building HVAC and Infrastructure Upgrades Phase 1			1,500,000	623,409	
Emergency Management Live Mass Notification System	200,000	200,000			
Secure Network Core Switch Upgrade			215,000	215,000	
TOTAL	\$ 200,000	200,000	1,715,000	838,409	-
<b>SUBTOTAL - ACADEMIC INSTITUTIONS</b>		\$ 7,149,091		9,625,909	-

\* Clarification of Name of Project made after printing of FY 2020 Annual Operating Budget Summaries

## The University of Texas System

Fiscal Year 2020

### RESERVE ALLOCATIONS FOR LIBRARY, EQUIPMENT, REPAIR & REHABILITATION AND FACULTY SCIENCE AND TECHNOLOGY ACQUISITION AND RETENTION (STARs)

INSTITUTION/NAME OF PROJECT	LIBRARY AND EQUIPMENT		REPAIR AND REHABILITATION		FACULTY STARs
	TOTAL PROJECT COST	PUF ALLOCATION	TOTAL PROJECT COST	PUF ALLOCATION	PUF ALLOCATION
<b>INSTITUTIONS</b>					
<b>The University of Texas Southwestern Medical Center</b>					
Renovation and Rehabilitation in support of the UT Southwestern Research Infrastructure			6,660,000	2,200,000	
TOTAL	\$ -	-	6,660,000	2,200,000	-
<b>The University of Texas Medical Branch at Galveston</b>					
Information and Educational Resources	2,756,000	1,200,000			
Library - Life Safety Compliance			550,000	550,000	
Enhancement of Egress Pathways for John Sealy Hospital Courtyard			850,000	550,000	
TOTAL	\$ 2,756,000	1,200,000	1,400,000	1,100,000	-
<b>The University of Texas Health Science Center at Houston</b>					
Operations Center Building Infrastructure Upgrade			1,250,000	1,250,000	
School of Dentistry Library Student Space Rehabilitation			250,000	250,000	
Protect Patient Privacy and Mitigate Ransomware Risk Via Implementing Updated Firewall Technology	2,620,000	750,000			
TOTAL	\$ 2,620,000	750,000	1,500,000	1,500,000	-
<b>The University of Texas Health Science Center at San Antonio</b>					
Perpetual Digital Journals and Databases	700,000	700,000			
Technology Refresh and Expansion	1,000,000	1,000,000			
Lab Animal Research Facility Renovation - Phase 1			1,000,000	600,000	
TOTAL	\$ 1,700,000	1,700,000	1,000,000	600,000	-
<b>The University of Texas M. D. Anderson Cancer Center</b>					
Install Hydraulic Operators for Main Building Flood Gates			700,000	350,000	
Install Automated Pinch Valves in Main Building Complex			1,150,000	600,000	
Texas Medical Center Campus Vivarium Renovations			2,000,000	1,000,000	
TOTAL	\$ -	-	3,850,000	1,950,000	-
<b>The University of Texas Health Science Center at Tyler</b>					
Campus Utilities and Improvements			4,800,000	2,725,000	
TOTAL	\$ -	-	4,800,000	2,725,000	-
<b>SUBTOTAL - HEALTH INSTITUTIONS</b>		\$ 3,650,000		10,075,000	-

## The University of Texas System

Fiscal Year 2020

### RESERVE ALLOCATIONS FOR LIBRARY, EQUIPMENT, REPAIR & REHABILITATION AND FACULTY SCIENCE AND TECHNOLOGY ACQUISITION AND RETENTION (STARs)

INSTITUTION/NAME OF PROJECT	LIBRARY AND EQUIPMENT		REPAIR AND REHABILITATION		FACULTY STARs
	TOTAL PROJECT COST	PUF ALLOCATION	TOTAL PROJECT COST	PUF ALLOCATION	PUF ALLOCATION
<b>SYSTEM ADMINISTRATION</b>					
<b>The University of Texas System Administration</b>					
UT System Academic Library Collection Enhancement Program (ALCEP)	4,500,000	4,500,000			
Faculty STARs Program - Academic Institutions					17,500,000
Faculty STARs Program - Health Institutions					17,500,000
TOTAL	\$ <u>4,500,000</u>	<u>4,500,000</u>	<u>-</u>	<u>-</u>	<u>35,000,000</u>
 SUBTOTAL - U. T. SYSTEM ADMINISTRATION		\$ <u>4,500,000</u>		<u>-</u>	<u>35,000,000</u>
 TOTAL - U. T. SYSTEM		\$ <u>15,299,091</u>		<u>19,700,909</u>	<u>35,000,000</u>

# THE UNIVERSITY OF TEXAS SYSTEM

## PERMANENT UNIVERSITY FUND (PUF) BOND PROCEEDS FOR LIBRARY, EQUIPMENT, REPAIR AND REHABILITATION (LERR) AND FACULTY SCIENCE AND TECHNOLOGY ACQUISITION AND RETENTION (STARS) AND SIMILAR FUNDED PROGRAMS BUDGET RULES AND PROCEDURES

For Fiscal Year Ending August 31, 2020

### A. INITIAL BUDGET

1. U. T. System institutions are authorized to purchase approved Library and Equipment items and to contract for Repair and Rehabilitation projects following standard purchasing and contracting procedures. This includes expenditures for Faculty STARS or similar funded programs.
2. Transfers by the U. T. System Administration of allocated funds to institutional control or to vendors will coincide with vendor payment requirements.
3. Final approval of specific Repair and Rehabilitation projects will be in accordance with U. T. System Board of Regents established procedures for construction projects.
4. All expenditures are subject to the provisions of the *Constitution* of the State of Texas and the U. T. System Board of Regents' *Rules and Regulations* for the governance of The University of Texas System.

