



**STEPHEN F. AUSTIN  
STATE UNIVERSITY**  
NACOGDOCHES, TEXAS

**Questions for the  
Texas State University System  
for October 18 Meeting**

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# Finance Based Questions

## QUESTION 1: CAPITAL FUNDING

### Funding for Capital - Last 10 Years

Institution/Funding	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Total
Stephen F. Austin State University											
HEF	\$ 8,425,937	\$ 8,425,937	\$ 7,757,442	\$ 11,636,163	\$ 11,636,163	\$ 11,636,164	\$ 11,636,163	\$ 11,277,793	\$ 11,277,793	\$ 11,277,793	\$ 104,987,348
TRB/CCAP	\$ -	\$ 46,400,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 44,922,833	\$ -	\$ 91,322,833
<b>Total</b>	\$ 8,425,937	\$ 54,825,937	\$ 7,757,442	\$ 11,636,163	\$ 11,636,163	\$ 11,636,164	\$ 11,636,163	\$ 11,277,793	\$ 56,200,626	\$ 11,277,793	\$ 196,310,181

SFA relies on the Legislature to assist with funding for capital projects through Tuition Revenue Bond funds (TRB) prior to FY 2021 and Capital Construction Assistance Project funds (CCAP) starting in FY 2022. In addition, Higher Education Funds (HEF) are used for funding of capital assets and projects (see Question 2 for related information).

- If not already provided, please detail the level of funding for capital at each of your system universities in the past 10 years in a similar format to the SFA information above, also displaying PUF if applicable.
- Provide your best estimate of funds SFA would have received in FY 2023 in these categories if SFA had been a member of your system.

**QUESTION 2: HIGHER EDUCATION FUND USE**

SFA's current allocation of HEF is \$11,277,793. SFA relies on these appropriations each year. Our HEF funds are used as follows:

<b>Use</b>	<b>Amount</b>
HEF Debt Service	\$ 3,454,239
Library Materials	\$ 1,100,000
IT/Cloud Services	\$ 2,645,664
Capital Outlay	\$ 4,077,890
<b>Total</b>	<b>\$ 11,277,793</b>

- Within your system, how would these expenses be funded? Would any become expenses carried at the system level?
- SFA pays debt service from HEF. If SFA were to become a PUF-eligible university, how would debt service be paid?
- If SFA were to become a PUF-eligible university, what funds would be available to cover library materials, IT/cloud services, and capital outlay?
- If any of these expenses are covered at the system level, how would they be reflected in the annual financial report for SFA and the system's annual financial report?

### **QUESTION 3: STUDENT FINANCIAL AID AND SCHOLARSHIP SUPPORT**

SFA offers the “*Purple Promise Guarantee Program*” for Texas residents. In summary, an enrolled Pell-eligible student that files a FAFSA reflecting a combined family adjusted gross income (AGI) of \$30,000 or less and takes 15 semester credit hours, can apply to have the remaining balance of tuition and regular fees not covered by other grants, scholarships, exemptions, benefits, or waivers paid for through the “*Purple Promise Guarantee Program*.”

In a preliminary analysis of our students’ family adjusted gross income, 300 students fall into the family \$30,000 AGI level and an additional 1,232 students fall into the \$80,000 AGI level; however, analysis is needed to determine if other qualifications for number of hours, etc. are met.

- Does your system support a similar program for your member institutions? If so, please describe the program.
- Would SFA students have access to the program? If so, would the program apply to all qualifying students?
- Would SFA incur any expenses for these programs or pay an allocation or assessment?
- How would the financial aid/scholarships be reflected in the annual financial report for SFA and the system’s annual financial report?

#### **QUESTION 4: SFA EMPLOYEE INSURANCE VESTING**

SFA provides employee insurance through the Employees Retirement System of Texas (ERS). A snapshot of SFA employees follows:

<b>Years of Service</b>	<b>Employees with SFA Years of Service</b>	<b>Employees with Additional State Years of Service Included</b>
At least 20 years	193	205
10 - 19 years	457	470
Less than 10 years	954	929
Total	1,604	1,604

- Regarding current SFA employees, will the SFA years of service toward retiree health insurance benefits be considered “legacy” service in the system’s service requirements for retiree health insurance benefits? In other words, will these SFA years of service count toward system years of service?
- Some SFA employees have state ERS and/or TRS service from multiple Texas state agencies and state institutions of higher education, not just years of service with SFA, as shown in the table above. Will all of the years of qualifying service toward retiree health insurance benefits be considered “legacy” if worked for other state agencies and state institutions of higher education?
- In ERS (SFA’s current program), if an employee was included in the health insurance program by Sept. 1, 2014, the state pays 100% of the health insurance premium at retirement. If an employee had fewer than five years of service as of that date, the state’s insurance premium contribution for a retiree from full-time employment is based on the number of years of participation:
  - 100% contribution with 20 or more years,
  - 75% contribution with 15 years to 19 years, 11 months

➤ 50% contribution with 10 years to 14 years, 11 months.

