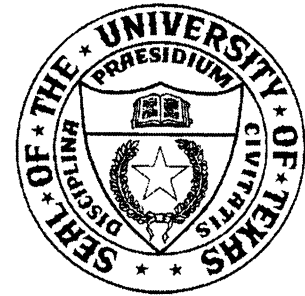

LEGISLATIVE APPROPRIATIONS REQUEST
FISCAL YEARS 2018 AND 2019

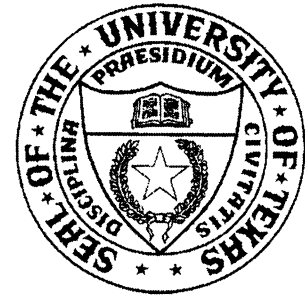


Submitted to the Governor's Office
and the Legislative Budget Board

THE UNIVERSITY OF TEXAS SYSTEM
AVAILABLE UNIVERSITY FUND

October 2016

LEGISLATIVE APPROPRIATIONS REQUEST
FISCAL YEARS 2018 AND 2019



Submitted to the Governor's Office
and the Legislative Budget Board

THE UNIVERSITY OF TEXAS SYSTEM
AVAILABLE UNIVERSITY FUND

October 2016

**THE UNIVERSITY OF TEXAS SYSTEM AVAILABLE UNIVERSITY FUND
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Schedules Not Included

Agency Code: 799	Agency Name: Available University Fund	Prepared By: Randy Wallace	Date: October 2016	Request Level: Baseline
<p>For the schedules identified below, the Available University Fund either has no information to report or the schedule is not applicable. Accordingly, these schedules have been excluded from the Available University Fund Legislative Appropriations Request for the 2018-19 biennium.</p>				
Number	Name			
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2.E.	Summary of Exceptional Items Request			
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799 Available University Fund

THE UNIVERSITY OF TEXAS SYSTEM
PERMANENT UNIVERSITY FUND / AVAILABLE UNIVERSITY FUND ADMINISTRATOR'S STATEMENT

The University of Texas System is governed by a board of nine regents appointed by the Governor and confirmed by the Senate. Regents serve six year, staggered terms, with the terms of three members expiring on February 1 of odd-numbered years. In addition, the Governor appoints a Student Regent for a one-year term that expires on May 31. The members of the board, hometowns and ending dates of terms are as follows:

Chairman Paul L. Foster of El Paso (2-1-19); Vice Chairman R. Steven "Steve" Hicks of Austin (2-1-21); Vice Chairman Jeffery D. Hildebrand of Houston (2-1-19); Alex Cranberg of Houston (2-1-17); Wallace Hall of Dallas (2-1-17); Brenda Pejovich of Dallas (2-1-17); Ernest Aliseda of McAllen (2-1-19); David Beck of Houston (2-1-21); Sara Martinez Tucker of Dallas (2-1-21); Student Regent Varun P. Joseph representing UT Health Science Center San Antonio (5-31-17)

The Chancellor of the UT System is William H. McRaven.

The Permanent University Fund (PUF) is a state endowment fund contributing to the support of twenty institutions and six agencies of The University of Texas System (UT System) and The Texas A&M University System (Texas A&M System). The Texas Constitution of 1876 established the PUF through the appropriation of land grants previously given to The University of Texas at Austin plus one million acres. The land grants to the PUF were completed in 1883 with the contribution of an additional one million acres of land. The Board of Regents of The University of Texas System (UT Board) manages the PUF.

Today, PUF Lands consist of approximately 2.1 million acres of land primarily located in 24 counties in north and west Texas. PUF lands produce two streams of income: mineral and surface. The UT Board has actively leased the surface and mineral interests of the PUF Lands since 1923. The UT Board remits mineral income to the PUF and distributes surface income to the Available University Fund (AUF) as mandated by the constitution.

