

Available University Fund **Summary of Budget Recommendations - Senate**

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Method of Financing	2022-23 Base	2024-25 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>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0%</i>
Federal Funds	\$0	\$0	\$0	0.0%
Other	\$2,605,562,182	\$2,999,287,372	\$393,725,190	15.1%
All Funds	\$2,605,562,182	\$2,999,287,372	\$393,725,190	15.1%

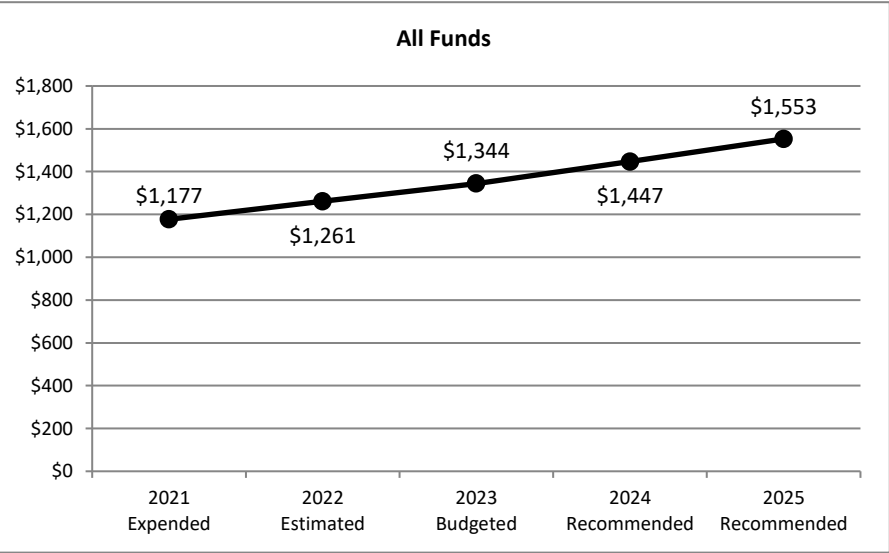
	FY 2023 Budgeted	FY 2025 Recommended	Biennial Change	Percent Change
FTEs	0.0	0.0	0.0	0.0%

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 institutions in the University of Texas (UT) System and most agencies and institutions in the Texas A&M University (TAMU) System. AUF appropriations are first used to pay the debt service on bonds backed by the Permanent University Fund (PUF), which may be issued for acquiring land, constructing and equipping buildings, major repair of buildings, acquisition of capital equipment, refunding bonds or notes, and other permanent improvements for eligible institutions. The Texas Constitutions allows the UT System and TAMU System to use any remaining funds in the AUF distributions, after paying debt service, for support and maintenance at certain institutions and for system operations.

The bill pattern for this agency (2024-25 Recommended) represents an estimated 100.0% of the agency’s estimated total available funds for the 2024-25 biennium.

Historical Funding Levels (Millions)



Available University Fund
Summary of Funding Changes and Recommendations - Senate

Funding Changes and Recommendations for the 2024-25 Biennium compared to the 2022-23 Base Spending Level (in millions)		General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
SIGNIFICANT Funding Changes and Recommendations (each issue is explained in Section 3 and additional details are provided in Appendix A):							
A)	Increase in estimated appropriations based on anticipated growth in the Permanent University Fund.	\$0.0	\$0.0	\$0.0	\$393.7	\$393.7	A.1.1, A.1.2
TOTAL SIGNIFICANT & OTHER Funding Changes and Recommendations (in millions)		\$0.0	\$0.0	\$0.0	\$393.7	\$393.7	As Listed
SIGNIFICANT & OTHER Funding Increases		\$0.0	\$0.0	\$0.0	\$393.7	\$393.7	As Listed
SIGNIFICANT & OTHER Funding Decreases		\$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 - Senate**

1. **Estimated Appropriations for the Available University Fund for the 2024-25 biennium.** Recommendations include a \$393.7 million increase in estimated appropriations from the Available University Fund (AUF) for the 2024-25 biennium. The estimated AUF appropriations for the 2024-25 biennium total \$3 billion and would be allocated, pursuant to the Texas Constitution, Article VII, Section 11 requirements, as follows:
 - \$2.0 billion to the University of Texas (UT) System, and
 - \$979.3 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 21 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 the 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.

