



UTEP Funding

Agenda



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- Overview
- Legislature
- State of Texas Budget Process
- Tuition Revenue Bonds (TRB)
- Research Funding
- UTEP's Budget Process
 - New Marginal Revenues
- Formula Funding
- PUF Funding



State of Texas Budget Process

- Texas Legislature meets Biennially – 86th Legislative Session begins in January 2019.
- Prior to the Legislature meeting, state agencies prepare a legislative appropriations request (LAR) – UT System coordinates for all universities. This is submitted to the LBB via the ABEST application.
- LAR submissions do not include any formula funded general revenue.
- Legislative Budget Board (LBB) <http://www.lbb.state.tx.us/>



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Legislative Requirement – Budget

The legislature is only required to do one thing during the session – produce a budget.

Both houses produce a budget (House and Senate versions) which get reconciled by a committee made up of members of both houses.

Everything starts with the Comptroller's estimate of revenues for the upcoming biennium.

GENERAL APPROPRIATIONS ACT FOR THE 2018-19 BIENNIUM

**Eighty-fifth Texas Legislature
Regular Session, 2017**

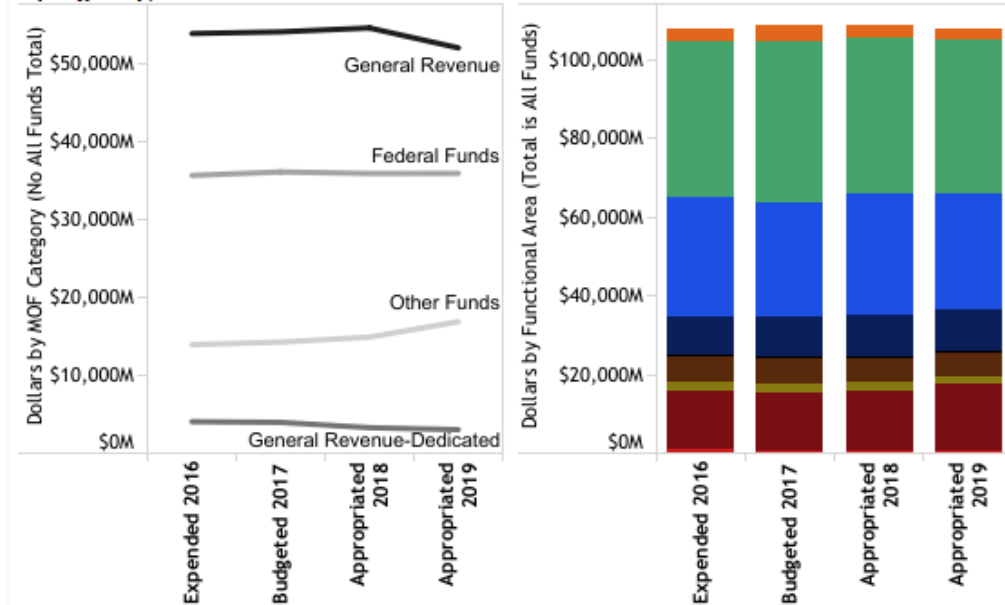
Text of Conference Committee Report on Senate Bill No. 1
(and other bills affecting 2018-19 biennial appropriations)



