
**THE UNIVERSITY OF TEXAS
SYSTEM ADMINISTRATION**

**ALLOCATION OF PERMANENT UNIVERSITY FUND
BOND PROCEEDS RESERVES FOR
LIBRARY, EQUIPMENT, REPAIR AND REHABILITATION
AND FACULTY STARS**



FISCAL YEAR 2019

Adopted by the U. T. System Board of Regents
August 10, 2018

The University of Texas System

Fiscal Year 2019

RESERVE ALLOCATIONS FOR LIBRARY, EQUIPMENT, REPAIR AND REHABILITATION AND FACULTY SCIENCE AND TECHNOLOGY ACQUISITION AND RETENTION (STARs)

Summary

PUF Allocation				
	Library & Equipment	Repair & Rehabilitation	Faculty STARs Program	Total
Academic Institutions				
The University of Texas at Arlington	\$ 880,000	1,020,000	-	1,900,000
The University of Texas at Austin	800,000	2,940,000	-	3,740,000
The University of Texas at Dallas	1,000,000	1,300,000	-	2,300,000
The University of Texas at El Paso	1,250,000	775,000	-	2,025,000
The University of Texas of the Permian Basin	586,000	505,000	-	1,091,000
The University of Texas Rio Grande Valley	730,000	1,500,000	-	2,230,000
The University of Texas at San Antonio	667,000	1,853,000	-	2,520,000
The University of Texas at Tyler	115,000	854,000	-	969,000
Subtotal Academic Institutions	6,028,000	10,747,000	-	16,775,000
Health Institutions				
The University of Texas Southwestern Medical Center	-	2,200,000	-	2,200,000
The University of Texas Medical Branch at Galveston	1,200,000	1,150,000	-	2,350,000
The University of Texas Health Science Center at Houston	-	2,300,000	-	2,300,000
The University of Texas Health Science Center at San Antonio	2,345,000	-	-	2,345,000
The University of Texas M. D. Anderson Cancer Center	2,130,000	-	-	2,130,000
The University of Texas Health Science Center at Tyler	-	2,400,000	-	2,400,000
Subtotal Health Institutions	5,675,000	8,050,000	-	13,725,000
The University of Texas System Administration				
Academic Library Collection Enhancement Program	4,500,000	-	-	4,500,000
Faculty STARs Program - Academic Institutions	-	-	17,500,000	17,500,000
Faculty STARs Program - Health Institutions	-	-	17,500,000	17,500,000
Subtotal System Administration	4,500,000	-	35,000,000	39,500,000
Grand Total	\$ 16,203,000	18,797,000	35,000,000	70,000,000

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RESERVE ALLOCATIONS FOR LIBRARY, EQUIPMENT, REPAIR & REHABILITATION AND FACULTY SCIENCE AND TECHNOLOGY ACQUISITION AND RETENTION (STARs)

INSTITUTION/NAME OF PROJECT	LIBRARY AND EQUIPMENT		REPAIR AND REHABILITATION		FACULTY STARs
	TOTAL PROJECT COST	PUF ALLOCATION	TOTAL PROJECT COST	PUF ALLOCATION	PUF ALLOCATION
ACADEMIC INSTITUTIONS					
The University of Texas at Arlington					
Elevator Equipment Safety Repairs and Modernizations			1,020,000	1,020,000	
Network Wireless Distribution Upgrade - Phase I	880,000	880,000			
TOTAL	\$ 880,000	880,000	1,020,000	1,020,000	-
The University of Texas at Austin					
Libraries Digital Infrastructure	800,000	800,000			
Battle Hall Building Fire Sprinkler and Fire Alarm System Upgrade			1,020,000	918,000	
West Mall Building Fire Alarm System Upgrade			450,000	405,000	
Accessibility Improvements - Ernest Cockrell Jr. Hall (ECJ)			1,308,500	1,177,650	
Accessibility Improvements - Engineering Teaching Center II (ETC) Building			194,100	174,690	
Accessibility Improvements - Chemical & Petroleum Engineering (CPE) Building			558,500	264,660	
TOTAL	\$ 800,000	800,000	3,531,100	2,940,000	-
The University of Texas at Dallas					
Academic Affairs Science and Engineering Laboratory Equipment	1,000,000	1,000,000			
Electrical Repairs Various Buildings Phase III			500,000	500,000	
Duct Insulation Repair Various Buildings			500,000	500,000	
Energy Management System Upgrade Phase III			300,000	300,000	
TOTAL	\$ 1,000,000	1,000,000	1,300,000	1,300,000	-
The University of Texas at El Paso					
Research and Technology Infrastructure for New Faculty	1,000,000	1,000,000			
Cotton Facility Remodeling			475,000	475,000	
Sewer Lift Station and Domestic Water Distribution System			300,000	300,000	
Liquid Chromatography-Mass Spectrometry for Pharmaceutical Sciences Research	250,000	250,000			
TOTAL	\$ 1,250,000	1,250,000	775,000	775,000	-
The University of Texas of the Permian Basin					
Workstation Refresh	300,000	300,000			
Classroom Control and Interactive Display Upgrades	50,000	50,000			
Computer Lab Collaboration Spaces and Remote Application Access	50,000	50,000			
Network Core Refresh	100,000	100,000			
Renovation Cost for S&T 2206 Lab			150,000	150,000	
Renovation of Existing Entryways to Key Card Access			355,000	355,000	
Police Communications Center Voice Recorder - Police Radio/Emergency Phone Lines	86,000	86,000			
TOTAL	\$ 586,000	586,000	505,000	505,000	-

