



An Audit Report on

The Distribution of the National Research University Fund

- The University of Texas at San Antonio (University) reported expenditures to the Higher Education Coordinating Board (Coordinating Board) for fiscal years 2021 and 2022 that met the requirements established for the National Research University Fund.
- The University met four of the six other criteria to be eligible for the National Research University Fund for fiscal years 2021 and 2022.

Lisa R. Collier, CPA, CFE, CIDA
State Auditor

The University of Texas at San Antonio (University) met the eligibility requirements for receiving National Research University Fund appropriations because it expended at least \$45 million in restricted research funds in fiscal years 2021 and 2022, and it met 4 of the other 6 criteria for eligibility.

Additionally, the Higher Education Coordinating Board (Coordinating Board) had processes for collecting information from institutions of higher education to determine whether they met the eligibility requirements to receive funds from the National Research University Fund.

- [Background](#) | p. 3
- [Audit Objective](#) | p. 12

This audit was conducted in accordance with Texas Education Code, Section 62.146.

LOW

RESTRICTED RESEARCH EXPENDITURES

The University met the National Research University Fund eligibility requirements related to restricted research expenditures.

[Chapter 1-A | p. 5](#)

LOW

OTHER ELIGIBILITY CRITERIA

As required, the University met four of the six other criteria to be eligible for the National Research University fund for fiscal years 2021 and 2022.

[Chapter 1-B | p. 7](#)

NOT RATED

PRIOR AUDIT RECOMMENDATION FOR THE UNIVERSITY

The University fully implemented a prior recommendation addressed to it related to strengthening its processes for reporting expenditures.

[Chapter 1-C | p. 9](#)

For more information about this audit, contact Audit Manager Michael Simon or State Auditor Lisa Collier at 512-936-9500.

August 2023 | Report No. 23-039

LOW**THE COORDINATING BOARD'S PROCESSES**

The Coordinating Board used the most recently available data when it performed its annual analysis for its certification report.

[Chapter 2-A | p. 10](#)

NOT RATED**PRIOR AUDIT RECOMMENDATION FOR THE COORDINATING BOARD**

The Coordinating Board fully implemented a prior recommendation addressed to it related to its College Access Loan Program.

[Chapter 2-B | p. 11](#)

Ratings Definitions

Auditors used professional judgment and rated the audit findings identified in this report. The issue ratings identified for each chapter were determined based on the degree of risk or effect of the findings in relation to the audit objective.

PRIORITY: Issues identified present risks or effects that if not addressed could **critically affect** the audited entity's ability to effectively administer the program(s)/function(s) audited. Immediate action is required to address the noted concern(s) and reduce risks to the audited entity.

HIGH: Issues identified present risks or effects that if not addressed could **substantially affect** the audited entity's ability to effectively administer the program(s)/function(s) audited. Prompt action is essential to address the noted concern(s) and reduce risks to the audited entity.

MEDIUM: Issues identified present risks or effects that if not addressed could **moderately affect** the audited entity's ability to effectively administer the program(s)/function(s) audited. Action is needed to address the noted concern(s) and reduce risks to a more desirable level.

LOW: The audit identified strengths that support the audited entity's ability to administer the program(s)/function(s) audited or the issues identified do not present significant risks **or** effects that would negatively affect the audited entity's ability to effectively administer the program(s)/function(s) audited.

For more on the methodology for issue ratings, see [Report Ratings](#) in Appendix 1.

Background Information

National Research University Fund

The Texas Constitution, Article 7, Section 20, established the National Research University Fund to provide eligible higher education institutions with funds to support increased research capacity.

The Higher Education Coordinating Board (Coordinating Board) establishes the criteria for eligibility to receive those funds. Each fiscal year, the Coordinating Board is required to certify to the Legislature and the Office of the Comptroller of Public Accounts that it has verified information regarding higher education institutions' eligibility to receive National Research University Fund appropriations.

Texas Education Code, Section 62.146(c), specifies that both the information higher education institutions report to the Coordinating Board and the Coordinating Board's certifications are subject to a mandatory audit by the State Auditor's Office.

To be eligible to receive funds from the National Research University Fund, higher education institutions must meet certain eligibility requirements.

