

Testimony of Paul Foster
Chairman, The University of Texas System Board of Regents
Before the House Committee on Higher Education
May 3, 2017

***Delivered remarks often deviate from prepared remarks*

Mr. Chairman and Members:

My name is Paul Foster and I am chairman of The University of Texas System Board of Regents.

Thank you for the opportunity to testify today concerning HJR 110.

The framers of our constitution had amazing foresight in dedicating land, now 2.1 million acres, to support The University of Texas System and the Texas A&M University System. That dedication of land as the Permanent University Fund, known generally as the “PUF”, and the revenues from that land, has been critical to the development of two national research universities that are recognized nationally and globally for their excellence. I think every Texan takes pride in the greatness of The University of Texas at Austin and Texas A&M University.

As the chancellor will describe, we believe that the constitutional amendment proposed by HJR 110 will have a dramatic negative effect on the PUF and its ability to serve not only those two institutions, but the other institutions and agencies of the two systems.

It is important to recognize at the outset that the PUF benefits all 14 institutions of the UT System, in addition to most of the institutions and agencies of the A&M System. With the exception of the annual distribution to the Available University Fund, we do not spend the \$20 billion that the PUF represents.

Texas law has provided dedicated construction funding for all Texas universities since 1949, with the exception of a brief period in the 1980s. The constitution allows the UT and A&M systems to each issue a limited amount of bonds for capital expenses such as construction. The principal and interest on those bonds is paid from the available fund. Since 1984, institutions that do not use PUF bonds have a constitutional appropriation called the Higher Education Fund—or the “HEAF”—that serves the same capital purposes.

Since all Texas universities participate in either PUF bonds or HEAF for construction and other capital purposes, I believe the real discussion invited by HJR 110 is not about capital expenses but

about the advantage enjoyed by UT Austin and Texas A&M in having access to the Available University Fund for support and maintenance.

UT Austin and Texas A&M University—our state’s two public “flagships,” if you will—have achieved and maintain their level of excellence *because* of the Available University Fund. For our system, we allocate about half of the UT System share of the AUF to UT Austin *before* we pay debt service on bonds.

Even within our own system, no other UT institution has access to the Available University Fund for operational expenses. Even when the voters amended the constitution in 1984 to provide PUF bonds for all UT System institutions, the policy decision was to have only UT Austin within our system get AUF for support and maintenance.

Even as the legislature has provided a variety of additional funding sources to encourage the development of more public national research universities in Texas, including the four emerging research universities in the UT System, the constitutional and statutory framework has continued to recognize and prioritize the importance of the flagships. This legislature has carefully constructed policies that support other universities, without jeopardizing the excellence of UT Austin and Texas A&M.

As chairman of the UT System Board of Regents, I have to encourage you to continue that policy: do all you can for other universities, including the other institutions within the UT System, but don’t jeopardize the excellence of UT Austin in the process.

Thank you.