Mineral income consists primarily of revenue from the periodic sale of mineral leases, royalties on gross revenues from oil and gas production, and other bonus payments. The Constitution requires that all mineral income and income from the sale of PUF Lands be retained within the PUF and invested in PUF investments. The funds are invested in a diversified portfolio of equity, fixed income, and derivative securities pursuant to an established investment policy.

The total book value of the PUF at August 31, 2016, was \$15,180,802,683. This amount included securities and cash of \$15,170,775,299, and land carried at a nominal value of \$10,027,384. Additions to the PUF during the 2016 fiscal year were \$487,572,155 including \$436,597,241 from oil, gas and sulphur royalties, \$38,439,628 from mineral lease rentals and bonuses, and \$12,535,286 from miscellaneous sources.

The UT Board entered into an investment management contract on March 1, 1996, with The University of Texas Investment Management Company (UTIMCO), to invest the PUF assets in accordance with section 66.08 of the Texas Education Code. PUF investments are invested in a diversified portfolio of equity, fixed income and derivative securities in accordance with the prudent investor standard. In accordance with the Constitution, distributions made from the PUF to the AUF are from the total return on all investments assets of the PUF, including the net income attributable to the surface of PUF land. Total return includes income return as well as realized and unrealized capital gains. Additionally, the expenses of managing PUF lands and investments are paid from PUF assets. The amount of any distributions to the AUF is determined by the UT Board in a manner intended to provide the AUF with a stable and predictable stream of annual distributions and to maintain over time the purchasing power of PUF investments and annual distributions to the AUF. The distributions to the AUF are subject to the following overriding conditions:

1. A minimum amount equal to the amount needed to pay debt service on PUF bonds;

799 Available University Fund

2. No increase from the preceding year (except as necessary to pay debt service on PUF bonds) unless the purchasing power of PUF investments for any rolling 10-year period has been preserved;
3. A maximum amount equal to 7 percent of the average net fair market value of PUF investments in any fiscal year, except as necessary to pay debt service on PUF bonds.

Distributions to the AUF from the PUF are allocated two-thirds for the benefit of eligible institutions of the UT System and one-third for the benefit of eligible institutions of the Texas A&M System. PUF distributions paid to the AUF are expended by each university system to fund two major programs:

- The Constitution authorizes the UT Board and the Texas A&M System Board (A&M Board) to issue bonds (PUF bonds) payable from their respective interests in PUF distributions to finance capital expenditures. The UT Board and A&M Board are authorized to issue bonds secured by each system's interest in PUF distributions in an amount not to exceed 20% and 10%, respectively, of the book value of PUF assets at the time of issuance. At August 31, 2016, The University of Texas System had outstanding PUF bonds and notes of \$2,615.2 million. When combined with the outstanding Texas A&M University System PUF bonds and notes of \$968.1 million, the outstanding debt is approximately 23.6% of the book value of the PUF, below the constitutional limit of 30%.
- PUF distributions, after payment of debt service on PUF bonds, are used to fund academic programs at UT Austin, Texas A&M University, and Prairie View A&M University.

Distributions from the Permanent University Fund investments are projected to be as follows:

Actual 2015 \$763.6 million
Actual 2016 \$772.9 million
Budgeted 2017 \$839.4 million
Projected 2018 \$837.9 million
Projected 2019 \$857.6 million

The projected PUF distributions are currently based on an assumed 10 year annual investment return of 5.45%.

The UT Board has established a UT System Board of Regents' Rules and Regulations, Rule 80303 (Regents' Rule 80303), on "Uses of the Available University Fund." Regent's Rule 80303 sets UTIMCO's recommended distribution 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 recommended rate is to be 5.0%. However, the UT Board has the authority to distribute any amount that it deems appropriate up to a maximum rate of 7%. For FY 2015, the average annual return on the PUF investments for the trailing 12 quarters ending February 28, 2014, exceeded the expected return by 25 basis points or more. Therefore, the "default" distribution rate should have been 5.0% or \$694,138,768. However, the UT System Board of Regents elected to make a distribution of 5.5% or \$763,552,645.

