

Dear UTSA & UT Health San Antonio Research Communities:

As you know, the national research landscape is facing unprecedented uncertainty and disruption, affecting higher educational institutions across the country. As we navigate this evolving environment, we want to ensure you are informed about both the actual and potential impacts to our research, development, and innovation enterprise.

While both of our institutions have been on steeply positive trajectories and are both fiscally sound, we are not immune to these circumstances. We are, however, working to position our institution for resilience and continued excellence in this dynamic environment. We are also actively engaged with our congressional delegations and working closely with many associations in Washington, DC, who advocate for higher education, the U.S. innovation enterprise, and the federal R&D enterprise.

Below is an overview of details on the status of grants, expectations around grant submissions, F&A setting, federal budgets, and perspectives on our path ahead.

Current grant/project paused, released, and termination status (as of May 12)

UTSA: 42 projects have been impacted with an approximate value of \$20 million

- 2 are currently paused
- 10 have had pause orders lifted
- 30 have been terminated
- Agencies directing terminations include NSF, NIH, NASA, NEH, Commerce, DOD, and the Department of State

UT Health San Antonio: 40 projects have been impacted with an approximate value of \$29 million

- 1 is currently paused
- 39 have been terminated
- Agencies directing terminations include NIH, DOD, and SAMHSA

We continue to appeal terminations and document the value of our sponsored program activities with each agency and work closely with principal investigators to navigate the appeal process. Further, we continue to adapt our strategies for successful reinstatement as we learn more about the evolving climate.

Information regarding terminations has been shared with our Congressional delegation, with our higher education associations in DC, and with the University of Texas System. In fact, we are currently in Washington, DC, visiting with our congressional delegation, briefing them on the impacts to our campuses. The collective impacts on all University of Texas System institutions are being closely monitored and evaluated. We continue to assess the impacts on our graduate students, post-doctoral scholars, faculty, and staff.

Current situation at federal agencies around grant submission processing, panels, and awards

Our governmental relations advisors in Washington, D.C., have been essential to our efforts to understand and resolve, wherever possible, issues or a lack of clarity. There are many parallel aspects that make the federal funding climate challenging to predict and plan around. This includes federal government personnel reductions, program eliminations, slowdowns in grant and contract processing, and court actions blocking the above actions.

We are already observing a downturn in federal funds flow to us for the rest of this fiscal year because of these complexities. We will continue to navigate these complexities and update you accordingly.

Our expectations around F&A setting for FY26

As you may know, efforts to lower negotiated F&A rates to 15% are presently being litigated with respect to NIH, DOE, and NSF. For NIH, an [injunction](#) is in place. For NSF, a [temporary restraining order](#) has been requested. For DOE, a [temporary restraining order](#) is in place.

Washington, DC organizations reflecting interests around academic, medical, and independent research institutions, along with other relevant experts, came together in April to develop more practical models for funding indirect costs on federal research grants to share with the Administration for consideration. They have established a [Joint Associations Group](#) (JAG) on Indirect Costs. They have already held listening sessions on May 8th and 12th that we joined.

Leaders from the JAG organizations and [Dr. Kelvin Droegemeier](#), Professor and Special Advisor to the Chancellor for Science and Policy, University of Illinois Urbana-Champaign; the former White House Science Advisor and OSTP Director and the former VPR at the University of Oklahoma, will bring forward at least two models for consideration that will be shared with [Michael Kratsios](#), the White House Science Advisor and Director of the Office of Science and Technology Policy, the Office of Management and Budget, and the House and Senate Appropriations Committees.

As soon as we learn more about the proposed models, we will share this information with you. Regardless, we should expect that our current negotiated rates will be reduced in FY26 and future years.

The Integration [Research, Discovery and Innovation Task Force](#) and its four Working Groups are exploring ways to diversify our funding in support of R&D, looking at ways to expand clinical research, clinical trials, corporate contract research, commercialization, State of Texas sponsored research, and philanthropy.

Our expectations around the federal budget for FY26:

To understand and prepare for the year ahead, it is important for us to understand the FY26 budget process. The current administration has announced its goal to reduce the federal budget, currently totaling \$6.7T, by \$2.0T over the next ten years. Earlier this year, the House and Senate each passed budget resolutions that provided reconciliation instructions to the authorizing committees to draft language that addresses spending and revenue.

