



TEXAS TECH UNIVERSITY SYSTEM

Tedd L. Mitchell, M.D.
Chancellor

October 17, 2022

To the SFA Board of Regents Subcommittee and members of the SFA Board of Regents:

As we near a formal decision regarding university system affiliation for Stephen F. Austin State University, I want to thank the entire SFA community for their collaborative commitment to ensuring a thorough and transparent process. We've worked diligently to build a relationship of trust and value with you, while showcasing the value-added role we serve in support and advancement of our component institutions' individual missions and the long-term sustainability and impact of the entire TTU System.

You've heard presentations and gained feedback from the teams of four university systems. Not only as a chancellor, but as a proud SFA alumnus, I've said it before: this process – and the future of SFA – is deeply personal to me. From the beginning, my adamant belief has been that a partnership with the TTU System would best fit SFA. After engaging with the subcommittee and members of the SFA family over the past month, I remain convinced that welcoming the Lumberjacks into our system family would be the most mutually beneficial for all involved.

I know decisions of this magnitude are difficult – what you do now will impact numerous generations of Lumberjacks – past, present and future. There are so many things you must take into consideration – academics, athletics, enrollment growth, research, finances and cultural fit, among other things. I would argue that, by far, the most important of these is cultural fit. Everything we do in higher education is influenced by our culture, and it is the closest thing we have to a crystal ball to see into our future.

If the culture at SFA is not aligned with the culture of the system you join, it's a guarantee that it won't be the system's culture that changes – it will be the culture and thus, the future, of SFA. So, as you consider the future, I would ask, as an alumnus: please don't give up what you want most for what you want now. Look to your long-term success and sustainability, not short-term – and, very likely, short-lived – gains.

If you choose to join the TTU System, you'll join countless others across our institutions who share in the excitement of welcoming the Lumberjacks. You'll join a system with a proven track record of achieving success, protecting the cultures and traditions of its fiercely individualistic institutions, and forging its future, together, across a state as big as its aspirations. Just as importantly, you'll join a family of institutions dedicated to each other.

- [TTU System Welcome Message to SFA](#) (Video)
- [Partnership Prospectus](#) (PDF)

Should you have any additional questions, please do not hesitate to reach out to me or our Chief of Staff, Dailey Fuller.

Warmest regards,

A handwritten signature in blue ink, appearing to read "Tedd L. Mitchell".

Tedd L. Mitchell, M.D.
Chancellor, Texas Tech University System



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

**Questions for the
Texas Tech 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
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.
- 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.

TTU System response:

HEF funds are constitutionally designated by Article VII, Section 17, of the Texas Constitution and are required by Article 62 of the Texas Education Code to be allocated based on an equitable formula consisting of the following elements: space deficit, facilities condition and institutional complexity. As a result, being part of the TTU System will not directly change the SFA HEF appropriations. The TTU System approach for TRB/CCAP projects is to promote the projects for each institution during the legislative session to positively impact the final authorization.



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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	\$11,636,163	\$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
Total SFA	\$ 8,425,937	\$54,825,937	\$ 7,757,442	\$11,636,163	\$11,636,163	\$11,636,163	\$11,636,163	\$11,277,793	\$ 56,200,626	\$11,277,793	\$ 196,310,180
Texas Tech University											
HEF	\$23,936,088	\$23,936,088	\$32,817,206	\$49,225,809	\$49,225,809	\$49,225,809	\$49,225,809	\$49,874,746	\$ 49,874,746	\$49,874,746	\$ 427,216,856
TRB/CCAP		\$70,000,000							\$ 80,000,000		\$ 150,000,000
Total TTU	\$23,936,088	\$93,936,088	\$32,817,206	\$49,225,809	\$49,225,809	\$49,225,809	\$49,225,809	\$49,874,746	\$ 129,874,746	\$49,874,746	\$ 577,216,856
Angelo State University											
HEF	\$ 3,743,027	\$ 3,743,027	\$ 3,546,735	\$ 5,320,102	\$ 5,320,102	\$ 5,320,102	\$ 5,320,102	\$ 6,792,999	\$ 6,792,999	\$ 6,792,999	\$ 52,692,194
TRB/CCAP		\$21,360,000							\$ 36,000,000		\$ 57,360,000
Total ASU	\$ 3,743,027	\$25,103,027	\$ 3,546,735	\$ 5,320,102	\$ 5,320,102	\$ 5,320,102	\$ 5,320,102	\$ 6,792,999	\$ 42,792,999	\$ 6,792,999	\$ 110,052,194
Midwestern State University											
HEF	\$ 3,559,433	\$ 3,559,433	\$ 3,374,275	\$ 5,061,412	\$ 5,061,412	\$ 5,061,412	\$ 5,061,412	\$ 4,933,200	\$ 4,933,200	\$ 4,933,200	\$ 45,538,389
TRB/CCAP		\$58,400,000							\$ 44,922,833		\$ 103,322,833
Total ASU	\$ 3,559,433	\$61,959,433	\$ 3,374,275	\$ 5,061,412	\$ 5,061,412	\$ 5,061,412	\$ 5,061,412	\$ 4,933,200	\$ 49,856,033	\$ 4,933,200	\$ 148,861,222
TTU Health Sciences Center											
HEF	\$16,973,569	\$16,973,569	\$15,581,597	\$23,372,396	\$23,372,396	\$23,372,396	\$23,372,396	\$21,652,392	\$ 21,652,392	\$21,652,392	\$ 207,975,495
TRB/CCAP		\$80,235,000							\$ 78,614,958		\$ 158,849,958
Total TTUHSC	\$16,973,569	\$97,208,569	\$15,581,597	\$23,372,396	\$23,372,396	\$23,372,396	\$23,372,396	\$21,652,392	\$ 100,267,350	\$21,652,392	\$ 366,825,453
TTUHSC El Paso											
HEF	n/a	n/a	\$ 4,156,050	\$ 6,234,075	\$ 6,234,075	\$ 6,234,075	\$ 6,234,075	\$ 5,557,572	\$ 5,557,572	\$ 5,557,572	\$ 45,765,066
TRB/CCAP		\$75,520,000							\$ 59,897,111		\$ 135,417,111
Total TTUHSC EP	\$ -	\$75,520,000	\$ 4,156,050	\$ 6,234,075	\$ 6,234,075	\$ 6,234,075	\$ 6,234,075	\$ 5,557,572	\$ 65,454,683	\$ 5,557,572	\$ 181,182,177



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?

