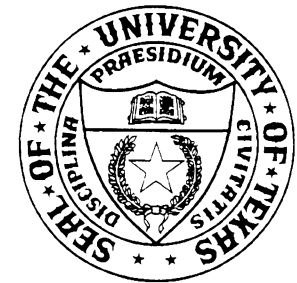

LEGISLATIVE APPROPRIATIONS REQUEST
FISCAL YEARS 2016 AND 2017



Submitted to the Governor's Office of Budget, Planning
and Policy and the Legislative Budget Board

THE UNIVERSITY OF TEXAS SYSTEM
AVAILABLE UNIVERSITY FUND

August 2014

LEGISLATIVE APPROPRIATIONS REQUEST
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AVAILABLE UNIVERSITY FUND

August 2014

**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: August 2014	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 2016-17 biennium.</p>				
Number	Name			
	Organizational Chart			
2.E.	Summary of Exceptional Items Request			
3.B.	Rider Revisions and Additions Request			
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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 William Eugene "Gene" Powell of San Antonio (2-1-15); Vice Chairman R. Steven "Steve" Hicks of Austin (2-1-15); Vice Chairman Robert L. Stillwell of Houston (2-1-15); Ernest Aliseda of McAllen (2-1-19); 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); Student Regent Max Richards representing UT Austin (5-31-15)

The Chancellor of the UT System is Francisco G. Cigarroa, MD.

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.

Most of the surface acreage is leased for grazing purposes. Over the years, the economic equivalent of over one million acres has been added to the PUF Land holdings by increasing the productivity of existing lands by 50 percent through soil and water conservation programs, innovative range management and cooperative research. A commercial vineyard of approximately 1,000 acres and a multi-million dollar commercial winery are located on PUF Lands near Fort Stockton. More recently, approximately 4,000 acres have been leased for wind power projects. Currently there are approximately 100 wind turbines with a generating capacity of over 65 megawatts. As mandated by the Constitution, all surface lease income is deposited in the Available University Fund (AUF) to support current operations.

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, 2013, was \$12,552,076,128. This amount included securities and cash of \$12,542,048,744, and land carried at a nominal value of \$10,027,384. Additions to the PUF during the 2012 fiscal year were \$900,667,092 including \$692,868,386 from oil, gas and sulphur royalties, \$163,502,913 from mineral lease rentals and bonuses, and \$44,295,793 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

799 Available University Fund

and unrealized capital gains. Additionally, the expenses of managing PUF land and investments are paid from PUF assets. The amount of any distributions to the AUF is determined by the U. T. 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;
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, 2013, The University of Texas System had outstanding PUF bonds and notes of \$1,816.8 million. When combined with the outstanding Texas A&M University System PUF bonds and notes of \$707.9 million, the outstanding debt is approximately 20.1% 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 2013 \$644.3 million
Actual 2014 \$689.4 million
Budgeted 2015 \$763.6 million
Projected 2016 \$776.0 million
Projected 2017 \$869.7 million

The projected PUF distributions are currently based an assumed annual investment return of 6.82% which has been approved by the UTIMCO Board of Directors and is expected to be approved by the UT Board on August 21, 2014.

The UT Board has established a U. T. 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%. Due to a record year of PUF royalty income, strong investment performance by UTIMCO, and the constrained State of Texas budget situation for the biennium, a distribution from the PUF to the AUF of 5.5% or \$575.5 million for FY 2012 was approved. Given similar circumstances for FY 2013, the UT Board

799 Available University Fund

approved a distribution of \$644.3 million, equating to a distribution rate of approximately 5.69%. For FY 2014 and FY 2015, the UT Board approved distribution amounts based on a 5.50% rate, which resulted in distribution amounts of \$689.4 million and \$763.6 million, respectively. For FY 2016 and FY 2017, a distribution rate of 5.0% 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 results in varied economic circumstances.