The eligibility requirements for receiving an appropriation from the National Research University Fund include:

- Designation as an emerging research university;
- Expending at least \$45 million in restricted research funds in each of the 2 state fiscal years preceding the state fiscal year for which the appropriation is made; and
- Satisfying at least four of the following six criteria:

- Having endowment funds of at least \$400 million in each of the 2 state fiscal years preceding the state fiscal year for which the appropriation is made.
- Awarding at least 200 doctor of philosophy degrees in each of the 2 academic years preceding the state fiscal year for which the appropriation is made.
- Having an entering freshman class of high academic achievement in each of the two academic years preceding the state fiscal year for which the appropriation is made.
- Being a member of a nationally recognized research or scholarly institution (such as the Association of Research Libraries or applicable honor societies).
- Having high quality faculty, as defined by the Coordinating Board, in the preceding two academic years.
- Demonstrating a commitment to high-quality graduate education, as defined by the Coordinating Board, in the preceding two academic years.

See [Appendix 2](#) for more information about the requirements.



LOW

Chapter 1-A Restricted Research Expenditures

The University of Texas at San Antonio (University) met the eligibility requirements to receive a distribution from the National Research University Fund because it expended at least \$45 million in restricted research funds in each of fiscal years 2021 and 2022, and met 4 of the 6 other criteria (see [Chapter 1-B](#) for more information about the results of testing other criteria), according to information it provided to the Higher Education Coordinating Board (Coordinating Board).

The University reported expenditures to the Coordinating Board for fiscal years 2021 and 2022 that met the requirements established for the National Research University Fund.

In fiscal year 2023, the University reported \$48 million in expenditures for restricted research for fiscal year 2021, and it reported \$50 million in expenditures for fiscal year 2022 (see Figure 1 on the next page). Auditors identified \$1,047 in the reported expenditures for fiscal year 2022 that were unallowable according to the Coordinating Board's criteria. Specifically, one award with expenditures totaling \$1,047 in fiscal year 2022 had not been submitted to the Coordinating Board, and therefore had not been classified as restricted research. The University asserted that it would submit that award to the Coordinating Board in fiscal year 2024.

Figure 1

Summary of the University’s Compliance With Expenditures Criteria for the National Research University Fund

Fiscal Year	Reported Amount	Unallowable Expenditures	Updated Amount
2021	\$48,545,003	Not applicable ^a	\$48,545,003
2022	\$50,278,572	\$1,047	\$50,277,525

^a In fiscal year 2022, the University reported \$58 million in expenditures for restricted research for fiscal year 2021. In *An Audit Report on the Distribution of the National Research University Fund* (SAO Report No. 23-003, October 2022), auditors identified unallowable expenditures, reducing the total restricted research expenditures to \$48 million. For the 2023 National Research University Fund report, the University reported expenditures for fiscal year 2021 that matched the adjusted amount of \$48 million; therefore, auditors did not test expenditures for fiscal year 2021 for this report.

Sources: The Coordinating Board’s *National Research University Fund Eligibility* report for September 1, 2021, through August 31, 2022, and the University’s expenditure data from its financial system (UTShare/PeopleSoft) for fiscal years 2021 and 2022.



Chapter 1-B Other Eligibility Criteria

The University met other criteria to be eligible for the National Research University Fund for fiscal years 2021 and 2022.

The University reported to the Coordinating Board in fiscal year 2023 that it had met the other eligibility requirements necessary to qualify for the National Research University Fund. (See [Appendix 2](#) for more information about the requirements.) Auditors tested and verified the University’s compliance with the other statutory and Coordinating Board requirements that were in effect during fiscal years 2021 and 2022. Figure 2 summarizes the University’s compliance with the other eligibility criteria for the National Research University Fund.

Figure 2

Summary of the University’s Compliance With Other Eligibility Criteria for the National Research University Fund

Other Eligibility Criteria	Fiscal/ Academic Year 2021	Fiscal/ Academic Year 2022	Met Eligibility Requirements?	Requirement Description
Freshman Class of High Academic Achievement	55 percent	51 percent	Yes	At least 50 percent of the higher education institution’s first-time entering freshman class students must be in the top 25 percent of their high school class.
Institutional Recognition of Research Capabilities and Scholarly Attainment	Phi Kappa Phi	Phi Kappa Phi	Yes	A university must be designated as a member of the Association of Research Libraries, have a Phi Beta Kappa Chapter, or be a member of Phi Kappa Phi.
High-quality Faculty	5 National Academy Members	5 National Academy Members	Yes	There must be five or more recognitions of national or international distinction of tenured/tenure-track faculty through membership in one of the National Academies ^a or in the American Academy of Arts and Sciences, or through receiving a Nobel Prize.