TTU System response:

These expenses would continue to be funded by SFA. Existing debt service would be paid by SFA. For any future bond issuance, SFA would transfer the funding to the TTU System, which would pay the debt service.



- 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?

TTU System response:

As provided in further detail in the section on the following pages (“PUF Eligibility”), the Texas Constitution states, if SFA seeks to become PUF eligible, it would need to (1) dissolve as an institution of higher education; and (2) receive a 2/3 vote of the House and Senate to become a newly created institution of higher education under the UT System or A&M System. Additionally, the newly created institution would no longer be eligible for HEF and will never be able to use PUF allocations for operational expenses (e.g., salaries, departmental operation expenses, library materials, or funding for student housing, intercollegiate athletics, auxiliary enterprises).

- 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?

TTU System response:

The TTU System Financial Statements would include both the bond payable and debt service payments for all future SFA bond issuances. SFA financial statements would reflect a transfer to the TTU System to fund the debt service payments.



PUF Eligibility

We appreciate the opportunity to provide clarity on the potential eligibility of PUF and its impact on SFA. Article VII § 17 of the Texas Constitution outlines the only Texas institutions of higher education that are eligible for Higher Education Act Funding (HEF).¹ Of note on this list of institutions eligible for HEF are the following institutions: SFA, TTU System's component institutions, Texas State University System and its component institutions, Texas A&M Corpus Christi, Texas A&M International, Texas A&M Kingsville, West Texas A&M, East Texas State University (Texas A&M Commerce), East Texas State University at Texarkana (Texas A&M Texarkana).²

As for eligibility for PUF, Article VII § 18 of the Texas Constitution specifies the only Texas institutions of higher education that are eligible for PUF are as follows: UT Arlington, UT Austin, UT Dallas, UT El Paso, UT Permian Basin, UT San Antonio, UT Tyler, UTHSC at Dallas (UT Southwestern), UTMB at Galveston, UTHSC at Houston, UTHSC at San Antonio, UT System Cancer Center (MD Anderson), UTHSC at Tyler, UT Institute of Texan Cultures at San Antonio, Texas A&M, Prairie View A&M, Texas A&M at Galveston, and Tarleton State University.³

Importantly, the Texas Constitution states that the only manner in which an institution of higher education not listed in Article VII § 18 can be eligible for PUF is if it is a newly "created" institution under the UT System or the Texas A&M System.⁴ Moreover, for an institution to be newly "created" under the UT System or the Texas A&M System and eligible for PUF would require the 2/3 vote of the House and 2/3 vote of the Senate. As a result, if SFA seeks to be PUF eligible, it would need to (1) dissolve as an institution of higher education and (2) receive a 2/3 vote of the House and Senate to become a newly created institution under the UT System or A&M System. Of course, there would be additional procedural hurdles involved with dissolving SFA and creating a new institution (e.g., tax, employment, payroll, and benefit issues related to transitioning to the newly created institution, accreditation and THECB recognition and approval, trademark and licensing issues involved with potential name change due to the dissolution of SFA, etc.).

¹ See Tex. Const. art. VII, § 17

² *Id.*

³ See Tex. Const. art. VII, § 18. Note that UTRGV is now PUF eligible after UT Brownsville and UT Pan American dissolved and the enabling legislation of the newly created institution (UTRGV) received a 2/3 vote of the House and Senate and included PUF eligibility in its enabling legislation.

⁴ *Id.* at Section (c) ("Pursuant to a two-thirds vote of the membership of each house of the legislature, institutions of higher education may be created at a later date as part of the University of Texas System or the Texas A&M University System by general law, and, when created, such an institution shall be entitled to participate in the funding provided by this section for the system in which it is created...")



PUF Eligibility (continued)

It is also significant to note that the Texas Constitution prohibits an institution of higher education from being PUF eligible and HEF eligible simultaneously.⁵ As a result, even if SFA were to dissolve and receive the 2/3 House and Senate approval to become a new institution under the UT System or A&M System, the newly created institution would immediately become ineligible to receive HEF assistance. Below is a table with notable PUF funding within the UT System versus the HEF funding for SFA.

PUF Bond Funding⁶

Examples of recent PUF bond debt service allocations

	FY 19 PUF	FY 20 PUF	FY 21 PUF
UT Tyler	\$1,077,963	\$2,838,212	\$2,273,844
UT Austin	\$130,541,815	\$45,503,010	\$22,762,004

HEF Funding

	FY 19 HEF	FY 20 HEF	FY 21 HEF
SFA	\$11,636,164	\$11,636,163	\$11,277,793

Finally, it is worth noting that if SFA became PUF eligible in the manner outlined above, the newly created institution would most likely not be PUF eligible until September 1, 2025, and then, will never be eligible to utilize PUF for operational funding (e.g., salaries, departmental operation expenses, library materials, or funding for student housing, intercollegiate athletics, auxiliary enterprises).⁷

⁵ *Id.* at Section (c) (“An institution that is entitled, to participate in dedicated funding provided by Article VII, Section 18, of this constitution [HEF] may not be entitled to participate in the funding provided by this section [PUF].”)

⁶ See <https://www.utsystem.edu/sites/default/files/documents/report-state/2021/available-university-fund-report-fy-2021/fy-2021-ut-system-auf-report.pdf>

⁷ See <https://www.utsystem.edu/sites/default/files/landing-pages/puf/puf-and-auf-issue-brief-2022-07.pdf>



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?

TTU System response:

The TTU System Administration does not administer or fund a scholarship/financial aid program. These programs are the responsibility of each component institution and will be reflected in the SFA annual financial report. An overview of similar programs at other TTU System institutions is provided on the following page (“Guarantee Programs & Financial Aid Awarded at Our General Academic Institutions”).



Guarantee Programs & Financial Aid Awarded at Our General Academic Institutions

Texas Tech University – Red Raider Guarantee

- The guarantee program covers tuition and mandatory fees up to 30 credit hours per year to new entering freshmen and transfer students with an associate degree who are Texas residents. Students qualify for the **Red Raider Guarantee** if their household income is less than \$65,000.

