

NATIONAL RESEARCH UNIVERSITY FUND (NRUF)

Renewed support for the fund by investing in the corpus, guaranteeing impactful distribution to enable Texas institutions to expand research and compete on the national stage

OVERVIEW

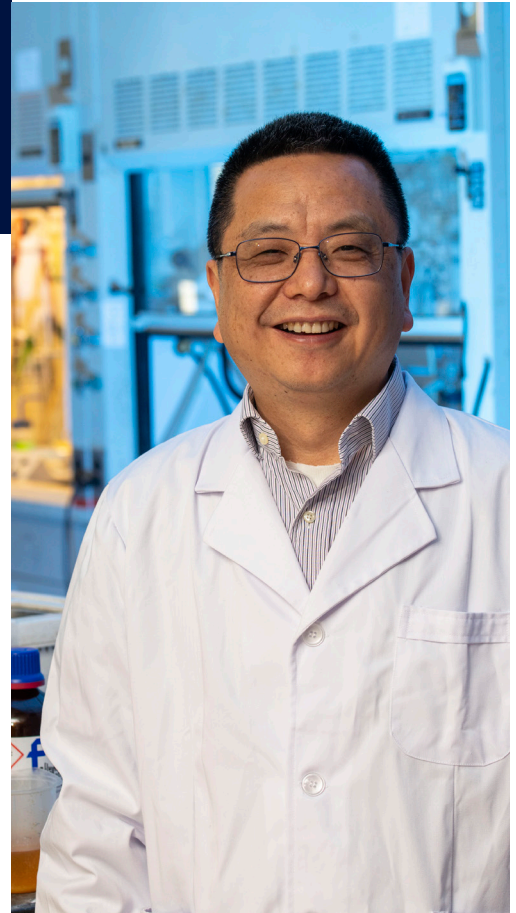
In 2009, the Texas State Legislature had the great foresight to establish the National Research University Fund (NRUF), providing a direct incentive and tangible investment in our state's emerging public research universities.

This initiative successfully provided financial support that incentivized public institutions to make a deliberate, long-term commitment to advancing research activity that results in positive economic impact for the state. The initial qualifying emerging institutions have been tremendously successful in leveraging funds to help attract top-tier researchers and expand research, which has propelled their status in national standings.

THE CHALLENGE

As additional institutions met NRUF eligibility, the distribution amounts per institution have declined. In 2016, each institution (including Texas Tech and the University of Houston) received as much as \$9.4M annually. In the future, when UTSA achieves NRUF status, there will be five emerging research universities eligible to receive state funding with annual distributions of approximately \$5M. If and when all eight institutions initially identified as emerging research universities become eligible, this amount could potentially drop to \$3.2M. Thus, the decline in overall distribution dollars, compounded by the negative impacts of inflation, have minimized the original benefit the Legislature envisioned for NRUF.

Looking ahead, leveraging this fund corpus through further investments ensures distributions will not be diluted as the number of NRUF-eligible institutions increases. Further, new investment will continue to help attract top-tier researchers and increase research activity across institutions, which will continue to positively impact the state's economy.



FOR MORE INFORMATION

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THE IMPACT

Initial NRUF distributions provided significant resources that helped accelerate the expansion of research conducted throughout the state. To continue the Legislature's visionary commitment, and to assist with each institution's positive trajectory, the NRUF corpus must be expanded. More so, making an investment now will ensure that distributions remain at an appropriate level to allow for all national research institutions to make a significant impact that will advance Texas's prestige as a leader in research and development.

A SOLUTION

UTSA supports the recommend \$1B addition to the NRUF corpus that the Legislature considered during the 87th third special session. The increased corpus could be appropriated from General Revenue (GR), the Rainy Day Fund or potentially federal funds. The additional funds could be returned to GR or the Rainy Day Fund when a designated threshold is met and/or when the Legislature determines it is needed. The increased corpus would generate interest payouts more aligned with the original intended levels of NRUF.

The Legislature may also consider providing a provision that any additional investment into the NRUF corpus would not be characterized as spending, as this would be a transfer of funds, and not negatively impact spending limits. These actions are critical to ensure Texas fulfills its destiny as a national research powerhouse.