For FY 2016 and FY 2017, the UT Board approved distribution amounts based on a 5.00% rate, which resulted in distribution amounts of \$772.9 million and \$839.4 million, respectively. For FY 2018 and FY 2019, a distribution rate of 4.75% has been assumed.

Overall, the investments of the PUF are broadly diversified and of consistently excellent quality. Risk and return are continuously assessed to assure sound professional

799 Available University Fund

results in varied economic circumstances.

Budget Overview - Biennial Amounts
 85th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

799 Available University Fund
 Appropriation Years: 2018-19

	GENERAL REVENUE FUNDS		GR DEDICATED		FEDERAL FUNDS		OTHER FUNDS		ALL FUNDS		EXCEPTIONAL ITEM FUNDS
	2016-17	2018-19	2016-17	2018-19	2016-17	2018-19	2016-17	2018-19	2016-17	2018-19	2018-19
	Goal: 1. Provide Management and Administrative Support for Endowment Funds										
1.1.2. Texas A&M Univ System Allocation							568,329,325	597,053,658	568,329,325	597,053,658	
1.1.3. The Univ Of Texas System Allocation							1,144,995,408	1,203,494,315	1,144,995,408	1,203,494,315	
Total, Goal							1,713,324,733	1,800,547,973	1,713,324,733	1,800,547,973	
Total, Agency							1,713,324,733	1,800,547,973	1,713,324,733	1,800,547,973	

2.A. Summary of Base Request by Strategy

10/17/2016 5:22:58PM

85th Regular Session, Agency Submission, Version 1

Automated Budget and Evaluation System of Texas (ABEST)

799 Available University Fund

Goal / Objective / STRATEGY	Exp 2015	Est 2016	Bud 2017	Req 2018	Req 2019
1 Provide Management and Administrative Support for Endowment Funds					
1 Available University Fund					
2 TEXAS A&M UNIV SYSTEM ALLOCATION	271,051,532	272,575,992	295,753,333	295,243,151	301,810,507
3 THE UNIV OF TEXAS SYSTEM ALLOCATION	544,275,963	549,488,741	595,506,667	594,486,302	609,008,013
TOTAL, GOAL 1	\$815,327,495	\$822,064,733	\$891,260,000	\$889,729,453	\$910,818,520
TOTAL, AGENCY STRATEGY REQUEST	\$815,327,495	\$822,064,733	\$891,260,000	\$889,729,453	\$910,818,520
TOTAL, AGENCY RIDER APPROPRIATIONS REQUEST*				\$0	\$0
GRAND TOTAL, AGENCY REQUEST	\$815,327,495	\$822,064,733	\$891,260,000	\$889,729,453	\$910,818,520
<u>METHOD OF FINANCING:</u>					
Other Funds:					
11 Available University Fund	815,327,495	822,064,733	891,260,000	889,729,453	910,818,520
SUBTOTAL	\$815,327,495	\$822,064,733	\$891,260,000	\$889,729,453	\$910,818,520
TOTAL, METHOD OF FINANCING	\$815,327,495	\$822,064,733	\$891,260,000	\$889,729,453	\$910,818,520

*Rider appropriations for the historical years are included in the strategy amounts.

2.A. Summary of Base Request by Strategy

10/17/2016 5:22:58PM

85th Regular Session, Agency Submission, Version 1

Automated Budget and Evaluation System of Texas (ABEST)

799 Available University Fund

Goal / Objective / STRATEGY	Exp 2015	Est 2016	Bud 2017	Req 2018	Req 2019
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2.B. Summary of Base Request by Method of Finance
 85th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