When compared to the recommended amounts for the 2022-23 biennium, the AUF appropriation for the 2024-25 biennium provides an increase in funding by \$393.7 million. This increase 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. For fiscal years 2024 and 2025, the annual PUF distribution amounts are projected to increase from the fiscal year 2023 amount by a rate equal to the Consumer Price Index (CPI) plus 2.65 percent. The 2024-25 PUF distributions will not exceed the maximum 7 percent of the average fair market value of the PUF in any fiscal year, as mandated by the Texas Constitution. The total net assets value of the PUF on June 30, 2022, was \$30.8 billion (see page 4 for historical values).

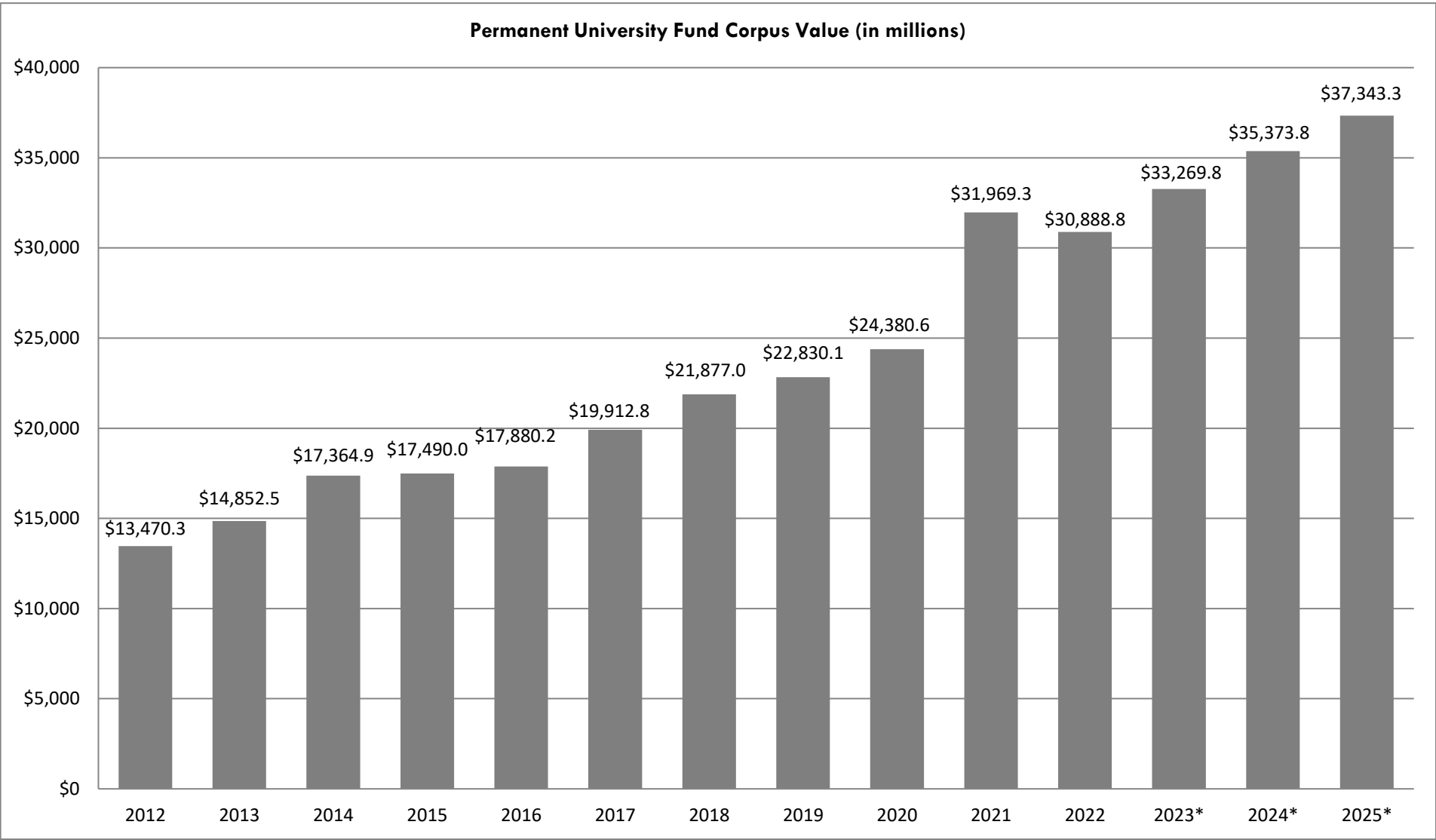
3. **Bonds Backed by the PUF.** The Texas Constitution authorizes the governing boards of the UT and TAMU systems to issue PUF-backed bonds and notes (PUF bonds) to finance capital expenditures. Debt service payments on PUF bonds are paid from each respective system's AUF appropriations. On June 30, 2022, the UT System had outstanding PUF bonds and notes of \$3.6 billion and the TAMU System's outstanding PUF bonds totaled \$1.5 billion. This outstanding debt is approximately 18.9 percent of the PUF's book value, which is below the combined constitutional limit of 30 percent (20 percent for UT System and 10 percent for TAMU System).