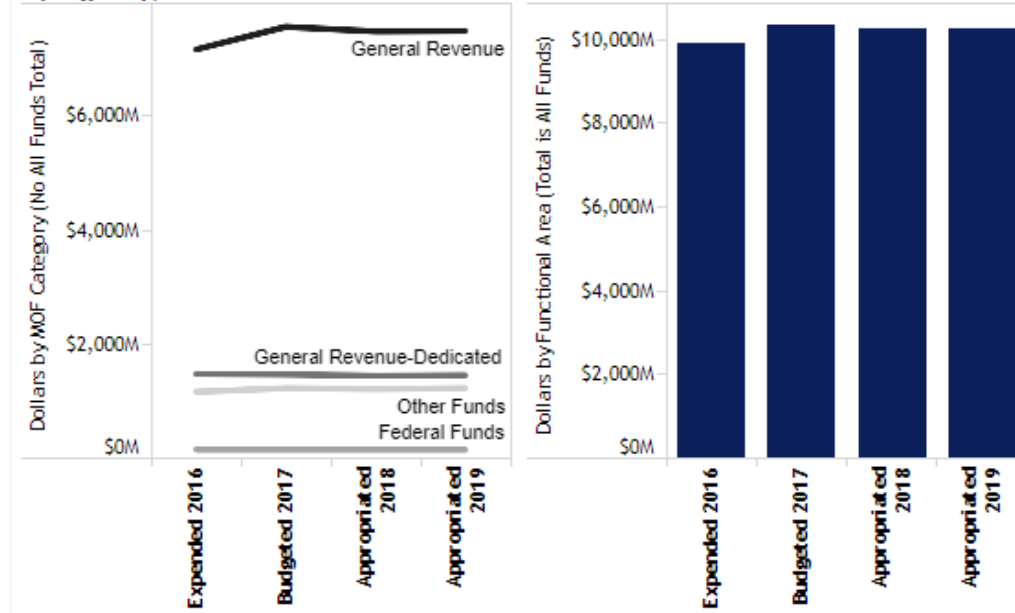


State of Texas Budget Process

SUMMARY OF STATE BUDGET--by Fiscal Year
2016-17 and 2018-19 Biennia, Fiscal Size Up Version
By Agency, Method of Finance



SUMMARY OF STATE BUDGET--by Fiscal Year
2016-17 and 2018-19 Biennia, Fiscal Size Up Version
By Agency, Method of Finance





State of Texas Budget Process

Formula funding for Instruction and Operations and Infrastructure

FORMULA AND FUND APPROPRIATIONS BY INSTITUTION TYPE, SYSTEM, AND INSTITUTION

Institution Type	System	Institution Name	Formula	Fund	2008-09	2010-11	2012-13	2014-15	2016-17
General Academic Institutions	University of Texas	The University of Texas at El Paso	Instruction and Operations (I&O)	General Revenue (GR)	\$81,569,937	\$89,155,770	\$85,175,388	\$88,838,313	\$93,798,467
				Total	\$81,569,937	\$89,155,770	\$85,175,388	\$88,838,313	\$93,798,467
			Infrastructure	General Revenue (GR)	\$16,217,907	\$15,980,360	\$15,758,048	\$17,339,290	\$19,745,217
				Total	\$16,217,907	\$15,980,360	\$15,758,048	\$17,339,290	\$19,745,217
			Total			\$97,787,844	\$105,136,130	\$100,933,436	\$106,177,603
Total				\$97,787,844	\$105,136,130	\$100,933,436	\$106,177,603	\$113,543,684	
Total				\$97,787,844	\$105,136,130	\$100,933,436	\$106,177,603	\$113,543,684	



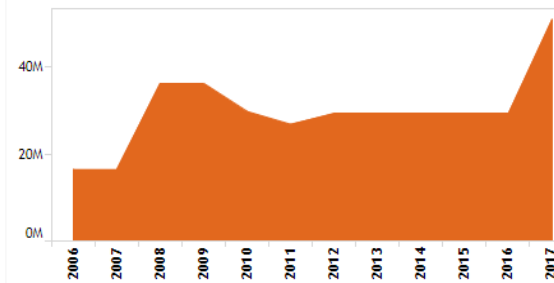
TRB Debt Service

The 84th Legislature granted Tuition Revenue Bonds to UTEP for the Interdisciplinary Research Building (IRB).

Debt Service Increased \$5,413,099 per year

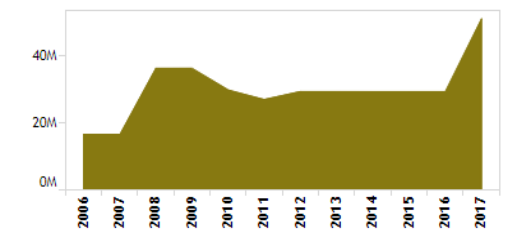
TRB debt is funded by the Legislature, issued to the State Agency as part of the GR appropriation, then transferred by UTEP to the UT System which issues the debt to make the interest and principal payments to bondholders.