10/17/2016 5:22:59PM

Agency code: **799**

Agency name: **Available University Fund**

METHOD OF FINANCING	Exp 2015	Est 2016	Bud 2017	Req 2018	Req 2019
<u>OTHER FUNDS</u>					
11 Available University Fund No. 011					
<i>REGULAR APPROPRIATIONS</i>					
Regular Appropriations from MOF Table (2014-15 GAA)	\$657,354,731	\$0	\$0	\$0	\$0
Regular Appropriations from MOF Table (2016-17 GAA)	\$0	\$801,099,786	\$889,399,222	\$889,729,453	\$910,818,520
<i>BASE ADJUSTMENT</i>					
Revised Receipts	\$157,972,764	\$20,964,947	\$1,860,778	\$0	\$0
TOTAL, Available University Fund No. 011	\$815,327,495	\$822,064,733	\$891,260,000	\$889,729,453	\$910,818,520
TOTAL, ALL OTHER FUNDS	\$815,327,495	\$822,064,733	\$891,260,000	\$889,729,453	\$910,818,520
GRAND TOTAL	\$815,327,495	\$822,064,733	\$891,260,000	\$889,729,453	\$910,818,520

2.B. Summary of Base Request by Method of Finance
85th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

10/17/2016 5:22:59PM

Agency code: 799

Agency name: Available University Fund

METHOD OF FINANCING

Exp 2015

Est 2016

Bud 2017

Req 2018

Req 2019

FULL-TIME-EQUIVALENT POSITIONS

TOTAL, ADJUSTED FTES

**NUMBER OF 100% FEDERALLY
FUNDED FTEs**

2.C. Summary of Base Request by Object of Expense
 85th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

10/17/2016 5:22:59PM

799 Available University Fund

OBJECT OF EXPENSE	Exp 2015	Est 2016	Bud 2017	BL 2018	BL 2019
2009 OTHER OPERATING EXPENSE	\$815,327,495	\$822,064,733	\$891,260,000	\$889,729,453	\$910,818,520
OOE Total (Excluding Riders)	\$815,327,495	\$822,064,733	\$891,260,000	\$889,729,453	\$910,818,520
OOE Total (Riders)					
Grand Total	\$815,327,495	\$822,064,733	\$891,260,000	\$889,729,453	\$910,818,520

2.D. Summary of Base Request Objective Outcomes
 85th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation system of Texas (ABEST)

10/17/2016 5:23:00PM

799 Available University Fund

<i>Goal/ Objective / Outcome</i>	Exp 2015	Est 2016	Bud 2017	BL 2018	BL 2019
1 Provide Management and Administrative Support for Endowment Funds <i>1 Available University Fund</i>					
KEY 1 Permanent University Fund (PUF) Expense as Basis Points of Net Assets					
	23.00	23.00	23.00	23.00	23.00

2.F. Summary of Total Request by Strategy
 85th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE : 10/17/2016
 TIME : 5:23:00PM

Agency code: 799		Agency name: Available University Fund				
<i>Goal/Objective/STRATEGY</i>	Base 2018	Base 2019	Exceptional 2018	Exceptional 2019	Total Request 2018	Total Request 2019
1 Provide Management and Administrative Support for Endowment Fun						
1 Available University Fund						
2 TEXAS A&M UNIV SYSTEM ALLOCATION	\$295,243,151	\$301,810,507	\$0	\$0	\$295,243,151	\$301,810,507
3 THE UNIV OF TEXAS SYSTEM ALLOCATION	594,486,302	609,008,013	0	0	594,486,302	609,008,013
TOTAL, GOAL 1	\$889,729,453	\$910,818,520	\$0	\$0	\$889,729,453	\$910,818,520
TOTAL, AGENCY STRATEGY REQUEST	\$889,729,453	\$910,818,520	\$0	\$0	\$889,729,453	\$910,818,520
TOTAL, AGENCY RIDER APPROPRIATIONS REQUEST						
GRAND TOTAL, AGENCY REQUEST	\$889,729,453	\$910,818,520	\$0	\$0	\$889,729,453	\$910,818,520