Angelo State University – Blue and Gold Guarantee

- The guarantee program assures that tuition and mandatory fees are covered by institutional gift aid (grants and scholarships), federal PELL Grants and state grants for entering freshmen Texas students from families with income of \$70,000 or less and who qualify for a federal PELL Grant for 2022-23 (income threshold was \$50,000 in 2021-22).

Midwestern State University – Mustangs Guarantee Program

- This assistance is awarded to students new to MSU Texas who have not previously received a bachelor's degree. Students must be Texas residents and PELL Grant eligible, with the family's combined annual Adjusted Gross Income of \$65,000 or less. The program will cover the remaining balance of any tuition and mandatory fees for 12 or more credit hours each long semester for up to five academic years.



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?
- 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:



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- 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?

TTU System response:

TTU System component institutions also utilize ERS for employee health insurance. SFA employees would continue their current health insurance benefits with no changes to coverage. In addition, the SFA business processes related to health insurance benefits will not change, avoiding significant operational disruption.

OPEB will no longer be carried on the SFA financial report and will instead be reported on the TTU System financial report only.



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?

TTU System response:

Every other year, SFA will bring a two-year tuition and fee proposal to the TTU System Board of Regents for approval. The TTU System Board of Regents seeks to balance the cost of delivering a high-quality education while being mindful of the financial impact to students. The Higher Education Price Index (HEPI) is considered, among other factors, when determining tuition and fee rates.



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



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- Does your system provide any of these information technology services as shared services? If so, please note which services/applications.

TTU System response:

The TTU System provides shared services for Ellucian Banner and related Ellucian applications and other enterprise systems tied to Ellucian, such as Touchnet, Cognos and Jaggaer (procurement). These shared services are provided to the TTU System Administration, TTU, TTUHSC and TTUHSC El Paso. All institutions share in the cost of these services/applications.

- *ASU and MSU Texas administer and fund their own Banner and related systems and do not share in the cost for these shared services.*
- *SFA would be handled the same as ASU and MSU Texas, if preferred.*

Component institutions have access to various programs through system-level contracts and in partnering with component institutions, which can offer reduced rates, cost-avoidance and economies of scale opportunities to the institutions. Some of these contracts include the following:

- *Oracle Database (covers Banner and related databases)*
- *Adobe Sign*
- *TouchNet*
- *Cayuse Research Suite*
- *Gartner*
- *Microsoft campus agreement.*

- Would SFA incur any expenses for these shared services or pay an allocation or assessment?

TTU System response:

SFA would continue to administer and fund their own Banner system and other related applications and would not share in the cost of these shared services, if preferred.

- How would services be reflected in the annual financial report for SFA and the system's annual financial report?

TTU System response:

Use of any systemwide contracts or TTU System shared services will be reflected as expenses in SFA's annual financial report.



QUESTION 7: TTUS SALARY EQUITY

Element	Angelo State University	Texas Tech University	Midwestern State University [#]	Stephen F. Austin State University
Professor				
Number	78	380	53	130
FTE Faculty	73	355	50	127
Median FTE Sal	\$ 78,718	\$ 115,124	\$ 87,202	\$ 82,034
Professor - Rank*	4	1	2	3
Associate Professor				
Number	58	379	70	125
FTE Faculty	53	367	69	124
Median FTE Sal	\$ 64,080	\$ 84,206	\$ 69,361	\$ 68,550
Associate Professor - Rank*	4	1	2	3
Assistant Professor				
Number	66	303	65	125
FTE Faculty	60	297	64	124
Median FTE Sal	\$ 55,826	\$ 75,000	\$ 59,862	\$ 60,172
Assistant Professor - Rank*	4	1	3	2
Total - All Teaching Ranks				
Number	418	2,452	386	816
FTE Faculty	323	1,887	274	654
Average FTE Sal	\$ 56,125	\$ 68,022	\$ 56,711	\$ 53,748
Enrollment				
Fall 2020 Enrollment [^]	10,489	39,574	5,387	12,488
Enrollment / FTE Faculty All*	32	21	20	19
Enrollment / FTE - Rank*	1	2	3	4
SFA to Median Salary*				
Professor	\$ (420,734)	\$ 4,198,459	\$ 655,716	
Associate Professor	\$ (553,386)	\$ 1,938,213	\$ 100,402	
Assistant Professor	\$ (539,817)	\$ 1,841,786	\$ (38,505)	
Total	\$ (1,513,937)	\$ 7,978,458	\$ 717,613	
SFA to Average Salary*				
All Teaching Ranks	\$ 1,554,558	\$ 9,335,196	\$ 1,937,802	

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.

TTU System response:

The Chancellor and TTU System leadership will work with the SFA President to develop a strategic approach to address faculty pay and equity. Factors to consider would be:

- *Maximizing revenue opportunities at both the state and federal levels.*
- *A review led by the executive leadership team at the university level to assess efficient and effective ways to invest available resources appropriately with support of the Chancellor and TTU System Board of Regents.*



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?

TTU System response:

TTU System Administration Facilities Planning & Construction (FP&C) manages all capital improvement projects valued at \$4 million and greater. The FP&C team manages RFQ/RFP postings, partner evaluations and selections, contracting, fiscal management, design and construction management, audit, FF&E, closeout and warranty support. The component institutions are included in all of those processes, and FP&C won't spend a dollar until it is approved by SFA. Regulation 05.01 guarantees that component institutions are equal partners on all FP&C managed projects. FP&C does utilize project management firms at locations where the facilities teams do not have the work force or expertise to assist, but that is only for construction observance (QA/QC) and onsite project management.

*FP&C and Audit Services have partnered to establish a unique audit program for projects managed by FP&C. FP&C employs a contract compliance specialist who scrubs all pay applications against contracts. Additionally, each project is audited by a firm specializing in construction audit services. **All net cost savings from these processes are returned to the institution.** Over the life of this program since 2011, TTU System institutions have saved more than \$6.3 million, which includes a 209% return on audit fees invested.*



- Would SFA incur an expense for construction project management services or pay an allocation or assessment?

TTU System response:

Per Chapter 8 of the TTU System Regents' Rules, FP&C assesses the project with a 2.4% fee to manage the complete project execution.

- How would expenses for these services be reflected in the annual financial report for SFA and the system's annual financial report?

TTU System response:

All construction costs, including the management fee expense, would be recorded in the SFA financial report.