Other Eligibility Criteria	Fiscal/ Academic Year 2021	Fiscal/ Academic Year 2022	Met Eligibility Requirements?	Requirement Description
High-quality Graduate Education	<ul style="list-style-type: none"> • 95 Graduate Level Programs • 73 percent Master’s Graduation Rate • 62 percent Doctoral Graduation Rate 	<ul style="list-style-type: none"> • 94 Graduate Level Programs • 80 percent Master’s Graduation Rate • 68 percent Doctoral Graduation Rate 	Yes	<ul style="list-style-type: none"> • The number of graduate-level programs at the institution must be equal to or greater than 50. • The master’s graduation rate at the institution must be 56 percent or higher. • The doctoral graduation rate must be 58 percent or higher. • In addition, the higher education institution must demonstrate that the overall commitment to five doctoral degree programs, including the financial support for doctoral degree students, is competitive with that of comparable high-quality programs at public institutions in the Association of American Universities.
Endowment Funds of at Least \$400 Million	Not Applicable	Not Applicable	Not Applicable	The University did not choose to apply for a determination of eligibility for this requirement.
Awarded at Least 200 Doctor of Philosophy Degrees	Not Applicable	Not Applicable	Not Applicable	The University did not choose to apply for a determination of eligibility for this requirement.

^a This includes the National Academy of Sciences, National Academy of Engineering, and National Academy of Medicine.

Sources: Texas Administrative Code, Title 19, Sections 15.43(b)(3)(C)(i), 15.43(b)(3)(D), 15.43(b)(3)(E)(i), and 15.43(b)(3)(F); and student information data from the University for academic years 2021 and 2022.

NOT RATED

Chapter 1-C Prior Audit Recommendation for the University



The University fully implemented¹ corrective action in response to a recommendation in a prior audit report.

The recommendation in Chapter 1-A of [An Audit Report on the Distribution of the National Research University Fund](#) (SAO Report No. 23-003, October 2022) stated:

The University should strengthen its processes to ensure that only allowable expenditures are reported as restricted research funds to the Coordinating Board.

The University added functionality to its project routing system that allows for specific criteria related to the National Research University Fund to be selected when a research project is being set up in its financial management system. This helps ensure that the projects, and their expenditures, qualify as restricted research. The University also established a new process for approving research cost centers. Auditors observed the routing and workflow for that process, as University staff demonstrated the added functionality, including at which point and how the specific criteria is selected.

Additionally, prior to submitting its restricted research expenditure information to the Coordinating Board in fiscal year 2023, University staff performed a comprehensive review to verify that all expenditures reported were properly classified as restricted research.

¹ Fully implemented is defined as the successful development and use of a process, system, or policy to implement a recommendation.

LOW

Chapter 2-A The Coordinating Board’s Processes

The Coordinating Board had processes for collecting and analyzing information that the University reported related to the National Research University Fund eligibility requirements.

The Coordinating Board’s certification report to the Texas Legislature and the Office of the Comptroller of Public Accounts was accurate and supported based on the self-reported information the University provided. Specifically, the Coordinating Board used the most recently available data that the University submitted when it performed its annual analysis for its certification report (see text box for more information about the certification report requirement).

As noted in Chapters 1-A and 1-B:

- The expenditures that the University reported matched the expenditures the Coordinating Board reported in its 2023 National Research University Fund report.
- Auditor recalculations and testing determined that the calculations and information reported related to the other eligibility criteria were accurate.

Certification Report Requirements

Texas Education Code, Section 62.146, requires the Coordinating Board to perform an annual analysis and report to the Legislature and the Office of the Comptroller of Public Accounts on the higher education institutions that meet or will meet the minimum requirements to become eligible to receive distributions from the National Research University Fund. That report is based on verified information the higher education institution submitted to the Coordinating Board.

NOT RATED

Chapter 2-B Prior Audit Recommendation for the Coordinating Board



The Coordinating Board fully implemented² corrective action in response to a recommendation in a prior audit report.

The recommendation in Chapter 1 of [An Audit Report on the College Access Loan Program at the Higher Education Coordinating Board](#) (SAO Report No. 23-025, April 2023) stated:

The Coordinating Board should develop, implement, and document a requirement to review error reports from HELMS [Higher Education Loan Management System] within a specified time period to ensure that accounts are updated timely.

