



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

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

Table of Contents

Finance Based Questions

1. Capital Funding
2. Higher Education Fund Use
3. Student Financial Aid and Scholarship Support
4. SFA Employee Insurance Vesting
5. Tuition and Fees
6. Information Technology Services
7. Salary Equity
8. Construction Project Management
9. System Admission Programs
10. Investments
11. Athletics Funding
12. Insurance Expense
13. SACSCOC Accreditation Financial Requirements
14. Possible System Services
15. SFA Debt
16. GASB Liabilities
17. Operating Expenses and Revenues

Transition Based Questions

18. Timing of Presidential Search
19. Transition Support
20. SACSCOC Timing
21. FY2024 Budget Submittal and Approval
22. Enterprise Resource Planning Transition

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
Total	\$ 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.
 - *Please see next page.*
- 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.
 - *HEF would remain at the current annual amount of \$11.3 million for FY '23. Given the recent passage of Senate Bill 52 (87th 3^d), we would not anticipate additional Capital Construction Assistance Program support for FY '23 or immediately beyond.*

Institution	MOF	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
SFA	HEF	\$ 8,425,937	\$ 8,425,937	\$ 7,757,442	\$ 11,636,163	\$ 11,636,163	\$ 11,636,163	\$ 11,636,163	\$ 11,277,793	\$ 11,277,793	\$ 11,277,793	\$ 104,987,347
	TRB/CCAP		\$ 46,400,000							\$ 44,922,833		\$ 91,322,833
	General Revenue											\$ -
	Total											\$ 196,310,180
LU	HEF	\$ 8,330,933	\$ 8,330,933	\$ 9,401,255	\$ 14,101,882	\$ 14,101,882	\$ 14,101,882	\$ 14,101,882	\$ 13,141,181	\$ 13,141,181	\$ 13,141,181	\$ 121,894,192
	TRB/CCAP		\$ 60,000,000							\$ 44,922,833		\$ 104,922,833
	General Revenue							\$ 1,418,585		\$ 5,700,000		\$ 7,118,585
	Total											\$ 233,935,610
SHSU	HEF	\$ 11,893,110	\$ 11,893,110	\$ 11,553,239	\$ 17,329,858	\$ 17,329,858	\$ 17,329,858	\$ 17,329,858	\$ 18,236,811	\$ 18,236,811	\$ 18,236,811	\$ 159,369,324
	TRB/CCAP		\$ 48,000,000							\$ 89,845,666		\$ 137,845,666
	General Revenue											\$ -
	Total											\$ 297,214,990
SRSU	HEF	\$ 1,625,061	\$ 1,625,061	\$ 1,423,682	\$ 2,135,523	\$ 2,135,523	\$ 2,135,523	\$ 2,135,523	\$ 2,151,723	\$ 2,151,723	\$ 2,151,723	\$ 19,671,065
	TRB/CCAP		\$ 6,240,000							\$ 26,392,165		\$ 32,632,165
	General Revenue											\$ -
	Total											\$ 52,303,230
SRSU - RGC	HEF	\$ 445,380	\$ 445,380	\$ 273,825	\$ 410,738	\$ 410,738	\$ 410,738	\$ 410,738	\$ 472,890	\$ 472,890	\$ 472,890	\$ 4,226,207
	TRB/CCAP		\$ -							\$ 33,119,359		\$ 33,119,359
	General Revenue											\$ -
	Total											\$ 37,345,566
TxSt	HEF	\$ 21,863,258	\$ 21,863,258	\$ 24,775,170	\$ 37,162,755	\$ 37,162,755	\$ 37,162,755	\$ 37,162,755	\$ 37,606,478	\$ 37,606,478	\$ 37,606,478	\$ 329,972,140
	TRB/CCAP		\$ 111,600,000							\$ 104,819,944		\$ 216,419,944
	General Revenue											\$ -
	Total											\$ 546,392,084
LIT	HEF	\$ 2,332,463	\$ 2,332,463	\$ 1,720,347	\$ 2,580,521	\$ 2,580,521	\$ 2,580,521	\$ 2,580,521	\$ 2,553,130	\$ 2,553,130	\$ 2,553,130	\$ 24,366,747
	TRB/CCAP		\$ 12,500,000							\$ 37,435,695		\$ 49,935,695
	General Revenue							\$ 1,862,657	\$ 550,000	\$ 1,125,880	\$ 550,000	\$ 4,088,537
	Total											\$ 78,390,979
LSCO	HEF	\$ 1,235,752	\$ 1,235,752	\$ 1,129,562	\$ 1,694,343	\$ 1,694,343	\$ 1,694,343	\$ 1,694,343	\$ 1,488,396	\$ 1,488,396	\$ 1,488,396	\$ 14,843,626
	TRB/CCAP		\$ 10,000,000							\$ 37,435,695		\$ 47,435,695
	General Revenue		\$ 1,077,557					\$ 406,112		\$ 2,272,000		\$ 3,755,669
	Total											\$ 66,034,990
LSCPA	HEF	\$ 1,244,694	\$ 1,244,694	\$ 1,438,523	\$ 2,157,784	\$ 2,157,784	\$ 2,157,784	\$ 2,157,784	\$ 2,217,102	\$ 2,217,102	\$ 2,217,102	\$ 19,210,353
	TRB/CCAP		\$ 8,080,000							\$ 37,435,695		\$ 45,515,695
	General Revenue							\$ 6,319,458		\$ 2,624,120		\$ 8,943,578
	Total											\$ 73,669,626
TSUS	HEF	\$ 48,525,271	\$ 48,525,271	\$ 51,441,778	\$ 77,162,666	\$ 77,162,666	\$ 77,162,666	\$ 77,162,666	\$ 77,394,821	\$ 77,394,821	\$ 77,394,821	\$ 689,327,447
	TRB/CCAP	\$ -	\$ 256,420,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 378,287,693	\$ -	\$ 634,707,693
	General Revenue	\$ -	\$ 1,077,557	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,006,812	\$ 550,000	\$ 11,722,000	\$ 23,906,369
	Total											\$ 1,347,941,509

