

**Available National Research University Fund
Summary of Recommendations - House**

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Method of Financing	2018-19 Base	2020-21 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>	\$0	\$0	\$0	0.0%
Federal Funds	\$0	\$0	\$0	0.0%
Other	\$46,273,143	\$50,225,534	\$3,952,391	8.5%
All Funds	\$46,273,143	\$50,225,534	\$3,952,391	8.5%

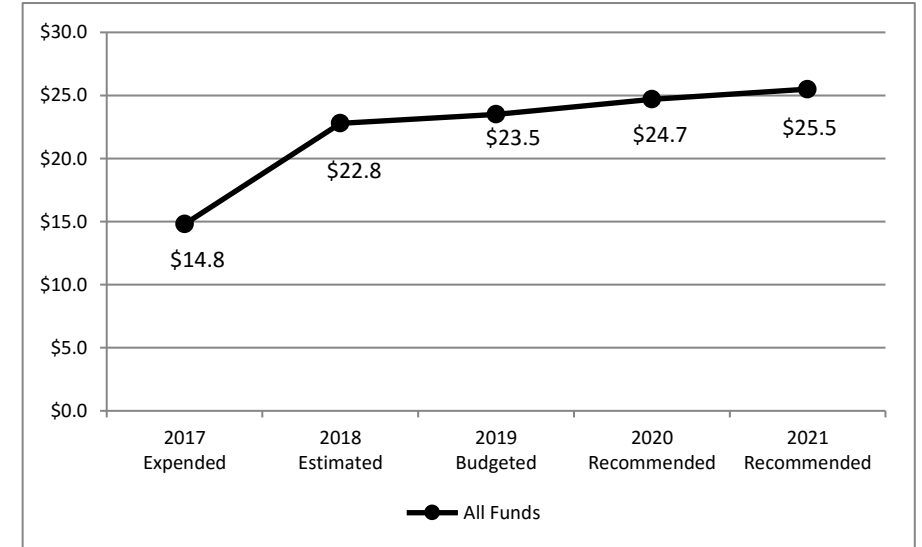
	FY 2019 Budgeted	FY 2021 Recommended	Biennial Change	Percent Change
FTEs	N/A	N/A	0.0	0.0%

Agency Budget and Policy Issues and/or Highlights

The National Research University Fund (NRUF) is authorized in the Texas Constitution, Article VII, Section 20. The NRUF provides funding for General Academic Institutions (GAIs) that are eligible emerging research universities as determined by the Texas Higher Education Coordinating Board. NRUF appropriations may only be used by eligible GAIs for the support and maintenance of educational and general activities that promote increased research capacity.

The bill pattern for this agency (2020-21 Recommended) represents an estimated 100% of the agency's estimated total available funds for the 2020-21 biennium.

Historical Funding Levels (Millions)



**Available National Research University Fund
Summary of Funding Changes and Recommendations - House**

Funding Changes and Recommendations for the 2020-21 Biennium compared to the 2018-19 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)	Increase in estimated available appropriations because of changes in Texas Treasury Safekeeping Trust Company assumptions and policies regarding projected market returns and distribution rate.	\$0.0	\$0.0	\$0.0	\$4.0	\$4.0	A.1.1.
TOTAL SIGNIFICANT & OTHER Funding Changes and Recommendations (in millions)		\$0.0	\$0.0	\$0.0	\$4.0	\$4.0	As Listed
<i>SIGNIFICANT & OTHER Funding Increases</i>		\$0.0	\$0.0	\$0.0	\$4.0	\$4.0	As Listed
<i>SIGNIFICANT & OTHER Funding Decreases</i>		\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	As Listed

NOTE: Totals may not sum due to rounding.

**Available National Research University Fund
Selected Fiscal and Policy Issues - House**

1. **Basis for the Estimated Available Appropriations from NRUF.** The Texas Comptroller, through the Texas Treasury Safekeeping Trust Company (TTSTC), determines the amount of available NRUF appropriations for each fiscal year pursuant to Texas Education Code, Section 62.148 requirements. The total amount appropriated from NRUF for any state fiscal year may not exceed an amount equal to 4.5 percent of the average value of the NRUF corpus for the previous three fiscal years. For fiscal year 2018, TTSTC determined the available NRUF appropriation amount based on a 3.5 percent rate. The total value of NRUF on August 31, 2018 was \$737.8 million (see page 5 for historical values).
2. **Distribution of Available NRUF Appropriations.** The distribution of available NRUF appropriations and the university eligibility requirements are set forth in the Texas Constitution, Article VII, Section 20 and Texas Education Code, Subchapter G. Of the total available NRUF appropriations, each eligible institution receives a fiscal year distribution amount equal to the sum of:
 - one-seventh of the total available; and
 - an equal share of any amount remaining after distributions are calculated, not to exceed one-fourth of the remaining amount.

