

Available National Research University Fund Summary of Budget Recommendations - Senate

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Method of Financing	2020-21 Base	2022-23 Recommended	Biennial Change (\$)	Biennial Change (%)
General Revenue Funds	\$0	\$0	\$0	0.0%
GR Dedicated Funds	\$0	\$0	\$0	0.0%
Total GR-Related Funds	\$0	\$0	\$0	0.0%
Federal Funds	\$0	\$0	\$0	0.0%
Other	\$49,411,188	\$50,511,981	\$1,100,793	2.2%
All Funds	\$49,411,188	\$50,511,981	\$1,100,793	2.2%

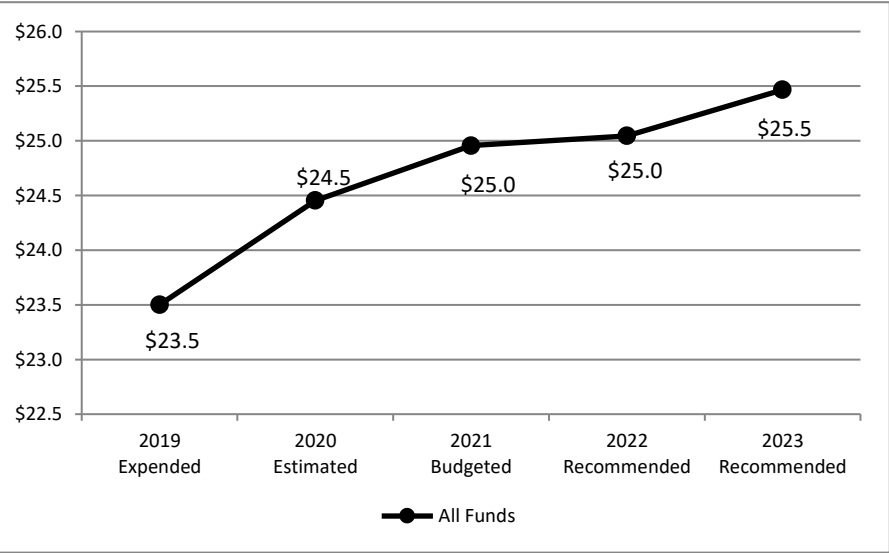
	FY 2021 Budgeted	FY 2023 Recommended	Biennial Change	Percent Change
FTEs	0.0	0.0	0.0	0.0%

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 (2022-23 Recommended) represents an estimated 100.0% of the agency’s estimated total available funds for the 2022-23 biennium.

Historical Funding Levels (Millions)



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

Funding Changes and Recommendations for the 2022-23 Biennium compared to the 2020-21 Base Spending Level (in millions)		General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
SIGNIFICANT Funding Changes and Recommendations (each issue is explained in Section 3 and additional details are provided in Appendix A):							
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	\$1.1	\$1.1	A.1.1
TOTAL SIGNIFICANT & OTHER Funding Changes and Recommendations (in millions)		\$0.0	\$0.0	\$0.0	\$1.1	\$1.1	As Listed
SIGNIFICANT & OTHER Funding Increases		\$0.0	\$0.0	\$0.0	\$1.1	\$1.1	As Listed
SIGNIFICANT & OTHER Funding Decreases		\$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 - Senate**

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 National Research University Fund (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 2020, TTSTC determined the available NRUF appropriation amount based on a 3.5 percent rate. The total value of NRUF on August 31, 2020 was \$736.3 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 2020-21 and 2022-23 biennia. As stated in Texas Education Code 62.145, in order to become eligible, institutions must satisfy the following conditions for two state fiscal years:

- Must be (1) designated as an emerging research university and (2) expend at least \$45 million in restricted research funds; and
- Must satisfy four of six optional criteria which indicate the institution's academic excellence (e.g., demonstrate that students and faculty are of high academic achievement, demonstrate commitment to high-quality graduate education).