2.A. Summary of Base Request by Strategy

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Automated Budget and Evaluation System of Texas (ABEST)

799 Available University Fund

Goal / Objective / STRATEGY	Exp 2013	Est 2014	Bud 2015	Req 2016	Req 2017
1 Provide Management and Administrative Support for Endowment Funds					
1 Available University Fund					
2 TEXAS A&M UNIV SYSTEM ALLOCATION	223,351,040	238,466,713	263,552,548	267,691,660	298,920,988
3 THE UNIV OF TEXAS SYSTEM ALLOCATION	449,055,285	479,033,425	529,305,097	537,883,320	601,241,975
TOTAL, GOAL 1	\$672,406,325	\$717,500,138	\$792,857,645	\$805,574,980	\$900,162,963
TOTAL, AGENCY STRATEGY REQUEST	\$672,406,325	\$717,500,138	\$792,857,645	\$805,574,980	\$900,162,963
TOTAL, AGENCY RIDER APPROPRIATIONS REQUEST*				\$0	\$0
GRAND TOTAL, AGENCY REQUEST	\$672,406,325	\$717,500,138	\$792,857,645	\$805,574,980	\$900,162,963
<u>METHOD OF FINANCING:</u>					
Other Funds:					
11 Available University Fund	672,406,325	717,500,138	792,857,645	805,574,980	900,162,963
SUBTOTAL	\$672,406,325	\$717,500,138	\$792,857,645	\$805,574,980	\$900,162,963
TOTAL, METHOD OF FINANCING	\$672,406,325	\$717,500,138	\$792,857,645	\$805,574,980	\$900,162,963

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

2.A. Summary of Base Request by Strategy

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Automated Budget and Evaluation System of Texas (ABEST)

799 Available University Fund

Goal / Objective / STRATEGY	Exp 2013	Est 2014	Bud 2015	Req 2016	Req 2017
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2.B. Summary of Base Request by Method of Finance
 84th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

8/1/2014 10:52:58AM

Agency code: **799**

Agency name: **Available University Fund**

METHOD OF FINANCING	Exp 2013	Est 2014	Bud 2015	Req 2016	Req 2017
<u>OTHER FUNDS</u>					
11 Available University Fund No. 011					
<i>REGULAR APPROPRIATIONS</i>					
Regular Appropriations from MOF Table (2012-13 GAA)	\$554,442,953	\$0	\$0	\$0	\$0
Regular Appropriations from MOF Table (2014-15 GAA)	\$0	\$663,152,688	\$657,354,731	\$805,574,980	\$900,162,963
Revised Receipts	\$117,963,372	\$54,347,450	\$135,502,914	\$0	\$0
TOTAL, Available University Fund No. 011	\$672,406,325	\$717,500,138	\$792,857,645	\$805,574,980	\$900,162,963
TOTAL, ALL OTHER FUNDS	\$672,406,325	\$717,500,138	\$792,857,645	\$805,574,980	\$900,162,963
GRAND TOTAL	\$672,406,325	\$717,500,138	\$792,857,645	\$805,574,980	\$900,162,963

2.B. Summary of Base Request by Method of Finance
 84th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

8/1/2014 10:52:58AM

Agency code: 799

Agency name Available University Fund

METHOD OF FINANCING	Exp 2013	Est 2014	Bud 2015	Req 2016	Req 2017
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FULL-TIME-EQUIVALENT POSITIONS

TOTAL, ADJUSTED FTES

NUMBER OF 100% FEDERALLY FUNDED FTEs

0.0	0.0	0.0	0.0	0.0	0.0
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2.C. Summary of Base Request by Object of Expense
 84th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

8/1/2014 10:52:59AM

799 Available University Fund

OBJECT OF EXPENSE	Exp 2013	Est 2014	Bud 2015	BL 2016	BL 2017
2009 OTHER OPERATING EXPENSE	\$672,406,325	\$717,500,138	\$792,857,645	\$805,574,980	\$900,162,963
OOE Total (Excluding Riders)	\$672,406,325	\$717,500,138	\$792,857,645	\$805,574,980	\$900,162,963
OOE Total (Riders)					
Grand Total	\$672,406,325	\$717,500,138	\$792,857,645	\$805,574,980	\$900,162,963