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:

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

- Within your system, how would these expenses be funded? Would any become expenses carried at the system level?
 - *With the exception of the nuanced changes discussed below related to debt service, there would be no impact based on affiliation with TSUS.*
- SFA pays debt service from HEF. If SFA were to become a PUF-eligible university, how would debt service be paid?
 - *N/A*
- If SFA were to become a PUF-eligible university, what funds would be available to cover library materials, IT/cloud services, and capital outlay?
 - *N/A*
- 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?

- *When non-debt service expenses are the responsibility of System Administration, the expenses are recorded by System Administration and reported in System Administration's AFR.*

For HEF debt service related to currently outstanding SFA debt, there would be no impact unless the TSUS Revenue Financing System (RFS) refunds the SFA debt with TSUS RFS debt. SFA would continue to report the debt service expenses and the liability for the SFA currently outstanding debt.

For any future TSUS RFS debt issued on behalf of SFA (including refundings), System Administration would coordinate and pay all RFS issued debt service regardless of funding source. For TSUS Revenue Financing System (RFS) debt service funded by HEF and TRB/CCAP, System Administration would coordinate an annual transfer of budgetary authority within USAS from SFA to System Administration. For debt service paid from other institutional sources, SFA would transfer the funds to System Administration prior to the debt service due date. System Administration would then make the debt service payments. System Administration reports the interest expense, reduction of liability for outstanding debt, and the remaining liability for outstanding debt rather than SFA. However, SFA would carry the assets.

HEF and TRB/CCAP transfers from SFA to System Administration would be reported as legislative transfers and institutional funding as operating transfers for both AFRs, and eliminated from the system-wide consolidated AFR.