Texas Education Code Sec. 62.146(b) requires The Texas Higher Education Coordinating Board to annually verify and certify information about the criteria used for determining the eligibility of higher education institutions to receive distributions from the NRUF. Of the remaining emerging research universities, The University of Texas at Arlington (UT Arlington), in fiscal year 2021, and The University of Texas at San Antonio (UT San Antonio) and the University of Texas at El Paso (UT El Paso), during the 2022-23 biennium, may also become eligible to receive NRUF appropriations, according to the Texas Higher Education Coordinating Board (THECB) NRUF Eligibility Report, released in April 2020.

- UT Arlington met the two mandatory criteria for NRUF funding in fiscal years 2018 and 2019, as well as four of the six optional criteria in fiscal year 2019, and thus met eligibility requirements for fiscal year 2019. Based on the LAR released by UT Arlington and a notice from the Texas Comptroller, UT Arlington also met all criteria in fiscal year 2020, the second consecutive fiscal year, and will be eligible for an NRUF distribution in fiscal year 2021.
- UT San Antonio reached \$44.1 million in restricted research expenditures and three of the optional criteria in fiscal year 2019. Should the institution reach \$45 million and satisfy a fourth optional criteria in the following years, they will be eligible for NRUF funding as early as fiscal year 2022.
- UT El Paso met the two mandatory criteria and three optional criteria for NRUF funding in fiscal years 2018 and 2019. Should the institution satisfy a fourth optional in the following years, they will be eligible for funding as early as fiscal year 2022.

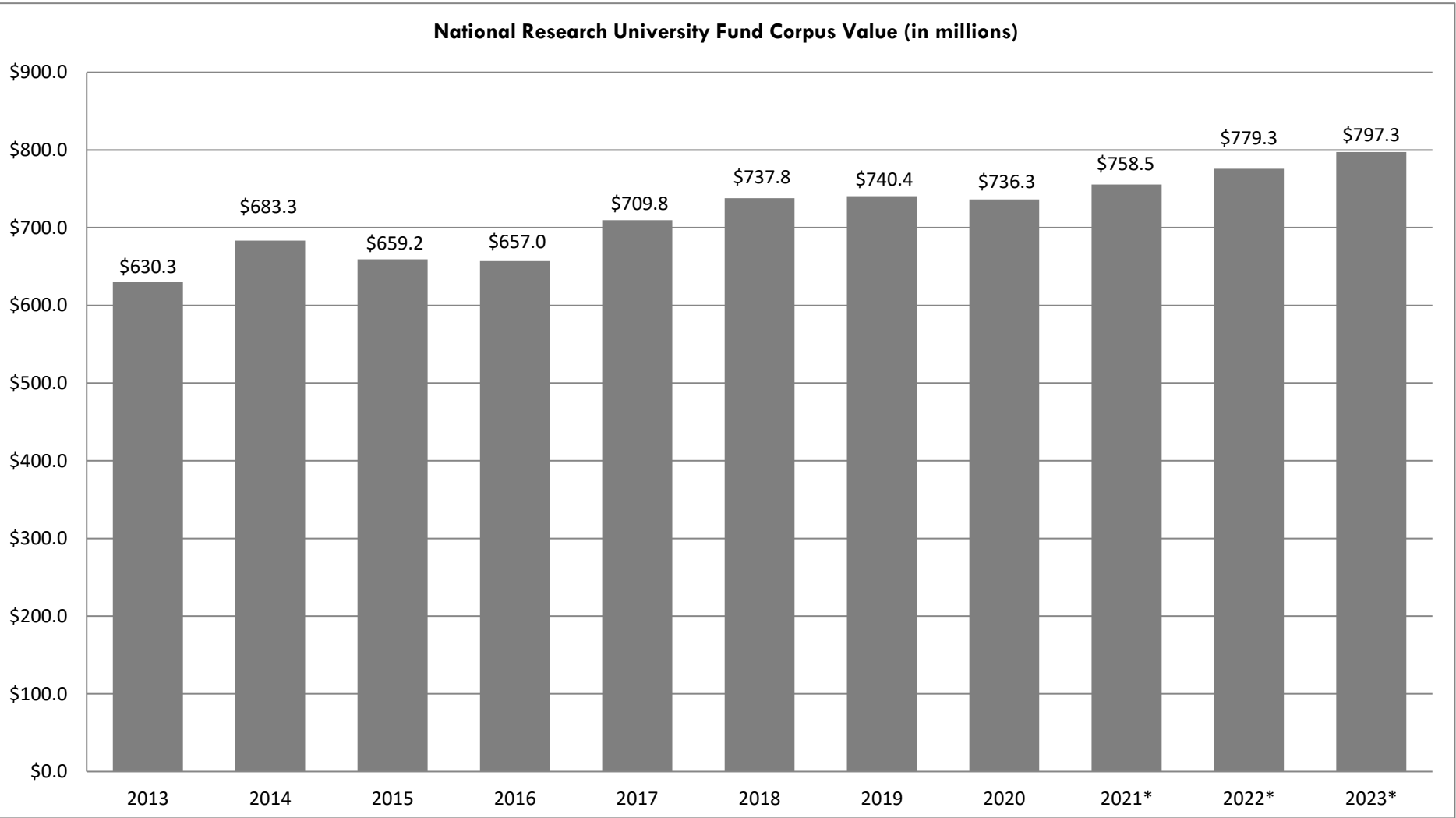
**Available National Research University Fund
Selected Fiscal and Policy Issues**