### B. BUDGET AMENDMENTS

1. Items requiring approval of the U. T. System Administration and subsequent approval by the U. T. System Board of Regents through the Consent Agenda
  - a. Substitute Library and Equipment purchases in excess of \$1 million that are not on the approved list.
  - b. Funding for new Repair and Rehabilitation projects in excess of \$1 million that are not on the approved list.

2. Items requiring approval of U. T. System Administration (no Consent Agenda approval required)
  - a. Substitute Library and Equipment purchases of \$1 million or less that are not on the approved list.
  - b. Funding for new Repair and Rehabilitation projects of \$1 million or less that are not on the approved list.
  - c. Transfers of appropriated funds between approved Library and Equipment items.
  - d. Transfers of appropriated funds between Repair and Rehabilitation items.
  - e. Transfers of funds for approved Library and Equipment purchases to fund approved Repair and Rehabilitation projects and vice versa.
  - f. All transfers of funds are subject to the requirements of the *UTS 168 Capital Expenditure Policy*.

## C. OTHER CONSIDERATIONS

1. All Library and Equipment or Repair and Rehabilitation appropriations must be expended within 36 months from the date of the award or the appropriation will lapse and be made available for future Systemwide reallocation.
2. All Faculty STARs or similar program appropriations must be expended within 36 months from the time the faculty member arrives on campus or the appropriation will lapse and be made available for future Systemwide reallocation.
3. Notwithstanding the limitations adopted at the time LERR, Faculty STARs, or other similar funding was authorized, these *Budget Rules and Procedures* apply to all previously authorized LERR, Faculty STARs and similar funding.
4. In accordance with the *UTS 168 Capital Expenditure Policy*, LERR and Faculty STARs funding that is incorporated into a Major Project will be defined as PUF and will be subject to rules applicable to all Major Projects. Major Projects are defined by Regents' *Rule 80301*.



# THE UNIVERSITY OF TEXAS SYSTEM

## PERMANENT UNIVERSITY FUND (PUF) BOND PROCEEDS FOR LIBRARY, EQUIPMENT, REPAIR AND REHABILITATION (LERR) AND FACULTY SCIENCE AND TECHNOLOGY ACQUISITION AND RETENTION (STARS) AND SIMILAR FUNDED PROGRAMS EXPENDITURE GUIDELINES

For Fiscal Year Ending August 31, 2020

### A. AUTHORIZATION OF PUF BOND PROCEEDS FOR LERR, STARS, OR SIMILAR FUNDED PROGRAMS

Article VII, Section 18 (b) of the Texas *Constitution* authorizes the U. T. System Board of Regents to issue bonds and notes secured by the U. T. System's interest in the Permanent University Fund for the purpose of:

- acquiring land, with or without permanent improvements;
- constructing and equipping buildings or other permanent improvements;
- major repair and rehabilitation of buildings and other permanent improvements;
- acquiring capital equipment; and
- acquiring library books and library materials.

It is for the last three purposes noted above that the U. T. System Board of Regents has established the LERR, Faculty STARS, and similar funded programs.

### B. RETENTION OF RECORDS

The Internal Revenue Service requires that invoice documentation supporting capital expenditures, including LERR, Faculty STARS and similar programs funded with proceeds of tax-exempt bonds, be maintained for a period ending three (3) years after the complete extinguishment of the bonds. Pursuant to the Texas *Constitution*, PUF bonds may be structured with a maximum maturity of 30 years. In order to comply with the IRS requirement and *UTS 181 Policy for Post Bond Issuance Federal Tax Compliance*, U. T. institutions shall maintain invoice documentation for 35 years for any capital expenditures funded with tax-exempt proceeds.

### C. ELIGIBILITY FOR PROGRAM FUNDS

Eligibility for LERR, STARS, or other similar funded programs is the same as eligibility for PUF bond proceeds as set forth in the *Constitution*.

## **D. GENERAL GUIDELINES FOR USE OF PROGRAM FUNDS**

In addition to meeting the constitutional requirements outlined above, the general guideline to determine whether an item is eligible for LERR, Faculty STARs, or similar funded programs, is that it must have a useful life of at least one year. The following sections are provided to assist with that determination. These guidelines are not intended to be exhaustive and any questions regarding LERR, Faculty STARs, or similar funded program eligibility should be directed to the U. T. System Administration Office of Budget and Planning.

