

Higher Education Fund Review and Re-allocation Proposal

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September 27, 2018



Two types of Constitutional funds are dedicated to capital development; first, the Permanent University Fund

- Permanent University Fund (PUF)

- PUF dividends available for distribution are called the Available University Fund or AUF
- Under the control of the UT System Regents
- No more than seven percent of PUF assets may be distributed in a given year
- 1/3 to Texas A&M System, 2/3 to UT System

Eligible Institutions

UT-Arlington	UT SW Med. Center	TAMU
UT Austin	UTMB at Galveston	TAMU Galveston
UT Dallas	UTHSC at Houston	Prairie View
UT El Paso	UTHSC at San Antonio	Tarleton
UT RGV	UT M.D. Anderson	TAMU Central
UT Permian Basin	UT Health Center at Tyler	TAMU SA
UT San Antonio	UT Dell Medical School	Texas A&M HSC
UT Tyler	UT RGV Medical School	



Second, The Higher Education Fund, which provides \$393.75 million per year for capital expenditures

- HEF Specifics

- Ten year allocation cycle with a midpoint review
- After a two percent set-aside for technical colleges, remaining funds are equitably allocated based on three factors:
 - Institutional Complexity
 - Space Deficit
 - Facilities Condition
- Amounts allocated are specified in the Texas Education Code (TEC) 62.021

Eligible Institutions

TAMU CC	Midwestern	TWU
TAMU Kingsville	UNT	Lamar
TAMI	UNT Dallas	Lamar IOT
WTAMU	UNTHSC	Lamar Orange
TAMU Commerce	SFA	Lamar Port Arthur
TAMU Texarkana	TSU	Sam Houston
UH	TTU	TXST
UH Clear Lake	Angelo	Sul Ross
UH Downtown	TTUHSC	Sul Ross-Rio Grande
UH Victoria	TTUHSC El Paso	TSTC System

5-year review is required: Stakeholders played a key role in the process

- All HEF eligible institutions were invited to participate in a work group
- Recommendations represent the majority opinion of participating institutions
- Reallocation is a zero sum game (the amount allocated remains constant)

The proposal is to keep the current allocation methodology the same moving forward (less TSTC set-aside)

- Institutional Complexity – 50 percent is allocated based on the institutions’ all funds formula funding appropriations
- Space Deficit – 25 percent is allocated based on unadjusted Space Deficit using institutions’ fall space need as determined by the Space Projection Model
- Facilities Condition – 25 percent is allocated using institutions’ campus condition index values for their fall reported building inventories

However, stakeholders recommended a change to the data inputs

Factor	Current Input	Proposed Input
Institutional Complexity	FY 2016-2017 all funds formula funding appropriations (less BAT) as introduced in HB 1, 84th Texas Legislature	Actual FY 2018-2019 biennial all funds formula funding appropriations (less BAT)
Space Deficit	Fall 2014 Space Deficit (not adjusted for projects under construction)	Fall 2017 Space Deficit (not adjusted for projects under construction)
Facilities Condition	Fall 2014 Campus Condition Index Values	Fall 2017 Campus Condition Index Values

HEF impact on Deferred Maintenance (DM) was also reviewed

- Staff used survey information as well as building condition as reported in the annual facilities inventory.
- Findings:
 - Increases in HEF levels correspond with an improvement in facilities condition and DM levels
 - On the aggregate, DM levels are manageable
 - While there may be a corresponding impact with Tuition Revenue Bond (TRB) authorizations, HEF allocations are a key resource for the improvement of facilities