2.D. Summary of Base Request Objective Outcomes
 84th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation system of Texas (ABEST)

8/4/2014 4:24:32PM

799 Available University Fund

<i>Goal/ Objective / Outcome</i>	Exp 2013	Est 2014	Bud 2015	BL 2016	BL 2017
I 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					
	0.00	30.00	30.00	30.00	30.00

2.F. Summary of Total Request by Strategy
 84th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE : 8/1/2014
 TIME : 10:52:59AM

Agency code: 799		Agency name: Available University Fund				
Goal/Objective/STRATEGY	Base 2016	Base 2017	Exceptional 2016	Exceptional 2017	Total Request 2016	Total Request 2017
1 Provide Management and Administrative Support for Endowment Fun						
<i>1 Available University Fund</i>						
2 TEXAS A&M UNIV SYSTEM ALLOCATION	\$267,691,660	\$298,920,988	\$0	\$0	\$267,691,660	\$298,920,988
3 THE UNIV OF TEXAS SYSTEM ALLOCATION	537,883,320	601,241,975	0	0	537,883,320	601,241,975
TOTAL, GOAL 1	\$805,574,980	\$900,162,963	\$0	\$0	\$805,574,980	\$900,162,963
TOTAL, AGENCY STRATEGY REQUEST	\$805,574,980	\$900,162,963	\$0	\$0	\$805,574,980	\$900,162,963
TOTAL, AGENCY RIDER APPROPRIATIONS REQUEST						
GRAND TOTAL, AGENCY REQUEST	\$805,574,980	\$900,162,963	\$0	\$0	\$805,574,980	\$900,162,963

2.F. Summary of Total Request by Strategy
 84th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE : 8/1/2014
 TIME : 10:52:59AM

Agency code: 799	Agency name: Available University Fund					
Goal/Objective/STRATEGY	Base 2016	Base 2017	Exceptional 2016	Exceptional 2017	Total Request 2016	Total Request 2017
Other Funds:						
11 Available University Fund	\$805,574,980	\$900,162,963	\$0	\$0	\$805,574,980	\$900,162,963
	\$805,574,980	\$900,162,963	\$0	\$0	\$805,574,980	\$900,162,963
TOTAL, METHOD OF FINANCING	\$805,574,980	\$900,162,963	\$0	\$0	\$805,574,980	\$900,162,963

FULL TIME EQUIVALENT POSITIONS

2.G. Summary of Total Request Objective Outcomes
 84th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation system of Texas (ABEST)

Date : 8/4/2014
 Time: 4:25:26PM

Agency code: 799 Agency name: Available University Fund

Goal/ Objective / Outcome

	BL 2016	BL 2017	Excp 2016	Excp 2017	Total Request 2016	Total Request 2017
1 Provide Management and Administrative Support for Endowment Funds						
1 <i>Available University Fund</i>						
KEY 1 Permanent University Fund (PUF) Expense as Basis Points of Net Assets						
	30.00	30.00			30.00	30.00

3.A. Strategy Request
 84th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

8/1/2014 10:52:59AM

799 Available University Fund

GOAL: 1 Provide Management and Administrative Support for Endowment Funds Statewide Goal/Benchmark: 2 0
 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 2013	Est 2014	Bud 2015	BL 2016	BL 2017
Objects of Expense:						
2009	OTHER OPERATING EXPENSE	\$223,351,040	\$238,466,713	\$263,552,548	\$267,691,660	\$298,920,988
TOTAL, OBJECT OF EXPENSE		\$223,351,040	\$238,466,713	\$263,552,548	\$267,691,660	\$298,920,988
Method of Financing:						
11	Available University Fund	\$223,351,040	\$238,466,713	\$263,552,548	\$267,691,660	\$298,920,988
SUBTOTAL, MOF (OTHER FUNDS)		\$223,351,040	\$238,466,713	\$263,552,548	\$267,691,660	\$298,920,988
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$267,691,660	\$298,920,988
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$223,351,040	\$238,466,713	\$263,552,548	\$267,691,660	\$298,920,988

