
**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 2023

Adopted by the U. T. System Board of Regents
August 25, 2022

The University of Texas System

Fiscal Year 2023

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

Summary

PUF Allocation					
	Library Books & Materials	Capital Equipment	Repair & Rehabilitation	Faculty STARs Program	Total
Academic Institutions					
The University of Texas at Arlington	\$ 65,000	763,350	10,317,798	-	11,146,148
The University of Texas at Austin	-	3,113,295	3,459,217	-	6,572,512
The University of Texas at Dallas	-	800,000	16,309,629	-	17,109,629
The University of Texas at El Paso	-	1,275,000	3,824,735	-	5,099,735
The University of Texas Permian Basin	-	1,197,903	2,720,115	-	3,918,018
The University of Texas Rio Grande Valley	-	-	7,636,769	-	7,636,769
The University of Texas at San Antonio	-	-	10,289,755	-	10,289,755
The University of Texas at Tyler	-	255,000	3,893,850	-	4,148,850
Subtotal Academic Institutions	<u>65,000</u>	<u>7,404,548</u>	<u>58,451,868</u>	<u>-</u>	<u>65,921,416</u>
Health Institutions					
The University of Texas Southwestern Medical Center	-	-	2,400,000	-	2,400,000
The University of Texas Medical Branch at Galveston	1,200,000	-	1,200,000	-	2,400,000
The University of Texas Health Science Center at Houston	-	600,000	1,800,000	-	2,400,000
The University of Texas Health Science Center at San Antonio	700,000	1,000,000	700,000	-	2,400,000
The University of Texas M. D. Anderson Cancer Center	-	-	2,400,000	-	2,400,000
Subtotal Health Institutions	<u>1,900,000</u>	<u>1,600,000</u>	<u>8,500,000</u>	<u>-</u>	<u>12,000,000</u>
The University of Texas System Administration					
Academic Library Collection Enhancement Program	5,000,000	-	-	-	5,000,000
Shared Information Services/ARDC Capital Refresh	-	2,000,000	-	-	2,000,000
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	<u>5,000,000</u>	<u>2,000,000</u>	<u>-</u>	<u>35,000,000</u>	<u>42,000,000</u>
Grand Total	\$ <u>6,965,000</u>	<u>11,004,548</u>	<u>66,951,868</u>	<u>35,000,000</u>	<u>119,921,416</u>

The University of Texas System

Fiscal Year 2023

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

INSTITUTION/NAME OF PROJECT	Library Books and/or Materials PUF ALLOCATION	Capital Equipment PUF ALLOCATION	Repair and/or Rehabilitation PUF ALLOCATION	Faculty STARs PUF ALLOCATION	Total ALLOCATION
ACADEMIC INSTITUTIONS					
The University of Texas at Arlington					
Central Library Building - Window Replacement			1,057,485		1,057,485
Energy Management Heating, Ventilation and Air Conditioning Control System Upgrade Phase II			400,000		400,000
Student Success Through Project-Based Learning		107,000			107,000
Ben Agger Theory Library Expansion	65,000				65,000
Physics Teaching Observatory and Astronomy Teaching Lab Upgrades		63,000			63,000
Civil Engineering Undergraduate Instructional Laboratories Equipment		250,000			250,000
Upgrade Computer Science and Engineering Teaching Laboratories		98,750			98,750
Planetarium Projection Equipment		50,000			50,000
Bachelor Degree - School of Nursing Rural Health Initiative		19,600			19,600
Heating, Ventilation and Air Conditioning System for Computer Lab		100,000			100,000
Police Building - Replace Heat, Ventilation and Air Conditioning Rooftop Units		75,000			75,000
* Additional Allocation of LERR - Pending Assignment to Campus Projects			8,860,313		8,860,313
TOTAL	\$ 65,000	763,350	10,317,798	-	11,146,148
The University of Texas at Austin					
Libraries Digital Infrastructure		500,000			500,000
Data Center Network Lifecycle		2,613,295			2,613,295
* Additional Allocation of LERR - Pending Assignment to Campus Projects			3,459,217		3,459,217
TOTAL	\$ -	3,113,295	3,459,217	-	6,572,512
The University of Texas at Dallas					
Academic Affairs Science and Engineering Laboratory Equipment		800,000			800,000
Electrical Upgrades Various Building Phase IV			651,617		651,617
Heating, Ventilation, and Air Conditioning Upgrades Buildings Phase III			800,000		800,000
* Additional Allocation of LERR - Pending Assignment to Campus Projects			14,858,012		14,858,012
TOTAL	\$ -	800,000	16,309,629	-	17,109,629
The University of Texas at El Paso					
Research and Technology Infrastructure for New Faculty		1,000,000			1,000,000
Diana Natalicio Institute Space Renovation			280,000		280,000
Generator for Redundant Network Core		275,000			275,000
The American with Disabilities Act Compliance			552,900		552,900
* Additional Allocation of LERR - Pending Assignment to Campus Projects			2,991,835		2,991,835
TOTAL	\$ -	1,275,000	3,824,735	-	5,099,735