QUESTION 9: SYSTEM ADMISSION PROGRAMS TTUS

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:

TTU System response:

Each component institution in the TTU System has the authority to develop and manage its admissions programs. Schools and colleges throughout the TTU System work collaboratively with one another to help position students for success – whether that's through guidance during students' application processes or preparing students for next steps in pre-professional and graduate study areas that align with component institutions of the system.

Students applying to various programs at the component institutions across the TTU System may receive favorable consideration. Becoming a member institution would create additional prospects for pre-professional programs or graduate opportunities for SFA students across the TTU System component institutions. From aviation and nursing to education and pre-professional programs, TTU System member institutions are ready to build partnerships and create two-way pipelines that develop the next generation of Lumberjack leaders, researchers and innovators, in coordination with SFA academic leadership.



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.

TTU System response:

Over a three-year period, the SFA Operating Short-Intermediate funds would be transitioned to the TTU System Consolidated Cash Pool for management of investments. SFA would identify a local depository. The SFA Operating Long Term investments would transition to the TTU System Long-Term Investment Fund.

- *More information about the [TTU System Comprehensive Cash Pool](#)*
- *More information about the [TTU System Long-Term Investment Fund](#)*

- Will these available operating reserve accounts be presented on the annual financial report of SFA?

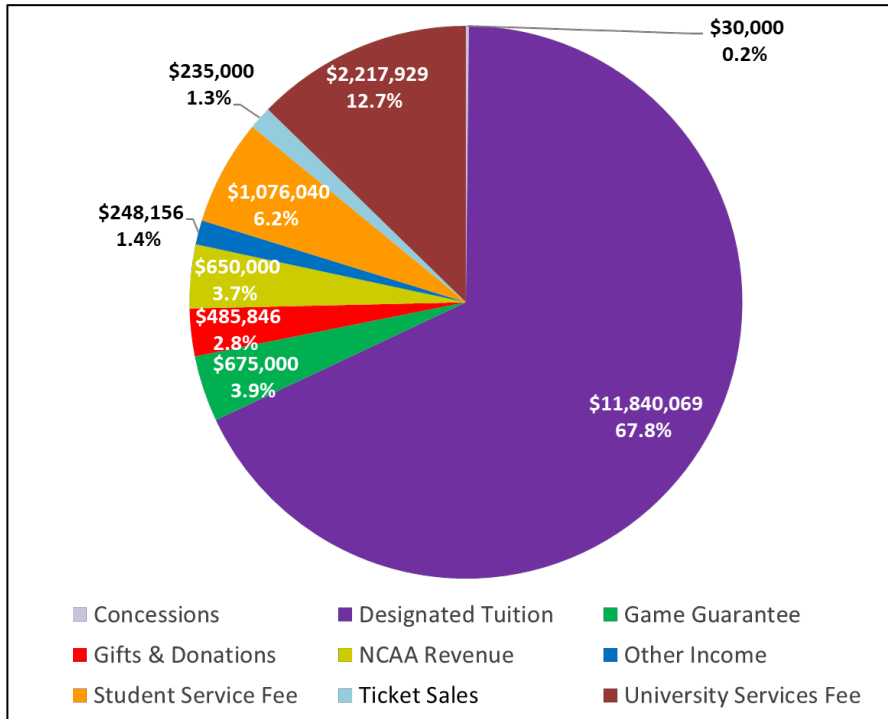
TTU System response:

SFA's proportionate share of the Consolidated Cash Pool and Long-Term Investment Fund would be presented on the SFA annual financial report.



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?

TTU System response:

Athletics and financial leadership throughout the TTU System stand ready to help review and analyze appropriate levels of athletics funding, as evidenced and affirmed by TTU Athletics Director Kirby Hocutt's participation in this process. SFA would benefit from collaborative discussions and strategy development with not only TTU's Division I athletics leadership, but also from the athletics leadership at MSU Texas and ASU.

	Budget	Number of Sports	Number of Student-Athletes
Texas Tech University	\$92.7M	17	450
Angelo State University	\$7.1M *	15	360
Midwestern State University	\$6.2M	14	330

**Excludes gifts and donations*



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?
- 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?

TTU System response:

SFA would be afforded the opportunity to roll into the TTU System's existing shared risk financing program. The existing program is a mix of insurance, with varying deductibles and retention levels, and self-insurance that are inclusive of the types of coverages listed by SFA in the above table. Most coverages are shared by all the TTU System component institutions.

Whether risks are financed by purchase of specific insurance policies or self-insured, each component is allocated a portion of the shared risk financing program costs according to appropriate exposure base as typical with underwriting practices.



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?



TTU System response:

No. Regarding SACSCOC reaffirmations, each university is accredited separately. As an administrative entity, the TTU System Administration does not grant degrees, thus is not accredited. The appropriate financial statement reviews and student financial aid audits are procured by each university in accordance with each reaffirmation schedule versus for the system as a whole.

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

TTU System response:

Procuring and performing a financial statement review is typically a several months long process. The TTU System has master agreements with several CPA firms that other institutions (whether in the TTU System or not) can utilize to procure a financial statement review. For a CPA firm to accomplish a financial statement review by March 1, 2023, the procurement process would need to start immediately.

- 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)?

TTU System response:

We will work with SFA in preparing any required documentation to SACSCOC in a similar manner to supporting Midwestern State University's affiliation to the TTU System.

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?

TTU System response:

Each university administers its own financial aid; thus, financial aid audits are performed separately for each university. Currently, student financial aid audits covering fiscal year 2022 are underway at ASU, MSU Texas and TTUHSC El Paso to prepare for each institution's SACSCOC reaffirmation visits in spring 2023.

- 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)?

TTU System response:

We will work with SFA in preparing any required documentation to SACSCOC in a similar manner to supporting MSU Texas' affiliation to the TTU System.



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?

TTU System response:

The current SFA Board of Regents governance would be assumed by the TTU System Board of Regents. For Audit Services and General Counsel, SFA employees would join the TTU System Administration team while retaining their physical presence and offices at SFA. This approach allows each university to have access to a larger team of attorneys, who work collaboratively across the TTU System, and to a wider range of expertise in nearly all legal matters, including medical malpractice and professional liability, real estate and construction, Title IX and athletics, as well as faculty, staff and student matters.