Would the employee's health insurance at retirement under your system continue to be paid by the system/institution at the same contribution level as noted above? If not, what would be the employer and employee contribution to payment of health insurance at retirement based on the current amounts at your system?

- Regarding current SFA retired employees, SFA budgeted \$7,291,869 in the FY23 Operating Budget to fund ERS retiree health insurance premiums. Can current retirees and those that retire prior to SFA joining the system remain on ERS retiree insurance? If so, would SFA or the system continue to fund the ERS retiree insurance premiums?
- SFA currently carries the OPEB liability for retirees in its annual financial report. Assuming the ERS retiree health insurance is continued in ERS, will the OPEB liability for retirees move to the system's annual financial report (see related question 16)?
- How would your system suggest proceeding with clarification from ERS regarding health insurance vesting and retiree health insurance?
- Does your system see any potential problems in legislation or policies that would prohibit "legacy" vesting of SFA employees for all qualified service and/or provision of employee's health insurance at retirement based on current ERS contribution levels?

**QUESTION 5: TUITION AND FEES**

SFA Tuition and Fees for the past three years are shown in the following table:

Tuition and Fees	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022
Designated Tuition	\$ 3,074	\$ 3,074	\$ 3,074
Mandatory Fees	\$ 1,476	\$ 1,476	\$ 1,476
Average College & Course Fees	\$ 52	\$ -	\$ -
Statutory Tuition	\$ 750	\$ 750	\$ 750
Total Tuition & Fees	\$ 5,352	\$ 5,300	\$ 5,300

Mandatory Fees	Amount
University Services Fee	\$ 952.50
Student Services Fee	\$ 202.50
Recreational Sports Fee	\$ 120.00
Differential Tuition	\$ 100.00
Student Center Fee	\$ 85.00
Registration and Record Fee	\$ 8.00
Env Fee	\$ 5.00
International Education Fee	\$ 3.00
Total Mandatory Fees	\$ 1,476.00

Tuition and Fee - average amounts charged to resident undergraduate students enrolled in exactly 15 semester credit hours per semester. Amounts reported include statutory tuition, designated tuition, average mandatory fee and average college and course fee.

- If SFA becomes a member of your system, does our current tuition and fee structure “fit” with the parameters you may have for your member institutions? Are there any concerns?

## QUESTION 6: INFORMATION TECHNOLOGY SERVICES

As an independent university, SFA bears the complete cost of providing a secure and available information technology network and services. Some of our current university services and applications are shown below:

Service/Application	Annual Cost
Oracle Exadata and Oracle Database	\$ 435,000
Ellucian Banner	\$ 357,100
Touchnet	\$ 239,000
Firewall Subscription	\$ 170,000
D2L - Learning Management	\$ 164,000
SEIM (Splunk)	\$ 162,000
Adobe	\$ 130,750
TeamDynamix	\$ 111,000
Webfocus	\$ 101,072
Slate (CRM)	\$ 100,000
People Admin	\$ 96,613
Microsoft	\$ 95,567
Endpoint Management Solution	\$ 80,411
OIE - Ad Astra	\$ 79,500
Cornerstone - Training	\$ 68,644
OIR - Digital Measures	\$ 60,029
Duo (two factor authentication)	\$ 57,000
OIE - Nuventive	\$ 55,040
Chatbot "Jack" (Ocelot)	\$ 55,000
Concur - Travel & Procurement Card	\$ 52,253
Bitsight	\$ 45,000
Digarc Software	\$ 38,340
Blackbaud	\$ 30,367
Qualtrics Survey Application	\$ 14,900
iContracts Subscription	\$ 13,526
Total	\$ 2,812,112

- Does your system provide any of these information technology services as shared services? If so, please note which services/applications.
- Would SFA incur any expenses for these shared services or pay an allocation or assessment?
- How would any shared services be reflected in the annual financial report for SFA and the system's annual financial report?