The University of Texas System

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RESERVE ALLOCATIONS FOR LIBRARY, EQUIPMENT, REPAIR & REHABILITATION AND FACULTY SCIENCE AND TECHNOLOGY ACQUISITION AND RETENTION (STARs)

INSTITUTION/NAME OF PROJECT	LIBRARY AND EQUIPMENT		REPAIR AND REHABILITATION		FACULTY STARs
	TOTAL	PUF	TOTAL	PUF	PUF
	PROJECT COST	ALLOCATION	PROJECT COST	ALLOCATION	ALLOCATION
The University of Texas Rio Grande Valley					
Library HVAC Replacement - Phase I - Edinburg Campus			1,500,000	1,500,000	
Interactive Teaching Venue and Classroom Upgrade Program	730,000	730,000			
TOTAL	\$ 730,000	730,000	1,500,000	1,500,000	-
The University of Texas at San Antonio					
ADA Improvements			488,000	488,000	
Student Collaboration Space-Flawn Building			240,000	240,000	
John Peace Library 4th Floor Restrooms			1,125,000	1,125,000	
Computer Equipment	667,000	667,000			
TOTAL	\$ 667,000	667,000	1,853,000	1,853,000	-
The University of Texas at Tyler					
Secure Data Storage Array Replacements			325,000	325,000	
Critical Server Replacements for Secure Systems and Operations			364,000	364,000	
Network Data Control Rooms Security			75,000	75,000	
Data Center Uninterruptible Power Supply Replacement			90,000	90,000	
Emergency Blue Light Telephones	50,000	50,000			
Inner-Campus Video Surveillance Project	65,000	65,000			
TOTAL	\$ 115,000	115,000	854,000	854,000	-
SUBTOTAL - ACADEMIC INSTITUTIONS		\$ 6,028,000		10,747,000	-

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RESERVE ALLOCATIONS FOR LIBRARY, EQUIPMENT, REPAIR & REHABILITATION AND FACULTY SCIENCE AND TECHNOLOGY ACQUISITION AND RETENTION (STARs)