Likewise, the university would have access to a large team of auditors with a depth of expertise in addressing the most significant risks facing higher education, in both general academic and academic medical institutions. The team is familiar with the state requirements for Texas public universities and is skilled and experienced in audit and advisory work in the areas of information technology, risk management, athletics, academic divisions, governance and operations. Audit Services also administers the system-wide audit hotline and works with campus and local law enforcement to conduct fraud investigations.



*To be clear, **no jobs will be directly lost by joining the TTU System**. Rather, SFA employees in roles within centralized areas will become members of the TTU System Administration team hierarchy while retaining their physical presence and offices at SFA.*

- 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?

TTU System response:

These services would be funded through the TTU System Administration operating budget which is partially funded by each component institution, and the employees would remain physically located at SFA.

- How would these services be reflected in the annual financial report for SFA and the system's annual financial report?

TTU System response:

Expenses would be recorded on the TTU System financial statement. Funding provided by SFA would be recorded as a transfer.



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-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			
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			



TEXAS TECH UNIVERSITY SYSTEM

- 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?

TTU System response:

SFA will continue to manage all payments for bonds outstanding prior to joining the TTU System. This debt will remain in the SFA annual financial report until retired or refinanced.

Any new or refinanced debt will be managed by the TTU System Administration. The outstanding debt and all debt service payments are recorded in the TTU System financial statement. SFA would be responsible for transferring the debt service funding to the TTU System Administration.



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?
- 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?

TTU System response:

GASB accruals for pension and OPEB will no longer be carried on the SFA financial report and will instead be reported on the TTU System Administration financial report only.



QUESTION 17: TTUS OPERATING EXPENSES AND OPERATING REVENUES

Element - Fiscal Year 2021	Angelo State University	Midwestern State University	Texas Tech University	Stephen F. Austin State University
Full-Time Student Equivalent (FTSE)	7,618	4,322	36,035	10,369
Net Tuition and Fees	\$ 44,743,501	\$ 33,832,780	\$ 357,294,839	\$ 81,001,375
Other Operating Revenue	\$ 20,364,133	\$ 24,457,063	\$ 230,298,818	\$ 42,910,830
Total Operating Revenue	\$ 65,107,633	\$ 58,289,843	\$ 587,593,656	\$ 123,912,206
Total Operating Revenue / FTSE	\$ 8,546.55	\$ 13,486.78	\$ 16,306.19	\$ 11,950.26
Rank Operating Revenue / FTSE	4	2	1	3
Net Tuition and Fees / FTSE	\$ 5,873.39	\$ 7,828.04	\$ 9,915.22	\$ 7,811.88
Rank Net Tuit and Fees / FTSE	4	2	1	3
Operating Expenses	\$ 136,857,870	\$ 123,022,727	\$ 908,325,550	\$ 255,853,495
Less: OPEB / Pension Expense	\$ -	\$ (11,094,228)	\$ -	\$ (23,438,253)
Adjusted Operating Expenses	\$ 136,857,870	\$ 111,928,499	\$ 908,325,550	\$ 232,415,242
Operating Expense / FTSE	\$ 17,965.07	\$ 28,464.31	\$ 25,206.76	\$ 24,674.85
Rank Oper Exp / FTSE	4	1	2	3
Adjusted Operating Expense / FTSE	\$ 17,965.07	\$ 25,897.39	\$ 25,206.76	\$ 22,414.43
Rank Adj Oper Expense / FTSE	4	1	2	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?

TTU System response:

Operating expenses are within the range of other component institutions of the TTU System.

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

TTU System response:

The Chancellor and TTU System leadership would be available to consult the President of SFA, as assistance or consultation is requested. SFA would have access to comparative models of member institutions within the system. Conducting a full analysis of operating expenses and associated programs – at the discretion of the SFA President – is recommended.

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?

TTU System response:

Operating revenues per FTSE are within range of other TTU System component institutions.



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

TTU System response:

The TTU System would focus on maximizing opportunities to increase both state and federal funding.

- 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?

TTU System response:

The TTU System can facilitate a collaborative discussion with other institutions within the system regarding this calculation and methodology.



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?

TTU System response:

An institution's governing body has the authority to appoint its President. Therefore, the transition of governance would need to be completed before a search is fully initiated and completed. Considering SFA's possible governance change, the following is a proposed timeline for a presidential search process:

- *September 2023* — *SFA Presidential Search Committee announced.*
- *September 2023* — *Search Committee meets to receive its charge.*
- *September 2023* — *Presidential search town halls held on the SFA campus.*
- *October 2023* — *Position description posted; presidential search officially launches.*
- *December 2023* — *Application deadline to assure full consideration by the search committee.*
- *January 2024* — *Search Committee reviews applications.*
- *January 2024* — *Search Committee and Chancellor interview candidates (separately).*
- *February 2024* — *Search Committee makes recommendation to the Board of Regents/Chancellor.*
- *March 2024* — *Special-called Board of Regents meeting; sole finalist announcement.*
- *March 2024* — *Presidential appointment confirmed after 21-day required notice.*
- *May 2024* — *New President begins tenure as President of SFA.*



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?

TTU System response:

An internal working group of SFA and TTU System leadership would be needed to help with elements of the transition. In addition to the working group, a primary point of contact at the university level would be helpful. Members of this working group would include, but not be limited to, leadership in the following areas: legal, governmental relations, finance, communications, Board of Regents’ Office, Chancellor’s Office and President’s Office.

Yes, we would be willing to consider supporting such resources as needed by the new President, through a coordinated, mutually agreeable arrangement with the TTU System.



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?

TTU System response:

As the Texas Legislature and Governor work toward approving SFA joining the TTU System, we will work with SFA to submit the required information to SACSCOC related to the governance change. When MSU Texas joined the TTU System under a similar timeframe, MSU Texas and TTU System leaders reached a suitable solution through discussions with SACSCOC. Given the timing of the legislative session, we anticipate SFA would need to submit a prospectus related to the governance change by March 15, 2023, for consideration at SACSCOC’s June 2023 meeting. While SACSCOC imposes a 30-day window for implementation of a governance change after approval, historical precedent suggests the effective date of SFA joining the TTU System would be Sept. 1, 2023.

Rather than requiring a full reaffirmation process in conjunction with the governance change, SACSCOC will visit SFA in Fall 2023 to evaluate ongoing compliance with its Principles of Accreditation. The process will be preceded by a report due to SACSCOC six weeks prior to the visit. The materials resulting from the visit will be reviewed by SACSCOC at its December 2023 meeting, with the goal of continued accreditation. TTU System leadership will work with SFA to assist with these efforts.



