

**Available University Fund
Summary of Recommendations - House**

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Method of Financing	2018-19 Base	2020-21 Recommended	Biennial Change (\$)	Biennial Change (%)
General Revenue Funds	\$0	\$0	\$0	0.0%
GR Dedicated Funds	\$0	\$0	\$0	0.0%
<i>Total GR-Related Funds</i>	\$0	\$0	\$0	0.0%
Federal Funds	\$0	\$0	\$0	0.0%
Other	\$2,024,853,000	\$2,323,980,000	\$299,127,000	14.8%
All Funds	\$2,024,853,000	\$2,323,980,000	\$299,127,000	14.8%

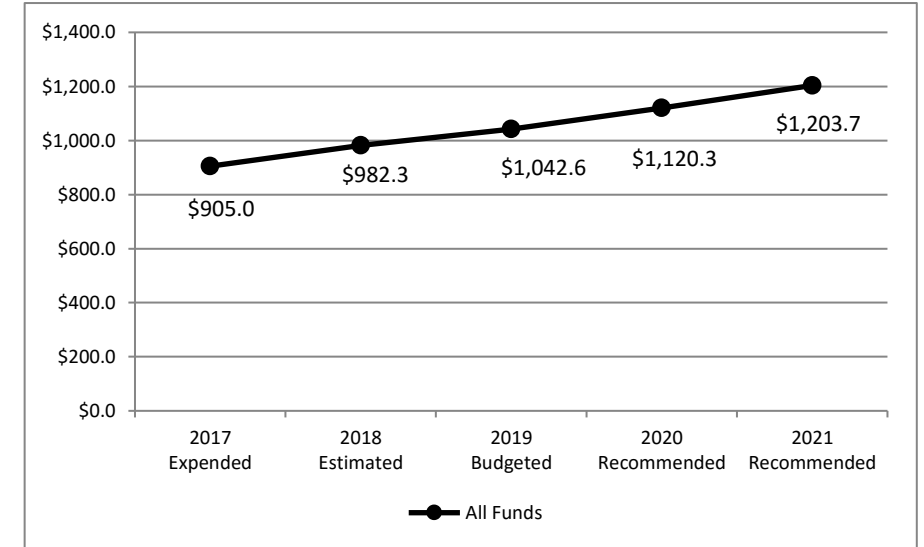
	FY 2019 Budgeted	FY 2021 Recommended	Biennial Change	Percent Change
FTEs	N/A	N/A	0.0	0.0%

Agency Budget and Policy Issues and/or Highlights

The Available University Fund (AUF) is authorized in the Texas Constitution, Article VII, Section 18. The AUF provides funding for most institutions and agencies in The University of Texas (UT) System and the Texas A&M University (TAMU) System. AUF appropriations are used for acquiring land, constructing and equipping buildings, major repair of buildings, acquisition of capital equipment, refunding bonds or issued notes, and other permanent improvements for eligible institutions. Also, AUF funding provides for the support and maintenance of certain institutions and the administration of the UT and TAMU systems.

The bill pattern for this agency (2020-21 Recommended) represents an estimated 100% of the agency's estimated total available funds for the 2020-21 biennium.

Historical Funding Levels (Millions)



**Available University Fund
Summary of Funding Changes and Recommendations - House**

Funding Changes and Recommendations for the 2020-21 Biennium compared to the 2018-19 Base Spending Level (in millions)	General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
<i>SIGNIFICANT Funding Changes and Recommendations (each issue is explained in Section 3 and additional details are provided in Appendix A):</i>						
A) Increase in estimated appropriations based on anticipated growth in the Permanent University Fund.	\$0.0	\$0.0	\$0.0	\$299.1	\$299.1	A.1.1, A.1.2.
TOTAL SIGNIFICANT & OTHER Funding Changes and Recommendations (in millions)	\$0.0	\$0.0	\$0.0	\$299.1	\$299.1	As Listed
<i>SIGNIFICANT & OTHER Funding Increases</i>	\$0.0	\$0.0	\$0.0	\$299.1	\$299.1	As Listed
<i>SIGNIFICANT & OTHER Funding Decreases</i>	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	As Listed

NOTE: Totals may not sum due to rounding.

**Available University Fund
Selected Fiscal and Policy Issues - House**

1. **Estimated Appropriations from the Available University Fund (AUF) for the 2020-21 biennium.** Recommendations include a \$299.1 million increase in estimated appropriations from the AUF for the 2020-21 biennium. The estimated AUF appropriations for the 2020-21 biennium total \$2.3 billion (Other Funds) and would be allocated, pursuant to Texas Constitution requirements, as follows:
 - \$1.6 billion to The University of Texas (UT) System; and
 - \$763.3 million to the Texas A&M University (TAMU) System.