2.F. Summary of Total Request by Strategy
 85th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE : 10/17/2016
 TIME : 5:23:00PM

Agency code: 799 Agency name: Available University Fund

<i>Goal/Objective/STRATEGY</i>	Base 2018	Base 2019	Exceptional 2018	Exceptional 2019	Total Request 2018	Total Request 2019
Other Funds:						
11 Available University Fund	\$889,729,453	\$910,818,520	\$0	\$0	\$889,729,453	\$910,818,520
	\$889,729,453	\$910,818,520	\$0	\$0	\$889,729,453	\$910,818,520
TOTAL, METHOD OF FINANCING	\$889,729,453	\$910,818,520	\$0	\$0	\$889,729,453	\$910,818,520

FULL TIME EQUIVALENT POSITIONS

2.G. Summary of Total Request Objective Outcomes
 85th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation system of Texas (ABEST)

Date : 10/17/2016
 Time: 5:23:01PM

Agency code: 799 Agency name: Available University Fund

Goal/ Objective / Outcome

	BL 2018	BL 2019	Excp 2018	Excp 2019	Total Request 2018	Total Request 2019
1 Provide Management and Administrative Support for Endowment Funds						
1 Available University Fund						
KEY 1 Permanent University Fund (PUF) Expense as Basis Points of Net Assets						
	23.00	23.00			23.00	23.00

799 Available University Fund

GOAL: 1 Provide Management and Administrative Support for Endowment Funds
 OBJECTIVE: 1 Available University Fund Service Categories:
 STRATEGY: 2 Texas A&M Univ. System Available Univ. Fund Allocation, estimated. Service: 19 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2015	Est 2016	Bud 2017	BL 2018	BL 2019
Objects of Expense:						
2009	OTHER OPERATING EXPENSE	\$271,051,532	\$272,575,992	\$295,753,333	\$295,243,151	\$301,810,507
TOTAL, OBJECT OF EXPENSE		\$271,051,532	\$272,575,992	\$295,753,333	\$295,243,151	\$301,810,507
Method of Financing:						
11	Available University Fund	\$271,051,532	\$272,575,992	\$295,753,333	\$295,243,151	\$301,810,507
SUBTOTAL, MOF (OTHER FUNDS)		\$271,051,532	\$272,575,992	\$295,753,333	\$295,243,151	\$301,810,507
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$295,243,151	\$301,810,507
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$271,051,532	\$272,575,992	\$295,753,333	\$295,243,151	\$301,810,507

FULL TIME EQUIVALENT POSITIONS:

STRATEGY DESCRIPTION AND JUSTIFICATION:

The Available University Fund allocable to the Board of Regents of Texas A&M University is hereby requested for the purpose of retiring obligations incurred under the authority of Article VII, Section 18 of the Texas Constitution, and may be expended for permanent improvements, new construction, equipment, repairs, and physical plant operation and maintenance, minority student scholarships and student recruitment, and educational and general activities of the Texas A&M University System pursuant to Article VII, Sections 11(a) and 18 of the Texas Constitution.

799 Available University Fund

GOAL: 1 Provide Management and Administrative Support for Endowment Funds
 OBJECTIVE: 1 Available University Fund Service Categories:
 STRATEGY: 2 Texas A&M Univ. System Available Univ. Fund Allocation, estimated. Service: 19 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2015	Est 2016	Bud 2017	BL 2018	BL 2019
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EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		<u>BIENNIAL</u>	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
Base Spending (Est 2016 + Bud 2017)	Baseline Request (BL 2018 + BL 2019)	CHANGE	\$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)
\$568,329,325	\$597,053,658	\$28,724,333	\$28,724,333	For FY 2018-2019, a distribution rate of 4.75% has been assumed.
			\$28,724,333	Total of Explanation of Biennial Change

