

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

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Method of Financing	2024-25 Base	2026-27 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	\$3,726,097,944	\$3,606,851,063	(\$119,246,881)	(3.2%)
All Funds	\$3,726,097,944	\$3,606,851,063	(\$119,246,881)	(3.2%)

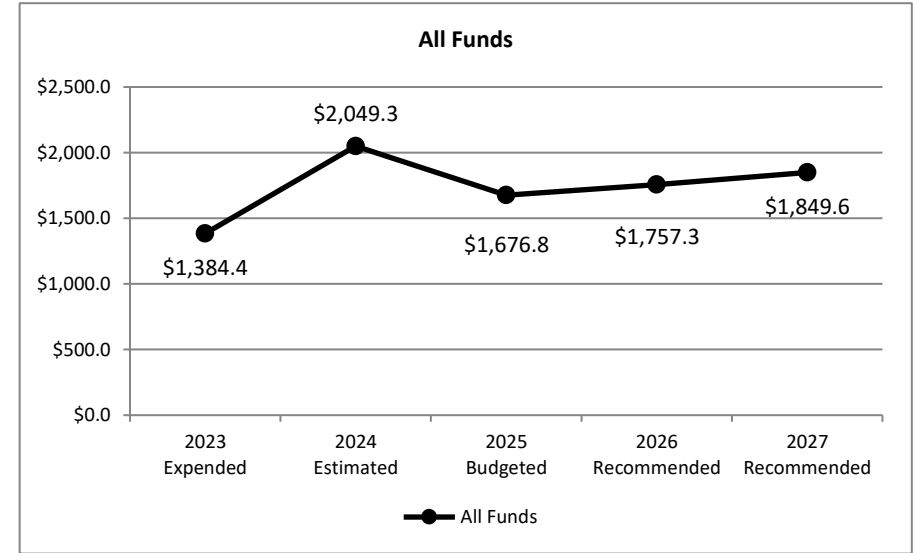
	FY 2025 Budgeted	FY 2027 Recommended	Biennial Change	Percent Change
FTEs	0.0	0.0	0.0	0.0%

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 Constitution 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 (2026-27 Recommended) represents an estimated 100.0% of the agency's estimated total available funds for the 2026-27 biennium.

Historical Funding Levels (Millions)



**Available University Fund
Summary of Funding Changes and Recommendations - Senate**

Funding Changes and Recommendations for the 2026-27 Biennium compared to the 2024-25 Base Spending Level (in millions)	General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
<i>SIGNIFICANT Funding Changes and Recommendations (each issue is explained in Section 3 and additional details are provided in Appendix A):</i>						
A) Decrease in estimated appropriations due to a \$462.7 million non-recurring special distribution from the Permanent University Fund (PUF) to the Available University Fund authorized by the UT Board of Regents in fiscal year 2024, offset by anticipated growth in the PUF.	\$0.0	\$0.0	\$0.0	(\$119.2)	(\$119.2)	A.1.1, A.1.2
TOTAL SIGNIFICANT & OTHER Funding Changes and Recommendations (in millions)	\$0.0	\$0.0	\$0.0	(\$119.2)	(\$119.2)	As Listed
<i>SIGNIFICANT & OTHER Funding Increases</i>	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	As Listed
<i>SIGNIFICANT & OTHER Funding Decreases</i>	\$0.0	\$0.0	\$0.0	(\$119.2)	(\$119.2)	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 2026-27 biennium.** Recommendations include a \$119.2 million decrease in estimated appropriations from the Available University Fund (AUF) for the 2026-27 biennium, for a total of \$3.6 billion. The funds would be allocated, pursuant to the Texas Constitution, Article VII, Section 11 requirements, as follows:
 - \$2.4 billion to the University of Texas (UT) System, and
 - \$1.2 billion 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 20 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 actual amounts for the 2024-25 biennium, the AUF appropriation for the 2026-27 biennium provides a decrease in funding by \$119.2 million. This difference is 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, offset by a \$462.7 million non-recurring special distribution from the PUF to the AUF authorized by the Board of Regents in fiscal year 2024. For fiscal years 2026 and 2027, the annual PUF distribution amounts are projected to increase from the fiscal year 2025 amount by a rate equal to the Consumer Price Index (CPI) plus 2.65 percent. The 2026-27 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 corpus value of the PUF on August 31, 2024, was \$36.5 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 August 31, 2024, the UT System had outstanding PUF bonds of \$3.8 billion and the TAMU System’s outstanding PUF bonds totaled \$1.5 billion. This outstanding debt is approximately 16.9 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).

Outstanding PUF Bonds, FY 2016-24 (in millions)