**QUESTION 7: TSUS SALARY EQUITY**

Element	Lamar University	Lamar Institute of Technology	Lamar State College Orange	Lamar State College Port Arthur	Sam Houston State University	Sul Ross State University	Texas State University	Stephen F. Austin State University
<b>Professor</b>								
Number	86	n/a	n/a	n/a	187	20	298	130
FTE Faculty	86	n/a	n/a	n/a	142	17	203	127
Median FTE Sal	\$ 103,293	n/a	n/a	n/a	\$ 98,658	\$ 77,509	\$ 100,207	\$ 82,034
Professor - Rank*	1	n/a	n/a	n/a	3	5	2	4
<b>Associate Professor</b>								
Number	105	n/a	n/a	n/a	181	20	280	125
FTE Faculty	105	n/a	n/a	n/a	135	18	198	124
Median FTE Sal	\$ 75,060	n/a	n/a	n/a	\$ 76,734	\$ 61,540	\$ 78,274	\$ 68,550
Associate Professor - Rank*	3	n/a	n/a	n/a	2	5	1	4
<b>Assistant Professor</b>								
Number	74	n/a	n/a	n/a	177	31	245	125
FTE Faculty	74	n/a	n/a	n/a	133	29	148	124
Median FTE Sal	\$ 68,680	n/a	n/a	n/a	\$ 65,016	\$ 51,380	\$ 70,000	\$ 60,172
Assistant Professor - Rank*	2	n/a	n/a	n/a	3	5	1	4
<b>Total - All Teaching Ranks</b>								
Number	538	n/a	n/a	n/a	1,025	132	2,405	816
FTE Faculty	465	n/a	n/a	n/a	740	96	1,495	654
Average FTE Sal	\$ 67,767	n/a	n/a	n/a	\$ 61,243	\$ 48,112	\$ 59,320	\$ 53,748
<b>Enrollment</b>								
Fall 2020 Enrollment^	15,799	4,402	2,382	2,566	21,650	1,557	37,812	12,488
Enrollment / FTE Faculty All*	34	n/a	n/a	n/a	29	16	25	19
Enrollment / FTE - Rank*	1	n/a	n/a	n/a	2	5	3	4

<b>SFA to Median Salary*</b>								
Professor	\$ 2,697,342	n/a	n/a	n/a	\$ 2,109,253	\$ (574,132)	\$ 2,305,790	
Associate Professor	\$ 805,938	n/a	n/a	n/a	\$ 1,013,179	\$ (867,838)	\$ 1,203,831	
Assistant Professor	\$ 1,056,779	n/a	n/a	n/a	\$ 601,673	\$ (1,092,054)	\$ 1,220,736	
Total	\$ 4,560,059	n/a	n/a	n/a	\$ 3,724,106	\$ (2,534,024)	\$ 4,730,357	

<b>SFA to Average Salary*</b>								
All Teaching Ranks	\$ 9,168,426	n/a	n/a	n/a	\$ 4,901,730	\$ (3,685,944)	\$ 3,644,088	

Sources:

Texas Higher Education Coordinating Board

University Average Faculty Salary Report on CBM008 for Fiscal Year 2021 (Based on Fall 2020)

<http://www.txhighereddata.org/index.cfm?objectId=0572BC10-D970-11E8-BB650050560100A9>

^ Texas Higher Education Accountability System - Interactive Report

^ <http://www.txhigheredaccountability.org/AcctPublic/InteractiveReport/AddReport>

SFA salaries are considered a major area of concern. Comparisons to other universities in your system for faculty salaries are shown above. We have calculated the amount of funds necessary for salary equity compared to the system universities; however, these amounts would need to be recalculated based on discipline/department/college/rank. (Note – staff salaries are not presented as the comparative data is not readily available; staff salaries are also a major area of concern).

- How could your system help us deal with the issue of lower faculty pay and equity?
- The same table illustrates Enrollment/FTE faculty. The quick analysis appears to show that SFA faculty teach smaller class sizes than peers in the system. Please provide any comments on class Enrollment/FTE faculty.

**QUESTION 8: CONSTRUCTION PROJECT MANAGEMENT**

<b>Project</b>	<b>Project Budget</b>	<b>Est. Completion Date</b>
College of Fine Arts Expansion	\$ 50,000,000	March 2023
Resident Hall Bond Fund Proceeds	\$ 23,700,000	TBD
Dining Hall	\$ 15,800,000	TBD
Interdisciplinary Project	\$ 44,922,833	TBD
<b>Total</b>	\$ 134,422,833	

SFA currently has almost \$135 million of current or planned projects. We rely on expertise of architects, engineers, and construction managers through contracted services. In addition, we use a construction project management firm to assist with project management.