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?

TTU System response:

The approval of the FY 2024 Operating Budget, based on a Sept. 1, 2023 transition date, is outlined below:

- *The current SFA Board of Regents will approve the FY 2024 Operating Budget.*
- *The TTU System Board of Regents will ratify this action at a special-called board meeting on the campus of SFA in September 2023.*
- **Example:** [*MSU Texas joined the TTU System on Sept. 1, 2021*](#) (*Special-Called Board of Regents Meeting | Agenda Book – PDF*).



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?

TTU System response:

Joining the TTU System would not impact the Banner ERP system currently utilized by SFA. It is not our intent or requirement for SFA to convert to systems used by the TTU System. Like ASU and MSU Texas, SFA would continue to use their current systems, if that is preferred. We are always looking for synergies under a TTU System master agreement with vendors working toward cost savings for components of the TTU System.

Texas Tech University System | Stephen F. Austin State University
Proposed Affiliation & Transition Timeline

MONTH/YEAR	GOVERNANCE	LEGISLATIVE	SACSCOC	PRESIDENTIAL SEARCH
PRE-AFFILIATION WITH THE TTU SYSTEM				
Nov. 2022	SFA announces plans to pursue a partnership with TTU System	Nov. 8 – Election Day		
	Nov. 17 – TTU System Board of Regents meeting	Nov. 14 – First day to file bills for the 88th Legislature		
	SFA and TTU System execute a MOU			
Dec. 2022	SFA and TTU System transition team assigned, holds initial meetings in Nacogdoches	SFA and TTU System work with legislators to file affiliation bill		
Jan. 2023	SFA hosts Spring 2023 Meeting with TTU System	Jan. 10 – 88 th Texas Legislature convenes		
	Jan. 29-31 – SFA Board of Regents meeting			
Feb. 2023	Feb. 23-14 – TTU System Board of Regents meeting (Odessa)			
March 2023		Affiliation bill voted on by Senate Higher Education committee and House Higher Education sub committee	March 15 – SFA submits Substantive Change prospectus	
April 2023	April 23-25 – SFA Board of Regents meeting	Affiliation bill voted on by Texas House and Senate (April/May)		
May 2023	May 4-5 – TTU System Board of Regents meeting	Affiliation bill sent to Gov. for signature (May/June)		
	May 6 – SFA Spring Commencement	May 29 – Last day of 88 th Texas Legislature		
June 2023		June 18 – Final day for Gov. to take action on bills	SACSCOC Board of Trustees considers SFA's prospectus	
July 2023	July 23-25 – SFA Board of Regents last meeting			
Aug. 2023	Aug. 10-11 – TTU System Board of Regents meeting		SACSCOC Executive Committee to approve governance change	

OFFICIAL AFFILIATION WITH THE TTU SYSTEM				
Sept. 2023	Sept. 1 – SFA officially joins the TTU System as 6 th member institution, governance transitions		SFA plans for site visit, required as follow-up to action.	SFA Presidential Search commences, first committee meeting held in Nacogdoches
	TTU System host Special-Called Board of Regents meeting in Nacogdoches on SFA campus			SFA Presidential Search town halls held on the SFA campus
Oct. 2023			TTU System Board members meet with SACSCOC review committee as needed	Position description posted, Presidential Search officially launches
Nov. 2023	Nov. 16-17 – TTU System Board of Regents meeting			Broad-based recruitment, development of candidate pool
Dec. 2023			Dec. 2-5 – SACSCOC Board meeting post site visit, reviews evaluation	Application deadline to assure full consideration by the search committee
Jan. 2024				Search Committee reviews applications
				Search Committee and Chancellor interview candidates (separately)
Feb. 2024	TTU System Board of Regents regularly scheduled meeting			Search Committee makes recommendation to Chancellor
March 2024				Special-called Board of Regents meeting, sole finalist announcement in Nacogdoches
April 2024				President appointment confirmed after 21-day required notice
May 2024	TTU System Board of Regents regularly scheduled meeting			New president begins tenure as president of SFA



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



TEXAS TECH UNIVERSITY SYSTEM™

Texas Tech University System | Midwestern State University Timeline

- Late fall 2019 — TTU System and MSU Texas leadership had preliminary conversations
- Feb. 14, 2020 — MSU Texas announced it has received a formal invitation from the TTU System to consider becoming the fifth member institution of the TTU System.
- Feb 21, 2020 — MSU Texas hosted the first conversation with its campus community regarding the invitation.
- Feb. 26, 2020 — MSU Texas hosted another conversation with its campus community.
- May 14, 2020 — The MSU Texas Board of Regents moved that MSU President Suzanne Shipley enter a memorandum of understanding with the TTU System.
- Aug. 6, 2020 — The MSU Texas Board of Regents authorized President Shipley and MSU Regent Chair Crosnoe to execute the memorandum of understanding in support of forming a partnership with the TTU System.
- Aug. 6, 2020 — The TTU System Board of Regents authorized Chairman Huckabee to execute the MOU between the TTU System and MSU Texas that will become operative if legislation is passed by the 87th Legislature regarding MSU Texas as a component institution within the TTU System.
- Jan. 26, 2021 — Sen. Drew Springer filed SB 447 to transfer MSU Texas to the TTU System
- Feb. 2, 2021 — Rep. James Frank filed HB 1522, the companion to Sen. Springer's SB 447, which transfers MSU Texas to the TTU System
- March 24, 2021 — SB 447 voted out of the Senate Higher Education committee
- March 25, 2021 — HB 1522 voted out of the House Higher Education sub committee
- April 14, 2021 — HB 1522 passed the Texas House (vote of 146-3)
- May 21, 2021 — HB 1522 passed the Texas Senate (vote of 30-1)
- June 8, 2021 — HB 1522 signed by the Governor
- Sept. 1, 2021 — Texas Tech University System Special-Called Board of Regents Meeting in Wichita, Falls, Texas, on the campus of Midwestern State University
- Sept. 16, 2021 — MSU Texas Presidential Search Committee announced
- Oct. 6, 2021 — Search Committee meets to receive its charge
- Oct. 12, 2021 — Two presidential search town halls are held on the MSU Texas campus
- Oct. 13, 2021 — One presidential search town hall is held on the MSU Texas campus
- Nov. 4, 2021 — Position description posted, presidential search officially launches
- Jan. 3, 2022 — Application deadline to assure full consideration by the search committee
- Jan. 20, 2022 — Search Committee reviews applications
- Feb. 7-8, 2022 — Search Committee interviews candidates
- Feb. 16, 2022 — Search Committee makes recommendation to the Board of Regents/Chancellor
- Feb. 18, 2022 — Board of Regents, Chancellor interview candidates
- March 7, 2022 — Board of Regents announces JuliAnn Mazachek as the sole finalist
- March 28, 2022 — BOR confirms Mazachek as president after 21-day required notice
- May 23, 2022 — Mazachek begins tenure as president of MSU Texas