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.
 - *TSUS has established similar programs at three of our 4-year universities but does not maintain or fund a program at the System-level. Provided below are the links to our component's programs.*
 - [Lamar University](#)
 - *Family Income up to \$25k*
 - [Sam Houston State University](#)
 - *Family Income up to \$40k*
 - [Texas State University](#)
 - *Family Income up to \$50k*

TSUS works with its component institutions to evaluate the impact of these programs on recruitment and affordability. The evaluation includes review of the actual financial aid awards of its student cohorts to determine the marginal cost to the institution to adjust these thresholds.

- Would SFA students have access to the program? If so, would the program apply to all qualifying students?
 - *TSUS related programs are managed by each respective institution and eligibility is limited to that respective institution.*
- Would SFA incur any expenses for these programs or pay an allocation or assessment?
 - *N/A*
- How would the financial aid/scholarships be reflected in the annual financial report for SFA and the system's annual financial report?
 - *Any financial aid/scholarship expense awarded by SFA would be reported in SFA's AFR. All component expenses would be consolidated into the system-wide AFR.*

QUESTION 4: SFA EMPLOYEE INSURANCE VESTING

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

Years of Service	Employees with SFA Years of Service	Employees with Additional State Years of Service Included
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?
 - *Yes. SFA employees would experience no impact to their ERS Group Benefit Program eligibility due to affiliation with TSUS.*
- 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?
 - *Yes. SFA employees would experience no impact to their ERS or TRS/ORP eligibility due to affiliation with TSUS.*
- 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?

Yes, there would be no change due to affiliation with TSUS.

- 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?

Yes, there would be no change due to affiliation with TSUS. There would be no change due to affiliation with TSUS. SFA would fund the retiree insurance premiums for employees who retire from SFA.

- 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)?
 - *Yes. Expenses, liabilities, deferred outflows, and deferred inflows related to both pension and OPEB are recorded at the system level for TSUS. SFA would report no impact from pension or OPEB on SFA's stand-alone AFR. Expenses, liabilities, deferred outflows, and deferred inflows related to both pension and OPEB are reported in the system-wide, consolidated AFR.*
- How would your system suggest proceeding with clarification from ERS regarding health insurance vesting and retiree health insurance? *N/A*

- 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? *N/A*

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? *Yes, TSUS utilizes a comparable tuition and fee structure to the SFA structure indicated above.* Are there any concerns? *No 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	SFA Annual Costs	TSUS Agreement Type	Estimated Cost under TSUS Agreement
Oracle Exadata and Oracle Database	\$ 435,000		
Ellucian Banner	\$ 357,100	TCC Cooperative	
Touchnet	\$ 239,000	System	\$ 191,200
Firewall Subscription	\$ 170,000	Institutional @ All Components	
D2L - Learning Management	\$ 164,000	System Agreement with Blackboard	
SEIM (Splunk)	\$ 162,000	Institutional @ TxSt and SHSU	
Adobe	\$ 130,750	System	\$ 76,231
Team Dynamix	\$ 111,000	Not Used by TSUS Components	
Webfocus	\$ 101,072	Not Used by TSUS Components	
Slate (CRM)	\$ 100,000	Institutional @ TxSt, LU and SHSU	
People Admin	\$ 96,613	Institutional	
Microsoft	\$ 95,567	Department of Information Resources (DIR)	
Endpoint Management Solution	\$ 80,411		
OIE - Ad Astra	\$ 79,500	Institutional @ LU	
Cornerstone - Training	\$ 68,644	Not Used by TSUS Components	
OIR - Digital Measures	\$ 60,029	Institutional @ LU	
Duo (Two Factor authentication)	\$ 57,000	System	\$ 20,108
OIE - Nuventive	\$ 55,040	Institutional @ TxSt	
Chatbot "Jack" (Ocelot)	\$ 55,000	Institutional @ TxSt	
Concur - Travel & Procurement Card	\$ 52,253	Institutional @ TxSt and SHSU	
Bitsight	\$ 45,000	Not Used by TSUS Components	
Digarc Software	\$ 38,340	Not Used by TSUS Components	
Blackbaud	\$ 30,367	Institutional @ TxSt and SHSU	
Qualtrics Suvery Application	\$ 14,900	Institutional @ All TSUS Components	
iContracts Subscription	\$ 13,526	Not Used by TSUS Components	
Total	\$ 2,812,112	Immediate Cost Savings	\$ 139,211

