

# TEXAS A&M ESSENTIALS

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## FINANCIAL RESOURCES

Texas A&M University has three sources of available funding: State funds, AUF, and local funds. Each funding source is subject to specific rules on how it may be used.

### FUNDING SOURCES AVAILABLE TO THE UNIVERSITY

**State Funds** are referred to as Educational & General (E&G) funds by academic institutions or as Functional and General (F&G) funds by State agencies.

State funds come from the State of Texas either as funds appropriated by the legislature or as funds collected by the university on behalf of the State (e.g., statutory tuition, laboratory fees, and revenue from the veterinary hospital).

**AUF** is an abbreviation for Available University Fund. A portion of the returns from the Permanent University Fund (PUF) are annually directed toward the AUF. The University of Texas System and The Texas A&M University System split the AUF on a 2/3rd and 1/3rd sharing ratio, respectively.

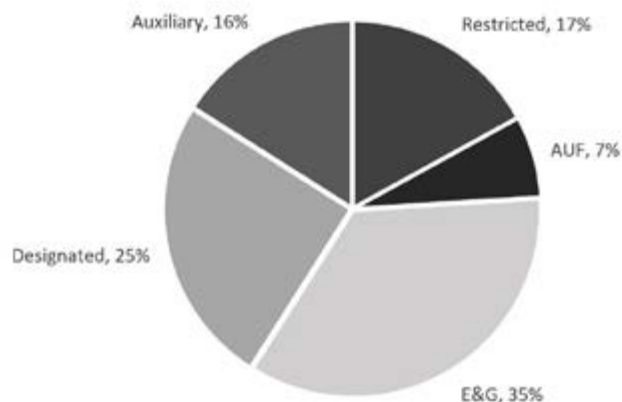
**Local Funds** are collected locally by the university. There are three types of local funds: designated, auxiliary, and restricted.

- **Designated** funds must be used for specific purposes defined by the Board of Regents. These funds primarily come from tuition and fees paid by students who attend Texas A&M. They also include fees related to conferences and short courses. These funds serve educational purposes, such as course fees, field trips, computer access fees, and library fees.
- **Auxiliary funds** come from business enterprises that provide services to students, faculty, staff, and the general public. These enterprises must be self-supporting. Auxiliary units can have both internal and external customers. Examples include: Athletics, Dining Services, Recreational Sports, Residence Halls, and Transportation Services. These units generate their own income to cover expenses.
- **Restricted funds** are for specific purposes defined by donors or agencies outside of Texas A&M. Examples include, Contracts & Grants, Gifts, Scholarships, and Endowments. Funds received relate to the purpose of the contract, gift, scholarship, or endowment.

## WHAT IS THE PUF?

*The Permanent University Fund is a public endowment contributing to the support of institutions of The University of Texas System and institutions of The Texas A&M University System. The PUF was established in the Texas Constitution of 1876 with land grants ultimately totaling 2.1 acres.*

### FY 2011 TOTAL BUDGETED REVENUE BY FUND SOURCE: \$1,288,942,790



## HOW FUNDS MAY BE USED BY THE UNIVERSITY

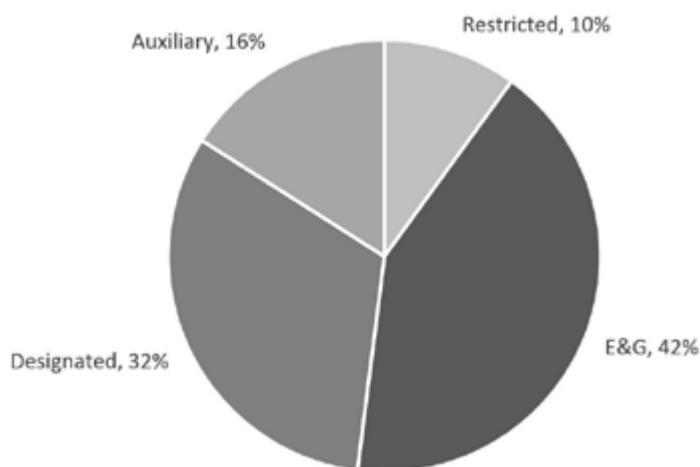
**State Funds**—State funds are primarily used for salaries because the state pays the benefits for those salaries. State funds should be used as little as possible for operating expenses. State funds may not be used for foreign travel; local funds are preferred for all travel and must follow the State Travel Management Program.

**AUF**—Annual distributions from the Available University Fund are used to help fund the base E&G budget and to fund various strategic “excellence” initiatives that may vary from year to year. These funds may be used to pay for salaries, expenses associated with faculty start-up and space needs, faculty fellowships, research initiatives, and graduate student support.

**Local Funds**—Use of local funds is defined by the fund group.

- **Designated funds** support the educational mission of the university and must be used for specific purposes as defined by the Board of Regents. The university is accountable to the students for the appropriate use of these funds.
- **Auxiliary Funds** must be used to cover the expenses related to university enterprise that generated the funds. Examples include: Athletics, Dining Services, Recreational Sports, Residence Halls, and Transportation Services.
- **Restricted Funds** may only be used for the specific purposes set forth by donors or other outside agencies as defined in the contract or grant, gift, scholarship, or endowment by which the funds were given.

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