799 Available University Fund

GOAL: 1 Provide Management and Administrative Support for Endowment Funds
 OBJECTIVE: 1 Available University Fund Service Categories:
 STRATEGY: 3 The Univ. of Texas System Available Univ. Fund Allocation, estimated. Service: 19 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2015	Est 2016	Bud 2017	BL 2018	BL 2019
Objects of Expense:						
2009	OTHER OPERATING EXPENSE	\$544,275,963	\$549,488,741	\$595,506,667	\$594,486,302	\$609,008,013
TOTAL, OBJECT OF EXPENSE		\$544,275,963	\$549,488,741	\$595,506,667	\$594,486,302	\$609,008,013
Method of Financing:						
11	Available University Fund	\$544,275,963	\$549,488,741	\$595,506,667	\$594,486,302	\$609,008,013
SUBTOTAL, MOF (OTHER FUNDS)		\$544,275,963	\$549,488,741	\$595,506,667	\$594,486,302	\$609,008,013
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$594,486,302	\$609,008,013
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$544,275,963	\$549,488,741	\$595,506,667	\$594,486,302	\$609,008,013

FULL TIME EQUIVALENT POSITIONS:

STRATEGY DESCRIPTION AND JUSTIFICATION:

The Residue of the Available University Fund allocable to The University of Texas System is hereby requested for the purpose of retiring obligations incurred under the authority of Article VII, Section 18 of the Texas Constitution and, pursuant to the authorization of Article VII, Section 11(a) and 18 of the Constitution, for permanent improvements, new construction, equipment, repairs and rehabilitation, physical plant operation and maintenance, and education and general activities of The University of Texas System Administration, and The University of Texas at Austin.

3.A. Strategy Request
 85th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

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799 Available University Fund

GOAL: 1 Provide Management and Administrative Support for Endowment Funds
 OBJECTIVE: 1 Available University Fund Service Categories:
 STRATEGY: 3 The Univ. of Texas System Available Univ. Fund Allocation, estimated. Service: 19 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2015	Est 2016	Bud 2017	BL 2018	BL 2019
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EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		<u>BIENNIAL CHANGE</u>	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
<u>Base Spending (Est 2016 + Bud 2017)</u>	<u>Baseline Request (BL 2018 + BL 2019)</u>		<u>\$ Amount</u>	<u>Explanation(s) of Amount (must specify MOFs and FTEs)</u>
\$1,144,995,408	\$1,203,494,315	\$58,498,907	\$58,498,907	For FY 2018 and FY 2019, a 4.75% distribution rate has been assumed.
			<u>\$58,498,907</u>	Total of Explanation of Biennial Change

3.A. Strategy Request
85th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

10/17/2016 5:23:01PM

SUMMARY TOTALS:

OBJECTS OF EXPENSE:	\$815,327,495	\$822,064,733	\$891,260,000	\$889,729,453	\$910,818,520
METHODS OF FINANCE (INCLUDING RIDERS):				\$889,729,453	\$910,818,520
METHODS OF FINANCE (EXCLUDING RIDERS):	\$815,327,495	\$822,064,733	\$891,260,000	\$889,729,453	\$910,818,520
FULL TIME EQUIVALENT POSITIONS:					

3.A.1. PROGRAM-LEVEL REQUEST SCHEDULE
 85th Regular Session, Agency Submission, Version 1

Agency Code: 799		Agency: Available University Fund				Prepared By: Randy Wallace					
Date: August 2016											
Goal	Goal Name	Strategy	Strategy Name	Program	Program Name	16-17 Base	Requested 2018	Requested 2019	Biennial Total 18-19	Biennial Difference	
										\$	%
A	Manage/Administer Endowment Funds	A.1.1	Texas A&M University System Allocation	A.1.1	Texas A&M University System Allocation	\$568,329,325	\$295,243,151	\$301,810,507	\$597,053,658	\$28,724,333	5.1%
A	Manage/Administer Endowment Funds	A.1.2	The University of Texas System Allocation	A.1.2	The University of Texas System Allocation	\$1,144,995,408	\$594,486,302	\$609,008,013	\$1,203,494,315	\$58,498,907	5.1%
Total Strategies						\$1,713,324,733	\$889,729,453	\$910,818,520	\$1,800,547,973	\$87,223,240	5.1%