- Does your system provide any of these information technology services as shared services? If so, please note which services/applications.
 - *TSUS utilizes statewide cooperative agreements, system-level agreements, collaborative agreements with several institutions, and institution specific agreements. This approach optimizes costs and service offerings. TSUS' philosophy surrounding all services, but IT services are, in particular, to provide "added value". Our institutions appreciate that with IT services there is not a "one size fits all" solution. Through our IT Council, we provide a venue to discuss which services are optimal for the various agreement types that best fit the needs of the respective faculty and students of those institutions. Similar services utilized by TSUS components are indicated above. Cost savings are shown when the amount could be determined based solely on service/application name.*

In addition to the services listed above, TSUS has shared service agreements with Adobe Sign, Eramba, ESRI, LastPass, RFID, SPSS, LEARN and Oracle.
- Would SFA incur any expenses for these shared services or pay an allocation or assessment?
 - *Any costs associated with IT services would be directly billed by the vendor or allocated to the institution.*
- How would any shared services be reflected in the annual financial report for SFA and the system's annual financial report?
 - *Expenses paid directly by SFA are reported in SFA's AFR. Should expenses belong to SFA but are paid by System Administration for efficiency, SFA reimburses System Administration for their allocable portion of the expense, the expenses are recorded by SFA, and the expenses are reported in the SFA's AFR. When expenses are the responsibility of System Administration, the expenses are recorded by System Administration and reported in System Administration's AFR.*

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
Professor								
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
Associate Professor								
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
Assistant Professor								
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
Total - All Teaching Ranks								
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
Enrollment								
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

SFA to Median Salary*								
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	

SFA to Average Salary*								
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?
 - *Based on a high-level review by TSUS Administration, overall faculty pay is significantly below that of SFA's peer institutions; Professor -18%, Associate Professor -7%, Assistant Professor -2%. TSUS Administration estimates the cost of a 5% market adjustment to the total salary/benefit budget is approximately \$7 million, with approximately \$5 million of that associated with faculty.*

Faculty support of existing and future enrollment and retention strategies is necessary to realize increased enrollment. Resulting increased enrollment will generate additional tuition and fee revenues that could be dedicated to support an additional merit increase for FY 2025.

- 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.

TSUS Administration routinely reviews faculty and staff ratios as a management tool to support our component institutions. SFA's ratio of staff (Full Time Equivalent) to enrollment (Full Time Student Equivalent) is comparable to its TSUS peers. While Staff employee levels appear comparable, SFA's student to faculty ratio is significantly lower than TSUS peer institutions. Based on 2020 data, SFA's ratio is 16:1. For the same period, Lamar's ratio was 21:1 and Sam Houston's was 24:1.

QUESTION 8: CONSTRUCTION PROJECT MANAGEMENT

Project	Project Budget	Est. Completion Date
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
Total	\$ 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?
 - *TSUS utilizes a shared governance structure for the administration and oversight of Capital Projects. Planning, Design and Construction is overseen by System Administration with active engagement of institutional leadership. System Administration manages most of the administrative burden, particularly associated with contracting. System Administration also provides weekly and monthly onsite project oversight. With active engagement of the institutions, we are able to ensure that the ultimate end user (administration, faculty, students) is delivered the right facility that serves the campus optimally.*
- Would SFA incur an expense for construction project management services or pay an allocation or assessment?
 - *These costs are shared between the institution and System Administration. TSUS Administration provides management and oversight, which includes program management services, and those services are paid by System Administration. Construction project management services, whether in-house or external, are paid by the respective component institution based on the scope and need of the respective project.*