The Coordinating Board developed a new policy requiring that (1) two types of error reports be run and (2) a review of the reason for the error be documented for each account appearing on the reports. For the 13 error reports tested³, the Coordinating Board followed the new policy by reviewing the reports at least twice per week and documenting the reviews, including noting the actions taken or indicating that no action was required.

² Fully implemented is defined as the successful development and use of a process, system, or policy to implement a recommendation.

³ Auditors selected nonstatistical, random samples from the population of the two error reports run and reviewed between March and June 2023. The sample design was chosen to ensure that the samples were representative of the population; therefore, the test results may be projected to the population, but the accuracy of the projections cannot be measured.



Appendix 1

Objective, Scope, and Methodology

Objective

The objective of this audit was to determine whether the institution of higher education, as identified by the Higher Education Coordinating Board (Coordinating Board), is eligible to receive distributions from the National Research University Fund, based on criteria established in the Texas Education Code and any other applicable requirements.

The following members of the State Auditor's staff performed the audit:



- Krista L. Steele, MBA, CPA, CFE, CECFE, CIA, CGAP (Project Manager)
- Scott Labbe, CPA (Assistant Project Manager)
- David Hinojosa, CIA, CFE, CFI
- Robert Pagenkopf, MBA, CFE
- Dana Musgrave, MBA, CFE (Quality Control Reviewer)
- Michael Anthony Simon, MBA, CGAP (Audit Manager)

Scope

The scope of this audit covered The University of Texas at San Antonio's (University's) National Research University Fund eligibility, as well as the Coordinating Board's processes, from September 1, 2020, to August 31, 2022. The scope also included a review of significant internal control components related to the University's restricted funds awarded and expenditure of those funds.

The scope also included the corrective actions that the University and the Coordinating Board implemented to address recommendations from [An Audit Report on the Distribution of the National Research University Fund](#) (SAO Report No. 23-003, October 2022) and [An Audit Report on the College Access Loan Program at the Higher Education Coordinating Board](#) (SAO Report No. 23-025, April 2023).

Methodology

We conducted this performance audit from May 2023 through August 2023 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. In addition, during the audit, matters not required to be reported in accordance with *Government Auditing Standards* were communicated to University and Coordinating Board management for consideration.

Addressing the Audit Objectives

During the audit, we performed the following:

- Determined whether the Coordinating Board’s *National Research University Fund Eligibility* report for September 1, 2021, through August 31, 2022, was complete, accurate, and compiled using the most recent self-reported data from the University by:
 - Interviewing the Coordinating Board’s management and staff about its process for compiling and preparing the report.
 - Reviewing the queries the Coordinating Board used to pull the self-reported data.
 - Comparing that data to the information in the report.
- Determined whether the University reported restricted research expenditures in compliance with the Coordinating Board’s *Standards and Accounting Methods for Reporting Restricted Research Expenditures* by:
 - Testing the nonstatistical payroll and non-payroll samples described in Figure 3 on the next page to determine whether they were supported, allowable, and within the correct time period.
 - Identifying all awards related to restricted research expenditures in fiscal years 2021 and 2022 and comparing them to the Board’s list of restricted research awards for which universities can report

expenditures to qualify for a distribution from the National Research University Fund.

- Determined whether the University met the four optional criteria by testing the nonstatistical samples described in Figure 3 to determine whether they met the eligibility requirements.

Figure 3 identifies the sampling methodologies used for testing restricted research expenditures. Auditors selected a nonstatistical sample of restricted research expenditures, primarily through random selection; the sample design was chosen to ensure that the samples were representative of the expenditure categories within the population. In those cases, test results may be projected to the expenditure categories, but the accuracy of the projection cannot be measured. For non-payroll transactions, auditors selected additional restricted research expenditures based on risk. Those sample items generally were not representative of the population; therefore, it would not be appropriate to project those test results to the population.

Figure 3

Restricted Research Expenditures

Total Populations and Samples Selected for Fiscal Year 2022 ^a

Description	Population		Sample		Methodology
	Count	Amount	Count	Amount	
Total Expenditures ^b	77,857	\$50,365,913	Not applicable	Not applicable	Not applicable
Payroll Expenditures	53,510	\$24,632,456	25	\$36,125	Random
Non-Payroll Expenditures	24,347	\$25,733,457	60	\$99,486	Random
Non-Payroll Expenditures	24,347	\$25,733,457	18	\$2,336,859	Directed

^a In *An Audit Report on the Distribution of the National Research University Fund* (SAO Report No. 23-003, October 2022), auditors tested the University’s restricted research expenditures and other criteria for fiscal year 2021; therefore, auditors relied on that work and tested only fiscal year 2022 information for this report.