However, if more than four institutions are eligible to receive NRUF appropriations, then each eligible institution is entitled to receive an equal share of the total available.

Currently, the University of Houston, Texas Tech University, and the University of Texas at Dallas (UT Dallas) are eligible to receive NRUF appropriations for the 2018-19 and 2020-21 biennia. Of the remaining emerging research universities, The University of Texas at Arlington (UT Arlington) and The University of Texas at El Paso (UT El Paso) may also become eligible to receive NRUF appropriations in the 2020-21 biennium according to the Texas Higher Education Coordinating Board (THECB). THECB reports that eligibility approval for UT Arlington and UT El Paso is dependent on three conditions:

- UT Arlington reaches the mandatory requirement of \$45.0 million in restricted research expenditures in fiscal year 2019-2020 (UT El Paso met the mandatory requirement in fiscal years 2016-17);
- either of the institutions then also meet four of the six optional criteria listed in statute (UT Arlington has met three of six as of February 2018 and UT El Paso has met one of six); and
- the State Auditor completes an audit of the information used for eligibility.

Texas Education Code Sec. 62.146(b) requires THECB to annually verify and certify information about the criteria used for determining the eligibility of higher education institutions to receive distributions from the NRUF. THECB anticipates completion of the NRUF report by February 2019 and does not expect any new schools to be eligible for a fiscal year 2019 appropriation.

Detailed on the next page is the distribution of available NRUF appropriations for the 2018-19 biennium; and alternative scenarios for the 2020-21 biennium.

**Available National Research University Fund
Selected Fiscal and Policy Issues - House**

Distribution of Available NRUF Appropriations for the 2018-19 and 2020-21 Biennia

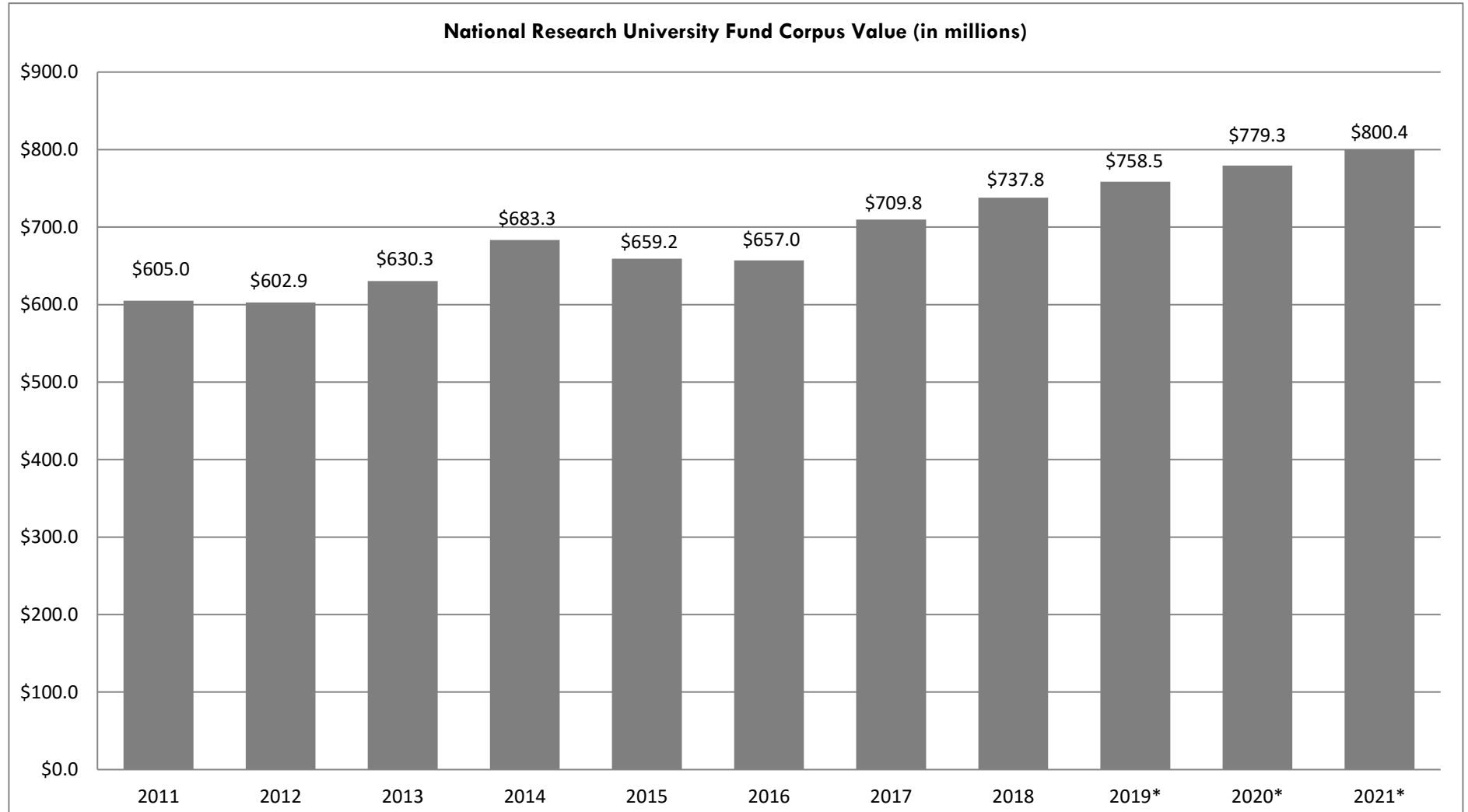
Eligible Institutions	Maximum Available NRUF Appropriations for 2018-19 ^{1, 2}	Available NRUF Appropriations distributed in 2018-19 ⁴	2018-19 NRUF Appropriations per Institution	Maximum Available NRUF Appropriations for 2020-21 ^{1, 2, 3}	Available NRUF Appropriations distributed in 2020-21 ⁴	2020-21 NRUF Appropriations per Institution
(Assume 3 Institutions) Houston, Texas Tech, and UT Dallas	\$ 60,733,500	\$ 46,273,143	\$ 15,424,381	\$ 65,921,013	\$ 50,225,534	\$ 16,741,845
(Assume 4 Institutions) Houston, Texas Tech, UT Dallas and UT Arlington or UT El Paso				\$ 65,913,125	\$ 51,265,764	\$ 12,816,441
(Assume 5 Institutions) Houston, Texas Tech, and UT Dallas and UT Arlington and UT El Paso				\$ 65,915,097	\$ 51,005,730	\$ 10,201,146