- How would expenses for these services be reflected in the annual financial report for SFA and the system's annual financial report?
 - *Expenses paid directly by SFA are reported in SFA's AFR. Should expenses belong to SFA but are paid by System Administration for efficiency, SFA reimburses System Administration for their share of the expense, the expenses are recorded by SFA, and the expenses are reported in the SFA's AFR. When expenses are the responsibility of System Administration, the expenses are recorded by System Administration and reported in System Administration's AFR.*

QUESTION 9: SYSTEM ADMISSION PROGRAMS TSUS

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

TSUS does not coordinate system-wide admissions programs. Given the geographic distribution of our institutions and the fact that most students prefer to attend college within approximately 100 miles of their permanent residence, these types of special articulations agreements are best coordinated at the institutional level.

However, there are regional-level collaborative agreements that would benefit SFA. For example, Lamar University (LU), in collaboration with Lamar Institute of Technology and Lamar State College Orange, created the Lamar Link program, whereby students can live on campus at LU while completing their first year of courses at LIT. The students receive guaranteed credit transferability. On an annual basis, our State Colleges are successful in transferring about 200 students per year to LU, a number that is expected to increase by three times over the next several years. Given similar demographics and matriculation patterns of SFA students to students at TSUS institutions, SFA could be the recipient of increased transfer students from Southeast Texas, as evidenced by the recent transfer agreement signed between SFA and Lamar State College Orange.

Texas State University and Sam Houston State University are among SFA's top non-matriculant enrollment institutions. Similar to SFA, a large number of TSUS first-time students are transfer students from both two-year and four-year institutions. This bodes well for possible future agreements, at both the undergraduate and graduate levels. Additionally, SHSU is currently developing a TSUS pipeline program for its new Doctor of Osteopathic Medicine (DO) degree program, which is housed in Conroe, Texas. SFA students, particularly those in the STEM area, would certainly benefit from this opportunity in future years.

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:

Institution	# Students From Most Recent Semester Available
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	
Total	N/A