SCHEDULE 1
SUMMARY BY APPROPRIATION BILL PATTERN
EXPENSES OF REVENUE BEARING PROPERTY

Agency	Agency Name: The University of Texas System Administration	Prepared By:		Date:		
799	Available University Fund	Randy Wallace		October 2016		
Item No.		Expended			Requested	
		Actual 2015	Actual 2016	Budgeted 2017	2018	2019
1	The Available University Fund allocable to the Board of Regents of Texas A&M University is hereby appropriated for the purpose of retiring obligations incurred under the authority of Article VII, Section 18 of the Texas Constitution, and may be expended for permanent improvements, new construction, equipment, repairs, and physical plant operation and maintenance, minority student scholarships and student recruitment, and educational and general activities of the Texas A&M University System pursuant to Article VII, Sections 11(a) and 18 of the Texas Constitution, estimated at	\$ 271,051,532	\$ 272,575,992	\$ 295,753,333	\$ 295,243,151	\$ 301,810,507
2.	The Residue of the Available Fund allocable to The University of Texas System is hereby appropriated for the purpose of retiring obligations incurred under the authority of Article VII, Section 18 of the Texas constitution and, pursuant to the authorization of Article VII, Section 11(a) and 18 of the constitution, for permanent improvements, new construction, equipment, repairs and rehabilitation, physical plant operation and maintenance, and educational and general activities of The University of Texas System Administration, and The University of Texas at Austin, estimated at	<u>544,275,963</u>	<u>549,488,741</u>	<u>595,506,667</u>	<u>594,486,302</u>	<u>609,008,013</u>
3.	TOTAL AVAILABLE UNIVERSITY FUND estimated at	<u>\$ 815,327,495</u>	<u>\$ 822,064,733</u>	<u>\$ 891,260,000</u>	<u>\$ 889,729,453</u>	<u>\$ 910,818,520</u>

**SCHEDULE 2
ESTIMATES OF INCOME**

Agency Code: 799	Name of Agency: The University of Texas System Administration Available University Fund	Prepared by: Randy Wallace	Date: October 2016			
		INCOME				
Item No.	Description	Actual 2015	Actual 2016	Budgeted 2017	Requested	
					2018	2019
	Divisible with A&M University					
1.	Permanent University Fund Distributions	\$ 763,552,645	\$ 772,876,690	\$ 839,441,000	\$ 837,910,453	\$ 857,612,520
2.	Interest on AUF Daily Balances	0	0	0	0	
3.	Grazing and Hunting Lease Rental	6,551,123	4,523,298	5,525,000	5,525,000	5,525,000
4.	Surface Easements and Leases	37,357,531	38,848,979	39,000,000	39,000,000	39,000,000
5.	Exploration Permits	2,386,500	208,121	1,300,000	1,300,000	1,300,000
6.	Other Income - West Texas Lands	3,156,797	995,888	1,844,000	1,844,000	1,844,000
7.	Wine Royalties	150,000	275,000	150,000	150,000	150,000
8.	Gross Divisible Income	813,154,596	817,727,976	887,260,000	885,729,453	905,431,520
9.	Less: 1/3 to A&M University (Schedule 1, Item No. 1)	271,051,532	272,575,992	295,753,333	295,243,151	301,810,507
10.	Net 2/3 Share to The University of Texas System	542,103,064	545,151,984	591,506,667	590,486,302	603,621,013
	Non-Divisible:					
11.	Interest on Daily AUF Balances	2,172,899	4,336,757	4,000,000	4,000,000	5,387,000
12.	Estimated Net Income, The University of Texas System Share (Schedule 2a, Item No. 1 and Schedule 1, Item No. 2)	<u>\$ 544,275,963</u>	<u>\$ 549,488,741</u>	<u>\$ 595,506,667</u>	<u>\$ 594,486,302</u>	<u>\$ 609,008,013</u>