- What services does your system provide to assist with construction project management?
- Would SFA incur an expense for construction project management services or pay an allocation or assessment?
- How would expenses for these services be reflected in the annual financial report for SFA and the system’s annual financial report?

**QUESTION 9: SYSTEM ADMISSION PROGRAMS TSUS**

Please describe any admission programs that could result in referral of admission to SFA.

Please provide the number of students that enrolled at each of your system universities through a system admission program in a format such as the following:

<b>Institution</b>	<b># Students From Most Recent Semester Available</b>
Lamar University	
Lamar Institute of Technology	
Lamar State College Orange	
Lamar State College Port Arthur	
Sam Houston State University	
Sul Ross State University	
Texas State University	
<b>Total</b>	

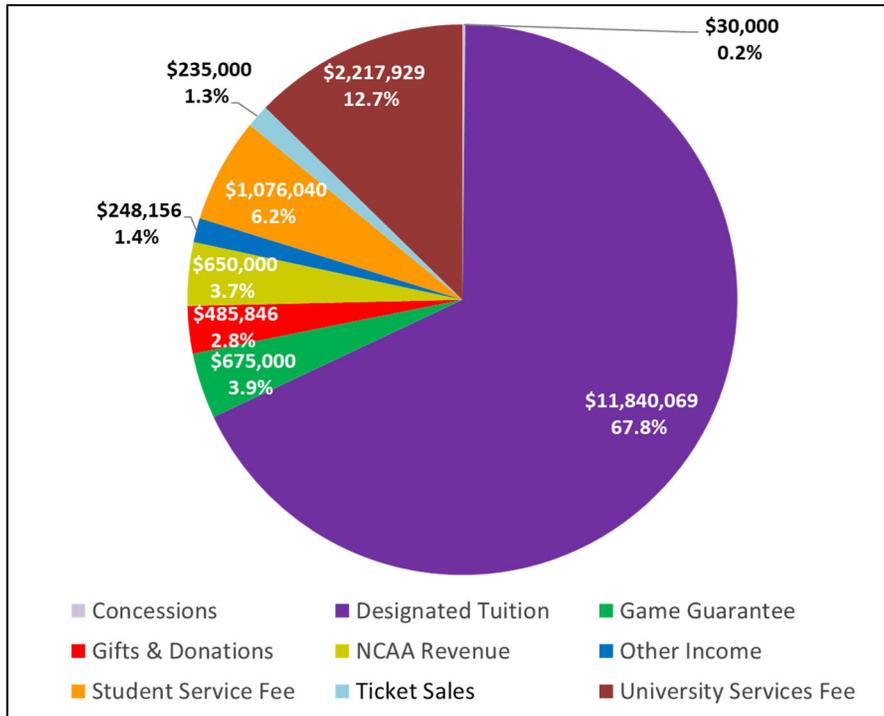
### **QUESTION 10: INVESTMENTS**

SFA has its over \$100 million in operating reserves invested in various accounts/programs as shown on the investment report at [SFA Quarter Ending 053122 Operating Investment Report](#).

- Please confirm whether these investments will remain under the control of SFA.
- Will these available operating reserve accounts be presented on the annual financial report of SFA?

### QUESTION 11: ATHLETICS FUNDING

SFA athletics programs were budgeted for \$17,458,040 in FY 21 with funding as follows:



Without an athletics fee, other student tuition and fees are used to fund athletics. The funding of athletics and academics has been a topic of much discussion on campus.

- How can your system help us with analysis of the appropriate level of athletics funding per student athlete and our university?

**QUESTION 12: INSURANCE EXPENSE**

SFA's incurs annual expenses for insurance covering the following:

Type of Insurance	Current Deductible	Current Coverage Details	2023
Directors & Officers Liability	\$0 Individual (Insuring Clause 1) \$100,000 Individual (Insuring Clause 2) \$100,000 Entity (Insuring Clause 2) \$100,000 Entity (Insuring Clause 3) \$5,000 Special Event	Claims Made Limit - \$1,000,000 - Shared	\$ 11,750
Employment Practices Liability	\$150,000 EPL (Insuring Clause 1) \$150,000 Third Party (Insuring Clause 2)	Claims Made Limit - \$1,000,000 - Shared	\$ 24,742
Privacy and Network Security Liability (Cyber)	\$100,000	Claims Made Limit - \$1,000,000 - Shared	\$ 4,284
Blanket Automobile	\$1,000 Comp/OTC, per vehicle \$1,000 Collision, per vehicle \$1,000 Phys Dam; Cost of Hire, Comp \$1,000 Phys Damage; cost of Hire, Collision \$10,000 Liability, per accident	\$250,000 Bodily Injury, per person \$500,000 Bodily Injury, per accident \$100,000 Property Damage \$1,000,000 Combined Single Limit (if TTCA is not applicable) \$1,000,000 Golf carts	\$ 152,544
Property	All other Perils, \$250,000, per occurrence Named Windstorm Tier 1 Wind Zone, 2% TV Flood, 2% TV	Various limits Replacement cost	\$ 607,360
Equipment Breakdown (Property)	\$250,000	Various limits Replacement cost	\$ 53,939
Inland Marine (Property)			\$ 56,653
General Liability	General Liability \$25,000 Deductible  Excess General Liability: \$1,000,000 Underlying Limit Retention, per occurrence	General Liability \$1,000,000 Limit, per occurrence \$3,000,000 Annual Aggregate  Excess General Liability \$1,000,000, per occurrence \$1,000,000 Annual Aggregate	\$ 138,458
Workers Compensation	Interagency Agreement for Risk Management Services and Claims Administration		\$ 214,500
Athletic Sports Accident	Excess Accident Medical Expense Aggregate Deductible \$455,000.00 per policy term	Benefit per person per covered accident: Accidental Death & Dismemberment \$10,000.00 Excess Accident Medical Expense Percentage of Usual & Customary 100% Maximum Benefit Period (in weeks) 104 Maximum Benefit Amount \$90,000.00 First Expense must be Incurred within 90 days Expanded Medical Benefit for Covered Sports Conditions Heart and Circulatory Benefit HMO/PPO Denial Benefit Pre-existing Injury Benefit	\$ 67,000
		<b>TOTAL EXPENSE</b>	<b>\$1,333,253.71</b>

- How would insurance such as the above listed types be provided if SFA became a member of your system?
- Would SFA incur any expenses for insurance or pay an allocation or assessment to the system for insurance?
- How would these insurance expenses be reflected in the annual financial report for SFA and the system's annual financial report?

### **QUESTION 13: SACSCOC ACCREDITATION FINANCIAL REQUIREMENTS**

SFA is proactively working with the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) to meet requirements if we join a system. SACSCOC provided the following financial guidance:

“Please note that the Financial Support section of the prospectus requires the submission of financial audit reports for the two (2) most recent fiscal years and the most recent financial aid audit for both institutions”.

Financial Audit Reports - For the SACSCOC requirement of financial audit reports for the two most recent fiscal years, SFA has stand-alone annual financial statements with an accountants' review report for the fiscal years ended 08/31/20 and 08/31/21. These accountant reviews were performed to meet SFA's SACSCOC re-accreditation requirements and to address campus concerns regarding financial stability. The 08/31/21 report has previously been provided to the systems.

In addition, SFA, like each of the State of Texas systems, is included in the audit of the State of Texas Annual Comprehensive Financial Report. Financial reports for the two most recent fiscal years may be accessed as follows:

- Fiscal Year Ending 08/31/20 - <https://comptroller.texas.gov/transparency/reports/comprehensive-annual-financial/2020/>.
- Fiscal Year Ending 08/31/21 - <https://comptroller.texas.gov/transparency/reports/comprehensive-annual-financial/2021/>.

For the Fiscal Year ending 08/31/22, SFA will be included in the State of Texas Annual Comprehensive Financial Report, which should be released around 03/01/23. SFA has asked our SACSCOC liaison if inclusion in the State of Texas Annual Comprehensive Financial Report for 08/31/22 is sufficient to meet the requirement of financial statements for the two most recent years, along with the financial review report mentioned above for the 08/31/21 fiscal year; otherwise, SFA will need to procure a separate financial statement review as of 08/31/22 with a report due by 03/01/23.

- Does your system currently engage in a financial statement review or audit as of the fiscal year end separate from inclusion in the State of Texas audit?
- Will your system be able to timely procure and perform a financial statement review by 03/01/23 if required by SACSCOC?

- Will your system be able to meet the SACSCOC requirement, along with SFA, for submission of financial audit reports for the two most recent fiscal years (with reports available by 03/01/23)?