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 Statewide Goal/Benchmark: 2 0
 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 2013	Est 2014	Bud 2015	BL 2016	BL 2017
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EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

3.A. Strategy Request
 84th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

8/1/2014 10:52:59AM

799 Available University Fund

GOAL: 1 Provide Management and Administrative Support for Endowment Funds Statewide Goal/Benchmark: 2 0
 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 2013	Est 2014	Bud 2015	BL 2016	BL 2017
Objects of Expense:						
2009	OTHER OPERATING EXPENSE	\$449,055,285	\$479,033,425	\$529,305,097	\$537,883,320	\$601,241,975
TOTAL, OBJECT OF EXPENSE		\$449,055,285	\$479,033,425	\$529,305,097	\$537,883,320	\$601,241,975
Method of Financing:						
11	Available University Fund	\$449,055,285	\$479,033,425	\$529,305,097	\$537,883,320	\$601,241,975
SUBTOTAL, MOF (OTHER FUNDS)		\$449,055,285	\$479,033,425	\$529,305,097	\$537,883,320	\$601,241,975
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$537,883,320	\$601,241,975
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$449,055,285	\$479,033,425	\$529,305,097	\$537,883,320	\$601,241,975

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
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 Automated Budget and Evaluation System of Texas (ABEST)

8/1/2014 10:52:59AM

799 Available University Fund

GOAL: 1 Provide Management and Administrative Support for Endowment Funds Statewide Goal/Benchmark: 2 0
 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 2013	Est 2014	Bud 2015	BL 2016	BL 2017
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EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

3.A. Strategy Request
84th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

8/1/2014 10:52:59AM

SUMMARY TOTALS:

OBJECTS OF EXPENSE:	\$672,406,325	\$717,500,138	\$792,857,645	\$805,574,980	\$900,162,963
METHODS OF FINANCE (INCLUDING RIDERS):				\$805,574,980	\$900,162,963
METHODS OF FINANCE (EXCLUDING RIDERS):	\$672,406,325	\$717,500,138	\$792,857,645	\$805,574,980	\$900,162,963
FULL TIME EQUIVALENT POSITIONS:					

**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	August 2014			
Item No.		Expended			Requested	
		Actual 2013	Est Actual 2014	Budgeted 2015	2016	2017
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	\$ 223,351,040	\$ 238,466,713	\$ 263,552,548	\$ 267,691,660	\$ 298,920,988
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>449,055,285</u>	<u>479,033,425</u>	<u>529,305,097</u>	<u>537,883,320</u>	<u>601,241,975</u>
3.	TOTAL AVAILABLE UNIVERSITY FUND estimated at	<u>\$ 672,406,325</u>	<u>\$ 717,500,138</u>	<u>\$ 792,857,645</u>	<u>\$ 805,574,980</u>	<u>\$ 900,162,963</u>