The University of Texas System

Fiscal Year 2023

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

INSTITUTION/NAME OF PROJECT	Library Books and/or Materials PUF ALLOCATION	Capital Equipment PUF ALLOCATION	Repair and/or Rehabilitation PUF ALLOCATION	Faculty STARs PUF ALLOCATION	Total ALLOCATION
The University of Texas Permian Basin					
Center for Energy and Economic Diversification Lecture Hall Rehabilitation			300,000		300,000
Replace Visual Arts Studio Heat exchanger with Hot Water Boiler			100,000		100,000
Critical Fire Sprinkler Head and Fire Safety Equipment Replacement			120,000		120,000
Physical Plant Storage Building		272,903			272,903
Physical Plant Equipment		250,000			250,000
Campus Transportation		179,000			179,000
Music Instrument Replacement and Acquisition		196,000			196,000
High Performance Computing Environment		300,000			300,000
Replace Programmable T-Stats with Wi-Fi Net-Workable T-Stats			13,000		13,000
Thermal Plant Plate and Frame Heat Exchanger			125,000		125,000
* Additional Allocation of LERR - Pending Assignment to Campus Projects			2,062,115		2,062,115
TOTAL	\$ -	1,197,903	2,720,115	-	3,918,018
The University of Texas Rio Grande Valley					
Elevator and Heat, Ventilation, and Air Conditioning Upgrades			2,200,814		2,200,814
* Additional Allocation of LERR - Pending Assignment to Campus Projects			5,435,955		5,435,955
TOTAL	\$ -	-	7,636,769	-	7,636,769
The University of Texas at San Antonio					
University Wide Security System Upgrade			1,555,210		1,555,210
Southwest Classroom and Lab Renovations			664,182		664,182
* Additional Allocation of LERR - Pending Assignment to Campus Projects			8,070,363		8,070,363
TOTAL	\$ -	-	10,289,755	-	10,289,755
The University of Texas at Tyler					
Academic and Infrastructure Improvements			982,622		982,622
College of Arts and Science Roof Rehabilitation Project			427,622		427,622
Campus Wireless (Wi-Fi) Equipment Replacement Phase I			300,000		300,000
Replace Network Switch Equipment		100,000			100,000
Campus Security Video Surveillance and Bodycam Evidence Servers		155,000			155,000
* Additional Allocation of LERR - Pending Assignment to Campus Projects			2,183,606		2,183,606
TOTAL	\$ -	255,000	3,893,850	-	4,148,850
SUBTOTAL - ACADEMIC INSTITUTIONS	65,000	7,404,548	58,451,868	-	65,921,416

* Further guidance related to Additional Awards of LERR will be provided by the U. T. System Office of Budget and Planning

The University of Texas System

Fiscal Year 2023

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

INSTITUTION/NAME OF PROJECT	Library Books and/or Materials PUF ALLOCATION	Capital Equipment PUF ALLOCATION	Repair and/or Rehabilitation PUF ALLOCATION	Faculty STARs PUF ALLOCATION	Total ALLOCATION
HEALTH INSTITUTIONS					
The University of Texas Southwestern Medical Center					
Refurbish and Renovate North Campus Academic and Research Space			2,400,000		2,400,000
TOTAL	\$ -	-	2,400,000	-	2,400,000
The University of Texas Medical Branch at Galveston					
Perpetual Information and Educational Resources	1,200,000				1,200,000
Schools of Allied Health Professions and Nursing Fire and Life Safety			525,000		525,000
Moody Medical Library Fire and Life Safety			250,000		250,000
Levin Hall Fire and Life Safety			425,000		425,000
TOTAL	\$ 1,200,000	-	1,200,000	-	2,400,000
The University of Texas Health Science Center at Houston					
Medical School Building Auditoriums Classroom Renovations			1,500,000		1,500,000
University Center Tower Data Center Upgrades			300,000		300,000
Storage Expansion		100,000			100,000
Datacenter Switch Replacement		500,000			500,000
TOTAL	\$ -	600,000	1,800,000	-	2,400,000
The University of Texas Health Science Center at San Antonio					
Perpetual Digital Journals and Databases	700,000				700,000
Technology Refresh and Expansion		1,000,000			1,000,000
Lab Animal Research Facility Renovation			700,000		700,000
TOTAL	\$ 700,000	1,000,000	700,000	-	2,400,000
The University of Texas M. D. Anderson Cancer Center					
South Campus Way-Finding			500,000		500,000
South Campus Research Building 1 Environmental Room Upgrade			800,000		800,000
Replace of Biological Safety Cabinets			700,000		700,000
Clinical Research Building and Basic Science Research Building Cold Rooms			400,000		400,000
TOTAL	\$ -	-	2,400,000	-	2,400,000
SUBTOTAL - HEALTH INSTITUTIONS	1,900,000	1,600,000	8,500,000	-	12,000,000