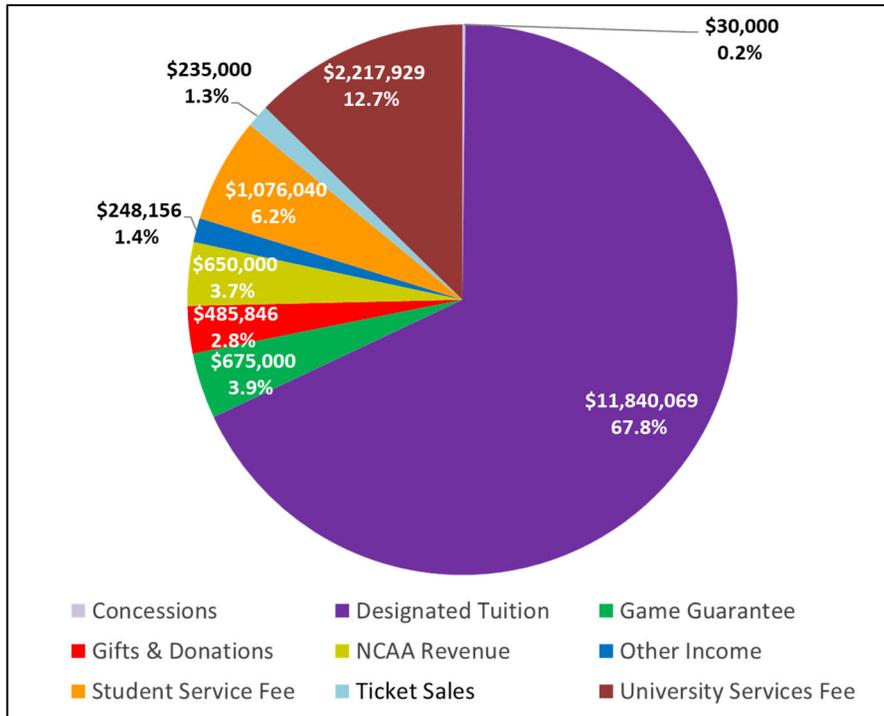
QUESTION 10: INVESTMENTS

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.
 - *TSUS utilizes a comparable structure to that utilized by SFA. Short/Intermediate Operating Funds are retained locally. Long-term Operating Funds are invested centrally and managed by a committee comprised of institutional representation. Institutions retain control over the determination of what amount, if any, of their operating funds are considered long-term. Additionally, when investing their long-term operating funds in the TSUS investment pool, institutions retain control over their allocation to the three long-term operating investment options in the pool. By selecting one or more of the investment options and determining the amounts to be investment for each, the institution may customize to their own unique risk tolerances and needs. Please see the [TSUS' Quarterly Investment Report](#) for additional detail.*
- Will these available operating reserve accounts be presented on the annual financial report of SFA?
 - *Yes, SFA's operating reserves would be accounted for and reported by SFA regardless of whether they are retained locally or invested centrally. System Administration provides monthly reports of the centrally invested operating funds from which SFA would prepare monthly investment activity journal entries. At year-end, System Administration would provide the necessary details to allow preparation of the notes to the financial statements.*

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?

- *Yes, a meaningful analysis can be performed with the assistance of TSUS Administration. A high-level peer comparison with Lamar University (LU) and Sam Houston State University (SHSU) indicates SFA's total athletic budget is in line based on institutional size and performance of the athletics program. The athletic budgets for FY 2021 were \$15 million and \$19 million, respectively. Both TSUS institutions have a mix of funding sources similar to SFA, including designated tuition. Unlike SFA, LU and SHSU both assess an Athletics Fee to support the athletics program. TSUS Administration would encourage SFA to seek another vote of the students to establish an Athletics Fee at an initial level of \$10 per Semester Credit Hour, reducing the reliance on designated tuition.*

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
		TOTAL EXPENSE	\$1,333,253.71

- How would insurance such as the above listed types be provided if SFA became a member of your system?
 - *TSUS Administration maintains those lines of coverage, in addition to lines not listed above. Additional lines maintained include Student Professional Liability, Foreign Travel, Fine Arts, Student Health/Dental Insurance, and Builder's Risk.*

- Would SFA incur any expenses for insurance or pay an allocation or assessment to the system for insurance?
 - *The cost of certain lines of insurance would be borne by SFA, while the cost of other lines would be borne by System Administration.*
 - *D&O/EPL – Assessment*
 - *Cyber – Assessment*
 - *Auto – Allocated – Estimated cost of \$44k*
 - *Property/Equipment – Allocated*
 - *Inland Marine – Direct Bill by Broker*
 - *General Liability - Direct Bill to Institution – Minimal utilization within TSUS.*
 - *Workers Compensation – Direct Bill by SORM*
 - *Athletics Sports Accident - Direct Bill by Broker*

- How would these insurance expenses be reflected in the annual financial report for SFA and the system's annual financial report?
 - *Where SFA would bear the expense for a line of coverage, System Administration would pay the system-wide premium for efficiency, SFA would reimburse System Administration for SFA's allocable cost, and SFA would report the expense(s) in SFA's AFR. Where System Administration pays the premium for certain lines of coverage, System Administration would report the expense(s) in System Administration's AFR.*

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?
 - *Yes. While there is no annual, recurring financial statement review or audit separate from the State of Texas audit for either TSUS components or the System as a whole, we engage a Certified Public Accountant to perform financial statement review when required for SACSCOC reaccreditation.*

- Will your system be able to timely procure and perform a financial statement review by 03/01/23 if required by SACSCOC?
 - Yes
- 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)?
 - Yes