Financial Aid Audit - For the most recent financial aid audit, SFA is included in the State of Texas Federal Portion of the Statewide Single Audit Report. Reports for the two most recent fiscal years may be accessed as follows:

- Fiscal Year Ending 08/31/20 - <https://sao.texas.gov/reports/main/21-015.pdf> or <https://sao.texas.gov/SAOReports/ReportNumber?id=21-015>
- Fiscal Year Ending 08/31/21 - <https://sao.texas.gov/reports/main/22-320.pdf> or <https://sao.texas.gov/SAOReports/ReportNumber?id=22-320>

For the Fiscal Year ending 08/31/22, SFA will be included in the State of Texas Federal Portion of the Statewide Single Audit Report as in the previous years. SFA has asked our SACSCOC liaison if inclusion in the State of Texas Federal Portion of the Statewide Single Audit Report for 08/31/22 is sufficient to meet the requirement for the financial aid audit; otherwise, SFA will need to procure a separate financial aid audit (with a report due by 03/01/23).

- What is the most recent financial aid audit performed for your system?
- Will your system be able to meet the SACSCOC requirement, along with SFA, for submission of a financial aid audit report (with the report available by 03/01/23)?

**QUESTION 14: POSSIBLE SYSTEM SERVICES**

SFA's operating budget includes the following:

Service	FY 2023 Operating Budget
Audit Services	\$ 506,679
Legal Services	\$ 401,671
Board of Regents	\$ 88,520
<b>Total</b>	\$ 996,870

- How would these services be provided if SFA joined your system?
- Would SFA be permitted to maintain these functions, in collaboration with the System office, on our campus?
- Would SFA incur any expenses for these services or pay an allocation or assessment?
- How would these services be reflected in the annual financial report for SFA and the system's annual financial report?

## QUESTION 15: SFA DEBT

SFA outstanding debt is approximately \$200 million as shown in the summary below.

Stephen F. Austin University- Outstanding Debt as of September 1, 2022										
Series (by Project)	Internal Funding Source	Final Maturity	Amount Outstanding	Interest Payable	Total Debt	Service Callable Amount	Call Date	Interest Mode	TE/TX	
<b>Series 2020</b>										
Refunding of Series 2020- Residence Hall & Parking Garage	Auxiliary Revenues (Non-TRB)	10/15/2029	15,935,000	3,595,625	19,530,625	-	Non-Callable	Fixed	TE	
<b>Series 2019A</b>										
New Money- Landing II Student Housing	Auxiliary Revenues (Non-TRB)	10/15/2048	23,085,000	20,704,925	43,789,925	23,085,000	10/15/2028 @ Par	Fixed	TE	
New Money- Basketball Practice Bldg	CH Student Service Fee (Non-TRB)	10/15/2048	23,380,000	16,413,225	39,793,225	28,180,000	10/15/2028 @ Par	Fixed	TE	
New Money- Performing Arts Facility	Higher Education Fund (HEF)	10/15/2048	33,265,000	23,348,750	56,613,750	19,805,000	10/15/2028 @ Par	Fixed	TE	
New Money- Welcome Center/One Stop	Higher Education Fund (HEF)	10/15/2048	11,685,000	8,202,775	19,887,775	9,900,000	10/15/2028 @ Par	Fixed	TE	
Total Series 2019A			91,415,000	68,669,675	160,084,675	80,970,000				
<b>Series 2019B Taxable</b>										
New Money- Landing II Student Housing	Auxiliary Revenues (Non-TRB)	10/15/2035	13,985,000	4,173,417	18,158,417	13,985,000	Any Date @ MWC	Fixed	TX	
Total Series 2019B			13,985,000	4,173,417	18,158,417	13,985,000				
<b>Series 2016</b>										
New Money- STEM Building	Tuition Revenue (TRB)	10/15/2036	30,770,000	11,839,325	42,609,325	24,585,000	10/15/2026 @ Par	Fixed	TE	
Ref- Series 2008 (Education Research bldg.)	Tuition Revenue (TRB)	10/15/2027	5,895,000	929,875	6,824,875	2,180,000	10/15/2026 @ Par	Fixed	TE	
Ref- Series 2009 (Nursing)	Tuition Revenue (TRB)	10/15/2028	4,910,000	908,250	5,818,250	2,315,000	10/15/2026 @ Par	Fixed	TE	
Ref- Series 2009 (Campus def maintenance)	Tuition Revenue (TRB)	10/15/2028	3,420,000	631,500	4,051,500	1,610,000	10/15/2026 @ Par	Fixed	TE	
Total Series 2016			44,995,000	14,308,950	59,303,950	30,690,000				
<b>Series 2015</b>										
Ref- Series 2005 (Residence Hall & Garage)	Auxiliary Revenues (Non-TRB)	10/15/2025	4,470,000	182,910	4,652,910	-	Non-Callable	Fixed	TE	
Ref- Series 2005A (Residence Hall & Garage)	Auxiliary Revenues (Non-TRB)	10/15/2025	10,225,000	415,216	10,640,216	-	Non-Callable	Fixed	TE	
Ref- Series 2005A (Rec Center)	Student Rec Fees (Non-TRB)	10/15/2025	5,580,000	227,030	5,807,030	-	Non-Callable	Fixed	TE	
Total Series 2015			20,275,000	825,155	21,100,155	-				
<b>Series 2013</b>										
Ref- Series 2004 (Renovation/Expansion of Student Center)	Auxiliary Revenues (Non-TRB)	10/15/2024	5,060,000	332,344	5,392,344	-	Non-Callable	Fixed	TE	
Total Series 2013			5,060,000	332,344	5,392,344	-				
<b>Total RFS Debt</b>			<b>191,665,000</b>	<b>91,905,166</b>	<b>283,570,166</b>	<b>125,645,000</b>				
Bank of America Public Capital Corp Lease 2014 -Energy Savin Guaranty Savings Agreement with Siemens			7,238,538	881,987	8,120,525	-	Non-Callable	Fixed	TX	
Total Other Debt (Notes and Leases Payable)			7,238,538	881,987	8,120,525	-				
<b>Total Outstanding Debt</b>			<b>198,903,538</b>	<b>92,787,154</b>	<b>291,690,692</b>	<b>125,645,000</b>				