INSTITUTION/NAME OF PROJECT	LIBRARY AND EQUIPMENT		REPAIR AND REHABILITATION		FACULTY STARs
	TOTAL PROJECT COST	PUF ALLOCATION	TOTAL PROJECT COST	PUF ALLOCATION	PUF ALLOCATION
HEALTH INSTITUTIONS					
The University of Texas Southwestern Medical Center					
Renovation and Rehabilitation in Support of UT Southwestern Research Infrastructure			4,000,000	2,200,000	
TOTAL	\$ -	-	4,000,000	2,200,000	-
The University of Texas Medical Branch at Galveston					
Information and Educational Resources	2,590,476	1,200,000			
Infrastructure Security Program			1,000,000	750,000	
Infrastructure Upgrades to Support Academic and Computational Research in the Health Clinic Building			750,000	400,000	
TOTAL	\$ 2,590,476	1,200,000	1,750,000	1,150,000	-
The University of Texas Health Science Center at Houston					
Cizik School of Nursing Simulation Lab Renovation for Nursing Education			9,000,000	2,300,000	
TOTAL	\$ -	-	9,000,000	2,300,000	-
The University of Texas Health Science Center at San Antonio					
Digital Journals and Databases	700,000	700,000			
Technology Refresh and Expansion	1,250,000	1,250,000			
Integrated Data Analytics, Storage, and Reporting Tools	500,000	395,000			
TOTAL	\$ 2,450,000	2,345,000	-	-	-
The University of Texas M. D. Anderson Cancer Center					
Visitor Access Management Addressing Patient and Employee Safety	2,000,000	1,200,000			
Research Medical Library Refresh - Phase 2	1,200,000	720,000			
Central Utility Plant - Siemens Modular Equipment Controller Replacement	350,000	210,000			
TOTAL	\$ 3,550,000	2,130,000	-	-	-
The University of Texas Health Science Center at Tyler					
Academic and Research Improvements			2,500,000	2,400,000	
TOTAL	\$ -	-	2,500,000	2,400,000	-
SUBTOTAL - HEALTH INSTITUTIONS		\$ 5,675,000		8,050,000	-

The University of Texas System

Fiscal Year 2019

RESERVE ALLOCATIONS FOR LIBRARY, EQUIPMENT, REPAIR & REHABILITATION AND FACULTY SCIENCE AND TECHNOLOGY ACQUISITION AND RETENTION (STARs)

INSTITUTION/NAME OF PROJECT	LIBRARY AND EQUIPMENT		REPAIR AND REHABILITATION		FACULTY STARs
	TOTAL PROJECT COST	PUF ALLOCATION	TOTAL PROJECT COST	PUF ALLOCATION	PUF ALLOCATION
SYSTEM ADMINISTRATION					
The University of Texas System Administration					
UT System Academic Library Collection Enhancement Program (ALCEP)	4,500,000	4,500,000			
Faculty STARs Program - Academic Institutions					17,500,000
Faculty STARs Program - Health Institutions					17,500,000
TOTAL	\$ 4,500,000	4,500,000	-	-	35,000,000
 SUBTOTAL - U. T. SYSTEM ADMINISTRATION		\$ 4,500,000		-	35,000,000
 TOTAL - U. T. SYSTEM		\$ 16,203,000		18,797,000	35,000,000

THE UNIVERSITY OF TEXAS SYSTEM

PERMANENT UNIVERSITY FUND (PUF) BOND PROCEEDS FOR LIBRARY, EQUIPMENT, REPAIR AND REHABILITATION (LERR) AND FACULTY SCIENCE AND TECHNOLOGY ACQUISITION AND RETENTION (STARS) AND SIMILAR FUNDED PROGRAMS BUDGET RULES AND PROCEDURES For Fiscal Year Ending August 31, 2019

A. INITIAL BUDGET

1. U. T. System institutions are authorized to purchase approved Library and Equipment items and to contract for Repair and Rehabilitation projects following standard purchasing and contracting procedures within approved dollar limits as outlined in *UTS 168 Capital Expenditure Policy* (<https://utsystem.edu/sites/policy-library/policies/uts-168-capital-expenditure-policy>). This includes expenditures for Faculty STARS or similar funded programs.
2. Transfers by the U. T. System Administration of allocated funds to institutional control or to vendors will coincide with vendor payment requirements.
3. Final approval of specific Repair and Rehabilitation projects will be in accordance with U. T. System Board of Regents established procedures for construction projects.
4. All expenditures are subject to the provisions of the *Constitution* of the State of Texas and the U. T. System Board of Regents' *Rules and Regulations* for the governance of The University of Texas System.

B. BUDGET AMENDMENTS

1. Items requiring approval of the U. T. System Administration and subsequent approval by the U. T. System Board of Regents through the Consent Agenda
 - a. Substitute Library and Equipment purchases in excess of \$1 million that are not on the approved list.
 - b. Funding for new Repair and Rehabilitation projects in excess of \$1 million that are not on the approved list.