**SCHEDULE 2
ESTIMATES OF INCOME**

Agency	Name of Agency: The University of Texas System Administration Available University Fund	Prepared by: Randy Wallace	Date: August 2014			
INCOME						
Item No.	Description	Actual 2013	Est Actual 2014	Budgeted 2015	Requested	
					2016	2017
Divisible with A&M University						
1.	Permanent University Fund Distributions	\$ 644,300,000	\$ 689,365,138	\$ 763,552,645	\$ 775,969,980	\$ 869,657,963
2.	Interest on AUF Daily Balances	4,356	-	-	-	
3.	Grazing and Hunting Lease Rental	3,205,841	3,000,000	3,375,000	3,375,000	3,375,000
4.	Surface Easements and Leases	21,230,122	20,000,000	20,550,000	20,550,000	20,550,000
5.	Exploration Permits	8,000	1,750,000	1,750,000	1,750,000	1,750,000
6.	Other Income - West Texas Lands	904,800	885,000	1,030,000	1,030,000	1,030,000
7.	Wine Royalties	400,000	400,000	400,000	400,000	400,000
8.	Gross Divisible Income	670,053,119	715,400,138	790,657,645	803,074,980	896,762,963
9.	Less: 1/3 to A&M University (Schedule 1, Item No. 1)	223,351,040	238,466,713	263,552,548	267,691,660	298,920,988
10.	Net 2/3 Share to The University of Texas System	446,702,079	476,933,425	527,105,097	535,383,320	597,841,975
Non-Divisible:						
11.	Interest on Daily AUF Balances	2,353,206	2,100,000	2,200,000	2,500,000	3,400,000
12.	Estimated Net Income, The University of Texas System Share (Schedule 2a, Item No. 1 and Schedule 1, Item No. 2)	<u>\$ 449,055,285</u>	<u>\$ 479,033,425</u>	<u>\$ 529,305,097</u>	<u>\$ 537,883,320</u>	<u>\$ 601,241,975</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: August 2014	
Item No.	Description	EXPENSE				
		Actual 2013	Est Actual 2014	Budgeted 2015	Requested	
					2016	2017
1.	Estimated Net Income - The University of Texas System Share (Schedule 2, Item No. 12 and Schedule 1, Item No. 2)	\$ 449,055,285	\$ 479,033,425	\$ 529,305,097	\$ 537,883,320	\$ 601,241,975
	Less Debt Service:					
	Permanent University Fund:					
2.	Refunding Bonds, Series 2004A	9,210,167	8,625,875	-	-	-
3.	Bonds, Series 2004B	10,144,263	3,381,421	-	-	-
4.	Refunding Bonds, Series 2005A	14,008,667	13,969,791	13,962,208	13,958,375	23,144,583
5.	Bonds, Series 2005B	3,422,325	3,422,325	3,422,325	3,422,325	3,422,325
6.	Refunding Bonds, Series 2006B	14,865,691	14,851,563	14,851,563	14,851,563	14,851,563
7.	Bonds, Series 2006C	6,071,145	6,108,895	6,110,895	6,108,395	6,111,311
8.	Bonds, Series 2008A	19,435,632	19,396,356	19,375,689	19,371,133	19,369,347
9.	Bonds, Series 2009A	10,852,875	13,155,000	13,155,000	13,155,000	13,155,000
10.	Bonds, Series 2014A	-	6,709,492	12,017,000	12,017,000	12,017,000
11.	Bonds, Series 2014B	-	4,042,329	17,849,667	17,805,583	9,191,000
12.	Other Bonds/Notes	<u>45,072,903</u>	<u>62,589,769</u>	<u>63,489,071</u>	<u>70,722,788</u>	<u>105,389,721</u>
13.	Subtotal, Debt Service	<u>133,083,668</u>	<u>156,252,816</u>	<u>164,233,418</u>	<u>171,412,162</u>	<u>206,651,850</u>
14.	Net Available University Fund Income	<u>\$ 315,971,617</u>	<u>\$ 322,780,609</u>	<u>\$ 365,071,679</u>	<u>\$ 366,471,158</u>	<u>\$ 394,590,125</u>
	Allocations to:					
	System Administration					
15.	Operating Budget	\$ 39,078,927	\$ 41,325,875	\$ 49,590,841	\$ 51,202,544	\$ 52,738,619
16.	U. T. Horizon Fund	12,500,000	-	12,500,000	12,500,000	12,500,000
17.	System-Wide Initiatives	11,071,606	43,240,465	53,318,659	62,130,015	43,093,916
	The University of Texas at Austin					
18.	For Educational Programs and Projects (over and above General Appropriation)	199,285,000	215,570,000	238,190,000	242,050,000	270,560,000
19.	U. T. Medical School	8,000,000	17,000,000	25,000,000	25,000,000	25,000,000
20.	System-wide Technology and Telecommunications	<u>1,060,000</u>	<u>1,060,000</u>	<u>1,060,000</u>	<u>1,060,000</u>	<u>1,060,000</u>
21.	Net Allocations of Available University Fund Income	<u>\$ 270,995,533</u>	<u>\$ 318,196,340</u>	<u>\$ 379,659,500</u>	<u>\$ 393,942,559</u>	<u>\$ 404,952,535</u>