- If SFA becomes a member of your system, what happens to our current debt, any refinanced debt, and future debt? Does any debt remain at the university level or is it all “absorbed” by the system?
- How will the outstanding debt be reflected in the annual financial report of SFA and of the system?
- Will debt management, reporting, and compliance be performed by the system?

**QUESTION 16: GASB LIABILITIES**

As an independent university, SFA carries the Governmental Accounting Standards Board (GASB) accruals for pension and other post-employment benefits (OPEB) on its annual financial report. Historical data is as follows:

Category	FY 2021	FY 2020	FY 2019
<b>ERS OPEB</b>			
Liability	\$ 149,043,885	\$ 148,001,443	\$ 124,127,601
Deferred Outflows	\$ (74,013,181)	\$ (91,456,952)	\$ (98,306,752)
Deferred Inflows	\$ 39,251,278	\$ 38,132,424	\$ 49,427,465
<b>TRS Net Pension</b>			
Liability	\$ 47,397,222	\$ 47,647,340	\$ 64,565,433
Deferred Outflows	\$ (24,658,538)	\$ (32,128,109)	\$ (43,517,249)
Deferred Inflows	\$ 16,580,190	\$ 20,273,480	\$ 9,424,287

TRS=Teacher Retirement System ERS=Employees Retirement System

- How would the GASB accruals for pension and OPEB be handled if SFA were to become a member of your system?
- How would the GASB accruals for pension and OPEB be reflected in the annual financial report for SFA and the system's annual financial report?

**QUESTION 17: TSUS OPERATING EXPENSES AND OPERATING REVENUES**

Element - Fiscal Year 2021	Lamar University	Lamar Institute of Technology	Lamar State College Orange	Lamar State College Port Arthur	Sam Houston State University	Sul Ross State University	Texas State University	Stephen F. Austin State University
Full-Time Student Equivalent (FTSE)	13,517	n/a	n/a	n/a	17,594	1,713	31,295	10,369
Net Tuition and Fees	\$ 112,190,516	\$ 6,164,163	\$ 4,050,174	\$ 4,461,423	\$ 180,964,247	\$ 9,678,587	\$ 285,682,007	\$ 81,001,375
Other Operating Revenue	\$ 48,714,484	\$ 1,409,701	\$ 2,983,245	\$ 1,756,137	\$ 84,116,485	\$ 9,654,405	\$ 162,750,777	\$ 42,910,830
Total Operating Revenue	\$ 160,905,000	\$ 7,573,864	\$ 7,033,419	\$ 6,217,560	\$ 265,080,732	\$ 19,332,992	\$ 448,432,784	\$ 123,912,206
Total Operating Revenue / FTSE	\$ 11,903.90	n/a	n/a	n/a	\$ 15,066.54	\$ 11,286.04	\$ 14,329.22	\$ 11,950.26
Rank Operating Revenue / FTSE	4	n/a	n/a	n/a	1	5	2	3
Net Tuition and Fees / FTSE	\$ 8,299.96	n/a	n/a	n/a	\$ 10,285.57	\$ 5,650.08	\$ 9,128.68	\$ 7,811.88
Rank Net Tuit and Fees / FTSE	3	n/a	n/a	n/a	1	5	2	4
Operating Expenses	\$ 252,206,149	\$ 31,674,568	\$ 22,554,501	\$ 26,304,813	\$ 399,137,094	\$ 55,027,941	\$ 654,184,493	\$ 255,853,495
Less: OPEB / Pension Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (23,438,253)
Adjusted Operating Expenses	\$ 252,206,149	\$ 31,674,568	\$ 22,554,501	\$ 26,304,813	\$ 399,137,094	\$ 55,027,941	\$ 654,184,493	\$ 232,415,242
Operating Expense / FTSE	\$ 18,658.44	n/a	n/a	n/a	\$ 22,685.98	\$ 32,123.72	\$ 20,903.80	\$ 24,674.85
Rank Oper Exp / FTSE	5	n/a	n/a	n/a	3	1	4	2
Adjusted Operating Expense / FTSE	\$ 18,658.44	n/a	n/a	n/a	\$ 22,685.98	\$ 32,123.72	\$ 20,903.80	\$ 22,414.43
Rank Adj Oper Expense / FTSE	5	n/a	n/a	n/a	2	1	4	3