SCHEDULE 2a
PROPOSED UTILIZATION OF NET AVAILABLE FUND INCOME

Agency Code: 799	Name of Agency: The University of Texas System Administration Available University Fund	Prepared by: Randy Wallace			Date: October 2016			
Item No.	Description	Actual 2015	Actual 2016	Budgeted 2017	Requested			
						2018	2019	
1.	Estimated Net Income - The University of Texas System Share (Schedule 2, Item No. 12 and Schedule 1, Item No. 2)	\$ 544,275,963	\$ 549,488,741	\$ 595,506,667	\$ 594,486,302	\$ 609,008,013		
	Less Debt Service:							
	Permanent University Fund:							
2.	Series 2005A	12,794,000	-	-	-	-	-	
3.	Series 2005B	1,711,163	-	-	-	-	-	
4.	Series 2006B	14,851,563	14,851,563	14,851,563	14,851,563	14,851,563	14,851,563	
5.	Series 2006C	4,074,593	2,021,250	-	-	-	-	
6.	Series 2008A	19,408,749	19,405,388	19,480,468	19,364,577	19,359,401	19,359,401	
7.	Series 2009A	13,155,000	13,155,000	13,155,000	13,155,000	13,155,000	13,155,000	
8.	Series 2014A	12,017,000	12,017,000	12,017,000	12,017,000	12,017,000	12,017,000	
9.	Series 2014B	17,876,700	17,874,500	9,191,000	9,191,000	9,191,000	9,191,000	
10.	Series 2015A	5,022,506	21,027,525	31,653,725	31,771,125	31,773,625	31,773,625	
11.	Series 2015B	-	17,513,430	17,515,900	17,515,900	17,517,400	17,517,400	
12.	Series 2015C	-	2,672,884	4,763,556	4,763,556	4,763,556	4,763,556	
13.	Series 2016A	-	2,737,258	9,478,938	9,478,738	9,476,988	9,476,988	
14.	Series 2016B	-	-	7,952,917	17,951,000	17,950,000	17,950,000	
15.	Other Bonds/Notes	16,062,784	18,263,609	8,064,234	16,638,230	39,434,316	39,434,316	
16.	Subtotal, Debt Service	<u>116,974,058</u>	<u>141,539,407</u>	<u>148,124,300</u>	<u>166,697,688</u>	<u>189,489,849</u>	<u>189,489,849</u>	
17.	Net Available University Fund Income	<u>\$ 427,301,905</u>	<u>\$ 407,949,334</u>	<u>\$ 447,382,367</u>	<u>\$ 427,788,614</u>	<u>\$ 419,518,164</u>		
	Allocations to:							
	System Administration							
18.	Operating Budget	\$ 48,755,171	\$ 100,356,616	\$ 108,910,297	\$ 112,252,221	\$ 115,694,402		
19.	External Audit	1,839,360	1,002,653	2,487,164	2,487,164	2,487,164		
20.	System-Wide Initiatives	134,905,045	28,200,000	-	-	-		
	The University of Texas at Austin							
	For Educational Programs and Projects (over and above							
21.	General Appropriation)	238,190,000	242,845,000	271,560,000	267,520,000	274,055,000		
22.	U. T. Medical School	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000		
23.	System-wide Technology and Telecommunications	1,060,000	1,060,000	1,060,000	1,060,000	1,060,000		
24.	Other UT Austin Support	4,086,713	28,821,000	-	-	-		
25.	Net Allocations of Available University Fund Income	<u>\$ 453,836,289</u>	<u>\$ 427,285,269</u>	<u>\$ 409,017,461</u>	<u>\$ 408,319,385</u>	<u>\$ 418,296,566</u>		