MEMORANDUM OF UNDERSTANDING
between
Stephen F. Austin State University and the
Texas Tech University System

Stephen F. Austin State University has a long and rich history as an independent institution of higher education in Texas. Founded in 1923, Stephen F. Austin Teachers' College was named after one of Texas' founding fathers, Stephen F. Austin. The college's earliest home was on the Nacogdoches High School campus on Washington Square in buildings including the Old University Building. On May 1, 1924 the college moved to its present location. In 1949, the name changed to Stephen F. Austin State College. In 1969, Stephen F. Austin State College became Stephen F. Austin State University.

Established in 1996 and headquartered in Lubbock, Texas, the **Texas Tech University System** consists of five universities: Texas Tech University, founded in 1923; Texas Tech University Health Sciences Center, established in 1969; Angelo State University, founded in 1928; and Texas Tech University Health Sciences Center El Paso, established in 2013; and Midwestern State University, founded in 1922. Focused on advancing higher education, health care, research, and community outreach, the Texas Tech University System provides its universities with the resources needed to meet the global challenges of today and the future.

WHEREAS, Stephen F. Austin State University and the universities in the Texas Tech University System share excellence in teaching, learning, research, scholarship, and community service, and Stephen F. Austin State University's campus culture and student, faculty, and staff values align well with those of the Texas Tech University System; and

WHEREAS, Stephen F. Austin State University and the Texas Tech University System have long enjoyed a collegial relationship, and have cooperated and consulted over the years in many areas; and

WHEREAS, the Stephen F. Austin State University Board of Regents believes that its ability to meet its mission as a leading public comprehensive university with a particular interest in excellence in teaching, learning, scholarship, and service will be enhanced through association with a statewide system of like-minded and situated institutions; and

WHEREAS, the Texas Tech University System Board of Regents believes that the addition of Stephen F. Austin State University – a distinguished institution with a similar mission, history, and values – will enhance the Texas Tech University System for the betterment of higher education in Texas; and

CONFIDENTIAL DRAFT

WHEREAS, the fiscal impact of such an alliance upon the State of Texas will be positive, including potential savings in administrative expenditures, as well as bond issuance and debt service costs;

NOW, THEREFORE, BE IT RESOLVED that Stephen F. Austin State University and the Texas Tech University System, for and on behalf of its component universities, determine that it is in their respective best interests, and that of their students, faculty, and employees to recommend that their individual governing boards seek legislative approval for Stephen F. Austin State University to become a member of the Texas Tech University System effective September 1, 2023; further, the undersigned pledge to recommend the following parameters in furtherance of their shared goal:

1. **Governance.** Each university within the Texas Tech University System (“System” or “TTU System”) is a separate state agency, meeting a need for quality educational services and providing its reach and influence into its reach, across the State of Texas and beyond. Stephen F. Austin State University (“SFA”) shares this history and will retain its separate state agency status. The System and SFA will be collectively referred to herein as the “Parties”. The System will allow SFA to operate independently within the System in the same manner as do the other System member institutions.
2. **Governing Board Membership.** Recognizing that the authority for appointment of persons to the System Board of Regents is held exclusively by the Governor, the System Board of Regents and Chancellor will work with the current SFA Board of Regents, the SFA President, and the Governor’s Office, to identify and recommend SFA alumnus or Nacogdoches area residents for appointment by the Governor to the System Board of Regents. The System Board and Chancellor will continue to work with the Governor’s Office to identify continued representation of SFA and its region on the System Board in the years to come.
3. **Governing Board Meetings.** Consistent with the System’s existing practice to hold and maintain a regular schedule Board of Regents meetings or other special board events at campuses outside of Lubbock, the System will extend and continue these efforts for SFA in Nacogdoches.
4. **Identity.** SFA may preserve its name, institutional identity, and other associated branding and spirit material. SFA’s president will serve in partnership with the System Chancellor and Board of Regents, as do the other System member institution presidents.
5. **Enabling and Transition Legislation.** The System will work collaboratively with SFA during the legislative process as legislation regarding the transition is introduced and

considered by the Texas Legislature. These efforts by the Parties will include recognition of the unique provisions of SFA's enabling legislation.

6. **Retention of Funds, Resources, and Contracts.** Pursuant to the General Appropriations Act S.B. 1, 87th Legislature, Regular Session, 2021 Texas Education Code, Sections 51.002, 51.009, and 62.021, and Texas Constitution, Article VII, Section 17, appropriated and local funds, endowments, gift monies, and Higher Education Funds (HEF) shall remain allocated to SFA. Unless otherwise agreed to by the Parties, SFA's existing contractual relationships, such as bank depository contracts, shall be honored until such agreements expire.
7. **Affiliated Entities.** The unique and historically significant contributions of each of SFA's affiliated entities including the Stephen F. Austin State University Foundation, Inc. should be acknowledged and respected. In accordance with applicable law, independent governance and clear separation of services/duties between each of these university affiliated entities and SFA should be preserved. Unless prohibited by applicable law, donor intent must be honored by SFA and the university-affiliated entity throughout the life of every donor gift. TTU System and SFA agree that SFA will continue to maintain and periodically update a Memorandum of Understanding (MOU) with each of its affiliated entities to ensure continued compliance with TTUS Regents' Rules Chapter 6, the Southern Association of Colleges and Schools Commission on Colleges' (SACSCOC) Principles of Accreditation: Foundation for Quality Enhancement, Section 3.2.13, and Texas Government Code, Chapter 2255.