^b The University reported \$50,278,572 in total restricted research expenditures for fiscal year 2022. The population for sampling was \$87,341 more than that amount because the University made manual adjustments to its restricted research expenditure data before submission to the Coordinating Board. However, in reconciling the restricted research expenditure data, auditors identified errors related to those adjustments and selected the samples from the auditor-adjusted total.

Figure 4 identifies the sampling methodologies used for testing other eligibility requirements. Auditors selected a nonstatistical sample of other eligibility requirements, primarily through random selection; the sample design was chosen to ensure that the samples were representative of the population. In those cases, test results may be projected to the population, but the accuracy of the projection cannot be measured. For freshman students that were in the top 25 percent of their high school class, auditors selected an additional student based on risk. That sample item was not representative of the population; therefore, it would not be appropriate to project that test result to the population.

Figure 4

Other Eligibility Criteria

Total Populations and Samples Selected for Fiscal Year 2022^a

Description	Population	Sample	Methodology
Top 25 Percent Freshman Class	2,762	68	Random ^b
Top 25 Percent Freshman Class	2,762	1	Risk-based ^c
Graduated Students – Master’s	749	25	Random
Graduated Students – Doctoral	113	12	Random

^a In *An Audit Report on the Distribution of the National Research University Fund* (SAO Report No. 23-003, October 2022), auditors tested the University’s restricted research expenditures and other criteria for fiscal year 2021; therefore, auditors relied on that work and tested only fiscal year 2022 information for this report.

^b Among the population of the first-time-entering freshman class, some students had enough college credits (due to advanced placement exams, dual-credit high school courses, etc.) to be classified as sophomores, juniors, or seniors. Auditors stratified the population between those classifications and selected 25 freshmen, 25 sophomores, 17 juniors, and 1 senior. The freshmen, sophomores, and juniors were randomly selected. Because there was only 1 senior, that student was selected.

^c One student in the population was identified in the University’s data as ranking within the top 25 percent of their high school class, but that student was not within the top 25 percent according to the Board’s data. Auditors selected that student for testing to determine the reliability of the data sets.

Data Reliability and Completeness

Auditors determined the reliability of data by (1) interviewing University management about the data and (2) reviewing data for validity and completeness. Auditors determined that the following data sets were sufficiently reliable for the purposes of the audit:

- Expenditure data for fiscal years 2021 and 2022.
- Student information, including enrollment date, graduation date, and high school class ranking.

Report Ratings

In determining the ratings of audit findings, auditors considered factors such as financial impact; potential failure to meet program/function objectives; noncompliance with state statute(s), rules, regulations, and other requirements or criteria; and the inadequacy of the design and/or operating effectiveness of internal controls. In addition, evidence of potential fraud, waste, or abuse; significant control environment issues; and little to no corrective action for issues previously identified could increase the ratings for audit findings. Auditors also identified and considered other factors when appropriate.

Appendix 2

National Research University Fund Eligibility Requirements

The Texas Education Code, Section 62.146, requires the Coordinating Board to certify verified information related to criteria used in determining higher education institutions' eligibility to receive funds from the National Research University Fund. In addition, both the information that higher education institutions submit to the Coordinating Board to establish National Research University Fund eligibility and the Coordinating Board's certification or verification of that information are subject to a mandatory audit by the State Auditor in accordance with Texas Government Code, Chapter 321. The following excerpts from Texas Administrative Code, Title 19, Section 15.43, outline the eligibility criteria:

(a) The eligibility criteria for a general academic teaching institution to receive distributions from the National Research University Fund include: having an entering freshman class of high academic achievement; receiving recognition of research capabilities and scholarly attainment of the institution; having a high-quality faculty; and demonstrating commitment to high-quality graduate education.