FISCAL YEAR-- All, Emerging Research



- SYSTEM**
 - (All)
 - UNT System
 - TX State System
 - UH System
 - Texas Tech System
 - UT System
- SYSTEM TYPE LEGEND**
 - UT System
- THECB PEER GROUP**
 - (All)
 - Research
 - Emerging Research
 - Doctoral
 - Comprehensive
 - Master's
 - Two-Year Lamars & TSTC
 - Health Related Institution
 - System Office
- THECB PEER TYPE LEGEND**
 - Emerging Research

TRB DEBT SERVICE BY INSTITUTION TYPE--UT System, Emerging Research



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
The University of Texas at Arlington	3,838,924	3,846,179	9,752,918	9,749,183	8,374,059	7,195,000	7,420,453	7,417,593	7,414,352	7,415,275	7,420,188	12,828,287
The University of Texas at Dallas	3,131,804	3,130,844	3,995,206	4,003,226	3,417,582	3,263,785	3,343,800	3,343,928	3,344,654	3,341,238	3,338,175	8,757,062
The University of Texas at El Paso	2,589,465	2,588,203	9,206,594	9,208,794	6,459,862	5,306,822	7,295,203	7,296,380	7,291,305	7,292,923	7,294,750	12,707,849
The University of Texas at San Antonio	6,869,228	6,858,750	13,283,306	13,292,496	11,547,624	11,092,487	11,225,875	11,228,623	11,226,629	11,222,648	11,223,538	16,641,174