Notes: 1) Maximum Available appropriations for FY 2018-2021 calculated at 4.5% rate in accordance with Education Code Sec. 62.148(b).
 2) Fiscal years 2019-21 data is estimated.
 3) Amounts vary for "Available NRUF Appropriations for 2020-21 due to differences in fiscal year 2020 distributions and the associated impact on the value of the NRUF corpus.
 4) Available Appropriations distributed in FY 2018-21 calculated at 3.5% rate.
 Sources: Texas Treasury Safekeeping Trust Company, Texas Higher Education Coordinating Board

**Available National Research University Fund
Performance of the National Research University Fund (FY2011-21)**

Fiscal Year	Corpus Value (in millions)	% Change Corpus Value
2011	\$ 605.0	0.0%
2012	\$ 602.9	(0.3%)
2013	\$ 630.3	4.5%
2014	\$ 683.3	8.4%
2015	\$ 659.2	(3.5%)
2016	\$ 657.0	(0.3%)
2017	\$ 709.8	8.0%
2018	\$ 737.8	3.9%
2019*	\$ 758.5	2.8%
2020*	\$ 779.3	2.7%
2021*	\$ 800.4	2.7%

Note: *FY2019-21 data is estimated based on three eligible institutions.
Source: Texas Treasury Safekeeping Trust Company



**Available National Research University Fund
Appendices - House**

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* Appendix is not included - no significant information to report

**Available National Research University Fund
Funding Changes and Recommendations - House, by Strategy -- ALL FUNDS**

Strategy/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
DISTRIBUTE TO ELIGIBLE INSTITUTIONS A.1.1	\$46,273,143	\$50,225,534	\$3,952,391	8.5%	Recommendations include a \$4.0 million increase in estimated available appropriations from the National Research University Fund (NRUF) for the 2020-21 biennium. The Texas Comptroller, through the Texas Treasury Safekeeping and Trust Company (TTSTC), determines the amount of available NRUF appropriations for each fiscal year pursuant to Texas Education Code, Section 62.148 requirements. The total amount appropriated from NRUF for any state fiscal year may not exceed an amount equal to 4.5 percent of the average value of the NRUF corpus for the previous three fiscal years. For fiscal year 2018, TTSTC determined the available NRUF appropriation amount based on a 3.5 percent rate. See Sections 3 and 3a (pages 3-5) for additional details.
Total, Goal A, MANAGE/ADMINISTER ENDOWMENT FUNDS	\$46,273,143	\$50,225,534	\$3,952,391	8.5%	
Grand Total, All Strategies	\$46,273,143	\$50,225,534	\$3,952,391	8.5%	