(b) A general academic teaching institution is eligible to receive an initial distribution from the Fund appropriated for each state fiscal year if:

(1) the institution is designated as an emerging research university under the coordinating board's accountability system;

(2) in each of the two state fiscal years preceding the state fiscal year for which the appropriation is made, the institution expended at least \$45 million in restricted research funds; and

(3) the institution satisfies at least four of the following six criteria:

(A) the value of the institution's endowment funds is at least \$400 million in each of the two state fiscal years preceding the state fiscal year for which the appropriation is made;

(B) the institution awarded at least 200 doctor of philosophy degrees during each of the two academic years preceding the state fiscal year for which the appropriation is made;

(C) in each of the two academic years preceding the state fiscal year for which the appropriation is made, the entering freshman class of the institution demonstrated high academic achievement as reflected in the following criteria:

(i) At least 50 percent of the first-time entering freshman class students at the institution are in the top 25 percent of their high school class; or

(ii) The average SAT score of first-time entering freshman class students at or above the 75th percentile of SAT scores was equal to or greater than 1210 prior to fall 2017, consisting of the Critical Reading (CR) and Mathematics (M) Components, or equal to or greater than 1280 starting with fall 2017, consisting of the Evidence-Based Reading and Writing (ERW) and Mathematics (M) Components, or the average ACT score of first-time entering freshman class students at or above the 75th percentile of ACT scores was equal to or greater than 26; and

(iii) The composition of the institution's first-time entering freshman class demonstrates progress toward reflecting the population of the state or the institution's region with respect to underrepresented students and shows a commitment to improving the academic performance of underrepresented students. One way in which this could be accomplished is by active participation in one of the Federal TRIO Programs, such as having one or more McNair Scholars in a particular cohort.

(D) the institution is designated as a member of the Association of Research Libraries, has a Phi Beta Kappa chapter, or is a member of Phi Kappa Phi;

(E) in each of the two academic years preceding the state fiscal year for which the appropriation is made, the faculty of the institution was of high quality as reflected in the following:

(i) There must be five or more recognitions of national or international distinction of tenured/tenure-track faculty through membership in one of the National Academies (including National Academy of Sciences, National Academy of Engineering, and National Academy of Medicine), the American Academy of Arts and Sciences, or through receiving a Nobel Prize; or

(ii) The annual number of awards of national and international distinction received by tenured/tenure-track faculty during a given academic year in any of the following categories is equal to or greater than 7 for each year.

- (I) American Academy of Nursing Fellows
- (II) American Council of Learned Societies Fellows
- (III) American Law Institute Members
- (IV) Beckman Young Investigators
- (V) Burroughs Wellcome Fund Career Award Winners
- (VI) Cottrell Scholars
- (VII) Getty Scholars in Residence
- (VIII) Guggenheim Fellows
- (IX) Howard Hughes Medical Institute Investigators
- (X) Lasker Medical Research Award Winners
- (XI) MacArthur Foundation Fellows
- (XII) Andrew W. Mellon Foundation Distinguished Achievement Award Winners
- (XIII) National Endowment for the Humanities Fellows
- (XIV) National Humanities Center Fellows
- (XV) National Institutes of Health MERIT (R37) Winners
- (XVI) National Medal of Science Winners
- (XVII) National Medal of Technology and Innovation Winners
- (XVIII) National Science Foundation CAREER Award Winners (excluding those who are also PECASE winners)

(XIX) Newberry Library Long-term Fellows

(XX) Pew Scholars in Biomedicine

(XXI) Pulitzer Prize Winners

(XXII) Presidential Early Career Awards for Scientists and Engineers (PECASE) Winners

(XXIII) Robert Wood Johnson Health Policy Fellows

(XXIV) Searle Scholars

(XXV) Sloan Research Fellows

(XXVI) Fellows of the Woodrow Wilson Center

(iii) In lieu of meeting either clause (i) or (ii) of this subparagraph, an institution may request that a comprehensive review of the faculty in five of the institution's Doctoral degree programs be conducted by external consultants selected by Coordinating Board staff in consultation with the institution and said review must demonstrate that the faculty are comparable to and competitive with faculty in similar programs at public institutions in the Association of American Universities. Costs for the review shall be borne by the institution. This review is only available if the institution has already met or, as determined by Coordinating Board staff, is on track to meet three of the other eligibility criteria listed in subparagraphs (A) - (D) of this paragraph;

(F) in each of the two academic years preceding the state fiscal year for which the appropriation is made, the institution has demonstrated a commitment to high-quality graduate education as reflected in the following:

(i) The number of Graduate-level programs at the institution is equal to or greater than 50;

(ii) The Master's Graduation Rate at the institution is 56 percent or higher and the Doctoral Graduation Rate is 58 percent or higher;
and

(iii) The institution must demonstrate that the overall commitment to five Doctoral degree programs, including the financial support for Doctoral degree students, is competitive with that of comparable high-quality programs at public institutions in the Association of American Universities. The five Doctoral degree programs selected for this review must be those selected in subparagraph (E)(iii) of this paragraph or, if subparagraph (E)(iii) of this paragraph is not chosen by the institution, then any five Doctoral degree programs at the institution. Costs for the review shall be borne by the institution.