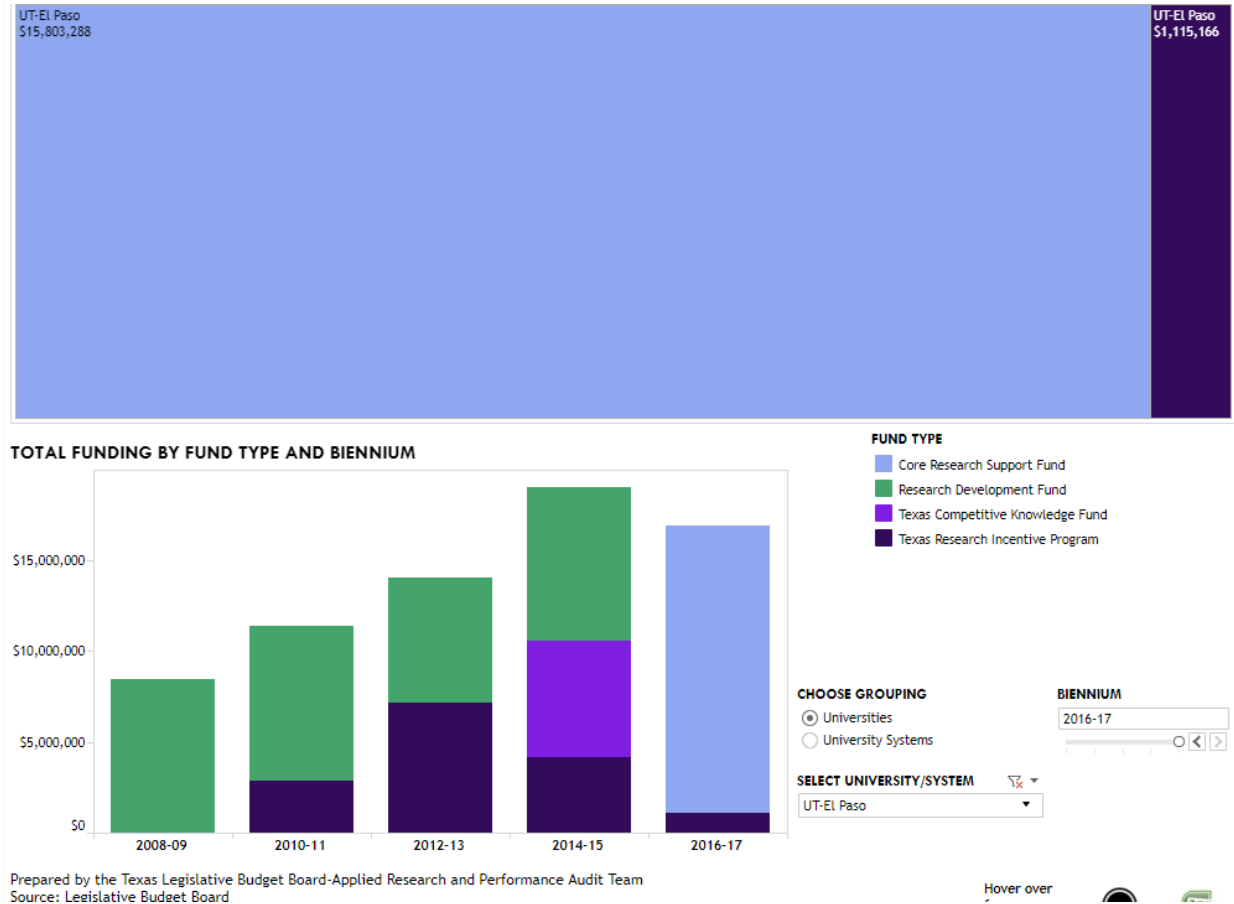


Research Funding

UTEP has received additional research funding as an emerging research university.

Funding was cut in the 85th Legislative session and now only one funding source for research exists: CORE Research Support Fund as the Texas Research Incentive Program (TRIP) was eliminated.

CORE funding in FY18 and FY19 was decreased by \$796,470 to \$15,006,818 for the biennium.





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UTEP's Budget Process

The process starts with the estimation of revenue by source of funding:

State Appropriation which consists of General Revenue (GR) and General Revenue Dedicated (GR-D) and any other sources of funding provided by the State (Endowed Funds and CORE).

Prepare the LAR request which excludes formula funding and includes estimated benefits paid by the State.

LEGISLATIVE APPROPRIATIONS REQUEST FISCAL YEARS 2020 AND 2021



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

THE UNIVERSITY OF TEXAS AT EL PASO

August 2018



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UTEP Budget Process

Prepare analysis of estimated local revenues (Tuition & Fees), restricted revenues (Sponsored and Gift), Investment Income, other revenues.

Start at baseline budget and allocate only “new revenues” based on projections.

Solicit input on requests for new funding from campus community.

Executive Leadership discuss prioritization of budget requests and determines what will be funded/allocated new revenues.

THE UNIVERSITY OF TEXAS AT EL PASO



OPERATING BUDGET FISCAL YEAR ENDING AUGUST 31, 2018

Adopted by the U. T. System Board of Regents
August 24, 2017

New Marginal Revenues

1. State Appropriations
 1. New formula funding
 2. New Tuition Revenue Bonds (TRB)
 3. New Special/Exceptional Items
2. Tuition
 1. Increased Tuition approved by Board
 2. Increase in Mandatory Fee revenues
 3. Increase in Incidental Fee revenues
 4. Increase in Course Fee revenues
3. Increase in T&F Waivers/Set Aside
 1. Decrease in Net Tuition & Fees
4. Restricted Funds (Sponsored/Gifts)
5. Auxiliary Funds





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3% Merit Increase

The University is planning to utilize a large part of the new marginal revenues to provide a 3% merit pool for FY20.