2. **Basis for the Estimated AUF Appropriations.** The Permanent University Fund (PUF) is a state endowment fund that contributes to the support of 20 institutions and 6 agencies of the UT and TAMU systems. The PUF includes 2.1 million acres of land grants. Annual distributions are made from the PUF to the AUF as approved by the UT System's Board of Regents in accordance with Texas Constitution requirements and Board of Regents' policy. The AUF also consists of surface income from PUF lands and interest income on AUF balances held in the state treasury.

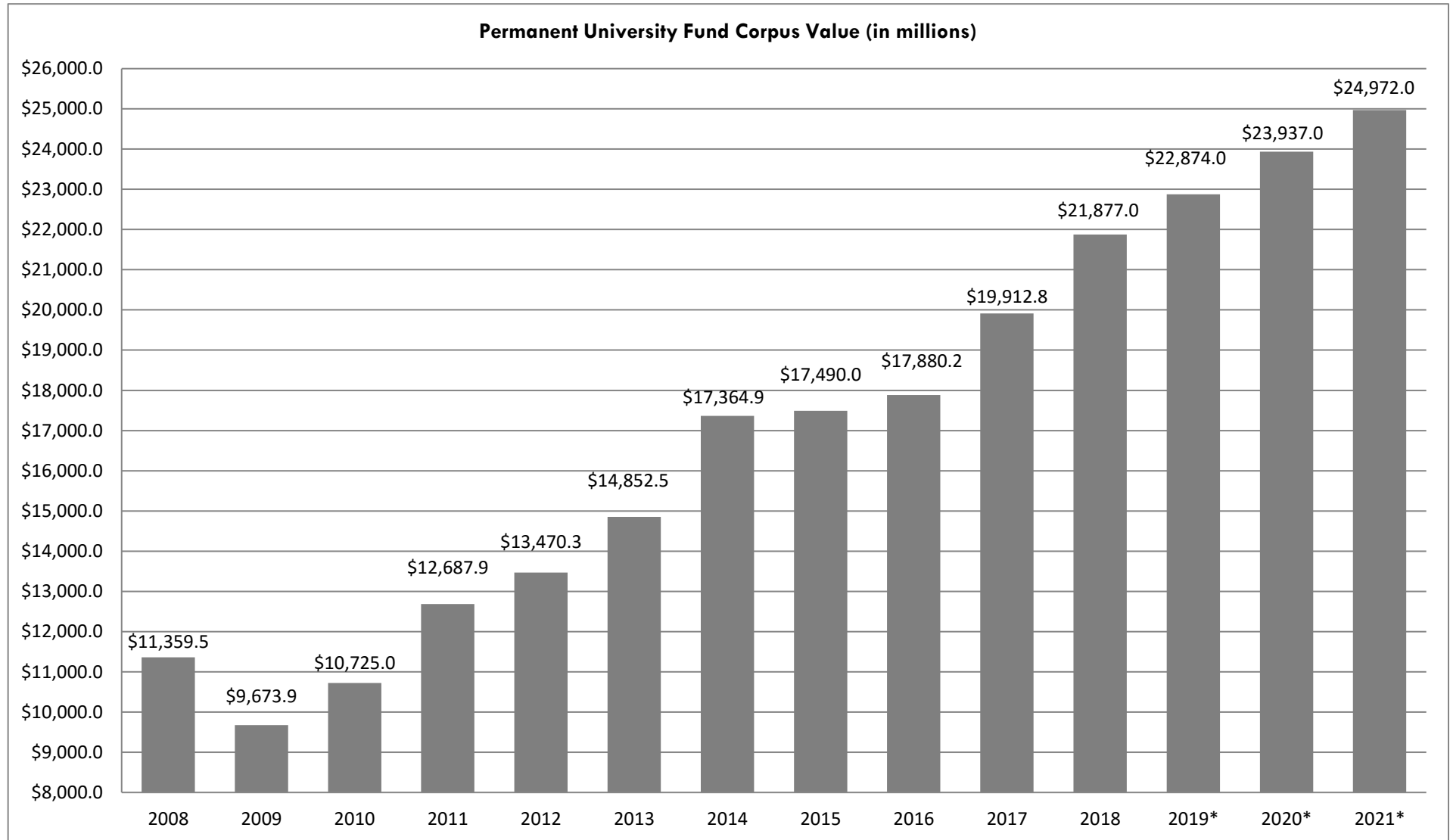
The increase in AUF appropriations for the 2020-21 biennium is primarily due to anticipated growth in the value of the PUF (the trailing 12-quarter average of net assets) against which the Board of Regents' approved annual distribution percentage is applied. The distribution rates approved by the Board of Regents were 5.00 percent for fiscal years 2018 and 2019, and are assumed to be at a rate of 5.0 percent for fiscal years 2020-21. The total net assets value of the PUF on August 31, 2018 was \$21.9 billion (see page 4 for historical values).