2. Items requiring approval of U. T. System Administration (no Consent Agenda approval required)
 - a. Substitute Library and Equipment purchases of \$1 million or less that are not on the approved list.
 - b. Funding for new Repair and Rehabilitation projects of \$1 million or less that are not on the approved list.
 - c. Transfers of appropriated funds between approved Library and Equipment items.
 - d. Transfers of appropriated funds between Repair and Rehabilitation items.
 - e. Transfers of funds for approved Library and Equipment purchases to fund approved Repair and Rehabilitation projects and vice versa.
 - f. All transfers of funds are subject to the requirements of the *UTS 168 Capital Expenditure Policy*.

C. OTHER CONSIDERATIONS

1. All Library and Equipment or Repair and Rehabilitation appropriations must be expended within 36 months from the date of the award or the appropriation will lapse and be made available for future Systemwide reallocation.
2. All Faculty STARs or similar program appropriations must be expended within 36 months from the time the faculty member arrives on campus or the appropriation will lapse and be made available for future Systemwide reallocation.
3. Notwithstanding the limitations adopted at the time LERR, Faculty STARs, or other similar funding was authorized, these Budget Rules and Procedures apply to all previously authorized LERR, Faculty STARs and similar funding.

THE UNIVERSITY OF TEXAS SYSTEM

PERMANENT UNIVERSITY FUND (PUF) BOND PROCEEDS FOR LIBRARY, EQUIPMENT, REPAIR AND REHABILITATION (LERR) AND FACULTY SCIENCE AND TECHNOLOGY ACQUISITION AND RETENTION (STARS) AND SIMILAR FUNDED PROGRAMS EXPENDITURE GUIDELINES

For Fiscal Year Ending August 31, 2019

A. AUTHORIZATION OF PUF BOND PROCEEDS FOR LERR, STARS, OR SIMILAR FUNDED PROGRAMS

Article VII, Section 18 (b) of the Texas *Constitution* authorizes the U. T. System Board of Regents to issue bonds and notes secured by the U. T. System's interest in the Permanent University Fund for the purpose of:

- acquiring land, with or without permanent improvements;
- constructing and equipping buildings or other permanent improvements;
- major repair and rehabilitation of buildings and other permanent improvements;
- acquiring capital equipment; and
- acquiring library books and library materials.

It is for the last three purposes noted above that the U. T. System Board of Regents has established the LERR, Faculty STARS, and similar funded programs.

B. RETENTION OF RECORDS

The Internal Revenue Service requires that invoice documentation supporting capital expenditures, including LERR, Faculty STARS and similar programs funded with proceeds of tax-exempt bonds, be maintained for a period ending three (3) years after the complete extinguishment of the bonds. Pursuant to the Texas *Constitution*, PUF bonds may be structured with a maximum maturity of 30 years. In order to comply with the IRS requirement and *UTS 181 Policy for Post Bond Issuance Federal Tax Compliance* (<https://utsystem.edu/sites/policy-library/policies/uts-181-policy-post-bond-issuance-federal-tax-compliance>), U. T. institutions shall maintain invoice documentation for 35 years for any capital expenditures funded with tax-exempt proceeds.

C. ELIGIBILITY FOR PROGRAM FUNDS

Eligibility for LERR, STARS, or other similar funded programs is the same as eligibility for PUF bond proceeds as set forth in the *Constitution*.

D. GENERAL GUIDELINES FOR USE OF PROGRAM FUNDS

In addition to meeting the constitutional requirements outlined above, the general guideline to determine whether an item is eligible for LERR, Faculty STARs, or similar funded programs, is that it must have a useful life of at least one year. The following sections are provided to assist with that determination. These guidelines are not intended to be exhaustive and any questions regarding LERR, Faculty STARs, or similar funded program eligibility should be directed to the U. T. System Administration Office of the Controller.

Repair and Rehabilitation of Buildings or Other Permanent Improvements

Major repairs or rehabilitation of buildings or other permanent improvements include, but are not limited to, repairs, renovations, replacements, or betterments that are normally expected to extend the useful life, improve operating efficiency, eliminate health and safety hazards, correct structural or mechanical defects, upgrade the quality of existing facilities, or convert these assets to more useful functions, but that are not considered routine maintenance.

The cost of major repairs or rehabilitation of buildings or other improvements can include the contract price or cost of construction and other costs that would be applicable to make the building or improvement suitable for its intended use.