The MOU process for affiliated entities should principally involve SFA and the affiliated entity, including the SFA president and the chair of the affiliated entity board. Representatives of the TTU System's Office of the Chief Financial Officer, Office of Institutional Advancement, and Office of General Counsel should be engaged as necessary throughout the process. Working in collaboration, these entities should develop a proposed MOU that complies with applicable state law, SACSCOC requirements, TTU System Regents' Rules and TTU System regulations, and SFA policies and procedures, and reflects recommended best principles and practices.

8. **Investment of SFA Funds.** The TTUS Board of Regents serve the role as a fiduciary over SFA and SFA Foundation funds in the same manner as other institutions within the System. The System recognizes the significant investment and support from the Nacogdoches area donors and acknowledges SFA will maintain the existing deposit and management relationships by Nacogdoches or other financial institutions of SFA and Stephen F. Austin State University Foundation, Inc. funds for three years after the affiliation commences. The System will work with SFA to include opportunities for Nacogdoches' financial institutions to manage such funds and other System funds in the

same manner as other institutions within the System and in accordance with TTU System Regents' Rules and investment policies.

9. **Selection of SFA President.** Because the President of SFA position is currently vacant, , the System pledges to perform an extensive search utilizing a presidential search committee during the search process. Additionally, when appointing a presidential search committee for SFA, the TTU System Board will ensure full and proper inclusion by individuals affiliated with SFA, such that 3/4 of the committee members (e.g., 9 of 12) are representative of the following categories: SFA administration, faculty, staff, student, alumni, and a resident of the Nacogdoches area.
10. **Public Finance.** The System shall make every effort to incorporate SFA's current or future bonded indebtedness into its public finance program, providing the same level and quality of support enjoyed by other System universities, particularly with the cross-pledging of revenues and opportunities offered for more favorable interest rates made possible by economies of scale.
11. **Presidential Discretion.** By policy and practice, TTU System presidents are delegated authority to oversee and manage their respective institutions, subject to the general oversight by the Chancellor and, ultimately, the Board of Regents. The appointment, termination or reassignment of provosts, vice presidents, associate or assistant vice presidents, deans, director of intercollegiate athletics, and head coaches of intercollegiate athletics programs are determined by each TTU System president with the input of the Chancellor, and in accordance with Regents' Rules. This input is provided to ensure the action furthers the mission of the TTU System and the institution. The System will continue this practice with respect to SFA.
12. **Mutual Cooperation.** SFA shall participate in appropriate System-level functions and activities, including but not limited to Chancellor and Board of Regents standing and ad hoc committees, councils, programs, and institutes. The component presidents meet regularly with the Chancellor and vice chancellors, and the vice chancellors and their respective teams work with the component university vice presidents. Other groups meet periodically to discuss common issues or receive assistance. The System will continue this practice with respect to SFA.
13. **Tenured Faculty and Governance-Related Institutional Regulations/Policies and Procedures.** Upon the effective date of the legislative enactment making SFA a member of the TTU System, tenured SFA faculty will remain tenured with SFA subject to SFA's tenure and promotion policy and guidelines.

The TTU System and SFA embrace the principles of shared responsibility and authority as currently set forth in the *Statement on Government of Colleges and Universities* of the American Association of University Professors (AAUP). TTU System regulations and SFA policies and procedures should contain clear procedures for collaboration on System regulations and SFA policies and procedures, with particular reference to the role of the faculty, including SFA's faculty, in that process.

14. **Policy Review.** If during the review of SFA policies and procedures to determine alignment with the TTU System Board of Regents' Rules and System Regulations, it is determined that changes to SFA policies and procedures are necessary, the System agrees to collaborate as appropriate with SFA for policy deliberation. It is expected that established governance processes will be followed in addressing revisions of SFA policy to ensure appropriate collaboration.
15. **Administrative Support.** The System shall provide SFA the same level and quality of administrative support furnished to other System universities. The support will include, but is not limited to, the following areas: audit services, accounting and finance, risk management, treasury services, equal employment opportunity/Title IX (EEO), Clery reporting, investments, governmental relations (state and federal), general counsel, facilities planning and construction, information technology (IT), enterprise risk management (ERM), and insurance to include workers' compensation, auto, building, etc.
16. **Academic and Student Support.** The System shall:
 - a. Integrate SFA into its existing and future councils designed to share problems, initiatives, and best practices. Examples could include but not be limited to groups such as a Council of Chief Research Officers, Council of Chief Assessment Officers, and Council of Institutional Research Officers.
 - b. Make efforts to provide a pathway following appropriate academic review of program qualifications for SFA Honors Program students and other qualified students to participate in early decision programs to the professional programs, such as medical school and law school, at TTUHSC, TTUHSC El Paso and TTU, in line with the cooperative program offered to Angelo State University Honors students and MSU Redwine Honors Program students.
 - c. Make efforts for SFA faculty and qualified students to have access to the Texas Tech University Library Database for research purposes.
17. **Audit Support.** All System audit personnel are System Administrative Office employees, compensated by the System. Per System Regents' Rules, SFA's audit staff will be included in the System Office of Audit Services (OAS). As is the current practice in the OAS, auditors housed on the SFA campus may be utilized at other System institutions and other System audit staff may provide audit services to SFA.

18. **General Counsel Support.** All office of general counsel personnel are System Administrative Office employees, compensated by the System. SFA's general counsel staff will be included in the System Office of General Counsel (OGC). As is the current practice in the OGC, general counsel staff housed on the SFA campus may provide legal services for other System institutions and other OGC staff may provide legal services to SFA.
19. **System Fees.** SFA recognizes that member institutions are assessed fees for services for System functions that are provided by the System. As part of this agreement, the System agrees to forego any such assessments during the first three years of SFA being a component institution within the System, with the first charge being made during the 2026-2027 fiscal year.
20. **Affiliation.** In conformity with the TTU System Rules and Regulations, SFA official publications and electronic websites shall contain the following statement identifying its System affiliation: "A Member of the Texas Tech University System."

Executed this ____ day of _____, 2022.

STEPHEN F. AUSTIN STATE UNIVERSITY

TEXAS TECH UNIVERSITY SYSTEM

Steve Westbrook, Interim President

Tedd L. Mitchell, M.D., Chancellor

Karen G. Gantt, Chair
Board of Regents

Michael Lewis, Chair
Board of Regents