Appendix 3

Eligibility Determination Letter



Lisa R. Collier,
CPA, CFE, CIDA,
State Auditor

August 8, 2023

Dr. T. Taylor Eighmy, President
The University of Texas at San Antonio
One UTSA Circle
San Antonio, TX 78249-0601

Subject: Eligibility for Distributions from the National Research University Fund

Dear Dr. Eighmy:


The State Auditor's Office has reviewed the report that the Higher Education Coordinating Board (Coordinating Board) submitted in May 2023 indicating that The University of Texas at San Antonio (University) met the eligibility requirements for distribution of funds from the National Research University Fund. In accordance with Texas Education Code, Section 62.146(c), the State Auditor's Office conducted the required audit of information that the University submitted to the Coordinating Board for the purposes of establishing eligibility.

The State Auditor's Office obtained reasonable assurance, through sampling, that the University met the criteria established in the Texas Education Code and by the Coordinating Board for expenditures for restricted research, freshman class of high academic achievement, institutional recognition of research capabilities and scholarly attainment, high-quality faculty, and high-quality graduate education. Therefore, the State Auditor's Office concluded that the University is eligible to receive funds from the National Research University Fund. The determination that the University met the eligibility requirements applies to those requirements as they existed during fiscal years 2021 and 2022.

If you have any questions, please contact Michael Simon, Audit Manager, or me at (512) 936-9500. We appreciate the University's assistance during this audit.

Sincerely,

Lisa R. Collier, CPA, CFE, CIDA
State Auditor

 Robert E. Johnson
Building
1501 N. Congress Avenue
Austin, Texas 78701

 P.O. Box 12067
Austin, Texas 78711-2067

 Phone:
(512) 936-9500

 Fax:
(512) 936-9400

 Internet:
www.sao.texas.gov



Dr. T. Taylor Eighmy, President
The University of Texas at San Antonio
August 8, 2023
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cc: Members of The University of Texas System Board of Regents
Mr. Kevin P. Eltife, Chairman
Ms. Janiece Longoria, Vice Chairman
Mr. James C. "Rad" Weaver, Vice Chairman
Ms. Christina Melton Crain
Mr. Robert P. Gauntt
Mr. Jodie Lee Jiles
Dr. Nolan Perez
Mr. Stuart W. Stedman
Mr. Kelcy L. Warren
Mr. John Michael Austin, Student Regent
Mr. James B. Milliken, Chancellor, The University of Texas System
Mr. J. Michael Peppers, Chief Audit Executive, The University of Texas System
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University of Texas at San Antonio
Dr. JoAnn Browning, Interim Vice President for Research, Economic Development, and
Knowledge Enterprise, The University of Texas at San Antonio
Mr. Venu Nair, Interim Chief Legal Officer, The University of Texas at San Antonio
Mr. Paul A. Tyler, Chief Audit Executive, The University of Texas San Antonio

Appendix 4

Related State Auditor's Office Reports

Figure 5

Report Number	Report Name	Release Date
23-025	<i>An Audit Report on the College Access Loan Program at the Higher Education Coordinating Board</i>	April 2023
23-003	<i>An Audit Report on the Distribution of the National Research University Fund</i> (For the University of Texas at San Antonio)	October 2022
22-007	<i>An Audit Report on the Distribution of the National Research University Fund</i> (For the University of Texas at Arlington)	November 2021
18-036	<i>An Audit Report on the Distribution of the National Research University Fund</i> (For the University of Texas at Dallas)	July 2018



Copies of this report have been distributed to the following:

Legislative Audit Committee

The Honorable Dan Patrick, Lieutenant Governor, Joint Chair

The Honorable Dade Phelan, Speaker of the House, Joint Chair

The Honorable Joan Huffman, Senate Finance Committee

The Honorable Robert Nichols, Member, Texas Senate

The Honorable Greg Bonnen, House Appropriations Committee

The Honorable Morgan Meyer, House Ways and Means Committee

Office of the Governor

The Honorable Greg Abbott, Governor

The University of Texas at San Antonio

Members of The University of Texas System Board of Regents

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