### ***Repair and Rehabilitation of Buildings or Other Permanent Improvements***

Major repairs or rehabilitation of buildings or other permanent improvements include, but are not limited to, repairs, renovations, replacements, or betterments that are normally expected to extend the useful life, improve operating efficiency, eliminate health and safety hazards, correct structural or mechanical defects, upgrade the quality of existing facilities, or convert these assets to more useful functions, but that are not considered routine maintenance.

The cost of major repairs or rehabilitation of buildings or other improvements can include the contract price or cost of construction and other costs that would be applicable to make the building or improvement suitable for its intended use.

### ***Acquisition of Capital Equipment***

Capital equipment is generally regarded as nonexpendable, tangible personal property having a useful life of more than one year. The acquisition cost for equipment includes the net invoice price, including any modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for the purpose for which it is acquired. In addition, taxes, duty, in-transit insurance, freight, and installation charges are also included as part of the acquisition cost. Capital equipment, including software, that will be used Systemwide, or between and among U. T. institutions and System Administration, is eligible for LERR, Faculty STARs, or similar program funds.

### ***Warranties and Similar Service Features***

The cost of warranties and similar service features related to a purchase of capital equipment (such as maintenance agreements and loaner programs) are not eligible for LERR, Faculty STARs, or similar program funds as these are considered operating expenses. This ineligibility also applies to warranty and similar service feature costs separately identified during original purchase. For example, a warranty agreement charge that is separately identified on a Laptop purchase is not allowed.

## **Software**

Any capitalized costs associated with the development or implementation of software, including personnel costs (salaries), are eligible for LERR, Faculty STARS, or similar funded programs if they are incurred in the Application Development Stage. This principle applies whether the salaries are paid to employees of the institution or to outside parties. See *UTS 142.13 Accounting and Financial Reporting for Intangible Assets* at <https://www.utsystem.edu/sites/policy-library/policies/uts-14213-accounting-and-financial-reporting-intangible-assets>. Training costs related to software usage are discussed below.

The purchase of bundled software included as part of the initial acquisition of computer hardware is capitalizable regardless of threshold and therefore eligible for LERR, Faculty STARS, or similar program funds.

Software maintenance costs are considered operating expenses and therefore are not eligible for LERR, Faculty STARS, or similar program funds as these are considered operating expense.

Costs for software licenses with a useful life extending beyond one year that will be owned are eligible for LERR, Faculty STARS, or similar program funds. Leased or licensed software that requires the payment of an annual fee (i.e., does not have a useful life extending beyond one year) and that will not be owned when the license expires is not eligible for LERR, Faculty STARS, or similar program funds.

## **Employee Training and Travel Costs**

Employee training and travel costs are not eligible for LERR or STARS program funds as these are considered operating expenses.

## **Operating Expenses**

Consumables, which generally include those items that have an expected useful life of less than one year, are not eligible for LERR or STARS program funds as these are considered operating expenses. Some examples include, but are not limited to: chemicals, gases, paper, staplers and other office supplies, toner cartridges, medical supplies, disposal services, and laboratory supplies.

Examples of other operating expenses that are not eligible for LERR or STARS program funds include, but are not limited to: monthly telephone services, animals, software maintenance cost, and routine maintenance.

### ***Acquisition of Library Books and Library Materials***

The acquisition of library books and library materials is eligible for LERR. A library book is generally defined as a literary composition bound into a separate volume and identifiable as a separate copyrighted unit. Library materials are information sources other than books, including journals, periodicals, microforms, audio/visual media, computer-based information, manuscripts, maps, documents, and similar items that provide information essential to the learning process or enhance the quality of university library programs. A purchase of a license for library materials is allowable if the license period is in excess of one year. Annual license subscriptions and payments are not eligible for LERR.

The acquisition cost of library books and library materials can include the invoice price, freight-in, handling and insurance, binding, electronic access charges, reproduction and other like costs required to put these assets in place, with the exception of library salaries.

### ***Prohibition for Student Housing, Athletics, and Auxiliary Enterprises***

Article VII, Section 18 (d) of the *Constitution* prohibits the use of PUF bond proceeds, and therefore the use of LERR, Faculty STARs, and similar program funds, for student housing, intercollegiate athletics, or auxiliary enterprises.

## **E. SPECIAL PROGRAM FUNDING**

### **Faculty STARs Program**

The Faculty STARs program funded by PUF bond proceeds supports the recruitment and retention of the best-qualified faculty at both academic and health institutions by providing additional resources to build and enhance research infrastructure. Because the STARs program is funded in the same manner as LERR, the same guidelines apply and each item must have a useful life of more than one year. STARs funds are available for laboratory renovation and equipment purchases; however, faculty and other staff salaries cannot be paid from STARs funds.

There are three related program goals that form the basis of the STARs program:

- recruit senior faculty with national prominence; and
- improve the quality of new faculty and research capacity of the institutions by augmenting the start-up packages for tenure and tenure-track faculty; and
- retain high quality faculty who have had offers from another research institution or have the potential to leave because of limited access to quality equipment or laboratories.