Distribution of Available NRUF Appropriations for Fiscal Years 2020-23								
Eligible Institutions	Available NRUF Appropriations distributed in FY 2020 ^{2, 3}	FY 2020 NRUF Appropriations per Institution	Available NRUF Appropriations distributed in FY 2021 ^{1, 2, 3}	FY 2021 NRUF Appropriations per Institution	Available NRUF Appropriations distributed in FY 2022 ^{1, 2, 3}	FY 2022 NRUF Appropriations per Institution	Available NRUF Appropriations distributed in FY 2023 ^{1, 2, 3}	FY 2023 NRUF Appropriations per Institution
(Assume 3 Institutions) Houston, Texas Tech, and UT Dallas	\$24,454,556	\$8,151,519	\$24,956,632	\$8,318,877	\$25,045,557	\$8,348,519	\$25,466,425	\$8,488,808
(Assume 4 Institutions) Houston, Texas Tech, UT Dallas and UT Arlington	*	*	\$25,476,562	\$6,369,141	\$25,561,135	\$6,390,284	\$25,990,749	\$6,497,687
(Assume 5 Institutions) Houston, Texas Tech, and UT Dallas and UT Arlington and UT El Paso or UT San Antonio	*	*	*	*	\$25,587,193	\$5,117,439	\$26,057,617	\$5,211,523
Notes: 1) Fiscal years 2021-23 data is estimated. 2) Amounts vary for "Available NRUF Appropriations" for fiscal years 2021-23 due to differences in distributions and the associated impact on the value of the NRUF corpus. 3) Available Appropriations distributed in fiscal years 2020-23 calculated at 3.5% rate. * Amount not applicable based on possible institution eligibility for that fiscal year. Sources: Texas Treasury Safekeeping Trust Company, Texas Higher Education Coordinating Board								

Available National Research University Fund
Performance of the National Research University Fund (FY 2013-23)

Section 3a

Fiscal Year	Corpus Value (in millions)	% Change Corpus Value
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	\$ 740.4	0.4%
2020	\$ 736.3	(0.6%)
2021*	\$ 755.6	2.6%
2022*	\$ 776.0	2.7%
2023*	\$ 797.3	2.7%
Note: *FY 2021-23 data is estimated based on three eligible institutions. Source: Texas Treasury Safekeeping Trust Company		



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

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* Appendix is not included - no significant information to report

Available National Research University Fund
Funding Changes and Recommendations by Strategy - Senate -- ALL FUNDS

Strategy/Goal	2020-21 Base	2022-23 Recommended	Biennial Change	% Change	Comments
DISTRIBUTE TO ELIGIBLE INSTITUTIONS A.1.1	\$49,411,188	\$50,511,981	\$1,100,793	2.2%	Recommendations include a \$1.1 million increase in estimated available appropriations from the National Research University Fund (NRUF) for the 2022-23 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 2020, 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	\$49,411,188	\$50,511,981	\$1,100,793	2.2%	
Grand Total, All Strategies	\$49,411,188	\$50,511,981	\$1,100,793	2.2%	