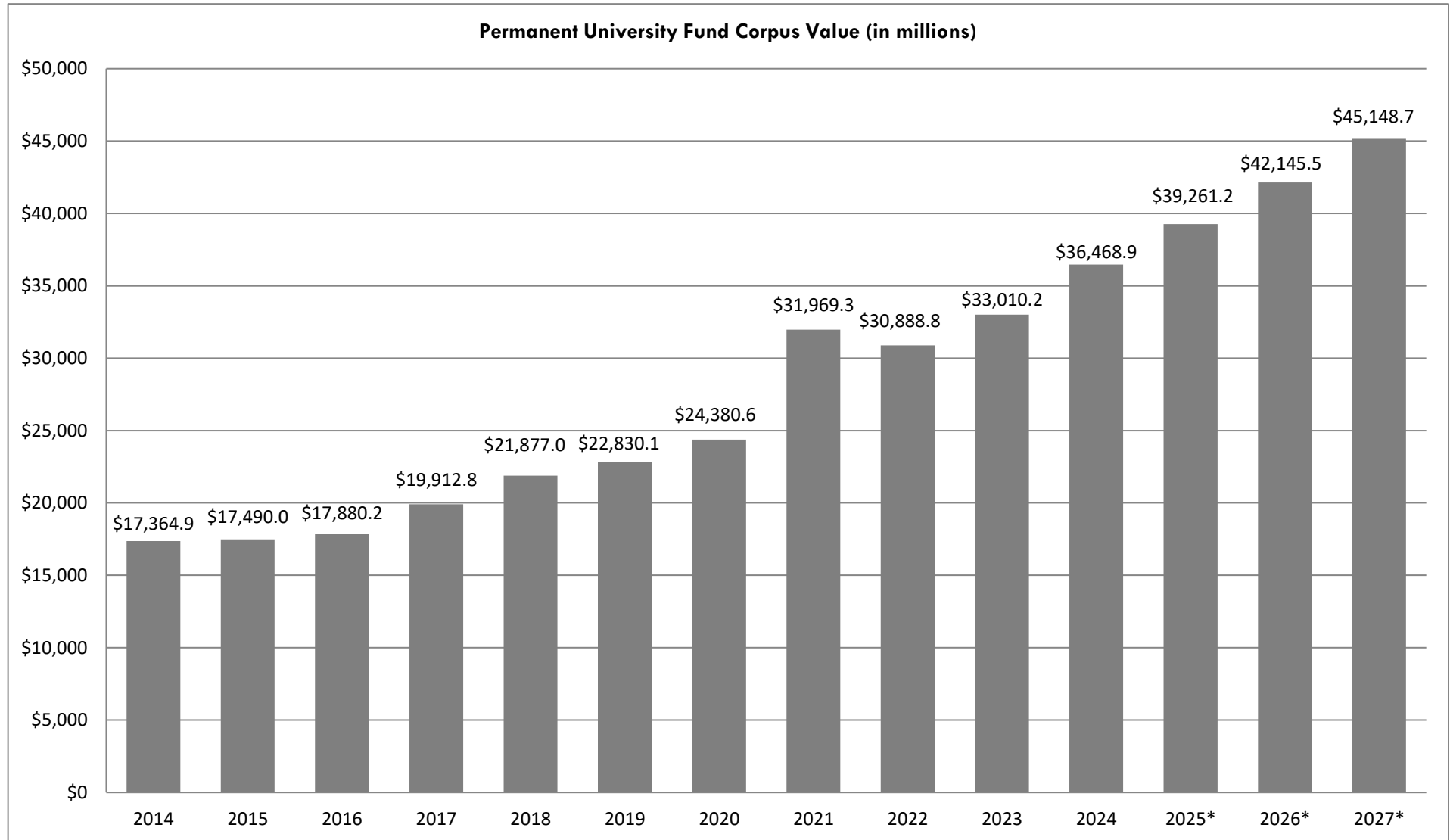
Fiscal Year	TAMU System	UT System	Total Percent of Book Value
2016	\$968	\$2,615	23.6%
2017	\$971	\$2,694	22.8%
2018	\$1,233	\$2,993	22.8%
2019	\$1,300	\$3,218	23.3%
2020	\$1,440	\$3,233	22.4%
2021	\$1,440	\$3,483	20.5%
2022	\$1,462	\$3,498	18.2%
2023	\$1,583	\$3,533	17.5%
2024	\$1,526	\$3,761	16.9%

**Available University Fund
Performance of the Permanent University Fund (FY 2014-27)**

Fiscal Year	Corpus Value (in millions)	% Change Corpus Value
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	\$ 33,010.2	6.9%
2024	\$ 36,468.9	10.5%
2025*	\$ 39,261.2	7.7%
2026*	\$ 42,145.5	7.3%
2027*	\$ 45,148.7	7.1%

Note: *FY25-27 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 University of Texas (UT) System share of the Available University Fund distribution to delete language relating to refinancing and early retirement of debt and to clarify that the use of AUF distributions for support and maintenance applies to UT System and UT Austin, pursuant to Texas Constitution, Article VII, Section 18(f).

The following riders include recommendations to make conforming changes such as updating fiscal years and ensuring statutory citations are consistent: Rider 2, Texas A&M University System Share; Rider 3, The University of Texas System Share; Rider 4, Transfer Authorization; and Rider 9, Appropriation: Unexpended Balances.

**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	2024-25 Base	2026-27 Recommended	Biennial Change	% Change	Comments
TEXAS A&M UNIV SYSTEM ALLOCATION A.1.1	\$1,214,292,078	\$1,184,947,688	(\$29,344,390)	(2.4%)	The slight difference between the percentage decrease 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	\$2,511,805,866	\$2,421,903,375	(\$89,902,491)	(3.6%)	
Total, Goal A, MANAGE/ADMINISTER ENDOWMENT FUNDS	\$3,726,097,944	\$3,606,851,063	(\$119,246,881)	(3.2%)	The biennial decrease 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, offset by a \$462.7 million non-recurring special distribution from the PUF to the Available University Fund authorized by the UT Board of Regents in fiscal year 2024. For fiscal years 2026 and 2027, the annual PUF distribution amounts are projected to increase from the fiscal year 2025 amount by a rate equal to the Consumer Price Index (CPI) plus 2.65%. The total net asset value of the PUF on August 31, 2024 was \$36.5 billion (see page 4 for historical values).
Grand Total, All Strategies	\$3,726,097,944	\$3,606,851,063	(\$119,246,881)	(3.2%)	