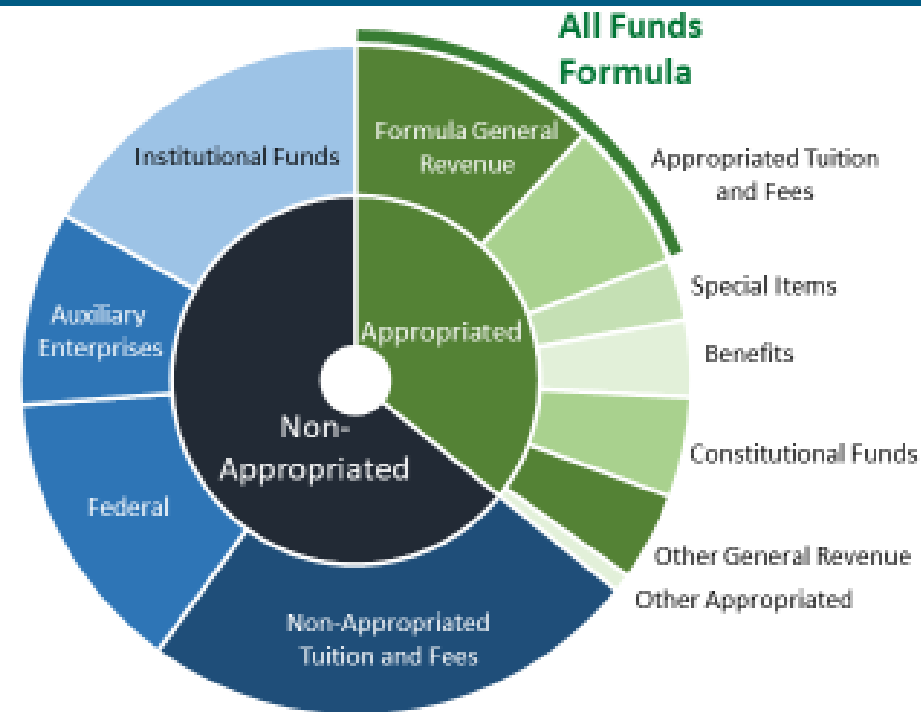


Formula Funding



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Formula Funding is a Small Piece of the Revenue Pie for the
GAIs



GAI Formula Funding Covers Many, but Not All, Uses

May be used for...

- Faculty Salaries
- Department Operating Expense
- Library
- Instructional Administration
- Student Services
- Institutional Support
- Research Enhancement
- Infrastructure Support

May not be used for...

- Auxiliary Enterprises
 - Student Housing, Parking Facilities, Food Service, Intercollegiate Athletics
- Certain Fringe Benefits
- New Construction and Major Repair and Renovation of Facilities
- Debt Service on Tuition Revenue Bonds

Formula Funding



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- The General Academic Institution (GAI) Instruction and Operations (I&O) Formula is based on Semester Credit Hours (SCH) during a three-semester base period. SCH is a measure of how many classes an institution delivers. SCH gained through online courses or competency-based courses are not treated any differently than regular SCH. The base period used for the 2018-19 biennium is Summer and Fall of 2016 and Spring of 2017. [?]
- SCH are weighted by discipline (e.g. nursing is weighted more than liberal arts) and by level (lower and upper division, masters, doctoral, and professional). The weights are based on an expenditure study completed by the Texas Higher Education Coordinating Board of relative costs and are listed on the following slide. [?]
- The Legislature sets the rate based on available funding, including consideration of enrollment changes and other factors.

Semester Credit Hours X Program/Level Weight X Rate (\$55.82) [?]

- Hours taught by tenured or tenure-track faculty qualify for the teaching experience supplement. The weight functions as it does in the Instruction and Operations formula.

Semester Credit Hours X Program/Level Weight X Supplement (0.10) X Rate (\$55.82)



Example of How the Formulas are Used GAI Operations Support Formula

- The THECB makes its recommendation

Weighted Semester Credit Hours (WSCH)		36,953,718
Funding rate per WSCH	X	\$56.67
Funding level per year		\$4,188,057,698

- The Legislature decides how much to appropriate
- The formula allocates the funds appropriated equitably
 - Each institution's funding would be proportional to its share of statewide weighted semester credit hours. For example, if an institution has 5% of the WSCHs, it would get 5% of the Operations Support funding.

The Permanent University Fund

In 1876, the Texas Constitution set aside land in West Texas to support The University of Texas and Texas A&M systems of higher education. Today, that land – encompassing 2.1 million acres – is leased to oil and gas companies whose wells generate revenue that flows into the PUF. Land also is leased for grazing, wind farms and other revenue-generating activities.

- The Texas constitution stipulates that The University of Texas system gets two-thirds of the benefits of the PUF and the Texas A&M system gets one-third.
- The PUF endowment is managed by [The University of Texas Investment Management Company \(UTIMCO\)](#), under the authority of the UT System Board of Regents, and the land is managed by the University Lands office.
- The Constitution allows the UT System to issue bonds guaranteed by the AUF in an amount equal to 20% of the book value of the PUF.
- PUF bonds may be issued for the benefit of all 14 UT System institutions, but may only be used to finance capital expenditures.

- From 2004 to 2013 alone, PUF appropriations funded nearly \$1.5 billion worth of projects – everything from a UT Permian Basin Kinesiology Building to a research park complex at UT Health in Houston.
- The PUF also benefits the UT and A&M institutions through an annual distribution of revenue from PUF investment returns to the Available University Fund (AUF). The size of the distribution is usually five percent or less of the market value of PUF investments, and the distribution may not exceed seven percent.
- The Texas Constitution requires that AUF first be used to pay principal and interest on PUF bonds, but the remainder may be used to support and maintain UT Austin and UT System Administration. ***The Constitution does not allow AUF to be used for operational expenses for the other UT System institutions.***



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Thank you!