Acquisition of Capital Equipment

Capital equipment is generally regarded as nonexpendable, tangible personal property having a useful life of more than one year. The acquisition cost for equipment includes the net invoice price, including any modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for the purpose for which it is acquired. In addition, taxes, duty, in-transit insurance, freight, and installation charges are also included as part of the acquisition cost. Capital equipment, including software, that will be used Systemwide, or between and among U. T. institutions and System Administration, is eligible for LERR, Faculty STARs, or similar program funds.

Warranties and Similar Service Features

The cost of warranties and similar service features related to a purchase of capital equipment (such as maintenance agreements and loaner programs) are not eligible for LERR, Faculty STARs, or similar program funds as these are considered operating expenses. This ineligibility also applies to warranty and similar service feature costs separately identified during original purchase. For example, a warranty agreement charge that is separately identified on a Laptop purchase is not allowed.

Software

Any capitalized costs associated with the development or implementation of software, including personnel costs (salaries), are eligible for LERR, Faculty STARs, or similar funded programs if they are incurred in the Application Development Stage. This principle applies whether the salaries are paid to employees of the institution or to outside parties. See *UTS 142.13 Accounting and Financial Reporting for Intangible Assets* at (<https://www.utsystem.edu/sites/policy-library/policies/uts-14213-accounting-and-financial-reporting-intangible-assets>). Training costs related to software usage are discussed below.

The purchase of bundled software included as part of the initial acquisition of computer hardware is capitalizable regardless of threshold and therefore eligible for LERR, Faculty STARs, or similar program funds.

Software maintenance costs are considered operating expenses and therefore are not eligible for LERR, Faculty STARs, or similar program funds as these are considered operating expense.

Costs for software licenses with a useful life extending beyond one year that will be owned are eligible for LERR, Faculty STARs, or similar program funds. Leased or licensed software that requires the payment of an annual fee (i.e., does not have a useful life extending beyond one year) and that will not be owned when the license expires is not eligible for LERR, Faculty STARs, or similar program funds.

Employee Training and Travel Costs

Employee training and travel costs are not eligible for LERR or STARs program funds as these are considered operating expenses.

Operating Expenses

Consumables, which generally include those items that have an expected useful life of less than one year, are not eligible for LERR or STARs program funds as these are considered operating expenses. Some examples include, but are not limited to: chemicals, gases, paper, staplers and other office supplies, toner cartridges, medical supplies, disposal services, and laboratory supplies.

Examples of other operating expenses that are not eligible for LERR or STARs program funds include, but are not limited to: monthly telephone services, animals, software maintenance cost, and routine maintenance.

Acquisition of Library Books and Library Materials

The acquisition of library books and library materials is eligible for LERR. A library book is generally defined as a literary composition bound into a separate volume and identifiable as a separate copyrighted unit. Library materials are information sources other than books, including journals, periodicals, microforms, audio/visual media, computer-based information, manuscripts, maps, documents, and similar items that provide information essential to the learning process or enhance the quality of university library programs. A purchase of a license for library materials is allowable if the license period is in excess of one year. Annual license subscriptions and payments are not eligible for LERR.

The acquisition cost of library books and library materials can include the invoice price, freight-in, handling and insurance, binding, electronic access charges, reproduction and other like costs required to put these assets in place, with the exception of library salaries.

Prohibition for Student Housing, Athletics, and Auxiliary Enterprises

Article VII, Section 18 (d) of the *Constitution* prohibits the use of PUF bond proceeds, and therefore the use of LERR, Faculty STARs, and similar program funds, for student housing, intercollegiate athletics, or auxiliary enterprises.

E. SPECIAL PROGRAM FUNDING

Faculty STARs Program

The Faculty STARs program funded by PUF bond proceeds supports the recruitment and retention of the best-qualified faculty at both academic and health institutions by providing additional resources to build and enhance research infrastructure. Because the STARs program is funded in the same manner as LERR, the same guidelines apply and each item must have a useful life of more than one year. STARs funds are available for laboratory renovation and equipment purchases; however, faculty and other staff salaries cannot be paid from STARs funds.

There are three related program goals that form the basis of the STARs program:

- recruit senior faculty with national prominence; and
- improve the quality of new faculty and research capacity of the institutions by augmenting the start-up packages for tenure and tenure-track faculty; and
- retain high quality faculty who have had offers from another research institution or have the potential to leave because of limited access to quality equipment or laboratories.