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?
 - *2022 Review of Texas State University's Title IV and HEERF for the Year Ended 2022, Montemayor,*
 - *2021 Audit of the Schedule of Federal Expenditures of Federal Awards for the Student Financial Aid Program at Texas State University for the Year Ended August 31, 2021,*
 - *2021 Review of LSCPA's Financial Statements for the Year Ended August 31, 2021,*
 - *2021 Review of Texas State University's Financial Statements for the Year Ended August 31, 2020, as Required by the Southern Association of Colleges and Schools Commission on Colleges,*
 - *2020 Review of Texas State University's Financial Statements for the Year Ended August 31, 2019, as Required by the Southern Association of Colleges and Schools Commission on Colleges,*
 - *2020 Audit of the Federal Student Financial Aid Program at Texas State University for the Year Ended August 31, 2019,*

- *2020 Program Specific Audit of Student Financial Aid at LSCPA for the Year Ended August 31, 2019,*
 - *2019 Review of Lamar University's Financial Statements for the Year Ended August 31, 2019, as Required by the Southern Association of Colleges and Schools Commission on Colleges,*
 - *2019 Program Specific Audit of Student Financial Aid at LU for the Year Ended August 31, 2019,*
 - *2019 Program Specific Audit – Student Financial Aid Cluster, Lamar Institute of Technology, for the Year Ended August 31, 2019, as Required by the Southern Association of Colleges and Schools Commission on Colleges*
 - *2019 Audit of the Federal Student Financial Aid Program at Texas State University for the Years Ended August 31, 2018, August 31, 2019, and August 31, 2020,*
 - *2018 Review of Sam Houston State University Financial Statements for Years Ended August 31, 2017 and August 31, 2018, as Required by the Southern Association of Colleges and Schools Commission on Colleges,*
 - *2018 Review of Texas State University Financial Statements for the Year Ended August 31, 2018, as Required by the Southern Association of Colleges and Schools Commission on Colleges,*
 - *2016 SRSU Agreed-upon Procedures Related to Student Financial Aid Follow-up Work,*
- 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)?
 - Yes

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
Total	\$ 996,870

- How would these services be provided if SFA joined your system?
 - *Affiliation with TSUS would result in the transfer the expenses to System Administration, along with Governmental Relations and certain business services.*
- Would SFA be permitted to maintain these functions, in collaboration with the System office, on our campus?
 - *Yes. While the expense would be transferred to System Administration, the employees associated with the Audit and Legal functions would remain on the SFA campus and remain focused on SFA related matters. Additionally, TSUS's Board of Regents meet quarterly on TSUS campuses on a rotating basis, which would include SFA.*
- Would SFA incur any expenses for these services or pay an allocation or assessment?
 - *The cost of these services would be paid through the annual assessment.*
- How would these services be reflected in the annual financial report for SFA and the system's annual financial report?
 - *These costs are recorded by and reported by System Administration.*

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
Series 2020									
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
Series 2019A									
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-1	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			
Series 2019B Taxable									
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			
Series 2016									
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			
Series 2015									
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	-			
Series 2013									
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	-			
Total RFS Debt			191,665,000	91,905,166	283,570,166	125,645,000			
Bank of America Public Capital Corp Lease 2014 -Energy Savir 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	-			
Total Outstanding Debt			198,903,538	92,787,154	291,690,692	125,645,000			

- 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?
 - *The TSUS Board of Regents would consider the adoption a supplement to the Master Resolution adding SFA as a participant in the TSUS Revenue Financing System (RFS). SFA’s currently outstanding bonds would become prior encumbered obligations of the RFS, meaning those bonds would maintain a prior lien*

on all SFA revenues until they were paid off or refunded by TSUS RFS revenue bonds. Any future bonds issued by the TSUS RFS on behalf of SFA would have the pledge of all available system revenues.