3. **Bonds Backed by the PUF.** The Texas Constitution authorizes the governing boards of the UT and TAMU systems to issue PUF-backed bonds and notes (PUF bonds) to finance capital expenditures. Debt service payments on PUF bonds are paid from each respective system's AUF appropriations. On August 31, 2018, the UT System had outstanding PUF bonds of \$2.9 billion and the TAMU System's outstanding PUF bonds totaled \$1.2 billion. This outstanding debt is approximately 22.8 percent of the PUF's book value which is below the constitutional limit of 30 percent.

**Available University Fund
Performance of the Permanent University Fund (FY2008-21)**

Fiscal Year	Corpus Value (in millions)	% Change Corpus Value
2008	\$ 11,359.5	0.0%
2009	\$ 9,673.9	(14.8%)
2010	\$ 10,725.0	10.9%
2011	\$ 12,687.9	18.3%
2012	\$ 13,470.3	6.2%
2013	\$ 14,852.5	10.3%
2014	\$ 17,364.9	16.9%
2015	\$ 17,490.0	0.7%
2016	\$ 17,880.2	2.2%
2017	\$ 19,912.8	11.4%
2018	\$ 21,877.0	9.9%
2019*	\$ 22,874.0	4.6%
2020*	\$ 23,937.0	4.6%
2021*	\$ 24,972.0	4.3%

Note: *FY2019-21 data is estimated.
Sources: University of Texas Investment Management Company and UT System Office of Finance



**Available University Fund
Rider Highlights - House**

Modification of Existing Riders

1. Added “endowments” to the list of uses expressly authorized in Rider 3 to provide clarification consistent with allowed practice.
2. Added “gifts, donations, and other funds outside the treasury” to the subsection of Rider 7 detailing the reporting requirement for a listing of funds outside the Available University Fund used for system office operations and system initiatives.
3. Deleted Rider 7 quarterly reporting requirement.

**Available University Fund
Appendices - House**

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* Appendix is not included - no significant information to report

**Available University Fund
Funding Changes and Recommendations - House, by Strategy -- ALL FUNDS**

Strategy/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
TEXAS A&M UNIV SYSTEM ALLOCATION A.1.2	\$665,284,333	\$763,302,667	\$98,018,334	14.7%	The slight difference between the percentage increase for the Texas A&M University (TAMU) System and the University of Texas (UT) System strategies is attributable to the inclusion of the Available University Fund (AUF) interest income values in the UT System strategy. The TAMU System strategy does not include any interest income.
THE UNIV OF TEXAS SYSTEM ALLOCATION A.1.3	\$1,359,568,667	\$1,560,677,333	\$201,108,666	14.8%	
Total, Goal A, MANAGE/ADMINISTER ENDOWMENT FUNDS	\$2,024,853,000	\$2,323,980,000	\$299,127,000	14.8%	<p>Basis for the Estimated AUF Appropriations:</p> <p>The Permanent University Fund (PUF) is a state endowment fund that contributes to the support of 20 institutions and 6 agencies of the UT and TAMU systems. The PUF includes 2.1 million acres of land grants. Annual distributions are made from the PUF to the AUF as approved by the UT System's Board of Regents in accordance with Texas Constitution requirements and Board of Regent's policy. The AUF also consists of surface income from PUF lands and interest income on AUF balances held in the state treasury.</p> <p>The estimated \$299.1 million increase in AUF appropriations for the 2020-21 biennium is primarily due to anticipated growth in the value of the PUF (the trailing 12-quarter average of net assets) against which the Board of Regents' approved annual distribution percentage is applied. The distribution rates approved by the Board of Regents were 5.00 percent for fiscal years 2018 and 2019, and are assumed to be at a policy rate of 5.00 percent for fiscal years 2020-21. The total net assets value of the PUF on August 31, 2018 was \$21.9 billion (see page 4 for historical values).</p>
Grand Total, All Strategies	\$2,024,853,000	\$2,323,980,000	\$299,127,000	14.8%	