

LEGISLATIVE BRIEF

STATE PROGRAM SUPPORT NATIONAL RESEARCH UNIVERSITY FUND



As the number of NRUF-eligible institutions grows, UTSA is asking the Texas Legislature to maintain the fund's momentum by investing in the corpus, guaranteeing impactful payouts and bringing more Texas institutions to the national stage.

OVERVIEW

In 2009, the Texas State Legislature had the great foresight to establish the National Research University Fund (NRUF), providing a direct incentive and tangible investment in our state's emerging public research universities. Leveraging this fund corpus through further investments will ensure payouts are not diluted as the number of NRUF-eligible institutions increases, thus fulfilling NRUF's intended goal of elevating more Texas universities to national prominence.

THE CHALLENGE

NRUF eligibility is on the horizon for UTSA, UT Arlington, UT El Paso, Texas State University and the University of North Texas. UTSA, for example, is expected to meet all NRUF criteria by FY2021. The state's first two NRUF-eligible institutions (Texas Tech University and the University of Houston) received around \$8M each when annual payouts began. Based on the 2020-21 funding recommendations by the Texas Senate, the state's (now three) NRUF-eligible institutions will each receive an annual 3.5% payout—approximately \$8.6M each—from the available NRUF appropriations. Given this scenario, when all eight emerging research universities become eligible, the payout will drop to around \$3.4M annually. The only way for the NRUF corpus value to keep pace with current payout levels is through accelerated investment.

LEVERAGING THE IMPACT

UTSA recommends that the Texas Legislature consider temporarily adding \$400M to the NRUF corpus from the Rainy Day Fund. Increasing the corpus will allow the payout to be around \$4-5M per year. Provisions can be made to return the \$400M whenever it is needed back into the Rainy Day Fund. Making this investment now will ensure that NRUF payouts are at a level that will allow all National Research institutions to have a significant impact and increase Texas's prestige as a national leader in R&D. This infusion from the Rainy Day Fund will generate the monies our faculty researchers need to tackle our society's grandest challenges while simultaneously providing students with transformational experiences. Leveraging the impact of the fund is critical to ensuring Texas fulfills its destiny as a national research powerhouse.

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PAYOUT ESTIMATES

Payouts per institution will decline dramatically in the 2022/23 biennium without further investment in the NRUF corpus.

2022/23 Corpus Value | \$779.4M

Based on average of three previous fiscal years; FY2021, FY2020, FY2019

- » Payout Rate 3.5% | \$27.28M per year
- » Payout Total | \$54.6M per biennium

3 institutions
annual payout

\$9.09M
each

6 institutions
annual payout

\$4.55M
each

8 institutions
annual payout

\$3.41M
each