Available University Fund
Performance of the Permanent University Fund (FY 2012-25) - Senate

Fiscal Year	Corpus Value (in millions)	% Change Corpus Value
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	\$ 22,830.1	4.4%
2020	\$ 24,380.6	6.8%
2021	\$ 31,969.3	31.1%
2022	\$ 30,888.8	(3.4%)
2023*	\$ 33,269.8	7.7%
2024*	\$ 35,373.8	6.3%
2025*	\$ 37,343.3	5.6%

Note: *FY23-25 data is estimated. Actual amounts could differ depending on the volatility of the capital and oil and gas markets.

Sources: University of Texas/Texas A&M
Investment Management Company and UT System
Office of Finance



**Available University Fund
Rider Highlights - Senate**

Modification of Existing Riders

3. **The University of Texas System Share.** Recommendations modify the permissible uses of the UT System share of Available University Fund distribution to specify that necessary direct administration operations must be “support and maintenance,” per requirements in the Texas Constitution, Article VII, Sec. 18. Recommendations also delete a portion of the rider prohibiting the UT System from using AUF appropriations for Board travel, food, and meeting expenses.

Available University Fund
Items Not Included in Recommendations - Senate

	2024-25 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2026-27
	GR & GR-D	All Funds	FTEs			

Rider Revision Requests Not Included

A)	UT System and TAMU System request deletion of a portion of AUF Rider 6, Reporting Requirements for System Office Operations and System Initiatives, requiring reporting of a detailed listing of the role and function of any FTEs included in an AUF-funded Board activity.						
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**Available University Fund
Appendices - Senate**

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* Appendix is not included - no significant information to report

Available University Fund					
Funding Changes and Recommendations by Strategy - Senate -- ALL FUNDS					
Strategy/Goal	2022-23 Base	2024-25 Recommended	Biennial Change	% Change	Comments
TEXAS A&M UNIV SYSTEM ALLOCATION A.1.1	\$858,560,362	\$979,330,457	\$120,770,095	14.1%	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.1.2	\$1,747,001,820	\$2,019,956,915	\$272,955,095	15.6%	
Total, Goal A, MANAGE/ADMINISTER ENDOWMENT FUNDS	\$2,605,562,182	\$2,999,287,372	\$393,725,190	15.1%	The Permanent University Fund (PUF) is a state endowment fund that contributes to the support of 21 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.
					The biennial increase in the AUF distribution 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. For fiscal years 2024 and 2025, the annual PUF distribution amounts are projected to increase from the fiscal year 2023 amount by a rate equal to the Consumer Price Index (CPI) plus 2.65%. The total net assets value of the PUF on June 30, 2022 was \$30.8 billion (see page 4 for historical values).
Grand Total, All Strategies	\$2,605,562,182	\$2,999,287,372	\$393,725,190	15.1%	