**Sources:**

Texas Higher Education Coordinating Board  
 Texas Higher Education Accountability System - Interactive Report  
<http://www.txhigheredaccountability.org/AcctPublic/InteractiveReport/AddReport>  
 Institution Annual Financial Reports

As an independent university, SFA’s operating expenses include expenses that in a system may be carried at the system level. An analysis of SFA fiscal year 2021 operating expenses compared to your system universities is shown in the table above; however, the comparison does not factor in differences due to academic programs which could be significant. If applicable, hospital/clinics was removed from operating expenses for the comparison in the table. On the surface, it appears that SFA is efficiently using its resources compared to peers. Question 7 addresses the issue of salaries at SFA, as lower salaries are one reason for the efficiency.

- What opportunities or concerns does SFA’s operating expenses per FTSE pose for your system?

- What resources are available through your system to assist SFA with analysis of its operating expenses?

In addition, operating revenues, including net tuition and fees, are displayed for comparative purposes. Since Legislative revenue and appropriations are considered non-operating revenues under GASB, SFA relies heavily on its non-operating revenues and other revenues to help fund its operating expenses.

- What opportunities or concerns does SFA's operating revenues per FTSE pose for your system?
- What resources are available through your system to assist SFA with analysis of its operating revenues?
- The largest component of operating revenues for SFA is net tuition and fees. The tuition discount equation is complicated and results in a significant estimate in the annual financial report. Does your system have resources to assist with the calculation? Does your system calculate and monitor the net tuition on a regular basis?

## Transition Based Questions

If we accept the invitation to become a member of your system, it is obvious that a period of transition will be necessary as we align our current institutional policies and practices with any that might be required by your system. It is important that we be able to provide some guidance to our campus leadership and others in the campus community as to what timeline might be appropriate to expect for that transition. That is the genesis of the following questions:

### **Question 18: Timing of SFA Presidential Selection**

Using the hypothetical date of November 30 as the date an affiliation decision may be finalized, would you envision being able to complete a presidential search and naming before by May 31, 2023?

### **Question 19: Transition Support**

What type of campus-based resources would you envision to be needed to manage the elements of a transition an affiliation with your system would require?

Are you willing to help support an “Office of Transition” or some other type campus-based resource to assist the new President during the campus transition while they are managing their own transition?

### **Question 20: SACSCOC**

The attached letter from SACSCOC provides the process and timeline for SFA maintaining its accreditation during and after an affiliation with any system. One element is the requirement that a governance change must be “fully implemented” within 30 days of the date they approve the change. This creates a “must change by” date sometime during July 2023.

To maintain this timeline, enabling legislation would need to take this into account. Do you envision any issues with this timeline either within your system or within the legislation?

**Question 21: FY2024 Budget Submittal and Approval Timing**

Typically, a proposed budget at SFA would emerge from the institutional budget development process during mid-late June each year, especially following a legislative session. The proposed budget is reviewed by the president and the chair of the Board's Finance and Audit committee prior to being submitted to the Board of Regents by the president in early July for consideration at the late July quarterly meeting.

As each of your boards meet in mid to late August, would you envision a timeline where the FY2024 budget can be submitted by the new president to the new board?

**Question 22: Enterprise Resource Planning (ERP) Transition**

Moving from one ERP to another can be a daunting and time-intensive exercise. Based on your understanding of what systems SFA employs and what system(s) you would wish SFA to convert to, what timeline would you envision for these conversions? What resources would your system be able to deploy, both financially and in personnel, to assist?