- How will the outstanding debt be reflected in the annual financial report of SFA and of the system?
 - *SFA's currently outstanding debt would be included in SFA's AFR as well as the TSUS consolidated AFR until the outstanding debt is refunded or defeased. Any new debt or refunding debt would not be included in SFA's AFR; rather, it would only be reflected in TSUS's system-wide consolidated AFR.*
- Will debt management, reporting, and compliance be performed by the system?
 - *Yes, System Administration has primary responsibility for the TSUS debt program. As needed, System Administration works with each institution to obtain select information needed to perform these functions.*

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
ERS OPEB			
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
TRS Net Pension			
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?
 - *Expenses, liabilities, deferred outflows, and deferred inflows related to both pension and OPEB are recorded at the system level for TSUS.*

- 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?
 - *SFA would report no impact from pension or OPEB on SFA's stand-alone AFR. Expenses, liabilities, deferred outflows, and deferred inflows related to both pension and OPEB are reported in the system-wide consolidated AFR.*

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?
 - *In reviewing SFA's operating uses for FY 2021 on a per full time student basis, SFA spends significantly more than LU or SHSU on direct student support, administrative support and operations/maintenance.*

 - The elevated spend on administrative support is anticipated with an independent institution, who receives no support from a system.*

- What resources are available through your system to assist SFA with analysis of its operating expenses?
 - *TSUS Administration would facilitate a system-level review against peer TSUS institutions based on the FY 2022 Annual Financial Report.*

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?
 - *While GASB does define legislative revenues as non-operating, management should consider legislative revenues, along with other non-operating revenues, when evaluating operating results. As previously discussed, non-formula state supports lags peer institutions and implementation of a strategy to correct that disparity will improve SFA's operating performance.*

- What resources are available through your system to assist SFA with analysis of its operating revenues?
 - *TSUS Administration would facilitate a system-level review against peer TSUS institutions based on the FY 2022 Annual Financial Report.*

- 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?
 - *TSUS maintains a group of TSUS accounting business officers that functions similarly to TASSCUBO's Accounting Principles Committee. The group meets periodically and focuses on building technical knowledge and connections between the controller-level staff at each institution, to facilitate discussion and sharing of technical advice. In addition to the collective knowledge of this group, System Administration is available to provide support to assist with the calculation. TSUS Administration does not maintain access to institutional ERP systems and therefore unable to perform the calculation on behalf of its component institutions.*

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?

Yes. TSUS utilizes a best practices methodology and maintains a master agreement with various executive search firms that allows engagement without a lengthy request for proposal process. This approach significantly reduces the time required to complete the presidential search process. For recent TSUS presidential searches, the average time between naming a search committee and publicly announcing a sole finalist was between four and six months (e.g., Lamar University – 4 months, Sam Houston State University – 4 months, Sul Ross State University – 5 months, Texas State University – 6 months, and Lamar Institute of Technology – 4 months).

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?

Due to the culture and operational fit of SFA with TSUS institutions, we would anticipate an extremely smooth and seamless affiliation transition. Thus, we would envision very few, if any, external resources would be required to support the transition period associated affiliation with TSUS and any resources that would be required would be easily managed in-house. From a process perspective, upon mutual agreement of the two Board of Regents, a simple Memorandum of Understanding would need to be executed.

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?

Yes. The development of an “affiliation team”, including both system and institutional representatives will be key to ensure a smooth and efficient process. The transition team should be comprised of key personnel over the core functional areas, as needed and appropriate. This team would be established as soon as practicable following both Boards approving affiliation. We envision TSUS Administration would immediately engage SFA Administration in one-on-one meetings with TSUS, as well as creating new peer relationship teams and routine meetings and communications that will allow for the smoothest transition possible.

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?

We do not envision issues with the proposed timeline. The governance change, contingent upon the effective date of the enabling legislation, can be approved by the July 2023 date.

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?

Yes, TSUS components will present their proposed FY 2024 budgets to the TSUS Board of Regents on August 10th. If the effective date of the legislation authorizing the affiliation is prior to 09/01/2023, it would be TSUS's expectation that the new SFA president would present the proposed budget to the TSUS Board of Regents. If the effective date of the legislation is on 09/01/2023 or later, the budget could be presented prior to the effective date of the legislation and ratified by the TSUS Board upon the effective date.

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?

Affiliation with TSUS would not require migration of the existing ERP system.