The University of Texas System

Fiscal Year 2023

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

INSTITUTION/NAME OF PROJECT	Library Books and/or Materials PUF ALLOCATION	Capital Equipment PUF ALLOCATION	Repair and/or Rehabilitation PUF ALLOCATION	Faculty STARs PUF ALLOCATION	Total ALLOCATION
SYSTEM ADMINISTRATION					
The University of Texas System Administration					
Academic Library Collection Enhancement Program	5,000,000			-	5,000,000
Shared Information Services/ARDC Capital Refresh		2,000,000			2,000,000
Faculty STARs Program - Academic Institutions				17,500,000	17,500,000
Faculty STARs Program - Health Institutions				17,500,000	17,500,000
TOTAL	\$ 5,000,000	2,000,000	-	35,000,000	42,000,000
SUBTOTAL - U. T. SYSTEM ADMINISTRATION	5,000,000	2,000,000	-	35,000,000	42,000,000
TOTAL - U. T. SYSTEM	6,965,000	11,004,548	66,951,868	35,000,000	119,921,416

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, 2023

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. This includes expenditures for STARS (including Faculty and Rising 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 Texas *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. 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. This includes expenditures for STARS (including Faculty and Rising STARS), or similar funded programs.
 - a. Substitute Library or Equipment purchases in excess of \$1 million that are not on the approved list.
 - b. Substitute 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 or Equipment purchases of \$1 million or less that are not on the approved list.
 - b. Substitute Repair and Rehabilitation projects of \$1 million or less that are not on the approved list.
 - c. Transfers of appropriated funds between approved Library, Equipment, Repair and Rehabilitation items.
 - d. Transfer of STARs funding between the Faculty STARs program and the Rising STARs program.

C. OTHER CONSIDERATIONS

1. All LERR 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 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, STARs, or other similar funding was authorized, these *Budget Rules and Procedures* apply to all previously authorized LERR, STARs and similar funding.
4. In accordance with the *UTS 168 Capital Expenditure Policy*, LERR and STARs funding that is incorporated into a Major Project will be defined as PUF and will be subject to rules applicable to all Major Projects. Major Projects are defined by Regents' Rule 80301.

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, 2023

A. AUTHORIZATION OF PUF BOND PROCEEDS FOR LERR, STARs, OR SIMILARLY 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, STARs (including Faculty and Rising STARs), and similarly funded programs.

B. RETENTION OF RECORDS

The Internal Revenue Service requires that invoice documentation supporting capital expenditures, including LERR, 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*, 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 Texas *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, 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, STARS, or similar funded program eligibility should be directed to the U. T. System Administration Office of Budget and Planning.

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, 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, 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, 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, STARs, or similar program funds.

Software maintenance costs are considered operating expenses and therefore are not eligible for LERR, 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, 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, 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, except for library salaries.

Prohibition for Student Housing, Athletics, and Auxiliary Enterprises

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

E. SPECIAL PROGRAM FUNDING

Allocations of STARS funding by the Board of Regents are for the Faculty STARS program. With appropriate approvals those funds can be redirected to the Rising STARS program.

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 Faculty 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. Faculty STARS funds are available for laboratory renovation and equipment purchases; however, faculty and other staff salaries cannot be paid from Faculty STARS funds.

There are three related program goals that form the basis of the Faculty 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.

Rising STARS Program

The Rising STARS program makes up to \$300,000 available for recruitment of promising faculty members who are recruited in a tenure track position at any academic level, i.e. assistant, associate or full professor. Rising STARS funding is limited to the same equipment and renovation expenditure restrictions as Faculty STARS.