House authorizing committees have almost completed their reconciliation markups of their committee prints. The Senate has yet to schedule theirs. Once completed, the Budget Committees will consolidate all text and prepare a bill for consideration on the floor.

The White House has just released its “skinny budget,” an early preview of the formal President’s Budget that will be released later this month or early next month. It shows significant reductions in the top-line budgets for the science and R&D agencies.

In the House Appropriations Committee (HAC), all 12 subcommittees have hearings scheduled over the next two weeks. HAC Chair Tom Cole (R-OK) aims to have all 12 appropriations bills out of committee by the August recess. There has been much reporting about appropriator concerns, both Republican and Democratic, around aspects of the skinny budget. The Senate Appropriations Committee (SAC) has not yet scheduled formal hearings. SAC Chair Susan Collins (R-ME) has publicly and strongly indicated her support for government-funded research and a rational approach to F&A setting.

We anticipate that the top-line budgets for the science and R&D agencies will be reduced in FY26. We will closely monitor the appropriations process in both chambers and engage at key moments to advocate for the vital role of research in advancing higher education and academic discovery.

Please be assured that new funding opportunities will come with time. Here are actions we can take now to navigate the climate and to remain competitive. We must write the best grants we can by taking the time to seek out active critique from mentors. The research office and your colleagues are here to support you. We must seek out novel funding sources that have not been previously considered. We must pursue new collaborators both within UTSA/UT Health San Antonio and nationally. Finally, we must look out for our early career scientists, trainees, and students. For many, this is the first experience with funding tumult. One of the most meaningful contributions we can make is to generously share our time, guidance, and experience with those we mentor. Your commitment to supporting the next generation of scholars and leaders strengthens our entire academic community.

Looking ahead

Our merger and integration afford us an opportunity to build a world-class university and directly position us to navigate headwinds. We must nimbly prepare for the future.

To this end, we must embrace an institutional focus on excellence and leverage our strengths, strategic partnerships, and inherent advantages to allow us to take what we do best and further focus our excellence. What does excellence look like as we move forward? We envision a community of scholars that is visionary and the very best in their respective fields. Excellent teams embrace intellectual curiosity and generosity, and they have the ability to act on their vision. We must challenge the status quo, mentor the next generation of scientists, be proactive and creative, hold ourselves accountable to the highest standards to continuously improve, and know when to pivot.

We have many unique areas of focus that reflect our combining a very large, research-intensive academic medical center with a very large, research-intensive general academic institution. Generally, this merger will reveal many, many vistas of opportunities that relate to the academic and research strengths across both institutions—across the arts, social sciences, business, engineering, and physical sciences, space, cyber, education, public health, and allied health. No other research university in Texas has these same ingredients. In just one specific way, this is our chance to amplify our world-class

institutes, our centers, and some of our intriguing convergences around AI, computing, cybersecurity, and data science with the basic biomedical sciences to create new opportunities and strengths.

As we navigate the balance of this current legislative session and make sense of the current federal situation around FY25 and the appropriations processes for FY26, our fiscal prudence allows us to best prepare for a near-term future that is not yet clear.

However, there are very important additional advantages to recognize as we look ahead beyond FY25 and FY26. In Texas, population growth, especially in South Texas, and the strength of the Texas economy continue to drive opportunities for us around enrollment growth, workforce and economic development, and innovation with direct and beneficial impact on our state. The state's \$24B current budget surplus is the envy across the nation. Our Texas-funded research efforts for cancer and dementia are nearly unrivaled. The University of Texas System is one of the best systems nationally. We also have a unique ecosystem in San Antonio around several of our greatest strengths—medicine, public health, health care and bioscience, and national security. Among many others, these are the opportunities for us to differentiate, demonstrate competitive advantages, and build for the future.

We recognize that these times are unprecedented and challenging. We deeply appreciate your efforts in support of our mission and our institution as we continue forward, and we will continue to keep you apprised.

With much respect,

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Heather Shipley, Provost & Executive Vice President for Academic Affairs, UTSA

Jennifer Potter, Interim Vice President for Research, UTSA, Senior Vice President for Research, UT Health San Antonio

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